



2025 Sustainability Report



2025 marks AAR's 70-year anniversary. Throughout our history, we have achieved success by serving our valued customers, creating a positive work environment for our team members, and partnering with communities. Our commitment to Doing It Right® has proven foundational to all.

Our 2025 Sustainability Report demonstrates this commitment in action. We are proud to present this year's achievements across AAR's environmental, social, and governance efforts and share how these advancements position the Company for the decades ahead.

Environmental highlights

AAR's forward strides in environmental initiatives demonstrate our continued focus on sustainability. During Fiscal Year 2025, we deployed an electronic sustainability survey across facilities within our reporting boundary. The survey identified nearly all facilities use LED lighting in 50% or more of their spaces, with some facilities reaching 90%–100%. Across the Company, our team members have shown a vested interest in environmentally focused initiatives, including planting trees, pursuing local clean air initiatives, and supporting a reduction in use of paper

within our facilities. Beyond our direct impact, we reinforced sustainability across our supply chain by updating AAR's Supplier Code to incorporate responsibilities associated with reducing environmental impact.

Social highlights

In Fiscal Year 2025, we substantially completed the integration of our Product Support acquisition into AAR's Component Services offering and successfully onboarded team members into AAR's programs, policies, and training. We earned repeat recognition as a Military Friendly® employer, and our team members' positive feedback on our supportive Company culture earned AAR the prestigious Great Place to Work® certification. We also continued our corporate social responsibility efforts in local communities, including by assembling school supply kits, contributing to a local food pantry, and supporting aviation education initiatives.

Governance highlights

Corporate governance remained a priority. We expanded our Board of Directors with the addition of Hema Widhani, who enhances the Board's expertise, especially with respect to digital. From a cyber risk perspective, we became certified under the EU-U.S. Data Privacy Framework. This confirmed our commitment to transparent data practices and matured our overall approach.

In Fiscal Year 2025, AAR continued to focus on the environment, drive social responsibility, and govern with integrity. Our success was seen across all disciplines – we delivered record returns to shareholders, fostered a positive, safety-centric experience for team members and customers, and supported a bright future for the next generation. As we celebrate our 70th anniversary and look ahead, we are excited to continue making a positive, lasting impact, guided by our commitment to Doing It Right®



John M. Holmes
Chairman, President and Chief Executive Officer

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About our reporting

This report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021, the Sustainability Accounting Standards Board's (SASB) guidance for the Aerospace & Defense industry, and the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). The GRI / SASB and TCFD indices can be found on our sustainability webpage and are linked directly below.

This report generally highlights the sustainability activities of AAR CORP. and its consolidated subsidiaries (together referred to as "AAR" or the "Company") for the fiscal year ended May 31, 2025 (Fiscal Year 2025) and includes some updates through November 18, 2025, the publishing date of this report.

For questions about this report, contact editor@aarcorp.com.

This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business plans, goals, commitments, strategies, and results. These statements involve risks and uncertainties. Actual results could differ materially from any future results expressed or implied by the forward-looking statements for various reasons, including due to the risks, uncertainties, and other important factors that are discussed in our Annual Report on Form 10-K for the fiscal year ended May 31, 2025 (the "2025 Form 10-K") filed with the Securities and Exchange Commission (the "SEC"), and subsequent filings. We assume no obligation to update any forward-looking statements or information, which speak as of the publishing date of this report.

Visit our website, including the links below, for more information about our sustainability reporting.

[AAR CORP. GRI/SASB index](#)

[AAR CORP. TCFD index](#)

[EEO-1 data](#)



Who we are and what we do

AAR is a global aerospace and defense aftermarket solutions company operating from 60+ sites around the world, including aircraft hangars, offices, warehouses, customer sites, and other service centers. **We sell parts and services to commercial and government customers in 100+ countries.**

Our corporate headquarters is located in the Chicago, Illinois, area near O'Hare International Airport. A warehouse attached to our headquarters stores a wide range of inventory for our **Parts Supply** business, including new and used parts and factory-new original equipment manufacturer (OEM) components. Additional Parts Supply warehouses are strategically located in the U.S., Europe, and Asia.

Under our **Repair & Engineering** business, our talented aircraft technicians and engineering staff perform major maintenance services and airframe repair, modifications, inspections, upgrades, refurbishments, and painting services on a range of aircraft platforms at our North American Airframe Maintenance, Repair, and Overhaul (MRO) hangar facilities located in Indianapolis, Indiana; Oklahoma City, Oklahoma; Miami, Florida; Rockford, Illinois; Trois Rivières, Québec, Canada; and Windsor, Ontario, Canada. We offer component repair services and maintain rotatable components for commercial, regional, and military operators worldwide at our Component Services facilities located near Amsterdam, Netherlands, and in Grand

Prairie, Texas; Hot Springs, Arkansas; San Antonio, Texas; Wellington, Kansas; and Chonburi, Thailand.

Our **Integrated Solutions** business primarily consists of: (1) fleet management and operations of customer-owned aircraft, (2) customized performance-based supply chain logistics programs in support of the U.S. Department of Defense (DoD) and foreign governments, (3) flight-hour component inventory and repair programs for commercial airlines, and (4) integrated software solutions including TraxSM. Integrated Solutions operates from facilities around the globe, including offices, warehouses, and customer locations.

Our **Expeditionary Services** business (also referred to as Mobility Systems) provides specialized solutions tailored to meet the unique needs of governments, militaries, and nonprofit organizations worldwide, including the design, integration, modification, and life-cycle support of mobile shelter systems and equipment. We build pallets, containers, and expeditionary shelters at our facility in Cadillac, Michigan, and perform service and integration of containers and shelters in Fayetteville, North Carolina.

We also have sales offices for our businesses worldwide in Europe, Asia, the Middle East, and Australia. Acquisitions in Fiscal Year 2026 are not included in this report.

Business overview



Parts Supply

- New and used parts Distribution to commercial and government customers
- Used serviceable material (USM)
- Parts, loans, and exchange services
- Aircraft and engine sales and leasing
- Online PAARTSSM Store
- Worldwide 24/7 aircraft-on-ground (AOG) service



Repair & Engineering

- Airframe Maintenance, Repair, and Overhaul (MRO)
- Component Services
- Engineering Services
- Development of proprietary Parts Manufacturer Approval (PMA) parts



Integrated Solutions

- Government aircraft maintenance, logistics, and operations support programs (CLS, PBL, 3PL)
- Commercial flight-hour-based aircraft component support
- Consumable and expendable parts
- Airinmar[®]
- TraxSM

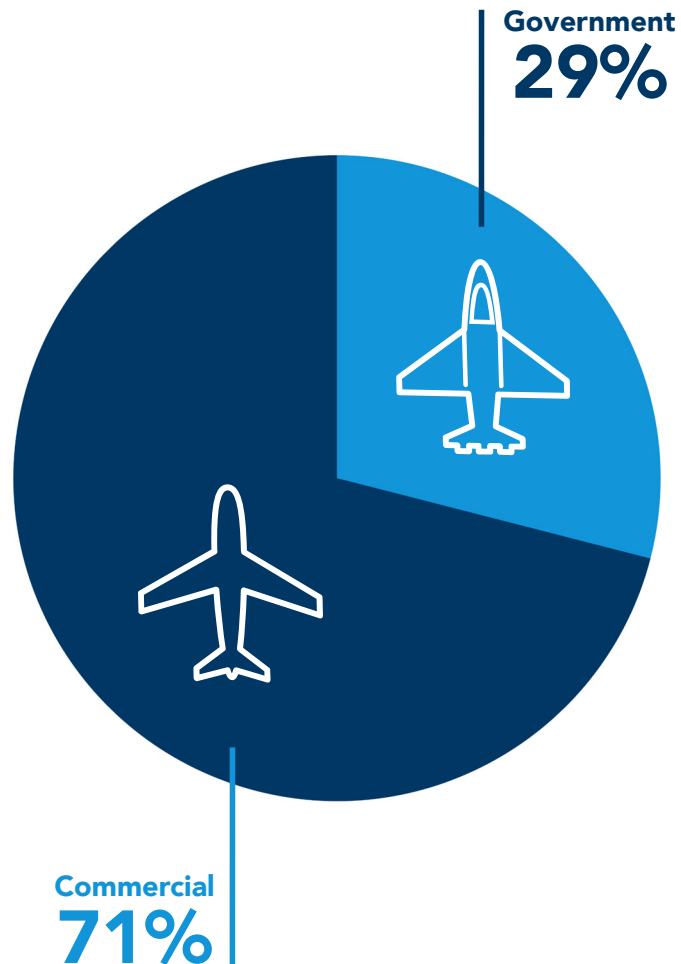


Expeditionary Services

- Mobility Systems:** Rapid deployment sustainment solutions for governments, militaries, and nonprofit organizations
- Specialized pallets
 - Containers for customized air-mobile shipping and storage of equipment
 - Mobile tactical shelter systems

Our customers

(as a percentage of Fiscal Year 2025 sales)



Key business achievements in Fiscal Year 2025



Executed and expanded in commercial and government markets

- Increased Fiscal Year 2025 sales \$461.6 million, or 20%, driven by growth across all segments
- Significantly grew new parts Distribution sales by meeting customer demand and expanding market share with multiple new strategic agreements
- Extended exclusive agreement with FTAI Aviation to provide used parts on the CFM56 engine platform through 2030
- TraxSM selected by multiple carriers, including Delta TechOps and Cathay Pacific, to modernize maintenance operations
- Awarded two multiyear U.S. Navy P-8A contracts, advancing AAR's support of commercial derivatives



Strategic actions positioning the company for continued growth and margin expansion

- Substantially completed integration of Product Support acquisition into Component Services offerings
- Divested Landing Gear Overhaul business to focus on core offerings
- Continued to implement digital tools to achieve a "paperless hangar" with two Airframe MRO facilities completed
- Continued construction of Airframe MRO expansions in Oklahoma City and Miami, positioning the Company for increased capacity in Fiscal Year 2026

Our strategy

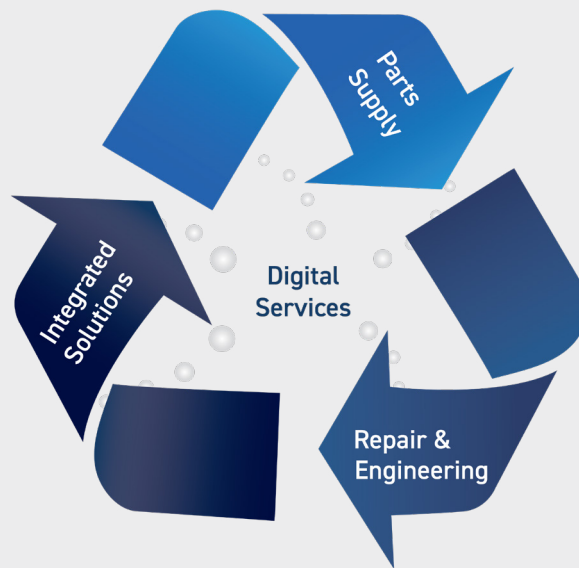
Our strategy is to become the leading independent provider of innovative solutions to the aviation aftermarket. We believe that we can achieve this strategy through our ability to:

- **Execute** through focus on customer satisfaction and cost leadership
- Pursue **connected businesses** that reinforce collective growth prospects
- Leverage **data and digital** to deliver better customer-focused offerings
- Expand margins through **intellectual property**
- Increase our **global** footprint into emerging markets
- Leverage our **independence** to provide unbiased solutions
- Attract, empower, and deploy **exceptional, entrepreneurial talent**

Our connected businesses model

Integrated Solutions

- Programmatic parts and repair solutions
- Fuels Parts Supply activities
- Funds component repair capability development
- Government used parts customer relationships



Parts Supply: New and used parts Distribution

- Sourcing to supply Repair & Engineering and Integrated Solutions
- Data for use in repair capability development
- Sales channels supported by maintenance relationships

Repair and Engineering

- Strategic relationships with blue chip airlines that support parts volumes
- Repair knowledge and data collection
- PMA parts development for internal and external consumption

Unique value proposition

Together, our "Connected Businesses" – Parts Supply (new and used parts Distribution), Repair & Engineering, and Integrated Solutions – aim to drive growth through best-in-class services within each discipline and to leverage each to reinforce and grow the whole for the benefit of our customers. For more information on our businesses, see our website, [2025 Annual Report](#) and [2025 Form 10-K](#).

Our vision, purpose, and mission and 70 years of Doing It Right®

Vision

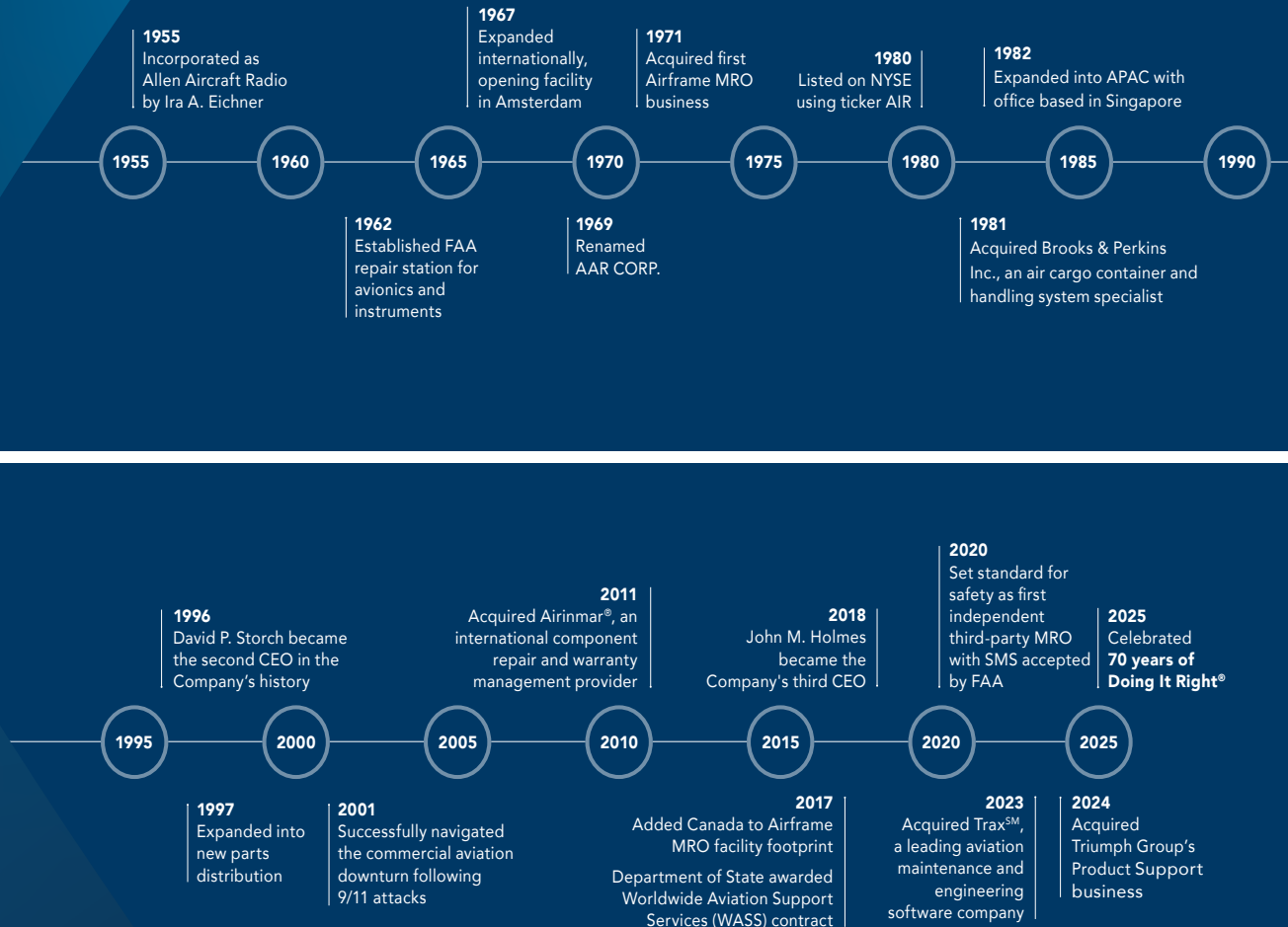
Create value for customers through differentiated capabilities and offerings, resulting in a sustainable, unique competitive advantage.

Purpose

Empowering people to build innovative aerospace solutions today so you can safely reach your destination tomorrow.

Mission

Go above and beyond to provide value-driven aerospace aftermarket solutions to meet the evolving needs of our customers worldwide.



Our sustainability commitments statements and key impact areas

Along with our guiding principle of Doing It Right®, our sustainability commitments help inform our decision-making as we navigate an ever-changing world. We are committed to analyzing and better understanding how AAR impacts our local and global communities, the environment, and our industry so that we may reduce potential risk, promote resiliency, and drive value for all stakeholders. Our commitments include:

- **Environmental:** We are committed to carefully monitoring environmental impacts and instituting safeguards for preserving the natural environment, reducing climate-related risks, and creating opportunities for the prevention, reduction, and recycling of waste and other materials used in our business processes, wherever possible.
- **Social:** We are committed to managing our relationships with all stakeholders, including our employees, customers, supply chain partners, and communities, in an inclusive, fair, and respectful manner.
- **Governance:** We are committed to establishing, implementing and maintaining an effective governance structure that is agile and responsive to business needs and evolving best practices and that sets high ethical standards.
- Our sustainability key impact areas are priorities influenced by our most recent impact assessment, described in our [2022 Environmental, Social, and Governance Report](#). These impact areas are where we believe we have the greatest opportunity to make a meaningful impact. Key impact areas are noted below and expanded on in the remainder of this report.



Ideas matter.
Think new.
Think ahead.



Work as one.
Be inclusive.



Be honest.
Inspire trust.

Environment: Focusing on the environment

- Emissions
- Energy
- Water
- Waste
- Materials

Social: Driving social responsibility

- Aviation safety
- Occupational health and safety
- Employee health, safety, and well-being
- Employee engagement
- Talent development
- Giving back

Governance: Governing with integrity

- Risk identification, management, and mitigation
- Compliance, ethics, and integrity
- Anti-corruption
- Data privacy and cybersecurity
- Supplier engagement and procurement practices

Our sustainability governance

Sustainability is a core part of our strategy and is overseen by our Board of Directors. Each standing committee is responsible for specific sustainability focus areas, as outlined below.

Committee	Sustainability oversight responsibilities
<u>Nominating and Governance Committee</u>	Oversees our corporate governance policies and practices; also reviews various components of our sustainability framework, including our sustainability oversight structure, overall sustainability strategy, and material disclosures regarding the oversight process and sustainability initiatives
<u>Human Capital and Compensation Committee</u>	Oversees our executive compensation program and human capital management function, including succession planning, talent development, inclusion efforts, pay equity, and culture, as well as the oversight of any sustainability goals in the incentive compensation programs
<u>Audit Committee</u>	Oversees the internal and external review of quantitative environmental data and related disclosures included in our sustainability reports and oversees the enterprise risk management process, including environmental (such as climate) risks, in addition to overseeing financial reporting, internal audit, compliance and ethics, and cybersecurity matters
<u>Aviation Safety and Training Committee</u>	Oversees all aspects of aviation safety, including safety compliance related to the delivery of services and products, employee safety, our culture of safety compliance, safety reporting practices, safety training programs, and aircraft damage and accidents

At the management level, a cross-functional sustainability team of leaders representing legal, communications, human resources, and environmental, health, and safety collaborates and receives input and guidance from senior business leaders. Together, this group assesses risks and opportunities related to sustainability, monitors and implements our strategies, tracks our progress, and guides our reporting to stakeholders.

For more information regarding risk oversight and committee responsibilities, see “The Board’s role and responsibilities” in our [2025 Proxy Statement](#) and “Risk identification, management and mitigation” later in this report.

Environmental commitment statement

We are committed to carefully monitoring environmental impacts and instituting safeguards for preserving the natural environment, reducing climate-related risks, and creating opportunities for the prevention, reduction, and recycling of waste and other materials used in our business processes, wherever possible.

Key impact areas:

• Emissions • Energy • Waste • Water • Materials

Overview and approach

Our commitment to the environment runs throughout our business. AAR's business model focuses on repairing and servicing equipment rather than discarding it. At our various facilities around the world, several efforts are underway to reduce energy consumption and waste, improve efficiencies, and champion various environmental initiatives. Employees are trained in environmental safety and how to responsibly use and dispose of environmentally hazardous materials based on level of responsibility.

This year, we also updated our [Supplier Code of Conduct](#) to include language around suppliers' responsibilities to mitigate and reduce environmental impacts, reinforcing our commitment to sustainability across our operations and supply chain.

Environmental highlights

In pursuit of Doing It Right®, local teams actively look for opportunities to strengthen our business, improve efficiency, and reduce our environmental footprint. Below are some Fiscal Year 2025 facility highlights. This year, we sent out an electronic sustainability survey to facilities within our reporting boundary to better understand environmental activities, efforts, initiatives, metrics collected, and improvement efforts taking place across our portfolio. Of the facilities that participated in the survey:

- Almost all facilities use LED lighting in over 50% of their facility with some facilities using 90%-100% LED lighting.
- All facilities recycle, with most of our facilities recycling paper, cardboard, metal, and plastic.

- Almost all facilities have filtered water dispensers to reduce single-use plastic bottle waste. Many of our facilities also have signage to educate and encourage employees to recycle.
- Most facilities offer sustainability or environmental awareness training with an average 2.5 hours of training per employee.
- Over half of facilities support one or more employee-driven green initiatives. Examples include planting trees, participating in a local clean air initiative, maintaining an Energy Conservation Committee, recycling old T-shirts to be used as rags, going paperless, and replacing fluorescent lights with LED lighting.
- As part of our annual corporate audit of all maintenance facilities, we conducted site-level environmental assessments aligned with ISO 14001 principles. This included evaluating environmental risks at all locations.
- We implemented steps to determine if our facilities are operating in a biodiversity-sensitive area. So far, none of our sites are in sensitive locations.
- We have designated sustainability leads at several of our facilities.



In March, AAR CORP. earned the Better Stands Silver award in recognition of our use of a reusable exhibition stand system at a trade show.

“We are proud of the efforts the site has taken to advance sustainability and look forward to continued implementation of new projects and goals.”

– Ben Ferguson, EHS Manager, Component Services – Grand Prairie, Texas

Facility-specific Fiscal Year 2025 highlights

Wood Dale, Illinois, USA (corporate headquarters and warehouse)	Oklahoma City, Oklahoma, USA (Airframe MRO)	Rockford, Illinois, USA (Airframe MRO)	Trois-Rivières, Québec, Canada (Airframe MRO)
- Converted more of the lighting to LED and started using motion sensors for lighting - Prioritized sourcing products and services from local suppliers and those with a strong commitment to sustainability	- Enhanced oversight of the environmental management program and process - Contracted with a new waste management agency to improve waste management practices - Started rolling out a continuous improvement project intended to reduce the amount of expired chemicals generated - Replaced heating, ventilation, and air conditioning HVAC units with more efficient units	- Conducted an annual hazardous materials (HAZMAT) training for Environmental, Health, and Safety (EHS) and facilities teams to ensure compliance with Environmental Protection Agency (EPA) standards for HAZMAT removal and disposal. This also included training on how to better collect and track waste generated - Transitioned to a digital paperwork system to improve accuracy and reduce the amount of paper used	- Discontinued use of disposable coffee cups and provided reusable bottles to all employees - Introduced an engine oil dispenser to reduce the use of single-use cans of oil - Implemented a new electronic document system to improve accuracy and reduce paper waste
Windsor, Ontario, Canada (Airframe MRO)	Miami, Florida, USA (Airframe MRO)	Amsterdam, Netherlands (Component Services)	Grand Prairie, Texas, USA (Component Services)
- Installed water-filling stations to promote the use of reusable containers - Modernized lighting to LED with sensors	- Transitioned to a digital paperwork system to improve accuracy and reduce the amount of paper used - Upgraded all hangar lighting from fluorescent to LED	- Installed electric car charging stations - Maintained a solar panel field on site to generate renewable electricity - Timers installed on lights and equipment to save energy	- In the process of obtaining ISO 14001 certification, a global certification based on international standards for environmental management systems - Established sustainability goals in connection with the ISO certification process - Received multiple environmental awards from the City of Grand Prairie for compliance and participation in the annual clean air challenge, which promotes education and employee action to reduce emissions

“AAR recognizes that long-term success depends on sound environmental management, which enhances safety, reduces waste, and improves operational efficiency and reliability.”

– Paul Chaney, Director of Process Improvement/EHS/FM, Airframe MRO – Oklahoma City, Oklahoma



We are committed to preserving the natural environment, reducing climate-related risks, and advancing pollution prevention, waste reduction, and recycling throughout our operations.

- Kanokporn Luangvongpho (Kung), EH&S Manager, Component Services – Chonburi, Thailand



Facility-specific Fiscal Year 2025 highlights (continued)

Hot Springs, Arkansas, USA (Component Services)

- Conducted environmental training for the handling and treatment of hazardous waste and wastewater

Cadillac, Michigan, USA (Expeditionary Services)

- Reduced the use of PFAS-containing materials across most products and processes
- Continuously improved trainings and processes for environmental topics that arise in internal and external audits using a supervisory control and data acquisition system

Chonburi, Thailand (Component Services)

- Maintained ISO Environmental 14001 Certification
- Upgraded to a more energy-efficient air compressor system
- Implemented multiple employee-driven initiatives, including volunteering to plant mangrove trees in sensitive areas and forming an Energy Conservation Committee made up of employees who meet quarterly

Wellington, Kansas, USA (Component Services)

- Upgraded 90% of lighting to LED to reduce energy consumption
- Upgraded 75% of heating, ventilation, and air conditioning units with newer, more energy-efficient units

Indianapolis, Indiana, USA (Airframe MRO)

- Equipped all hangars with LED lighting to reduce energy consumption

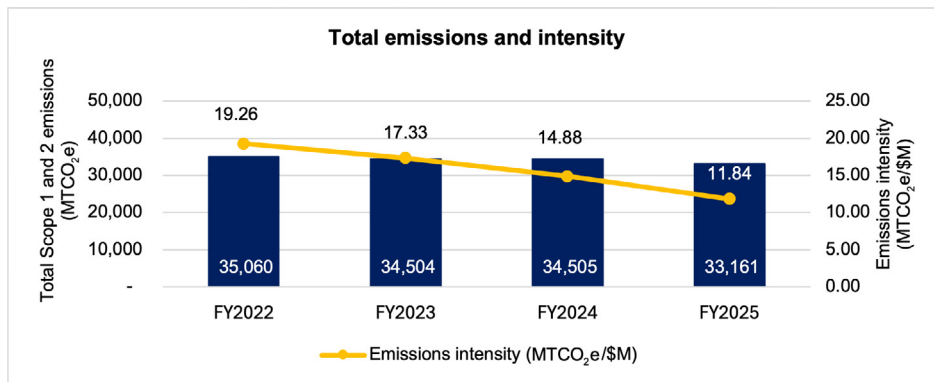


Scope 1 and 2 emissions

We continue to evaluate our environmental impact and strengthen our sustainability practices. Since 2021, we have reported Scope 1 and 2 emissions using utility-based data for natural gas (Scope 1) and electricity (Scope 2). Last year, we enhanced our reporting by implementing a third-party platform to improve efficiency and increase data visibility. We continue to use this platform to manage our emissions data, and this year, we started monitoring this data quarterly.

We also continued to improve our emissions intensity (MTCO₂e per million dollars of consolidated sales) for the third consecutive year. The charts below show our natural gas and electricity use over the past three fiscal years.

Our [Supplier Code of Conduct](#) communicates expectations that our suppliers seek to minimize their environmental impact as well.



Emissions by source^{1,2}

In metric tonnes of carbon dioxide equivalent (MTCO₂e)

	FY2022	FY2023	FY2024	FY2025
Scope 1	20,997	21,406	21,497	14,527
Scope 2	14,063	13,098	13,008	18,634
Total Scopes 1 and 2	35,060	34,504	34,505	33,161

¹**Note about environmental data:** The current reporting boundary for our Scope 1 and 2 emissions data consists of the following facilities located within the United States and Canada: Airframe MRO, Component Services, Integrated Solutions, Trax, and manufacturing facilities, as well as our Amsterdam and Thailand Component Services facilities and our corporate headquarters in a suburb of Chicago, except as otherwise stated in this footnote. We believe these sites have the most significant impact on our environmental footprint. Data is excluded from sites with fewer than 50 individuals, from sites where we may have a significant presence but no control over the operations, and from certain site types (small warehouses, satellite offices in Europe) where operations are minimal, data is not material, and activities are outside the scope of our core business operations. We will review our reporting boundary annually and update as operational control and data availability evolve.

²Some of our data is based on estimates when every applicable invoice/bill is not available at the time of preparing the report. Estimates were made using invoice graphs of annual usage and averages of monthly usage. These estimates make up 4.2% of the total reported usage. In Fiscal Year 2025, annual usage was estimated for our sites in Amsterdam, Netherlands and Indianapolis, Indiana (electricity).

Environmental monitoring, safety, and compliance

Environmental safety and compliance are core to our values and embedded in our Safety Management System (SMS), which guides our policies, procedures, and regulatory practices. Our Vice President of Corporate Safety leads the EHS teams, who manage day-to-day responsibilities across all locations—from training and local policy implementation to compliance and risk management.

Local EHS leaders conduct weekly site inspections, hold monthly knowledge-sharing meetings, and are responsible for resolving audit findings. All employees complete annual environmental training relevant to their roles.

We use our proprietary APRiSe® software to track environmental compliance, risk assessments, audit findings, and corrective actions. Employees are encouraged to report concerns or suggest improvements, with full visibility into site-level reports to promote awareness and transparency.

To further strengthen our proactive approach, we created a new role focused on optimizing APRiSe® dashboards, improving communication across sites, and enhancing risk mitigation efforts in partnership with our SMS, EHS, and quality teams.

This year, AAR conducted a full corporate audit, conducting comprehensive quality, safety, and environmental assessments at all major sites, excluding only smaller warehouses with limited staff. The audit, based on ISO 14001 risk management principles, involved a week-long review by three to four auditors per site and will now be conducted annually. To improve audit effectiveness, we introduced a new four-tier scoring system—*present, suitable, operating, and effective*—to better identify gaps and prioritize improvements. While AAR is not ISO 14001 certified, our audits are designed to align with its requirements, and we are working toward full compliance across all locations, with most sites in alignment.

All AAR facilities provide environmental training tailored to employees' responsibilities and level of engagement with topics such as recycling, waste management, energy conservation, and chemical handling. Training requirements are compliance-driven and vary by role, with additional training conducted in response to environmental incidents or events.



AAR has several policies and procedures in place regarding waste management and industrial and hazardous waste management:

Dangerous Goods & Hazardous Materials Policy and Procedures Manual:

Applies to all business units and outlines the appropriate handling, storage, packaging, preparation, and shipping of hazardous materials, along with employee training.

Environmental Policy & Procedures Manual: Applies to all business units and outlines how to conduct operations to protect human health and safety, along with the environment. It includes details on who and how policies and practices should align with local regulations, how to conduct periodic environmental assessments, how to manage environmental risks, and more.

Hazardous Material and Industrial Waste Storage and Handling Plan: Applies to all Aircraft Services facilities, and the purpose is to manage the generation, collection, transportation, and disposal of all generated waste streams.

This year, we added our newly acquired sites to our water risk assessment tool. We used the World Resources Institute (WRI) Aqueduct tool to conduct a water assessment as a step towards better understanding water risk at AAR sites.

Social commitment statement

We are committed to managing our relationships with all stakeholders, including our employees, customers, supply chain partners, and communities, in an inclusive, fair, and respectful manner.

Key impact areas:

- Aviation safety • Occupational health and safety • Employee health, safety, and well being
- Employee engagement • Talent development • Giving back



Overview and approach

At AAR, we believe our success is tied to the well-being of our employees, customers, partners, and communities. Guided by our value to “Work as one. Be inclusive,” we are committed to respecting human rights and creating positive social impact.

Our efforts focus on health and safety, employee and community engagement, inclusive collaboration, and training and education.

Aviation safety

Aviation safety is one of our top priorities as a company. Living our value of “Quality first. Safety always,” AAR is committed to continuously strengthening our safety culture. Oversight is provided by the Aviation Safety and Training Committee (ASTC) of our Board of Directors, which receives quarterly safety updates from management. See the [ASTC Charter](#) and [2025 Proxy Statement](#) for more information.

Safety Management System (SMS)

Living our “Quality first. Safety always.” value, we remain committed to advancing our safety culture and ensuring consistent, high standards across our global operations. In FY 2023, AAR became the first independent third-party MRO to implement an FAA-accepted, Companywide Safety Management System (SMS), expanding from a site-specific model launched three years earlier.

Our SMS provides a structured framework for employees to identify and report hazards, analyze risks, implement mitigation measures, and share best

practices—helping to protect our employees, customers, partners, and other stakeholders while maintaining regulatory compliance. The program is built on four components:

- **Safety Policy:** Senior management commitment to continual safety improvement, with clear processes and structure to meet safety goals.
- **Safety Risk Management:** Assessment of risks and determination of appropriate controls.
- **Safety Assurance:** Ongoing evaluation of risk controls and identification of new hazards.
- **Safety Promotion:** Training, communication, and engagement to foster a positive safety culture across all levels of the workforce.

Over the past year, we expanded the corporate SMS framework to include our design organization and integrated newly acquired TraxSM and Product Support sites into our APRIS[®] quality and safety management system—ensuring uniform reporting and oversight. We also launched and enhanced a Companywide internal safety site that centralizes resources such as “Safety Spotlights” from leadership, maintenance and quality alerts, safety news, and a comprehensive safety toolbox library. These steps strengthen our ability to manage risks, assure safety performance, and continually improve across our operations.

Since implementation, safety culture assessments show improvement, with 69% of Fiscal Year 2025 reports being proactive rather than reactive. Employee feedback is gathered through monthly and annual SMS surveys to ensure continuous improvement.

In Fiscal Year 2025, AAR updated its SMS policy to align with new UK requirements and saw an increase in employee-reported SMS occurrences, reflecting greater engagement from mechanics and technicians, driven by leadership support and increased promotion of the program. Most reported incidents were resolved at the facility level, demonstrating improved local ownership of safety. AAR also increased proactive risk-sharing with customers, helping strengthen trust and transparency. A full SMS assessment is planned for next year to continue building on this progress.

Product safety

This year, AAR developed and submitted to regulators a new product safety policy. This policy has been approved by multiple countries in which AAR operates and does business, such as the UK, Canada, and others.

Enhanced Auditing for quality, safety, and environmental compliance

In Fiscal Year 2025, AAR reinstated its full corporate audit program, conducting comprehensive weeklong assessments at all major sites. These audits were guided by internationally recognized standards, including International Organization for Standardization (ISO); International Standard for Aerospace Management Systems AS9100 and AS9110; Connectivity, Autonomous Sharing/Subscription and Electrification (C.A.S.E.); and Occupational Health and Safety Administration (OSHA), ensuring a robust evaluation of both quality and safety systems. To enhance consistency and focus improvement efforts, we introduced a new four-tier scoring system, which will be used in future annual audits to better assess system maturity and prioritize corrective actions.

The audits also aligned with ISO 14001 standards for environmental management. While not formally certified, AAR is working to meet ISO 14001 equivalency, with one remaining site completing the process.

Corporate quality assurance

AAR's corporate quality assurance department maintains and oversees business management system compliance and quality management system certifications across our business units, including International Standard for Aerospace Management Systems, AS9100, AS9110, and AS9120; International Organization for Standardization (ISO) 9001:2015; Federal Aviation Administration (FAA) AC-00-56B; and ASA-100 from the Aviation Suppliers Association. These certifications reflect our commitment to safety, reliability, and continuous improvement.

They strengthen customer trust, support regulatory compliance, and promote operational excellence across our global operations.

In Fiscal Year 2025, AAR expanded its quality management system by training multiple sites for new or enhanced certifications from the International Standard for Aerospace Management Systems and contracts with the U.S. military, including:

- **AS9110:** AAR Government Services C-40 sites in Fort Worth, Texas, USA
- **AS9100:** F-16 Contract Field Team sites and Project Management Office
- **AS9120:** AAR Sumisho Aviation Services, as well as warehouses in Hialeah, Florida, USA; Atlanta, Georgia, USA; Brussels, Belgium; and Hannover, Germany
- **P-8 Contract:** Enhanced Corporate Quality involvement at MRO Airframe – Indianapolis for quality management system and contract compliance

In Fiscal Year 2025, the Corporate Quality Assurance team:

- Conducted 12 internal and eight external audits to drive continuous improvement and ensure compliance across operations
- Oversaw more than 4,300 vendor approvals, renewals, reviews, and monitoring activities across all business units
- Monitored suppliers flagged through corrective action board (CAB) meetings or business unit feedback outside the regular survey schedule as needed
- Managed 14 CABs for quality engineers to review and assess vendor performance for the supported business units

Occupational health and safety

Aligned with our “Quality first. Safety always.” value, AAR is committed to maintaining a safe, healthy work environment through our Safety Policy and philosophy. We continuously assess operations to eliminate hazards, mitigate risks, and drive continuous improvement.

All employees are expected to follow our Safety Policy and are encouraged to report hazards or suggest improvements using the “Report Something” feature in APRiSe®, our integrated system for tracking quality, safety, and environmental data.

In the first half of Fiscal Year 2025, management completed a comprehensive review of occupational health and safety standards at newly acquired AAR sites and confirmed alignment with all AAR policies and practices.

Occupational health and safety practices

- Local safety leaders at our sites conduct weekly walking inspections to identify hazards, recommend updates, and implement corrective actions or training.
- Environmental, Health, and Safety (EHS) employees from global sites meet monthly to share safety insights and best practices. All employees must complete mandatory safety training to reinforce their role in maintaining a safe workplace.
- Our Safety Policy is reviewed annually, with updates communicated to all relevant staff.

AAR has several policies, processes, and procedures manuals in place to protect employees’ health and safety:

- **Environmental Policy and Procedures Manual:** Ensures compliance with all safety steps and standards when handling potentially dangerous materials. Requires employees to have all the required training and personal protective equipment (PPE) to protect themselves.
- **Dangerous Goods & Hazardous Materials Policy and Procedures Manual:** Outlines steps and procedures employees should take when handling hazardous materials. Requires employees to have the appropriate PPE, specific training, certifications, tooling, and equipment for handling hazardous materials.

- **Health and Safety Program:** Sets forth the policy and procedures for establishing and maintaining a health and safety program at all AAR business units. This program aligns with OSHA and FAA requirements and relevant state and local regulations. This document also includes an Emergency Management Plan (EAP).

In Fiscal Year 2025, our recordable injury and illness rate (RIIR) was 1.94. The RIIR describes the number of employees (per 100 full-time employees) who were involved in a recordable injury or illness. Our rate of recordable incidents (per 100 full-time employees) that resulted in one or more days away from work, restricted work, or job transfer (DART) was 1.07. Both our RIIR and DART rates improved year over year.

Each August, AAR's facilities around the globe participate in OSHA's Safe + Sound Week, an initiative that underscores the importance of workplace safety and health programs. Our facilities engage in training sessions, workshops, and safety audits to provide opportunities for team members to enhance their ability to identify and mitigate risks in the workplace. Some facility-specific Fiscal Year 2025 occupational health and safety highlights include:

- Grand Prairie, Texas, USA (Component Services): Implemented several safety process improvements and celebrated five years without an OSHA recordable injury with a safety luncheon and custom T-shirts and banners
- Emergency response trainings including Automated External Defibrillator (AED) and basic life support training, certified by an external party, and basic firefighting training completed by certain employees
- Windsor, Ontario, Canada (Airframe MRO): Organized its inaugural Health and Safety Week, which featured presentations to employees by first responders, suppliers, and other experts

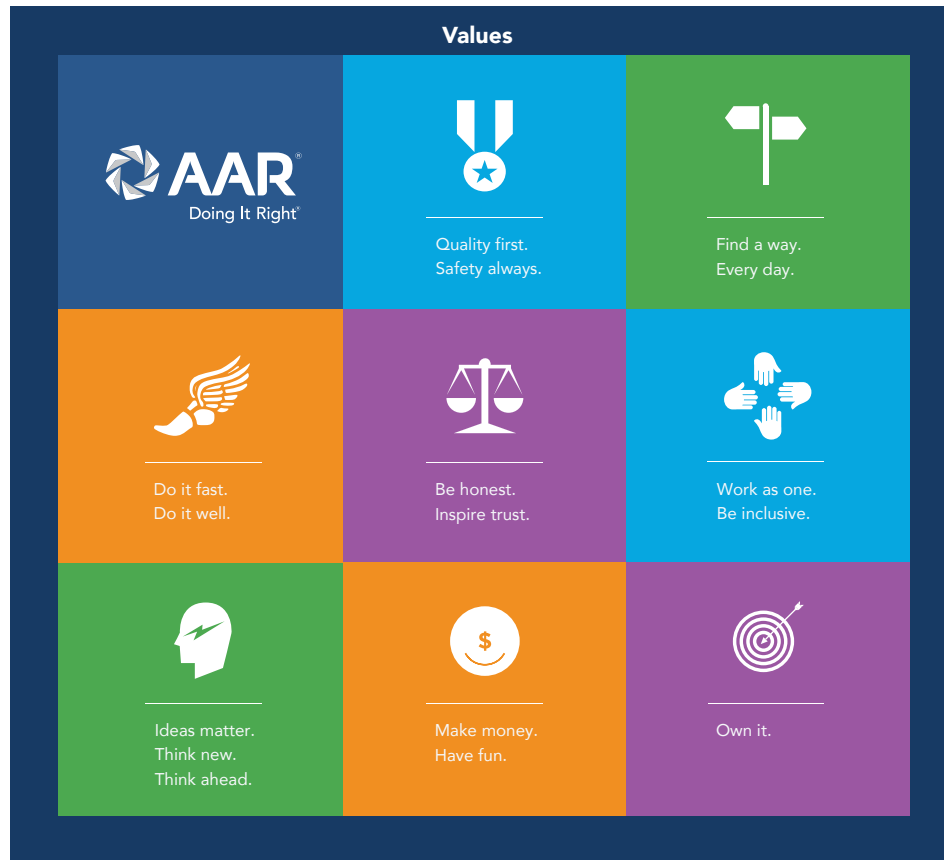
Employee health, safety, and well-being

AAR's Wellness Pathway connects employees to mental, physical, and financial health resources. We offer free annual flu shots at several facilities and host wellness events across our locations. This year, our Ascend and Prism Network employee resource groups (ERGs) hosted a joint session for Mental Health Awareness Month to share benefits and resources available to employees at sites in the U.S.

Our culture

At AAR, culture is central to how we engage, develop, and retain our people.

Our Company values shape our culture and guide our actions. We proudly display our values in our hangars, warehouses, and offices globally.



Employee engagement

Our human capital strategy focuses on building a purposeful, inclusive culture that supports career growth and meaningful employee experiences. We prioritize creating a cohesive company culture across all locations—reinforcing our values, leadership development, and commitment to Doing It Right®.

AAR fosters a culture of open communication through regular employee engagement efforts such as roundtables, listening sessions, and tools like pulse surveys and interviews. Many leaders also hold skip-level meetings to strengthen connections and gather insights.

In Fiscal Year 2025, nearly half of employees participated in our Companywide engagement survey, earning AAR the *Great Place to Work*® certification in the U.S. Survey results were shared with leaders across the company, who worked with the human resources department to develop action plans to address findings of the survey. The Board of Directors also receives updates on employee feedback and engagement efforts.

Approximately three-quarters of employees who participated in the survey said that AAR is a great place to work. Feedback shows the strengths of AAR around a positive perception of the company, sense of pride and belonging, and strong camaraderie and teamwork.

Integrating employees

We have intentionally focused on integrating employees at sites that we acquired in the acquisitions of TraxSM (March 2023) and the Product Support business (March 2024) into our employee engagement programs and culture. Talent management leaders visited each site to partner with local human resources teams, support employee engagement, and deliver training on AAR values, leadership, and career development.

AAR creates meaningful opportunities for employees to connect with each other and the Company. In addition to regular town halls and “lunch and learn” sessions, we celebrate employee contributions and host engaging events for employees and their families.

In Fiscal Year 2025, we:

- Held employee appreciation events and presented our Doing It Right® award
- Celebrated Aviation Maintenance Technician (AMT) Day by spotlighting AMTs on social media
- Organized a STEM-focused Take Your Child to Work Day at our corporate headquarters
- Emphasized veteran retention and career growth through new mentorship opportunities
- Developed a new Parental Leave Policy that expands the amount of time new parents can spend with their family

This year, we won the following awards:



Talent development

AAR's success relies on a skilled, high-performing workforce. We collaborate with industry, education, and government partners to build talent pipelines and lead workforce development.

Our global talent strategy supports employee growth through annual talent reviews, individual development plans, training, mentorship, and leadership programs.

In 2025, we achieved the following:

- Modernized our Flight Path learning platform
- Launched the AAR Development Library with mobile access via QR code, offering resources on time management, collaborating across diverse teams, team building, and more

- Expanded our development program to support both vertical and lateral career growth, focusing on technical and soft skill development
- Added new training topics based on talent reviews and interviews, like building resiliency, accountability, critical thinking, influence, and confidence
- Undertook several initiatives to build the next generation labor force as described below

AAR takes a proactive approach to building a strong talent pipeline by investing in programs that expand access to aviation careers:

- EAGLE Career Pathway connects underrepresented talent with education, hands-on training, and job opportunities
- Choose Aerospace Partnership helped launch Federal Aviation Administration (FAA)-aligned aviation curriculum in 17 states for the 2024–2025 school year
- Our collaboration with the FAA promotes aviation maintenance careers through high school outreach across the Great Lakes region
- AAR Foundation Scholarships support the education of employees' children pursuing aviation careers
- SkillBridge partnership with Embry-Riddle trains transitioning military members and veterans for aviation maintenance technician (AMT) careers at seven U.S. military bases

AAR's Educational Assistance Program supports personal and professional growth by reimbursing educational courses at accredited colleges, universities, and trade schools. It also covers fees for certain professional preparation courses, examinations, and certifications.

Summer Internship Program

AAR's summer internship program offers students an opportunity to take part in a professional learning experience that offers meaningful, practical work related to their field of study. Throughout our 10-week program, interns work closely with their assigned departments to perform duties similar to those of full-time employees and learn more about AAR and the aviation industry. Interns visit an Airframe MRO facility, tour airports, participate in development opportunities, and work to improve the business through an assigned project. AAR interns have an opportunity to receive an offer of full-time employment.

Our employees

In Fiscal Year 2025, our global workforce was comprised of approximately 5,600 employees worldwide, nearly all full-time (98%). Approximately 4,200 employees were in the United States (75%), and 1,400 employees were outside of the United States (25%). Globally, 20% of our workforce is female, 22% are under 30 years old, 22% are in their 30s, 21% in their 40s, 20% in their 50s and 15% are 60 or older. Our U.S. workforce is 45% ethnically/racially diverse, 20% female, and 19% military veterans.^{3 4}

Our most recent [EEO-1 data](#) can be found on our website. AAR is an equal opportunity employer and has an equal employment opportunity policy that all corporate and domestic operating units must follow.

As reflected in our values, we have a long-standing commitment to embracing a culture of inclusion. AAR's statement on our Work as one. Be inclusive. Company value reads:

Just as unique parts are essential to an aircraft's ability to fly, unique talent is essential to AAR's ability to succeed. Our strength is rooted in our commitment to inclusion. We create opportunity through new thoughts and ideas to embrace an ever-changing world. These values empower our people to be a team of producers, innovators, and world-class leaders who are Doing It Right® to better connect the world.

Employee resource groups (ERGs)



Our ERGs—including Ascend (women), Black/African American, COLLABORASIAN, LatinX, Prism Network (LGBTQ+), and VRG (veterans)—support connection, talent development, and leadership growth.



Our Black / African-American ERG hosted a fireside chat and breakfast with Board member Billy Nolen

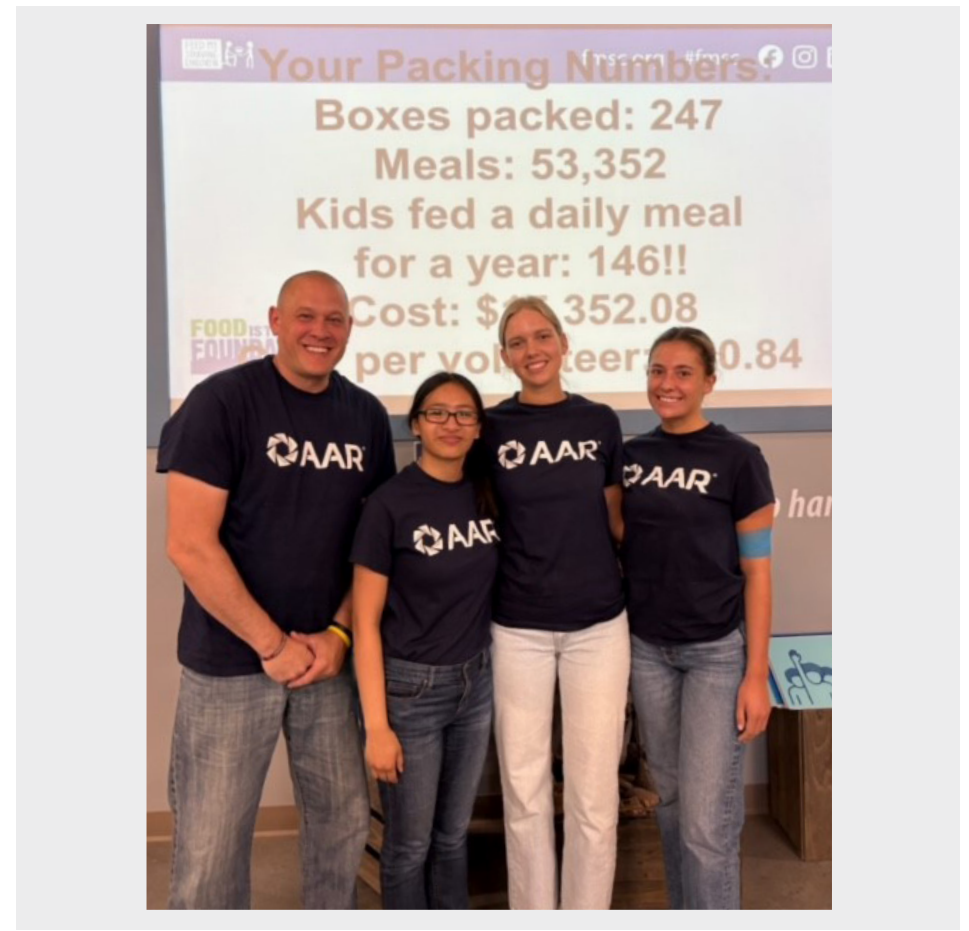
³ The racially/ethnically diverse category information provided represents the non-white workforce in the U.S. and includes those U.S. citizens deployed to locations outside the continental U.S. on certain government programs. Veteran and female percentages also represent the U.S. workforce, along with those U.S. citizens deployed to locations outside the continental U.S. on certain government programs.

⁴ In Fiscal Year 2025, 20% of our new hires were female and 43% were ethnically/racially diverse. Of our promotions, this year, 19% of promoted employees were female, and 51% were ethnically/racially diverse.

Giving back

AAR supports the communities where we operate and where our employees live by partnering with nonprofits focused on veterans and military families, STEM education, health and well-being, and inclusion and belonging. All employees are welcome to participate in any of our community events, and events are usually hosted by our human resources team in collaboration with one or several ERGs. Below are highlights from our Fiscal Year 2025 community engagement efforts:

- ERGs partnered with Back to School America to compile and donate supply kits to children at the Great Lakes Naval Station in Illinois
- Hosted a “Tug and Tour” experience for Indiana government and economic development officials, community leaders, educators, military veterans, and recruiters to learn about aviation job and education opportunities that may interest their constituencies; the experience included hangar and maintenance facility tours as well as a trip down the tarmac in an airplane
- Welcomed the public to Family Fun Day at AAR’s Rockford MRO facility, offering aircraft tours and static displays
- Hosted a food drive and donated 200 pounds of food and hygiene supplies to the Bensenville Wood Dale Food Pantry in Illinois
- Opened a dedicated classroom at the Aviation Institute of Maintenance in Indianapolis, Indiana supported by a scholarship donation
- Hosted the Deputy Commissioner of the Chicago Department of Aviation for a Black History Month event
- Sponsored and participated in the Aviation Technician Education Council Conference, reinforcing AAR’s leadership in aviation education and workforce development
- Participated in Aviation Community Day at the Indianapolis International Airport, promoting aviation careers and related education pathways
- Hosted a Toys for Tots drive during the holidays



Governance commitment statement

We are committed to establishing, implementing, and maintaining an effective governance structure that is agile and responsive to business needs and evolving best practices, and sets high ethical standards.

Key impact areas:

- Risk identification, management, and mitigation
- Compliance, ethics, and integrity
- Anti-corruption
- Data privacy and cybersecurity
- Supplier engagement and procurement practices



Overview and approach

Doing It Right® is the foundation and guiding light of our approach to governance and is supported by a comprehensive governance framework that includes policies, procedures, codes of conduct, compliance training, and robust audit and compliance systems.

AAR's Board of Directors includes 12 members, 11 of whom are independent under New York Stock Exchange (NYSE) rules. Four directors have joined in the past three years as part of ongoing Board refreshment efforts. The Board regularly evaluates its composition to ensure the right mix of skills, experience, and perspectives to lead the Company in the aviation services market. The Board's average tenure is eight years, and the average age is 65.

AAR strives to implement and maintain "best corporate governance practices," tailoring them, as appropriate, to fit our culture, strategy, and performance. Below is a list of our corporate governance practices:

- Independent Lead Director
- Majority voting in uncontested director elections
- Stock ownership and retention guidelines
- Annual stock grant to non-employee directors
- Clear standards for director independence
- Regular executive sessions of independent directors
- Use of an independent compensation consultant
- Annual Board, committee, and individual director evaluations
- Director onboarding and ongoing education

- Code of Conduct and Supplier Code of Conduct
- 24/7 anonymous ethics hotline
- Policy to manage related person transactions and avoid conflicts of interest
- Disclosure Committee for financial reporting oversight
- Annual say-on-pay vote for executive compensation
- Ongoing stockholder engagement
- Fully independent Board committees
- Enterprise risk management program
- Active Board refreshment practices

See the [2025 Proxy Statement](#) and the [governance section](#) of our website for additional background and details on our corporate governance practices.



In March 2025, AAR welcomed Hema Widhani, Principal and Chief Experience, Brand, and Marketing Officer at Edward Jones, to the Board of Directors. Ms. Widhani has expertise in digital customer experience, including information technology and innovation, on an international scale through her various senior leadership roles at leading global financial services companies. She also has experience in other areas relevant to our business and strategy, including digital transformations, data analytics and insights, and artificial intelligence initiatives. She is a member of the Audit Committee and the Nominating and Governance Committee of our Board of Directors.

Risk identification, management, and mitigation

Risk management is a critical area of focus and priority for our Board, executive leadership, stockholders, and other key stakeholders. The Board's risk oversight begins with a strong understanding of the Company's culture, business, and strategy. The Board oversees sustainability and other risks directly and through its Committees, supported by internal processes, controls, and an enterprise risk management (ERM) program. Our ERM and disclosure controls are designed to escalate key risks to the Audit Committee and Board as needed and to assess risks for potential disclosure. Focus areas include operational, financial, and cybersecurity risks.

As part of our ERM process, management identifies the most critical risks to the company. Responses are compiled into a likelihood heatmap, which is reviewed by senior management and the Board.

We also prioritize integrating businesses and sites that we acquire from a risk management perspective, ensuring new employees receive all relevant AAR risk policies, procedures, and training. This year, our Vice President of Internal Audit visited all new locations to ensure compliance with AAR's risk management practices and processes.

See our Corporate Governance Guidelines, [2025 Proxy Statement](#), and [our website](#) for more information on risk oversight and our Committees.

All employees – including those at newly-acquired sites – are required to participate in training upon hire and annually, which covers all or some of the following risk-related topics:

- AAR Code of Conduct
- Advanced Persistent Threats (APTs)
- Anti-bribery
- Data privacy
- Digital Technology and Analytics Policy
- Dignity and respect in the global workplace
- Doing business with the federal government
- Export controls
- Insider trading
- Modern Slavery Act: Protecting human rights
- Phishing
- Security essentials
- New-hire compliance training (only for new hires and/or employees at newly acquired sites)
- Understanding the International Traffic in Arms Regulations (ITAR)

Compliance, ethics, and integrity

Commitment to human rights

AAR is committed to policies and practices that uphold fundamental human rights as set forth in our [Code of Conduct](#) and [Supplier Code of Conduct](#). We believe everyone who works for us or a third-party business partner should be treated fairly and respectfully. We have a zero-tolerance policy regarding trafficking in persons and forced labor and expect employees to monitor for indications of such activity, and report any suspicious activity related to AAR or any third-party business partner immediately. All employees complete annual Modern Slavery Act: Protecting Human Rights training annually, which covers steps that can be taken to protect the basic human rights of workers globally and identify potential warning signs of forced labor, child labor, debt bondage, and human trafficking. AAR International is also in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Our approach

Our Chief Ethics and Compliance Officer leads our global compliance program and fosters a culture of integrity. Recent improvements include enhanced monitoring through data analytics, updated policies, and targeted in-person training. To support our focus on enhanced monitoring, we added a resource to monitor compliance and third-party risk management across the Company.

Our global Compliance Champions Network—designated employees embedded across sites, including newly acquired sites—helps promote our compliance program, serve as local resources, escalate concerns, and report issues to management.

Employees at AAR receive a full suite of compliance training as part of their onboarding, including anti-harassment, Code of Conduct, and "speak up" training. Targeted in-person sessions—such as anti-corruption and trade compliance—are tailored based on location-specific risks to ensure alignment with AAR's standards and culture from day one.

Our policies

Code of Conduct: Our [Code of Conduct](#) (Code) outlines the ethical standards expected of all employees, officers, and directors. Everyone is required to act with integrity and comply with all applicable laws and regulations. The Code is reviewed annually by the Nominating and Governance Committee, which recommends any changes to the Board for approval. In Fiscal Year 2025, we added sustainability-specific language to our training on the Code of Conduct.

Supplier Code of Conduct: Our [Supplier Code of Conduct](#) applies to all our suppliers and was updated in Fiscal Year 2025 to include a requirement that suppliers implement third party screening processes and ethics reporting hotlines for their employees and third parties, develop and use artificial intelligence ethically, and allow AAR to conduct inspections of supplier facilities and take corrective action for any activities found in nonconformance with the Supplier Code of Conduct. Learn more in our Supplier Engagement section.

Anti-Slavery and Human Trafficking Policy: Applies to all our employees, sites, and suppliers. Learn more on [our website](#).

Trade Compliance Policy: Applies to all our employees and ensures that we adhere to all local, national, and international trade laws.

Contractor Purchasing System Review (CPSR) Compliance: As a prime and lower-tier subcontractor to the U.S. government on many contracts, AAR has an approved CPSR system. We monitor our compliance with CPSR requirements in order to confirm that we are spending government funds efficiently and effectively, and that we are operating in alignment with all government policies. We regularly review and improve our procurement policies as part of this process. Our focus on our CPSR practices assists us in compliance while also enabling us to demonstrate that we purchase parts at the best possible value for our customers.

Ethics Hotline and Non-Retaliation Policy: Employees are encouraged to report compliance concerns to their manager, Human Resources, the Legal Department, or through our confidential [ethics hotline](#). Our [Speaking Up and Non-Retaliation Policy](#) ensures they can do so without fear of retaliation. The Audit Committee receives reports on hotline activity and any officer-related Code violations.



Anti-corruption

AAR has zero tolerance for bribery or corruption, as outlined in our [Code of Conduct](#) and [Supplier Code](#). Our [Global Anti-Corruption Policy](#) requires all directors, employees, and third parties to comply with laws such as the U.S. Foreign Corrupt Practices Act (FCPA), UK Bribery Act, and local anti-corruption regulations. We prohibit offering, giving, or accepting any bribes, kickbacks, or corrupt payments—whether in commercial or government dealings, including with state-owned or controlled airlines.

AAR has established ongoing monitoring protocols across eight key risk areas, including high-risk country sales, request-for-proposal (RFP) communications, purchasing and expense reports, vendor onboarding, and trade show spending. We also regularly review sales agent reports and commissions. To strengthen oversight, we use business intelligence dashboards that consolidate data from multiple sources, helping us identify trends and flag exceptions.

We continually improve due diligence practices to identify higher-risk third parties through enhanced monitoring, spotting compliance gaps, and conducting targeted anti-corruption audits. Each fiscal year, AAR's corporate compliance team conducts targeted anti-corruption audits at selected facilities. These audits focus on higher-risk business practices and are tailored to each location. Reviews typically include general ledger activity, vendor and customer transactions, employee onboarding, payroll, government interactions, and other high-risk areas such as marketing, donations, and licensing. This proactive approach helps ensure compliance and strengthens our global anti-corruption controls.

AAR exercises audit rights on higher-risk third parties to ensure ongoing compliance. These audits are tailored to each partner and typically assess due diligence and onboarding processes, contract compliance, expenses and reimbursements, sales and commissions, trade compliance, and regulatory adherence.

We conduct anti-corruption training for new hires and for employees annually. We also require certain third parties to complete similar training. Employees are required to take four hours of training on topics like AAR's Code of Conduct, Anti-Bribery, Insider Trading, Modern Slavery Act: Protecting Human Rights, understanding international ITAR (International Traffic in Arms Regulations), and other anti-corruption topics.

Data privacy and cybersecurity

Our cybersecurity strategy is guided by the National Institute of Standards and Technology (NIST) governance requirements and cybersecurity framework. This helps us identify, assess, and manage risks relevant to our business. We maintain strong policies and controls to protect operations, data, and assets, and to prevent, detect, and respond to cyber threats.

Governance and oversight

Our Chief Information Security Officer (CISO) leads our information security strategy, policies, and threat response efforts. The CISO also serves as our Data Protection Officer and reports to the Chief Digital & Technology Officer (CDTO), who reports directly to the Chairman, President and CEO.

The CISO and CDTO regularly review cybersecurity matters with members of our senior management. These discussions include the latest cybersecurity risks and threats, the status of our cybersecurity incident response plan, and our overall process relating to the prevention, detection, mitigation and remediation of cybersecurity incidents.

Our Board of Directors, through its Audit Committee, is responsible for overseeing our cybersecurity risk management. On a regular basis, the Board of Directors or Audit Committee receives and reviews reports from the CDTO and CISO relating to the status of cybersecurity planning and protections, the overall state of our cybersecurity program, emerging cybersecurity developments and threats, and our strategy to mitigate cybersecurity risks.

Risk management

We maintain a rigorous cybersecurity policy framework with annual updates to ensure alignment with evolving best practices and regulatory requirements, including Sarbanes-Oxley Act (SOX) and data privacy. Regular internal audits, control reviews, and self-assessments are conducted, with results reported to the federal government. All employees complete annual cybersecurity and data privacy training, and employees at newly acquired sites receive targeted training on AAR's policies and security protocols.

Our approach to cybersecurity risk management includes multiple complementary elements to mitigate our cybersecurity risks. We utilize multi-layered defenses to help prevent attacks, including the use of data analytics to help detect anomalies and search for cyber threats. We have comprehensive cyber threat detection and

response capabilities with applied threat intelligence and continuous monitoring to complement other technology, processes, and threat detection techniques we have in place.

We subscribe to third-party managed security services that continuously monitor our systems and networks to assist with early cybersecurity threat detection and protection. We have adopted a cybersecurity incident response plan that provides direction and a defined approach for preparing for, identifying, and responding to cybersecurity incidents that may pose a potential threat to our information systems, networks, and data. The detailed plan defines the roles and responsibilities of all parties included in our cybersecurity incident response team which incorporates our IT team, senior management, and other functional areas.

Our CISO partners with management in internal functions such as finance, legal, and internal audit in overseeing information security risks, as well as third-party consultants who perform risk-based assessments with recommendations for designing, implementing, executing, monitoring, and improving our cybersecurity risk management program and strategy, which helps ensure our programs and strategy align with our business and operational objectives. Results of third-party assessments are shared with the Audit Committee and the Board of Directors.

Collaboration and testing

We work with government, customer, industry, and/or supplier partners to gather and develop policies and standards and share information to address cyber threats. We conduct comprehensive information security assessments of partners before sharing or allowing the hosting of data in computing environments managed by third parties.

To test our defenses, we conduct quarterly phishing simulations and semiannual third-party penetration testing, with all findings reviewed and addressed.

Fiscal Year 2025 Highlights

- Completed a full update of 15 federal-related cybersecurity policies with support from a third-party expert to align with current security practices and prepare for government audits.
- AAR was certified under the EU-U.S. Data Privacy Framework (DPF), administered by the U.S. Department of Commerce. This certification confirms AAR's compliance with the EU and UK data privacy and security standards, reflecting a strong commitment to robust and transparent data practices.

- Leveraged a newer governance, risk, and compliance tool to better identify privacy risks, assign accountability, and track mitigation progress.
- Added a security analyst resource to expand capacity in managing cybersecurity and data privacy risks.
- Continued quarterly phishing simulations and semiannual third-party penetration tests to identify and remediate vulnerabilities.

AAR is actively working toward achieving Cybersecurity Maturity Model Certification (CMMC), the successor to NIST 800-171. CMMC is a critical requirement for companies supporting U.S. Department of Defense contracts, helping ensure strong cybersecurity practices to protect sensitive government information. We aim to be certified by Fiscal Year 2026, depending on the completion of remaining control implementations.

Some of our policies include:

- Employee Privacy Notice
- Cyber Incident Reporting Policy
- Digital Technology & Analytics Policy
- Personal Information Protection Policy
- Employee HIPAA Privacy Policy
- Records Management and Retention Policy
- Employee Privacy Policy (formerly the California Employee Privacy Policy, but this policy now applies to all employees as of this year)
- Privacy Policy for Employee Information from the European Economic Area
- Use of Artificial Intelligence / Machine Learning Systems Policy

Additional details on our risk management, strategy, and governance for cybersecurity are available in the “Cybersecurity” section in our [2025 Form 10-K](#).

Artificial intelligence

AAR has policies and procedures related to artificial intelligence (AI) development, deployment, and monitoring, including the Use of AI / Machine Learning Systems Policy, which governs how AI and machine technology should be used safely with information technology resources and communications systems owned by or available at the company and all operating units. In addition, in its Supplier Code of Conduct, AAR states that it is committed to the ethical use of AI and that suppliers are expected to review and support the United States Department of Defense Ethical Artificial Intelligence Principles when developing or using AI

solutions on AAR’s behalf. Our Board oversees emerging strategic risks, which may include AI, with the assistance of the Audit Committee in its role overseeing technology-related risks.

Supplier engagement and procurement practices

Our approach to supplier engagement and sustainable procurement practices reflects AAR’s commitment to corporate integrity, safe working conditions, and ethical sourcing—core to our Doing It Right® values.

Supplier relationship management

AAR values strong, ethical partnerships with suppliers as part of our commitment to Doing It Right®. Through our centrally managed Supplier Relationship Management (SRM) program, we review 50–100 suppliers annually and engage regularly with approximately 25 key suppliers based on performance, criticality, and strategic importance.

We also host a biannual supplier engagement event to strengthen collaboration and communication. The most recent supplier conference had 102 suppliers in attendance. Open to all suppliers, the event features an overview of AAR’s business and values, along with breakout sessions for one-on-one meetings with AAR representatives.

Supplier Code of Conduct and oversight

All suppliers—including subcontractors and independent contractors—must comply with AAR’s Supplier Code of Conduct. The Supplier Code outlines requirements related to conflict minerals (see our [Conflict Minerals Policy](#)), human rights, labor practices, environmental standards, and trade compliance. As part of the approval process, suppliers must review and formally acknowledge the Supplier Code.

In the first half of Fiscal Year 2025, we expanded the Supplier Code to strengthen requirements related to human rights, safe labor practices, artificial intelligence use, and responsible sourcing. We also send new vendors a supplier grading checklist to assess compliance with key criteria, such as adherence to child labor laws. This ensures these suppliers meet our quality and compliance requirements to ensure we are doing business with suppliers with the highest ethical standards.

Risk monitoring and compliance

AAR's quality assurance team continuously monitors supplier performance and risk using APRiSe®, a centralized system for tracking corrective actions, safety issues, audits, and quality concerns. We also have a detailed policy and procedures manual which provides detailed guidance on how to screen and monitor suppliers, due diligence processes, a list of potential concerns at onboarding for new suppliers and a process for the ongoing monitoring of these concerns. We screen all new suppliers, for potential risks such as human rights violations, sanctions, and corruption. When necessary, AAR inspects or audits supplier facilities to verify compliance with our standards.

Health and safety standards

We are committed to partnering with suppliers who uphold high standards for occupational health and safety. Our Supplier Code requires safe working conditions, compliance with International Labour Organization Convention 155, and clear procedures for incident reporting, investigation, and corrective action to prevent recurrence.

Our policies include:

- [Supplier Code of Conduct](#)
- [Conflict Minerals Policy](#)

Responsible procurement practices

AAR is committed to responsible procurement practices that include aligning our purchasing decisions and who we work with to our mission and core values. Highlights of procurement practice improvements over the past year include:

- Being strategic in our spending decisions wherever we can and meeting with suppliers quarterly to try to optimize spend
- Reduced inventory by shifting to a needs-based approach, lowering costs and minimizing waste
- Consolidated chemical purchasing to reduce environmental impact and disposal costs

- Partnered with a strategic supplier to manage and track PPE and consumables, reducing waste and improving accountability
- Planning for implementation of vending machines to monitor real-time usage of consumables by item, user, and time to improve efficiency of our purchasing decisions

As a trusted federal partner, AAR's government procurement team operates under an approved Contractor Purchasing System Review (CPSR) to ensure compliance with federal regulations. This system includes 65 governing procedures and requires detailed compliance folders for all purchases and subcontracts. By adhering to CPSR standards, AAR ensures parts are sourced from vetted, ethical suppliers and at the best possible value—while maintaining thorough documentation and accountability throughout the process.

Total procurement spend in Fiscal Year 2025 was \$1.9 billion, an estimated \$78 million of which was spent with local suppliers who are within the state of the operations they support. The reporting boundary for local supplier spend is limited to seven operational sites where local supplier data is available.⁵

⁵ Total procurement spend data includes all direct and indirect commercial spend during Fiscal Year 2025. Data for local supplier spend includes all direct commercial spend and certain indirect commercial spend.

AAAA (Quad A) – Army Aviation Association of America
Aerospace Defense & Security Group – ADS Through Life Service Special Interest Group
AFA – Air Force Association
AIA – Aerospace Industries Association
AREA – Augmented Reality Enterprise Alliance
ARSA – Aeronautical Repair Station
ASA – Aviation Supplies & Academics
AUSA – Association of the US Army
AWAM – Association for Women in Aviation Maintenance
BENS – Business Executives for National Security
Choose Aerospace
DII – Defense Industry Initiative on Business Ethics and Conduct
ERAA – European Regions Airline Association
GMAA – Greater Miami Aviation Association
IAWA – International Aviation Woman’s Association
ISTAT – International Society of Transport
LOA – Logistics Officer Association
NAG – Netherlands Aerospace Group
Navy League of the United States
NBAA – National Business Aviation Association
NDIA – National Defense Industrial Association
NGAUS – National Guard Association of the US
NIVD – Foundation Dutch Industries for Defense and Security
PSC – Professional Services Council
RAeS – Royal Aeronautical Society
USTDA – Office C&ACP (Aviation Cooperation Program)
The Wings Club Foundation