

CAE (UK) PLC

Gender Pay Gap Report 2018



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 & 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.



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 Women in Flight Scholarship Program

CAE's *Women in Flight* scholarship program was launched in 2018. This is a competitive program seeking female ambassadors who demonstrate leadership skills, active involvement in their communities, perseverance and who are passionate about aviation. The program encourages passionate and exceptional women to accomplish their goal of becoming professional pilots. CAE will follow 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.



About CAE

CAE is a global leader in training for the civil aviation, defense and security, and healthcare markets. Backed by a record of more than 70 years of industry firsts, we continue to help define global training standards with our innovative virtual-to-live training solutions to make flying safer, maintain defense force readiness and enhance patient safety. We have the broadest global presence in the industry, with over 9,000 employees, 160 sites and training locations in over 35 countries. Each year, we train more than 220,000 civil and defense crewmembers, including more than 135,000 pilots, and thousands of healthcare professionals worldwide. 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 two distinct operating divisions:

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

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 254 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. That said, our Civil Business Aviation Training Centre Leader is female. 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. At the snapshot date, 98% of our Pilot Instructor population was male 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.

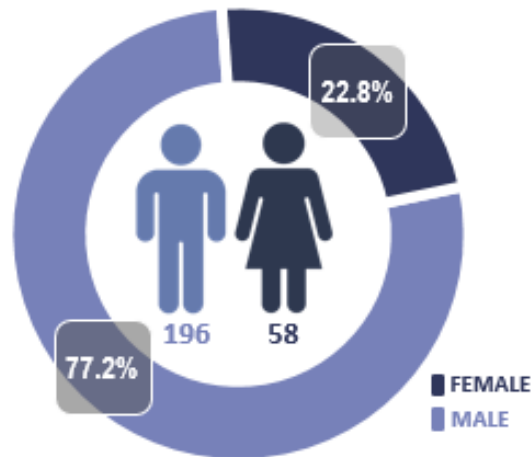
The median bonus pay gap: The difference between the median (middle) bonus pay paid to male relevant employees and that paid to female relevant employees must be expressed as a percentage of the median bonus pay paid to male relevant employees.

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 2018 and bonuses awarded in the year to April 2018. The figures set out above have been calculated using the standard methodologies outlined in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

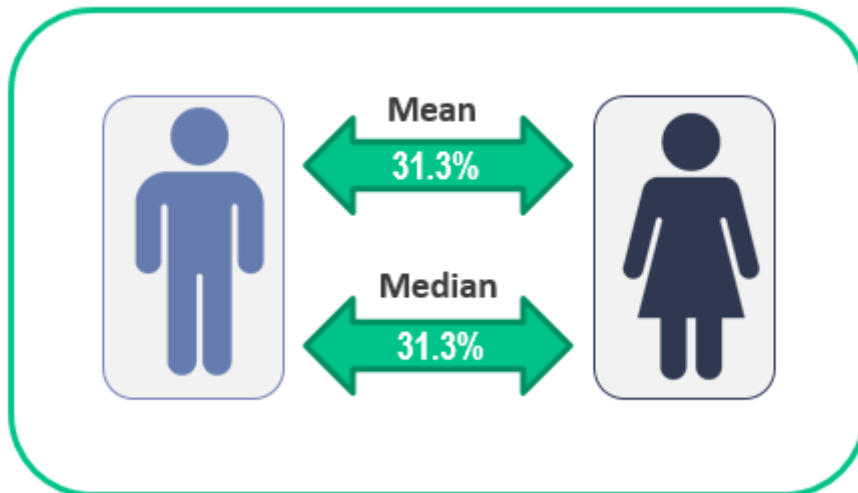
Gender Split

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



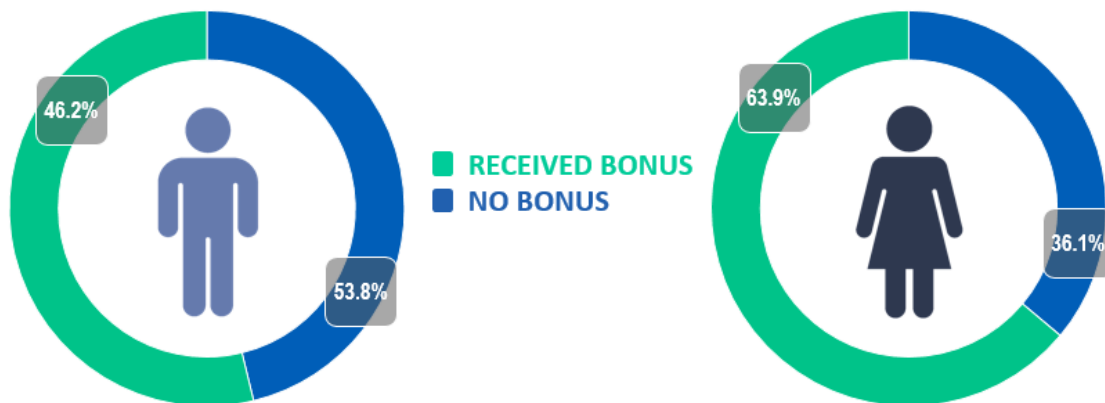
The Mean and Median Gender Pay Gap

The mean and median Gender Pay Gap is as follows:



The Proportion of Males and Females receiving a Bonus Payment

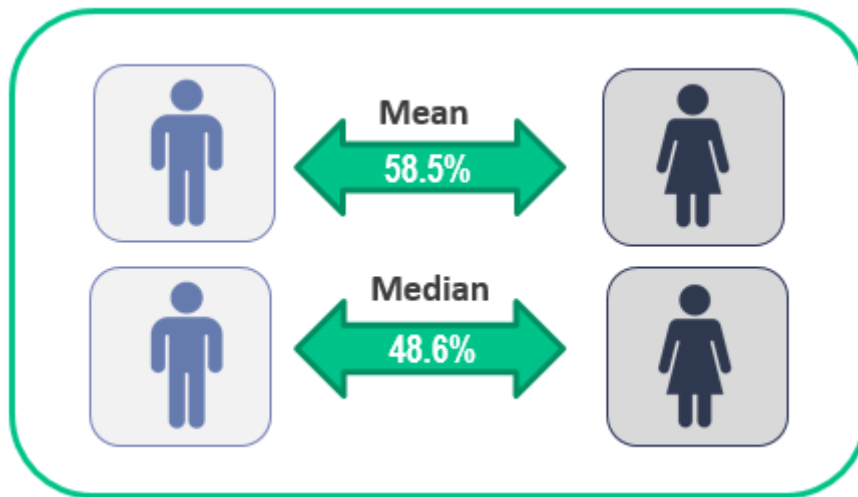
The proportion of male and female employees receiving a bonus in the 12 month period leading up to the snapshot date of 5 April 2018 is as follows:



The proportion of females at CAE (UK) plc who received a bonus in the 12 months up to 5 April 2018 was 63.9%, while for men this was 46.2%.

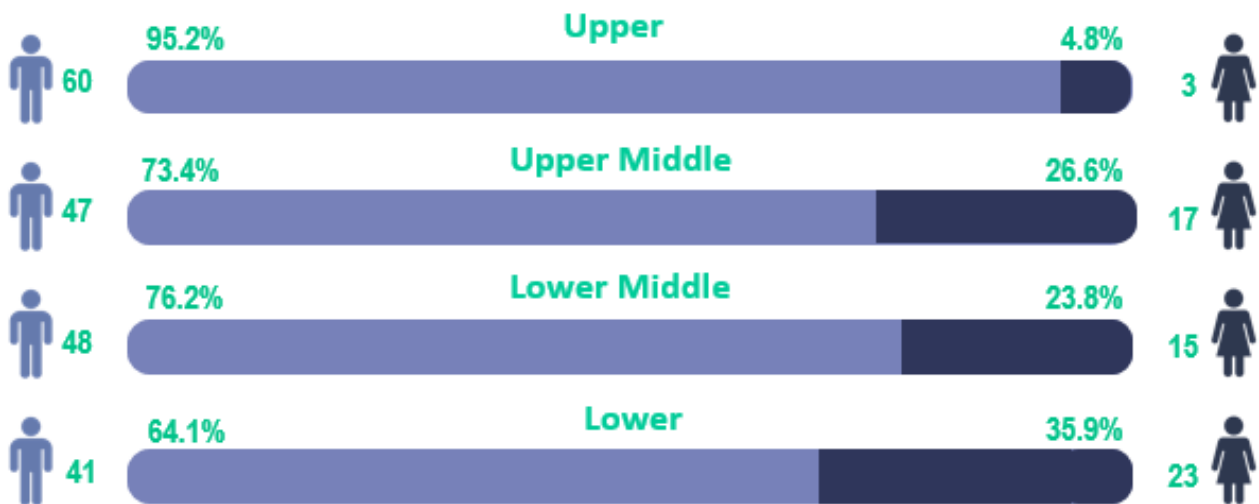
The Mean and Median Bonus Gender Pay Gap

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



The Proportion of Males and Females in each Quartile Pay Band

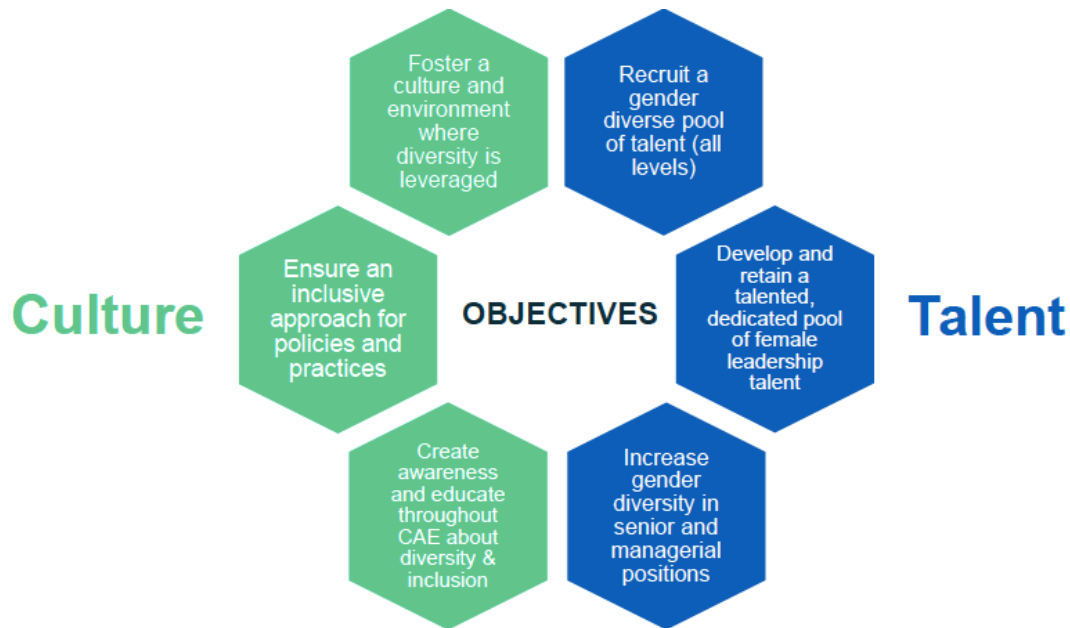
The workforce of 254 people employed on 5 April 2018 were split into four equal-sized groups based on hourly pay rates including the lowest-paid 25% of employees (the Lower quartile) and the highest-paid 25% (the Upper quartile) as shown below:



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;
- Remote working policy;
- 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 training, 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 (end of fiscal 2019);
- Ensure 30% of the CAE Inc. Board members are women (fiscal 2022);
- Increase the number of female employees by at least 10% (fiscal year 2023);
- Grow the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees being women (fiscal 2023).

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.



Hasnain Mohsin
Finance Director
CAE (UK) plc - Civil



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