



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

1. Introduction

1.1. CAE is committed to conducting business in a competitive market based on the high standards of quality of its products and services. CAE will not engage in or otherwise tolerate any form of Bribery or corruption or appearance thereof in its business dealings, even when observance of this commitment could place it in a non-competitive business position.

While it is customary in most cultures to extend Business Courtesies (such as gifts and entertainment) to customers or business partners in order to foster the relationships that support business, it is important to have clear rules concerning the exchange of Business Courtesies so that we can avoid conflicts of interest or impropriety, or even the appearance thereof in our dealings with our customers, suppliers or any others with whom we do business.

CAE allows the offering and receiving of Business Courtesies within the limits and in accordance with the standards and procedures set forth in this Policy.

2. Objectives

2.1. The purpose of this Policy is to institute rules and procedures to be adhered by all directors, officers, representatives and employees of CAE concerning the exchange of Business Courtesies to avoid conflicts of interest, impropriety or the appearance thereof in our dealings with customers, suppliers or any others with whom CAE does business so as to ensure that CAE maintains its reputation for ethical business practices.

2.2. This Policy is designed to implement CAE's ethical standards with regards to Business Courtesies as set out in our Code of Business Conduct (the "CAE



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

Code”).

3. Applicability

- 3.1. This Policy applies to CAE Inc. and its wholly owned or controlled (directly or indirectly) subsidiaries and joint ventures (“CAE” or the “Company”). A “controlled” subsidiary or joint venture is a legal entity in which CAE generally owns equity interests representing more than 50% of the voting shares.
- 3.2. Where CAE does not have a controlling stake in a subsidiary or joint venture, CAE shall communicate its expectation that such entity have in place a gifts and entertainment policy or similar policy consistent with this Policy and shall deploy all reasonable efforts to ensure that such a policy is adopted by the entity.

4. Definitions

- 4.1. “**Bribery**” Directly or indirectly paying, promising, giving, offering, or authorizing to give anything of value to anyone for the purpose of inducing that person to influence an action or decision. The thing of value can be of any kind (e.g., gift, travel, entertainment, payment) and is not subject to any minimum amount or threshold of value. In addition, it is not necessary that the corrupt act succeed, or that the person to whom the payment, offer, or promise is made accepts or receives the bribe.
- 4.2. “**Business Courtesy/Courtesies**” Any Gift, gratuity, favour, benefit, loan, commission, discount, or other tangible or intangible item having monetary value made to or from persons who have, who may have, or who may facilitate the creation of a business relationship with the Company, or to Family Members of such persons, for which fair market value is not paid by the recipient. The recipient may be an individual or an entity. Such courtesies include, but are not limited to the following: Cash and Cash Equivalents, discounts, door prizes and raffles, Entertainment and recreation, free or reduced cost admittance to a business-related event (conference, briefing, seminar, training, advisory board, committee meeting, etc.), gift cards/certificates, honoraria, hospitality, lodging, meals and drinks, promotional



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

items, services, tickets (passes, fees, etc.), training, transportation, or use of a donor's time, materials, equipment, or facilities.

- 4.3. **“Cash/Cash Equivalent”** Includes cash and items equal in value to cash, such as vouchers, convertible coupons, gift cards/certificates, pre-paid credit cards pre-paid credit, loans, stocks, bonds or options or anything redeemable for cash.
- 4.4. **“Gifts”** Includes all Business Courtesies taking the form of a gift, including personal gifts.
- 4.5. **“Entertainment”** means the attendance at an event or performance of an activity if the host is present or participates. The courtesy itself has little to no *bona fide* business purpose other than networking or relationship building. Examples include, but are not limited to, attendance at a sporting event, participation in a golf tournament, and attendance at a supplier party.

If the host is not present or does not participate in the event, then the Business Courtesy is a Gift for the purposes of this Policy.

- 4.6. **“Family Members”** Includes a person’s spouse or significant other, parent, stepparent, child, stepchild, sibling, dependent, in-laws or substantially similar relationships, whether family or personal.
- 4.7. **“Public Official/Officer”** An elected or appointed official, officer, employee, director of, or any representative or agent acting on behalf of:
- a body of any level of government, whether, federal, provincial, state, municipal or other;
 - a political party, a party official or candidate for political office;
 - a State-owned or State-controlled entity;
 - the armed forces of any country;
 - a public international or intergovernmental organization.

The following categories of individuals are also considered to be Public Officials:

- a person who holds a legislative, administrative, or judicial position;
- any person specifically designated as a Public Officer by the legislation



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

of its home jurisdiction.

For the avoidance of doubt, several CAE customers are State-owned enterprises, and their employees are Public Officials under relevant legislation. Refer to Exhibit C for a list of government-owned entities with whom CAE is currently engaged or has in the past engaged in business.

5. Generally acceptable exchanges

5.1. CAE directors, officers or employees who offer, promise, make, facilitate or authorize expenditures for Business Courtesies of any sort are responsible for ensuring that every such courtesy, whether extended to an employee of a private-sector company or to a Public Official, meets all of the following mandatory requirements:

- the Business Courtesy is in compliance with the applicable laws and regulations of the relevant jurisdiction;
- the Business Courtesy is justified by a clear and legitimate CAE business purpose, such as the promotion, demonstration or explanation of CAE products or services or the performance of a contract;
- the Business Courtesy is unsolicited and made without any expectation of anything in return;
- the Business Courtesy is appropriate to the recipient's position;
- the Business Courtesy is reasonable for the occasion and has a total value that meets the guidelines set out in **Exhibit A** based on the country of residence of the recipient, in the case of a Gift, or on the country where the entertainment occurs, in the case of Entertainment;
- the Business Courtesy is offered or received on an infrequent basis;
- the Business Courtesy is not contrary to the known provisions of the recipient's code of conduct or equivalent policy;
- the Business Courtesy is presented openly, transparently and backed by a detailed and valid receipt; and
- the Business Courtesy would not otherwise be improper or create a conflict of interest or the appearance thereof.

6. Exchanges that require special consideration

6.1. The exchange of Business Courtesies in any of the following cases **may, in**



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

exceptional circumstances, be acceptable:

- Any Business Courtesy that has a value greater than the limits specified in **Exhibit A** based on the country of residence of the recipient;
- Any Business Courtesy where Family Members are also invited;
- Gifts offered to someone on a special occasion, such as births and weddings.

6.2. If the proposed Business Courtesy requires special consideration as indicated in Section 6.1 above, it must first be sent to the Global Compliance Office (ethics-and-compliance@cae.com) using the Pre-Approval Form in **Exhibit B** for review and pre-approval. If the proposed Business Courtesy is pre-approved by the Global Compliance Office, it must be further approved by your business unit or corporate function service leader who is at least at a VP level.

7. Unacceptable exchanges

7.1. The exchange of the following Business Courtesies is **unacceptable under all circumstances:**

- Cash or Cash Equivalents, regardless of the amount;
- Any Business Courtesy that could be viewed as extravagant or luxurious or that could call its appropriateness into question;
- Any Business Courtesy offered to someone involved in the decision-making process during an active or planned Request for Proposal (RFP), Request for Information (RFI), or contract negotiation with a prospective customer or supplier;
- Business Courtesies that are received frequently each year from, or given to, the same business relations;
- Any Business Courtesy that violates the CAE Code, other corporate policies or procedures, or applicable anti-corruption laws;
- Any Business Courtesy that violates the recipient's code of conduct or known related policies, such as the recipient's Gift policy or equivalent;
- Any Business Courtesy that must be kept secret from other colleagues, your immediate manager or any other relevant parties;
- Any Business Courtesy provided solely to a Family Member of a



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supersedes: November 9, 2016

business relation;

- Any Business Courtesy which, by its very nature, is illegal or compromises CAE's moral or ethical stance or that could tarnish CAE's image and reputation (e.g. taking customers to gentlemen's clubs, use of prostitution or escort services, consuming recreational drugs, abuse of alcohol, etc.).

7.2. If you receive a tangible Business Courtesy (including Cash and Cash Equivalent) that is unacceptable but not, by its very nature, illegal, immoral or unethical, you should return it to the provider. If returning a Business Courtesy could harm our business relationship with the provider, your supervisor can approve keeping the tangible Business Courtesy to share it with co-workers, use for employee recognition or donate to a charity.

Offers of Business Courtesies that are, by their very nature, illegal, immoral or unethical (e.g. illegal drugs, explicit material) should not be accepted under any circumstances.

8. Public sector and private sector counterparts

8.1. This Policy applies equally to Business Courtesies exchanged with Public Officials and private sector counterparts. Special care must be taken when dealing with Public Officials, since a number of countries prohibit the offering of advantages to such individuals, while other countries allow such practices only under strict conditions. Accordingly, CAE may offer Business Courtesies to Public Officials only to the extent permitted under the applicable laws and regulations of the relevant jurisdiction. Moreover, Public Officials are themselves subject to strict integrity standards and thresholds that must be respected.

For example, for most government agencies in Canada and the United States, Business Courtesies above the \$25 USD range would generally not be considered acceptable.

All CAE employees should be careful to ensure that the entity with which they are doing business is in fact a private-sector entity. An entity which appears to be private at first may in fact be government-owned or otherwise considered to be a public entity under applicable law. In those instances, you



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

must use the applicable guidelines for Public Officials. Contact the Global Compliance Office or the legal counsel assigned to your business unit or region should you have any questions about an entity's status.

9. Travel and lodging

- 9.1. Your business-related travel and lodging accommodations should generally be paid for by CAE, unless the contract between CAE and the customer specifies that the customer will pay for it.
- 9.2. Customers, suppliers and other business relations should generally pay for their own travel and lodging accommodations. In rare circumstances where separating travel and accommodation expenses is not possible, prior approval from the Global Compliance Office and your regional/business leader is required before accepting/offering to assume expenses for travel and/or lodging accommodations from/to a customer, supplier or other third party.
- 9.3. Where CAE is contractually obliged to fund certain specific customer travel and accommodation for visits to/from CAE facilities, paying for such travel and accommodations is permitted provided that:
 - a. the travel and accommodation are only for trips to/from CAE locations and **do not include any recreational side trips** that would constitute a personal Gift to the customer's representative;
 - b. the customer's senior management is aware of the travel arrangement and, to CAE's reasonable knowledge, approves of it;
 - c. CAE does not exceed the agreed upon travel and accommodation arrangements.

10. Disclosures, approvals and record keeping

- 10.1. The highest-ranking employee involved in offering a Business Courtesy is responsible for obtaining all Pre-Approvals and approvals required and for fully and accurately completing any request for reimbursement through Concur within 30 days. Individuals must report all Business Courtesies given by them as individuals rather than as part of a group.



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supersedes: November 9, 2016

10.2. Exchanges that are required to be disclosed, reviewed and approved should be formally documented and include the following information:

- Nature of Business Courtesy (description of the item);
- Business purpose;
- Name and title of the employee offering;
- Name and title of each recipient;
- Name of each recipient's employer or government affiliation;
- Number of recipients at a meal or event or number of recipients of a Gift;
- Date the item was offered;
- Approximate value of the item;
- All required approvals, including, if applicable.

10.3. Generally acceptable exchanges as indicated in section 5.1 do not require advance approval from the Global Compliance Office. However, **disclosure of the exchange of Business Courtesies to your supervisor is mandatory regardless of value.**

10.4. Exchanges that require special consideration as indicated in section 6.1 must be reviewed and pre-approved by the Global Compliance Office and then approved by your business unit/region leader. The Global Compliance Office will maintain a log of all such requests.

10.5. For clarity, exchanges of Business Courtesies of nominal value (under \$25 USD) bearing the logo of the Company, are not required to be disclosed, approved or recorded, unless the frequency of such exchanges could be considered excessive in the circumstances.

11. Reporting a breach

11.1. It is the responsibility and duty of all CAE employees to report any instance of unethical behaviour contrary to the Company's standards of business ethics and this Policy.

If you believe that a breach of the Policy has occurred or is about to occur, you have an obligation to disclose it, knowing that your confidentiality will



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

be protected. All CAE employees can report a breach by:

- Speaking to their manager or supervisor;
- Making an anonymous report on the EthicsPoint system at www.ethicspoint.com or calling the EthicsPoint toll-free hotline at 1-866-294-9551
- Contacting a representative of the Global Compliance Office by e-mail at ethics-and-compliance@cae.com
- Contacting someone in the Human Resources, Finance or Legal departments.

11.2. All inquiries will be handled promptly and discreetly. If you report a possible breach of this Policy, you have the right to remain anonymous, and confidentiality and/or anonymity will be maintained.

11.3. You will not be penalized, dismissed, demoted or suspended and no retaliatory action will be taken against anyone for reporting a suspected breach of this Policy or inquiring in good faith about potential breaches or for seeking guidance on how to handle suspected breaches.

12. Penalties for breaches

12.1. Failure to respect the letter or the spirit of this Policy or the law may lead to disciplinary measures commensurate with the breach, up to and including termination of employment.

13. Deviations and Restrictions

13.1. Your business unit or functional group may impose more restrictive guidelines than those set forth in this Policy, in which case the more restrictive guidelines shall prevail. Business Courtesy guidelines more liberal than those set out in this Policy are not permitted. Any deviation from this Policy requires the prior approval of the Global Compliance Office.

14. Related Corporate Policies and Procedures

14.1. CAE officers and employees can refer to the following Corporate Policies and Procedures (CP&P) for information on related matters:



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

- Code of Business Conduct
- Anti-Corruption Policy
- Charitable Donations & Sponsorships Policy
- Lobbying and Political Contributions Policy
- Internal Reporting/Whistleblowing Policy

15. Exhibits

Exhibit A: Guideline for Monetary thresholds

Exhibit B: Pre-Approval Form

Exhibit C: Sample list of customers owned or partially owned by the government

Exhibit D: "Frequently Asked Questions"

EXHIBIT A: GUIDELINE FOR MONETARY THRESHOLDS

The following table serves as a guideline for determining whether proposed Business Courtesies (including Gifts and Entertainment/hospitality) offered or received can be considered acceptable as per the standards set out in CAE's Business Courtesies Policy. This is a general guideline only and should not be interpreted as a guarantee that a Business Courtesy of a value below the indicated threshold will be deemed legal or acceptable.

All amounts are given in US Dollars and should be converted to the target country's local currency at current exchange rates when making calculations.

Although the values provided in this table are on a per-individual, per-event basis, judgement must be exercised to ensure that Business Courtesies do not become so frequent as to become unreasonable.

The Business Courtesies Policy applies equally to Business Courtesies exchanged with both government and private sector counterparts. However, as per section 8.1 of the Policy, the offering of Business Courtesies to Public Officials may be further restricted by the laws and regulations of their home jurisdictions. In such cases, the more restrictive provision should be applied. It is our responsibility to always make sure that we know and understand which rules of the countries in which operations



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

are managed or services provided. If frequent contact with Public Officials is anticipated in a given jurisdiction, please contact CAE's Global Compliance Office for an assessment.

Country	Private Sector	Public Officials
	Gifts and Entertainment	Gifts and Entertainment
Americas		
Argentina	\$200 USD	\$20 USD
Brazil	\$200 USD	\$20 USD
Canada	\$350 USD	\$25 USD
Chile	\$250 USD	\$25 USD
Colombia	\$200 USD	\$20 USD
Mexico	\$200 USD	\$20 USD
Peru	\$200 USD	\$20 USD
United States of America	\$350 USD	\$25 USD
Africa – Middle East		
Bahrain	\$350 USD	\$25 USD
Egypt	\$200 USD	\$20 USD
Ethiopia	\$250 USD	\$25 USD
Israel	\$350 USD	\$25 USD
Lebanon	\$250 USD	\$25 USD
Kenya	\$200 USD	\$20 USD
Kuwait	\$350 USD	\$25 USD
Nigeria	\$200 USD	\$20 USD
Oman	\$350 USD	\$25 USD
Qatar	\$350 USD	\$25 USD
Saudi Arabia	\$350 USD	\$25 USD
South Africa	\$200 USD	\$20 USD
United Arab Emirates	\$350 USD	\$25 USD
Asia - Pacific		



CAE
Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

Country	Private Sector	Public Officials
	Gifts and Entertainment	Gifts and Entertainment
Bangladesh	\$200 USD	\$20 USD
India	\$200 USD	\$20 USD
Japan	\$350 USD	\$25 USD
Hong Kong	\$350 USD	\$25 USD
Malaysia	\$200 USD	\$20 USD
New Zealand	\$350 USD	\$25 USD
Pakistan	\$200 USD	\$20 USD
Philippines	\$200 USD	\$20 USD
Singapore	\$350 USD	\$25 USD
South Korea	\$350 USD	\$25 USD
Sri Lanka	\$200 USD	\$20 USD
Thailand	\$250 USD	\$25 USD
Turkey	\$200 USD	\$20 USD
Europe		
Australia	\$350 USD	\$25 USD
Belgium	\$350 USD	\$25 USD
Bulgaria	\$200 USD	\$20 USD
Denmark	\$350 USD	\$25 USD
Finland	\$350 USD	\$25 USD
France	\$350 USD	\$25 USD
Germany	\$350 USD	\$25 USD
Greece	\$250 USD	\$25 USD
Hungary	\$200 USD	\$20 USD
Ireland	\$350 USD	\$25 USD
Italy	\$350 USD	\$25 USD
Luxembourg	\$350 USD	\$25 USD
Netherlands	\$350 USD	\$25 USD
Norway	\$350 USD	\$25 USD



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

Country	Private Sector	Public Officials
	Gifts and Entertainment	Gifts and Entertainment
Poland	\$200 USD	\$20 USD
Portugal	\$250 USD	\$25 USD
Romania	\$200 USD	\$20 USD
Russia	\$200 USD	\$20 USD
Spain	\$250 USD	\$25 USD
Sweden	\$350 USD	\$25 USD
Switzerland	\$350 USD	\$25 USD
United Kingdom	\$350 USD	\$25 USD

If a country is not on the list, please contact CAE's Global Compliance Office for an assessment.

To determine which country applies (if one is hosting e.g. a Chinese national in Canada), it must be based on the country of residence of the recipient, in the case of a Gift, and on the country where Entertainment occurs, in the case of Entertainment. This is because Entertainment costs vary from country to country.



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

EXHIBIT B: PRE-APPROVAL FORM

PRE-APPROVAL FORM		
Employee name:	Title:	Business unit:
Recipient name:	Title:	Employer:
Describe the business purpose:		
Describe the Business Courtesy:		
Approximate value of the Business Courtesy:		
Provide the following information: <ol style="list-style-type: none"> 1. Reason for exceeding the stipulated monetary thresholds in Exhibit A. 2. Has the recipient received any Business Courtesy in the last 12 months? Please explain. 3. Is the recipient involved in the decision-making process during an active or planned Request for Proposal (RFP), Request for Information (RFI), or contract negotiation with a prospective customer or supplier? 4. Does the exchange of a Business Courtesy violate the recipient's code of ethics or known related policies, such as the recipient's Gift policy or equivalent? 		
Decision by Global Compliance Office		
Approved <input type="checkbox"/>	Approved with Conditions <input type="checkbox"/> <i>(list of conditions attached to this form)</i>	Not Approved <input type="checkbox"/> <i>(reasons to be attached to this form)</i>
	Signature	Date



CAE

Corporate Policies and Procedures

SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

Global Compliance Office:		
----------------------------------	--	--

Approved by Business unit or Corporate service function leader who is at least at a VP level		
	Signature	Date
Business unit/region or corporate service function leader:		

PLEASE SEND FORM TO: ethics-and-compliance@cae.com)

EXHIBIT C: GOVERNEMENT-OWNED ENTITIES

Sample list of customers owned or partially owned by the government:

- Aeroflot
- Air Algerie
- Air Arabia
- Air China
- Air China Southwest
- Air India
- Air Malta
- Air New Zealand
- Alitalia
- Australian Airlines
- AZAL Avia Cargo
- Bulgaria Air
- China Airlines
- China Southern
- China Eastern
- China United Airlines
- EgyptAir
- Emirates
- Ethiopian Airways
- Etihad Airways
- Finnair
- Garuda Indonesia
- Gulf Air
- Hainan Airlines
- Hindustan Aviation
- Israel Aerospace Industries
- Kuwait Airways
- Malaysia Airlines
- Middle East Airlines
- Pakistan International Airlines
- Piper
- Oman Air
- Qatar Airways
- Royal Brunei Airlines
- Saudia
- Singapore Airlines
- Shanghai Airlines
- South African Airways



CAE

Corporate Policies and Procedures

SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

- Sukhoi
- Thai Airways International
- US Air Force
- US Navy
- PEOSTRI
- Royal Canadian Air Force
- Royal Australian Air Force
- Royal Air Force
- Italy Air Force
- German Air Force
- Poland Air Force
- Royal Saudi Air Force
- UAE Joint Air Command
- Kuwait Air Force



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

EXHIBIT D: FREQUENTLY ASKED QUESTIONS

Accepting Business Courtesies

- 1. I have been offered tickets to a professional sporting event as a gift from a supplier, and they will not be attending the event. The last couple of months I have been the guest of the same supplier at three other professional sporting and theater events. May I accept the tickets?**

You should decline the tickets. Your frequent attendance at these events as the guest of the supplier could create a conflict of interest situation. Even if the gifts and entertainment meet the acceptable value set out herein, the frequency of your accepting such gifts raises the concern that they will influence your judgment.

- 2. My job requires me to interact with numerous suppliers, and during the holiday season I receive gifts from many of these suppliers. None of the gifts have a value greater than the acceptable value set out herein. May I keep the gifts?**

Receiving numerous gifts could reasonably appear to create a conflict of interest situation or appear to influence your judgment. We recommend using this opportunity to recognize your team and peers for their hard work by sharing the gifts or donate them for a charity raffle.

- 3. A customer left a \$25 gift card at the retail store as a token of their appreciation for the help I provided. Our Policy states that gift cards are unacceptable. What should I do?**

You should disclose the gift to your supervisor so that it can be used to buy something that can be shared among your team members.

- 4. A supplier invited me to attend a conference where business entertainment will be provided and offered to pay my conference fees. Another business unit within CAE is currently in the RFP (Request For Proposal) process with the**



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

supplier. I am not a decision maker or part of the review team for the RFP. Is it okay for me to attend the conference and accept the business entertainment?

It is acceptable to attend the conference and accept the business entertainment because you are not a decision maker or otherwise involved in the RFP process. CAE should pay for travel and accommodations, and you should receive approval from your supervisor before accepting the conference fees.

Offering Business Courtesies

5. CAE has extra tickets to numerous games and events, and I'd like to offer some of the tickets to my customers. I will attend a few of these events, but plan to give the extra tickets as gifts. Is this okay?

Here are a few things to consider in this situation. First, make sure you know what the customers' policies are with regard to accepting gifts and business entertainment. The gift may not violate our Policy but could violate the customers' policies. Second, consider the frequency with which you entertain or offer gifts to your customer, to avoid creating the appearance of a conflict of interest situation. Common sense says that once or twice a year would be acceptable but numerous and repeated business entertainment and gifts are not. Last, remember that you should receive the appropriate approvals if the gift has a value greater than the amounts set out in Exhibit A.

6. My group is holding a summit for some of our customers and entertainment will be provided by CAE. We would like to pay for our customers' travel and accommodations. Is this acceptable?

The general rule of thumb for CAE is that customers should pay for their travel and accommodations, just as CAE employees should theirs when suppliers offer to pay for travel and accommodations. There could be situations where that expectation is unreasonable. For instance, special accommodations may be arranged and where the expenses may not be easily divided. Prior written approval from your Leader is required.



Corporate Policies and Procedures
SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

- 7. I am taking three employees of a customer out for dinner. On top of the dinner, I ordered three \$15 cocktails for each of the guests and myself, and three bottles of \$250 wine. Is this considered excessive?**

Ordering this much alcohol on top of the dinner not only exceeds the value limit for entertainment (see Exhibit A) but is also considered excessive. Whenever a CAE employee is hosting a customer for a meal, there should not be any abuse of alcohol or abuse of ordering food and beverages on CAE's expense. Anything that is excessive could be seen as a bribe in the eyes of a government investigator.

- 8. I am inviting a group of customers to an event which I will not be attending. However, I'll be sending them along with their spouses to that event and I will also pay for a sightseeing tour. Is this acceptable?**

As a rule of thumb, whenever a CAE employee provides entertainment to a customer, he or she should be present during that event. If the CAE employee is not present during that event, then it will be considered a gift and not entertainment. Please keep in mind that the monetary limit for gifts is less than the limit for entertainment. In addition, CAE should only be paying to entertain the customer, and not a spouse or family member.



CAE

Corporate Policies and Procedures

SECTION 16:

GIFTS, ENTERTAINMENT AND BUSINESS COURTESIES

Issued: February 6, 2020

Supercedes: November 9, 2016

POLICY GOVERNANCE

Policy Details

Primary Contact	Pierre Gignac, Global Leader, Ethics and Compliance
Required Executive Approvals	Vice President, Finance and Chief Financial Officer General Counsel, Chief Compliance Officer & Corporate Secretary
Board/Committee Approvals	Governance Committee
Review Cycle	Every third year

Revision History

<u>Date</u>	<u>Changed by</u>	<u>Description</u>
June 22, 2015	Hartland Patterson	Creating an Anti-Corruption Policy covering guidelines on Gifts and Entertainment
November 9, 2016	Mark Hounsell	Periodic Review
February 6, 2020	Pierre Gignac	Creating a stand-alone policy specifically covering Gifts, Entertainment and Business Courtesies