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PURPOSE: In many countries, Government Entities (as defined below), such as state-owned airlines, ministries of transportation and aviation, as well as private business enterprises, use a public procurement process called a request for bids, request for proposals, or tender (collectively, an “RFP”) to purchase products for their organizations, and in which potential suppliers submit responses to the RFP called a “Bid.” A common example of an “RFP” is when an organization requests “Bids” from product manufacturers or their representatives containing their best price and/or the ability to meet technical or other requirements for a certain amount and type of product.

This Policy establishes the general guidelines, procedures, compliance controls and documentation of AAR CORP., its subsidiaries and affiliates (collectively “AAR” or the “Company”) for responding to RFPs, including through submitting Bids. This Policy further supplements AAR’s Global Anti-Corruption Policy and Antitrust Policy, and should be reviewed in conjunction with other relevant Company policies and other guidelines addressing relevant business and compliance processes.

The laws of various countries governing RFPs and Bids frequently differ. You should not assume that actions and communications that are permitted in one country are also allowed in another country. Further, special rules frequently apply to RFPs for Government Entities, and so you should not assume that actions or communications that are permitted in RFPs for non-Government Entities are also allowed in RFPs for Government Entities. If local or other applicable laws, codes of conduct, other regulations in applicable countries or regions or other AAR sources of guidance or other procedures, are more restrictive than this Policy, the more restrictive rules and guidance should be followed.

SCOPE: This Policy applies to AAR directors, officers and employees. In addition, when necessary or appropriate, Third-Party Intermediaries who conduct business with and/or on behalf of AAR, or who represent AAR, must follow the guidelines provided in this Policy with respect to RFPs and AAR’s proposed or submitted Bids in them. If a person or entity involved in an activity covered by this Policy delegates responsibilities, actions, rights or obligations in connection with that activity, that person or entity remains accountable for all conduct undertaken (or not undertaken) on their behalf.

OWNER: The owner of this Policy is AAR’s General Counsel.

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RELATED

POLICIES: Code of Conduct
Standards of Business Ethics and Conduct (1.07.001)
Global Anti-Corruption Policy (1.05.001)
Antitrust Compliance Guide (1.11.001)
Revenue Recognition Policy (3.03.004)

POLICY: All AAR directors, officers, employees, and Third-Party Intermediaries submitting a Bid for a potential business opportunity or RFP on behalf of AAR must be familiar with and abide by the contents of this Policy along with applicable laws and regulations governing said potential Bid/RFP opportunity.

1. DEFINITIONS


As used in this Policy:

1.1 “Customers” consist of individuals and entities to whom and which AAR promotes or sells, or could promote or sell, products and services, which includes state-owned and state-controlled airlines, entities and their affiliates.

1.2 “Government Entity” is defined very broadly and includes any national, state or local government or government department, bodies, units, ministries, agencies or other government entities, as well as public international organizations, government-owned enterprises, government-controlled enterprises and political parties. A “government-owned enterprise” includes any entity, whether organized under public or private law, in which one or more governmental entities have a sufficient ownership or political interest to give it actual or apparent control. The definition of Government Entity includes, for example, state-owned and state-controlled airlines, entities and their affiliates. Examples include, but are not limited to, Singapore Airlines, Emirates and Air China.

1.3 A “Government Official” is defined very broadly and includes, but is not limited to, any official, officer, employee, workforce member or representative of any Government Entity (e.g., procurement officers), or any candidate for political office.

1.4 The “RFP Management Team” includes all AAR employees who work on identifying, responding to and servicing an RFP including but not limited to, product managers, customer or account managers, business development personnel, regional sales personnel, finance personnel, members of the Law Department and other appropriate stakeholders identified by the relevant business unit. The RFP Management Team must, at a minimum, include a director from the relevant business unit who provides

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next level review from the P&L Leader, the Law Department and Finance. The RFP Management Team obtains necessary approvals for RFP opportunities.¹

1.5 The “RFP Owner” is the person (or persons) who has the main responsibility for overall activities throughout the life cycle of the RFP and contract. An RFP Owner can be an account manager, regional sales manager, customer care team member, RFP team member or other sales team member.

1.6 “Third-Party Intermediary” is defined broadly and includes any third party who interacts directly or indirectly with Customers, Government Officials or Government Entities on AAR’s behalf for sales and marketing purposes, including, for example, distributors, agents, resellers, consultants, FRAs or other contracted sales representatives.

2. GENERAL GUIDELINES


This section outlines the general requirements for conducting RFP and Bid activities directly by AAR or indirectly through Third-Party Intermediaries. These guidelines must be followed in conjunction with relevant local or other applicable laws, codes of conduct, other regulations in applicable countries or regions or other AAR guidance, including policies and other procedures, and if such local or other applicable laws, codes of conduct, other regulations in applicable countries or regions or other AAR guidance, including policies or other procedures, are more restrictive than this Policy, or require government approval or satisfaction of other conditions to engage in or execute a Bid or RFP, the more restrictive guidance should be followed.

Key takeaways for RFP and Bid activities, as further detailed below, are as follows:

- **Compete fairly** – do not solicit or obtain competitor information through unlawful or unethical means or use competition information in violation of applicable laws and/or RFP requirements;
- **Execute written contracts** when working with Third-Party Intermediaries;
- **Follow AAR’s Anti-Corruption Policy** and do not promise or offer payment or anything of value in exchange for favorable treatment; and
- **Immediately report** any potential misconduct in the bidding process to AAR’s General Counsel and/or Chief Ethics & Compliance Officer.

2.1. RFP Intelligence. An AAR director, officer, employee or Third-Party Intermediary must not solicit or obtain in any form a competitor’s Bid price, other Bid specifications or cost information through unlawful or unethical means, and must not use competitor information in violation of applicable law and/or RFP requirements. An AAR director, officer, employee or Third-Party Intermediary also must not solicit or obtain in any form a Customer’s Bid selection information (including information

¹ An RFP Management Team is not necessary for transactional quotes that are provided in the ordinary course of business. Concerns about such quotes should be raised to management and/or the Law Department as necessary.

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used for evaluating Bids, such as proposed costs or prices, source selection plans, evaluations or rankings of proposals and reports from the Customer’s selection panel) through unlawful or unethical means, and must not use such Customer information in violation of applicable law and/or RFP requirements. If the Customer or any third party voluntarily provides competitor or Customer information to AAR during the course of an RFP or Bid, the information must be promptly documented in writing, noting the source (by name) of such information and how it was obtained, and the Law Department, the RFP Management Team and other appropriate manager(s) must be notified.²

2.2 Use of Third-Party Intermediaries. The use or involvement of Third-Party Intermediaries for RFP and Bid activities must be limited to those that have entered into written contracts with AAR, or in limited circumstances, have received a letter of authorization from AAR after obtaining requisite approvals in accordance with AAR approved processes. All Third-Party Intermediaries must have been subject to appropriate due diligence and approved pursuant to AAR policies, including AAR’s Global Anti-Corruption Policy, before doing any work on behalf of AAR.


AAR must not coordinate or participate in the RFP or Bid activities of Third-Party Intermediaries that have not been formally engaged by AAR for that specific RFP or Bid in any way that would have, or appear to have, the effect of lessening the competitive nature of the RFP.

2.3 Specifications. In preparing specifications for a RFP, AAR and its Third-Party Intermediaries must comply with all applicable competition and antitrust laws, as well as all applicable codes of conduct and ethical rules governing the RFP or the conduct of officers and employees of the entity issuing the RFP. However, as noted below, more restrictive rules govern the preparation of specifications in RFPs with Government Entities.

2.4 RFP Process Interactions with Government Entities and Government Officials. Consistent with applicable law and AAR policy, AAR and its Third-Party Intermediaries must not authorize, promise, pay, make or offer, directly or indirectly, any payment or anything of value or to any Government Entity or Government Official in exchange for favorable treatment in the RFP process or for any advantage.

AAR and its Third-Party Intermediaries must not assist any Government Entity or Government Official with preparing specifications for a RFP or with evaluating Bids of other participants in a RFP, except pursuant to an official, permitted and transparent process established by local law. Any questions about local procurement or other laws shall be directed to the Law Department. Procuring entities may be provided with a description of the technical characteristics of a particular product, provided that this is done transparently, through official channels and in compliance with all applicable laws and rules.

² In the event that a customer or any other third party provides competitive intelligence to AAR outside of the course of a formal Bid or RFP, and a director, officer, employee, or third-party intermediary has reason to believe the material was obtained improperly, such material must be brought promptly to the Law Department.

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In addition, AAR and its Third-Party Intermediaries must not communicate with any Government Entity or Government Official after the RFP is announced, except as expressly permitted by all applicable laws and rules governing with whom and how such communications must be made; or, in any other way that would undermine the actual or apparent fairness, competitiveness or transparency of the RFP process.

You should also refer to the Global Anti-Corruption Policy, Antitrust Policy, and Revenue Recognition Policy, as well as all applicable expense policies.

2.5 Expenses. AAR will only pay for or reimburse reasonable, and sufficiently and accurately documented, expenses of Third-Party Intermediaries that are incurred in compliance a written agreement with the Third Party Intermediary, or that have otherwise been approved in advance by the Law Department.

In addition, except for discounts and other benefits offered pursuant to and in compliance with other AAR policies and guidelines, neither AAR nor any Third-Party Intermediary shall coordinate or reach any formal or informal agreement providing any actual or apparent advantage to any participant or other person or entity involved in the RFP. This prohibition includes any coordination or formal or informal agreement to favor any Third-Party Intermediary working with AAR over any other Third-Party Intermediary working with AAR in a RFP.


2.6. Coordination. Except for discounts and other benefits offered pursuant to and in compliance with other AAR policies and guidelines, neither AAR nor any Third-Party Intermediary shall coordinate or reach any formal or informal agreement providing any actual or apparent advantage to any participant or other person or entity involved in the RFP. This prohibition includes any coordination or formal or informal agreement to favor any Third-Party Intermediary working with AAR over any other Third-Party Intermediary working with AAR in a RFP.

2.7 RFP Execution, Close Out and Contracting for Direct RFPs

2.71 Contract Terms Review and Negotiation. The contract terms of all Bids and RFPs shall comply with applicable Company policies and guidelines, as well as local laws and regulations, and all disputed terms must be reviewed by the Law Department. Any exceptions must be communicated to and approved by the RFP Management Team.

2.7.2 RFP Award. If the RFP is awarded, it is the responsibility of the RFP Owner that contractual requirements are identified and an action plan is formulated to address these requirements.

2.7.3 Final Contract. It is the RFP Owner’s responsibility to ensure that a binding, legal contract is in effect. A binding contract may be in the form of (i) a formal contract, or (ii) the notice of acceptance, conditions of contract, request for proposal and Bid, which together will constitute the contract.

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2.8 Required Reporting

AAR’s directors, officers, employees and Third-Party Intermediaries are required to notify AAR’s General Counsel and/or Chief Ethics & Compliance Officer immediately if they become aware of non-compliance with this Policy as well as any potential misconduct or other compliance risks in the bidding process, including, but not limited to, a request by Third-Party Intermediaries to submit complimentary bids, inappropriate personal interactions by employees or Third-Party Intermediaries with Government Officials or Government Entities, or a request by a Government Official to use a particular Third-Party Intermediary. Failure to do so may result in discipline, up to and including, termination.

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This Policy was created by the Company’s Law Department. Any changes to this Policy require consultation with and approval from the Company’s Law Department. **Any exceptions to this Policy must be submitted through and obtain prior written approval by the Company’s General Counsel or Chief Ethics & Compliance Officer.**