



<b>ANTI-CORRUPTION POLICY</b>	Issued: February 13, 2024
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## **1. Introduction**

As a global company, CAE is committed to complying with the laws and regulations of the countries in which it operates. This commitment also extends to compliance with applicable anti-corruption laws, such as the Corruption of Foreign Public Officials Act (Canada), the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010, and similar laws elsewhere in the world (collectively the "**Anti-Corruption Laws**"). In general, Anti-Corruption Laws prohibit bribes, kickbacks, and facilitation payments, and include strict bookkeeping and accounting rules.

To comply with Anti-Corruption Laws, CAE implemented a formal Ethics and Compliance Program that sets up various policies, procedures and processes that have been designed to prevent and mitigate corruption risks in its operations worldwide. This Global Anti-Corruption Policy ("**Policy**") is an integral part of CAE's Ethics and Compliance Program.

## **2. Purpose**

The purpose of this Policy is to ensure that CAE conducts its global business ethically, transparently and in compliance with Anti-Corruption Laws. This Policy specifically prohibits CAE employees and third parties acting on CAE's behalf from engaging in behaviour likely to constitute corruption.

## **3. Applicability**

This Policy applies to CAE Inc. and 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 expectation that such entity has in place similar policies and procedures consistent with this Policy and shall deploy all reasonable efforts to ensure that such a policy is adopted by the entity.

## **4. Definitions**

"**Business Partner**" means any third-party that has a contractual relationship with CAE and poses heightened legal and compliance risks to the Company (including bribery risk) given the nature of its work or relationships, and includes, without limitation, Representatives, Business Development Consultants, Brokers, Lobbyists, Distributors, Joint Venture Partners, Teaming Partners and certain types of Suppliers as such terms are defined in the Business Partners Policy.

"**Public Official**" means an elected or appointed official, an officer, a director, an employee, a representative, or an agent employed by or acting on behalf of:



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- a body of government of any level (federal, provincial, state, municipal, or other)
- a political party, party official, or candidate for political office
- a state-owned or state-controlled entity
- the armed forces, national police, or coast guard of any country
- a supranational, public international or intergovernmental organization.

**Note:** The following individuals are also considered Public Officials:

- a person who holds a legislative, administrative, or judicial position; or
- any person designated as a Public Official by the legislation of its jurisdiction.

## 5. Commitments

CAE is committed to a zero-tolerance policy against all forms of corruption. CAE employees and third parties acting on our behalf (including Business Partners) must comply with both the letter and the spirit of this Policy and all applicable Anti-Corruption Laws and must never engage in any behaviour that could be considered bribery.

### 5.1 *Offering or accepting bribes is always prohibited*

We must never offer or accept bribes in the course of CAE's business, which include, but are not limited to:

- Offering, promising, giving, or authorizing the giving or payment of *anything of value* to another person to obtain or retain business, or in exchange for favourable treatment;
- Offering, promising, giving, or authorizing the giving or payment of *anything of value* to induce a person (including a Public Official) to use his or her position to influence any acts or decisions in the exercise of that person's official duties;
- Soliciting or receiving *anything of value* in exchange of an undue advantage;
- Asking or authorizing any third-party acting on CAE's behalf (including any Business Partner) to indirectly take actions that this Policy prohibits from taking directly.

For clarity, the term "*anything of value*" is very broad and does not only include money. This term can include virtually anything that has a value to the receiver, such as trips, gifts, hospitality, donations, contracts, loans, rebates, discounts, bonuses, payments of education or living expenses and much more. Something which may have no value to a person could have significant value to another person, and therefore be considered a bribe if given with the intention of having that person, or another person, engage in an improper action or activity.

The actions above are all prohibited even if the recipient of a bribe does not accept the bribe or does not perform the intended action that they were paid the bribe to do. Also, the act of bribery includes both acts and omissions. This means that giving, promising, offering, or authorizing a



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bribe is considered bribery regardless of whether the recipient is asked to do something that they should not or to not do something that they should.

***5.2 Transactions must always be recorded in an accurate and timely manner***

Anti-Corruption Laws generally include strict bookkeeping and accounting rules. As a result, CAE must prepare and maintain books and records which accurately reflect the transactions carried out in the course of its business. Each transaction must be recorded, reviewed, approved, and properly accounted for in the Company's books and records. All payments to third parties must be made in accordance with valid and duly approved contracts.

Further, we must never:

- Establish or maintain ‘off-book’ accounts;
- Make transactions that are not recorded in the Company’s books and records or otherwise make false, misleading, incomplete, or inaccurate entries in those books and records;
- Record non-existent expenditures in the Company’s books and records or enter liabilities with incorrect identification of their object;
- Create or use false documents to justify a transaction;
- Destroy accounting books and records earlier than permitted by law; or
- Use personal funds or funds from other sources to circumvent CAE’s Corporate Policies and Procedures.

The retention and archive of books and records must be consistent with CAE’s policies, including the Document Retention and Destruction Policy, tax legislation and any other applicable laws and regulations.

**6. Additional Requirements**

These specific situations below often expose companies to higher legal and compliance risks (including corruption risks), and therefore have additional requirements:

***6.1 Dealing with government customers and state-owned enterprises***

Some CAE customers may be, wholly or partially, owned or controlled by the government. This includes, for example, state-owned enterprises. It is important to remember that the employees of all such customers are Public Officials under this Policy. While it is critical to earn and maintain the trust of all customers, extra caution must always be exercised when dealing or interacting with Public Officials. We are all responsible for reviewing and complying with the Know-Your-Customer Procedure and for taking reasonable steps when interacting with Public Officials.



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***6.2 Working with third parties (including Business Partners)***

CAE may engage third parties in specific territories or markets, either to provide support or to assist in bidding on contracts. We must only establish and maintain contractual relationships with third parties that (i) are legitimate, (ii) have the experience, expertise, and qualifications to support CAE’s business (iii) do not expose CAE to financial risks (iv) comply with applicable laws and (v) have a reputation for integrity. We must not ignore signs that a third-party is acting unethically or involved in corruption. Also, given that certain third parties are Business Partners who may pose heightened legal and compliance risks (including corruption risks), we are responsible for reviewing and complying with the Business Partners Policy before appointing and using Business Partners.

***6.3 Offering or receiving business courtesies (gifts and hospitality)***

Before offering or receiving business courtesies (including gifts and hospitality), we must ensure that all such business courtesies have a legitimate purpose and are not perceived as a bribe or kickback. We are all responsible for reviewing and complying with the Business Courtesies Policy before offering or receiving business courtesies (including gifts and hospitality).

***6.4 Making political contributions***

We are encouraged to take part in political activities in our personal capacity, but not as part of our official CAE duties. This means that no political or campaign contribution can be made or promised by an employee or a third-party acting on CAE’s behalf in their role as such. This prohibition includes using CAE assets or resources in connection with a political contribution. We are all responsible for reviewing and complying with the Lobbying and Political Contributions Policy.

***6.5 Making charitable donations and sponsorships***

As a rule, CAE only gives to those institutions and organizations providing facilities and services in communities where CAE’s operations are located and where the bulk of our employees reside. A charitable donation or a sponsorship is never allowable if it confers a benefit to a Public Official. Before making a charitable donation or a sponsorship, we are responsible for reviewing and complying with the Charitable Donations & Sponsorships Policy.

***6.6 Hiring Public Officials***

We must never hire a Public Official, or someone suggested by, or related to, a Public Official to help CAE obtain or keep business, or if the Public Official offers to give a benefit to CAE or threatens to act in a way that harms CAE if the requested hiring decision is not taken. The standard recruitment process must always be followed. Before hiring a Public Official, or a candidate suggested by a Public Official, we are responsible for reviewing and complying with the Conflict of Interests Policy, including the obligation set forth therein to declare all conflicts of interest.



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### ***6.7 Facilitation payments***

We must not make facilitation payments, which are small amounts paid to Public Officials to speed up an administrative process (such as obtaining a visa or custom clearance). The payments are generally intended to secure or expedite the performance of a routine or necessary action to which the payer is already entitled. Facilitation payments are sometimes called "expediting", "speed", "goodwill" or "grease" payments. We must not pay them under any circumstances. If a Public Official requests or implies that a facilitation payment must be made, we must politely decline and report such request to the Ethics and Compliance Office.

### ***6.8 Mergers, acquisitions, partnerships, and joint ventures***

Before entering a merger, acquisition, partnership, or joint venture agreement, we must perform adequate due diligence on the target entity. All agreements must also contain adequate provisions to ensure compliance with applicable laws and regulations, including Anti-Corruption Laws.

## **7. Anti-Corruption Training**

Training is the foundation of any successful anti-corruption program. CAE requires that all employees receive anti-corruption training at hire and periodically thereafter. Targeted anti-corruption training must also be provided periodically to those who may expose CAE to heightened legal and compliance risks, including corruption risks.

## **8. Roles and Responsibilities**

CAE executives and Division Presidents are responsible for ensuring compliance with this Policy as well as with Anti-Corruption Laws within their respective divisions, corporate functions, or business units. Each CAE executive and Division President is also responsible for ensuring that no payments or offers of *anything of value* are made or authorized without ensuring compliance with this Policy.

Although CAE executives and Division Presidents are ultimately responsible for the application of this Policy, it is also the responsibility of each supervisor/manager to ensure compliance with this Policy and related CAE policies, including when engaging with third parties (such as Public Officials and Business Partners) in a business relationship or transaction.

The Ethics and Compliance Office is responsible for overseeing the implementation of this Policy, including ensuring that adequate training is provided to CAE employees and certain Business Partners to prevent corruption risk. The Ethics and Compliance Office also provides compliance reports to CAE's management team and the Governance Committee of the Board of Directors for monitoring purposes, including with respect to this Policy and related CAE policies, namely:

- Code of Business Conduct
- Know-Your-Customer Procedure



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- Supplier and Business Partner Code of Conduct
- Business Partners Policy
- Business Courtesies Policy
- Charitable Donations & Sponsorships Policy
- Lobbying & Political Contributions Policy
- Conflicts of Interest Policy
- Internal Reporting and Whistleblowing Policy

**9. Reporting a Policy Violation**

All employees and third parties acting on CAE’s behalf (including Business partners) have a duty to report any behaviour contrary to this Policy and any other related policies. If a CAE employee or a third-party believes that a breach has occurred or is about to occur, they must report it as soon as possible in accordance with CAE’s Internal Reporting and Whistleblowing Policy.

No retaliatory action will be taken against anyone who, in good faith, reports a suspected breach of this Policy or any related policies, inquires about a potential breach, or seeks guidance on how to handle suspected breaches.

**10. Enforcement**

Failure to respect the letter or spirit of this Policy or the Anti-Corruption Laws may lead to disciplinary measures commensurate with the breach, up to and including termination of employment or termination of any agreement with a third-party.

**11. Deviations and Restrictions**

A CAE division may impose more restrictive requirements than those set forth in this Policy, in which case the employees and third parties working or acting for such division must follow the more restrictive requirements. No policy, procedure, or guideline at CAE on the subjects covered by this Policy may be more permissive than this Policy.