U.S. Department of Justice

Criminal Division

December 19, 2024

Daniel S. Kahn
Mari Grace
Davis Polk & Wardwell LLP
901 15th Street NW
Washington, DC 20005

Re: AAR CORP.

Dear Mr. Kahn:

1. The United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the District of Columbia (together, the "Offices") and AAR CORP. (the "Company"), a corporation organized under the laws of Delaware and headquartered in Illinois, pursuant to the authority granted by its Board of Directors, enter into this Non-Prosecution Agreement ("Agreement"). On the understandings specified below, the Offices will not criminally prosecute the Company for any crimes (except for criminal tax violations, as to which the Offices do not make any agreement) relating to any of the conduct described in the Statement of Facts attached hereto as Attachment A. To the extent there is conduct disclosed by the Company that is not set forth in the attached Statement of Facts, such conduct will not be exempt from prosecution and is not within the scope of or relevant to this Agreement.

2. The Offices enter into this Non-Prosecution Agreement based on the individual facts and circumstances presented by this case and the Company, including:

    (a) the nature and seriousness of the offense conduct, as described in the Statement of Facts, including bribery schemes to obtain business in Nepal and South Africa;

    (b) the Company self-reported to the Offices conduct that forms, in part, the basis for this Agreement; however, the Company's self-report did not constitute a "voluntary self-disclosure" as defined in the Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy. Prior to the self-report, several English-language articles had been published in media outlets in Nepal and South Africa that described potential irregularities in the relevant contracts in both countries, including that an AAR subsidiary had been summoned by a Nepalese agency investigating irregularities and corruption in connection with the procurement of aircraft. Moreover, twelve days before the Company's self-report, an independent source reported the allegations regarding the Nepal conduct to the Offices. Although the Company did not receive voluntary disclosure credit pursuant to the

Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy or the U.S. Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 8C2.5(g)(1), the Offices gave significant weight in evaluating the appropriate disposition of this matter—including the appropriate form of the resolution, the reduction in the penalty amount based on cooperation and remediation credit, and the length of the Term—to the Company's self-report of the misconduct before the Company was aware the conduct had already come to the attention of the Offices;

(c) the Company received credit for its cooperation with the Offices' investigation pursuant to U.S.S.G. § 8C2.5(g)(2) because it cooperated with their investigation and demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct; the Company also received credit for its substantial cooperation and extensive and timely remediation pursuant to the Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy, by, among other things: (i) self-reporting the conduct that forms, at least in part, the basis for this Agreement before the Company was aware the conduct had come to the attention of the Offices; (ii) promptly providing information obtained through its internal investigation, which allowed the government to preserve and obtain evidence as part of its own independent investigation; (iii) proactively preserving, imaging, and conducting extensive forensic analysis of key electronic evidence, which included imaging mobile devices, recovering deleted documents, forensically recreating attachments from log files, and decrypting recovered chat messages; (iv) making regular and detailed presentations to the Offices; (v) promptly collecting, analyzing, and organizing voluminous information, including complex financial information; (vi) meeting the Offices' requests promptly; (vii) voluntarily making employees, including foreign-based employees, available for interviews; (viii) collecting and producing voluminous relevant documents and translations to the Offices, including documents located outside the United States; and (ix) producing documents to the Offices from foreign countries in ways that did not implicate foreign data privacy laws;

(d) the Company provided to the Offices all relevant facts known to it, including information about the individuals involved in the conduct described in the Statement of Facts attached hereto as Attachment A and conduct disclosed to the Offices prior to the Agreement;

(e) the Company also received credit pursuant to the Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy because it engaged in extensive and timely remedial measures, including: (i) conducting an enterprise-wide review of all existing high-risk third-party representatives and reducing its use of international sales agents; (ii) enhancing protocols regarding onboarding and vetting of third-party engagements, including heightened diligence and senior-level approvals; (iii) taking employment actions, including promptly separating one employee involved in the relevant conduct and disciplining other employees with oversight responsibilities; (iv) strengthening its anti-corruption compliance program by investing in compliance resources and expanding its compliance

function with experienced and qualified personnel, including appointing a Chief Ethics & Compliance Officer and hiring a compliance monitoring manager; (v) implementing a compliance risk assessment program which has enabled the Company to proactively identify new areas of risk; (vi) enhancing public bidding policies and monitoring implementation of those enhancements; (vii) beginning to roll out a messaging application retention tool; (viii) implementing compliance auditing and periodic anti-corruption site reviews; and (ix) engaging in continuous testing, monitoring, and improvement of its compliance program;

(f) the Company has enhanced and has committed to continuing to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in Attachment C to this Agreement;

(g) the Company has no criminal history and a limited history of prior civil and regulatory actions, including an approximately $11 million settlement in 2021 to resolve a civil investigation by the Department of Justice and a related qui tam lawsuit brought by a former AAR subsidiary employee regarding False Claims Act allegations in connection with aircraft maintenance services performed by its subsidiary and a separate Federal Aviation Administration matter citing deficiencies in the AAR subsidiary's helicopter maintenance;

(h) the Company's agreement to resolve concurrently an investigation by the U.S. Securities and Exchange Commission ("SEC") relating to the conduct described in the attached Statement of Facts and agreement to pay $29,236,624 in disgorgement and prejudgment interest;

(i) the Company has agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company and its officers, directors, employees, agents, business partners, and consultants relating to violations of the FCPA; and

(j) based on the Company's remediation and the state of its compliance program, and the Company's agreement to report to the Offices as set forth in Attachment D to this Agreement, the Offices determined that an independent compliance monitor is unnecessary.

3. Accordingly, after considering (a) through (j) in paragraph 2 above, the Offices have determined that the appropriate resolution of this case is a non-prosecution agreement with the Company with an 18-month term; payment by the Company in the amount of a $26,363,029 criminal monetary penalty, which reflects a discount of 45 percent off the applicable Guidelines sentence, and $18,568,713 in forfeiture, which, as described below in paragraph 10, will be credited against disgorgement of ill-gotten profits that the Company pays to the SEC in a concurrent resolution.

4. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as set forth in the attached

Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the facts described in Attachment A are true and accurate. The Company also admits, accepts, and acknowledges that the facts described in Attachment A constitute a violation of law, specifically conspiracy to commit an offense against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United States Code, Section 78dd-1. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the Statement of Facts attached hereto as Attachment A. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts, provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. The Company agrees that if it, or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release.

5. The Company's obligations under this Agreement shall have a term of 18 months from the date on which the Agreement is executed (the "Term"). The Company agrees, however, that, in the event the Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Company's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in the breach provisions of this Agreement below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Attachment D and that the other provisions of this Agreement have been satisfied, the Agreement may be terminated early.

6. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and Attachment A and other conduct under investigation by the Offices at any time during the Term of this Agreement, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the Term. At the request of the Offices, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Company, its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and Attachment A and other conduct under investigation by the Offices or any other component

of the Department of Justice at any time during the Term. The Company agrees that its cooperation shall include, but not be limited to, the following:

(a) The Company represents that it has timely and truthfully disclosed all factual information with respect to its activities, those of its affiliates, and those of its present and former directors, officers, employees, agents, and consultants relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Offices at any time about which the Company has any knowledge and that it shall promptly and truthfully disclose all factual information with respect to its activities, those of its affiliates, and those of its present and former directors, officers, employees, agents, and consultants, about which the Company shall gain any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company including evidence that is responsive to any requests made prior to the execution of this Agreement.

(b) Upon request of the Offices, the Company shall designate knowledgeable employees, agents, or attorneys to provide to the Offices the information and materials described above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

(c) The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

(d) With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as MDBs, of such materials as the Offices, in their sole discretion, shall deem appropriate.

7. In addition, during the Term of the Agreement, should the Company learn of evidence or allegation of conduct that may constitute a violation of the FCPA anti-bribery or accounting provisions or the U.S. Foreign Extortion Prevention Act ("FEPA") had the conduct occurred within the jurisdiction of the United States, the Company shall promptly report such evidence or allegation to the Offices. No later than thirty (30) calendar days after the Term expires, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Offices, in the form of executing the

document attached as Attachment E to this Agreement, that the Company has met its disclosure obligations pursuant to this Agreement. Such certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519.

8. The Company represents that it has implemented and will continue to implement a compliance and ethics program that meets, at a minimum, the elements set forth in Attachment C, which is incorporated by reference into this Agreement. Such program must be designed to prevent and detect violations of the FCPA throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption. No later than thirty (30) calendar days after the Term expires, the Company, by its Chief Executive Officer and Chief Compliance Officer, will certify to the Fraud Section, in the form of executing the document attached as Attachment F to this Agreement, that the Company has met its compliance obligations pursuant to this Agreement. Such certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519.

9. In order to address any deficiencies in its internal controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. Where necessary and appropriate, the Company agrees to modify its existing compliance program to ensure that it maintains a rigorous compliance program that incorporates relevant internal controls, as well as policies and procedures, designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. In addition, the Company agrees that it will report to the Offices during the Term of the Agreement regarding remediation and implementation of the compliance measures described in Attachment C. This report will be prepared in accordance with Attachment D.

10. The Company agrees to pay a monetary penalty in the amount of $26,363,029 to the United States Treasury no later than ten (10) business days after the Agreement is fully executed. The Company further agrees that, as a result of the Company's conduct, including the conduct set forth in the attached Statement of Facts, the Offices could institute a civil and/or criminal forfeiture action against certain funds held by the Company and that such funds would be forfeitable to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c). The Company hereby admits that the facts set forth in the Statement of Facts establish that at least $18,568,713, representing the proceeds traceable to the commission of the offense, is forfeitable to the United States (the "Forfeiture Amount"). The Company releases any and all claims it may have to the Forfeiture Amount, agrees that the forfeiture of such funds may be accomplished either administratively or judicially at the Offices' election, and waives the requirements of any applicable laws, rules or regulations governing the forfeiture of assets, including notice of the forfeiture. If the Offices seek to forfeit the

Forfeiture Amount judicially or administratively, the Company consents to entry of an order of forfeiture or declaration of forfeiture directed to such funds and waives any defense it may have under Title 18, United States Code, Sections 981-984, including but not limited to notice, statute of limitations, and venue. The Company agrees to sign any additional documents necessary to complete forfeiture of the Forfeiture Amount. The Company also agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Forfeiture Amount, or any other action or motion seeking to collaterally attach the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount, nor shall it assist any others in filing any such claims, petitions, actions, or motions. The Offices agree that illicit proceeds disgorged by the Company in connection with the concurrent resolution with the SEC shall be credited against the Forfeiture Amount in the amount of $23,451,100 (the "Forfeiture Credit Amount").

11. Should any amount of the Forfeiture Credit Amount not be paid to the SEC in connection with the Company's resolution with the SEC, the Company agrees that it shall make a payment of any remaining unpaid portion of the Forfeiture Credit Amount by wire transfer pursuant to instructions provided by the Offices no later than ten (10) calendar days after one year from the date of the Agreement. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this criminal monetary penalty or forfeiture amount. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the penalty or forfeiture amounts that the Company pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in Attachment A.

12. Any portion of the Forfeiture Amount that is paid is final and shall not be refunded should the Offices later determine that the Company has breached this Agreement and commence a prosecution against the Company. In the event of a breach of this Agreement and subsequent prosecution, the Offices are not limited to the Forfeiture Amount. The Offices agree that in the event of a subsequent breach and prosecution, they will recommend to the Court that the amounts paid pursuant to this Agreement be offset against whatever forfeiture the Court shall impose as part of its judgment. The Company understands that such a recommendation will not be binding on the Court.

13. The Offices agree, except as provided herein, that they will not bring any criminal or civil case against the Company or any of its present or former subsidiaries relating to any of the conduct described in the Statement of Facts, attached hereto as Attachment A. The Offices, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by the Company. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company or any of its present or former parents or subsidiaries.

14. If, during the Term of this Agreement, the Company (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) fails to cooperate as set forth in this Agreement; (d) fails to implement a compliance program as set forth in this Agreement and Attachment C; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term of the Agreement is complete, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the attached Statement of Facts, which may be pursued by the Offices in the U.S. District Court for the District of Columbia or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company or its personnel. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

15. In the event the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice prior to instituting any prosecution resulting from such breach. Within thirty (30) calendar days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of the breach, as well as the actions the Company has taken to address and remediate the situation, which the Offices shall consider in determining whether to pursue prosecution of the Company.

16. In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Offices or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Company; and (b) the Company shall not assert any claim under the United States

Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Offices.

17. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term of the Agreement, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations, that is material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates of the Company involved in the conduct described in the Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

18. Any purchaser or successor in interest must also agree in writing that the Offices' ability to determine a breach under this Agreement is applicable in full force to that entity. The Company agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Offices at least thirty (30) calendar days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Offices shall notify the Company prior to such transaction (or series of transactions) if they determine that the transaction(s) will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. If at any time during the Term of the Agreement the Company engages in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, the Offices may deem it a breach of this Agreement pursuant to the breach provisions of this Agreement. Nothing herein shall restrict the Company from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Offices.

19. This Agreement is binding on the Company and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

20. It is further understood that the Company and the Offices may disclose this Agreement to the public.

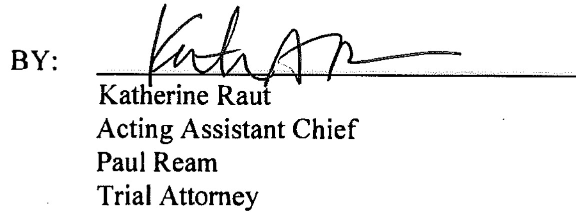
21. This Agreement sets forth all the terms of the agreement between the Company and the Offices. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company, and a duly authorized representative of the Company.

Sincerely,

Glenn Leon
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 12/19/24

BY:

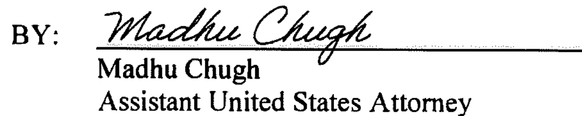


Katherine Raut
Acting Assistant Chief
Paul Ream
Trial Attorney

Matthew M. Graves
United States Attorney
District of Columbia

Date: 12/19/2024

BY:



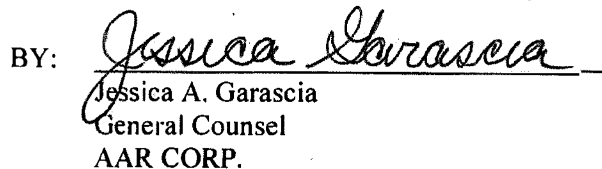
Madhu Chugh
Assistant United States Attorney

AGREED AND CONSENTED TO:

AAR CORP.

Date: 12/19/24

BY:



Jessica A. Garascia
General Counsel
AAR CORP.

Date: 12/19/24

BY:

Daniel S. Kahn
Mari Grace
Davis Polk & Wardwell LLP

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the non-prosecution agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the District of Columbia (the "Offices") and AAR CORP. Certain of the facts herein are based on information obtained from third parties by the United States through its investigation and described to AAR CORP. AAR CORP. hereby agrees and stipulates that the following information is true and accurate. AAR CORP. admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below:

Relevant Entities and Individuals

AAR

1. AAR CORP. was at all times relevant to the conduct described in this Statement of Facts an aviation services company headquartered in Wood Dale, Illinois. AAR had a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, Section 78*l*) and was required to file periodic reports with the U.S. Securities and Exchange Commission ("SEC"). Accordingly, AAR CORP. was an "issuer" as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-1, *et seq*. In connection with the relevant conduct, AAR CORP. operated through various wholly owned subsidiaries based in the United States (together with AAR CORP., collectively referred to in this Statement of Facts as "AAR").

2. Deepak Sharma acted as an agent of AAR and was thus an "agent" of an "issuer" as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-1(a). Sharma

was an executive of an AAR subsidiary from approximately November 2015 through September 2019 and was thus an "employee" of a "domestic concern" as those terms are used in the FCPA, Title 15, Section 78dd-2(a).

Nepal

3. Nepal Airlines Corporation ("NAC") was the state-owned flag carrier airline of Nepal. NAC was controlled by and performed government functions for and on behalf of Nepal. NAC was an "instrumentality" of the Nepali government as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1.

4. "Nepal Official," an individual whose identity is known to the Offices and AAR, was a Nepali citizen who served as a high-level official at NAC from at least approximately 2015 through 2019. Nepal Official was a "foreign official" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

5. "Nepal Intermediary," an individual whose identity is known to the Offices and AAR, was a Nepali citizen engaged by Sharma and others to facilitate bribe payments to foreign officials, including Nepal Official.

6. "Intermediary Company 1," an entity whose identity is known to the Offices and AAR, was a Hong Kong incorporated company used by Nepal Intermediary.

7. "Intermediary Company 2," an entity whose identity is known to the Offices and AAR, was a United Arab Emirates incorporated company used by Nepal Intermediary.

8. "Germany Company," an entity whose identity is known to the Offices and AAR, was an aircraft leasing and trading company based in Germany.

9. "Ireland SPV," an entity whose identity is known to the Offices and AAR, was a special purpose vehicle incorporated in Ireland and managed by Germany Company.

10. "Individual 1," an individual whose identity is known to the Offices and AAR, was a German citizen, a director of a Germany Company affiliate outside Germany, and a director of Ireland SPV.

South Africa

11. South African Airways ("SAA") was the state-owned flag carrier airline of South Africa. At all relevant times, SAA was controlled by and performed government functions for and on behalf of the South African government. SAA was an "instrumentality" of the South African government as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1.

12. South African Airways Technical ("SAAT") was a wholly owned subsidiary of SAA that provided technical services for SAA and other airlines. SAAT was controlled by and performed government functions for and on behalf of the South African government. SAAT was an "instrumentality" of the South African government as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1.

13. "South Africa Official 1," an individual whose identity is known to the Offices and AAR, was a citizen of South Africa who served as an official at SAAT from approximately 2014 through 2018. South Africa Official 1 was a "foreign official" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

14. "South Africa Official 2," an individual whose identity is known to the Offices and AAR, was a citizen of South Africa who served as a high-level official of SAA and SAAT from approximately 2009 through in or around August 2016. South Africa Official 2 was a "foreign official" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

15. "South Africa Official 3," an individual whose identity is known to the Offices and AAR, was a citizen of South Africa who served as a high-level official of SAA and SAAT between

approximately 2010 through in or around August 2017. South Africa Official 3 was a "foreign official" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

16. Julian Aires was a United States citizen who resided in San Diego, California. Aires was a principal of Company 1 and JV Partner (defined below). Aires was also a "domestic concern" and an officer of a "domestic concern," as that term is defined in the FCPA, Title 15, Section 78dd-2(h)(1). Aires also acted as an agent of AAR and was thus an "agent" of an "issuer" as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

17. "Company 1," an entity whose identity is known to the Offices and AAR, was an aircraft component services company based in the United States. Company 1 was a "domestic concern" as that term is defined in the FCPA, Title 15, Section 78dd-2(h)(1)(B).

18. "JV Partner," an entity whose identity is known to the Offices and AAR, was an aircraft component services company based in South Africa affiliated with Company 1 and controlled by Aires and South Africa Individual 1 (defined below).

19. "South Africa Individual 1," an individual whose identity is known to the Offices and AAR, was a South African citizen and a director of JV Partner.

20. "South Africa Individual 2," an individual whose identity is known to the Offices and AAR, was a South African citizen and a director of JV Partner. South Africa Individual 2 was a close relative of South Africa Individual 1.

The Bribery Scheme

21. As detailed below, between in or around 2015 and 2020, AAR, through Sharma, Aires, and others, conspired to pay bribes to government officials to obtain and retain business

with state-owned airlines in Nepal and South Africa, obtaining profits of approximately $23.9 million as a result.

Nepal

22. In or around and between November 2015 and at least August 2018, AAR, through Sharma, knowingly and willfully conspired and agreed with others to corruptly offer and pay bribes to, and for the benefit of, government officials in Nepal, including Nepal Official, to secure improper advantages in order to assist AAR in obtaining and retaining business from NAC, namely to win a bid to sell two Airbus A330-200 aircraft to NAC ("NAC Transaction").

23. As a result of the bribe scheme, AAR obtained profits of approximately $6 million in connection with the NAC Transaction.

24. In or around November 2015, Sharma attended a meeting in Nepal with Nepal Intermediary and Nepal Official, during which the potential NAC Transaction was discussed. Nepal Official proposed that Sharma, on behalf of the AAR subsidiary, engage Nepal Intermediary as a lobbyist for the potential NAC Transaction, via a company affiliated with, and nominated by, Nepal Intermediary.

25. Before NAC publicly issued a Request for Proposal ("RFP") for the NAC Transaction, Nepal Official sent confidential, non-public drafts of the RFP document to Sharma, which Sharma used to propose changes to benefit AAR in the bidding process.

26. For example, on or about March 29, 2016, approximately six months before NAC publicly issued the RFP, Sharma forwarded an email to two executives at AAR containing a draft RFP that was circulated among NAC officials, including Nepal Official. In his email, Sharma stated:

> Please find attached Draft RFP[.] NOTE: [T]his [is] not published yet and it is strictly for three of us [an AAR executive], you and I to comment and change any

> terms to suit AAR. Let me know if you want any changes made to the payment terms or bid terms so that it favours AAR. I can ask these to incorporate [*sic*] on the RFP for publication. I am meeting with [Nepal Official] and Chairman this week . . . .

27. As another example, on or about September 1, 2016, approximately one month before NAC publicly issued the RFP, Nepal Official sent an email to Sharma, writing:

> What I have in mind is that we will specify MOU signing date, purchase agreement date and delivery date in such a way that [a competitor of AAR] cannot meet delivery dates. Following is tentative dates, and I want your feed back [*sic*] as to whether you can meet delivery dates . . . . Tentative dates, I personally fixed, but not yet shared with other NAC executives . . . .

28. On or about October 30, 2016, in reference to the NAC Transaction, Nepal Official sent a text message to Sharma, stating "[N]o need to worry at all. Almost all higher-ups are in our pocket."

29. On or about November 1, 2016, the AAR subsidiary entered into a Foreign Representative Agreement with Intermediary Company 1, pursuant to which Intermediary Company 1 would represent the AAR subsidiary on the NAC Transaction, in exchange for a commission payment of 7% of the final sale price.

30. On or about November 8, 2016, the AAR subsidiary and Germany Company entered into an agreement to prepare a joint bid for the NAC Transaction.

31. On or about November 9, 2016, while in Nepal, Sharma sent a text message to Individual 1, stating "I am having dinner with head of evaluation committee now. We are discussing how to throw others out even if they come below our bid. See you tomorrow."

32. On or about May 8, 2017, after the contract for the NAC Transaction was signed, Sharma and Nepal Intermediary facilitated the signing of an agreement between Germany Company and Intermediary Company 1 ("Project Cooperation Agreement"), which was backdated to October 2016 (a date prior to the NAC Transaction bid submission). The agreement provided

that Intermediary Company 1 would assist Germany Company with preparing the bid for the NAC Transaction and in its negotiations with NAC, among other responsibilities, in exchange for which Germany Company would pay Intermediary Company 1 $8,000,000. Intermediary Company 1 did not provide any such services.

33. On or about July 10, 2017, Sharma and Nepal Intermediary facilitated transferring the Project Cooperation Agreement from Germany Company to Ireland SPV, pursuant to which Ireland SPV would pay Intermediary Company 1 $8,000,000, of which $500,000 would be paid as an advance payment, related to the NAC Transaction.

34. On or about August 9, 2017, Sharma forwarded by email a wire confirmation from Individual 1 to the personal email account of Nepal Official and to Nepal Intermediary. The attached wire confirmation was for a payment made on or about August 9, 2017, on behalf of Ireland SPV, to Intermediary Company 1's bank account in Hong Kong, in the amount of €423,226, the equivalent of approximately $500,000. Sharma understood that a portion of this payment would be used to make bribe payments to Nepali officials, including Nepal Official.

35. In or around January 2018, after Intermediary Company 1's bank in Hong Kong blocked the attempted wire transfer to Intermediary Company 1, described in paragraph 34 above, Sharma and Nepal Intermediary facilitated transferring the Project Cooperation Agreement again, such that Ireland SPV would pay Intermediary Company 2 instead of Intermediary Company 1. Sharma facilitated transferring the Project Cooperation Agreement in order to ensure payments could be made for the benefit of Nepal Intermediary and Nepali officials, including Nepal Official.

36. On or about January 30, 2018, Sharma sent a text message to Individual 1, asking, "Do you know when is [f]irst transfer planned?" Sharma was referring to anticipated payments to Intermediary Company 2 for the benefit of Nepal Intermediary and Nepali officials, including

Nepal Official. Individual 1 responded to Sharma's text message, "We will need an invoice. Ideally for a first smaller amount. To test the waters so to speak[.]"

37. On or about April 19, 2018, in response to Individual 1's request for an invoice for "a first smaller amount," Sharma sent an email to Individual 1 with an attached invoice from Intermediary Company 2 to Ireland SPV for $50,000 for "Service Provided for Bid and Sale of X2 A330 as an Advance[.]"

38. On or about May 15, 2018, Sharma sent Individual 1 a text message about Nepal Intermediary and Nepal Official pressuring for payment of Intermediary Company 2's invoice, writing, "the Nepali guys is [*sic*] chasing like hell."

39. On or about May 17, 2018, Sharma sent an email to Individual 1 from his personal email address with an attached invoice from Intermediary Company 2 to Ireland SPV for $450,000 for "Service Provided for Bid and Sale of X2 A330 as an Advance[.]"

40. On or about May 23, 2018, in connection with the invoice referenced in paragraph 37 above, Individual 1 and others caused a wire transfer of approximately $50,000 from Ireland SPV's bank account in Ireland, through a bank account in New Jersey, to Intermediary Company 2's bank account in the United Arab Emirates. Sharma understood that a portion of this payment would be used to make bribe payments to Nepali officials, including Nepal Official.

41. On or about July 3, 2018, in connection with the invoice referenced in paragraph 39 above, Individual 1 and others caused a wire transfer of approximately €390,000 (the equivalent of approximately $450,000) from Ireland SPV's bank account in Ireland to Intermediary Company 2's bank account in the United Arab Emirates. Sharma understood that a portion of this payment would be used to make bribe payments to Nepali officials, including Nepal Official.

42. In or around July and August 2018, after the two Airbus A330-200 aircraft involved in the NAC Transaction were delivered to NAC, Ireland SPV wired two commission payments of $3,000,000 each to AAR's bank account in the United States, for AAR's role in the NAC Transaction.

43. On or about August 9, 2018, Nepal Intermediary sent an email to Sharma's personal email address, attaching two invoices from Intermediary Company 2 to Ireland SPV for $1,000,000 each for "Service Provided for Bid and sale of X2 A330 as an Advance[.]"

44. On or about August 10, 2018, in connection with the invoices referenced in paragraph 43 above, Individual 1 and others caused two wire transfers of approximately $1,000,000 each from Ireland SPV's bank account in Ireland to Intermediary Company 2's bank account in the United Arab Emirates. Sharma understood that a portion of this payment would be used to make bribe payments to Nepali officials, including Nepal Official.

45. In total, in or around and between May and August 2018, Ireland SPV paid Intermediary Company 2 the equivalent of approximately $2,500,000 in connection with the NAC Transaction, a portion of which Sharma understood would be used to make bribe payments to Nepali officials, including Nepal Official.

South Africa

46. In or around and between January 2016 and at least January 2020, AAR, through its agents, including Aires, knowingly and willfully conspired and agreed with others to corruptly offer and pay bribes to, and for the benefit of, government officials in South Africa, including South Africa Official 1, South Africa Official 2, and South Africa Official 3, to secure improper advantages in order to assist AAR in obtaining and retaining business from SAAT, namely the

award of a five-year aircraft component support contract ("SAAT Contract") and disbursement of payments by SAAT pursuant to that contract.

47. As a result of the bribe scheme, AAR obtained profits of approximately $17.9 million in connection with the SAAT Contract.

48. In or around January 2016, Aires attended a meeting in South Africa with South Africa Individual 1, South Africa Individual 2, and South Africa Official 1, during which it was discussed and agreed that South Africa Official 1, South Africa Official 2, and South Africa Official 3 were to receive a share of the revenue of the SAAT Contract in exchange for helping AAR and JV Partner obtain the SAAT Contract. Aires understood South Africa Official 1, South Africa Official 2, and South Africa Official 3 had authority over the award of the SAAT Contract and that bribes were necessary to win the SAAT Contract.

49. On or about January 18, 2016, an AAR subsidiary entered into a joint venture agreement with JV Partner (the "JV Agreement") for purposes of preparing a joint bid for the SAAT Contract. Under the JV Agreement, the AAR subsidiary was to receive 95% of all revenues received under the JV Agreement and JV Partner was to receive 5% of all revenues received under the JV Agreement. JV Partner acted as the AAR subsidiary's Broad-Based Black Economic Empowerment ("B-BBEE") partner for the SAAT Contract bid, which the AAR subsidiary and JV Partner submitted on or about January 18, 2016.

50. Pursuant to the JV Agreement, the AAR subsidiary's contributions were to include, among others, providing the capital and resources, paying the expenses of the joint venture, and providing the services required by SAAT, including component repairs, inventory, warehousing, and analysis. JV Partner's contributions were to include, among others, "provid[ing] support" and "industry specific know-how," "assist[ing] the Joint Venture to understand the local government

procurement rules and guidelines," supplying employees to carry out the business, and performing business development. JV Partner facilitated the AAR subsidiary's business with SAAT, but did not make operative decisions in the performance of the SAAT Contract. At the AAR subsidiary's direction, JV Partner engaged with SAAT to pursue contractual payments owed by SAAT to the AAR subsidiary, approximately five percent of which were shared with JV Partner.

51. Also on or about January 18, 2016, following a telephone conversation among Aires, Sharma, an AAR executive, and South Africa Individual 1, the AAR subsidiary agreed to pay JV Partner an additional success fee on the SAAT Contract and to make a one-time advance payment to JV Partner. Aires understood that the additional success fee and one-time advance payment were necessary and would be used to make bribe payments to South Africa Official 1, South Africa Official 2, and South Africa Official 3 in order for the AAR subsidiary and JV Partner to win the SAAT Contract.

52. During the bidding process, contrary to the bid procurement rules, Aires met several times with South Africa Official 1 and obtained confidential information to assist the AAR subsidiary and JV Partner in winning the bid.

53. For example, on or about April 12, 2016, Aires sent an email to Sharma, stating, "The head [South Africa Official 1] contacted me last night and they are definitely not going with [a competitor of AAR]. . . . They still want to go with AAR."

54. As another example, on or about April 18, 2016, Aires sent an email to Sharma and another AAR employee attaching a photograph of a sheet of paper with handwritten information about bid scoring of the AAR subsidiary and other competitors, with the AAR subsidiary scoring the worst. The competitor bid information and scoring was non-public information which Aires obtained from South Africa Official 1 as part of the bribery scheme, which Sharma understood to

have come from an SAAT official in exchange for bribe payments, and which the AAR subsidiary used to modify its bid.

55. In or around early 2016, Aires attended meetings in South Africa with South Africa Official 1, South Africa Official 3, and others in which they discussed bribe payments to South Africa Official 1, South Africa Official 2, and South Africa Official 3 in exchange for the officials helping the AAR subsidiary and JV Partner win the SAAT Contract.

56. On or about July 7, 2016, after winning the SAAT bidding process for the SAAT Contract, the AAR subsidiary and JV Partner, through their joint venture, entered into a five-year Component Support Agreement with SAAT.

57. On or about August 2, 2016, Aires sent an email, while in the United States, to Sharma and an AAR executive, copying South Africa Individual 1 and South Africa Individual 2, regarding "[JV Partner]: Invoice – Success Fee," and stating "Below is our invoice for assisting [AAR] to procure the [SAAT Contract]. Please wire transfer the funds as per bank details stated on the invoice." The invoice attached to the email was for a $250,000 success fee to be paid to a Company 1 bank account in the United States.

58. During the course of the SAAT contract, on or about October 23, 2016, Sharma sent an email to an AAR executive regarding a potential price increase on the SAAT contract to cover a requested fee increase for JV Partner, stating:

> The way to do this will be for them (SAAT) to request to us asking for change to the [fleet requirements]. … It will also look very authentic in terms of why rates went up.

59. Over the course of the SAAT Contract, Aires and a Company 1 employee maintained records, which they emailed to South Africa Individual 1 and South Africa Individual 2, tracking the bribe payments due to South Africa Official 1, South Africa Official 2, and South

Africa Official 3. To disguise the bribes, Aires, South Africa Individual 1, and South Africa Individual 2 referred to the payments as "consulting fees" and referred to the foreign officials by "Cuz" (South Africa Official 1), "Sisi" or "Sissy" (South Africa Official 2), and "Boetie" (South Africa Official 3). Proceeds from the SAAT Contract were then divided between Aires, South Africa Individual 1, South Africa Official 1, South Africa Official 2, and South Africa Official 3.

60. During the course of the SAAT Contract, Aires frequently traveled from the United States to South Africa with cash. Aires gave the cash to South Africa Individual 1 in South Africa, a portion of which was to be paid by South Africa Individual 1 as bribes to South Africa Official 1, South Africa Official 2, and South Africa Official 3 in exchange for SAAT awarding the SAAT Contract to the AAR subsidiary and JV Partner.

61. During the course of the SAAT Contract, between in or around 2016 and 2020, SAAT paid AAR approximately $79.6 million.

62. In turn, between in or around 2016 and 2020, the AAR subsidiary paid Company 1 and JV Partner approximately $5,397,677 in commissions, success fees, and advance payments in connection with the SAAT Contract, a portion of which was then paid as bribes to South Africa Official 1, South Africa Official 2, and South Africa Official 3. The payments from the AAR subsidiary to Company 1 and JV Partner were made to four bank accounts as directed by JV Partner, including bank accounts in the United States under the name of Company 1 and JV Partner.

63. Aires knew and Sharma understood that a portion of the approximately $5,397,677 paid by AAR to Company 1 and JV Partner was used to pay bribes to the SAA and SAAT officials involved in awarding the contract to the AAR subsidiary and JV Partner.

ATTACHMENT B

CERTIFICATE OF BOARD APPROVAL

WHEREAS, AAR CORP. (the "Company") has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the District of Columbia (collectively, the "Offices") regarding issues arising in relation to certain improper payments to foreign officials to assist in obtaining and retaining business for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Offices; and

WHEREAS, the Company's General Counsel, Jessica A. Garascia, together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Offices;

Therefore, the Board of Directors has APPROVED that:

1. The Company (a) enters into this non-prosecution agreement ("Agreement") with the Offices; and (b) agrees to accept a total criminal monetary penalty against the Company of $26,363,029 and forfeiture of $18,568,713,[1] which will be paid to the United States Treasury, and to pay such penalty in accordance with terms set forth in the Agreement and with respect to the conduct described in the Statement of Facts in Attachment A in the manner described in the Agreement;

[1] To be credited against disgorgement of up to $23,451,100 in ill-gotten profits that the Company pays to the SEC in a concurrent resolution.

2. The Company accepts the terms and conditions of this Agreement, including, but not limited to, (a) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue in the United States District Court for the District of Columbia; and (b) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The General Counsel of the Company, Jessica A. Garascia, is authorized, empowered, and directed, on behalf of the Company to execute the Agreement substantially in such form as reviewed by the Board of Directors at a meeting held on December 3, 2024, with such changes as the General Counsel of the Company, Jessica A. Garascia, may approve;

4. The General Counsel of the Company, Jessica A. Garascia, is authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing approval; and

5. All of the actions of the General Counsel of the Company, Jessica A. Garascia, which actions were authorized by the approval, are severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 12/19/24

BY:

John M. Holmes
President and Chief Executive Officer
AAR CORP.

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, AAR CORP. (the "Company") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to modify its compliance program, including internal controls, compliance policies, and procedures in order to ensure that it maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company's existing internal controls, compliance code, policies, and procedures:

Commitment to Compliance

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to compliance with its corporate policy against violations of the anti-corruption laws, its compliance policies, and its Code of Conduct, and demonstrate rigorous support for compliance principles via their actions and words.

2. The Company will ensure that mid-level management throughout its organization reinforce leadership's commitment to compliance policies and principles and encourage

employees to abide by them. The Company will create and foster a culture of ethics and compliance with the law in their day-to-day operations at all levels of the Company.

Periodic Risk Assessment and Review

3. The Company will implement a risk management process to identify, analyze, and address the individual circumstances of the Company, in particular the foreign bribery risks facing the Company.

4. On the basis of its periodic risk assessment, the Company shall take appropriate steps to design, implement, or modify each element of its compliance program to reduce the risk of violations of the anti-corruption laws, its compliance policies, and its Code of Conduct.

Policies and Procedures

5. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable anti-corruption laws (collectively, the "anti-corruption laws"), which shall be memorialized in a written compliance policy or policies.

6. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company's compliance policies and Code of Conduct, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including all agents and business partners. The Company shall notify all employees

that compliance with the policies and procedures is the duty of individuals at all levels of the company. Such policies and procedures shall address:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

7. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a. transactions are executed in accordance with management's general or specific authorization;

b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

8. The Company shall review its anti-corruption compliance policies and procedures as necessary to address changing and emerging risks and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Independent, Autonomous, and Empowered Oversight

9. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance policies and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Company's Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources, authority, and support from senior leadership to maintain such autonomy.

Training and Guidance

10. The Company will implement mechanisms designed to ensure that its Code of Conduct and anti-corruption compliance policies and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Company, and, where necessary and appropriate, agents and business partners; and (b) metrics for measuring knowledge retention and effectiveness of the training. The Company will conduct training in a manner tailored to the audience's size, sophistication, or subject matter expertise and, where appropriate, will discuss prior compliance incidents.

11. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance policies and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Confidential Reporting Structure and Investigation of Misconduct

12. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Company's Code of Conduct or anti-corruption compliance policies and procedures and protection of directors, officers, employees, and, where appropriate, agents and business partners who make such reports. To ensure effectiveness, the Company commits to following applicable anti-retaliation and whistleblower protection laws, and to appropriately training employees on such laws.

13. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption compliance policies and procedures.

Compensation Structures and Consequence Management

14. The Company will implement clear mechanisms to incentivize behavior amongst all directors, officers, employees, and, where necessary and appropriate, parties acting on behalf of the Company that comply with its corporate policy against violations of the anti-corruption laws, its compliance policies, and its Code of Conduct. These incentives shall include, but shall

not be limited to, the implementation of criteria related to compliance in the Company's compensation and bonus system.

15. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's Code of Conduct and anti-corruption compliance policies and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, Code of Conduct, and compliance policies and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Management

16. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's Code of Conduct and anti-corruption compliance policies and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

17. The Company will understand and record the business rationale for using a third party in a transaction and will conduct adequate due diligence with respect to the risks posed by a third-party partner such as a third-party partner's reputations and relationships, if any, with foreign officials. The Company will ensure that contract terms with third parties specifically describe the services to be performed, that the third party is actually performing the described work, and that its compensation is commensurate with the work being provided in that industry and geographical region. The Company will engage in ongoing monitoring and risk management of third-party relationships through updated due diligence, training, audits, and/or annual compliance certifications by the third party.

18. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Company's Code of Conduct or compliance policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

19. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

20. The Company will ensure that the Company's Code of Conduct and compliance policies and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 10 above on the anti-corruption laws and the Company's compliance policies and procedures regarding anti-corruption laws;

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable;

c. where warranted, establish a plan to integrate the acquired businesses or entities into the Company's enterprise resource planning systems as quickly as practicable.

Monitoring and Testing

21. The Company will conduct periodic reviews and testing of all elements of its compliance program to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's Code of Conduct and anti-corruption compliance policies and procedures, taking into account relevant developments in the field and evolving international and industry standards.

22. The Company will ensure that compliance and control personnel have sufficient direct or indirect access to relevant sources of data to allow for timely and effective monitoring and/or testing of transactions.

Analysis and Remediation of Misconduct

23. The Company will conduct a root cause analysis of misconduct, including prior misconduct, to identify any systemic issues and/or any control failures. The Company will timely and appropriately remediate the root causes of misconduct. The Company will ensure that root

causes, including systemic issues and controls failures, and relevant remediation are shared with management as appropriate.

ATTACHMENT D

COMPLIANCE REPORTING REQUIREMENTS

AAR CORP. (the "Company") agrees that it will report to the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the District of Columbia (the "Offices") periodically. During the Term, the Company shall review, test, and update its compliance program and internal controls, policies, and procedures described in Attachment C. The Company shall be required to: (i) prepare and submit a workplan for its review, testing, and updating of its compliance program, as described in Attachment C; (ii) conduct a review and submit a report and (iii) prepare a plan for ongoing improvement, testing, and review of the compliance program to ensure the sustainability of the program, as described below.

In conducting the review, the Company shall undertake the following activities, among others: (a) inspection of relevant documents, including the Company's current policies, procedures, and training materials concerning compliance with the FCPA and other applicable anti-corruption laws; (b) inspection and testing of the Company's systems procedures, and internal controls, including record-keeping and internal audit procedures at sample sites; (c) meetings with, and interviews of, relevant current and, where appropriate, former directors, officers, employees, business partners, agents, and other persons; and (d) analyses, studies, and comprehensive testing of the Company's compliance program.

Written Work Plan, Review, and Report

a. Within forty-five (45) calendar days of the date this Agreement is executed, the Company shall, after consultation with the Offices, prepare and submit a written work plan to address the Company's review. The Offices shall have thirty (30) calendar days after receipt of the written work plan to provide comments.

b. The written work plan shall identify with reasonable specificity the activities the Company plans to undertake to review and test each element of its compliance program, as described in Attachment C.

c. Any disputes between the Company and the Offices with respect to any written work plan shall be decided by the Offices in their sole discretion.

d. No later than one year from the date this Agreement is executed, the Company shall submit to the Offices a written report setting forth: (1) a complete description of its remediation efforts to date; (2) a complete description of the testing conducted to evaluate the effectiveness of the compliance program and the results of that testing; and (3) its proposals to ensure that its compliance program is reasonably designed, implemented, and enforced so that the program is effective in deterring and detecting violations of the FCPA and other applicable anti-corruption laws. The report shall be transmitted to:

Deputy Chief – FCPA Unit
Deputy Chief – CECP Unit
Criminal Division, Fraud Section
U.S. Department of Justice
1400 New York Avenue, NW
Bond Building, Eleventh Floor
Washington, DC 20005

Chief, Fraud, Public Corruption, and Civil Rights Section

United States Attorney's Office for the District of Columbia
601 D Street NW
Washington, D.C. 20530

The Company may extend the time period for issuance of the report with prior written approval of the Offices.

Sustainability Plan

e. The Company shall, after consultation with the Offices, submit a plan for ongoing improvement, testing, and review of the compliance program to ensure the sustainability of the compliance program. This sustainability plan shall be submitted within ninety (90) calendar days of the submission of the written report.

Confidentiality of Submissions

f. Submissions by the Company, including the work plan, report, and sustainability plan, will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the submissions could discourage cooperation or impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the submissions and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

ATTACHMENT E

CERTIFICATION

To: United States Department of Justice
Criminal Division, Fraud Section
Attention: Chief of the Fraud Section

United States Attorney's Office
District of Columbia
Attention: United States Attorney

Re: Non-Prosecution Agreement Disclosure Certification

The undersigned certify, pursuant to Paragraph 7 of the non-prosecution agreement ("the Agreement") entered into on December 19, 2024, by and between the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the District of Columbia (collectively, the "Offices") and AAR CORP. (the "Company"), that undersigned are aware of the Company's disclosure obligations under Paragraph 7 of the Agreement, and that the Company has disclosed to the Offices any and all evidence or allegations of conduct required pursuant to Paragraph 7 of the Agreement, which includes evidence or allegations of conduct that may constitute a violation of the FCPA anti-bribery or accounting provisions had the conduct occurred within the jurisdiction of the United States, by the Company's employees or agents ("Disclosable Information"). This obligation to disclose information extends to any and all Disclosable Information that has been identified through the Company's compliance and controls program, whistleblower channel, internal audit reports, due diligence procedures, investigation process, or other processes. The undersigned further acknowledge and agree that the reporting requirements contained in Paragraph 7 and the representations contained in this certification constitute a significant and important component of the Agreement and of the Offices' determination whether the Company has satisfied its obligations under the Agreement.

The undersigned hereby certify that they are the Chief Executive Officer and the Chief Financial Officer of the Company, respectively, and that each has been duly authorized by the Company to sign this Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the District of Columbia. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the District of Columbia.

Date: ______________________ Name (Printed): ___________________________________

Name (Signed): ___________________________________
Chief Executive Officer
AAR CORP.

Date: ______________________ Name (Printed): ___________________________________

Name (Signed): ___________________________________
Chief Financial Officer
AAR CORP.

ATTACHMENT F

COMPLIANCE CERTIFICATION

To: United States Department of Justice
Criminal Division, Fraud Section
Attention: Chief of the Fraud Section

United States Attorney's Office
District of Columbia
Attention: United States Attorney

Re: Non-Prosecution Agreement Disclosure Certification

The undersigned certify, pursuant to Paragraph 8 of the Non-Prosecution Agreement entered into on December 19, 2024, by and between the Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the District of Columbia (the "Offices") and AAR CORP. (the "Company") (the "Agreement"), that the undersigned are aware of the Company's compliance obligations under Paragraphs 8 and 9 of the Agreement, and that, based on a review of the Company's report submitted to the Offices pursuant to Paragraph 9 of the Agreement, the report is true, accurate, and complete.

In addition, the undersigned certify that, based on the undersigned's review and understanding of the Company's anti-corruption compliance program, the Company has implemented an anti-corruption compliance program that meets the requirements set forth in Attachment C to the Agreement. The undersigned certifies that such compliance program is reasonably designed to detect and prevent violations of the anti-corruption laws throughout the Company's operations.

The undersigned hereby certify that they are respectively the Chief Executive Officer ("CEO") of the Company and the Chief Ethics and Compliance Officer ("CECO") of the

Company and that each has been duly authorized by the Company to sign this Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the District of Columbia. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the District of Columbia.

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Executive Officer
AAR CORP.

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Ethics and Compliance Officer
AAR CORP.