

CAE (UK) PLC

Gender Pay Gap Report 2021



Our Diversity & Inclusion: A business imperative

At CAE, we're proud of our noble purpose to make flying safer, maintain defence force readiness and enhance patient safety. We are also actively building a company that's more open, progressive and people centric, and creating a workplace where all employees can feel accepted, included and valued for who they are.

DIVERSITY & INCLUSION

At CAE, everyone is welcome to contribute to our success. With no exception.

Sharpening our focus on diversity and inclusion is both the smart and right thing to do. The more diverse our people are and the more inclusive our culture is, the more innovative and successful we'll be in achieving our purpose. Greater diversity and inclusivity will also help us attract and retain top talent as well as better connect with customers worldwide.

Diversity is important to me, first and foremost because it's the right thing to do. And I say that as a father. The last thing I would want is for my son to have more opportunities than my two daughters would have. They should be able to rise to their potential. And as a business, it is critical because we want to be able to tap into the full talent pool in order to grow our business.

- Marc Parent, President and CEO

Our commitment to fostering an increasingly diverse workforce and inclusive culture is rooted in our values. As captured in our overarching value **One CAE**, we're proud to work as one passionate, boundaryless and inclusive team with one common goal: to create success for all stakeholders, whether they're employees, customers or shareholders. We know that we accomplish more together than each on our own. That's why we embrace diversity and strive to create a work environment where all employees are valued, respected and safe. We promote employee wellbeing by focusing on employee recognition, development and having fun!



Our Diversity & Inclusion commitment

In keeping with our *One CAE* value, we are committed to creating a culture and ecosystem where all employees feel valued, included and they belong, without regard to race, colour, religion, sex, gender identity or expression, sexual orientation, national origin, disability, age or veteran status.

The immediate focus of our multi-year Diversity & Inclusion initiative is to foster an inclusive, gender-diverse, bias-free environment and strengthen the representation and development of women in leadership positions.

Our Diversity & Inclusion philosophy

Operating in more than 35 countries gives us the privilege of engaging with employees, partners and clients from very diverse backgrounds and cultures. We celebrate this diversity and the unique value, skills and perspectives each of these individuals brings to our company and to society.

We believe that greater diversity translates into greater innovation, resilience and success. It helps us generate better ideas, think and work both globally, and deliver the best-in-class products and services our clients need and deserve.

Embracing and championing diversity is not only the right thing to do; it also boosts our ability to achieve our corporate vision: to be the recognized global training partner of choice to enhance safety, efficiency and readiness.

CAE's Initiatives in 2020/2021

Global Remote Working Policy

In 2020, CAE launched its global remote working policy and all employees benefit from the ability to select a work/life balance of home and office working through discussion with line managers and subject to role requirements.

CAE's Remote Work Policy provides several advantages, including increased productivity, job satisfaction, environmental protection, business continuity, flexible working regime, and better work/life balance. We believe that our culture is a powerful

element that shapes our work environment and experience. Aligned with our value of empowerment, CAE allows employees to work when and where they will be most effective and efficient in achieving results. We hope this policy will make us a more attractive employer to a wider demographic, thus having a positive impact on our diversity.

Unconscious Bias Training

CAE has rolled out mandatory unconscious bias training for all employees. We wanted all our employees to understand unconscious bias – social stereotypes about certain groups of individuals that people form unconsciously – because they play a critical role in inclusion. One way to fight unconscious bias is for employees to be aware of their own biases and learn skills to mitigate their impact. By better understanding their own biases, employees can change their behaviours and become a better, more inclusive colleague. All CAE leaders attending additional training followed by a team discussion on what unconscious bias may be present as a team, and to see how the team can mitigate them to become more inclusive.

CAE's Women in Flight Scholarship Program

CAE's *Women in Flight* scholarship program was launched in 2018 as a proactive approach to encourage passionate and exceptional women to pursue their dreams as professional pilots. Every year, CAE awards up to five paid scholarships to aspiring female pilots, across its global training network. This is a competitive program seeking female ambassadors who demonstrate leadership skills, perseverance and who are passionate about aviation. CAE have followed selected candidates on their journey to the flight deck and give them the opportunity to become aviation role models and inspire even more women to join the pilot profession. [#CAEWomeninFlight](#)



CAE is committed like no other training organization to the advancement of women in aviation to broaden the civil aviation talent pool. Today, women make up only 5% of professional pilots worldwide. The same is true of cadets in training. Unlike many other traditionally male-dominated professions, the aviation industry is still not attracting enough women. The CAE Women in Flight scholarship program aims to develop the industry's future women pilot ambassadors in hopes of addressing the underrepresentation of women in this profession.

Employee Resource Groups

Employee Resource Groups (known as ERGs) are voluntary, employee-led groups who join together in their workplace based on shared characteristics or life experiences. They are often based on gender, ethnicity and sexual orientation. ERGs are generally based on providing support, enhancing career development, and contributing to personal development in the work environment. They play a critical role in creating an inclusive culture. Two of CAE's ERGs that specifically relate to women are:

- LIFT (Women in Aviation and Technology Employee Resource Group) promotes and encourages the development and advancement of women employed at CAE in the fields of aviation, engineering and technology, and assist in removing barriers in order to support their individual success. The goal of LIFT is to be a forum for feedback and a mechanism for recruiting, retaining, developing and engaging female employees in the areas of aviation and technology through a sense of community, camaraderie and belonging.
- The Professional Women's Network (PWN) was established to promote the development of women at CAE and to raise awareness of the importance of diversity via activities centred around two strategic pillars: professional development and well-being. The goal of PWN is to promote a work environment that enables diversity at all levels and encourages the development of women by promoting women's leadership; supporting training; offering mentorship programs; and organizing networking events as well as activities focused on wellness, such as sport, nutrition, stress management, etc.

CAE's other ERG's dedicated to fostering a diverse and inclusive work environment include:

- EmBRACE – Race and ethnicity;
- Mozaic – Parents of children with special needs;
- Prism – LGBTQ2+; and
- Insignia – Veterans.

CAE's Development Programmes for Women

The A Effect – Ambition Challenge is an external professional development program involving participants from numerous companies globally, that aims to help participants reshape their mindsets and adopt new behaviours, so they can better demonstrate their ambition and maximize their talents. The program intends to boost the presence of women from diverse backgrounds at different organizational levels and propel female talent and contribute to creating inclusive, innovative and diverse corporate cultures by developing a leadership mindset. The program accelerates the development of three main behaviours: increase confidence and express their ambition; risk-taking and influence (by building a solid business network and develop political acumen).

CAE's Women Development Program (Dare) was launched in 2019 and it further builds on the development participants began during the A Effect - Ambition Challenge program. This development program offers extensive and continuous development reflecting women's reality and challenges. It aims to equip and inspire them to take the lead and ownership of their career. Every 2 years, a cohort of 25 to 30 women will participate in a 12-month journey where they will focus on their own development, navigating and exploring the following themes: self-confidence, risk taking, negotiating, networking, work-life balance and influencing.

Diversity and Inclusion Specialist role

As part of CAE's commitment to fostering, cultivating and preserving a culture of diversity and inclusion in the workplace, a new role of Specialist - Diversity & Inclusion, Talent and Culture was created in the organisation in 2020. This role is intended to further the development of CAE's diversity and inclusion global initiatives.

About CAE

CAE is a high technology company, at the leading edge of digital immersion, providing solutions to make the world a safer place. Backed by a record of more than 70 years of industry firsts, we continue to reimagine the customer experience and revolutionize training and operational support solutions in civil aviation, defence and security, and healthcare. We are the partner of choice to customers worldwide who operate in complex, high-stakes and largely regulated environments, where successful outcomes are critical. As testament to our customers' ongoing needs for our solutions, over 60 percent of CAE's revenue is recurring in nature. We have the broadest global presence in our industry, with more than 11,000 employees, 180 sites, and training locations in over 35 countries. www.cae.com

CAE in the UK

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 apply to UK employers with 250 or more employees. CAE has one such entity in the UK, CAE (UK) plc which is comprised of three operating divisions:

- Civil (Business Aviation Training and support functions);
- Defence & Security; and
- Healthcare.

Whilst our Diversity & Inclusion strategy applies globally to ensure all employees benefit, this report provides gender pay data solely pertaining specifically to CAE (UK) plc. The majority of our 303 employees are located in Burgess Hill, West Sussex with a presence at numerous Royal Air Force and Naval sites around the UK.

CAE is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of

their sex (or any other characteristic set out above). As such, it carries out regular pay and benefits reviews and evaluates job roles and pay grades as necessary to ensure a fair structure.

The gender pay gap shows the difference in average pay and bonuses between men and women regardless of role. Men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

CAE (UK) plc's gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

Across the UK economy as a whole, men are more likely than women to be in senior roles. Furthermore, CAE (UK) plc operates in the male dominated industries of Aviation and Defence which means there is a limited pool of female candidates from which to attract talent. By way of an illustration, over half of the workforce of CAE (UK) plc consists of Engineers, Pilot Instructors and Simulator Maintenance Engineers who are in specialist positions and the limited female representation in these roles is a direct reflection of the industry demographics in which we operate. Within our organisation, the majority of less technically specialised and support roles are occupied by women.

We believe we offer a competitive reward package to attract the right employees who support our corporate values, recognise and reward our employees for their performance; and support them in their development to enable them to grow. In particular, CAE needs to offer attractive aviation market rate remuneration to Pilot Instructors to entice them to leave active flying jobs and join our organisation, and it is known that pilots can attract high levels of pay. Only 6% of our Pilot Instructor population are female (which has increased by 4% since 2018) and, consequently, this contributes to our gender pay gap.

Definitions

Equal pay: Men and women who carry out the same or similar work of equal value must receive equal pay. It is unlawful to pay people unequally because they are a man or woman.

Gender Pay Gap: The gender pay gap differs from equal pay. It is a measure of the difference in average pay between men and women across an organisation. The measure for the gender pay gap is calculated as the difference between median gross hourly earnings (excluding overtime) as a proportion of median gross hourly earnings (excluding overtime) for men.

The mean gender pay gap: The difference between the mean (average) hourly rate of pay (when ordered from lowest to highest) of male relevant employees and that of female relevant employees, expressed as a percentage of the mean hourly rate of pay of male relevant employees.

The median gender pay gap: The difference between the median (middle) hourly rate of pay (when ordered from lowest to highest) for all male relevant employees and that of female relevant employees, expressed as a percentage of the median hourly rate of male relevant employees.

The mean bonus pay gap: The difference between the mean (average) bonus pay paid to male relevant employees and that paid to female relevant employees must be expressed as a percentage of the mean bonus pay paid to male relevant employees.

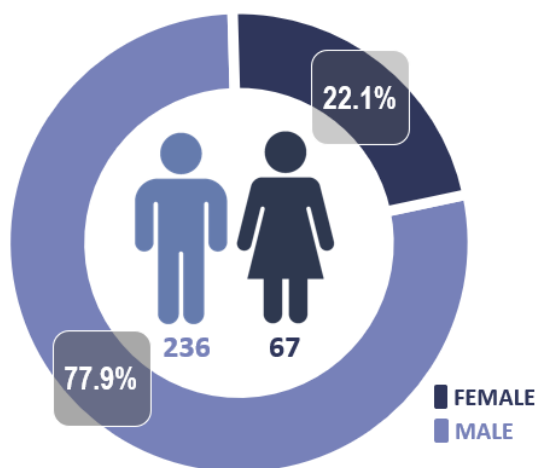
The median bonus pay gap: The difference between the median (middle) bonus pay paid to male relevant employees and that paid to female relevant employees must be expressed as a percentage of the median bonus pay paid to male relevant employees.

CAE (UK) plc's Gender Pay Data

The data provided in the following section is based on the hourly rate of pay for the snapshot date of 5 April 2021 and bonuses awarded in the year to April 2021. The figures set out above have been calculated using the standard methodologies outlined in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Gender Split

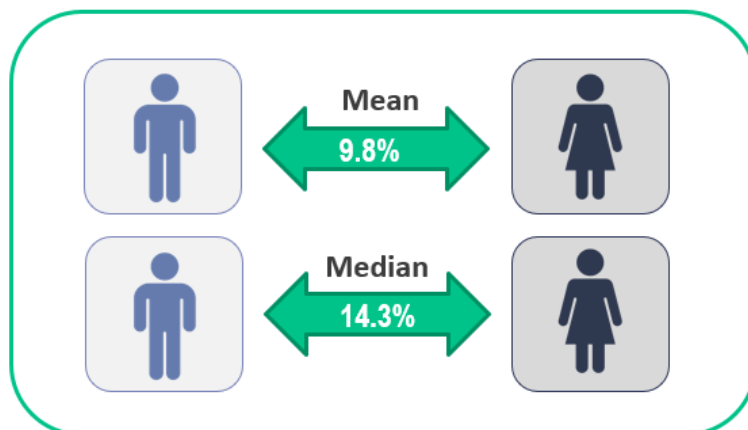
The gender split of CAE (UK) plc employees is as follows:



The Mean and Median Gender Pay Gap

These two calculations only use data for full-pay relevant employees and, in April 2021, only 4% of our workforce were furloughed or part-furloughed under the Coronavirus Job Retention Scheme. In accordance with the regulations, all furloughed employees have been excluded from the calculations along with any employees who were on 'leave' and receiving less than their full pay e.g., unpaid sick leave or maternity leave.

The mean and median Gender Pay Gap is as follows:



The Proportion of Males and Females receiving a Bonus Payment

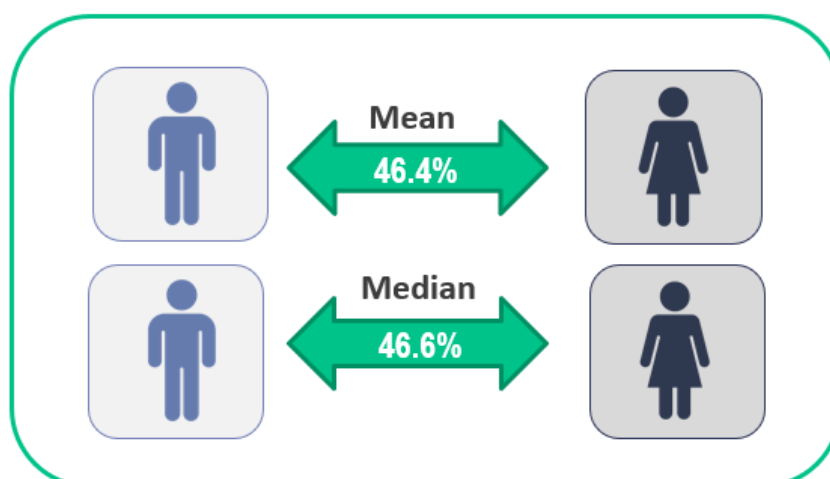
The proportion of male and female employees receiving a bonus in the 12 month period leading up to the snapshot date of 5 April 2021 is as follows:



The proportion of females at CAE (UK) plc who received a bonus in the 12 months up to 5 April 2021 was 50.7%, while for men this was 32.2%.

The Mean and Median Bonus Gender Pay Gap

The mean and median Bonus Gender Pay Gap is as follows:



The Proportion of Males and Females in each Quartile Pay Band

This calculation only uses data for full-pay relevant employees and, in April 2021, only 4% of our workforce were furloughed or part-furloughed under the Coronavirus Job Retention Scheme. In accordance with the regulations, all furloughed employees have been excluded from the calculations along with any employees who were on 'leave' and receiving less than their full pay e.g., unpaid sick leave or maternity leave.

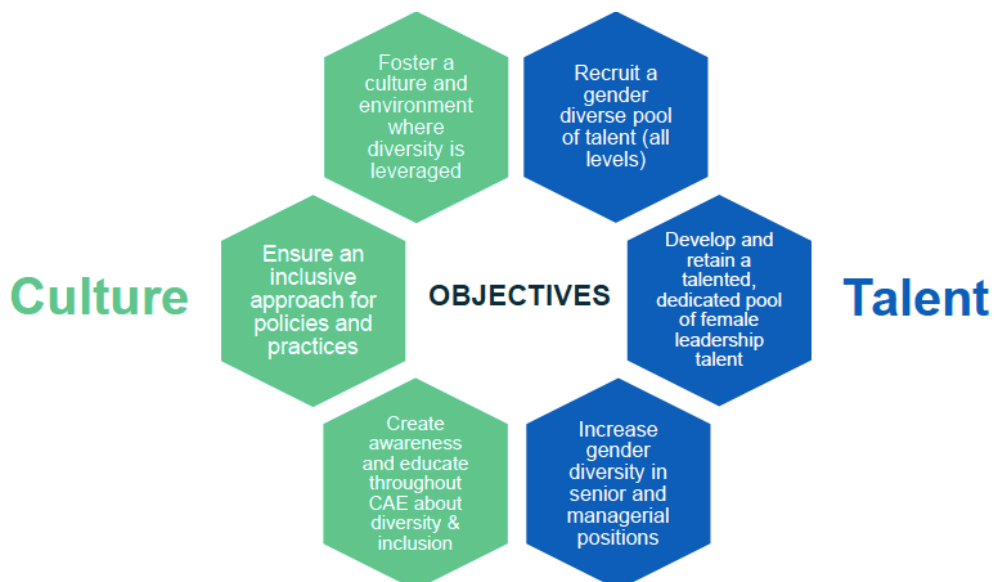
The 286 full-pay relevant employees employed on 5 April 2021 were split into four equal-sized groups based on hourly pay rates including the lowest-paid 25% of employees (the Lower quartile) and the highest-paid 25% (the Upper quartile) as shown below:



The Lower quartile has a higher concentration of females compared to other quartiles. This correlates to females being predominantly employed in the less technically specialised and support roles.

Addressing the Gap

CAE (UK) plc is committed to reducing the gender pay gap. Several Diversity & Inclusion initiatives and strategies, touching different aspects of our business are currently being implemented worldwide within CAE to support our commitment:



Human Resources Practices and Processes:

- Diversity enabling infrastructure;
 - Flexible work schedules;
 - Extended leave policies;
 - Back to work programs.

Talent acquisition and development:

- Women's leadership development:
 - Training & Coaching: implement specific development programs to encourage women in leadership positions including the Women in Leadership (WIL) component of our Annual Leadership Development Process;
 - Sponsoring & mentorship;
 - Women's networks: support the growth of our Professional Women's Network (PWN);
 - Executive presence and sponsor of WIDS (Women in Defence and Security), an organization that promotes and supports the advancement of women in Canadian defence and security industries;
 - The Technical Career Track provides a career path where employees, who have technical interests, have a chance to evolve and advance their career in an environment where technical expertise is recognized.

Culture:

- Created a Diversity & Inclusion Leadership Council to oversee our efforts;
- Develop an inclusive mindset:
 - On-the-job training;
 - Through ongoing training of all employees and leaders, we are working towards removing unconscious bias in evaluation and recruitment.

Tracking and measurement:

- Transparency and indicators tracking.

Short-term goals:

While targets alone won't create an inclusive culture, they do promote transparency and enable us to track our progress against our Diversity & Inclusion commitments. Below are a few of our shorter-term goals:

- Benchmark current best practices and establish targets to increase the recruitment and placement of female leaders;
- Ensure 30% of the CAE Inc. Board members are women;
- Increase the number of female employees by at least 10%;
- Grow the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees being women.

Declaration

CAE (UK) plc is committed to making a positive difference to closing the gender pay gap. The journey to create an even more inclusive and diverse culture has started and we will continue to report on the progress that we have made.

We confirm the data contained in this report has been prepared in accordance with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and is accurate.



Jose Maria Garcia Elipe
Finance Director
CAE (UK) plc - Civil



Andrew Naismith
Managing Director
CAE (UK) plc – Defence & Security