



2024 Sustainability Report



A message from our Chairman,
President and Chief Executive Officer

We are proud to share our 2024 Sustainability Report highlighting the continuation and advancement of AAR's environmental, social, and governance commitments.

During our 2024 fiscal year, we demonstrated our commitment to sustainable development by continuing to track our emissions, conducting a water assessment, and making enhancements across our business, such as in Amsterdam where we installed a solar panel field. Our sustainability focus, along with our efforts to make environmental and safety data readily available, earned the Company recognition from USA TODAY as one of America's Best Climate Leaders.

People remain at the center of our business. We continue to build a pipeline of talent for the future through our Foundation Scholarship, Skillbridge program, and EAGLE Career Pathway program. Veterans are valuable to our culture and Company strategy and remain a focus of our charitable giving. Military Friendly® and other organizations recognized our support of the veteran community by awarding AAR designations and other military-centric accolades.

The inclusiveness of AAR was also seen in our U.S. new hire population, of whom 54% are from racially/ethnically diverse backgrounds. The effects of this positive Company culture earned AAR repeat Newsweek recognition as one of America's Greatest Workplaces and America's Greatest Workplaces for Diversity.

To enrich the connection of employees to our Company and our many stakeholders, we unveiled refreshed purpose and mission statements created by a team from across AAR. The statements put our "why" into words and complement our existing values and longstanding commitment to Doing It Right®.

In March, we completed the acquisition of Triumph Group, Inc.'s Product Support business and welcomed more than 700 enthusiastic new employees. We also celebrated the one-year anniversary of our acquisition of TraxSM, a leading global provider of paperless aviation maintenance and engineering software products. Both businesses have quickly become part of the fabric of AAR, and we are integrating them into our training programs and sustainability strategy.

Our focus on safety and compliance is unwavering. Prioritization of our "Quality first. Safety always." value is making AAR an even safer place to work, and collaborative information sharing is leading to positive outcomes industrywide. We have implemented engaging campaigns to encourage employees to feel comfortable speaking up to share ideas for continuous improvement.

Sustainability is not simply about actions at a moment in time; it requires a long-term view, commitment, and strategy to continuously improve our work environment and industry for the benefit of all. That's Doing It Right® at AAR.



John M. Holmes

Table of contents

A message from our Chairman, President and Chief Executive Officer	1
About AAR	3
Who we are and what we do	3
Business overview	4
Our customers	4
Our strategy	5
Our connected businesses model	5
Our culture	6
Our sustainability commitments statements and key impact areas	7
Our sustainability governance	8
Focusing on the environment.....	9
Overview and approach.....	9
Environmental monitoring, safety, and compliance	9
Scope 1 and 2 emissions	10
Facility highlights	11
Driving social responsibility	13
Overview and approach.....	13
Human rights	13
Expectations for suppliers	14
Employee engagement	14
Training and education	16
Diversity, equity, and inclusion	17
Employee resource groups.....	18
Occupational health and safety	20
Employee health, safety, and well-being	21
Aviation safety	22
Giving back to our communities	23

Governing with integrity.....	24
Overview and approach.....	24
Risk identification, management, and mitigation	25
Compliance, ethics, and integrity.....	25
Anti-corruption	26
Information security	26
Data privacy.....	27
Procurement practices.....	27
Appendices	28
Appendix A – Membership associations.....	28
Appendix B – Forward-looking statements.....	29

About our reporting

This report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021, the Sustainability Accounting Standards Board's (SASB) guidance for the Aerospace & Defence industry, and the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). The GRI / SASB and TCFD indices, as well as the independent third-party verification opinion declaration on our greenhouse gas emissions, can be found on our [sustainability webpage](#) and are linked directly below.

This report generally highlights the sustainability activities of AAR CORP. and its consolidated subsidiaries (together, referred to as “AAR” or the “Company”) for the fiscal year ended May 31, 2024 (FY2024), and includes some updates through November 18, 2024, the publishing date of this report.

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

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

- [AAR CORP. GRI/SASB index](#)
- [AAR CORP. TCFD index](#)
- [2024 external verification opinion declaration – greenhouse gas emissions](#)
- [EEO-1 data](#)

About AAR

Who we are and what we do

AAR is a global aerospace and defense aftermarket solutions company operating from 60+ sites around the world, including aircraft hangars, offices, warehouses, customer sites, and other service centers. We also distribute products to 100+ countries in support of our commercial and government customers.

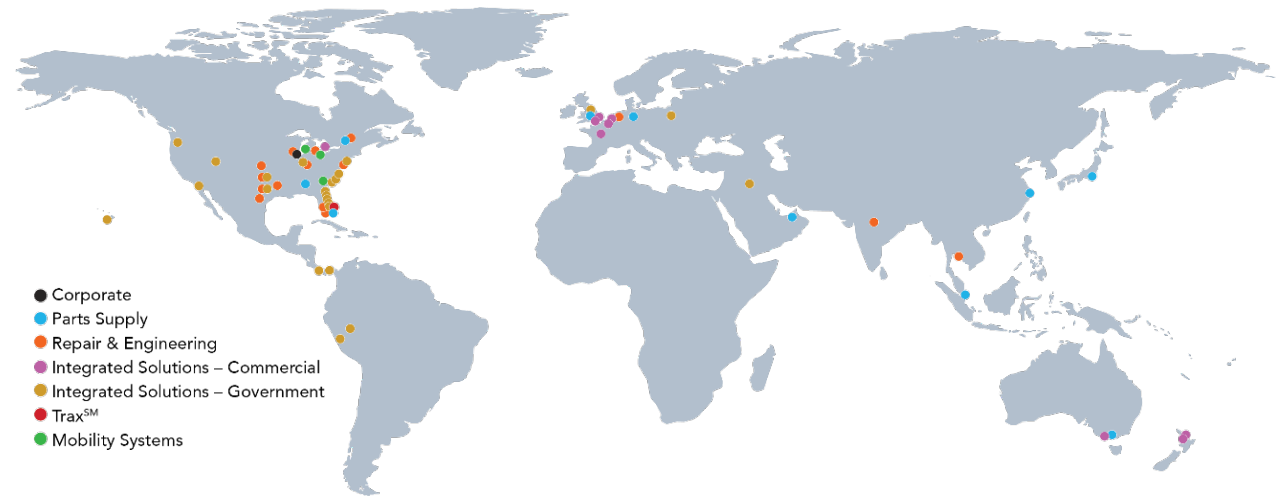
Our corporate headquarters is located in Wood Dale, Illinois, a suburb of Chicago near Chicago's O'Hare International Airport. A warehouse attached to our headquarters stores a wide range of inventory for our **Parts Supply** business, including Used Serviceable Material (USM) and factory-new original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

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

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

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

We also have sales offices for our businesses worldwide in Europe, Asia, the Middle East, and Australia.



Business overview

Parts Supply

- Used Serviceable Material (USM)
- Distribution of 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

Repair & Engineering

- Airframe Maintenance, Repair, and Overhaul (MRO)
- Component Services
- Landing Gear Overhaul
- Wheels and Brakes
- Engineering Services
- Development of proprietary parts manufacturer approval (PMA) parts

Integrated Solutions

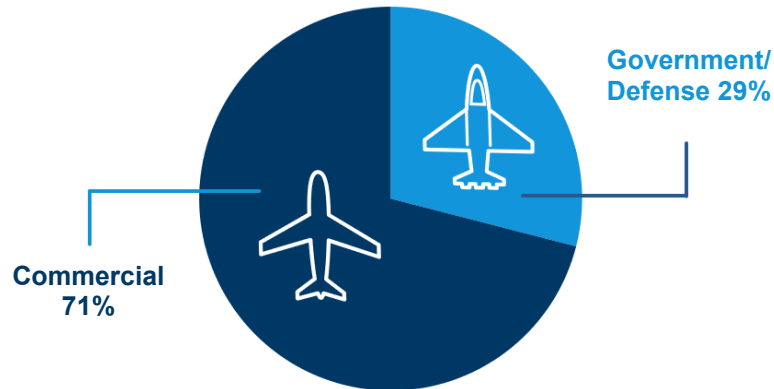
- Government aircraft maintenance, logistics, and operations support programs
- Commercial flight-hour-based aircraft component support
- Consumable and expendable parts
- TraxSM software solutions

Expeditionary Services

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

Our customers

(as a percentage of Fiscal 2024 sales)



Scaling and expanding operations

- In March 2024, we acquired Triumph Group, Inc.'s Product Support business
- Product Support is a leading global provider of specialized MRO capabilities for critical aircraft components in the commercial and defense markets
- The acquisition meaningfully scales AAR's proprietary repair capabilities and is highly complementary to our existing portfolio
- Efforts are underway to integrate the Product Support business's facilities and proprietary capabilities
- The Product Support business's Thailand facility enables our expansion of operations and capabilities in the Asia-Pacific region

Our strategy

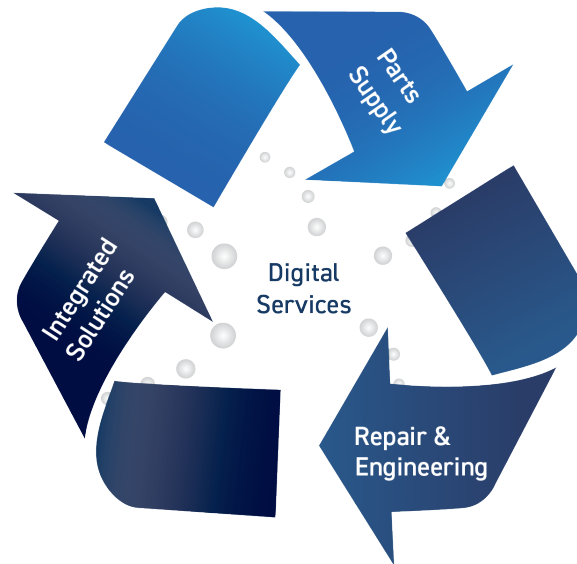
Our strategy is to become the leading independent provider of innovative solutions to the aviation aftermarket. We believe that we can achieve this strategy through our ability to:

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

Our connected businesses model

Integrated Solutions

- Programmatic parts and repair solutions
- Fuels parts supply activities
- Funds component repair capability development
- Government USM customer relationships



Parts Supply: USM and Distribution

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

Repair & Engineering

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

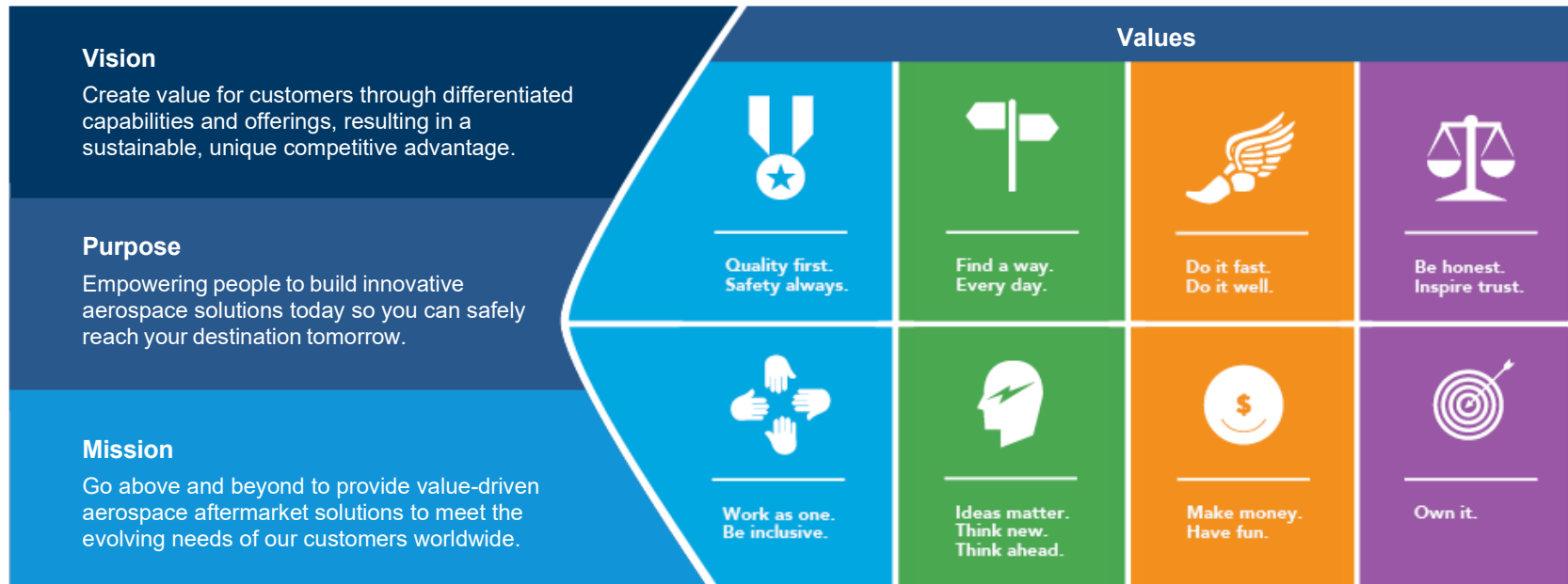
Unique value proposition

Together, our “Connected Businesses” – Parts Supply (USM and Distribution), Repair & Engineering, and Integrated Solutions – aim to drive growth through best-in-class services within each discipline and to leverage each to reinforce and grow the whole for the benefit of our customers. For more information on our businesses, see our [website](#), [2024 Annual Report](#) and [2024 Form 10-K](#).

Our culture

To connect AAR employees to the Company and a higher purpose, a cross-functional team participated in a workshop to reimagine the Company’s purpose and mission statements in FY2024. Participants reflected on the value AAR provides to customers, shared stories that embody our identity, and put our reason for being – our “why” – into words. The new statements crystallize the significance of our work and complement our vision, values, commitment to Doing It Right®, and diversity statement.

Our Company values shape our culture and guide our actions. We proudly display our values in our hangars, warehouses, and offices globally. Our values are incorporated into AAR’s Code of Conduct, which all employees and directors commit to when they join AAR.



As reflected in our values, we have a long-standing commitment to embracing diversity and fostering a culture of inclusion. Below is our diversity statement:

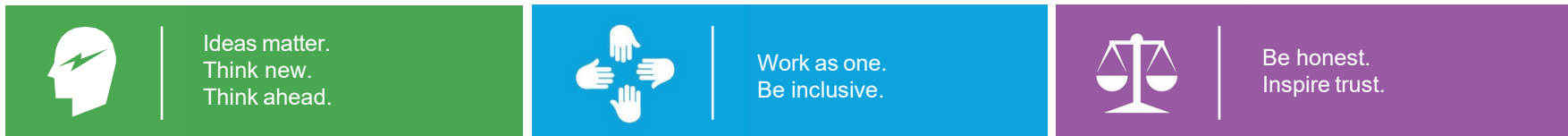
Just as unique parts are essential to an aircraft’s ability to fly, unique talent is essential to AAR’s ability to succeed. Our strength is rooted in our commitment to diversity, equity and inclusion. We create opportunity through new thoughts and ideas to embrace an ever-changing world. These values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

Our sustainability commitments statements and key impact areas

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

- **Environmental:** We are committed to carefully monitoring environmental impacts and instituting safeguards for preserving the natural environment, reducing climate-related risks, and creating opportunities for the prevention, reduction, and recycling of waste and other materials used in our business processes, wherever possible.
- **Social:** We are committed to managing our relationships with all stakeholders, including our employees, customers, supply chain partners, and communities, in an inclusive, fair, and respectful manner.
- **Governance:** We are committed to establishing, implementing, and maintaining an effective governance structure that is agile and responsive to business needs and evolving best practices, and sets high ethical standards.

Our sustainability key impact areas are priorities influenced by our most recent impact assessment as described in our [2022 Environmental, Social, and Governance Report](#) and align with our business and our values. These are also areas where we believe that we have the greatest opportunity to make a meaningful impact. Key impact areas are set forth below and expanded on in the remainder of this report.



Environment

Focusing on the environment

- Emissions
- Energy
- Water
- Waste
- Materials

Social

Driving social responsibility

- Human rights
- Expectations for suppliers
- Employee engagement
- Training and education
- Diversity, equity, and inclusion
- Occupational health and safety
- Employee health, safety, and well-being
- Aviation safety
- Giving back to our communities

Governance

Governing with integrity

- Risk identification, management, and mitigation
- Compliance, ethics, and integrity
- Anti-corruption
- Information security
- Data privacy
- Procurement practices

Our sustainability governance

Our focus on sustainability is embedded in our strategy, which is overseen by our Board of Directors. The Board’s standing committees oversee our sustainability focus areas based on the delegated subject matter as described below. For more information regarding Committee responsibilities, see our [2024 Proxy Statement](#) and the Committee charters hyperlinked below.

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

At the management level, a sustainability cross-functional team of leaders representing legal, communications, human resources, and environmental, health, and safety collaborates and receives input and guidance from senior business leaders. Together, this group assesses risks and opportunities related to our sustainability focus areas, monitors and implements our strategies, tracks our progress, and guides our reporting to stakeholders. For more information regarding risk oversight, see “Risk identification, management and mitigation” later in this report and our [2024 Proxy Statement](#).

Focusing on the environment



Environmental commitment statement

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

Key impact areas:

- Emissions
- Energy
- Waste
- Water
- Materials

Overview and approach

AAR's business model centers on repairing equipment rather than discarding it. Our MRO teams repair, rebuild, and refurbish aircraft parts for our global customer base and our Used Service Material business, which maintains one of the industry's largest inventories of serviceable, overhauled, and repairable airframe and engine parts. We focus on preserving the value of the parts we acquire with the intent to refurbish, recertify, and resell.

Environmental monitoring, safety, and compliance

Our commitment to environmental safety and compliance is woven into our core values. Our safety management system (SMS), including internal policies, processes and procedures, and regulations, guide our environmental compliance and safety practices. Our Vice President of Corporate Safety oversees the environmental, health, and safety (EHS) teams that manage day-to-day EHS responsibility at each of our locations, including conducting environmental training, implementing local environmental policies, ensuring compliance with internal policies and local regulations, and managing environmental risks specific to their sites. Local EHS leaders conduct inspections of their locations on a weekly basis, hold monthly meetings to share information and best practices, and are accountable for addressing any audit findings. Our employees participate in annual environmental training as it pertains to their roles.

We use our proprietary quality and safety management software, APRISe®, to report and track environmental safety and compliance matters, including risk assessments, audit findings, corrective and preventative action requests, and regulatory compliance, and to promote transparency and a culture of reporting. All employees are encouraged to report concerns and make improvement recommendations through the software. Employees also have visibility into the types of reports that have been made at their facility to promote awareness and proactive thinking. Issues are escalated to leadership per internal policies and procedures.

We are taking steps to optimize use of the data within APRISe® and enhance our proactive approach to EHS and aviation safety and quality matters. For example, we created a new position to work closely with our SMS, EHS, and quality teams on efforts to optimize dashboards for local teams and executives, improve communications for all sites, and boost risk mitigation.

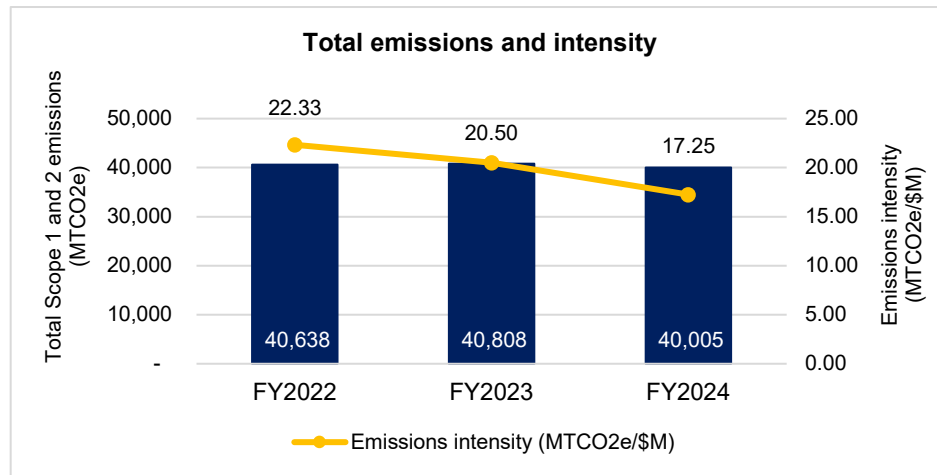
This year, we added an external tool to our environmental monitoring. We used the World Resource Institute (WRI) Aqueduct tool to conduct a water assessment as a step towards better understanding water risk at AAR sites.

Scope 1 and 2 emissions

We continue to consider our environmental footprint across our business operations and look for ways to enhance our sustainability practices. We have been reporting our Scope 1 and 2 emissions with utility-based data (natural gas used for heating (Scope 1) and electricity (Scope 2)) since 2021. In connection with our [2023 ESG Summary Report](#), we added annual external assurance to our process of reporting Scope 1 and 2 data. This year, we upgraded our Scope 1 and 2 data tracking by using a third-party platform to enhance efficiency of reporting and to create more opportunities for visibility into the data.

In FY2024, our total Scope 1 and 2 emissions decreased by 2% compared to our fiscal year ended May 31, 2023 (FY2023) while our revenue increased.^{1,2} The charts below summarize our natural gas and electricity use for the last three fiscal years. Each year, we have improved our emissions intensity metric (metric tonnes of carbon dioxide equivalent per million dollars of revenue, or MTCO₂e).

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



Emissions by source <i>in metric tonnes of carbon dioxide equivalent (MTCO₂e)</i>	FY2022	FY2023	FY2024
Scope 1	22,268	22,512	22,450
Scope 2	18,370	18,296	17,555
Total Scope 1 and 2	40,638	40,808	40,005

¹ Note about environmental data: The current reporting boundary for our Scope 1 and 2 emissions data consists of the following facilities located within the United States and Canada: Airframe MRO, Landing Gear Overhaul, Component Services, Integrated Solutions, Trax, and manufacturing facilities, as well as our Amsterdam Component Services facility and our corporate headquarters in a suburb of Chicago, except as otherwise stated in this footnote. We believe these sites have the most significant impact on our environmental footprint. Data is excluded from sites with fewer than 10 individuals, from sites where we may have a significant presence but no control over the operations (e.g., a U.S. military base with AAR personnel), and from the sites that we acquired as part of the Product Support business, which have been operated by AAR for less than six months as of the end of the most recent fiscal year. A third party issued a limited level of assurance verification opinion declaration of greenhouse gas emissions for our published environmental data. See the [2024 external verification opinion declaration – greenhouse gas emissions](#).

² Some of our data is based on estimates when every applicable invoice/bill is not available at the time of preparing the report. Estimates were made using invoice graphs of annual usage and averages of monthly usage. These estimates make up 6.6% of the total reported usage. In FY2024, annual usage was estimated for our sites in Rockledge, Florida; Indianapolis, Indiana; and Miami, Florida (MRO site). FY2022 and FY2023 data is restated in this report to add Scope 1 and 2 data from a site in Ogden, Utah, and a site in Amsterdam, Netherlands.

Facility highlights

In pursuit of Doing It Right®, our operations teams actively look for opportunities that strengthen our business, improve our efficiency, and reduce our environmental footprint. Below are some FY2024 facility highlights.

Wood Dale, Illinois, USA (corporate headquarters and warehouse)

- Replaced heating, ventilation, and air conditioning units with newer, more energy-efficient units over the past few years
- Continued upgrading to LED lighting and recycling fluorescent bulbs

Oklahoma City, Oklahoma, USA (Airframe MRO)

- Digitalized tracking and reporting systems for hazardous air pollutants and volatile organic compounds, improving accuracy and efficiency

Oklahoma City, Oklahoma, USA (Integrated Solutions)

- Our EHS Director conducted an ISO 14001 (international standards for environmental management systems) equivalency audit in July 2024 at this warehouse where we operate as a third party logistics provider. We are in the process of:
 - adding environmental observations into our current audit program
 - implementing access to digital job safety analysis and safety risk management functions in APRISe® to capture environmental considerations

Rockford, Illinois, USA (Airframe MRO)

- Developed proprietary Digital MRO tool that is expected to improve accuracy and reduce use of paper
 - Completed first fully digital aircraft maintenance check using the Digital MRO tool
 - Currently transitioning multiple lines of maintenance to paperless operations at this facility and our Airframe MRO – Miami facility
- Reduced the energy needed to regulate indoor air temperature in our facility by:
 - minimizing the frequency of opening hangar doors
 - using airport authority upgrades to make-up air units to supply recaptured airflow to heat and circulate air in our facility

Trois-Rivières, Québec, Canada (Airframe MRO)

- Expanded recycling program to include additional industrial materials, such as oil filters and polymer reinforced carbon tubing, to reduce waste
- Installed four additional electric car charging stations to support use of clean energy vehicles
- Implemented new compressor wash rig and liquid recovery system to improve safe disposal of wastewater

Amsterdam, Netherlands (Component Services)

- Installed a solar panel field to reduce electrical grid power usage
- Scope 1 emissions decreased by approximately 47% in FY2024 compared to FY2023, which we believe was due in part to new, better-insulated exterior siding and windows installed in 2023
- Discontinued use of disposable coffee cups and distributed re-usable, sustainable coffee cups to all employees at the facility

Grand Prairie, Texas, USA (Component Services)

- Acquired as part of the Product Support business in March 2024
- In the process of obtaining ISO 14001 certification, a global certification based on international standards for environmental management systems
- Established an action plan to upgrade to LED lighting while minimizing waste
- Has a site-wide recycling program that successfully diverted approximately 150 tons of cardboard, paper, and plastics and 10 tons of scrap metal from landfills
- Conducts annual environmental compliance training plans to establish emissions reduction goals and a pollution prevention plan to reduce overall hazardous waste at the site 5% over five years or 1% annually for the duration of the plan

Hot Springs, Arkansas, USA (Component Services)

- Acquired as part of the Product Support business in March 2024
- In process of replacing wastewater treatment control board to improve wastewater processing efficiency

Cadillac, Michigan, USA (Expeditionary Services)

- Installed a pH batch processing system to positively control the pH of effluent from the etching process
- Installed a division-wide supervisory control and data acquisition system to monitor environmental controls, processes, and facility systems, and to support fast response time to issues by notifying key employees
- Conducts weekly EHS audits of different departments to monitor environmental and safety practices throughout the facility

Driving social responsibility



Social commitment statement

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

Key impact areas:

- Human rights
- Expectations for suppliers
- Employee engagement
- Training and education
- Diversity, equity, and inclusion
- Occupational health and safety
- Employee health, safety, and well-being
- Aviation safety
- Giving back to our communities

Overview and approach

Consistent with our Company value to “Work as one. Be inclusive,” we believe that the success of our business relies on the success of our employees, customers, business partners, and the communities where we operate and serve. We invest in making a positive impact in our key social impact areas, including fostering employee and community engagement, enabling collaboration within our Company and with a diverse group of partners, emphasizing training and education with our employees and within our industry, and prioritizing health and safety.

Human rights

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



Expectations for suppliers

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. Our [Supplier Code of Conduct](#) applies to all distributors, manufacturers, vendors, consultants, contractors, and other suppliers and third parties that engage in business transactions with AAR.

In July 2024, we expanded our Supplier Code to apply to our suppliers' subcontractors and independent contractors. We also made enhancements to clarify and strengthen our policies on human rights and safe labor, trade compliance, environmental standards, artificial intelligence, and responsible sourcing. Under the updated Supplier Code, suppliers must allow AAR to conduct inspections of their facilities to ensure compliance with our Supplier Code, and suppliers are required to correct any non-conforming activities or conditions identified by AAR.

AAR leverages a trade compliance screening tool to evaluate each new supplier that is onboarded with respect to various compliance risk categories, including human rights, sanctions, and corruption, which help inform our risk mitigation strategies. Using this tool, AAR seeks to identify suppliers that do not meet the standards under our Supplier Code and takes appropriate measures. AAR also performs audits of existing suppliers as another check and risk mitigation strategy.

Employee engagement

Our business depends on our ability to attract, retain, and develop talented and high-performing employees at all levels of our organization. Our goal is to be the workplace of choice to build an inspiring career. We care about the experience our employees have with us and the impact we collectively have in our community. Our human capital management strategy is centered on a purposeful culture, proactive career development, and an inspiring employee experience. We believe this strategy helps us ensure workforce engagement and productivity, which enables strong business growth globally.

We recently welcomed many new employees to the AAR workforce in connection with our acquisition of Trax in March 2023 and the Product Support business in March 2024. In order to build a cohesive Company culture and implement our human capital management strategy across all sites, we put significant thought and planning into onboarding and integrating new employees. We created a plan for talent management leadership to visit each newly-acquired location, with a focus on partnership with local human resources, employee engagement, team building, leadership and career development, and AAR values training.



In FY2024, we conducted a Companywide engagement survey. The results of the survey led to the launch of AAR Career Pathways, which provides employees with visibility on how to continue growing at AAR. As a result of the survey the Company also:

- Established additional communication channels for regular business and Company updates
- Held an employee well-being fair in September 2024
- Enhanced employee recognition at all levels

We regularly create opportunities for employees to deepen connections with one another and the Company. In addition to regular Companywide town hall and “lunch and learn” training sessions, we also organize events that highlight employee achievements and provide engaging programming and opportunities for employees and their families. During FY2024, we:

- Held employee appreciation events, including Employee Appreciation Day, and presented a Doing It Right® award to spotlight our employees for their spectacular work
- Celebrated Aviation Maintenance Technician (AMT) Day in May 2024 to say thank you for delivering exceptional work to the Company and customers; we showcased several of our AMTs on social media where they shared what interested them about the career path and the most rewarding aspects of their jobs
- Hosted a family fun day in Rockford, Illinois, where our MRO was open to all employees and their families
- Hosted a Take Your Child to Work Day with science, technology, engineering, and mathematics (“STEM”) focused activities for the children of our employees at our corporate headquarters in August 2024



Our positive Company culture led to recognition as one of **America’s Greatest Workplaces for 2024 by Newsweek**. We continue to focus on leadership development, team building, career growth and development, work-life balance, and employee engagement.



“AAR’s Take Your Child to Work Day was a huge success! Our team members shared the exciting world of aerospace with their children, filling the day with curiosity, learning, and inspiration.”

– Mike Amici, Recruiting Manager



“I’m continuously impressed by AAR’s employee engagement initiatives and inspired by the different activities across the Company. The events provide fun and interesting opportunities to connect to one another and learn about cultures that are different than my own.”

– Dan Almodovar, Procurement Manager



From hosting family events to awarding scholarships to children of our employees, AAR is a family-friendly workplace. We are proud to be recognized as one of **America’s Greatest Workplaces for Parents & Families 2024 by Newsweek**.

Training and education

Our continued success depends on a workforce of skilled talent. Attracting people to join us and retaining that workforce requires collaboration across industry, education, and government channels to develop pathways for future talent. We are proud to lead the way.

Our global talent development model aligns with our desire to support a high-performing workforce throughout our organization. Annual talent reviews are conducted to provide meaningful and timely feedback to employees and discuss career aspirations and opportunities to grow technical and leadership skills. The development of our talent is ongoing through individual development plans, assessments, learning and development classes, compliance training, mentorship programs, and cohort style leadership development programs. We strive to foster a spirit of continuous learning, and in FY2024, we added a role to support our global learning and development strategies across the Company.

To increase awareness of sustainability matters and promote collaboration on related initiatives, we held a Companywide “lunch and learn” sustainability training session in April 2024.

Growing our talent pipeline

We take a proactive approach to building a talent pipeline to support our future success. Some of the programs we invest in are listed below:

- We are helping to build the next generation labor force through our EAGLE Career Pathway program, which connects untapped talent pools with educational opportunities, hands-on learning experiences, and offers of employment
- We partnered with Choose Aerospace, a 501(c)(3) nonprofit, to create a general aviation curriculum based on Federal Aviation Administration (FAA) standards, which officially launched across six states and expanded to a total of 15 states as of the 2024-2025 academic year
- We worked with the FAA to encourage aviation maintenance careers within the Great Lakes region by actively visiting high schools
- AAR’s Foundation Scholarships contribute to academic studies of employees’ children who pursue education in the aviation industry
- Our Skillbridge partnership with Embry-Riddle Aeronautical University, located at seven military bases, trains and places transitioning military service and veterans into aviation maintenance technician (AMT) careers industrywide
- We donated over \$2 million in aged inventory to training programs in FY2024



Our summer internship program for college students continues to be an instrumental part of how we attract talent. Students have an opportunity to take part in a professional learning experience that offers meaningful, practical work related to their field of study and allows them to learn more about AAR and the aviation industry. Interns visit our MRO facilities, tour airports, participate in development opportunities, and work to improve the business through an assigned project. Interns have an opportunity to receive an offer of full-time employment following graduation.

Diversity, equity, and inclusion

We embrace collaboration, encourage diverse perspectives, and strive to partner with those making a difference. We recognize diversity as a strength and actively work to attract and recruit unique talent. We continually seek out new ways to broaden our exposure to underrepresented groups in the aviation industry and to do our part to develop talent globally. Our job descriptions and postings are crafted to be inclusive and free of biased language to appeal to a diverse audience. We also participate in career fairs and recruitment events to increase exposure to diverse candidates. **In FY2024, 54% of our new hires were racially/ethnically diverse and 21% were female, and across our promotions, 59% were racially/ethnically diverse and 20% were female.**³

More broadly, our FY2024 workforce was comprised of approximately 5,700 employees worldwide, nearly all full-time (99%), with 4,125 employees in the United States (72%) and 1,575 employees outside of the United States (28%). Globally, 19% of our workforce is female, and our employees represent diversity in age with 21% under 30 years old, 20% in their thirties, 21% in their forties, 22% in their fifties, and 16% being sixty or more years old. Our U.S. workforce is 51% racially/ethnically diverse, 19% female, and 18% military veterans.⁴

Our most recent [EEO-1 data](#) can be found on our website.



We are proud to have earned Newsweek recognition as one of America's Greatest Workplaces for Diversity for 2024

- Our leadership in the veteran community has been recognized and earned AAR the **2024 Military Friendly® Gold Employer** and **Military Friendly® Spouse Employer** designations
- AAR's Senior Vice President of Integrated Solutions was a **Military Friendly® 2024 Employee Veteran Leadership Recipient**, which showcases U.S. military veterans who shine in their career
- AAR's Director of Outreach and Community Engagement was awarded the **2024 Veteran Champion of the Year in Corporate America by Military Friendly®** for his dedication to supporting America's veterans in the civilian workforce

³ The racially/ethnically diverse category information represents the non-Caucasian workforce in the U.S. and includes those U.S. citizens deployed to locations outside the continental U.S. on certain government programs. Female percentage represents the global workforce. Data is inclusive of Trax but does not include employees of the Product Support business acquired in March 2024.

⁴ In this paragraph, data is inclusive of Trax and the Product Support business acquired in March 2024. The racially/ethnically diverse category information provided represents the non-Caucasian workforce in the U.S. and includes those U.S. citizens deployed to locations outside the continental U.S. on certain government programs. Veteran and female percentages also represent the U.S. workforce, along with those U.S. citizens deployed to locations outside the continental U.S. on certain government programs.

Employee resource groups

We believe that diversity and inclusivity enrich our Company culture, increase innovation, and amplify diverse voices and perspectives. Our employee resource groups (ERGs) – Ascend (women), Black / African American, COLLABORASIAN, LatinX, Prism Network (LGBTQ+), and VRG (veteran) – help foster connections and support the recruitment and development of diverse talent and leadership throughout the organization. During FY2024, in alignment with our global talent management strategy to offer more opportunities to develop leadership skills, we expanded ERG leadership to include site leads across the globe. Membership in all ERGs is open to all of our employees. Recent activities of the ERGs are highlighted below.



- Organized a powerful breast cancer awareness event where survivors shared their personal journeys
- Hosted a local Girl Scout troop at our Airframe MRO facility in Rockford, Illinois, to encourage females to pursue careers in aviation
- Built and donated an airplane teeter-totter to a local childcare facility to teach youth about the aerodynamics of an airplane
- Hosted a fireside chat with AAR Board member Ellen Lord
- Offered a personal branding workshop



- Held a Juneteenth celebration, during which senior leadership acknowledged the significant contributions employees make to local communities
- Celebrated Kwanzaa with an event where employees made custom candles in the official colors of Kwanzaa
- Honored the life, legacy, and service of Martin Luther King Jr. by hosting in-kind charity drives supporting non-profits in the communities in which we operate
- Hosted a fireside chat with AAR Board member Billy Nolen



- Organized a food truck festival offering Asian cuisine in celebration of Asian American and Pacific Islander Heritage Month
- Brought together all ERGs to host a six-week virtual meditation series led by an experienced practitioner
- Celebrated Diwali with an event for employees to enjoy food, henna, and a special dance performance



- Hosted a series of events throughout Hispanic Heritage Month, including a celebration of Mexican Independence Day with authentic Mexican cuisine and a lotería (bingo) event
- Organized a lunch celebration for Argentina's Independence Day
- Hosted an art activity for Día de Los Muertos



- Organized an on-site Pride walk at our corporate headquarters in celebration and empowerment of LGBTQ+ voices during Pride month
- Together with the Veterans Resource Group, led a Companywide fireside chat with one of our new business leaders
- Hosted a "brunch & learn" to teach employees about our business intelligence system



- Created a Memorial Day Wall of Honor with photos and notes submitted by employees
- Hosted a veteran appreciation week that included activities such as inviting a veteran friend or family member to lunch at our headquarters
- Participated in Wreaths Across America by placing wreaths on the graves of our country's fallen heroes in Grand Prairie, Texas
- Fundraised donations for Folds of Honor and Gold Star Families in commemoration of 9/11 and Memorial Day
- Collected donations for female veterans in partnership with our Ascend ERG
- Led an event in partnership with a local Veterans of Foreign Wars (VFW) chapter, which allowed AAR veterans and their family members to connect with one another and gather information on available VFW resources and benefits

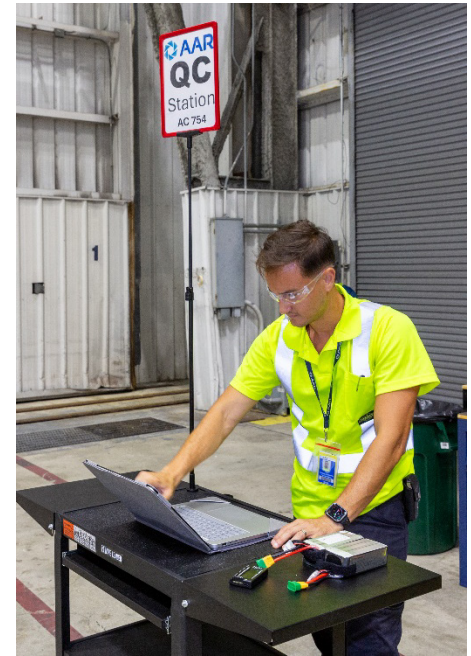
Occupational health and safety

Living our “Quality first. Safety always.” value, we remain steadfast in our commitment to continually advance our safety culture. We are committed to providing a safe and healthy work environment for our employees under our Safety Policy and Philosophy (Safety Policy). Our operations are continuously examined so that we can proactively eliminate hazards and contain or mitigate risks. We believe it is critical to identify risks, train staff on safety management, report incidents, and strive for continuous improvement. All employees must comply with our Safety Policy and are encouraged to report safety hazards, issues, or concerns and submit recommendations for safety improvements through the “Report Something” function in our APRiSe[®] system, which is a closed-loop system for quality and safety management that we use to track environmental, health, and safety information all in one place. For more information on this system, see the “Environmental monitoring, safety, and compliance” section earlier in this report.

We create programs to recognize and reward safety excellence. In FY2024, we created challenge coins to recognize employees who demonstrate excellent ideas to enhance our approach to safety. The coins are presented to recipients by the Board of Directors and AAR executives.

Our occupational health and safety practices

- Local safety leaders at our locations conduct walking inspections one to three times per week at their facilities to find and eliminate hazards and assess if updates to the local safety policy or systems or corrective actions or additional training are needed
- Each month, EHS employees from our global facilities meet to share insight on safety risks, learn from each other, and collaborate on best practices for occupational safety
- To ensure that every employee understands their role in keeping themselves, their colleagues, our customers, and communities safe, AAR requires all employees to complete mandatory safety training
- Our Safety Policy is reviewed annually, and updates are communicated to local employees through an electronic system
- We continued to upgrade and evaluate the use of personal protective equipment (PPE) and make additional investments in occupational safety in FY2024
 - One of our facilities conducted a third-party hand protection evaluation to ensure proper PPE was being utilized and to standardize hand and body protections across the facility. This evaluation resulted in a consolidated inventory of appropriate hand PPE, which improved workplace safety and ease of use for employees, and led to cost savings for the Company
 - Another location invested in aircraft ventilation system silencers to reduce noise made by the electrical cooling system exhaust while aircraft are being worked on, with the expectation that it would lead to reduced distractions, easier and clearer communication, and a safer work environment



We took an innovative approach to safety training in FY2024. Our human factors training, which addresses the interaction between humans and elements of the workplace environment and is intended to reduce human error, improve situational awareness, and improve collaboration, is mandatory for all employees in our Repair & Engineering business and is available to employees Companywide. This year, we delivered the training through videos of employees sharing their individual perspectives and experiences about how human factors influenced their work, the lessons they learned, and how others within the Company can mitigate the effects of human factors moving forward. Our intent is for our training approaches to increase voluntary proactive safety reporting.



“I firmly believe that safety is the foundation of our success. It is not just a priority but a core value that guides every decision we make. Ensuring the well-being of our employees, customers, and the communities we serve is paramount. We are committed to fostering a culture with an unwavering dedication to safety. Safety is deeply embedded in every aspect of our operations.”

– Shachar Hacohen, Vice President of Corporate Safety

In FY2024, we achieved a Recordable Injury and Illness Rate (RIIR) of 2.31. The RIIR describes the number of employees (per 100 full-time employees) who were involved in a recordable injury or illness. Our rate of recordable incidents (per 100 full-time employees) that resulted in one or more days away from work, restricted work, or job transfer (DART) was 1.57 in FY2024. All injuries during FY2024 were minor.

Supplier health and safety

We are committed to partnering with suppliers who uphold occupational health and safety practices. All suppliers must comply with the standards in our [Supplier Code of Conduct](#), which include requirements for maintaining safe and healthy working conditions, meeting criteria set forth in International Labor Organization Occupational Safety and Health Convention 155, and having processes in place for reporting incidents and accidents, investigating the cause, and implementing corrective actions to prevent reoccurrence. Additionally, AAR may conduct inspections of our suppliers’ facilities to ensure compliance with our Supplier Code.

Employee health, safety, and well-being

To support employee well-being, we created the AAR Wellness Pathway that connects employees with mental, physical, and financial health resources. To further enhance our employees’ health, nurses offer free flu shots to those who are interested annually at several of our facilities.

We also hold health and wellness events across our locations. In September 2024, we hosted a wellness fair at our corporate headquarters with representatives from different organizations providing information to inform AAR employees about available wellness resources. During Women’s History Month, a team in the UK held a session on health topics.

We are proud to have earned **Newsweek** recognition as one of **America’s Greatest Workplaces for Mental Wellbeing for 2024**

Aviation safety

Living our “Quality first. Safety always.” value, we remain steadfast in our commitment to continually advance our safety culture. We know that safety culture starts at the top. Our safety program is overseen by our Aviation Safety and Training Committee (ASTC), which is a committee of our Board of Directors. The ASTC assists the Board in the oversight of aviation safety matters relating to our operations as described in its charter. The ASTC receives quarterly reports from management on safety matters. See the [ASTC Charter](#) and [2024 Proxy Statement](#) for more information.

We are proud to be industry leaders in safety. We became the first independent third-party MRO organization to implement a corporate safety management system (SMS) in FY2023, as we expanded the SMS from a site-specific model to a Companywide model. Our SMS provides a platform for employees to identify and report hazards, perform risk analyses, implement mitigation measures, and share best practices. Our SMS also guides us in keeping our employees, customers, partners, and other stakeholders safe and in compliance with safety regulations. Results of safety culture assessments before and after SMS implementation support its effectiveness in improving safety, and in FY2024, 71% of SMS reports were proactive in nature, *i.e.*, sharing potential safety concerns as opposed to reactive reports of incidents. We survey employees on a monthly and annual basis to evaluate their satisfaction with the SMS.

In January 2024, we launched an internal Companywide safety site where employees can review our safety information and resources in one place. The site includes “Safety Spotlights” where different leaders speak on safety topics. The site also functions as an additional tool to share safety maintenance alerts and report incidents through our SMS program. In June 2024, we began expanding our SMS program to new sites we acquired through our acquisition of Trax in March 2023 and our acquisition of the Product Support business in March 2024.

Our safety teams are also involved in the safety community outside of AAR and seek out opportunities to learn and share ideas and information externally. AAR co-led an Aviation Safety InfoShare session with the FAA that included regulatory, airline, and MRO participants. During the session, participants openly discussed corrective actions that have been implemented, collaborated to identify proactive approaches to safety, and analyzed trends and impacts of events.

AAR’s 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 Assurance (SA)

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

Safety Risk Management (SRM)

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

Safety Promotion

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

Giving back to our communities

We give back to the local communities where we operate to create a brighter future. 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, safety, and well-being, and diversity and inclusion. Below are community engagement highlights from FY2024.



On International Women’s Day, our teams in the Miami, Florida area, partnered with a nonprofit organization to host “Girls in Aviation Tech Day.” More than 150 students toured our hangar, engaged with speakers and technologies like flight simulators and virtual reality, and learned about different career paths in aviation.

“The Girls in Aviation Tech Day event was inspiring, as participants were thrilled to get an up-close look at the work of aviation maintenance technicians (AMTs) while showcasing female role models in the field. I hope this exposure encourages more consideration of careers in aviation.”

– Roxanne Ramos Rodriguez, Vice President of Operations Support, Airframe MRO – Miami

Our Veteran Resource Group hosted the 2023 National Defense Industrial Association (NDIA), Great Lakes Chapter Annual Meeting in July 2023 at our corporate headquarters in Wood Dale, Illinois. The annual meeting included a chapter end-of-year review, an announcement of the STEM scholarship awardees, highlights of charitable efforts, and presentations from guest speakers and industry leaders. The meeting concluded with a keynote speech by Major General Rich Neely, who serves as the 40th Adjutant General of the State of Illinois (the de facto commander of Illinois’ military forces) and the Director of the Illinois Department of Military Affairs.



Around the holidays, many of our teams participate in charitable activities, such as our Trax facility in Miami, Florida, which organized a toy drive for a local charity.

In July 2024, AAR supported the efforts of Vincennes University Aviation Technology Center and Purdue University-Polytechnic Institute Indianapolis to host the area’s 6th annual Aviation Community Day. Complete with aircraft displays, aviation facility tours, flight simulator content, and opportunities to engage with aviation professionals, the event connected community members to the aviation industry and focused on developing an interest in aviation-focused education and careers. AAR helped drive record-setting attendance by spreading the word about the event.



Governing with integrity



Governance commitment statement

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

Key impact areas:

- Risk identification, management, and mitigation
- Compliance, ethics, and integrity
- Anti-corruption
- Information security
- Data privacy
- Procurement practices

Overview and approach

We are guided in Doing It Right® by a comprehensive governance framework of policies, procedures, codes of conduct, compliance training, and other governance documentation and compliance and audit systems.

Our Board of Directors consists of 11 directors, 10 of which are independent as defined by New York Stock Exchange rules. Four of our directors have joined in the last four years as a part of ongoing Board refreshment processes. The Board will continue to adjust its composition as needed to lead the Company as it seeks to solidify and enhance its status in the aviation services markets. In considering new director candidates, the Board takes into account the skills, tenure, and diversity of current directors to maintain a proper balance between director stability and fresh perspectives in the boardroom. The Board's goal is to seek to maintain an average tenure of ten years or less for the independent directors as a group. The current average tenure of our Board is eight years and the average age is 67. AAR maintains a variety of corporate governance best practices, including:

- Independent Lead Director
- Majority voting in uncontested director elections
- Stock ownership and retention guidelines
- Annual stock grant to non-employee directors
- [Categorical standards for determining director independence](#)
- Executive sessions of independent directors
- Independent compensation consultant
- Board, Board Committee, and individual director self-evaluations
- Director orientation and continuing education programs
- All directors on the Audit Committee are “audit committee financial experts”
- [Code of Conduct](#) and [Supplier Code of Conduct](#)
- [Ethics hotline](#) providing for 24/7 anonymous reporting of complaints
- Related Person Transaction Policy to protect against potential conflicts of interest
- Disclosure Committee for financial reporting
- Annual stockholder approval of executive compensation
- Stockholder engagement program
- Independent Board Committees
- Enterprise risk management program
- Active board refreshment processes
- Three of our 11 directors are female or racially/ethnically diverse

See the [2024 Proxy Statement](#) and the [governance section](#) of our website for additional background and detail on our corporate governance practices.

Risk identification, management, and mitigation

Our Board of Directors is elected by our stockholders and represents their interests in overseeing our management, strategic direction, and financial success. Effective risk management is an important Board priority. The risk oversight function at the Board begins with a fundamental understanding of the Company's culture, business, and strategy. The Board exercises its sustainability oversight responsibilities directly and through its Committees, as described in the "Our sustainability governance" section earlier in this report. Our Board oversees management in managing risk through internal processes, an effective internal control environment, and an enterprise risk management program (ERM). Our ERM is designed to identify, assess, and prioritize our risk exposures across various timeframes, from the short term to the long term. Further, the ERM and our disclosure controls and procedures are designed to appropriately escalate key risks to the Audit Committee and the Board as needed, as well as analyze potential risks for disclosure. Risk management focus areas include, but are not limited to operational, financial, and cybersecurity risks. See our [Corporate Governance Guidelines](#), [2024 Proxy Statement](#), and [our website](#) for more information on risk oversight and our Committees.

Compliance, ethics, and integrity

Our [Code of Conduct](#) (Code) contains the principles and standards that we expect our employees to follow. Each officer, director, and employee is required to use good ethical judgment when conducting business and to comply with applicable laws, rules, and regulations. The Code is reviewed by the Nominating and Governance Committee of our Board and updated on an annual basis. We also have a [Supplier Code of Conduct](#) that applies to our suppliers as described in the "Driving social responsibility" section.

Our Chief Ethics and Compliance Officer oversees our compliance program and drives our culture of compliance and integrity. Recent enhancements to our program have focused on ongoing monitoring initiatives including continued use and development of data analytics and implementation of new monitoring procedures, policy updates and policy management, and targeted in-person compliance training sessions. We have also focused on integrating Trax and the Product Support business into our compliance program.

We have a global Compliance Champions Network, a group of employees embedded throughout our facilities and business units, to: (1) promote AAR's compliance program and core values to colleagues in the business units and regions, (2) act as a local resource to encourage employees to voice concerns and ask questions about compliance issues, (3) escalate potential issues to the appropriate subject matter experts within the organization, and (4) document and report issues raised for tracking and reporting as appropriate to management and the Audit Committee of our Board.

Employees are encouraged to report compliance concerns to their manager, the Law Department, Human Resources, or our [ethics hotline](#), and it is our intention that they feel comfortable doing so under our [Speaking Up and Non-Retaliation Policy](#). Anyone may contact our ethics hotline with confidential complaints, information, suggestions, or recommendations. The Audit Committee of the Board receives reports concerning our ethics hotline activity and any investigations of non-compliance with our Code by any AAR officers. Due to the success of our Speak Up campaign in June 2023, which raised awareness of our ethics hotline and increased reporting, we launched another Speak Up campaign in July 2024.



Anti-corruption

AAR has [zero tolerance](#) for any form of bribery or corruption as noted in our [Code of Conduct](#) and [Supplier Code of Conduct](#). Under our [Global Anti-Corruption Policy](#), all directors, officers, employees, and third parties acting on behalf of the Company are expected 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. It is our policy not to 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 continually improve due diligence practices to identify higher risk third parties through enhanced monitoring, spotting compliance gaps, and conducting targeted anti-corruption audits. In April 2024, we streamlined our [Global Anti-Corruption Policy](#) to make it easier to use and understand, and created standalone third party due diligence procedures to reflect our current requirements. In FY2024, we exercised audit rights on certain third parties and conducted compliance audits tailored to mitigate corruption risks under the FCPA at select AAR business locations.

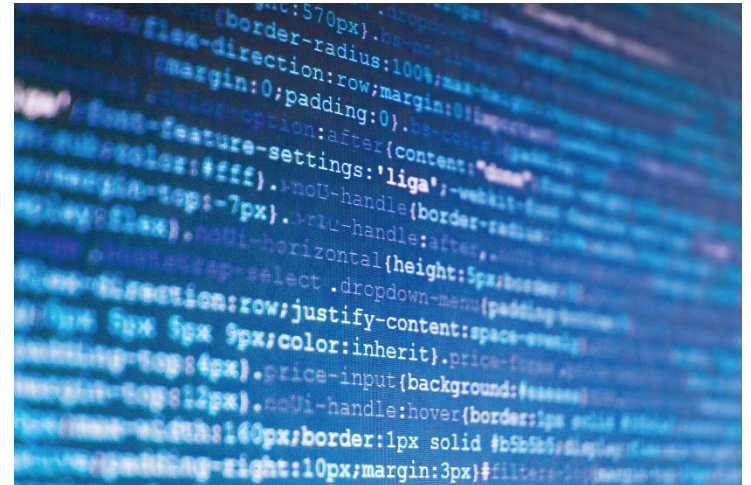
We conduct anti-corruption training for new hires and for employees annually. We also require certain third parties to complete similar training.

Information security

Our approach to cybersecurity is comprehensive. We maintain documented information security policies and standards to protect operations, assets, data, and services and to defend against, respond to, and recover from potential cyberattacks. Our cybersecurity strategy and risk management processes use the National Institute of Standards and Technology governance requirements and cybersecurity framework as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

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

Additional details on our risk management, strategy, and governance for cybersecurity are available in our [2024 Form 10-K](#).



Data privacy

We consistently work toward meeting our worldwide privacy obligations and ethical responsibilities concerning the processing of personal information for our customers, vendors, and employees by aligning our global privacy program to relevant laws and regulations, as well as industry standards and best practices. Our privacy program focuses on data protection, data minimization, and enabling trust. Our governance structure includes internal policies, controls for managing personal data, published external policies and notices, privacy procedures, privacy assessments, privacy systems, and regular privacy communications and training. AAR has a cross-functional Data Governance Committee to facilitate ensuring that data assets are appropriately accessible, trusted, and secured.

Expectations for suppliers related to security, privacy, intellectual property, and artificial intelligence are included in our [Supplier Code of Conduct](#).

Procurement practices

We value the relationships we have developed throughout our global supply chain. Although procurement is somewhat decentralized across our business units, we maintain corporate oversight to analyze spend, leverage costs and monitor compliance obligations. 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 are based on the level of supplier performance, critical nature of products and services provided, and level of guidance appropriate to maximize the strategic relationship. Our suppliers must comply with our [Supplier Code of Conduct](#). Under our Supplier Code, suppliers must adhere to federal laws and regulations regarding conflict minerals when sourcing materials. AAR's [Conflict Minerals Policy](#) is available on our website.

Total procurement spend in the 2024 fiscal year was \$1.6 billion, an estimated \$78.1 million of which was spent with local suppliers who are within the state of the operations they support. The reporting boundary for local supplier spend is limited to seven operational sites located in Florida (2), Illinois, Indiana, Michigan, New York, and Oklahoma, where local supplier data is available.⁵

AAR works with suppliers that identify as gender or racially/ethnically diverse. Our Companywide supplier diversity program provides for consistent, centralized tracking across our businesses. This program is intended to be more than a reporting tool; we are establishing diverse supplier relationships to support their business growth and success. In FY2024, we increased our diverse spend to \$32.2 million, from \$25.6 million in FY2023 and \$23.3 million in FY2022.⁶

⁵ Total procurement spend data includes all direct and indirect commercial spend during FY2024. Data for local supplier spend includes all direct commercial spend and certain indirect commercial spend.

⁶ Historical data for diverse supplier spend is updated as additional suppliers may be determined to qualify as diverse under our criteria.

Appendix A

Membership associations

Aerospace Defense & Security Group – ADS Through Life Service Special Interest Group

AFA – Air Force Association

AIA – Aerospace Industries Association

AREA – Augmented Reality Enterprise Alliance

ARSA – Aeronautical Repair Station

ASA – Aviation Supplies & Academics

AUSA – Association of the US Army

AWAM – Association for Women in Aviation Maintenance

BCIU – Business Council for International Understanding

BENS – Business Executives for National Security

Choose Aerospace

DII – Defense Industry Initiative on Business Ethics and Conduct

ERAA – European Regions Airline Association

GMAA – Greater Miami Aviation Association

IAWA – International Aviation Woman’s Association

ISTAT – International Society of Transport

LOA – Logistics Officer Association

NAG – Netherlands Aerospace Group

Navy League of the United States

NBAA – National Business Aviation Association

NDIA – National Defense Industrial Association

NDTA – National Defense Transportation Association

NGAUS – National Guard Association of the US

NIVD – Foundation Dutch Industries for Defense and Security

PSC – Professional Services Council

Quad A (AAAA) – Army Aviation Association of America

RAeS – Royal Aeronautical Society

USTDA – Office C&ACP (Aviation Cooperation Program)

The Wings Club Foundation

Appendix B

Forward-looking statements

This 2024 Sustainability 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, which reflect management’s expectations about future conditions, including continued focus on sustainability initiatives. Forward-looking statements in this summary may be made in connection with sustainability targets, goals, commitments, and other business plans, and often may also be identified because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those 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) adverse events and negative publicity in the aviation industry; (iii) a reduction in sales to the U.S. government and its contractors; (iv) cost overruns and losses on fixed-price contracts; (v) nonperformance by subcontractors or suppliers; (vi) a reduction in outsourcing of maintenance activity by airlines; (vii) a shortage of skilled personnel or work stoppages; (viii) competition from other companies; (ix) financial, operational and legal risks arising as a result of operating internationally; (x) inability to integrate acquisitions effectively and execute operational and financial plans related to the acquisitions, such as the acquisition of Trax USA Corp. and the Product Support Business of Triumph Group Inc.; (xi) failure to realize the anticipated benefits of acquisitions; (xii) circumstances associated with divestitures; (xiii) inability to recover costs due to fluctuations in market values for aviation products and equipment; (xiv) cyber or other security threats or disruptions; (xv) a need to make significant capital expenditures to keep pace with technological developments in our industry; (xvi) restrictions on use of intellectual property and tooling important to our business; (xvii) inability to fully execute our stock repurchase program and return capital to stockholders; (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 our debt and loan agreements; (xx) changes in or non-compliance with laws and regulations related to federal contractors, the aviation industry, international operations, safety, and environmental matters, and the costs of complying with such laws and regulations; and (xxi) exposure to product liability and property claims that may be in excess of our liability insurance coverage. 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, refer to our Annual Report on Form 10-K, Part I, “Item 1A, Risk Factors” and our other filings filed from time to time with the U.S. Securities and Exchange Commission. 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.

The risks described in these reports are not the only risks we face, as additional risks and uncertainties are not currently known or foreseeable or impossible to predict accurately or risks that are beyond the Company’s control or 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. The date of this 2024 Sustainability Report is November 18, 2024.