AAR®

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AAR CORP.
TCFD content index

for the fiscal year ended
May 31, 2026

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This reporting index is based on the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). Disclosures herein generally include business activities covering the period of June 1, 2025, to May 31, 2026 (the "2026 Fiscal Year"), which is the most recent fiscal year for AAR CORP. ("AAR" or the "Company"), unless otherwise noted.

1.Governance

Disclose the organization's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Climate-related risks and opportunities are embedded in AAR's strategic planning, risk management program, and related internal processes, all of which are overseen by AAR's Board of Directors (the "Board") and its committees. The Corporate Governance Guidelines approved by the Board expressly state that: (1) the Board exercises its risk oversight function directly and through its committees, which evaluate and oversee the management of the risks related to the topics covered in their charters, and (2) the entire Board regularly reviews and is informed regarding potentially significant risks, including, but not limited to, risks related to Company strategy, performance and other enterprise-wide risks, either through committee reports or management reports. The Audit Committee Charter includes two climate-related oversight responsibilities for the Audit Committee: oversight of the internal and external review of quantitative environmental data and related disclosures included in AAR's sustainability reports, and oversight of enterprise risk management (ERM) processes related to environmental (such as climate) risk. In September 2026, the Board approved an amendment to the Audit Committee Charter to clarify that the Audit Committee is responsible for: (1) reviewing and discussing with management key enterprise risks and mitigation activities and (2) periodically reviewing selected areas in greater depth considering AAR's business strategy, capital strength, and overall risk tolerance. The Audit Committee fulfills its oversight responsibility over these topics at meetings held on a regular basis. The Nominating and Governance Committee Charter includes climate-related oversight responsibilities for the Nominating and Governance Committee, including reviewing various components of our sustainability framework, our sustainability oversight structure, overall sustainability strategy, and material disclosures regarding the oversight process and sustainability initiatives. The Nominating and Governance Committee fulfills its oversight responsibility over each of these topics at meetings held on a regular basis. The Board provides oversight of enterprise risks, including climate-related risks, through the Enterprise Risk Management (ERM) process. The Audit Committee receives formal ERM reports at least annually from the Head of Internal Audit, which include updates on climate-related risks. Senior management, including 21 members of leadership in FY2026, participates in identifying and assessing key risks. The Audit Committee or the Board reviews and discusses enterprise risk assessments that include climate-related risks, categorized based on probability, impact, severity, and controllability. For more information regarding how the Board and its committees oversee the management of climate-related risks and opportunities, see the description below under "Describe management's role in assessing and managing climate-related risks and opportunities" and the "Risk Management" section. *See our FY2026 Sustainability Report – About AAR – Our sustainability governance and Governing with integrity, Audit Committee Charter, Nominating and Governance Committee Charter and Corporate Governance Guidelines*
Describe management's role in assessing and managing climate-related risks and opportunities	As part of our ERM process, management and the Audit Committee jointly discuss major risks and opportunities that confront our business, including climate-related risks. Climate risk is on our risk registry. The ERM oversight and management process is a joint effort by the Company's senior management and Internal Audit department and includes developing and implementing risk mitigation strategies, overseeing the effectiveness of the risk mitigation strategies, and reporting to the Audit Committee and the Board. The results of the Company's ERM process are reported to the Audit Committee (or the full Board, if appropriate) for review and discussion of the Company's principal risks and risk mitigation approaches for addressing these risks. The entire Board regularly reviews and is informed regarding potentially significant risks, including, but not limited to, risks related to Company strategy, performance, and other enterprise-wide risks, either through committee reports or management reports. For more information regarding management's role in assessing and managing climate-related risks and opportunities, see the "Risk Management" section below. *See our FY2026 Sustainability Report – Governing with integrity*

TCFD content index for the fiscal year ended May 31, 2026

2.Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The Board discusses strategic planning at each Board meeting and holds a special strategy session with management each year dedicated exclusively to strategic planning. This session focuses on the development and implementation of our short-term, intermediate-term, and long-term strategic plans. The Board and management review and discuss AAR's operations and financial and non-financial performance. The Board analyzes aviation industry developments and trends, AAR's service and solution offerings, and the competitive landscape in which AAR operates. Climate-related risks and opportunities are considered as part of the strategic planning process when appropriate. **Risks:** As part of its ERM assessment, AAR considers concerns about the carbon footprint of the aviation industry, including greenhouse gas ("GHG") emissions, and the related efforts to transition to more fuel-efficient and alternative fuel aircraft. Additional related risks include industry-wide reputational risk and compliance with increasingly complex regulations. If AAR does not stay ahead of technology changes, customers could turn to other companies. Direct risks associated with climate change that may impact AAR's business include a reduction in commercial flight hours due to weather disruptions and increased regulation of commercial airlines that negatively impact commercial flight hours (with commercial flight hours directly impacting AAR's financial health). Our supply chains and facilities could also be disrupted by natural disasters and extreme weather events. AAR maintains information from the Aqueduct Tool developed by the World Resources Institute (WRI), which provides insights into potential water-related risks associated with the geographic regions in which facilities within our reporting boundary are located. **Opportunities:** AAR prevents and reduces waste by extending the lifespan of airplanes and the useful life of their parts, which we believe helps to reduce the aviation industry's global footprint. By refining our data tracking and reporting processes, we can better understand, address, and communicate our impacts and efforts to key stakeholders. We monitor environmental impacts related to our business and climate change effects on the industry. We see an opportunity to utilize energy more efficiently across our business, which would help to reduce GHG emissions.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree, or lower, scenario	The Company integrates climate-related risk considerations into operational resilience and continuity planning when appropriate. The global headquarters outside Chicago, Illinois, maintains business continuity and emergency communications plans for disruptions such as severe weather. In such cases, senior management coordinates with the Board to assess impacts, review emergency response actions, and outline communication plans. Other facilities maintain site-specific emergency action plans that include procedures and grading systems for various weather-related risks, with defined roles and responsibilities to manage and mitigate physical climate-related impacts. We believe our business strategy is resilient yet flexible enough to adjust to changing conditions over time. As climate change impacts our business and industry, our risk assessment and monitoring process will seek to identify and address the risk to mitigate the impact. We have not conducted a formal climate scenario analysis at this time because we do not consider climate change risk to be material due to the nature of our business.

3.Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risk Describe the organization's processes for managing climate-related risks and opportunities Describe how processes for identifying, assessing, and managing climate-related risks and opportunities are integrated into the organization's overall risk management	**Overview – Risk Management** AAR identifies, assesses, and manages climate-related risks through its Enterprise Risk Management (ERM) program. The ERM process, overseen by the Audit Committee and led jointly by senior management and the Internal Audit department, includes identifying key enterprise risks, developing and implementing mitigation strategies, overseeing the effectiveness of risk mitigation strategies, and reporting results to the Audit Committee or, as appropriate, the full Board. The results of the Company's ERM process are reported to the Audit Committee (or the full Board, if appropriate) for review and discussion of the Company's principal risks and risk mitigation approaches for addressing these risks. The Board regularly reviews and is informed regarding potentially significant risks, including, but not limited to, risks related to Company strategy, performance, and other enterprise-wide risks, either through committee reports or management reports. The Board monitors management's performance in the execution of AAR's strategy throughout the year. It receives regular updates from management on strategic opportunities and risks that we are currently assessing or addressing. The formal ERM assessment is conducted annually, with ongoing monitoring throughout the year. Principal risks are defined as those that could have a significant impact on the Company's performance, even if the likelihood is low. Based on the most recent ERM assessment in September 2026, climate-related risks were not expected to have a material adverse impact on the Company in the short to medium term. **Climate-Related Risk** The Head of Internal Audit, who is also responsible for ERM, describes climate change risk as a strategic risk that involves understanding the specific impact climate change could have on the business, and the physical and transition risks a changing climate poses to the Company. The following mitigating actions related to climate change risk have been identified: monitoring environmental impacts related to the business, monitoring climate change effects on the industry and how the Company's customers are responding, and focusing on utilizing energy (electric, gas, etc.) more efficiently across AAR. The Company's Senior Vice President, General Counsel, Chief Administrative Officer and Secretary, a member of AAR's executive leadership team, is responsible for decisions related to climate change risk and environmental risk generally. See below for additional information related to management's role in the ERM process. The Board also oversees environmental and climate-related risks and sustainability reporting through both the Audit Committee and the Nominating and Governance Committee, informed by feedback from key stakeholders. **ERM Process** In connection with the 2026 Fiscal Year annual ERM report to the Board in September 2025, the Head of Internal Audit: performed an annual full refresh of the Company's risk matrix, set up a process for deep dives into specific risks to be reviewed with the Audit Committee or Board, and developed a new approach for the 2026 Fiscal Year to the process and reporting format. The Head of Internal Audit implemented the following changes to the ERM process for the 2026 Fiscal Year: (1) met individually with 21 members of senior leadership for input on areas of risk, (2) integrated prior experience to make improvements to process and reporting, (3) incorporated third-party benchmarking of risks in the industry, (4) re-assessed probability, impact and mitigating factors in the current business environment, and (5) analyzed risk severity (combination of probability and impact) versus controllability. In September 2025, the Head of Internal Audit reviewed with the Board an enterprise risk severity (impact x probability) and controllability assessment that listed climate change risk in the lower severity and lower controllability categories.

	Throughout the 2026 Fiscal Year, the Head of Internal Audit maintained formal ERM reporting to the Audit Committee or Board at twice a year, continued intermittent reviews with the senior leadership team, responded to changes in the dynamic business environment, adjusted risks, probabilities and mitigating factors as needed, and incorporated the ERM process into the 2027 Fiscal Year audit plan risk assessment to construct a more risk-based approach. In connection with the annual ERM assessment presented to the Audit Committee in September 2026, the Company updated its enterprise risk matrix to assess climate change and environmental, social and governance (ESG) considerations as a combined risk, which was in the lower impact and less controllable categories See "Governance" above for more information regarding the oversight and management of risk. *See our FY2026 Sustainability Report – "About AAR – Our sustainability governance" and "Governing with integrity"*

4.Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where information is material	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	AAR tracks energy use and Scope 1 and Scope 2 greenhouse gas emissions and continues to evaluate systems and processes to consistently report on consumption volumes of waste across sites, relative to the potential impact. As part of our ongoing assessment, management and reporting related to GHG emissions, our Group Chief Financial Officer of our Repair and Engineering business is responsible for overseeing the collection of data related to Scope 1 and Scope 2 emissions across the enterprise and reviewing its findings with the Audit Committee on an annual basis. This process includes collecting and analyzing utility-based data for natural gas and electricity usage across AAR facilities, evaluating reporting boundaries, applying processes consistently, and implementing process improvements when needed. Management utilizes an electronic platform to improve efficiency and increase data visibility. *See our FY2026 Sustainability Report – Focusing on the environment*
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	The GHG emissions reported are measured in metric tonnes of carbon dioxide equivalent (MT CO2e) and include utility-based natural gas used in our facilities for heating (Scope 1) and indirect emissions from grid electricity (Scope 2). We are not currently measuring Scope 3 emissions data due to capacity constraints and the availability of accurate data. *See our FY2026 Sustainability Report – Focusing on the environment*
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	AAR continues to evaluate our environmental inventory and consider strategies for managing our impact. AAR has not set specific targets at this point in time. This may be something the Company considers doing as we build our capacity and refine our data collection systems and practices.