



# **TRANSDIGM**

**GROUP INC.**

## **Stakeholder Report**

# 2021

March 25, 2022

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and CEO

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# Letter from Our President and CEO

Throughout 2021, we were encouraged by the progression of the commercial aerospace industry recovery, along with the continued rebound in our business. We are proud of our teams' efforts and the operational and financial performance they drove this year in a challenging commercial environment.

The widespread rollout of the COVID-19 vaccine, the loosening of restrictions and reopening of various international borders throughout the year increased demand for commercial air travel across the globe. While a trend toward normalcy has been measured, and may continue to be challenged with the emergence of new variants and any ensuing restrictions, we have seen that the world is eager to get back to business-as-usual. People have a fervent desire to travel again, which bodes well for the full recovery of the commercial aerospace market.

Amidst another year of challenging commercial aerospace market conditions given the ongoing impact of the pandemic, TransDigm remained committed to our operating strategy. The disciplined focus on our





operating strategy, as well as careful management of our cost structure, allowed us to continue building value for all of our stakeholders. A crucial component to our success is the employees at our approximately 47 independent operating units. Our teams once again rose to the occasion this year, continuing to deliver high-quality products on time to our customers despite the challenges of the pandemic and uneven demand in our commercial aerospace end markets. We are grateful to the leadership teams at each of the operating units who helped ensure employees had safe and secure environments in which to work.

We also made strides on our environmental, social and governance (“ESG”) program. Our commitment to annual reporting of our ESG program helps ensure we operate responsibly, have effective governance, develop a team that reflects the diversity of the communities where we live and work and also give back to those communities, all while creating value for our customers and investors. We are continuously working to improve the current diversity of our workforce at all levels of the organization, and we have worked diligently this year to further understand our environmental impact and determine what we can do to mitigate that impact.

A few important highlights from this year include the appointment of an additional independent female director to our Board, completing our Scope 1 and Scope 2 greenhouse gas inventory and committing to a 50% reduction in our Scope 1 and Scope 2 greenhouse gas emissions by 2031. We have also continued to expand our community outreach through the Doug Peacock Scholarship Program and other initiatives with community partners. Our management team and Board are committed to further enhancing our business practices in key ESG areas that create benefits for all our stakeholders. We strongly believe that we can continue to be financially successful while operating more sustainably and responsibly. We are dedicated to building and evolving these efforts as we move forward on our ESG journey.

As we look ahead to 2022, we are encouraged by the signs of recovery the commercial aerospace industry has shown in 2021. The recovery remains primarily

driven by domestic leisure travel, and we are optimistic for the recovery of international travel as more governments around the world soften travel restrictions. As planes return to the sky, we are proud that TransDigm products are able to help ensure the health and safety of airline passengers during their travels.

TransDigm's highly engineered products are relied on and trusted to keep commercial aircraft passengers and members of our military safe. This is our most solemn responsibility, and we are honored to serve in this role. We are continually focused on developing and producing the highest quality products that help deliver civilians and military personnel safely to their destinations.

Throughout 2022, and as always, we will continue to drive value creation for our investors and all our stakeholders. We are truly thankful for our Board, team members, customers, suppliers, investors, governments and local communities who have supported us throughout the pandemic. The recovery of the commercial aerospace industry is progressing, and we are confident that in due time the industry will fully recover and return to a trajectory of growth.

### **Thank you for your continued support of TransDigm Group.**

Sincerely,



**Kevin Stein**

President, Chief  
Executive Officer  
and Director

# About TransDigm

For nearly three decades, TransDigm Group has been a leading global designer, producer and supplier of highly engineered aircraft components that are critical to the safe and effective operation of aircraft worldwide.

Our thousands of employees in the U.S. and overseas engineer and build these products that keep the world's commercial airlines flying and safeguard troops worldwide.

**TransDigm's parts are represented on nearly every commercial and military aircraft in service today.**

Today, TransDigm is comprised of approximately 47 independently run operating units – including market-leading brands recognized for their quality, highly engineered products – that collectively produce parts for nearly every commercial and military aircraft platform. TransDigm businesses produce products ranging from aircraft passenger seatbelts and cockpit security systems that keep passengers and pilots safe to parachutes that protect and save the lives of

members of the military to equipment that helps deliver NASA rovers to new planets.

While each TransDigm operating unit runs its local business autonomously and implements its own company-specific market strategy, they all share a common dedication to delivering reliable, quality parts efficiently, on time and with the highest standards. This is driven by a company-wide culture of innovation to benefit customers and generate new business development across all of our operating units.

We drive value through our disciplined operating strategy, which is focused on developing profitable new business, productivity and cost improvements and providing highly engineered, value-added products to customers, with whom we foster long-term relationships. We also maintain an acquisition strategy primarily focused on proprietary commercial aerospace businesses with significant aftermarket content, where we see a clear path to value creation. The successful execution of this business strategy has enabled us to deliver consistent financial performance through all phases of the aerospace industry market cycle to benefit our investors – providing private equity-like returns with the liquidity of a public market – as well as enhance our products and services for the benefit of all our stakeholders.

## TRANSDIGM AT A GLANCE

**13,300**

Global Employees

**~47**

Independent Operating Units Around the Globe

**~100**

Global Manufacturing Locations



## DEEP INVESTMENTS IN THE AMERICAN MANUFACTURING BASE AND BROAD NORTH AMERICAN FOOTPRINT

■ U.S. ■ Mexico ■ Canada

~60

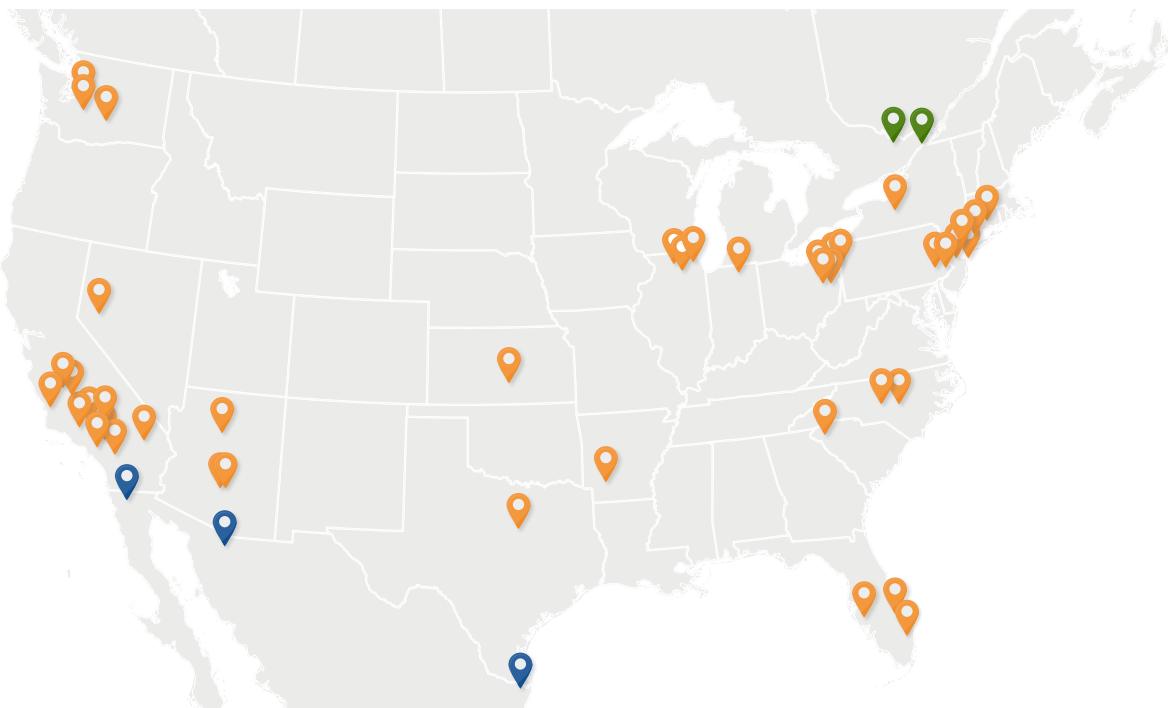
U.S. Manufacturing Locations

17

States

~7k

Jobs Supported in the U.S.



## U.S. PRESENCE COMPLEMENTED BY INTERNATIONAL OPERATING UNITS AND GLOBAL MANUFACTURING LOCATIONS

■ Europe ■ Asia





# 2021 Review

While there is still a considerable amount of progress that needs to take place before the commercial aerospace industry returns to normalcy and stability, in 2021 we began to see recovery in the commercial aerospace market.

Signs of recovery included encouraging trends in air traffic throughout 2021 and vaccination rates expanding across the globe. In 2021, our commercial end markets recovered from pandemic lows and continued to trend upward as the year progressed.

Even with the encouraging signs of the commercial aerospace recovery, 2021 was another challenging year due to the impacts of the pandemic. Our commercial end markets continued to be heavily impacted by the pandemic, as the demand for air travel remained depressed. Revenue passenger kilometers ("RPKs"), a metric used to measure air traffic demand, were still far below pre-pandemic levels. Calendar year 2021 RPKs were down approximately 58% compared to pre-pandemic levels.

Despite these challenges, we continued to make progress in 2021. Our organization concentrated on managing factors that are within our control, including careful management of our cost structure and focusing on our operating strategy. We continued to support our employees throughout 2021, while providing our customers the highest quality products and services they expect from TransDigm. We are extremely proud of our teams and the operational performance they drove in 2021.

Additionally in 2021, we added to our portfolio of businesses with the acquisition of Cobham Aero Connectivity, a leading provider of highly engineered antennas and radios for the aerospace end market. We also had strategic divestitures in fiscal 2021. The businesses divested did not fit well with our long-term strategy and included Avista Inc., Racal Acoustics, Technical Airborne Components, ScioTeq and TREALITY Simulation Visual Systems.

Along with our focus on driving financial and operating performance, we also continued our work in 2021 to improve our ESG efforts, creating a more diverse, equitable and inclusive workplace, reducing our environmental footprint and ensuring that our business operates responsibly on all fronts.

## FY 2021 FINANCIAL AND OPERATIONAL HIGHLIGHTS



**90%** of revenue generated by proprietary products

**50%** of revenue generated from aftermarket sales

**80%** of revenue generated by sole source products

**\$4.8B**

REVENUE

**\$52B**

TOTAL ENTERPRISE VALUE

**\$2.2B**

EBITDA AS DEFINED\*

**\$19.3B**

TOTAL ASSETS

**~145%**

5-YEAR TOTAL SHAREHOLDER RETURN

\*EBITDA As Defined is a non-GAAP financial measure. For a presentation of the most directly comparable GAAP measures and a historical reconciliation of EBITDA As Defined to Net Income, please see the appendix.

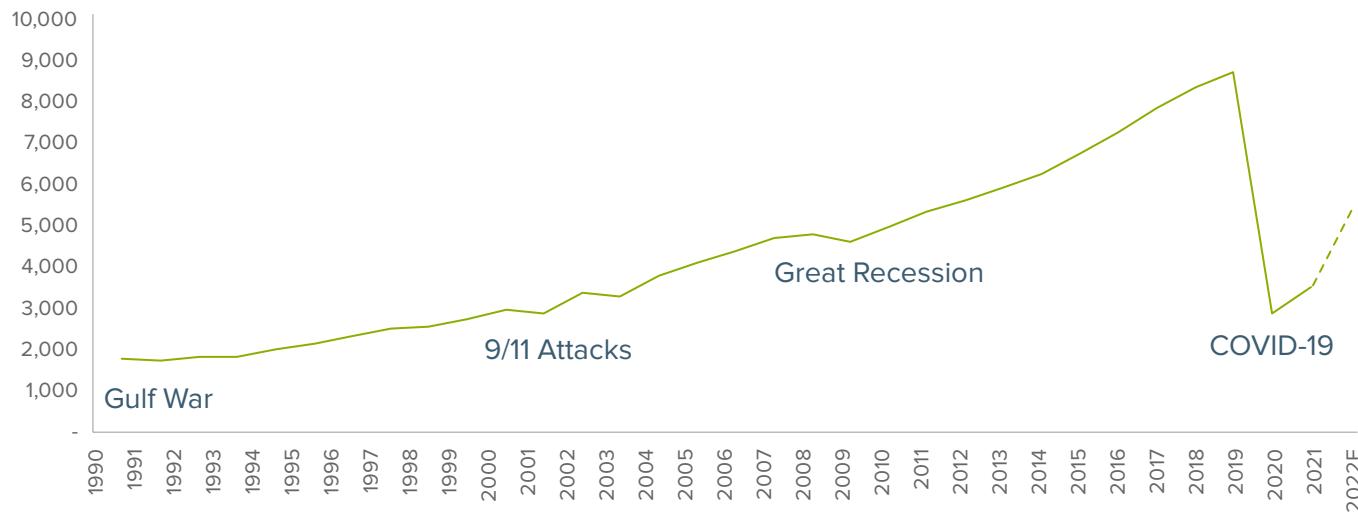


## EARLY SIGNS OF RECOVERY TO COMMERCIAL AEROSPACE INDUSTRY

While the pandemic had a dramatic impact on air travel worldwide and upended the commercial aerospace industry, we continue to see recovery in the market and are encouraged by the trends in air traffic among other factors.

### REVENUE PASSENGER KILOMETERS

(in billions)



## UNPARALLELED TRACK RECORD OF CONSISTENT GROWTH

### SALES AND EBITDA AS DEFINED

(in millions)

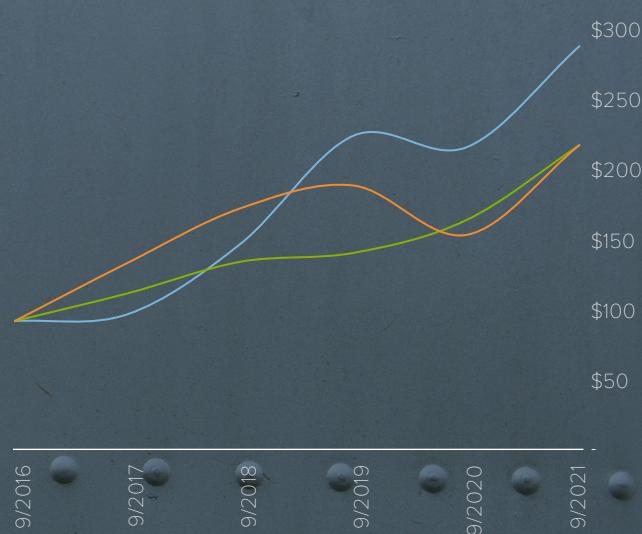
— Sales    — EBITDA as Defined\*



\*EBITDA As Defined is a non-GAAP financial measure. For a presentation of the most directly comparable GAAP measures and a historical reconciliation of EBITDA As Defined to Net Income, please see the appendix.

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*\*

— TransDigm Group, Inc.    — S&P 500  
— S&P Aerospace Defense Select



\*\*\$100 invested on 9/30/16 in stock or index, including reinvestment of dividends. Fiscal year ending September 30. Copyright © 2021 Standard & Poor's, a division of S&P Global. All rights reserved.



## 2021 ESG HIGHLIGHTS

As a growing company with over 100 locations around the world, we strive to have a positive impact on the communities and markets in which we operate. We continue to focus on supporting initiatives that promote and develop underrepresented groups. We also worked diligently throughout 2021 to make improvements in the diversity of our Company and strive to be a more sustainable and responsible company.



### GIFTING \$1M

to expand Cleveland Clinic's sight-saving eye care services to local children in need



### PROTECTING AIRLINE PASSENGERS

from COVID-19 with highly engineered solutions



### AWARDING ~650 SCHOLARSHIPS

by 2024 to underprivileged and underrepresented youth with the Doug Peacock Scholarship Program



### IMPROVED BOARD DIVERSITY

with the addition of a second female Director



### COMMITTED TO 50% REDUCTION

in our Scope 1 and Scope 2 greenhouse gas emissions by 2031



### COMPLETED ENTERPRISE-WIDE GREENHOUSE GAS INVENTORY

for Scope 1 and Scope 2 emissions

## Ongoing COVID-19 Response

As the supplier for many aerospace programs, including critical defense platforms, we take seriously our role as an essential business and have ensured our facilities have remained safely and responsibly in operation throughout the duration of the COVID-19 pandemic. Since early 2020, we have strictly followed guidance from the World Health Organization and the U.S. Centers for Disease Control and Prevention ("CDC") to protect employees and prevent the spread of the virus within all of our facilities globally.

Despite the challenges resulting from the COVID-19 pandemic and its dramatic impact on air travel worldwide, the commercial aerospace industry is resilient. The commercial aerospace industry has maintained a steady path of recovery throughout 2021; a path that we are optimistic will continue in 2022. Throughout the pandemic, TransDigm's operating units have worked diligently to innovate and provide product offerings that can help the industry as it continues on its road to recovery. Many of our operating units have developed or are currently developing highly engineered solutions for needs arising from COVID, including antiviral, antimicrobial, air purification and touchless technologies.

As the world and the commercial aerospace industry continue to recover from the pandemic, our operations remain dedicated to meeting the demand from our customers as it returns.

## Strategic Mergers & Acquisitions ("M&A") Update

M&A remains a key part of our operating strategy, and we continue to actively seek out opportunities that fit our portfolio of proprietary aerospace businesses with significant aftermarket content.

In January 2021, we closed our acquisition of Cobham Aero Connectivity ("CAC"), a leading provider of highly engineered antennas and radios for the aerospace end market, for a purchase price of \$965 million. CAC's portfolio of proprietary products are critical components across major defense platforms as well as select commercial applications and provide significant aftermarket content opportunity – over 70% of its revenue comes from the aftermarket. Since its acquisition, the CAC integration has progressed well under the leadership of one of our experienced executive vice presidents. During 2021, we split CAC into two operating units – Canyon AeroConnect located in Prescott, Arizona and Chelton



Limited located in Marlow, UK. Two experienced TransDigm presidents are leading the integration of these operating units.

The acquisition opportunity pipeline in 2021 remained slower than pre-COVID, but we are beginning to see some pickup in activity. We remain focused and disciplined with our acquisition strategy and only acquire businesses that fit our criteria and where we see a clear path to value creation. As such, this year, we continued to optimize our portfolio through some strategic divestitures. During our

fiscal 2021, we divested Avista Inc., Racal Acoustics, Technical Airborne Components, ScioTeq and TREALITY Simulation Visual Systems. These businesses were primarily defense businesses and did not fit well with our long-term strategy.

We remain confident that there is a long runway for acquisitions that fit our criteria, primarily small- to mid-size opportunities, and look forward to continued M&A activity far into the future.

## 2021 Product Highlights



### PARACHUTE USED ON NASA'S MARS ROVER

On February 18, 2021, NASA landed the heaviest and most sophisticated rover, Perseverance, on the surface of Mars after being decelerated by a 70.5-foot supersonic parachute designed and built by Airborne Systems to seek signs of ancient life and collect samples of rock and regolith (broken rock and soil) for possible return to Earth. TransDigm operating unit Airborne Systems – the world's most trusted resource for military parachute design, development, manufacturing and placement into service – was responsible for designing and manufacturing the state-of-the-art 70.5-foot parachute that safely decelerated Perseverance from supersonic speeds to the surface of Mars. Weighing in at over 2,200 pounds, approximately the weight of a car, Perseverance was the heaviest Mars landing to date and required the strongest and largest parachute ever flown on Mars or any other planet outside of Earth. It was also the first attest of any parachute technology in the harshest conditions of the Mars atmosphere, and it performed exceptionally. Encoded in its orange and white cloth is the NASA Jet Propulsion Laboratory motto, "Dare Mighty Things." We are very proud of this TransDigm operating unit for its work in helping advance our nation's exploration of outer space.





# 2021 Product Highlights

## MAKING PRODUCTS GREENER



### Radiation-Free Exciter

State-of-the-art solid state electronics remove the radioactive spark gap from the legacy exciter design and replace it with a semiconductor switch for a green ignition solution.



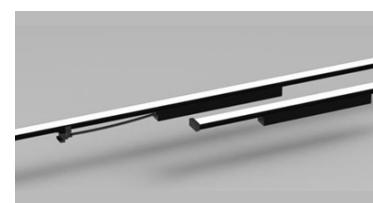
### Pallet Net Zero

The world's first and only cargo restraint solution manufactured using bio-based fiber – helping air cargo operators reduce their carbon footprint, whilst supporting the drive for a more sustainable aerospace industry.



### SpektraLite™

Next generation aircraft interior cabinet lighting that is 27% lighter with 28% less power usage, complete with infinite color range, modular mounting and easier flight attendant interface.



## HELPING AIRLINES MEET THE SAFETY DEMANDS OF COVID

Some of our operating units have continued innovating in 2021 to create new products that will help further improve commercial airlines' efforts to keep passengers healthy and safe. We believe these products will help support a confident return to air travel for passengers around the globe.



### AirShield Cabin-Air Device

A single, solid state product that fits directly onto the existing air outlets above passenger seats.

The patented design enhances the existing HEPA air available in the aircraft cabin and reduces particle transmission up to 95% between neighboring passengers.



### Touchfree™ Aircraft Lavatory Suite Products

Continued to expand the line of touchless lavatory products that address the health and safety needs of the aircraft passenger. Products currently in final qualification include Touchfree™ water faucets and soap dispensers.





# Governance and Responsible Business Practices

## Corporate Governance

Our Independent, highly experienced Board of Directors ("Board" or "BOD") provides oversight of TransDigm's management team and strategy, ensuring that the Company is delivering value for shareholders and engaging in responsible business practices. As part of our commitment to regularly assessing the composition of our Board to ensure it represents a diverse range of expertise and perspectives, we added a new, independent director in 2021 – Jane M. Cronin, the Senior Vice President - Corporate Controller of Sherwin Williams Company. Ms. Cronin's extensive experience in public company accounting, reporting and controls, as well as her considerable M&A experience, is a valuable addition to our Board of highly qualified directors. The mix of skills, experience and background brought to TransDigm by our Board are invaluable.

Annually, the Board, as well as the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee conduct a self-evaluation to identify gaps and address any issues in our governance.

## Risk Oversight

The Board is responsible for evaluating and managing the Company's risks. In coordination with TransDigm's management team, the Board monitors the Company's risk exposure and oversees efforts to monitor and mitigate such risks. TransDigm's executive officers meet annually to discuss the material risks facing the Company and potential mitigations, a summary of which are presented to the Board. The Board reviews and discusses these risks at a regularly scheduled Board meeting each year. TransDigm's executive officers also engage in regular reporting to the Board regarding the Company's litigation, compliance, acquisitions, environmental issues, social matters and known risks.

## KEY GOVERNANCE PROVISIONS

**ACTION**  
by written consent

**SEPARATE**  
Chairman and CEO roles

**DIRECTORS**  
stand for annual election

**PROXY ACCESS**  
for qualifying shareholders

**STRONG BOARD INDEPENDENCE**  
10 of 12 directors are independent

**SIGNIFICANT EQUITY OWNERSHIP**  
requirements for our executive officers and directors

**SHAREHOLDER RIGHT**  
to call a special meeting



## Ethics

Honesty, integrity and ethical behavior are an integral part of TransDigm's core values. These values are upheld by the Board and senior leadership team and extend to every operating unit and employee. We have a robust Code of Business Conduct and Ethics that governs the behavior of each and every TransDigm employee, regardless of job level. This Code is reviewed annually and refreshed regularly.

TransDigm fosters a culture of open and honest communication. Our employees are encouraged to speak up if they have concerns, and we enable the confidential reporting of any ethics issues. We have a Whistleblower Policy that, combined with our Code of Business Conduct and Ethics and our Insider Trading and Confidentiality Policy, helps create a transparent and ethical business environment. Additionally, to ensure ethical behavior by all senior financial officers of TransDigm, we have Code of Ethics for Senior Financial Officers. TransDigm also has a 24-hour Ethics Whistleblower Hotline that allows reports of illegal or unethical behavior to be made confidentially and anonymously, when permissible under applicable law, via the internet or by phone. The system is utilized by our employees, and reports to the hotline are received and handled by the applicable corporate compliance and legal team members to resolve and close the issue. The hotline is advertised locally at our operating units to ensure all employees are aware of the hotline. Employees are encouraged to submit concerns of illegal or unethical behavior through in-person and virtual training.

We provide employees with frequent training, education and resources that support our policies. Our outward-facing employees are required to complete annual ethics training, and we conduct in-person ethics training at our sales, operations and finance conferences. The ethics training is made available to intermediaries as well. We also offer sexual harassment prevention training to each of our operating units to comply with applicable state law requirements. TransDigm also conducts anti-corruption auditing and fraud auditing and provides semi-annual compliance reports to the Audit Committee. We continually assess our ethics program, including training opportunities, and modify as appropriate.

We are also committed to supporting fundamental human rights and believe in the dignity and worth of all individuals. We do not use or allow the use of child, slave or forced labor, or human trafficking in our business activities. We condemn any degrading treatment of individuals and are committed to providing safe working conditions.

## Data and Information Security

TransDigm is committed to maintaining a comprehensive, risk-based cyber and information security program to protect our networks, systems and information. We recognize the ever-changing threats to cybersecurity, and with the assistance of our newly appointed Director of Cyber Security, we appropriately revise our Corporate-led standards and policies-based framework at least annually to keep up with these demands. Our multi-layered framework is built on international cyber security standards and considers and incorporates the requirements of National Institute of Standards and Technology (NIST) 800-171, other legal or regulatory requirements, and industry best practice. We leverage internal and external information security threat intelligence to research further and evaluate for potential remedial action by and proactive resource allocation of our businesses.

Additionally, we utilize a cybersecurity risk management program to monitor and evaluate cyber risks and adapt our framework and program to mitigate those risks. Our risk management program includes a periodic, independent audit of each of our businesses. The Audit Committee of the Board of Directors, which includes members with cybersecurity oversight experience, has direct oversight of our risk management function and is updated regularly on the compliance with the cybersecurity program of each of our businesses. Key requirements specified within our cybersecurity framework are included below:

- **Training and Awareness** – Regular training occurs for all employees on insider threats, cybersecurity and the conduct of quarterly phishing exercises.
- **Technology Investment** – We deploy multi-layered defenses that include multi-factor authentication, endpoint detection and response services, 24/7 security monitoring, timely patch management and administrative privilege strategies.
- **Third Party Assessments** – We perform at least annual independent penetration tests and internal vulnerability assessments, and require remediation of findings within a defined period based on criticality and risk.
- **Incident Response Plans** – For effective management of global incident response, our comprehensive incident response plan is adopted by each of our businesses and includes encrypted backups and quarterly recovery testing requirements as well as business continuity considerations. The incident management function is led by the Corporate executive team.



Our annual global IT Manager conference brings together Corporate leadership and leadership for each of our businesses for information sharing, collaboration and education focused on cybersecurity and information technology strategies and solutions.

We have demonstrated significant progress to protect our information and our customers' information and will continue to seek out proactive solutions to address such risks.

## Supply Chain Standards

The integrity of our supply chains at all levels is of critical importance to us, and we expect our suppliers to uphold the same high standards to which we hold ourselves. We are consistently reviewing and qualifying new suppliers to ensure our values and ethical standards are followed by our suppliers.

We are committed to complying with the requirements regarding disclosure of the use of conflict minerals (i.e., tin, tungsten, tantalum and gold) to help global efforts to reduce the funding of armed groups engaged in conflict and human rights abuses. Through supply chain due diligence, we analyze the products we manufacture and the raw materials and components we purchase.

Accordingly, we commit to:

- Work diligently to identify the presence of conflict minerals in our supply chain that are necessary to the functionality or production of our products.
- Develop processes to determine whether conflict minerals in our supply chain originate from the Democratic Republic of the Congo and certain adjoining countries or are derived from recycled or scrap sources.
- If necessary, perform supply chain due diligence in accordance with the Organisation for Economic Co-operation and Development due diligence framework, or other similar standards.
- Inform our suppliers of the Securities and Exchange Commission reporting requirements related to conflict minerals.





# Product Safety and Innovation

At TransDigm, we never lose sight of the fact that lives depend on our products.

As such, quality, safety and reliability are the bedrock of our approach to developing the highly customized products that meet the specific needs for aircraft operators and manufacturers around the world.

As our business has grown and evolved over the past 28 years, we have maintained a relentless focus on innovation and quality to ensure the highest standards of safety. Our company-wide culture of innovation drives continuous improvement on this front and leads our customers to continue to select us for new business opportunities.

We strive to provide products and services that exceed our customers' requirements for quality and reliability – designing proprietary products that withstand the extraordinary conditions and stresses that are endured during use on an aircraft. The commercial aircraft component industry is highly regulated by the Federal Aviation Administration ("FAA") in the United States and by the European Union Aviation Safety Agency ("EASA") in Europe and other agencies around the world, while the military aircraft component industry is governed by military qualification specifications. We, and the components we manufacture, are required to be certified by one or more of these entities or agencies, and, in many cases, by the individual Original Equipment Manufacturer ("OEM") in order to engineer and service arts and components used in specific aircraft models. We use sophisticated equipment and procedures to comply with quality requirements, specifications and FAA, EASA and other aviation authority requirements, as well as OEM requirements. We perform a variety of rigorous testing procedures, such as testing under different temperatures, humidity and altitude levels, flammability testing, and shock and vibration testing. These types of procedures, together with other customer-approved techniques for document, process and quality control, are used throughout all of our manufacturing facilities.

We invest in our business with the clear objectives of improving product quality and ensuring on-time delivery – these key tenets

are central to our strategy and our success. Our operating units deliver on these objectives by innovating not just across their product lines, but also in all aspects of the business – from manufacturing equipment and processes to supply chain infrastructure and operations. Our operating units strive to ensure the safety of their products through high inspection rates and monitoring and analysis of any quality concerns from our customers. Many operating units have obtained certifications, such as ISO 9001 and AS 9100, in furtherance of this objective.

## Innovative New Products that Ensure the Safety of Endeavors on the Land, Sea and Outer Space

### IRVINGQ

#### ATAX Aerial Delivery Platform

ATAX allows armed forces to rapidly deploy assets into the sea or onto land, offering significantly enhanced deployment speed and reducing risk to the operators.



### HARCOSEIMCO EMPOWERED TO BE BETTER

#### Engine Pressure Transducers

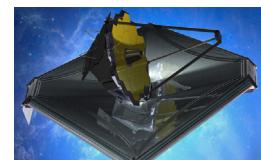
Innovative pressure transducers designed with silicon on insulator technology, which provide superior performance in high temperature and demanding engine environment conditions. These robust sensors are uniquely designed for high stress applications such as monitoring compressor discharge, anti-ice airflow and other engine health pressure signals.



### CDA INTERCORP

#### Deployment, Mirror Alignment and Instrument Actuators for the James Webb Space Telescope

Unique actuators designed to meet the harsh environments of outer space – created to support the recently deployed James Webb Space Telescope. The 40 Kelvin (-233 degrees Celsius) operational temperatures for the mirrors and instruments provided a unique set of challenges to ensure mission success from an unserviceable location 930,00 miles away.





## OUR MAJOR PRODUCT OFFERINGS INCLUDE

	Mechanical/electro-mechanical actuators and controls		Ignition systems		Specialized pumps and valves
	Lighting and control technology		Specialized AC/DC electric motors and generators		Batteries, chargers and power conditioning systems
	Engineered latching and locking devices		Engineered rods		Engineered connectors and elastomer sealing solutions
	Databus and power controls		Cockpit security components and systems		Specialized and advanced cockpit displays
	Aircraft audio, radio and antenna systems		Specialized lavatory components		Seatbelts and safety restraints
	Engineered and customized interior surfaces and related components		Advanced sensor products		Switches and relay panels
	High performance hoists, winches and lifting devices		Cargo loading, handling and delivery system		Parachutes



# Employee Development and Diversity

TransDigm recognizes that our employees are our greatest asset.

Delivering innovative, highly engineered products on time and with the highest quality and safety standards in the market requires a dedicated and talented team. As such, the development, recruitment and retention of employees is one of our highest priorities. We also recognize that the diversity of thought, perspectives and backgrounds is a critical component to success, and we continue to review and improve our diversity initiatives at all levels of the Company to ensure we are recruiting the best and brightest, with a focus on diverse and underrepresented candidates.

We are proud to employ more than 13,000 people across the world and strive to cultivate their skills and promote their wellbeing through strong benefits and a safe, respectful and inclusive workplace environment.

## Employee Development

**We consistently fill two-thirds or more of open senior leadership positions with internal candidates.**

To support the advancement of our employees, we offer training and development programs encouraging advancement from within and continue to fill our team with strong and experienced management talent. We prioritize promoting from within the organization and continually look for emerging leaders. We leverage both formal and informal programs to identify, foster and retain top talent at both the corporate and the operating unit level. Through TransDigm University (“TDGU”), TransDigm’s Management Development Program (“MDP”) and our informal executive mentorship program, we continue to identify and recruit strong, diverse talent and provide further development opportunities for our employees.

TDGU, in partnership with the University of Southern California Marshall School of Business, is a formal mentoring and education program with a curated curriculum, TransDigm specific case studies and established leadership serving as

mentors. The program helps participants learn and develop more advanced skills, which leads to higher contribution and satisfaction within their roles, while mentors enhance their leadership capabilities by helping others progress. This program also helps identify top performers, improves employee performance and retention, increases our organizational learning, and supports the promotion of our current employees.

We have made a marked improvement in our diversity efforts at TDGU – this year’s class is approximately 30% gender and racially diverse, which is nearly double that of the program’s inaugural class in 2019. Our work here is certainly not done, and we will strive to increase diversity further in future classes.

The MDP identifies new talent and prepares them for success within our organization. This program hires recent Master of Business Administration graduates who rotate through a selection of operating units for three eight-month periods. Program participants gain experience in developing, manufacturing and selling aerospace components with the intent of becoming fully immersed in the operations of our business. The program provides MDP participants with the knowledge and experience needed to excel as managers at TransDigm. After successfully completing the MDP rotations, MDP graduates are placed in a permanent position at one of our operating units to continue driving value.

This year, we have expanded the MDP recruitment program to include nine additional colleges and universities, and we also focused on creating a more diverse class. Approximately 31% of total past and present MDP participants are gender or racially diverse, and we are working to further improve that percentage in the years ahead.

TransDigm’s executive team also mentors rising talent on a more informal basis. This informal mentorship achieves several goals, including accelerating the development of top performers, increasing organizational learning, and improving employee performance and retention. The executive team also commits substantial time to evaluating the bench strength of our leadership and working with our leadership to improve



their performance. TransDigm University, MDP and informal mentoring demonstrate TransDigm's ongoing commitment and initiatives towards accelerating the development of our future leaders.

## Benefits

We are proud to offer competitive benefits packages that attract, retain, motivate and reward our talent. We are committed to providing our employees and their families with programs that support their health and overall wellbeing.

To assist employees with financial empowerment, we offer 401(k) programs. We also offer members the ability to save money on a tax-free basis through flexible spending accounts and health savings accounts.

TransDigm offers competitive compensation programs to our employees that includes base pay, bonus programs and equity programs. TransDigm employees also receive paid time off and holidays.

We also understand the value in furthering the knowledge and education of our current employee base. In addition to formal and informal employee development programs within TransDigm, at the vast majority of our operating units, employees can expand their careers by accessing tuition reimbursement programs. Some operating units also partner with local colleges to provide training courses to TransDigm employees. Access to programs such as these enhance our employees' value to the Company, our customers and our communities.

TransDigm's equity compensation plans are designed to assist in attracting, retaining, motivating and rewarding key employees and directors, and promoting the creation of long-term value for our stockholders by closely aligning the interests of these individuals with those of our stockholders. TransDigm's equity compensation plans provide for the granting of performance-based stock options. Equity compensation, and specifically stock options, is a significant component of TransDigm's equity-based compensation strategy and value-based culture. Our approach to equity has a track record of success and we believe that the continued use of performance-based stock options will help retain the Company's key employees and recruit the talented minds of the future.

## OUR U.S. WELFARE BENEFIT OFFERINGS INCLUDE



A NUMBER OF MEDICAL PLANS TO SERVE THE VARIOUS NEEDS OF EMPLOYEES



DENTAL AND VISION COVERAGE



LIFE, SURVIVOR AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE



SHORT-AND LONG-TERM DISABILITY BENEFITS



TUITION ASSISTANCE PROGRAMS



VARIOUS VOLUNTARY BENEFITS

Legal insurance, an identity theft protection plan, critical illness insurance, accident insurance and an employee assistance program

## Diversity

Diversity and inclusion make us stronger as a business so we can effectively serve all our stakeholders. Our workforce must include talented people from many backgrounds – it is critical to innovation, provides a competitive advantage, yields better outcomes, and in turn, enables us to better deliver for all of our stakeholders. We measure our diversity annually and review the progress. We strive for improvement each year.

We know that the tone is set from the top, and our commitment to diversity and inclusion must be reflected within our leadership team as well as our Board. TransDigm plans to implement Unconscious Bias Training for our Board of Directors and management in 2022. Additionally, our Board was pleased to welcome a new independent female director to the Board in 2021. We have also embedded TransDigm's commitment to increasing diversity in other internal trainings, communications and conferences.

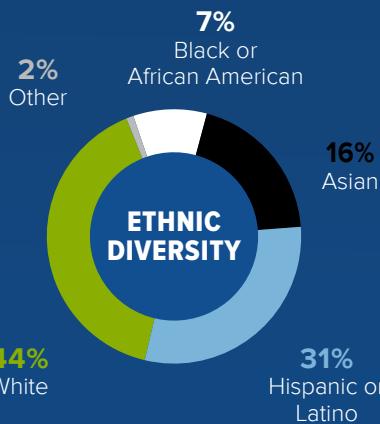
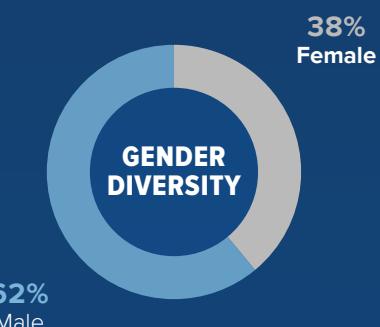
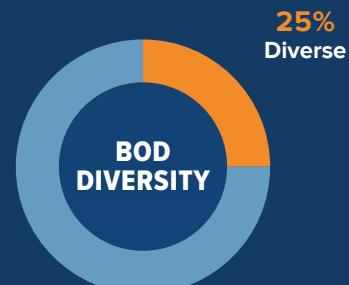
Discrimination is not tolerated at TransDigm. We are committed to high ethical standards and equal employment opportunities in all personnel actions without regard to race, color, religion, gender, national origin, citizenship status, age, marital status, gender identity or expression, sexual orientation, physical or mental disability, or veteran status.

As a company whose products and values are closely tied to supporting the U.S. military and our allies, we are dedicated to offering employment opportunities to U.S. military veterans. Supporting our veterans as they enter the civilian workforce is incredibly important to us given their valuable wealth of knowledge and skills. Many of our U.S. based operating units have specific programs or initiatives that provide career opportunities to veterans as they transition into the civilian workforce.

The Board of Directors plays an important role in our diversity, equity and inclusion ("DEI") efforts. For example, the Nominating and Corporate Governance Committee recommends potential director candidates to the Board weighing independence, diversity, age, strategic and financial skills and experience, in the context of the needs of the Board and the long-term interests of our Company. This was demonstrated in 2021 by the addition of Jane Cronin, Senior Vice President - Corporate Controller at Sherwin Williams Company, to the Board. The Board monitors our DEI initiatives and results on a regular basis.

## TRANSDIGM DIVERSITY

(U.S. Employees Only)

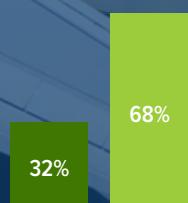


## DIVERSITY BY JOB CATEGORY

(U.S. Employees Only)

■ Non-Diverse ■ Diverse

### OVERALL TRANSDIGM



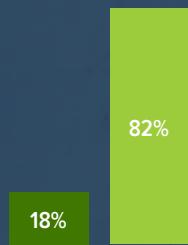
### EXECUTIVES



### MANAGERS



### INDIVIDUAL CONTRIBUTORS



Non-diverse includes white male employees

Diverse includes female and minority male employees

## Employee Safety

Our commitment to manufacturing the safest, highest quality products is matched by our commitment to keeping our employees healthy and safe as they design, engineer and produce these products. We are dedicated to building, maintaining, and operating our facilities to effectively manage process safety, and to minimize risks. We also seek to empower and support our employees to prevent accidents and promote a healthy work environment. We require personnel to report and communicate risks, potential hazards, incidents and near misses so that they can be investigated, and appropriate action can be taken to prevent future issues. To underscore our commitment, we require each of our operating units to individually report on Environmental Health and Safety matters monthly to our executive team.

Throughout the COVID-19 pandemic, we have worked diligently to keep our workforce safe and healthy. This means strict adherence to guidance from the World Health Organization and the U.S. CDC to protect employees and prevent the spread of the virus within all of our facilities globally.

Our employees are our #1 asset, and we are committed to preserving their health and safety while continuing to meet our customer commitments.



# Community Impact

We have a responsibility to make a positive impact on the communities in which we operate.

We take that responsibility seriously and undertake a variety of initiatives at the corporate level, particularly focused on helping underserved and disadvantaged communities in Ohio. We also encourage each of our operating units to engage with their local organizations and communities to find meaningful ways to give back.

At the corporate level, TransDigm has launched the following programs and initiatives:

## **Assisting Underprivileged and Underrepresented Youth Through The Doug Peacock Scholarship Program**

One of our top priorities at TransDigm is developing and promoting a talented and diverse workforce. We are driven to help foster that talent at a young age, assisting students who might not otherwise have the means to continue developing their skillsets. As such, we launched the Doug Peacock Scholarship Program in 2020. Through this program we honor the legacy of Doug Peacock – one of our founders who passed away in 2020. The Doug Peacock Scholarship Program provides educational opportunities, particularly in engineering and business, to minority students.

With cross-disciplinary competencies in mind, we select schools that promote a sound curriculum and experiential learning to give students the foundation they need to help solve the pressing global challenges of our time. Non-endowed funds are given to minorities, with preference to minority females. The scholarships are renewable (assuming the student continued to meet eligibility requirements) and provide gap funding that offsets financial responsibilities. Supporting students from underrepresented groups opens opportunities for individuals that would not otherwise be able to pursue and achieve their most ambitious goals.

To meet the goals of the program we have built an ongoing partnership, providing postsecondary education

to engineering and business majors in need at the following institutions:

- Clemson University
- Cleveland State University
- Drexel University
- Rochester Institute of Technology
- University of Southern California
- University of Washington

We also provide educational opportunities for high school students impacted by poverty and educational inequality in the city of Cleveland at Saint Martin De Porres High School and Benedictine High School.

## **Expect to Provide 650 Scholarship Awards to Students by 2024**

For the 2020-2021 academic year, approximately 60 scholarships were awarded to high school and undergraduate students. Approximately 95 scholarships were awarded for the 2021-2022 academic year, which includes continuing to support many of the students from the previous, inaugural year of the program. TransDigm expects to continue expanding the Doug Peacock Scholarship program in future years.

## **WE WILL CONTINUE A PATH OF GROWTH TO MAKE A DEEPER IMPACT IN SUPPORTING STUDENTS IN NEED**

**650 TOTAL SCHOLARSHIP AWARDS BY 2024**





## Providing a Vision of Hope with Cleveland Clinic's Sight-Saving Eye Care Services

This school year, TransDigm teamed up with Cleveland Clinic to put at-risk children on the path to better vision. TransDigm committed \$1 million to Cleveland Clinic's Vision First program, a community outreach initiative that provides free comprehensive vision screenings and eye examinations to local elementary students from a mobile optometry van. The five-year investment will allow Cleveland Clinic to reach more children in underserved communities throughout Northeast Ohio.

Nearly one in four American school-aged children has an undetected and untreated vision problem, according to the American Optometric Association. When a child's eyesight is out of focus, it can affect their overall wellbeing, confidence and performance in the classroom.



A student at Cleveland Metropolitan School District's Campus International School receives a free eye exam through the Vision First program.

## Supporting the Red Cross of Northeast Ohio Home Fire Campaign

Each day in the U.S., seven people die in a home fire, most in homes that lack working smoke alarms. On average, U.S. fire departments respond to a home fire every 87 seconds, and home fires kill more people than all other U.S. natural disasters combined. In order to take action, TransDigm is supporting the Red Cross of Northeast Ohio's efforts to distribute and install smoke alarms in underserved communities. The program also educates children, families and the elderly on home fire preparedness and fire safety.

## Honoring our Community and the U.S. Navy through the USS Cleveland Legacy Foundation

Supporting the U.S. military is a core part of TransDigm's business and values. When the U.S. Navy announced that it would be naming a new littoral combat ship after our home city – Cleveland – we felt it was the perfect opportunity to help honor our community. Through our donation, we are supporting the USS Cleveland Legacy Foundation's efforts to bring the ship to life at its commissioning in Cleveland, support the USS Cleveland's crew during its service life and returning the ship to Cleveland after its retirement to serve as a memorial and museum for all four U.S. Navy ships that have carried the name Cleveland.

"As a woman in STEM, it was refreshing to hear about the active steps TransDigm is taking to see more women in the aerospace industry through this scholarship. As a civil engineering major, I hope large construction companies are taking notes from TransDigm and are taking active steps to support women in construction as it is still a field dominated by men."

### 2021 DOUG PEACOCK SCHOLARSHIP RECIPIENT





In 2021, much progress was made on this project. In June, the keel was laid on Littoral Combat Ship (LCS) 31, and this past fall, the Lone Sailor Statue of Cleveland was unveiled to honor, recognize and celebrate the men and women who served on the sea.

We are pleased to contribute to this honorable project, which will not only will help commission a new United States Navy threat combat ship – expected in 2023 – but build lasting connections between the sea services and the Greater Cleveland community.

## **Helping Return World-Class Athletics to Cleveland**

TransDigm takes great pride in its vibrant home city of Cleveland, Ohio, and we were proud to be the title sponsor of the inaugural 2021 Tri CLE Rock Roll Run in the heart of downtown Cleveland. The race sold out its 600 spots this year, and hopes to grow in 2022. We look forward to once again being the lead sponsor of this great event.

Through our sponsorship, we are also proud to support Tri CLE's non-profit, the Kids that Tri Program, which was created to give under-resourced children of the Greater Cleveland area a chance to learn how to swim, bike, and run and participate in a competitive triathlon.

## **Championing STEM (science, technology, engineering and math) Educational Programming with the Great Lakes Science Center**

Located in downtown Cleveland, Ohio, the Great Lakes Science Center ("GLSC") is a museum and educational facility dedicated to hosting exhibits that support STEM. The GLSC opened in 1996 and provides year-round educational classes, workshops and other events to families and children. Many of the GLSC's exhibits are hands-on to promote learning.

TransDigm is supporting the STEM educational programming that the GLSC brings to under resourced and underrepresented youth in Cleveland and its surrounding communities. Supporting this programming allows thousands of students to attend STEM-centric field trips and workshops that are held virtually and in-person. Funds also support camp scholarships and events for severely ill children that allow them to experience the GLSC from the hospital.

## **TransDigm's Operating Units Engage with Their Local Communities**

We encourage each of our 47 operating units to engage with

their local communities and to give back through various charitable activities throughout the year.

Each operating unit has a relationship with its community and individually decides which charitable activities to support with donations. Since the beginning of our fiscal 2021, some of the organizations our operating units supported include:

- Salvation Army
- United Way
- Hand in Hand USA
- West Valley Mavericks Foundation
- Cristo Rey Network
- ALS Ride for Life
- St. Jude Children's Research Hospital
- Toys for Tots
- Helping Hands

Our operating units also participated in such activities as holiday toy drives, food/clothing drives, local 5K run/walks, school supply drives and volunteering with local organizations.

## **Educational Opportunities**

Many TransDigm operating units provide educational outreach and support to their local communities through various initiatives. From career coaching high school students exploring STEM programs and occupations to work study programs for young adults to scholarship funding to assist with college expenses to supporting the Great Lakes Science Center, we endeavor to support community education projects. We value our role in helping strengthen educational opportunities to inspire future generations of the workforce.

Throughout the TransDigm organization, almost every operating unit has an internship or co-op program. Students participating in our internship or co-op programs are typically recruited from local colleges and universities. The majority of the internship and co-op programs focus on students pursuing a degree in engineering; however, some operating units also have interns in other fields including accounting, human resources and sales. Our internship and co-op programs prepare students for their future careers and allow them to see firsthand the numerous job options available to them in the industry.

**"The scholarship is more than just financial assistance. It is an opportunity to help me achieve my dreams."**

## **2021 DOUG PEACOCK SCHOLARSHIP RECIPIENT**



# Environmental Sustainability

Pollution, natural resource scarcity and climate change are serious issues facing our planet – and they require credible actions and global solutions.

Over the past few years we have been taking a more proactive approach to environmental matters. Our approach continues to evolve as we look for opportunities to expand our environmental sustainability initiatives and increase corporate oversight of our operating units' sustainability efforts. Additionally, there is Board oversight of our environmental initiatives, as our Board recognizes the importance and value in becoming a more sustainable business.

As we committed to in our 2020 Stakeholder Report, we completed the greenhouse gas ("GHG") inventory of our Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) emissions for our last three fiscal years, selected a baseline emissions year of FY2019, and established a science-aligned GHG emissions reduction target of at least 50% reduction in our Scope 1 and Scope 2 emissions on an absolute basis by 2031. We also developed our inventory management plan and set an inventory recalculations policy to appropriately account for the impact to our emissions due to such business activities as mergers, acquisitions and divestitures.

## Our Carbon Footprint

Generally, the manufacturing process for the types of components and small systems we produce at our facilities involves light manufacturing and assembly. We engage in little heavy manufacturing. We typically rely on commercial shipping options, as opposed to company owned vehicles to ship our products because our customers are distributed around the world and shipping volumes tend to be small. Our Scope 1 and Scope 2 emissions are low for these reasons.

As discussed in our 2020 Stakeholder Report, we were actively in the process of developing our enterprise wide

GHG emissions inventories. In 2021 we completed these efforts which culminated in the development of our FY2019 and FY2020 GHG emissions inventories. In early 2022 we finalized our FY2021 GHG inventory and are committed to developing our inventory for each year going forward. Presently, our inventory includes our direct emissions (Scope 1) and indirect emissions associated with the consumption of purchased electricity (Scope 2). This inventory aligns with the GHG Protocol's Corporate Accounting and Reporting Standard and associated guidance (the GHG Protocol), the most widely used voluntary carbon accounting and reporting framework for corporations.

The vast majority of our GHG emissions result from our consumption of electricity and combustion of natural gas. In FY2021, approximately 31% of our total Scope 1 and Scope 2 emissions were from natural gas combustion and 61% were from purchased electricity. The remaining 8% of our FY2021 Scope 1 and Scope 2 emissions are from other sources including refrigerant losses from equipment and combusting fuel in fleet vehicles. Table 1, Table 2 and supplemental graphics discloses our total Scope 1 and Scope 2 GHG emissions along with our electricity and natural gas consumption.

Emissions are expressed in terms of metric tons of carbon dioxides equivalent ("CO<sub>2</sub>e") where other greenhouse gas emissions are equated to carbon dioxide based on their Global Warming Potential, as provided in the Intergovernmental Panel on Climate Change ("IPCC") Fifth Assessment Report (AR5), 2014. The same activity data collection process and calculation methodologies employed for FY2019 and FY2020 inventory development were utilized for FY2021.

By establishing our first GHG emissions reduction target of at least 50% reduction in our Scope 1 and Scope 2 emissions on an absolute basis by 2031, TransDigm both recognizes the global effects of climate change and commits



to being part of the solution. We considered numerous commitment options and frameworks, carefully weighing the impact to both our business and the environment, and ultimately decided upon a reduction goal that provides both the environmental benefit needed and room for the growth of our Company.

We developed our goal in alignment with the Science-based Target Initiative's ("SBTi") Scope 1 and 2 target setting criteria and methodologies to limit global warming to 1.5°C. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature that defines and promotes best practice in emissions reduction targets in line with the latest climate science.

To achieve our target of a 50% absolute reduction in Scope 1 and Scope 2 GHG emissions by 2031, we are actively investigating options for pursuing the implementation of additional energy efficiency projects at our operations, considering sourcing renewable energy and considering other solutions that would lower our emissions footprint.

In 2021, our GHG management program continued to grow and evolve in an effort to further align the program with the best practices as stated by the GHG Protocol. To support GHG emissions inventory development, a GHG inventory management plan ("IMP") was developed. The IMP documents the foundation of the GHG management program and outlines the accounting principles that were applied for GHG inventory development. These principles, established by the GHG Protocol, set a standard for the true and fair representation of our Scope 1 and Scope 2 emissions. This Plan also guides the development of a GHG management program that will be used to inform public reporting, aid in participation of mandatory and voluntary GHG programs, manage risks and identify reduction opportunities.

Furthermore, in 2021, we established FY2019 as TransDigm's GHG emissions baseline year. A baseline year allows for a meaningful and consistent comparison of emissions over time and is key to our energy and carbon footprint reduction efforts. Similar to other commercial aerospace companies, TransDigm was significantly affected by the global pandemic in 2020 and 2021; therefore, FY2019 was selected as the baseline year. FY2019 is more representative of TransDigm's normal course of business prior to the impact of the pandemic on our business.

## COMPANY EFFORTS TO REDUCE WASTE AND WATER USAGE



### REDUCE WASTE THROUGH RECYCLING

Including recycling metal, paper, cardboard, plastic, used batteries and used oil.



### MANAGE AND REDUCE WASTE STREAMS

Including waste reduction programs and using more environmentally-friendly compounds in their manufacturing processes.



### SEPARATE OIL AND WATER TO ELIMINATE OIL WASTE



### USE LOW-PHOSPHORUS DETERGENT TO WASH HARDWARE



### DEPLOY ACTIVATED CARBON FILTRATION IN VENTILATION SYSTEMS

Reduce liquid and gas emission.



### IMPLEMENT A DUST FILTRATION SYSTEM



### WATER REDUCTION PROGRAMS

Aid in water conservation efforts.



## ACHIEVEMENTS AND PROGRESS MADE IN 2021

✓ COLLECTED AND MEASURED COMPLETE GHG INVENTORY OF OUR SCOPE 1 AND SCOPE 2 EMISSIONS FOR FY2019, FY2020 AND FY2021

✓ SELECTED BASELINE EMISSIONS YEAR OF FY2019

✓ ESTABLISHED A GHG EMISSIONS REDUCTION GOAL OF 50% REDUCTION IN OUR SCOPE 1 AND SCOPE 2 EMISSIONS BY 2031

✓ IDENTIFIED POTENTIAL ENERGY IMPROVEMENT ACTIONS LOCAL MANAGEMENT TEAMS CAN IMPLEMENT TO REDUCE GHG EMISSIONS

✓ TOOK STEPS TO IDENTIFY AND UNDERSTAND PATHWAYS TO ACHIEVING OUR GHG EMISSIONS REDUCTION GOAL

## WHILE WE ARE PLEASED WITH WHAT WE HAVE DONE SO FAR

We Are Excited to Continue on this Journey of Reducing our Carbon Footprint in our Fiscal 2022 and Taking Steps to Meet our Greenhouse Gas Emissions Goal

**50%** emissions reduction goal for Scope 1 and Scope 2 by 2031

Consistent with the recommendations of the GHG Protocol, as TransDigm's business operations evolve in future years (e.g., acquisitions, divestments and mergers) or if the GHG inventory calculation methodologies materially change, the baseline GHG inventory will be restated to account for this evolution. Restating the baseline year provides an accurate comparison of past and current emissions profiles for demonstrating progress towards TransDigm's GHG emissions reduction goal. It should be noted that the base year will not be adjusted to take account of economic growth or decline, changes in production output or product mix, and closures or openings of operating units owned or controlled by TransDigm.

In FY2021, we acquired two new operating units while five operating units were divested. These structural changes represented revisions greater than 5% to our historical emission profile and as such the baseline emissions inventory was recalculated. We also reassessed the baseline water usage to maintain consistency and included the same mix of businesses across all measurements in Table 1, Table 2 and the supplemental graphics.

### Water Consumption Inventory & Risk

Similar to the GHG efforts undertaken in 2020 and 2021, we undertook a data collection and validation process to develop our water consumption inventory. The data set for our FY2019 and FY2020 water consumption inventories was included in our 2020 Stakeholder Report. Building upon these activities, in early 2022, we finalized our FY2021 water inventory. Consistent with GHG emissions, FY2019 represents our water consumption baseline year. Total water usage for both FY2021 and FY2019 can be found in Table 1 and supplemental graphics.

In addition to the development of our water usage inventories for the last three fiscal years, TransDigm's water use by location was assessed using the World Resource Institute's (WRI) Aqueduct Water Risk Atlas. The Aqueduct tool models numerous water stress factors in the categories of physical risk (e.g., quality, quantity), regulatory risk and reputation issues. We focused primarily on baseline water stress (a measure of water scarcity) with our top water-using operating units correlating strongly to areas of high baseline water stress, and therefore, the focus of future water efficiency improvements.

## COMPANY-WIDE EFFORTS TO REDUCE ENERGY USAGE

### USE OF RENEWABLE ENERGY SOURCES

Including hydropower, solar, nuclear and wind power

### LED LIGHTS OR MOTION SENSING LIGHTS

### SHUTDOWN PROCEDURES FOR PORTIONS OF FACILITIES IN LOW OCCUPANCY OR USAGE AREAS

Along with reducing number of work shifts

### CONDUCTING ENERGY AUDITS TO IDENTIFY OPPORTUNITIES TO REDUCE ENERGY CONSUMPTION

### HIGHER EFFICIENCY HEATING AND/OR AIR CONDITIONING UNITS

Many of our facilities have replaced heating and/or air conditioning units with higher efficiency units or installed air compressor systems, as well as energy efficient manufacturing equipment

### ENERGY EFFICIENT BUILDING UPGRADES

Including energy efficient windows, tinted windows, skylights, stucco coatings, improved insulation and/or programmable thermostats to reduce heating and cooling costs

The assessment concluded that our primary water use activities include facility utilities (e.g., boilers and cooling towers) and employee use (e.g. restrooms, kitchen). Less significant water use activities include some process water needs (e.g., steam, rinse tanks) and landscape irrigation. Importantly, as a result of many efficiency projects over the years, our operating units have realized improvements in water efficiency.

Examples of water efficiency improvements at operating units include:

- Switching to a closed loop chiller system
- Employee restroom retrofits (low/no flow lavatories and sinks)
- Process rinse tanks that universally include recirculation/reuse

- On-going/planned boiler upgrades that will further improve efficiency
- Xeriscaping to reduce/eliminate landscape irrigation and VFD feed water pumps

Based on the improvements made to date, we see minimal opportunity for additional significant, cost-effective improvements in water efficiency. As such, we are not establishing a quantitative, time-bound target at this time. We will continue to strive for water efficiency and best practices for water conservation. We intend to continue collecting the water consumption data annually and evaluating our sites with highest water consumption and in areas of highest water stress to drive continued improvement.

# Summary Tables and Figures

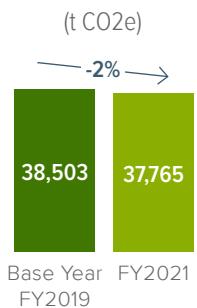
TABLE 1: TRANSDIGM ENERGY AND WATER CONSUMPTION SUMMARY

	Natural Gas		Electricity		Water
	Energy (MMBtu)	GHG (t CO2e)	Energy (MWh)	GHG (t CO2e)	Usage (thousand US gallons)
FY2019 (Base Year)	571,204	30,339	214,528	68,600	166,288
FY2021	575,739	30,580	189,241	59,497	164,304

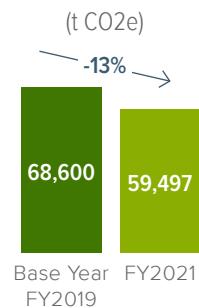
## TRANSDIGM SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS

	Scope 1 GHG Emissions	Scope 2 GHG Emissions	Scope 1 and 2 GHG Emissions
FY2019 (Base Year)	38,503	68,600	107,103
FY2021	37,765	59,497	97,262

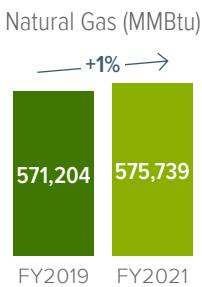
### GREENHOUSE GAS EMISSIONS FROM SCOPE 1 EMISSIONS



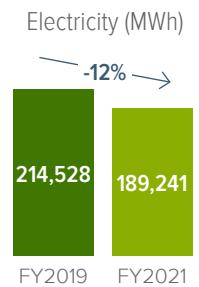
### GREENHOUSE GAS EMISSIONS FROM SCOPE 2 EMISSIONS



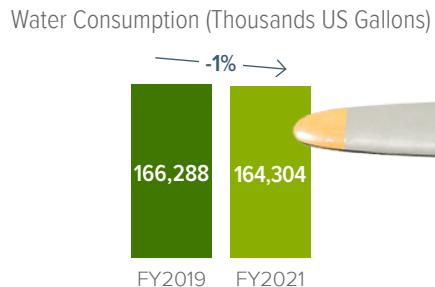
### COMBUSTION OF NATURAL GAS IN ONSITE EQUIPMENT



### CONSUMPTION OF PURCHASED ELECTRICITY FOR OPERATIONS



### CONSUMPTION OF WATER IN OPERATIONS





## COVID-19 Impact

Similar to other commercial aerospace companies, TransDigm was affected by the global pandemic. Our business contracted in FY2020 due to the pandemic and began to recover in FY2021, but our levels of demand and business activity have not reached pre-pandemic levels as global flight activity remains depressed. As a result, our lower overall Scope 1 and Scope 2 GHG emissions in FY2021 versus our selected baseline emissions year are impacted by the reduced levels of business activity.

We expect as the commercial aerospace industry and our business continue to recover from the global pandemic and we see production volumes move up, there may be an increase in GHG emissions year over year (e.g. FY2022 versus FY2021). However, as we work to achieve our Scope 1 and Scope 2 GHG emissions goal of 50% reduction by 2031, we expect the emissions to reduce in comparison to the baseline year of FY2019.

## Our Stewardship and Path to our Emissions Reduction Target

Historically, in the ordinary course of business, productivity decisions by the operating units incorporated sustainability initiatives. To accelerate our sustainability efforts, in FY2020, we adopted a corporate-wide environmental policy, stating how we, as a company, seek to manage energy consumption, conserve water, increase energy efficiencies and manage waste and hazardous materials. Now that we have our complete Scope 1 and Scope 2 emissions inventory and a GHG emissions reduction goal set, in 2022 we will continue to evaluate and implement efforts to reduce our energy consumption and reduce our carbon footprint. We will explore energy efficiency measures, the purchase of green power and other actions that are technologically available, economically practicable and achievable in light of best industry practice. We intend to report on our progress towards our GHG emissions reduction goal in our next Stakeholder Report in 2023.

## OUR ASSESSMENT OF SUSTAINABILITY RISKS

**AT PRESENT, IT IS NOT CLEAR HOW THE CLIMATE WILL CHANGE IN THE FUTURE OR WHAT THE RESPONSE FROM REGULATORY AGENCIES OR CUSTOMERS WILL BE.**

We are continuing to evaluate short-, medium- and long-term risks related to climate change. As a whole, because our manufacturing facilities primarily engage in assembly and light manufacturing and because we do not maintain any transportation infrastructure, we have relatively low Scope 1 and Scope 2 emissions. Accordingly, we do not anticipate any material adverse impact from increased carbon regulation. Further, because of our wide portfolio of hundreds of thousands of products, we do not anticipate any material adverse impact from the reliance on a supplier or group of suppliers that may be subject to sustainability or climate risks. Some of our manufacturing facilities are located in regions that may be impacted by severe weather events, such as increased storm frequency or severity in the Atlantic and fires in hotter drier climates. These could result in potential damage to our physical assets as well as disruptions in manufacturing activities. Some of our manufacturing facilities are located in areas that may be at risk due to rising sea levels. Moreover, some of our manufacturing facilities are located in areas that could experience decreased access to water due to climate issues.



# Operating Units\*



**Adams Rite Aerospace**

**CALIFORNIA**

Adams Rite Aerospace designs and manufactures a wide variety of custom-engineered components and systems, including cockpit security systems, oxygen systems, fluid controls and water systems, flight control, interior and exterior hardware and door latching systems.



**CALIFORNIA**

AdelWiggins Group designs, manufactures and sells an extensive line of high-quality, custom designed products, primarily aerospace-related fluid line components such as flexible connectors, quick disconnects, clamps, heaters and hoses, and refueling systems.



**OHIO**

AeroControlex Group designs and produces hydraulic, fuel, lubrication and coolant pumps. They also produce mechanical actuators and water disinfection systems.



**OHIO**

Aero Fluid Products produces aircraft fuel systems hydraulics and lubrication systems, electromechanical, aircraft hardware, potable water and waste systems.



**FLORIDA**

Aerosonic produces air data systems, standby displays, digital and mechanical standby instruments, sensors and probes.



**NEW JERSEY**

Airborne Systems creates and manufactures best-in-class parachutes for the military, GPS precision guided cargo delivery systems, low cost cargo delivery parachutes, parachute releases; personnel and cargo systems, rescue and survival equipment, space and air vehicle recovery systems and deceleration systems for high-performance aircrafts.



**ARIZONA**

AmSafe Passenger Restraints produces safety restraint products, including aviation passenger seatbelt and airbag restraint systems, for the aerospace and defense industries.



**BRIDPORT,  
UNITED  
KINGDOM**

AmSafe Bridport designs and manufactures highly engineered textile products, specialising in airframe restraints and barrier solutions, cargo handling and movement systems and RPG protection for armoured vehicles.



**NEW YORK**

Arkwin Industries designs, tests, manufactures and supports precision hydraulic and fuel system components for civil and military fixed-wing aircraft, helicopters, spacecraft, turbine engines, and other special applications.



**CALIFORNIA**

Armetec Defense Technologies develops and manufactures state-of-the-art ordnance products, infrared decoy flares, radar countermeasure chaff, and a variety of other pyrotechnic devices.

**BOURGES,  
FRANCE**

Auxitrol Weston supplies highly reliable temperature, speed and pressure engine and aircraft sensors to OEMs and airlines in commercial, military, aero derivative and industrial markets.

**NEW JERSEY**

Avionic Instruments produces and supplies power conversion equipment and supplies lightweight, qualified power electronics for military, commercial and aerospace applications.

**WASHINGTON**

AvtechTyee Corporation designs, develops and manufactures electronic systems for the aerospace industry, with a focus in five product groups: Communications, Power Lighting and Control, Electro-Mechanical, Switches and Connectors and Indicators.

**NEW JERSEY**

Breeze-Eastern designs rescue hoists, winches, cargo hooks and weapons handling systems that military and civilian operators need to complete their missions efficiently, effectively and safely.

**ARIZONA**

Canyon AeroConnect is the global leader in avionic-standard aircraft radio and systems for aircraft communication equipment for Air Ambulance, Law Enforcement, SAR, EMS, Electronic News Gathering, Military and Marine applications.

**FLORIDA**

CDA InterCorp designs and manufactures highly engineered, extremely reliable, Controllable Drive Actuators for technologically advanced control systems.

**SOUTH  
CAROLINA**

Champion Aerospace manufactures performance proven excitors, leads and igniters for turbine engines and spark plugs, fillers, magnets and harnesses for piston engines.

**MARLOW,  
UNITED  
KINGDOM**

Chelton LTD supplies highly resilient, totally dependable communications, navigation and Electronic Warfare equipment for aerospace and defence. Its solutions include antenna systems, anti-jam GPS, radio, vehicle intercoms, air traffic management systems and electronic warfare.

**MONTREAL,  
CANADA**

CMC Electronics designs and manufactures cockpit systems integration, avionics and display solutions for the military and commercial aviation markets.

**STILLINGTON,  
UNITED  
KINGDOM**

Darchem Engineering LTD produces insulation systems, aerostructures, honeycomb systems, nuclear systems, thermal protection, and special fabrications.

**NEW YORK**

Data Device Corporation designs and manufactures high-reliability Connectivity, Power and Control solutions (Data Networking; Power Distribution, Control and Conversion; Motor Control and Motion Feedback) for aerospace, defense, and industrial applications.

**KANSAS**

Electromech Technologies specializes in the manufacture and overhaul of AC/DC motors, actuators, blowers, and position feedback devices for the aerospace, military and industrial markets.



**INGOLSTADT,  
GERMANY**

Elektro-Metal Export produces electromechanical actuators as well as entire actuation systems complete with control and power units, aircraft wiring harnesses and other wiring equipment.



**FLORIDA**

Extant Aerospace manufactures highly reliable, mission critical aerospace electronics and avionics life cycle sustainment systems and subassemblies.



**CONNECTICUT**

HarcoSemco designs and fabricates temperature sensors, thermocouple systems, interconnect cable-harness assemblies, probes and sensors.



**CALIFORNIA**

Hartwell Corporation produces access latches, latching systems and complex door assemblies.



**WASHINGTON**

Hytek Finishes supplies specialized metal finishing, non-destructive testing, plating, anodizing and organic coating services.



**BRIDGEND,  
UNITED  
KINGDOM**

IrvinGQ designs and manufactures products and services including Aerial Delivery Solutions, Personnel Parachutes, Rescue, Safety and Survival Equipment and Naval Decoy Systems.



**CALIFORNIA**

Kirkhill Inc.'s elastomer-based product offerings include radar absorbing material (RAM), ablative materials, conductive elastomers, electro static discharge (ESD) material, calendered, extruded and molded solid and sponge specialty rubber products.



**WASHINGTON**

Korry Electronics produces superior human-machine interface products offering balanced lighting solutions for all cockpit needs.



**CALIFORNIA**

Leach International is the world's leading provider of electromechanical and solid state switch gear for aircraft, defense, space and rail applications. Leach International leverages its design, engineering and manufacturing expertise to create solutions-oriented equipment for power distribution and control.



**SARRALBE,  
FRANCE**

Leach International Europe manufactures power switching solutions.



**TEXAS**

MarathonNorco Aerospace designs and manufactures Nickel-cadmium batteries and chargers, engine nacelle hold-open rods and a range of mechanical couplings and connectors.



**CALIFORNIA**

Mason Controls manufactures rotary switches, potentiometers, optical encoders, cursor control devices, ground vehicle controls, as well as electromechanical fixed wing and rotary flight controls.



**HOLMESTRAND,  
NORWAY**

Nordisk Aviation supplies almost every wide-bodied aircraft in the world, offering the most extensive range of air cargo pallets and containers.

**PALOMAR**

**CALIFORNIA**

Palomar produces highly reliable secure intercommunications systems for airborne and naval military applications to the world's armed forces. This includes switching and crew-position units for airborne, shipboard, unmanned, and ground applications for multi-mission platforms.



**WASHINGTON**

Pexco Aerospace produces extruded plastic interior parts used in cabin structures and lighting as well as flooring trim and finish.



**CALIFORNIA**

PneuDraulics supplies the aerospace industry with high quality pneumatic and hydraulic system components such as actuators, manifolds, reservoirs, solenoid valves, utility valves and lavatory valves.

**SCHNELLER**

**OHIO**

Schneller is the leading supplier of interior decorative and non-textile flooring for all commercial platforms.



**INDIANA**

Shield Restraint Systems produces specialty restraint components for on- and off- road vehicles.



**CALIFORNIA**

Skurka Aerospace designs and manufactures motors, motion controllers, actuators, speed pickup transducers, starters, starter generators, power generation, distribution, conversion and related controllers.



**CALIFORNIA**

TA Aerospace designs and manufactures metallic and elastomer clamping systems, molded grommets and thermal fire barrier insulation.



**BAVARIA,  
GERMANY**

Telair International is the world's leading supplier of containerized cargo handling systems and unit load devices.



**NORTH  
CAROLINA**

US Cargo Systems designs and develops Cargo Handling and Aerial Delivery System technologies.



**NEW JERSEY**

Whippiany Actuation Systems designs, manufactures and services custom electromechanical actuation solutions for commercial and military applications.



**NEW YORK**

Young and Franklin designs and manufactures precision controls for the land-based turbine and oil industries. Tactair provides hydraulic and pneumatic valves and actuators for aerospace applications.



# Appendix

## RECONCILIATION OF INCOME FROM CONTINUING OPERATIONS TO EBITDA AND EBITDA AS DEFINED

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
(in millions)														
Income from continuing operations	\$ 1	\$ 3	\$ 14	\$ (17)	\$ 11	\$ 14	\$ 31	\$ (76)	\$ 14	\$ 35	\$ 25	\$ 89	\$ 133	\$ 163
Depreciation and amortization expense	7	6	7	6	7	9	13	10	18	17	16	24	25	28
Interest expense, net	5	3	3	23	28	32	37	43	75	80	77	92	93	84
Income tax provision	2	5	13	(2)	8	9	17	(45)	6	23	16	53	74	88
Warrant put value adjustment	2	5	7	-	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	17	24	44	10	54	64	98	(68)	113	155	134	258	325	363
Merger expense	-	-	-	40	-	-	-	176	-	-	-	-	-	-
Refinancing costs	-	-	-	-	-	-	-	-	-	-	49	-	-	-
Acquisition and divestiture transaction-related costs	-	1	-	1	-	8	-	15	20	2	1	9	2	6
Non-cash compensation and deferred compensation costs	-	-	-	-	-	-	-	1	6	7	1	6	6	6
One-time special bonus	-	-	-	-	-	-	-	-	-	-	6	-	-	-
COVID-19 pandemic restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public offering costs	-	-	-	-	-	-	-	-	-	-	3	2	-	-
<b>EBITDA As Defined</b>	<b>\$ 17</b>	<b>\$ 25</b>	<b>\$ 44</b>	<b>\$ 51</b>	<b>\$ 54</b>	<b>\$ 72</b>	<b>\$ 98</b>	<b>\$ 124</b>	<b>\$ 139</b>	<b>\$ 164</b>	<b>\$ 194</b>	<b>\$ 275</b>	<b>\$ 333</b>	<b>\$ 375</b>

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
(in millions)												
Income from continuing operations	\$ 163	\$ 152	\$ 325	\$ 303	\$ 307	\$ 447	\$ 586	\$ 629	\$ 962	\$ 841	\$ 653	\$ 681
Depreciation and amortization expense	30	61	68	73	96	94	122	141	129	226	283	253
Interest expense, net	112	185	212	271	348	419	484	602	663	859	1,029	1,059
Income tax provision	88	77	163	146	142	189	182	209	24	222	87	34
Warrant put value adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	393	475	768	793	893	1,149	1,374	1,581	1,778	2,148	2,052	2,027
Merger expense	-	-	-	-	-	-	-	-	-	-	-	-
Refinancing costs	-	72	-	30	132	18	16	40	6	3	28	37
Acquisition and divestiture transaction-related costs	12	30	19	26	21	37	57	31	29	169	31	35
Non-cash compensation and deferred compensation costs	7	13	22	49	26	32	48	46	59	93	93	129
One-time special bonus	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 pandemic restructuring costs	-	-	-	-	-	-	-	-	-	-	54	40
Gain on sale of businesses	-	-	-	-	-	-	-	-	-	-	-	(69)
Other	-	-	-	2	1	(2)	-	13	5	6	20	(10)
Public offering costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>EBITDA As Defined</b>	<b>\$ 412</b>	<b>\$ 590</b>	<b>\$ 809</b>	<b>\$ 900</b>	<b>\$ 1,073</b>	<b>\$ 1,234</b>	<b>\$ 1,495</b>	<b>\$ 1,711</b>	<b>\$ 1,877</b>	<b>\$ 2,419</b>	<b>\$ 2,278</b>	<b>\$ 2,189</b>



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**2021 STAKEHOLDER REPORT**