



SUSTAINABILITY POLICY	Issued: January 2026
	Supersedes: New

Vision and Purpose

- 1.0 The purpose of this Policy is to enable the integration of sustainability into CAE's operations and supply chain across all its activities and everywhere it operates, in alignment with its mission and core values. It serves as a guiding framework to ensure that sustainability is considered in decision-making processes and operational practices.
- 1.1 CAE's approach is informed by the perspective of all stakeholders – including customers, employees, local communities, partners, shareholders and suppliers. It is guided by the intent to create long-term value and resilience through sustainability.

Applicability and Scope

- 2.0 This Policy applies to CAE Inc. and to its wholly owned or controlled (directly or indirectly) subsidiaries and joint ventures ("CAE" or the "company"). A "controlled" subsidiary or joint venture is a legal entity in which CAE generally owns equity interests representing more than 50% of the voting shares. Where CAE does not have a controlling interest in a subsidiary or joint venture, CAE shall communicate its vision and expectations through this Policy and CAE's *Code of Business Conduct*.
- 2.1 The Policy applies to CAE's directors, officers, employees, contingent workers, agents, suppliers, Business Partners, as defined by CAE's *Business Partners Policy*, and any third parties acting on CAE's behalf.

Commitments and Associated requirements

- 3.0 CAE defines sustainability around three core pillars: environmental stewardship, governance, and social responsibility. The company focuses on issues that are material across its value chain, guided by regulatory requirements, impact and financial materiality assessments informed by stakeholder engagement, and industry best practices.
- 3.1 CAE has developed a multi-year sustainability roadmap (FY24-28) covering material sustainability issues, which has guided its commitments over the years. CAE remains accountable for advancing its objectives articulated around clear targets and key performance indicators to measure progress. CAE tracks and reports progress, along with any forward-looking adjustments, every year as part of its annual reporting process. The annual sustainability report is made publicly available on CAE's website and details CAE's commitments on all material sustainability matters.



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CAE’s multi-year sustainability roadmap shall be reviewed and updated periodically to reflect emerging issues and revisions to the Company’s materiality assessment.

Climate change mitigation and adaptation

- 3.2 As climate change regulations become more prevalent and stringent, CAE has developed a decarbonization strategy embedded in its multi-year sustainability roadmap to reduce greenhouse gas emissions in alignment with the objectives of the Paris Agreement. CAE will measure and report Scope 1, 2 and partial Scope 3¹ greenhouse gas (GHG) emissions annually as per GHG Protocol Corporate Standard in its annual sustainability report.
- 3.3 Measurable targets related to GHG emission reductions shall be defined as part of annual performance objectives for applicable members of CAE’s leadership team. To ensure progress, CAE Business units are accountable for executing their respective tactical decarbonization plans and for identifying further opportunities within their operational scope.
- 3.4 CAE is a member of Climate Group’s RE100, joining a group of over 400 companies worldwide committed to accelerating the transition to renewable energy. This membership reflects CAE’s ongoing commitment towards reducing its reliance on non-renewable energy sources and embedding sustainability throughout the lifecycle of its products and services delivered to end-users. For building management purposes, all personnel involved in Real Estate activities must be familiar with and apply CAE’s Sustainable Building Guidelines and apply them as appropriate within their scope of work.
- 3.5 CAE’s approach to decarbonization is further supported by an internal carbon shadow price (ICSP) process to integrate carbon considerations into capital allocation decision-making. This enables CAE to make more informed investment decisions that promote low carbon investments and increase resilience to climate change. All personnel involved in the capital allocation process must

¹ For the purposes of this section, the following terms are defined as per the GHG Protocol:

- *Scope 1*: means direct emissions – emissions from sources that are owned or controlled by the company.
- *Scope 2*: means indirect emissions – emissions generated in the production of purchased electricity, steam, heating or cooling consumed by the company.
- *Scope 3*: means all indirect emissions (not included in scope 2), from upstream and downstream activities, that occur in the value chain of the company.



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be familiar with and comply with CAE’s ICSP process (see Appendix A²) on applicable business projects.

Human rights

- 3.6 CAE commits to protecting human rights across its operations and supply chain; all personnel must adhere to the provisions of the *Human Rights Policy*.
- 3.7 The company is equally committed to fostering an inclusive and equitable workplace. Inclusion requires active engagement from all leaders and employees, supported by talent systems that foster an inclusive culture. All employees must be familiar with and apply the *Inclusive Workplace and Equal Opportunities Policy*.
- 3.8 CAE commits to preventing occupational illness and work-related accidents, and to promoting a culture of safety and wellness across all its facilities through its Health and Safety (H&S) programs and procedures. All personnel must be familiar with and apply the *Global Environment, Health and Safety Policy*, as well as all H&S programs and procedures required within their scope of work.
- 3.9 Data privacy is another critical dimension of CAE’s human rights framework, rooted in the broader right to privacy. All personnel who process or otherwise access personal information must be familiar with and apply CAE’s *Global Data Privacy Policy*.

Community engagement and Indigenous relations

- 3.10 As One CAE, the company shall make a positive impact where it operates, supporting inclusive and sustainable growth through humanitarian aid, education, scholarships and volunteering. In accordance with CAE's *Charitable Donations and Sponsorships Policy*, Business units need to report local amounts awarded and causes supported on a quarterly basis.
- 3.11 CAE is also committed to building respectful and meaningful relationships with Indigenous Peoples and communities. CAE upholds the principles of the United Nations Declaration on the Rights of Indigenous Peoples and as a Partnership Accreditation in Indigenous Relations (PAIR) committed company, will progress on the PAIR certification program.

² The Appendix A contains proprietary internal information and is therefore not included in the publicly available version on CAE’s website.



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Ethical business conduct

3.12 CAE will conduct business ethically and transparently, in accordance with the principles of the *Code of Business Conduct*.

Engagement activities

- 4.0 CAE shall engage in public policy in a manner that supports global climate action and reflects its values of corporate responsibility, transparency, integrity and accountability. CAE’s participation in trade associations across the world contributes to collective efforts that shape environmental regulations and standards in the aviation, defense, and technology sectors.
- 4.1 All individuals acting on behalf of CAE, including employees, officers, directors, contractors, and representatives, shall adhere to CAE’s commitments to responsible public policy engagement, including supporting global climate action and upholding the company’s values of transparency, integrity and accountability.
- 4.2 All engagement with trade associations and indirect policy engagements must be consistent with CAE’s sustainability goals and global environmental frameworks – including with the Paris Agreement. All trade association memberships shall be reported annually to the Sustainability team.
- 4.3 All engagement activities must be conducted in accordance with the *Anti-corruption Policy*, *Anti-trust Policy* and *Code of Business Conduct*. All personnel must also consult the *Lobbying and Political Contributions Policy* for specific requirements regarding such types of engagement and with the *Charitable Donations and Sponsorships Policy* for all donations and sponsorships.

Responsibilities

5.0 Managing sustainability requires efforts at all levels of the company, including different responsibilities taken on by the following stakeholders.

Directors

- Oversee and endorse the company’s sustainability goals and ensure they align with CAE’s mission, values and long-term business objectives.
- Ensure effective governance by monitoring the implementation of this Policy and reviewing progress on key sustainability goals and disclosures.
- Promote accountability by holding executive leadership responsible for integrating sustainability into decision-making and risk management processes.



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- Follow the *Board and Executive Management Composition Policy*, ensuring a variety of perspectives at the highest levels of governance.

Executive Management Committee

- Foster a culture of sustainability within the company and ensure transparent communication of progress to stakeholders.
- Integrate sustainability in decision-making and business processes – such as strategic and financial planning – including by applying the ICSP process (see Appendix A).
- Set and achieve sustainability-related team objectives and key results (OKRs) aligned with CAE’s sustainability goals referred in the multi-year sustainability roadmap and monitor progress against them.
- Factor sustainability-related achievements in individual performance review.

Chief People and Sustainability Officer (CPSO) – supported by the Sustainability team

- Oversee the implementation of this Policy and the leadership and monitoring of CAE’s sustainability strategy.
- Establish robust mechanisms to measure the performance of CAE’s sustainability program.
- Develop accurate, timely and transparent disclosures, detailing progress against the commitments outlined in Section 3 of this Policy and against all objectives of its sustainability program.
- Ensure that all relevant internal stakeholders – including the Board of Directors and the Executive Management Committee – receive timely, consistent and integrity-driven sustainability-related information to support sound governance, engagement with external stakeholders and decision-making.
- Ensure proper chairing and effective operation of the Sustainability Committee, in accordance with its governance mandate.
- Review opportunities for program enhancement and propose actions and tools that allow business units and corporate functions to achieve CAE’s commitments and continuously improve sustainability performance.
- Monitor emerging sustainability-related trends and ensure that relevant individuals – including members of the Board of Directors and the Executive Management Committee (EMC) – receive appropriate briefing and guidance to support informed and responsible decision-making.
- Develop sustainability-related awareness and training opportunities for all employees.

Employees and Contingent workers

- All employees shall integrate CAE’s sustainability priorities into their daily responsibilities and proactively address material environmental, social, and governance matters relevant to their



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function, recognizing that the company’s overall sustainability performance is a shared accountability. Therefore, employees should:

- Actively support sustainability initiatives and demonstrate collective accountability, which may include participating in programs, seeking ways to optimize resource use or adopting sustainable practices.
- Act as ambassadors of CAE, communicating the company’s values and commitment to sustainability both within and outside the company.
- Seek guidance and tactical support by contacting the Sustainability team at sustainability@cae.com.
- Employees are encouraged to proactively build and strengthen their sustainability-related capacities by participating in awareness and training opportunities, both during their on-boarding as a new employee and throughout their professional journey at CAE.

Suppliers and Business Partners

- Acknowledge and respect the fundamental principles of the *Supplier and Business Partners Code of Conduct*.

Governance

Board committees

- 6.0 The Board of Directors, through its designated committees, oversees identification, assessment, and management of sustainability-related risks and opportunities, ensuring alignment with the company’s strategic objectives and fiduciary obligations and as per the Enterprise Risk Management framework.
- 6.1 The Governance and Audit Committees will receive extended updates on both sustainability and regulatory risks. Sustainability-related updates will be provided by the CPSO and will include stakeholder expectations, market and regulatory developments and progress on the sustainability strategy (covering all sustainability topics articulated in the multi-year sustainability roadmap).
- 6.2 The Human Resources Committee will receive updates from the CPSO on talent-related risks and priorities, including talent management, fostering a unified One CAE culture, succession planning and executive compensation, inclusion and equal opportunities, health and safety, and aviation safety.
- 6.3 The Technology Committee will receive updates on dedicated sustainability matters on an *ad hoc* basis.



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Sustainability committee

- 6.4 The Sustainability Committee will convene quarterly and will serve as the senior governance body responsible for oversight of this Policy. Chaired by the CPSO, the Committee is composed of appointed officers, representatives from functions accountable for direct or indirect sustainability-related risks and opportunities, as well as delegates from relevant business units. All members shall apply this Policy in support of CAE’s sustainability objectives.
- 6.5 The Sustainability Committee shall oversee the identification, management and reporting of the company’s most significant sustainability impacts, risks and opportunities and monitors industry trends to identify and manage sustainability-related risks and opportunities.

Decarbonization governance

- 6.6 CAE’s executive management committee including business units’ leadership teams will monitor progress on decarbonization strategies aligned with CAE’s targets on a quarterly basis.
- 6.7 A dedicated decarbonization governance committee with the business Units’ leadership team will also convene every quarter to track progress on detailed initiatives and consider additional opportunities to progress against their decarbonization plans.
- 6.8 Global Procurement and Supply Management, Real Estate, and Sustainability teams are accountable for supporting business units in implementing sustainability initiatives. They will also contribute to identifying and evaluating additional decarbonization opportunities to guide the business units.

Sustainability disclosures

- 7.0 CAE will continue to enhance the transparency of its non-financial disclosures by ensuring compliance with applicable laws and regulations, and by aligning its reporting practices with the principles and guidance of internationally recognized standards and frameworks. The Sustainability team will be responsible for managing and coordinating these disclosures, as mentioned in the section related to Responsibilities.
- 7.1 CAE discloses sustainability-related information with its stakeholders through the following publicly available online publications³:

³ Online publications are available at <https://www.cae.com/sustainability>.



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- Global Annual Activity and Sustainability Report, prepared in alignment with the following recognized frameworks:
 - GHG Protocol Corporate Standard
 - Global Reporting Initiative (GRI)
 - Sustainability Accounting Standards Board (SASB)

7.2 CAE will give full and good faith consideration to stakeholders' feedback on its disclosures including the one submitted via sustainability@cae.com in support of the company's commitment to continuous improvement and transparency.

Approval



Matthew Bromberg

President and Chief Executive Officer

Date: January 21, 2026