



AEROVIRONMENT

# 2022 CORPORATE SOCIAL RESPONSIBILITY

# REPORT





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## ABOUT THIS REPORT

**THIS INAUGURAL CORPORATE SOCIAL RESPONSIBILITY** report covers environmental, social and governance topics that pertain to AeroVironment’s business and our stakeholders.

**DATA PRESENTED THROUGHOUT THIS REPORT** covers AeroVironment’s 2022 fiscal year (May 1, 2021 – April 30, 2022) and refers to U.S. operations and activities. Data included in this report does not cover Telerob, a wholly owned subsidiary of AeroVironment with approximately 90 employees. Telerob, based in Germany, was acquired by AeroVironment on May 4, 2021. We look forward to incorporating ESG data pertaining to Telerob in future reporting.

**AEROVIRONMENT’S ESG COMMITTEE OVERSEES** the creation of this report under the direction of company leaders and our board of directors. The information in this report was gathered through internal compilation efforts, is subject to reasonable estimation where applicable, and has not been subject to third-party or other independent verification.

## SAFE HARBOR STATEMENT

**CERTAIN STATEMENTS IN THIS REPORT MAY CONSTITUTE “FORWARD-LOOKING STATEMENTS” AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.** These statements are made on the basis of current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy, or actual results to differ materially from those expressed or implied. For a further list and description of such risks and uncertainties, please visit the SEC Filings section of our website.

**FOR QUESTIONS REGARDING THIS REPORT, PLEASE CONTACT OUR INVESTOR RELATIONS TEAM AT [HTTPS://INVESTOR.AVINC.COM/CONTACT-US](https://investor.avinc.com/contact-us).**



# A LETTER TO OUR STAKEHOLDERS

**AEROVIRONMENT USES AEROSPACE ENGINEERING PRINCIPLES TO SOLVE IMPORTANT CHALLENGES FACING THE WORLD, DEFYING CONVENTIONAL WISDOM TO DO WHAT HAS NEVER BEEN DONE BEFORE.** With the publication of our inaugural corporate social responsibility report, we continue our march forward, offering a fresh perspective on AeroVironment's business, culture and recent accomplishments.

**FOR MORE THAN 50 YEARS,** we have followed the inspiration of AeroVironment's founder, Dr. Paul B. MacCready, Jr., in harnessing the power of human imagination and perseverance. As the pandemic continued to unfold in FY 2022, this legacy of creativity and determination served us well. We deftly adapted to labor market and supply chain constraints while continuing to drive groundbreaking innovation amid challenging world events.

**OVER THE PAST FISCAL YEAR,** we redoubled our efforts to cultivate a positive and welcoming work environment, one that fosters growth, supports wellbeing, encourages diversity and embraces inclusion. These efforts have contributed to our being certified as a Great Place to Work® for the fourth consecutive year.

**NEVER HAVE SUPPLIER RELATIONSHIPS** been so vital as in recent times. Throughout the past fiscal year, we reaped the benefits of our longstanding relationships with a diverse network of responsible and trusted supply chain partners. We tackled supply chain constraints using a variety of strategies including tools and technologies to refine our sourcing capabilities and supplier engagement.

**THROUGH OUR ATTENTION TO SOLID BUSINESS PRINCIPLES AND GOVERNANCE,** AeroVironment continued to push boundaries in FY 2022. Increasingly sophisticated robotic systems and services, many of which use solar- and battery-powered technologies, reduce reliance on fossil fuels and drive global connectivity. A crowning accomplishment was our role on the NASA Jet Propulsion Laboratory team that developed the Ingenuity Mars Helicopter. Ingenuity made history in April 2021 by accomplishing the first power-controlled flight on another planet when it lifted off from the surface of Mars.

**ON A MORE SOMBER NOTE,** the conflict in Ukraine in recent months has intensified global business pressures while underscoring the critical function our industry plays in supporting the United States and our allies around the world in times of crisis. This situation returns us to our roots and mission, and we are unwavering in our commitment to helping sovereign nations protect their homelands and their populations when their fundamental human right to a safe and peaceful existence is threatened.



*We appreciate your interest in this report and look forward to continuing on the path of transparency, accountability and sustainability with you in the years to come.*

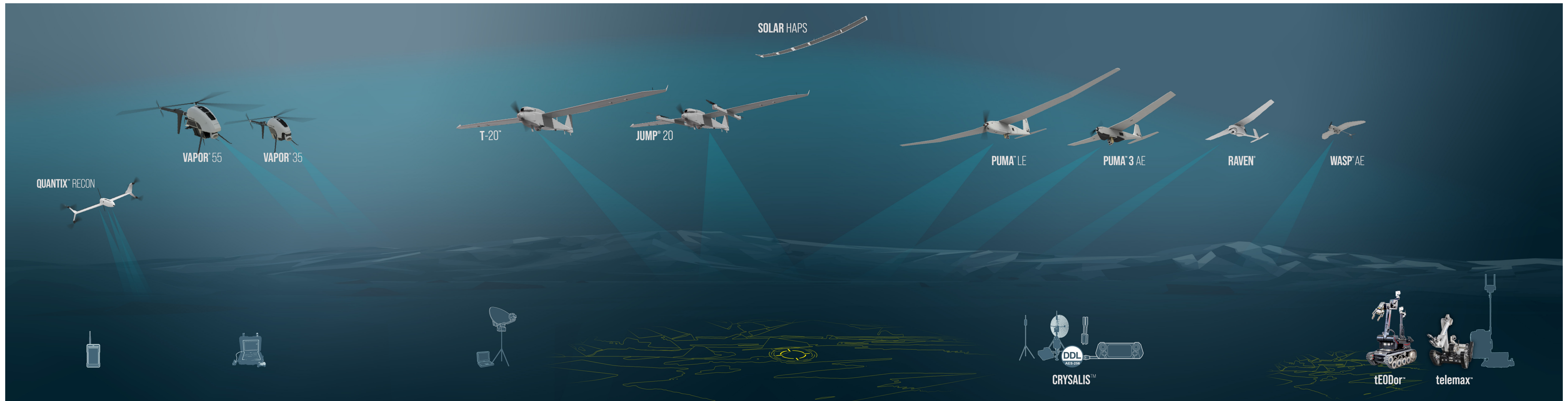
Sincerely,

A handwritten signature in black ink that reads "Wahid Nawabi". The signature is written in a cursive, flowing style.

Wahid Nawabi  
Chairman, President and CEO



# ABOUT AEROVIRONMENT



**AEROVIRONMENT IS A GLOBAL LEADER IN INTELLIGENT, MULTI-DOMAIN ROBOTIC SYSTEMS.**

Serving defense, government and commercial customers, AeroVironment provides solutions at the intersection of robotics, sensors, software analytics and connectivity. Throughout AeroVironment’s history, we have sought new ways to harness technology to serve society, relentlessly driving innovation around unmanned, solar-powered, long-endurance and high-altitude flight.

**OUR PIONEERING EFFORTS IN THE AREAS OF SOLAR,** battery and autonomous technology have ensured our standing as industry leaders. Our portfolio of intelligent, multi-domain robotic systems spans six product lines with solutions for defense, civil and commercial customers.

**OUR HIGH-ALTITUDE PSEUDO-SATELLITE (HAPS) PROGRAM, DEVELOPED IN PARTNERSHIP WITH SOFTBANK, PROMISES TO BRING SUSTAINABLE INFORMATION ACCESS TO SECTORS OF THE WORLD WHERE CONVENTIONAL INFRASTRUCTURE CANNOT.** With the recent first-of-its-kind flight on Mars, the Ingenuity Mars Helicopter is not only igniting imaginations, it is ushering in a new area of possibilities for space exploration. Our unmanned aircraft systems (UAS), tactical missile systems (TMS), unmanned ground vehicles (UGVs) and related services are primarily supplied to organizations within the U.S. Department of Defense and more than 50 international allied governments. Our solutions give our customers a fresh vantage point, positioning them to see the world with new eyes and extending their reach beyond the line of sight.

## COMPANY SNAPSHOT

Year Founded

**1971**

Corporate Headquarters

**ARLINGTON,  
VIRGINIA**

Full-time Employees

**1,214**

FY 2022 Revenue

**\$446  
MILLION**





## OUR PURPOSE AND VALUES

AeroVironment upholds the highest standards of conduct in our work by adhering to our four core values: Trust and Teamwork, Customer Commitment, Innovate and Simplify and Ownership and Results. These values serve as the guiding principles for every employee throughout the organization as we seek to deliver increasing benefits for stakeholders throughout our business ecosystem.

## AEROVIRONMENT PURPOSE

*BY STAYING TRUE TO OUR CORE VALUES, WE CAN ACHIEVE AEROVIRONMENT'S PURPOSE – TO SECURE LIVES AND ADVANCE SUSTAINABILITY THROUGH TRANSFORMATIVE INNOVATION.*

## OUR CORE VALUES

### TRUST & TEAMWORK

- **WE DEMONSTRATE** integrity and ethical conduct in all our actions.
- **WE LISTEN** attentively, speak candidly and treat others respectfully.
- **WE WORK** together as a team to win.

### CUSTOMER COMMITMENT

- **WE WORK** vigorously to earn and keep our customers' trust.
- **WE MAKE** a positive difference in our customers' lives by understanding, anticipating and responding with agility to their needs.

### OWNERSHIP & RESULTS

- **WE ACT** in the interest of all our stakeholders, beyond that of ourselves or our teams.
- **WE TAKE** ownership and are accountable for our outcomes.

### INNOVATE & SIMPLIFY

- **WE ARE** curious and relentless in the pursuit of new, innovative solutions and improvements.
- **WE LOOK** for new ideas everywhere and are committed to ensuring that the best ideas win.

## OUR WORLDWIDE LOCATIONS

We operate in 10 locations across the United States and Europe.



## CORPORATE SOCIAL RESPONSIBILITY

### OUR APPROACH

AeroVironment is dedicated to conducting business in an environmentally sensitive manner with a strong awareness of how we impact the world around us. Our products and solutions reflect our long-standing focus on sustainability, incorporating innovative, future-forward technologies that save energy, resources and lives.

### PRODUCT SUSTAINABILITY INITIATIVES:

- **ZERO EMISSIONS**
- **ENERGY-EFFICIENT**
- **FUEL-EFFICIENT**
- **SOLAR-POWERED**
- **BATTERY-POWERED**
- **UNMANNED**



## OUR CORPORATE SOCIAL RESPONSIBILITY PROGRESS

**IN 2020, WE TOOK STEPS TO FORMALIZE OUR CORPORATE SOCIAL RESPONSIBILITY APPROACH WITH THE CREATION OF A CROSS-FUNCTIONAL INTERNAL TEAM TASKED WITH ADVANCING AEROVIRONMENT'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS, PRACTICES AND INITIATIVES.** The group, composed of six senior company leaders, formed our ESG Committee and has since provided ongoing leadership and guidance to the organization, solidifying best practices across various ESG topics. One of the pivotal actions the committee took was the formation of our Diversity and Inclusion Committee in 2021.

*In FY 2022, the ESG Committee worked closely with the Diversity and Inclusion Committee to establish and achieve the following ESG goals:*

- **LAUNCH CAMPAIGN** and program to share and support preferred pronouns internally.
- **DEVELOP EMPLOYEE-LED** resource groups for women and LGBTQ+ communities.
- **ROLL OUT** an unconscious bias training program and achieve 90% participation.
- **ORGANIZE TWO** employee focus groups on relevant diversity and inclusion topics (generations and respect) and develop an action plan based on the outcomes of these activities.

**BUILDING ON THIS FOUNDATION, WE ARE STRENGTHENING OUR COMMITMENT TO SUSTAINABILITY AND TRANSPARENCY WITH THE PUBLICATION OF OUR INAUGURAL CORPORATE SOCIAL RESPONSIBILITY REPORT.** Through this report, we seek to share our accomplishments to date and demonstrate our intention to progress on this path in meaningful ways.

### ESG OVERSIGHT

**AEROVIRONMENT'S ESG COMMITTEE MEETS QUARTERLY TO SET GOALS,** direct initiatives and review progress with oversight from the chair of our board's Nominating and Corporate Governance Committee. Our senior management team briefs the Nominating and Corporate Governance Committee annually on the ESG Committee's strategies and activities.

**WE TRACK OUR PROGRESS AGAINST OUR ESG GOALS TO ENSURE OUR COMPANY AND THE EFFORTS OF OUR EMPLOYEES REMAIN ALIGNED WITH OUR SUSTAINABILITY OBJECTIVES. WE ENCOURAGE OUR SHAREHOLDERS,** suppliers and business partners to take similar steps to align with our priorities.

### STAKEHOLDER ENGAGEMENT

**AEROVIRONMENT TAKES AN INCLUSIVE APPROACH TO ENGAGING OUR STAKEHOLDERS AND INCORPORATING THEIR DIVERSE PERSPECTIVES.** We employ multilingual, multicultural strategies with in-person meetings, tours of our facilities, online surveys, teleconferences and direct communications to maintain an open dialog across our global stakeholder network. In addition, AeroVironment provides an open contact form for general community input to ensure that all stakeholder voices are heard.

**WE VALUE THE INPUT WE RECEIVE FROM EMPLOYEES, CUSTOMERS, PARTNERS, INVESTORS, SUPPLIERS AND OUR EXTENDED COMMUNITY, AND RELY ON THIS INPUT TO REFINE OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGIES.**

*"There is no place like AeroVironment, where a group of honorable, smart and hardworking people can make such a big and positive impact on our lives and society."*

Wahid Nawabi  
- Chairman, President and CEO



## EMPLOYEES

**EMPLOYEES ARE AEROVIRONMENT'S MOST VALUABLE ASSET AND ARE THE DRIVING FORCE BEHIND OUR SUCCESS.**

Our executives make a point of being easily accessible and personally approachable by employees at any level of the organization. We proactively promote a culture of open communication, seeking employee perspectives and offering multiple avenues for feedback, including online and in-person employee feedback channels, monthly virtual townhall meetings with an open Q&A forum led by senior leaders, our anonymous hotline and an annual employee engagement survey.

## CUSTOMERS

**WE ROUTINELY CONDUCT BOTH IN-PERSON AND ONLINE PRODUCT IMPLEMENTATION,** use and maintenance training with customers (with accommodations as needed due to COVID-19). As part of the training process, our customers provide direct feedback through surveys on the training and our customer engagement practices. Data from all customer engagement surveys is received through our customer feedback portal with results analyzed to inform our customer success performance.

## INVESTORS

**IN FY 2022,** we conducted more than 100 meetings with investors, hosted more than 20 industry analyst meetings and participated in 10 investor conferences to provide investors with updates and hear their feedback. We have resumed in-person tours, with appropriate precautions, and reach out quarterly to invite our investors to speak with company leaders. Our investors also receive an annual shareholder letter from AeroVironment's chief executive officer to update them on our performance, portfolio and future plans for the company.

**100+**  
Investor  
meetings

**20+**  
Industry analyst  
meetings

**10**  
Investor-focused  
events



# CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS



*Collier Trophy Winner*

Image Source: National Aeronautic Association



*Great Place to Work®  
Certification  
achieved for fourth  
consecutive year*



*ISO 14001:2015  
Environmental Management  
System Certification  
achieved at eight facilities*

## RESPONSIBLE BUSINESS

**100%**

Training on code of conduct

**100+**

Investor meetings

**>50%**

Business conducted with diverse suppliers

**\$55M**

Spent with diverse suppliers

## ENVIRONMENTAL MANAGEMENT

**66%**

AeroVironment facilities using renewable energy

**77%**

Renewable energy used across AeroVironment facilities

**80%**

Products in our portfolio powered by batteries instead of fossil fuels

## PEOPLE AND COMMUNITIES

**94%**

Employees say this is a physically safe place to work

**94%**

Employees feel they are treated fairly, regardless of their race

**92%**

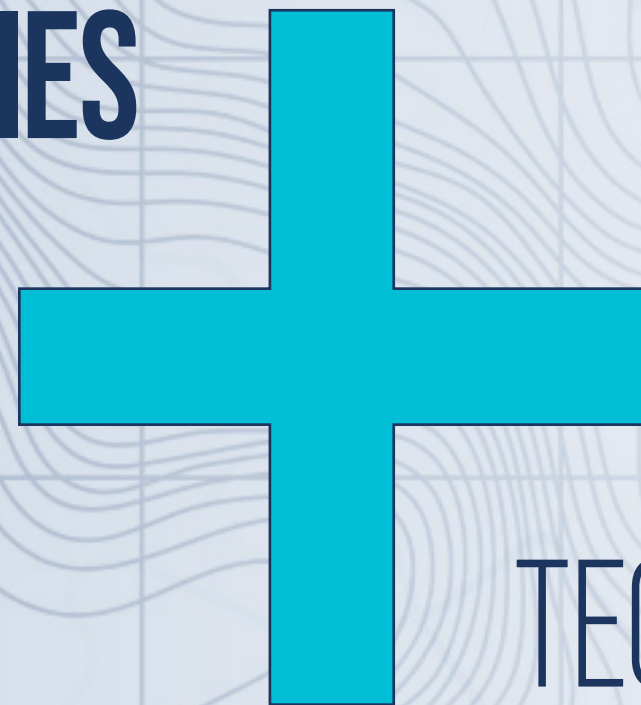
Employees feel they are treated fairly, regardless of their gender

**91%**

Employees are proud to say they work at AeroVironment



LARGE  
AEROSPACE  
CAPABILITIES



TECH  
STARTUP  
SENSIBILITIES

## PEOPLE AND COMMUNITIES

**AEROVIRONMENT IS UNLIKE ANY OTHER COMPANY IN THE AEROSPACE INDUSTRY.** A unique blend of large aerospace capabilities with technology startup sensibilities, our culture is based on our shared respect for the planet's natural resources, passion for developing groundbreaking technologies and belief in greater freedom and connectivity for the global community.

## TALENT ATTRACTION, DEVELOPMENT AND RETENTION

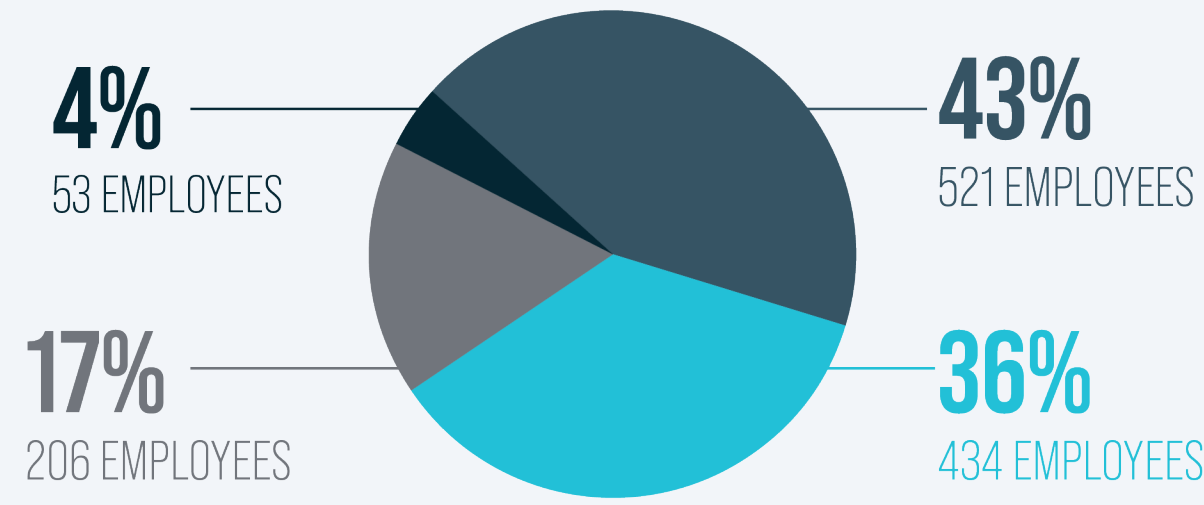
**AEROVIRONMENT'S TEAM MEMBERS REPRESENT THE HEART, BRAINS AND SPIRIT OF OUR SUCCESS.** We believe in recognizing and nurturing the unique talents, skills and experiences of each of our valued employees. We invest in numerous programs and practices to add motivated, talented people to our workforce; develop their leadership, interests and expertise; and strengthen their sense of connection to AeroVironment and our purpose.



# U.S. WORKFORCE DISTRIBUTION

AeroVironment's workforce is distributed across five core company functions to support our business and operations.

## WORKFORCE DISTRIBUTION BY FUNCTION



## NUMBER OF EMPLOYEES BY FUNCTION



## EMPLOYEE TRAINING AND DEVELOPMENT

### U.S. EMPLOYEE TRAINING PROGRAMS

- Annual Ethics Certification
- Anti-Bribery and Anti-Corruption
- Anti-Harassment
- Cybersecurity
- Classified Information Handling
- Strategies for Defeating Unconscious Bias
- Employee Health and Safety: General Safety, ISO 14001 and Explosives Awareness
- Ethics and Compliance Awareness
- Insider Trading
- IT Insider Threats
- International Trade Compliance
- Quality Management

### AEROVIRONMENT IS COMMITTED TO PROVIDING EMPLOYEES WITH THE TOOLS AND SUPPORT THEY NEED TO EXCEL AND GROW.

We offer a variety of career development opportunities including training courses, educational assistance programs and tuition assistance programs. Through these programs, we seek to enhance our employees' knowledge and skills to meet their individual career development goals while strengthening AeroVironment's workforce capabilities. Innovation is at the core of everything we do and we celebrate our lifelong learners. AeroVironment offers our employees in-depth libraries of self-paced training and resources. Our internal training and coaching programs cover topics

of leadership development, people management, regulatory and policy compliance and functional skills. We require managers and employees to complete specific annual, periodic and ongoing training programs depending on their roles and responsibilities.

### IN ADDITION TO COMPANY-FACILITATED TRAINING, WE SUPPORT OUR EMPLOYEES' PURSUIT OF ADDITIONAL LEARNING OPPORTUNITIES.

Our education assistance program covers company required and non-required training including seminars, conferences, online classes, webinars and classroom teaching. AeroVironment also offers a tuition assistance program to assist employees with reaching their educational goals at accredited institutions.

## EMPLOYEE LEADERSHIP

### WE ENCOURAGE ALL EMPLOYEES TO TAKE A PROACTIVE APPROACH TO LEADERSHIP DEVELOPMENT, AT BOTH THE TEAM AND THE INDIVIDUAL LEVEL.

Our mentorship program provides a structured environment for professionals to learn from each other using self-guided tools. Leaders with five or more direct reports are encouraged to complete a yearly action plan where they focus on areas for improvement and how to accentuate the identified strengths of their team.

**OUR LEADERSHIP AND DEVELOPMENT PROGRAM, MODELED AFTER THE "SPARK" LEADERSHIP TRAINING SYSTEM, AIMS TO EMPOWER EMPLOYEES TO GROW PERSONALLY AND PROFESSIONALLY.** Boasting a comprehensive array of workshops, assessments, coaching and mentoring resources, the SPARK program offers every employee the opportunity to learn and grow in a variety of delivery modalities, including live workshops, instructor-led virtual classes and on-demand learning. These workshops are engaging, timely, and relevant to AeroVironment's goals and objectives, each aligning with our stated values and competencies.



- SHARE information
- PLAY to strengths
- ASK for input and appreciate different ideas
- RECOGNIZE and respond to individual needs
- KEEP your commitments



# EMPLOYEE RETENTION AND RECRUITMENT

**AEROVIRONMENT WORKS HARD TO ATTRACT AND RETAIN THE BEST AND BRIGHTEST MINDS.** Our employee development programs are intentionally aligned with our retention strategies.

## TENURE IN YEARS



**WE PROVIDE EXCITING OPPORTUNITIES FOR HIGH-PERFORMING INDIVIDUALS WHO EXCEL IN** business, engineering, technical, operational and administrative skills. In FY 2022, we engaged with nearly 3,800 students and prospective interns from more than 530 universities through “WayUp,” an online outreach platform, ultimately adding 22 interns to our team. In addition, we participated in industry-specific talent attraction activities such as the American Institute of Aeronautics and Astronautics’ SciTech Forum and Expo, International Aerospace Engineering Conference and Design Build Fly and International Student Design Competition.



## INTERNSHIPS

*While working at AeroVironment, I’ve learned many helpful skills that are widely applicable in industry today. Additionally, the working environment is very encouraging and conducive to achieving success. Every day I look forward to working with the talented people at AeroVironment.*

Luke  
- Industrial Design Engineering Intern

**OUR COLLEGE INTERNS WORK AND GAIN EXPERIENCE IN A WORLD-CLASS ORGANIZATION AND ARE MENTORED BY THE SOME OF THE MOST INNOVATIVE AND CREATIVE MINDS IN THE INDUSTRY.**



Our paid internship experience aims to challenge and stimulate program participants, equipping them with real-world experience and marketable skills. They work on projects and products that give them hands-on knowledge and skills through multiple phases of our engineering, manufacturing, design and development process, ultimately helping to launch AeroVironment into the future.





## ENGAGING OUR WORKFORCE

### INNOVATIVE COLLABORATORS THRIVE AT AEROVIRONMENT.

Our employees understand how their work fits into the process of bringing products from concept through testing to production. Our solutions help customers do more with less, but we believe in helping employees do more with more. More open communication. **More teamwork. More challenges.**

## FUTURE-DEFINING TECHNOLOGY

AeroVironment employees are excited to come to work and enthusiastic to be on the frontline of developing future-defining technology. Our employees are proud of their work developing technologies that push the realm of possibility.

*"I love being a part of the AeroVironment family, where people truly care about the company and each other. It's exciting to come to work each day, be a part of the innovative and creative work that we do and see how our products help our customers."*

Melissa Brown

- Vice President, General Counsel and Chief Compliance Officer

## EMPLOYEE COMMITTEES

### AEROVIRONMENT AIMS TO FOSTER A COMPANY CULTURE WHERE ALL EMPLOYEES ARE POSITIVE AND ENGAGED AND LOOK FORWARD TO COMING TO WORK.

We have several committees that help to foster and promote company culture and communication. Our Culture Club creates, develops, implements and oversees fun events for the company throughout the year. Typical events include an ice cream social day, a paper airplane making and flying contest, a March Madness contest and holiday parties, with modifications as COVID-19 precautions require. In FY 2022, employees of our Simi Valley, CA. hub enjoyed strong representation in the Ventura County Corporate Games, a popular local business community event. We look forward to resuming and expanding our Culture Club programs amid continually evolving health and safety conditions.



## EMPLOYEE APPRECIATION

**AEROVIRONMENT TEAM MEMBERS WORK HARD AND PLAY HARD.** Employee Appreciation Day is one of many events held throughout the year to celebrate our employees and their contributions. Unfortunately, due to the COVID-19 pandemic, we were unable to have many events in person over the past year, but we were able to continue our softball league outside safely. We are looking forward to reconnecting in person with our employees more regularly in the future.



# BRAVO!

## EMPLOYEE RECOGNITION

**BRAVO!** is AeroVironment’s recognition program designed to support organizational goals, drive business performance and reward employee contributions. Our goal through this program is to recognize, acknowledge and celebrate employees who are instrumental in driving success for AeroVironment through their actions in support of our purpose, values and business goals. BRAVO! enables peer-to-peer recognition that empowers employees at all levels to express appreciation and thanks for a job well done and playing an instrumental role in the company’s success. We have multiple award levels to recognize varying degrees of achievement and contribution ranging from \$50 to \$500. Our awardees are given e-certificates that can be redeemed for gift cards, hotel stays, products and more.

## COVID-19 EMPLOYEE ENGAGEMENT

**DURING THE COVID-19 PANDEMIC,** AeroVironment employees found new and creative ways to work and engage with each other remotely. We also provided special bonuses and lunch deliveries to essential product staff who were required to be onsite. In FY 2022, we increased the frequency of management calls with our employees to keep them updated on evolving guidelines and policies.

## GREAT PLACE TO WORK®

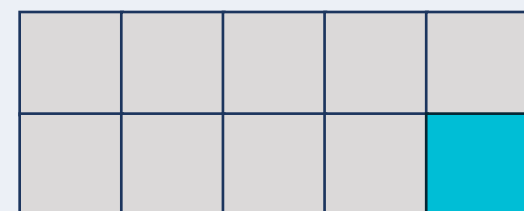
**AEROVIRONMENT PARTNERS WITH GREAT PLACE TO WORK, INC.** and for the fourth year in a row has been certified as a Great Place to Work® company. This coveted status is based on exceptionally high ratings by our employees worldwide.



**EACH YEAR WE WE** survey all employees and openly share the data from these surveys with them. Every day we strive to make our employee’s experience a priority and take tremendous pride in this certification.

## ALTERNATIVE WORK SCHEDULES

**AEROVIRONMENT OFFERS AN ALTERNATIVE** work schedule at most worksites to help provide our employees with more work-life balance and flexibility. The alternative work schedule operates on a 9/80 schedule where employees work 80 hours in a two-week period over nine days instead of the traditional 10-day work period.



**EVERY OTHER FRIDAY OFF**

## EMPLOYEE RESOURCE GROUPS

**IN FY 2022, OUR DIVERSITY AND INCLUSION COMMITTEE, IN COLLABORATION WITH OUR ESG COMMITTEE, LED THE LAUNCH OF OUR FIRST TWO EMPLOYEE RESOURCE GROUPS (ERGS) — WOMEN’S ERG AND LGBTQ+ ERG.**

These groups give voice to the diverse communities that make up our workforce, create a more inclusive workplace and help employees grow their careers. This initiative fulfilled a key goal for the Diversity and Inclusion Committee and has been met with enthusiasm among AeroVironment team members.

The focus areas of AeroVironment’s first two ERGs were determined based on a widely recognized need to improve female representation in our industry as well as direct employee feedback. In the coming months, our ERGs are working to formalize their charters, develop measurable goals and structure ongoing programs and activities.



**OUR WOMEN’S ERG PROVIDES** an opportunity for its members to network, offer support and explore ways to develop and expand the role of women at AeroVironment and across our industry.



**OUR LGBTQ+ ERG WAS** launched to promote an inclusive community for our LGBTQ+ employees and allies.

The LGBTQ+ ERG provides LGBTQ+ networking and educational and social opportunities for AeroVironment employee communities. The LGBTQ+ ERG supports AeroVironment’s efforts to diversify our employee population and bolsters our initiatives around recruiting and retaining LGBTQ+ employees.

*“Inclusion, belonging, acceptance, equal access, feeling safe and being able to be one’s true self in all one does, may or may not be subjects that you face at your work, school, in your neighborhood or even in your own home. The D&I group welcomes all diversities and exists to help with these subjects and is one of the main reasons I became a member.”*

Shelly Gonzales

- Continuous Improvement Specialist, Business Process



## OUR VISION FOR DIVERSITY AND INCLUSION

*We embrace an inclusive culture that encourages, supports and celebrates the diverse voices of our workforce and empowers us to create more meaningful and innovative solutions for humankind.*

94%

Employees feel they are treated fairly, regardless of their race

92%

Employees feel they are treated fairly, regardless of their gender

36%

Ethnic diversity in our workforce

20%

Veterans in our workforce

**AT AEROVIRONMENT, WE VIEW A DIVERSE WORKFORCE AND INCLUSIVE WORKPLACE AS CATALYSTS FOR INNOVATION.** When employees are free to fully express themselves and share their unique perspectives, a free flow of ideas is generated, resulting in optimum solutions for team collaboration, innovation and customer-oriented results.

**WE WORK DAILY TO BUILD A CULTURE THAT ENCOURAGES, SUPPORTS AND CELEBRATES THE DIVERSE VOICES OF OUR WORKFORCE AND EMPOWERS US TO CREATE MORE MEANINGFUL AND INNOVATIVE SOLUTIONS FOR OUR CUSTOMERS.** Our annual Diversity and Inclusion Calendar celebrates the variety of ethnicities and backgrounds that make up our company. By intentionally fostering an authentic and transparent culture, we build a sense of belonging among our employees.

## DIVERSITY AND INCLUSION INITIATIVES AND PROGRESS

**IN 2021, AEROVIRONMENT ESTABLISHED** our Diversity and Inclusion Committee to foster a culture of inclusion for our diverse employee community. With its guidance, we have developed a Talent Outreach Program, coordinating with the Society of Women in Engineering, the Society of Hispanic Professional Engineers and National Society of Black Engineers.



**WE ARE INTENTIONAL IN** our efforts to recruit a diverse and highly capable workforce at all levels, taking into consideration candidates' background, education and skills to instill diversity of experience and thought throughout our organization.

**TO HELP US BETTER** attract a broad, diverse pool of talent entering or considering our industry, we have expanded our recruiting efforts to include minority-serving institutions (MSIs) and historically-black colleges and universities (HBCUs). In FY 2022, we engaged more than 650 prospective interns from more than 135 MSIs, including 19 HBCUs.

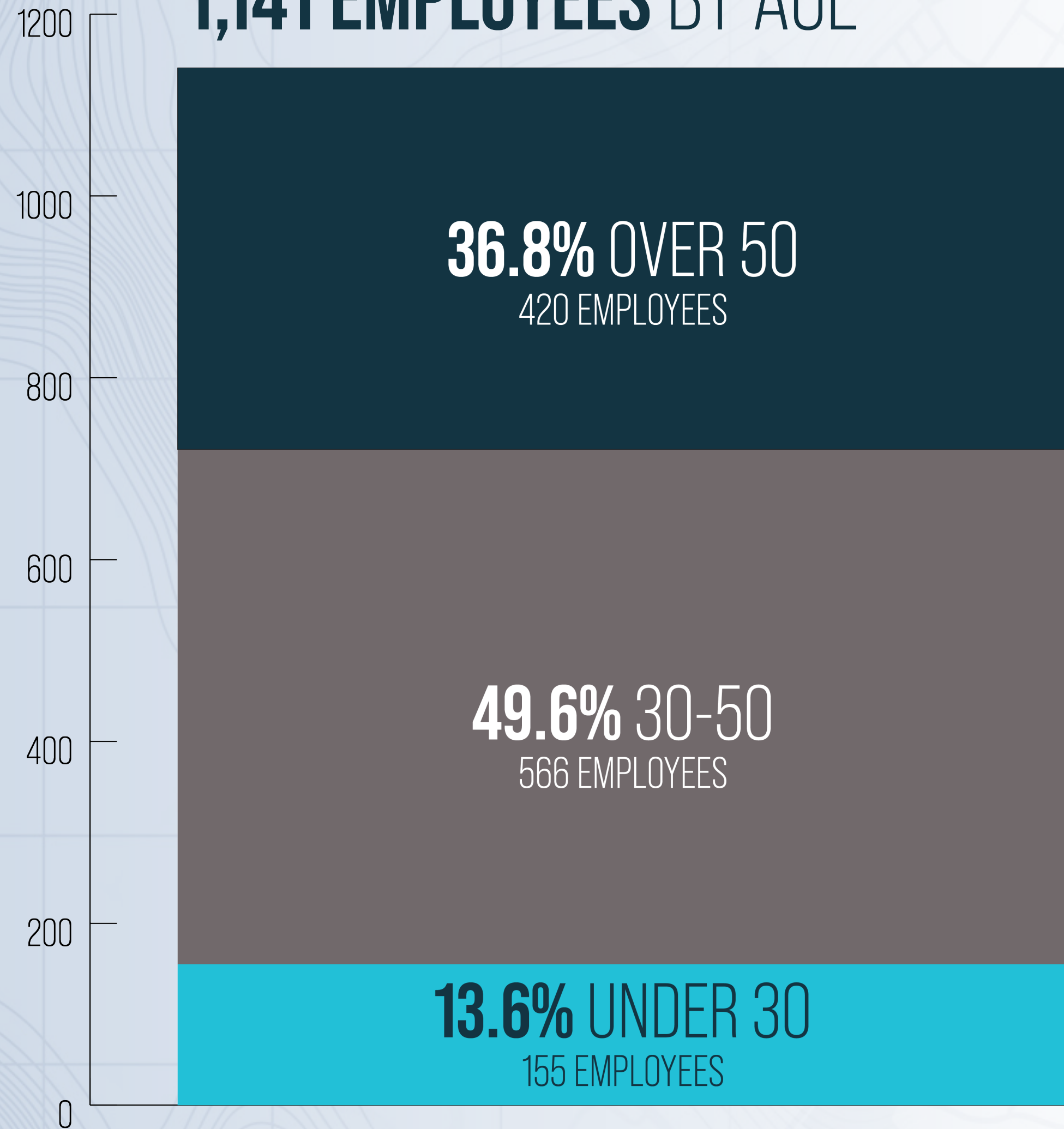
**TO FURTHER EMBED DIVERSITY AND INCLUSION WITHIN OUR COMPANY CULTURE, IN FY 2022, WE INSTITUTED UNCONSCIOUS BIAS TRAINING IN ACCORDANCE WITH THE ANNUAL GOALS OF OUR DIVERSITY AND INCLUSION COMMITTEE.** We were successful in meeting the target of 90 percent participation in the program and have established this training as an ongoing element of our diversity and inclusion approach.

**ALONG WITH TRAINING,** team-building events and policies to support company-wide diversity and inclusion efforts, we provide numerous avenues for employees to raise concerns, including open forums with company management and our anonymous reporting hotline.

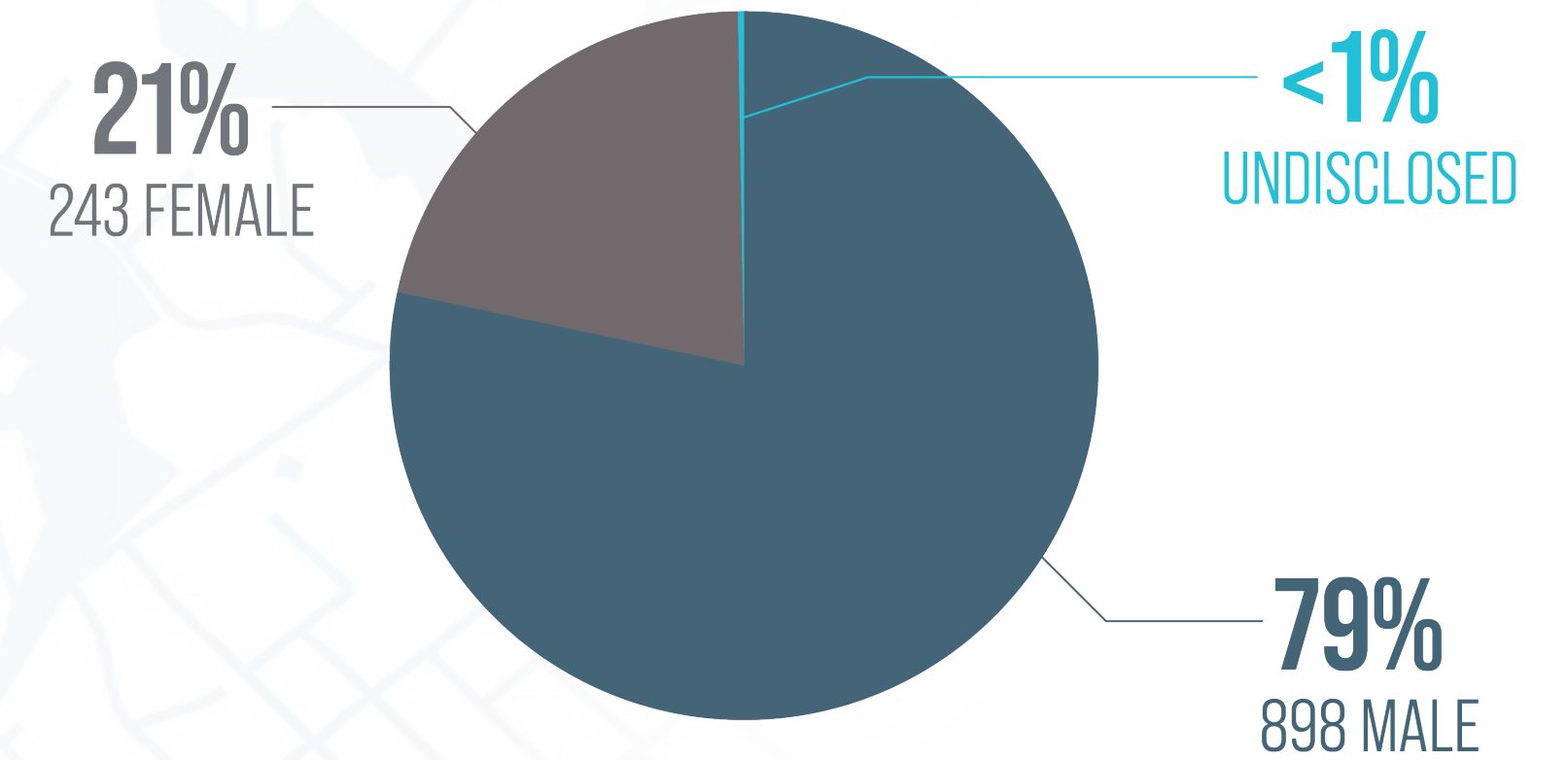


# U.S. WORKFORCE DEMOGRAPHICS

## 1,141 EMPLOYEES BY AGE

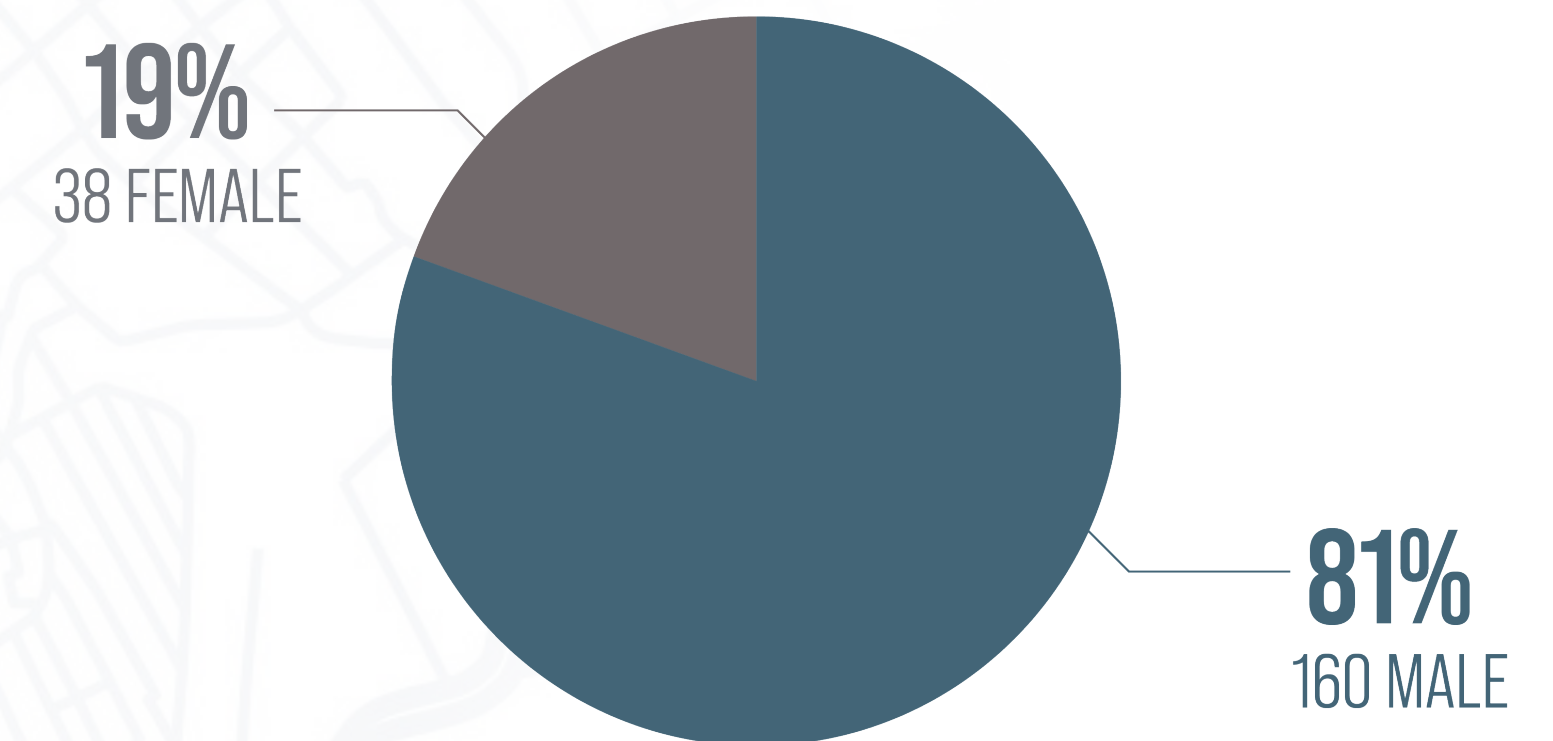


## U.S. WORKFORCE GENDER



## U.S. MANAGEMENT GENDER\*

\* INCLUDES ALL PEOPLE MANAGERS





# EMPLOYEE BENEFITS AND COMPENSATION

**AEROVIRONMENT INVESTS IN THE PHYSICAL, EMOTIONAL AND FINANCIAL HEALTH OF OUR WORKFORCE WITH COMPETITIVE BENEFITS AND SALARIES.** All employees participate in an annual incentive bonus program, and we regularly review and adjust our compensation policies to ensure alignment and provide greater transparency.

**OUR COMPREHENSIVE HEALTH PLANS, BENEFIT COVERAGE, AND WELLNESS OPTIONS PROMOTE AND SUPPORT THE WELLBEING OF OUR EMPLOYEES AND THEIR FAMILIES.** Our financial wellness benefits include tools to help our employees build their wealth, protect their most valuable assets and plan for retirement. We also offer a variety of programs to help our employees balance life and career aspirations.

*“AeroVironment has supported my wellness and work-life balance with its flexible work schedule. I really appreciate the 90/80 schedule; it allows me to participate in my local community.”*

Mike James  
- Technical Communications

## AEROVIRONMENT U.S. EMPLOYEE BENEFITS AND WELLNESS OFFERINGS

### HEALTH

- Advanced Medical Second Opinion
- Annual Health Benefit Notices
- COBRA
- Dental
- Flexible Spending
- Gym Pass
- Health Savings Account
- Hearing Aids
- Hospital Indemnity Plan
- International SOS Global Assistance
- LiveHealth Online
- Medical and Prescription Drugs
- Vision
- Wellness

### WEALTH/INCOME

- 401K
- Accident Plan
- Credit Union
- Critical Illness
- Disability
- Financial Wellness
- Identity Theft
- Life and AD&D
- Long-term Care Program

### WORK/LIFE

- Alternative Work Schedule
- Education and Tuition
- Electric Vehicle Charging
- Employee Assistance Program
- Rideshare
- Legal Benefits
- Sick Leave Donation
- Travel Assistance

### HEALTH & WELLNESS TOOLKITS

- COVID-19
- Mental Health First Aid
- Meditation
- Mindfulness
- Resiliency
- Sleep Fitness

### ADDITIONAL BENEFITS AND PROGRAMS

- BRAVO! Employee Recognition Program
- Company Sponsored Events
- Employee Discounts
- Employee Referral Program
- Employee Verification

**TO HELP EMPLOYEES TAKE FULL ADVANTAGE OF THE EXTENSIVE RANGE OF BENEFITS WE PROVIDE AND TO PROVIDE FEEDBACK, WE HOST A WEEKLY ONLINE BENEFITS Q&A SESSION.** Our Wellbeing blog, available on our company intranet, offers additional resources and ideas to help employees develop and maintain their health holistically. For more information, please visit our Benefits and Compensation webpage at [WWW.AVINC.COM](http://WWW.AVINC.COM).



## EMPLOYEE HEALTH, SAFETY AND WELLNESS

**AEROVIRONMENT INVESTS IN BUILDING AND MAINTAINING A PROACTIVE SAFETY CULTURE.** Our approach seeks to optimize our operations through targeted programs and policies designed to ensure safe working conditions, create a healthy work environment, promote workforce resiliency and enhance the quality of research, development and production at all AeroVironment sites.

**OUR ENVIRONMENTAL, HEALTH AND SAFETY MANAGEMENT SYSTEM** is based on a sound understanding of the health and safety risks present in our operations and the laws and regulations governing our operations. This system documents the standards to which we hold ourselves accountable for key practices including emergency preparedness, use of appropriate personal protective equipment and injury prevention.

**AEROVIRONMENT ABIDES BY ALL OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)** and Department of Transportation (DOT) regulations and requirements. Our Injury and Illness Prevention Program minimizes incidents in the workplace through formalized trainings, policies, procedures and designated responsibilities. AeroVironment plans to release a contractor safety program with associated training later in 2022.

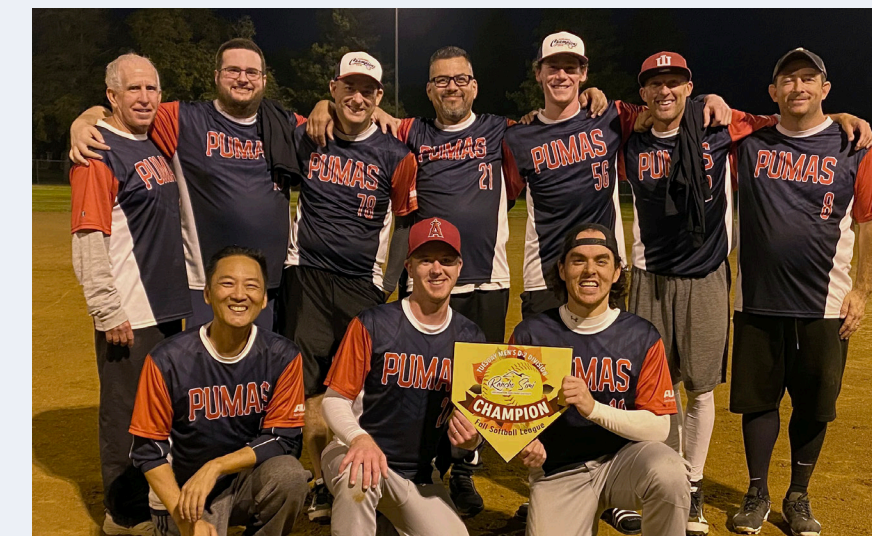
**WE CONDUCT REGULAR SAFETY AUDITS AND INSPECTIONS** to identify opportunities for improvements and conduct root-cause investigations to identify corrective actions. We also provide several channels for all employees to speak up, ask for guidance, and report concerns related to ethics or safety violations. We proactively address any concerns raised by employees and take appropriate actions that uphold our AeroVironment values.

## COVID-19 RESPONSE

**IN RESPONSE TO THE COVID-19 PANDEMIC, WE HAVE TAKEN EXTRAORDINARY MEASURES TO PROTECT OUR WORKFORCE.** We implemented extensive safety protocols to support our essential employees required to work onsite in our production and office areas. These safety protocols included implementing face covering and physical distance requirements, enhancing cleaning routines, encouraging daily self-health checks and installing voluntary temperature screening stations. We implemented and continue to maintain a coronavirus reporting mechanism for illness, exposure and positive COVID-19 tests. We have developed a robust contact-tracing program to identify employees who were in close contact. We have developed a robust contact-tracing program to identify employees who were in close contact **WITH A COVID-POSITIVE EMPLOYEE.**

**WE HAVE IMPLEMENTED A FLEXIBLE TELEWORKING POLICY FOR OUR EMPLOYEES WHO CAN MEET OUR CUSTOMER NEEDS REMOTELY.** A significant portion of our workforce began to telework in March 2020 and are continuing to telework as of June 15, 2022. We have sought to meet employees' work schedule flexibility, technology, office equipment and other needs to ensure they can work from home effectively.

**IN SEPTEMBER 2021,** in furtherance of an executive order issued by President Biden, the U.S. Safer Federal Workforce Task Force issued guidance that generally requires employees of U.S. government contractors to receive COVID-19 vaccinations unless an employee requests and receives a medical or religious accommodation. AeroVironment is compliant with all federal government contractor regulations for COVID-19 vaccinations.



## EMPLOYEE WELLNESS

**AEROVIRONMENT OFFERS MULTIPLE BENEFITS AND ACTIVITIES THAT PROMOTE HEALTH AND WELL-BEING IN THE WORKPLACE.**

We offer no-cost flu shots for employees and dependents enrolled in our health insurance plan. Based on their job functions, select employees are offered CPR and first aid certification and recertification courses onsite and at no cost to the employees.

**AEROVIRONMENT PARTNERS WITH OFFICE DEPOT® TO MEET OUR EMPLOYEES' ERGONOMIC NEEDS WHILE WORKING REMOTELY.**

Remote employees are provided with options to optimize their workstation comfort, productivity and safety, including chairs, standard desks and standing desks.



## COMMUNITY OUTREACH

AeroVironment is inspired by the idea of serving society in new and creative ways. Our team members engage with communities through a variety of volunteer outreach opportunities to inspire the next generation of AeroVironment engineers and scientists with our enthusiasm for breaking technology boundaries.

**OUR CORPORATE SOCIAL RESPONSIBILITY PROGRAMS PROMOTE STEM** (science, technology, engineering and math) projects, food drives, recycling programs that benefit local schools and support for military and veterans’ organizations such as For the Troops.



## AEROVIRONMENT-SPONSORED COMMUNITY EVENTS

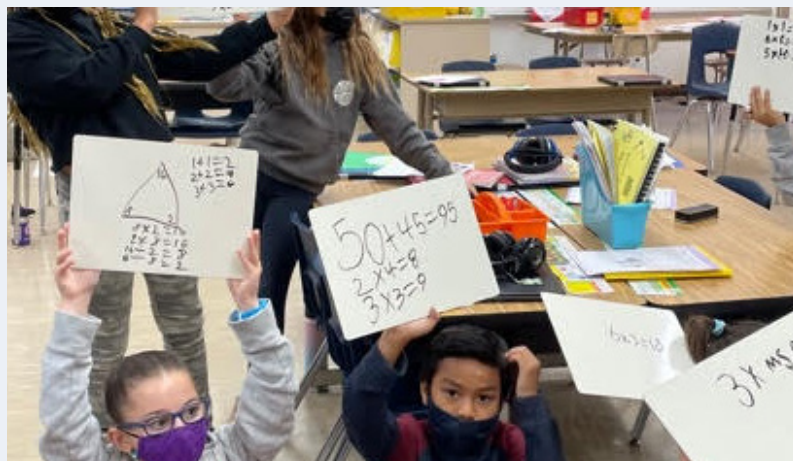
**AEROVIRONMENT ENGAGES WITH LOCAL COMMUNITIES THROUGH SPONSORED EVENTS INCLUDING:**

- **SIMI VALLEY EDUCATION FOUNDATION** Gala Fundraiser.
- **OAK PARK HIGH SCHOOL ROCKET TEAM** Tour in support of a STEM team well known for its rocketry and avionics.
- **FOOD DRIVE** for veterans.
- **FOR THE TROOPS** military gala fundraiser.
- **AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS'** Foundation Design, Build, Fly Competition.
- **VENTURA COUNTY FOOD SHARE** to help feed needy families and senior citizens in Ventura County.
- **L.A. WORKS** Check-In Wellness Initiative.
- **GRACE BROTHERS ROBOTICS TEAM** support.
- **ALABAMA CHEROKEE RIDGE** Annual Golf Tournament to support local military and veterans.
- **ANNUAL VETERAN'S DAY** celebrations at all AeroVironment sites.
- **“TINSEL TRAIL”** Christmas tree support for communities near AeroVironment’s Alabama facility.
- **OPERATION SNOWFLAKE** to bring holiday cheer to Ventura County military and veteran families in need.

## STEM EDUCATION PARTNERSHIPS

In conjunction with L.A. Works and the Simi Valley Education Foundation, we shared the story of AeroVironment’s contribution to the development of the Ingenuity Mars Helicopter with middle and high school students in Los Angeles and Simi Valley, California. Our Mars helicopter project team conveyed the excitement of developing the helicopter and discussed career paths that positioned them for this opportunity.

To strengthen our support, AeroVironment funded grant requests from the Simi Valley Education Foundation for 15 K-12 teachers in California’s Simi Valley Unified School District to promote innovative programs in science, technology, engineering and mathematics (STEM) education. The teachers used the funding to purchase scientific calculators, telescopes, robot starter kits and other equipment. AeroVironment is also a corporate sponsor of Challenger Elementary School, a public magnet school near our Huntsville, Alabama, office. Our donation of balsawood planes helped introduce students to the principles of flight.



## ELECTRONIC WASTE RECYCLING

AeroVironment has a robust electronic waste recycling program that capitalizes on salvaging components (e.g., precious metals, plastics and glass) from obsolete technology, reducing the amount of solid and hazardous waste that enters the landfill system. Revenue generated from electronic waste recycling at our Simi Valley and Moorpark, California facilities is donated to the Simi Valley Education Foundation.







## ENVIRONMENTAL SUSTAINABILITY

**AT AEROVIRONMENT, WE ARE MISSION-DRIVEN ADVANCING SUSTAINABILITY THROUGH TRANSFORMATIVE INNOVATION.** As our name suggests, protecting the environment is at the heart of all we do.

**IN FY 2022, AEROVIRONMENT SECURED ISO 14001 CERTIFICATION FOR OUR ENVIRONMENTAL MANAGEMENT SYSTEM AT EIGHT OF OUR 12 FACILITIES, DEMONSTRATING THAT WE ADHERE TO THE HIGHEST STANDARDS FOR IDENTIFYING, MONITORING AND CONTROLLING ENVIRONMENTAL IMPACTS, CONSISTENT WITH OUR OVERARCHING COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY.** We believe sustainable business practices not only drive strong financial performance, but also build employee and customer loyalty, strengthen bonds with the communities where we live, work and operate, and drive competitive advantage.

### OUR SUSTAINABILITY GOALS

Our commitment to environmental awareness and preservation is reflected throughout our business. AeroVironment is committed to conducting business in a manner that manages environmental issues responsibly.

#### WE FULFILL THIS COMMITMENT BY:

- Complying with environmental regulations
- Conducting operations in an environmentally sound manner to prevent pollution
- Applying the principles of reduce, reuse and recycle in all processes
- Promoting environmental responsibility among our employees
- Striving to ensure that suppliers agree to comply with environmental regulations
- Clearly communicating AeroVironment's environmental policy, practices and impact to interested parties
- Pursuing continuous improvement in our environmental performance
- Train, educate and inform our employees about environmental issues that may affect their work
- Avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of
- Purchase and use environmentally responsible products accordingly.

**FOR MORE INFORMATION, PLEASE SEE OUR ENVIRONMENTAL POLICY AND THE SUSTAINABILITY SECTION AT [WWW.AVINC.COM](http://WWW.AVINC.COM).**



## SUSTAINABLE SOLUTIONS AND INNOVATION

AeroVironment is one of the world's largest manufacturers of unmanned aircraft systems (UAS), delivering a suite of low- and zero-emission, fuel- and energy-efficient, and battery-powered UAS products as well as stratospheric solar-powered UAS products, for global connectivity. These innovative vehicles are designed to deliver valuable new capabilities to their users while minimizing environmental impact.



## A LEGACY OF ENVIRONMENTAL LEADERSHIP

In 1988, AeroVironment's founder and solar energy pioneer Dr. Paul B. MacCready, Jr. led the development of the solar-powered Sunraycer racecar, the precursor to the modern electric vehicle. Lessons learned from this early milestone in solar energy can be seen throughout AeroVironment's technological endeavors and product lines, laying the groundwork for the development of high-altitude platform stations/pseudo-satellites (HAPS).

### GLOBAL CONNECTIVITY

**HAPS TECHNOLOGY IS BEING USED TO REALIZE SUSTAINED, SOLAR-POWERED FLIGHT AT EXTREME ALTITUDES.** This breakthrough advance represents the cutting edge in renewable energy-sourced flight. Capable of serving a 200-kilometer area, HAPS solutions are poised to usher in a new era of wireless connectivity, enabling digital inclusion by distributing access to information to billions of users worldwide.

### SPACE INNOVATION

**ON APRIL 19, 2021, INGENUITY BECAME THE FIRST VEHICLE TO OBTAIN FLIGHT ON ANOTHER CELESTIAL BODY - MARS!**

To overcome the challenges of the Martian atmosphere, the dedicated team at AeroVironment had to rethink propulsion, weight and avionics gear to create a new category of high-efficiency drone. Powered by Li-ion batteries charged via solar panels, Ingenuity is the culmination of more than 40 years of research and development by AeroVironment in the field of solar and battery technologies. Nearly 12 months later, Ingenuity is exceeding expectations, having completed 28 flights on the red planet, in part due to the groundbreaking contributions made by AeroVironment engineers.

### ENERGY EFFICIENCY

#### ACROSS OUR PRODUCT PORTFOLIO

**FOR NEARLY 20 YEARS,** AeroVironment has been making advances in unmanned aircraft systems (UAS) technology to improve capacity and capabilities. Today, we are redefining energy efficiency and emissions reduction across AeroVironment's product lines, with 80 percent of our product portfolio powered by batteries instead of fossil fuels. The current fleet of UAS solutions represents the next iteration in advanced, unmanned aerial reconnaissance. Each product in AeroVironment's suite of UAS solutions is outfitted with advanced fuel-efficiency and battery technologies to help deliver real-time mapping, battle intelligence and payload delivery over extended distances and longer periods of time.

**WITH EACH TECHNOLOGICAL LEAP WE MAKE,** we fulfill our promise of environment-first products by delivering low- and zero-emission vehicles with smaller footprints and reduced resource burdens. Advancements in communications technology have the added benefit of increasing the distance between operator and vehicle, enhancing user safety.

**TO ENSURE THAT CREATIVE AND FUTURE-ORIENTED THINKING REMAINS A CORNERSTONE OF PRODUCT INNOVATION AT AEROVIRONMENT,** our MacCready Works Advanced Solutions team of scientists, engineers and visionary thinkers continue to explore breakthrough technologies. They are driven by a shared passion for pushing advances in robotics, sensors and connectivity to meet our customers' current and future needs.

#### GREENHOUSE GAS EMISSIONS

**ENERGY EFFICIENCY IS INTEGRAL** to AeroVironment's business model and operations. We promote energy efficiency and the use of renewable energy sources at all our sites and encourage our partners and suppliers to strive for strong performance in energy management.

**WE DEMONSTRATE OUR COMMITMENT TO ENERGY EFFICIENCY THROUGH A VARIETY OF OPERATIONAL EFFORTS.** For example, we offer employees flexible work schedules to reduce our carbon footprint by eliminating one day of vehicular traffic (and subsequent emissions) every two weeks. AeroVironment offers electric vehicle charging stations for employee vehicles at all our Southern California sites as well as our Massachusetts site. We are installing additional charging stations in Petaluma, California, this year to enable clean electric vehicle use for employee commuting. We will set a greenhouse gas target for our organization in the future.

**IN FY 2022,** AeroVironment facilities across the globe used a mix of energy sources from the electrical grid, natural gas and renewables. Total energy use for all facilities included: 6,967,323 kWh from electricity, and 1,593,217 kWh from natural gas.

**EIGHT OF AEROVIRONMENT'S 12 LOCATIONS USED RENEWABLE ENERGY SOURCES DURING FY 2022.** To support our emissions reduction initiatives, we pay our energy provider an additional fee to ensure that a specific percentage of our energy comes from renewable sources. Specifically, all four of our Simi Valley, California, locations operated using Clean Power sources that derive 36 percent of energy from renewable sources to drive greater energy efficiency and increase use of energy from renewable sources. Our three Petaluma, California, locations derived 22 percent of their energy from renewable energy sources, and our Moorpark, California, facility derived 50 percent if its energy from renewable energy sources.



## RESPONSIBLE BUSINESS OPERATIONS

### **AEROVIRONMENT OPERATES WITH THE INTENTION OF EXCEEDING STAKEHOLDER EXPECTATIONS IN EVERY FACET OF OUR BUSINESS.**

We believe our technological advantage starts with a commitment to sound business conduct and a deep sense of purpose. We take a firm approach to complying with industry regulations while raising the bar for ethical standards of engaging employees, customers, suppliers, shareholders, and communities. We uphold a solid governance framework that serves as a foundation for trust, accountability and transparency throughout the company and our network of relationships. For more information, please visit the Policies and Approaches and Documents and Charters sections of our website.

## ETHICAL BUSINESS CONDUCT

AeroVironment holds all directors, company leaders and employees to the highest standards of ethics and integrity in conducting our business. Our Code of Business Conduct and Ethics embodies our high standards and forms the core of AeroVironment's Trust and Integrity company value.

### **BUSINESS ETHICS TRAINING AND COMPLIANCE**

**AEROVIRONMENT REQUIRES ALL DIRECTORS,** company leaders, and employees to complete training on the Code of Business Conduct and Ethics to ensure that behavior and practices are consistent with the standards we uphold. In addition to training on our Code of Business Conduct and Ethics, all AeroVironment employees, including management, are required to undergo ethics and compliance training on anti-harassment, anti-corruption, unconscious bias, as well as other trainings related to their roles and team functions. AeroVironment contractors are subject to and must agree to follow our Code of Business Conduct and Ethics as part of their onboarding requirements.

**EMPLOYEES CAN ACCESS OUR FULL TRAINING COURSE LIBRARY AT ANY TIME THROUGH OUR ONLINE TRAINING PORTAL.** In addition to allowing us to track and manage completion of all required courses, online training delivery has enabled us to continue normal training processes regardless of travel restrictions related to COVID-19.

### **BUSINESS ETHICS OVERSIGHT**

**WE STRONGLY ENCOURAGE EMPLOYEES,** clients, suppliers, stockholders and any other interested parties, to make inquiries and report any violations of the Code through our Ethics and Compliance hotline. The ethics hotline is available 24 hours a day, seven days a week, and is run by an independent third-party provider. All reports made through the hotline are anonymous and confidential, and we track all complaints for further investigation. AeroVironment prohibits retaliation against anyone who reports a violation or participates in an investigation and has processes in place to address such conduct if needed.

**AEROVIRONMENT'S ETHICS PROGRAMS AND POLICIES ARE MANAGED BY OUR INTERNAL ETHICS OFFICER.** Our Audit Committee and internal audit department are responsible for reviewing the Code of Business Conduct and Ethics as well as maintaining and monitoring the ethics hotline. In addition, the Audit Committee meets at least once each fiscal quarter and receives a report on our ethics program from our general counsel and internal ethics officer at least per quarter.

### **ETHICAL SUPPLIER ENGAGEMENT**

**AEROVIRONMENT'S APPROACH TO ETHICAL ENGAGEMENT WITH OUR SUPPLIERS IS ADDRESSED IN OUR CODE OF BUSINESS CONDUCT AND ETHICS AND SUPPLIER QUALITY REQUIREMENTS MANUAL,** which prohibits human trafficking, child labor, bribery, forced

labor and slavery, or conducting business with suppliers who engage in such practices. We require all suppliers to be compliant with all applicable laws and regulations and include our supplier policy as a standard element within our contracts.

**FOR MORE INFORMATION ON AEROVIRONMENT'S APPROACH TO RESPONSIBLE AND SUSTAINABLE SOURCING,** please visit the Responsible Supplier Practices section of this report.





# BOARD LEADERSHIP

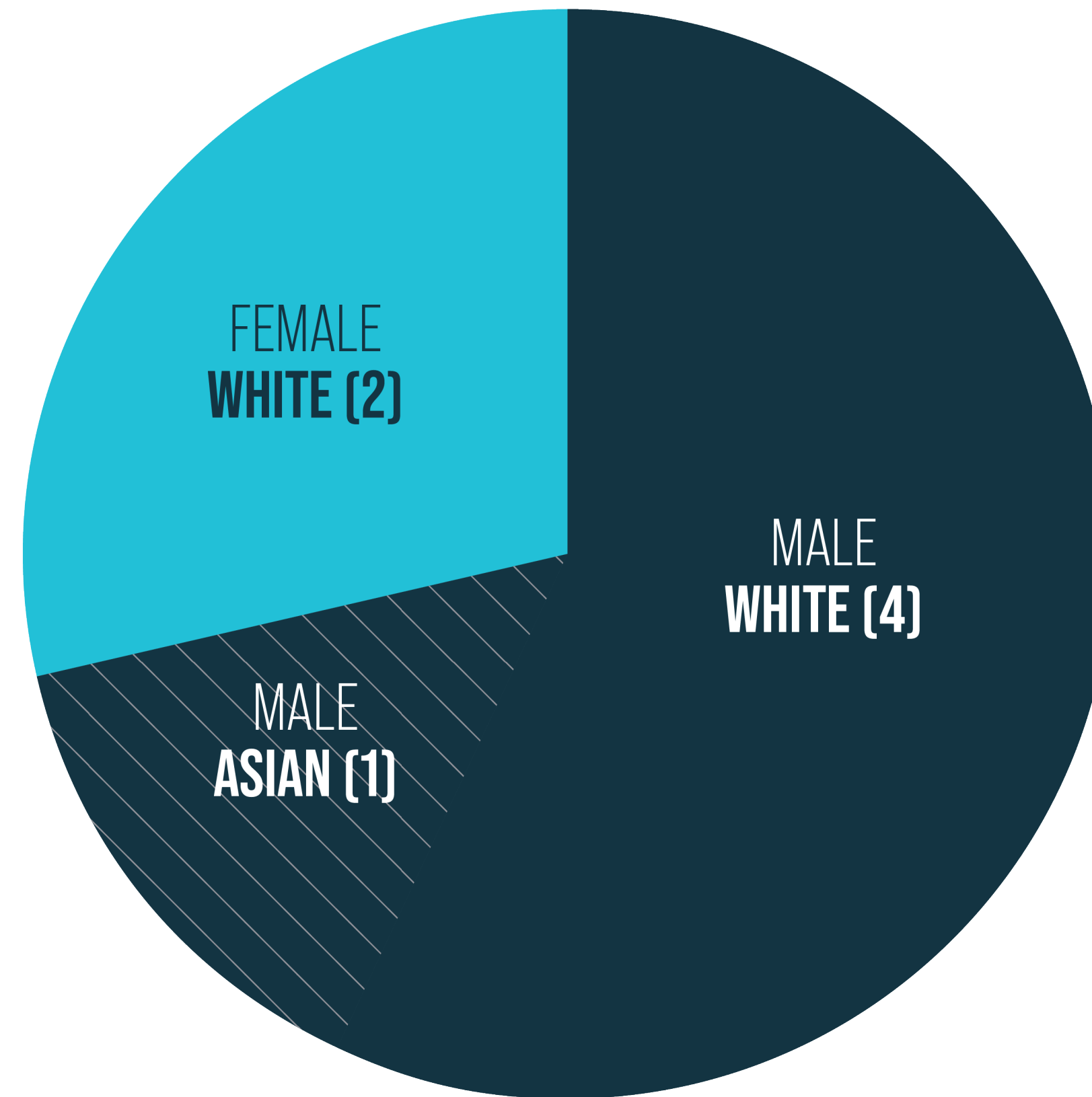
**AEROVIRONMENT’S BOARD OF DIRECTORS OVERSEES THE CONDUCT AND PROPER MANAGEMENT OF OUR BUSINESS.** The board of consists of seven directors, six independent and one non-independent, who meet a minimum of four times a year with special meetings called on an as-needed basis. Company bylaws allow for the board to range in size from a minimum of three members to a maximum of 13, with periodic reviews by the board to ensure appropriate size of the board relative to future operations.

**THE BOARD IS LED BY A NON-INDEPENDENT CHAIR WITH AN INDEPENDENT DIRECTOR SERVING AS LEAD INDEPENDENT DIRECTOR.** In keeping with our Corporate Governance Guidelines, the board of directors annually designates one independent director to serve as lead independent director in cases where the chair of the board is not able to serve as an independent director. AeroVironment Chief Executive Officer, Wahid Nawabi, serves as chair of the board and does not qualify as independent under Securities and Exchange Commission (SEC) and NASDAQ stock exchange regulations. In September 2021, the Board elected Edward Muller to serve a one-year term as lead independent director.

**THE BOARD OF DIRECTORS IS ASSISTED BY THREE COMMITTEES: AUDIT, COMPENSATION, AND NOMINATING AND CORPORATE GOVERNANCE, ALONG WITH AN EXECUTIVE COMMITTEE COMPOSED OF INDEPENDENT DIRECTORS.** These committees are tasked with a range of duties including:

- **OVERSEEING** the company’s internal and external auditing processes;
- **ENSURING SUITABILITY** of existing board members and new candidates;
- **SETTING STOCK** ownership guidelines; and
- **APPROVING COMPENSATION** levels for company executives.

**28.6%**  
**FEMALE**  
2 DIRECTORS



**71.4%**  
**MALE**  
5 DIRECTORS

**GENDER IDENTITY + DEMOGRAPHIC BACKGROUND**  
7 DIRECTORS TOTAL

FOR MORE INFORMATION, PLEASE VISIT THE CORPORATE GOVERNANCE SECTION OF OUR WEBSITE.





## PRODUCT EXCELLENCE

**WE EARN AND KEEP OUR CUSTOMERS' TRUST BY FULFILLING OUR PROMISE OF PRODUCT EXCELLENCE.** To meet the high standards that define the AeroVironment brand, we leverage the expertise of our teams and follow operating procedures that ensure our product performance exceeds industry expectations.

### PRODUCT QUALITY AND PERFORMANCE

**WE EVALUATE SAFETY AND DESIGN QUALITY AT NUMEROUS STAGES DURING THE PRODUCT LIFECYCLE,** and our quality system processes meet or exceed current standards. We maintain certification and compliance of our quality management system with the ISO 9001 and AS9100D standards at three of our Simi Valley, California, locations. As part of these certifications, our quality management system is audited by a third-party accredited registrar who assesses the company's compliance with these standards.

**AEROVIRONMENT USES A HIGHLY ORGANIZED SET OF OPERATING PROCEDURES TO MAXIMIZE EFFICIENCY WHILE DELIVERING SUPERIOR-QUALITY PRODUCTS TO THE MARKET.** Our Continuous Improvement Team includes experienced professionals, trained in Six Sigma and Lean Six Sigma tools and techniques for target-focused process improvement. Working in concert with our quality management system, this team reliably and consistently delivers outstanding quality to our customers and adds value to our product lines through their dedication to improving process efficiencies and minimizing waste. We use an independent, third-party, National Institute of Standards and Technology (NIST)-certified vendor to maintain our instrument calibrations to maximum precision.

## PRODUCT SAFETY

**AEROVIRONMENT APPROACHES SAFETY HOLISTICALLY,** considering the safe operation of our products, the safety of our workforce and the safety our products provide.

**WE VET EMPLOYEES,** contractors, vendors and customers thoroughly through restricted third-party screening tools and systems linked to multiple watchlists. For exported products, our customers are bound to U.S. government requirements including approved product uses and prohibition of reselling or transfer ownership without U.S. government approval.

**WE MAINTAIN A ROBUST TRADE COMPLIANCE PROGRAM TO ENSURE COMPLIANCE WITH U.S. EXPORT LAWS AND REGULATIONS,** including the International Traffic in Arms Regulations and the Export Administration Regulations that regulate the export of many of our products and services. Sale of our products is regulated by the U.S. State Department's Blue Lantern program, which conducts pre-license, post-license, pre-shipment and post-shipment audits to verify the correct owners receive the products and are using them for approved purposes. Our licenses applications are screened by the U.S. State Department and Department of Commerce to prevent improper use.

**OUR CUSTOMERS RECEIVE EXTENSIVE TRAINING ON THE SAFE USE AND OPERATION OF OUR STATE-OF-THE-ART UNMANNED ROBOTICS SOLUTIONS.** Our products' integrated technologies increase operating distances, keeping our customers out of harm's way and enabling unmanned clearing of dangerous munitions. Our patented "wave-off" technology for our tactical missile systems product provides maximum safety by providing increased awareness and control of our unmanned tactical avionics, helping to ensure only intended effects occur. All of our products are designed to increase the safety and effectiveness of our customers' operations. In our design and production facilities, we have developed and implemented policies and procedures that put worker safety first, as detailed in the Employee Health, Safety and Wellness section of this report.

**AEROVIRONMENT SOLUTIONS HELP THE UNITED STATES, OUR ALLIES AND SOVEREIGN NATIONS PROTECT THEIR HOMELANDS WHEN THEIR SAFE AND PEACEFUL EXISTENCE IS THREATENED AND HELP DETER FUTURE AGGRESSION.** AeroVironment's statement of solidarity with the people of Ukraine and the North Atlantic Treaty Organization (NATO) alliance can be found on our website at [www.avinc.com](http://www.avinc.com).



## RESPONSIBLE SUPPLIER PRACTICES

**OUR SUPPLIERS ARE ESSENTIAL TO OUR SUCCESS AND OUR SUSTAINABILITY.** To ensure that the materials we receive are of high quality and are responsibly sourced, we outline our expectations for suppliers in our Code of Business Conduct and Ethics and score suppliers based on their adherence to it. Our supplier policy, included as a standard element in our contracts, stipulates that all AeroVironment suppliers must comply with all applicable laws and regulations. In the future, our suppliers will be required to adhere to a Supplier Code of Ethics, which is currently being drafted.

**OUR SUPPLIER QUALITY REQUIREMENTS MANUAL CONTAINS ADDITIONAL DETAILS RELATED TO FAIR LABOR,** responsible sourcing and ethical human rights practices. We have an expectation that our suppliers follow the same standards we uphold, including laws related to bribery, child labor, human trafficking and slavery. Other policies that suppliers must adopt for due diligence when tracing and sourcing materials include our Conflict Minerals Policy and the California Transparency and Supply Chains Act of 2010.

**WE HAVE IMPLEMENTED A CONFLICT MINERALS COMPLIANCE PROGRAM,** designed to meet our SEC reporting obligations, that conforms to the framework in the Organisation of Economic Co-operation and Development (OECD) due diligence guidance for responsible supply of minerals from conflict-affected and high-risk areas and the related supplements for gold, tin, tantalum and tungsten.

### **IN ADDITION TO THESE POLICIES, OUR SUPPLIERS MUST MEET THE FOLLOWING REQUIREMENTS:**

- **POSSESS A** recognized ISO quality system
- **HAVE AN** on-time delivery record of greater than 95%
- **HAVE LESS** than 5,000 defective parts per million over a 12-month period
- **ADHERE TO** the SQM-001 Supplier Quality Requirements Manual

## SUPPLIER AUDITS AND ACCOUNTABILITY

As part of our process for ensuring product quality, we regularly audit and assess our suppliers. In FY 2022 we conducted 10 quality management system audits of our suppliers.

### **SUPPLIER AUDITS THAT AEROVIRONMENT CONDUCTS INCLUDE:**

- Quality System
- Surveillance
- Product Process
- Commodity
- Capacity (starting in 2022)

## SUPPLIER DIVERSITY

AeroVironment currently relies on nearly 200 suppliers to provide us with high-quality, responsibly sourced materials. Most of our suppliers are located within 60 miles of our operational and manufacturing hub in Simi Valley, California, which reduces shipping costs and supports our

local economy. In addition, more than 50 percent of our business is conducted with diverse and underrepresented supply chain partners. Through our Small Business Participation Plan, we are committed to partnering with small, disadvantaged, woman-owned and veteran- and disabled

veteran-owned businesses to the fullest extent possible in our Federal Government contracts. AeroVironment supports these small businesses by providing equitable opportunity to participate and compete in procurements of products and services.

**TO LEARN MORE ABOUT OUR SUPPLIER EXPECTATIONS AND REQUIREMENTS, PLEASE VISIT THE SUPPLIERS SECTION AT [WWW.AVINC.COM](http://WWW.AVINC.COM).**





## INFORMATION SECURITY AND DATA PRIVACY

**WE BELIEVE OUR CUSTOMERS**, suppliers, employees and other stakeholders deserve to have their data handled in a safe, lawful, and ethical manner. As an international government contractor, AeroVironment takes all the necessary steps to protect the data and privacy of our contracts and comply with applicable data security and privacy laws.

**AS PART OF THE DEFENSE INDUSTRY SUPPLY CHAIN**, we comply with the National Institute of Standards and Technology Special Publication (NIST SP) 800-171, a special publication that provides recommended requirements for protecting the confidentiality of controlled unclassified information. Our cybersecurity plan follows NIST SP 800-171 guidelines for data safeguarding to defend against data breaches and our incident response protocols and procedures follow the guidelines as well.

**OUR INTERNAL SECURITY TEAM IS SUPPORTED BY MULTIPLE THIRD-PARTY RESOURCES THAT ASSIST IN CONTINUALLY IMPROVING OUR SECURITY POSTURE.** In addition, we invest in current technologies, perform regular penetration testing, and follow other industry best practices to protect against threats.

**DATA PRIVACY AND SECURITY TRAINING, CERTIFICATION, AND COMPLIANCE ARE PRIORITIZED ACROSS OUR ORGANIZATION.** We require all our employees to undergo regular cybersecurity awareness training on security and privacy topics related to best practices, awareness, prevention and remediation.

**IN ADDITION**, any intermediaries representing AeroVironment are subject to our due diligence processes, must complete information security and data privacy compliance awareness training, and must meet our detailed requirements for ethics and compliance certification.

**OUR SECURITY APPROACH IS OVERSEEN BY OUR NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**, which reviews related topics annually. Our company leaders manage security practices across the company and its divisions to ensure conscientious, responsible practices at every level of our organization.

**OUR PRIVACY POLICY**, Terms and Conditions statement, and other privacy statements are available in our website footer at [www.avinc.com](http://www.avinc.com). For more information on our policies and processes governing interactions of our intermediaries, please contact us via our website.



