FISCAL YEAR 2023

Global Annual Activity and Sustainability Report

CAE

CAE

About this report

———

Our approach and scope

This Global Annual Activity and Sustainability Report consolidates information on our company strategy, environment, social and governance (ESG) activities and fiscal year 2023 (FY23) performance into one document. It includes all the information typically found in a company's sustainability report and the editorial pages of an annual report. Combining our reporting in this way enables us to provide stakeholders with a single source of information in key areas. It also signals that sustainability is inseparable from our core business strategy and activities. All financial data for FY23 is available in our financial report.

As you will read in this report, our solutions generate benefits across the three central dimensions of sustainability: environmental, social and governance. This report covers our global operations and, unless otherwise stated, presents quantitative and qualitative information for FY23 (ended March 31, 2023). It has been subject to a formal internal review process and it has been approved by CAE's senior management and Board of Directors. CAE intends to engage in an external assurance process in the coming years. However, the FY23 report has not been subject to any external assurance process. All figures in this report are in Canadian dollars unless otherwise stated.

Reporting standards

This report references the **Sustainability Standards of the Global Reporting Initiative (GRI)**. An independent institution, the GRI provides a globally accepted framework for sustainability reporting across companies and industries. You will find a GRI Index outlining how our reporting aligns with various GRI Standards and references to other relevant information sources **here**.

We also report to the **Sustainability Accounting Standards Board (SASB)** disclosure standards for the Aerospace & Defense and Professional & Commercial Services industries. You will find this disclosure in our **SASB Index**.

We also provide **Task Force on Climate-related Financial Disclosures (TCFD)** reporting **here** in this report. CAE also abides by the principles of the United Nations Global Compact as a signatory and reports to the Carbon Disclosure Project.

We continue our progress on the five identified goals from the **United Nations Sustainable Development Goals (SDGs)** to which our corporate strategy and business model are most aligned. Reporting on those SDGs is part of our new multi-year environmental, social and governance (ESG) roadmap established this year for FY24-28.

Feedback

We welcome your views on the topics covered in this report. Please send your comments, suggestions and questions to **sustainability@cae.com**.

Companion documents

📖 **FY23 Annual Information Form**

📖 **FY23 Management Proxy Circular**

📖 **FY23 Management's discussion and Analysis (MD&A)**

CAE

Non-IFRS and other financial measures

This report includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods. For further information, refer to non-IFRS and other financial measures definitions in our **Appendix**.

Performance Measures

— Gross profit margin *(or gross profit as a % of revenue)*;

— Operating income margin *(or operating income as a % of revenue)*;

— Adjusted segment operating income or loss;

— Adjusted segment operating income margin
   (or adjusted segment operating income as a % of revenue);

— Adjusted net income or loss;

— Adjusted earnings or loss per share *(EPS)*;

— EBITDA and Adjusted EBITDA;

— Free cash flow.

Liquidity and Capital Structure Measures

— Non-cash working capital;

— Capital employed;

— Return on capital employed *(ROCE)* and adjusted ROCE;

— Net debt;

— Net debt-to-capital;

— Net debt-to-EBITDA and net debt-to-adjusted EBITDA;

— Maintenance and growth capital expenditures.

Growth Measures

— Adjusted order intake;

— Adjusted backlog;

— Book-to-sales ratio.

Definitions of all non-IFRS and other financial measures are provided in Section 3.7 "*Non-IFRS and other financial measure definitions*" of the FY2023 MD&A to give the reader a better understanding of the indicators used by management. In addition, when applicable, we provide a quantitative reconciliation of the non-IFRS and other financial measures to the most directly comparable measure under IFRS. Refer to Section 3.7 "*Non-IFRS and other financial measure definitions*" for references where these reconciliations are provided.

Table of contents

A message from our Chief Executive Officer

—

Building a bigger, stronger, and more profitable CAE.

Over the last year, CAE leveraged its legacy of technology development, unparalleled thought leadership and partnership across our ecosystems to equip people in critical roles with the expertise and solutions to create a safer world. As we continue to build on our rich history, we took a variety of actions in fiscal 2023 aimed at transforming our industry and business. ▶

—

Marc Parent, C.M.

President and Chief Executive Officer

During the year, Civil eclipsed prior peak performance even before global passenger traffic fully recovered to pre-pandemic levels while Defense continued to make good progress towards its multiyear transformation. Meanwhile, Healthcare delivered double-digit growth through its dynamic team and highly innovative solutions. All three of our business units worked as One CAE to expand our technology and market positioning and revolutionize training and critical operations across our end-markets.

As a result of these actions, we have expanded our core and developed next-generation technologies, all while focusing on our people and culture. Looking forward, as our customers prepare every day for the moments that matter, our solutions and offerings have never been more vital and will continue to elevate safety standards and human performance.

Despite certain headwinds in the broader economy, expected secular trends are highly favourable across all of our segments. As always, we are working to capture more than our fair share of these growing markets, extend our competitive advantages and continuing to capitalize on emerging opportunities. We are delivering tangible success and driving strong order flow, with our significant backlog growing across our markets. CAE remains strategically positioned to meet our customers' needs and drive substantial top and bottom-line growth in the years ahead

Deepening partnerships, expanding our customer reach

We strive to be a partner of choice across all of our end markets. This year, we deepened our partnerships through both new and extended agreements, generating significant value for CAE, our customers and our partners. Among the more notable recent developments has been the announcement of our joint venture with AEGEAN, Greece's largest airline, to establish the first advanced flight training centre in Athens, Greece. The new centre is expected to begin pilot and cabin crew training by the end of 2023 and will be the most advanced flight training hub in Southeastern Europe powered by green energy. Also, CAE signed a 15-year exclusive agreement with the Qantas Group to develop and operate a new state-of-the-art pilot training center in Sydney, Australia,

In addition to these partnerships, we have strategically expanded our business aviation footprint in attractive geographic locations to further strengthen our global network. We broke ground on a new business aviation training centre in Savannah, Georgia, and launched another business training centre in Las Vegas, Nevada. We also announced plans for our first business aviation training centre in Central Europe, to open in Vienna, Austria, in the second half of 2024. This expansion brings us closer to where our customers operate their aircraft and adds much-needed training capacity to enable the industry to meet the regulated training requirements associated with the existing in-service fleet.

Over the past year, we have also significantly expanded our Civil Aviation business through the integration of Sabre's AirCentre portfolio, acquired last year, which has brought us closer to our customers' day-to-day critical operations and generated a significant increase in customer touchpoints. Airlines utilizing our robust solutions generate significant benefits, including cost savings and a reduction of their carbon footprint. We look forward to further leveraging the AirCentre acquisition to broaden our digital solutions offerings and deliver significant value to our airline customers. ▶

A few of our more recent successes, since the end of the fiscal year, underscore the progress that's being made to renew our Defense backlog with larger and more profitable programs. Testament to our continued growth and capabilities in connection with U.S. Army aviation, Defense was awarded a contract to support Flight School Training Support Services (FSTSS) at Fort Novosel, Alabama. The FSTSS program is the world's largest helicopter simulation training program, and our US$455 million contract is for training and simulation capabilities that will be used to prepare initial entry-level and graduate-level rotary wing flight training. Also leveraging our prominent flight training position in lower Alabama, we were competitively awarded the U.S. Air Force's Initial Flight Training – Rotary Wing (IFT-R) contract, worth a maximum value of US$110.6 million over the total contract term, to execute all Air Force initial and intermediate Helicopter Flight Training. Under the IFT-R contract, we will be leveraging our existing training centre in Dothan, Alabama.

Accelerating the development of next-gen technology

CAE continues to accelerate the development of next-generation technology to expand our leadership position. To further drive CAE's technology evolution and our cross-company technology development efforts, we appointed a Chief Technology and Product Officer. We believe this addition and the formation of the Global Technology and Product organization will enable optimal cross-department collaboration and operational efficiency.

We recently reached a technology milestone in a field study with the Japan Air Self-Defense Force (JASDF) to validate the potential for more effective training by leveraging CAE's latest Virtual Reality and Artificial Intelligence-enabled Digital Solutions. The study revealed a near full grade of proficiency score improvement across all JASDF participants. Our innovative training solution incorporated CAE Rise, which we originally conceived for Civil Aviation, to provide more effective training through real-time objective assessment. It also included Defense's patented biometric feedback technology, enabling instructors to modulate complexity based on students' stress, engagement, and cognitive workload levels. These data-driven and A.I.-enabled technologies are important building blocks that we expect to drive greater levels of training efficacy and safety. Such CAE innovations further enhance the value we can provide to customers and we are pursuing them with a view to unlocking a greater share of our addressable markets and developing new revenue streams.

During the fiscal year, we introduced a number of new mixed-reality training solutions, including the CAE 700 MXR for use in Advanced Air Mobility markets and the HH-60W aircrew trainer which both utilize next-generation technologies to more efficiently deliver training to our Civil and Defense customers. We optimized the software offerings in our Flight Operations Solutions business to maximize our industry-leading product suite and help our customers capture efficiencies and economies. Finally, our market-leading CAE LearningSpace solution continues to grow, helping clinical learners in the Healthcare space achieve rapid proficiency.

As we head into fiscal 2024, we continue to be excited about the potential created by the scale of our combined strengths and combined R&D advantage that we believe will define the technological forefront of our core markets in the years to come. We look forward to harnessing technology to develop new revenue streams, by revolutionizing our customers' training and critical operations with digitally immersive solutions. We will also leverage technology to become even more operationally efficient. ▶

Civil Aviation

In Civil Aviation, ongoing expansion and important contracts with leading airlines underscore CAE's status as the partner of choice in civil aviation training.

Improved full-flight simulator utilization and significant order flow this past year points to significant growth during and beyond the ongoing global aviation market recovery. More broadly, commercial aviation training demand continued to be strong despite the market not having fully recovered from pre-pandemic levels in key regions like Asia. In business aviation, training demand continued to be robust throughout our network, reflecting a high level of pilot training to support business aircraft flight activity, which continues to exceed pre-pandemic levels.

As we look ahead, we will continue to deploy training capacity in lockstep with demand in this segment of the market.

Defense & Security

In Defense & Security, we continue to make progress on our industry-leadership journey with expanded capabilities.

Defense has transformed to become the world's leading pure-play, platform independent, training and simulation business, providing solutions across all five battle-space domains. It is uniquely positioned to draw on CAE's innovations in commercial aviation to transform training with the application of advanced analytics and leading-edge technologies. Our strong position in the market is evidenced by a record $2.0 billion order intake in Defense & Security in fiscal 2023 (1.10x book to bill), with the recent post year-end strong wins with the US Army and US Air Force pointing to strong continued growth in the years ahead. Additionally, geopolitical events have galvanized national defence priorities in the U.S. and across NATO, and management expects increased spending and specific prioritization on defence readiness to translate into additional opportunities for CAE in the years ahead. ▶

Healthcare

In fiscal 2023, Healthcare continued to gain share of the simulation market and to deliver double-digit revenue growth with our dynamic team and highly innovative solutions. Here too, we have been harnessing the power of our 'One CAE' mindset with a joint Civil and Healthcare presentation on the parallels between aviation and healthcare training to elevate quality and safety. Our teams recently collaborated at the industry's largest simulation event, the International Meeting of Simulation in Healthcare, and is a great demonstration of CAE's unique culture.

Increasing our social impact and sustainability

Climate change is one of the biggest global challenges facing the next generation and CAE is committed to supporting the decarbonization of our customers and the whole industry.

As the first carbon neutral Canadian aerospace company, CAE launched the development of an electric conversion kit for Piper Archer aircraft. We plan to convert up to 80 aircraft at CAE flight schools for a significant reduction of our Scope 1 emissions.

All our facilities where we have operational control use either 100% sourced renewable electricity or are covered by renewable energy certificates. This year, CAE was admitted to the Climate Group's RE100 initiative, a collective of 400 global companies most committed to the use of renewable energy worldwide. CAE's admission to this group is further testament to the strength of its achievements and commitments toward renewable energy. CAE has embarked on the next leg of its sustainability journey by finalizing its five-year ESG roadmap for its next planning cycle, involving collaboration with 15 working groups from all business units and functions. CAE's ambitious plan identifies precise objectives to monitor and report measurable progress on the priorities highlighted in our materiality matrix published in fiscal 2022.

Focusing on our people

CAE's greatest strength continues to be the diverse talent of our people. Their exceptional passion and agile mindset are a key competitive differentiator that drives CAE's success and upholds our One CAE culture.

With talent development and employee engagement as top priorities, we are proud that CAE continued to maintain record-high employee engagement across the organization.

CAEheartbeat, a global transformation we introduced this year, expands employee benefit availability and enhances work/life balance. We also launched two new initiatives, CAE Career Hubs and Gigs, to broaden employee career development support and career mobility opportunities. ▶

CAE

Pursuing exciting opportunities to define the future of our industry

As we continue to take actions to transform our business, we are seeing solid proof in the efficacy of our strategy. CAE is growing and evolving to keep up with the pace of opportunities and set the stage for long-term growth and value creation. We are developing solutions to cross-sell, leverage jointly developed technologies, and differentiate our offerings across our businesses.

In terms of our capital allocation priorities, we continue to focus on organic investments that are made in lockstep with customer demand. We're on track to meeting our leverage target, which will further increase our financial flexibility.

In summary, I am more excited than ever to be the leader of this highly unique company, whose cutting-edge training and critical operations solutions empower pilots, crew members, defence forces, and healthcare practitioners to perform at their best every day and when the stakes are the highest. We equip those in critical roles with the skills and expertise needed to move our world forward safely. CAE's more than 13,000 employees worldwide are united by the values underpinning our mantra of 'partner of choice,' and are unwavering in their commitment to preparing our customers for the moments that matter. On behalf of CAE's management, I wish to thank our employees for their ingenuity and dedication and recognize their essential contribution in making this vision a reality.

I am pleased with the important progress we made last year, which expands further the opportunity set we have before us. We expect to continue making excellent progress in the year ahead and beyond. ■

At CAE, we exist to make the world safer.

―――

Our cutting-edge training and critical operations solutions empower pilots, airlines, defence and security forces, and healthcare practitioners to perform at their best every day and when the stakes are the highest. We equip those in critical roles with the skills and expertise needed to move our world forward safely.

We provide digitally immersive training and operational support solutions to three markets globally:

Civil Aviation

Including major commercial airlines, regional airlines, business aircraft operations, civil helicopter operators, aircraft manufacturers, third-party training centers, flight training organizations, maintenance repair and overhaul organizations, and aircraft finance leasing companies.

Defense & Security

Including defence forces, Original Equipment Manufacturers (OEMs), government agencies and public safety organizations worldwide.

Healthcare

Including hospital and university simulation centres, medical and nursing schools, paramedic organizations, defence forces, medical societies, public health agencies and OEMs.

Our mission

To lead at the frontier of digital immersion with high-tech training and operational support solutions to make the world a safer place.

Our vision

To be the worldwide partner of choice in civil aviation, defense and security, and healthcare by revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency, and readiness.

We're proud to be the partner of choice for those operating in the most complex environments.

―――

CAE

Roots in innovation

When Ken Patrick, a former Royal Canadian Air Force officer, founded CAE in 1947, his goal was to "… *take advantage of a war-trained team that was extremely innovative and very technology intensive.*" By the mid-1950s, we were already creating our first flight simulators. One innovation led to another and, by 1982, we had developed a flight simulator so realistic that training on real aircraft was no longer necessary.

The rest is history.

Celebrating 75 years of industry firsts

CAE represents 75 years of industry firsts — the highest-fidelity flight and mission simulators, surgical manikins and personalized training programs powered by artificial intelligence (AI).

That innovative mindset continues to define our work today, fueling our promise to engineer better solutions that maximize value for those we serve. It's our collaborative and proactively agile employees who make this pursuit of "*better*" possible. Together, our ethos and our people produce the technological advancements that enable our clients to decisively achieve difficult goals.

A new brand image to reflect our bold future

In July 2022, we introduced a new brand identity, to reflect our bold vision for the future, while still honoring our heritage, further supporting the evolution of our high-tech culture and mission. Our new visual brand identity and logo highlight our unique innovative culture and reputation as a bold, modern, and excellence-driven leader, while reflecting our investment in the technologies of tomorrow.

We have marked these changes as we celebrated three-quarters of a century of innovation, a remarkable journey distinguished by our noble purpose to make the world a safer place.

Our modern brand identity reflects the high-stakes, high-risk, high-technology nature of the industries it serves. It highlights our collective calling of preparing people for the moments that matter.

Safety and readiness are of paramount importance in our evolving world so we're investing our time and resources into building the next generation of digitally immersive and critical operations solutions. We're supporting our customers and partners with the development and testing of new equipment. And we're leveraging data ecosystems and AI to work smarter than ever before.

Today and tomorrow, we'll make sure you're ready for the moments that matter.

One CAE.
Infinite possibilities.

75 years of unleashing the power of technology to lead us into the future.

75 YEARS

New CAE brand reflects who we are, how stakeholders see us

In July 2022, CAE unveiled a new brand identity and logo to reflect our bold vision for the future.

Through these changes, we communicate a powerful message that reinforces the importance of our mission, vision and purpose — how CAE continues to lead our industry by leaning even deeper into technology to elevate safety and revolutionize the way we serve our customers.

Our logo represents the historic strength of our organization and CAE's bold future. Clean, simple and balanced, our image reflects confidence, stature and noble purpose. The openness of the A symbolizes our widening aperture; the wing acknowledges our roots as an aviation company, but also speaks to our evolving direction as a high-technology company.

This new brand identity expresses who we are to the world, how we achieve our aspirations and why our stakeholders choose CAE.

As we resumed an active-in person presence at tradeshows, we introduced our new, modernized logo at the Farnborough International Airshow, an opportunity to showcase how our new brand comes to life.

CAE

Worldwide presence
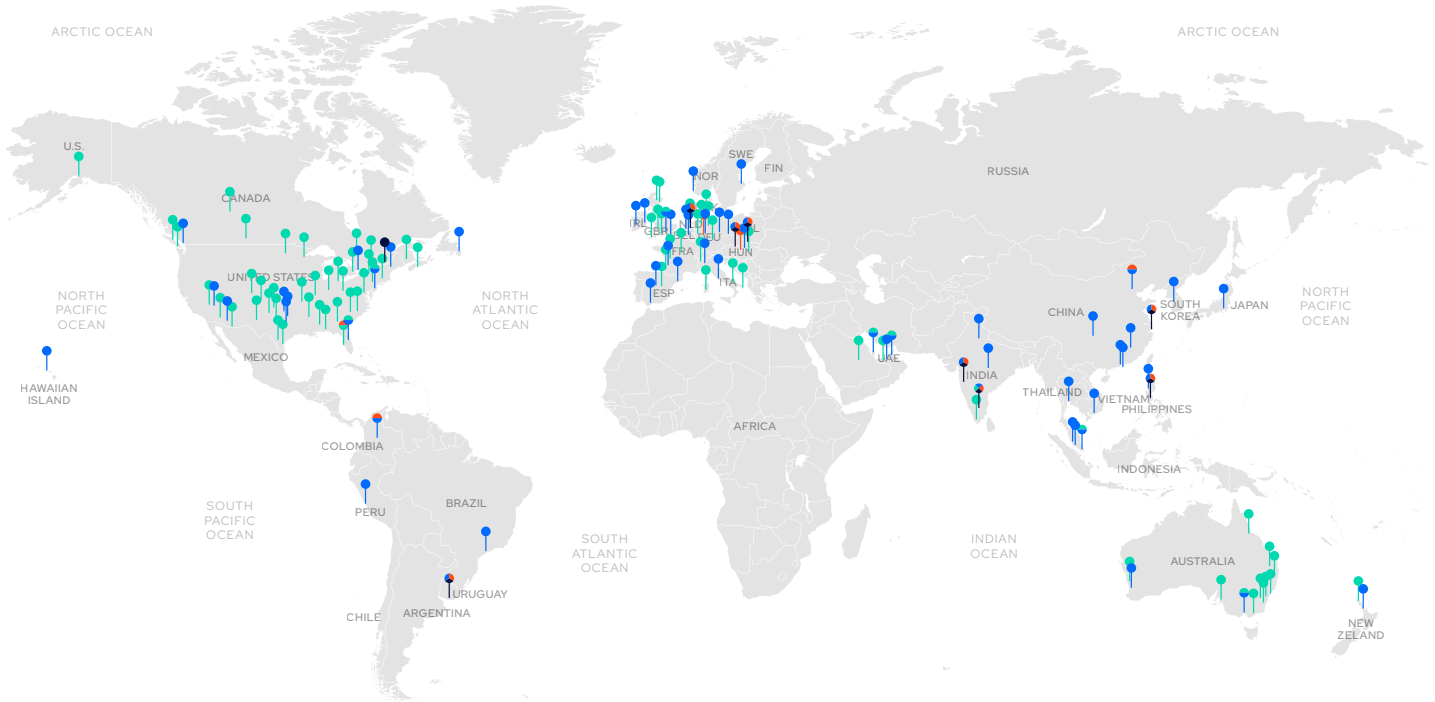
● **Corporate**   ● **Civil Aviation**   ● **Defense & Security**   ● **Healthcare**

250 + locations

13,000 + employees

40 + countries

One CAE.

FY23 Corporate financial highlights

$4.2 billion

Annual revenue

$10.8 billion

Adjusted backlog [1]

$5.0 billion

Annual adjusted order intake [1]

$408.4 million

Net cash provided by operating activities

$335.7 million

Annual free cash flow [1]

$474.0 million

Operating income

$548.1 million

Annual adjusted segment operating income (SOI) [1]

$0.70

Basic and Diluted EPS [1]

$0.88

Adjusted earnings per share (EPS) [1]

---

1   Non-IFRS financial measure, non-IFRS ratio, capital management measure, or supplementary financial measure. Refer to the Appendix for the definitions and reconciliations of these measures to the most directly comparable measure under IFRS.

CAE

Our strategic pillars

Efficient growth

Our business features a high degree of recurring revenues due to the underlying characteristics of our technology-enabled and software-based solutions as well as regulatory requirements across our markets. We seek to maximize the benefits of our strong competitive position to deliver premium growth and improving profitability through a focus on operational rigour, cost optimization, capital efficiency, and a disciplined approach to pursuing both organic and inorganic growth.

Revolutionizing training and critical operations

We are a global thought leader in the application of training, digital immersion, critical operations, and modelling and simulation technologies. We seek to use data-driven applications and advanced analytics to produce measurable and demonstrated outcomes in our markets. The efficacy of our technology solutions enables customized, collaborative, and multi-domain offerings. Furthermore, our technologies are deployed with a focus on driving sustainability.

Technology and market leadership

We have a rich and long-dated history of innovation and delivering state-of-the-art technology solutions that define the forefront of the industries we operate in. As a result, we constantly seek new ways to enhance the performance our customers by fostering a culture of continuous improvement and innovation. This drives technology leadership, deeper customer partnerships, and new customer development, enabling us to capitalize on the ample headroom in our large, growing addressable markets.

Skills & culture

Our core One CAE values are innovation, integrity, empowerment, and excellence. We employ these values across a diverse global team to drive a unique social impact. We seek to create an employee experience and environment that values teamwork, professional growth, and engagement. As a result, our employees across the globe share a passion to prepare our customers for the moments that matter.

Civil Aviation

Elevating and advancing human performance

CAE

About us

——

Solutions that enhance human performance

At CAE, we enhance our customers' performance and the safety of their operation. Through our immersive training solutions and experiences, we help our customers build the necessary skills to take safer actions and make better decisions—faster. Our operations management technology solutions help more efficiently manage flight resourcing and simplify processes for our customers' crews so everyone can focus on the critical tasks at hand.

Elevating human performance in everything we do

We are in the business of empowering our customers and their team – so we put them at the centre of everything that we do. We are never satisfied with "*good enough*" - we are always looking for ways to enhance their experience with CAE. Our dedicated and talented team brings decades of industry-leading expertise to provide solutions, services, and experiences that enable our customers to be their best every time they take to the skies.

Envisioning the future of flight

We are committed to always being at the forefront of helping improve flight. For the next generation of flight to takeoff, it needs to be safe, and people need to trust that it is safe – at CAE we are working hard to make that happen. From building digital training solutions that enable next-generation flight, to creating AI platforms that work smarter, we're working continuously to empower people and facilitate the future of flight.

CAE

Year in review

Expansions and Contract Awards

— We announced the expansion of our commercial aviation training network in Toronto, Canada with the addition of a Boeing 737 MAX, a 787 FFS and a 777 FFS.

— We announced the expansion of our business aviation training network in Burgess Hill, U.K. with the addition of the first Dassault Falcon 6X FFS.

— We announced the signing of a 15-year agreement with the Qantas Group, to develop and operate a new state-of-the-art pilot training centre in Sydney, Australia.

— We expanded our business aviation footprint with the launch of our first West Coast U.S location offering Gulfstream, Embraer and Bombardier platforms located in Las Vegas, Nevada. We also announced a new training centre dedicated to training on Gulfstream platforms slated to open in early-2024 in Savannah, Georgia.

— Together with AirAsia India, we announced our collaboration to integrate the CAE Rise Training System into the airline's simulator training program. AirAsia India is the first airline in India to adopt a data-driven training program using CAE Rise.

— Together with AEGEAN, we announced our joint venture for a new flight-training location in Athens, Greece. The centre is expected to begin pilot and cabin crew training by the end of calendar 2023 and will be our first training centre in Southeastern Europe.

— A 3-year exclusive commercial aviation training agreement extension and 13-year commercial aviation training agreement with Mesa Airlines.

— A 3-year business aviation training agreement with Tag Aviation Holdings.

New Programs and Products

— We concluded a strategic partnership with Vertical Aerospace to be their exclusive global provider of VX4 pilot training and courseware.

— Together with Piper Aircraft Inc., we launched our electric aircraft modification program, where we will develop a conversion kit and bring an electric variant option of the aircraft to market. As a carbon neutral company, this program will allow CAE to further reduce it's direct carbon emissions at the source.

— We have launched our newest advancement in pilot training, the CAE 700MXR flight simulator. This high-fidelity flight simulator targets the eVTOL aircraft pilot training and will provide cost-effective, realistic and scalable flight training.

Thought Leadership

— Co-published with Emirates a series of whitepapers on the future learning ecosystem.

— Participated in an eVTOL Insights podcast to speak about the role CAE plays in the Advanced Air Mobility market.

Diversity, equity & inclusion

— Expanded the CAE Women in Flight program to create a movement that encourages young women to pursue a career as a commercial pilot and celebrates women in corporate aviation.

— Joined forces with Air Canada to advance diversity in aviation, doubling the 2023 Captain Judy Cameron Scholarships.

1   Non-IFRS financial measure, non-IFRS ratio, capital management measure, or supplementary financial measure. Refer to the Appendix for the definitions and reconciliations of these measures to the most directly comparable measure under IFRS.
2   Supplementary non-financial information.

$2.2 billion
Annual revenue

$2.8 billion
Adjusted order intake [1]

$5.7 billion
Adjusted backlog [1]

$430.3 million
(19.9% of revenue) [1]
Operating income

$485.3 million
(22.4% of revenue) [1]
Adjusted segment operating income (SOI)

1.30x
Book to sales ratio [1]

72%
Civil training centre utilization [2]

46
FFS deliveries [2]

Moving aviation safety, diversity and inclusion, and industry sustainability forward

Through our reputation as a trusted partner, Civil Aviation has become the global partner of choice of aviation professionals, airlines, business aircraft operators and aircraft manufacturers. We are known for quality, reliability and innovation. Our Civil Aviation business contributes to key environmental, social and governance values:

Environmental

Beyond the benefits captured in simulation vs. live aircraft training, we are committed to reducing our direct carbon emissions through our sustainable aviation plan, which includes retrofitting up to 80 aircraft we fly at CAE flight training academies worldwide to electric propulsion.

We support our customers' efforts by developing sustainable products, realizing greater eco-efficiencies, fostering the use of sustainable materials and revisiting the manufacturing process – all contributing to an overall reduction of GHG emissions. We also refurbish simulators as an attractive option for customers to reduce their carbon footprint.

Our training analytics capabilities allow for more efficient training, which reduces energy consumption. Our Flight Operations Solutions support the decarbonization of the aviation industry through the optimization of airlines' flight plans and catering services, reducing fuel consumption, generating significant carbon savings and reducing waste. Our development of training capabilities adapted to Advanced Air Mobility (AAM) challenges enables the development of a new, all-electric industry that contributes to making air transportation more sustainable.

Social

CAE is committed to extending the outlines of the aviation talent pool and to strengthening a culture of diversity, equity and inclusion.

We created the CAE Women in Flight program with airline partners to increase the representation of women in an industry dominated by men and are active in programs that encourage women and girls to pursue careers as pilots. We also foster diversity, equity and inclusion as an immediate business imperative to fuel the anticipated talent pool required for AAM development and develop training programs that also address underrepresented groups. We launched Airside, a global online platform for pilot networking, and a financing initiative for aspiring pilots to proactively address pressing industry issues.

Governance

We deploy the best-in-class ethical principles and practices when doing business with all types of industry players in all countries and require the same of our partners. In collaboration with Civil Aviation Authorities, CAE actively and continuously participates in elevating aviation safety standards.

As the AAM sector develops, we are working with industry groups and regulators to help define training standards to achieve the best level of safety in this new area of air transport.

In these roles, we contribute to making air transportation safer and to opening up new possibilities in the industry.

Contracts, Partnerships and Deliveries

Airline customers benefit from next-generation flight operations software

In February 2023, CAE announced the signature of a 10-year agreement to equip Frontier Airlines with CAE's next generation of flight operations solutions. CAE solutions will enable Frontier to take advantage of the latest available technology, driving step-change improvements in performance over legacy software in the optimization of flight plans, aircraft usage, and crew communication and engagement. Frontier Airlines becomes the latest airline in North America to move to CAE's portfolio of next-generation solutions.

See our **Press Release**.

Other airline customers benefitting from the next-generations solutions portfolio include Ethiopian Airlines and Iberojet. Ethiopian Airlines signed an agreement to replace legacy solutions and Iberojet implemented Flight Operations Solutions next-generation solutions in March 2023.

CAE partners with Iberojet to enhance its flight operations

CAE is proud to partner with Iberojet, the airline belonging to Ávoris Corporación Empresarial, to enhance its flight operations through our AOE (Airline Operations Essential) solutions. Iberojet implemented CAE's next-generation suite of cloud-based flight operations solutions, covering the areas of Optimized Cost based Flight Planning, Interactive Pilot Briefing, Operations Control, and End-to-End Crew Management.

The successful implementation also marks our first Crew Manager and Crew Access customer in Europe, underpinning the effectiveness of our crew management solutions in the region.

CAE expands global training centre network to Australia to support Qantas Group

CAE signed an exclusive 15-year agreement with Qantas Group to develop and operate a new state-of-the-art pilot training centre in Sydney, Australia, slated to open in early 2024. With a capacity for up to eight full-flight simulators, the CAE Sydney Training Centre will allow CAE to add more training capacity to address the addition of A350 and A321XLR aircraft to the Qantas Group fleet. This new centre further strengthens our position as a global leader in civil aviation training and positions CAE to grow our network capacity to provide training to operators in the region.

See our **Press Release**.

AEGEAN and CAE partner to create Greece's first advanced flight training centre

AEGEAN and CAE announced a joint venture to establish the first advanced flight training centre in Greece. With a capacity for up to seven full-flight simulators, the AEGEAN CAE Flight Training Centre, powered by solar energy, is expected to begin pilot and cabin crew training by the end of 2023. The Flight Training Centre will be Southeastern Europe's most advanced flight training hub. By joining forces, this partnership further solidifies our presence in Europe and will help to elevate human performance and deliver an unrivalled training experience for pilots and cabin crew.

See our **Press Release**.

Chorus Aviation launches Cygnet Aviation Academy in collaboration with CAE

Chorus Aviation launched its Cygnet Aviation Academy (Cygnet), a first-of-its-kind pilot academy in Canada providing leading-edge flight training with direct access to career opportunities. In collaboration with CAE, Cygnet will deliver an all-in-one program on state-of-the-art aircraft, flight training devices and full-flight simulators enabling cadets to achieve their Integrated Airline Transport Pilot License and acquire an airline-specific type rating. Cygnet and CAE will combine high technology, digital education and training to prepare direct-entry-ready First Officers for Canadian airlines. With demand for pilots at unprecedented levels, CAE continues to demonstrate our commitment to providing future pilots with world-leading training services.

AirAsia India becomes first airline in India to use our revolutionary CAE Rise Training System

AirAsia India and CAE will collaborate to integrate the **CAE Rise Training System** into the airline's simulator training program. AirAsia India is the first airline in India to adopt a data-driven training program using CAE Rise, which leverages analytics to deliver a higher quality of training, providing real-time data during training sessions while giving instructors insights that enable them to objectively assess a pilot's technical competencies and performance. With our technologically advanced training system, AirAsia India continues to invest in the development of their pilots and the safety of their passengers. As long-time collaborators, AirAsia and CAE have worked together since 2014 on pilot training at CAE network training centres.

See our **Press Release**.

AEGEAN's CEO Dimitrios Gerogiannis and CAE's Group President, Civil Aviation, Nick Leontidis.

CAE

Electric flight moves a step closer as Vertical Aerospace and CAE partner on pilot training

Vertical Aerospace selected CAE as its worldwide training partner for the launch of the VX4, Vertical's electric vertical take-off and landing (eVTOL) aircraft. CAE will design and develop a world-class training program and be the exclusive training device provider, tailoring a high-fidelity, next-generation flight simulation training device for the aircraft.

The innovative pilot training program will leverage advanced technologies, including mixed reality and artificial intelligence, to enhance the learning experience. The program shifts the training paradigm toward cost-effectiveness and scalability, while ensuring safety remains paramount for Vertical and its operators. Vertical and CAE will initiate work ahead of the VX4's 2025 targeted entry into service, a critical step in making safe eVTOL flights a reality. This is one example of how CAE's leading-edge training contributes to building the aviation workforce of the future.

 See our **Press Release**.

CAE and TAG Aviation Group extend business aviation pilot training agreement until 2025

At the 2022 European Business Aviation Convention and Exhibition (EBACE2022), CAE signed a three-year extension to our pilot training agreement with TAG Aviation, a leading business aviation provider. CAE is the exclusive training provider of TAG Aviation's entities in Europe, Asia and the Middle East. We are pleased to be a trusted partner, having provided customized training to TAG Aviation since 2010.

See our **Press Release**.

CAE and Global Jet renew pilot training agreement for five years

Also announced at EBACE2022, CAE announced the extension of our business aviation, commercial aviation and maintenance training agreement with Global Jet to 2026. CAE is uniquely positioned to meet the pilot and maintenance training needs of Global Jet, whose diverse fleet includes both business jets and bizliners. CAE has been delivering tailored training to Global Jet for more than 15 years.

See our **Press Release**.

Vertical Aerospace Deputy CEO, Harry Holt (left) with CAE President and CEO, Marc Parent (right).

Partnership with Joramco continues for Civil Aviation maintenance training

At MRO Europe 2022, Joramco and CAE strengthened their existing partnership by signing a second Memorandum of Understanding. CAE and Joramco will support each other in the delivery of aviation maintenance training and continued growth in the Middle East.

The collaboration will enhance both delivery capabilities and offerings to customers in the region. CAE will deliver more immersive and effective products, services, and solutions that will help Joramco achieve optimal performance, alongside the expansion of the company's current Academy offering.

Aeromexico receives certification for second CAE Boeing 737 MAX FFS

Long-standing CAE customer Aeromexico received Mexican Federal Civil Aviation Agency certification for its second CAE 7000XR Boeing 737 MAX full-flight simulator (FFS). The CAE 7000XR Series sets a new standard in Level D FFSs by leveraging the latest advancements in technology and training capabilities.

Our FFS optimizes lifecycle costs while addressing new and future training requirements. With 51 CAE Boeing 737 MAX FFSs deployed globally, our advanced FFSs are present in every major region worldwide. As their training partner of choice, we look forward to helping Aeromexico reach its goals as it positions itself for future growth with our high technology training solutions.

See our Press Release.

Operational Activities and Milestones

Expansions

Emirates-CAE Flight Training celebrates 20ᵗʰ anniversary with new Global 6500 FFS in Dubai

CAE announced the enhancement of our business aviation training offering with the deployment of a new Global 6500 full-flight simulator (FFS) at the **Emirates-CAE Flight Training** (ECFT) Al Garhoud centre. The success of the ECFT is a testament to the strong partnership Emirates and CAE have developed over the past 20 years. The deployment of the new Global 6500 FFS, will help secure ECFT's reputation for delivering the most advanced business aviation training in the region.

The CAE and Emirates joint venture has become recognized as a world-class facility for aviation training in the Middle East, delivering safety and service excellence to clients across the industry. ECFT's two centres in Dubai house 19 simulators and provide training to more than 12,000 pilots annually. ▶

See our **Press Release**.

(From left to right) Camille Mariamo, CAE Vice-President Business Development and Strategic Growth, Civil Aviation; Capt. Bader Al Marzooqi, Emirates VP Flight Training and ECFT Board member; Nick Leontidis, CAE Group President, Civil Aviation; Nimrod Meuleman, Emirates-CAE Flight Training Managing Director

CAE

CAE ramps up Gulfstream training in Las Vegas, Savannah and Singapore, boosting our business aviation network to meet increasing demand

CAE began training on Gulfstream aircraft platforms at our new location in Las Vegas, Nevada, and started training at a new Asia-Pacific location in Singapore. The start of operations at these three new locations marks an important milestone in the expansion of CAE's global business aviation pilot and maintenance training network.

See our **Press Release**.

The new **CAE Las Vegas Training Centre** for business aviation training welcomed the first customer for training in October. At full capacity, CAE Las Vegas will be home to eight full-flight simulators (FFSs), including a Gulfstream G650 and G550, a Global 7500, and a Phenom 300.

Next to Gulfstream's Headquarters in Savannah, CAE is set to open a new business aviation training centre in mid-2024. When fully operational, the state-of-the-art **CAE Savannah Training Centre** will be equipped with four Gulfstream-family FFSs, maintenance training devices, modern briefing rooms and classrooms. The new location brings CAE and Gulfstream together to deliver a seamless experience for customers.

See our **Press Release**.

The expansion affirms two of CAE's commitments: to be close to where our customers operate their aircraft and to help meet the global demand for pilots and maintenance technicians, estimated to be an additional 45,000 business aviation pilots and 66,000 business aircraft technicians by 2029.

CAE expands training capacity with new FFSs at Toronto and Burgess Hill Training Centres

To support increased demand from Canadian customers, we are expanding training capacity at the **CAE Toronto Training Centre** with the addition of Boeing 787 and 737 MAX full-flight simulators (FFSs). These additions will support Canadian-based airlines as they ramp up service and look to future growth. This expansion will bring the total number of simulators at the training centre to 19.

See our **Press Release**.

We are set to deploy the first CAE 7000XR Series Dassault Falcon 6X FFS at the **CAE Burgess Hill Training Centre**. As the exclusive training provider for the Dassault Falcon 6X, CAE developed an innovative pilot training program to support the new aircraft type's entry into service. The Falcon 6X training program will allow pilots to be fully immersed in their training with expert instructors, digitally interactive classrooms and the most advanced FFSs.

See our **Press Release**.

CAE expands Aircraft Technical Support Services in Asia-Pacific

CAE is expanding our Aircraft Technical Support Services offering in the Asia-Pacific to work more closely with customers in the region and complete their projects more efficiently. In the initial phase, CAE will create an Aircraft Record Central Service at our existing Kuala Lumpur office that specializes in aircraft transition activities. We are also expanding our fully customizable technical support services, delivered by in-region experts in records, mid-lease inspections and delivery/redelivery of aircraft between regulatory agencies. The Malaysia-based team will enable CAE to deliver cost-effective solutions to Asian-based lessors and airlines in the post-pandemic environment. ■

See our **Press Release**.

Programs and Products

CAE's mixed reality flight simulator to revolutionize flight training

At the Farnborough International Air Show 2022, CAE launched our newest advancement in pilot training, the CAE 700MXR flight simulator. Initially targeted to the eVTOL market, the CAE 700MXR will revolutionize flight training for complex urban settings with a compact mini-motion platform and 360° field of view visuals that deliver high-fidelity, physics-based simulation tailored to single-pilot operations. CAE is leading the way, developing advanced technologies and setting the training standard for this emerging market. Our innovative approach will ensure faster, more efficient training for pilots.

See our **Press Release**.

Spirit Airlines and CAE launch new Spirit Wings Pilot Pathway Program for aspiring commercial pilots

Spirit Airlines and CAE launched the **Spirit Wings Pilot Pathway Program**, which aims to expand the carrier's pipeline of highly skilled, professional pilots. The program, located at the **CAE Phoenix Flight Academy**, puts graduates on the fast track to a successful career as a Spirit Pilot.

See our **Press Release**.

CAE and Clay Lacy Aviation sign an industry-first cross-training and job-sharing agreement

CAE and Clay Lacy Aviation are tackling the pilot shortage through a two-way organizational cross-training and job-sharing agreement. The agreement calls for CAE instructors to be trained to company standards, enabling them to fly with Clay Lacy, and for Clay Lacy senior pilots to be approved to conduct training and check flights for CAE. A business aviation industry first, this agreement offers an innovative solution to increasing pilot demand, while enhancing pilot training and overall operational safety.

See our **Press Release**.

CAE launched the Electric Aircraft Modification Program with Piper Aircraft

CAE is advancing green aviation technology in partnership with Piper Aircraft through the development of an electric conversion kit for Piper Archer aircraft. CAE and Piper will work on the development and commercialization of the technology and bring an electric variant option of the iconic aircraft to market. CAE expects to convert up to 80 of its training aircraft and develop a curriculum for new pilots to train on the operation of electric aircraft.

See our **Press Release**.

Airside maintains momentum and grows beyond 250,000 members

Airside, a digital platform and online community for pilots, reached a milestone of 250,000 members in FY23. Launched two years ago, Airside connects aviation professionals of all types, who share career tips, learning resources and articles. Members offer support and grow professionally through eLearning courses and training content provided by CAE Business Aviation Learning and other contributors.

CAE grows pilot pipeline and training capacity for Canadian airlines

CAE is investing in our Canadian pilot training network to meet the increased demand for pilots with the upcoming deployment of a B777 full-flight simulator (FFS) at our Toronto Training Centre. The move follows the installation and start of customer training on new B737 MAX and B787 FFSs at the expanded Toronto site. In addition, seven new cadets embarked on **Jazz Approach**, an ab initio pilot training program to help meet the future needs of pilots. Launched in 2020 and again in 2022, Jazz Approach is the first cadet program of its kind in Canada, offering candidates with no previous flight experience the required training to become an airline pilot. CAE's partnership with Jazz Aviation, creates a pipeline of pilots for Jazz and provides cadets a direct pathway to a first officer position at the airline.

See our **Press Release**.

Customer Experience

CAE sixth generation simulators to reinforce integration of customer feedback

CAE initiated the transition to a sixth generation of simulators that concretely incorporates customer experience and feedback. Our simulators are built with customers, each generation an accumulation of innovations based on collective customer experiences.

This latest generation will incorporate sustainable design to minimize lifecycle costs. We view the integration of customer feedback on the programs and products they train on as critical to the creation of innovative products that not only meet, but surpass their needs.

Detailed in **Sustainable products**.

Improving our CAE Crew Training app for a seamless user experience

CAE Crew Training, an all-in-one aviation learning app, supports cadets and pilots throughout their entire training journey. Over the past year, we added new features and improved functionality to ensure that CAE Crew Training continues to serve all Civil Aviation customers as a single, central resource to access best-in-class learning and manage personalized training logistics.

Business Aircraft Maintenance Training delivers enhanced customer experience

With our recent growth into new markets, the Business Aircraft Maintenance Training (BAMT) team enhanced the online experience for CAE customers to streamline access to the entire BAMT portfolio. Information is easily accessible and content continuously updated. With these changes, response times following an inquiry have improved significantly.

Emirates, JetBlue Airways and IndiGo celebrate decades of partnership and collaboration with CAE

As part of our 75th anniversary celebration, CAE customers were invited to share stories about their partnership with CAE. JetBlue Airways, Emirates and IndiGo are just three customers whose collaborations with CAE extend over decades.

When JetBlue signed its first training agreement with CAE in 2003, the young airline had 200 pilots and a fleet of 37 aircraft. Today, it is one of North America's largest airlines. In those two decades of growth, CAE has been with JetBlue every step of the way.

Customer spotlight: **JetBlue Airways**.

Our partnership with IndiGo began 16 years ago with the signing of an initial training contract with CAE Dubai, followed by a contract with CAE Bengaluru. CAE and IndiGo also launched the first airline cadet program in India. Today, 4,000 IndiGo pilots a year train on six CAE full-flight simulators in India alone.

CAE's relationship with Emirates took off in 1992 when the airlines made its first simulator purchase from us. The partnership grew with the establishment of the Emirates-CAE Flight Training Centre (ECFT) in Dubai. This year, almost 30 years later, Emirates and CAE announced a further expansion to the ECFT's capacity in support of Flydubai's future fleet growth. Together, Emirates and CAE are securing ECFT's reputation for delivering the most advanced business aviation training in the region.

See our **Press Release**.

Events and tradeshows

CAE chalet at the 2022 Farnborough International Airshow.

CAE and Black Eagle extend their training agreement for an additional year at MEBAA 2022.

Farnborough International Airshow 2022

The Farnborough International Airshow has become one of the world's largest aerospace events. The Civil Aviation and Defense & Security teams put CAE's cutting-edge training and critical operations solutions on full display, with announcements highlighting CAE's commitment to innovation, sustainability and diversity.

MEBAA 2022

MEBAA is a platform for global business aviation to uncover the trends and insights shaping the future of the industry. CAE demonstrated how we can support our customers by being ready for future opportunities through our expanding global networks and enhanced products and digital solutions.

CAE and Empire Aviation have extended their longstanding pilot training agreement until 2024.

European Airline Training Symposium 2022

CAE united our Commercial Aviation Training, Commercial Aircraft Maintenance Training, Civil Flight Operations Solutions, and Advanced Air Mobility teams in Berlin for EATS 2022.

NBAA 2022

NBAA brings the global community together to share how they're developing and transforming business aviation as we know it. CAE showcased how we're investing in the future of our industry. We shared many announcements including the deployment of a new training device, business aviation network updates and more including key signings at the event. ▶

World Aviation Training Summit

Last April, CAE was again the Diamond Sponsor of the 25th World Aviation Training Symposium in Orlando. WATS 2023 showcased representation from Commercial Aviation Training, Simulation Products, and Advanced Air Mobility as well as teams supporting Aviation Software including CAE Rise and CAE Pelesys. CAE spent time with key customers during the 3-day event and also participated in conference panels related to Advanced Air Mobility.

MRO Europe 2022

CAE teams attended the Aviation Week Network's MRO Europe in London. The event combined a three-day strategic conference and a two-day international exhibition.

CAE shares aircraft maintenance training solutions at IATP 2022

Proper aircraft maintenance is vital to ensure the safety of air travel. During the 2022 IATP Conference, CAE shared our flexible, relevant, and leading-edge commercial aircraft maintenance training solutions.

EBACE2022

CAE returned to the Geneva-based event for the first time since 2019. During EBACE2022, we demonstrated how our innovative products and services enhance human performance using the latest technology.

FSEMC 2022

At the Flight Simulator Engineering and Maintenance Conference in Dallas, CAE presented the evolution of visual systems and solutions.

CAE showcases Flight Operations Solutions Devoxx Poland 2022

For the first time CAE attended the **Devoxx conference** in Poland, one of the most important technology events in Europe. CAE Poland was a Gold Partner, contributing a strong, visible presence, building brand awareness and attracting local talent. ■

CAE

Thought Leadership

Given the advancements in technology and AI, the training pilots receive today will be much different in the future. Over the past year, CAE and Emirates co-published a series of whitepapers on the future learning ecosystem:

Embedded Training and Simulation for Experiential Training

Competency Scoring in Simulation for Experiential Training

Simulation for Experiential Training as an enabler for Evidence Based Training

Mid-Fidelity Simulation Expanding Experience into Expertise

CAE pilot podcast

The CAE Pilot podcast unites aviation professionals to discuss such topics as life as a pilot, training, and career advice, as well as: how to become a pilot, dream jobs, iconic aircraft, women in aviation and aviation trailblazers.

▶ Listen to **our podcast episodes**.

How to Become a #CAEpilot webinar series

CAE hosts the *How to become a CAEpilot* webinar series to inspire individuals in the U.K., Europe, India and North America to become pilots. The webinars walk prospective candidates through different training programs, covering the application and assessment process. These webinars promote careers in aviation and are just one way CAE is helping to address the global demand for more pilots.

In the Jumpseat series launched on Airside

Originally an internal series interviewing CAE instructor pilots, CAE's **In the Jumpseat** launched on Airside, a digital platform and online community for pilots. The new series gives readers a behind-the-scenes look into the career paths of CAE instructors around the globe, promoting instructor careers to inspire the next generation of flight instructors.

Aircraft IT showcases CAE Flight Operations Solutions

CAE's first webinar to the aviation software community debuted on Aircraft IT. Entitled NextGen CAE Flight Operations Solutions and Apps for Ops Control, Pilots, Crew, Dispatch, the webinar includes a demo of our leading digital platform. With CAE Flight Operations Solutions used by airlines and operators worldwide, CAE is becoming a leader in the aviation software space. Learn more in our feature story.

CAE's Stella-Marissa Hughes speaks on importance of pilot training in AAM

Stella-Marissa Hughes, CAE AAM Strategy, Business Development and Partnerships Leader participated in an eVTOL Insights podcast to speak about the role CAE plays in the Advanced Air Mobility market. Stella shares her vision for the development of this new aviation industry and discusses the various partnerships CAE has formed with multiple eVTOL OEMs. ▶

▶ Listen to our **podcast episode**.

CAE recognized as industry leader in competency-based training and assessment

Competency-based training and assessment (CBTA) reflects the philosophy of training and assessing pilots based on competencies, rather than task-based training, to create a workforce that is more resilient when faced with threats or errors not practiced in a simulator.

CAE's Marilyn Pearson, Global Regulatory Affairs Lead for AAM/eVTOL/UAS, and Steve Dennis, Civil Aviation Director, Training Design, presented our vision for the adoption of CBTA and solutions for its application to the Advanced Air Mobility program as participants in the Personnel Training and Licensing panel hosted by the International Civil Aviation Organization.

Steve Dennis also spoke at Bombardier's Safety Standdown event, presenting the future of civil aviation training and how it can evolve by introducing competency-based training and assessment principles to the business aviation community.

CAE is proud to be an industry leader in CBTA and to continue to advance and present the importance of this area as the training industry evolves.

CAE leads the way in the evolution of aviation training to increase safety

Since 2016, CAE's Regulatory Affairs Team has served on the steering committee of the Federal Aviation Administration (FAA) Air Carrier Training Aviation Rulemaking Committee (ACT ARC). This group makes recommendations on ways to enhance ACT to promote increased safety and efficiency through robust and adaptive pilot training.

At the 2022 National Business Aviation Association Business Aviation Conference and Exposition (NBAA-BACE) the FAA announced the completion of the long-awaited, enhanced Part 135 type rating standardized curriculum. The Gulfstream V Series, created by the FAA's Aviation Rulemaking Advisory Committee, is the first release in this groundbreaking move.

As a respected industry advisor, CAE influences the evolution of aviation training guidance and contributes to increasing aviation safety. ■

Industry Outlook

CAE Pilot Demand Outlook 2020-2029 provides significant contributions and insights into the needs and future of the industry. Our outlook provides a 10-year view into future challenges and solutions to expand the supply of commercial and business aviation pilots. Furthermore, over the long term, we expect additional demand for pilots from the emerging AAM in accordance with the expected future entry into service of eVTOLs. We will soon publish an updated Aviation Talent Forecast and a new dedicated microsite.

Awards and recognition

Marc Parent receives Philip J. Klass Lifetime Achievement Award

Marc Parent, CAE's President and Chief Executive Officer, received Aviation Week's Philip J. Klass Award for Lifetime Achievement. The award recognizes extraordinary achievements in the global aerospace domain.

CAE's Marilyn Pearson inducted into Hall of Fame for Women in Emerging Aviation Technologies

Marilyn Pearson, CAE's Global Regulatory Affairs Lead for AAM and eVTOL aircraft and Unmanned Aerial Systems (UAS) was inducted into the Hall of Fame for Women in Emerging Aviation Technologies in Las Vegas, Nevada on January 6, 2023.

This award underlines her status as a highly-experienced practitioner in emerging aviation technologies and is further testament to CAE's commitment to attract the best talent and lead at the forefront of technology to inspire the next generation of women in the industry.

CAE recognized for contribution to Canadian aviation with a special-edition Canada Post stamp

Canada Post released a new stamp honouring CAE's innovative flight simulation technology as part of its "Canadians in Flight" series. Featuring both an early CAE full-flight simulator and a new leading-edge design, the stamp coincides with CAE's 75th anniversary. CBC aired a news report about our new stamp featuring Samantha Golinski, CAE's Vice President, Public Affairs and Global Communications, and Jean-Francois Avon, CAE Simulator Technician.

BBC story features CAE Gatwick Training Centre

Reporting on the re-opening of London-Gatwick's South Terminal, the BBC featured the **CAE Gatwick Training Centre**. With the two terminal airports now fully open, a CAE spokesperson discussed the increased utilization of our simulators to provide pilot training and how CAE supports the return to more normal operating levels.

Celebrating International Flight Attendant Day

CAE is proud to provide world-class crew member training, ensuring that they are qualified at the highest standards to be able to respond to any emergency in an instant. Flight attendants undergo rigorous training to carry out emergency procedures, including first aid and evacuations, as well as keeping a calm demeanour to put passengers at ease.

On May 31st International Flight Attendant Day, we recognized the vital role these first responders of the sky play in the health, safety, and security of passengers on millions of flights every day by acknowledging their contributions on social media.

From left to right – Joy Colucci, CEO of Metis Technology, Ed De Reyes, CEO of Sabrewing Aircraft Company, Marilyn Pearson, CAE's Global Regulatory Affairs Lead for AAM/eVTOL/UAS, and Sharon Rossmark, CEO of Women and Drones.

Diversity, equity & inclusion

Inspiring women to fly: CAE Women in Flight program

We launched in 2022, the CAE **Women in Flight program** at the Farnborough International Airshow in July, expanding its reach with airline partners to create a movement that encourages young women to pursue a career as a commercial pilot. To generate real change, the Women in Flight program builds a network of ambassadors, including scholarship recipients, to share their stories and experiences. CAE leverages diversity, equity and inclusion as a solution to extend the talent pool of future pilots and help address the upcoming pilot shortage.

See our **Press Release**.

Air Canada and CAE join forces to advance diversity in aviation, doubling the 2023 Captain Judy Cameron Scholarships

Air Canada and CAE joined together to advance diversity in aviation doubling the number of 2023 Captain Judy Cameron Scholarships granted to young Canadian women studying to become commercial pilots or aircraft maintenance engineers.

On International Women's Day, Air Canada and CAE announced the eight recipients of the 2023 Captain Judy Cameron Scholarship of which four are CAE recipients. In addition to the $5,000 scholarship, CAE's four recipients will become CAE Women in Flight – Air Canada Ambassadors and help inspire more women to become commercial pilots. The Captain Judy Cameron Scholarship program aligns with our efforts of creating a movement that encourages young women to dream big.

See our **Press Release**.

Celebrating women in corporate aviation

CAE is committed to the advancement of women in aviation to broaden the civil aviation talent pool. Andrea Garcia was awarded a CAE Citation Bravo/Ultra Initial Training course by **Women in Corporate Aviation** at NBAA-BACE 2022. Sheri Kontra was awarded CAE 2022 Citation Bravo Type-Rating Scholarship from **Women in Aviation International**.

Indigenous women in the aerospace industry

During the CAE-hosted panel, *Impactful Indigenous women in the aerospace industry and their communities*, Melissa Haney and Joanne Tabobandung shared their experiences as Indigenous women working in the aviation industry. Melissa is the first female Inuk pilot to captain an aircraft. Joanne, who is from Tyendinaga Mohawk Territory, is the dean of aviation at the **First Nations Technical Institute** and a pilot examiner.

▶ Watch our **video**.

Inspiring the next generation of pilots

Instilling a passion for flight across the globe

Sometimes all it takes to ignite a passion for flight is to show students a path is possible and their trajectory for the future can change. From supporting young aviation dreamers at CAE Korea to encouraging careers in aviation at CAE Burgess Hill to holding workshops at CAE Hong Kong, CAE teams across the globe do their part to promote careers in aviation to youth. We must look to the next generations to help fill the 264,000 new pilots gap by 2029 highlighted in our outlook. Being excited about aviation is the first step in accomplishing this.

Further detailed in Sustainability Report: Education.

Aviation Career Day spotlight in Dallas

During Aviation Career Day, CAE representatives from Business Aviation Training, Maintenance Aircraft Training and Civil Marketing highlighted their diverse roles and inspired students to consider a career in aviation. American Airlines hosted the event, which offered the 300 students participating an opportunity to chat with 60 industry professionals and benefit from a panel discussion.

CAE Civil Flight Operations Solutions marks one year of providing our aviation customers with a cutting-edge digital platform to optimize their operations

Since acquiring Sabre AirCentre just over one year ago, CAE continues to transform the aviation industry by bringing to its airline customers a holistic suite of solutions designed to improve operations and unite airlines, business jet operators and crew in a single, interconnected digital ecosystem transforming the aviation industry. With its Flight Operations Solutions, CAE helps airlines deliver the best customer experience through a robust platform that uses the most simplified workflow and enhances operational performance, profitability, and passenger experience.

By harnessing the power of data, automation, artificial intelligence, machine learning and optimization, Flight Operations Solutions is addressing some of the industry's top challenges, including managing disruptions, cybersecurity threats and legacy systems that make it more difficult and time consuming to recover from a disruption.

Broadening CAE's presence in the airline operations' digital ecosystem

Over the past year, CAE has experienced growth with many customers adopting Flight Operations Solutions. Frontier Airlines, for example, is one of the airlines in North America to move to CAE's portfolio of next-generation solutions – the first since the acquisition of the AirCentre business in February 2022. CAE's solutions enable Frontier to take advantage of the latest-available technology, driving step-change improvements in performance over legacy software in the optimization of flight plans, aircraft usage, and crew communication and engagement. Turkish Airlines, Iberojet, Garuda Airlines, have all adopted or renewed at least one of our Flight Operations Solutions. This demonstrates the confidence and trust our customers have in CAE and our products. ▶
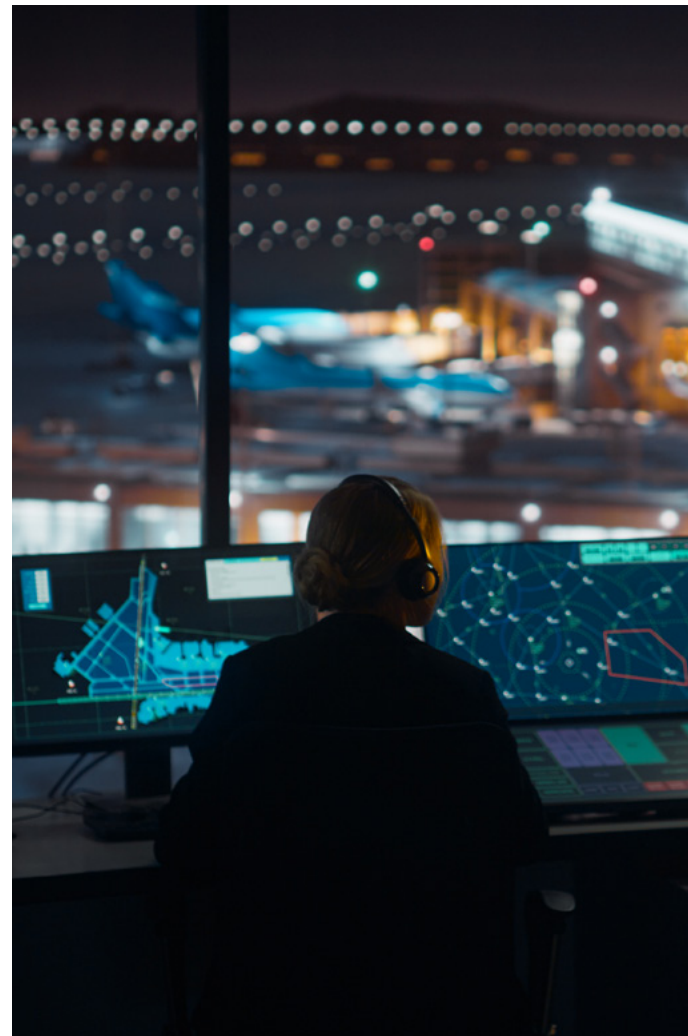
Closer to our customers

Only eight months after launching Flight Operations Solutions, CAE hosted customer workshops in Bangkok, Krakow, London and San Diego, and collaborated with more than 175 users across more than 50 operators. The workshops were an opportunity to learn about their product experiences and challenges, as well as features and new developments they would like added to the Flight Operations Solutions family.

Our customers participated in design labs, which allowed them to experience the new capabilities of each product and interact with new user prototypes and minimum viable product development builds. The design labs were an important component of both events and allowed us to obtain feedback on design, and what is needed to make them production ready. As the software market continues to evolve and becomes increasingly competitive, user training will be the key to empowering customers by improving product utilization and offering a more engaging user experience. CAE also brought together customers and employees to work on problem-solving six different topics during a three-day hackathon event. Final results, presented to 25 airline customers, explored innovative ideas and practical solutions to enhance Flight Operations Solutions' products. The hackathon was another example of supporting the shift at CAE toward a high-tech culture.

Integrated into our customer's critical operations

As a customer-centric business, a key part of our mission is to be a true partner in everything we do. With Flight Operations Solutions, CAE is now engaging with pilots at every point of their career life cycles, from training and flight preparation, planning and scheduling through to in-flight route optimization, performance and analytics.

With the addition of this suite of digital capabilities, CAE is also an integral part of our customer's critical operations.

Through its Flight Operations Solutions, CAE enables its customers to optimize their flight plans through a real-time and data-driven process across their entire fleet. This improved capability is instrumental in helping operators address the pressing challenge of reducing their fuel burn and, in turn, their carbon emissions. That fuel savings also extends to the ground. Ensuring the right aircraft is at the right gate at the right time is a crucial factor in lowering fuel consumption and reducing emissions as it significantly reduces the amount of time an aircraft spends taxiing on the tarmac, which in turn, saves airlines a considerable amount of fuel and leads to a significant reduction in their carbon footprint. Furthermore, assigning the appropriate gate or terminal to ground crew, such as cleaning staff and baggage handlers, can lead to fuel savings by eliminating the need for unnecessary travel time between terminals. This helps to reduce the amount of fuel consumed during ground operations, leading to lower costs for airlines while also reducing their carbon footprint.

Finally, our solutions play a crucial role in helping airlines achieve significant reduction of food waste. By confirming the number of passengers and their preferences, our software utilizes sophisticated algorithms to create menus and select ingredients based on the weight of each element. As a result, the software helps to reduce onboard food waste, which not only contributes to environmental sustainability but also leads to significant cost savings through reduced fuel consumption.

We are bringing in a high-level of innovation that customers can implement to optimize their operations and enhance the passenger experience. In doing so, we are helping them minimize and manage their disruptions.

Since the launch of Flight Operations Solutions, CAE remains at the forefront of driving digital transformation and is equipping aviation professionals with the real-time data needed to make informed decisions and take control of critical tasks during regular and irregular operations, such as during adverse weather events. ▶

Message from Pascal Grenier, Senior Vice President Flight Services & Global Operations

At CAE, revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency and readiness is at our core. As the world is rapidly evolving in ever more complex ways, our high-tech cultural evolution enables us to continue innovating and developing cutting-edge technologies, improve our processes and tools, and provide new offerings and solutions to our customers.

In just a short year, we have achieved a lot together. We have brought our vision of revolutionizing flight operations with our industry-leading digital ecosystem – a holistic, flexible, configurable, scalable, and cloud-based to enable end-to-end flight operations management – to our customers.

While it has been a year of transition, Flight Operations Solutions has already had a huge impact on our customers, on the aviation industry and on CAE. We are able to bring a higher level of innovation into our solutions and we are doing that in partnership with our customers. Using machine learning and artificial intelligence is allowing us to provide a much more accelerated way of introducing innovation to our customers and that will help them manage operations and disruptions.

I am proud of all our team members for their commitment to CAE and to our customers. Flight Operations Solutions is not only an example of transforming the aviation industry but of our dedicated customer service approach. It's the CAE way of doing things, and it demonstrates the confidence in our capabilities and our customer services. ■

Defense & Security

Training and mission operational support solutions that enhance readiness and performance

About us

——

Training and mission operations-support solutions that enhance readiness and performance

At CAE, we are in the business of helping people enhance their performance in high-stakes situations. To achieve this, we provide innovative, immersive training solutions that help build the necessary skills and readiness to take safer actions and make better decisions faster. Our operational support solutions automate and deliver critical analysis for informed decision making and effective operations.

Our culture of customer-service excellence and continuous innovation

Our business brings advanced technology to compliment and increases performance in order to reduce risk to mission and force. We are committed to partnering with our customers to help them get the most value out of their current CAE services and solutions.

Expanding the horizons of technology for a safer future

Our rapidly changing world drives defence forces to modernize and evolve to maintain their advantage. We are committed to always staying at the forefront of new technology as a pure play, platform independent provider, enabling advanced readiness and mission success. We develop synthetic environments that make globally distributed training models a reality. To make today's future tomorrow's reality, we are investing and putting the power of our digital expertise to work for our customers and their mission, developing new, intelligent solutions, that help them stay ahead of foreign adversaries.

CAE

Year in review

Expansions and orders

— We entered into a MoU with Boeing to expand their collaboration and explore further teaming opportunities in defence aerospace training, leveraging the strengths, skills and advanced technologies of the two companies with the intent to further enhance innovation and competition through potential joint-offerings. This resulted in multi-mission platform collaboration in Canada, Germany and Norway to provide superior management, technical and cost-effective training solutions for the P-8A Poseidon program.

— Rotorsim, a joint venture between CAE and Leonardo, to provide the training system in support of the Joint NH90 Training Program Full Mission Flight Trainer Maintenance Upgrade to the Netherlands Ministry of Defence.

Notable contract awards from:

— The Commonwealth of Australia for comprehensive training and sustainment support services under the Australian Defence Force ASIST program.

— The Public Works Government Services of Canada to provide a CH-149 Cormorant flight training device and maintenance and logistics support.

— The Naval Air Warfare Center Training Systems Division for a non-motion MH-60R Tactical Operational Flight Trainer configured for the Republic of Korea.

— The U.S. Army to continue fixed-wing flight training and support services at the CAE Dothan Training Center. Through a competitive recompete, the US Army also chose to award the program with options through 2032 and the addition of a new suite of technology in the fourth quarter.

— The USAF for the continuation of Initial Flight Training supported at the CAE Pueblo Training Center.

— The U.S. Army for advanced instructor pilot training support services to expand the scope of flight training and support services for both aircrew and non-aircrew personnel.

— The U.S. Navy to support T-44C simulator training and instructional services for the Chief of Naval Air Training.

New programs and products

— The German government announced Boeing's CH-47F Chinook was selected for the heavy helicopter program. CAE GmbH is a member of Boeing's Team Chinook providing flight simulation technologies and training support services.

— The Royal Australian Navy awarded the Platforms and Systems Training Contract to CAE Australia Ltd. to deliver sustainable distributed training in support of naval training transformation.

— The U.S. Army announced Bell Textron's V-280 was selected as the Future Long Range Assault Aircraft to support Future Vertical Lift. CAE is a member of Team Valor supporting the platform.

$1.8 billion
Annual revenue

$2.0 billion
Adjusted order intake [1]

$5.1 billion
Adjusted backlog [1]

$35.7 million
(1.9% of revenue)
Operating income [1]

$53.1 million
(2.9% of revenue)
Adjusted segment operating income (SOI) [1]

1.10x
Book to sales ratio [1]

1   Non-IFRS financial measure, non-IFRS ratio, capital management measure, or supplementary financial measure. Refer to the Appendix for the definitions and reconciliations of these measures to the most directly comparable measure under IFRS.

CAE

Noble mission to support preparedness: fostering sovereignty, stability and safety

Our mission has never been so relevant. Current geopolitical instability is a stark reminder that the world needs to be prepared to defend freedom at a moment's notice. The mission of Defense & Security is to support that preparedness through products, solutions and services, which have a positive impact on society, security and peace.

The mission readiness of military personnel aligns with CAE's purpose to equip people in critical roles with the expertise and solutions to create a safer world. By ensuring proficiency and preparedness, service members are able to perform their mission at the highest levels of aptitude and return home safely.

CAE's simulation-based training solutions also assists the public safety community save lives by providing critical capabilities to plan, prepare, respond and recover from emergencies caused by natural, accidental or malicious events. Our Defense & Security business plays a critical role in enhancing key environmental, social and governance values:

Environmental

Simulator and synthetic environments provide a safe form of multi-domain training. Compared to live training in real environments, simulated training environments also allow for less carbon emissions. Our technological innovation in digitalization, immersive simulation and single synthetic environments enable continuous improvement in our decarbonization and additional support to our customers. Through secure simulated training, repetition and exposure to skills and scenarios enables increased proficiency safely, while also making live training more impactful. Defense & Security partners with our customers to mitigate climate change on a global scale while enhancing training effectiveness, safety and outputs.

Social

Defense & Security supports our customers in their mission to protect and maintain peace on a global scale. Whether the world is preparing for or actively involved in conflict, readiness comes to the forefront as strategic deterrence. The knowledge, acumen and preparedness gained through training ensures sovereignty, stability and safety.

CAE's Aeromedical Evacuation Training System, which includes CAE Healthcare high-fidelity patient simulators, helps prepare military aeromedical evacuation and air ambulance crews to handle a range of patient health-related issues that may occur during flight. Our Virtual Paramedic training solution helps prepare paramedics for complex and critical situations when rapid response and the quality of intervention from first responder paramedics can make the difference between life and death.

Governance

Defense & Security is subject to highly rigorous governance due to the nature of our customers and contracts. The U.S. government and other allied nations operate under highly regulated procurement systems that require strict auditing of our operational processes, procedures and financial systems to qualify and bid on government contracts with specific technical requirements outlined in requests for proposal, then to be awarded contracts.

For CAE, mission success means contributing to the preparedness of defence forces and a more secure world.

Contracts and awards

CAE secures long-term contract for Australian Defence Force Aerospace Simulator Integrated Support and Training (ASIST)

CAE is delivering scalable, high-fidelity, and critical training and simulator integration support to the Australian Defence Force with a rolling-wave agreement through 2039. The ASIST contract provides a flexible framework under which CAE Australia delivers aircrew training, specialized engineering support, sustainment and maintenance services, as well as training system upgrades across multiple ADF aerospace platforms.

This contract further demonstrates the enduring relationship between the Commonwealth of Australia and CAE, ensuring that ADF aircrew have access to advanced training solutions to support their mission readiness.

See our **Press Release**.

CAE to continue Fixed-Wing Flight Training Service with U.S. Army

CAE was awarded the competitive re-compete for Fixed-Wing Flight Training Service by the U.S. Army. The contract provides comprehensive initial and recurrent training for more than 600 U.S. Army and U.S. Air Force fixed-wing pilots annually at our CAE Dothan Training Center. This is a prime example of our world-leading ability to deliver live, virtual and constructive training with adaptive technologies and agile learning to deliver the highest quality of instructional solutions to our military customers. ▶

See our **Press Release**.

CAE

Royal Australian Navy awards CAE contract to provide agile, innovative platforms and systems training for future mariners

CAE was awarded the Platforms and Systems Training Contract (PSTC) by the Royal Australian Navy to deliver improved quality, efficiency, modernization, and remote capability in training. Under a 5-year agreement, CAE Australia will support the transformation of future training delivered to mariners across different platforms and locations.

CAE's innovative solution will enable the Royal Australian Navy to accelerate training throughput and enhance delivery of distributed training — on site, in port, and at sea. We will leverage the expertise of our Australian partners to create diverse, innovative and enduring enhancements to naval technical training, resulting in increased commercial opportunities for the industry in this developing field.

See our **Press Release**.

CAE awarded a contract with Canadian Government for CH-149 Cormorant upgrades

The Government of Canada is upgrading its fleet of CH-149 Cormorant helicopters to extend their service life until at least 2042. CAE was awarded a contract to provide a full-motion flight simulator, updated training devices, curriculums, and training for air and maintenance crews. This will ensure Canada's ongoing contribution to the country's search and rescue operations supporting the Royal Canadian Air Force with the equipment needed to fulfill their domestic and international missions.

See our **Press Release**.

NATO Support and Procurement Agency orders a second full-mission simulator for German naval helicopter training

To support preparedness in the German Navy, CAE will deliver a second set of training systems in 2024 to Nordholz Naval Air Station, the home of German Naval Air Command. The German Navy is set to use the NH90 Sea Lion helicopter fleet worldwide as the successor of the MK41 Sea King helicopter. The expansion of training platforms further strengthens our position as an experienced training services provider for the NH90 platform worldwide. ■

See our **Press Release**.

Commodore Charles Huxtable, RAN, Assistant Minister for Defence the Hon Matt Thistlethwaite MP, and Matthew Sibree, CAE Managing Director – Indo-Pacific

Teaming and partnerships

Boeing signs MoU with CAE to enhance global aerospace training, innovation and fleet support

Working together, Boeing and CAE are uniquely qualified to deliver outcome-based pilot training, aircrew ground school, in-service support, and instructor training at the point of need. A new MoU between CAE and Boeing will expand their collaboration and explore further teaming opportunities in defense aerospace training. Additionally, the MoU aims to advance mission readiness for defense customers worldwide operating Boeing military aircrafts and expand the opportunities for their respective international supplier networks. Boeing and CAE signed teaming agreements to expand multi-mission platform collaboration for the P-8A in Canada, Germany and Norway which aim to advance readiness for defence customers to provide superior management, technical and cost-effective training solutions for the P-8A Poseidon program. This collaboration amplifies a long-standing relationship spanning commercial and defence portfolios across the globe. For more than a decade, CAE has delivered operational flight trainers on the Boeing P-8A platform supporting the U.S. Navy, Royal New Zealand Air Force and United Kingdom Royal Air Force.

See our **Press Release**.

New MoU to develop simulation environments with MBDA Deutschland

MBDA Deutschland and CAE signed a Memorandum of Understanding (MoU) to develop and deploy simulation environments for network-capable systems. This collaboration will allow us to leverage our knowledge in synthetic environments and simulation training to help armed forces with mission planning, training and tactics development and develop new cutting-edge technologies in sensor data fusion and collaborative algorithms.

See our **Press Release**.

Milskil joins CAE-led Team AUStringer to pursue RAAF Future Aviation Mission Training System (F-AMTS)

Australian-owned operational training services provider, Milskil, joins CAE-led Team AUStringer to respond to the AIR 5428 Phase 3 program for the Royal Australian Air Force (RAAF). Under terms of the teaming agreement, Milskil will support CAE Australia in providing training development and delivery for the expected program, adding 22 years of experience enhancing aerospace operational outcomes and full spectrum of aircrew training. Together, CAE, Leidos, Milskil, and Nova Systems offer outstanding capability, experience and regional opportunities in delivering aircrew training in Australia.

From left to right: Daniel Gelston, CAE Defense & Security Group President, Torbjorn Sjogren, Boeing Vice President and General Manager, Government Services, and Marc-Olivier Sabourin, Vice President & General Manager, CAE Defense and Security, International, sign the teaming agreements.

Tradeshows and events

CAE hosts industry and customer panels at I/ITSEC

Through a series of six panel discussions, CAE, with customers and industry partners, shared insights and experience from empowering the next generation of aircraft pilots and maintainers to enablers and industry engagement in training transformation and the technology advancements in support of mission readiness.

CAE was also featured in the I/ITSEC 2022 Official Daily News Digest. Todd Bryer, Vice President of Strategic Growth and Business Development, highlighted the strengths of our training solutions as CAE demonstrated digital technologies to enhance the safety, efficiency and mission readiness of our customers.

CAE Australia hosts panel discussion at INDO PACIFIC

CAE joined the INDO PACIFIC International Maritime Exposition to connect with industry leaders and demonstrate CAE's advanced maritime training solutions. During the event, CAE hosted the panel discussion, '*Can Artificial Intelligence (AI) Assess Navy's Readiness?*', moderated by Dr. Gary Eves, Business Development Manager & Engineering Technologist. Panelists, including Dr. Regan Patrick, CAE D&S Chief Learning Officer, discussed emerging trends in education technology and explored the challenges and opportunities of using AI to assess non-technical skills.

CAE returns to CANSEC and hosts series of industry events

CAE was the prime sponsor of Canada's largest global defence and security trade, CANSEC, organized by the Canadian Association of Defence and Security Industries (CADSI). As Canada's largest defense company, CAE showcased leading-edge training and simulation technology, products and services for land-based, naval, aerospace and joint forces military units in support of Canadian defence programs. CAE was proudly represented by France Hébert, Vice President Canada, Defense and Security, who was also a key speaker during the event.

CAE showcases the latest technology at IDEX and NAVDEX in Abu Dhabi

With our local presence in Abu Dhabi, CAE leverages our vast global portfolio of capabilities and expertise to provide our customers in the Middle East with innovative solutions. As a simulation, training and mission support solutions provider, IDEX and NAVEX allowed CAE to demonstrate our solutions to support readiness of defense forces and mission operations.

Through our student-centric adaptive learning approach using synthetic environments and tools that optimize human performance, CAE brings together digital technologies, big data secure architecture, machine learning and artificial intelligence to transform operational environments.

CAE discusses training innovation at Avalon in Australia

CAE exhibited and hosted a discussion at the Australian International Airshow and Aerospace and Defence Exposition, the most comprehensive aviation, aerospace and defence exposition in the southern hemisphere. CAE Defense & Security Chief Learning Officer, Dr. Regan Patrick, presented on current and emerging digital technologies as defence forces look to revolutionize the development of mission-ready military pilots, and to optimize training quality and output, with efficiency, flexibility, and scalability.

Industry recognition and thought leadership

CAE ranks as one of the top three defence companies in Canada

Canadian Defence Review (CDR), Canada's leading defence magazine, **ranked CAE as the third top defence company in Canada in 2022**, moving up from 7th from the previous year. Each year, an evaluation panel consisting of CDR editorial staff and independent advisors ranks the companies based on factors such as economic impact to the country, research & development initiatives, innovation, contribution to the nation's security, national and international contract wins, excellence of management and support of Canada's military.

CAE proudly supports veterans in the workplace and in communities

CAE USA received the 2022 HIRE Vets (Honoring Investments in Recruiting and Employing America Military Veterans) Platinum Medallion Award from the U.S. Department of Labor, for the third consecutive year. This program recognizes employers for their investments in recruiting, employing, and retaining military veterans.

CAE utilizes CAE VISTA platform to support at CWIX

NATO Coalition Warrior Interoperability Exercise (CWIX), with the support of the US, hosts an annual NATO exercise. As part of the exercise, CAE provided our CAE Virtual Intelligence Surveillance & Reconnaissance Training Application (VISTA) platform which provided intelligence, surveillance and reconnaissance information to the exercise. The data was then utilized to feed into and make the scenario different based on the type of decision made. Interoperability is the foundation of all NATO missions and the core ambition of the NATO Coalition Warrior Interoperability Exercise (CWIX). ▶

CAE's Defense and Security Chief Learning Officer highlights advancements in training

Responsible for identifying, developing, and applying scientific methods, instructional strategies, and learning technologies in the design, implementation, and delivery of global training solutions, Dr. Regan Patrick, Ed.D., PMP, CAE Defense & Security Chief Learning Officer, participated in several speaking engagements to share valuable insights and advancements in training.

He shared insights on how defence forces are migrating from traditional approaches to adopting remote capability, student-centric, and adaptive designs to enhance training and performance. He also spoke about the new training landscape, including updated competencies and training practices required for future AAM aircrew and our ongoing commitment to this new sector of aviation training.

Whether at the World Aviation Training Summit or the INDO Pacific International Maritime Exposition, CAE continues to demonstrate that we are at the frontier of digital immersion with high tech training and operational support solutions.

AI use in training to improve student engagement

CAE achieved a technology milestone during the quarter in its pursuit to revolutionize aviation training in Civil and Defense markets. A field study was conducted with the Japan Air Self-Defense Force (JASDF) to validate the potential for more effective training by leveraging CAE's latest Virtual Reality and Artificial Intelligence-enabled Digital Solutions.

The study revealed a near full grade of proficiency score improvement across all JASDF participants. The novel solution embedded CAE Rise, which was originally conceived for Civil aviation, to provide more effective training through real-time objective assessments. It also incorporated CAE's patented biometric feedback technology, enabling instructors to modulate complexity based on students' stress, engagement, and cognitive workload levels. ■

CAE

CAE provides initial-entry training to pilots in the U.S. Army and U.S. Air Force

Army aviators started training at CAE's Dothan Training Center at the Dothan Regional Airport in Alabama in 2017. The state-of-the-art facility near Fort Novosel (formerly Fort Rucker) was developed to provide comprehensive fixed-wing flight training to U.S. Army and U.S. Air Force fixed-wing aviators. Today, CAE plays a pivotal role in supporting the training of all Army aviators progressing to their assigned operational aircraft.

Our world-class training program balance academics, simulation, and aircraft flight training to deliver scenario-based training specific to the Army's fixed-wing requirements. The training center is one example of delivering live, virtual and constructive training with adaptive technologies and agile learning to deliver the highest quality instructional solutions to our military customers.

CAE's significant growth and expansion in lower-Alabama in support of U.S. Army aviation

Over the past five years, CAE has significantly expanded our presence in the lower-Alabama region and is proud to be a training partner of choice for the U.S. Army. Our focus on customer driven solutions and local footprint enables CAE to build the knowledge and understanding of the needs of our U.S. Army customer. Working in collaboration with industry, CAE provides tailored and adaptive solutions.

In 2020, CAE was awarded a contract from U.S. Army to provide advanced helicopter flight training support services. CAE provides classroom, simulator, and live flying instructor support services for Army aviators training to fly the CH-47 Chinook, UH-60 Black Hawk, and AH-64 Apache helicopters. The flight training support services are provided at the U.S. Army's Aviation Center of Excellence (USAACE) at Fort Novosel, Alabama.

This year, CAE was again selected to provide the Army Fixed-Wing Flight Training Service at the CAE Dothan Training Center to support the readiness of their future fixed-wing aviators.The program features academic, simulation and aircraft flight training and includes innovative technologies like the CAE Trax Academy to enable training modernization and efficiency.More than 650 U.S. Army, U.S. Air Force, and U.S. Navy pilots are trained annually at the Dothan Training Center in addition to other international customers. ▶

Since the end of the quarter, Defense was awarded a US$455 million contract to support Flight School Training Support Services (FSTSS) at Fort Novosel, Alabama (formerly Fort Rucker) with training and simulation solutions for initial entry-level and graduate-level rotary wing flight training. Under the terms of the 12-year contract, CAE will build and operate CAE-owned full-flight simulators for the CH-47F and UH-60M platforms to meet the U.S. Army Aviation Center of Excellence's rotary wing simulation services requirements. Located at the U.S Army Aviation Center of Excellence, the FSTSS program represents the world's largest helicopter simulation training program, replacing the former Flight School XXI program, which supported the training of approximately 3,900 Army aviators annually. This contract is a prime example of serving the customer through necessary industry collaboration. CAE is a trusted partner for many OEMs and defence companies as we provide secure integration of their platforms, tools, and sensors to deliver advanced training and operational support to enhance mission readiness.

Collaboration is critical to support the future fleet, like the U.S. Army Future Vertical Lift (FVL) programs. CAE and Bell Textron announced last year teaming on the Future Long Range Assault Aircraft (FLRAA) and the Future Attack Reconnaissance Aircraft (FARA) to support the FVL platforms. We are pleased to be part of the V-280 Team Valor team which the U.S. Army announced as the successful platform for FLRAA.

Developing relationships that matter

The growth in the region demonstrates CAE's commitment to developing and maintaining the highest levels of mission readiness. Another key factor to the growth in the region is CAE's commitment and engagement with the community. CAE places significant value on supporting the men and women that are in the service and are trained and work in these facilities. Our team members are part of the community.

Our instructor pilots provide their skills, real-world knowledge and expertise to continue to serve the military mission by supporting the men and women of our armed forces. Through their diligence in training and vast experience they provide training to support safe operations, and develop the needed muscle memory to ensure mission success. The learning insights from the instructor pilots help make all portions of training better and help us bring new innovations to the training facilities.

This is in part what allows us to be a training partner of choice. Being deliberately situated within proximity to our customers allows us to be involved and part of the community, inspiring relationships that foster trust to provide effective training for the moments that matter. ■

Healthcare

Solutions that enhance medical outcomes and make society safer

CΛE

About us

———

Solutions that enhance medical outcomes and make society safer

At CAE, we empower our customers to be their best in the high-stakes situations they face. Through our immersive training solutions and experiences, we help them build the necessary skills to take safer actions and make better decisions.

Our culture of customer-centricity and continuous improvement

We share our customers' mission of helping build a healthier and safer society. This is why we roll up our sleeves and work closely with them to create, implement and continually improve the innovative technology solutions that empower their team to be their best. Our dedicated team is committed to continuously finding ways to optimize learning and helping our customers continue to achieve their mission.

Elevating the world's healthcare professionals and the quality of care they provide

We are working to advance the global healthcare system by accelerating access and technology adoption. We believe that global healthcare will reach this next stage with more trained healthcare professionals and the implementation of increasingly advanced new technologies and procedures — changes we are working tirelessly to make real.

Year in review

Expansions

— We expanded our relationship with the Mayo Clinic College of Medicine and Science, finalizing a significant partnership for our LearningSpace centre management solution for its simulation centre in Rochester, Minnesota.

— Through efforts supported by CARES Act funding and Mon Health hospital system, we increased our presence and visibility in the U.S. to address West Virginia's increased demand for nurses by introducing three statewide mobile nursing labs that use simulation to train students and healthcare providers.

— We secured several competitive deals with universities and colleges for our advanced patient simulators and our customizable centre management platform, CAE LearningSpace.

— We extended our geographic reach through a multi-location sale in India that included our Human Patient Simulator as well as CAE Luna, CAE Vimedix, CAE Blue Phantom and CAE LearningSpace.

— We were awarded contracts through our OEM program, for future research and development efforts as well as additional simulators to teach pacemaker placement.

— We expanded our relationship with the American Society of Anesthesiologists through a commitment to develop two additional SimSTAT modules for the MoCA.

New programs and products

— We introduced two new enhancements to our LearningSpace centre management platforms with the Standardized Patient Administration module that offers streamlined scheduling and communication with standardized patients via a dedicated mobile application and the updated NextGen Room View that optimizes the video interface for watching live or recorded simulation training sessions.

— We released an update for CAE VimedixAR that features enhanced animation and upgraded components that offers hands-free operation of selected controls for a better user experience.

Events and tradeshows

— Participated with Microsoft in CNN's Life Itself thought leadership conference.

— Joined healthcare professionals at the 2023 International Meeting on Simulation in Healthcare (IMSH) to showcase our innovative and integrated educational ecosystem.

— Participated in a discussion with the co-chairs of the U.S. Congressional Modeling and Simulation Caucus at I/ITSEC.

$192.7 million
Annual revenue

$8.0 million
(4.2% of revenue)
Operating income [1]

$9.7 million
(5.0% of revenue)
Adjusted segment operating income (SOI) [1]

1   Non-IFRS financial measure, non-IFRS ratio, capital management measure, or supplementary financial measure. Refer to the Appendix for the definitions and reconciliations of these measures to the most directly comparable measure under IFRS.

CAE

Improving patient safety and outcomes through realistic simulation training

We prepare healthcare students and professionals for real-world challenges with the mission to improve clinical competency and performance. Our advanced medical education solutions enable healthcare professionals to practice high-stakes, life-saving procedures in a simulated setting so that when the moment comes, they are prepared to act with speed and precision. Our Healthcare business fosters positive environmental, social and governance impacts:

Environmental

Our immersive digital medical education solutions provide a virtual learning environment with online repositories of classes, exercises and feedback — allowing for widespread dissemination and remote access, saving carbon emissions through reduced transportation and minimal materials production.

We are committed to continually identifying ways to further reduce, reuse and recycle waste generated by our supply chain and manufacturing process. This includes upcycling our products. Once CAE Healthcare manikins reach the end of their serviceable life, customers can return units for trade-in or for upcycling as refurbished parts.

Social

Our medical education solutions take learners to the next level of confidence, knowledge and preparedness to improve patient safety and outcomes. When the pandemic began and as COVID-19 aggravated the nurse shortage, we developed and offered free of charge a suite of educational tools designed to help hospitals and frontline workers stay safe while they saved lives. Our remote learning applications and solutions also open larger access to medical career paths.

Governance

We work with regulators to elevate safety standards and raise awareness on the role of simulation training in elevating safety in healthcare. We pursue the highest quality standards through ISO certification and through our CAE Centres of Excellence; collaborative partnerships with a focus on making healthcare safer.

Better healthcare for all begins with better training for all healthcare professionals. Today, hospitals, medical schools, nursing schools, defence forces and societies use CAE Healthcare solutions to make healthcare safer.

CAE

Partnerships

CAE partners with Staffordshire University and opens a Centre of Excellence for simulation training and research

The new Centre of Excellence (COE), housed at the Centre for Health Innovation at Staffordshire University is a CAE-designated simulation training and research centre that exemplifies the best practice of simulation in education to make healthcare safer. The centre supports over 2,000 future healthcare professionals and the facility features a variety of CAE products and educational tools.

See our **Press Release**.

HealthStream partners with CAE to offer their new manikin for resuscitation skills assessment

Healthcare organizations utilizing the American Red Cross Resuscitation Suite™ curriculum through HealthStream will now be able to complete their resuscitation certification by using the new CAE Healthcare SMART manikin. The new partnership enables healthcare organizations, for the first time, to choose which manikin they use to complete their resuscitation training. The first commercial shipment of manikins is expected early in the second quarter of 2023.

See our **Press Release**.

American Society of Anesthesiologists and CAE Healthcare add two new Virtual Simulation Training Modules with Anesthesia SimSTAT

CAE Healthcare and the American Society of Anesthesiologists are adding two new simulation training modules to the award-winning Anesthesia SimSTAT. The new modules, "Complications during an MRI Scan" and "Complications during Pediatric Airway Procedure," are being tested and will be available soon.

Anesthesia SimSTAT integrates CAE Healthcare's modeled patient physiology and pharmacology into each virtual patient. It provides anesthesiologists with advanced training in the management of challenging emergencies and allows learners the opportunity to obtain Maintenance of Certification for Anesthesiology credits at any time and from anywhere.

CAE

Recognition and achievements

Stefan Monk named to the Philips Healthcare Patient Safety Advisory Board

CAE's Chief Medical Officer Healthcare, Stefan Monk was invited to be a member of the Philips Healthcare Patient Safety Advisory Board. The goal of this board is to assemble a team of experts who will provide unique outside-in feedback, insights, and ideas and work together to build new ways of improving patient safety by developing an effective and actionable patient safety strategy.

Melissa Lowther honoured as Society of Simulation Healthcare fellow at IMSH

Melissa Lowther, Digital Solutions Product Sales Specialist at CAE, was inducted as a Society of Simulation in Healthcare (SSH) Fellow at the International Meeting on Simulation in Healthcare (IMSH). This honour is given to members of SSH who have made outstanding contributions to the field of healthcare simulation. Melissa is the second person at CAE to receive this honour.

CAE Healthcare named Certified Green Business Partner by Sarasota County

CAE Healthcare was named a Certified Green Business Partner by Sarasota County, Florida, the home of CAE Healthcare's U.S. headquarters. The green designation is awarded to businesses that operate in an environmentally responsible manner as determined by a rigorous assessment. CAE distinguished itself with highly responsible conservation practices in four areas: business operations, solid waste management, water conservation and energy consumption.

See our **Press Release**.

CAE Healthcare employees load boxes into an on-site baler for more efficient recycling.

CAE

Programs and products

CAE Aria receives European conformity; begins delivering

CAE Healthcare achieved Conformité Européenne (CE) (European conformity) of CAE Aria and began worldwide delivery of this industry's newest high-fidelity pediatric manikin. CAE Aria simulates a 7-year-old child and offers interchangeable gender, 60 vocal expressions and sounds, an advanced airway and neurological features. Wireless, tetherless and transportable, CAE Aria allows for realistic training in emergency pediatric care.

See our **Press Release**.

New features added to LearningSpace centre management platforms

CAE Healthcare introduced two new enhancements to our CAE LearningSpace centre management platforms. The new Standardized Patient Administration module offers streamlined scheduling and communication with standardized patients via a dedicated mobile app. In addition, the updated NextGen Room View optimizes the video interface for watching live or recorded simulation training sessions.

CAE LearningSpace offers end-to-end simulation management for in-person and remote training programs. It has grown to become an essential tool used at hundreds of simulation centres and hospitals and by thousands of learners each year.

CAE demonstrates VimedixAR at the launch of Quebec's strategy to fuel innovation and research

When the Quebec government announced its "*Quebec Strategy for Research and Investment in Innovation 2022-2027 - Invent, Develop, Market*", CAE Healthcare was on hand to demonstrate how innovation is part of our high-tech culture and helps elevate healthcare safety and deliver better patient outcomes. The strategy aims to use research and development to find and implement solutions to social challenges, especially when it comes to health, aging population and global warming consequences.

During the launch event, Érick Fortin, Director of Engineering for CAE Healthcare, demonstrated CAE VimedixAR, an advanced ultrasound simulator that offers augmented reality for remote and virtual learning, significantly reducing the time it takes to master ultrasound scanning and ultrasonographic anatomy.

CAE VimedixAR was showcased as an example of translating research into innovative solutions to improve healthcare training efficiency, deliver greater patient outcomes, increase patient safety and enhance the quality of patient care. ▶

CAE Aria, a medical manikin designed and developed by CAE Healthcare, simulates a 7-year-old child and offers interchangeable gender, 60 vocal expressions and sounds, an advanced airway, neurological features, and an optional bleeding system.

CAE

Healthcare is undergoing a digital transformation

In order to expand on our digital solutions, we are undergoing a digital transformation, incorporating our high-tech experts at the core of our business for better alignment with product development, strategy and sales.

Leveraging data analytics, AI, machine learning and more, we are delivering more immersive and effective products, services and solutions that will help our customers achieve their best performance.

New update to CAEVimedix includes enhanced animation

The latest update to CAE VimedixAR features enhanced animation as well as a foot pedal that offers hands-free operation of selected controls for a better user experience. The new features enhance ultrasound education. As the industry's first ultrasound simulator with 3D/4D scanning and multiplanar reconstruction, CAE Vimedix provides ultrasound training across multiple disciplines and clinical preparedness expertise — all from a single platform.

CAE Healthcare products help West Virginia Junior College grow rural healthcare education

As part of the efforts to address the state's increased demand for nurses and to help bring healthcare education to rural counties, CAE increased its presence in West Virginia with three statewide mobile nursing labs that use high-fidelity medical manikins to train students and healthcare providers.

The state-of-the-art innovation is part of a Hybrid Online Nursing program offered through West Virginia Junior College. As part of the curriculum, students can take online classes and attend labs in the mobile RV, which features two simulation hospital rooms and a control room with two stations.

With a global nursing shortage, new approaches to healthcare training and education are increasing the demand for CAE's simulation-based training solutions. We are proud to deliver educational tools that help learners in West Virginia and around the world prepare for the moments that matter. ■

Read more here.

Events and tradeshows

CAE Healthcare showcases customer-centric educational ecosystem and hosts members of the U.S. Defense Health Agency at IMSH 2023

As part of a continued commitment to enhance medical outcomes and create a safer society, CAE Healthcare joined healthcare professionals at the 2023 International Meeting on Simulation in Healthcare (IMSH). During the conference, CAE showcased its innovative and integrated educational ecosystem featuring patient simulation, ultrasound simulation, digital learning solutions and simulation centre management. The CAE team also led sessions on the future of healthcare simulation and coordinated a visit from the Florida legislated delegation at IMSH on simulation in healthcare.

Read more here.

CAE Healthcare also welcomed members of the U.S. Defense Health Agency (DHA) during IMSH. The DHA oversees training for all active and reserve medical personnel across all branches of the U.S. military and healthcare delivery for all active duty and reserve-component personnel. CAE Healthcare also presented their products and services portfolio to regional staff for Florida's elected officials at the IMSH Congressional Policy Discussion and Exhibit Hall Tour.

U.S. Congressional Modeling and Simulation Caucus panel discussion with CAE at I/ITSEC

At the Interservice/Industry Training, Simulation and Education Conference (I/ITSEC), the world's largest modeling, simulation and training event, CAE participated in a discussion with the co-chairs of the U.S. Congressional Modeling and Simulation Caucus which supported the inclusion of The Patient Safety Telesimulation Outreach Program (PSTOP) in the US' Health and Human Services Appropriations bill. The initiative creates the path to accelerate the ability to train and upskill the healthcare workforce, remove barriers, and build an equitable telesimulation-based education model.

Centre of Excellence for Health Innovation hosts first conference on human performance factors

During the first conference on human performance held at the Centre of Excellence for Health Innovation at Staffordshire University, CAE Chief Medical Officer, Dr. Stefan Monk, delivered a keynote on safety in healthcare: '*The case for innovation in education*'. Simulation facilitators, educators, technologists, clinicians and academics came together and shared current and new trends in simulation and immersive technologies applied to teaching, learning, assessing and running research on health and social care.

Keynote address at inaugural Emirates Health Services Simulation Conference

As part of Healthcare Simulation Week, CAE Healthcare's Chief Learning Officer, Dr. Amar Patel, delivered a keynote presentation at the inaugural Emirates Health Services simulation conference in Dubai. Using the intersection of aviation and healthcare, he highlighted the role of simulation in increasing healthcare quality and patient safety. Organized by EHS' Training and Development Centre, the conference discussed several scientific and practical topics related to healthcare simulation and its impact on the development of health education and training. ▶

Microsoft and CAE showcase collective innovation at CNN's Life Itself conference with Dr. Sanjay Gupta and Marc Hodosh

CAE's Healthcare's Chief Learning Officer, Dr. Amar Patel together with Microsoft participated in CNN's Life Itself thought leadership conference. Together they showcased the collective innovation of using mixed reality with CAE's Vimedix ultrasound simulator and HoloLens2. Life Itself features thought leaders crossing health and medicine from research, technology, government, entertainment, and business domains.

CAE Healthcare launches new peer recognition program in Sarasota, Florida

CAE Healthcare manufacturing site is boosting their safety culture with the "*Save-It Forward*" peer-to-peer recognition initiative. Every month, employees nominate a colleague who has shown exemplary safety behaviours.

CAE shines at the Critical Care Transport Medicine Conference (CCTMC)

The CCTMC brings together physicians, nurses, paramedics, and other healthcare professionals to learn more about essential, complex care. CAE Healthcare was proud to showcase CAE Aria, CAE Vimedix, CAE Apollo, CAE Medicor, and CAE Blue Phantom at its booth as well as lead a simulation competition where participants were able to test their critical care skills in challenging situations using CAE's full spectrum of simulation technologies.

We introduced a full spectrum of simulation experiences as part of the simulation challenge at the CCTMC. Teams took on scenarios involving simulated and standardized patients, testing their critical care skills in challenging situations. During hands-on demonstrations, attendees explored CAE ultrasound solutions and skills trainers. ■

Customer Experience

Launch of The CAE Advantage

The future of healthcare simulation will continue to be driven by physical simulators and task trainers. However, simulation solutions must continue to focus both on accelerating competency development, as well as educator capacity.

As a global leader in healthcare education, this year, CAE Healthcare outlined the four areas that serve as our guiding principles for everything that we do. Our exclusive combination of physiological expertise, data-informed analysis, advanced simulation technologies and digitally connected platforms, support a holistic learner journey that is *'The CAE Advantage'*. It is our promise to customers and integral to the design of our products and services. Supporting this journey is at the heart of what we do. It is how we help prepare people for the moments that matter.

CAEimagine launches Innovate HC pilot

Innovate HC is a new pilot program from CAEimagine that asks employees to share their innovative ideas that will shape the future of healthcare. We received more than 60 submissions for this pilot program, three of which were selected to move onto proof-of-concept, while eight others were fast tracked so they could quickly go into practice.

In February 2023, teams presented the three proof-of-concept ideas to leadership. These ideas included a mobile version of LearningSpace that can be used to guide and capture learner performance during Objective Structured Clinical Examinations (OSCEs); further developing and enhancing SimEquip so it could be used with and be responsive to standardized patients; and an automated team training assessment that would effectively evaluate all participants involved in a scenario using modern sensor technology and artificial intelligence.

CAEimagine empowers employees across the company to be creative, challenge the status quo and innovate for the future.

Tracking customer satisfaction

8.3

Net Promoter score

CAE

CAE's new Centre of Excellence: Addressing human performance factors through simulation to make healthcare safer

CAE Healthcare has been pioneering education and safety technologies that inspire, empower and prepare healthcare workers for real-world challenges and has been supplying healthcare professionals with educational tools that help them provide high-quality patient care. In healthcare's complex, high-pressure environment, these educational tools increase technical skills, proficiency and competency.

By bringing its standard-setting simulation expertise to the medical field, CAE is now developing innovative tools to address human performance factors, the non-technical skills that play a critical role in the moments that matter most. Simulation-based training is one of the most effective ways to prepare healthcare practitioners to treat patients, handle critical situations and enhance healthcare outcomes.

In FY23, CAE partnered with Staffordshire University to open a Centre of Excellence (COE) for simulation training and research. A COE is a CAE-designated simulation training and research centre that exemplifies the best practice of simulation in education to make healthcare safer. Staffordshire University's COE is housed at the Centre for Health Innovation.

Accelerating the transformation of the healthcare workforce leveraging immersive technology and advanced teaching

The Centre for Health Innovation uses CAE's high-technology products that combine hands-on realism with augmented and virtual reality capabilities. These technologies are used in conjunction with several different CAE manikins, the digital education platform CAE Maestro Evolve, the simulation management system CAE LearningSpace and the CAE iRIS scenario-authoring platform. This, along with a strong pedagogical approach, provides students with realistic training to improve patient safety.

As well as being the training hub for approximately 2,000 student nurses, midwives, operating department practitioners and paramedics, the centre also offers a platform for new collaborations with local business, healthcare and technology industries. Collaborating with leaders in healthcare simulation provides future medical professionals with industry-leading training, while simultaneously driving innovation in the next generation of our products and services and how they are used to support learning outcomes. ▶
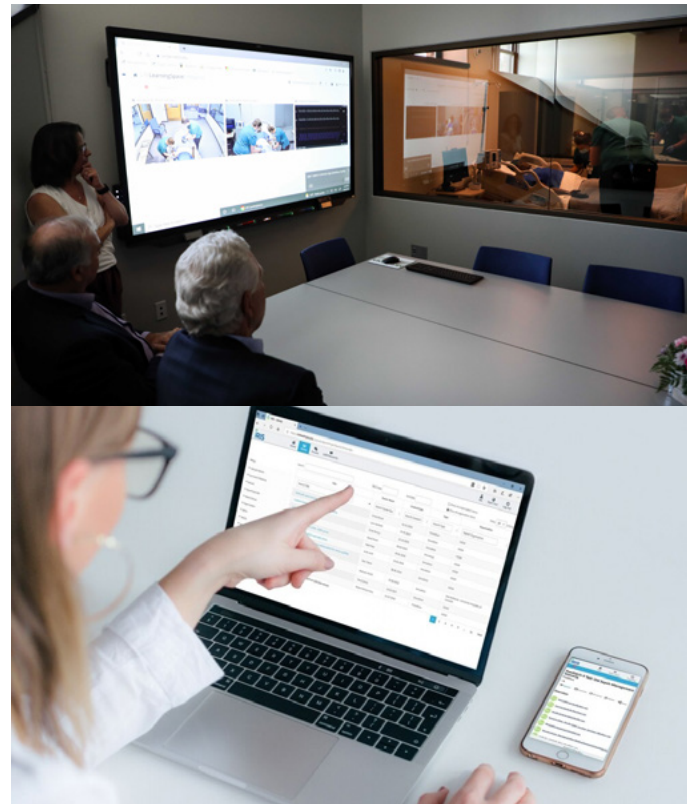
Safety in healthcare: The case for human factors in education

Shortly after the opening of the COE, the Centre for Health Innovation hosted its inaugural simulation conference. CAE's Dr. Stefan Monk, Chief Medical Officer, Healthcare, joined simulation facilitators, educators, technologists, clinicians and academics to debate, discuss and share current and new trends in simulation and immersive technologies for teaching, learning, assessment, research and patient safety for health and social care.

In his keynote address, Dr. Monk spoke about the global and growing shortage of healthcare workers and the need to address safety in healthcare by addressing human performance factors in education and training. Human performance refers to the way in which individuals carry out tasks, make decisions, and accomplish goals. It encompasses a wide range of abilities, including cognitive, physical, and emotional skills, as well as motivation, attitude, and personality.

He explained that one approach to address the challenge is through education for knowledge and skills as well as attitudes, while recognizing the inherent difficulty of doing so as the lack of healthcare professionals also extends to a lack of healthcare educators. Additionally, gaps in human performance, also known as human factors, while responsible for many errors, are rarely addressed in education and training. Yet, there is a case for increasing safety by incorporating these elements similarly to how the aviation industry improved safety using simulation to practice and maintain these skills. The healthcare sector can leverage the experience and best practices gained in aviation training to deliver innovative solutions to improve healthcare training efficiency, increase patient safety and enhance the quality of patient care.

Dr. Stefan Monk,
Chief Medical Officer

Improving human factor skills using simulation-based training in healthcare

To assist with this effort, CAE, in partnership with the University of Staffordshire, developed and offered a new Human Skills for Healthcare (HSH) course that covers threat and error management, teamwork, and safety culture. Participants apply these lessons in scenario-based training, to acquire and practice human skills to enrich human performance.

Sharing best practice from aviation and other safety critical industries, the HSH course gives participants practical actions points and the know-how to embed the learning in their clinical environments for enhanced safety.

Multidisciplinary Human Performance Excellence Council

As part of CAE's ongoing work in addressing human performance factors, it has established a Human Performance Excellence Council (HPX) that unites all relevant CAE competencies. Members include doctors, nurses, pilots, air traffic controllers, safety officers, maintenance teams, maritime trainers, occupational psychologists, decision-makers, customers, consultants and academic teachers. One focus is the transfer of experience gained in aviation and defense to the health sector.

The HPX also produces guides, curricular programs and train-the-trainer material. It researches, trains, and supports international and intercultural cooperation. Based on 75 years of interdisciplinary experience and a global orientation, we offer a unique service to all decision-makers in medicine, making an important contribution to improving safety in the healthcare sector. ■

Sustainability reporting

CAE

A message from our Chief Sustainability Officer

—

ESG is all about inspiring people to do better for the planet, for society as a whole and for all stakeholders

In reflecting on year one as Chief Sustainability Officer (CSO) and Senior Vice President, Stakeholder Engagement, I am reminded how CAE continues to be a sustainability pioneer, which is especially impressive considering our global presence.

While similar positions exist in other countries and in our industry, CAE was the first company in the Canadian aerospace and defence industry to appoint a dedicated CSO. By making environmental, social and governance (ESG) matters a business priority and by acknowledging that it is a critical component of our competitive advantage, CAE sets a forward-thinking precedent. ▶

—

Hélène V. Gagnon

Chief Sustainability Officer and
Senior Vice President, Stakeholder Engagement

Over the past 12 months, CAE made impressive progress across our ESG mandate, which is quite gratifying given the extent of the initiatives undertaken throughout our organization.

Centralizing ESG under the dedicated role of CSO led to new, cross-functional collaborations and greater synergies — positioning CAE to meet stakeholders' expectations and deliver concrete results across the three segments of our broad sustainability strategy.

I established a multidisciplinary sustainability and stakeholder engagement team of change champions to track rapidly evolving trends, develop and monitor our strategy, and report on topics that are material to our industry and our operations.

Gains include increased internal and external awareness of CAE's ESG commitment; advances on all fronts in the integration of ESG criteria in CAE policies, processes and programs and greater traction with CAE's Board of Directors and Executive Management Committee.

Among the trends I observed in our evolving ESG ecosystem are the acceleration of discussions on material ESG matters with stakeholders; the consistent progression of mandatory ESG reporting, with external assurance becoming a prerequisite; and the emergence of new risks and opportunities.

Stakeholder engagement

Over FY23, we drove ESG action and performance to continue to earn stakeholder trust and confidence. CAE's stakeholder engagement activities addressed a wide range of audiences and took many forms over the fiscal year and we identified even more avenues to connect with these key groups moving forward.

With our investors, we participated in more than 350 one-to-one meetings over FY23, 60% of which included ESG-related topics, and attended sustainability-focused conferences. We addressed customer and vendor priorities and engaged rating agencies on data reporting to advocate for CAE's ESG impact.

Our ESG activities also led to business opportunities with customers through bid qualification (social value parameters, questionnaires) and industry partnerships that furthered our ESG impact. Through both new and existing industry partnerships, CAE mobilized and supported our suppliers to take action to measure, track and reduce their carbon footprint and include environmental criteria in their activities.

CAE's ESG commitment reflects our corporate noble purpose, strongly resonates with our employees and factors in our attracting new talent. Internally, we increased ESG visibility and awareness via CEO sessions, business unit and employee townhalls, CAE Employee Resource Groups, pulse surveys, workshops and training, as well as many other activities, and we aim to do more.

As an avid supporter of education and career development opportunities for underrepresented groups, CAE remains actively engaged in the community through our internships, scholarships and donations, and volunteering programs. Last year, CAE contributed in excess of $5.8 million in donations and sponsorships (cash and in-kind donations) to local and regional initiatives worldwide, as part of our commitment to support the communities in which we operate.

Our Sustainability reporting subsection on Stakeholder engagement covers this central aspect of our ESG strategy. ▶

CAE

Recognition and thought leadership

CAE was again recognized as an employer of choice and diversity, equity and inclusion (DE&I) leader, receiving global, regional and local awards.

Thought leadership increased CAE's profile and external visibility over FY23. Leaders across CAE actively contributed their expertise to numerous panels, speeches and events worldwide, addressing key ESG imperatives such as DE&I; climate change; carbon neutrality and net zero; Advanced Air Mobility; and supply chain sustainability.

CAE leaders received special commendations. I congratulate Marilyn Pearson on her induction into the Hall of Fame for Women in Emerging Aviation Technologies and Pascale Alpha, our Chief DE&I Officer, who was named a Top 10 Diversity and Inclusion Leader in Canada. In addition, our President and CEO Marc Parent was named a Knight of the distinguished Ordre national du Quebec, inducted into Quebec's Air and Space Hall of Fame and received Aviation Week's Philip J. Klass Award for Lifetime Achievement. Finally, I am honored to be a recipient of The Globe and Mail 2022 Report on Business Best Executive Award .

ESG data and reporting

We are strengthening our data robustness and accountability across the organization, in collaboration with CAE's Internal Audit and Finance teams. This work will help us get ready for external verification and external limited assurance, a sustainability reporting credibility measure increasingly expected of organizations and soon becoming a regulatory requirement.

FY23 in review

Of the ESG developments achieved in FY23, I highlight a representative selection from the many documented in this report.

ESG roadmap

Equipped with the materiality matrix validated in FY22, 15 working groups involving all business units and functions built a multi-year ESG strategic roadmap to enhance CAE's performance across ESG topics of significant importance for CAE.

CAE's FY24-28 ESG roadmap received Board approval and we include a summary of target objectives within the chapters of this Sustainability Report.

Environment

We made great progress on our carbon neutrality roadmap.

We expanded our Scope 3 (emissions associated with our Supply chain) reporting beyond business air travel to additional major categories. Now that we are improving our baseline, we are preparing to submit carbon emission targets that align with the Science Based Targets initiative.

CAE joins a select group of over 400 companies worldwide in the commitment to 100% renewable electricity, being admitted to the Renewable Energy 100 (RE100) initiative. This participation signals the seriousness of CAE's achievements and the credibility of our environmental ambitions and targets.

As a proactive measure to assess our climate change resilience, we are surveying approximately 250 CAE sites to target the most material risks. We also initiated a pilot project to quantify the potential financial consequences of our most material climate-related risks. We intend to develop a robust auditable methodology with the results ultimately disclosed in our financial reports, as per financial regulators' expectations.

To continue to elevate awareness on these matters and get additional traction in the organization, our Board of Directors and Executive Management Committee will receive customized training on carbon footprint and climate change management. ▶

Social

We rolled out a major global transformation initiative. The essence of CAEheartbeat is in its name — people are at the heart of everything we do. CAEheartbeat focuses on five major priorities: employee experience; total rewards and recognition; long-service employees; employee development; and talent attraction and retention. Under the new program, CAE released four new benefit policies: global flexible vacation, global sabbatical leave, global parental leave and maternity paid leave.

Following the appointment of the Chief DE&I Officer, we confirmed the mission and role of CAE's new DE&I Office, which promotes DE&I across the organization and in our communities — where all employees feel valued, included and belong.

We introduced a Global Talent Acquisition Model with a new dashboard capability that supports CAE's growth objectives and contributes to our inclusive candidate sourcing strategy.

CAE welcomed a seventh global Employee Resource Group, Indigenous Peoples, that expands on the mandate of our Canadian Indigenous Peoples Committee. With their participation, we organized Indigenous Awareness Training for CAE leaders in Canada.

Over the course of FY23, we invited CAE employees to fill out a voluntary self-identification questionnaire. This information will help us determine a baseline to set effective DE&I goals, measure our progress, and further DE&I in our culture and initiatives.

Governance

ESG impact is considered a decision-making criterion in our procurement process, in conjunction with other considerations, and include ESG criteria in our procurement policies, processes and documentation. Our internal system uses ESG criteria to guide vendor selection decisions. The upcoming tool supporting the system also generates an ESG scorecard to assist in supplier evaluation. Improving our visibility on our suppliers' impact also enables us to identify joint opportunities to deliver on our common goals.

These important steps toward achieving our sustainability goals promote responsible business practices throughout CAE's supply chain, having a positive impact on our company and the community at large.

Externally, as a new member of the International Aerospace Environmental Group, CAE will be contributing to the development of a voluntary standard to supplier sustainability assessment.

To strengthen guidance available to employees on how to mitigate bribery and corruption risks, we introduced a Business Partners Policy, which contributes to the solid business ethics framework of CAE's Anti-Corruption Policy and Gifts, Entertainment and Business Courtesies Policy. ▶

Looking to the future

We see a greater need for more collaboration with all our stakeholders across our ecosystem and mainly with our suppliers and we will continue to take action. ESG issues are systemic and all stakeholders are interconnected by the challenges that arise. We also view CAE as part of the solution to our customers' challenges and will continue to innovate for the decarbonization of our industry.

In the transition to net zero and to a more sustainable world, power skills will prove to be the differentiator. Agility, strategic thinking, collaboration, creativity and innovation are all skills CAE applies in the development of solutions that even better serve our customers' stakes and we provide our people with resources to elevate these skills.

As CAE continues to integrate sustainability into our business model and strategic planning, data remains fundamental to measure our progress on our material topics, achieve our objectives and communicate our ESG narrative. We remain strongly committed to enhancing the depth, robustness and range of our data to accurately reflect the progress of our program and achieve greater outcomes. We will also monitor the importance of emerging topics such as biodiversity, responsible artificial intelligence and human rights in relation to our ESG responsibilities and accountabilities.

With our sustainability objectives and ambitions set forth, I am proud to share our continuous progress and the meaningful innovations and initiatives of our sustainability journey. ■

ESG Governance

Board

Strategy
– Competition
– **Disruptive products and technologies**
– **Government research and development participation**

External
– Geopolitical
– Global economic conditions
– Market *(i.e. market, currency and interest rates)*

Operational
– **Cybersecurity**
– Mergers and acquisitions *(M&A)* integration
– Program execution
– Scaling for growth
– **Risk management**

Legislation
– Special Security Agreement *(SSA)* restrictions and breaches

Audit Committee
Operational
– **Cybersecurity**
– Mergers and acquisitions *(M&A)* integration
– Program execution

Ethics & governance
– **Climate Change**

Financial
– Effectiveness of internal controls

Governance Committee
Ethics & governance
– Board composition
– **Environment, Social and Governance**

Legislation
– **Data rights and governance**
– **Ethics and compliance**

Human Resources Committee
Operational
– **Talent management**
– **Culture**
– **Occupational health and safety**

Ethics & governance
– **Environment, Social and Governance**
– **Diversity, equity and inclusion**

Executive Management Committee
Leads the ESG strategy and its implementation through the CSO

CSR Committee
– Identification, management and reporting of ESG impacts

Carbon Neutrality Quarterly Review
– Decarbonization strategy and project management

Safety Executive Committee
– Aviation safety
– Occupational health and safety

Donations, Sponsorships and Community Support Committee

Climate Change Committee
– Climate risk management
– Climate change adaptation strategy

Diversity Council

ERGs
– LIFT
– Professional Women's Network
– Prism
– Insignia
– Mozaic
– EmbRACE
– Indigenous Peoples

Joint Academic Collaboration Committee	Business Continuity Office	Global Ethics, Compliance and Privacy Office	DE&I Office	Enterprise Risk Management

* Visual illustrates reporting and governance structure of ESG topics in bold.

Sustainability governance

CAE's corporate governance is rooted in the basic principle that ethical practices lead to the creation and preservation of company value. Our sustainability goals emphasize social responsibility and align with our company's vision, values and purpose, from the way we operate to how we do business — starting at the top, with the accountability of CAE's Board of Directors and Executive Management Committee (EMC).

Board and Executive Management

The Governance Committee (GC) of the Board and the EMC receive quarterly updates on ESG trends, market signals, pulses from all stakeholders and progress on CAE's ESG program presented by CAE' Chief Sustainability Officer (CSO) and Senior Vice President (SVP), Stakeholder Engagement. The GC received the multi-year ESG roadmap covering all Environmental, Social and Governance streams with detailed action plans and targets over the period of FY24–FY28 for their approval.

The Board reviews and approves the Annual Sustainability Report and, through the Audit, Governance and Human Resources Committees, provides guidance and direction on specific factors from CAE's ESG strategies and policies.

The GC regularly evaluates and reports on compliance with the company's ethical practices and policies that govern our business actions. The Board's Audit Committee (AC) performs a quarterly assessment of IT and cybersecurity risks and elements impacting internal control systems. The AC has specific oversight responsibility for CAE's enterprise risk management policy framework. The AC and GC jointly examine trends in corporate disclosure of non-financial performance in view of the company's ESG strategy and reporting.

The Board's Human Resources Committee oversees health and safety policies and procedures, DE&I topics and monitors management's response to all related material issues; the GC does the same for environmental programs.

ESG criteria factor into the performance reviews and compensation of our Board and Chief Executive Officer (CEO). The CEO and EMC are assigned individual ESG objectives tailored to their respective accountabilities, diversity, equity and inclusion a criterion common to the entire team. These objectives, which are monitored annually, align with CAE's multi-year ESG roadmap.

EMC members share the responsibility of advancing this roadmap, which involves revisiting our existing ESG governance framework to identify opportunities to increase traction and drive enhanced outcomes at all levels of the organization. We are exploring options to deliver customized ESG training in FY24 to CAE's Board and EMC as a quality measure in building a strong sustainability culture.

Hélène V. Gagnon, EMC member and Chief Sustainability Officer (CSO) and Senior Vice President (SVP), Stakeholder Engagement, leads CAE's ambitious ESG agenda. Hélène directs CAE's cross-functional sustainability strategy, enabling us to have a greater environmental and social impact. Her position, created in FY22, helps support our ambition to elevate CAE as a leader in sustainability.

CSR Committee

The Corporate Social Responsiblity (CSR) Committee oversees the identification, management and reporting of the company's most material ESG impacts. The Committee is chaired by the CSO and SVP, Stakeholder Engagement.

The CSR Committee includes five members of the EMC and representation from CAE's three business units and all functions having ownership of direct or indirect sustainability risks and opportunities. This includes:

— Global Strategy

— Investor Relations

— Enterprise Risk Management

— Finance

— Legal, Compliance and Risk Management

— Global Export Control

— Global Product Engineering

— Global Technology and Products

— Global Strategic Sourcing

— Global Environment, Climate Change and Health & Safety

— ESG Strategy and Reporting

— Public Affairs & Global Communications

— Human Resources

Supplementing the role of the CSR Committee, working groups are being formed to address multi-faceted ESG risks such as human rights, with the two positions of CSO and SVP, Stakeholder Engagement and General Counsel, Chief Compliance Officer and Corporate Secretary accountable for the associated risk management program and policy.

Climate Change Committee

As a subcommittee of the CSR Committee, the multidisciplinary Climate Change Committee (CCC) includes representation from key departments that share the common goal of improving climate risk management at CAE and integrating climate change risks and opportunities into CAE's corporate strategy.

Carbon neutrality quarterly review

Our Civil Aviation leadership meets quarterly to define decarbonization strategies and follow the evolution of the business unit's decarbonization projects. They work closely with the Environment and Climate Change, Real Estate and Global Strategic Sourcing teams to explore decarbonization opportunities, consulting experts in other key functions as needed.

CAE

ESG disclosure and commitments

We earn the trust of our stakeholders through our longstanding commitment to transparency, and ESG reporting is no exception. Improving our disclosure on what matters most and developing reliable, comparable and accessible data continue to be foundational to how we report and engage with our stakeholders. CAE reports on two industrial categories identified by the Sustainability Accounting Standards Board (**SASB Index**), as introduced in FY21, and in alignment with the Global Reporting Initiative (**GRI Index**), Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (**TCFD Index**). Our reporting leverages the capabilities of Novisto's AI-based ESG data management platform.

ESG strategy and reporting progress

In consultation with subject matter experts across CAE, we developed a **FY24-28 multi-year ESG roadmap** that aligns with the expectations of our stakeholders, as outlined in our materiality matrix. CAE's new plan organizes actions under the E, S and G pillars, assigning objectives and reporting targets. Changes to the format of our FY23 report reflect our focus on ESG reporting and disclosure.

In preparation for external assurance of our data, CAE is taking measures to improve the level of our data robustness and maturity in close collaboration with our Internal Audit and Finance teams. We are developing repeatable and auditable data collection and reporting processes, including implementing the right controls and data accountability in the organization.

We extended the scope of our sustainability reporting to provide a more comprehensive understanding of our impacts on the economy, environment and society, and to better inform our stakeholders through high quality measurable data, when available. Subsequent to the publication of this report, CAE will undergo an independent ESG assurance readiness assessment. Certification of a sample of data points will follow in FY24, with the intent to publish a fully certified report in FY25.

Stakeholder engagement

Why it matters

A key aspect of our ESG strategy is developing and maintaining relationships with our internal and external stakeholders. Stakeholder engagement creates value for organizations, helping drive long-term sustainability and risk mitigation.

CAE's Francization Committee

The Charter of the French Language requires Quebec companies to put French into general use in places of work (trade and business). CAE's Francization Committee ensures that the use of French remains widespread and makes recommendations accordingly to company management. The Committee also takes part in the dissemination and promotion of French terminology in the workplace.

Forms of engagement

We believe that engaging with our different stakeholders makes us better, as two-way conversations bring diverse feedback and insight. We strive to proactively engage with our stakeholders with authenticity, openness and rigour via different communication channels, platforms and tools and tell CAE's story in a way that contributes to our success, engages employees, and strengthens our reputation and brand. Stakeholder engagement informs our strategic planning and sustainability practices.

CAE communicates directly with our internal and external stakeholders through multiple channels. These regular exchanges increase transparency and build trust and credibility.

Employees

Customers

Investors and analysts

Shareholders

Partners

Trade associations and media

Suppliers

Communities

Academic institutions

Non-governmental organizations (NGO)

Governments and regulators

Employees

Type of engagement

- OfficeVibe bi-weekly pulse surveys and culture pulse surveys
- CEO quarterly results and yearly strategy sessions
- Quarterly group president townhalls
- Anonymous Q&As during CEO sessions and townhalls *(with all questions to the CEO answered in writing form and published to all employees if not answered during the session)*
- Frequent global and local communications
- CAE360 intranet allowing employees to react and interact *(more than 1,500 articles published in FY23, approximately 5,000 reactions from employees)*

- Many virtual sessions allowing employees to learn about the business *(CAEInTouch, Lunch and Learn, etc.)*
- Employee Resource Groups
- Exchange sessions with skip level employees with the CEO and the executives at various sites
- Global Annual Activity and Sustainability Report
- Dedicated inbox: communications@cae.com
- Ethicspoints website and call centre service, Human rights inquiry inboxes or ethics-and-compliance@cae.com
- Innovation hub online platform, tools and events

Notable FY23 engagement

2022 was marked by CAE's 75th Anniversary, a year of celebrations at global scale: high-tech contest, special videos and newsletters, launch of the CAE stamp in Canada, CAE's Dance Challenge.

Investors

Type of engagement

- Dedicated inbox investor.relations@cae.com
- Corporate website
- 1:1 meetings
- Roadshows and site visits
- Presence at industry conferences
- Investor presentations

- Quarterly financial results webcasts
- Q&A transcripts
- Quarterly financial press releases, financial statements and MD&A
- Management Proxy Circular and Annual Information Form

Notable FY23 engagement

At CAE Investor Day, on June 7, 2022, we welcomed our current shareholders and potential new investors for a two-day event in New York. The event included a visit of our CAE New Jersey Morristown training centre with our leaders.

CAE executive management team provided an in-depth look and update on the company's business, technology and products, market opportunities and strategic initiatives. The tour also included interactive demos and various opportunities to exchange with the CAE leadership team in attendance.

CAE
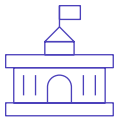
Governments

Type of engagement

— Periodic meetings with government officials as required, in compliance with lobbying regulations

— Site visits and events such as openings of our training centres

— Advocacy efforts at the national and local levels including thought leadership regarding aviation safety and training and leveraging expertise on modelling and simulation for aviation, defence and healthcare

— Political Action Committee *(PAC)**

Notable FY23 engagement

CAE USA welcomed Florida Lieutenant Governor Jeanette Nuñez to our Tampa office to tour our facility and get first-hand experience flying a C-130 full-flight simulator. Lt. Governor Nuñez also visited the site of our future facility complex, which will generate over 120 new jobs.

Industry and trade associations
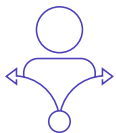
Type of engagement

— Participation in trade associations to the benefits of the aviation and defence industry to advance our joint strategic agenda with our partners as active members and often as members of the board of directors

— Advocacy efforts at the national and local levels

— Participation in strategic committees, *(e.g. sustainability, innovation, education)*

— Keynote speakers, moderators and panelists, contributing thought leadership, through multiple initiatives, partnerships and campaigns

Notable FY23 engagement

Hélène V. Gagnon, CAE's CSO and SVP, Stakeholder Engagement is on the Aerospace Industries Association of Canada (AIAC) Board of Directors. The AIAC makes recommendations to the Canadian federal government on areas of long-term sectoral strategy such as climate change. CAE actively advocates for Canada to rapidly expand government support for green technologies to enable the decarbonization of key sectors, particularly transportation and aviation.

Hélène V. Gagnon, CAE's CSO and SVP, Stakeholder Engagement is also Vice Chair of the Canadian American Business Council, an association advocating for a strong trade relationship between Canada and the US.

CAE

Customers

Type of engagement

— Customer Advisory Boards and similar forums where CAE consults customers on products and services

— 1:1 meetings with CAE executive teams

— Site visits

— Annual customer satisfaction survey

— Customer appreciation events

— Customer service portals

— Customer workshops

— Customer support services

— Ethicspoints website and call centre service, Human rights inquiry inboxes communications@cae.com or ethics-and-compliance@cae.com

Notable FY23 engagement

Airside, the online pilot community launched during the pandemic, has since shifted from connecting grounded pilots to a community centered on helping aviation professionals worldwide connect, learn and grow professionally. Membership reached a milestone of 250,000 in fall 2022.

Regulators

Type of engagement

— Initial approval and subsequent regulatory compliance audits through CAE's Approved Training Organization (ATO)

— CAE ATO regulatory post holders are points of contact for aviation authorities

— Initial and recurrent qualification of CAE flight simulation training devices

— Participation to consultation committees and work groups on the creation or evolution of on aviation safety regulation

— Cooperation on common projects

— Interaction during workshops, symposiums, conferences, thought leadership events
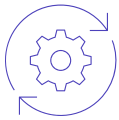
Notable FY23 engagement

CAE is an active member of rulemaking committees with different regional and national aviation authorities:

> **ICAO Personnel Training and Licensing Panel**

> **FAA Air Carrier Training Aviation Rulemaking Committee**

> **EASA rulemaking task (RMT.0196) for the update of flight simulation training devices requirements**

Suppliers

Type of engagement

— Supplier Code of Conduct

— 1:1 meetings

— Periodic performance reviews

— Panels and forums hosted by CAE

— Participation to external panels, conferences and tradeshows

— Corporate website

— Supplier portal with on-boarding process

— Ethicspoints website and call centre service, Human rights inquiry inboxes communications@cae.com or ethics-and-compliance@cae.com

Notable FY23 engagement

Through multiple industry events and partnerships propositions, CAE supports our suppliers' efforts to measure and reduce their carbon footprint, track their GHG emissions and include environmental criteria in their activities (e.g. Aéro Montreal Eco-Responsibility initiative, Montreal Climate Partnership, Great Expectations campaign).

Academic institutions

Type of engagement

— Innovation partnerships

— Participation in research projects

— Courses, case studies and applied projects as part of academic curriculum

— Setup and support academic laboratories equipped with CAE technology

— Support research chairs and initiatives dedicated to advancement of underrepresented groups

— Sponsorship and mentorship of students

Notable FY23 engagement

CAE contributes to the Canadian Mobility and Aerospace Institute (CMAI), as a board member and through multiple activities that support CMAI's mission to enhance the scope, relevance and quality of workplace learning opportunities for current and future workers in mobility industries across Canada.

Media

Type of engagement

— Media interviews and interaction with reporters

— Social media

— Site visits and media events

— Financial results quarterly conference calls with direct access to CEO

— Dedicated Global Public Affairs/Communications inbox media.relations@cae.com

— Direct email of VP Public Affairs and Global Communications

— Press releases

Notable FY23 engagement

CAE reports 1,210 media mentions in FY23.

CAE was featured in Viewpoint with Dennis Quaid (estimated four million viewers), an award-winning U.S. TV show that features the world's most influential organizations and individuals. The segment features CEO Marc Parent talking about how CAE is harnessing the power of technology to prepare pilots for the moments that matter during a critical time for the aviation industry.

▶ **Watch an interview with Dennis Quaid and CAE.**

Communities

Type of engagement

— Local job creation

— Local sourcing

— Donations and sponsorships

— Work-integrated learning opportunities, internships, scholarships and mentorship of local students

— Volunteering activities

Notable FY23 engagement

CAE is engaging with the Indigenous communities and building a pipeline of future talent by exploring opportunities with Indigenous-owned schools and companies.

CAE's Indigenous Peoples Employee Resource Group (ERG) hosted teens from the Trois-Rivières Friendship Centre at our Montreal site on March 3, 2023. Participants learned about potential careers, visited the manufacturing line, "*piloted*" an A320 in a simulator, explored synthetic environments and experienced virtual reality with CAE Healthcare manikins.

Also see the Education and Community programs, donations and sponsorships sections.

CAE

Materiality matrix

In 2021, CAE conducted an ESG materiality exercise to determine the drivers of our new FY24-28 ESG roadmap. This exercise informed the multi-year ESG plan (roadmap), bringing added granularity to material topics at CAE and strengthening our ability to report on what matters most to our stakeholders.

Our materiality assessment consisted of a confidential online survey sent to internal and external stakeholders, from which we received 3,652 responses. Respondents prioritized 17 ESG issues in terms of importance for CAE and rated our actual and expected performance on these topics.

The results of our assessment were tested with key internal audiences, including management, to validate the outcome. The resulting materiality matrix was shared with CAE's executive management team and with the CSR Committee.

Importance for internal stakeholders

Importance for external stakeholders

Low   Medium   High
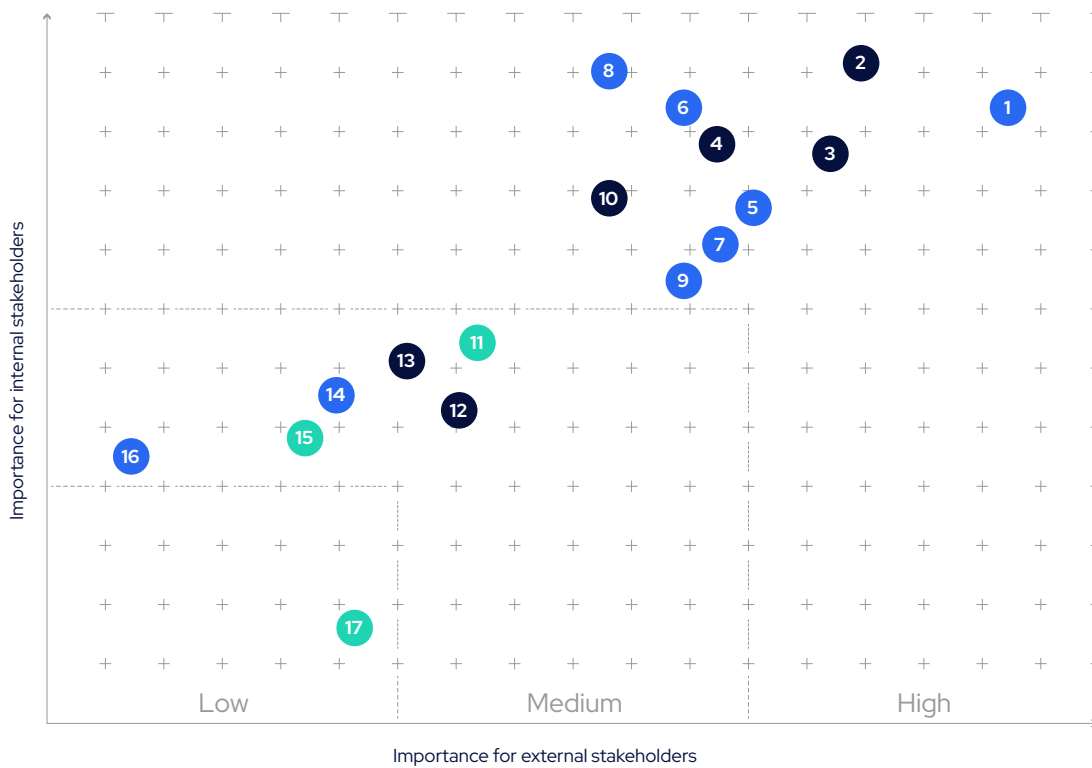
● **Environment**

11 — Climate and energy
15 — Sustainable solutions offering
17 — Waste and water management

● **Social**

1 — Talent attraction, engagement and retention
5 — Diversity, equity and inclusion
6 — Innovation
7 — Workplace safety and wellness
8 — Product quality and safety
9 — Human rights
14 — Advanced research and education
16 — Community engagement

● **Governance**

2 — Business ethics
3 — Anti-corruption and bribery
4 — Data protection, privacy and security
10 — Governance, board structure and leadership
12 — Transparency and disclosure
13 — Responsible supply chain management

The top priorities that emerged reflect topics of high importance on CAE's agenda since the start of our sustainability journey. We continue our progress to achieve best-in-class performance on these fronts.

In line with market signals and recent, accelerated interactions with multiple stakeholders, topics formerly of lower materiality have become additional priorities on our multi-year plan:

— Given the nature of our core business activities, CAE is perceived as having a lower exposure to environment-related challenges. However, these concerns are highly material to our industries *(Civil Aviation, Defense & Security and Healthcare)*. As a leader in our markets and a global partner of choice for our customers, CAE continues to identify ways to increase our impact through sustainable solutions, climate action and sound resource management practices.

— ESG challenges reflect systemic risks and we believe every player in the value chain has a role to play. We are strongly committed to driving engagement with our suppliers and business partners, prioritizing responsible supply chain management.

— Transparency and disclosure continue to be foundational to how we report and engage with our stakeholders to earn their trust.

— CAE has the broadest global presence in our industry, operating in over 40 countries worldwide. We provide solutions that empower aviation pilots, defence and security forces, and healthcare practitioners to perform at their best every day and when the stakes are highest. We are committed to making a positive and sustainable impact through community engagement and advances in research and education to elevate safety.

Changes made in FY23 bring greater detail to each material topic, deepen our data collection and heighten the transparency of our program.

Environment

Material topic FY22	Material topic FY23	
Sustainable solutions offering	— Sustainable products and services	
Climate and energy	— Carbon impact	— Climate change adaptation
	— Energy consumption	— Sustainable sourcing
	— Carbon neutrality	— Biodiversity *(new)*
	— Decarbonization plan	
Waste and water management	— Responsible resource use *(waste reduction, water management)*	
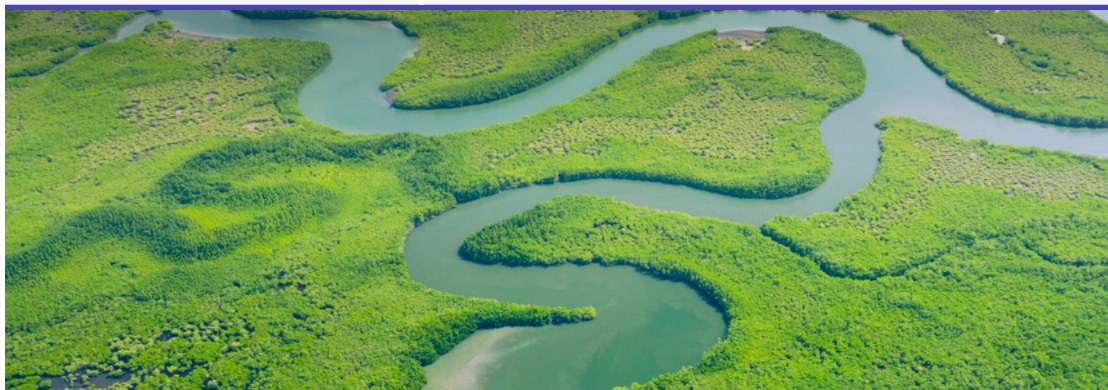
Social

Material topic FY22	Material topic FY23
Talent attraction, engagement and retention	– Talent attraction, engagement and retention
Workplace safety and wellness	– Occupational health and safety
Product quality and safety	– Aviation safety
Diversity, equity and inclusion	– Diversity, equity and inclusion
Human rights	– Human rights
Advanced research and education	– Education
Innovation	– R&D and innovation
Community engagement	– Community programs, donations and sponsorships

Governance

Material topic FY22	Material topic FY23
Governance, Board structure and leadership	– Corporate governance, Board structure and leadership, transparency and disclosure
Business ethics Anti-corruption and bribery	– Business ethics – Responsible artificial intelligence *(AI)*
Data protection, privacy and security	– Data privacy – Cybersecurity
Responsible supply chain management	– Responsible supply chain management

CAE has a long-standing commitment to full and fair disclosure, providing stakeholders with timely and accurate updates on relevant issues, including the company's financial results and reports, speeches, webcasts, media advisories, press releases, material business information, MD&A and financial statements, as well as environmental and social commitments.

CAE

Our ESG strategy is tailored to our industry context and to CAE's specific business needs and goals. In 2023, we assigned topics to three distinct tiers to highlight their relative impact for CAE and for our stakeholders:

Foundational material topics are core to CAE's business and brand. They refer to key topics that are essential to CAE's operations and are considered paramount for achieving our mission;

- Talent attraction, engagement and retention
- Business ethics
- Corporate governance, Board structure and leadership
- Transparency and disclosure
- Occupational health and safety

- Aviation safety
- Cybersecurity
- Data privacy
- Education
- Responsible resource use
- Diversity, equity and inclusion
- R&D and innovation

Strategic material issues represent key focus areas aligned to our brand and growth and our long-term strategic objectives;

- Climate change adaptation
- Carbon impact
- Carbon neutrality
- Energy consumption
- Decarbonization plan
- Sustainable sourcing

- Sustainable products and services
- Responsible supply chain management
- Community programs, donations and sponsorships

Rising material issues allow us to identify trends on the horizon that are expected to grow in importance in the future;

- Human rights
- Biodiversity

- Responsible AI

The materiality matrix serves as a compass to guide our future actions and will enhance our impact and performance across all the fields of ESG.

Hélène V. Gagnon

Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement

Sustainable Development Goals

As a signatory of the United Nations Global Compact (UNGC) since October 2016, CAE incorporates the UNGC's Ten Principles into our strategies, policies and procedures, establishing a culture of integrity and respect toward people and the planet.

In 2019, our CSR Committee studied the 17 Sustainable Development Goals (SDGs) to determine where CAE could have the most impact. Under the Committee's guidance, CAE prioritizes and pursues concurrent initiatives associated with these five SDGs:

3 Good health and well-being

4 Quality education

5 Gender equality

8 Decent work and economic growth

13 Climate action

Multi-year ESG roadmap

On the basis of our materiality matrix, we developed a multi-year ESG roadmap with precise targets to monitor and report measurable progress on our initiatives in FY23. This new multi-year strategic roadmap reinforces our commitment to sustainability and will enhance our impact and performance where it matters most. Fifteen working groups, some cross-functional, developed objectives based on best practice analyses (stakeholder pulse, markets signals) and aligned with our business strategy. From this exercise, we produced the roadmap, which received approval from the EMC and Board.

In each chapter of this report, we outline the multi-year objectives and targets included in our plan.

Key priorities of our FY24-FY28 ESG roadmap

Environment

1. Set emission reduction targets aligned with the most recognized SBTi standards

2. Decarbonize our operations across all the value chain and all our products and services

3. Develop new sustainable products and offers

4. Proactively position CAE to adapt to climate change challenges

Social

1. Be a world-class leader in safety

2. Foster a culture of diversity, equity and inclusion across the value chain and within all the communities where we operate

3. Conduct our business in accordance with respect to the best Human Rights standards

4. Equip the next generation of talent and advance research and innovation in our industries

5. Enhance our positive impact on our communities

Governance

1. Elevate our digital responsibility

2. Drive engagement on sustainability from our suppliers

3. Conduct our business with the highest governance, management and ethical standards

Thought leadership

CAE remained front and centre in ESG thought leadership over FY23, participating in more than 50 activities, from conferences, forums and fireside chats to interviews. CAE thought leadership contributions associated with specific ESG material topics appear in subsequent sections of this report.

Forbes Magazine — <u>CAE's Chief Sustainability Officer, Hélène V. Gagnon, Has Been Long Prepared For Looming ESG Disclosures</u>

Hélène V. Gagnon, interviewee

<u>Les affaires: Réussir le virage ESG</u> — *How to plan, develop and implement an ESG program which drives long-term value creation*

Hélène V. Gagnon, keynote speaker

BMO 2022 Growth & ESG Conference — *ESG fireside chat with investors and numerous 1:1 meetings*

<u>The Canadian Club of Montreal: ESG in Aerospace</u>

Hélène V. Gagnon, panelist

<u>Aéro Montreal International Aerospace Innovation Forum</u> — *ESG: the new aerospace governance*

Hélène V. Gagnon, panel moderator

<u>Novisto ESG Forum: Making an impact</u> — *Integrating Sustainability Into the Business Model*

Hélène V. Gagnon, panelist

<u>Farnborough International Airshow:</u> *AIAC executive panel* — *Discussion with Canadian aerospace industry leadership on opportunities, challenges and ESG*

Hélène V. Gagnon, guest speaker

Ernst & Young forum: *How to transform at speed through value led sustainability*

Hélène V. Gagnon, panelist

<u>Institut de leadership en gestion</u> — *mini-MBA course on ESG shift*

Hélène V. Gagnon, instructor

<u>Legal Industry Reviews Canada</u> *(inaugural issue)* — *Skills needed to perform effectively as an ESG expert*

Hélène V. Gagnon, interviewee

Environment

UN GLOBAL COMPACT

3
Good health
and well-being

8
Decent work and
economic growth

13
Climate
action

Why it matters

CAE recognizes climate change as one of the defining global issues of our time and understands that creating a sustainable future takes collective action. We remain committed to building sustainability into everything we do and to developing sustainable solutions.

At CAE, though not a major producer of carbon emissions, we are aware of our responsibilities as a corporate citizen and as a global organization with over 13,000 employees at approximately 250 sites and training locations in over 40 countries. We want to do our part to address the risks and opportunities common to industries in which we operate.

We take a proactive approach in the development of our products and services to be part of the solution at the stage of conception, while supporting our customers and suppliers in their decarbonization efforts. This includes working on innovative projects that integrate sustainability matters as a core technical specification. As a sustainable supply chain is vital in the reduction of carbon emissions, we are collaborating with our suppliers to identify carbon reduction gains along the value chain.

Governance

In addition to the oversight accountabilities of CAE's Board of Directors and the supervisory role of the Chief Sustainability Officer (CSO) and Senior Vice President (SVP), Stakeholder Engagement, governance responsibilities extend to a dedicated leadership team under Global Environment, Climate Change and Health & Safety.

As a subcommittee of the Corporate Social Responsibility Committee, the Climate Change Committee (CCC) includes representation from key departments sharing the common goal of integrating climate change risks and opportunities into CAE's business strategy and developing a climate change adaptation strategy. The Carbon Neutrality Quarterly Review Committee, comprised of leadership from our business units, follows the progress of precise decarbonization projects with specific targets. The Committee defines decarbonization strategies in collaboration with CAE environmental and climate change specialists.

CAE

Management approach

Our business standards, systems and processes support responsible operations and nurture contributions and innovations that make a positive and sustainable impact everywhere we do business.

At CAE, we strive to continuously improve our environmental performance and to minimize any negative environmental impact from our operations. We prioritize responsible energy consumption and carbon footprint considerations in our business management and activities.

Environmental Management System

CAE's Environmental Management System (EMS) is part of the corporate integrated GEHS (Global Environment, Climate Change and Health & Safety) Management System, developed as per ISO 14001 and ISO 45001 standards guidelines. Our EMS defines the processes and practices to improve environmental performance and achieve minimal negative environmental impact. Programs and procedures are progressively implemented across the facilities that we operate worlwide.

Site compliance to GEHS programs and procedures is verified through CAE's Internal Audit program, which follows an annual schedule approved by the Board's Audit Committee. In FY23, no major nonconformities were identified.

Some facilities elect to pursue ISO certification.

See all our site certifications.

Related documents

› GEHS Policy   › TCFD   › GRI

› CDP   › SASB   › Site certifications

1   In buildings where CAE has operational control.
2   Covers Scope 3 emissions related to employee business travel.
3   Fuel and energy-related activities not included in Scope 1 or Scope 2.

CAE's action on climate change

2017
First global GHG emissions inventory published *(Scope 1 and Scope 2)*

2018
Kick-off of the 5-year **LED Lighting Upgrade Program** [1]

2019
Launch of CAE's Climate Change Committee and **first TCFD report** published

2020
First Canadian aerospace company to become carbon neutral for Scope 1, 2 and partial Scope 3 emissions
Partial Scope 3 emissions inventory [2]

2021
All CAE sites 100% sourced with renewable energy or covered by Energy Attribute Certificates (EACs)

2022
Partnership with Piper Aircraft on the Electric Aircraft Program
Expansion of partial Scope 3 emissions inventory [3]

2023
RE100 membership
LED Lighting Upgrade Program **93% completed** in buildings where CAE has operational control

Sustainable products and services

Why it matters

By their nature, our products and services contribute to reducing the carbon footprint of our customers and we are committed to further integrating environmental sustainability considerations into our portfolio. We support the decarbonization objectives of our customers, in alignment with the International Civil Aviation Organization's aspirational goal of net zero[1] carbon emissions from aviation by 2050.

Several of our Civil Aviation customers have made net zero commitments, which trigger business opportunities in this industry. Strong signals in the Defense & Security sector also demonstrate the willingness of our Defence customers to tackle the direct and indirect effects of climate change and embrace the potential of sustainable technologies and innovations.

Our simulation-based training and digital solutions (e.g. single synthetic environments, high-fidelity digital twins and flight services solutions) offer various avenues for the decarbonization of air transportation. We also support the development of Advanced Air Mobility (AAM) as a new aviation industry that offers transformative full electric capabilities.

Relative to R&D and innovation, environmental criteria also factor into capital allocation decisions and product innovation investment books as a standard practice.
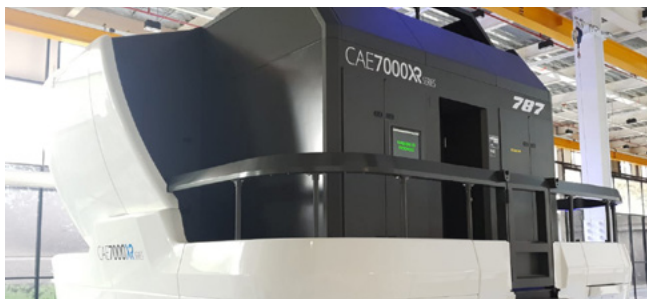
Portfolio snapshot

CAE systematically considers sustainability as a design criteria in all projects, as detailed in **Eco-design requirements**. Additional information on our sustainable products and services is included in the **R&D and innovation** and **Annual Activity: Civil Aviation** sections of this report.

Immersive simulation

Realizing greater environmental benefits through eco-design

The use of CAE full-flight simulators (FFSs) for pilot training instead of live aircraft enables reduction of fuel consumption and prevents the release of more than five million tonnes of CO_2 emissions a year. Our next-gen simulators include advanced energy savings features unlocking additional carbon emission savings.

See **Decarbonization plan: Sustainable products**.

Single synthetic environment/digital twin

Simulation-based training, reducing carbon emissions and anticipating the impact of climate change events

By nature, single synthetic environments offer avenues to train for safer operations in a multi-domain environment with a single common operating picture and a higher level of safety, factors that contribute to impact reduction in fuel consumption by replacing live training.

In addition, better intelligence, better outcomes are key, not only to anticipate the impact of climate change events, but to execute better crisis management in real time.

Synthetic environments and digital twins enable CAE to effectively replicate a spectrum of climate change scenarios, bringing numerous environmental and social benefits to the public and to stakeholders (regulatory agencies, governments, municipalities, emergency services) responsible for managing these new large-scale social challenges.

See **Annual Activity: Defense & Security**.

---

1   Net-zero: A state of balance between anthropogenic emissions and anthropogenic removals. In most cases, it is important to specify either net-zero CO_2 emissions or net-zero greenhouse gas (GHG) emissions, which also includes non-CO_2 GHGs. Net-zero GHG emissions must be achieved at the global level to stabilize temperature increase, and targets set using the Net-Zero Standard must cover all UNFCCC/Kyoto GHG emissions. Source: Science Based Targets initiative (SBTi)

Training curriculums

Adapting curriculums to address climate-related risks

Our aviation training curriculum now includes specific training on fuel efficiency. Pilots learn ways to burn less fuel by factoring in weather conditions, step-down altitude and/or flight stage (taxiing, landing).

We are evaluating the benefits of offering training on how pilots can use weather forecasts or alter their flight path to avoid the warming impact of condensation trails.

CAE Rise and adaptive training

Training more efficiently, reducing carbon emissions

CAE Rise analytics and flight data monitoring provide insights that elevate training quality and efficiency. Adaptive learning and data analytics ensure an efficient training footprint that meets safety requirements.

Unbiased feedback processed through CAE Rise capabilities provides students precise input, contributing to a better learning experience. We are further leveraging CAE Rise data to influence a growing share of simulation-based training and for the reduction of live training of some highly carbon-emitting procedures.

Electric aircraft

Developing innovative electric aircraft technologies

As part of our involvement in Project Resilience announced in July 2021, CAE launched an aircraft modification program with Piper Aircraft. CAE and Piper intend to work together on an electrical conversion kit for third parties, along with training and support services for the electrified Piper Archer aircraft.

We also plan to convert up to 80 aircraft of our global Pipe Archer training fleet to realize up to 45% reduction of our Scope 1 (fuel) emissions over the next coming years.

Flight Operations Solutions

Optimizing flight plans to generate carbon savings

CAE Flight Operations Solutions offer airlines and business jet operators flight management capabilities that enable them to reduce their carbon footprint through the optimization of flight plans and fuel consumption.

Our digital ecosystem considers multiple factors (age of plane, engine type, day of flight, weather, navigation, weight/number of passengers) to determine the best route for optimal fuel and time savings, lowering fuel consumption and reducing carbon emissions.

See **Annual Activity: Civil Aviation**.

eVTOL

Furthering the development of all-electric Advanced Air Mobility industry

CAE's expertise supports OEMs through all stages of all-electric Vertical Take Off and Landing (eVTOL) development, from simulator design and development to pilot training and aircraft certification.

Our integrated suite of digital solutions enables customers to tap into a data-rich AAM ecosystem that connects simulation and digital twins to pilot training and flight operations.

See **CAE Pilot Training for AAM**.

Remote learning

Delivering certified, real-world healthcare simulation training anywhere, any time

Our suite of virtual learning options allows universities and hospitals worldwide to deliver certified simulation training to students and medical professionals anywhere, anytime.

CAE Maestro, our cloud-based learning solution, unites educators and learners on a platform that twins the physical classroom simulation environment and replicates real-world patient care scenarios. ■

See **Annual Activity report: Healthcare**.

Thought leadership

Propulsion Quebec, IMPULSION 2023 Innovation Edition,
Nouvelles technologies en transport : comment les innovations actuelles dessinent le futur de la mobilité ?

Hélène V. Gagnon, panelist

CRIAQ RDV Forum 2023, La nouvelle ère de mobilité:
Vision et prospective d'un leader de l'industrie ?

Philippe Couillard, speaker

McKinsey & Company, Future Air Mobility Webinar Series:
Flight training for a sustainable future?

Hélène V. Gagnon, panelist

Women in Tech Boston, *Business Resilience track: The Role of Green Technology in Creating a Sustainable Business*

Abha Dogra, presenter

Confederation of the Danish Industry:
Panel on sustainable aviation

Signe Nicolaisen Hørning, panelist

CAE's electrified Piper Archer® training aircraft

Carbon impact

Carbon inventory

We began measuring the organization's carbon inventory in 2017, reporting on Scope 1 and 2 emissions. In 2019, CEO Marc Parent announced CAE's pledge to achieve carbon neutrality, which we achieved in 2020, and we extended our reporting to cover partial Scope 3 emissions (employee air business travel).

In 2022, we evaluated the materiality of all 15 Scope 3 categories and extended our emissions reporting to three new categories which represent 75% of the total Scope 3 emissions:

— Purchased goods and services

— Capital goods

— Fuel-and-energy-related activities
  (not included in Scopes 1 or 2)

In 2023, we refined our Scope 3 calculation method on specific categories evaluated as material to our supply chain carbon emissions. See Nature of Scope 1,2,3 emissions.

On these specific categories, we fine-tuned classification, pinpointed carbon strategic levers and are exploring potential Scope 3 reduction opportunities.

This broadening and deepening of our carbon emissions data represents a significant achievement for a company of our scale with such a complex supply chain and an extended international network. Our carbon inventory reporting aligns with GHG Protocol standards and we continue to broaden our reporting to meet increasing expectations of disclosure from all parties and further our identification of carbon reduction opportunities.

In 2023, we also worked with our Internal Audit department to review Scope 1 and 2 data collection and calculation processes. We identified risks and potential improvement opportunities and deployed additional controls to ensure better data quality and traceability.

These are among the actions we have taken in preparation for external limited assurance of our data and, ultimately, integration of this reporting in our financial disclosure, in line with the expectations of financial regulators and with ISO 14064 standards.

CAE's carbon inventory reporting aligns with GHG Protocol standards and we continue to broaden our reporting scope to meet increasing expectations of disclosure from all parties and further our identification of carbon reduction opportunities.

Nature of Scope 1, 2 3 emissions

Scope 1 › 22,115 tonnes of CO_2e in FY23

GHG emissions from sources that are owned or controlled by CAE.

> Aviation Fuel (64%)

> Buildings (35%)

> Fuel for bus and company cars (1%)

Scope 2 › 57,114 tonnes of CO_2e in FY23

GHG emissions resulting from the generation of electricity.

> Electricity for buildings and simulators (98%)

> Steam, heat and cooling (2%)

Partial Scope 3 › 244,329 tonnes of CO_2e in FY23 (value chain)

GHG emissions from sources not owned or directly controlled by CAE but related to CAE activities.*

> Purchased goods and services (74%)

> Fuel & energy-related activities (8%)

> Capital goods (1%)

> Business travel (7%)

> Employee commuting (10%)

*   Initial estimates based on spend

Our performance

From FY20–23, we reduced carbon emissions by 14%, reflective of the retroactive addition of emissions associated with acquired entities. Contributing factors include global energy savings captured through equipment efficiencies, the progression of LED lighting at our facilities, the rationalization of our real estate portfolio, COVID-related impacts and decarbonization of grids in certain geographic regions.

— Scope 1 GHG emissions totalled 22,115 tonnes CO_2e in FY23, compared 20,039 tonnes in FY22.

— Scope 2 GHG emissions totalled 57,114 tonnes CO_2e in FY23, compared to 59,055 in FY22.

Trend of Scope 1, 2 3 emissions
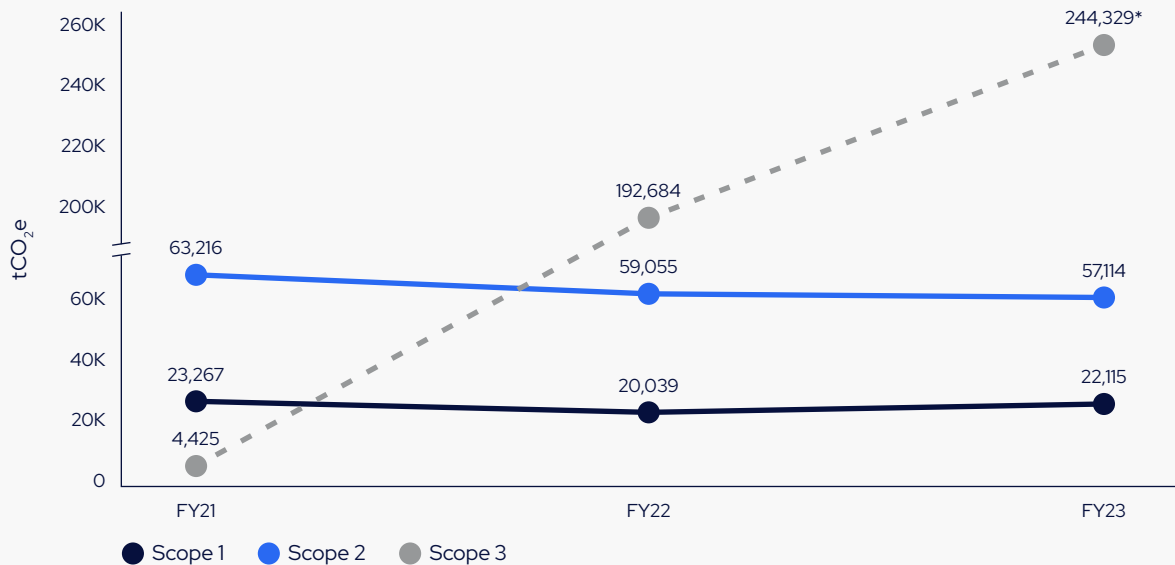
* Increase in FY23 Scope 1 emissions driven by improvements to emissions data capture process for refrigerants usage across CAE sites.
* Increase in Scope 3 emissions due to expansion of calculation methodologyFor FY21–23 environmental reporting data, see Appendix: GRI indicators.

Thought leadership

Aéro Montreal International Aerospace Innovation Forum
The collective challenges of air operation?

Harsha Majeti, panelist

2022 Global Aviation Summit
(organized by Cranfield University and ATAG)
Raising ambition to address climate change and biodiversity: Overcoming sociopolitical obstacles to change

Hélène V. Gagnon, panelist

La Presse,
L'aviation tourne au vert

Hélène V. Gagnon, interviewee

Economic Forum of the Americas Conference of Montreal 2022
Leading the Net Zero Transition: Clear skies ahead decarbonizing the aeronautical industry

Hélène V. Gagnon, panelist

CAE

Carbon impact

■ By FY28, we commit to improving the robustness of our Scope 1, 2 and 3 data and to setting an accurate baseline to identify reduction opportunities and associated targets

Associated SDGs

Key result	Target year
› Robust Scope 3 inventory, on a spend-based approach & secondary data completed	FY24
› External readiness assessment for Scope 1 and 2 data certified as per ISO 14064 standard	
› Third party certification of Scope 1 and 2 data as per ISO 14064 standard	FY26
› Robust Scope 3 inventory, using a hybrid methodology with primary data coming from suppliers completed – progressive deployment on spend 3 categories	FY28

Energy consumption

Why it matters

CAE's annual energy consumption generates approximately 50,000 tonnes of CO_2e. From an environmental perspective, non-renewable energy consumption is a major contributor to GHG emissions, which are the primary cause of climate change. As such, high levels of energy consumption can be a significant risk factor for companies in terms of climate change and other environmental impacts.

Our performance

Since FY22, with 100% of our operations directly sourced with renewable energy and the Energy Attribute Certificates (EACs) for the remaining, all facilities where we have operational control are sourced with renewable electricity as available within the market boundaries.

Energy Attribute Certificates procurement strategy

We consider EACs as a transitory measure as our organization moves toward direct renewable energy in pursuit of reducing our carbon emissions at the source. We choose EACs aligned with RE100 criteria such as Green-e, GoO and REGO to ensure quality in our selection and purchase. We select EACs from around the world as available within market boundaries and based on proximity to consumption, technology, age of the power plant and vintage of the electricity.

CAE is admitted to the RE100

RE100
°CLIMATE GROUP | **CDP**

On March 30, 2023, CAE was admitted to Renewable Energy 100 (RE100), joining over 400 companies worldwide in their commitment to 100% renewable electricity. This milestone recognizes the seriousness of our achievements and commitments as we progressively transition to renewable energy, and reflects how ambitious and credible our path and targets are.

Led by the Climate Group and in partnership with the CDP, RE100 represents the world's most influential businesses from diverse sectors worldwide united to accelerate change toward zero carbon grids at scale. RE100 member companies have committed to specific individual intermediary targets up to 2050 to massively increase demand for — and delivery of — renewable energy. RE100 shares the compelling business case for renewables and showcases business action, while working to alleviate barriers and develop transparent reporting mechanisms.

Carbon neutrality

In 2020, CAE became the first Canadian aerospace company to be carbon neutral, realizing the pledge CEO Marc Parent made a year prior.

We attained and continued to maintain carbon neutrality year after year by reducing our emissions at the source, through innovation in sustainable solutions and purchasing carbon offset credits equivalent to our residual emissions.

These investments contribute to four projects, one of which allows us to support a research fund on climate change action.

— Renewable wind energy in India

— Improvement of forest management in Canada

— Biochar production in the United States

In FY23, we significantly contributed to the Fonds de recherche sur les changements climatiques (FRECC), the École de technologie supérieure (ÉTS) research fund for climate change, with the potential to influence project selection. The 2022 selected research topic addressed how to reduce the level of GHG emissions from aircraft taxiing at airports, leading to the development of models to analyze aircraft taxiing trajectories and identify opportunities to reduce the associated carbon emissions.

Thought leadership

ATAG Aviation Net-Zero Dialogue: *What will the net-zero commitment represent for a senior executive and why do we need government support to make it happen?*

Hélène V. Gagnon interviews
John Holland-Kay, CEO Heathrow Airport

Montreal Climate Summit 2022, *Aim higher, for climate: Getting started on transition*

Hélène V. Gagnon, panelist

Maintaining our carbon neutrality

1. Through the reduction of our carbon emissions at the source

We develop sustainable simulators, technologies and solutions to reduce emissions at the source

We are working with the industry towards the development of electric aircraft

We reduce energy consumption in our sites around the world

All sites where we have operational control are 100% sourced with renewable electricity*

* as available within the market boundaries or generated onsite

2. Through the purchase of carbon offset credits for our residual emissions

We invest in forest conservation in Canada

We support renewable energy projects in India

We contribute to biochar production in the United States

The scope of our carbon neutrality

Emissions from the fuel **used for live training flights** in our academies

Residual emissions from the **energy consumption** of our sites worldwide

Emissions related to the **air business travels** of all our employees

Decarbonization plan

We progressed in our strategy to reduce our GHG emissions at the source, pursuing opportunities identified under a decarbonization plan organized in four streams: sustainable buildings, sustainable products, electric aircraft and sustainable sourcing.

Sustainable buildings

Why it matters

The approximately 250 sites we operate worldwide produce more than 80% of our Scope 1 and 2 emissions and represent our primary source of energy consumption.

Our performance

Recognizing significant opportunity to capture energy economies, we developed and implemented energy efficiency projects and low carbon design guidelines for new building (management systems, high-efficiency HVAC systems, LED lighting and more) that are delivering results.

CAE Environmental and Energy Efficiency Construction Process Guideline

Our low carbon design guidelines for new buildings provide optimized design and construction practices to achieve our goal of reducing energy consumption and GHG emissions. Processes include ASHRAE Level 2 energy audit, integrated design and enhanced commissioning, that can be easily integrated into the current construction process. Actions taken at the pre-design phase reduce our energy consumption and improve our carbon emissions management.

The CAE Savannah Training Centre in Georgia, served as a pilot project to apply the new standards, which have been demonstrated to reduce carbon emissions by 18% compared to traditional construction methods, based on local energy market conditions in Georgia.

CAE Las Vegas Training Centre, opened in November 2022 and officially inaugurated on April 4, 2023, and the CAE Sydney Training Centre, slated to open in early 2024, also apply our new building design standards and low carbon construction guidelines for the same potential benefits of carbon reduction and energy consumption, based on local energy market conditions.

We make continuous efforts to reduce energy consumption at all our facilities, particularly through building services projects that target our largest energy consumers in the U.S. and the U.K. (CAE Dallas, CAE Burgess Hill, CAE Morristown). ▶

LED lighting program 93% completed

LED lighting installation has become a construction standard for our buildings and a requirement at sites for which CAE has operational control. We are progressing on our multi-year LED installation program, with installation completed on 93% of our total floor area worldwide as of fiscal year end. Completion of the program represents a potential emission reduction of more than 6,000 tonnes of CO_2e per year.

Best practices and additional programs

We also developed and distributed the CAE Best Practices Energy Guide and introduced new facility maintenance practices to optimize energy use and maximize equipment performance at our facilities.

In addition, our Agora workspaces improve on-campus environmental management by providing employees with the facilities and means to act in an environmentally responsible manner. By design, Agora contributes to reductions in energy consumption (LED lighting, open space design for efficient heating and cooling), encourages our ongoing transition to a more digital environment and contributes to reducing our carbon and energy footprint.

In conjunction with our CAEcontinuum flexible work program, we directly contribute to a better environment by reducing the portion of our carbon footprint linked to employee commuting. CAEcontinuum offers employees the advantages of working remotely while having access to the technologies to perform effectively in different work environments.

A variety of projects at our headquarters and other major sites further contribute to decarbonization and promoting biodiversity, including rooftop gardens, beekeeping and green spaces. ■

Sustainable products

Why it matters

As the core of our global manufacturing and flight training activities, simulators are fundamental to our decarbonization strategy. With 324 FFSs deployed in our network, 46 FFSs delivered to customers and 62 FFS orders registered in FY23, a significant part of our emissions are determined by decisions taken as early as at the product design stage.

Our performance

We embed sustainability within each generation of FFSs by capturing efficiencies that are then incorporated in the next design. Our new product line keeps customer expectations, sustainability, safety and performance front of mind, delivering built-in competitive advantages and eco-efficiencies.

Simulator power management

We are working on exploring alternative motion systems and power management measures to reduce energy usage and improve the carbon footprint of our simulators. ▶

Light weight material, heavy impact

Our next generation FFSs are slated to use fewer materials that are also more recyclable. Gains in weight reduction come through the different applications of materials and manufacturing technologies embedded within our designs, and a change in approach. As weight reduction directly correlates to power savings, having a positive impact on our carbon footprint and those of our customers.

Virtualization of the simulator's computer complex

We are starting to virtualize our on-site simulator computer complex as much as possible by migrating computer cabinets to on-premise data servers, which results in less physical parts assembly, a smaller physical footprint and reduced power consumption. Computer complex updates can be done remotely, eliminating travel. ■

Electric aircraft

Why it matters

We operate a fleet of more than 200 training aircraft in our flight academies around the globe. Fuel consumption represents 75% of our Scope 1 carbon emissions.

Our performance

As part of our reduction strategy, we expect to convert up to 80 aircraft of our Piper Archer training fleet to electric and develop a curriculum for new pilots to train on the operation of electric aircraft. We plan to have up to 80 electric aircraft in the coming years, representing a potential savings of up to 6,500 tonnes of CO_2e.

This initiative is part of Project Resilience, our investment in innovation announced in July 2021. We are also pursuing other opportunities with industry partners to develop electric aircraft technologies and advance digitally immersive solutions to contribute to the decarbonization efforts of the industry. We are also currently exploring options for the remainder of our fleet.

Sustainable sourcing

We strive to continuously improve our environmental performance and to minimize any environmental impacts from our upstream and downstream operations. As a result, we favor purchasing goods and services that have a low environmental impact without compromising quality and cost economy.

See expanded section on **Sustainable sourcing**.

Eco-design requirements

To increase the sustainability of our product portfolio, we look at opportunities to incorporate eco-design specifications into our product development and adapt manufacturing processes.

An eco-design approach will contribute to our decarbonization strategy by eliminating use of product components and production processes associated CO_2e emissions. Additional factors of eco-design include compliance quality and reliability of controlled substances and resources, recyclability and maintainability.

Our environmental considerations in design and performance extend to materials used. We consider the recyclability of materials used once a product is decommissioned and are working with suppliers to capture economies at all stages of the product lifecycle, from production to end of life.

These efforts contribute to future products that benefit our customers and the environment.

Upcycling

Introducing new, easier to recycle and more sustainable materials into our simulators makes upcycling an option for our customers. See **Responsible resource use for information on other CAE** recycling, refurbishing and repurposing initiatives.

CAE

Decarbonization plan

■ **By FY28, we commit to reducing CAE's environmental footprint across its operations and value chain**

Associated SDGs

Key result	Target year
› Setting and commitment to near and long term GHG emission and renewable energy targets as per **SBTi** and **RE100** criteria	FY24
› Detailed decarbonization and renewable energy procurement plan aligned with GHG emission reduction targets approved by SBTi and RE100 › ESG criteria embedded in supplier performance evaluation and agreements	FY25
› First wave** of the GHG reduction program with suppliers completed	FY26
› Decarbonization plan deployed throughout CAE's direct and indirect operations including deployment of sustainable aviation plan* › Second wave*** of the GHG reduction program with suppliers completed	FY28

*   Progress on decarbonization targets will also be reported after approval by SBTi

**   Wave 1: *Direct Strategic Suppliers*

*** Wave 2: *All Direct Suppliers*

Climate change adaptation

Why it matters

CAE has more than 13,000 employees in approximately 250 sites and training locations in over 40 countries with various levels of exposure to climate risks. We are a member of an industry that acknowledges its inherent impact on climate change and has committed to achieving net zero emissions in aviation by 2050.

We also pledge to do our part as we mature in our identification and management of material climate-related risks and opportunities. Despite the systemic challenges and financial risk that affect all businesses, we believe that we can capture multiple opportunities if we proactively adapt.

Governance

The Board of Directors annually reviews and approves CAE's climate strategy and receives updates on climate change as one of the top 20 risks regularly monitored and reported in our quarterly Enterprise Risk Management (ERM) report.

As risk owner, the CSO is accountable for identifying, developing and monitoring the climate change risks management strategy. The Board reviews her reports for guidance and orientation.

The Climate Change Committee oversees the integration of climate change risks and opportunities into CAE's business strategy, reporting directly to the CSO (and through the ERM function).

Under the CSO's guidance, the Executive Management Committee (EMC) leads and oversees climate-related issues. The EMC guides the various teams and ensures that the appropriate resources and targets are in place and executed.

Our performance

The Climate Change Committee (CCC) performed risk assessment deep dives at six CAE facilities in FY22. Risks were evaluated based on two climate-related scenarios:

— A high warming scenario to assess physical risks at the sites. The physical risk scenario was the representative concentration pathway 8.5 *(RCP8.5)*, which is the emissions scenario used to test unmitigated climate change by the Intergovernmental Panel on Climate Change *(IPCC)*.

— A low warming scenario to assess transition risks at our sites. The transition risks were evaluated under the assumption of escalating climate policies designed to help meet local, national, and international carbon reduction targets. The scenario is therefore aligned with the 2°C scenario in IPCC's Sixth Assessment Report.

In FY23, we launched a company-wide survey to all sites to self-assess their exposure to climate change hazards and risks in collaboration with our Business Continuity Office (BCO). ▶
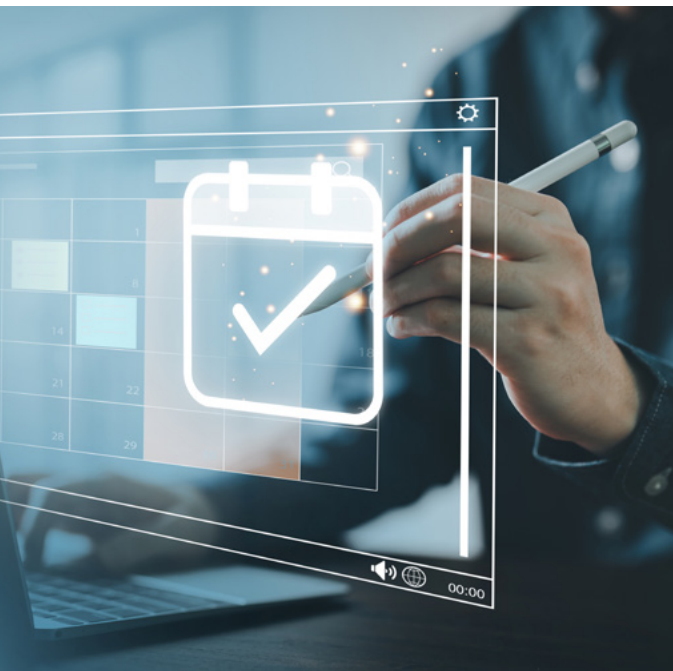
On that basis, our intent is to target the most material risks, working with the BCO on mitigation guidelines to better equip training centre leaders. We are also working with our property insurers to develop specific climate physical risks mitigation plans for the most exposed sites in our network.

In alignment with the expectations of financial regulators, the CCC initiated a pilot project to quantify the potential financial consequences of our most material climate-related risks. The intent is to develop a robust auditable methodology to be applied to a larger set of material climate risks on our radar (as listed in CAE's TCFD Index), with outcomes ultimately disclosed in our financial reports as per financial regulators' expectations.

Climate change adaptation also generates business opportunities across our markets. We are positioned to support the development of sustainable aviation, as outlined in **Sustainable products and services**. Over the last years, we have progressed our strategy to penetrate new markets such as Advanced Air Mobility, digital synthetic environments and flight operations solutions that partially originate from climate change risks management. ■

Thought leadership

Montreal Climate Summit 2022:
Getting started on climate change initiatives

Hélène V. Gagnon panelist

Climate change adaptation

■ By FY28, we commit to proactively position CAE to adapt to climate change risks and opportunities

Associated SDGs

Key result	Target year
› Analysis of the exposure of all CAE sites to climate change related risks and opportunities completed	
› Pilot project to financially quantify one of the most material climate-related risks	FY24
› 100% of the Board of Directors and of the Executive Management Committee trained on climate risks and opportunities adapted to CAE's context	
› Quantification of most material climate-related risks	FY26
› Deployment of climate adaptation playbooks across CAE's network	FY28

Sustainable sourcing

Why it matters

As a leading global manufacturer of training simulators and manikins, CAE purchases a considerable volume of parts and submodules. We require the process and the materials used in their production be sustainable. With nearly 1,000 suppliers supporting our Healthcare products and over 3,500 contributing to our Civil Aviation and Defense & Security products, our supply chains extend across the globe and covers all manufacturing processes.

Our performance

The environment and our many stakeholders require actions that drive concrete, tangible results in our ESG journey. This starts with our most fundamental supply chain decisions, namely whom we partner with in supporting CAE's collective growth.

We embed ESG criteria into our sustainable sourcing process and tools to better reflect their role in the total cost of doing business with potential suppliers; this includes environmental impact and ESG-related risks. To that effect, these new performance evaluation criteria are part of our Supplier Recognition Program, which underscores supplier excellence in the adoption of sustainability and social mindfulness practices.

See **Governance: Responsible supply chain management**.

Through multiple industry events and partnerships, we support our suppliers' efforts to measure and reduce their carbon footprint, track their GHG emissions and include environmental criteria in their activities. These efforts directly contribute to improving our Scope 3 data quality.

Our leadership is closely tied to **Aéro Montreal**, which supports the environmental commitment of Quebec aerospace companies and the development of new environmentally responsible products, processes and markets. Through our commitment with the Eco-Responsibility initiative, CAE nominated 12 of our most key, local suppliers to this novel program, which accompanies suppliers through:

— ESG maturity assessment

— Baseline study of GHG emissions, waste management practices and supply chain risks

— Implementation roadmap

As a member of the **Montreal Climate Partnership**, CAE participated in the Great Expectations engagement campaign, involving our supply chain in site visits and audits, best practices exchange and identification of potential synergies.

Initiatives we encourage that are more localized include joining networks and workgroups of the **Downsview Aerospace Innovation & Research** hub in Ontario and **Excellence industrielle** around the management of residual materials in the Saint Laurent sector. ▶
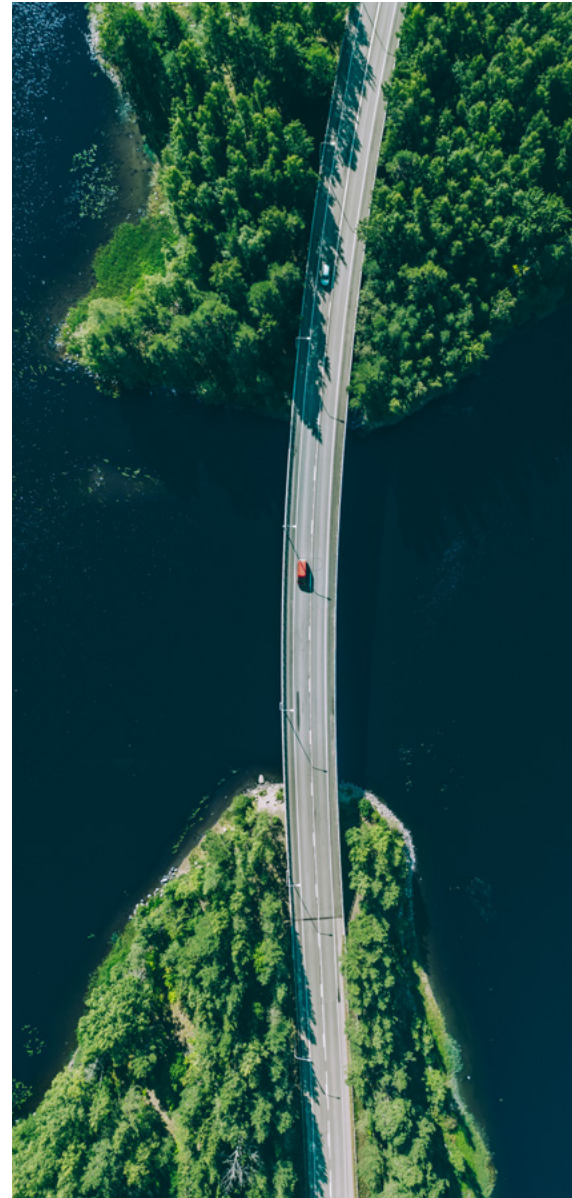
CAE joins IAEG

As a new member of the **International Aerospace Environmental Group (IAEG)**, CAE will contribute to a leading global aerospace forum that develops voluntary consensus standards and solutions for the environmental regulatory and sustainability challenges facing the aerospace and defence industry. IAEG workgroups address such issues as chemical material declarations and reporting requirements; the development of alternative technologies and GHG reporting; and management.

Aerospace supply chains are among the most globally spread, tiered, interdependent and complex supply chains in the world. Leaders must balance economic value-creation capability with environmental considerations. As the first OEM of flight training products, services and flight management services, CAE joins a group of advanced thought leaders in our industry. Together, we share in a mission of defining a future less reliant on environmentally taxing manufacturing and logistics practices, while designing both efficient product solutions and the supply chains that underpin them.

See the **Press Release**.

Local sourcing and logistics optimization

The majority of CAE suppliers are local to our site's country of operation, reducing our global GHG emissions related to transportation of goods and services. Local sourcing is a primary criterion in CAE's supplier selection and we both in-source and dual source to realize the greatest return.

We encourage our suppliers to select commodities and partners with the lowest environmental impact.

Additionally, we launched a CAE-wide campaign to our supply chain community on the sources of waste related to logistics and adopted practices to reduce packaging used and GHG emissions through optimized logistics routes, mode of transport and consolidation. ■

Proportion of spending on local suppliers in FY23

North America	Europe	Asia	Middle East	Australia	South America
71%	71%	75%	86%	89%	88%
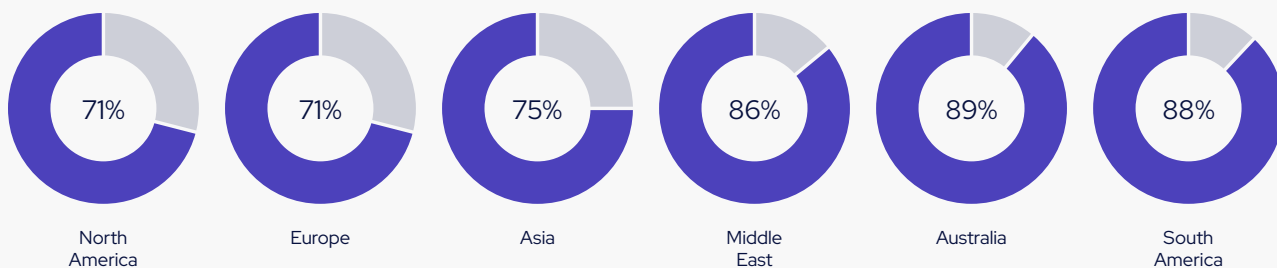
CAE hosts Supplier Forums

2023 CAE Supplier Forum

We brought together a select group, **strategic suppliers** who **represent over 55% spend on our flagship CAE 7000XR Series full-flight simulator,** to participate in a two-day event that featured workgroup sessions and presentations. CAE leadership shared our vision on technology advances, ESG and sustainable supply chain optimization, providing insights into our growth trajectory and how we are positioned to fulfill customers' needs. These suppliers were hand selected as sharing in our values of transparency, creativity and collaboration.

In advance of the Forum, we asked this select group of suppliers to consider ways to generate waste reduction targets that would yield both leaner, greener practices, and direct cost savings, from process efficiencies, reductions in cost of quality or material optimization. We distributed a carbon inventory maturity self-assessment questionnaire and asked participants to identify the most significant sources of carbon emissions in their supply chain and fabrication processes.

A third-party training was offered on carbon inventory calculation and identification of decarbonization opportunities. During breakout sessions, CAE engineers helped participants explore roadblocks to carbon inventory and carbon emission reduction opportunities relative to their work packages for us. The event served as a mobilizing and sensitizing event to ESG matters, each supply chain participant can contribute. Big or small, all efforts add up to make a difference.

CAE Virtual Supplier Forum

On November 17, 2022, we hosted our second virtual supplier panel discussion: *A global view on ESG best practices and why it should matter to suppliers*.

With the universal shift to emphasizing positive ESG practices in all areas of business, we heard from ESG and procurement leaders on why CAE's role in global strategic sourcing matters now more than ever, and how organizations from different industries are bringing their ESG initiatives to life in meaningful ways.

▶ Watch our Panel Discussion.

Thought leadership

Forum Excellence Industrielle :
Fabrication circulaire et approvisionnements

Julien Rollier, panelist

IAS Quebec (Institute of Corporate Directors, Quebec Chapter): Re-shoring et stratégie d'approvisionnement les défis et opportunités pour les entreprises

Hélène V. Gagnon, panelist

Responsible resource use

Why it matters

While preliminary assessed as an issue that is not material for us from an impact standpoint, responsible resource use is a sustainable practice we apply in product development and throughout our operations. Waste management risks are mainly generated by our manufacturing activities, which represent a small portion of our international network (Montreal, Sarasota, Tampa, Arlington).

Management approach

We encourage all our sites to apply the 3Rs of waste management — the principles of reduce, reuse and recycle.

Our waste management strategy (hazardous and non-hazardous) is covered in our GEHS Policy. We actively identify and implement pollution prevention practices to protect the environment and minimize the impact of our operations by limiting and improving the use of natural resources and waste generation. Our teams constantly look for 3R opportunities. In researching ways to introduce upcycling and/or circular economy principles into our processes, we commissioned and received an informative report with new avenues to investigate.

Waste reduction

We initiated a comprehensive program to reduce packaging waste, replacing wood crates with reusable metal racks. Benefits include reduction of recurring material costs and elimination of post-delivery dismantling and recycling.

We started a project with <u>Synergie Montreal</u> to explore opportunities to recycle wood residues generated by our Montreal production as an initial step toward implementing a circular economy solutions framework. We currently recycle the wood pallets generated by production at our Montreal manufacturing facility, avoiding landfill waste and applicable charges. With Synergie and other local suppliers, we are now exploring a reuse option as an even better win-win solution.

CAE Healthcare transitioned to 100% recyclable and compostable kraft cardboard packaging on all products, reducing print *(ink)* and landfill waste. The redesign of our boxes also reduced overall usage of foam by more than 5%. Finding a cost-effective, recyclable alternative suited to our products remains an ongoing objective.

Compost and sorting stations are standard features at our locations and a mainstay of Agora workspaces. Sorting stations not only allow for efficient management of space and resources, but they also promote healthy living and working habits. ▶

Upcycling (metals, cables, e-waste)

— We are looking at ways to maximize recyclability in decommissioned simulators to capture significant savings by reusing simulators parts and components. We are working in collaboration with our procurement experts and reaching out to our suppliers.

— Our simulator updates and maintenance upgrades services offer extend simulation equipment service life through CAE extreme makeovers and major refurbishment programs. Such simulator transformation reduces operating costs and improves operational efficiency. Hardware and software updates address growing training needs and allow for use of newer technologies with better environmental footprint, while re-using and recycling old components. Major refurbishment programs also extend simulator life span as an alternative to replacement with new devices.

— We also offer CAE customers services to refurbish cockpits by repurposing parts. Refurbishments have proven especially popular for customers wishing to reduce their environmental footprint, with over 100 projects using refurbishment elements completed over FY20-23.

— We continue our partnership with RecyKinfo and AIM, firms certified to recycle metals, printed circuit boards, cables and plastic.

— Once CAE Healthcare manikins reach the end of their serviceable life, customers can return units for trade in or for upcycling as refurbished parts. Electronics and metals are recycled.

Paperless manufacturing

As part of our objective to transition to paperless manufacturing, we continue the digitization of our global operations.

Digitizing work instructions — our manufacturing site in Montreal has begun the process of digitizing the paper-based work instructions and quality manuals used by our assembly workers. We plan to connect digital work instructions and AI-based connected worker platforms to increase quality and efficiency, reduce errors and improve safety. The new set up, which will be in place by FY25, represents an estimated annual paper savings of 360,000 sheets.

Deployment of our global procurement management platform — our digital deployment impacts 10 of the 17 UN Sustainable Development Goals, contributing the following environmental benefits over a two-year timeframe:

— Eliminating use of 140,000 pieces of paper through electronic transaction

— Savings of 56,949 litres of water, equivalent to drinking water required by 49 people per year

— Eliminating 375 kilograms of waste, equivalent to the annual volume of waste generated by 189 people

Hazardous waste

Given the nature of our activities, the issue of hazardous waste management was preliminary assessed as not material for our reporting purposes. Nonetheless, we do take measures to responsibly manage hazardous waste.

Notably, we use isocyanate-free paints, which offer similar technical performance without the health and safety concerns associated with isocyanates. We routinely recycle the paints and thinner solvents used at our facilities. We plan to transition to water-based as a next step to reduce hazardous waste, increase health and safety, and increase our positive environmental impact. Our FY23 hazardous waste management performance is further detailed in our SASB index.

Water management

While preliminary identified as a topic of low materiality for CAE, we do take measures to responsibly manage water consumption and use at our locations. The majority of our buildings operate on a closed-circuit cooling system and water use associated with human consumption (e.g. cafeteria, break rooms, restrooms) is minimal.

Areas of water scarcity stress will be determined in a materiality analysis as part our multi-year action plan. Our FY23 water consumption is further detailed in our GRI index. ▶

CAE Healthcare named Certified Green Business Partner

CAE Healthcare was named a Certified Green Business Partner by Sarasota County, Florida, where business unit headquarters are located.

Program certification includes a rigorous assessment and on-site verification of reduction, reuse and conservation practices in four areas: business operations; solid waste management; recycling; energy and water consumption. CAE Healthcare will hold this certification until 2025. ■

Biodiversity

While not an area of high materiality for our organization, we are assessing the importance of biodiversity as a contributor to sustainability and responsible resource use.

As part of our journey to maintain **carbon neutrality**, we implement carbon reduction initiatives and continue to invest in reforestation projects in Canada with a significant positive impact on biodiversity.

In FY22, as part of our investment in carbon offsets, we selected a project certified as Climate, Community and Biodiversity (CCB Standards) Gold Level that aims at achieving carbon sequestration by retaining additional forest biomass and older forests. The project attained an exceptional level of biodiversity protection and enhancement through the protection and management of a regionally significant land area that houses fully functional natural ecosystems and critical habitat for key endangered species. The project also contributed significant benefits in water quality, quantity, timing of flows, and other important aquatic habitat improvements when compared to baseline conditions. Additionnal benefits resulted through road and access management and the retention and management of riparian habitat, watershed-level forests and ecosystems.

The ESG Strategy, Global Environment and Climate Change, Global Real Estate and Global Strategic Sourcing teams completed eight-hour training on how to assess risks and identify opportunities related to biodiversity, **based on the Taskforce on Nature-related Financial Disclosures LEAP Framework**. Our intent is to develop a management framework strategy around biodiversity.

Initiatives

We encourage local actions to foster biodiversity and invest in the environment.

Urban beekeeping and gardening

Our Montreal and Dallas sites installed rooftop beehives with the support of Alvéole, a company with B Corp and 1% for the Planet certifications that helps businesses set up sustainable bee programs. Urban beekeeping is a viable way of supporting pollinators, and by repurposing unused space, we contribute to a healthy biodiversity.

Our Montreal site also partnered with MicroHabitat to plant an on-campus urban garden. Since the launch of our urban garden in summer 2022, a portion of the 750 pounds of vegetables, edible flowers and herbs were donated to local food banks and 825 meals were offered at the Breakfast Club of Canada.

Employee park

To further contribute to employee well-being on site, the Montreal head office began work on a park that will include outdoor recreation and relaxation areas. Approximately 90 trees, 213 shrubs and close to 6,000 other types of vegetation will be planted prior to the park's grand opening in FY24. Selections made took into account adaptability, hardiness, functionality and variation for maximum contribution to the site's biodiversity.

CAE beehive honey sale in Montreal to benefit Centraide

Tree planting in Shannon, Ireland , in honour of Earth Day

CAE observes Earth Day and Earth Hour 2023

On March 25, employees were encouraged to give an hour for Earth by spending that time doing something positive for the planet. For Earth Day, on April 22, we invited our sites and employees worldwide to show us how they take action on biodiversity.

Social

___

UN GLOBAL COMPACT

3
Good health
and well-being

4
Quality
education

5
Gender
equality

8
Decent work and
economic growth

Talent attraction, engagement and retention

Why it matters

The single most differentiating factor in a company's success? People.

At CAE, we design and deliver leading edge high-tech training and operational support solutions that delight our customers and help make the world a safer place. To remain a global industry leader in the highly specialized aviation, defence and healthcare industries, our organization must attract and retain talented individuals dedicated to the pursuit of excellence and to our customers' delight. Every day, our people make amazing things happen for a safer world. Their work enables our customers to perform at their best and move society forward.

Engaged and empowered employees drive innovation. Our people are the heart of our organization and we are committed to providing an environment in which they will thrive.

Governance

The CAE Board of Directors' Human Resources Committee (HRC) reviews all compensation matters and financial rewards (salary plans, incentives, pensions and benefits) and assesses performance goals and measures. The HRC also provides governance and oversight of talent practices and policies (talent and retention, corporate culture, compensation, training, protection of employee health and safety, aviation safety and diversity, equity and inclusion) to address potential associated risks. Policy recommendations involve review of the design, approval and governance of material incentive programs to deter potential enterprise and/or human resources risks. The Chief Executive Officer (CEO) and Executive Management Committee (EMC) receive periodic updates on key human resource parameters such as culture and engagement, talent attraction and retention, health and safety and DE&I, among others, and review said parameters monthly with the BUs during business management reviews. Employees are then briefed on latest developments related to their experience at CAE during the quarterly CEO Session and business unit and function townhall webcasts.

CAE

Our culture

One CAE

As One CAE, we are proud to work as one passionate, boundary less and inclusive team with one common goal: to create success for all stakeholders, whether they are employees, customers or shareholders. We know that we accomplish more together than each on our own. That is why we embrace diversity and strive to create a work environment where all employees are valued, respected and safe. We promote employee well-being by focusing on employee recognition, development, and having fun! That's who we are: one CAE.

CAE's five values are the essence of our identity — bringing our vision to life and defining what we strive for, guiding our decisions, and driving the ongoing evolution of our culture. A strong and healthy culture motivates employees and helps earn the trust of our stakeholders, including our communities and investors. Together, we succeed as One CAE - a passionate, boundaryless and inclusive team with one common goal: to create success for all stakeholders.

To attract, engage, and retain talented employees, CAE offers competitive compensation and benefits packages; provides opportunities for professional development and advancement; fosters a positive work culture; and prioritizes employee well-being and work-life balance.

Innovation · Empowerment · Excellence · Integrity

One CAE

CAEheartbeat

CAEheartbeat
Putting our People first

CAEheartbeat, our global transformation initiative, brings these key elements together under an overarching strategy with five areas of focus: employee experience; total rewards and recognition; long-service employees; employee development; and talent attraction and retention. The essence of CAEheartbeat is in its name – our employees, our people, are at the heart of everything we do here at CAE. Initiatives will be driven by employee feedback and needs. Those underway in FY23 are highlighted in the sections below.

Management approach

The Global Human Resources (HR) team works in strategic partnership with all areas of our organization. The team plays a central leadership role in creating an open, equitable environment full of opportunities for CAE's global workforce to realize their full potential.

Regional HR leads facilitate the introduction and ongoing success of the various programs and activities that support CAE's culture, mission and vision. These leads also effectively support CAE during acquisitions and other significant activities to ensure smooth transition and minimal business interruption.

Policies

> **Global Remote Work Policy** *(CAEcontinuum)*

> **Flextime**

> **Leave**

> > **Global Flexible Vacation Policy**

> > **Global Parental Leave Policy**

> > **Global Sabbatical Leave Policy**

> > **Leave for Special Medical Reasons, Family Obligations and Citizenship Ceremony**

> **Human Rights Policy**

> **Policy on Diversity and Inclusion in the Workplace**

Awards and recognition

− CAE has been named as one of Canada's **Top 100 Employers for 2023**. CAE was also recognized as one of Canada's Top Employers for young people *(2021, 2022)* and Montreal Top Employer *(2020, 2021, 2022)*.

− CAE Germany "berufundfamilie" *(work and family)* certification for a second year. This accomplishment is one step towards CAE GmbH's long-term goal of making CAE the best workplace it can be for current and potential employees by promoting work-life balance, diversity and inclusion, and career opportunities.

− **CAE and SuccessFinder won a Brandon Hall Group Excellence Award** in Human Capital Management for leadership development. The collaboration included the creation of **CAE Leadership Pillars** using SuccessFinder's Performance Predictor solution and delivery of organization-wide talent analytics to support leadership development and succession planning.

Talent acquisition

Recruitment

Our Talent Acquisition team partners with business leaders across the organization to develop and deploy strategies to find, attract and hire the best and brightest talent in the market.

Together, we fuel CAE's growth ambitions and contribute to organizational transformation. We bolster recruitment through our ambassador program, which pairs CAE leaders with university representatives, and our presence in multiple career fairs and professional networking events. In FY23, CAE participated in more than 57 recruitment events and coding challenges globally.

▶ Watch our **recruitment video**.

CAE

Global talent acquisition model

Our global Talent Acquisition (TA) Model supports CAE's growth objectives and aligns with our position as a world leader in a high-tech industry.

We designed and deployed a TA Model that is agile, efficient and scalable. It enhances the candidate experience while streamlining the recruitment process, bringing time and cost savings. Additional enhancements support inclusive hiring, such as automated ranking to eliminate bias and partnering with organizations that support the identification of qualified candidates from under-represented communities.

Deployed in Europe and the Middle East, the new model will be launched in the Asia-Pacific and Americas in FY24. In late FY23, we launched the Talent Acquisition Centre of Excellence to standardize the governance of our recruitment processes, policies and best practices across our business units and geographies.

Changes in our talent acquisition processes carry over to the new CAE Careers website. Professionals can create a profile to apply for openings and/or receive personalized recommendations and alerts based on their interests. Students can create a profile to apply for or be notified of CAE internship and COOP program opportunities.

Automation (chatbox, filters) and artificial intelligence (AI) technologies personalize the candidate experience and offer valuable insights that support data-driven decisions.

Candidates can also join CAE's Talent Community to get the latest updates on new job openings, upcoming events (networking, job fairs) and our latest news.

Inclusive hiring

To ensure an inclusive hiring experience for all CAE candidates, we built in measures that support equitable hiring practices at all stages of the talent acquisition process.

Our Inclusive Hiring Guide outlines best practices for managers to follow, from considerations and criteria to apply when drafting job postings to training on unconscious bias in recruiting and interviewing. A new dashboard capability in our TA Model allows managers to identify any gap in team diversity representation, which also contributes to an inclusive candidate sourcing strategy.

CAErefer

CAE employees are our best recruitment ambassadors. We encourage them to share position openings with relatives and friends using our referral program. CAErefer benefits employees and our organization by helping us attract recommended candidates.

Internships at CAE

CAE collaborates closely with various educational institutions and participates in numerous internship programs, partnerships and activities every year.

Detailed in Education section.

Our internships and Work-Integrated Learning offer students the opportunity to work on real projects that have an immediate impact on CAE's mission to make air travel safer, allow defence forces to be mission-ready, and help medical personnel save lives.

Under our global TA, CAE will introduce a universal approach to internships in FY24. We have formal programs in Canada and the U.S., with a newly launched program in Poland.

CAE organized a major recruitment campaign around our 75th anniversary that showcased employee engagement, our new brand and CAE's position as an employer of choice.

// At CAE, I really felt like I was part of a family. Everyone was always willing to help and answer my questions. During my 3-month internship, it's amazing how much I have learned! //

Jane-Mary

#workingatCAE

CAE

CAE

Talent acquisition

■ **By FY28, we commit to attract and retain the most talented and engaged people around the world**

Associated SDGs

Key result	Target year
› 5% increase of internships and Work–Integrated Learning opportunities in Canada	FY25
› 10% increase of internships and Work–Integrated Learning opportunities globally, in alignment with DE&I global objectives	FY28

Talent development

At CAE, we believe in creating a learning culture in which employees are empowered in their development. We craft and implement systematic development plans to support the growth of our people throughout all stages of their careers at CAE – from new hires, to employees interested in exploring new career options or acquiring new skills, to leadership development.

Employee development

As CAE's core business, training naturally occupies a central role in the development of our employees. In line with our external approach, we offer both learner-led and instructor-led courses to accommodate a range of learning styles and preferences.

Workday Learning, our gateway platform, gives employees ownership of their learning and development goals, with access to 17,000 different resource materials in a variety of formats. Workday's AI-powered Career Hub recommends courses and certifications that correspond to the employee's profile (position, development skills of interest). Employees learn at their own pace.

Using Gigs, an initiative launched in February 2023 as part of our CAEheartbeat initiative, employees discover short-term experiential work opportunities outside of their current team environment that align with their skills and interests, which in turn, contribute to their development and growth. CAE leaders gain access to talent across the organization, and allows them to connect with the expertise they need for strategic projects. The collaborations bring beneficial synergies, offer new internal development opportunities, enhance employee engagement and increase departmental and regional inclusiveness.

To better support employees' professional development, we conducted a global survey in late FY23 to get input on key questions such as importance placed on individual growth, challenges related to development and tools/learning of interest. We will use employee feedback to continue to improve and enhance our talent development program.

Leadership development

Our leaders play an important role in supporting CAE's high-tech mission and vision. We invest in and support their growth, development and learning through a comprehensive offering.

CAE+me and CAEmentor me

As our inclusive and foundational approach to the performance development experience, our CAE+me program focuses on one-on-one conversations, including feedback and feedforward, through which employees, colleagues and leaders help each other grow and continually improve their performance excellence. Our robust Talent Compass process includes setting agile goals and the creation of an Individual Development Plan to support the employee's career and personal development.

New to CAE's Talent Compass: We added a Values section under DE&I awareness "actions you can take to make a difference." Under Recognition & Motivation, managers are asked to consider how to enable employees to benefit from our flexible time policies.

Coaching is a powerful way to feel empowered, propel performance and foster a growth mindset. Our CAEmentor me program connects mentees with mentors to guide and support them, offering a productive development and a knowledge sharing opportunity for participants. To support leaders in their coaching role, we provide different coaching tools based on their experience.

To date, more than 500 mentor-mentee pairs have completed this program, which became global in FY23.

CAE offers a number of different leadership development programs aimed at leaders and individual contributors.

LEADERSHIP PROGRAM

Individual contributors + leaders

DARE

— Leadership development program targeted for women
— 35 participants (all women) worldwide

Horizon/Discovery

— Professional program for middle management (Montreal) – engineering and beyond
— Program to be relaunched in FY24

Ambition Challenge

— Professional development program for women, led by L'Effet A
— 12th CAE cohort formed.
— 98 participants in FY23 (all women) worldwide

Continuous development

Diversity and inclusion
Mental health

Leaders

Business unit specific programs

— Tailored programs dedicated to leadership and business development, conflict resolution, project management, and technical/software skills

LFF1

— Leadership for the Future 1 – first-level leaders
— 122 participants (88 women, 34 men) worldwide

LFF2

— Leadership for the Future 2 – second-level leaders and higher
— 11 participants (4 women, 7 men) worldwide

LEAP

— Training centre leader development program
— 9 participants (3 women) worldwide

Individual contributors

Ken Patrick

— Engineering and business graduate students rotation program (Montreal)

In July 2022, we introduced our award-winning CAE Leadership Pillars.

Agile and versatile

CAE leaders thrive in dynamic environments.

They foster creativity, seek out innovative solutions, and leverage their diverse areas of expertise and skills to lean into calculated risks.

Inclusive and connected

CAE leaders value diverse perspectives by fostering inclusivity. Empathic and welcoming, they build and maintain strategic connections.

Winning mindset

CAE leaders are influential, pursuing wins for the team by standing up for what they believe in. Quick to kickstart initiatives, they finish strong by maintaining engagement throughout.

Visionary and energizing

CAE leaders motivate and inspire by communicating purpose and positivity through their natural charisma. They lead by example with a clear vision and strategy.

A set of guiding principles to inspire and empower our leaders to thrive and reach their full potential, and to help motivate their teams to do the same.

Talent development

■ By FY28, we commit to attract and retain the most talented and engaged people around the world

Associated SDGs

Key result	Target year
› Development plans available to 100% of high potential employees	FY27
› 25% of high potential employees changing roles (lateral, promotion) annually	FY28

Employee engagement

Why it matters

Employee engagement is a critical factor in driving organizational success and delivering value to our customers. Delighting our customers remains a key strategic priority at CAE and is central to our culture.

As one of our five core values, CAE strongly believes in employee empowerment. We encourage open exchange and continuous feedback, so everyone has an opportunity to contribute to evolving our culture and creating a great workplace. We equip leaders with the necessary tools to engage their teams and create a positive employee experience.

Employee recognition

We know we would not and could not be where we are today without our employees — the spirit of CAE.

CAEchampions, our worldwide recognition program, provides a dynamic platform to celebrate employee career milestones (service awards) and express appreciation day-to-day for colleague contributions (e-Bravos). Employees share stories and messages of congratulations, building camaraderie and encouraging CAE's culture of recognition. On Employee Appreciation Day 2023, all employees received an individual e-Bravo from CEO Marc Parent.

Officevibe

Officevibe surveys are an important tool for us to receive real-time feedback from employees that we can respond to and act upon.

Our short, biweekly surveys apply a consistent set of metrics that help us measure employee engagement in real time. Officevibe surveys provided essential information on employee well-being and areas of concerns during the COVID-19 pandemic, helping guide our efforts and focus on employee wellness.

We also use Officevibe to take the pulse of the organization on key culture transformation initiatives. In 2022, we conducted three surveys spaced over a period of three months to determine the alignment of employees' perceptions with CAE's positioning as a high-tech organization.

Employees at CAE Burgess Hill found a creative way to boost engagement while making the world a little greener, launching an Officevibe "green" campaign to encourage employees to participate. CAE pledged to plant 10 tree saplings for every 1% increase in participation, resulting in a 10% spike in response rate in just three weeks.

The results of these surveys occupy a prime spot in our quarterly CEO Sessions and townhall presentations. Employees also have the opportunity to share input during the Q&A sessions that conclude these live webcasts.

Employee engagement score*

76%	76%	74%
FY23	FY22	FY21

*   Scores based on 10 metrics: relationship with manager, ambassadorship, personal growth, recognition, satisfaction, relationship with peers, alignment, happiness, feedback and wellness as measured by Officevibe

CAE

75th anniversary celebrations at CAE

—

We celebrated this significant milestone with special activities held worldwide throughout the year to congratulate and thank our employees for their contributions to CAE's success.

Wellness

CAEwellness offers multiple resources to help employees achieve work/life balance and remain healthy — both mentally and physically.

Employee input guides the focus and priorities of our wellness program. Frequent internal pulse checks through Officevibe provide essential information that guide our efforts, including a wellness score on stress and personal health to help us monitor employee wellness on an ongoing basis. These surveys proved especially valuable through COVID-19 and continue to be a key means of connecting in the era of remote working.

In FY23, we conducted a global employee survey on the wellness culture at CAE to ensure we provide the proper resources. Feedback will be used to establish a global framework of our employee wellness program and drive future actions.

CAEwellness in brief

Initiatives

— **One CAE Spirit Week** — We extended this annual event in honor of CAE's 75th anniversary, hosting two weeks of activities organized around three themes: Do good. Look good. Feel good.

— **CAE Be Active Challenge** — Introduced in FY22, the 30-day Challenge encourages employees to participate individually or together in physical activities, including free daily online training classes, as a great opportunity to create team spirit and develop healthy lifestyle habits. Additionally, CAE-sponsored activities promoting physical well-being occur ongoing throughout the year. CAE employees also have access to subsidized funding for physical activities (terms and coverage vary by region).

— **R U OK?** — A global initiative launched during the pandemic, this program encourages open conversations on mental health, with the support of communication tools and stress management resources.

— **Mental Health week** – Introduced in May 2021, this initiative promotes various aspects of mental health, including stress management, healthy habits, physical activity and "me time."

Awards and recognition

— CAE received bronze, silver and gold certifications from Grands Prix du Design, an international competition.

› **Montreal employee cafe** *(silver, gold)* — The design firm collaborated with employees, preparing three separate and original concepts that worked for both open plan offices and as the sector's coffeeshop; employees were then asked to choose their favorite concept.

› **Montreal rooftop terrasse** *(bronze, silver)* — To create truly welcoming and unique environments for employees, CAE wanted to implement outdoor green spaces. Given the density of the campus and the increased traffic around the building, we incorporated an open-air terrace on the roof.

— **CAE360 intranet launch campaign** — Our campaign, created to rally and mobilize employees around the launch of our new intranet CAE360, won multiple awards: A Silver Award of Excellence from the Canadian Public Relations Society in the category of Employee Engagement / Internal Communications Campaign of the Year; Gold *(tactical digital communications)* and Platinum *(strategic internal public relations campaign)* Awards of Excellence from La Société québécoise des professionnels en relations publiques.

CAE
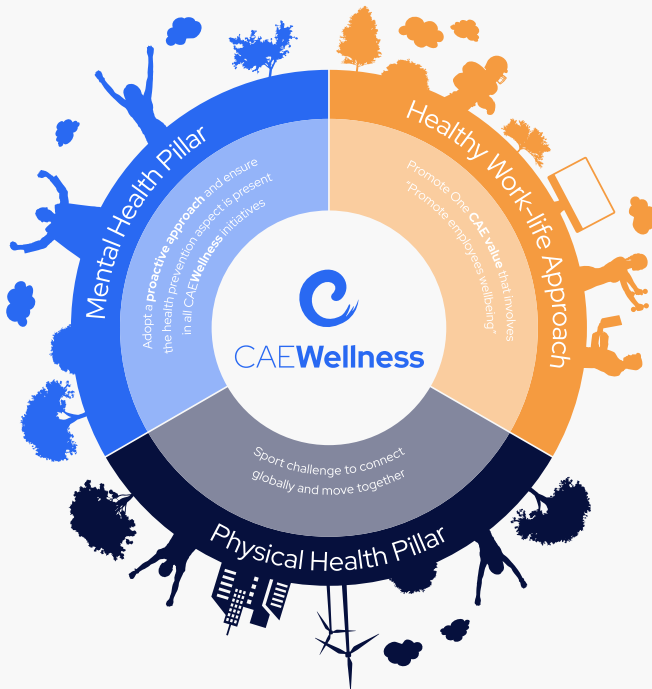
Compensation and benefits

Independent consultants advise CAE on our compensation and benefit programs, which are regularly reviewed to ensure competitiveness to attract and retain our talent. These experts look into compensation trends, including emerging best practices for compensation, competitive market analysis and regulatory developments.

In FY23, we introduced CAEheartbeat, an initiative under which we deployed four programs worldwide to offer more flexibility to our employees.

— **Global flexible vacation** – provides employees the opportunity to tailor their paid vacation time to their needs at work and at home.

— **Global sabbatical leave** – provides employees with the flexibility to temporarily step away from the workplace for 4-26 weeks.

— **Global parental leave** – provides caregivers the opportunity to take up to eight weeks of fully paid parental leave.

— **Maternity paid leave** – eligible employees are provided financial support to help prioritize their caregiving duties, with paid leave duration based on local legislation. CAE fully covers the employee's maternity paid leave, less any government benefits (where applicable).[1]

These benefits are further detailed in CAE's Compensation and Benefits Policy. Benefits programs vary by country, in alignment with local market practices.

Flexible work program

With the COVID-19 pandemic, remote working became the norm for many employees at companies worldwide. As restrictions eased and to support our high-tech culture, a new way of working has emerged that CAE has fully embraced through the introduction of CAEcontinuum.

Our CAEcontinuum program is global, and provides our team members with flexible work options, both in and out of the office.

Employee and family assistance program

A confidential employee and family assistance program (EFAP) is available at no cost to CAE employees in various countries in which we operate.

Pension plan

The external firm overseeing the investment returns of CAE's pension plan performs a periodic analysis, which include sustainable investment factors.

Agora workspaces promote collaboration and innovation

Find out more about how the design of our Agora spaces reflects the occupants' specific needs.

(▶) Watch the **short documentary**.

---

1   In 2022, CAE introduced maternity paid leave in Canada and the U.S. under the Flextime initiative. As of 2023, this policy covers more than 80% of our global workforce.

Employee Stock Purchase Plan

For employees eligible to participate in our Employee Stock Purchase Plan (ESPP), CAE offers contribution matching and contribution options that allow for different investment strategies.

Under CAEheartbeat, we set a roadmap to extend the ESPP beyond Canada to other countries in 2023. At the beginning of FY23, our ESPP covered seven countries, representing 80% of our workforce. By FY24, this program will be eligible to 95% of our employees globally.

Compensation and benefits

■ **By FY28, we commit to attract and retain the most talented and engaged people around the world**

Associated SDGs

Key result	Target year
› Extend introduction of ESG-related KPIs in incentive plans to all non-EMC executives	FY26
› Decrease gender pay gap in CAE's locations representative of 80% of its workforce	FY28

Occupational health and safety

Why it matters

Everyone deserves a safe and secure work environment. For CAE, being a world-class leader in safety starts with providing a safe environment for our 13,000+ employees, our contractors and customers. Proper health and safety management processes and a strong reporting culture lead to fewer workplace accidents, injuries and fatalities.

In 2019, our Corporate Social Responsibility Committee identified five UN Sustainable Development Goals (SDG) as those toward which we could have the most impact. CAE's engagement in SDG 3 - Health and well-being, runs deep and wide throughout our organization, starting with our mission to provide solutions to make the world a safer place.

The solutions developed in our three business units (BUs) all aim at improving population health, improving safety and saving lives.

Our occupational health and safety (OHS) program addresses hazards with the potential to impair the health and safety of our employees in context of their activities. Our OHS culture empowers them to work in a manner that keeps them safe from harm. The program also helps our employees to identify, consider and effectively remove or reduce work-associated risks

Governance

Health and safety are part of CAE's overall Enterprise Risk Management profile, a central element the Board of Directors, Executive Management Committee (EMC) and leadership always consider in their evaluations and recommendations.

CAE's President and Chief Executive Officer (CEO) is responsible for the implementation and communication of health, environment and safety policies. Furthermore, the CEO ensures the establishment and achievement of safety objectives, and that the company complies fully with all applicable federal and state/provincial environmental regulations.

The CEO receives ongoing updates on OHS matters from the Civil Aviation (Civil), Defense & Security (D&S) and Healthcare Group Presidents during monthly business performance reviews. The reports originate from regional operation leaders and contribute to the monthly reviews the Group Presidents conduct with executives in their respective BUs.

The Board's Human Resources Committee (HRC) acts in an advisory capacity, with oversight responsibilities that include the review of policies, programs and initiatives related to the protection of employee health and safety. Every quarter, the HRC evaluates a report from the Senior Vice President, Global Operations that summarizes Global Health & Safety (GEHS) programs and initiatives updates as well as safety performance.

The EMC Safety Executive Committee monitors the established framework and protocols that proactively manage safety performances across all BUs and will take action at the highest levels of the company to support efforts for continuous improvement.

We ensure accountability through programs, practices and audits that foster a community of practice at all levels and include key performance indicators in the governance process of our BUs.

CAE

Management approach

Leadership and culture

Everyone at CAE has a role to play in workplace safety.

Through our leaders, programs and training, our *Let's Talk!* safety newsletter and CAE360 intranet, we communicate the value of a safety culture that involves everyone.

CAE's quarterly CEO Sessions and townhall presentations with employees routinely begin with a segment on OHS reporting that includes a review of cross-organizational safety performance indicators and progress on current initiatives. Our *Leadership in Action* program encourages leaders to recognize and reinforce safe behaviors, support OHS messages and initiatives, and discuss challenges and solutions with employees.

We designed our event notification and management program to involve employees across our organization in reporting OHS event and hazardous situations. The shared information is used to properly classify and investigate the situations in order to prevent injuries. Learnings are shared throughout all CAE locations worldwide with valuable information and opportunities for improvement that contribute to injury prevention across all CAE sites and to CAE's safety culture. ▶

Our global EH&S network

Network of 200+ regional environment health & safety professionnals that support corporate EH&S

Global environment climate change and health & safety team

What gets measured gets done

Working in partnership with CAE leadership worldwide, the global EH&S team develops the standards, practices and programs required to achieve our OHS performance targets.

The global EH&S team oversees a best-in-class OHS program aligned with ISO 45001 principles and sets guidelines for all CAE sites. Under a review process that supports "*what gets measured gets done*", reports about sites safety sites performance are shared with regional management on a monthly basis. Executive summaries with performance dashboards are issued to highlight where OHS key performance indicators are on target, need improvement or require attention, along with any associated mitigation plans.

Self-audits and external audits

Local site leaders are responsible for ensuring compliance with all CAE OHS protocols. Site compliance with OHS programs is measured through a self-audit process that requires site leader sign-off. In addition, global EH&S being part of the corporate internal audit team ensures OHS compliance is being reviewed through CAE internal audit process. Some CAE sites elect to pursue ISO certification.

See our **site certifications**.

Significant event process

Following significant event investigation and corrective action(s) approval by senior management, our Learning from Events (LFE) methodology requires applicable measures be taken at all sites. Within 30 to 45 days, sites have to confirm that they have deployed the appropriate corrective actions, with a sign-off from the site leader. 120 days following the implementation due date, LFE validation by site leaders occurs to demonstrate the site's risk management efficiency and to confirm these measures remain in place.

Site security and emergency response

Local site leaders must comply with security standards generated by the CAE Corporate Security Office to protect employees, visitors and assets at CAE-operated facilities to ensure that an acceptable level of security is maintained. Facility security measures for emergency preparedness include a mandatory risk management program and an emergency response plan.

For each facility, it is a mandatory requirement that a specific emergency plan is prepared and all occupants are informed of their individual roles in emergency management to ensure safe, efficient evacuation. ▶

OHS programs and training

In FY23, we updated the EH&S training program to all employees with a new e-learning training course *Introduction to EH&S* and a comprehensive guide *My EH&S Roles and Responsibilities*. The guide clarifies expectations and accountability at all levels of our organization, and outlines practices that apply locally, regionally and globally. These resources have been integrated into the onboarding process for all new employees.

EH&S General Rules, released in FY22, provide guidance to all CAE employees on multiple topics, such as parking lot safety and how to handle broken or defective equipment. Because of the universal importance and applicability of these safety rules, we require review and acknowledgment from all employees.

We launched an Electrical Safety Program to help ensure safe work practices when working in live systems that includes training for technicians, and risk assessment process defining the mitigation actions and required protection when working on energized equipment. This program complements and expands on the Lock-Out, Tag-Out (LOTO) program deployed in FY22.

Additionally, new modules in Ergonomics and Ladder/Stepladder Safety further strengthen our training curriculum and align with OHS risks identified. In accordance with best practices, our Personal Protective Equipment and Contractor Management Programs underwent evaluation upon completing their first year of operation.

As part of our procurement vetting process, all potential contactors are evaluated according to their OHS performance. At a minimum, each contractor must meet or exceed the objectives laid out within our contracting policies and local requirements. Once vetted, they must complete our EH&S welcome training. Contractors coming on site twice or more annually must complete an EH&S performance evaluation. Should an EH&S event occur during job execution, a performance evaluation is also required. ■

Policies

› GEHS Policy

› EH&S General Rules *(internal)*

Our performance

Our performance shows steady improvement over the past few years and again this year:

— With 56 recordable cases, our FY23 end-of-year safety performance *(Injury Frequency rate - IFR)* is at 0.38 against a target of 0.42, which is an 8% improvement from last year.

— We observe a reduction of high potential incidents with 5 significant events in FY23 compared to 10 the last year.

— The most frequent work-related injuries remain slips, trips and falls and ergonomics. These results are comparable to previous years.

Injury frequency rate progress since FY19
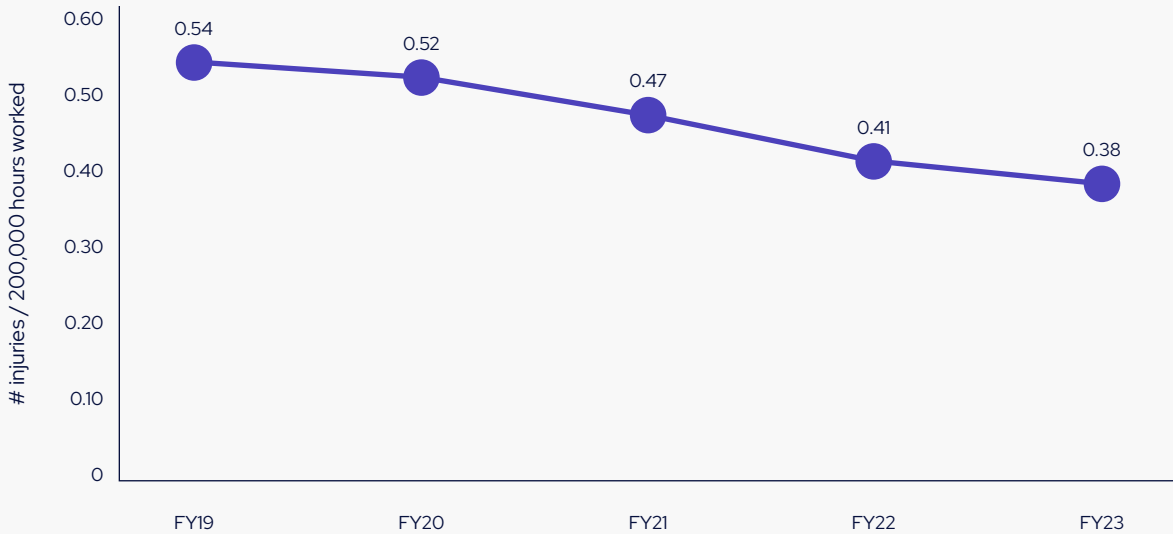
Our FY23 occupational health and safety performance is further detailed in our GRI indicators and SASB Index.

Occupational health and safety

■ By FY28, we commit to develop and implement an internal audit program

Associated SDGs

Key result	Target year
› EH&S policy applicable to all suppliers	FY24
› Safety recognition program deployed	FY25
› Development and implementation of an internal audit program	
› EH&S programs and system procedures aligned with ISO 45001 and ISO 14001 standard requirements	FY28

Aviation safety

Why it matters

CAE offers ab initio pilot training programs designed to address the broad range of licensing needs found across aviation. This training, offered at the aviation academies of our Civil Aviation and Defense & Security (D&S) business units, includes live flight training in a real aircraft and practicing in real conditions. To that extent, we operate a fleet of civil aviation and military aircraft. The safety of these operations is a core priority to protect our employees and customers.

We are committed to advancing the highest standards of aviation safety. This involves setting objectives that provide clear direction in terms of safety goals, an effective reporting culture, continuous commitment and ongoing, proactive improvement of safety performance.

Our Civil Aviation leadership works closely with industry regulators to elevate safety standards and oversee training certifications to achieve maximal safety in air transport, by delivering the highest standards of training. Through these cumulative actions, we contribute to making air transportation safer.

Governments, public safety, global defence and security organizations worldwide count on CAE's D&S portfolio of training and operational support solutions to support them in their missions to provide safety and security. D&S delivers on this commitment, supported by a strong aviation safety culture that encourages open reporting, engagement and education at all levels of the organization.

CAE

Governance

While our Civil Aviation and D&S business units operate individually tailored safety programs, they share the same mission: to ensure CAE operates to the highest safety standards possible across all our training centres worldwide.

Our Integrated, Safety Quality Assurance and Compliance Monitoring Policy sets the overall safety objectives and goals for the organization, outlining our commitment to safety, and providing the framework for CAE's entire safety program.

Designed to ensure safe operations throughout the organization, CAE's Aviation Safety Program addresses the four components of aviation safety: safety policy, safety risk management, safety assurance and safety promotion.

CAE maintains a constant feedback loop within the organization. Annually (at a minimum), the Board of Directors' Human Resources Committee (HRC) reviews the Aviation Safety Program, including statistics, incidents and corrective actions. The HRC reports to the Board and in a session coordinated by the Senior Vice President, Global Human Resources that includes Vice Presidents (VPs), Senior Directors, the Civil Aviation Director of Global Safety, Quality Assurance and Compliance (GSQACM), and the D&S Chief Aviation Safety Officer (CASO).

Quarterly, the Governance Committee reviews key risk mitigations, statistics, incidents and corrective actions associated with global Environment, Health and Safety strategy implementation.

In the event of a major incident or accident, an immediate meeting is held as part of CAE's in-house emergency response plan that includes the CEO, Civil Aviation and D&S Group Presidents, Chair of the Safety Executive Committee, General Counsel, Civil and D&S VPs and representative(s) from our Public Affairs and Global Communications team. The Director GSQACM and CASO assume control of the investigations involving their respective business units, through activation of the emergency response plan.

The Safety Executive Committee monitors quarterly the established framework and protocols that proactively manage safety performance across all business units and will take action at the highest levels of the company to support efforts for continuous improvement toward achieving a strong safety culture and safety excellence. It covers a broad spectrum of CAE stakeholders and is composed, at a minimum, of the following representatives:

— Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement - Chair
— Group President, Civil Aviation Training Solutions
— Group President, Defense & Security
— Group President, Healthcare
— Chief Aviation Safety Officer
— Chief Learning Officer, Civil
— Chief Operating Officer, Defense & Security
— Vice President, Operations, Defense & Security
— Chief People Officer
— Senior Vice President, Flight Services & Global Operations
— Senior Vice-President, General Counsel, Chief Compliance Officer and Secretary
— Senior Director of Global Regulatory Training Approvals, Safety, Quality Assurance & Compliance Monitoring
— Senior Director, Continuous Improvement
— Director, Global Environment, Climate Change and Health & Safety
— Head of Global Safety - Maintenance & Engineering
— Global Safety, Quality Assurance and Compliance Monitoring Officer
— Manager Environment and Climate Change
— EH&S Regional Manager, EMEA & APAC

Management approach

As part of CAE's annual strategic planning process, the Board and CEO establish a set of objectives and key results that are measured against defined key performance indicators. Performance measures are designed to be challenging and enhance the effectiveness of the organization's risk management system.

Civil Aviation and D&S executive management communicate these strategic goals to regional leaders and their teams for implementation, with organizational performance evaluated against several sets of governance and oversight metrics.

Safety managers routinely receive a broad spectrum of safety reports (voluntary reports of honest errors, reports highlighting areas for improvement, reports of safety incidents involving CAE aircraft). These are categorized and recorded in detail to identify trends and help focus safety management activities. Serious occurrences are investigated. Subsequent reports of investigation include recommendations for remedial action to be implemented by the appropriate managers. Progress is then monitored through the Safety Executive Committee.

Monitoring, reporting and training

CAE's safety management system (SMS) proactively identifies hazards to minimize risk. Designed by regulators and industry professionals, this system interfaces with CAE's enterprise risk management system to provide relevant and usable data to all CAE aviation safety stakeholders to help shape strategic direction and enhance decision-making capabilities.

Our centralized monitoring and analysis system promotes accountability, responsibility and deployment of resources, incorporating goal setting, planning and performance measurement. The SMS defines clear lines of safety accountability throughout the organization, assigning senior management direct accountability for safety. Dashboards facilitate continuous measurement of performance. Decisions are informed by real-time data available to all key stakeholders and leaders.

CAE believes in a "Just Culture," a non-punitive approach to safety management in which front-line operators or other persons are not punished for the actions, omissions or decisions taken by them that are commensurate with their experience and training, but in which gross negligence, willful violations and destructive acts are not tolerated. We foster an environment that encourages open and honest reporting, recognizing employees who make positive acts to enhance aviation safety.

See Aviation Safety Recognition Program 2023.

Our unique blend of on-aircraft and simulator training creates a safety program that not only focuses on avoiding aircraft accidents, but also evaluates training delivery.

CAE's Civil Aviation Director GSQACM and D&S CASO define the learning strategy and oversee all training services for their business units. In their roles they ensure employees and customers acquire and develop the core competencies necessary for safe, effective and efficient operations; provide continuous development of performance to enhance collective and individual safety and provide a competency-based and data-driven learning system that aligns with CAE's strategic objectives.

Policies

> GEHS Policy

> Integrated, Safety Quality Assurance and Compliance Monitoring Policy (internal)

Practices

— Aviation safety recognition program

— Civil Aviation safety culture survey

— Civil Aviation safety annual performance review

— D&S aviation safety management system manual

— Civil Aviation global organization management system manual

Our performance

Civil Aviation

— Number of voluntary reports *(per 10,000 flight hours)*: 70.1 in FY23, an increase of nearly 37% from 51.2 in FY22, driven by an increase in the reporting from the non ab initio training centres and the inclusion of maintenance and engineering safety reports.

— Number of category A and B incidents *(per 10,000 flight hours)*: There were no category A and B incidents per 10,000 flight hours in FY23.

— There were 7 airworthiness directives issued in FY23, affecting 17 aircraft. All of these were complied with, as required by regulation.

Defense & Security

— Number of voluntary reports *(per 10,000 flight hours)*: 55.5 in FY23, a decrease of 10% from 61.9 in FY22. However, we increased our flying hours by 47% and report volume ultimately increased.

— Number of category A and B incidents *(per 10,000 flight hours)*: There were no category A and B incidents per 10,000 flight hours for which CAE has operational control in FY23.

— There were no airworthiness directives issued in FY23. No units affected.

Our FY23 aviation safety performance is further detailed in our GRI indicators and SASB Index.

CAE's "Just Culture" delivers

The "*Just Culture*" we prescribe at all CAE sites contributed to a 32% increase in voluntary reports at D&S in FY23, representing a total of 426 compared to 322 in FY22. From leaders and executives to mechanics and students — everyone understands the importance of safety across our organization.

The 37% increase reported in Civil Aviation represents a significant improvement over the previous year and is indicative of a safety system where participants feel confident and comfortable to submit reports. ▶

Aviation safety recognition program 2023

To enhance the overall aviation safety culture within CAE, staff, instructors, pilots, engineers and maintenance personnel in training who make positive acts toward enhancing aviation safety are recognized at the global level through the Civil Aviation and D&S aviation safety recognition programs. Our FY23 aviation safety recognition program focused on safety promotion.
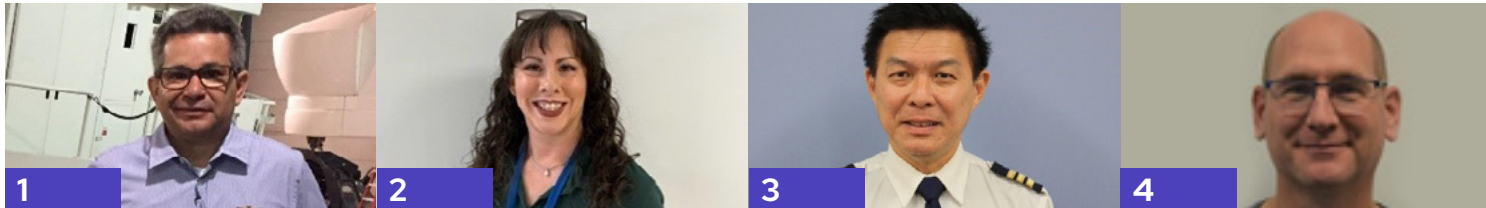
1. Geraldo Corrêa de Lyra Júnior
Civil Aviation safety award recipient

Geraldo is based at CAE Sao Paolo, and received this award for multiple reasons. Not only was he the first person to file an aviation safety report using our new safety reporting system, but his report helped identify a hazard that could have led to potential injury. Geraldo's report was related to an event in which an instructor was struck by a non-stowed stabilizer trim wheel in a B737 simulator. The ensuing investigation revealed gaps in our simulator safety briefing content. A revised standard has been integrated into the instructions to be provided to all Civil Aviation training centres.

2. Andrea Baker
D&S aviation safety award recipient

Andrea Baker, U.S. Army C-12 (Beechcraft 200) Instructor Pilot at the CAE Dothan Training Center, has proven to be an exemplary CAE professional pilot and the standard for aviation safety. On January 17, 2023, Andrea was training two U.S. Army pilots at the Dothan Regional Airport. They were holding short of the runway when Air Traffic Control (ATC) cleared them for takeoff. She let off the brake and began to roll forward.

Simultaneously, ATC cleared another aircraft that was on short final for landing on the same runway. Andrea realized the error and immediately stopped. She notified tower of her decision and the aircraft on short final was instructed to "*go around.*" Andrea's exemplary situational awareness avoided a potentially catastrophic incident.

3. Jerome Wong
Civil Aviation safety award recipient

Jerome is based at CAE Melbourne. Since joining our organization, he has been instrumental in a 300% increase in the number of safety reports filed in just the first two months of his appointment as safety manager.

4. Andreas Westerman
D&S Aviation safety award recipient

During the build up of the FTO in Bremen, Andreas was selected to take over the flight safety officer tasks while additionally performing the duties of flight instructor (FI). He developed the initial operation management manual with all the aspects of flight instruction and flight safety within a compressed timeline. Andreas has proven to be the example of CAE's "*Just Culture*" by being open minded and trusting, but critical and expedient.

His personality, balance, and know-how allowed the FTO to start training under the best conditions in the safest environment. As a member in the flight safety team, he lives and promotes the flight safety culture, and transports it to the whole team at FTO Bremen. ▶

Annual safety performance review and safety culture survey

Together, these resources provide a solid base for Civil Aviation to identify and address areas of strength and areas of improvement from both an operational and culture perspective.

In FY23, we revised and expanded the annual safety performance review to include safety performance data and critical quality assurance and compliance monitoring information from all Civil Aviation training centres.

In FY23, we began implementing the results of our safety culture survey. The survey used the International Air Transport Association (IATA) Safety Culture survey (I-ASC) as a base, using a confidential online platform. The I-ASC addresses the need to measure and continuously improve safety culture, using a standardized methodology and key performance indicators. The survey invited employees to rate statements on a scale and provide comments related to different safety culture drivers such as "*Just Culture*", communications, reporting and feedback, and management commitment. The survey received 880 responses, a 24% response rate in line with industry standards.

Lessons learned training series

Civil Aviation's global safety team launched the Lessons learned series, as an action from their FY23 survey. In FY23, four videos that focus on safety incidents and the steps CAE is taking to mitigate future risks were published.

New courses on global aviation safety and risk management for leaders

D&S continues to educate our instructor pilots and leaders internally, instituting two new training offerings to ensure our product is standardized and meets our customers' needs.

New employees and leaders now receive standardized training on global aviation safety to ensure CAE standards are emphasized and understood. This approach provides a common baseline for future communication.

D&S continues to expand live flight operations globally

Over the past year, D&S expanded live flight operations in four new global programs, providing instructors to U.S. Navy T-45 training programs in Mississippi and Texas; U.S. Army helicopter training at Ft. Novosel; C-130J instructors to the Australian Air Force; and an ab initio site for the German Air Force at the CAE Bremen Training Centre.

CAE established this new training facility at Bremen Airport in northwest Germany. The training centre employs instructors, aircraft dispatchers, maintenance technicians and support staff and trains more than 40 student aviators.

CAE's aviation safety system is the foundation for the quality programs we provide our customers worldwide. As our global training presence increases, this CAE standard ensures the consistency in training delivery and risk management our customers require to ensure global mission readiness. ■

CAE
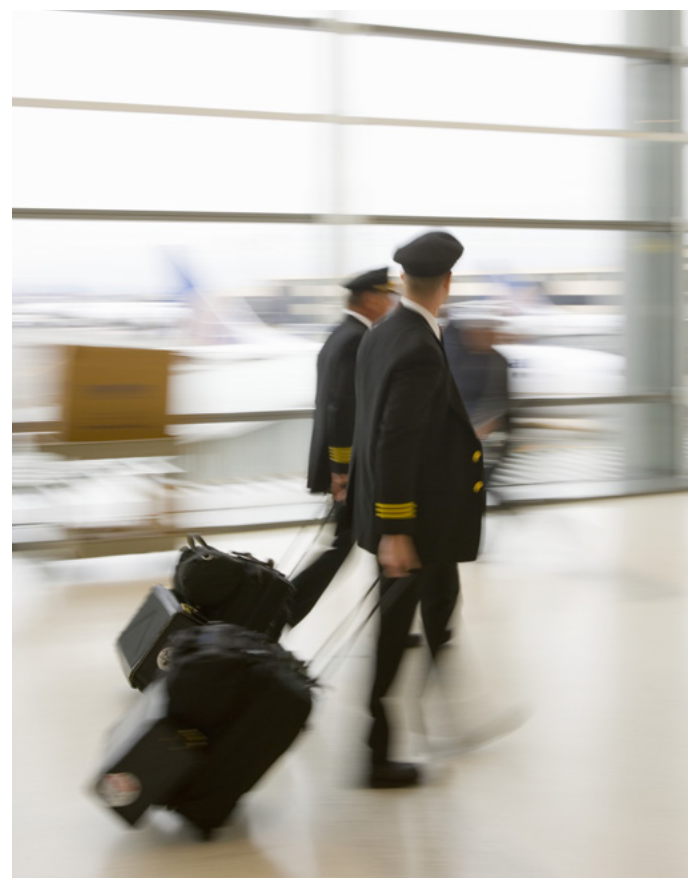
Thought leadership

Asia Pacific Summit for Aviation Safety 2023, *Rethinking Safety, Strengthening Aviation: Safety through Learning from All Operations for Evolving Training Needs*

Andrew Lim, panelist

Bombardier Safety Standdown 2022, Standing up for safety: The Future of Training

Steve Dennis, panelist

From Analytics to Action: How Data can Enhance Operational Safety

Tim Schoenauer, workshop leader

2022 Regional Airline Association Conference: *Pilot Training Leadership & The Next Level of Safety*

Richard Morris, panelist

▶ Watch our **video**.

Aviation Safety

■ **By FY28, we commit to being an aviation safety model for the industry in our flight operations**

Associated SDGs

Key result		Target year
Joint	› Review & update aviation standards & procedure to improve operations and compliance with internal and external requirements › Cultivate a Just Safety culture	Every year
Civil	› Increase the Acceptable Level of Safety Performance (ALoSP) in the ab-initio training centre network from 69% to 78% › Increase the Acceptable Level of Safety Performance (ALoSP) in the non-ab-initio training centre network from 75% to 78% › Maintain 0 major (category A) incidents/accidents for entire network	FY24
D&S	› –2% per year in aviation safety incidents with serious injury or material damage	Every year
	› +2% per year in voluntary safety reports	Every year
	› Establish a D&S-specific audit and review program	FY28

Diversity, equity & inclusion

Why it matters

Championing diversity[1], equity and inclusion (DE&I) is the right and smart thing to do. Properly executed, DE&I should influence and impact every aspect of how an organization operates, internally and externally.

At CAE, we summarize the depth and breadth of our approach to DE&I in five words: "*Thousands of differences. One CAE.*" Everyone is welcome to contribute to our success, with no exception.

As an industry leader with a presence in more than 40 countries, CAE engages with employees, customers and partners worldwide who bring unique value, skills and perspectives to our company and to society. Many studies have shown that greater diversity, equity and inclusion leads to greater innovation, resilience and success.

Diverse, equitable and inclusive organizations consistently outperform their peers. CAE's culture of DE&I leads to new ideas, collaborations and ways of working that help us deliver the best-in-class products and services our customers need and deserve.

Our commitment to DE&I also helps us attract, engage and retain top talent.

1   Diversity of race, ethnicity, gender, sexual orientation, nationality, socioeconomic status, religion, language, (dis)ability, age, etc.

CAE

Governance

CAE continually strives to improve and align our DE&I governance structures and processes with industry best practices in this ever-evolving area.

In 2022, we put a formal governance structure in place to accelerate further integration of DE&I into the company's culture and business practices, and also created a new DE&I leadership position.

CAE's Executive Diversity Council (EDC), composed of Executive Management Committee (EMC) members, provides oversight and governance of DE&I initiatives across the organization. Our Chief DE&I Officer oversees CAE's DE&I Office, a representative core team tasked with ensuring DE&I considerations are embedded, at present, in these major operational streams:

DE&I operational streams

This governance framework includes business unit leadership, supported by identified DE&I Regional Leads who tailor initiatives to their respective local context.

Measurement and metrics

Organizational development

Marketing and products

Communications

Government relations

DE&I office

Suppliers

Legal and compliance

Recruitment

Scholarships and community outreach

Benefits and compensation

CAE

Management approach

Building a company that is more open, progressive and people centric

We believe all CAE employees contribute to the creation and sustainment of an open, diverse, equitable and inclusive workplace. DE&I is embedded in our values and increasingly integrated into CAE's corporate governance, business policies, systems and processes. By actively building a company that is more open, progressive and people-centric, we create a workplace where all employees can feel accepted, included and valued for who they are.

CAE is a signatory of the UN Global Compact (UNGC), UN Women's Empowerment Principles, the Government of Canada's 50-30 Challenge and the BlackNorth Initiative Pledge. We refer to and align with ISO 30415 and to the frameworks of the UN Declaration of Human Rights and UNGC Ten Principles, to continuously consider opportunities to improve our programs and policies. We identified the Sustainable Development Goal 4: Quality education and Goal 5: Gender equality as aligned with our DE&I efforts among the five SDGs toward which CAE could have the greatest impact.

Policy on Diversity, Equity and Inclusion the Workplace

Our global policy applies to CAE employees, customers, vendors, suppliers and subcontractors, and any additional individual or entity that has a business relationship with us. The policy outlines roles and responsibilities, with CAE's Code of Business Conduct as a required source of reference. CAE views compliance as mandatory for the sustainment of an open, diverse, equitable and inclusive workplace.

Board and Executive Officer Diversity, Equity and Inclusion Policy

CAE introduced this policy in May 2015 to ensure diversity of representation in our Board of Directors. As detailed in the Governance section, the Board amended this policy in June 2022, setting the following target: by 2025, at least 33% of executive officers and 40% of Directors form part of certain diversity groups (including women, persons with disabilities, Indigenous Peoples, members of visible minorities and the LGBTQ2+ community).

CAE achieved and set additional ambitious targets to achieve diversity in leadership, which are listed under Our performance.

Policies

📖

> Policy on Diversity and Inclusion in the Workplace

> Board and Executive Officer Diversity, Equity and Inclusion Policy

> Code of Business Conduct

> Human Rights Policy

Programs and practices

Talent acquisition and development

CAE's global Talent Acquisition Model supports inclusive hiring and diversity throughout the recruitment process, from job postings to interviewing and placement.

Further detailed in **Inclusive hiring**.

We are proud to work on improving access for underrepresented groups, including women, Black, Indigenous, People of Color (BIPOC), people who identify as LGBTQ2+ and people who are neurodiverse or living with disabilities, to positions of influence and leadership through our training, coaching, sponsoring, mentorship and leadership development programs (presented at the start of this **Social** section).

Knowledge repository and training resources

Through our **Canadian Centre for Diversity and Inclusion** partnership, CAE employees have unlimited access to live interactive webinars, Community of Practice events and a knowledge repository of 600-plus documents, reports, toolkits, templates and other content. LinkedIn Learning modules covering relevant DE&I topics are also available to employees.

CAE also offers multiple training resources under categories such as DE&I fundamentals, unconscious bias and microaggressions, inclusive leadership, and inclusive hiring. On an ongoing basis, we introduce additional targeted training.

See **Our performance**.

Task Forces

We empower these dedicated groups, composed of various stakeholders from within CAE, to incorporate DE&I considerations into key targeted areas of our business and facilities.

— **Indigenous** — created to support our reconciliation efforts with Indigenous Peoples, has now become a formal ERG.

— **Facilities and ERGs** — evaluate and provide building guidelines for how to make our facilities more inclusive.

— **Yes We Can!** — looks at measures to improve CAE's attractiveness to the African-American community as an employer of choice.

Employee Resource Groups

Our Employee Resource Groups (ERGs) foster and promote DE&I across our organization. ERGs are employee initiated and governed. Each ERG is supported by an executive sponsor and hosts or co-sponsors activities that align with its member-approved charter and mission statement. In FY23, our Employment Equity Canada Committees merged with our ERGs and we welcomed a new global Indigenous Peoples ERG. ▶

Self-identification campaign

We initiated a global voluntary self-identification campaign in FY23 (for reporting in FY24), which will contribute to a better view of representation in our workforce while tracking our progress on hiring, retaining and promoting individuals from underrepresented groups.

The Government of Canada Federal Contractors Program (FCP) requires workforce composition be reviewed periodically to ensure workplace equity. In compliance with the FCP compliance assessment policy, CAE conducts an annual campaign to promote and review self-identification, with self-identification assessed ongoing as part of CAE's hiring process. Employee self-identification is voluntary and anonymous.

The US Department of Labor (DOL) requires workforce composition be reviewed periodically to ensure workplace equity.

In compliance with the Office of Federal Contract Compliance Programs (OFCCP) and Equal Employment Opportunity Commission (EEOC) policy, CAE invites applicants and new employees to voluntarily self-identify as part of CAE's hiring process. Additionally, CAE conducts periodic and ongoing opportunities for employees to review and update their self-identification information. The information obtained will be kept confidential and may only be used in accordance with the provisions of applicable laws, executive orders, and regulations.

Incorporating DE&I in our value chain

We added diversity and inclusion clauses to our purchase order terms and conditions and Certified Purchasing Professional certification. We also incorporated diversity and inclusion criteria into our global procurement management platform sourcing processes and tools, which will help drive recognition of suppliers who demonstrate excellence in these areas.

See additional coverage under **Sustainable sourcing** and **Responsible supply chain**.

Community role and contribution

We also recognize that CAE occupies a position of influence in the industry and in the communities in which we operate. To promote diversity in the flight deck and address a projected pilot shortage (a situation worsened by COVID-19), CAE launched multiple initiatives, working with industry partners to open up opportunities to a wider talent pool, support airlines by building a pipeline of qualified candidates and positively impact the global economy. These initiatives are detailed below and throughout this report.

Our organization acts as sponsors, our leadership as speakers and panelists, participating in multiple communities of practice as vocal DE&I advocates. We fund several scholarships and programs promoting careers in aviation and science, technology, engineering and mathematics (STEM) that serve underrepresented groups.

Further detailed in **Education section**.

CAE also proactively addresses new and proposed DE&I accountabilities in national and regional legislation, and evolving mandatory disclosure requirements (e.g. board diversity as per the **European Parliament**, **Financial Conduct Authority**, **Nasdaq**).

We are gratified to have our efforts toward DE&I recognized through the multiple awards and certifications we have received.

Partnerships and initiatives

CAE is proud to contribute to DE&I on a local, regional and global scale through multiple partnerships and initiatives, including:

— **Airside**
— **CAE Women in Flight**
— **BlackNorth Initiative**
— **Women in Governance**
— **Fondation Émergence**
— **Canadian Council for Aboriginal Business**
— **Canadian Centre for Diversity and Inclusion**
— **UNGC Network Canada Blueprint for Gender Equality Leadership in the Canadian Private Sector** ■

Our performance

Employees by gender in FY23*	
Women	**3,085**
Men	**10,130**

Advancement for representation of women at all levels globally

DE&I efforts have helped us improve women representation in the workforce from 18% in FY19 to 23% in FY23. ▶

Employees by gender, by region in FY23	Men	Women
North America [1]	**7,515**	**2,206**
South America	**152**	**42**
Europe, Middle-East, Africa	**1,779**	**625**
Asia-Pacific	**684**	**212**

Employees by gender, by employment category in FY23	Men	Women
Senior executive	**8**	**3**
Executive	**36**	**12**
Director	**166**	**44**
Manager	**1,129**	**341**
Staff	**8,791**	**2,685**

1   North America includes the following: Quebec – women (994), Quebec – men (3,016), Rest of Canada – women (169), Rest of Canada – men (596), United States – women (1,043), United States – men (3,903).

Employees by employment category, by age group in FY23	Under 30 years old	30-50 years old	Over 50 years old
Senior executive	0	4	7
Executive	0	23	25
Director	0	112	98
Manager	35	877	558
Staff	1,850	5,629	3,999

Our FY23 DE&I performance is further detailed in our GRI indicators and SASB Index.

Training

— CAE leaders in Canada completed Indigenous awareness/Land acknowledgement training, including Indigenous Peoples ERG members and Human Resources Business Partners *(HRBPs)*.

— Global HRBPs participated in microaggressions training, with additional audiences to follow.

— Global Strategic Sourcing's Indirect and Training Centres team received targeted training during their all-staff meeting. ▶

Inclusive insurance and benefits

Under our new program CAEheartbeat, we are creating more inclusive workplaces:

— Global parental leave, up to 8 weeks fully paid; maternity paid leave, up to 26 weeks in Canada, 100% salary. Coverage extended from Canada and the U.S. to China, New Zealand, Philippines, Brazil, Ireland.

— Global flexible vacation; global sabbatical leave of up to 26 consecutive weeks.

— To better support people from the transgender community, CAE now offers coverage in Canada and the U.S. for gender affirmation procedures to eligible employees and their dependents.

— In the U.S., CAE covers lodging for employee and family members who need to travel more than 100 miles to receive a covered medical service; includes cancer treatment, transplants and women's medical services.

Partnerships

With our airline partners, CAE strives to create a movement that encourages young women to pursue a career as a commercial pilot.

Further detailed in **Annual Activity: Civil Aviation**.

— CAE Women in Flight

> CAE **renewed our partnership with easyJet** at the Farnborough International Airshow in July and relaunched the Women in Flight scholarship program.

> In October, **CAE and Air Canada doubled the 2023 Captain Judy Cameron Scholarships** through a fund matching program that will grant up to four women $5,000 scholarships under the Women in Flight Ambassador Program. ■

Meet our Women in Flight Ambassadors

Alicia Hunt
CAE Phoenix

Cindy Wong
CAE Kuala Lumpur

Bisma Petafi
CAE Oxford

Daniela Saucedo
CAE Phoenix

Georgina Thomas-Watson
CAE Oxford
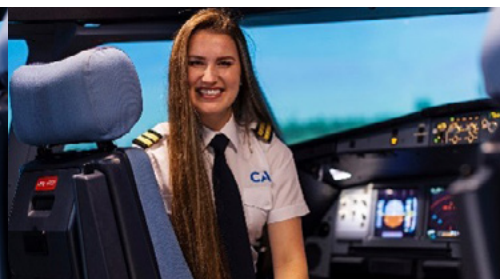
Lauren Beam
CAE Phoenix

CAE

Events

Below we highlight a sampling of the many internal DE&I events held across CAE throughout FY23.

– **Black History Month (BHM)** — CAE's embRACE ERG activities included a panel discussion, quiz. We adopted BHM colors for our logo internally and on social media, also highlighting contributions of the black community. CAE Montreal hosted local high school students and employees attended an EY Canada BHM panel and networking event.

– **Honouring veterans** — In conjunction with Veterans Day 2022, CAE's Insignia ERG launched the Insignia podcast, which highlights the skills and abilities veterans bring to our organization. A virtual Veteran Wall of Honour, a joint initiative of CEO Marc Parent and the Insignia ERG, pays tribute to the service and sacrifice of military veterans who work at CAE.

– **CAE Proud** — From Pride Month activities in June 2022 to Pride parades *(Dallas, Montreal and Stolberg)*, a Pride at Work webinar hosted by the Prism ERG, to marking the International Day against Homophobia, CAE employees expressed their support.

– **Girls and women career development** — Included Girls in Information Communication Technology Day, Women in Defense & Security mentoring event, International Day of Women in Engineering.

– **International Women's Day (IWD)** — The LIFT and the PWN ERGs sponsored a virtual panel on equity. In collaboration with Air Canada and Air Transat, we welcomed 50 young women and girls interested in aviation as part of the Elevate Aviation Cross Country Tour. We also produced a video on equity that featured CAE employees worldwide.

CAE celebrates International Women's Day 2023

Employees share what equity means to them.

▶ Watch our **video**.

International Women's Day

#EmbraceEquity
March 8, 2023

Awards and recognition

— **Forbes' World's Top Female-Friendly Companies 2022**

— **Bloomberg Gender-Equality Index** fifth consecutive year

— **Women in Governance Gold Parity Certification 2023**
 (Silver 2020, 2021; Bronze 2019)

— **HIRE Vets Medallion Award Platinum 2022**
 (Platinum 2022, Gold 2021, Platinum 2020, Gold 2019)

— **Women and Drones Top Companies for Women in Emerging Aviation Technologies 2022**

Pascale Alpha

CAE's Chief Diversity, Equity & Inclusion (DE&I) Officer, was named among Top 10 Diversity and Inclusion Leaders in Canada.

Pascale has been involved in our DE&I journey from the start and continues to be a driving force in our ongoing progress and achievements.

See the **Press Release** or **Manage HR profile**.

Marilyn Pearson

CAE's Global Regulatory Lead AAM/eVTOL/UAS was inducted into Hall of Fame for Women in Emerging Aviation Technologies.

The award recognizes highly experienced and accomplished businesswomen in relevant emerging aviation technologies and industry-enabling career fields.

See our **Press Release**.

Thought leadership

Big Sister Boston's New Girl Network, Boss Up: *Cultivating Your Leadership Style at Any Level — Abha Dogra, panelist*

2023 International Women in Aviation Conference — *CAE contributing event sponsor, host of CAE Instructor Pilot Recruiting hiring session*

EY Canada and Aéro Montreal: Insights from the Canadian Aerospace Industry DE&I Survey 2022

CAE, interviewed for insights

Evanta Toronto: Maintaining DE&I Momentum Into 2023

Pascale Alpha, panelist

UN Global Compact Network Canada, Connecting the SDGs: *International Human Rights Day, EDI and Responsible Business Conduct*

Pascale Alpha, panelist

▶ Watch our video.

Air Line Pilots Association International *Women in Aviation Forum: Diversity Equity and Inclusion on the Flight Deck and Beyond*

Pascale Alpha, panelist

Manage HR: Making Diversity, Equity and Inclusion everyone's priority

Pascale Alpha, interview as one of the top 10 DE&I leaders in Canada

CAE Virtual Supplier Forum: *A global view on ESG best practices and why it should matter to suppliers*

Hosted by CAE

▶ Watch our video.

Women in Leadership Foundation: *Choose to be you*

Hélène V. Gagnon, panelist

UN Global Compact Network Canada, Women's History Month *(promotional campaign)*

Pascale Alpha, contributor

Premières en affaires magazine, Entreprises publiques québécoises: La parité est nécessaire

Hélène V. Gagnon, interview

Elle Quebec, L'aérospatiale: un domaine qui fait de l'œil aux femmes

Élodie Caufriez Gingras, featured profile

Iskwew Air, Diversity Institute (Toronto Metropolitan University) and the Canadian Advanced Air Mobility Consortium event, Women in Advanced Air Mobility: *A New Era*

Alexie Côté, speaker

Aéro Montreal, Vitrines 2022: *L'aérospatiale, une filière inclusive à la portée toutes et tous*

Pascale Alpha, roundtable participant

▶ Watch our video. *(In French only)*

Impactful Indigenous Women in the Aerospace Industry and their Communities — *panel hosted by the Committee for Indigenous Peoples of CAE in collaboration with the PWN and LIFT ERGs*

▶ Watch our video.

UN Global Compact Business Roundtable: *Advancing gender equality and women's leadership in selected industries*

Pascale Alpha, panelist

▶ Watch our video.

Invitation to the United Nations Global Compact Practitioners Roundtable in New York – How Allyship Can Propel the Women's Empowerment Principles into Practice

Pascale Alpha, roundtable participant

Global Institute for Women's Leadership and Deloitte's collaboration Enabling Workplace Gender Equality: *Public Policy Levers and Best Practices.*

Pascale Alpha and Dan Sharkey, contributors.

Diversity, equity & inclusion

■ **By FY28, we commit to foster and promote a culture of diversity, equity and inclusion across the organization, in our communities and embedded in everything we do**

Associated SDGs

Key result	Target year
› Increase leadership diversity (gender + People of colour & Indigenous peoples) by 2% from 31% to 33%	
› Increase representation of gender diversity amongst high-potential employees by 3% from 29% to 32%	FY24
› New hire diversity baseline established & objective setting for subsequent years	

CAE

Human rights

Why it matters

As a global organization, CAE recognizes that every human being has a right to be treated fairly and with dignity, whatever their religion, language, nationality, place of residence, sex, skin colour or any other status. We keep a particular watchful eye against unfair work practices, child labour and modern slavery, and we expect our suppliers, contractors and business partners to do the same, even if they operate in jurisdictions with less stringent laws and regulations related to human rights.

CAE considers the respect of human rights to be a fundamental corporate responsibility, implicit in our mission and vision, and a leading value that governs our activities, policies and practices. We place the highest importance on respecting human rights in the conduct of our business everywhere we operate.

As a signatory of the UN Global Compact, we commit to actively upholding — through our strategies and across our operations — Principles 1 to 6 governing the protection of human rights, which are derived from the Universal Declaration of Human Rights. We also follow the core and social standards of the UN Guiding Principles on Business and Human Rights and the International Labour Organization, together with all laws and regulations applicable where CAE conducts business.

Accordingly, we have put concrete mechanisms in place in our systems and processes to mitigate the risk of infringing the fundamental human rights of individuals across our direct operations and through our supply chain.

Governance and oversight

CAE's Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement has the overall responsibility for monitoring human rights issues and for developing guidelines and initiatives to support related policy, program implementation and risk mitigation, while the Global Strategic Sourcing group is responsible for maintaining compliance policies and processes specifically for suppliers and contractors throughout the supply chain. All compliance-related initiatives are coordinated with the support of the Global Ethics and Compliance Office, which is responsible for overseeing the implementation of compliance processes enterprise-wide. Both CAE's Chief Sustainability Officer and the Global Ethics and Compliance Office provide periodic reports to CAE's Board of Directors, through its Governance Committee.

Management approach

CAE's management approach starts with our Code of Business Conduct as our primary reference; all Human Resources policies follow from this document. By acknowledging the Code, employees and business partners working on CAE's behalf acknowledge their human rights engagements. As for suppliers and contractors, their work for us is governed by CAE's Supplier Code of Conduct, which sets outs our minimum expectations on human rights matters.

Our Human Rights Policy and Policy on Diversity and Inclusion in the Workplace further direct our actions and strategy.

We ensure that our commitment to human rights is adequately addressed in our standard terms and conditions with suppliers with respect to child labour, working hours, harassment and unlawful discrimination, anti-whistleblowing, slavery, human trafficking and other concerns.

We guarantee our employees' right to unionize and to communicate freely with their managers about working conditions without fear of harassment, intimidation, sanction, pressure or reprisal. We also recognize and respect workers' right to free association through affiliation or non-affiliation with an association of their choice.

As of March 31, 2023, approximately 2,400 of CAE's 13,000+ employees are unionized and covered by 55 different collective agreements with varying expiration dates. Collective bargaining laws differ among the countries in which we operate. We maintain constructive relationships with our unions and Work Councils globally and work cooperatively to achieve mutually beneficial relationships. Working with the support and guidance of our Chief People Officer, CAE Human Resource Business Partners who support unionized employees are responsible for managing collective bargaining agreements in their respective regions.

In light of the evolving legislation governing the respect of human rights, we continue our monitoring of related developments in our industry and the actions taken by major players to maintain our mitigation plans and take action when required. We will continue to take measures in consideration of our risk profile, keeping in mind that CAE operates a global network and that our operations rely on a global supply chain, which both bring an associated level of exposure.

Reporting mechanisms

CAE offers internal and external channels for individuals to report potential human rights violations. Employees, customers, suppliers, business partners or other third parties, who have questions, need guidance or have grounds to believe a violation has occurred, have several resources available to them, including (as applicable) through direct dialogue with:

— Direct supervisors or the next level of management
— Global Human Resources
— Global Legal department representatives
— Union or Works Council representatives
— Global Ethics and Compliance Office

Reports can also be filed using the EthicsPoint website and call centre, an independent confidential service available to employees 24 hours a day, 7 days a week, anywhere in the world.

All inquiries about potential breaches or violations are handled promptly and we are committed to taking appropriate remedial action. In the event a misconduct is confirmed, we consider not only appropriate disciplinary action for the employees involved, but also engage in a root cause analysis of the misconduct, including any possible involvement of third parties.

Our Internal Reporting/Whistleblowing Policy governs the handling of activities of concern.

See EthicsPoint reports since FY21.

Policies

> Human Rights Policy

> Code of Business Conduct

> Supplier Code of Conduct

> Policy on Diversity and Inclusion in the Workplace

> GEHS Policy

Our performance

CAE's yearly training on the Code of Business Conduct — mandatory for all employees — has been updated to include human rights challenges and elevate awareness within the organization. To enhance our mitigation of indirect potential human rights risks, we are deploying an ESG risk management framework that will enable the assessment of our current suppliers' risk exposure and the selection of future partners with the least risk.

See **Responsible supply chain section**.

Thought leadership

UN Global Compact Network Canada, Connecting the SDGs: *International Human Rights Day, EDI and Responsible Business Conduct (webinar)*

Pascale Alpha, panelist

(▶) Watch the **Panel Discussion**.

Human rights

■ **By FY28, we commit to conducting our business in accordance with respect of human rights standards across all our activities**

Associated SDGs

Key result	Target year
› Continuously review and refresh policies associated to human rights management in regards with the evolving legislation in effect in the jurisdictions in which we operate	Every year
› Bottom-up risk assessment of CAE's direct and indirect exposure to human rights related issues › Roll out of ESG risk management framework inclusive of human rights measures › Delivery of customized training for most exposed teams	FY24
› Etablishment of proper protocols to prevent and mitigate direct human rights risks › Roll-out of the risk assessment of selected strategic suppliers	FY25

Education

Why it matters

CAE believes in investing in the future of the next generation by providing enriching and highly meaningful learning opportunities. Through a program of Work-Integrated Learning (WIL) activities, CAE empowers students to acquire new skills and experiences that will help them flourish and grow into the leaders of tomorrow who drive innovation and create new opportunities for economic growth.

With a rich history of providing WIL with academic institutions, CAE collaborates with more than 50 universities, research centres and laboratories worldwide, colleges and other post-secondary institutions across Canada and around the world. As a leader in WIL, CAE is helping equip students of all horizons with relevant opportunities to develop their knowledge and skills and prepare them for their future careers.

CAE offers approximately 50 awards and scholarships to students each year and committed to increasing the number of WIL opportunities we provide students.

Investing in the continuous training and education of our employees is equally important and at the heart of CAE's priorities. Ensuring our professionals have the skillsets that enable them to develop and deliver best in class products and services that leverage latest technologies is part of our competitive strategy. That is why a comprehensive offering of educational and training programs is made available to employees who are also encouraged to pursue and guided on their continuous upskilling journey.

Governance and oversight

At CAE, we recognize the importance of supporting and encouraging youth in reaching and achieving their aspirations through education.

CAE's Charitable Donations & Sponsorships Policy guides education related donations, sponsorships and initiatives. The policy outlines specific donation priorities, one of which is ensuring education initiatives are related to STEM and aviation. The policy also includes ensuring the donations related to educational initiatives reflect our commitment to support the communities in which we operate. Under the responsibility of the Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement, donations are aggregated and presented to the Board on a yearly basis.

Management approach

Guided by the Donations and Sponsorship Policy, CAE manages its portfolio of education related initiatives by continuously reviewing them with collaborators and external partners. Through knowledge sharing with researchers, industrial players and other companies, we continually seek to maintain best practices and evolve the program and initiatives in order to adapt with the changing needs in aviation, STEM learning and sustainability fields. This collaborative approach with different non-profit organizations promoting education and WIL as well as academia creates synergies along the continuum of education and ultimately provides the best learning experience for students and CAE employees alike.

In FY23, CAE created a Joint Academic Collaboration Committee. The committee members will be focal points in their respective regions to drive collaborative research, education and WIL initiatives, and keep an up-to-date view on everything that is happening in that portfolio. Under the leadership of CAE's Relations with Higher Education Institutions organization, members will be able to further expand CAE's academic collaboration networks and better coordinate, govern and grow CAE's involvement with academic institutions.

Being part of the communities CAE serves is fundamentally integrated into who we are. This includes our involvement and participation with organizations that align with our mission.

CAE encourages employees to participate on boards and committees of different non-profit organizations which promote education and WIL as well as colleges and universities.

Policies

📖

› Donations and Sponsorships Policy

Our performance

Scholarships and awards

Beyond training and education, encouraging young people to find themselves in rewarding careers in STEM and aviation is a mission we strongly believe is aligned with CAE's noble purpose.

CAE partners with over 50 post-secondary institutions, research centres and laboratories worldwide. Over the past three years, CAE, either directly or through endowments, contributed in excess of $400,000 in scholarships globally of which $211,000 were aimed specifically at developing the talent and leadership of women and Indigenous peoples in aviation and STEM careers in Canada. ▶

Number of scholarships and awards delivered since FY19 (worldwide)

Year	Number of scholarships and awarded
FY19	45
FY20	69
FY21	41
FY22	55
FY23	64

CAE

From the classroom to hands-on practical experience with CAE's internship program

Each year, our team looks forward to welcoming and inspiring students from various backgrounds as they explore the endless possibilities a career in aviation and high-tech can offer. As they embark on their internship or coop program with us, their classroom knowledge comes to life and students refine, expand on and learn new practical skills.

Supporting students to succeed and to develop the talent our industry needs, we continue to maintain and create coop and internship opportunities worldwide, including WIL activities. R&D projects also completed with CAE allow students to complete their curriculum.

We participate in numerous programs, partnerships and initiatives as shown in the following examples:

CAExplore COOP program — CAE's internship program for university and college students offers opportunities to work in different departments within our three business units and corporate function teams. In FY23, some 1,000 internships and coop mandates were offered to students worldwide for them to work on value-added and meaningful projects and tasks.

CAE Immersion program — in partnership with Concordia Institute of Aerospace Design and Innovation (CIADI), this unique program provides students from selected engineering programs with an engaging curriculum designed to complement their academic studies. Through courses, workshops and team assignments, participants learn and reflect on a wide range of topics that span from agile methodologies, design thinking, project life cycles, future training platforms all the way to the importance of safeguarding a company's reputation and delighting customers.

CAETech talent development program — our program develops next-gen talent and promotes job creation for CEGEP and college students from six partner institutions pursuing computer science and avionics technical studies. In FY23, 19 students received scholarships and benefitted from tailored internships and mentoring as part of this program.

CAE

Canadian Industrial Leadership Award

CAE, together with other industrial leaders, continues to promote employment and advancement opportunities for Canadian women in the defence and security sectors through the Canadian Industrial Leadership Award.

CAE and its partners provide financial support and mentorship to 10 women in post-secondary STEM programs.

Partnering with organizations to develop the talent of tomorrow

As the demand for qualified workers with specific skill sets is ever prevalent, CAE contributes to talent development through its partnerships with the following organizations:

A founding partner of the Canadian Mobility and Aerospace Institute (CMAI), a Canada-wide organization that coordinates the delivery of Work-Integrated Life-Long Learning opportunities in the transportation and aerospace industries to post-secondary institutions, CAE is a member of their board and provides guidance and alignment with industry priorities and share best-practices.

CAE is also involved in the Business + Higher Education Roundtable (BHER) which brings together Canadian business leaders and university executives to action a national mission of creating WIL opportunities through collaboration. CAE participates in BHER roundtables and shares our vision and recommendations to help industry and academia jointly enhance opportunities for the future workforce in Canada and fuel innovation and growth.

CAE is one of the industrial partners involved in the creation of the Centre for Advanced Research and Training in Aviation, Mobility and Space (CARTAMS), an industry and education consortium that contributes to identifying priorities and gaps to enhance and improve Canadian air mobility. ■

For more information about our positive impact on local and regional communities, refer to Donations and sponsorships in FY23.

———

CAE

Partnerships

Whether working in tandem or leveraging the strengths and creativity of organizations across our educational ecosystem, CAE values the partnerships and relationships we build. Our collaborations lead to new innovations and the abilities to support more students in STEM and aviation.

Agora numérique, an incubator for digital technology talent

CAE has partnered with Collège Bois-de-Boulogne to offer 50 innovation scholarships to students from Agora numérique over five years, as well as workshops and a variety of activities designed to provide concrete experiences that complement students' education. Agora numérique is the college's talent incubator dedicated to continuing education in information technology, AI and digital creativity.

LabGO: CAE contributing to an innovative education program

CAE has partnered with LabGO, an innovative education program based on a "learning by doing approach". Acting as customer who has contracted services of an IT firm (the students), CAE is providing both a real-life industry problem and a valuable customer-supplier human interaction experience to help learners develop the knowledge and skills expected in the job market. The program aims to provide students the upskilling and diploma they need to re-enter the workforce and have their prior education and experience in IT and programming recognized.

Supporting Carleton Women in Engineering & IT

Since 2022, CAE has supported Carleton's Women in Engineering and IT program. In FY23, we took part in a variety of the program activities such as participating in industry networking sessions, industry talk, and supported the creation of a "Upskill" video series which asks what advice would you give your 20-year old self.

Novel LIFT program brings together multidisciplinary talent for Urban Air Mobility project

CAE partnered with LIFT (Laboratoire intégré de formation technique) launched in 2022 by Cégep André Laurendeau on a CAE project where students investigate urban air mobility and vertiports. This multidisciplinary project brings students together from architecture, civil engineering technologies, transport logistics, building evaluation technologies, physics engineering technologies, and software. The college may also onboard students from the social sciences andhumanities.

Aerospace Industries Association of Canada (AIAC), CAE and other aerospace leaders bringing education and training together under the umbrella of the AIAC training and education subcommittee and collaborating with various entities across the Canadian aerospace ecosystem, including the Royal Canadian Airforce (RCAF) for one of the projects, CAE is contributing to addressing the pressing need to modernize and enhance training and education for aviation personnel. ▶

CAE

Aerospace Industries Association of Canada (AIAC), CAE and other aerospace leaders bringing education and training together

Under the umbrella of the AIAC training and education subcommittee and collaborating with various entities across the Canadian aerospace ecosystem, including the Royal Canadian Airforce (RCAF) for one of the projects, CAE is contributing to addressing the pressing need to modernize and enhance training and education for aviation personnel.

Sponsorships shine spotlight on several key STEM and aviation educational initiatives

CAE recognizes the importance and need to attract youth to careers in aviation. Throughout the year, CAE sponsors numerous events to inspire young students to learn about aerospace careers. From the Girls Take Flight community event, to Women Can Fly, to Women of Aviation Week, to supporting the 2023 Symposium annuel de physique pour un avenir en recherche et industrie to hosting Elevate Aviation students at CAE, to sponsoring WIL related activities, CAE believes in supporting and championing the rewarding opportunities in the sector.

CAE's indigenous ERG welcomes a delegation from the Centre de l'amitié autochtone de Trois-Rivières

Twelve teenagers from the Centre d'amitié autochtone de Trois-Rivières were given a tour of CAE Montreal including demos of healthcare, synthetic environments and an A320 simulator. ▶

In FY23

16+

sponsorships of WIL-related STEM and aviation initiatives and student societies in Canada

---

25+

student events and student visits at CAE in Canada

CAE hosts the Australian Air Force cadets at AVALON 2023 airshow

During the public days of the AVALON 2023 International Airshow & Aerospace and Defence Exposition, CAE opened its chalet to over 1,000 Australian Air Force cadets (AAFC) and their families to watch the awe-inspiring displays.

As leaders in youth development, the AAFC provides a foundation of RAAF knowledge and leadership, encouraging youth aged 13-18 years to pursue an interest in aerospace and defence. The opportunity allowed them to ask important questions about training, training technology, and career pathways, while having exclusive access to trialling and observing the CAE Sprint VR training device in action.

CAE sponsors the ConUHacks VII hackathon organized by Concordia University

Organized by Concordia University's HackConcordia student group, the event brought together over 800 participants from 97 universities and schools across Quebec and Ontario, making it the largest event of its kind in Quebec. Participants applied their software knowledge to solve challenges presented by the sponsors over a 24-hour period.

Nine teams submitted projects in response to CAE's challenge which required designing an innovative cockpit control and user interface application. Participating teams were invited for a visit to our headquarters, in addition to the grand prize offered to the winning team.

Our CAE delegation offered great visibility to the company and informed students about careers in our field, including a conference presented to a filled auditorium. ■

CAE

Education

■ **By FY28, we commit to supporting the communities where we operate through our global education investment program**

Associated SDGs

Key result	Target year
› Offer high-quality value-added work-integrated learning opportunities	
› Support through financial and/or in-kind contributions on average 10 student-led societies, technical clubs, hackathons, or case competitions each year	
› Promote education and career in aviation and STEM, including to underrepresented groups such as women, indigenous people, BIPOC, people with disabilities, LGBTQ2+, through targeted programs and partnerships	Every Year
› Collaborate on average with 50 post-secondary institutions and research centres globally each year	
› Create 100 new scholarship positions	FY28

R&D and innovation

Why it matters

Research and development (R&D) lead to innovation, a core value and key differentiator that sets CAE apart from our competitors.

To maintain our position as a global leader and leverage new market opportunities, CAE must continuously push the boundaries by revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency and readiness.

With a 75-year history of industry firsts, our innovative mindset continues to define our work today. Our collaborative, creative employees make our pursuit of "better" possible. As One CAE, we bring the digital and physical worlds closer together to deliver infinite possibilities.

Our cutting-edge training and critical operations solutions empower pilots, crew members, defence forces and healthcare practitioners to perform at their best every day and when the stakes are the highest.

An ambitious, successful R&D strategy requires resources and opportunity. We must also be vigilant in the protection of CAE intellectual property (IP), essential to stay ahead of the competition in our current markets, penetrate new markets and reduce our exposure to corporate risks. CAE also has an important role in supporting and contributing to the innovation ecosystem and community through programs and investments, partnerships and projects, and thought leadership.

Governance

CAE's Research and Development Investment Policy, which governs R&D investments, is overseen by the Executive Vice President, Finance and Chief Financial Officer; General Counsel, Chief Compliance Officer & Corporate Secretary; Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement; and Chief Technology and Product Officer.

The Chief Technology and Product Officer leads the creation of R&D strategy development, acceleration of CAE's digital transformation and enablement of cross-department technological collaboration.

Our R&D strategy and investment undergo annual review in a process that identifies priorities and spend to generate an approved list of initiatives. Our strategy is informed by multiple ESG-aligned factors, including the voice of customers. ESG criteria also factor into CAE's capital allocation decisions and R&D investment proposals as a standard practice.

Donations, sponsorships related to academic partnerships and research projects are reviewed quarterly as per CAE policies, with a breakdown by sector, region and spend.

CAE

Management approach

CAE's innovation framework puts our organization at the leading edge. Our framework considers five main categories: government, academia, industry, environment and sustainability, and society. This innovation model stresses relationship-building between all actors of the innovation ecosystem.

We view innovation as a part of our DNA. Our approach is to focus on what we do best — making the world safer. We are agile, our approach to R&D and innovation guided by CAE's accompanying core values of excellence, empowerment and integrity.

We aim to be the very best at every level of everything we do, giving employees the freedom to succeed by enabling them to deliver, take initiative and make decisions. We engage our R&D partners responsibly and with integrity. ▶

Our innovation and collaboration ecosystem

Academic institutions

Start-up ecosystem

Accelerators & incubators

Innovation & funding networks

Ecosystem

Research centres

Suppliers

Industry associations

Work-Integrated Learning partners

Governments
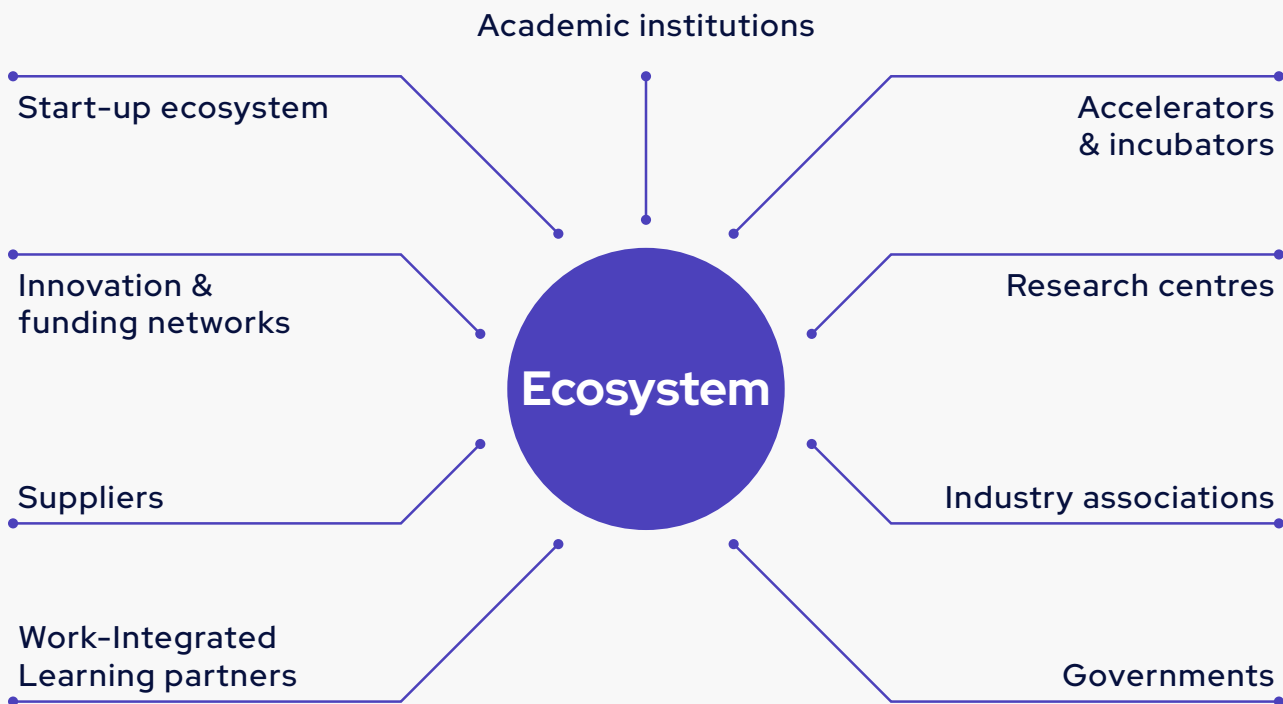
Through its Global Technology and Product (GTP) organization, CAE's R&D function works in lockstep with our Civil Aviation, Defense & Security and Healthcare business units to enable CAE to take advantage of a rapidly growing opportunity set. This is being achieved through greater technical commonality across the business, digitized processes and customer touchpoints and increased collaboration between lines of business to accelerate growth and improve profitability. Through the actions of the GTP organization, we also continue to promote the embodiment of our high-tech culture, extend our brand globally as a technological leader in our industry and attract and retain world-class talent. As part of CAE's annual cycle, all CAE employees are empowered to contribute to the list of potential developments to enhance our products and services. We also provide multiple avenues to encourage all employees to contribute ideas to advance our innovation imperative. All submissions ultimately follow the governance process outlined in the section above.

In the management of CAE's IP, we optimize the portfolio to serve CAE interests, drive corporate value and meet our obligations. We approach portfolio growth strategically, focusing on the IP assets that matter. Given CAE's position as a leading high technology company that incorporates advanced technologies in our products and services, we increasingly monitor software inventions, to ensure our innovative solutions are appropriately protected.

Innovation, as well as R&D partnerships over the years with various levels of government and institutions have contributed to our organization's growth. CAE also collaborates with more than 50 universities, research centres, laboratories, colleges and other post-secondary institutions across Canada and around the world to advance research and development initiatives that align with our strategy. We further collaborate with technology accelerators and incubators and are active members of a variety of associations and networks.

Through these partnerships, we develop advanced technologies, access leading expertise, and contribute to advancing skills and talent development at CAE and in the broader innovation ecosystem. ■

Training

CAE views training as a fundamental element of our innovation strategy. Collaborative R&D projects enable our employees to work alongside leading researchers and stakeholders at the cutting edge of research and technology, an enriching professional experience that also contributes to CAE's thought capital.

CAE is invested in the training and upskilling of our employees. We develop technological talent and engagement through a variety of initiatives.

The GTP organization group offers initial training to new engineering employees and global training under their Training and Development initiative.

The CAEimagine program fosters diversity of thought by providing a central online space where employees can share their ideas. Program participants are supported by a network of ambassadors, coaches and mentors. Our Gigs and Technical Career Track programs also provide development and skills training opportunities.

Additionally, CAE's High-tech program sponsors a webinar series for all employees to ensure their exposure to the latest technologies and industrial trends. The **Education section** of this report provides a view into additional CAE training initiatives.

Policies

> **Research and Development Investment Policy** (internal)

> **Intellectual Property Policy** (internal)

> **Code of Business Conduct**

> **Charitable Donations and Sponsorships Policy**

Our performance

CAE R&D spend since FY21

Gross R&D expenses *	FY23	FY22	FY21
Total	$273.4	$217.6	$202.8

* Amounts in millions

Collaborative R&D programs and investments

Project Digital Intelligence

Project Digital Intelligence strengthened our deep capabilities in augmented reality (AR/VR/XR), remote (real-time) networking, multi-domain software, synthetic environments, AI and cloud technologies. Through this project, CAE developed strong partnerships in the innovation ecosystem, from OEMs and hundreds of small and medium enterprises (SMEs) to over 50 academic institutions and research centres. This project, in which CAE invested $1 billion over five years, concluded in FY23.

Project Genèse 2

Project Genèse 2 represents an innovation-intensive program to accelerate development of leading simulation products and technologies in the CAE Healthcare portfolio.

Our efforts under Project Genèse 2 led to the development of new patient simulators and new modules for interventional simulators and enhancement of the breadth of pathologies and medical conditions our products support to meet the needs of our customers. We also partnered with medical equipment manufacturers to design and develop state-of-the-art systems that enable them to provide training to the users of their devices. We initiated the project in April 2020 and government contributions ended in FY23.

Project ANOVA

Launched in FY20 under the Quebec-based AERO21 mobilization initiative, Project ANOVA enabled CAE to undertake extensive process and methodology re-engineering activities focused on four guiding themes: logistics improvement, supply chain management transformation, leveraging data as a service, and the digital evolution of the customer experience. Said activities, completed in FY23, contributed to transforming, digitizing, and optimizing CAE's value chain, from supplier to end user. ▶

CAE

Project Resilience

In July 2021, CAE launched Project Resilience, a major five-year R&D investment program to reinforce CAE's position as a global technology leader, create high-value jobs and collaborations, and contribute to a greener, safer and more inclusive world.

We are investing $1 billion in this transformation project to develop the technologies of tomorrow, collaborating and co-developing technology solutions with SMEs, post-secondary institutions, research centres and STEM institutions across Canada.

In FY23, CAE advanced proof of concepts in a variety of areas targeting the civil aviation, defence and security, and healthcare sectors.

Project Resilience encompasses R&D activities along strategic technology themes which include:

— Green/electric aircraft and related core technologies; artificial intelligence for immersive training and operations

— Advanced Air Mobility, including eVTOLs, where CAE supports the development, testing and certification of aircraft development programs, simulation equipment and the development of training solutions to the next generation of pilots and maintenance technicians

— Advanced simulations and Human-Machine Interfaces; connected large-scale synthetic environments, digital twins

— Healthcare technologies

Global technology and products evolution

During FY23, CAE launched a training efficacy initiative to enhance our advanced training solutions using key technologies to refine and define our future standard of training performance. We also invested into the development of industry-leading technology with a focus on accelerating the deployment of the CAE Rise training system and expanding the capabilities of CAE Flight Operations Solutions' next-generation software suite. We also introduce to market our new mixed-reality training solutions including the CAE 700 MXR for use in Advanced Air Mobility (AAM) markets and the aircrew trainer for the HH-60W helicopter for the United States Air Force. Finally, we deployed synthetic environments and advanced digital twinning solutions for both commercial and defence customers. ▶

Mobilizing projects to contribute to the aerospace of tomorrow

Aircraft batteries for aerospace applications in cold temperatures

The iNorth project, involving CAE, an industrial partner and our academic partners the Université de Sherbrooke and École de technologie supérieure (ÉTS), focuses on the development of next-generation battery with packaging that demonstrates both improved performance at cold temperatures and improved aging characteristics over aircraft lifetime.

Multi-scale aerodynamic modelling of helicopters/unmanned aerial vehicles in urban environments

CAE partnered with École Polytechnique de Montreal, Concordia University and an industrial partner on the HAMAC project, which primarily aims to couple existing multi-scale models of aircraft aerodynamic simulations, including rotors, city models and atmospheric conditions, to improve flight simulators. To meet the low-cost criteria, this project introduces AI models as the "surrogate models" for both small-scale (aerodynamics) and large-scale (cities) software.

AI integration to improve training efficiency

With Université Laval, École Polytechnique de Montreal, Université de Montreal, Université du Quebec à Montreal, McGill University and five other industrial partners, CAE launched the DEEL project.

This project aims to develop AI-based methods to make several aspects of the aerospace industry products and processes more efficient, and, in the long term, to understand how these systems will eventually be formally certified. Project activities have focused on pilot performance assessment, with automatic assessment of a human against optimally calculated maneuvers in simulated environments.

See the **project site**.

The partnerships formed under these three projects were made with the help of the **Consortium for Research and Innovation in Aerospace in Quebec** (CRIAQ). ▶
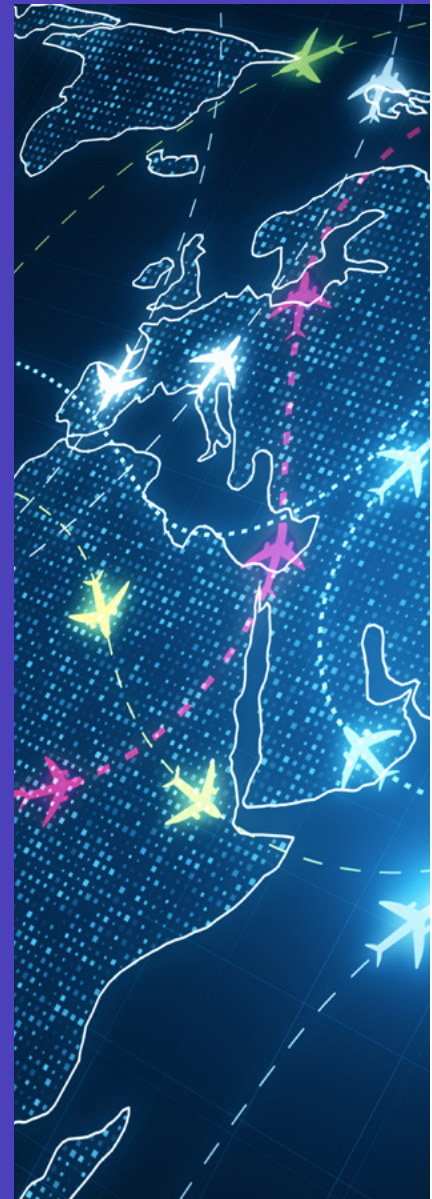
Biometric approaches to inferring pilot trainee's affective and cognitive states

InLook, a five-year R&D project involving CAE, Concordia University, Université de Montreal, McGill University, National Research Council of Canada and two additional industrial partners, involves the development of biometric approaches for the quantification of pilot trainee's cognitive and affective states during the pilot training process. Activities over this final year of the project include several multi-phase experiments based on ab initio training with students as test subjects. The project focused on quantitative performance evaluation and data analysis related to biometrics and performance improvement.

CAE becomes OGC Principal Member

CAE reaffirmed our active participation and support of the Open Geospatial Consortium (OGC) by becoming a Principal Member in demonstration of our continued commitment to establishing and maintaining consensus-based standards available to all.

The Common Database (CDB) standard defines a standardized model and structure for a single "*versionable*", virtual representation of the earth. A supporting and contributing member since 2013, CAE prepared the specification that received approval as an OGC Standard in 2016. The adoption of the CDB as an OGC standard brings together the geospatial intelligence and modelling and simulation industries to establish greater interoperability in the use of geospatial data.

CAE partners with Behaviour Interactive

CAE and Behaviour Interactive, one of North America's leading independent game developers, announced an agreement to combine their technological know-how to create innovative, immersive digital solutions to improve safety and operational efficiency.

Our collaboration will enable the integration of video game technology into large-scale training solutions. In addition, Behaviour Interactive will give CAE exclusive access to key multidisciplinary teams related to video game technology development, allowing CAE to integrate video game technology into our high-performance products to develop training technologies that are even more revolutionary.

This partnership also demonstrates CAE's continued focus on stimulating Canadian innovation in line with its commitments under the Industrial and Technological Benefits Policy.

See our **Press release**.

Securing intellectual property

CAE operates in an industry where IP protection is essential to stay ahead of the competition, penetrate new markets, and reduce exposure to corporate risks. During FY23 and thanks to our creative employees and the teams that support them, CAE applied for 35 patent and industrial design applications and was awarded 39 patent and industrial design registrations.

As of April 1st 2023, the IP portfolio comprises 290 patent and industrial design registrations and 109 pending patent and industrial design applications. ▶
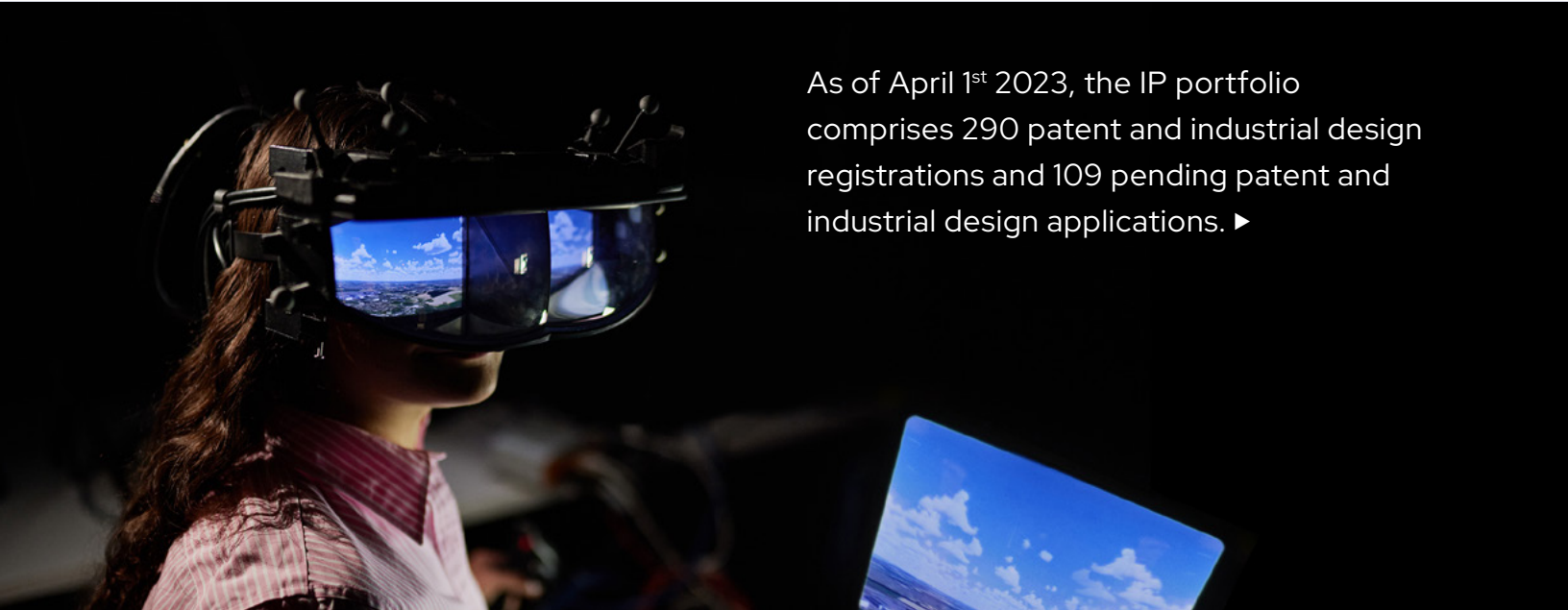
Celebrating our inventors

CAE inventors help shape our future. Annually, we recognize our inventors via a Patent Wall ceremony.

The CAEureka program rewards employees for their contributions to the intellectual property portfolio. In FY23, we introduced the CAE Inventors Circle, an initiative spearheaded by CEO, Marc Parent, to celebrate and encourage the innovative spirit of our culture. This program is exclusively reserved to employees who have made significant contributions to the patent portfolio over the years and supports the continuous acquisition of knowledge in innovation and IP at CAE. Members of the Inventors Circle will help define CAE's — and the world's — high-tech future. Recognition, training to facilitate the patent process and opportunity are the three guiding principles. ■

Patent Wall Ceremony

The spirit of innovation and creativity is more alive than ever

CAE

Thought leadership

The Coalition for a Better Future

Hélène V. Gagnon, panelist

▶ Watch our **video** at 1:13:30.

CRIAQ RDV Forum 2023, La nouvelle ère de mobilité:
Vision et prospective d'un leader de l'industrie

Philippe Couillard, speaker

CRIAQ RDV Forum 2023, La nouvelle ère de mobilité:
*Alimenter l'innovation: la recherche collaborative,
un facteur de succès*

Patricia Gilbert, speaker

OPEX Week: *Business Transformation World Summit 2023*

Arnaud Van de Voorde, roundtable moderator Winning with
Digital Transformation and panelist How to Unpack Hyper
Automation

eVTOL Insights podcast: *The importance of pilot training and
what needs to be done*

Stella-Marissa Hughes, speaker

▶ Watch our **episode recording**.

*AIAC Technology and Innovation Committee, AeroMontreal
Innovation Working Group,* **SA²GE** *Board of Directors*

Board meeting at CAE, host

**International Innovation 5.0 Forum and Exhibition: Beyond
Industry 4.0/5.0: towards a smart, digital, and sustainable
society**

Nuwan Fernando, presenter

Innovative Air Mobility: *Why building partnerships
now is critical to lift-off of the industry*

Stella-Marissa Hughes, panelist

Web Summit 2022: *The Digital Journey: 5 stages
of grief in digital transformation*

Abha Dogra interview

▶ Watch our **video**.

Women in Tech Boston:
Green Technology and Sustainable Business

Abha Dogra, presenter

Unreal Fest 2022: *Learning to Fly: CAE's Pivot to UE5
for Next-Gen Flight Simulators*

Marc St-Hilaire, presenter

▶ Watch our **video**.

Aéro Montreal International Aerospace Innovation Forum:
Aerospace 2022 and beyond

Marc St-Hilaire, speaker

▶ Watch our **video**.

Incheon Meets Quebec:
New, Emerging and Innovative Technologies

Marc St-Hilaire, presenter

Aéro Montreal International Aerospace Innovation Forum:
The collective challenges of air operations

Harsha Majeti, panelist

Lava Lab Montreal Innovation ouverte: *Comment mobiliser
vos employés afin de stimuler l'innovation?*

Philippe Couillard, speaker

**Chamber of Commerce of Metropolitan Montreal, Scale AI
and Forum IA Quebec, AI Meetings**: *Artificial Intelligence
in the aerospace industry*

Maher Chaouachi, roundtable panelist

Ministère de l'Économie, de l'Innovation et de l'Énergie:
*Launch of the Quebec Research and Innovation Investment
Strategy*

Houssam Alaouie and Érick Fortin interview

▶ Watch our **video**. *(In French only)*

CAE

Awards and recognition

— CAE recognized as one of the **Global Top 100 Geospatial Companies for 2023 by Geoawesomeness**

— CAE listed among **Canada's Top 100 investors in research and development for 2022**

R&D and innovation

■ **By FY28, we commit to advancing research and innovation to develop technology, design and deliver sustainable next-generation training products and services**

Associated SDGs

Key result	Target year
› Sustain R&D investments to maintain CAE's position as market leader in: — Aerospace and defence sustainability — Use of advanced technologies to foster safety and readiness — Emerging markets such as AAM and space domain › Maintain and grow strategic collaborations with open innovation ecosystems › Reinforce CAE's position as a thought leader and innovator and contribute to addressing the challenges in the sectors in which we operate	Every year
› Set up Joint Academic Collaboration Committee to oversee global research collaborations	FY24

Community programs, donations and sponsorships

Why it matters

As One CAE, our mission to make the world a better place reaches beyond digitalizing the physical world, deploying simulation training and critical operations support solutions. It starts at the local level across the globe, in the communities and towns our employees work and live, because we recognize that strong and prosperous communities are instrumental to the success of CAE.

Through our community programs, donations, sponsorships, and volunteer programs, we are committed to investing in the communities we serve, improving employee and community quality of life, and inspiring the next generation in the fields of STEM education. This includes university scholarships, charity events, technology competitions for young people and fundraising campaigns for humanitarian organizations where CAE operates.

At CAE, many employees are committed to causes that are important to them and we encourage and support the dedication of our employees who give their time and expertise through our CAEvolunteering program. Alongside our employees, we are proud to be active and participating community members supporting causes that have an impact on local and global communities. In FY23, our employees made a difference in around the world.

Governance and oversight

CAE has a Charitable Donations and Sponsorships Policy led by the Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement which must be adhered to by employees throughout CAE. The policy outlines priorities areas including education initiatives related to STEM education.

Every two years (unless required sooner), the Governance Committee reviews/approves CAE's Charitable Donations and Sponsorships, Lobbying and Political Contributions, and Human Rights Policies. Donations, sponsorships and research projects supported by CAE are reviewed annually, with a breakdown by sector, region and spend.

CAE also has in place a network of designated point of contacts that are accountable for recording and reporting donations and sponsorships to the Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement. The CAE Board receives an annual report with a breakdown by sector, region and details of our donations and sponsorships.

Management approach

CAE's ESG team oversees our volunteering program, donations, and sponsorships. With specific eligibility criteria and guidelines, CAE evaluates requests and ensures they are aligned with the CAE's Charitable Donations and Sponsorships Policy. Through our CAEvolunteering program, we support employees making a difference with three initiatives which are assessed regularly. CAE also applies a lens of ensuring our volunteering program, donations, and sponsorships promote access to under-represented groups in our industry and encourages the attractiveness of careers in STEM.

CAE

Our performance

Supporting local economies

Community investment and charitable donations	
Cash donations	$2,532,796
In-kind donations	$3,339,009
Total donations	$5,871,805

Donations and sponsorships in FY23

In FY23, CAE donated a total of $5,871,805 (cash and in-kind donations) to local and regional initiatives worldwide. We maintained our support and commitment to the United Way, the Red Cross and other multi-year humanitarian causes. ▶

Category	Cash ($)	In-kind ($)
Supporting communities	$640,740	$55,288
Innovation and R&D	$678,374	$251,691
Employee engagement	$21,288	
Diversity, equity and inclusion	$255,221	$13,000
Arts and culture	$153,840	
Health	$174,718	$8,000
Education	$189,730	$2,954,010
Civil Aviation	$68,071	$56,538
Defense & Security	$251,083	
Supporting industries	$79,967	$482
Environment	$19,764	

In-kind ($) — Cash ($)
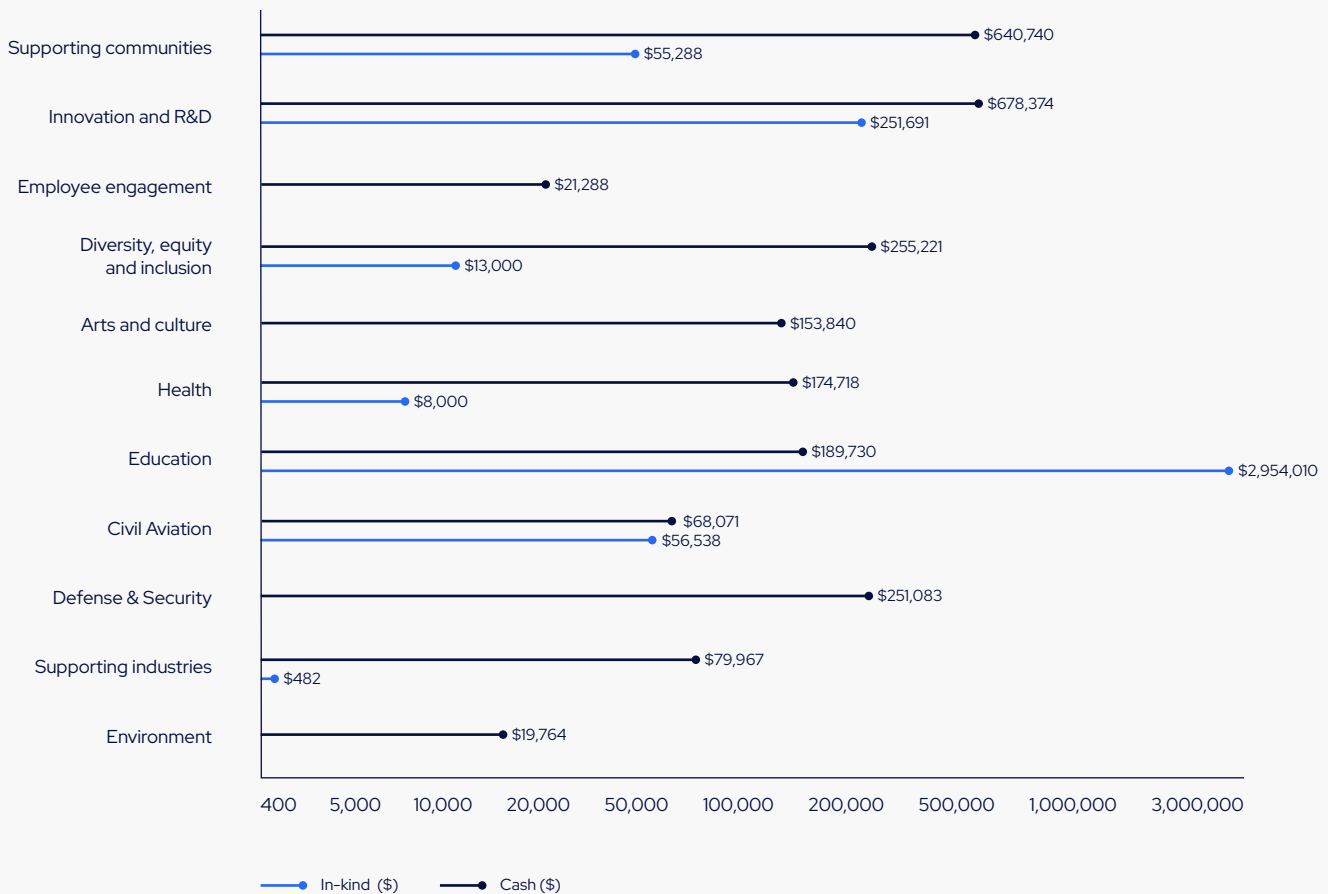
CAEvolunteering program

Our CAEvolunteering program aims to support employees and causes that are meaningful to them and contributes to making an even greater positive impact. Celebrating five years, the program has three prongs: 'Volunteer of the year awards', 'Dollars for your cause' and 'Team volunteering'. Our employees continue to go the extra mile to make a difference in their communities and CAE is proud to support them.

CAEvolunteering
Volunteer of the year

Volunteer of the Year awards

Each year we are impressed by our employees' incredible volunteer work and commitment to support their communities. Once again, this year, we received an outstanding number of applications.

This year CAE congratulates seven recipients who received the CAE Volunteer of the year award. Our 2022 Volunteers of the Year undertake suicide prevention for veterans and first responders, advance women's leadership initiatives, help refugees and families affected by the war in Ukraine, serve in their community's volunteer fire house, devote their time to the engineering student community and support life-altering children's neurological and cancer research.

Congratulations to Jeffrey Guinn, Mary-Beth Kennedy, Oleksandr Martinetz, Oleksandra Petrovska, David Frear, Kayla Charky and Aimée Hein for their exemplary contributions to helping shape a safer, better world for all.

Learn more about each of the winners and how they're helping to improve their communities. ▶

Jeffrey Guinn
Gold prize

Mary-Beth Kennedy
Gold prize

Oleksandr Martinetz & Oleksandra Petrovska
Silver prize

David Frear
Silver prize

Kayla Charky
Bronze prize

Aimée Hein
Bronze prize

Dollars for your cause

To support employees who volunteer more than 50 hours per year outside work hours, CAE donates $250 to their cause. This year, CAE supported 23 employees' causes. Their noble causes include assisting individuals and families impacted by homelessness, empowering minority voices in aviation, and many more initiatives that make a significant difference in other people lives

CAE employees and partners beat their previous fundraising record for Centraide (United Way)

Surpassing previous fundraising efforts, this year CAE raised $1,180,000 for Centraide through employee donations, fundraising activities, and a corporate donation. The funds raised support Centraide's mission to make important social issues such as poverty and exclusion unignorable and improve the quality of life for the most vulnerable.

CAE also received its 11th Solidaires award for exceptional engagement. The Solidaires awards celebrate the end of the Centraide campaign and the excellence of our partner companies, agencies and individuals who made outstanding contributions in the past year through their philanthropic and community action.

See our Press Release.

CAE donates to *Soldier On*

In memory of retired Corporal Franck Dupéré, CAE has donated to Soldier On, a program of the Canadian Armed Forces (CAF). The funds contribute to the recovery of ill and injured CAF members and veterans by providing opportunities and resources through sport, recreational, and creative activities. Thanks to our donation to Soldier On in FY21/FY22, $10,000 was distributed through the Soldier On Program and 11 members of Soldier On received support.

CAE continues to support humanitarian response in the Ukraine

Since the start of the conflict in Ukraine, CAE has been compelled, like many other organizations, to support humanitarian relief efforts. This year, CAE joined more than 50 Quebec companies to sponsor up to 1,000 Ukrainian affected by the war to come to Canada with their families, offering them jobs and support as part of the Canada-Ukraine authorization for emergency travel (CUAET) initiative. ▶

Canadian Red Cross 2022 campaign raises over $1M

The 18th annual Canadian Red Cross fundraising event was a moment of reunion and humanity for all those who participated this year. Co-chaired by CAE's Hélène V. Gagnon, Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement, the event theme *Giving strength to our communities* and took place at the Grand Quay of the Port of Montreal. Overall, the campaign raised over $1 million to enable the Canadian Red Cross to continue its humanitarian and disaster relief work, at home and abroad.

CAE's donates laptops to CompuCorps for Indigenous youth project

This year, CAE donated laptops to CompuCorps for its Indigenous youth project. CompuCorps is a high-tech charity that provides at risk groups (Aboriginal, youth, seniors and those living with disability) career and life skills training focused on access to technology (computers) and the internet.

CAE also received a Carbon Reduction Certificate for carbon reduction equal to 3 air flights of 16,000 kms each from Montreal to Sydney.
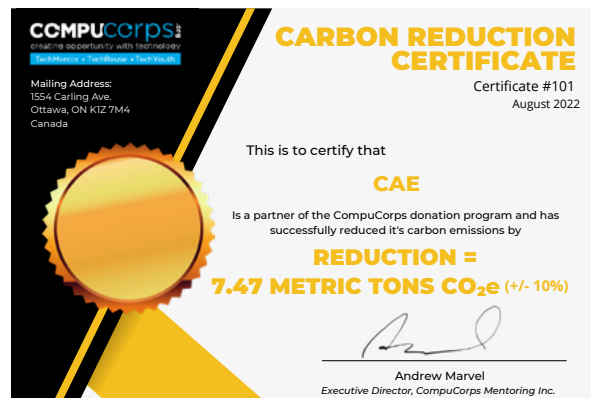
CAE donated to support the First Nations Technical Institute (FNTI) students

On National Indigenous Peoples Day, CAE has committed to financially supporting the First Nations Technical Institute (FNTI) for an amount in excess of $200,000, with an initial $45,000 donation being made to support scholarships for three students. The FNTI is Canada's only Indigenous aviation college, and we are pleased to support FNTI and help grow their training programs and equip the next generation of Indigenous aviation professionals with unparalleled learning opportunities.

Supporting the Corporate Angel Network (CAN) for over 10 years

At CAE, we believe we can accomplish more together. For more than 10 years, CAE has sponsored the CAN Fund an Angel event. CAN's annual event, held during the NBAA Business Aviation Conference and Exhibition helps make 125 patient flights possible every month.

 As a sponsor of the Fund an Angel event, CAE demonstrates its continued support of CAN's mission to reduce a patient's physical, emotional, and financial stress during a challenging time. ▶

CAE sponsors Hope Air helping Canadians access the medical care they need

Helping to bridge the distance between home and hospital for eligible Canadian families who needs help, CAE provided a donation to Hope Air. Hope Air supports patients throughout their journey to wellness by providing them free flights. More than 10,000 travel arrangements were made in 2022, up more than 50% compared to 2021 thanks to the contributions made by donors like CAE.

CAE employees support the global community

Over the past year, CAE employees have actively participated to support their local communities. From food and toy drives to creating care packages for women and children, CAE employees have gone the extra mile. ▶

CAE

Professional Women's Network (PWN) IPAC raises funds for the National Breast Cancer Foundation

CAE Australia and CAE New Zealand held team lunches, walks, and TED talks to celebrate the significant contributions made by CAE women, those who inspire us, and those that may need our help to raise funds for the National Breast Cancer Foundation (NBCF). The NBCF was chosen by PWN IPAC as the charity for this year's International Women's Day initiatives. Their efforts raised $1,031 AUD towards breast cancer research. A special thanks to the CAE Amberley Team for their fundraising efforts and devotion to the cause.

CAE Flight Operations Solutions Bangalore supports the Parikrma Humanity Foundation

CAE Flight Operations Solutions Bangalore employees supported the Parikrma Humanity Foundation, an organization offering educational services to children in need. As part of their efforts, employees distributed food and school supplies, and engaged in a variety of fun activities with the students.

CAE provides support for IG Mühle für Stolberg e.V. for flood disaster relief

CAE Stolberg employees raised funds and donated to IG Mühle für Stolberg e.V. to continue to help those affected by the flood in July 2021. The organization continues its efforts to ensure that two years after the major flood, people still in need receive assistance. ■

CAE

CAE leadership recognition

Marc Parent

Marc Parent receives multiple honours

— Panthéon de l'Air et de l'Espace induction

— Knight of the distinguished Ordre national du Québec

— Philip J. Klass Lifetime Achievement Award *(during Aviation Week's 65th annual Laureate Awards Nov 3)*

Hélène V. Gagnon

Hélène V. Gagnon honoured with 2022 Report on Business Best Executive Award

See our Press Release.

Thought leadership

Fireside chat at BNC – *Panel on philanthropy in the business world*

Hélène V. Gagnon, panelist

Health Matters – *Podcast about CAE's support to the Dream Big Lachine Hospital Campaign*

Hélène V. Gagnon, co-chair

LCN TV – *Interview with Hélène V. Gagnon announcing CAE's partnership with other Quebec companies to support Ukraining refugees.*

Hélène V. Gagnon, interviewee

CAE

Community programs, donations and sponsorships

■ By FY28, we commit to supporting the communities where operate though our global community investment program

Associated SDGs

Key result	Target year
› Enhanced CAEvolunteering program	FY25
› Completed assessment of options to increase target donations and sponsorships to rising causes outside North America	FY26
› Feasibility of Employee Charitable Fund concept assessed	FY27

CAE

Governance

UN GLOBAL COMPACT

3
Good health
and well-being

5
Gender
equality

8
Decent work and
economic growth

13
Climate
action

Corporate governance, board structure and leadership

Why it matters

The Board of Directors is responsible for the stewardship of CAE and for monitoring the actions of, and providing overall guidance and direction to management.

The Board builds long-term value for CAE's shareholders and ensures the continuity and vitality of our businesses by setting policies for the company, overseeing strategic planning, monitoring the company's performance, and providing management with appropriate advice and performance feedback. Management is responsible for, and the Board is committed to, ensuring that CAE operates in a legal and ethically responsible manner.

Board governance is crucial for ESG supervision, setting the tone at the top. CAE's Board plays a critical role in setting strategy and objectives, overseeing risks and opportunities, holding management accountable for the achievement of ESG targets, and communicating with stakeholders. This governance ensures ESG considerations are integrated into the company's decision-making processes and long-term strategy.

Board governance

The CAE Board is governed by a Director selection and nomination process, with specific term parameters and composition criteria that are reviewed and modified in line with leading practices (as reported under **Our performance**). The roles of Chair of the Board and President and Chief Executive Officer are separate and the Chair of the Board is independent.

The Board's Audit, Governance and Human Resources Committees are comprised entirely of independent directors, as determined by the Board in light of securities laws and applicable exchange rules. Each Committee member is appointed by the Board after thorough review of the respective Committee membership requirements. Processes in place ensure the Board functions independently of management. The independent Directors meet separately from the President and CEO at each Board and Committee meeting. Committee meetings can be called by a Committee Chair, member or Board Director. Committee Chairs report meeting outcomes to the Board.

CAE

Management approach

Our commitment to sound corporate governance

CAE has maintained the highest standards in corporate governance, allowing us to thrive for over 75 years. CAE's corporate governance is rooted in the basic principle that proper and ethical practices lead to the creation and preservation of shareholder value.

Our governance structure enables independent, experienced and accomplished Directors to provide advice, insight and oversight to advance the interests of CAE and our stakeholders.

Each Director is elected annually for a term, which expires no later than the next Annual General Meeting of Shareholders (AGM). Self-imposed term and age limits ensure CAE benefits from a combination of experience and fresh perspectives. Diversity in representation includes, but is not limited to, gender, age, race, national or ethnic origin, sexual orientation and disability.

Members have knowledge of markets or industries directly relevant to CAE's, and the Board is composed of Directors who have expertise and skills in the following areas: strategic leadership and management, finance/accounting, human resources/compensation, government relations, R&D, legal governance, information technology/cybersecurity/digital, ESG, risk management, international markets, M&A/capital markets and manufacturing/supply chain. The Governance Committee approves and periodically reviews CAE's Director Continuing Education Policy and ensures that it is implemented. In FY24, CAE's Board will be trained on carbon and climate change matters as a quality measure in building a strong ESG culture.

Pursuant to its mandate, the Governance Committee identifies and recruits suitable potential Board members and recommends to the Board nominees for election at the AGM, taking into consideration CAE's Board and Executive Officer Diversity, Equity and Inclusion Policy and the competencies and skills required to add value to the company.

See **CAE.com: Governance** for a detailed view of our corporate governance structure.

Board responsibilities

The Board is responsible for the stewardship of the company. The Board monitors management actions and provides overall guidance and direction.

Corporate governance issues are the responsibility of the full Board. This includes the disclosure in this report and in the Management Proxy Circular, and periodic review of CAE's Disclosure Policy.

Board and Committee Charters

— **Board of Directors**
— **Audit Committee**
— **Governance Committee**
— **Human Resources Committee**

Policies

> **Board and Executive Officer Diversity, Equity and Inclusion Policy**

> **Additional governance reference documents**

CAE

Our performance

— On April 1, 2022, Patrick M. Shanahan was appointed to CAE's Board, bringing more than 30 years of experience in the defense sector.

— During CAE's 2022 Annual General Meeting, held on August 10, Elise Eberwein and Ayman Antoun became the Board's newest members, with significant knowledge of the industry and experience in commercial aviation and IT/cybersecurity, respectively.

— Following the AGM, Alan N. MacGibbon was appointed Board Chair. Mr. MacGibbon succeeded Mr. Manley who did not stand for re-election at the AGM in line with CAE's term limits policy.

In June 2022, the Board amended the Board and Executive Officer Diversity, Equity and Inclusion Policy, setting the following target:

— By 2025, at least 33% of executive officers and 40% of Directors form part of certain diversity groups *(including women, persons with disabilities, Aboriginal/Indigenous peoples, members of visible minorities and the LGBTQ2+ community)*.

  › Following CAE's 2022 AGM, 31% of CAE's Board of Directors are now women.

To ensure CAE benefits from a combination of experience and new perspectives, the Board passed a resolution at the beginning of the financial year updating its age and term limits as follows:

— Up to an aggregate 12 years maximum;

— Nominees must be 75 years of age or under; and

— The Board Chair may occupy the role for a full five-year term regardless of age or number of years served as a CAE Director.

Board profile

92%
independent directors

31%
women

8%
member of the LGBTQ2+ community

8%
member of visible minority group

62
average age

5
average tenure years[1]

Corporate governance, board structure and leadership

■ **By FY28, we commit to increase board diversity**

Associated SDGs

Key result	Target year
› At least 30% of Directors are women	Every year since achieved in FY22
› At least 33% of executive officers and 40% of Directors form part of certain diversity groups (including women, persons with disabilities, Aboriginal/Indigenous peoples, members of visible minorities and the LGBTQ2+ community)	FY25

1   For non-executive Directors

Business ethics

Why it matters

Ethics build trust, goodwill and value, and are central to CAE's success.

Our success rises or falls with our ability to consistently meet the highest standards of ethical behaviour, which is why integrity is among our corporate values. We are committed to conducting business with integrity, transparency and in full compliance with applicable laws and regulations. Just as CAE stakeholders trust in our organization to do the right thing in every instance, we expect the same from our employees, business partners and suppliers.

Our world may be increasingly complex, but the values and principles we uphold at CAE are straightforward and timeless. Old-fashioned principles like treating others as you would want to be treated. Abiding by the law. Competing fairly. And behaving honourably.

Governance

CAE's corporate governance is rooted in the basic principle that proper and ethical practices lead to the creation and preservation of company value. Our four principal ethics and compliance programs (Ethics and Anti-Corruption, Export Controls, Global Privacy and General Compliance) are overseen by the Board of Directors' Governance Committee (Governance Committee). These programs are designed to promote a culture of integrity and accountability throughout CAE, including our wholly owned and controlled subsidiaries and joint ventures, by:

— Establishing standards of conduct, including the Code of Business Conduct *(Code)*, Corporate Policies and Procedures *(CP&Ps)*, and other guidelines.

— Educating employees on important elements of our Code and CP&Ps, our ethical decision-making framework, legal obligations and compliance risks through training and communications.

— Assessing ethics, compliance and legal risks and providing insights regarding those risks to business leaders.

— Providing subject matter expertise and advice regarding specific risk areas.

— Providing employees and third parties with mechanisms to seek guidance, raise concerns and report allegations of misconduct.

— Investigating instances of potential misconduct.

— Ensuring appropriate corrective action are taken for substantiated cases of misconduct.

— Providing regular reports to the Executive Management team and the Governance Committee.

Exemplary behaviour starts at the top. CAE's President and Chief Executive Officer (CEO) and each Group President and President of a CAE business unit are responsible for promoting our CAE values and ethical standards and ensuring compliance with our Code and CP&Ps.

The Governance Committee reviews Code design and compliance, including assurance of Code implementation throughout CAE, the handling of issues raised, and the annual attestation of compliance.

The Governance Committee also receives regular reports on our four ethics and compliance programs, including a summary of alleged violations of the Code and related policies. When an alleged misconduct relates to financial accounting, books and record keeping, fraud or similar financial impropriety, the Board's Audit Committee is also informed.

Management approach

Our Code of Business Conduct

Our Code and compliance policies act as the compass for how we do business and for the values we put into practice every day. It provides employees with clear standards, helpful examples and information on where to go for guidance about ethical decision-making or to raise concerns – including the CAE Ethics Helpline that allows for anonymous reporting or "whistleblowing." CAE considers any breach of the Code a threat to our culture, operations and financial well-being.

Our Code governs the conduct of CAE's directors, officers, employees, contractors and consultants and is available in five languages: English, French, Spanish, German and Portuguese. All CAE employees receive mandatory training on the Code at their time of hire and its provisions are continually reinforced through annual training and communications. All directors, officers and employees are required to read, acknowledge and agree to comply with the Code on an annual basis. The Code acts as our overall ethics framework, which is supplemented by a set of individual policies and procedures that allow us to mitigate specific risks, including with respect to bribery and corruption, anti-trust, export controls, human rights and many more. We review our Code and corporate policies regularly to align with best-in-class standards and leading industry practices.

The Global Ethics, Compliance and Privacy Office and the Export Control Department

The Global Ethics, Compliance and Privacy Office oversees three programs, including the Ethics and Anti-Corruption program, which includes the development, implementation and monitoring of policies and initiatives related to business ethics, anti-corruption and conflicts of interest. Through a robust framework, the ethics and compliance team implements strategies, policies and processes to support our people and reinforce ethical behaviour and compliance. They deliver guidance on ethics and integrity issues to allow employees to "*do the right thing*" and serve as the primary resource for employees seeking ethics guidance.

The Export Control Department oversees the Export Control program which includes the development, implementation and monitoring of policies and initiatives related to international import, export control and economic sanction requirements.

The ethics and compliance and export control teams conduct their work under the authority of the General Counsel, Chief Compliance Officer and Corporate Secretary and both teams maintain close and regular contacts with each other and with internal stakeholders to ensure coordination of cross-functional initiatives and to communicate updates in external developments (emerging best practices, changes in accountability, legislation or regulations).

Reporting an ethics breach

We require our employees to "*speak up*" when something does not feel right or if they believe that a breach of our Code has occurred or is about to occur. As per our Internal Reporting/Whistleblowing Policy, all reported activities of concern are assessed to determine if an investigation is required and, if so, investigations are thoroughly conducted. Teams within the Human Resources, Ethics and Compliance and Legal organizations are assigned to investigate potential violations of the Code and provide updates and case resolutions, as appropriate, to reporters of ethics concerns. Our Internal Audit team provides additional support with investigations, as needed. CAE consistently reinforces to all employees that retaliation against anyone, who in good faith, submits a complaint or cooperates with an investigation is strictly prohibited, and anyone engaging in retaliation is subject to disciplinary measures, up to and including termination of employment. This prohibition is reiterated in our training on the Code. We also ensure transparency in investigations by having the General Counsel, Chief Compliance Officer and Corporate Secretary present a briefing of all reported matters at each regularly scheduled meeting of the Governance Committee.

A summary of FY21 to FY23 ethics reports and inquiries appears at the end of this section. ▶

Anti-corruption

CAE enforces a zero-tolerance policy for bribery and corruption of any kind and maintains strong anti-corruption standards designed to prevent, detect and remedy such risks. All employees receive general anti-corruption training as part of their annual Code of Business Conduct training. In addition, employees in relevant roles receive targeted anti-corruption training and communications that clearly articulate our expectations, core principles and zero tolerance for any corrupt practices. Our training helps employees understand and comply with various anti-bribery laws, including Canada's Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

We have processes in place to identify, assess and mitigate bribery risks and have implemented internal controls to mitigate such risks, such as:

— Conducting due diligence on potential and existing business partners to ensure that we only work with third parties that share our values of integrity;

— Providing general anti-corruption training to business partners and requiring them to sign anti-corruption certificates;

— Ensuring that agreements with business partners contain appropriate contractual clauses, including anti-corruption clauses and audit right provisions;

— Making sure that payments to third parties are properly documented and approved; and

— Monitoring the exchange of gifts and business courtesies to help deter and detect high-risk transactions.

Supplier Code of Conduct

We expect our suppliers and contractors to strictly comply with applicable laws and regulations in the jurisdictions where they operate or provide services. In FY22, CAE introduced a Supplier Code of Conduct aligned with the International Forum on Business Ethical Conduct (IFBEC) principles that sets out the minimum ethical standards that suppliers must follow across the entire aerospace and defence industry. Suppliers are expected to convey these principles at every step of their supply chain.

See Responsible supply chain management.

Export Controls

As a critical component of CAE's Legal, Compliance and Risk Management structure, our Export Controls and Sanctions programs ensure CAE's business activities are conducted in compliance with applicable export control and sanctions regulations. Under the leadership of the Global Export Controls department, we expanded our sanctions programs in FY23 and increased enforcement through policy and procedures to mitigate sanctions and export control risks.

The department oversees sanctions screening of customers, suppliers, visitors, employees and financial institutions. Additional department responsibilities include the determination and classification of hardware, software, technology and projects under the relevant export control regulations. Supervision of CAE's business activities and corporate internal projects ensure compliance with export control and sanctions regulations. Audits of our business operations against CAE's Export Control Standards (including cloud activities) ensure compliance with the applicable export control regimes.

Export Control Officers at CAE sites located on military bases administer our export compliance efforts. Empowered Employees manage sanctions screening at all other CAE sites and screen all potential customers prior to signature of sales contracts. ■

Training

In FY23, we took the decision to refresh our training on the Code of Business Conduct: Doing the right thing! The aim was not to simply revalidate the contents of the training, but to make it more impactful for our employees globally. The revamp involved several leaders from our business units and corporate functions, including ESG, Legal, Global Human Resources, Finance, Crisis Management, Communications and Public Affairs, Diversity, Equity and Inclusion, Global IT, Cybersecurity and others. The training is now divided in five parts which will also be made available on the intranet for greater access by employees. They include:

Part 1
Our Code – what is it for and why does it matter?

Part 2
Respecting each other

Part 3
Playing fair

Part 4
Confidentiality and privacy

Part 5
Seeking guidance and reporting a breach of our code
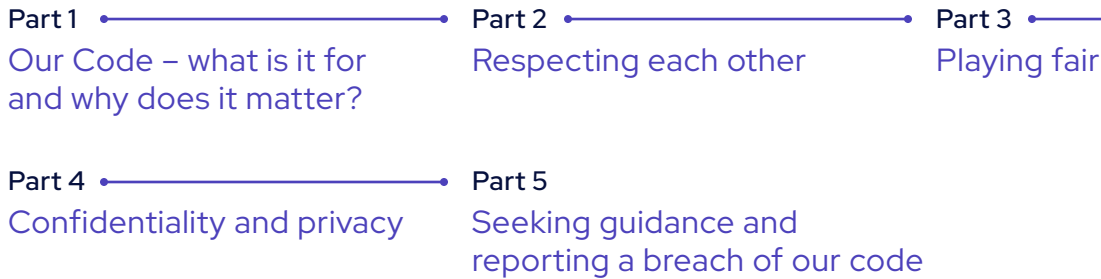
Export Controls training consists of 11 department-specific modules that provide comprehensive training on U.S. export control and sanctions regulations, and local export control regulations. All new employees are assigned to a module based on their job title.

Sales teams receive training on CAE's screening processes. Employees who complete this training module are appointed as Empowered Employees. Export Control Officers participate in an annual bootcamp to undergo training on various topics related to export controls and sanctions.

Policies

> **Code of Business Conduct**

> **Supplier Code of Conduct**

> **Human Rights Policy**

> **Anti-Corruption Policy**

> **Gifts, Entertainment and Business Courtesies Policy**

> **Conflicts of Interest** *(internal)*

> **Charitable Donations and Sponsorships Policy**

> **Lobbying and Political Contributions Policy**

> **Internal Reporting/Whistleblowing Policy**

> **Global Export Compliance Guidelines** *(internal)*

> **CAE Screening Procedure Against Sanctions Programs** *(internal)*

> **Insider Trading Policy**

Our performance

Member of the International Forum on Business Ethical Conduct (IFBEC)

CAE continued to contribute to IFBEC's goal of preventing corruption in the aerospace and defence industries globally as an active working group member. CAE joined IFBEC in 2018.

Acknowledging the Code of Business Conduct

Every year, we require directors, officers and employees to read, acknowledge and agree to comply with our Code. This process was once again successfully completed in FY23.

Training on the Code of Business Conduct

Our online training was completely modernized in FY23. The training covers important elements of our Code and related policies. Mandatory for all directors, officers and employees, except certain unionized employees. Targeted training was also delivered to specific groups of employees on gifts, entertainment and business courtesies; internal reporting/whistleblowing, anti-corruption, human rights, lobbying and political contributions; and conflicts of interest.

Declaring conflicts of interest

All directors and employees have an on-going obligation to disclose any actual, potential, or perceived conflicts of interest that could interfere with their duties at CAE. This process is now tied to the Code acknowledgement process and was completed for FY23.

Origin of EthicsPoint reports and inquiries

42%	29%	20%	7%	2%
U.S.	Europe	Canada	Asia Pacific	Other regions
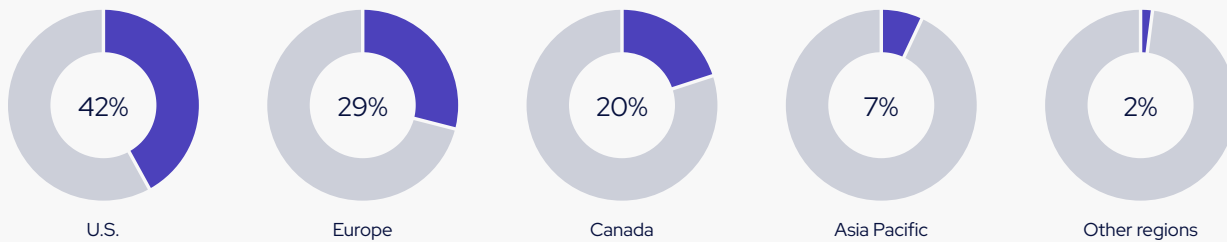
Most activities of concern reported were human resource based.

Number of EthicsPoint reports

Issues	FY23	FY22	FY21
CAE property	1	0	0
Computer systems, internet, intranet, and email	1	0	0
Public statements and shareholder relations	1	1	1
Confidentiality of company, employee, and third-party information	6	3	2
Dealings with governments	0	1	2
Conflict of interest, improper payments, and business courtesies	3	4	3
Contracts and records	0	2	3
Safety in the workplace	0	2	3
Equal opportunity and harassment-free workplace	21	16	19
Interpretation of the Code of Business Conduct	1	0	0
Reporting a policy violation	7	2	7
Total	**41**	**31**	**40**

Thought leadership

Hautes Études Commerciales Montreal (course on Law, Ethics & Governance):
ESG journey and challenges of CAE

Hélène V. Gagnon, podcast guest speaker

École des dirigeants HEC Montreal:
Certification in ethics and compliance

Pierre Gignac, trainer

Business ethics

■ **By FY28, we commit to continue to promote sound ethical business conduct**

Associated SDGs

Key result	Target year
› Continuous refresh of the Code of Business Conduct and associated training	Every Year
› Continuous improvement of capabilities to detect and remediate policy exceptions and non-compliances across the organization	
› Continuous fostering of CAE's speak up culture, with respect to our whistleblowing process	
› Enhanced insider trading policy	FY24
› Increased training and enforcement on CAE policies on contractors, suppliers and business partners	FY25

Data privacy

Why it matters

As a technology company, data protection and privacy are strategic priorities at CAE, particularly given the value of information that we handle daily, including personal and sensitive information. We recognize the importance of protecting the privacy of those who entrust us with their information. Our company is also impacted by current and emerging laws and regulations related to data protection and privacy, which require us to constantly review our current practices to meet higher expectations in this area. Any violations of applicable data protection and privacy laws and regulations could not only lead to regulatory penalties, audits or investigations by various government agencies, but also damage to our reputation or loss of confidence in our products, services and digital technologies.

We understand the importance of this responsibility, which is why we have implemented numerous measures to protect the privacy and security of our stakeholders and are committed to staying abreast of applicable data protection and privacy requirements and leading practices to preserve their trust.

Governance

The Board of Directors' Governance Committee reviews and has specific oversight responsibility for CAE's Global Data Privacy Program, which takes into consideration several key elements of the National Institute of Standards and Technology privacy framework.

CAE adopted a Global Data Privacy Policy which embeds our guiding principles for the fair handling of personal information. This policy applies to all our relations with stakeholders (employees, contingent workers, customers, partners and others), and to all types of activities involving the collection, use, storage, disclosure and processing of personal information. Detailed information about CAE's privacy practices can be found in our Global Privacy Statement on our corporate website. Our Global Data Privacy Policy and operational procedures are implemented under the oversight of CAE's Privacy Officer, who reports to the General Counsel, Chief Compliance Officer and Corporate Secretary.

Scope of our Global Data Privacy Program

Use of personal information	Operations	Governance
– Conditions for processing	– Business process mapping/data inventory	– Breach & incident management
– 3rd party management	– Privacy impact assessments	– Training awareness & cultural evolution
– Security safeguards	– Data portability	– Data privacy risk & controls framework
– Consent & cookies management	– Data privacy notifications	
– Data analytics and the ethical use of data	– Retention & destruction	
– Data privacy accountability	– Data subject requests & complaints management	

Management approach

CAE's accelerated pursuit of high-technology solutions drives our data protection and privacy agenda to ensure we continue to meet and surpass world-class standard practices and stakeholder expectations.

The CAE Privacy Office, with the support of our Legal and Cybersecurity teams, continuously monitors changes to legal or regulatory regimes through our regulatory watch process and ensures that CAE's business processes and activities are adapted accordingly. In addition to monitoring changes to evolving data protection and privacy requirements, we have mapped our Global Data Privacy Program against the National Institute of Standards and Technology (NIST) privacy framework and aligned our security controls with various standards such as the NIST standards 800-053 and 800-171.

Accountability

As stewards of personal information, we have an obligation to process personal information in our possession appropriately throughout every phase of its life cycle, including the collection, use, storage, disclosure and retention of personal data. Our Global Data Privacy training and communication campaigns are designed to ensure that every employee feels accountable for the personal information they handle as part of their CAE duties. Our privacy impact assessment process allows us to demonstrate organizational accountability by providing a platform for formalized review of data-driven driven technologies and projects that generate data protection and privacy risks. We have also implemented a third-party risk management process that focuses on assessing the risks of suppliers and service providers that process personal information for or on our behalf.

Our privacy impact assessment process

CAE's privacy impact assessment (PIA) process provides a means for a formalized review of data protection and privacy risks. PIAs are questionnaires designed to allow the teams responsible for developing a new service, product, project or technology to describe the type of data collected, the legal basis for collecting it, how the data is used and for which purpose, how long it is retained and any third parties with whom the data is shared. We also use PIAs to identify legal, regulatory and policy requirements and risks and determine risks associated with data processing. As part of the PIA process, we also assess new products, services, projects and technologies for privacy and security concerns using a "*privacy and security by design*" approach. This allows us to integrate privacy and security considerations into our processes from the earliest stages.

Global data privacy training and awareness campaigns

To promote awareness of what constitutes "*personal information*" and why protecting data privacy is critical, we require all new employees to complete data privacy training during their onboarding process. The training must also be followed periodically by regular and active employees globally.

Our e-learning modules stress the importance of their contributions and boost engagement in adapting behaviours to strengthen data protection and privacy. Fundamental aspects addressed include CAE's legal and ethical accountabilities, the role of human error, and actions to take regarding questions or reporting a suspected data privacy or security breach.

Additionally, we leverage opportunities like International Data Privacy Day to raise awareness of the importance of privacy and data protection and share leading best practices and link to CAE resources.

Reporting obligations

We stress to employees that incidents involving personal information constitute a privacy breach. Depending on the severity of a breach, CAE may have privacy breach reporting obligations under law or under our contracts with customers. Employees are required to immediately report internally any suspected breach, security incident or questionable conduct involving personal information as per our incident response plan. Once a privacy breach has been reported, prompt action is taken to remedy the situation and implement measures to mitigate risks. ▶

CAE

Responsible use of artificial intelligence

The adoption of new technologies and the increased use of artificial intelligence (AI) are likely to generate new and complex compliance and ethical risks, including privacy and data protection risks, which need to be managed effectively.

There are also significant social implications to consider, including risks such as:

— Perpetuation of bias, exacerbating social inequalities and discriminating underrepresented groups

— Heightened system security vulnerabilities and data privacy threats

— Breaches in ethics, accountability and responsibility related to automated decision-making

The key success factor centers on design. Responsible AI aims at designing systems that are transparent, accountable and fair. Responsible AI development practices must support transparency, accountability, fairness and non-discrimination, and data privacy and protection. Also, AI capabilities must respect human rights and social responsibilities and minimize social and environmental impact by promoting sustainability practices.

CAE is committed to driving the use of AI and gathering insights through analytics in a fair and transparent way. We ensure that our actions have the appropriate defined ethical boundaries at the start to deliver aligned capabilities, meet customer requirements, protect the safety of stakeholders and avoid reputational risk.

All new technologies must be designed, developed, deployed, used and aligned in a manner consistent with our Code of Business Conduct and our Ethical principles for the responsible use of data analytics and AI which were adopted and published in 2019 and will be updated in FY24. ■

Policies

> Code of Business Conduct

> Global Data Privacy Policy and guidelines *(internal)*

> Ethical principles for the responsible use of data analytics and AI

> Internal Reporting/Whistleblowing Policy

> IT and IT security policies, procedures and standards *(internal)*

> Also see CAE.com: Privacy Statement

Ethical principles for the responsible use of data analytics and AI

Safety first
Our goal is to improve safety

Transparency
Our analytics intelligence is transparent and understandable

Empowerment
AI in our systems is intended to empower people

Duration
Individual learning data must have an agreed life span

Privacy and security by design
We put data protection and security at our core

Non-discrimination
AI that creates unfair bias will not be pursued

Our performance

Customer privacy breaches

No substantiated complaints concerning breaches of customer privacy and losses of customer data were reported in FY23.

New data privacy training raises awareness

A new Global Data Privacy training was launched to employees globally as part of our high-tech evolution journey. The training is designed to raise enterprise-wide awareness of the importance of data protection and privacy laws and regulations around the globe. The training also implements leading data privacy practices and includes instruction on how to manage personal information in a compliant way.

International Data Protection Day

While privacy and data protection must be taken into consideration daily, CAE celebrated International Data Privacy Day on January 28, 2023. This was an opportunity to make all employees aware of the importance of protecting the personal information in our possession to maintain the trust of our stakeholders.

Addressing privacy audit findings and recommendations

Our Global Data Privacy program is subject to a number of controls, including privacy audits conducted by CAE's Internal Audit team with the support of external specialized consultants. The auditors provided positive feedback on the overall design of CAE's Global Data Privacy Program, identifying some areas of improvement for which remediation actions were taken in FY23.

Privacy impact assessment optimization

In FY23, we reviewed and improved the privacy impact assessment process by introducing a new privacy and security risk assessment platform to make it easier for internal stakeholders to use. Next will come targeted training to key audiences and individuals on how to proactively use PIAs to mitigate privacy and data protection risks.

Improving global data transfer mechanisms

In FY23, we reviewed our third-party risk management framework and processes for assessing the risks of suppliers and service providers that process personal information on our behalf, including in the context of international data transfers. The Privacy Office initiated the review process with the support of the Legal, Global Strategic Sourcing and IT Risks, Security and Compliance teams.

The initiative focused on:

— Implementation of transfer risk assessment procedures for all third parties to whom we transfer personal information, particularly those located in jurisdictions that are not considered as providing an adequate level of data protection under applicable privacy regimes.

— Standardization of our data processing agreements to provide coverage for various regulatory frameworks. ▶

AI responsible risk assessment initiative

Awareness is increasing. CAE's Enterprise Risk Management team launched a risk assessment initiative with a cross-functional working group involving our three business units, the Global Ethics and Compliance Office, Global Continuity Office and representatives from the following areas: IT and Digital Engineering, Cybersecurity, R&D, Intellectual Property, Corporate Strategy, Human Resources, ESG Strategy and Reporting, Internal Audit and Insurance.

A dedicated session was provided to the working group, from an external third party.

We introduced guidelines governing the use of generative AI at CAE, with more actions to follow as we continue to enhance our risk identification, assessment and management processes with respect to the use and development of AI, including relevant training and communication for targeted groups of employees. ■

Thought leadership

OPEX Week: *Business Transformation World Summit 2023*

Arnaud Van de Voorde, roundtable moderator

IAPP Canada Privacy Symposium 2022,
"Navigating the Data Privacy World:
Quebec Charts a New Journey for Businesses ",
May 27, 2022

Pierre Gignac, speaker and panelist

Chamber of Commerce of Metropolitan Montreal, Scale AI and Forum IA Quebec, AI Meetings: *Artificial Intelligence in the aerospace industry*

Maher Chaouachi, roundtable panelist

Data privacy

Associated SDGs

■ **By FY28, we commit to elevating our digital responsibility**

Key result	Target year
> Continued focus on customized CAE employee training on cybersecurity, privacy, data protection and AI > Continued effort to implement a world-class Global Data Privacy program that aligns with leading industry practices and the most stringent privacy regimes	Every year
> Updated ethical principles for the responsible use of AI and data analytics and related policies > Data Governance Committee established to oversee the design, development, and use of data-driven products, services, and technologies.	FY24

Cybersecurity

Why it matters

Organizations worldwide face the risk of disruption, loss, theft, misuse or unauthorized access to pertinent sensitive data and confidential information stored on their systems and technologies and/or those of their partners. As CAE continues its journey of digital modernization, transformation and innovation, resiliency is key to our growth strategy. Digital resiliency is impacted by a variety of cyber threats ranging from denial of service, advanced persistent threats, digital exploitation, intellectual property theft and unauthorized access to CAE digital platforms, processes, and extended systems. In some instances, risks can arise from our software and hardware supply chain. In addition, breaches can result in financial reputation harm, regulatory or legal exposure.

Companies in the aerospace and defense industry are recognized to have a higher-than-average risk for cybersecurity exposure. With an increase in geopolitical tension, the creation of parallel industries and the value of CAE digital platforms, the cybersecurity risk is at an elevated level. As we expect cybersecurity risk assessment and management to become part of ESG reporting standards, CAE must also proactively address noncompliance risks with regulatory, legislative, and commercial security requirements.

Falling short of our accountability in any of these key areas could have a negative effect on CAE's operating results, reporting capabilities, profitability, and reputation. CAE maintains strong cybersecurity practices that follow global quality standards. We respect and comply with our customers' and suppliers' security requirements through the use of various policies and standards governing IT security.

Governance

CAE's Enterprise Risk Management (ERM) framework and ERM Policy provide a structured approach to identify, assess, manage, monitor and report on cybersecurity risks.

Our ERM framework aligns with the Institute of Internal Auditors' *Three Lines Model* in which business segments, the risk management function and internal audit function work in collaboration to manage critical risks and continuously improve the risk management process.

CAE's Global Risk Management team analyzes cybersecurity risks and elements impacting controls as part of a heatmap provided to the Board of Directors' Audit Committee, which has specific cyber-related oversight responsibilities.

Internal Audit provides the Audit Committee and executive management an independent, objective appraisal of the adequacy and effectiveness of the CAE's governance and ERM policy framework, control environment and internal control systems, including review of IT and cybersecurity risks and elements impacting controls.

Our Cybersecurity and Engineering teams are highly involved in CAE mergers and acquisitions, assessing the cyber resilience of all potential new partners. We require suppliers to comply with CAE's Information Security Terms for Suppliers, which include requirements for a comprehensive information security program, incident response program and business continuity/disaster recovery plan.

Under our Cybersecurity Global Training Awareness Program, employees and contingent workers must complete mandatory assigned training as an eligibility requirement for CAE to bid on key contracts.

Management approach

At CAE, cybersecurity is a core priority of our business. Securing our organization throughout our digital value chain earns customer confidence, trust and supports growth-oriented innovation. As our high-tech culture evolves and as global cybersecurity requirements grow, CAE's commitment to cybersecurity becomes more important than ever.

To continue to build on our cybersecurity efforts, we added the position of Chief Information Security Officer (CISO). The CISO leads CAE's Global Cybersecurity team and is responsible for our Global Information Security strategy to ensure that information assets and associated technology, applications, systems, infrastructure, people and processes are adequately protected across CAE's ecosystem. The CISO works with CAE's business units in this role to identify and pursue revenue-generating cyber and information security opportunities worldwide.

The Global Cybersecurity team supports CAE's strategic objectives while ensuring we are within our risk appetite metrics. The team provides comprehensive security and risk management services to protect data assets. CAE has undergone System and Organization Control 2 (SOC 2) examination related to our CAE Simulator Training Application System. The resulting SOC 2 report delivers assurance on our controls and demonstrates to customers CAE's commitment towards cybersecurity. Our cybersecurity risk management framework aligns with ISO/IEC 27001 and National Institute of Standards and Technology standards.

Through our Digital Security Program, CAE develops, implements and manages new policies to address the challenges posed by increasing compliance requirements and new technologies.

Building cyber resilience

Our resilience strategy includes hard and soft controls to govern access to data, such as multi-factor identification, firewalls, policies, guidelines, and standards to improve adherence to cybersecurity protocols. Vulnerability management activities involve code testing and remediation, with regular internal and external penetration tests.

Measuring readiness to respond

We are planning to conduct tabletop exercises twice annually, one with technical employees and the other with CAE's Executive Management Committee. Hosted by an external firm, these exercises measure our capacity to respond. ▶

Our cyber core pillars

Secure (and partner with) CAE's Digital Value Chain to foster trust and confidence in our brand to enable sustained business growth.

Perform

Ensure CAE cybersecurity meets our quality goals, objectives, service commitments, and metrics.

Access

Ensure alignment to regulatory, compliance sovereian and alignment to industry standards.

Defend

Provide the framework for robust security architecture development, trust in software and hardware.

Protect

Provide a 24/7/365 operational capability to protect CAE's global interests.

Improve

Ensure continuous readiness, testing, validation of capability and reduction of exposure.

Securing best practice behaviors

CAE makes cybersecurity awareness and training a priority. Every employee plays an important role in protecting our security.

This is a message that comes from the top. Cybersecurity issues and performance are regularly discussed during our quarterly CEO Sessions and townhalls. CEO Marc Parent, enacted a dramatic scenario to show the potential damage that can occur in "*just one click.*" The video underscored how everyone in a company, including the president, has a critical role in safeguarding personal and corporate cybersecurity.

Our Cybersecurity Global Training Awareness Program reinforces employee adoption of safe practices through ongoing articles, reminders, topical webinars, expert panels and training to support the protection of information and ensure comprehensive compliance across the organization.

Under this program, the global Cybersecurity team does random testing, running multiple email simulations (such as phishing and spam) per year. Acknowledging best results on our CAE360 intranet engages employees and rewards team performance. ■

Policies

> **Enterprise Risk Management Privacy Policy** *(internal)*

> **Code of Business Conduct**

CAE

Our performance

CAE joins CyberEco

As a new member of CyberEco, a leading Canadian cybersecurity initiative aimed at accelerating the development of effective technological solutions for a secure economy, CAE will be involved in furthering cybersecurity innovation in the fields of aerospace and technology. We will contribute to research projects specific to operational technology cybersecurity, a key component in safeguarding operating technology assets, systems and processes from cyber attacks.

CAE attends invitation-only IATA Cyber 3CTX Open Forums

Our involvement with the International Air Transport Association (IATA) includes participation in the Cyber Threat eXchange (3CTX) Open Forum. Our Cybersecurity leads are among the experts invited to IATA's 3CTX Open Forum, a biannual workshop that tackles the industry's cybersecurity challenges. IATA members and partners exchange with industrial and academic researchers from the cybersecurity community.

The June 2022 session addressed Cyber Security Risk Assessment in Aviation; the January 2023 session covered Incident and Crisis Management.

Advancing cyber defense tools, internal drills and simulations

We continued to introduce advanced cyber defence tools into CAE's automated security defence systems such as user behaviour analytics (UBA) and increased our internal cyber drills and simulations. UBA uses machine learning and analytics to identify and follow abnormal activities or deviations from typical use patterns, allowing us to detect and act on potential security issues.

Cybersecurity roadshows

During Cybersecurity Awareness Month, the Global Cybersecurity team participated in Civil Aviation, Defense & Security and Healthcare townhalls, and gave targeted presentations to several CAE key stakeholder departments.

Cybersecurity Global Awareness Training Program

More than 13,000 employees and contingent workers received quarterly cybersecurity training. The format of short, frequent training consists of two modules per quarter, for a total of eight scenarios a year based on risks and topical developments. With a steady trend of 90% global completion rate from FY19 to now, CAE is witnessing a decrease in the proportion of our targeted population falling prey to fake cybersecurity attack attempts.

CAE

Thought leadership

IATA Cyber Threat eXchange (3CTX) Open Forum:
Incident and Crisis Management

CAE, participant

360 by Deloitte Spotlight series on digital transformation:
Why most CISOs are failing at protecting their organizations against cyberattacks

Paul Assaad, panelist

Aviation ISAC *Hackathon — CAE's team of cybersecurity experts place second in the competition*

IATA Cyber Threat eXchange (3CTX) Open Forum:
Cyber Security Risk Assessment in Aviation

CAE, participant

IATA Cyber Threat eXchange (3CTX) Open Forum 2023:
Incident and Crisis Management

Participant

Cybersecurity

■ **By FY28, we commit to elevate our digital responsibility**

Associated SDGs

8

Key result	Target year
› Global Data Privacy program audited for security	Every year
› Customized CAE employee training on cybersecurity	
› Enhanced disclosures on cybersecurity aligned with best-practices	FY24
› Cybersecurity program certified by external body	FY25

Responsible supply chain management

Why it matters

All companies have a role to play in promoting responsible supply chain practices. Sustainable procurement addresses environmental, social and governance (ESG) impacts across the entire lifecycle to maximize positive contributions and minimize adverse impacts. In matters, such as, human rights, ethical business practices and environmental progress, organizations are interconnected.

With thousands of suppliers spread across the globe and providing a broad range of products and services, CAE recognizes our growing social responsibility as a global prime contractor. As we progress on our ESG journey, we believe it is our duty to raise awareness, transfer our knowledge and understanding of the importance of material ESG issues to our suppliers, engage in collaborative dialog and to support them in their efforts.

CAE is committed to promoting ethical and sustainable business practices across our supply chain, and our suppliers play a critical role in helping to achieve these goals. Collaboration with suppliers is needed on all fronts to reinforce responsible supply chain management. All contributions, big or small, make a difference.

Governance

By leveraging our internal systems and processes, we support responsible procurement practices as a dedication to driving positive change in our industry. CAE's Global Strategic Sourcing group supervises conformity to these policies and processes with support of our Global Ethics and Compliance Office.

Our Global Strategic Sourcing group consists of four teams that form a framework for comprehensive oversight and management of CAE's supply chain activities:

— **Contract, Risks, Bids and DP&E** — negotiates and manages OEM and subcontractor agreements relating to data, parts and equipment procurement activities and oversees risk management.

— **GSS Indirect and Training Centres** — creates a competitive advantage for CAE through strategic sourcing of goods and services to leverage global volume efficiencies and risk management.

— **Supply Chain and Sustainability Management** — ensures supply to our global operations and aftermarket support through supplier performance, risk management and supply strategies. Our ESG team oversees activities related to our internal governance and fosters ties with external organizations.

— **Global Real Estate** — focuses on strategic and tactical real estate and property management initiatives to optimize the footprint and environmental effciency of our operations.

We organize our supply chain sustainability activities around three main drivers: promoting collaboration and partnerships, reducing our environmental impact, and integrating ESG into our purchasing strategy and ecosystem.
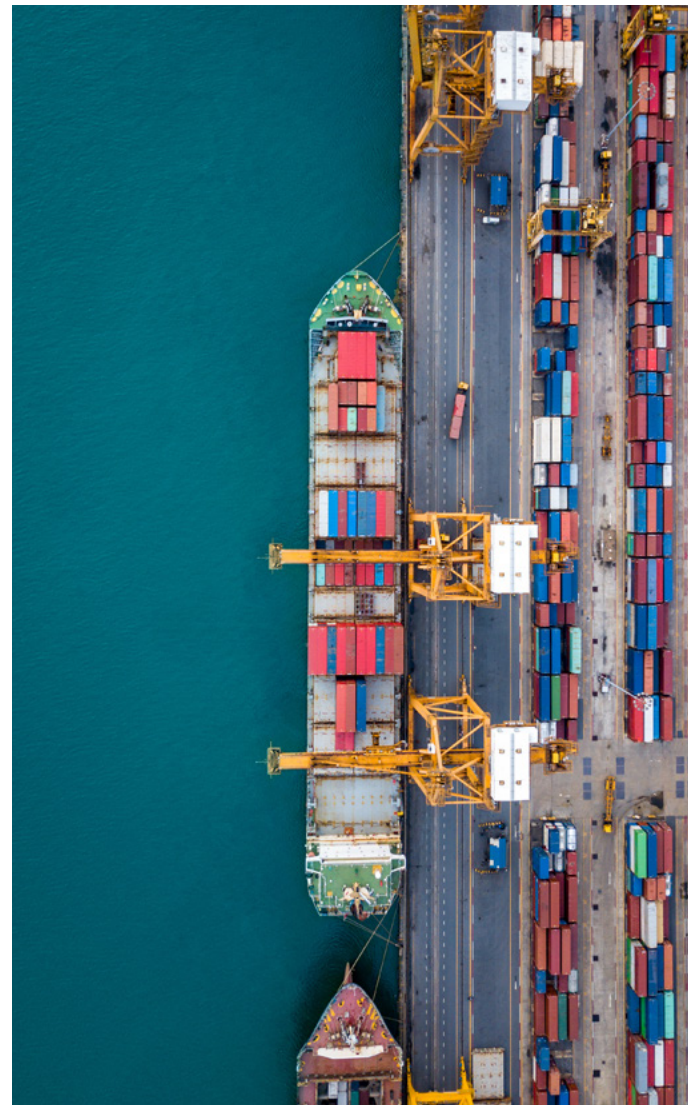
Management approach

As a member of the International Forum on Business Ethical Conduct (IFBEC), CAE supports the enforcement of international ethical and business-related compliance standards.

We are a signatory of the UN Global Compact and follow the standards of the UN Guiding Principles on Business and Human Rights and the International Labour Organization, together with all laws and regulations applicable where CAE conducts business.

See Human Rights section.

CAE views these standards as vital to responsible supply chain management and extends accountability to our global supplier network. We expect our suppliers to comply strictly with applicable laws and regulations in the jurisdictions where they operate or provide services.

Our Purchasing Policy governs how CAE completes procurement actions and how we evolve our program. This policy aligns with ISO 20400 guidance, setting the intent, purpose and framework in which we perform.

In February 2022, CAE introduced a Supplier Code of Conduct aligned with IFBEC. Suppliers are expected to convey and comply with these principles at every step of their supply chain. The Code covers 14 key areas of commitments, including environment, social (human rights) and governance matters (i.e. compliance with laws, anti-bribery and corruption, fraud and embezzlement, tax evasion, competition and anti-trust, insider trading, conflict of interest, compliance with international import/export, information protection, timely payment of suppliers and risk management).

We integrated the Supplier Code into CAE Purchasing General Terms and Conditions as a measure in the initial qualification process and as part of individual transaction agreements. Our other standard procurement templates (request for proposal, supplier survey reports, contracts) also include clauses that address compliance with laws, regulations and ethical business conduct. Employee health and safety, combatting bribery, prohibiting the use of child or forced labour, hazardous materials, data protection and conflict minerals are among the issues addressed. ESG impact is considered as a decision-making criterion in our procurement process in conjunction with other considerations.

CAE also incorporates ESG criteria in our supplier selection. We conduct spot verifications on suppliers when necessary and intend to operationalize ESG supplier audits as a next step in our risk management framework. Additionally, we communicate CAE's Conflict Minerals Policy to suppliers as part of our due diligence process to ensure their participation in the Responsible Minerals Assurance Process.

If a verification reveals non-compliant practices, we suspend all activities with the supplier and implement an immediate action and remediation plan.

Promoting collaboration and partnerships

With ESG increasingly scrutinized as a criterion for contract qualification and award, CAE products and services are part of the solution to the sustainability challenges of our customers.

See Annual Activity: Civil Aviation feature story.

Given the ambition of the aviation industry, we actively identify and receive various business opportunities. We also stay attuned to government and industry developments regarding the advancement of social and environmental agendas.

We provide our suppliers with resources, local partners and networks to develop green synergies within their ecosystems. Related activities include monitoring best practices, launching supplier development initiatives, supporting local ecosystems and influencing industry definition of standards.

See Our performance.

Policies

> Code of Business Conduct

> Supplier Code of Conduct

> Human Rights Policy

> Anti-Corruption Policy

> Conflict Minerals Policy

> Purchasing Policy (internal)

> GEHS Policy

> See the CAE.com Suppliers page for related information and policies, including

>> Purchasing General Terms and Conditions

>> Counterfeit Policy

Reducing our environmental impact

As a sustainable supply chain is vital in the reduction of carbon emissions, we continue to collaborate with our suppliers to identify carbon reduction opportunities along the value chain.

We take a structured approach to strengthen our position in light of ever-increasing market expectations, focusing our strategy on three axes: data robustness, reduction targets and decarbonization, and climate change risk management.

Our performance

In addition to the achievements listed below, Global Strategic Sourcing also made significant contributions to sustainability through projects included in the **Environment section** of this report.

Strengthening our ESG framework

We initiated a process to identify CAE's strategic suppliers, adapting our approach according to:

— Strategic suppliers in terms of spend.

— Strategic suppliers in terms nature of good/service purchased.

— Strategic suppliers in terms of level of CAE's dependency.

— Strategic suppliers in terms of ESG *(under exploration)*.

— Results of risk assessments and risk management activities, supported by a framework that includes all components of our risks and opportunities management approach.

This segmentation will guide the full implementation of a new risk assessment and monitoring tool to follow in FY24 as an important component of CAE's ERM program. This tool, broadly adopted within the Aerospace and Defense industry, will streamline screening of our suppliers' performance, applying a set of 21 criteria that includes:

— **Environment** — energy consumption and GHG emissions, water and biodiversity, air pollution, chemical compliance and product end-of-life.

— **Labor and human rights** — employee health and safety, working conditions, diversity equity and inclusion *(DE&I)*, career management, child labor, forced labor.

— **Ethics** — corruption, anti-competitive practices, responsible information management.

— **Sustainable procurement** — environmental practices, local supply chain policy and supplier social practices.

We will progressively deploy this risk monitoring tool to our supplier base and plan to start with our strategic direct suppliers, a selection that represents over 50% of the spend associated with our Civil FFS. As a major compliance asset, the tool will support us in setting the baseline of the ESG risk exposure generated by our current suppliers. This information will position us to engage with our partners and jointly develop risk management programs to achieve our ambitious targets.

We ramped up the new CAE Supplier Recognition Program, which underscores supplier excellence in the adoption of sustainability and social mindfulness practices, adding CAE's new performance evaluation criteria to leverage the capabilities of the risk management tool. This recognition serves a twofold purpose: recognizing outstanding performance and contributions to CAE and to the communities these suppliers operate in but also broadcasting CAE's supplier evaluation criteria that go far beyond the usual operational aspects of cost and delivery. In our supply chain and procurement decisions, we consider the total cost of doing business with suppliers, including risks and governance practices. ▶

CAE

Integration of ESG criteria in our procurement processes

CAE incorporated an initial set of ESG criteria into our request for proposal templates that we believe are relevant and important for our suppliers to meet. They align with industry best practices and cover a wide range of issues, including but not limited to:

Environment	Social	Governance
— Environment management system	— Workforce	— Alignment with CAE's Code of conduct and Supplier code of conduct
— Carbon emissions inventory	— Human rights policy	— External reporting aspects and ESG
— Waste management system	— Health and safety	— Emergency response plan
— Circular economy	— Community engagement	— Cybersecurity risks
	— Diversity, equity and inclusion	
	— Responsible minerals	

These criteria will guide supplier selection decisions and are assigned equal weighting to other selection parameters. To support this, we built a supplier scorecard generator to help evaluate the supplier's ESG score. These important steps promote responsible business practices across our supply chain and will further CAE's sustainability goals.

Supplier engagement

CAE supplier engagement events continue to prove an effective way to engage with our suppliers on ESG matters.

For the 2023 CAE Supplier Forum in February, we organized two days of ESG-focused breakout sessions and training for a select group of our most strategic suppliers. Prior to the forum participants were asked to identify waste reduction targets that would yield both environmental benefits and direct cost savings for their operations. They also completed a carbon inventory maturity self-assessment questionnaire to identify the most significant sources of carbon emissions in their supply chain and fabrication processes.

With the universal shift to prioritizing ESG in all areas of business, CAE chose the topic Global view on ESG best practices for suppliers for our second Virtual Supplier Forum. We welcomed ESG leaders from different industries to share how their organizations are bringing ESG initiatives to life in meaningful ways. The leaders offered valuable insights and emphasized why CAE's role in global strategic sourcing matters now more than ever. ▶

▶ Watch our **video.**

Building industry ecosystems

We made inroads on several fronts to strengthen suppliers ESG and awareness through both new and existing industry partnerships.

As a new member of International Aerospace Environmental Group (IAEG), CAE will assist in the development of a common voluntary standard to support the aerospace industry net zero transition. We also plan to leverage our IAEG participation toward continual improvement in the environmental impact our products and services.

A select group of Quebec-based suppliers enrolled in the Aéro-Montreal Eco-Responsibility initiative in FY23, a program that supports suppliers in the aerospace sector in the transition to sustainable development. Together, these suppliers represent over 30% of our direct content spend. The three-month program builds momentum through coaching, training and networking, helping suppliers conduct an environmental assessment, define sustainable development objectives, set a transition path, and then move to action.

Under the DAIR Supplier Development Initiative, CAE partnered with a strategic Ontario-based supplier in a three-step approach that includes guidance on building their capabilities and capacity.

As a leading area business, we joined efforts of Excellence Industrielle Saint-Laurent toward environmental management of residual materials in the area.

CAE's participation in an October workshop led to a recycling collaboration with Synergie Montreal as an initial step toward implementing a circular economy solutions framework.

CAE selected three Montreal-based suppliers for the Montreal Climate Partnership program. These suppliers join a network of their peers to exchange best practices and experience, from GHG emissions calculation to reduction initiatives. They also benefit from sites visits, with environmental experts identifying improvement opportunities (e.g. energy consumption, waste reduction).

Our leadership also contributed to furthering responsible supply chain management practices through their participation in industry panels.

Supporting CAE's decarbonization strategy

We proceeded from Scope 3 data consolidation to classification and methodology improvement in this key reporting area, a major accomplishment.

Related activities include guiding sourcing activities across CAE's three business units, focusing on reduction and use of plastics.

We also advanced on a strategic plan for offset instrument procurement, setting the foundation toward developing a long-term procurement strategy in FY24. This strategy will be supported by an emissions database tool that will facilitate auditing, analyzing and reporting related to environment assessment certificates (EAC) and carbon offset credits (COC) data.

Review of current processes and practices related to procurement of EACs and COCs, and to Scope 3 data gathering, informed our energy consumption, emissions projections and pricing estimates for FY23 purchases. We also factored in drivers such as the benefits of early purchase and competing demand.

Fostering DE&I across our supply chain

Through a new program launched in FY23, CAE began assessing the performance of our Canadian suppliers through surveys to identify participation under the following DE&I categories: visible minority, women, LGBTQ2+, Veteran, Indigenous, and person with disabilities. We further embedded ESG criteria into procurement processes to evaluate our suppliers ongoing, recognizing those with the best ESG performance.

As members of the new DE&I Office governance model, Global Strategic Sourcing representatives address supplier diversity. This role will bring greater alignment and advances to shared internal and external priorities. ■

Thought leadership

John Molson School of Business Sustainability Case Competition 2023 — *CAE was a Gold sponsor of the 15th edition with judges from its procurement community*

2023 CAE Supplier Forum — *Two-day event featuring workgroup sessions and presentations.*

Hosted by CAE

CAE Virtual Supplier Forum — *A global view on ESG best practices and why it should matter to suppliers*

Hosted by CAE

▶ Watch our **video**.

Aéro Montreal Global Supply Chain Summit 2023 — *The Future of Sustainable Aerospace Supply Chain: Emerging Technologies that Drive Collaboration*

Hélène V. Gagnon, panelist

IAS Quebec (Institute of Corporate Directors, Quebec Chapter)
Re-shoring et stratégie d'approvisionnement: les défis et opportunités pour les entreprises

Hélène V. Gagnon, panelist

Canadian Manufacturers & Exporters — *What does ESG mean for the Manufacturing Industry?*

Hélène V. Gagnon, panelist

Forum Excellence Industrielle — *Fabrication circulaire et approvisionnements*

Julien Rollier, panelist
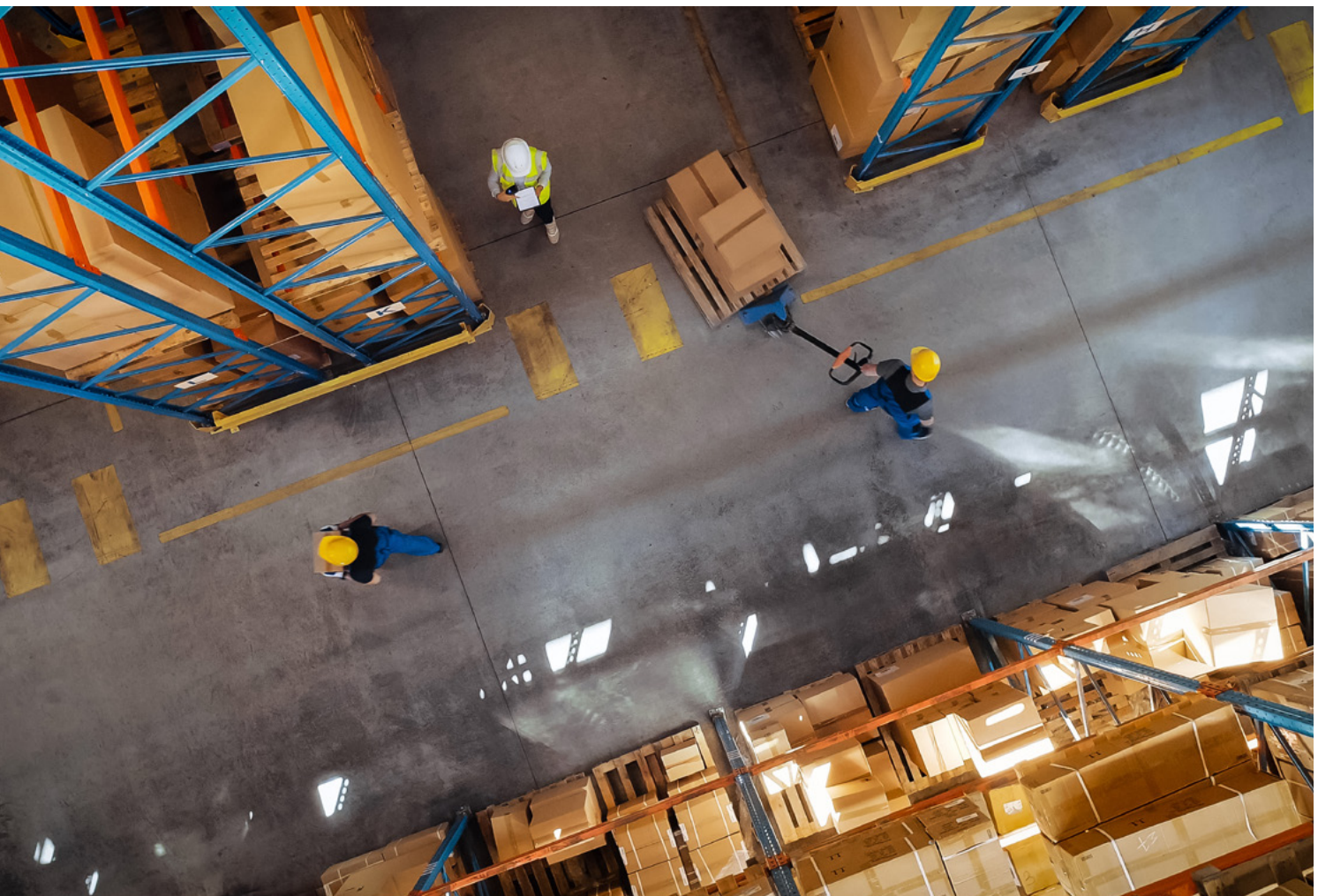
Responsible supply chain management

■ **By FY28, we commit to enhancing the sustainability of CAE's supply chain**

Associated SDGs

Key result	Target year
› Setting and commitment to near- and long-term Scope 3 GHG emission targets FY24 as per SBTi criteria	FY24
› ESG risks monitoring tool deployed	
› ESG supplier recognition program deployed	
› 50% of direct suppliers assessed on their exposure to climate change risks	
› Roll out of ESG risk management framework inclusive of human rights measures	
› Establishment of proper protocols to prevent and mitigate direct human rights risks	FY25
› 100% of Global Strategic Sourcing teams trained on ESG matters for further integration in procurement processes and decision-making	
› 80% of strategic suppliers assessed on diversity, equity and inclusion	
› GHG reduction program with direct strategic suppliers completed	FY26
› GHG reduction program with all strategic suppliers completed	FY28
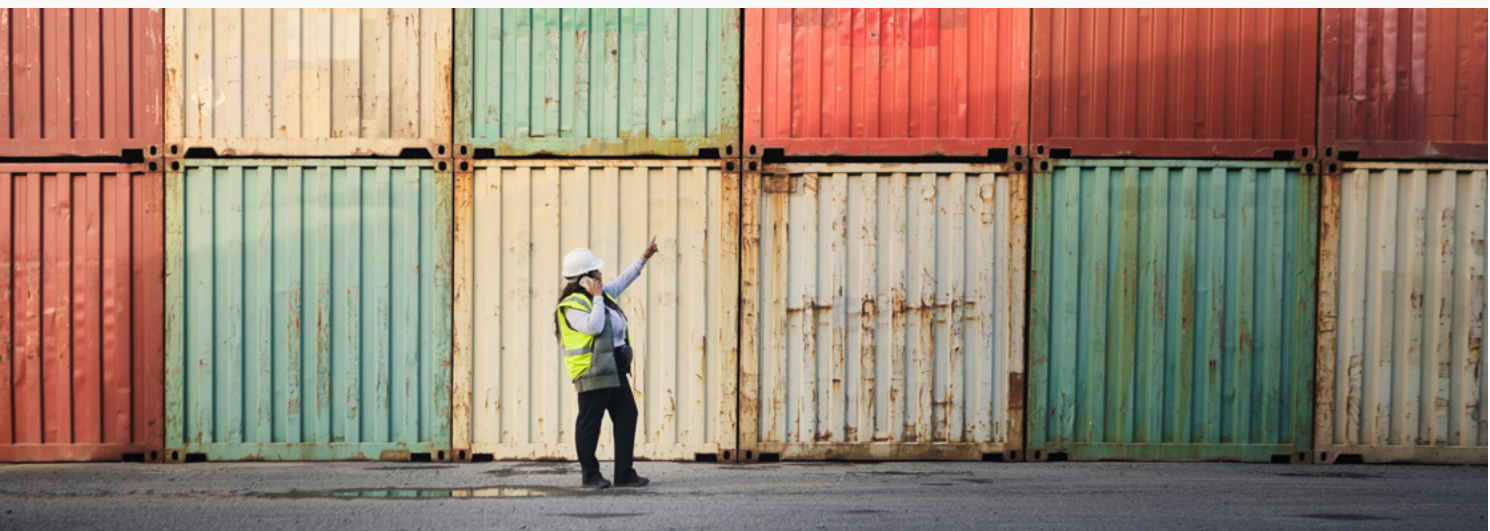
Appendix

Site certifications

ISO 9001:2015 – Quality management systems – Requirements

CAE Montreal

8585 Côte de Liesse, Saint-Laurent,
Quebec, Canada H4T 1G6

Scope — *Design, manufacture, service and maintenance of simulation products and training solutions.*

105 Montée de Liesse, Saint-Laurent,
Quebec, Canada H4T 1S6

Scope — *Assembly and test of simulation products.*

400 Montée de Liesse, Saint-Laurent,
Quebec, Canada H4T 1N8

Scope — *Storage, handling, and warehousing.*

129 Montée de Liesse, Saint-Laurent,
Quebec, Canada H4T 1N4

Scope — *Assembly and test of simulation products.*

109 Montée de Liesse, Saint-Laurent,
Quebec, Canada H4T 1S6

Scope — *Storage, handling, and warehousing.*

CAE Canada Region – Ottawa

350 Legget Drive, 2nd floor, Ottawa,
Ontario, Canada K2K 2W7

Scope — *The provision of software development, systems engineering, system integration, ISS, operational systems, enterprise training and consulting services for the entire systems' life cycle, including integrated logistics support. This further includes aircrew training (including computer-based training), egress training, aircraft maintenance repair and overhaul, aircraft engineering support and technical management, Training Centre Operations, and simulation products maintenance, for defence, aerospace, healthcare, and public safety applications.*

CAE Canada Region – Ottawa

15 Wing Moose Jaw, P.O. Box 30, Bushell Park, Saskatchewan,
Canada S0H 0N0

Scope — *Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.*

CAE Canada Region – Cold Lake

4 Wing - Cold Lake, P.O. Box 6759, Station Forces,
Cold Lake, Alberta, Canada T9M 2C2

Scope — *Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.*

CAE Canada Region – Greenwood

404 Squadron, building 250, 14 Wing Greenwood, Greenwood,
Nova Scotia, Canada B0P 1N0

Scope — *Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.*

CAE Canada Region – Gagetown

403 Squadron, building L24, 403 Squadron,
building L24, CFB Gagetown, Oromocto,
New Brunswick, Canada E2V 4J5

Scope — *Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.*

CAE Canada Region – Halifax

36 Solutions Drive, Suite 200, Halifax,
Nova Scotia, Canada B3S 1N2

Scope — *Software development, systems engineering, systems integration, in-service support, operational systems, enterprise training and consulting services for defence, aerospace, public safety, and security applications. Courseware Design and Development.*

CAE Canada Region – Mirabel

10000 Helen-Bristol Street, Mirabel,
Quebec, Canada J7N 1H3

Scope — *The provision of capacity-service support for the entire life cycle of systems including systems engineering and software and integrated logistic support.*

CAE Canada Region – Trenton

426 Squadron, 20 Buffalo Avenue, 8 Wing Trenton,
Astra, Ontario, Canada K0K 3W0

Scope — *Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.*

46 Yukon Avenue, 8 Wing Trenton,
Astra, Ontario, Canada K0K 3W0

Scope — *Repair and maintain flight simulators, aircraft maintenance training devices and associated training equipment; provide on-site hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; and provide data and records management.*

CAE

CAE Canada Region – Petawawa

450 Tactical Helicopter Squadron, Building CC12C8,
450 Mattawa Trail, Garrison Petawawa, Petawawa,
Ontario, Canada K8H 2X3

Scope — *Repair and maintain flight simulators and associated training equipment; provide on-site hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; and provide data and records management.*

CAE Military Aviation Training

NATO Flight Training in Canada (NFTC),
Colonel O.B. Philips Complex, Building 160, PO Box 120,
Bushell Park, Saskatchewan, Canada S0H 0N0

Scope — *Ground school training, aircraft maintenance repair and overhaul, engineering support and technical management activities.*

NATO Flight Training in Canada (NFTC), Building H10,
Cold Lake, Alberta, Canada T9M 2C5

Scope — *Egress training and aircraft maintenance.*

CAE India Private Limited

1st Floor, Survey No. 26 & 27, Bandaramanahalli Village, Uganvadi Post, Devanahalli Taluk, Bangalore - 562 110, Karnataka, India

Scope — *Designing, developing, integrating, and maintaining of simulators for aerospace, defence sectors.*

CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA 33634

Scope — *The design, integration, test and installation of simulation devices for military training.*

5411B Pioneer Park Drive, Tampa, Florida, USA 33634

Scope — *Assembly, installation, integration, test, and storage.*

CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501, Sherwood,
Arkansas, USA 72120

Scope — *Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.*

CAE USA – Kirtland Air Force Base

4250 Aberdeen Avenue Kirtland AFB, Albuquerque,
New Mexico, USA 87117

Scope — *Course Instruction and simulator maintenance.*

CAE USA – Davis-Monthan Air Force Base

CAE USA/MSI Inc. 4490 S. Yuma Street,
BLD 4832 Davis-Monthan AFB, Arizona, USA 85707

Scope — *Course Instruction and simulator maintenance.*

CAE USA – Joint Base Andrews

1914 Arnold Avenue Joint Base Andrews, Maryland, USA 20762

Scope — *Course Instruction and simulator maintenance.*

CAE USA – Moody Air Force Base

8010 Sijan Street Bldg. 673 Moody AFB, Georgia, USA 31699

Scope — *Course Instruction and simulator maintenance.*

CAE USA – Arlington, Texas

2200 Arlington Downs Road Arlington, Arlington,
Texas, USA 76011-5328

Scope — *Design, development and servicing of simulation and training systems for military and commercial applications.*

3101 Pinewood Drive Arlington, Arlington,
Texas, USA 76010

Scope — *Warehouse and production of simulation and training systems for military and commercial application.*

CAE USA – Binghamton, New York

147 Industrial Park Drive, Binghamton,
New York, USA 13904

Scope — *Design, development and servicing of simulation and training systems for military and commercial applications.*

CAE USA – Broken Arrow, Oklahoma

3724 West Vancouver, Broken Arrow,
Oklahoma, USA 74012

Scope — *Design, development and servicing of simulation and training systems for military and commercial applications.*

CAE USA – Tulsa, Oklahoma

12518-D E. 60th St., Tulsa, Oklahoma, USA 74146

Scope — *Development, manufacture, modification, and installation of defense and commercial products. These products include maritime and aviation electro-mechanical systems, instruments, panels, and displays.*

CAE Healthcare - Sarasota

6300 Edgelake Drive, Sarasota,
Florida, USA 34240

Scope — *Design controls, Production, Integration, Test, and Delivery of Medical Simulation Technologies and PostDelivery Activities and Services.*

Presagis Canada Inc.

8585 Côte de Liesse, Saint-Laurent,
Quebec, Canada H4T 1G6

Scope — *Design and Technical Consulting Services for Commercial, Aviation, Space and Defense of Embedded Graphics software.*

CAE Australia Pty Ltd

**Heritage Building A Campus Business Park,
350 Parramatta Road, Homebush NSW 2140, Australia**

Scope — *The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.*

**Bankstown Airport, 33 Nancy Ellis Leebold Drive,
Bankstown NSW 2200, Australia**

Scope — *The provision of maintenance support with regard to simulation training devices.*

Seahawk Simulation Warfare Centre (SWWC) HMAS Albatross Braidwood Road, Nowra NSW 2540 Australia

Scope — *The provision of maintenance support of simulation training devices.*

Simulator Facility Building 375 Percival Street RAAF Base, Richmond NSW 2755, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

76SQN Hawk Simulator Facility Building 868, RAAF Base, Williamtown NSW 2314, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base KC30-A Sim Facility Building 1123 F-111 Drive, Amberley QLD 4306, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

Level 11, 120 Edward Street, Brisbane QLD 4000, Australia

Scope — *The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.*

Building 0807 CH47F Training Centre RAAF Base Townsville Ingham Road Garbutt QLD 4810, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

**Army Aviation Training Centre Army Airfield,
Oakey QLD 4401, Australia**

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

**RAAF Base Building 398 292 Squadron AFS,
Edinburgh SA 5111, Australia**

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

**CAE Sale Training Centre Lot 16 Wellington Park Way,
Sale VIC 3850, Australia**

Scope — *The provision of maintenance support with regard to simulation training devices.*

79 SQN Simulator, Building A0989 RAAF Base Pearce Bullsbrook WA 6084, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

**CAE Perth Training Centre 81 Verde Drive
Jandakot WA 6164 Australia**

Scope — *The provision of civil aviation training services and maintenance support of flight simulators and training devices.*

RAAF Base C27J Training Facility Building 1403 Anson Dr Amberley, QLD 4306 Australia

Scope — *The provision of training services using simulation training devices.*

CAE New Zealand Pty Ltd

**Seasprite Simulator 6 Squadron HQ, RNZAF Base,
Auckland Tainvi Street, Auckland 0618, New Zealand**

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

**HSTC Building RNZAF Base Kororareka Ave,
Ohakea 4816 New Zealand**

Scope — *The provision of maintenance support with regard to simulation training devices.*

**14 SQN Training Centre Kororareka Ave,
Ohakea 4816, New Zealand**

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Kuala Lumpur – Malaysia

**Lot PT25B, Jalan S5, Southern Support Zone,
KLIA, 64000, Sepang, Selangor, Malaysia**

Scope — *Provision of Training for Commercial Pilots, Cabin Crew, Ramp, Guest Services and Aircraft Maintenance.*

CAE Maritime Middle East LLC

**Addax Tower, 51st Floor, Office 5109, Al Reem Island,
Abu Dhabi, UAE**

Scope — *Management of engineering, supply, installation, commissioning and maintenance of simulator training devices and integrated Live-Virtual-Constructive (LVC) training services for defense sector.*

CAE Germany – CAE GmbH – Stolberg

CAE GmbH, Steinfurt 11, 52222-D Stolberg

Scope — *Operation, design and development, customer requirement analysis, supply and through-life support of training equipment and synthetic simulation environments, systems and software applications and the provision of training programmes. Maintenance, support, repair and operation of synthetic training equipment and simulation environments and, if required, the provision of related training programmes.*

CAE Germany – CAE Services GmbH – Bückeburg

CAE Services GmbH, Bäckerstr. 18, 31683-D Obernkirchen

*Scope — Maintenance, support, repair and operation of synthetic
training equipment and simulation environments and, if required,
the provision of related training programmes.*

CAE UK Plc Defence & Security

**Innovation Drive, Burgess Hill,
West Sussex, RH15 9TW, United Kingdom**

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope — Design, supply and maintenance of Training Equipment and Synthetic
Environments and the provision of Associated Training, Customer
Requirements Analysis and Through Life Support.
Scope profile: Systems and software development and support.
Additional processes: Maintenance Management.*

**Medium Support Helicopter, Aircrew Training Facility,
RAF Benson, Wallingford, Oxfordshire, OX10 6AA,
United Kingdom**

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope — Design, supply and maintenance of Training Equipment and Synthetic
Environments and the provision of Associated Training, Customer
Requirements Analysis and Through Life Support.
Scope profile: Systems and software development and support.
Additional processes: Maintenance Management.*

**Merlin Training Facility, RNAS Culdrose, Helston,
Cornwall, TR21 7HR, United Kingdom**

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope — Design, supply and maintenance of Training Equipment and Synthetic
Environments and the provision of Associated Training, Customer
Requirements Analysis and Through Life Support.
Scope profile: Systems and software development and support.
Additional processes: Maintenance Management.*

**C-130J Training Facility, RAF Brize Norton, Carterton,
Oxfordshire, OX18 3LX, United Kingdom**

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope — Design, supply and maintenance of Training Equipment and Synthetic
Environments and the provision of Associated Training, Customer
Requirements Analysis and Through Life Support.
Scope profile: Systems and software development and support.
Additional processes: Maintenance Management.*

CAE Hungary – CAE Engineering Kft. – Budapest

CAE Enginering Kft., Kelenhegyi ut 43. H-1118 Budapest, Hungary

Scope — Software Development.

Singapore CAE Flight Training Pte. Ltd.

720, Upper Changi Road East, Singapore 486852, Singapore

Scope — Provision of commercial pilot training.

CAE South America Flight Training do Brasil Ltda.

**Avenida Orlanda Bergamo, No. 490 – CEP 07232-151,
Guarulhos-SP, Brasil**

*Scope — Rental of flight simulation rooms and equipment. Development,
sale and application of training for aviation professionals.*

AS9100D – Quality management systems – Requirements for aviation, space and defense organizations

CAE Montreal

**8585 Côte de Liesse, Saint-Laurent,
Quebec, Canada H4T 1G6**

*Scope — Project Management, design (hardware and software), manufacture,
repair and overhaul of the Magnetic Anomaly Detection (MAD)/AIMS
equipment.*

CAE Canada Region – Ottawa

**350 Legget Drive Suite 200, Ottawa,
Ontario, Canada K2K 2W7**

*Scope — Business Development and Program Management of the Magnetic
Anomaly Detection (MAD)/AIMS equipment.*

CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA 33634

*Scope — The design, integration, test and installation of simulation devices
for military training.*

5411B Pioneer Park Drive, Tampa, Florida, USA 33634

Scope — Installation, integration, test, and storage.

CAE USA – Sherwood

**2402 Wildwood Avenue, Suite 501, Sherwood,
Arkansas, USA 72120**

*Scope — Analysis, design, development, implementation, and evaluation
of Integrated Training Solutions.*

CAE USA – Kirtland Air Force Base

4250 Aberdeen Avenue Kirtland AFB, New Mexico, USA 87117

Scope — Course Instruction and simulator maintenance.

CAE USA – Davis-Monthan Air Force Base

CAE USA/MSI Inc. 4490 S. Yuma Street,
BLD 4832 Davis-Monthan AFB, Arizona , USA 85707

Scope – Course Instruction and simulator maintenance.

CAE USA – Joint Base Andrews

1914 Arnold Avenue Joint Base Andrews, Maryland, USA 20762

Scope – Course Instruction and simulator maintenance.

CAE USA – Moody Air Force Base

8010 Sijan Street Bldg. 673 Moody AFB, Georgia, USA 31699

Scope – Course Instruction and simulator maintenance.

CAE USA – Arlington, Texas

2200 Arlington Downs Road Arlington, Texas, USA 76011–5328

Scope – Design, development and servicing of simulation and training systems for military and commercial applications.

3101 Pinewood Drive Arlington, Texas, USA 76010

Scope – Warehouse and production of simulation and training systems for military and commercial application.

CAE USA – Binghamton, New York

147 Industrial Park Drive, Binghamton, New York, USA 13904

Scope – Design, development and servicing of simulation and training systems for military and commercial applications.

CAE USA – Broken Arrow, Oklahoma

3724 West Vancouver Broken Arrow, Oklahoma, USA 74012

Scope – Design, development, manufacture, modification, and installation of defense and commercial products. These products include maritime and aviation electro-mechanical systems, instruments, panels, and displays.

CAE USA – Tulsa, Oklahoma

12518-D E. 60th St. Tulsa, Oklahoma, USA 74146

Scope – Design, development, manufacture, modification, and installation of defense and commercial products. These products include maritime and aviation electro-mechanical systems, instruments, panels, and displays.

Presagis Canada Inc.

8585 Côte de Liesse, Saint-Laurent,
Quebec, Canada H4T 1G6

Scope – Design and Technical Consulting Services for Commercial, Aviation, Space and Defense of Embedded Graphics software.

CMMI-DEV – Capability maturity model integration for development, version 2.0

CAE Canada Region – Mirabel

10000 Helen-Bristol Street, Mirabel,
Quebec, Canada J7N 1H3

Scope – Maturity Level 5, Operational Systems and In-Service Support (OS & ISS).

CMMI-SVC – Capability maturity model integration for services, version 2.0

CAE Canada Region – Mirabel

10000 Helen-Bristol Street, Mirabel,
Quebec, Canada J7N 1H3

Scope – Maturity Level 3, Operational Systems and In-Service Support (OS & ISS).

ISO 14001:2015 – Environmental management systems – Requirements with guidance for use

CAE Military Aviation Training

15 Wing Moose Jaw, P.O. Box 30, Bushell Park,
Saskatchewan, Canada S0H 0N0

Scope – Maintenance of aircraft, ground school training, in-flight training, and airfield operations.

CAE Australia Pty Ltd.

Heritage Building A Campus Business Park 350, Parramatta Road, Homebush NSW 2140, Australia

Scope – The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.

Bankstown Airport 33 Nancy Ellis Leebold Drive, Bankstown NSW 2200, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

Seahawk Simulation Warfare Centre (SWWC) HMAS Albatross Braidwood Road, Nowra NSW 2540, Australia

Scope — *The provision of maintenance support of simulation training devices.*

Simulator Facility Building 375 Percival Street, RAAF Base, Richmond NSW 2755, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

76SQN Hawk Simulator Facility Building 868, RAAF Base, Williamtown NSW 2314, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base KC30-A Sim Facility Building 1123 F-111 Drive, Amberley QLD 4306, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

Level 11, 120 Edward Street, Brisbane QLD 4000, Australia

Scope — *The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.*

Building 0807 CH47F Training Centre RAAF Base, Townsville Ingham Road, Garbutt QLD 4810, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

Army Aviation Training Centre Army Airfield, Oakey QLD 4401, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base Building 398 292 Squadron AFS, Edinburgh SA 5111, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Sale Training Centre Lot 16 Wellington Park Way, Sale VIC 3850, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

79 SQN Simulator, Building A0989 RAAF Base Pearce, Bullsbrook WA 6084, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Perth Training Centre 81 Verde Drive, Jandakot WA 6164, Australia

Scope — *The provision of civil aviation training services and maintenance support of flight simulators and training devices.*

RAAF Base C27J Training Facility Building 1403 Anson Dr, Amberley QLD 4306, Australia

Scope — *The provision of training services using simulation training devices.*

CAE New Zealand Pty Limited

Seasprite Simulator 6 Squadron HQ, RNZAF Base, Auckland Tainvi Street, Auckland 0618, New Zealand

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

HSTC Building RNZAF Base, Kororareka Ave, Ohakea 4816, New Zealand

Scope — *The provision of maintenance support with regard to simulation training devices.*

14 SQN Training Centre Kororareka Ave, Ohakea 4816, New Zealand

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE UK Plc Defence & Security

Innovation Drive, Burgess Hill, West Sussex, RH15 9TW, United Kingdom

Scope — *Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.*

Merlin Training Facility, RNAS Culdrose, Helston, Cornwall, TR12 7RH, United Kingdom

Scope — *Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.*

24 Squadron HQ, RAF Brize Norton, Carterton, Oxfordshire, OX18 3LX, United Kingdom

Scope — *Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.*

Medium Support Helicopter Air Training Facility, RAF Benson, Wallingford, Oxfordshire, OX10 6AA, United Kingdom

Scope — *Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.*

CAE South America Flight Training do Brasil Ltda.

Avenida Orlanda Bergamo, No. 490 – CEP 07232-151, Guarulhos-SP, Brasil

Scope — *Rental of flight simulation rooms and equipment. Development, sale and application of training for aviation professionals.*

CAE

ISO/IEC 27001:2013 - Information technology - security techniques - information security management systems - Requirements

CAE Hungary Healthcare Kft.

H – 8200 Veszprém, Almádi út 3. 2. em. Hungary

Scope — *Customer service procedures, customer confidential data processing and storing related to the CAE LearningSpace product and connected services. Excluded A14.1.3 requirements.*

ISO 45001:2018 – Occupational health and safety management systems – Requirements with guidance for use

CAE Australia Pty Ltd.

Heritage Building A Campus Business Park 350 Parramatta Road, Homebush NSW 2140, Australia

Scope — *The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.*

Bankstown Airport 33 Nancy Ellis Leebold Drive, Bankstown NSW 2200, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

Seahawk Simulation Warfare Centre (SWWC) HMAS Albatross. Braidwood Road, Nowra NSW 2540, Australia

Scope — *The provision of maintenance support of simulation training devices.*

Simulator Facility Building 375 Percival Street RAAF Base, Richmond NSW 2755, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

76SQN Hawk Simulator Facility Building 868, RAAF Base, Williamtown NSW 2314, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base KC30-A Sim Facility Building 1123 F-111 Drive, Amberley QLD 4306, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

Level 11, 120 Edward Street, Brisbane QLD 4000, Australia

Scope — *The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.*

Building 0807 CH47F Training Centre RAAF Base, Townsville Ingham Road, Garbutt QLD 4810, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

Army Aviation Training Centre Army Airfield, Oakey QLD 4401, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base Building 398 292 Squadron AFS, Edinburgh SA 5111, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Sale Training Centre Lot 16 Wellington Park Way, Sale VIC 3850, Australia

Scope — *The provision of maintenance support with regard to simulation training devices.*

79 SQN Simulator, Building A0989 RAAF Base, Pearce, Bullsbrook WA 6084, Australia

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

CAE Perth Training Centre 81 Verde Drive, Jandakot WA 6164, Australia

Scope — *The provision of civil aviation training services and maintenance support of flight simulators and training devices.*

RAAF Base C27J Training Facility Building 1403 Anson Dr, Amberley QLD 4306, Australia

Scope — *The provision of training services using simulation training devices.*

CAE New Zealand Pty Limited

Seasprite Simulator 6 Squadron HQ, RNZAF Base, Auckland Tainvi Street, Auckland 0618, New Zealand

Scope — *The provision of systems engineering and maintenance support with regard to simulation training devices.*

HSTC Building RNZAF Base Kororareka Ave, Ohakea 4816, New Zealand

Scope — *The provision of maintenance support with regard to simulation training devices.*

14 SQN Training Centre, Kororareka Ave,
Ohakea 4816, New Zealand

Scope — The provision of systems engineering and maintenance support
with regard to simulation training devices.

CAE South America Flight Training do Brasil Ltda.

Avenida Orlanda Bergamo, No. 490 – CEP 07232-151,
Guarulhos-SP, Brasil

Scope — Rental of flight simulation rooms and equipment. Development,
sale and application of training for aviation professionals.

EcoProfit environmental certification

CAE Germany – CAE GmbH – Stolberg

CAE GmbH, Steinfurt 11, 52222-D Stolberg

Scope — Decrease resource consumption, reduce environmental impact
and save running costs.

OHSAS 18001:2007 – Occupational health and safety management systems – Requirements

CAE Military Aviation Training

NATO Flight Training in Canada (NFTC),
Colonel O.B. Philips Complex, Building 160, PO Box 120,
Bushell Park, Saskatchewan, Canada S0H 0N0

Scope — Maintenance of aircraft, ground school training, in-flight training,
and airfield operations.

Cyber essentials plus

CAE UK Plc

Innovation Drive, Burgess Hill,
West Sussex, RH15 9TW, United Kingdom

Scope — CAE (UK) plc, whole company excluding development network.

Global Reporting Initiative (GRI) indicators

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
1. The organization and its reporting practices					
2-1	**Organizational details**				
	Legal name of the organization	Page 1	FY22 Annual Activity & CSR report, page 1	FY21 Annual Activity & CSR report, page 1	
	Location of headquarters	Page 14	FY22 Annual Activity & CSR report, page 8	FY21 Annual Activity & CSR report, page 10	
	Location of operation(s)	Page 14	FY22 Annual Activity & CSR report, page 8	FY21 Annual Activity & CSR report, page 10	
	Ownership and legal form	FY23 MD&A pages 113-115	FY22 MD&A pages 122-123	FY21 MD&A pages 133-135	
2-2	**Entities included in the organization's sustainability reporting**				
	Entities included in the organizations sustainability reporting [1]	FY23 Annual Information Form	FY22 Annual Information Form	FY21 Annual Information Form	
	Entities included in the consolidated financial statements				
2-3	**Reporting period, frequency and contact point**				
	Reporting period-Start Date	Refer to About this report	FY22 Annual Activity & CSR report, page 2	FY21 Annual Activity & CSR report, page 2	
	Reporting period-End Date				
	Frequency				
	Publication date of the report or reported information				
	Contact point for questions regarding the report				
2-4	**Restatements of information**				
	Restatements of information made from previous reporting periods	Refer to the footnotes in our FY23 GRI for restated information	Refer to the footnotes in our FY22 GRI for restated information	Refer to the footnotes in our FY21 GRI for restated information	
2-5	**External assurance**				
	Description of the organization's current practice with regard to seeking external assurance for the report	Refer to ESG strategy and reporting progress	FY22 Annual Activity & CSR report, page 2	FY21 Annual Activity & CSR report, page 2	
2. Activities and workers					
2-6	**Activities, value chain and other business relationships**				
	A. Sectors of activity	Refer to Overview	FY22 Annual Activity & CSR report, page 7	FY21 Annual Activity & CSR report, page 9	
	B. Description of value chain	Refer to: Civil Aviation Defense & Security Healthcare Responsible supply chain management	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 83	

---

1   For our GHG emissions, we report on operational control as per GHG protocol which is not always aligned with the notion of financial control.

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
2. Activities and workers					
2-7	**Total number of employees**				
	Total number of employees [1]	13,217	FY22 Annual Activity & CSR report, page 108		SDG 5: Gender equality
	Total number of employees in our joint ventures [2]	724	570	522	SDG 8: Decent work and economic growth
2-7	**Employees, by gender**				
	Women	3,085	FY22 Annual Activity & CSR report, page 108		SDG 5: Gender equality
	Men	10,130			SDG 8: Decent work and economic growth
2-7	**Employees, by region**				
	Quebec	4,011			
	Quebec (%)	30%			
	Rest of Canada	765			
	Rest of Canada (%)	6%			
	United States	4,946			
	United States (%)	37%	CAE started reporting on GRI 2-7 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality
	South America	194			SDG 8: Decent work and economic growth
	South America (%)	1%			
	Europe, Middle-East, Africa (EMEA)	2,404			
	Europe, Middle-East, Africa (EMEA) (%)	18%			
	Asia-Pacific (APAC)	897			
	Asia-Pacific (APAC) (%)	7%			
2-7	**Employees by employment contract, by gender**				
	Full-time – Women	2,967			
	Full-time – Women (%)	22%			
	Full-time – Men	9,937			
	Full-time – Men (%)	75%	CAE started reporting on GRI 2-7 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality
	Part-time – Women	118			SDG 8: Decent work and economic growth
	Part-time – Women (%)	1%			
	Part-time – Men	193			
	Part-time – Men (%)	1%			

1   The definition of total number of employees includes only permanent employees.
2   Employees in our joint ventures are not included in total number of employees.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
2. Activities and workers					
2-7	**Employees, by employment contract**				
	Full-time employees	12,906	CAE started reporting on GRI 2-7 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Full-time employees (%)	97.65%			
	Part-time employees	311			
	Part-time employees (%)	2.35%			
2-7	**Employees by employment contract, by region**				
	Part-time – Quebec	48	CAE started reporting on GRI 2-7 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Part-time – Rest of Canada	9			
	Part-time – United States	91			
	Part-time – South America	0			
	Part-time – Europe, Middle-East, Africa (EMEA)	153			
	Part-time – Asia-Pacific (APAC)	10			
	Full-time – Quebec	3,963			
	Full-time – Rest of Canada	756			
	Full-time – United States	4,855			
	Full-time – South America	194			
	Full-time – Europe, Middle-East, Africa (EMEA)	2,251			
	Full-time – Asia-Pacific (APAC)	887			
2-8	**Workers who are not employees**				
	Total number of workers who are not employees and whose work is controlled by the organization	3,159	CAE started reporting on GRI 2-8 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	Types of workers	At CAE, workers who are not employees are defined as contingent workers who are not on a CAE payroll			
3. Governance					
2-9	**Governance structure and composition**				
	Governance structure	Refer to Sustainability governance	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 56	SDG 5: Gender equality SDG 8: Decent work and economic growth
	Describe the influence/power of the board committee on ESG issues	Refer to Corporate governance, board structure and leadership	FY22 Annual Activity & CSR report, page 2	FY21 Annual Activity & CSR report, page 2	
	Total number of Board members	13	CAE started reporting on GRI 2-9 in FY23. No data available for previous fiscal years.		
	Number of Executive Board members	1			
	Percentage of Executive Board members	8%			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
3. Governance					
2-9	**Governance structure and composition**				
	Number of independent non-executive Board members	12			
	Percentage of Non-executive Board members	92%			
	Describe the number of other significant positions and commitments held by each member, and the nature of the commitments	FY23 Proxy Circular			
	Number of independent members of the Governance committee	7			
	Percentage of independent members of the Governance committee	100%			
	Number of independent members of the Audit committee	6			
	Percentage of independent members of the Audit committee	100%			
	Number of independent members of the Human Resources committee	7			
	Percentage of independent members of the Human Resources committee	100%			
	Average Board tenure	5 years			SDG 5: Gender equality
	Number of independent or non-executive members with industry experience (for example, excludes executives)	8	CAE started reporting on GRI 2-9 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	List of independent or non-executive directors included above	FY23 Proxy Circular			
	Number of women Board members	4			
	Percentage of women Board members	31%			
	Number of members of visible minorities on the Board	1			
	Percentage of members of visible minorities on the Board	8%			
	Number of Indigenous peoples on the Board	0			
	Percentage of Indigenous peoples on the Board	0%			
	Number of people with a disability on the Board	0			
	Percentage of people with a disability on the Board	0%			
	Number of of people from the LGBTQ+ community on the Board	1			
	Percentage of people from the LGBTQ+ community on the Board	8%			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
3. Governance					
2-10	**Nomination and selection of the highest governance body**				
	Nominating and selecting the highest governance body	FY23 Proxy Circular	FY22 Proxy Circular	FY21 Proxy Circular	
2-11	**Chair of the highest governance body**				
	Chair of the highest governance body	Board of Directors	Board of Directors	Board of Directors	
2-12	**Role of the highest governance body in overseeing the management of impacts**				
	Role of highest governance body in setting purpose, values, and strategy	Governance	Governance	Governance	
	Identifying and managing economic, environmental, and social impacts	FY23 MD&A pages 40-54	FY22 MD&A pages 44-60	FY21 MD&A pages 47-69	
	Consulting stakeholders on economic, environmental, and social topics	Refer to Stakeholder engagement	CAE started reporting on GRI 2-12 in FY23. No data available for previous fiscal years.		
2-13	**Delegation of responsibility for managing impacts**				
	Delegating authority	Refer to Sustainability governance	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 56	
	Executive-level responsibility for economic, environmental, and social topics	Refer to Sustainability governance	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 56	
2-14	**Role of the highest governance body in sustainability reporting**				
	Highest governance body's role in sustainability reporting	Refer to Sustainability governance	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 56	
2-15	**Conflicts of interest**				
	Conflicts of interest	Refer to Business ethics	FY22 Annual Activity & CSR report, page 68	FY21 Annual Activity & CSR report, page 82	
2-16	**Communication of critical concerns**				
	Communicating critical concerns	Refer to Business ethics	FY22 Annual Activity & CSR report, page 68	FY21 Annual Activity & CSR report, page 82	
	Total number of critical concerns that were communicated to the highest governance body	Refer to Business ethics	FY22 Annual Activity & CSR report, page 68	FY21 Annual Activity & CSR report, page 82	
	Nature of critical concerns that were communicated to the highest governance body	Refer to Business ethics	FY22 Annual Activity & CSR report, page 68	FY21 Annual Activity & CSR report, page 82	
2-17	**Collective knowledge of the highest governance body**				
	Collective knowledge of highest governance body	FY23 Proxy Circular	FY22 Proxy Circular	FY21 Proxy Circular	
2-18	**Evaluation of the performance of the highest governance body**				
	Evaluating the highest governance body's performance	FY23 Proxy Circular	FY22 Proxy Circular	FY21 Proxy Circular	
2-19	**Remuneration policies**				
	Remuneration policies	FY23 Proxy Circular	FY22 Proxy Circular	FY21 Proxy Circular	

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
3. Governance					
2-20	**Process to determine remuneration**				
	Process to determine remuneration	FY23 Proxy Circular	FY22 Proxy Circular	FY21 Proxy Circular	SDG 8: Decent work and economic growth
2-21	**Annual total compensation ratio** [1]				
	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees *(excluding the highest-paid individual)*	42.78	CAE started reporting on GRI 2-21 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees *(excluding the highest-paid individual)*	0.96			
4. Strategy, policies and practices					
2-22	**Statement on sustainable development strategy**				
	Statement on sustainable development strategy	Refer to ESG strategy and reporting progress	FY22 Annual Activity & CSR report, page 50	FY21 Annual Activity & CSR report, page 56	
2-23	**Policy commitments**				
	Policy commitments	Refer to ESG roadmap Also refer to respective material topics sections in the Sustainability section of this report for further details on our commitments	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	
2-24	**Embedding policy commitments**				
	Embedding policy commitments	Refer to Business ethics and Human rights	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	
2-25	**Processes to remediate negative impacts**				
	Processes to remediate negative impacts	Refer to Stakeholder engagement pages 74-79 and Business ethics pages 180-186	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	
2-26	**Mechanisms for seeking advice and raising concerns**				
	Mechanisms for seeking advice and raising concerns	Refer to Business ethics	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	
2-27	**Compliance with laws and regulations**				
	Number of significant fines and non-monetary sanctions for non-compliance with laws and regulations during the reporting period	No significant fine	No significant fine	No significant fine	

1   Data reported is based on our seven most significant countries of operations: Canada, US, UK, Germany, Australia, India, and UAE.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
General disclosures					
5. Stakeholder engagement					
2-29	**Approach to stakeholder engagement**				
	Approach to stakeholder engagement	Refer to Stakeholder engagement	CAE started reporting on GRI 2-29 in FY23. No data available for previous fiscal years.		
2-30	**Collective bargaining agreements**				
	Percentage of employees covered by collective agreements	15.94%	17%	18.4%	SDG 8: Decent work and economic growth
Topic-specific disclosures					
GRI 201: Economic performance 2016					
201-MT	**Topic management disclosures**				
	Topic management disclosures	FY23 MD&A pages 40–60 FY23 Proxy Circular	FY22 MD&A pages 44–60 FY22 Proxy Circular	FY21 MD&A pages 47–69 FY21 Proxy Circular	SDG 8: Decent work and economic growth
201-1	**Direct economic value generated and distributed**				
	Revenues ($M)	4,203.3	3,371.3	2,981.9	
	Operating costs ($M)	2,207.3	3,087.1	2,933.5	
	Employee wages and benefits ($M)	1,664.0	CAE started reporting on new categories of GRI 201-1 in FY23. No data available for previous fiscal years.		
	Community investment and charitable donations ($M) [1]	5.8	7.8	7.6	
	Payments to providers of capital ($M)	177.7			
	Payments to government ($M)	64.4			SDG 8: Decent work and economic growth
	Equity pick-up ($M)	53.2	CAE started reporting on new categories related to GRI 201-1 in FY23. For details about our FY22 and FY21 economic performance, refer to p.104 of our FY22 Annual activity and CSR report.		
	Other gains ($M)	22.8			
	Gain on remeasurements ($M)	6.2			
	Economic value distributed ($M)	4,043.6			
	Economic value retained ($M)	159.7 [2]	164.9 [2]	81.9	
201-2	**Financial implications and other risks and opportunities due to climate change**				
	Financial implications and other risks and opportunities due to climate change	FY23 MD&A page 54	FY22 MD&A page 51	FY21 MD&A page 52	SDG 8: Decent work and economic growth
201-3	**Defined benefit plan obligations and other retirement plans**				
	Estimated value of the plan's liabilities	40.8 [3]	109.7 [4]	222.2	
	Percentage of salary contributed by employee	4%	CAE started reporting on additional categories related to GRI 201-3 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	Percentage of salary contributed by employer	9%			

1   Includes cash and in-kind donations
2   Direct economic value generated excludes cost of sales, R&D expenses, SG&A expenses, finance expenses and income tax.
3   Value net of employee benefits assets and employee benefits obligations expenses.
4   Lower employee benefits obligations, resulting primarily from an increase in the discount rate used to determine our defined benefit pension plan obligations. The decrease is also due to lower deferred tax liabilities.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 201: Economic performance 2016					
201-3	**Defined benefit plan obligations and other retirement plans**				
	Level of participation in retirement plans	84%[1]	CAE started reporting on additional categories related to GRI 201-3 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
201-4	**Financial assistance received from government**				
	Funding received from government ($M)	45.7	34.1[1]	31.9[2]	SDG 8: Decent work and economic growth
GRI 202: Market presence 2016					
202-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Talent attraction, engagement and retention pages 109-122 and Diversity, equity and inclusion pages 135-146	FY22 Annual Activity & CSR report, pages 55-62	FY21 Annual Activity & CSR report, pages 68-74	SDG5: Gender equality SDG 8: Decent work and economic growth
202-1	**Ratios of standard entry level wage by gender compared to local minimum wage**				
	Ratio of standard entry level wage to local minimum wage	3			
	Absent or variable minimum wage	Variable minimum wage, including minimum wage of Quebec (Canada) and Dallas (U.S.).	CAE started reporting on GRI 202-1 in FY23. No data available for previous fiscal years.		SDG5: Gender equality SDG 8: Decent work and economic growth
	Actions taken to determine whether workers are paid above the minimum wage	The minimum salary on our salary structure is higher than the minimum wage in the country.			
202-2	**Proportion of senior management hired from the local community [3]**				
	Proportion of senior management hired from the local community - Canada	99%	97%	96%	
	Proportion of senior management hired from the local community - U.S.	94%	93%	91%	SDG 8: Decent work and economic growth
	Proportion of senior management hired from the local community - Other	83%	82%	77%	
	Proportion of senior management hired from the local community - Overall	94%	93%	91%	

1   Covers employee participation in Canada and the United States.
2   Does not include government participation for programs related to COVID-19 support.
3   Senior management includes the following categories: Director, Vice President, Executive Vice President, Group President, Chief Executive Officer.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 203: Indirect economic impacts 2016					
203-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Community, donations and sponsorships pages 168–176	FY22 Annual Activity & CSR report, pages 83–89	FY21 Annual Activity & CSR report, pages 101–107	SDG 3: Good health and well-being SDG 4: Quality education SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 13: Climate action
GRI 204: Procurement practices 2016					
204-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Responsible supply chain management pages 197–204	FY22 Annual Activity & CSR report, pages 69–70	FY21 Annual Activity & CSR report, pages 83–84	SDG 8: Decent work and economic growth SDG 13: Climate action
204-1	**Proportion of spending on local suppliers [1]**				
	Percentage of the procurement budget spent on local suppliers – Australia	89%	87%	76%	
	Percentage of the procurement budget spent on local suppliers – Asia	75%	65%	82%	
	Percentage of the procurement budget spent on local suppliers – Europe	71%	76%	71%	SDG 8: Decent work and economic growth
	Percentage of the procurement budget spent on local suppliers – Middle East	86%	84%	86%	SDG 13: Climate action
	Percentage of the procurement budget spent on local suppliers – North America	71%	67%	67%	
	Percentage of the procurement budget spent on local suppliers – South America	88%	87%	82%	
GRI 205: Anti-corruption 2016					
205-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Business ethics pages 180–186	CAE started reporting on GRI 205 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth

1   Organization or person that provides a product or service to the reporting organization based in the same geographic market as the reporting organization (that is, no transnational payments are made to a local supplier). The geographic definition of 'local' can include the community surrounding operations, a country.

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 205: Anti-corruption 2016					
205-1	**Operations assessed for risks related to corruption**				
	Total number of operations assessed for risks related to corruption	4			
	Significant risks related to corruption identified through the risk assessment	CAE conducts business in approximately 250 sites and training locations in over 40 countries. Due to the global nature of our operations, CAE is exposed to bribery and corruption risks, including the risk of bribering foreign officials.	CAE started reporting on GRI 205-1 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
205-2	**Communication and training about anti-corruption policies and procedures**				
	Total number of employees that the organization's anti-corruption policies and procedures have been communicated to	13,217	CAE started reporting on GRI 205-2 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	Percentage that the organization's anti-corruption policies and procedures have been communicated to	100%			
205-3	**Confirmed incidents of corruption and actions taken**				
	Total number of confirmed incidents of corruption	0	0	0	SDG 8: Decent work and economic growth
	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	0	0	0	
GRI 206: Anti-competitive behavior 2016					
206-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Business ethics pages 180-186	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	SDG 8: Decent work and economic growth
206-1	**Legal actions for anti-competitive behavior, anti-trust, and monopoly practices**				
	Number of legal actions regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	0	0	0	SDG 8: Decent work and economic growth
GRI 207: Tax 2019					
207-4	**Country-by-country reporting**				
	Corporate income tax paid on a cash basis ($M)	34.7	CAE started reporting on GRI 207 in FY23.		SDG 8: Decent work and economic growth
GRI 301: Materials 2016					
301-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Sustainable products and services pages 88-90 and Responsible ressource use pages 105-107	CAE started reporting on GRI 301 in FY23. No data available for previous fiscal years.		SDG 13: Climate action

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 302: Energy 2016					
302-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Energy consumption page 94	FY22 Annual Activity & CSR report, pages 90-94	FY21 Annual Activity & CSR report, pages 108-111	SDG 13: Climate action
302-1	**Energy consumption within the organization**				
	Total fuel consumption (MWh)	79,177.8			
	Aviation fuel consumption (MWh)	58,307.4			
	Renewable aviation fuel consumption (MWh)	0			
	Non-renewable aviation fuel consumption (MWh)	58,307.4			
	Total natural gas consumption (MWh)	15,856.0			
	Renewable natural gas consumption (MWh)	0			
	Non-renewable natural gas consumption (MWh)	15,856.0			
	Total diesel, heating oil, propane consumption (MWh)	5,014.4			
	Renewable diesel, heating oil, propane consumption (MWh)	0			
	Non-renewable diesel, heating oil, propane consumption (MWh)	5,014.4	CAE started reporting on new categories of GRI 302-1 in FY23. For details about our FY22 and FY21 energy consumtpion, refer to p.106 of our FY22 Annual activity and CSR report.		SDG 13: Climate action
	Total electricity consumption (MWh)	201,330.2			
	Renewable electricity consumption (MWh)	197,324.0			
	Non-renewable electricity consumption (MWh)	4,006.1			
	Grid electricity consumption (MWh)	201,135.7			
	Percentage grid electricity consumption	69.26%			
	Total purchased or acquired heat consumption (MWh)	2,140.2			
	Renewable purchased or acquired heat consumption (MWh)	520.3			
	Non-renewable purchased or acquired heat consumption (MWh)	1,619.8			
	Total purchased or acquired cooling consumption (MWh)	7,752.8			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 302: Energy 2016					
302-1	**Energy consumption within the organization**				
	Renewable purchased or acquired cooling consumption (MWh)	0			
	Non-renewable purchased or acquired cooling consumption (MWh)	7,752.8			
	Total purchased or acquired steam consumption (MWh)	0			
	Renewable purchased or acquired steam consumption (MWh)	0	CAE started reporting on new categories of GRI 302-1 in FY23. For details about our FY22 and FY21 energy consumtpion, refer to p.106 of our FY22 Annual activity and CSR report.		SDG 13: Climate action
	Non-renewable purchased or acquired steam consumption (MWh)	0			
	Self-generated non-fuel renewable energy consumption (MWh)	194.5			
	Total energy consumption (MWh)	290,401.1			
	Total renewable energy consumption (MWh)	197,844.4			
	Percentage renewable energy consumption	68.1%			
302-2	**Energy consumption outside of the organization**				
	Energy consumption outside of the organization	CAE is currently calculating partial Scope 3 emissions with a view to expanding the scope of its reporting to cover energy consumption outside of its organization in the coming years. As such, no data is currently available.			SDG 13: Climate action
302-3	**Energy intensity**				
	Energy intensity	69.1 [1]	83.3	80.3 [2]	SDG 13: Climate action
302-4	**Reduction of energy consumption**				
	Reduction of energy consumption	Refer to Energy consumption page 94 and Sustainable products and services pages 88-90	FY22 Annual Activity & CSR report, page 21 and page 129	FY21 Annual Activity & CSR report, page 59 and page 143	SDG 13: Climate action
302-5	**Reductions in energy requirements of products and services**				
	Reductions in energy requirements of products and services	Refer to Sustainable products and services pages 88-90	CAE started reporting on GRI 302-5 in FY23. No data available for previous fiscal years		SDG 13: Climate action
GRI 303: Water and effluents 2018					
303-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Responsible ressource use pages 105-107	CAE started reporting on GRI 303 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
303-1	**Interactions with water as a shared resource**				
	Interactions with water as a shared resource	Refer to Responsible ressource use pages 105-107	CAE started reporting on GRI 303 in FY23. No data available for previous fiscal years.		SDG 13: Climate action

1   Energy intensity includes: Natural Gas (MWh) Grid Electricity (MWh) Solar Electricity (MWh) Diesel, heating, oil, propane, fuel for aircraft and cars, hot and chilled water and district heating (MWh).
2   The emission intensity does not include the data of the entities acquired during FY22.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 303: Water and effluents 2018					
303-2	**Management of water discharge-related impacts**				
	Description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined	CAE complies with mandatory local regulations governing water management and prohibits contaminated water discharge.			SDG 13: Climate action
303-5	**Water consumption**				
	Total net fresh water consumption	321,910 M m³	CAE started reporting on GRI 303 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
GRI 304: Biodiversity 2016					
304-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Biodiversity pages 107–108	CAE started reporting on GRI 304 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
GRI 305: Emissions 2016					
305-1	**Direct (Scope 1) GHG emissions**				
	Gross direct (Scope 1) GHG emissions (t CO_2e)*	22,115	20,039	23,267	
	Gases included in the calculation	CO_2, CH_4, N_2O, HFCs			
	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	AR4	CAE started reporting on new categories of GRI 305 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
	Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational control			
	Standards, methodologies, assumptions, and/or calculation tools used	GHG Protocol			
305-2	**Energy indirect (Scope 2) GHG emissions**				
	Energy indirect GHG Emissions (Scope 2 location based) (t CO_2e)	57,114	59,055	63,216	
	Energy indirect GHG Emissions (Scope 2 market based) (t CO_2e)	4,254	5,128	17,293	
	Gases included in the calculation	CO_2, CH_4, N_2O			
	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	AR4	CAE started reporting on new categories of GRI 305 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
	Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational control			
	Standards, methodologies, assumptions, and/or calculation tools used	GHG Protocol			

* Increase in FY23 Scope 1 emissions driven by improvements to emissions data capture process for refrigerants usage across CAE sites.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 305: Emissions 2016					
305-3	**Other indirect (Scope 3) GHG emissions**				
	Purchased goods and services (t CO_2e)	181,398	CAE started reporting on new categories of GRI 305-3 in FY23. For FY22 and FY21 data, refer to our FY22 Annual Activity and CSR report.		
	Capital goods (t CO_2e)	2,317			
	Fuel- and energy-related activities (not included in Scope 1 or Scope 2) (t CO_2e)	19,575	15,739	CAE started reporting on fuel- and energy-related activities (not included in Scope 1 or Scope 2) in FY22	
	Business travel (t CO_2e)	17,432	9,074	4,425	
	Employee commuting (t CO_2e)	23,607 [1]	CAE started reporting on Employee commuting in FY23. No data available for previous fiscal years.		
	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source				SDG 13: Climate action
	— GWP source : AR4 — Emission factor sources: US EPA Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities v1.1.1 — CO2, CH4, and N2O emissions data for road vehicles are from Table 2-13 of the EPA *(2020)* Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2018. Vehicle-miles and passenger-miles data for road vehicles are from Table VM-1 of the Federal Highway Administration Highway Statistics 2018. CO2e emissions data for non-road vehicles are based on Table A-124 of the EPA *(2020)* Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2018, which are distributed into CO2, CH4, and N2O emissions based on fuel/vehicle emission factors. Freight ton-mile data are from Table 1-50 of the Bureau of Transportation Statistics, National Transportation Statistics for 2020 *(Data based on 2018)*. — US EPA GHG emission factors hub — Australia National Greenhouse Gas Accounts (NGA) Factors, November, 2022. "*Table 1 Indirect (Scope 2 and Scope 3) emissions from consumption of purchased electricity from a grid*", Published 2022 — Brazil: Year 2022 factors from the Brazilian Ministry of Science, Technology, Innovation and Communication. Fator médio - Inventários corporativos: "*Arquivos dos fatores médios de emissão de CO2 grid mês/ano* — Canada: "*National Inventory Report 1990-2020*", Part 3, Annex 13, Year 2019 factors. From 2022 Release India: CO2 factors from India Central Electricity Authority: Baseline Carbon Dioxide Emission Database, Version 18.0, December 2022 — UK: Greenhouse gas reporting: conversion factors 2022. Year 2022 Factors. From September 2022 Release — Uruguay: BEN - Factor de emisión de CO2 del SIN. Published December 2022. — International Sources *(unless noted otherwise)*: IEA *(2022)*, Emission Factors — National Inventory Report 1990-2020: Greenhouse Gas Sources and Sinks in Canada, Part 3, Annex 13, 2019 emission factors *(published in 2022)* — Upstream emissions by source: GHGenius version 5.02a, Elec emissions, Table 53c. *(2020)* — Argonne Labs 2021 model *(Version 1_2021, October 2021)*, based on Year 2020 eGRID grid generation mix — eGrid- Data Explorer- Grid gross loss rates, 2021, February 2023 — Argonne Labs GREET1_2021 model *(Version 1_2021, October 2021)*. — Ecoinvent v3.9.1		CAE started reporting on new categories of GRI 305-3 in FY23. No data available for previous fiscal years.		
	Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational control approach for fuel- and energy-related activities. Other Scope 3 categories cover all CAE activites.			
	Standards, methodologies, assumptions, and/or calculation tools used	GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.			

1   CAE extended in FY23 the scope of its carbon emissions calculations by reporting for the first time the Scope 3 category "*Employee Commuting*". Methodology used by CAE relied on global employee data obtained through a survey (25% response rate) which was then extrapolated to approximately 250 sites in 40 countries based on yearly site usage.

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 305: Emissions 2016					
305-4	**GHG emissions intensity**				
	GHG emission intensity (location-based) (t CO_2e / M CAD)	18.8	CAE started reporting on GRI 305-4 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
	GHG emission intensity (market-based) (t CO_2e / M CAD)	6.2			
305-5	**Reduction of GHG emissions**				
	Description of the initiative	Refer to Decarbonization plan pages 96-99	FY22 Annual Activity & CSR report, page 107	FY21 Annual Activity & CSR report, page 124	SDG 13: Climate action
305-6	**Emissions of ozone-depleting substances (ODS)**				
	Emissions of ozone-depleting substances (ODS)	CAE does not consider ODS as a material risks for CAE given the insignificant use of these substances in its operations and initiatives in place to remove ODS from products sourced, used or sold by CAE.			SDG 13: Climate action
GRI 306: Waste 2020					
306-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Responsible ressource use pages 105-107	CAE started reporting on GRI 306 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
306-1	**Waste generation and significant waste-related impacts**				
	Waste generation and significant waste-related impacts	Refer to Responsible ressource use pages 105-107	CAE started reporting on GRI 306 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
306-2	**Management of significant waste-related impacts**				
	Management of significant waste-related impacts	Refer to Responsible ressource use pages 105-107	CAE started reporting on GRI 306 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
306-3	**Waste generated [1]**				
	Amount of hazardous waste generated (t)	66	CAE started reporting on GRI 306 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
	Amount of non-hazardous waste generated (t)	1,179			
	Total waste generated (t)	1,245			
306-5	**Waste directed to disposal [2]**				
	Total waste recycled/reused (t)	1,067	CAE started reporting on GRI 306 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
	Total waste disposed (t)	112			
	Waste with unknown disposal method(t)	112			
	Total hazardous waste recycled/reused (t)	0			
	Total hazardous waste disposed (t)	66			
	Hazardous waste with unknown disposal method (t)	66			

1 The reported data is for our Montreal facility only.
2 Data provided only covers to Montreal facility. The non-hazardous waste is disposed and recycled with authorized waste disposable companies, in compliance with applicable regulations.

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 308: Supplier environmental assessment 2016					
308-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Sustainable sourcing pages 102–104 and Responsible supply chain management pages 197–204	FY22 Annual Activity & CSR report, page 93	FY21 Annual Activity & CSR report, page 59	SDG 13: Climate action
308-1	**New suppliers that were screened using environmental criteria**				
	Number of new supplier screened using environmental and social criteria	ESG criteria were implemented in March 2023 in the RFP process. Some sourcing events are in progress, and we will continue to monitor as these criteria evolve and we work on user adoption. Refer to Sustainable sourcing pages 102–104 and Responsible supply chain management pages 197–204	CAE started reporting on GRI 308-1 in FY23. No data available for previous fiscal years.		SDG 13: Climate action
308-2	**Negative environmental impacts in the supply chain and actions taken**				
	Significant actual and potential negative social impacts identified in the supply chain	CAE identified one supplier in potential violation of the Supplier Code of Conduct	CAE started reporting on GRI 308-2 in FY23. No data available for previous fiscal years.		
	Type of action taken	CAE has permanently eliminated the supplier from its supplier base			
GRI 401: Employment 2016					
401-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Talent attraction, engagement and retention pages 109–122	FY22 Annual Activity & CSR report, pages 55–62	FY21 Annual Activity & CSR report, pages 66–74	SDG 5: Gender equality SDG 8: Decent work and economic growth
401-1	**New employee hires**				
	Total number of employee hires	2,759	2,322	1,141	SDG 5: Gender equality SDG 8: Decent work and economic growth
	New employee hire rate (percent of total employees)	21%	17%	10%	
401-1	**New employee hires, by age group**				
	Below 30 years old	867	495	213	SDG 5: Gender equality SDG 8: Decent work and economic growth
	Below 30 years old (%)	31%	21%	19%	
	30 – 50 years old	1,351	1,231	587	
	30 – 50 years old (%)	49%	53%	51%	
	Over 50 years old	541	596	341	
	Over 50 years old (%)	20%	26%	30%	

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 401: Employment 2016					
401-1	**New employee hires, by gender**				
	Women (%)	26%	CAE started reported on new employee hires, by gender in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
401-1	**New employee hires, by region**				
	Quebec	628			
	Quebec (%)	23%			
	Rest of Canada	129			
	Rest of Canada (%)	5%			
	United States	1,106			
	United States (%)	40%	CAE started reported on new categories of GRI 401 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	South America	47			
	South America (%)	2%			
	Europe, Middle-East, Africa (EMEA)	600			
	Europe, Middle-East, Africa (EMEA) (%)	22%			
	Asia-Pacific	249			
	Asia-Pacific (%)	9%			
401-1	**Employee turnover**				
	Voluntary turnover	1,529	CAE started reporting on new categories of GRI 401 in FY23.		
	Voluntary turnover (%)	11.98%	6%	6%	
	Involuntary turnover	416	CAE started reporting on new categories of GRI 401 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Involuntary turnover rate (%)	3.25%	13%	10%	
	Total turnover	1,945	2,351	1,616	
	Total turnover rate (%)	15.24%	20.56%	15%	
401-1	**Employee turnover, by age group**				
	Below 30 years old	428	433	279	
	Below 30 years old (%)	3.35%	25%	20%	
	30-50 years old	956	1,132	731	SDG 5: Gender equality SDG 8: Decent work and economic growth
	30-50 years old (%)	7.49%	19%	44%	
	Above 50 years old	561	786	638	
	Above 50 years old (%)	4.40%	16%	39%	

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 401: Employment 2016					
401-1	**Employee turnover, by gender**				
	Women	472	532	397	SDG 5: Gender equality SDG 8: Decent work and economic growth
	Women (%)	16.1%	19%	16%	
	Men	1,473	1,819	1,219	
	Men (%)	15.0%	18%	13%	
401-1	**Employee turnover, by region**				
	Quebec	355			
	Quebec (%)	2.7%			
	Rest of Canada	76			
	Rest of Canada (%)	0.6 %			
	United States	927	CAE started reporting on new categories of GRI 401 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	United States (%)	7.2 %			
	South-America	26			
	South-America (%)	0.2 %			
	Europe, Middle-East, Africa (EMEA)	425			
	Europe, Middle-East, Africa (EMEA) (%)	3.3 %			
	Asia-Pacific (APAC)	136			
	Asia-Pacific (APAC) (%)	1.0 %			
401-2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**				
	Definition used for 'significant locations of operation'	Sites with more than 700 employees			
	Benefits provided to full-time employees that are not provided to temporary or part-time employees – Canada	All our benefits in Canada are offered to regular full-time or part-time employees working at least 20 hours per week. Employees working less than 20 hours per week are not entitled to benefits.	CAE started reporting on GRI 401-2 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 5: Gender equality SDG 8: Decent work and economic growth
	Benefits provided to full-time employees that are not provided to temporary or part-time employees – United States	Benefits are provided in the United States to all employees (regardless of type) if they are scheduled to work 30 or more hours per week.			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 401: Employment 2016					
401-2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**				
	Benefits provided to full-time employees that are not provided to temporary or part-time employees – UK	We offer full-time and part-time employees the same benefits. We also offer temporary employees the same benefits as permanent employees with the exception of the Employee Stock Purchase Plan. If the temporary contract is longer than six months, we offer the Employee Stock Purchase Plan.	CAE started reporting on GRI 401-2 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 5: Gender equality SDG 8: Decent work and economic growth
GRI 402: Labor/management relations 2016					
402-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Talent attraction, engagement and retention pages 109–122	CAE started reporting on GRI 402 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
GRI 403: Occupational health and safety 2018					
403-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Occupational health and safety pages 123–127	FY22 Annual Activity & CSR report, pages 51–55	FY21 Annual Activity & CSR report, pages 60–67	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
403-1	**Occupational health and safety management system**				
	Occupational health and safety management system	Refer to Occupational health and safety pages 123–127 and Site certifications pages 206–213	FY22 Annual Activity & CSR report, pages 96–100	FY21 Annual Activity & CSR report, pages 113–117	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
403-2	**Hazard identification, risk assessment, and incident investigation**				
	Hazard identification, risk assessment, and incident investigation	Refer to Occupational health and safety pages 123–127	FY22 Activity & CSR report, pages 51–55	FY21 Activity & CSR Report, pages 60–67	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis	As part of our EH&S management system, CAE has various processes to identify risks and hazards on a routine and non-routine basis. Depending on the task, these may be documented risks analysis, permits to work or checklist. Refer to Occupational health and safety pages 123–127	FY22 Annual Activity & CSR report, page 52	FY21 Annual Activity & CSR report, pages 61–63	

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 403: Occupational health and safety 2018					
403-2	**Hazard identification, risk assessment, and incident investigation**				
	Description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.	CAE uses an EH&S management software which is available to all employees on their laptop or mobile. Further to that, upon joining CAE, a dedicated EH&S event reporting training is mandatory to all employees.			SDG 3: Good health and well-being
		Refer to Occupational health and safety pages 123-127	FY22 Annual Activity & CSR report, page 52	FY21 Annual Activity & CSR Report, pages 61-63	SDG 8: Decent work and economic growth
	Description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health.	CAE has a program defining the roles and responsibilities of all employees. This program states that employees are expected to not pursue a task that exposes them to a risk or hazard and that they shall stop work and seek advice from their supervisor. This is included in a mandatory training assigned to all CAE employees. Furthermore, our various programs and procedures often repeat this expectations.			
		Refer to Occupational health and safety pages 123-127	FY22 Annual Activity & CSR report, page 52	FY21 Annual Activity & CSR report, pages 61-63	
	Description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.	CAE has an EH&S event management program which details our investigations processes based on the actual and potential severity of an event. All recordables accidents are investigated, root caused identified and actions implemented. For events with a high potential consequence, whether an actual injury occured or not, CAE has a significant event process. After confirmation of the actual or potential severy, EMC is advised via email-An Alert is sent to all sites with preliminary informations and corrective actions-In-depth root causes analysis led on-site by global EH&S-Presentation of the investigation report to senior leadership-Deployment of a communication to all CAE sites with mandatory implementation of corrective actions. Action plans are assigned to local site leaders are tracked to completion-120 days after the completion of the action plan, site leaders must perform a review of effectiveness of the corrective actions and sign off to confirm they are implemented and efficient			
403-3	**Occupational health services**				
	Description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks.	Refer to Occupational health and safety pages 123-127	FY22 Annual Activity & CSR report, pages 51-55	FY21 Annual Activity & CSR report, pages 60-67	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
403-5	**Worker training on occupational health and safety**				
	Description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations	Refer to Occupational health and safety pages 123-127	FY22 Annual Activity & CSR report, pages 51-55	FY21 Annual Activity & CSR report, pages 60-67	SDG 3: Good health and well-being SDG 8: Decent work and economic growth

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 403: Occupational health and safety 2018					
403-6	**Promotion of worker health**				
	Description of workers' access to non-occupational medical and healthcare services, and the scope of access provided All business processes involving the handling of personal information must comply with applicable laws and regulations and CAE's Global Data Privacy Policy, which sets forth the principles for the fair handling of personal information. Some of these key principles require the business process owner to document the purpose for which the collection and processing of personal information is necessary and the legal basis for such processing. CAE's medical team in Montreal and the Health and Safety department are responsible and accountable for the personal information they collect, use, store and process. Given their sensitivity, such information must be kept separate from our HR system. The same principles apply in all other business units.	Refer to Talent attraction, engagement and retention pages 109–122 and Compensation and benefits pages 121–122	CAE started reporting on GRI 403-6 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs	Refer to Talent attraction, engagement and retention pages 109–122 and Compensation and benefits pages 121–122			
403-7	**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**				
	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	All contractors whose work is governed by CAE have to follow our EH&S processes. Refer to Occupational health and safety pages 123–127	CAE started reporting on GRI 403-7 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
403-8	**Workers covered by an occupational health and safety management system**				
	Number employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	16,376	CAE started reporting on GRI 403-8 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	100%			
403-9	**Work-related injuries**				
	Number of employee fatalities as a result of work-related injury	0	0	0	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Rate of employee fatalities as a result of work-related injury (x 200,000 h)	0	0	0	
	Number of employee fatalities as a result of work-related injury (live flight training)	0	0	0	

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 403: Occupational health and safety 2018					
403-9	**Work-related injuries**				
	Rate of employee fatalities as a result of work-related injury (live flight training) (x 200,000 h)	0	0	0	
	Number of contractor fatalities as a result of work-related injury	0	0	0	
	Number of High-consequence work-related injuries (excluding fatalities) – employees	0	1	0	
	Rate of High-consequence work-related injuries (excluding fatalities) – employees	0	0.01	0	
	Number of recordable work-related injuries – employees	56	52	38	
	Rate of recordable work-related injuries – employees	0.38	CAE started reporting on new categories of GRI 403-9 in FY23. No data for previous fiscal years.		SDG 3: Good health and well-being
	Struck against	This category does not apply in FY23.	10%	This category does not apply in FY21.	SDG 8: Decent work and economic growth
	Falls, slips, trips	36%	27%	39%	
	Ergonomics injuries	21%	27%	26%	
	Hand injuries	13%	20%	16%	
	Other	30%	This category does not apply in FY22.	19%	
	Total number of hours worked by all employees	25,936,607.00 h	CAE started reporting on new categories of GRI 403 in FY23. No data for previous fiscal years.		
	Number of observations of hazardous situations	1,071	588	261	
	Rate of observations of hazardous situations	7.26	4.67	2.28	
403-10	**Work-related ill health**				
	Number of fatalities as a result of work-related ill health	0			
	Number of cases of recordable work-related ill health	0			
	Common types of work-related ill health	None reported in FY23			
	Work-related hazards that pose a risk of ill health	Working with chemicals would represent CAE's main work-related hazard. However, given the nature its operations, the likelihood of this hazard materializing would be very low.	CAE started reporting on GRI 403-10 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being
	Actions taken or underway to eliminate these hazards and minimize risks	Highlighted hazards are assessed and managed under CAE's existing EH&S programs and procedures. In addition, relevant training is given to employees and only qualified personel are assigned to these tasks.			SDG 8: Decent work and economic growth

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 404: Training and education 2016					
404-MT	**Topic management disclosures**				
	Topic management disclosures	Refer Talent development pages 114–117 Also refer to respective material topics sections in the Sustainability section of this report for further details on our commitments	CAE started reporting on GRI 404 in FY23. No data available for previous fiscal years.		SDG 4: Quality education SDG 8: Decent work and economic growth
404-1	**Average hours of training per year per employee**				
	Average hours of training per year per employee	Not reported. This data is not collected and tracked yet.	CAE started reporting on GRI 404 in FY23. No data available for previous fiscal years.		SDG 4: Quality education SDG 8: Decent work and economic growth
404-2	**Programs for upgrading employee skills and transition assistance programs**				
	Type and scope of programs implemented and assistance provided to upgrade employee skills	Refer to Talent attraction, engagement and retention pages 109–122 and Talent development pages 114–117	CAE started reporting on GRI 404 in FY23. No data available for previous fiscal years.		SDG 4: Quality education SDG 8: Decent work and economic growth
	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Refer to Talent attraction, engagement and retention pages 109–122 and Compensation and benefits pages 121–122			
404-3	**Percentage of employees receiving regular performance and career development reviews**				
	Total number of employees who received a regular performance and career development review	12,182	CAE started reporting on GRI 404 in FY23. No data available for previous fiscal years.		SDG 4: Quality education SDG 8: Decent work and economic growth
	Percentage of total employees who received a regular performance and career development review	99.53%			
GRI 405: Diversity and equal opportunity 2016					
405-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Diversity, equity and inclusion pages 135-146	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
405-1	**Diversity of governance bodies and employees**				
	Number of women Board members	4	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Percentage of women Board members	31 %			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 405: Diversity and equal opportunity 2016					
405-1	**Diversity of governance bodies and employees**				
	Number of members of visible minorities on the Board	1			
	Percentage of members of visible minorities on the Board	8 %			
	Number of Board member who self-identifies as both a woman and member of an underrepresented racial or ethnic group	0			
	Number of people from the LGBTQ+ community on the Board	1			
	Percentage of members from the LGBTQ+ community on the Board	8 %	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Number of Indigenous peoples on the Board	0			
	Number of people with a disability on the Board.	0			
	Number of Board members – Under 30 years old	0			
	Number of Board members – 30-50 years old	0			
	Percentage of Board members – 30-50 years old	0			
	Number of Board members – Above 50 years old	13			
	Percentage of Board members – Above 50 years old	100%			
405-1	**Employees by employment category, by gender**				
	Senior executive – Women	3			
	Senior executive – Women (%)	0.02 %			
	Senior executive – Men	8			
	Senior executive – Men (%)	0.06 %			
	Executive – Women	12			
	Executive – Women (%)	0.09 %			
	Executive – Men	36			
	Executive – Men (%)	0.27 %	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Director – Women	44			
	Director – Women (%)	0.33 %			
	Director – Men	166			
	Director – Men (%)	1.26 %			
	Manager – Women	341			
	Manager – Women (%)	2.58 %			
	Manager – Men	1,129			
	Manager – Men (%)	8.54 %			

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 405: Diversity and equal opportunity 2016					
405-1	**Employees by employment category, by gender**				
	Staff – Women	2,685			SDG 5: Gender equality
	Staff – Women (%)	20.33 %	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		
	Staff – Men	8,791			SDG 8: Decent work and economic growth
	Staff – Men (%)	66.51%			
405-1	**Employees by employment category, by age group**				
	Senior executive – Under 30 years old	0			
	Senior executive – Under 30 years old (%)	0%			
	Senior executive – 30-50 years old	4			
	Senior executive – 30-50 years old (%)	0.03%			
	Senior executive – Over 50 years old	7			
	Senior executive – Over 50 years old (%)	0.05%			
	Executive – Under 30 years old	0			
	Executive – Under 30 years old (%)	0%			
	Executive – 30-50 years old	23			
	Executive – 30-50 years old (%)	0.17%			
	Executive – Over 50 years old	25	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality
	Executive – Over 50 years old (%)	0.19%			SDG 8: Decent work and economic growth
	Director – Under 30 years old	0			
	Director – Under 30 years old (%)	0.00 %			
	Director – 30-50 years old	112			
	Director – 30-50 years old (%)	0.85%			
	Director – Over 50 years old	98			
	Director – Over 50 years old (%)	0.74%			
	Manager – Under 30 years old	35			
	Manager – Under 30 years old (%)	0.26%			
	Manager – 30-50 years old	877			
	Manager – 30-50 years old (%)	6.64 %			
	Manager – Over 50 years old	558			
	Manager – Over 50 years old (%)	4%			

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 405: Diversity and equal opportunity 2016					
405-1	**Employees by employment category, by age group**				
	Staff – Under 30 years old	1,850	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Staff – Under 30 years old (%)	14%			
	Staff – 30-50 years old	5,629			
	Staff – 30-50 years old (%)	42.59%			
	Staff – Over 50 years old	3,999			
	Staff – Over 50 years old (%)	30.26%			
405-2	**Ratio of basic salary and remuneration of women to men**				
	Senior executive – Canada	0.29 %	CAE started reporting on GRI 405 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
	Senior executive – United States	1.62 %			
	Executive – Canada	0.80 %			
	Executive – United States	1.04 %			
	Director – Canada	0.97 %			
	Director – United States	1.14 %			
	Manager – Canada	0.98 %			
	Manager – United States	1.02 %			
	Staff – Canada	0.96 %			
	Staff – United States	0.78 %			
	All employees – Canada	0.36 %			
	All employees – United States	1.29 %			
	Overall ratio of basic salary and remuneration of women to men	0.94			
GRI 406: Non-discrimination 2016					
406-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Human rights pages 147-149, Diversity, equity and inclusion pages 135-146 and Business ethics pages 180-186	FY22 Annual Activity & CSR report, page 68	FY21 Annual Activity & CSR report, page 70	SDG 5: Gender equality SDG 8: Decent work and economic growth
406-1	**Incidents of discrimination and corrective actions taken**				
	Total number of complaints of discrimination during the reporting period	8 [1]	CAE started reporting on GRI 406 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth

1   In FY23, CAE handled 41 whistleblowing reports, of which eight contained allegations of discrimination. None of these reports were substantiated.

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 407: Freedom of association and collective bargaining 2016					
407-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Human rights pages 147-149	CAE started reporting on GRI 407 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
GRI 408: Child labor 2016					
408-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Human rights pages 147-149	FY22 Annual Activity & CSR report, page 67	FY21 Annual Activity & CSR report, page 81	SDG 8: Decent work and economic growth
GRI 409: Forced or compulsory labor 2016					
409-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Human rights pages 147-149	FY22 Annual Activity & CSR report, page 67	FY21 Annual Activity & CSR report, page 81	SDG 8: Decent work and economic growth
GRI 410: Security practices 2016					
410-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Human rights pages 147-149	CAE started reporting on GRI 410 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
GRI 411: Rights of indigenous peoples 2016					
411-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Diversity, equity and inclusion pages 135-146	CAE started reporting on GRI 411 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
411-1	**Incidents of violations involving rights of indigenous peoples**				
	Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period	0	CAE started reporting on GRI 411 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
GRI 413: Local communities 2016					
413-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Community, donations and sponsorships pages 168-176	FY22 Annual Activity & CSR report, pages 82-89	FY21 Annual Activity & CSR report, pages 101-107	SDG 5: Gender equality SDG 8: Decent work and economic growth
GRI 414: Supplier social assessment 2016					
414-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Responsible supply chain management pages 197-204	CAE started reporting on GRI 414 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 414: Supplier social assessment 2016					
414-1	**New suppliers that were screened using social criteria**				
	Number of new supplier screened using environmental and social criteria	No data available for FY23 due to relevant criteria being implemented into specific sourcing process concomitantly with end of reporting period	CAE started reporting on GRI 414 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
414-2	**Negative social impacts in the supply chain and actions taken**				
	Significant actual and potential negative social impacts identified in the supply chain	CAE identified one supplier in potential violation of the Supplier Code of Conduct. CAE has taken the appropriate remediation action following completion of its assessment	CAE started reporting on GRI 414 in FY23. No data available for previous fiscal years.		SDG 5: Gender equality SDG 8: Decent work and economic growth
GRI 415: Public policy 2016					
415-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Business ethics pages 180-186	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
415-1	**Political contributions**				
	Total monetary value of direct political contributions	0	0	0	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
GRI 416: Customer health and safety 2016					
416-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Occupational health and safety pages 123-127	FY22 Annual Activity & CSR report, pages 51-55	FY21 Annual Activity & CSR report, pages 60-67	SDG 3: Good health and well-being SDG 8: Decent work and economic growth
416-2	**Incidents of non-compliance concerning the health and safety impacts of products and services**				
	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0	CAE started reporting on GRI 416 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth

CAE

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 416: Customer health and safety 2016					
CUS 001	**Flight safety - Civil**				
	Number of voluntary reports per 10,000 flight hours - Civil	71	CAE started reporting separately for Civil and D&S in FY23. Please refer to p.113 for consolidated data in our FY22 Annual activity and CSR report		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Number of Category A and B incidents per 10,000 flight hours - Civil	0			
	Acceptable Level of Safety Performance (ALoSP) for ab initio training centres - Civil	69			
	Acceptable Level of Safety Performance (ALoSP) for non ab initio training centres - Civil	75			
CUS 002	**Flight safety - Defense and Security**				
	Number of voluntary reports per 10,000 flight hours - Defense and Security	55.5	CAE started reporting separately for Civil and D&S in FY23. Please refer to p.113 for consolidated data in our FY22 Annual activity and CSR report		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Number of Category A and B incidents per 10,000 flight hours - Defense and Security	0			
GRI 417: Marketing and labeling 2016					
417-2	**Incidents of non-compliance concerning product and service information and labeling**				
	Incidents of non-compliance with regulations resulting in a fine or penalty	0	CAE started reporting on GRI 417 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Incidents of non-compliance with regulations resulting in a warning	0			
	Incidents of non-compliance with voluntary codes	0			
	Total number of incidents of non-compliance	0			
417-3	**Incidents of non-compliance concerning marketing communications**				
	Incidents of non-compliance with regulations resulting in a fine or penalty	0	CAE started reporting on GRI 417 in FY23. No data available for previous fiscal years.		SDG 3: Good health and well-being SDG 8: Decent work and economic growth
	Incidents of non-compliance with regulations resulting in a warning	0			
	Incidents of non-compliance with voluntary codes	0			
	Total number of incidents	0			
GRI 418: Customer privacy 2016					
418-MT	**Topic management disclosures**				
	Topic management disclosures	Refer to Business ethics pages 180-186	FY22 Annual Activity & CSR report, pages 64-71	FY21 Annual Activity & CSR report, pages 76-86	SDG 8: Decent work and economic growth

GRI standards		FY23	FY22	FY21	Mapping to chosen SDGs
Topic-specific disclosures					
GRI 418: Customer privacy 2016					
418-1	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**				
	Number of complaints received from outside parties and substantiated by the organization	0	CAE started reporting on GRI 418-1 in FY23. No data available for previous fiscal years.		SDG 8: Decent work and economic growth
	Number of complaints received from regulatory bodies	0			
	Total number of substantiated complaints received concerning breaches of customer privacy	0	0	0	
	Total number of identified leaks, thefts, or losses of customer data	0	CAE started reporting on GRI 418-1 in FY23. No data available for previous fiscal years.		

SASB Index

		FY23	FY22	FY21	Full or partial match	SDGs
Environment						
Energy management						
RT-AE-130a.1	1. Total energy consumed (GJ)	1,045,444	1,011,189	862,013	Full	SDG 13: Climate action
	2. Percentage grid electricity	69.26%	68.4%	68.93%		
	3. Percentage renewable	68.12%[1]	66.3%	12.93%		
Hazardous waste management						
RT-AE-150a.1	Amount of hazardous waste generated, percentage recycled	66 t[2]	CAE started reporting on RT-AE-150a.1 in FY23. No data available for previous fiscal years.		Full	SDG 3: Good health and well-being
RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	0	Not reported. The nature of our activities is such that the issue of hazardous waste management is not material for reporting purposes.		Full	SDG 8: Decent work and economic growth
Social capital						
Data security						
RT-AE-230a.1	1. Number of data breaches	0	0	0	Full	
	2. Percentage involving confidential information	0%	0%	0%		
RT-AE-230a.2	Description of approach to identifying and addressing data security risks in (1) organization operations and (2) products	CAE has multiple guidelines, policies and standards that address the various controls and process (including risk management) to address data protection. Refer to Data privacy pages 187–191	CAE has multiple guidelines, policies and standards that address the various controls and process to address data protection FY22 Annual Activity & CSR report pages 65 and 68–69	CAE has multiple guidelines, policies and standards that address the various controls and process to address data protection. FY21 Annual Activity & CSR report pages 78–79 and 85–86	Full	
	Description of approach to identifying and addressing data security risks					
SV-PS-230a.3	Number of data breaches	0	0	0	Full	
	Percentage of data breaches involving customers' confidential business information (CBI) or personally identifiable information (PII)	0%	0%	0%		
	Number of customers affected	0	0	0		
SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	Refer to Data privacy pages 187–191	FY22 Annual Activity & CSR report pages 64–71	FY21 Annual Activity & CSR report pages 76–86	Full	

1   Includes purchased Energy Attribute Certificates (EACs).
2   The reported data is for our Montreal facility only.

		FY23	FY22	FY21	Full or partial match	SDGs
Social capital						
Product safety						
RT-AE-250a.1	Number of recalls issued	Not reported.[1] This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics — see the GRI index page 242 and SASB RT-AE-250a.3	Not reported. This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics — see the FY22 Annual Activity & CSR report, GRI index page 113	Not reported. This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics see the FY21 Annual Activity & CSR report, GRI Index page 128	N/A	
RT-AE-250a.2	**Number of counterfeit parts detected, percentage avoided**					
	Number of counterfeit parts detected[2]	0	Not reported. This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics — see the FY22 Annual Activity & CSR report, GRI index page 113	Not reported. This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics see the FY21 Annual Activity & CSR report, GRI Index page 128	N/A	
	Percentage of counterfeit parts detected that were avoided	0%			N/A	
RT-AE-250a.3	Number of Airworthiness Directives received – Civil[3]	7				
	Total units affected – Civil	17				
	Number of Airworthiness Directives received – D&S	0	FY22 Annual Activity & CSR report, GRI index page 116	FY21 Annual Activity & CSR report, GRI index page 132	Full	SDG 3: Good health and well-being
	Total units affected – D&S	0				
	Number of Airworthiness Directives received – Total	7				
	Total units affected – Total	17				
RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	0	0	0	Full	SDG 3: Good health and well-being
Human capital						
Workforce diversity & engagement						
SV-PS-330a.2	1. Involuntary turnover rate for employees	3.25%[4]	13%	10%	Full	SDG 8: Decent work and economic growth
	2. Voluntary turnover rate for employees	11.98%[4]	6%	6%		
SV-PS-330a.3	Employee engagement as a percentage[5]	76%	76%	74%	Full	SDG 8: Decent work and economic growth

1   Only covers Civil Aviation and Defense & Security products.
2   CAE procures from a manufacturer/OEM and/or from an authorized distributor. If the part is not available or obsolete, components purchased from the aftermarket are always sent to a test house approved by CAE for counterfeit testing to ensure CAE is using non-counterfeit parts.
3   All Airworthiness Directives received were complied with, as required by regulation.
4   Trend inversion linked to resumption of normal business activities post-COVID-19 and labour shortage impact.
5   Each Officevibe question is related to one of the 10 Key Metrics of Employee Engagement, relationship with manager, ambassadorship, personal growth, recognition, satisfaction, relationship with peers, alignment, happiness, feedback and wellness. The 10 metrics are subdivided into 26 Sub-Metrics. Scores which are weighted averages are derived from the Sub-metrics and eNPS. The average is representative of each employee's answers to the survey.

		FY23	FY22	FY21	Full or partial match	SDGs
Business model & innovation						
Fuel economy & emissions in use-phase						
RT-AE-410a.1	Revenue from alternative energy-related products	0	0	0	Full	SDG 8: Decent work and economic growth SDG 13: Climate action
RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Refer to Decarbonization plan pages 96-99 and Sustainable products and services pages 88-90	CAE is carbon neutral on Scope 1 and 2 emissions, and on the part of Scope 3 related to business air travels by employees. Carbon neutrality has been achieved by continuing to focus on emissions reductions and through the purchase of RECs and carbon offset credits for our remaining annual carbon emissions. However, carbon reduction remains our top priority and CAE is pursuing a decarbonization strategy organized in four streams: green buildings, simulators and products upgrades, electric aircraft and green sourcing. FY22 Annual activity & CSR report, pages 90-94	CAE is carbon neutral on its Scope 1 and 2 emissions, and on the part of Scope 3 related to business air travels by employees. Carbon neutrality has been achieved by continuing to focus on emissions reductions and through the purchase of carbon offset instruments for our remaining annual carbon emissions. However, carbon reduction remains our top priority, and four specific carbon reduction initiatives were launched: participation to projects on electric aircraft, reduction of aviation fuel consumption in our academies, review of the opportunities to reduce carbon emissions related to our buildings, and reduction of emissions related to our business travels. FY21 Annual Activity & CSR report, pages 108-111	Full	SDG 13: Climate action
Materials sourcing						
RT-AE-440a.1	**Description of the management of risks associated with the use of critical materials**					
	Description of the management of risks associated with the use of critical materials	CAE's Conflict Minerals policy governs how we handle risks associated with critical materials management. CAE does not use large amounts of critical materials in its operations and therefore does not consider it as a high-risk issue for the organization.	Not reported. The nature of our activities is such that the issue of critical materials sourcing is not material for reporting purposes.	Not reported. The nature of our activities is such that the issue of critical materials sourcing is not material for reporting purposes.	Partial	SDG 8: Decent work and economic growth
Leadership & governance						
Business ethics						
RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade[1]	0	0	0	Full	SDG 8: Decent work and economic growth

1   CAE has in place an ethics and anti-corruption program designed to comply with applicable anti-corruption laws (including the U.K. Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act of 1977). Our Anti-Corruption Policy is reviewed regularly to align with leading industry practices.

		FY23	FY22	FY21	Full or partial match	SDGs
Leadership & governance						
Business ethics						
RT-AE-510a.2	Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government defense Anti-Corruption Index	$342,850,210 [1]	$325,672,031 [2]	$219,381,329	Full	SDG 8: Decent work and economic growth
RT-AE-510a.3	Description of the management system for prevention of corruption and bribery throughout the value chain	Refer to Business ethics pages 180–186	Discussion of processes to manage business ethics risks throughout the value chain. FY22 Annual Activity & CSR report, pages 64–71	Discussion of processes to manage business ethics risks throughout the value chain. FY21 Annual Activity & CSR report, pages 76–86	Full	
Professional integrity						
SV-PS-510a.1	Description of approach to ensuring professional integrity	Refer to Business ethics pages 180–186	Discussion of processes to manage business ethics risks throughout the value chain. FY22 Annual Activity & CSR report, pages 64–71	Discussion of processes to manage business ethics risks throughout the value chain. FY21 Annual Activity & CSR report, pages 76–86	Full	SDG 8: Decent work and economic growth
SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	0	0	0	Full	
Activity metrics						
RT-AE-000.A	**Production by reportable segment**					
	Annual production –Civil (number of simulator delivered)	46	30	36	Full	
RT-AE-000.B SV-PS-000.A	**Number of employees by: 1. full-time and part-time, 2. temporary, and 3. contract**					SDG 8: Decent work and economic growth
	Total number of employees	13,217				
	Full-time	12,906	FY22 Annual Activity & CSR report, page 119	FY22 Annual Activity & CSR report, page 135	Full	
	Part-time	311				
SV-PS-000.B	**Employee hours worked, percentage billable**					
	Total number of hours worked by all employees	25,936,607 h	CAE started reporting on SASB SV-PS-000.B in FY23. No data available for previous fiscal years.		Partial	

1   Countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti-Corruption Index include: Azerbaijan, Brazil, China, Côte d'Ivoire, Ethiopia, Jordan, Lebanon, Nigeria, Pakistan, Rwanda, Saudi Arabia, Senegal, Sri Lanka, United Arab Emirates, Uzbekistan, Thailand, Algeria, Bahrain, Cambodia, Democratic Republic of Congo, Egypt, Iraq, Kuwait, Morocco and Oman.

2   Countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti-Corruption Index include: Afghanistan, Brazil, China, Ethiopia, Jordan, Lebanon, Nigeria, Pakistan, Rwanda, Saudi Arabia, Sri Lanka, United Arab Emirates, Thailand, Algeria, Bahrain, Egypt, Iraq, Kuwait and Oman.

Task Force on Climate-related Financial Disclosures (TCFD) reporting

With the rising global awareness of climate change as a systemic issue and financial risk that affects enterprise value, investors and other capital market participants are seeking increased transparency on climate-related risks and opportunities so that they may make informed financial decisions. The latest developments in mandatory environmental, social and governance (ESG) measurement and reporting show a strong prevalence of climate-related disclosure and alignment with the recommendations of the TCFD.

These recommendations were released in June 2017 as a tool to facilitate this transparency. They are voluntary, consistent climate-related financial risk and opportunity disclosures for the use of companies in providing information to investors, lenders, insurers and other stakeholders. In April 2023, more than 4,000 organizations from more than 100 countries endorsed the TCFD framework, representing a combined market capitalization of more than $27 trillion.

As part of our commitment to carbon neutrality, in fiscal 2020 we started to comprehensively address climate change risks. Our Climate Change Committee (CCC), described below, has been mandated with conducting a full assessment of climate-related risks and opportunities.

The CCC's ultimate purpose is to oversee the integration of climate-related issues into CAE's business strategy, and to identify and manage risks and opportunities.

We believe that reporting practices bring discipline and accountability that enhance our ability to manage our key business issues and execute our strategy. Therefore, we have chosen to implement the TCFD disclosure recommendations as part of our ESG reporting practices. We recognize that we are at the beginning of a continuous improvement process, and we expect our climate-related reporting to improve as we mature in our identification, management and quantification of material climate-related risks and opportunities.

We want to do our share in the fight against climate change for the well-being of future generations.

—

Marc Parent, C.M.
President and Chief Executive Officer

TCFD index

Recommended disclosures	Content location
Governance	
A. Describe the Board's oversight of climate-related risks and opportunities.	Sustainability governance, p.71
B. Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability governance, p.71
Strategy	
A. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	TCFD Appendix: Climate-related risk, p.256
B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	TCFD Appendix: Climate-related risk, p.256
C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD Appendix: Climate-related risk, p.256
Risk management	
A. Describe the organization's processes for identifying and assessing climate-related risks.	TCFD Appendix: Management, p.251
B. Describe the organization's processes for managing climate-related risks.	TCFD Appendix: Management, p.251
C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	TCFD Appendix: Management, p.251
Metrics and targets	
A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	TCFD Appendix: Performance, p.252
B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	TCFD Appendix: Performance, p.252
C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	TCFD Appendix: Performance, p.252

CAE

Approach

In FY20, the CCC was tasked with conducting a comprehensive facility-based risk assessment. To date, the CCC has developed a methodology to identify the climate hazards to which the company is exposed and to identify the risks and opportunities for the sustainability of CAE's business. The risks and opportunities are appreciated in terms of potential impact (which could be financial, commercial, reputational, regulatory or operational) and in terms of likelihood. The CCC has categorized and updated a comprehensive list of climate-related risks and opportunities. This assessment includes climate intelligence data provided by an external agency, combined with asset-level experience. The climate risk tool is a site-specific climate risk assessment, considering both physical and transition risks and also allows for a corporate risk assessment review.

Risks and opportunities are also identified and assessed in our Carbon Disclosure Project (CDP) report that we started disclosing in 2010.

In FY22, we completed our comprehensive climate risk assessment on a set of selected sites representative of CAE's services portfolio and of our global footprint (with various levels of exposure to climate risks). The exercise allowed us to update the list of climate-related risks and opportunities for CAE with an initial time horizon of 2030.

Given the forward-looking nature of climate change, the tool was testing risks and opportunities under distinct future scenarios, where our climate, energy policy, economy and community are different from today due to climate change or a low carbon transition. Two scenarios were applied:

A high warming scenario to assess physical risks at our sites. The physical risk scenario was the representative concentration pathway 8.5 (RCP8.5), which is the emissions scenario used to test unmitigated climate change by the Intergovernmental Panel on Climate Change (IPCC).

A low warming scenario to assess transition risks at our sites. The transition risks were evaluated under the assumption of escalating climate policies designed to help meet local, national, and international carbon reduction targets. The scenario is therefore aligned with the 2°C scenario in IPCC's Climate Change 2021 and 2022 reports.

This report contains forward-looking and interpretative statements.

These statements represent our expectations as of the precise time of study and accordingly are subject to change and can evolve over time. Such statements are based on assumptions that may not materialize and are subject to risks and uncertainties. They are made on the basis of the information collected by the CCC and from expert sources. Our risk assessment is aligned with TCFD recommendations.

The CCC has formulated recommendations for CAE's sites to be prepared to face the rise of climate hazards and uncertainty; to protect employees, customers and assets; to develop a strategy of resilience on the medium term; and to capture potential business opportunities.

Risks and opportunities were assessed on three time horizons:

— **Short term:** 2030　　　　　　— **Medium term:** 2040　　　　　　— **Long term:** 2050 and beyond

With these assessments, risks are prioritized based on their current and future impact on the company's commercial activities, reputation, regulatory obligations, operations and financial performance. ▶

Ultimately, the site-level assessments enable CAE to detail how these risks and opportunities are to be managed through our existing governance, ERM and monitoring processes. This will also serve as the basis for the integration of climate-related issues to CAE's business strategy. When needed, risks and opportunities will be subject to specific deep-dive projects.

In FY23, we have started progressively aligning with changes in ESG disclosure requirements proposed by regulatory authorities. We are taking measures to improve the level of our data robustness and maturity to be able to get external limited assurance of our carbon data in the near future (read more in ESG strategy and reporting progress). In addition, in FY23, we have launched a project to improve the quantification of our most material climate-related risks, again in alignment with TCFD requirements and SEC's reporting expectations. This project considers several damage functions that cover the range of potential financial impacts that CAE may face due to climate change and depending on the nature of our operations and the exposure to our most significant sites to climate risks.

In FY24, equipped with the outcomes of this project, we expect to enhance our TCFD reporting in order to meet the mandatory climate-related reporting requirements when they are confirmed. We will continue to monitor the latest developments with regards to mandatory disclosure requirements and coordinate cross-functional efforts as needed, in a tight collaboration with Corporate Finance and Internal Audit.

Finally, during FY23, we have initiated the second phase of our climate change exposure analysis. As part of this effort, CAE issued an extensive empirical survey to approximately 250 CAE sites to better quantify climate-related risks and opportunities. The findings of this survey, expected to be completed and available in FY24, will support the refinement of CAE's initial assessment and further develop our risk mitigation plans. ■

Management

ERM is essential to CAE given the size, nature and complexity of our operations. CAE has implemented an ERM Policy, which sets out a framework and processes to ensure that risks are identified, measured, managed and reported proactively, and in a manner that is consistent with the expectations of the Board and the interests of CAE's internal and external stakeholders, including employees, shareholders, customers and suppliers.

Pursuant to our policy, our business units exercise the daily management of their risks and controls and implement corrective actions, as necessary.

This corporate-level climate assessment is a key input for the ERM group to incorporate material climate-related risks to the company's ERM process.

The CCC, under the supervision of the CSO, will continue to be responsible for detailing how these risks should be managed through our existing ERM governance, management and monitoring processes. For more information about the company's ERM process, refer to the MD&A, p.40.

Performance

We have been reporting our Global Scope 1 and Scope 2 emissions as part as of our CSR and CDP reporting practices since FY17.

To expand our carbon neutrality above Scope 1 and 2 emissions and our Scope 3 emissions related to business travel by plane, train and car rental, we conducted a deep dive of the corporate value chain to allow for a better understanding of the carbon impact of CAE's Scope 3 activities and to identify reduction opportunities. Based on our findings, after having added fuel and energy-related emissions not included in Scope 1 and Scope 2 for FY22, we expanded the scope of our disclosures to include employee commuting to our Scope 3 reporting for FY23.

The growth of CAE's activities did not have a significant impact on our energy-related carbon emissions thanks to implemented initiatives and the continuation of the optimization of our footprint.

Moreover, each site faces different energy challenges with variations in weather conditions and in the intensity of activities.

Scope 2 market-based emissions are even lower this year with the purchase of EACs in more markets, in line with our commitment to RE100.

The increase in our business travels emissions is caused by the resumption and growth of CAE's post-pandemic activities coupled with more accurate data and an expansion of our calculation methodology, that now includes *well to tank* emissions

Metric	FY23	FY22 [1]	FY21 [1]
Scope 1 in tCO$_2$e [1]	22,115	20,039	23,267
Scope 1 - aviation fuel emissions in tCO$_2$e [2]	14,206	14,907	15,954
Scope 2 - location based in tCO$_2$e	57,114	59,055	63,216
Scope 2 - market based in tCO$_2$e	4,254	5,128 [3]	17,293 [4]
Scope 1 and 2 - location-based in tCO$_2$e	79,229	79,094	86,483
Scope 1 and 2 - market-based in tCO$_2$e	26,369	25,167	40,560
Scope 3 - partial *(Purchased goods and services)* in tCO$_2$e [5]	181,398 [6]	148,877	N/A
Scope 3 - partial *(Capital goods)* in tCO$_2$e [5]	2,317 [6]	18,994	N/A
Scope 3 - partial *(Fuel and energy related activities)* in tCO$_2$e [5]	19,575	15,739	N/A
Scope 3 - partial *(Business travel by plane, train, car rental)* in tCO$_2$e [7]	17,432 [8]	9,074	4,425
Scope 3 - partial *(Employee commuting)* in tCO$_2$e [9]	23,607	N/A	N/A
Total Scope 3	244,329	192,684	4,425

Metric	FY23	FY22[1]	FY21[1]
Total GHG emissions in tCO$_2$e — Scope 1 — Scope 2 location-based — Scope 3	323,558	271,778	90,908
Total GHG emissions in tCO$_2$e — Scope 1 — Scope 2 market-based — Scope 3	270,698	217,851	44,985
Energy intensity (MWh/million $ revenue)	69.09	83.32	80.30 [10]

1 The carbon footprint of the entities acquired during FY22 have been retroactively included in the previous years' data. Previous years data has been updated based on. Increase in FY23 Scope 1 emissions driven by improvements to emissions data capture process for refrigerants usage across CAE sites.

2 Aviation fuel is the main source of the Scope 1 emissions.

3 Significant decrease of the market based emissions due to the purchase of Renewable Energy Certificates where possible and available in the market boundaries of our facilities.

4 RECs were purchased in FY20, FY21 and FY22, but not in time to be included in the past FY20 and FY21 reports. They are now included.

5 CAE extended in FY22 the scope of its carbon emissions calculations by reporting for the first time the Scope 3 categories "*Goods and Services*", "*Capital Goods*", and "*Fuel and energy related activities if not included in Scope 1 or Scope 2*".

6 Improvement of the calculation methodoly and added accuracy of the data.

7 CAE extended in FY20 the scope of its carbon emissions calculations by reporting for the first time its business travels related emissions *(air/car rentals/trains)*.

8 The increase caused by the growth of CAE's activities and travels after the end of the pandemic, coupled with more accurate data and an improvement of our calculation methodology, that includes now *well to tank* emissions.

9 CAE extended in FY23 the scope of its carbon emissions calculations by reporting for the first time the Scope 3 category "*employee commuting*". Methodology used by CAE relied on global employee data obtained through a survey (25% response rate) which was then extrapolated to approximately 250 sites in 40 countries based on yearly site usage

10 The energy intensity does not include the data of the entities acquired during FY22.

Summary of key climate-related risks and opportunities on a 2030 time horizon

Risks	Opportunities
Transition risks - high-warming scenario (RCP8.5*)	

Risks

Market

- Increase of insurance premiums
- Insufficient energy and raw resources
- More expensive resources
- High volatility of carbon compensation instruments
- Increasing costs of purchased foods and services and rising maintenance budget

Policy and legal

- Carbon pricing and taxes
- Rise of local taxes to maintain public services and infrastructures
- Building norms evolution
- New EH&S policies

Technology

- Reduced demand for hydraulic motion simulators
- Cost to transition to lower emission simulators
- Costs to upgrade our aircraft fleet

Reputation

- Public contract awards tied to net zero targets
- Rising pressure from our customer to support their decarbonization efforts

Physical acute and chronic risks
Low warming scenario (+2 degree)

- Business disruption and delivery delays
- Temporary lack of human resources
- Flight safety (impact on aircraft performance and training conditions)
- Data loss
- Reduced IT access
- Supply chain disruption

Opportunities

Resource efficiency

- Greener and more eco-efficient facilities
- More energy efficient simulators

Markets

- Enhanced customer stickiness
- Penetration of new markets: eVTOL and unmanned electric transportation industry

Energy source

- Procurement of low-emissions energy sources
- Energy independence to reduce the volatility and scarcity of resources

Resilience

- Talent attraction and retention
- Local sourcing to reduce operational risks, delays and costs
- Local partnerships and strenghtening of CAE's relationships with governments and policy-makers
- Attractiveness of our climate change strategy as a differentiator

Products and services

- Growing demand for simulation-based training
- Development of electric aircraft
- More demand for synthetic environment solutions to simulate various climate change scenarios and organize emergency services

*   Representative Concentration Pathway developed by the Intergovernmental Panel on Climate Change

CAE

Methodology

1 **Establish the context**

— Organization context:

› Description: scope of work *(global, local, etc)*.
› Objectives: purpose/business of the company
› Stakeholders: concerns and objectives of the main stakeholders
› Criteria: conditions of success of the regular business

— Climate change scenarios

2 **Identify the risks and opportunities**

— Attached to each climate change scenario

› List of the consequences of the climate hazard
› Impacts for each of the key enablers of the business

— Risks and opportunities for each key element of the company

3 **Analyze the risks and opportunities**

— Review the controls or responses already in place to mitigate the climate change risks
— Review the plans already in place to capture the opportunities identified

— Assess the likelihood of each risk and opportunity
— Assess the consequences of each risk and opportunity on the success of the company's regular business, given the existing controls

4 **Evaluate the risks and opportunities**

— Ranking of the risks and opportunities in terms of potential impact *(financial, commercial, reputational, regulatory or operational)*
— Quantify the most material climate-related risks
— Screening out of minor risks that can be set aside

— Top priority risks and opportunities

5 **Mitigate the risks and capture the opportunities**

— Identify the relevant options to mitigate and control each of the top priority risks
— Deep dive on opportunities and identify associated action plans

— Select the best options for risk management, incorporating these into forward plan for implementation

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Business disruption					
Physical risk	Acute	Climate change will increase the frequency and severity of weather-driven natural catastrophes, such as cyclones, hurricanes, wild fires and wind storms. Increased sea levels or more intense precipitation events could generate increased flooding. Those climate change-related events could cause significant damage to CAE facilities, destroying buildings or even causing fatalities. CAE may be exposed to business disruption following physical damages to facilities.	— Increased operating costs *(repairs and maintenance)* — Loss of current and future revenues *(backlog)*	Short term	CAE is developing crisis management protocols to manage the different scenarios, aggregating the countermeasures already in place.
Likelihood		**Certain**			
Impact		**Low to medium**			
Delivery delays					
Physical risk	Acute	Climate change events (e.g. storms, flooding, hurricanes) can disrupt or damage transportation routes (roads, airports, shipping ports) that provide access to CAE facilities (factories, training centres, offices) generating potential: — Delivery delays for simulators and services coming from CAE facilities and in transit to final reception. — Impossibility for employees/customers/suppliers to access our sites — Difficulties for future pilots to land at the closest airport to attend their training session — Difficulties for the Company to send any product out of our facilities — Difficulties in sending instructors to their customers destination	— Increased operating costs *(claims, rescheduling)* — Loss of revenues	Short term	Same as for business disruption.
Likelihood		**Certain**			
Impact		**Low**			
Supply chain disruption					
Physical risk	Acute	Climate change events can cause damages to CAE's suppliers: — Destruction of their facilities — Departure of key human resources — Impossibility to maintain their activities due to climate conditions — Impossibility to cope with potential new norms or new business conditions generated by climate change CAE may suffer from the permanent loss of key strategic suppliers.	— Increased operating costs *(claims, rescheduling)* — Loss of current and future revenues *(backlog)*	Short term	CAE is developing suppliers risk monitoring processes that will encompass climate-related risks.
Likelihood		**Certain**			
Impact		**Low to medium** — Based on each site's dependency to its own supply chain			

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Endangered network					
Physical risk	Acute	Climate change events may force CAE's customers to review the location of their own activities: — If they operate from one region that is particularly affected by climate change disorders — If some flight quotas are enforced with regards to flight training operation(s) — If they are affected by any of the risks listed above that jeopardize the sustainability of their business CAE's customers may be forced to leave a specific area where CAE had settled to serve this particular customer. This may also force the customer to include some seasonality on the planning of its training needs. We may have to review our network and footprint: closing some low utilization training centres, adjusting our local strategy or the planning of one training centre and relocating high-value training for specific customers.	— Loss of current and future revenues *(backlog)* — Decreased return on investment — Loss of market share	Medium to long term	The Enterprise Risk Management (ERM) group maintains a vision of CAE's top enterprise risks, including climate-related risks. ERM informs the Company's strategic decision-making process.
Likelihood		**Likely** — Based on each site's importance in CAE's network			
Impact		**Medium**			
Data loss					
Physical risk	Acute	Climate change events (e.g. storms, flooding, hurricanes) can destroy or disable the IT network or infrastructures (software and applications), wherever they are located or the data centres supporting CAE's operations. CAE may directly or indirectly lose physical or electronic data due to climate change events.	— Loss of current and future revenues *(backlog)* — Increased operating costs *(repairs, claims, rescheduling)*	Medium term	CAE maintains a strong IT strategy. Backups in the cloud, regular physical backup and redundancies among other mitigation measures are being integrated into our risk mitigation plans.
Likelihood		**Possible**			
Impact		**Low**			
Reduced IT access					
Physical risk	Acute/ Chronic	Climate change events (e.g. storms, flooding, hurricanes) can destroy or disable the IT network or infrastructures (software and applications) wherever they are located or the data centres supporting CAE operations. The rise or decrease of temperatures can also be mismanaged, endangering the operability of the IT infrastructures or data centres. CAE may suffer from a reduced access to the IT infrastructures supporting our operations or to our data centres, particularly our own data centres and IT infrastructure.	— Loss of current and future revenues *(backlog)* — Increased operating costs *(repairs, claims, rescheduling)*	Medium term	CAE maintains a strong IT strategy. Controls and mitigation measures are being integrated into our risk mitigation plans.
Likelihood		**Possible**			
Impact		**Low**			

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Temporary lack of human resources					
Physical risk	Acute/ Chronic	Climate change events may temporarily impact the health conditions and the quality of life in an area. Rising temperatures, flooding, hurricanes and major storms can increase the risk of pollution. If mismanaged, such living conditions can also generate social protests. These events can temporarily prevent employees from coming to work. CAE employees may experience decreased productivity or increased workplace absence due to experiencing climate hazards.	– Increased operating costs *(claims, rescheduling)* – Loss of revenues	Medium to long term	CAE has deployed various best-in-class tools and programs to enable remote work and remote training. We also track employee well-being and absence. Essential staff management is part of our crisis management protocol.
Likelihood		**Likely**			
Impact		**Low**			
Flight safety					
Physical risk	Acute/ Chronic	Weather conditions impact the aircraft performance in our flight schools. Extreme heat can cause damages and avionics issues, such as engines overheating. Extreme heat increases the distance required to safely take-off and potentially limits flight altitude. These consequences also need to be considered. Some weather conditions, such as storms and wildfires can also affect visibility when flying. Climate change is likely to add pressure on the live flight training activities in our flight schools and, if not anticipated, could lead to accidents.	– Increased operating costs *(repairs and maintenance)* – Loss of current and future revenues *(backlog)*	Short term	CAE constantly develops and enhances a robust safety management system that integrates climate generated constraints, with supervision and reporting up to the leadership of the training organization.
Likelihood		**Likely**			
Impact		**Low[1]**			
Increase of other operating costs					
Physical risk + Transition risk	Acute / Chronic – Policy / Legal	CAE may see increasing operating costs due to the consequences of climate change events damages and disruptions, the increase of building maintenance bills and the increase of transportation fees. CAE could also face rising local taxes and a lower level of public services, due to the possible deterioration of infrastructures maintenance.	– Increased operating costs *(repairs and maintenance)*	Short to medium term	As part of our ERM process, CAE monitors market conditions and regulatory changes. We also include climate-related risks in our due diligence for capital investment (lease/own arbitration).
Likelihood		**Certain**			
Impact		**Medium**			

1   Can have a medium impact on CAE's reputation.

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Rising insurance premiums					
Transition risk	Market	Rising frequency and impact of climate change events may lead to an increase in insurance claims and may cause insurance premiums to rise. CAE may have to cover rising insurance premiums or integrate additional self-insurance financial provisions.	– Increased operating costs – Self-insurance liabilities	Short term	CAE monitors insurance coverage trends.
Likelihood		**Certain**			
Impact		**Low[1]**			
Insufficient energy and raw resources					
Transition risk	Market	Climate change events can cause damages to the infrastructures or routes supporting energy or raw material supply (locally or not). Access to water, fuel, electricity or other key resources can be hindered. Climate change events can also destroy or damage sources of raw material, even leading to a shortage of energy and raw material resources. CAE may not have access to sufficient resources to maintain our regular operations. There may be a lack of redundant suppliers for key resources.	– Increased operating costs *(claims, rescheduling, emergency resourcing)*	Short to medium term	CAE monitors energy pricing trends, coverage of energy supplies and existing alternatives. We constantly innovate on our products to improve their energy efficiency.
Likelihood		**Likely**			
Impact		**Low[2]**			
More expensive resources					
Transition risk	Market	In reference to the previous risk "Insufficient energy and raw resources," Climate change may lead to a growing scarcity of energy and raw material resources. CAE may experience a rise in price of the resources (e.g. energy sources, water, raw material).	– Increased operating costs *(resourcing, rising price of energy)*	Short term	CAE monitors energy price trends, coverage of energy supplies and existing alternatives. We constantly innovate on our products to improve their energy efficiency. We constantly innovate on our buildings by applying sustainable building practices in the construction of new facilities and to existing ones.
Likelihood		**Certain**			
Impact		**Low[2]**			

1 Subject to high uncertainty, requires a thorough monitoring.
2 Increasingly volatile, requires a thorough monitoring.

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Talent attrition					
Transition risk	Market	Climate change events (e.g. massive climate catastrophe, flooding, rise or fall of temperatures) may impact the living conditions and the quality of life of a country/area: — Endangering access to key resources and food *(e.g. destruction of land, destruction of airports)* — Damaging infrastructures *(e.g. hospitals, schools)* — Impacting the health of local population *(e.g. risky weather conditions, air quality)* Such events could worsen living or working conditions in the area and cause depopulation. CAE may experience difficulties attracting and retaining key talent to maintain a strong and sustainable business.	— Increased operating costs *(claims, rescheduling, recruitment)* — Loss of revenues — Loss of market share	Short to medium term	As part of its ERM process, CAE monitors market conditions changes including living conditions. We also track employees' well-being on a regular basis.
Likelihood		**Possible**			
Impact		**Low**			
Building norms evolution					
Transition risk	Policy / Legal	Rising frequency and impact of climate change events can lead governments or local authorities to impose more stringent rules and regulation on real estate projects (new buildings, maintenance), such as restrictions on materials used (i.e. select low-carbon materials), limitations on energy consumption and compliance with specific building certifications. Regulators and insurers may further restrict areas where building may occur to minimize insurance claims and defaults. CAE may face more restrictive regulation in terms of buildings, their maintenance and servicing, including new measures or new controls on existing facilities and new building standards for the upcoming real estate projects.	— Increased operating costs *(building maintenance, construction and servicing)*	Short to medium term	As part of its ERM process, CAE monitors regulatory changes. We also include climate-related risks in our due diligence for capital investment (lease/own arbitration). We perform an extended due diligence before buying a building that includes energy efficiency standards.
Likelihood		**Likely**			
Impact		**Low**			
New EH&S regulation					
Transition risk	Policy / Legal	Given the increase in frequency and magnitude of climate change events, governments or local authorities may impose new regulations on Environment, Health and Safety (EH&S) to protect employees, the local community and the ecosystem where CAE conducts its activities. CAE may have to comply with new EH&S regulations.	— Increased operating costs *(compliance to additional standards)*	Medium to long term	As part of its ERM process, CAE monitors regulatory changes.
Likelihood		**Possible**			
Impact		**Low**			

Risk category	Risk type	Description	Potential financial impact	Horizon	Management method
Climate-related risks					
Carbon pricing					
Transition risk	Policy / Legal	Carbon pricing, carbon taxes and other climate policies will impact energy, raw material and the prices for purchased goods and services. CAE may be exposed to increasing energy and other supplies bills due to carbon pricing.	— Increased operating costs *(carbon pricing)*	Short to medium term	As part of our ERM process, CAE monitors regulatory changes. We also implement energy efficient standards and constantly innovate our products to improve their energy efficiency.
Likelihood		**Certain**			
Impact		**Medium**			
Replacement of CAE's assets					
Transition risk	Policy / Legal	CAE may have to increase investments to transition toward low-carbon assets and may suffer losses in value for carbon-intensive assets or from assets becoming obsolete. CAE may need to upgrade or replace simulators in the network due to the enforcement of new regulations or laws.	— Increased operating costs *(full replacement or upgrade)*	Short to medium term	CAE constantly innovates our products to improve their energy efficiency. CAE is identifying and implementing carbon reduction opportunities regarding our facilities management.
Likelihood		**Possible**			
Impact		**Low**			
Damages to CAE's reputation					
Transition risk	Reputation	Private companies and public authorities face growing pressure over their impact on the environment and on climate change. Any concern about CAE not being ready to supply low-carbon services may deter our customers from engaging with us. It can also deter our public and private business partners from maintaining their relationship with us. CAE's reputation could be negatively impacted by a lack of action on climate change.	— Loss of current and future revenues *(backlog)* — Loss of public contracts — Loss of private funding	Short to medium term	CAE develops and implements an environmental strategy that covers emissions inventory, carbon reduction actions, the development of low-carbon products and services and climate change mitigation. We communicate these actions and activities transparently to external stakeholders along with their outcomes.
Likelihood		**Likely**			
Impact		**Medium**[1]			

1   Also connected to the perception of the aviation sector and to CAE's progress on climate change mitigation and carbon reduction.

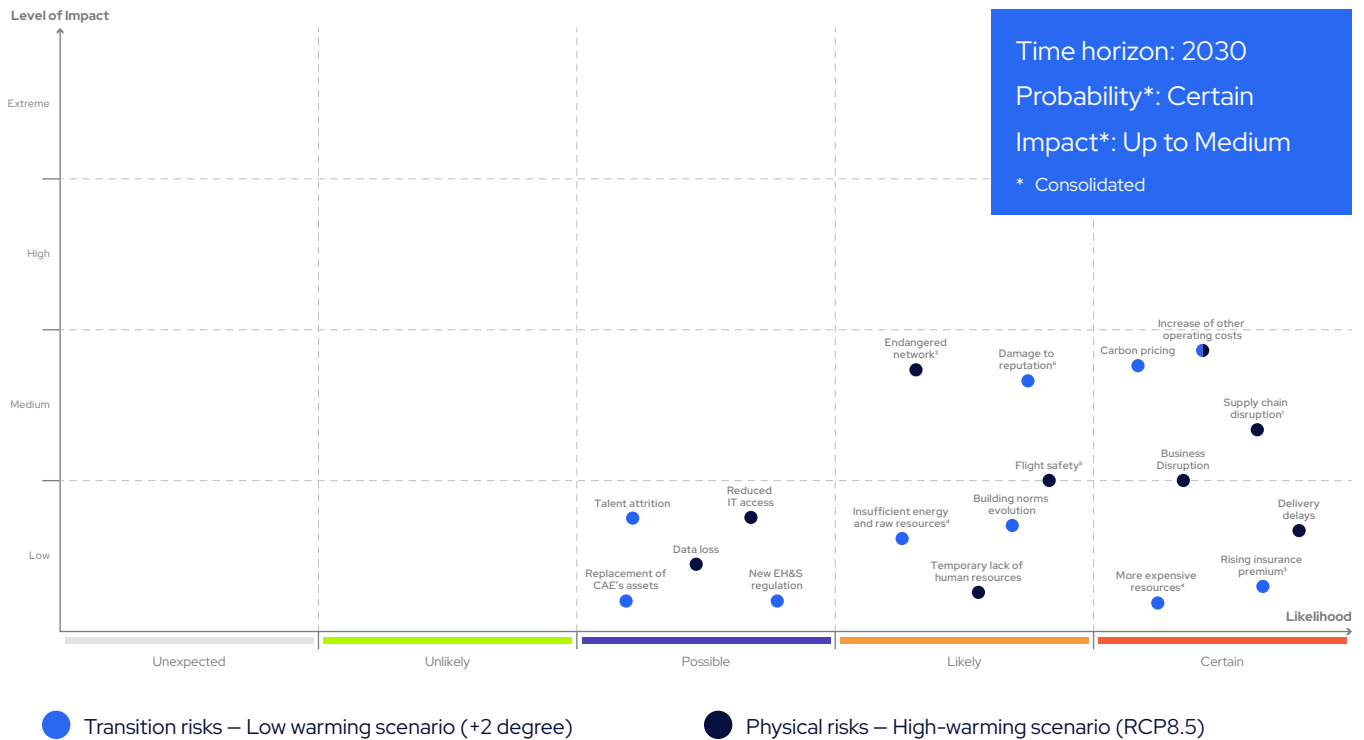| Opportunity type	Description	Potential financial impact	Horizon	Strategy to realize the opportunity
Climate-related opportunities				
Development and/or expansion of low-emission goods and services				
Products / Services	— More stringent regulations on carbon taxes and carbon pricing could result in a wider share of simulation-based training versus live training in an actual aircraft. CAE may face more demand for simulation-based training. — Climate change may also generate more demand for simulation solutions to enable to test various climate change scenarios and organize emergency services. — CAE's upcoming fleet of electric aircraft is an opportunity for our customers to decrease their carbon emissions.	— Increased revenue through demand for lower emissions products and services	Short to medium term	As part of our market intelligence and ERM process, CAE monitors market conditions changes, including new regulations, and changes in customers' needs. The cost of realizing the opportunity is integrated into our business case.
Likelihood	**Likely**			
Access to new markets				
Products / Services	The development of low-carbon transportation is also driven by climate change: battery-powered aircraft, Advanced Air Mobility and unmanned electric transportation. CAE may face more demand for new training products and services in these new markets.	— Increased revenue through demand for new products and services	Medium term	As part of our market intelligence and ERM process, CAE monitors market conditions change including new regulations, changes in customers' needs, new technology trends, and new products and services. The cost of realizing the opportunity is integrated into our business case.
Likelihood	**Certain**			
Strong reputation				
Products / Services	As CAE develops its climate change resilience strategy and as CAE develops more low-emissions goods and services, its reputation is likely to continue to gain strength. As CAE continues to support the decarbonization of its industry and customers, its efforts may increase customer stickiness and enhance its relationships with investors, government and policy makers.	— Increased revenues through demand for high-quality services — Increased access to private and public funding	Short to medium term[1]	CAE monitors the expectations of our external stakeholders through different channels. CAE deploys an environmental strategy that addresses carbon reduction and climate change mitigation.
Likelihood	**Certain**			

1 Depending on the location of each sites, customers and policy-makers are more or less sensitive to climate change resilience.

Opportunity type	Description	Potential financial impact	Horizon	Strategy to realize the opportunity
Climate-related opportunities				
Talent attraction and retention				
Resilience	Climate change awareness and resilience strategy have become part of a company's attractiveness for talent. It also positively influences employee engagement. Even with variability in terms of age ranges and geographies, that trend is likely to increase in the near future. CAE's climate change awareness and resilience strategy may reinforce our capacity to attract and retain key talent.	— Increased revenues through demand for high-quality services	Medium term	As part of our market intelligence and ERM process, CAE monitors talent attraction trends and adapts our human resources strategy accordingly. Bolstering talent is a high priority of our company, identified as one key area of our corporate business strategy. The cost of realizing the opportunity is integrated into our business case.
Likelihood	**Possible**			
Local sourcing				
Resilience	Due to the operational pressure generated by climate change on shipping and transportation routes, CAE may revisit its supply chain to turn to more local sources for the goods and services we purchase. Local sourcing is likely to reduce operational risk and sources of delays.	— Cost savings	Short to medium term	CAE is completing a deep dive on our value chain to have a better understanding of our Scope 3 carbon footprint in order to identify and implement carbon reduction opportunities and increase cooperation with key suppliers. Markets trends are monitored and local sourcing is prioritized when possible and relevant. CAE also considers carbon as part of our procurement decision-making.
Likelihood	**Certain**			
Energy independence				
Energy source	As climate change puts pressure on energy sourcing, CAE may revisit the sourcing of the energy we purchase and consider various options to build redundancies and be self-sufficient in terms of electricity. Such a strategy helps mitigate the risk of IT disruption and the financial costs related to highly volatile energy prices.	— Cost savings	Medium to long term	CAE monitors energy pricing trends, coverage of energy supplies and existing alternatives. As part of our decarbonization strategy, we are focusing on identifying and implementing carbon reduction opportunities on our existing facilities. We also add green features to our new buildings to ensure they are energy-efficient.
Likelihood	**Certain**			

Opportunity type	Description	Potential financial impact	Horizon	Strategy to realize the opportunity
Climate-related opportunities				
Sustainable simulators and more eco-efficient facilities				
Resource efficiency	As CAE develops more eco-efficient simulators, we decrease the carbon footprint of our simulators installed base and as such, the emissions of our customers. Building eco-efficient buildings in CAE's network also help to reduce carbon emissions. Reducing energy consumption also helps cope with the high volatility of energy prices.	— Increased revenue through demand for lower emissions products and services — Cost savings	Short term	As part of our decarbonization strategy, we constantly innovate our products to improve their eco-efficiency. We also modernize our buildings to improve their energy efficiency and use greener sources of energy. Environmental criteria are included in the development of new buildings.
Likelihood	**Certain**			

Summary of findings: climate change risks heat map

Time horizon: 2030
Probability*: Certain
Impact*: Up to Medium

* Consolidated

● Transition risks — Low warming scenario (+2 degree)   ● Physical risks — High-warming scenario (RCP8.5)

1   Variable based on each site's dependency on its suppliers.
2   Depending on each site's importance in CAE's network.
3   Subject to high uncertainty, requires a thorough monitoring.
4   Increasingly volatile, requires a thorough monitoring.

5   Can have a medium impact on CAE's reputation.
6   Also connected to the perception of the aviation sector and to CAE's progress on climate change mitigation and carbon reduction.

Non-IFRS and other financial measure definitions

This report includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods.

A non-IFRS financial measure is a financial measure that depicts our financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in our financial statements.

A non-IFRS ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation, that has a non-IFRS financial measure as one or more of its components.

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements. A capital management measure is a financial measure intended to enable an individual to evaluate our objectives, policies and processes for managing our capital and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements.

A supplementary financial measure is a financial measure that depicts our historical or expected future financial performance, financial position or cash flow and is not disclosed within our primary financial statements, nor does it meet the definition of any of the above measures. Certain non-IFRS and other financial measures are provided on a consolidated basis and separately for each of our segments (Civil Aviation, Defense and Security and Healthcare) since we analyze their results and performance separately.

Performance measures

Gross profit margin
(or gross profit as a % of revenue)

Gross profit margin is a supplementary financial measure calculated by dividing our gross profit by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Operating income margin
(or operating income as a % of revenue)

Operating income margin is a supplementary financial measure calculated by dividing our operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Adjusted segment operating income or loss

Adjusted segment operating income or loss is a non-IFRS financial measure that gives us an indication of the profitability of each segment because it does not include the impact of any items not specifically related to the segment's performance. We calculate adjusted segment operating income by taking operating income and adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. ▶

Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023), cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022) and impairments and other gains and losses incurred in relation to the COVID-19 pandemic (as described in Note 7 of our consolidated financial statements for the year ended March 31, 2021). We track adjusted segment operating income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Adjusted segment operating income on a consolidated basis is a total of segments measure since it is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance. Refer to Section 3.9 "*Non-IFRS measure reconciliations*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted segment operating income margin (or adjusted segment operating income as a % of revenue)

Adjusted segment operating income margin is a non-IFRS ratio calculated by dividing our adjusted segment operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Adjusted net income or loss

Adjusted net income or loss is a non-IFRS financial measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, after tax, as well as significant one-time tax items. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023), cloud computing transition

adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022) and impairments and other gains and losses incurred in relation to the COVID-19 pandemic (as described in Note 7 of our consolidated financial statements for the year ended March 31, 2021). We track adjusted net income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Refer to Section 3.9 "*Non-IFRS measure reconciliations*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted earnings or loss per share (EPS)

Adjusted earnings or loss per share is a non-IFRS ratio calculated by dividing adjusted net income or loss by the weighted average number of diluted shares. We track it because we believe it provides an enhanced understanding of our operating performance on a per share basis and facilitates the comparison across reporting periods. Refer to Section 3.9 "*Non-IFRS measure reconciliations*" of the FY23 MD&A for a calculation of this measure.

EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS financial measure which comprises net income or loss before income taxes, finance expense – net, depreciation and amortization. Adjusted EBITDA further adjusts for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023), cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022) and impairments and other gains and losses incurred in relation to the COVID-19 pandemic (as described in Note 7 of our consolidated financial statements for the year ended March 31, 2021). We use EBITDA and adjusted EBITDA to evaluate our operating performance, by eliminating the impact of non-operational or non-cash items. Refer to Section 3.9 "N*on-IFRS measure reconciliations*" of the FY23 MD&A for a reconciliation of these measures to the most directly comparable measure under IFRS. ▶

Free cash flow

Free cash flow is a non-IFRS financial measure that shows us how much cash we have available to invest in growth opportunities, repay debt and meet ongoing financial obligations. We use it as an indicator of our financial strength and liquidity. We calculate it by taking the net cash generated by our continuing operating activities, subtracting maintenance capital expenditures, changes in enterprise resource planning (ERP) and other assets not related to

growth and dividends paid and adding proceeds from the disposal of property, plant and equipment, dividends received from equity accounted investees and proceeds, net of payments, from equity accounted investees. Refer to Section 6.1 "*Consolidated cash movements*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS. ■

Liquidity and capital structure measures

Non-cash working capital

Non-cash working capital is a non-IFRS financial measure we use to monitor how much money we have committed in the day-to-day operation of our business. We calculate it by taking current assets (not including cash and cash equivalents and assets held for sale) and subtracting current liabilities (not including the current portion of long-term debt and liabilities held for sale). Refer to Section 7.1 "*Consolidated capital employed*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Return on capital employed (ROCE) and adjusted ROCE

ROCE is a non-IFRS ratio calculated over a rolling four-quarter period by taking net income attributable to equity holders of the Company adjusting for net finance expense, after tax, divided by the average capital employed. Adjusted ROCE further adjusts for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023), cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022) and impairments and other gains and losses incurred in relation to the COVID-19 pandemic (as described in Note 7 of our consolidated financial statements for the year ended March 31, 2021). We use ROCE and adjusted ROCE to evaluate the profitability of our invested capital.

Capital employed

Capital employed is a non-IFRS financial measure we use to evaluate and monitor how much we are investing in our business. We measure it from two perspectives:

Use of capital:

— For the Company as a whole, we take total assets *(not including cash and cash equivalents)*, and subtract total liabilities *(not including long-term debt and the current portion of long-term debt)*;

— For each segment, we take the total assets *(not including cash and cash equivalents, tax accounts, employee benefits assets and other non-operating assets)*, and subtract total liabilities *(not including tax accounts, long-term debt and the current portion of long-term debt, royalty obligations, employee benefit obligations and other non-operating liabilities)*.

Source of capital:

— In order to understand our source of capital, we add net debt to total equity.

Refer to Section 7.1 "*Consolidated capital employed*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS. ▶

Net debt

Net debt is a capital management measure we use to monitor how much debt we have after taking into account cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total long-term debt, including the current portion of long-term debt, and subtracting cash and cash equivalents. Refer to Section 7.1 "*Consolidated capital employed*" of the FY23 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Net debt-to-capital

Net debt-to-capital is a capital management measure calculated as net debt divided by the sum of total equity plus net debt. We use this to manage our capital structure and monitor our capital allocation priorities.

Net debt-to-EBITDA and net debt-to-adjusted EBITDA

Net debt-to-EBITDA and net debt-to-adjusted EBITDA are non-IFRS ratios calculated as net debt divided by the last twelve months EBITDA (or adjusted EBITDA). We use net debt-to-EBITDA and net debt-to-adjusted EBITDA because they reflect our ability to service our debt obligations. Refer to Section 3.9 "*Non-IFRS measure reconciliations*" of the FY23 MD&A for a calculation of these measures.

Maintenance and growth capital expenditures

Maintenance capital expenditure is a supplementary financial measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a supplementary financial measure we use to calculate the investment needed to increase the current level of economic activity.

The sum of maintenance capital expenditures and growth capital expenditures represents our total property, plant and equipment expenditures. ■

Growth measures

Adjusted order intake

Adjusted order intake is a supplementary financial measure that represents the expected value of orders we have received:

— For the Civil Aviation segment, we consider an item part of our adjusted order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Additionally, expected future revenues from customers under short-term and long-term training contracts are included when these customers commit to pay us training fees, or when we reasonably expect the revenue to be generated;

— For the Defense and Security segment, we consider an item part of our adjusted order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Defense and Security contracts are usually executed over a long-term period but some of them must be renewed each year. For this segment, we only include a contract item in adjusted order intake when the customer has authorized the contract item and has received funding for it;

— For the Healthcare segment, adjusted order intake is typically converted into revenue within one year, therefore we assume that adjusted order intake is equal to revenue. ▶

Adjusted backlog

Adjusted backlog is a supplementary financial measure that represents expected future revenues and includes obligated backlog, joint venture backlog and unfunded backlog and options:

— Obligated backlog represents the value of our adjusted order intake not yet executed and is calculated by adding the adjusted order intake of the current period to the balance of the obligated backlog at the end of the previous fiscal year, subtracting the revenue recognized in the current period and adding or subtracting backlog adjustments. If the amount of an order already recognized in a previous fiscal year is modified, the backlog is revised through adjustments;

— Joint venture backlog is obligated backlog that represents the expected value of our share of orders that our joint ventures have received but have not yet executed. Joint venture backlog is determined on the same basis as obligated backlog described above;

— Unfunded backlog represents legally binding Defense and Security orders with the U.S. government that we have received but have not yet executed and for which funding authorization has not yet been obtained. The uncertainty relates to the timing of the funding authorization, which is influenced by the government's budget cycle, based on a September year-end. Options are included in adjusted backlog when there is a high probability of being exercised, which we define as at least 80% probable, but indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered adjusted order intake in that period, and it is removed from unfunded backlog and options.

Book-to-sales ratio

The book-to-sales ratio is a supplementary financial measure calculated by dividing adjusted order intake by revenue in a given period. We use it to monitor the level of future growth of the business over time. ■

Supplementary non-financial information definitions

Full-flight simulators (FFSs) in CAE's network

A FFS is a full-size replica of a specific make, model and series of an aircraft cockpit, including a motion system. In our count of FFSs in the network, we generally only include FFSs that are of the highest fidelity and do not include any fixed based training devices, or other lower-level devices, as these are typically used in addition to FFSs in the same approved training programs.

Utilization rate

Utilization rate is a measure we use to assess the performance of our Civil simulator training network. While utilization rate does not perfectly correlate to revenue recognized, we track it, together with other measures, because we believe it is an indicator of our operating performance. We calculate it by taking the number of training hours sold on our simulators during the period divided by the practical training capacity available for the same period.

Simulator equivalent unit (SEU)

SEU is a measure we use to show the total average number of FFSs available to generate earnings during the period. For example, in the case of a 50/50 flight training joint venture, we will report only 50% of the FFSs under this joint venture as a SEU. If a FFS is being powered down and relocated, it will not be included as a SEU until the FFS is re-installed and available to generate earnings.

Non-IFRS measure reconciliations

Reconciliation of adjusted segment operating income

(Amounts in millions)	Civil Aviation		Defense and Security		Healthcare		Total	
Three months ended March 31	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	$149.3	$58.1	$29.0	$25.8	$8.3	$9.4	$186.6	$93.3
Restructuring, integration and acquisition costs	13.6	26.6	1.5	9.2	0.2	0.2	15.3	36.0
Impairments and other gains and losses arising from significant strategic transactions or specific events:								
› Cloud computing transition adjustment	-	11.6	-	1.8	-	–	-	13.4
Adjusted segment operating income	$162.9	$96.3	$30.5	$36.8	$8.5	$9.6	$201.9	$142.7

(Amounts in millions)	Civil Aviation		Defense and Security		Healthcare		Total	
Years ended March 31	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	$430.3	$224.1	$35.7	$56.0	$8.0	$4.1	$474.0	$284.2
Restructuring, integration and acquisition costs	52.0	79.0	10.6	61.4	1.7	6.5	64.3	146.9
Impairments and other gains and losses arising from significant strategic transactions or specific events:								
› Impairment reversal of non-financial assets following their repurposing and optimization	3.0	–	6.8	–	-	–	9.8	–
› Cloud computing transition adjustment	-	11.6	-	1.8	-	–	-	13.4
Adjusted segment operating income	$485.3	$314.7	$53.1	$119.2	$9.7	$10.6	$548.1	$444.5

Reconciliation of adjusted net income and adjusted EPS

	Three months ended March 31		Years ended March 31	
(Amounts in millions, except per share amounts)	**2023**	2022	**2023**	2022
Net income attributable to equity holders of the Company	**$98.4**	$55.1	**$222.7**	$141.7
Restructuring, integration and acquisition costs, after tax	**12.5**	27.1	**49.4**	110.0
Impairments and other gains and losses arising from significant strategic transactions or specific events:				
› Impairment reversal of non-financial assets following their repurposing and optimization, after tax	**-**	-	**7.1**	-
› Cloud computing transition adjustment, after tax	**-**	9.8	**-**	9.8
Adjusted net income	**$110.9**	$92.0	**$279.2**	$261.5
Average number of shares outstanding (diluted)	**318.7**	318.5	**318.4**	312.9
Adjusted EPS	**$0.35**	$0.29	**$0.88**	$0.84

Reconciliation of EBITDA, adjusted EBITDA, net debt-to-EBITDA and net debt-to-adjusted EBITDA

	Last twelve months ended March 31	
(Amounts in millions, except net debt-to-EBITDA ratios)	**2023**	2022
Operating income	**$474.0**	$284.2
Depreciation and amortization	**$342.2**	$310.5
EBITDA	**$816.2**	$594.7
Restructuring, integration and acquisition costs	**64.3**	146.9
Impairments and other gains and losses arising from significant strategic transactions or specific events:		
› Impairment reversal of non-financial assets following their repurposing and optimization	**9.8**	-
› Cloud computing transition adjustment	**-**	13.4
Adjusted EBITDA	**$890.3**	$755.0
Net debt	**$3,032.5**	$2,700.1
Net debt-to-EBITDA	**3.72**	4.54
Net debt-to-adjusted EBITDA	**3.41**	3.58

Caution regarding forward-looking statements

This report includes forward-looking statements about our activities, events and developments that we expect to or anticipate may occur in the future including, for example, statements about our vision, strategies, market trends and outlook, future revenues, earnings, cash flow growth, profit trends, growth capital spending, expansions and new initiatives, including initiatives that pertain to environmental, social and governance (ESG) matters, financial obligations, available liquidities, expected sales, general economic and political outlook, inflation trends, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, our management of the supply chain, estimated addressable markets, demands for CAE's products and services, our access to capital resources, our financial position, the expected accretion in various financial metrics, the expected capital returns to shareholders, our business outlook, business opportunities, objectives, development, plans, growth strategies and other strategic priorities, our competitive and leadership position in our markets, the expansion of our market shares, CAE's ability and preparedness to respond to demand for new technologies, the sustainability of our operations and other statements that are not historical facts.

Since forward-looking statements and information relate to future events or future performance and reflect current expectations or beliefs regarding future events, they are typically identified by words such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*likely*", "*may*", "*plan*", "*seek*", "*should*", "*will*", "*strategy*", "*future*" or the negative thereof or other variations thereon suggesting future outcomes or statements regarding an outlook. All such statements constitute "*forward-looking statements*" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "*safe harbor*" provisions of the United States Private Securities Litigation Reform Act of 1995.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties associated with our business which may cause actual results in future periods to differ materially from results indicated in forward-looking statements. While these statements are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are reasonable and appropriate in the circumstances, readers are cautioned not to place undue reliance on these forward-looking statements as there is a risk that they may not be accurate. The forward-looking statements contained in this report describe our expectations as of June 22, 2023 and, accordingly, are subject to change after such date. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking information and statements contained in this report are expressly qualified by this cautionary statement.

Important risks that could cause such differences include, but are not limited to, strategic risks, such as cybersecurity, geopolitical uncertainty, global economic conditions, competitive business environment, original equipment manufacturer (OEM) leverage and encroachment, inflation, international scope of our business, level and timing of defence spending, constraints within the civil aviation industry, our ability to penetrate new markets, research and development (R&D) activities, evolving standards and technology innovation and disruption, length of sales cycle, business development and awarding of new contracts, strategic partnerships and long-term contracts, risk that we cannot assure investors that we will effectively manage our growth, estimates of market opportunity and competing priorities; operational risks, such as supply chain disruptions, program management and execution, mergers and acquisitions, business continuity, subcontractors, fixed price and long-term supply contracts and our continued reliance on certain parties and information; talent risks, such as talent management, ability to attract, recruit and retain key personnel and management, corporate culture and labour relations; financial risks, such as availability of capital, customer credit risk, foreign exchange, effectiveness of internal controls over financial reporting, liquidity risk, interest rate volatility, returns to shareholders, estimates used in accounting, impairment risk, pension plan funding, indebtedness, acquisition and integration costs, sales of additional common shares, market price and volatility of our common shares, seasonality, taxation matters and adjusted backlog; regulatory risks, such as data rights and governance, U.S. foreign ownership, control or influence mitigation measures, compliance with laws and regulations, insurance coverage potential gaps, product-related liabilities, environmental laws and regulations, government audits and investigations, protection of our intellectual property and brand, third-party intellectual property, foreign private issuer status, and enforceability of civil liabilities against our directors and officers; ESG risks, such as extreme climate events and the impact of natural or other disasters (including effects of climate change) and more acute scrutiny and perception gaps regarding ESG matters; reputational risks, and technological risks, such as information technology (IT) and reliance on third-party providers for IT systems and infrastructure management. The foregoing list is not exhaustive and other unknown or unpredictable factors could also have a material adverse effect on the performance or results of CAE. Additionally, differences could arise because of events announced or completed after the date of this report. You will find more information in Section 9 "*Business risk and uncertainty*" of the MD&A of the financial report for the year ended March 31, 2023, which has been filed with the Canadian Securities Administrators on SEDAR (sedar.com) and is available on CAE's website (cae.com). The MD&A has also been filed with the U.S. Securities and Exchange Commission and is available on its website (sec.gov) ▶

Readers are cautioned that any of the disclosed risks could have a material adverse effect on CAE's forward-looking statements. Readers are also cautioned that the risks described above and elsewhere in this report are not necessarily the only ones we face; additional risks and uncertainties that are presently unknown to us or that we may currently deem immaterial may adversely affect our business.

Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking information and statements contained in this report are expressly qualified by this cautionary statement.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this report. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

Material assumptions

The forward-looking statements set out in this report are based on certain assumptions including, without limitation: the prevailing market conditions, geopolitical instability, the customer receptivity to our training and operational support solutions, the accuracy of our estimates of addressable markets and market opportunity, the realization of anticipated annual recurring cost savings and other intended benefits from restructuring initiatives and operational excellence programs, the ability to respond to anticipated inflationary pressures and our ability to pass along rising costs through increased prices, the actual impact to supply, production levels, and costs from global supply chain logistics challenges, the stability of foreign exchange rates, the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates, the availability of borrowings to be drawn down under, and the utilization, of one or more of our senior credit agreements, our available liquidity from cash and cash equivalents, undrawn amounts on our revolving credit facility, the balance available under our receivable purchase facility, the assumption that our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, access to expected capital resources within anticipated timeframes, no material financial, operational or competitive consequences from changes in regulations affecting our business, our ability to retain and attract new business, our ability to achieve synergies and maintain market position arising from successful integration plans relating to the L3Harris Technologies' Military Training business (L3H MT) and Sabre's AirCentre airline operations portfolio (AirCentre) acquisitions, our ability to otherwise complete the integration of the L3H MT and AirCentre businesses acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT and AirCentre acquisitions, management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT and AirCentre acquisitions and resulting impact on growth and accretion in various financial metrics, the realization of the expected strategic, financial and other benefits of the L3H MT and AirCentre acquisitions in the timeframe anticipated, economic and political environments and industry conditions, the accuracy and completeness of public and other disclosure, including financial disclosure, by L3H MT and AirCentre, and the absence of significant undisclosed costs or liabilities associated with the L3H MT and AirCentre acquisitions. Air travel is a major driver for CAE's business and management relies on analysis from the International Air Transport Association (IATA) to inform its assumptions about the rate and profile of recovery in its key civil aviation market. Accordingly, the assumptions outlined in this report and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this report, refer to Section 9 "*Business risk and uncertainty*" of the MD&A for the year ended March 31, 2023, available on our website (cae.com), SEDAR (sedar.com) and EDGAR (sec.gov), which section is incorporated into this report by this reference. ■

List of acronyms

3D/4D
3 dimensional/4 dimensional

3R
Reduce, Reuse and Recycle

AAFC
Australian Air Force cadets

AAM
Advanced Air Mobility

AC
Audit Committee

ACT ARC
Air Carrier Training Aviation Rulemaking Committee

ADF
Australian Defence Force

AGM
Annual General Meeting

AI
Artificial Intelligence

AIAC
Aerospace Industries Association of Canada

ALoSP
Acceptable Level of Safety Performance

AOE
Airline Operations Essential

APAC
Asia-Pacific

ASHRAE
American Society of Heating, Refrigerating and Air-Conditioning Engineers

ASIST
Aerospace Simulator Integrated Support and Training

ATAG
Air Transport Action Group

ATC
Air Traffic Control

ATO
Approved Training Organization

BAMT
Business Aircraft Maintenance Training

BBC
British Broadcasting Corporation

BCO
Business Continuity Office

BHER
Business + Higher Education Roundtable

BHM
Black History Month

BIPOC
Black, Indigenous, and People of Color

BU
Business Unit

CADSI
Canadian Association of Defence and Security Industries

CAF
Canadian Armed Forces

CAN
Corporate Angel Network

CARTAMS
Centre for Advanced Research and Training in Aviation, Mobility and Space

CASO
Chief Aviation Safety Officer

CBC
Canadian Broadcasting Corporation

CBI
Confidential business information

CBTA
Competency-based training and assessment

CCB
Climate, Community and Biodiversity

CCC
Climate Change Committee

CCTMC
Critical Care Transport Medicine Conference

CDB
Common Database

CDP
Carbon Disclosure Project

CDR
Canadian Defence Review

CE
Conformité européenne *(European Conformity)*

CEO
Chief Executive Officer

CIADI
Concordia Institute of Aerospace Design and Innovation

CISO
Chief Information Security Officer

CMAI
Canadian Mobility and Aerospace Institute

CMMI-DEV
Capability Maturity Model Integration for Development

CMMI-SVC
Capability Maturity Model Integration for Services

CNN
Cable News Network

CO$_2$e
Carbon dioxide equivalent

COC
Carbon offset credits

COE
Center of Excellence

CP&P
Corporate Policies and Procedures

CRIAQ
Consortium for Research and Innovation in Aerospace in Quebec

CSO
Chief Strategy Officer

CSO
Chief Sustainability Officer

CSR
Corporate Social Responsibilty

CUAET
Canada-Ukraine authorization for emergency travel

CWIX
Coalition Warrior Interoperability Exercise

Cygnet
Cygnet Aviation Academy

D&S
Defense & Security

DAIR
Downsview Aerospace Innovation & Research

DE&I
Diversity, equity and inclusion

DHA
Defense Health Agency

DOL
Department of Labor

DP&E
Data parts and equipment

EAC
Energy Attribute Certificates

EASA
European Union Aviation Safety Agency

EBACE2022
European Business Aviation Convention and Exhibition

EBITDA
Earnings before interest, taxes, depreciation and amortization

ECFT
Emirates-CAE Flight Training

Ed.D.
Doctor of Education

EDC
Executive Diversity Council

EEOC
Equal Employment Opportunity Commission

EFAP
Employee and family assistance program

EH&S
Environment, Heatlh & Safety

EHS
Emirates Health Services

EMC
Executive Management Committee

EMEA
Europe, Middle-East, Africa

EMS
Environmental Management System

EPA
Environmental Protection Agency

EPS
Earnings per share

ERG
Employee Resource Group

ERM
Enterprise Risk Management

ERP
Enterprise resource planning

ESG
Environment, social and governance

ESPP
Employee Stock Purchase Plan

ÉTS
École de technologie supérieure

eVTOL
Electric vertical take-off and landing

FAA
Federal Aviation Administration

F-AMTS
Future - Aviation Mission Training System

FARA
Future Attack Reconnaissance Aircraft

FCP
Federal Contractors Program

FFS
Full-flight simulator

FI
Flight instructor

FLRAA
Future Long Range Assault Aircraft

FNTI
First Nations Technical Institute

FRECC
Fonds de recherche sur les changements climatiques *(Research fund for climate change)*

FSEMC
Flight Simulator Engineering and Maintenance Conference

FSTSS
Flight School Training Support Services

FTO
Flight Training Organization

FVL
Future Vertical Lift

FY2023
Fiscal Year 2023

FY24-28
Fiscal Year 2024 to 2028

GC
Governance Committee

GEHS
Global Environment, Climate Change and Health & Safety

GHG
Greenhouse Gas

GJ
Gigajoule

GmbH
German abbreviation for "*Gesellschaft mit beschränkter Haftung*", meaning company with limited liability.

GoO
Guarantee of Origin

GRI
Global Reporting Initiative

GSQACM
Global Safety, Quality Assurance and Compliance

GSS
Global Strategic Sourcing

GTP
Global Technology and Product

GWP
Global warming potential

HEC
Hautes Études Commerciales

HIRE Vets
Honoring Investments in Recruiting and Employing America Military Veterans

HMAS
His Majesty's Australian Ship

HPX
Human Performance Excellence Council

HR
Human Resources

HRBPs
Human Resources Business Partners

HRC
Human Resources Committee

HSH
Human Skills for Healthcare

HVAC
Heating, ventilation and air conditioning

I/ITSEC
Interservice/Industry Training, Simulation and Education Conference

IAEG
International Aerospace Environmental Group

IAS Quebec
Institute of Corporate Directors

I-ASC
IATA Aviation Safety Culture Survey

IATA
International Air Transport Association

IATP
Internation Airlines Technical Pool

ICAO
International Civil Aviation Organisation

ID/IQ
indefinite-delivery/ indefinite-quantity

IDEX
International Defence Exhibition & Conference

IEA
International Energy Agency

IFBEC
International Forum on Business Ethical Conduct

IFRS
International Financial Reporting Standards

IFT-R
Initial Flight Training - Rotary Wing

IMSH
International Meeting on Simulation in Healthcare

IP
Intellectual property

IPAC
Indo-Pacific

IPCC
Intergovernmental Panel on Climate Change

ISAC
Information Sharing and Analysis Centers

ISO
International Organization for Standardization

ISO/IEC
International Organization for Standardization/International Electrotechnical Commission

IT
Information technology

IWD
International Women's Day

JASDF
Japan Air Self-Defense Force

Kft.
Hungarian abbreviation of "*korlátolt felelősségű társaság*", meaning company with Limited liability.

KPIs
Key Performance Indicators

LFE
Learning from Events

LFF1
Leadership for the Future 1

LFF2
Leadership for the Future 2

LGBTQ2+
Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, and Two-Spirit

LIFT
Laboratoire intégré de formation technique

LLC
Limited Liability Company

Lt.
Lieutenant

Ltda
Spanish abbreviation of "*Limitada*", designation for a private limited liability corporation with limited liability to shareholders

M&A
Mergers and acquisitions

MBA
Master in Business Administration

MD&A
Management's discussion and Analysis

MEBAA
Middle East & North Africa Business Aviation Association

MK41
Mark 41

MoU
Memorandum of Understanding

MP
Member of the House of Representatives

MRI
Magnetic Resonance Imaging

MRO
Maintenance, repair and overhaul

MSI
Mission Solutions Inc.

MWh
Megawatt-hour

N/A
Not applicable

NASDAQ
National Association of Securities Dealers Automated Quotations

NATO
North Atlantic Treaty Organization

NAVDEX
Naval Defence & Maritime Security Exhibition

CAE

NBAA
National Business Aviation Association

NBAA-BACE
National Business Aviation Association Business - Aviation Conference and Exposition

NBCF
National Breast Cancer Foundation

NFTC
NATO Flight Training in Canada

NGA
National Greenhouse Gas Accounts

NGO
Non-governmental organizations

NIST
National Institute of Standards and Technology

ODS
Ozone-depleting substances

OEMs
Original Equipment Manufacturers

OFCCP
Office of Federal Contract Compliance Programs

OGC
Open Geospatial Consortium

OHS
Occupational health and safety

OHSAS
 Occupational Health and Safety Assessment Series

OSCEs
Objective Structured Clinical Examinations

PAC
Political Action Committee

PIA
Privacy impact assessment

PII
Personally identifiable information

Plc
Public limited company

PMP
Project Management Professionnal

PSTC
Platforms and Systems Training Contract

PSTOP
Patient Safety Telesimulation Outreach Program

Pty Ltd.
Proprietary limited

PWN
Professional Women's Network

Q&A
Question and Answer

R&D
Research and Development

RAAF
Royal Australian Air Force

RAN
Royal Australian Navy

RCAF
Royal Canadian Airforce

RCP
Representative Concentration Pathway

RE100
Renewable Energy 100

RECs
Renewable Energy Certificates

REGO
Renewable Energy Guarantees of Origin

RFP
Request for proposal

RNZAF
Royal New Zealand Air Force

ROCE
Return on capital employed

RV
Recreational Vehicle

SA²GE
Smart Affordable Green Efficient

SASB
Sustainability Accounting Standards Board

SBTi
Science Based Targets initiative

SDGs
Sustainable Development Goals

SEC
Securities and Exchange Commission

SEU
Simulator equivalent unit

SG&A
Selling General and Administrative

SMEs
Small and medium-sized enterprises

SMS
safety management system

SOC 2
System and Organization Control 2

SOI
Segment operating income

SQN
Squadron

SSH
Society of Simulation in Healthcare

STEM
Science, Technology, Engineering and Math

SVP
Senior Vice President

SWWC
Seahawk Simulation Warfare Centre

TA
Talent Acquisition

TCFD
Task Force on Climate-related Financial Disclosures

tCO$_2$e
Metric tons of carbon dioxide equivalent

U.K
United Kingdom

U.S.
United States

UAE
United Arab Emirates

UAS
Unmanned Aerial Systems

UBA
User behaviour analytics

UN
United Nations

UNFCCC
United Nations Framework Convention on Climate Change

UNGC
United Nations Global Compact

USAACE
United States Army's Aviation Center of Excellence

VISTA
Virtual Intelligence Surveillance & Reconnaissance Training Application

VP
Vice President

VR
Virtual Reality

WATS
World Aviation Training Summit

WIL
Work-Integrated learning

Global Annual Activity and Sustainability Report

CAE.COM