



FISCAL YEAR 2024

Modern slavery and human trafficking statement



Table of Contents

COMPANY PROFILE	1
Who we are.....	1
Corporate structure and entities	1
Business operations	1
Supply chains and suppliers	1
IDENTIFYING HUMAN RIGHTS RISKS	2
Risks in our operations.....	2
Risks in our supply chain	2
ADDRESSING HUMAN RIGHTS RISKS.....	2
Governance and oversight.....	3
Management approach.....	3
Our commitments and due diligence processes	3
Policies	4
Reporting mechanisms.....	5
Employee training programs.....	6
Remediation measures taken.....	6
Assessment of effectiveness.....	6
Approval.....	7
APPENDIX A - CAE INC. AND SUBSIDIARIES.....	8

This statement is made on behalf of CAE Inc. and its subsidiaries identified in Appendix A, (collectively, "CAE") for the fiscal year ending March 31, 2024 (FY24). In light of CAE's global footprint, this statement is prepared pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act and the United Kingdom's Modern Slavery Act 2015.

Company profile

Who we are

At CAE, we equip people in critical roles with the expertise and solutions to create a safer world. As a technology company, we digitalize the physical world, deploying software-based simulation training and critical operations support solutions. Above all else, we empower pilots, cabin crew, maintenance technicians, airlines, business aviation operators, and defence and security forces to perform at their best every day and when the stakes are the highest. Around the globe, we're everywhere customers need us to be with approximately 13,000 employees in more than 240 sites and training locations in over 40 countries. CAE represents more than 75 years of industry firsts—the highest-fidelity flight and mission simulators as well as training programs powered by digital technologies. We embed sustainability in everything we do. Today and tomorrow, we'll make sure our customers are ready for the moments that matter.

Corporate structure and entities

CAE is incorporated in Canada and headquartered in Montreal, Canada. We operate across the globe through local direct and indirect subsidiaries, and each of our business units serves its global customers through regional operations in the Americas, Africa/Middle East, Asia-Pacific and Europe.

Business operations¹

CAE is a global leader in training and critical operations solutions for civil aviation and defense and security. CAE provides digitally immersive and data-driven products, services, and experiences that enhance the safety, efficiency, and readiness of its customers.

Civil Aviation: We provide comprehensive training solutions for flight, cabin, maintenance and ground personnel in commercial, business and helicopter aviation, a complete range of flight simulation training devices, ab initio pilot training and crew sourcing services, as well as aircraft flight operations solutions. The civil aviation market includes major commercial airlines, regional airlines, business aircraft operators, civil helicopter operators, aircraft manufacturers, third-party training centres, flight training organizations, maintenance, repair and overhaul organizations (MRO) and aircraft finance leasing companies.

Defense & Security: We are a global training and simulation provider delivering scalable, platform-independent solutions that enable and enhance force readiness and security. The defence and security market includes defence forces, OEMs, government agencies and public safety organizations worldwide.

Supply chains and suppliers

In FY24, through its supply chain, CAE collaborated with over 8,000 suppliers contributing to our Civil Aviation and Defense & Security products. To facilitate the construction and assembly of its simulators, CAE procures a variety of goods and services, including electronic components, parts, submodules, and services sourced from different tiers within the supply chain. Our supply chain extends across the globe and covers numerous manufacturing processes, as well as indirect goods and services.

¹ CAE closed the sale of its Healthcare business in February 2024. Therefore, all information pertaining to this division has been excluded from this report.

In FY24, CAE conducted procurement operations across numerous countries. The distribution of our procurement activities is as follows:

- 88% in Americas
- 7% in Europe
- 4% in Asia-Pacific
- 1% in Middle East/India

Identifying human rights risks

Risks in our operations

As an aerospace and defense company, CAE operates in a highly regulated and technologically sophisticated environment. In the production of our simulators and training devices, we predominantly employ a workforce distinguished by high skill requirements based on the nature of the work, such as engineers or other technical professionals. Furthermore, CAE's simulators are predominantly manufactured at our headquarters in Montreal, Canada, and in the United States. With respect to training services and flight services, our workforce consists of other highly skilled professionals, such as software developers, pilots and flight instructors. On a preliminary basis, we have assessed modern slavery risks in our operations as low, due to operating in jurisdictions and industries that have a lower prevalence of modern slavery and human trafficking.

Risks in our supply chain

We deliberately primarily source from suppliers located within the same geographic area as our operations, namely North America and Europe. Additionally, during the period, CAE conducted a small proportion of its procurement activities in geographic regions reputed to have higher instances of modern slavery, such as Asia-Pacific and Africa/Middle East. On a preliminary basis, we have assessed modern slavery and human trafficking risks in our supply chains as low, due to our sourcing of parts from lower-risk jurisdictions and the technologically sophisticated nature of a significant proportion of our inputs.

Addressing human rights risks

CAE is committed to respecting and protecting the human rights of its employees and expects its suppliers, contractors and other stakeholders to do the same. While CAE recognizes that human rights risks, encompassing modern slavery and human trafficking risks, may arise in our operations and supply chain, we have implemented several measures to address these risks, including policies and procedures to identify, assess and mitigate any potential or actual human rights impacts that may result from our activities or those of our business partners.

Further, during the reporting period, CAE began identifying sources of modern slavery risks and initiated and conducted regular meetings about human rights and modern slavery between several CAE leaders, including key members of the Global Ethics and Compliance, Legal, ESG Strategy and Reporting, Global Human Resources, Enterprise Risk Management and Global Procurement and Supply Management (GPSM) teams.

These teams also contributed to the development of CAE's multi-year ESG roadmap for FY24 through FY28. The multi-year ESG roadmap, which received approval from CAE's Executive Management Committee (EMC) and Board of Directors in FY23, covers a wide range of ESG-related subjects. Some of the key results we expect by FY28, as set by the ESG roadmap, include to:

- 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

- Conduct a bottom-up risk assessment of CAE's direct and indirect exposure to human rights-related issues
- Roll out an ESG risk management framework inclusive of human rights measures
- Deliver customized training to most exposed teams
- Establish proper protocols to prevent and mitigate direct human rights risks
- Roll out the risk assessment of selected strategic suppliers

CAE is committed to respecting and protecting the human rights of its employees, customers, suppliers, contractors and other stakeholders. We have implemented policies and procedures to identify, assess and mitigate any potential or actual human rights impacts that may result from our activities or those of our business partners.

Governance and oversight

CAE's Chief Sustainability Officer (CSO) and Senior Vice President (SVP), Stakeholder Engagement leads a multidisciplinary ESG Strategy and Reporting team that tracks rapidly evolving trends, develops and monitors our strategy, and reports on topics that are material to our industry and our operations. CAE's CSO and SVP, 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. The ESG Strategy and Reporting team supports the CSO in achieving the human rights roadmap.

The GPSM team is responsible for maintaining compliance policies and processes specifically for suppliers and contractors throughout our network. GPSM employs its Sustainable Supply Chain Management framework to offer comprehensive guidance aimed at effectively preventing risk during the sourcing and contract award process, managing risk with established suppliers and enhancing ESG awareness and performance within the supply chain.

GPSM employs its Sustainable Supply Chain Management framework to offer comprehensive guidance aimed at effectively managing risks and enhancing ESG performance within the supply chain.

All compliance-related activities are coordinated in concert with the Global Ethics and Compliance Office, which is responsible for overseeing the implementation of enterprise-wide compliance processes. Periodic reports are submitted to CAE's Board of Directors, through its Governance Committee.

More information about CAE's Sustainability governance approach is available on CAE's website, under Social Responsibility.

Management approach

Our commitments and due diligence processes

As a signatory of the UN Global Compact, we commit to actively uphold — through our strategies and across our operations — Principles 1 to 6 governing the protection of human rights 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.

CAE's management approach starts with our Code of Business Conduct as our primary reference. By acknowledging the Code, employees and business partners working on CAE's behalf commit to adhering to CAE's ethical standards, including respect for human rights. As for suppliers and contractors, their work for us is governed by CAE's Supplier Code of Conduct, which sets out our minimum expectations on human rights matters, including child labour, modern slavery and human trafficking.

Our Human Rights Policy further directs our actions and strategies with respect to human rights in our operations and is reviewed regularly, prior to approval by the Governance Committee of CAE's Board of Directors. 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' rights to free association through affiliation or non-affiliation with an association of their choice.

We address our commitment to human rights in our supply chains using standard terms and conditions with our suppliers with respect to child labour, working hours, harassment and unlawful discrimination, slavery, human trafficking and other specific concerns.

Outlined below are some of the key requirements that suppliers must meet to engage in business with us:

- Initial supplier survey when evaluating new suppliers
- Acceptance of and compliance with our Supplier Code of Conduct
- Compliance with our Conflict Minerals Policy
- Compliance with laws clauses in our contracts
- Commitment to implement corrective actions on identified areas of improvement.

In FY24, CAE began deploying a third-party risk monitoring tool (EcoVadis), starting with our strategic direct suppliers. As a major compliance asset, the tool supports our efforts in setting the baseline of the ESG risk exposure, including human rights risk, generated by our current suppliers. This information will position us to engage with our partners and jointly develop risk management programs to achieve our targets. Additionally, 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. Finally, in FY24, CAE launched its first sustainable supply chain program, CAE Resilient Together, which is centered around three objectives: Strengthen, Innovate, and De-Risk. Social compliance throughout the supply chain is part of the key-aspects of the De-risk objective.

Policies

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 to be a threat to our culture, operations and financial well-being.

Our Code governs the conduct of CAE's directors, officers and employees, as well as contractors, consultants and other business partners acting on our behalf. Available in five languages (English, French, Spanish, German and Portuguese), 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 human rights and many more. We review our Code and corporate policies regularly.

CAE's Code of Business Conduct is available [here](#).

Human Rights Policy

CAE's Human Rights Policy emphasizes its commitment to upholding human rights across its global operations. The policy outlines specific commitments, including the prohibition of child labour, adherence to modern slavery and human trafficking laws, promotion of fair treatment and non-discrimination, compliance with working hour regulations, and our dedication to health and safety.

This policy also includes a commitment to provide awareness training on human rights, modern slavery, and human trafficking on a periodic basis to employees. This policy is reviewed at least every three years and is approved by the Governance Committee of CAE's Board of Directors.

CAE's Human Rights Policy is available [here](#).

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. CAE's Supplier Code of Conduct, which was designed to align with the International Forum on Business Ethical Conduct (IFBEC), communicates the core principles to which we expect our suppliers to adhere. Suppliers are expected to convey these principles at every step of their supply chain.

The Supplier Code covers 14 key areas of commitments, including environmental, social (human rights, including human trafficking, forced, bonded or indentured labour) 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).

CAE's Supplier Code of Conduct is available [here](#).

Conflict Minerals Policy

This policy describes CAE's efforts to ensure that the minerals used in its products do not contribute to armed conflict or human rights abuses in high-risk areas. 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.

CAE's Conflict Minerals Policy is available [here](#).

CAE's Purchasing General Terms and Conditions

Among CAE's Purchasing General Terms and Conditions, CAE outlines the requirements to comply with all applicable laws, including laws prohibiting the use of child labour or forced labour, and CAE's Supplier Code of Conduct. We also require that our suppliers ensure that their employees are aware of and comply with these obligations. Our terms and conditions also require that suppliers flow down these requirements to their own suppliers.

CAE's Purchasing General Terms and Conditions are available [here](#).

Reporting mechanisms

In accordance with CAE's Internal Reporting/Whistleblowing Policy, 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. Inquiries regarding human rights matters may also be submitted via email to ethics-and-compliance@cae.com.

Employee training programs

All CAE employees receive mandatory training on the Code of Business Conduct at their time of hire and its provisions are reinforced through annual training and communications. This training covers important elements of our Code and related policies, including with respect to human rights, modern slavery and human trafficking. Our directors, officers and employees are also required to read, acknowledge and agree to comply with the Code on an annual basis.

Remediation measures taken

During the reporting period, CAE was notified of a supplier's human rights violation as a result of its third-party risk monitoring process. This triggered CAE to take immediate actions to mitigate the risk associated with this supplier. Actions taken by CAE included communicating with the supplier to validate the facts, requesting that a remediation plan be put in place by the supplier, and intensifying our risk monitoring of this supplier.

Considering the evolving nature of human rights risks worldwide, CAE will continue to promote its reporting mechanisms and the "speak up" culture of our Code of Business Conduct to encourage our employees, officers, directors, consultants, suppliers and other business partners to report any human rights concerns related to our operations and supply chains so that they can be adequately addressed and remedied.

Assessment of effectiveness

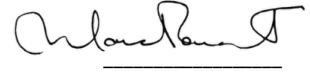
The effectiveness of our measures was assessed against the following key performance indicators in FY24:

- All targeted individuals undergo Code of Business Conduct training: more than 12,000 employees followed the training on CAE's Code of Business Conduct. This training includes a module titled "Respecting Each Other" and covers our commitment to comply with human rights laws, including with respect to modern slavery and human trafficking. The training also requires all employees to speak up should they suspect that a violation of human rights laws has occurred or is about to be committed.
- All targeted individuals acknowledge and accept Code of Business Conduct: every year, we require directors, officers and employees to read, acknowledge and agree to comply with our Code of Business Conduct, which includes a clear expectation to conduct business in a way that respects human rights in every jurisdiction in which we operate by treating our employees, and people working for our suppliers, with dignity and promoting fair employment practices. The Code acknowledgment process was completed in FY24.
- Number of instances of child labour, modern slavery or human trafficking: No child labour, modern slavery or human trafficking issues or concerns were reported via our internal reporting channels, including our EthicsPoint website and call centre.
- Number of supplier human rights violation reports: One alert related to a human rights violation was received via our third-party risk monitoring tool (EcoVadis) for which CAE requested the linked third-party to take immediate remediation actions.

As CAE continues to assess human rights risks, including child labour, modern slavery and human trafficking, in its supply chains and business operations, new key performance indicators may be contemplated, and reported in future statements.

Approval

This statement has been approved by the Board of Directors of CAE Inc., as the parent entity, on May 28th, 2024 and was signed by Marc Parent, President and Chief Executive Officer of CAE Inc.



Marc Parent, C.M.

President and Chief Executive Officer

APPENDIX A - CAE INC. AND SUBSIDIARIES

This statement is prepared pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act for the following entities:

- CAE Inc.
- Presagis Canada Inc.
- CAE Military Aviation Training Inc.
- CAE International Holdings limited

This statement is prepared pursuant to the United Kingdom's Modern Slavery Act 2015 for the following entities:

- CAE Inc.
- CAE Holdings Limited
- CAE STS Limited
- CAE (UK) plc

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[CAE.COM](https://www.cae.com)