



## BOARD AND EXECUTIVE OFFICER DIVERSITY, EQUITY AND INCLUSION POLICY

### 1. DEFINITIONS

“**Board**” means the board of directors of CAE Inc.

“**Designated Groups**” has the meaning set forth in the *Employment Equity Act* (Canada) and includes women, Aboriginal peoples, persons with disabilities and members of visible minorities, as such terms are further defined in such act.

“**Diversity Groups**” includes the Designated Groups, Indigenous peoples and members of the LGBTQ2+ community.

“**Executive Officer**” means a member of senior management of the Corporation who is (a) a chief executive officer or chief financial officer, (b) a president of a principal business unit, (c) a vice-president in charge of a principal business unit, division or function, or (d) performing a policy making function at the Corporation.

“**members of the LGBTQ2+ community**” means lesbian, gay, bisexual, trans, queer/questioning, two-spirited, and other identities.

“**Policy**” means this policy regarding Board and Executive Officer diversity.

“**CAE**” or “**Corporation**” means **CAE Inc.**

### 2. PURPOSE

This Policy sets forth CAE’s approach to achieving and maintaining diversity on the Board and in Executive Officer roles.

### 3. POLICY STATEMENT

The Board nominates directors and appoints Executive Officers based on merit and the needs of the Corporation at the relevant time, and CAE is strongly committed to finding the best people to serve in these roles. At the same time, CAE believes that diversity helps to ensure that Board members and Executive Officers provide the necessary range of perspectives, experiences and expertise required to achieve effective stewardship and management of the Corporation. Diversity also helps to ensure that a variety of differing perspectives are considered in addressing issues, while providing a greater likelihood that proposed solutions will be robust and comprehensive. CAE believes that diversity is an important attribute of a well-functioning Board and an effective team of Executive Officers.

### 4. BOARD APPOINTMENTS

The Governance Committee of the Board is responsible for identifying and recommending to the Board qualified candidates for election as directors who possess the competencies, skills, business and financial experience, personal qualities and level of commitment required of a director to fulfill Board responsibilities.

In identifying potential candidates to serve on the Board, the Governance Committee will (a) consider only candidates who are highly qualified based on their talents, experience, expertise, character and industry knowledge, (b) take into account criteria that promote diversity, including but not limited to, gender, age, race, national or ethnic origin and disability, (c) endeavour to use any available network of organizations and associations that may help identify diverse candidates, and (d) in order to support CAE's commitment to all aspects of diversity, consider the level of representation of women and other Diversity Groups on the Board. To accomplish this, the Governance Committee may retain an executive search firm to assist in meeting the Board's diversity objectives. In connection with its efforts to create and maintain a diverse Board, the Governance Committee shall, when initiating a search for potential director candidates, develop a recruitment protocol that seeks to include diverse candidates. It may for instance direct the firm to ensure that women and other members of Diversity Groups are considered or included in the short list of candidates being considered for a Board position.

The Board seeks gender parity. The Board has established a target that women represent at least 30% of directors by 2022. The Board also seeks to increase the number of directors from other Diversity Groups and has established a target that at least 40% of directors form part of certain Diversity Groups (including women) by 2025.

The Board's composition (including if the directors form part of one of the Diversity Groups) will be disclosed in the Corporation's Management Information Circular.

## **5. EXECUTIVE OFFICER APPOINTMENTS**

### *President and Chief Executive Officer*

The Human Resources Committee of the Board is responsible for identifying and recommending to the Board qualified candidates for appointment as President and Chief Executive Officer who possess the qualifications, competencies, experience, leadership skills and level of commitment required to perform such role. In identifying potential candidates for appointment as President and Chief Executive Officer, the Human Resources Committee shall:

- consider potential candidates from a variety of backgrounds and perspectives with the Corporation's diversity objectives in mind; and
- consider the level of representation of women and members of other Diversity Groups in Executive Officer positions.

### *Other Executive Officers*

The President and Chief Executive Officer is responsible for identifying and recommending to the Human Resources Committee qualified candidates for appointment to all other Executive Officer positions who possess the qualifications, competencies, experience, leadership skills and level of commitment required to perform executive management functions. In identifying potential candidates for appointment as Executive Officers, the President and Chief Executive Officer shall:

- consider potential candidates from a variety of backgrounds and perspectives, with the Corporation's diversity objectives in mind; and
- consider the level of representation of women and members of other Diversity Groups in Executive Officer positions.

The Corporation aspires to attain by 2025 a senior management team in which at least 33% of the Executive Officers form part of certain Diversity Groups

## 6. REVIEW

On a periodic basis, and at least annually:

- the Governance Committee shall assess and report to the Board regarding the effectiveness of the director nomination process at achieving the Corporation's diversity objectives; and
- the President and Chief Executive Officer shall assess and report to the Human Resources Committee regarding the effectiveness of the Executive Officer appointment process at achieving the Corporation's diversity objectives.

## 7. DISCLOSURE OF POLICY

The Corporation shall disclose in its Management Information Circular:

- a short summary of the Policy's objectives and key provisions;
- the measures taken to ensure that the Policy has been effectively implemented;
- annual and cumulative progress by the issuer in achieving the objectives of the Policy;
- whether, and if so how, the Board or its committees measure the effectiveness of the Policy;
- how the Board or the Governance Committee considers the level of representation of Diversity Groups on the Board in identifying and nominating candidates for election or re-election to the Board;
- how CAE considers the level of representation of Diversity Groups in Executive Officer positions when making Executive Officer appointments;
- whether CAE has, for each of the Diversity Groups, adopted a target for members of the group to hold positions (a) on the Board, and (b) in Executive Officer positions, and, if not, why CAE has not done so;
- for each Diversity Group, the number and proportion (in percentage terms) of directors on the Board self-identifying to such group; and
- for each Diversity Group, the number and proportion (in percentage terms) of Executive Officers of the Corporation self-identifying to such group.

Information related to a director or executive officer's self-identification as a member of one of the Designated Groups (other than gender for directors) will not be attributed to a specific person and will be disclosed in an aggregated manner in the Management Information Circular.

Adopted by the Board of Directors of CAE Inc. on  
May 26, 2015 *(last amended on June 15, 2022)*