



Doing It Right®



2022

Environmental, Social, and Governance Report



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Letter from our President and Chief Executive Officer

We are proud to share our second environmental, social, and governance (ESG) report, as sustainability has long been a part of who we are at AAR. Our commitment to Doing It Right[®], our purpose, and our core values embody ESG principles—from safety and quality to integrity and inclusiveness.

Since our founding more than 65 years ago, we have worked consistently to do the right thing for our customers, our employees, and our communities. Our Company has grown to be one of the largest providers of aviation services in the world by meeting the needs of our customers, and our focus on sustainability has been an important aspect of this journey.

As part of our ongoing efforts to deepen our understanding of our current and potential sustainability impacts, this year we engaged a third-party expert to conduct an ESG impact assessment. As you will read in this report, this analysis enables us to identify potential ESG risks and opportunities and to further integrate sustainability principles and standards into our business strategy and decision-making.

AAR is committed to providing the best possible work product and work environment and to doing what is right for our local and global communities. This includes ensuring the safety and well-being of our approximately 4,500 employees. We expanded our employee engagement and communication efforts to address needs and concerns quickly and efficiently, helping us to retain top talent.

We added new training and direct-hire programs to enhance our recruitment pipeline, as well as to address the global need for more aircraft technicians. We also launched new employee resource groups that are amplifying connections throughout our Company.

Building on our foundation of strong corporate governance, we appointed a new Chief Ethics and Compliance Officer and furthered engagement with our stakeholders, strengthening our best practices and high ethical standards.

As we continue to assess our ESG impacts and advance sustainability considerations throughout our company, we will apply a key characteristic that sets us apart—our ability to think ahead and anticipate the needs of our customers, our people, and our planet. AAR connects our world through aviation, and as we do so, we strive to make it a better place.



John M. Holmes
President and Chief Executive Officer



“

AAR connects our world through aviation, and as we do so, we strive to make it a better place.”

John M. Holmes, President and Chief Executive Officer

About this report

Our 2022 Environmental, Social, and Governance (ESG) Report demonstrates AAR CORP.'s commitment to Doing It Right®. Engagement with our stakeholders in recent years has increasingly emphasized the importance of embedding a sustainability mindset into our business and culture as well as the need for enhanced transparency about our current ESG focus areas and related evolving strategies. Our inaugural ESG report was issued in 2021. This second report provides insight into how we continue to incorporate ESG practices and actions into our business and values, leading to meaningful change and impact throughout our Company, in our communities, and for the betterment of the world.



This report highlights the ESG activities of AAR CORP. and its consolidated subsidiaries (AAR) over fiscal year (FY) 2022 and FY2021 and through the publishing date of this report. Included data is generally current as of May 31, 2022, or FY2022 (June 1, 2021, through May 31, 2022), unless otherwise indicated. Our current expectation is to issue our next ESG report in 2024.



Disclosures in this report reference the 2016 Global Reporting Initiative (GRI) Standards. GRI provides a globally recognized framework for companies to measure and communicate their environmental, economic, social, and governance performance. This report is also prepared using the framework of the Sustainability Accounting Standards Board (SASB), following the guidance for the Aerospace & Defense industry, as well as the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). References to specific GRI, SASB, and TCFD Standards are outlined in the attached GRI, SASB, and TCFD indexes. Beyond reporting on performance indicators in line with GRI and SASB Standards, this report references additional indicators important to our broad range of stakeholders.



AAR management is responsible for the preparation and integrity of the information reported as of May 31, 2022, and for FY2022 and FY2021. We did not seek or obtain external assurance from third parties with respect to most of the information in this report. Exceptions are noted.

Note about environmental data: The current reporting boundary for our energy and emissions data consists of our Maintenance, Repair, and Overhaul (MRO) services and manufacturing facilities in the United States and Canada, as well as our corporate headquarters. We believe these sites have the most significant impact on our footprint. Data is excluded from sites with fewer than 10 individuals, or from sites where we may have a significant presence but no control over the operations. For example, we have excluded the locations where we engage in work contracted by government agencies, but where operational control is maintained by those agencies.

Notable recent ESG highlights:

-  Conducted ESG impact assessment and identified key areas of impact 4
-  Announced joint sustainability initiative with FTAI Aviation to help clients cut carbon emissions 12
-  Launched four new employee resource groups 21
-  Expanded employee engagement with surveys, stay interviews, and Employee Appreciation Day 28
-  Hired new Chief Ethics and Compliance Officer 38
-  Launched Supplier Diversity Program 40
-  Converted APRISe™ safety management system to first-ever corporate system to be approved by FAA 43

Our approach to ESG

Our purpose of Doing It Right® is about setting a direction, believing in what we are doing, and doing it well. We constantly search for the right thing to do for our customers, our employees, our partners, and society. This guides our approach to further integrating ESG principles into our business and culture. We have a long history of prioritizing ESG values, such as quality and safety, inclusion, creative thinking, and integrity.

As part of our ongoing ESG journey, we engaged a third-party expert in FY2022 to conduct an ESG impact assessment to help deepen our understanding of our current and potential sustainability impacts, and to incorporate ESG-related risks and opportunities into our strategy. Through the assessment, we identified potential ESG topics relevant to AAR, engaged stakeholders, and prioritized our areas of impact, in preparation to take purposeful action on our path toward becoming an even more sustainable company.

Looking ahead, we are committed to analyzing and better understanding how our Company impacts our local and global communities, environment, and economy, and applying sustainability considerations to our decision making.

ESG impact assessment

Our process for assessing ESG areas of impact started by identifying the full range of topics found within the GRI Standards and in the context of our organization and best practices set by our peers and supply chain partners. We then generated a short list of relevant topics that we further vetted with a group of internal cross-functional stakeholders who we engaged to help identify the significance of impacts by evaluating risks, blind spots, and the potential to drive change through innovative practices in each topical area. Our internal cross-functional team then prioritized and validated the topics by completing a survey that considered the perspectives of the stakeholders they serve, which will help us apply their understanding of the management approach as seen through their respective stakeholder perspectives.

A third-party consultancy firm was contracted to help facilitate the overall exercise, including the final assessment for gauging the significance of impacts. Stakeholder interests were reviewed through a desktop analysis that identified applicable criteria to the evaluate impacts.



Identify

Develop comprehensive list of potential topics.



Engage

Identify and evaluate significance of topics with stakeholders.



Prioritize

Analyze and validate topics based on most significant impacts and understanding of management approach.



Apply

Incorporate risks and opportunities related to key areas of impact into strategic and business decision-making and reporting.

ESG oversight and governance

Our focus on ESG matters is embedded in our strategy, which is overseen by our Board of Directors, and our assessment of risk through our enterprise risk management program, which is overseen by our Audit Committee. The Board's standing committees oversee our ESG focus areas based on the delegated subject matter: the Aviation Safety and Training Committee (ASTC) oversees all aspects of aviation safety, including our culture of safety compliance; the Nominating and Governance Committee oversees our governance policies and practices as well as matters of social importance; and the Audit Committee receives reports related to our ethics hotline and oversees AAR's cybersecurity planning and protection efforts. Our ESG report is reviewed by the Nominating and Governance Committee on behalf of the Board.

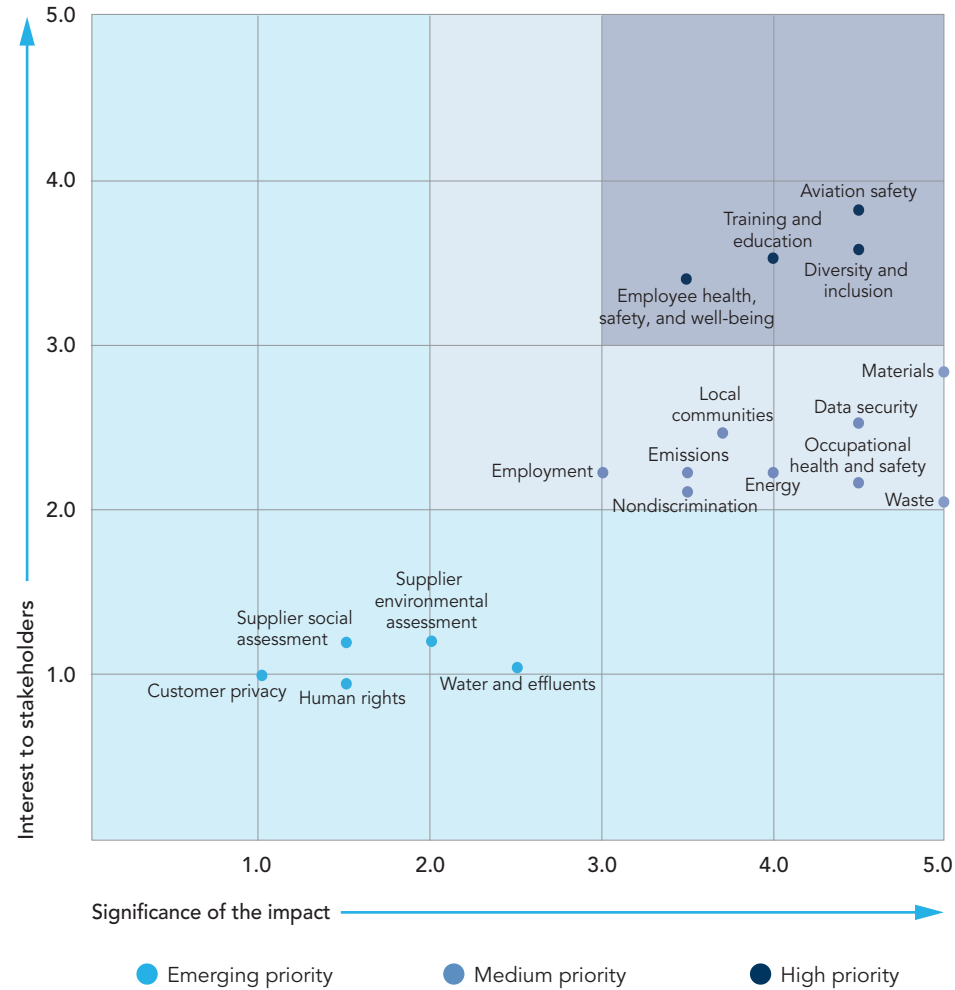
At the management level, we have assembled a multidisciplinary team of senior leaders representing our legal; communications; human resources; finance; operations; and environmental, health, and safety functions. This group, with input and guidance from senior business leaders, assesses risks and opportunities related to our ESG focus areas, monitors and implements our ESG strategies, tracks our progress, and guides our reporting to stakeholders.

As we continue to evaluate our ESG impacts and develop our ESG strategies, we consider the perspectives of our many stakeholders. For more information, see "Stakeholder engagement" on page 37.

AAR's membership in industry and other associations provides additional channels for communication, collaboration, and advocacy. See Appendix for a list of AAR's membership of associations.

Below are the results of our ESG impact assessment, which is described on the previous page. We use the results of this assessment, as well as ongoing materiality considerations, to guide our ESG reporting and disclosures and ensure transparency into ESG topics of greatest importance.

AAR impact matrix



Prioritization

High	Aviation safety Passenger health and safety in compliance with FAA regulations	Employee health, safety, and well-being On-site nurses, medical screenings, free flu shots, and no-cost counseling
	Diversity and inclusion Promoting a fair and equitable workplace and enhancing the employee experience of belonging	Training and education Employee learning, professional development opportunities, and continuing education
Medium	Emissions Greenhouse gas emissions from direct (Scope 1) and indirect (Scope 2) sources	Employment Employee engagement and workforce
	Local communities Support for education and veterans' programs, charitable donations, event sponsorships, and employee volunteering	Nondiscrimination Adherence to legal protection of personal characteristics commonly including race, religion, color, age, gender, sexual orientation, disability, veteran status, and national origin
	Materials Aircraft parts, equipment, packaging	Waste Materials no longer in use that should be recycled or sent to landfill
	Data security Protecting information, customer privacy, and cybersecurity	Occupational health and safety Employee health and safety in compliance with OSHA requirements
Emerging	Energy Electricity and fuel consumed at AAR locations	Supplier environmental assessment Code of conduct for adherence to legal and regulatory requirements including environmental impact of vendor activities
	Supplier environmental assessment Code of conduct for adherence to legal and regulatory requirements including environmental impact of vendor activities	Supplier social assessment Suppliers are screened using social criteria
	Water and effluents Water consumption and impact of water discharge	Human rights Zero-tolerance policy regarding trafficking in persons and forced labor by AAR or third party
	Customer privacy Mitigation of loss of customer data and breaches of customer privacy	

We are generally engaged in only limited manufacturing activities—restricted primarily to our Mobility Systems business, constituting approximately 5% of our sales. Accordingly, at this time, our impact areas may not include topics typically reported by manufacturing companies. Further, greenhouse gas (GHG) emissions and related fuel efficiency strategies are generally considered significant areas of impact for aerospace and defense manufacturers, as well as the broader aviation industry. While AAR's business focuses primarily on repairing and servicing aircraft and does not have a direct significant emissions impact, emissions have been identified as a medium-priority topic due to the heightened scrutiny in the industry.

About AAR CORP.

AAR is an independent provider of aviation services to commercial and government customers in over 100 countries. Founded over 65 years ago to repair equipment rather than discard it, we are proud to provide sustainable and efficient solutions to commercial airlines, the U.S. government and its allies.

We provide aftermarket expertise and award-winning Market Solutions, including MRO Services, Parts Supply, Integrated Solutions, and Mobility Systems, which can be integrated or leveraged separately to help our customers increase efficiency and reduce costs and waste.

Our commitment to Doing It Right® for our customers, our employees, our communities, and the planet positively impacts the aviation industry.



Our values

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



Quality first.
Safety always.



Find a way.
Every day.



Do it fast.
Do it well.



Be honest.
Inspire trust.



Work as one.
Be inclusive.



Ideas matter.
Think new.
Think ahead.



Make money.
Have fun.



Own it.

Our services support commercial, cargo, and government operators around the globe.

Aviation Services



Parts Supply

AAR's Parts Supply offers a vast inventory of new and serviceable, overhauled, and repairable airframe and engine parts for most commercial aircraft types and many military platforms.

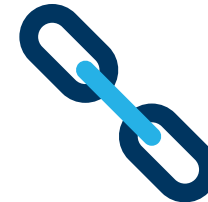
- Used serviceable material (USM) and distribution of original equipment manufacturer (OEM) factory-new parts
- Airframe and engine parts sale, exchange, loan, and lease
- Engine solutions, management, sales, leasing, and exchange
- Aircraft sales and leasing
- Online PAARTSSM Store
- Worldwide 24/7 aircraft-on-ground (AOG) service



MRO Services

As the largest independent MRO provider in North America, our service offerings include:

- Airframe Maintenance
- Landing Gear Services
- Component Repair Services
- Wheels and Brakes Services
- Engineering Services

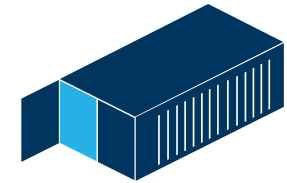


Integrated Solutions

With our Integrated Solutions, we help the world's airlines and governments maximize aircraft uptime, minimize downtime, and reduce costs.

- Government
 - Fleet management support
 - Aircraft maintenance programs
 - Contractor Logistics Support (CLS)
 - Performance-Based Logistics (PBL)
 - Third-Party Logistics (3PL)
- Commercial
 - Flight-hour component support
 - Consumables and Expendables aggregator

Expeditionary Services



Mobility Systems

Our Mobility Systems, as part of our Expeditionary Services, delivers specialized mission-tailored configurations, custom integration and modification, mobile shelter systems re-fit, and life-cycle support for governments, militaries, and nonprofit organizations worldwide. It also produces pallets for the movement of products for the military.

- Sole provider of internal sling units (ISU[®]) and specialized pallets
- Rapid deployable mobility tactical shelters, including patented SPACEMAX[®] design
- Integrated (C2, C4) Command Control Centers

AAR operates at 60 sites serving customers in 100+ countries and employs approximately 4,500 people in over 30 countries.



Commercial

60% FY2022 Revenue

- Contracts with over 150 commercial airlines
- Strong focus on narrow-body aircraft and international operators
- Long-term customers include Air Canada, Alaska Airlines, Delta Air Lines, Southwest Airlines, and United Airlines

Government

40% FY2022 Revenue

- Prime contractor to the U.S. Air Force, U.S. Navy, U.S. Army, U.S. Marine Corps, Department of Justice, and U.S. Department of State (DOS), plus several foreign government partnerships
- DOS Worldwide Aviation Support Services (WASS) program sites in Asia, Central and South America, the Middle East, and the United States
- 29 government fleet types
- \$4 billion in government assets managed

We are honored to have received many awards in the past few years, including the following:



Military Friendly
Top 10 Brand
2022



Military Friendly Top 10
Supplier Diversity Program
2022



Military Friendly
Employer – Silver
2022



Military Friendly
Spouse Employer
2022



Forbes America's
Best Midsize Employers
2018, 2019, 2021, 2022



Bloomberg Top 200
Federal Industry Leaders
2016-2021



Defense News Top 100
Defense Contractors
2009-2021



Fortune 1000
2020-2021



Secretary of Defense
PBL Award
2021



Silver award in the Ministry
of Defence Employer
Recognition Scheme
2021



U.S. Veterans Magazine
Best of the Best
2020-2021



Top 100 Aerospace &
Defense Companies
2021



Military Times Best for
Vets Employers
2020



NSPA #1 Outstanding
Source of Repair
2019, 2021



Aviation Week Network
Top 10 Airframe MROs
2019



FAA Diamond



Boeing Performance
Excellence Awards



Best Airframe MRO
Provider-Worldwide

Environmental



Doing It Right[®] to protect the environment

As AAR's global presence grows, so does our sense of responsibility to protect the environment. We are committed to understanding our environmental impacts—both positive and negative—and evolving our ESG strategies to further reduce our ecological footprint.

Our environmental impacts and initiatives

We are proud of our role in the aviation industry, in which we promote the responsible use of resources and help prevent and reduce waste by prolonging the life of aircraft and parts.

Until recently, environmental projects in our operations were largely decentralized and managed locally at each of our facilities. In FY2022 and FY2021, we engaged an independent third-party consultant to assist with environmental data collection and reporting.

We are in the process of evaluating our environmental inventory and developing strategies for managing our impact.

Committing to a sustainable future for the aviation industry

AAR and Fortress Transportation and Infrastructure Investors LLC (FTAI) are building on our exclusive seven-year partnership to distribute used serviceable materials (USM), recently creating a joint initiative to help customers reduce their overall carbon footprint and promote the environmental benefits of USM.

When our partnership began in December 2020, our goal was to build USM inventory for the global aviation aftermarket. Through our worldwide network, AAR manages the teardown, repair, marketing, and sales of spare parts from FTAI's CFM56 engine pool, totaling over 325 engines.



Supporting sustainable use and management of resources in the aviation industry

At the core of our business is the responsible use of resources within the aviation industry. We repair aircraft and equipment, extending not only the lifespan of airplanes but the useful life of their parts. We believe our business model is intrinsically linked to preventing and reducing waste, and helps reduce the carbon footprint of our customers and the aviation industry as a whole.

As the largest independent MRO provider in North America, we repair, rebuild, and refurbish many aircraft parts for our global customer base. Our Parts Supply business, which maintains one of the industry's largest aftermarket inventories of serviceable, overhauled, and repairable airframe parts, focuses on preserving the value of the parts it acquires with the intent to refurbish, recertify, and resell. Of the approximately 1.8 million parts available, approximately 63% are used serviceable material (USM) parts.

Our Parts Supply business acquires used parts from various sources, including airlines, leasing companies, and other financial institutions. We often purchase whole aircraft and engines for purposes of disassembly and part-out. AAR outsources teardowns to third-party contractors (typically members of the American Fleet Recycling Association) and provides a pull list for parts based on the specific airframe or engine. Our goal is to remove, repair, and reuse or resell as much of a teardown as possible. If we cannot reuse or resell to our global customer base, then material may be recycled or sent for proper disposal. Instead of going to landfills, some materials can be turned into other usable items. Sometimes, we also donate parts and materials for use as educational or training materials.



Our purpose and business strategy align with and contribute to global initiatives to substantially reduce waste generation, including the United Nations Sustainability Development Goals – Goal 12.

AAR's business model centers on repairing equipment rather than discarding it. Whether through maintenance and repair of aircraft or extracting and refurbishing parts, we support sustainable consumption and maintenance of aircraft and equipment, substantially preventing and decreasing waste – and also reducing the aviation industry's global footprint.



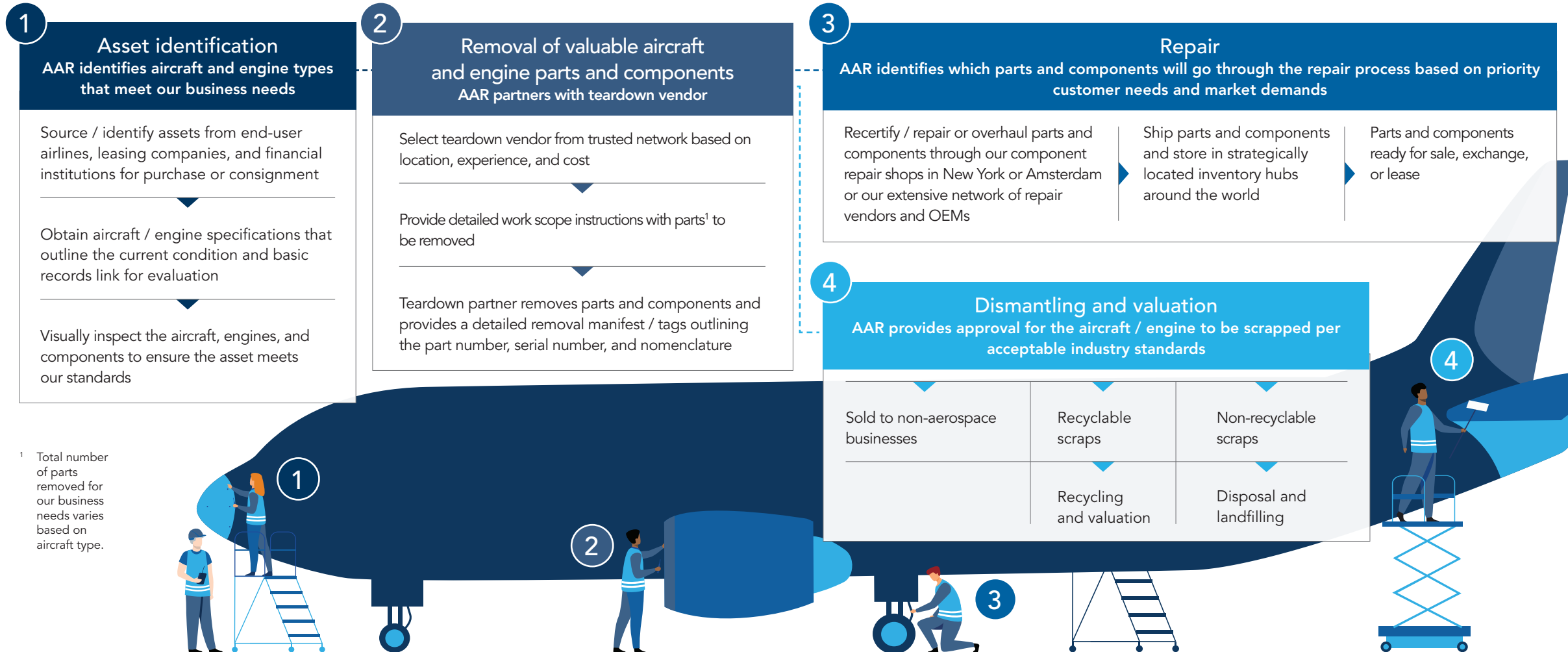
Advancing aviation industry ESG goals

AAR recognizes that our positive impact on the environment can be magnified by helping our customers reduce their carbon footprints. Our collaboration with Aero Design Labs (ADL) is a prime example. AAR has invested to support development of ADL's B737 drag reduction kits, which have the potential to reduce both fuel consumption and carbon emissions. ADL recently received a supplemental type certificate (STC) from the FAA for the B737-700 kit, and AAR will distribute the kit. AAR is proud to partner with ADL to industrialize the new technology and advance the aviation industry's ESG goals.

AAR aircraft and engine teardown

In connection with an aircraft teardown, 92% (average) of the weight content of an aircraft is reused or recycled.

Source: Tarmac Autosave (2022 website)



Sustaining the life of aircraft

At AAR, Doing It Right® means positively impacting the aviation industry and supporting the sustainability practices of our commercial airline and government customers worldwide. We continually enhance our capabilities to support innovative technologies that minimize our industry's impact on the planet and promote quality and safety.

For example, in 2019, as part of our strategy to sustain the life of engines, we were awarded a seven-year contract with the Danish Defense Acquisition and Logistics Organisation (DALO). The contract involves maintenance, repair, and overhaul of Pratt & Whitney F100-220 engine components on the General Dynamics F-16 so they can continue serving the Royal Danish Air Force (RDAF) for years to come.



Environmental data collection and management

In March 2021, with the assistance of an independent third-party consultant, we began working toward the development of an inventory of our environmental impacts related to our operations. In doing so, we adopted the most accurate operational control method to determine how to represent our footprint and where we can actively manage our impact.

Energy

We consume electricity and fuel across our global operations. As we progress with our ESG program, efforts are underway to assess energy consumption and opportunities to reduce energy consumption across significant sites within our operational control.

AAR consumes fuel from natural gas for heating. Other sources include propane for forklifts, gasoline for vehicles, and diesel for backup generation. We prioritized the collection and disclosure of natural gas consumption and will assess these additional fuel sources, including jet fuel, for future reporting.

The process of regularly tracking and monitoring utility-based data is being put into practice now, and we expect to improve the overall process in years to come. When we identified gaps in our energy data, we used estimates based on standard energy inventory preparation practices and past performance. We do not believe these estimates materially impact the overall footprint of the reported sites.

The table to the right summarizes our natural gas and electricity use for FY2020, FY2021, and FY2022. FY2020 and FY2021 energy and emissions data has been restated due to changes in billing methods at one facility. As we improve our data collection efforts, we will look to restate past performance upon identification of any significant discrepancies in reported performance. From there, we should be able to further assess trends and set reduction targets from solid baselines.

Water and effluents

AAR uses water for various purposes, including cleaning in our offices and cooling in our operations. We identified water as a potential impact area and are evaluating quantifying our footprint to determine its significance for disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.

Emissions

We developed the initial baseline of our greenhouse gas emissions footprint based on the energy consumption across our significant sites as shown in the table to the right. Our Scope 1 footprint stems from the combustion of natural gas and Scope 2 from our electricity consumption. We observed a decrease in our Scope 2 emissions driven by reduced electricity consumption and increased renewable energy sources from utility providers. As we assess our reporting boundary, energy sources, and energy mix, we will continue to evolve our emissions reporting framework. It should be noted that even though emissions measurement and reduction are a high priority in the industry, AAR currently does not have a significant direct impact.

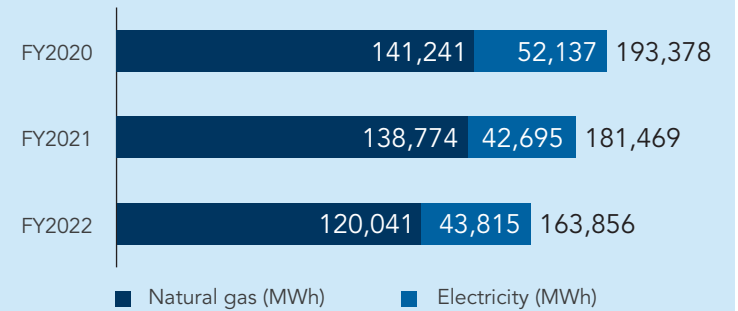
Waste

Fuel, components, and equipment are recycled, repurposed, and / or sold to third parties for reuse when possible and in alignment with our strategy. As we advance our ESG program, AAR will consider the inclusion of its diverted and landfilled waste for public disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.

Note about environmental data: The current reporting boundary for our energy and emissions data consists of our Maintenance, Repair, and Overhaul (MRO) services and manufacturing facilities in the United States and Canada, as well as our corporate headquarters. We believe these sites have the most significant impact on our footprint. Data is excluded from sites with fewer than 10 individuals, or from sites where we may have a significant presence but no control over the operations. For example, we have excluded the locations where we engage in work contracted by government agencies, but where operational control is maintained by those agencies.

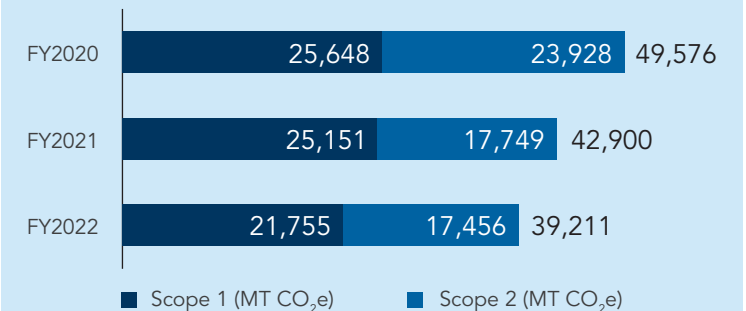
Energy use reduction

Our energy use decreased **10%** in FY2022 from FY2021, and **15%** from FY2020.



Emissions reduction

Our emissions decreased **9%** in FY2022 from FY2021, and **21%** from FY2020.



Environmental highlights

In recent years, we have focused on using energy more efficiently, and we are working to convert to LED lighting at our facilities.

As part of our efforts to minimize waste, certain AAR facilities have implemented comprehensive waste minimization plans. These plans focus on recycling more materials whenever possible, including used oils, off-spec fuels, and other hydrocarbons, as well as cardboard. We are also focused on complying with evolving waste-handling regulations and requirements, including with respect to chemicals. Every location that generates hazardous waste – whether a small- or large-quantity generator – completes a weekly internal audit to ensure storage and shipping compliance. The treatment and disposal of hazardous waste are a critical component of our environmental compliance.

We continue to identify and evaluate opportunities to create a cleaner, safer workplace, and to adopt sustainable practices to reduce our environmental impact. Recent actions include:

Electricity



Havelock, North Carolina

Initiated replacement of office lighting and ballasts with LED products

Set thermostats to low-impact operation during off hours

Trois-Rivières, Québec

Nearing completion of replacing hangar lighting with LED lighting

Provided two electric car-charging stations for employees, with plans to add more and renew the existing stations to be even more efficient

Wood Dale, Illinois

In the process of replacing six HVAC systems with more efficient units

Water



Cadillac, Michigan

Saved on water and sewer usage after installing a chiller to recirculate chilled water

Miami, Florida

Continued to wash airplanes with recycled water

Continued to treat wastewater from our aircraft to reduce metals before discharge to the sanitary sewer

Trois-Rivières, Québec

Installed filtered water fountains and provided reusable water bottles to reduce use of plastic bottles

Air



Trois-Rivières, Québec

Partnered with local airport to reduce carbon emissions

Windsor, Ontario

Replaced an aging diesel fuel-powered tug with an electric tug (named Plug 'N' Tug through a naming competition) to move aircraft, reducing emissions and improving air quality

Waste



Garden City, New York

Installed new hazardous material storage tanks for fuel, which are equipped with an advanced monitoring system to detect overflow and leaks

Havelock, North Carolina

Utilized Green for Life for our waste and recycling efforts, including all paper and cardboard materials

Oklahoma City, Oklahoma

Continued to build on cradle-to-cradle approach for recycling hydrocarbons, metal, and paper, while advancing other waste reduction efforts

Trois-Rivières, Québec

Incorporated a solvent recycling system that reduces purchasing and disposing of chemicals.

Recycled everyday products including cardboard, paper, and plastic

Windsor, Ontario

Recycled batteries for uses big and small, from forklifts to headlamps to flashlights

In the process of purchasing a paint-separating machine to reduce waste and make it safer; the machine will allow AAR to reuse acetone and dispose of waste as a solid instead of a liquid, reducing possible spills and leakages

Social



Doing It Right[®] to empower people

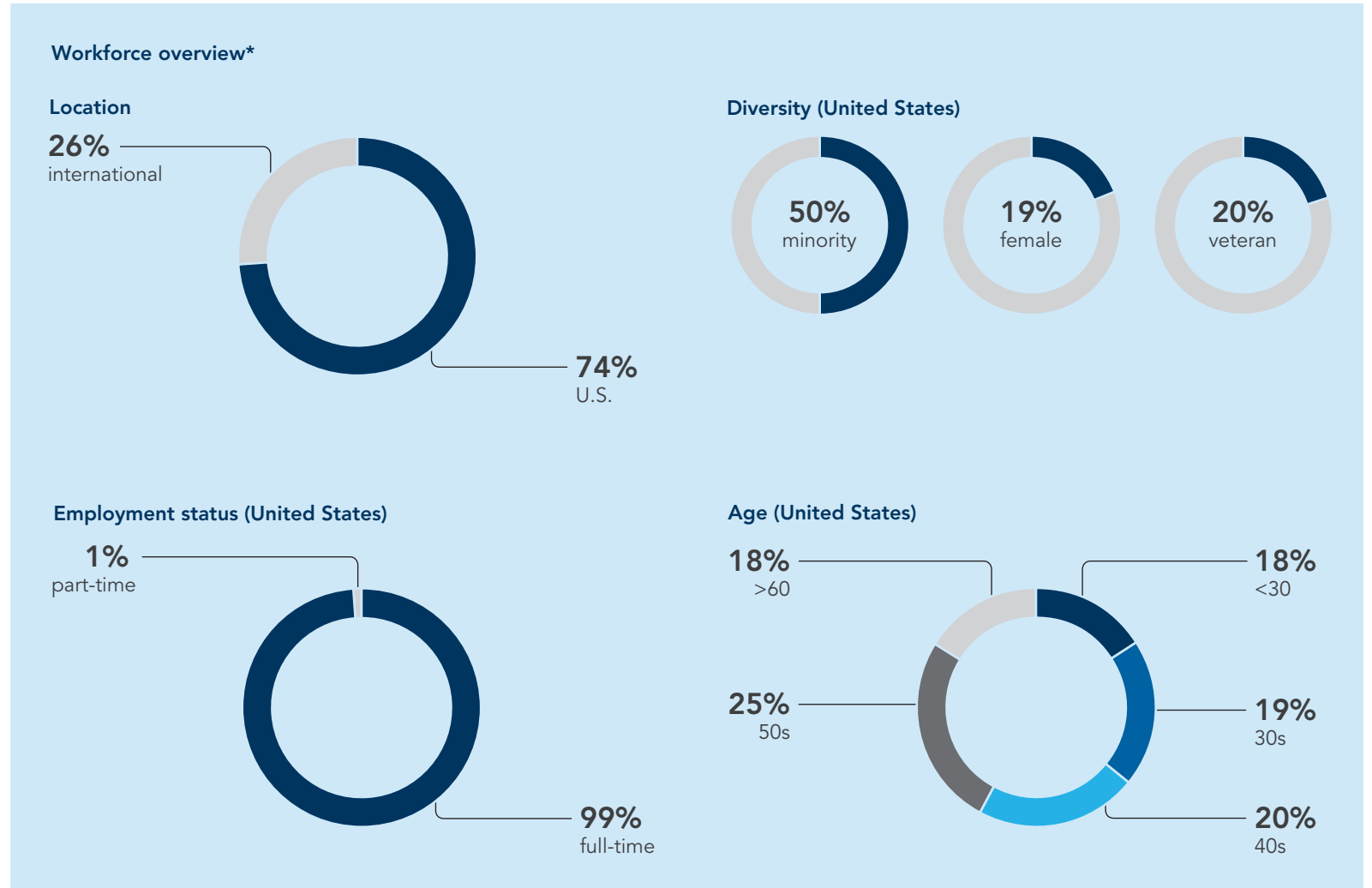
At AAR, we collaborate as a team, we encourage diverse perspectives, and we partner with those making a difference. We support talent and diversity in the aviation maintenance workforce.

Doing It Right[®] means treating people fairly and with respect. For more information about our policies intended to protect people across our organization, our partners, and our suppliers, see "Culture of ethics and compliance" on page 38.

Supporting our employees

We continually invest in making AAR a great place to work, and are committed to creating an enriching environment for our approximately 4,500 employees.

Our investment in our workplace and communities includes creating an inclusive culture, offering competitive employee benefits, engaging with employees and recognizing their achievements, recruiting and training top talent, inspiring young individuals to pursue STEM careers, and giving back to our local communities through volunteer work and charitable donations.



* Information as of May 31, 2022. Minority information represents non-Caucasian workforce. US statistics do not include US citizens deployed to locations outside the continental US on certain government programs, except the veteran statistic. Percentage of global workforce is 19% female as well.

Diversity, equity, and inclusion (DEI)

At AAR, we recognize that diversity of thought, background, and experience fosters inclusivity, creativity, team building, and innovation. We are committed to integrating diversity, equity, and inclusion (DEI) into every corner of our Company and culture. From ensuring that our employees have a voice and feel valued, to recruiting diverse talent, to employee training and education, DEI is a high priority for us and part of our business strategy and decision-making.

Public Diversity Statement

As reflected in our values, we have a long-standing commitment to embracing diversity and fostering a culture of inclusion. In July 2021, we adopted and published the following Public Diversity Statement:

“

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 diversity, equity, and 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.”

This statement was developed by a group of employees selected from throughout the business, reflecting the varied perspectives, experiences, and priorities of our workforce.

DEI education and training

To foster a safe and equitable workplace, AAR requires diversity, equity, and inclusion training to build awareness of unconscious bias, cultural competence, and belonging. Almost all employees at our major U.S. sites had completed their training by September 2022, and smaller and international sites will complete training in FY2023. We recently rolled out Train the Trainer, which will enable AAR to offer DEI education on a quarterly basis for new employees.

Leadership sessions

- Diversity and inclusion and the role of the leader
- Communication styles, dialog, and team success
- Unconscious bias and the impact on performance
- Micro-messaging and microaggressions
- Active listening, empathy, and leadership
- Advocacy

Individual contributor sessions

- Diversity and inclusion overview
- Unconscious bias
- Micro-messaging and microaggressions

Diversity, equity, and inclusion training feedback

This session and instructor
and group work
are by far **the best**

Very
informative, glad we got to
take the class

Great class, I really
learned something today

Dynamic and informative
session

This class hit the mark
definitely

Fostering community and inclusion

At AAR, facilitating an inclusive culture means everyone feels welcome and appreciated. Our employee resource groups (ERGs) play an integral role in enhancing our culture of inclusiveness, providing a sense of community and belonging, and promoting social connections and professional networking opportunities. In addition to providing growth and development for our employees, they also help to attract a diverse workforce and contribute to retention. Each of our ERGs is supported by an executive sponsor, providing a two-way communication channel, amplifying the voices of employees with leadership and enabling leaders to hear employee ideas and better understand their concerns and needs.



Launched in FY2015

Ascend ERG's mission statement:

Ascend is dedicated to **elevating the careers of women** at AAR by offering employees opportunities to expand professional networks, gain exposure with key leadership that they might not experience in their regular jobs, develop and demonstrate leadership competencies outside of their current work situations, and gain tools to develop professionally to advance their own careers.



Launched in FY2021

VRG's mission statement:

The mission of the VRG is to promote a professional employee development resource group **dedicated to the growth of Veterans** at AAR both personally and professionally. The VRG advances the understanding of inclusion of all employees with a common background, set of interests, and/or goals.



Launched in FY2022

Black / African-American ERG's mission statement:

The AAR Black / African-American ERG aims to **foster a diverse and inclusive workforce** by creating a space for employees who share a common interest to enhance career skills, expand professional networks, participate in continuing education, and contribute to the Black / African-American community.



Launched in FY2022

LatinX ERG's mission statement:

The LatinX ERG seeks to **foster an inclusive professional network** where AAR employees empower themselves and others in their careers.



Launched in FY2022

Prism Network ERG's mission statement:

The Prism Network ERG **seeks to provide advocacy and support services to the AAR LGBTQ+ community, allies, and families.** By promoting equity, diversity, and awareness, the Prism Network strives to be a valuable resource for personal, professional, and community development.



Launched in early FY2023

COLLABORASIAN ERG's mission statement:

The COLLABORASIAN ERG seeks to be **a resource for individuals of Asian backgrounds** and enhance their visibility within AAR by connecting members across various AAR divisions, supporting their career goals, fostering community, and cultivating a culture of inclusion.

In FY2022, AAR's employee resource groups held numerous events across the world. The VRG sponsored Employee Appreciation Day at AAR's headquarters. Ascend hosted an interactive and motivational "What's Possible?" workshop. LatinX led participation in a FLORIDA TODAY Corporate 5K, which included participation by multiple ERGs. LatinX also led a service project for Feed My Starving Children. Together, Ascend and LatinX held a fundraiser for an orphanage in Peru. The Black / African-American ERG held a virtual Juneteenth event to educate employees globally about the holiday. The Prism Network celebrated Pride Month by hosting a virtual event and sponsoring participation in the Proud to Run race in Chicago.

Creating opportunities through employee resource groups



VRG | The AAR Veteran Resource Group



AAR's Veteran Resource Group (VRG) is a community of veterans and their supporters that fosters professional and sociable relationships. We empower personal growth and lead the way in honorable service."

Jenn Bloom, VRG President



Presiding over the LatinX ERG has truly been a rewarding experience. The passion and energy from our growing membership is unparalleled. We've already held several fun and engaging events raising awareness of the different cultures that make up LatinX and found ways to connect and give back to the community. I eagerly look forward to leading LatinX and being a part of the great things being planned."

Dan Almodovar, LatinX ERG President



The Prism Network provides a welcoming atmosphere for those who identify within the LGBTQ+ community and allies. The Prism Network has already proven to be both a rewarding and exciting ERG within the organization. Looking forward to the growth and potential this ERG has to offer."

Wes Hedlund, Prism Network ERG President



The Black / African-American ERG is a welcoming and comfortable space to discuss opportunities, challenges, and ways to navigate shared experiences. I believe our ERG will have a positive impact on the careers and life experiences of our employees, in addition to those we may reach out to in our communities."

Al Ingram, Member of Black / African-American ERG leadership team



Ascend is dedicated to bringing impactful, female-focused programming to AAR. We were honored to host Mary Dillon, a prominent female figure, to speak about her career and her thoughts on bringing more women into the C-Suite."

Willa Hart, Ascend ERG President



Serving as an Executive Sponsor for COLLABORASIAN connects me with perspectives of employees from across our global company. Together, our ERG develops talent, fosters inclusion, and helps us better understand the Asian culture of our employees and customers."

Sal Marino, COLLABORASIAN ERG Executive Sponsor



The Ascend ERG hosted a Fireside Chat with Mary Dillon, Executive Chair of the Ulta Beauty Board of Directors, on March 17, 2022, at the AAR headquarters. She offered engaging stories and advice and spoke about her path to becoming Ulta CEO, where she doubled revenues and transformed the company to become a leading Fortune 500 retailer, while supporting and expanding Ulta's commitment to diversity and inclusion.



Focus on diverse hiring

AAR is an equal opportunity employer and recognizes the value of a diverse workforce. Although we are proud of our workforce diversity, we acknowledge that we still have work to do. We are focused on increasing diversity as part of our hiring practices, and we continually seek out new ways to broaden our exposure to underrepresented groups in the aviation industry and to develop a diverse talent pipeline. We are expanding our recruitment efforts to ensure we are reaching a diverse pool of potential hires, including by posting job openings on networking websites, partnering with organizations to help us find diverse candidates, and improving our connections with educational institutions, professional organizations, and military / veteran programs.

From August 2020 to February 2022, AAR partnered with the nonprofit Corporation for Skilled Workforce (CSW) in an effort to grow the number of women and people of color choosing an aviation maintenance technician (AMT) career path, through various programs and initiatives funded by a Lumina Foundation grant. Together, AAR and CSW developed stackable credentialing programs, a research project evaluating cohort hiring of female aviation maintenance technicians, and strategies to grow the number of veterans in the Skillbridge Program with Embry Riddle Aeronautical University. The first stackable credential program focused on aviation sheet metal at Olive-Harvey College in South Chicago. This program has graduated eight cohorts of students in which 95% were people of color. Six female technicians were hired as part of the all-female cohort in Miami, which culminated in a report by the University of Nebraska at Omaha. Our Skillbridge program expanded to seven military bases resulting in 260 graduates in FY2022 with a 94% employment rate across the programs.

In 2021, we continued to build our partnerships in education, including those with historically Black colleges and universities (HBCUs), to create a talent pipeline for future employment. In particular, we attended several on site job fairs and virtual career events to help students become better at their professional job search by reviewing resumes, providing LinkedIn workshops, and conducting mock interview challenges. In FY2023, we plan to significantly expand our outreach programs to include increased engagement with universities with diverse student populations and strong aviation and engineering programs, with diverse organizations, and with existing AAR employees, including through our employee resource groups.

Investing in employees

AAR is proud to have significantly expanded our business in Rockford, Illinois, over the last two years, at a time when many companies were downsizing due to the COVID-19 pandemic. Since our last report was published, our airframe maintenance facility workforce nearly doubled, to more than 300 employees and contractors, and we plan to hire additional aviation maintenance technicians over the next few years. The growth of the facility is due, in large part, to a multi-year agreement signed with United Airlines to perform airframe maintenance, as well as a \$2.6 million grant from the State of Illinois. The grant allowed us to hire employees and up to 50 apprentices and create the AAR Fellowship Program. Many of our new highly-skilled technicians have been recruited through AAR's myriad career pathways programs, detailed on the following pages, which provide specialized training in aviation technology jobs.



Training and direct-hire programs

At AAR, we invest in the future of the aviation industry by actively helping to develop a skilled workforce through programs focused on veterans, high school graduates, and individuals transitioning from the military, and by providing opportunities to work for us.

EAGLE Career Pathway Program

AAR launched our EAGLE Career Pathway Program in October 2018 to create clear pathways to career advancement for college students across the country and to fill the predicted skill gaps in aviation with multilevel certified aircraft mechanics. The educational institutions we work with include community colleges, high schools, and youth centers located near AAR’s four U.S.-based aircraft repair stations in Miami, Oklahoma City, Indianapolis, and Rockford, Illinois, and near our global headquarters not far from Chicago’s O’Hare International Airport.

The program provides students with real-life work experience inside the hangar and includes job shadowing and mentoring. Students receive academic support and monitoring. Graduates of the EAGLE program have the opportunity to begin working for AAR immediately in maintenance operations or continue the program to obtain a FAA airframe and powerplant (A&P) certification. Participants are eligible for tuition reimbursement from AAR upon completion.

In March 2021, AAR’s EAGLE Program was recognized by the U.S. Department of Labor’s Employment and Training Division as a nationally registered apprenticeship.

Our EAGLE partner schools include:



Aviation Institute of Maintenance (AIM)
Multiple locations



Lake Superior College (LSC)
Duluth, MN



Embry-Riddle Aeronautical University
Multiple locations



Olive-Harvey College
Chicago, IL



Rock Valley College
Rockford, IL



Vincennes University
Indianapolis, IN



Western Michigan University
Kalamazoo, MI



Wichita State University Tech
Wichita, KS



AAR Fellowship Program

In 2021, as part of our EAGLE Career Pathway Program, we launched an AAR Fellowship Program with Rock Valley College to support talented students and increase the knowledge and skills of our future workforce. Eligibility requirements for the program include being a current or prospective student at Rock Valley College enrolled in the Aviation Maintenance Program; working a minimum of 15 hours a week at AAR; and the intention to work for AAR MRO Services – Rockford upon completion of graduation for a period of at least two years. We are proud to have awarded 10 full scholarships last year.



AAR Fellowship recipients from Rock Valley College

Photo caption: Recipients James Scribner, Ruben Salinas Jr., Jeffrey Penny, Alex McCraney-King, and Christian Roggensack gather at the AAR Fellows Award Dinner on Wednesday, February 9, 2022, in Rockford, Illinois.



I'm happy to be an AAR Fellow. AAR is flexible with my school and work schedule. The leads are very helpful with my learning experience and explaining how everything works. There is definitely a difference between hands-on experiences versus the classroom experience."

Blayden Colwell, AAR Fellow

Embry-Riddle Skillbridge Program

One of our main goals is to build a bridge between skilled military veterans and successful careers in the aviation industry. As part of this goal, we have partnered with Embry-Riddle Aeronautical University (ERAU) on a Skillbridge program. The intensive nine-week program trains veterans, transitioning military, and eligible military spouses in aviation maintenance. Graduates receive an 18-credit-hour Aviation Maintenance Certificate, a Boeing 737NG General Familiarization certificate, and one guaranteed interview with industry partners, including AAR. We have graduated more than 260 service members from around the country and hired 26 graduates of the Skillbridge program since the program launched in 2019. Of our graduates, 8.8% are female, 18.9% are Hispanic, 11.7% are African American, 8.3% are Asian, American Indian, or Alaska Native, and 3.4% are Hawaiian or Pacific Islander.

AAPA ACCELeRate! Apprenticeships Program

In March 2021, AAR signed a Memorandum of Understanding (MOU) with the American Association of Port Authorities (AAPA) ACCELeRate! Apprenticeships Program. The goal of this specialized program is to provide competency-based curriculums, on-the-job training, program development assistance, and incentive funding to expand apprenticeship opportunities for careers within the transportation and maritime industries.

Alaska Airlines partnership

AAR teamed up with Alaska Airlines to create the Flow Through Program, a first-of-its-kind partnership between an airline and an aviation services provider to focus on education and career training and to recruit new workers from diverse backgrounds. The goal of the program is to strengthen the talent pipeline and meet the increasing demand for qualified airframe maintenance technicians. After completing training and working at an AAR maintenance facility for three years, program participants qualify to apply for career openings at Alaska Airlines' maintenance bases and are guaranteed an interview.

Direct Hire Aviation Maintenance Education Program

AAR initiated a Direct Hire program to help high school graduates gain real-world job experience and fill the middle skills gaps in aviation in positions that do not require a bachelor's degree.

Modeled after our successful EAGLE Career Pathways Program, the Direct Hire Aviation Maintenance Education Program allows students to train for an entry-level position and transition into an apprentice-level aircraft maintenance technician position. Certification can be acquired through Aviation Institute of Maintenance or by working a minimum of 18 months as an AAR aircraft maintenance technician.



I learned about the Embry-Riddle SkillBridge program, which allowed me to go to college and get a job upon completion. This gave me a sense of relief. It has been an excellent opportunity to sit next to other military people that have been out for a while and are willing to help a fellow veteran without judgment. Feeling this sense of non-judgment has led me to be with AAR Indianapolis since November 2021 and I enjoy my job as an aviation mechanic."

Danya Carter, Aviation Technician - Indianapolis



I was in the Army for four years. When I got out, I knew I wanted a career in aviation. AAR was a company willing to take me on, a veteran with no experience in aviation, to help me pursue my goals. I have been with AAR since January 2022 and have learned so much already and have greatly benefited."

Harley Cerda, Aviation Technician - Indianapolis

Active military and veteran programs

AAR's success in supporting the U.S. military and allied countries is in large part due to the valuable skills of our dedicated employee base of military veterans. Veterans make up 20% of our U.S. workforce and are a key focus in our local recruitment efforts.

As a proud military-friendly employer, we recruit veterans through various military and academic partners, including:

- Air Force Academy High School
- Embry-Riddle Aeronautical University's Skillbridge Program for transitioning military (part of our EAGLE Career Pathway Program)
 - Camp Lejeune, NC
 - Camp Pendleton, CA
 - Fort Carson, CO
 - Fort Campbell, KY
 - Fort Bragg, NC
 - NAS Norfolk, VA
 - AFB Hurlburt Field, FL
- Illinois Veterans Working Group
- Naval Station Great Lakes
- University of Chicago Veterans
- Veterans Forward National Able Network
- Women in the Air Force

A memorial wall honoring INL Air Wing and AAR personnel who sacrificed all in service to the program and their country was unveiled at the new AGS Rockledge, Florida, facility in April 2022. AAR took over the program in 2018, but the recognition was made to all personnel who have served the program for the government over the life of the program. The Worldwide Aviation Support Services (WASS) leadership hosted the unveiling event.



AAR's recent partnerships include:



Working Heroes Program

Most of our country's veterans are disciplined and loyal workers capable of quickly becoming valued mechanics and natural leaders. In collaboration with LAUNCH—a program that helps experienced veterans and transitioning service members successfully integrate into the workforce—AAR hires veterans through the Working Heroes Program to address the industrywide shortage of aviation maintenance personnel. In the last two years, we have contracted 29 mechanics and hired 12 of them through LAUNCH.



VIPER

AAR is in its second year of partnership with VIPER Transitions. The partnership began in April 2021 to launch the nonprofit's first aircraft maintenance workforce program. VIPER is a veteran-run job training initiative providing resources and transferable skills for service members transitioning from military to civilian life. The program is focused on reducing the suicide rate of service members by providing direct employment careers upon leaving the military.

We started the new alliance with a \$25,000 grant powered by the Lumina Foundation for tools and equipment to be used by participants. The program includes a general aviation curriculum developed by the Aviation Institute of Maintenance (AIM) and a week each of airframe and powerplant instruction for 10–15 students for 12 weeks (totaling 480 hours). Graduates will continue training at an AIM campus or will work at a partner company like AAR. In 2022, AAR expanded the use of the Choose Aerospace curriculum to VIPER Transitions in Anchorage, Alaska.

Training and education

We believe that developing leaders who promote our values and providing opportunities for career growth are intrinsically related to workforce retention and engagement. Accordingly, AAR invests in creating a culture that encourages and supports employee talent development in alignment with our Core Competencies, which are linked to our values.



Our Talent team focuses globally on training our employees, specifically in leadership development, people skills, and manager skills. At our MROs, Leadership Development Trainers work with participants in our leadership programs, who can take courses such as Introduction to Leadership, Leadership 101 and Leadership 102, which includes the Crucial Conversations curriculum from VitalSmarts.

Other leadership development opportunities include:

- Mentorship – Our mentorship program provides a mentor to any employee requesting to participate in the program, and mentors and mentees are encouraged to meet monthly.
- Manager Leadership Academy – We developed a training program with a menu of courses for managers or those looking to become managers. Development Dimensions International (DDI) Leadership continues to be the focus for individuals in people management roles, with over 125 managers completing this program.
- Bell Leadership Institute’s Achievers™ program – Each year, we identify around 30 high-potential, higher-level employees to enroll in this customized program that helps employees gain a deep understanding of their strengths, weaknesses, and motivations.

We believe our performance review process is a valuable tool for employee development. Our robust process occurs three times a year for our exempt employees—an annual review and two check-ins—in addition to promoting ongoing coaching and feedback throughout the year. We aim to identify key talent and high-performing individuals, and also design individual development plans.

We also are committed to providing all employees with learning opportunities through our robust Cornerstone Learning Management System (LMS), learning paths aligned to our core competencies, on-the-job training, assessments, 1:1 skill development and career planning sessions, monthly “lunch and learn” events, quarterly “coffee with the leaders” events, education assistance (up to \$10,000 a year), and priority application opportunities for all open jobs.



In FY2022, we held training classes focused on soft skills development, management training, leadership development, and career development.



The mentorship program is one of the best opportunities to learn and grow outside of your day-to-day. Having been both a mentee and mentor in the program, I was able to meet and work with people that I would not have otherwise interacted with and gained insight into different parts of the business.”

David Tillich, Director of Procurement

Employee benefits

To recruit, retain, and support the well-being of our associates, we provide a competitive and comprehensive benefits program.

Our “total rewards” approach to compensation and benefits varies by position, location, and business. We typically offer traditional benefits, such as medical, dental, vision, disability and life, and accidental death and dismemberment insurance, and also may include:

- 401(k) plan
- Education assistance (full-time employees only)
- Employee assistance program
- Online recognition system
- Employee wellness opportunities
- Company discounts
- Legal assistance

Parental leave and related benefits

Our Dependent Care Policy provides all U.S. employees, following the birth or adoption of a child, with the opportunity to take up to 14 weeks of leave, which includes FMLA (Family Medical Leave Act) time plus an additional two weeks. Parents may also request flexible work hours upon returning from leave for the birth or adoption of a child. We provide mothers’ rooms in our facilities.

We also offer adoption benefits, including \$3,000 per adopted child for full-time employees.

Employee engagement

We continually seek new ways to engage employees, recognize achievements, and cultivate a sense of team. We also periodically conduct engagement surveys to seek feedback on how to make AAR a better place to work. In FY2022, we conducted several surveys by business group and function, including Finance; Digital, Technology, and Analytics (DT&A); and OEM Solutions. Within these three groups, almost 250 employees responded to the surveys, providing positive takeaways and ideas for improvement. Among AAR's strengths, employees described having a good understanding of our Company's vision, values, outlook, and roles and responsibilities, and our teammates reported strong relationships with colleagues and managers. Among our areas for improvement, we learned employees are interested in additional communication, professional development, recognition, and coaching. In response to the feedback, we opened more communication channels and are providing further learning and development training.

"Stay interviews" are an example of a newly piloted communication channel. Supervisors proactively hold 1:1 meetings with employees to proactively address issues and identify actions that can be taken to prevent an employee from deciding to resign. We've already completed 500 stay interviews, with several themes emerging from the feedback we received. As we learn about areas where we can improve, we respond. For instance, to improve employee recognition, we instituted Employee of the Month programs. To enhance communication, we utilized our leadership training programs and improved the format of our local town halls. To address competitive pay, we made equity pay adjustments at all facilities based on market data. To advance career progression, we implemented step level progression at all sites.

Our CEO hosts companywide "town hall" meetings to answer questions anonymously submitted by employees. We also hold quarterly "Coffee with the Leaders" opportunities for employees at all levels to engage with senior leaders. Additionally, we host "Lunch and Learn" sessions presented by employees throughout the company who teach other employees about professional skills and offer in-depth insights into different parts of our business, such as managing a product line and how to write a contract. This provides an opportunity for employees to learn more about the diversity of our Company and also gain presentation experience. Last year, almost 400 employees participated in the "Coffee with the Leaders" and "Lunch and Learn" sessions.

To recognize teammate achievements, business leaders nominate employees who have gone above and beyond for our customers or have come up with a new way of doing things, for our annual Employee Recognition Award called Doing It Right®. Five finalists are invited to attend the special town hall meeting where they meet with the CEO, share their stories, and receive a monetary award. The overall winner also receives a travel gift certificate.

Employee Appreciation Day

At AAR, we view our employees as the best team in aviation and recognize that they propel our success. To acknowledge their work and contributions, we celebrated our teammates from all over the world on Employee Appreciation Day. For example, donuts were handed out by the Veteran Resource Group at our corporate headquarters and by leadership at our Rockford facility, and our Windsor location enjoyed cupcakes and a Yeti cooler raffle.

International Women's Day

Several AAR locations participated in the global celebration of women's achievements and the call to action for women's equality. Examples of the celebrations included a Fireside Chat with Executive Director of the Ulta Beauty Board of Directors Mary Dillon, delivering flowers to each employee who identifies as female at select locations, and handing out pastries and coffee.



Employee health, safety, and well-being

The health and well-being of our employees are paramount and a high priority. As such, we provide an on-site nurse at our MRO locations, as well as medical screenings, a free flu shot program in the U.S., and counseling at no cost. Through our Employee Assistance Program, employees can attend free monthly webinars on mental health topics. We also periodically organize events at our facilities, such as a Fitbit® step challenge, and sponsor participants in their wellness efforts, such as participation in local races. Some company locations include on-site fitness centers to promote employee wellness.

During the COVID-19 pandemic, AAR has remained fully operational as part of the essential critical infrastructure sector (as defined by the Department of Homeland Security). We have taken extra steps to ensure the safety of our employees, including establishing a COVID-19 Action Team; enacting a temperature-taking process, COVID-19 policy, and communications procedure; developing a process for contact tracing and a COVID-19 Dashboard for tracking cases; providing appropriate PPE to protect employees and visitors; and providing on-site vaccination programs at AAR locations in Oklahoma City, Miami, Wood Dale, and Rockford.

We also used our Safety Management System (SMS), discussed on page 43, to monitor health and well-being issues; it was originally intended to be used for aviation safety and OSHA-related matters but was expanded during the pandemic. In fact, AAR received official recognition from the FAA for its corporate SMS, and AAR is the first independent third-party MRO organization to implement this system.

We also support health and well-being through our charitable giving and partnerships focused on research and advanced treatment therapies for various diseases, medical conditions, and families in need. See pages 30–33 for information on our community outreach and charitable donations.



Inspiring interest in aviation

As a pioneering aviation company, we have a responsibility to think ahead and see the big picture. A study estimated that 192,000 new aircraft technicians in North America and 739,000 new aircraft technicians worldwide will be needed through 2039 (Source: Boeing Pilot and Technician Outlook 2020–2039), and we are determined to help fill the gaps with our workforce development strategy involving two successful programs, STEM education with partner schools and our EAGLE Career Pathway Program, mentioned above. Both programs are geared toward inspiring young minds and creating pathways to successful careers in aviation. We are preparing the next generation to take up the mantle when they are ready.

To instill a deep interest in aerospace in young people and create a talent pipeline for the aviation industry, we collaborate with elementary, middle, and high schools and other organizations to demonstrate the relevance of STEM subjects (Science, Technology, Engineering, and Mathematics) and introduce students to career pathways in aerospace in a fun and engaging way.



In the cities where we operate, we encourage students to learn about the aviation industry firsthand by regularly opening our doors to students for tours and mentorship programs. Our “Taking Flight” national education initiative introduces students to exciting careers in aviation. The successful program includes participation in career days, field trips, and paid internships at AAR locations across the country, including Miami, Indianapolis, Oklahoma City, and Chicago. We also promote aviation as a viable vocation in underserved areas.

Choose Aerospace

In FY2022, AAR supported Choose Aerospace, which launched the first high school aviation maintenance curriculum, as part of a one-year pilot program that included nine schools and 140 high school students. Choose Aerospace is anticipated to grow in the fall of 2022 to include 20 high schools and 700 students. This curriculum was designed to eliminate the barriers of entry and provide high-level training to high schools across America with a focus on growing the number of females and people of color choosing an aviation career. AAR also donated \$10,000 toward six scholarships and funding to support high schools adopting the curriculum.

Giving back to the community is a critical part of AAR’s culture. We support nonprofits and organizations that work to improve society, with an emphasis on veteran programs and education for high school and college students. Our support also includes charitable donations, event sponsorship, and volunteering. Although the pandemic slowed our giving rate and the number of events we participated in this past year, we remain committed to our communities and look forward to ongoing collaboration.



Recruiting an up-and-coming technician from one of our local aviation schools and following their career path at AAR gives me great satisfaction.”

Vicky Sokolowski, Director Field HR, MRO Airframe Services

Smithsonian National Air and Space Museum

In FY2022, AAR paid the final installments of our \$500,000 donation to support the construction of a new design hangar in the National Air and Space Museum in Washington, D.C. The exhibit engages visitors with hands-on learning experiences in core STEM topics. A reimagined *How Things Fly* Gallery is expected to open in mid-2025.



Local communities and sustainability

Giving back to the community is a critical part of AAR's culture. We support nonprofits and organizations that work to improve society and the environment.

A buzzworthy sustainability initiative

AAR is helping to protect and restore the dwindling bee population by adding eight beehives to the roof of our company headquarters in Wood Dale. We recognize that bees are essential for pollination, biodiversity, and the survival of our planet.

By creating this new apiary, we are contributing to the sustainability of our community, furthering our ESG activities, and playing a role in the conservation of this important pollinator.

The benefits are sweet: each hive can produce between 15 and 50 pounds of honey per year. We plan to share the honey with local employees.



AAR Farmers' Market

Wood Dale employees celebrated sustainability and served their local community through an AAR Farmers' Market. Employee vendors sold items they grew or made, with a homemade barbecue sauce receiving high praise.

A portion of the proceeds, along with food donations brought by attendees, was donated to the local food bank.

Aircraft donation

Through the grant described on page 23, the State of Illinois Department of Commerce and Economic Opportunity (DCEO), The Workforce Connection, and AAR donated a Bombardier CRJ-200 to Rock Valley College's aviation maintenance program. Developing skills through working on a fully functional aircraft builds engagement and further prepares students for the next step in their career journey.

The grant focuses on accelerating learning and on the credentialing of our workforce, transforming Rock Valley College's aviation maintenance program through the donation of \$425,000 in capital equipment—including the aircraft—and creating sustainable high school aviation programming that will grow the overall talent pipeline.



#WeAreAAR

Our #WeAreAAR series highlights stories of our employees' career experiences in company communications, including on social media. Posts cultivate an interest in aviation by sharing career journeys and perspectives on why employees enjoy working at AAR.



My favorite part of working at AAR is being able to help our military personnel meet their mobility needs and being able to thank them personally for their service."

Stephanie Campbell, Customer Service Supervisor, Mobility Systems



The Embry-Riddle Skillbridge Program not only helped me to get the knowledge I needed but also helped me to secure a job with AAR. AAR has been very welcoming since day one and I cannot wait to grow with this family they have here in Rockford, Illinois."

Joachim Traub, A&P Technician



I began my career with the United States Navy where I performed maintenance on aircraft. Now I apply my aircraft experience to my work as a female mechanic at AAR."

Kayse Brown, Technician, Component Repair – New York

Charitable donations, events, and activities

AAR also believes in Doing It Right® outside of work, and we demonstrate this by giving back to the communities where we live and operate. We support nonprofits and organizations that work to improve society in areas such as veterans / active military and their families, education with an emphasis on STEM, health and wellness, and diversity and inclusion.

“

We are so thankful to AAR for sponsoring the annual Southwest Airlines / Albuquerque golf tournament. Because of your support, families can find comfort and hope at Ronald McDonald House Charities of New Mexico (RMHC-NM), just a few steps from their child’s hospital bedside. For nearly 40 years, RMHC-NM has provided compassionate, family-centered care to more than 35,000 families. We are humbled each time we hear how grateful they are to have a ‘home-away-from-home.’ We appreciate all of you who work as one to make a difference in New Mexico.”

Jessica Wright, CEO, Ronald McDonald House Charities of New Mexico



AAR’s WASS team and members of the LatinX and Black / African-American ERGs participate in the 10th annual FLORIDA TODAY Corporate 5K.



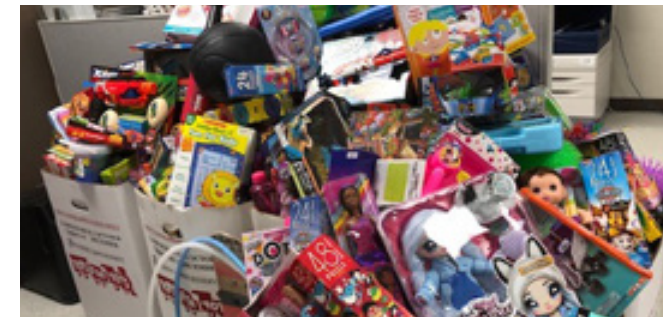
AAR’s Windsor, Ontario, and Indianapolis teams participated in Republic Airline’s Plane Pull, raising money for children with life-threatening illnesses.



AAR’s LatinX ERG packs meals for distribution to children in need globally.



AAR’s Oklahoma City team participates in a LitterBlitz program.



AAR’s Rockford team holds a holiday toy drive.

Giving back

Through our leadership, employees, and customers, we identify organizations to support with charitable giving.

- A Better Chicago
- Air Canada Foundation
- Air Force Charity Ball
- American Cancer Society
- American Heart Association
- Boys & Girls Club of Chicago
- Brain Research Foundation
- Business Executives for National Security (BENS)
- Golf Fore Charity
- International Aviation Women's Association (IAWA)
- Lincoln Park Zoo
- Lurie Children's Hospital
- Marine Corps Association
- Marine Corps Scholarship Foundation
- Mayo Clinic
- Perspectives Charter Schools
- Primo Center for Women and Children
- Ronald McDonald charities
- Shedd Aquarium



AAR's Wood Dale team participates in a race benefiting Lincoln Park Zoo in June 2022.



AAR's Oklahoma City team and their families volunteer at a local food bank in July 2022.



AAR's Trois-Rivières team holds a FestiVoix music concert for essential healthcare workers in their MRO hangar.



AAR's Miami team participates in Rock Your Socks to raise money for Down syndrome.

Governance



Doing It Right[®] to govern and operate with integrity

Our Doing It Right[®] culture is based on a foundation of strong corporate governance and values that emphasize not only ethics and compliance, but also integrity. We strive to establish, implement, and maintain an effective governance structure that is agile and responsive to business needs and evolving best practices, and to set high ethical standards.

Our Board of Directors

Our Board of Directors is elected by AAR's stockholders and represents their interests in overseeing our management, strategic direction, and financial success. We believe our Board is currently well-balanced and able to provide appropriate oversight. In FY2021, Mr. Robert F. Leduc and Ms. Ellen Lord joined as directors, increasing the Board's diversity of thought as we focus on future growth and innovation.

<p>10</p> <p>Directors</p>	<p>30%</p> <p>Diversity</p>	<p>2</p> <p>Women</p>	<p>1</p> <p>Racially / ethnically diverse</p>
<p>8</p> <p>Independent directors</p>	<p>11</p> <p>Director average tenure</p>	<p>66</p> <p>Director average age</p>	<p>75</p> <p>Director retirement age</p>

Consideration of inclusive diversity and expertise

Our Nominating and Governance Committee considers the racial, ethnic, and gender diversity of the Board and director candidates to ensure that AAR maintains the benefit of a diversified, balanced, and effective Board. The Nominating and Governance Committee and the full Board maintain a matrix of the skills, competencies, and experiences of each director. This matrix enables the members to ensure that the Board as a whole has the diversity of expertise and experience necessary for effective oversight.

To help facilitate the evaluation of diverse candidates, the Board has adopted amended Corporate Governance Guidelines mandating that a diverse candidate must be included in any director search.

Governance best practices

Good corporate governance is an essential part of our culture. We review our corporate governance policies and procedures on an annual basis. We strive to emulate “best practices,” tailoring them, as appropriate, to fit our culture, strategy, and performance. We believe that we comply with all applicable SEC and NYSE corporate governance rules and regulations. We also have adopted additional corporate governance practices that we believe are in the best interests of AAR and our stockholders.

Risk management

Effective risk management is an important Board priority. The risk oversight function at the Board begins with a fundamental understanding of AAR’s culture, business, and strategy, including ESG-related risks and opportunities.

The Board delegates significant aspects of its risk management oversight responsibilities to its committees. The Board also works with management to manage risk through robust and comprehensive internal processes, an effective internal control environment, and an enterprise risk management program.

- ✓ Independent Lead Director
- ✓ Majority voting in uncontested director elections
- ✓ Stock ownership and retention guidelines
- ✓ Annual stock grant to non-employee directors
- ✓ Executive sessions of independent directors
- ✓ Independent compensation consultant
- ✓ Director orientation and continuing education programs
- ✓ All directors on the Audit Committee are “Audit Committee financial experts”
- ✓ Code of Business Ethics and Conduct
- ✓ Ethics hotline policy
- ✓ Related person transaction policy
- ✓ Disclosure committee for financial reporting
- ✓ Annual stockholder approval of executive compensation
- ✓ Stockholder engagement program
- ✓ Independent Board committees
- ✓ Enterprise risk management program



Stakeholder engagement

We recognize and value the importance of engaging with our stockholders and other key stakeholders, as we believe that open communication helps promote a culture of transparency, and the feedback we receive helps to shape our ESG strategies.

Stakeholder	How we engage			Topics of interest		
Stockholders	<ul style="list-style-type: none"> Earnings calls Annual stockholder meeting 	<ul style="list-style-type: none"> Stockholder engagement program 	<ul style="list-style-type: none"> Investor conferences 	<ul style="list-style-type: none"> Business Strategy Financial results 	<ul style="list-style-type: none"> Digital initiatives Capital allocation 	<ul style="list-style-type: none"> Outlook Governance
Employees	<ul style="list-style-type: none"> Employee town halls Engagement surveys Employee resource groups Performance appraisals 	<ul style="list-style-type: none"> Required and voluntary training Online portal Reflektive site Stay interviews 	<ul style="list-style-type: none"> Skip-level meetings Listening sessions Cornerstone Learning Management System 	<ul style="list-style-type: none"> Business Strategy Safety 	<ul style="list-style-type: none"> Environmental approach Health and wellness Management and leadership development 	<ul style="list-style-type: none"> Diversity, equity, and inclusion Training and education Company culture
Customers	<ul style="list-style-type: none"> Contract negotiations Trade shows Customer audits 	<ul style="list-style-type: none"> Speaking engagements at government and industry sponsored events 	<ul style="list-style-type: none"> Performance reviews 	<ul style="list-style-type: none"> Business Digital initiatives 	<ul style="list-style-type: none"> Quality and safety Regulatory compliance 	<ul style="list-style-type: none"> Ethics and compliance Privacy
Suppliers	<ul style="list-style-type: none"> Procurement process 	<ul style="list-style-type: none"> Supplier Relationship Program 	<ul style="list-style-type: none"> Supplier Day 	<ul style="list-style-type: none"> Quality and safety 	<ul style="list-style-type: none"> Ethics and compliance 	<ul style="list-style-type: none"> Diversity and inclusion
Government	<ul style="list-style-type: none"> Formal and informal meetings at all levels of government 		<ul style="list-style-type: none"> Audits 	<ul style="list-style-type: none"> Safety Regulatory compliance 	<ul style="list-style-type: none"> Diversity and inclusion Commercial best practices 	<ul style="list-style-type: none"> Industry environmental impact

See page 45 for information on political engagement.





Culture of ethics and compliance

Our compliance culture is reflective of our purpose and our values. At the heart of Doing It Right® is a commitment to conducting business ethically.

Our Code of Conduct and related policies

Our **Code of Conduct** comprises more than just policies and procedures. The purpose of the Code of Conduct is to promote the highest ethical standards in our business practices and procedures. AAR takes violations of our Code of Conduct and the law very seriously. Unethical or illegal actions detract from our workplace's ethical culture. Anyone who is found to have violated our Code of Conduct or the law will be subject to discipline, up to and including termination of employment. Our Code of Conduct was updated in July 2022.

In FY2022, AAR appointed a new Vice President, Chief Ethics and Compliance Officer. This position oversees our compliance program and drives our culture of compliance and integrity. Recent enhancements to our program have focused on anti-bribery and anti-corruption policies and procedures, third-party due diligence, risk assessments, and similar measures designed to promote our Doing It Right® corporate purpose. In addition, the Compliance Champion program has enhanced and helped to institutionalize AAR's culture of compliance.



We require all new hires to complete Code of Conduct training, and training is also an annual requirement for all employees.

Human rights (fair compensation and labor laws)

We believe everyone who works for AAR or a third-party business partner should be treated fairly and respectfully. We follow all laws related to working hours, working conditions, and compensation.

AAR has a zero-tolerance policy regarding trafficking in persons and forced labor. Employees are expected to monitor for indications of forced labor or human trafficking, whether by AAR or any third-party business partner we work with, and report any suspicious activity immediately.



All employees are trained annually on the principles of Supporting Human Rights: Modern Slavery Act.

Anti-discrimination

We view fairness as paramount when it comes to hiring, firing, promoting, or including someone in professional development activities. AAR does not make employment-related decisions based on an individual's legally protected personal characteristics. These commonly include race, religion, color, age, gender, sexual orientation, disability, gender identity, veteran status, and national origin.

Anti-harassment

Our commitment to inclusivity means that we want everyone to feel respected and safe in the workplace. As such, harassment and bullying have no place at AAR. We do not tolerate behavior that creates an intimidating, hostile, or offensive work environment.

Anti-retaliation

To maintain an environment where everyone feels comfortable raising concerns or posing questions, AAR does not and will not tolerate retaliation for making a report in good faith. When questions or issues arise that are not covered by the Code of Conduct, anyone can turn to the resources listed in the "Speaking Up" section of the Code to report a concern or pose a question. There is no retaliation for speaking up.

Conflicts of interest

As part of our commitment to act with integrity, we avoid conflicts of interest or situations where we might have to choose between doing what is best for AAR and what is best for us personally or for a member of our immediate family. Based on AAR's long history of working with the government and other companies in our industry, we take all reasonable measures to avoid organizational conflicts of interest.



There is a strong focus on values and company culture at AAR, and it starts with Doing It Right®. As Chief Ethics and Compliance Officer, I am committed to doing my part to ensure we continue to operate with the highest degree of ethics and compliance, and in compliance with the rules that apply to us."

Lori Knudson, Vice President, Chief Ethics and Compliance Officer

Ethics hotline

We encourage good-faith concerns to be reported to the employee's manager, the Law Department, Human Resources, or through the AAR ethics hotline. The hotline is operated by an independent third party, EthicsPoint, and is available 24 hours a day, 7 days a week via telephone calls and web reports. Anyone may contact EthicsPoint with confidential complaints, information, suggestions, or recommendations. EthicsPoint permits individuals to identify themselves or choose to remain anonymous; however, individuals are encouraged to provide contact information so that the report can be more easily investigated.

The Audit Committee of the Board receives reports concerning our ethics hotline activity and any investigations of non-compliance with our Code of Conduct by any AAR officers.

www.aar.ethicspoint.com
+1-855-822-9536

NAVEX[®]

Global anti-corruption policy

AAR has zero tolerance for any form of bribery or corruption. It is our policy to comply with all applicable laws, including the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and any local anti-corruption laws. We do not offer, give, or accept, directly or indirectly, any bribes, kickbacks, or other corrupt payments, regardless of whether we are working with commercial entities or government officials, including employees at state-owned or -controlled airlines.



We conduct separate anti-corruption training for new hires and for employees annually. We also require training of certain third parties.

Compliance Champion Network

Our Compliance Champion Network is a group of AAR employees embedded in our facilities and business units around the globe to serve as an extension of AAR's Global Compliance Program. Key responsibilities include:

- Promote AAR's Compliance Program and AAR's Doing It Right[®] values to colleagues in their business unit and region
- Act as a local resource to allow employees to voice concerns and ask questions about compliance issues
- Triage issues to the appropriate subject matter experts within the organization
- Document and report issues raised for tracking and reporting as appropriate to management and the Board

Compliance Champions are selected by the CEO and company leadership based on a number of qualities:

- High performers
- Friendly and approachable
- Trustworthy and honest
- Respected by fellow employees and leadership
- Expert communicators, including a strong ability to listen and respond
- Solid judgment
- Ability to issue-spot

Supplier expectations

Supply chain overview

We value the relationships we have developed throughout our global supply chain. Although procurement is largely decentralized across our business units, we maintain corporate oversight to analyze spend and leverage costs. We also have a centrally managed Supplier Relationship Management (SRM) program. Through this program, we review 50–100 suppliers annually and identify approximately 25 suppliers with whom key AAR stakeholders commit to an ongoing cadence of engagement. The nature and frequency of this focused engagement is based on the level of supplier performance, critical nature of products and services provided, and level of guidance to maximize the strategic relationship.

Global procurement – approximately 50 countries



- Parts suppliers
- Repair service suppliers
- Indirect product / services suppliers

Our Supplier Diversity Program

Consistent with our values and culture of inclusion, we recognize the importance of diversity in our supply chain. We strive to support minority-owned, women-owned, and veteran- and service-disabled-owned businesses, and other businesses owned by disadvantaged groups.

We report supplier diversity spend as required by our government customers (typically at the business unit level). In FY2022, we launched our company-wide Supplier Diversity Program to provide for consistent, centralized tracking across our businesses. This program is intended to be more than a reporting tool; we are establishing goals, targets, and initiatives to develop diverse supplier relationships, support their business growth, and forward their success.

FY2022 Diverse Spend



Exceeded goal by \$1.5M

Supplier Code of Conduct

Corporate integrity, responsible product sourcing, and the safety and well-being of workers across the global supply chain are of paramount importance to AAR and align with our Doing It Right® values.

AAR's Supplier Code of Conduct (Supplier Code) applies to all distributors, manufacturers, vendors, consultants, contractors, and other suppliers and third parties that engage in business transactions with AAR. We expect our suppliers to adhere to applicable legal and regulatory requirements, and our Supplier Code establishes the minimum standards that must be met to do business with AAR regarding:

- Treatment of workers, including anti-discrimination, fair employment practices, and human rights
- HSE laws and regulations and workplace safety
- Environmental impact of supplier activities
- Data security and privacy
- Trade controls and customs matters
- Intellectual property
- Ethical business practices, including conflicts of interest, fair competition, and anti-bribery



Aero Technologies, a woman-owned business that specializes in providing engineering support services for computational aerothermochemical problems in high-speed flows, has been a trusted partner of AAR for several years. Over the past three years, our spend with Aero Technologies has been nearly \$15 million. We look forward to continuing to develop our relationship through our Supplier Diversity Program.

FY2022 spend



* As of May 31, 2022

Human rights (fair compensation and labor laws)

Our suppliers must observe applicable laws and regulations governing wages and hours, recruitment, employment contracts, and working conditions. They aren't allowed to engage in slavery or human trafficking or employ workers younger than the applicable minimum age. Suppliers shall not engage in the use of forced, bonded (including debt bondage), or indentured labor, or involuntary prison labor.

Suppliers must protect employees' personal information under applicable laws and regulations and must not require workers to surrender control over original identification papers or documents giving foreign workers the right to work in the country, or to pay fees for the right to work.

A supplier must ensure that its workers have the right to freedom of movement, and they must respect the rights of employees to freely organize and bargain collectively in accordance with all applicable laws and regulations. They must also ensure that their personnel observe the highest standards of personal and professional conduct.

We expect our suppliers to raise questions or concerns promptly. The failure to comply with our Supplier Code may result in immediate termination of business with AAR.





Complying with safety standards

Our first and utmost priority is aviation safety, as we provide critical products and services that impact commercial and military aircraft across the globe.

Our Board's Aviation Safety and Training Committee

To further solidify our commitment to "Quality First, Safety Always," our Board formed an Aviation Safety and Training Committee (ASTC) in FY2021. Comprising three independent, experienced aviation professionals, the ASTC provides oversight of safety matters relating to AAR's operations and monitors our efforts to create a culture of safety compliance. The ASTC also reviews our safety and quality systems, training, and reporting at least four times a year.

Occupational health and safety

AAR is committed to the highest level of safety performance and to meeting or exceeding regulatory requirements while delivering aviation services to our stakeholders. Our Safety Policy and Philosophy ("Safety Policy") sets forth our pledge that no staff member will be asked to compromise our safety standards to "get the job done."

Our operations are continuously examined so that we can proactively eliminate hazards and contain or mitigate risks. We believe it is critical to report incidents, identify risks, train staff on safety management, document our findings and our responses, and strive for continuous improvement to facilitate aviation safety.

Culture of reporting

All employees must comply with our Safety Policy and are required to report safety hazards, issues, or concerns and solicit recommendations for safety improvements through our "Report Something" system via APRiSe®, described on page 43. As part of our policy, AAR pledges that no disciplinary action will be taken against any employee for reporting a safety hazard, issue, or concern.

Each MRO facility is overseen by a Safety Management System (SMS) manager who facilitates hazard identification and risk analysis and monitors the effectiveness of safety risk controls. The SMS manager regularly reports to a designated accountable executive on SMS performance and any need for improvement.

Aviation safety

Through our Product Safety Policy, we aim to:

- Comply with the customers' regulatory and technical requirements
- Adhere to our established process controls to verify compliance with technical data and regulatory requirements
- Thoroughly investigate and take corrective actions against any reported discrepancy
- Measure our performance to the technical data and correct any discrepancies prior to returning the finished product to the customer
- Utilize customer feedback to make quality improvements in our process



APRISe®: AAR's Performance Reporting Information System

We are proud that AAR has been recognized as the first independent third-party MRO for implementing an SMS in accordance with requirements set forth in the SMS Voluntary Program by the Federal Aviation Administration (FAA), the European Union Aviation Safety Agency (EASA), Transport Canada Civil Aviation (TCCA), and the International Air Transport Association (IATA).

Our APRISe® software is a proprietary closed-loop system for quality and safety management to track environmental, health, and safety, all in one place. Our unique SMS allows us to better serve our customers and the flying public by proactively identifying quality and safety issues, tracking root causes and contributing factors, and verifying corrective actions. This system encourages proactive employee reports to ensure that we continue to deliver the highest level of safety in the aircraft we maintain.

We completed implementation of our APRISe® system at all of our MRO sites in November 2021. We also developed an expansion of the system for our corporate group, becoming the first corporate SMS to be approved by the FAA in 2022.

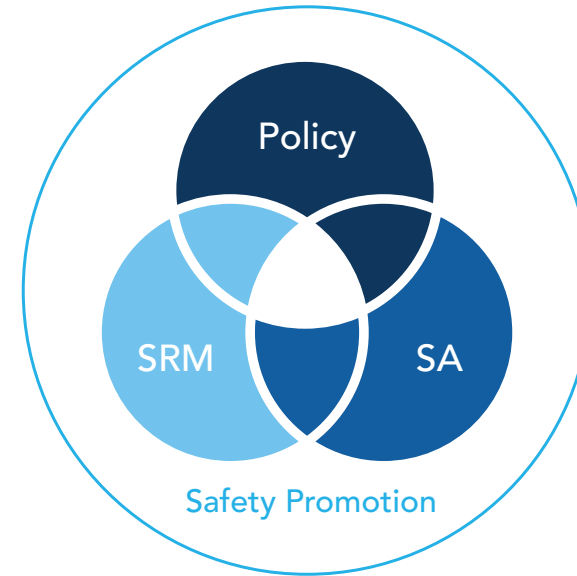
The four SMS components

Safety Policy

Establishes senior management's commitment to continually improve safety; defines the methods, processes, and organizational structure needed to meet safety goals

Safety Risk Management (SRM)

Determines the need for, and adequacy of, new or revised risk controls based on the assessment of acceptable risk



Safety Assurance (SA)

Evaluates the continued effectiveness of implemented risk control strategies; supports the identification of new hazards

Safety Promotion

Includes training, communication, and other actions to create a positive safety culture within all levels of the workforce

APRISe® includes:

- Risk assessments (damage / rework, airworthiness / maintenance processes)
- Audit findings
- Communications
- Corrective and preventive action requests
- Customer feedback
- Directives and items for attention (IFAs)
- Event management
- Government communication and visits
- Injury reporting
- Import and export compliance
- Investigations of environmental health and safety issues
- Regulatory compliance
- Supplier management

Our APRISe® dashboard promotes transparency by providing employees with visibility into the types of reports that have been made at their facilities. Our SMS is unique in integrating several of AAR's systems so data can be aggregated and analyzed together; for instance, a plane's history of open issues can be viewed from multiple systems. Our SMS system uses text messages to ensure information can be easily and efficiently communicated.



Employee aviation safety training

Quality First, Safety Always is a core value that we live every day. As a critical component for the safety of flight, we invest annually to provide our employees the necessary tools to work safely, proactively identify risks, and prevent workplace injuries. As an example, our technicians receive specialized training for each aircraft type that they work on and are required to complete that training before transitioning from one aircraft type to another. Our aviation inspectors receive specialized training to perform critical aircraft, engine, and component inspections.

AAR continuously develops and tests safety training by teaming with subject matter experts and in coordination with regulatory agencies (such as FAA, EASA, TC) and academia. Two examples of this training are Human Factors and Risk Management. We use these skills to diagnose the most common root causes for errors and develop innovative training to deliver to our employees.

At AAR's 145 repair stations, all certified technicians receive at least 12 hours of safety training, such as instruction on how to use the SMS, human factor, ladder safety, and forklift safety, in addition to one hour of FAA annual safety training.

At AAR, safety is part of our DNA, and we continue to focus on developing and implementing effective safety training classes and programs. Our goal is to have a culture that is engaged, proactively reduces risks, and prevents accidents. We couple our culture with our Business Management and Safety Management Systems to improve the safety of flight.

Certifications

- Air agency certificates (14 CFR 145)
- Other foreign repair station certificates (EASA, TC, CAAS, ANAC, etc.)
- AS9100, AS9110, and AS9120 certifications
- FAA Diamond Award of Excellence for safety training of aviation maintenance technicians



Using technology to increase safety and improve records

In 2019, we began testing the first fully automated Donecle drone technology at our Miami MRO facility with the aim of conducting aircraft inspections with more precision, conserving time and resources for our customers. With laser positioning, the drone can safely perform end-to-end airframe visual inspections of B737 and A320 aircraft within an hour, detecting any structural damage as well as assessing paint quality and markings and signs of lightning strikes.

Augmented reality (AR), virtual reality (VR), and drones are playing an increasing role in AAR's safety, as well our quality assurance audits. The technologies have been implemented to improve efficiencies and proved beneficial during the COVID-19 pandemic. Beginning in FY2021, for instance, we were able to walk through a virtual audit with the FAA. We also are testing the use of drones for general visual inspections of some aircraft at select locations, taking hundreds of photos that can be sent to regulatory inspectors and used for record-keeping purposes. Using technology as a supplement in training allows users to become more acquainted with the facilities and connect with on-site engineers and off-site experts to ask questions and resolve issues.

As required by aviation regulatory requirements, AAR performs manual aircraft inspections in addition to drone inspections.

Data security

Our approach to cybersecurity is comprehensive. We continue to invest in an integrated tool set that powers our Security Operations Center (SOC) and provides defense-in-depth by leveraging event aggregation and correlation, machine learning techniques, and applied threat intelligence to help us remain responsive to the ever-changing and challenging cybersecurity space.

Globally, our privacy model conforms to the GDPR (General Data Protection Regulation) standard, the highest recognized standard with the most stringent regulations. Our SOX (Sarbanes-Oxley Act) cybersecurity compliance program is designed to manage IT general and access controls.

Complying with government standards such as NIST (the National Institute of Standards and Technologies), CMMC (Cybersecurity Maturity Model Certification), and ITAR (International Traffic in Arms Regulations) allows us to have a leading edge in our ability to pursue, win, and deliver on new business opportunities.

In addition to compliance, we place our greatest emphasis on security, protecting our digital assets and monitoring our infrastructure. We have countermeasures in place to identify and respond to potential security vulnerabilities.

We also focus on confidentiality and integrity of information for protection of data and to ensure information is reliable and correct.



AAR's employees take an annual hour-long Security Awareness Training that is primarily focused on information security, including social media usage, phishing emails, and anti-virus protection.

Our Board places emphasis on the identification and management of cybersecurity risks. The Board and its committees receive periodic reports from management regarding system vulnerabilities and security counter measures in effect to deter and mitigate threats that can lead to attacks, unauthorized access, or compromise.

Throughout FY2021 and FY2022, and into FY2023, our key initiatives continue to focus on ensuring the confidentiality, integrity, and availability of systems and resources, managed through our comprehensive incident response plan and disaster recovery and business continuity plan. We continue to enhance the effectiveness of our third-party managed SOC by building an internal SOC. Since the completion of the initial project in late 2021, we have been increasing the number of use cases and investigations that our internal SOC is capable of managing. In fact, we integrated all of our security tooling and sensors into a Security Information and Event Management (SIEM) system that functions as the backbone of our internal SOC. This has enabled the flow of alerts, event reporting, and incident investigations between our external and internal SOC, significantly reducing investigative timing, and in turn, improving our overall security posture.

Political engagement

We participate in the political process through regular and constructive engagement with government officials and policymakers. This engagement includes making political contributions and encouraging the civic involvement of employees. AAR complies with applicable laws and regulations related to our participation in the political process.

Our Government Affairs Department is responsible for managing and coordinating AAR's political participation. The Board of Directors is responsible for overseeing our lobbying activities and political contributions, and for reviewing annual contributions and lobbying reports. AAR's participation in the political process is governed by our [Political Participation, Lobbying, and Contributions Policy](#). For more information, see [Political Engagement](#) on our website.

Conflict minerals

AAR is committed to complying fully with the reporting requirements of the Securities and Exchange Commission (SEC) with respect to conflict minerals (as defined by the SEC). To that end, AAR and its manufacturing subsidiaries work with applicable suppliers to perform the necessary due diligence in determining the potential for conflict minerals in their supply chain and products. AAR and its manufacturing subsidiaries designed their due diligence program in accordance with the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. For more information, see our [Conflict Minerals Policy](#) on our website.



Appendix



GRI and SASB index

This reporting index aligns disclosures addressed in this report to selected standards of the Global Reporting Initiative (GRI) Standards, as well as applicable Sustainability Accounting Standard Board (SASB) indicators.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Universal standards GRI 102: General disclosures			
Organizational profile			
	102-1	Name of the organization	AAR CORP.
	102-2	Activities, brands, products, and services	About AAR CORP., pages 6–10 2022 Form 10-K Item 1. Business, pages 2–8 2022 Annual Report Stronger footprint, pages 8–9
	102-3	Location of headquarters	Wood Dale, Illinois, USA
	102-4	Location of operations	About AAR CORP., page 9 2022 Annual Report Stronger footprint, pages 8–9 https://www.aarcorp.com/en/about/locations/
	102-5	Ownership and legal form	2022 Form 10-K Item 1. Business – General, page 2
	102-6	Markets served	About AAR CORP., page 9 2022 Form 10-K Item 1. Business – Business Segments, pages 2–4; Customers, pages 4–5 https://www.aarcorp.com/en/about/locations/
	102-7	Scale of the organization	About AAR CORP., pages 6, 8–9 2022 Form 10-K Item 1. Business – Human Capital Resources, pages 6–7 2022 Annual Report Selected financial highlights, page 3

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
	102-8	Information on employees and other workers	In countries where it is legally required, our employees have employment contracts. We generally do not have employment contracts in the U.S. We do have U.S. citizens who are deployed to our government programs sites (OCONUS) who are on a renewable FSA (Foreign Service Agreement). We have 55 part time employees as of May 31, 2022. Supporting our employees, page 19
	102-9	Supply chain	Supplier expectations, pages 40–41
	102-13	Membership of associations	Membership of associations, page 66
Strategy			
	102-14	Statement from senior decision-maker	Letter from our President and Chief Executive Officer, page 2
	102-15	Key impacts, risks, and opportunities	Our approach to ESG, pages 4–5 Our environmental impacts and initiatives, pages 12–13 AAR aircraft and engine teardown – Sustaining the life of aircraft, page 14 2022 Form 10-K Item 1A. Risk Factors, pages 9–17
Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	Our values, page 7 Our Code of Conduct and related policies, page 38 Global anti-corruption policy, page 39 Supplier expectations, pages 40–41 2022 Form 10-K Item 1. Business – Human Capital Resources – Business Ethics, page 7 AAR Code of Conduct Supplier Code of Conduct
	102-17	Mechanisms for advice and concerns about ethics	Culture of ethics and compliance, pages 38–45 AAR Code of Conduct, Asking questions and reporting concerns, page 6 Supplier Code of Conduct

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Governance			
	102-18	Governance structure	ESG oversight and governance, page 4 2022 Proxy Statement The Board's role and responsibilities – Role and responsibilities of the Board committees, pages 26–31; Board structure, page 32 Corporate Governance Guidelines 4. Committees and Committee Chairs; 10. Chairman and Chief Executive Officer; 11. Lead Director
	102-19	Delegating authority	ESG oversight and governance, page 4 2022 Proxy Statement The Board's role and responsibilities – Role and responsibilities of the Board committees, pages 26–31
	102-21	Consulting stakeholders on economic, environmental, and social topics	Our approach to ESG, pages 4–5 Stakeholder engagement, page 37
	102-22	Composition of the highest governance body and its committees	Our Board of Directors, page 35 2022 Proxy Statement 2022 Proxy statement summary – Corporate governance highlights, page 10; Information about our director nominees and our continuing directors, pages 14–19
	102-23	Chair of the highest governance body	2022 Proxy Statement Board structure – Board leadership, page 32
	102-24	Nominating and selecting the highest governance body	Our Board of Directors, page 35 2022 Proxy Statement Our strategy – Director nominations and qualifications, pages 23–24 Corporate Governance Guidelines 1. Director Qualification Standards; 2. Size of the Board and Director Selection
	102-25	Conflicts of interest	Our Code of Conduct and related policies, page 38 2022 Proxy Statement Our strategy – Director nominations and qualifications, pages 23–24; Board practices and policies – Related person transaction policy, page 34
	102-26	Role of highest governance body in setting purpose, values, and strategy	ESG oversight and governance, page 4
	102-27	Collective knowledge of highest governance body	2022 Proxy Statement Board practices and policies – Director orientation and continuing education, page 34
	102-28	Evaluating the highest governance body's performance	2022 Proxy Statement Board practices and policies – Board and committee evaluations, page 33 Corporate Governance Guidelines 8. Annual Performance Evaluation of the Board and Board Committees

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
	102-29	Identifying and managing economic, environmental, and social impacts	Our approach to ESG, pages 4–5 Risk management, page 36 Stakeholder engagement, page 37 2022 Proxy Statement The Board's role and responsibilities – Role and responsibilities of the Board – Risk management (including cybersecurity), page 26
	102-30	Effectiveness of risk management processes	Risk management, page 36 2022 Proxy Statement The Board's role and responsibilities – Role and responsibilities of the Board committees – Audit committee, page 29
	102-31	Review of economic, environmental, and social topics	ESG oversight and governance, pages 4–5
	102-32	Highest governance body's role in sustainability reporting	ESG oversight and governance, page 4 Our ESG report is reviewed by the Nominating and Governance Committee on behalf of the Board.
	102-33	Communicating critical concerns	Ethics hotline, page 39 2022 Proxy Statement Board practices and policies – Communications with the board of directors, page 35 Corporate Governance Guidelines 12. Communications with the Board of Directors
	102-34	Nature and total number of critical concerns	AAR discloses material legal proceedings in its SEC reports.
	102-35	Remuneration policies	2022 Proxy Statement Director compensation, pages 35–37; Compensation discussion and analysis, pages 44–77 Corporate Governance Guidelines 6. Director Compensation
	102-36	Process for determining remuneration	2022 Proxy Statement Director compensation, pages 35–37; Compensation discussion and analysis, pages 44–77 Corporate Governance Guidelines 6. Director Compensation
	102-37	Stakeholders' involvement in remuneration	Stakeholder engagement, page 37 2022 Proxy Statement Our strategy – Stockholder engagement, page 22; Say-on-pay vote, page 57
	102-38	Annual total compensation ratio	2022 Proxy Statement Other compensation matters – CEO pay ratio, page 77

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Stakeholder engagement			
	102-40	List of stakeholder groups	Stakeholder engagement, page 37
	102-41	Collective bargaining agreements	Approximately 200 of our employees are subject to a collective bargaining agreement.
	102-43	Approach to stakeholder engagement	Our approach to ESG, pages 4–5 Stakeholder engagement, page 37
	102-44	Key topics and concerns raised	Our approach to ESG, pages 4–5 Stakeholder engagement, page 37
Reporting practice			
	102-45	Entities included in the consolidated financial statements	2022 Form 10-K Item 8. Financial Statements and Supplementary Data, pages 31–71
	102-46	Defining report content and topic boundaries	About this report, page 3
	102-47	List of material topics	Our approach to ESG, pages 4–5
	102-48	Restatements of information	FY20 and FY21 energy and emissions data has been restated due to changes in billing methods at one facility.
	102-50	Reporting period	About this report, page 3
	102-51	Date of most recent report	August 23, 2021
	102-52	Reporting cycle	Our current expectation is to issue an ESG report every other year.
	102-53	Contact point for questions regarding the report	About this report, page 3
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, page 3
	102-55	GRI content index	GRI and SASB Index, pages 47–63

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Universal standards			
GRI 103: Management approach			
Economic performance			
	103-1	Explanation of the material topic and its boundary	About this report, page 3
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	201-2	Financial implications and other risks and opportunities due to climate change	2022 Form 10-K Item 1A. Risk Factors, pages 9–17
	201-3	Defined benefit plan obligations and other retirement plans	2022 Form 10-K Note 8, Employee Benefit Plans, pages 57–62
	201-4	Financial assistance received from government	2022 Form 10-K Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, pages 20–30
Procurement practices			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Ethics hotline, page 39 Supplier expectations, pages 40–41
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Anti-corruption			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Ethics hotline, page 39
	103-2	The management approach and its components	Global anti-corruption policy, page 39 AAR Code of Conduct Doing It Right® for our customers, pages 12–13
	103-3	Evaluation of the management approach	https://www.aarcorp.com/globalassets/5.-about/ethics--compliance/policy_1.05.001_anti-corruption_7-10-p.pdf https://www.aarcorp.com/en/about/environmental-social-and-governance-esg/ethics-and-compliance/zero-tolerance-for-corruption-and-bribery/
RT-AE-510a.3	205-2	Communication and training about anti-corruption policies and procedures	Global anti-corruption policy, page 39
RT-AE-510a.1	205-3	Confirmed incidents of corruption and actions taken	AAR discloses material legal proceedings in its SEC reports.
RT-AE-510a.2		Revenue from countries ranked in the “E” or “F” band of Transparency International’s Government Defence Anti-Corruption Index	2022 Form 10-K Note 15, Business Segment Information, pages 67–70 We report sales in North America, Europe/Africa, and Other. We do not put revenues from other geographic areas in the public domain due to commercial confidentiality.
Anti-competitive behavior			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Supplier expectations – Supplier Code of Conduct, page 40
	103-2	The management approach and its components	AAR Code of Conduct Doing It Right® for our customers – Competing fairly, page 11 Supplier Code of Conduct
	103-3	Evaluation of the management approach	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	AAR discloses material legal proceedings in its SEC reports.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Materials			
	103-1	Explanation of the material topic and its Boundary	Our approach to ESG, pages 4–5 Supporting sustainable use and management of resources in the aviation industry, page 13 2022 Form 10-K Item 1. Business – Raw Materials and Procurement of Repair and Other Services, page 4
RT-AE-440a.1	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	301-2	Recycled input materials used	AAR is generally engaged in limited manufacturing activities.
	301-3	Reclaimed products and their packaging materials	Supporting sustainable use and management of resources in the aviation industry, page 13
Energy			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Environmental data collection and management – Energy, page 16 Environmental highlights, page 17
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
RT-AE-130a.1	302-1	Energy consumption within the organization	Environmental data collection and management – Energy, page 16 (1) Total energy consumed in Fiscal Year 2022 was 589,878 (GJ), or 163,856 (MWh), which consisted of 432,146 (GJ), or 120,041 (MWh), of natural gas and 157,732 (GJ), or 43,815 (MWh), of electricity. (2) Grid electricity in FY2022 represented 26.7% of the overall energy consumed. (3) 0% of energy consumed, beyond the renewable portion of the electricity grid mix, is from renewable sources. Note about environmental data: The current reporting boundary for our Energy and Emissions data consists of our MRO and manufacturing facilities in the United States and Canada, as well as our corporate headquarters. We believe these sites have the most significant impact on our footprint. Data is excluded from sites with fewer than 10 individuals or where we may have a significant presence, but no control of the operations. For example, we have excluded the locations where we engage in work contracted by government agencies, but where financial control is maintained by these agencies.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
	302-3	Energy intensity	In Fiscal Year 2022, our energy intensity was 90.0 MWh/\$M or 324.1 GJ/\$M compared to 109.8 MWh/\$M or 395.5 GJ/\$M in Fiscal Year 2021.
Water and effluents			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Environmental data collection and management – Water and effluents, page 16 Environmental highlights, page 17
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Emissions			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Environmental data collection and management – Emissions, page 16 Environmental highlights, page 17
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	305-1	Direct (Scope 1) GHG emissions	Environmental data collection and management – Emissions, page 16
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental data collection and management – Emissions, page 16
	305-4	GHG emissions intensity	In Fiscal Year 2022, our emissions intensity was 21.5 MT CO2e/\$M compared to 26.0 MT CO2e/\$M in Fiscal Year 2021.
RT-AE-410a.1		Revenue from alternative energy-related products	AAR CORP. does not generate revenue from alternative energy-related products.
RT-AE-410a.2		Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Aviation Services, AAR's primary business segment, provides aftermarket support and services. AAR is generally engaged in limited manufacturing activities. We have limited control of use-phase emissions as our customers dictate flight plans and flight paths. However, in our maintenance and repair operations, we are continuing to investigate ways to minimize the use of jet fuel in diagnostic testing and repair situations.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Waste			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Supporting sustainable use and management of resources in the aviation industry, page 13 Environmental data collection and management – Waste, page 16 Environmental highlights, page 17
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	306-1	Waste generation and significant waste-related impacts	Supporting sustainable use and management of resources in the aviation industry, page 13 Environmental data collection and management – Waste, page 16
	306-2	Management of significant waste-related impacts	Supporting sustainable use and management of resources in the aviation industry, page 13 Environmental data collection and management – Waste, page 16
RT-AE-150a.1	306-3	Waste generated	As we advance our ESG program, AAR will consider the inclusion of diverted and landfilled hazardous waste for public disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
RT-AE-150a.2		Number and aggregate quantity of reportable spills, quantity recovered	There were no significant spills in FY22. AAR consumes fuel from natural gas for heating. Other sources include propane for forklifts, gasoline for vehicles, and diesel for back-up generation. However, we believe these are considered de minimis and not reported. While we consume jet fuel in our operations within the reporting boundaries, we also believe jet fuel use to be immaterial to our overall energy consumption.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Environmental compliance			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our environmental impacts and initiatives, pages 12–13 Environmental highlights, page 17
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	307-1	Non-compliance with environmental laws and regulations	AAR discloses material legal proceedings in its SEC reports.
Supplier Environmental Assessment			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Ethics hotline, page 39 Supplier expectations, pages 40–41
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Employment			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Supporting our employees, pages 19–33 2022 Form 10-K Item 1. Business – Human Capital Resources, pages 6–7
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	401-1	New employee hires and employee turnover	AAR considers this information to be confidential.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee benefits, page 27 2022 Form 10-K Item 1. Business – Human Capital Resources – Competitive Pay and Benefits, page 6

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Occupational health and safety			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3
	103-2	The management approach and its components	Our approach to ESG, pages 4–5 Employee health, safety, and well-being, page 29
	103-3	Evaluation of the management approach	Complying with safety standards, page 42 APRISe®: AAR's Performance Reporting Information System, page 43 2022 Form 10-K Item 1. Business – Human Capital Resources, pages 6–7
	403-1	Occupational health and safety management system	Complying with safety standards, page 42 APRISe®: AAR's Performance Reporting Information System, page 43
	403-2	Hazard identification, risk assessment, and incident investigation	Complying with safety standards – Culture of reporting, page 42
	403-3	Occupational health services	Employee health, safety, and well-being, page 29 APRISe®: AAR's Performance Reporting Information System, page 43
	403-4	Worker participation, consultation, and communication on occupational health and safety	APRISe®: AAR's Performance Reporting Information System, page 43 We have joint management-worker health and safety committees at our MRO facilities among others, which comprise a combination of management and employees.
	403-5	Worker training on occupational health and safety	Employee aviation safety training, page 44
	403-6	Promotion of worker health	Employee health, safety, and well-being, page 29
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Complying with safety standards, page 42 APRISe®: AAR's Performance Reporting Information System, page 43
	403-9	Work-related injuries	AAR considers this information to be confidential.
	403-10	Work-related ill health	AAR considers this information to be confidential.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Training and education			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Training and direct hire programs, pages 24–25 Training and education, page 27
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	404-1	Average hours of training per year per employee	Since we started live training sessions in February 2019, we have conducted approximately 8,938 in total of training (not including talent reviews, introductions to new programs and online training).
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and education, page 27
	404-3	Percentage of employees receiving regular performance and career development reviews	Training and education, page 27 All employees receive an annual performance review.
Diversity and equal opportunity			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Diversity, equity, and inclusion (DEI), page 20 Fostering community and inclusion, page 21 2022 Form 10-K Item 1. Business – Human Capital Resources, pages 6–7
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	405-1	Diversity of governance bodies and employees	Supporting our employees – Workforce overview, page 19 Our Board of Directors, page 35 2022 Proxy Statement 2022 Proxy statement summary – Corporate governance highlights, page 10

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Non-discrimination			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Public Diversity Statement, page 20 Our Code of Conduct and related policies, page 38 Supplier expectations, pages 40–41 AAR Code of Conduct Doing It Right® in the workplace, pages 7 and 9 Supplier Code of Conduct
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	406-1	Incidents of discrimination and corrective actions taken	AAR discloses material legal proceedings in its SEC reports.
Child labor			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Our Code of Conduct and related policies, page 38 Supplier expectations, pages 40–41 https://www.aarcorp.com/en/about/environmental-social-and-governance-esg/ethics-and-compliance/modern-slavery-policy/ AAR Code of Conduct Doing It Right® in the workplace, pages 7 and 9 Supplier Code of Conduct
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Forced or compulsory labor			
	103-1	Explanation of the material topic and its Boundary	About this report, page 4 Our approach to ESG, pages 4–5 Our Code of Conduct and related policies, page 38 Supplier expectations, pages 40–41 https://www.aarcorp.com/en/about/environmental-social-and-governance-esg/ethics-and-compliance/modern-slavery-policy/ AAR Code of Conduct Doing It Right® in the workplace, pages 7 and 9 Supplier Code of Conduct
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Human rights assessment			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Our Code of Conduct and related policies, page 38 Supplier expectations, pages 40–41 AAR Code of Conduct Doing It Right® in the workplace, pages 7 and 9 Supplier Code of Conduct
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	412-2	Employee training on human rights policies or procedures	
Local communities			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Local communities and sustainability, page 31 Charitable donations, events, and activities, page 32
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Supplier social assessment			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Ethics hotline, page 39 Supplier expectations, pages 40–41
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Public policy			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Political engagement, page 45
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	415-1	Political contributions	Political engagement, page 45 https://www.aarcorp.com/en/about/environmental-social-and-governance-esg/ethics-and-compliance/political-engagement/
Customer health and safety			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Complying with safety standards, page 42 APRISe®: AAR's Performance Reporting Information System, page 43 Employee aviation safety training, page 44
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	416-1	Assessment of the health and safety impacts of product and service categories	AAR considers this information to be confidential.
RT-AE-250a.4	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	AAR discloses material legal proceedings in its SEC reports.
RT-AE-250a.1		Number of recalls issued, total units recalled	AAR considers this information to be confidential.
RT-AE-250a.2		Number of counterfeit parts detected, percentage avoided	AAR considers this information to be confidential.
RT-AE-250a.3		Number of Airworthiness Directives received, total units affected	All Airworthiness Directives are publicly available. The most recent information concerning those directives can be found on the appropriate regulatory sites.

SASB	GRI	GRI / SASB disclosure title	Response or disclosure location
Customer privacy			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our approach to ESG, pages 4–5 Data security, page 45 2022 Proxy Statement The Board's role and responsibilities – Role and responsibilities of the Board – Risk Management (including cybersecurity), page 26
RT-AE-230a.2	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
RT-AE-230a.1	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	AAR discloses material legal proceedings in its SEC reports.
Socioeconomic compliance			
	103-1	Explanation of the material topic and its Boundary	About this report, page 3 Our Code of Conduct and related policies, Our Code of Conduct and related policies, page 38 AAR Code of Conduct
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	419-1	Non-compliance with laws and regulations in the social and economic area	AAR discloses material legal proceedings in its SEC reports.

SASB Table 2. Activity metrics

Activity metric	Category	Unit of measure	Code	Response or disclosure location
Production by reportable segment	Quantitative	Number	RT-AE-000.A	The company is continuing to evaluate this reporting element.
Number of employees	Quantitative	Number	RT-AE-000.B	Supporting our employees, page 19

TCFD index

1. Governance

Disclose the organization's governance around climate-related risks and opportunities

<p>Describe the board's oversight of climate-related risks and opportunities</p>	<p>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 the Board of Directors and its committees. <i>See Our Approach to ESG, ESG oversight and governance and Governance, Risk management.</i></p>
<p>Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>As part of our Enterprise Risk Management (ERM) process, management and the Audit Committee jointly discuss major risks and opportunities that confront our business, including climate-related risks. While adding climate to our risk registry more recently, we anticipate the level and depth of conversation on this issue to expand over time. The ERM process is led by the Company's 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. The results of the Company's ERM process are reported to the Audit Committee to review and discuss the Company's principal risks and outline its risk mitigation approach for addressing these risks. <i>See Our Approach to ESG and Governance, Risk management.</i></p>

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

<p>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>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. They analyze aviation industry developments and trends, AAR's service and solution offerings, and the competitive landscape in which AAR operates. Climate-related risks and opportunities, including direct AAR and indirect industry impacts, are considered as part of strategic planning.</p> <p>Opportunities: AAR prevents and reduces waste by extending the lifespan of airplanes and the useful life of their parts, which helps to reduce the aviation industry's global footprint. AAR has formed a partnership with Fortress Aviation to reduce carbon emissions through selling used service material. In addition, AAR has collaborated with Aero Design Labs (ADL) to support development of ADL's B737 drag reduction kits, which have the potential to reduce both fuel consumption and carbon emissions. As with these examples, we anticipate future mitigation to occur with and through partnerships. <i>See Environment, Supporting sustainable use and management of resources in the aviation industry.</i></p> <p>Risks: As part of its ERM assessment, AAR considers concerns about the carbon footprint of the aviation industry, including greenhouse gas 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. 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 impacts commercial flight hours (with commercial flight hours directly impacting AAR's financial health). AAR will continue to consider risks associated with climate change. <i>See Our Approach to ESG, ESG oversight and governance, Governance, Risk management.</i></p>
<p>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p>	<p>AAR is beginning the process of using TCFD guidance to assess our climate-related risks. We will continue to investigate various scenarios, along with the costs of impact and management, over the next several years. <i>See Our Approach to ESG, ESG oversight and governance, Governance, Risk management and Environment, Supporting sustainable use and management of resources in the aviation industry.</i></p>

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree, or lower, scenario

AAR is beginning the process of using TCFD guidance to assess our climate-related risks. We will continue to investigate various scenarios, along with the costs of impact and management, over the next several years.

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

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

Climate-related risks are identified, assessed and managed as part of AAR's ERM program. 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. The ERM process is led by the Company's 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. The results of the Company's enterprise risk management process are reported to the Audit Committee to review and discuss the Company's principal risks, and to outline its risk mitigation approach for addressing these risks.

The Board monitors management's performance in the execution of AAR's strategy throughout the year. It receives regular updates from management at each meeting on strategic opportunities and risks that we are currently assessing or addressing, including through the oversight of management's enterprise risk management program. The Audit Committee oversees the enterprise risk management process, which is led by our 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. The results of our enterprise risk management process are reported to the Audit Committee to review and discuss AAR's principal risks and outline its risk mitigation approach for addressing these risks.

The formal ERM process occurs at least once per year, although risks are assessed on a continual basis and reported to the Board as needed. Principal risks are identified those that would have a high impact on the Company, including impact on the Company's financial results, even if the risk is remote. In connection with the last ERM process conducted in the second quarter of Fiscal 2023, it was concluded, based on information available at the time, that climate related risks would not have a material adverse impact on the Company in the short to medium term. In addition, the Board receives feedback from engagement with AAR's stakeholders and oversees ESG reporting.

See Our Approach to ESG, ESG oversight and governance and Governance, Risk management.

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 Scopes 1 and 2 emissions, and is currently evaluating systems and processes to consistently report consumption volumes of water and effluents and waste across sites, relative to the potential impact.
See Environment, Environmental data collection and management.

Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

See Our Approach to ESG; Environment, Environmental data collection and management.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

AAR is currently in the process of evaluating its environmental inventory and developing strategies for managing our impact.

Membership of associations

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

Forward-looking statements

This 2022 ESG Report contains certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future operating and financial performance and financial condition, or sustainability targets, goals, commitments, and other business plans, and often contain words such as “anticipate,” “believe,” “expect,” “plan,” “estimate,” “project,” “continue,” “will,” “should,” and similar terms. These forward-looking statements are based on the beliefs of Company management, as well as assumptions and estimates based on information available to the Company as of the dates such assumptions and estimates are made, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, depending on a variety of factors, including: (i) factors that adversely affect the commercial aviation industry; (ii) a reduction in the level of sales to the branches, agencies and departments of the U.S. government and their contractors (which were 34.1% of consolidated sales in Fiscal Year 2022); (iii) non-compliance with laws and regulations relating to the formation, administration and performance of our U.S. government contracts; (iv) cost overruns and losses on fixed-price contracts; (v) nonperformance by subcontractors or suppliers; (vi) changes in or non-compliance with laws and regulations that may affect certain of our aviation and government and defense related activities that are subject to licensing, certification, and

other regulatory requirements imposed by the FAA, the U.S. State Department, and other regulatory agencies, both domestic and foreign; (vii) a reduction in outsourcing of maintenance activity by airlines; (viii) a shortage of the skilled personnel on whom we depend to operate our business, or work stoppages; (ix) competition from other companies, including original equipment manufacturers, some of which have greater financial resources than we do; (x) financial and operational risks arising as a result of operating internationally; (xi) inability to integrate acquisitions effectively and execute our operational and financial plan related to the acquisitions; (xii) inability to recover our costs due to fluctuations in market values for aviation products and equipment caused by various factors, including reductions in air travel, airline bankruptcies, consolidations, and fleet reductions; (xiii) asset impairment charges we may be required to recognize to reflect the non-recoverability of our assets or lowered expectations regarding businesses we have acquired; (xiv) threats to our systems technology from equipment failures, cyber or other security threats, or other disruptions; (xv) a need to make significant capital expenditures to keep pace with technological developments in our industry; (xvi) inability to fully execute our stock repurchase program and return capital to our stockholders; (xvii) restrictions on paying, or failure to maintain or pay dividends; (xviii) limitations on our ability to access the debt and equity capital markets or to draw down funds under loan agreements; (xix) non-compliance with restrictive and financial covenants contained in certain of our loan

agreements; (xx) the continued impact of the COVID-19 pandemic on air travel, worldwide commercial activity, and our customers' ability to source parts and components; (xxi) exposure to product liability and property claims that may be in excess of our liability insurance coverage; and (xxii) the costs of compliance, and liability for non-compliance, with environmental regulations, including future requirements regarding climate change and environmental, social, and governance matters. Should one or more of those risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. Those events and uncertainties are difficult or impossible to predict accurately and many are beyond our control.

For a discussion of these and other risks and uncertainties, see our Annual Report on Form 10-K, Part I, “Item 1A. Risk Factors” and our Quarterly Reports on Form 10-Q. The risks described in these reports are not the only risks we face, as additional risks and uncertainties not currently known or foreseeable or risks that are currently deemed immaterial may materially adversely affect our business, financial condition, or results of operations in future periods. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.