



**CAE INC.**  
**GOVERNANCE COMMITTEE CHARTER**

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**ROLE AND MEMBERSHIP**

The Governance Committee (the “**Committee**”) shall consist of at least three (3) directors, one of whom shall be the Chair of the Committee. All members of the Committee shall be independent directors, as determined by the Board of Directors (the “**Board**”) taking into consideration applicable laws, regulations and other requirements applicable to such determination.

The Chair of the Committee and its members shall be appointed annually by the Board following the recommendation of the Chair of the Board.

A majority of members of the Committee shall constitute a quorum.

**RESPONSIBILITIES**

The Committee shall work closely and cooperatively with such officers and employees of CAE Inc. (“**CAE**”), its auditors, legal counsel and/or other appropriate advisors and with access to such information as the Committee considers necessary or advisable in order to perform its duties and responsibilities, as assigned by the Board, in the following areas<sup>1</sup>:

1. Review specific matters of corporate governance as they may pertain to the Board, including the effectiveness of the system of corporate governance at CAE with respect to the discharge of CAE’s obligations to its shareholders, customers and employees, other stakeholders and the public and make recommendations to the Board regarding same.
2. Monitor assessments of CAE’s corporate governance by proxy advisory service providers, material shareholders and representatives or groups of material shareholders and recommend where necessary possible improvements in CAE’s governance.
3. Review with the Chair of the Board, on a regular basis but not less than annually, the role and conduct of the Board, the effectiveness of the Board as a whole and its Committees and the methods and processes by which the Board fulfills its duties and responsibilities, including without limitation: the number and content of meetings; an annual schedule of issues to be presented to the Board at its meetings or those of its Committees; material which is to be provided to directors generally and with respect to meetings of the Board or its Committees; resources available to directors; and the communication process between the Board and management. (WP1.1 and 1.5)
4. Monitor interests of CAE directors and officers (including other directorships) to identify potential conflicts of interest, real or perceived, of both the Board and CAE management. (WP1.2 and 1.12)

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<sup>1</sup> The references at the end of each paragraph refer to the Item # in the Governance Committee Annual Work Plan Checklist. Where no reference is included, the matters described are to be generally covered through periodic presentations on matters of interest as they develop throughout the year.

5. Review the composition and needs of the Board, determine the skills and experience requirements of directors, develop an appropriate succession plan and identify and recommend to the Board suitable candidates to be directors of CAE, consistent with criteria approved by the Board. (WP1.3)
6. Review and recommend the structure and amount of directors' compensation (*every second year, unless required sooner*). (WP1.4)
7. Review annually the performance of the Board and its Committees. (WP1.5)
8. Recommend to the Board the names of the persons to be nominated for election as directors by the Shareholders at the Annual General Meeting. (WP1.6)
9. Together with the Chair of the Board, recommend to the Board individuals to act as Chairs and as members of the Board Committees. (WP1.7)
10. Approve and periodically review (*every second year, unless required sooner*) CAE's Charitable Donations and Sponsorships Policy, Lobbying and Political Contributions Policy and Human Rights Policy. (WP1.8)
11. Review annually the donations, sponsorships and research projects supported by CAE, with a breakdown by sector, region and spend. (WP1.8)
12. Review and assess the adequacy of its Charter annually, report to the Board thereon and recommend any proposed changes to the Board for approval. (WP1.9)
13. Review and periodically recommend for approval by the Board (*every second year, unless required sooner*) the Board of Directors Charter and Position Descriptions for each of the Chair of the Board, the Chief Executive Officer and the Chairs of each of the Board committees. (WP 1.10)
14. Review at least annually CAE's Corporate Governance guidelines and review and approve CAE's corporate governance statements included as part of CAE's Annual Proxy Information Circular. (WP1.11)
15. Review the independence of each member of the Board, and of the members of each Board Committee and the financial expertise of the Audit Committee members, taking into consideration applicable laws, regulations and other requirements applicable to such determination, and make a recommendation to the Board in respect of the qualification as independent of each such director and member. (WP1.12 and 1.13)
16. Review and approve the location proposed by management for the annual strategic plan review, having in mind the desirability of the Board members obtaining exposure to CAE locations, staff, customers, suppliers and other factors related to CAE's operations. (WP1.14)

17. Approve and periodically review (*every second year unless required sooner*) CAE's Director Continuing Education Policy and ensure that it is implemented. (WP1.15)
18. Review, and have specific oversight responsibility for, CAE's principal compliance programs, including: (i) the General Compliance Program, including Corporate Policies and Procedures (CP&P); (ii) the Data Protection Program; (iii) the Ethics and Anti-Corruption Program; and (iv) the Export Controls Program, and receive at least annually a report thereon from CAE's General Counsel or such other member of CAE's management as the Committee shall approve. (WP1.16).
19. Receive at least annually a report on foreign representatives spend, from CAE's General Counsel or such other member of CAE's management as the Committee shall approve. (WP1.17)
20. Review design and compliance with CAE's Code of Business Conduct, ensure that Code is implemented throughout CAE, as well as the handling of issues raised thereunder (including through internal or whistleblowing reports) and the annual attestation of compliance. (WP1.18 and 1.19)
21. Approve and periodically review CAE's Policy Regarding Board Diversity and, at least annually, assess and report to the Board regarding the effectiveness of the director nomination process at achieving CAE's diversity objectives. (WP1.20)
22. Approve and periodically review (*every third year, unless required sooner*) CAE's Insider Trading and Anti-Hedging policies. (WP1.21)
23. Review CAE's corporate social responsibility strategy and reporting. (WP1.22)
24. Approve and periodically review (*every third year, unless required sooner*) CAE's Conflict Minerals policy. (WP1.23)
25. Bring to the attention of the Board or any of the other Board Committees matters which are of such importance as should be considered by the Board or which fall within the terms of reference of such Committee.

## **MEETINGS**

The Chair or any member of the Committee may call a meeting of the Committee.

Any Director may request the Chair to call a meeting of the Committee and may attend at such meeting to inform the Committee of a specific matter of concern to such director and may participate in such meeting to the extent permitted by the Chair of the Committee.

The Chair of the Committee shall report to the Board after each meeting of the Committee.

*May 19, 2021*