

Fiscal year 2020 Annual Activity and Corporate Social Responsibility Report



Your worldwide
training partner
of choice



About this report

Our approach and scope

This Annual Activity and Corporate Social Responsibility Report consolidates information on our company strategy, corporate social responsibility (CSR) activities and fiscal year 2020 performance into one document. It includes all the information typically found in a company's CSR 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 CSR is inseparable from our core business strategy and activities. All financial data for fiscal year 2020 is available in our [Financial Report](#).

As you will read in this report, our solutions generate benefits across the three central dimensions of sustainability: economic, environmental and social. This report covers our global operations and, unless otherwise stated, presents quantitative and qualitative information for fiscal year 2020 (ended March 31, 2020). 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 FY20 report has not been subject to any external assurance process. All figures in this report are in Canadian dollars unless otherwise stated.

Feedback

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

Reporting standards

This report references the [GRI 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 Content Index outlining how our reporting aligns with various GRI Standards and references to other relevant information sources [here](#).

This year, we have also begun to report on the United Nations Sustainable Development Goals (SDGs), by identifying five goals to which our corporate strategy and business model are most aligned. We intend to continue the process of integrating the SDGs and to report on our progress accordingly. We also provide our first Task Force on Climate-related Financial Disclosures (TCFD) reporting in an [appendix](#) to 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 have been monitoring the global adoption of the Sustainability Accounting Standards Board (SASB) disclosure standards and assessing their applicability to our business activities. We intend to begin reporting to the SASB standards for the Aerospace & Defense and Professional & Commercial Services industries in FY21.

How to use this report

Interactivity

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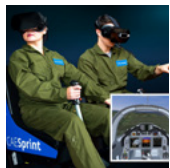
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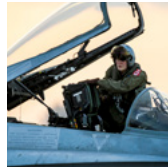


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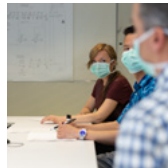
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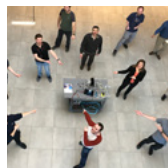
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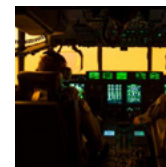
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Marc Parent
President and
Chief Executive Officer

Unprecedented times underscore our agility and culture of innovation

We were leading CAE on a course towards what would have been yet another record year when the COVID-19 pandemic impacted us during what is normally our strongest quarter of the year. Our first response was to take decisive action to protect the health and safety of our employees and customers — and this continues to be our foremost priority.

We immediately assembled a daily COVID-19 pandemic taskforce and set our business continuity plans into motion. I am exceptionally proud of how our CAE employees responded worldwide. Throughout the past few months of this pandemic, amid lockdown, closed borders and many other complex challenges, our employees have taken initiative and ownership finding ways to ensure the continuity of our customers' most critical operations, and thus ensure we continue to earn the privilege of being our customers' training partner of choice.

We could not stand idly by while fellow citizens of the world infected by COVID-19 struggled even to breathe, while hospitals became overwhelmed, confronted by dire shortages of critical medical safety equipment, especially ventilators and personal protective equipment. We felt it was our responsibility to expand the aperture of our thinking and find ways to apply CAE's strengths of innovation and speed in a meaningful way to the hospitals and front line health workers fighting to save lives.

Our employees challenged themselves to use their engineering and scientific skills to design a critical care ventilator. It took a team of 12 CAE engineers and scientists from our civil, defence and healthcare business units just 11 days to develop a working prototype. We received Health Canada certification in June, which means from a cold start in mid-March, we were successful in creating, certifying and shipping ventilators within the span of only three months. Today, some 500 CAE employees are working together to deliver on a contract with the Government of Canada

to manufacture 10,000 ventilators to help save lives and relieve the strain on hospitals around Canada. Such an accomplishment speaks volumes about who we are.

As a world expert in the business of safety, applying speed-to-market, teamwork and innovative capabilities for humanitarian needs outside of our core expertise stands as testimony to what we are capable of when presented with an urgent, novel requirement. I could not be prouder of our employees' response in this time of crisis – not only for the engineers who worked tirelessly to produce a high quality, certifiable design for the ventilator, for the resourcefulness of our supply chain team finding scarce but crucial parts, but also for our many employees who volunteered to help build ventilators so more could be delivered to the hospitals sooner. *Excellence, innovativeness, customer delight, compassion, speed, teamwork* – these are all qualities evident in a company built for the long term. We demonstrated these this year. So while we indeed fell short of this year's financial potential due to COVID-19, the pandemic and the myriad of novel business complexities that ensued taught us more about who we are, what we are capable of and we look back on this past year with a proud sense of achievement.

A company built for the long term

Every industry experiences rolls, pitches and yaws and the last several months and most probably, the year ahead will not be steady. But CAE is not only 73 years old, more crucially, its core high technology capabilities become even more relevant in the future. The long-term demand for air travel may be dented for the year or years ahead near term, but the long-term propensity to travel – for leisure, business and cargo – will be in an upward trajectory for decades ahead. World air travel is at its best when it is affordable, safe and ubiquitous – as of this writing, a new kind of safety, biological safety is foremost of concern. However this pandemic is solved, we are confident it will be solved in time. We'll make the case that when looking back

to this present period, this civil aviation downturn will not prove to be lasting. Air travel has become an even stronger expectation of those of us in the 21st century than even 20 years ago, it is an imperative for many global businesses as well as cargo, which likely grows stronger as e-commerce expands. Air travel will recover, it is just a question of when. As a consequence, you can remain confident that CAE's fundamentals are built on a solid foundation, that we remain steadily trained on not only preserving our global leadership position but expanding it. In addition, our revenues come from a high degree of recurring business in highly regulated markets, and our balance across several markets and geographies contributes to our long-term health.

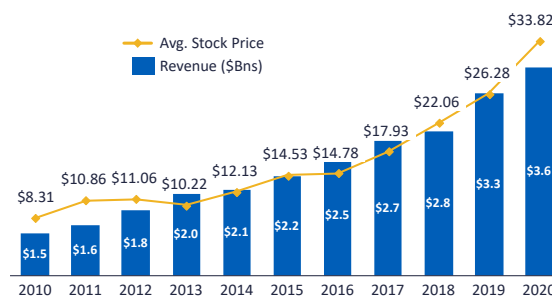
Notwithstanding the onset of the pandemic during our last quarter, CAE delivered a strong financial performance in fiscal 2020 with 10% revenue growth to \$3.6 billion, 21% operating income¹ growth to \$590.4 million and earnings per share¹ growing 7% to \$1.34. I am especially pleased with our 98% conversion of net income to generate \$351.2 million in free cash flow¹, which underscores the cash-generative profile of CAE's world-leading training solutions. A \$3.8 billion annual order intake¹ and \$9.5 billion order backlog¹ also help bolster our position for the period ahead.

But perspective gets richer when one looks farther out; one year does not convey the full story. We have been building revenue, Earnings Per Share (EPS) and backlog steadily year upon year with an expectation to deliver consistency, reliability and excellence. CAE has outperformed the Toronto Stock Exchange (TSX) in five of the last six fiscal years, even with COVID-19 and in the last 11 years, CAE stock is up 200% vs. the TSX's 70% move. So clearly, while some years will have volatility, including managing through a global pandemic, when you examine us over the long term,

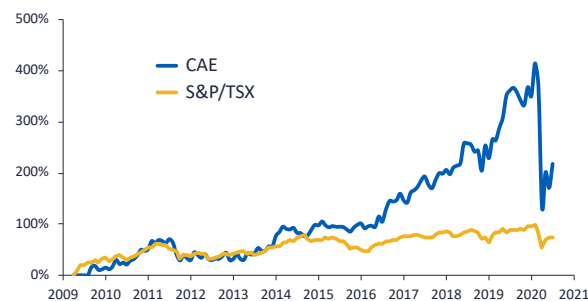
1 Before specific items. These terms are non-GAAP and other financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the definitions in "Section 3.7 - Non-GAAP and other financial measures" in our Management Discussion and Analysis for the fourth quarter and year ended March 31, 2020.

2 Reflects the adoption of IFRS 1 in 2011, IFRS 11 in 2013, IFRS 15 in 2018 and IFRS 16 in 2019

Average CAE stock price and revenues²



CAE performance vs TSX



we have shown and will continue to demonstrate a willingness to make the right decisions in support of a broader long-term vision.

Capital allocation

We completed 12 acquisitions and joint venture transactions in the last 24 months, including Bombardier's Business Aircraft Training (BAT) business, the largest acquisition in CAE's history, which we completed in March 2019. We have successfully integrated this business and have realized greater revenue and cost synergies than we had originally projected.

In the final month of our fiscal year, we suspended share repurchase and dividends, and also moved to secure additional liquidity given the near-term uncertainties.

M&A activity these past several months has also understandably been more restrained. We continue to be reflective on the M&A environment as we build on our solid balance sheet and further bolster our financial position, and will remain alert for potential opportunities ahead.

Civil Aviation Training Solutions

In Civil Aviation Training Solutions—the largest of our three business units—we exceeded our annual outlook, with 37% higher operating income¹. Annual order intake¹ totaled \$2.5 billion, including additional airline training outsourcings and 49 full-flight simulator sales. Civil finished the year with a record backlog¹ of \$5.3 billion. Once again, we delivered more than one million hours of training this year, underscoring CAE's position as the largest Civil aviation training company in the world.

Our performance would have been even better, but as the pandemic set in, Civil experienced a significant decrease in training services demand following the sharp downdraft in airline and business aircraft operations globally, and the resulting severe disruption to the global air transportation environment. In addition to the downspike in demand, travel restrictions and local self-isolation measures worldwide resulted in several Civil aviation training location closures. Beyond significant disruptions to our global training network, we had to suspend the installation and delivery of Civil simulator products, and under local public directives, our Montreal plant paused manufacturing of Civil simulators during the last week of March. Despite these challenges, we still delivered an otherwise impressive 56 Civil full-flight simulators for the year.

Defence and Security

In Defence and Security, we reported modest revenue growth as the division, too, was impacted by the pandemic. We came up short on our outlook for operating income growth, which was down 13%¹, mainly on lower than expected progress on program milestones, and delays in securing new orders. A range of programs with defence and OEM customers



encountered project advancement delays principally due to travel bans, client access restrictions and supply chain disruptions. In addition, we experienced delays to contract awards, as government acquisition authorities followed directives in their respective countries to shelter-in-place and eliminate travel. In the Middle East, combined effects of the pandemic and lower oil prices resulted in work on certain programs to be halted and new contract awards to be materially delayed, as our customers confronted their new fiscal realities and ways to mitigate the pandemic. Despite these headwinds, we booked \$1.2 billion of order intake¹ during the year, for a \$4.1 billion Defence backlog¹, which gives CAE an additional measure of diversification.

Healthcare

In Healthcare, we were tracking towards double-digit annual revenue growth until the division was also negatively impacted by the pandemic, as medical and nursing school customers came under lockdown protocols, and hospital customers attention became consumed by the healthcare crisis. CAE Healthcare did, however, succeed in strengthening its position as the innovation leader in simulation-based healthcare education and training. We won the EMS World Innovation Award for CAE AresAR, the Microsoft HoloLens application for Healthcare's emergency care manikin.

Healthcare also launched innovative products including new Anesthesia SimSTAT modules, screen-based simulation approved by the American Board of Anesthesiology for maintenance of certification credits; and multiple custom simulators for OEMs and leading medical device companies, including Edwards Lifesciences and Baylis Medical.

CAE Healthcare was also at the forefront of the key humanitarian contributions we made in the fight against COVID-19, which are addressed in the context of the company's actions overall.

Our social impact throughout the COVID-19 crisis

Beyond the ventilator success discussed earlier, Healthcare made additional significant contributions in response to COVID-19. The team rapidly converged and created training seminars, free of charge, on how to better prepare healthcare workers in the fight against COVID-19. We also launched simulation-based solutions to train personnel in the safe practice of ventilation and intubation, which is key to saving lives. In addition, we leveraged our global supply chain to deliver some 600,000 N95 masks to the Quebec and Manitoba governments who were in urgent need to enhance the protection of front-line healthcare workers. Once again, our resourcefulness, creativity and agility were called upon and we delivered.

Carbon neutrality commitment

Last November, we announced CAE's commitment to become carbon neutral in Summer 2020. This represents a necessary and significant direction for the company, one in which we can take pride. CAE and its employees want to do their share to prevent climate change for the well-being of future generations. We are taking interim measures, while also looking into the new technologies and solutions being developed to reduce emissions and talking with industry partners on the progressive use of electric aircraft for live flight training at our academies. CAE will continue to take other measures to reduce overall emissions, continually investing to make our full-flight simulators more energy efficient, allowing our customers worldwide to reduce their own footprint.

In parallel, we also created a Climate Change Committee to specifically address climate-related issues. The Committee's purpose is to oversee the integration of climate-related issues into CAE's business strategy, and to identify and manage risks and opportunities around dedicated projects.

Diversity and Inclusion

Diversity and Inclusion (D&I) continue to be among our top strategic priorities. This is not only the right thing to do, it is smart business. The more diverse our people are and the more inclusive our culture, the more innovatively and successfully we can leverage our talents within to become an even greater company. Diversity and inclusion help us attract and retain top talent as well as better connect with customers worldwide. CAE is strongly committed to programs and initiatives that foster a D&I culture throughout the company. Here are some milestones that occurred over the past year.

We were named to the Bloomberg Gender-Equality Index for a second year and recognized among The Globe and Mail's Women Lead Here honorees – a testament to CAE's commitment to advancing women in the workplace. Becoming Bronze Parity Certified by the Women in Governance organization represents the progress we are making to develop female talent and promote gender parity within our organization. We also launched Dare, our extensive 12-month program that aims to equip and inspire women to take ownership of their careers.

We welcomed the winners of the first edition of CAE's Women in Flight scholarship program; this program has grown from an intention to a reality. This program encourages more women to aspire to become professional pilots, tackling head-on the challenges of gender diversity. We introduced another first at CAE: Employee Resource Groups. Employees voted on the three themes they thought would make the most difference: Parents of children with special needs, LGBTQ2+ and Women in Aviation and Technology. You can read about these and other valuable D&I contributions that CAE, our employees and our partners, are making in this report.

At CAE, diversity and inclusion are part of our values and there is no place for racism or discrimination. CAE's fundamental belief is that every member of our team should feel valued, respected and safe – without exception. While we are making progress, we see many opportunities to move the needle. Our D&I program covers all types of diversity and makes sure that all employees feel included and valued for who they are.

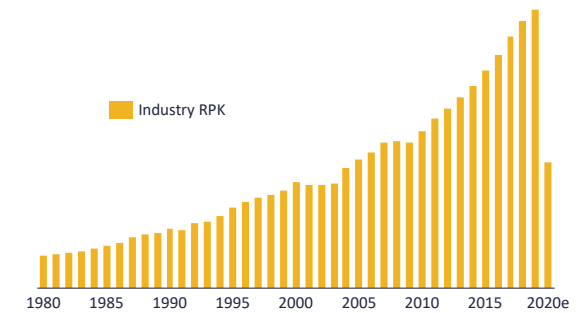
Looking forward – Tough times require new thinking

The COVID-19 pandemic moved with unprecedented speed and magnitude with respect to the disruption it has caused to our daily lives across the world. The global air transportation environment and air passenger travel have been especially hard hit, with IATA forecasting commercial passenger traffic to be down 50 to 60% this year. As of this writing, several airline bankruptcies have been announced and it is possible there are more ahead with global air travel reported down some 90% last month. When you step back however and contemplate that the data shows global air traffic is now some several standard deviations off the 40-year mean; that aircraft retirements are also several standard deviations from historical mean, it is logical to expect this present time reflects a highly short-term reality. Statisticians often point to the tyranny of the reversion to the mean. Taking into consideration some broadly recognized trends such as human population growth, ever-rising demand for higher technology, the rise of the middle class in emerging markets and the acceleration in e-commerce, expectations for a recovery in air travel demand appear realistic.

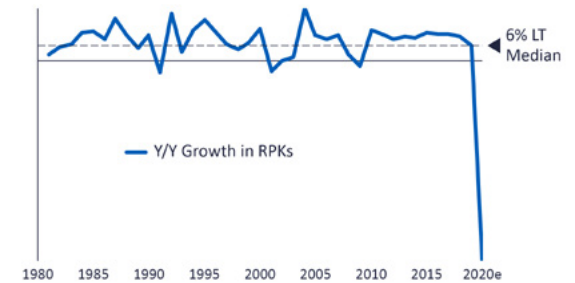
In light of this abrupt and severe downturn, the management team and I have spent considerable efforts envisioning what the post-COVID-19 era might be like. It's our view that the global propensity to travel will recover, however unevenly at first and resume a steady, positive trajectory within the next few years. The freedom to fly and use air travel for leisure, business and cargo remains an inalienable freedom and expectation of the 21st century and history will likely demonstrate that demand recovers and shows resilience as air travel's contribution to global commerce is too vital to be suspended to such an extent for long. Time has shown that neither wars, oil crises, recessions, nor terrorism were able to restrain air travel demand; likewise, while a near-term challenge, we do not expect COVID-19 will keep demand in check for more than a few years.

We expect that leisure travel will be the first to recover and business travel may trail longer. Business travel may perhaps see structural post-COVID-19 change and take longer to recover based on more universal acceptance

Long-term traffic trends³



Long-term traffic growth³



and broader applications of web-based meetings. The abrupt shift in the pros and cons may result in some forms of business travel to shift towards greater business jet demand and more common usage, both for business continuity and planning purposes.

Looking ahead, we are planning CAE's future from a position of resilience and strength given our global leading market positions, attractive end markets of civil aviation, defence and healthcare, recurring revenue streams, and solid financial position. It may take some time before things get back to normal; there may even be a "new normal" and we are readying for it. In addition, we are exceptionally focused on managing the things we can control, including identifying opportunities for cost savings to challenge ourselves to improve efficiency given the prospect for lower volumes in the near term.

³ Reflects IATA historical figures and estimates

As our core end markets recover, the “new normal” that emerges could present novel challenges for our customers, which could translate into new opportunities for us. For example, global airlines cite the return-to-service for pilots as one of their chief concerns. Attentiveness to our customers positions us well to proactively address this need. Certain trends may arise in greater force post-COVID-19 such as the demand for high technology solutions, safety imperatives, and e-learning, which are all in our wheelhouse. We are leaning forward to capture more organic growth by leveraging our leading edge understanding of human-to-complex-machine interfaces, continue to assert our leadership in three attractive markets with long-term secular tailwinds of civil aviation, defence and healthcare. For example, we’ve experienced positive feedback from our customers on recent new technology developments in the areas in artificial intelligence, machine learning-enabled data analytics, remote delivery and virtual reality/augmented reality.

The global leadership team and I monitor the developments of the pandemic daily to remain on the forefront of the best recommended measures to ensure the safety of our customers and employees. We continue to implement necessary contingency plans in real-time as our understanding of COVID-19 grows. So far, the processes we have put in place to manage through the pandemic are running smoothly and they are proving effective. We remain vigilant about protecting our employees’ health and safety; supporting our customers’ critical operations; and ensuring business continuity.

In Defence, we maintain our leading position as a non-OEM training and mission support partner thanks to our leading-edge capabilities in translating the physical world into the synthetic world. The U.S. and other militaries will continue to seek out best-in-class support for fighters, helicopters, trainer aircraft, maritime patrol, tanker/transport and remotely piloted aircraft. We are leveraging our training systems integrator capabilities in the land, naval, space and cyber domains to provide multi-domain solutions, a market for which we expect long-term healthy demand. We are expanding beyond training and into

mission support solutions, from systems engineering, decision support and staff augmentation. Our expertise in the integration of live, virtual and constructive training is providing attractive inroads towards leveraging our modelling and simulation expertise towards the synthetic environments for planning, analysis and operational decision support. We have a large backlog of contracts with government customers to provide training solutions and operational support services that are considered essential to national security. Looking ahead, the long-term outlook for Defence continues to be supported by a large addressable market but we are expecting fiscal pressures as lower oil prices for many of our customers in international markets, may present near-term choppiness.

In Healthcare, our purpose, mission and passion is to make healthcare safer. We believe the significant changes wrought by this pandemic will continue to result in new appreciation for the critical role e-learning, healthcare simulation and training can provide. We might have been too early in these markets but looking forward, the secular shifts ahead appear promising. We continue to believe CAE Healthcare is well positioned to capitalize on this change in the appreciation of the importance, relevancy and benefits of healthcare simulation and training to improve safety and to help save lives both at a steady state and during a healthcare crisis. With its innovative products and demonstrated agility, we expect Healthcare will become a more material part of the company over the long term.

In summary, we are confronting a challenging period in CAE’s history due to COVID-19 and we immediately took action to secure the safety and well-being of our employees and customers. We drove ourselves to innovate rapidly in response to an urgent need for ventilators, safety masks and better medical training; we wasted no time in heeding the call and discovered our own resourcefulness in the process. We have taken the most appropriate measures to safeguard the best interests of the company, employees, customers and all other stakeholders. We have thoughtfully considered how the post-COVID-19 world might be different and

concluded that despite the present opaque environment and continued near-term uncertainty, air travel will recover and we will stand shoulder to shoulder with our customers proactively to reimagine their needs before they ask and as such, continue our promise to be their training partner of choice. Present rockiness notwithstanding, CAE’s fundamentals remain solid and the ability to respond to challenges with agility is at the very core of why CAE excels as a global market leader and innovator. We will forge ahead in applying leading edge technology to significantly improve our customers’ experience. As the industry thought leader, we are paving the way to modernize the very fundamentals of training and operational support in Civil, Defence and Healthcare. CAE is and will remain a highly innovative company with over seven decades of industry firsts under its belt. As we manage through this pandemic, we remain steadily focused on the future, and I am sure we will ultimately be stronger for it.

In recognition of the Honourable John Manley

Finally, we would like to conclude by congratulating CAE’s Board Chair, the Honourable John Manley, P.C., O.C., who received the Woodrow Wilson Award for Public Service from the Wilson Center’s Canada Institute in recognition of his contribution to enhancing the Canada-U.S. bilateral relationship following the terrorist attacks of September 11, 2001, through the development of the Smart Border Declaration.

The Wilson Center recognizes exemplary individuals who reflect the values of Woodrow Wilson, the 28th U.S. President, a leader who believed that “There is no higher religion than human service. To work for the common good is the greatest creed.”

John is certainly very deserving of this honour, which bestowed in the spirit of service, is representative of a career in which his thought leadership has served many, including CAE. John became an independent director of CAE in 2008 and in 2018 was appointed Chair of CAE’s Board of Directors. He has served as Canada’s former Deputy Prime Minister, Minister of Foreign Affairs, Finance Minister and Industry Minister.

Feature story

COVID-19: Pulling together as One CAE

The COVID-19 pandemic has proven to be a global crisis of unprecedented speed and magnitude. No individual, no business remained untouched. From the onset, CAE has taken proactive measures to ensure the safety of our customers, our employees and their families worldwide, while ensuring the continuity of our operations.

As a company of 10,500 employees, with sites and activities in more than 35 countries, we approached this situation with the same mindset that guides us in all that we do – with a worldwide perspective. We rallied to address and overcome challenges in a global situation that evolved on a daily, if not hourly, basis. Our actions over these recent months as One CAE captures how we make a difference in the world and what drives our decisions and actions.

As our President and CEO Marc Parent observed, the current situation has had an unprecedented impact on our industries in civil aviation, defence and security, and healthcare. Throughout our 70+ years of activity, we have never seen anything like it.

Yet never has CAE's noble purpose, our focus on safety, been more relevant than during this pandemic. Making civil aviation safer, helping defence forces return home safely and making healthcare safer are all rooted in the principles of corporate social responsibility. This purpose makes our employees proud and our customers delighted.

Safety first, always, with essential service and support to our customers

With conditions changing very rapidly around the world, we did our utmost to ensure business continuity, keeping in mind two objectives:

- Safety is our **number one priority**, for our employees, our customers, and their families, as well as all our stakeholders;
- We offer an **essential service and need to support our customers** in maintaining their critical operations.

Essential role of our coronavirus committee

We took the COVID-19 outbreak and its impact around the world very seriously. When the coronavirus outbreak was declared in January, we created a multidisciplinary committee, which has since met on a daily basis. The 20-member committee includes representatives from our three business units, Health & Safety, Human Resources, Facilities, Communications, Operations, Global Travel Services, Security and Legal.

This coronavirus committee established itself as a critical resource in providing informed recommendations to CAE's Executive Management Committee (EMC) on measures to ensure the safety of our customers, employees and their families, keep our business operating and, ultimately, meet our customers' needs. The EMC also met daily to assess the situation and make timely decisions to implement necessary contingency plans in real-time as the situation unfolded.

Immediate actions and measures taken

At the time of the outbreak, CAE had several teams in China performing simulator installations, acceptances and a number of major updates. Although CAE teams were far from the outbreak epicentre, the coronavirus committee took immediate actions to put measures in place to monitor the situation in China and implement specific measures to protect our employees in the field.

Given the nature of what we do and where we operate, the committee had to consider multiple factors and scenarios, while referring to various health authorities and various levels of outbreaks simultaneously.

Responsiveness, consistency and regularity – all proved vital in CAE's communications to our employees, customers and suppliers worldwide as we navigated a new norm imposed by the pandemic, together. Protocols were put in place for cleaning and disinfecting; risk evaluation (symptoms chart); emergency response

(infected employee); and employees in the field (traveling, on customer premises).

There were additional situational factors to address, such as space restrictions inherent in simulators and aircraft. We needed to consider our students training in our centres and academies around the world; the close proximity of our employees manufacturing simulators; also the question of how to differentiate measures taken for our customers and our employees – we knew that everyone must feel confident and safe working/training in our facilities.

With COVID-19 creating unprecedented uncertainty in the global economy, in our business and industry, we took extraordinary measures to mitigate the impacts on CAE and help secure our future.

We adapted by quickly reducing our operations in many locations. By acting immediately and working together to protect our organization, we ensured CAE maintained a position of strength, ready to serve our customers when the markets eventually recover from this situation.



Members of CAE's coronavirus committee, which began meeting as early as January, applied the protocols they helped put in place, using collaborative tools.

Measures implemented to protect our financial position and preserve liquidity include strict cost containment measures, salary freezes, salary reductions, reduced work weeks and temporary layoffs, as well as a suspension of our common share dividend and share repurchase plan.

Preparing for a “new normality”

Special CEO Sessions on COVID-19 connected our CEO, Marc Parent, with our employees worldwide. During these virtual video conferences, Marc responded to top of mind questions submitted by employees, and committed to answering every single question received. He covered the latest industry outlook, discussed related impacts on our businesses and shared what measures CAE was taking – including tough cost-containment decisions made to protect our financial position and liquidity.

Marc also reviewed the results of employee surveys on the impact of COVID-19. The short surveys helped leadership get a global pulse on employee’s needs and concerns, and assured employees that their feedback was being heard at the most senior level.

A portion of the information sessions was reserved to promote the online idea platform set up for employees to submit suggestions on how to make the best of the situation during the pandemic and afterwards. We received more than 150 ideas, which largely fell under four themes: identification of new business opportunities, and ways to reduce costs, improve the way we work and better leverage technologies.

Social responsibility and innovation

We also tapped into the creative minds of our people to gather all ideas with the potential to help the company save lives, with significant outcomes.

CAE Healthcare engineers and scientists developed the prototype for the CAE Air1 ventilator, which has progressed to the final stage of certification by health authorities. We are under contract with the Government of Canada to manufacture and supply 10,000 ventilators, to be used to help save lives of COVID-19 patients.

We leveraged our global supply chain to source scarce N95 masks for front-line health workers. To date, we have secured some 600,000 N95 masks for the governments of Quebec and Manitoba, doing our part to help keep healthcare-workers safe.

To help caregivers practice personal safety procedures and initial patient assessment related to coronavirus, [CAE Healthcare](#) provided complimentary training seminars in March and April on how to prepare healthcare workers in the fight against COVID-19. ([Watch Fox 13 News coverage on our training solution.](#))

We launched a collection of web- and hardware-based [COVID-19 hospital preparedness resources](#), and continue to expand our offering with a simulation-based Pathogens of High Consequence course in development for upcoming release.

“Simulation-based training is a key patient safety strategy that can help improve teamwork and communication amid unpredictable, rapidly unfolding situations,” says Rekha Ranganathan,

President of CAE Healthcare. “By offering realistic practice scenarios to caregivers before they enter high-stress environments, we can have a positive impact on outcomes.”

Amid this health crisis, we also worked in unison with our partners to supply front-line healthcare providers with training resources and expertise as quickly and efficiently as possible.

UK-based iRIS Health Solutions, a CAE Healthcare subsidiary training authoring and sharing platform, made our [COVID-19 Simulated Clinical Experience \(SCE\)](#) for healthcare available free of charge to its global community of more than 1,800 users worldwide. [iRIS and CAE SCE](#) were then offered at no cost to the full membership of the Society for Simulation in Healthcare, which has 4,200 members in 60 countries, to aid collaboration and sharing between members.

The [iRIS Health Simulation Authoring Platform](#) helps clinical educators deliver learning that is aligned with best practices. The platform can be integrated into a broad spectrum of simulation training scenarios, from manikins to Standardized Patients to virtual learning.

These humanitarian gestures are a true testament to the kind of social impact that CAE and our employees have. Our ability to pivot in such a short timeframe also underscores CAE’s agility and our culture of innovation.

Moving forward, we will continue to do our part on all fronts – putting the safety of CAE employees and customers first and supporting them throughout this challenging period.



Initial CAE ventilator prototype



Our CAE Air1 ventilator

Contributing to hospital preparedness for coronavirus

Our realistic COVID-19 training solutions helped healthcare workers leverage best-use practices, maximize clinical preparedness and ensure the safest level of response possible.

Going above and beyond to connect with and inform our key audiences

Across CAE, our people made monumental efforts to keep on top of a global spreading pandemic. We took charge, with the safety of employees and customers as our number one priority, but with multiple new scenarios to map thoroughly and navigate quickly. We structured teams across our global network and business units to identify and prioritize our actions.

The results were phenomenal. We corralled our talent to quickly assemble protocols and measures, both internal and external, to contain COVID-19, providing an extensive offering of information and training across multiple communications channels.

Safety first, with minimal disruptions to customer service

We operated on the mantra of safety first, with minimal disruptions to customer service, while also addressing tough decisions that had to be made to keep the lights on in an environment of anxiousness and uncertainty.

Under the guidance of our coronavirus committee, we learned what was needed and by whom. We broadcast global notices to employees and upped the frequency of our employee newsletter to a weekly cadence.

Posters and other visual aids were displayed in high-traffic areas at our locations worldwide. Given the quality of these documents and protocols, some customers (at sites where our employees worked) asked to use our protocol documents and posters to support their measures.

Through our customer service pipeline, we learned of other ways we could help. In addition to safety protocols and posters, we provided customers with online training courses and remote training solutions. In one instance, we supplied remote support to clients in China to help their technicians complete the necessary certification, then helped direct simulator installation. Local in-country staff stepped in to support where needed on other

installations. Offboard Instructor Operating Stations proved an invaluable alternative and helped avoid delays in training.

Transition to remote working

From one day to the next, employees saw their day-to-day change – a majority of our workforce started working from home as we followed government confinement directives everywhere we operate. Communicating effectively and assuring employees transitioning to remote working became of major importance in this new reality.

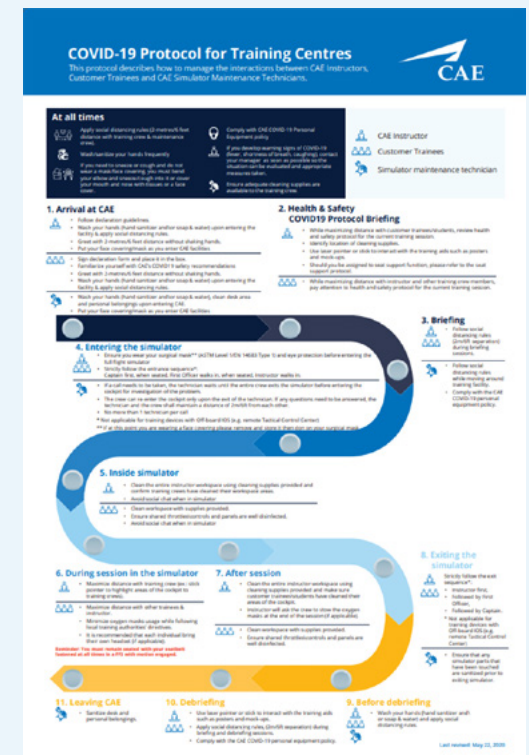
Customized toolkits that had guided leaders, site leaders, employees and field employees through a number of situations (targeted safety guidelines and protocols; action and emergency response plans) were now supplemented by information sessions to address specific situations (e.g. furlough, reduced hours, recall, etc.). Key contact emails (Coronavirus, IT, Medical) funnelled questions and concerns to the appropriate source to avoid delay.

Adjustments and the stress of working from home (hygiene, isolation and mental health, social distancing, parenting) brought to the forefront issues that needed acknowledgement and understanding. In addition to collaboration tools and cybersecurity training, employees were encouraged to use wellness resources available to them and their family members. We are already looking ahead, with a Return-on-site guide and Ambassador program to ease everyone through the next transition.

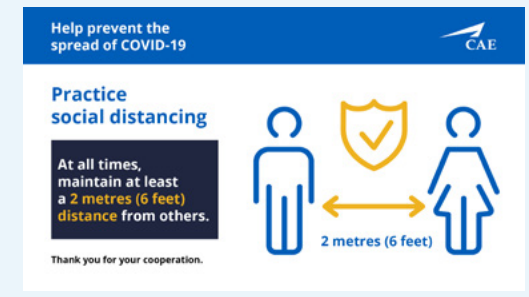
As the situation continues to evolve and needs change, so will we.

Our thanks

During these difficult times, our employees demonstrated their resilience in this new landscape and the strength of One CAE. Each and every one of them made a contribution. Their efforts and commitment have been invaluable.



CAE's COVID-19 Protocol for Training Centres describes how to safely manage the interactions between CAE Instructors, Customer Trainers and CAE Simulator Maintenance Technicians from arrival at the facility, through the day's activities, to departure.



Overview



Training partner of choice. Since 1947.

For seven decades, we have sustained our leadership by offering compelling solutions to customers operating in complex, mission-critical environments. Our success reflects our ability to evolve and rapidly adapt to changing needs and to deliver on our promises of quality, reliability and performance.

Our success is also a testament to our people. Their passion, innovation and focus have allowed us to become the best at what we do and to build a brand that is trusted around the world.

“ Our noble purpose of making the world a safer place motivates our employees on a daily basis. It is gratifying to know that the training we provide helps make air travel safer, prepares defence forces to be mission-ready and enables medical personnel to save lives. ”

Marc Parent
President and CEO, 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.

All about safety, efficiency and readiness

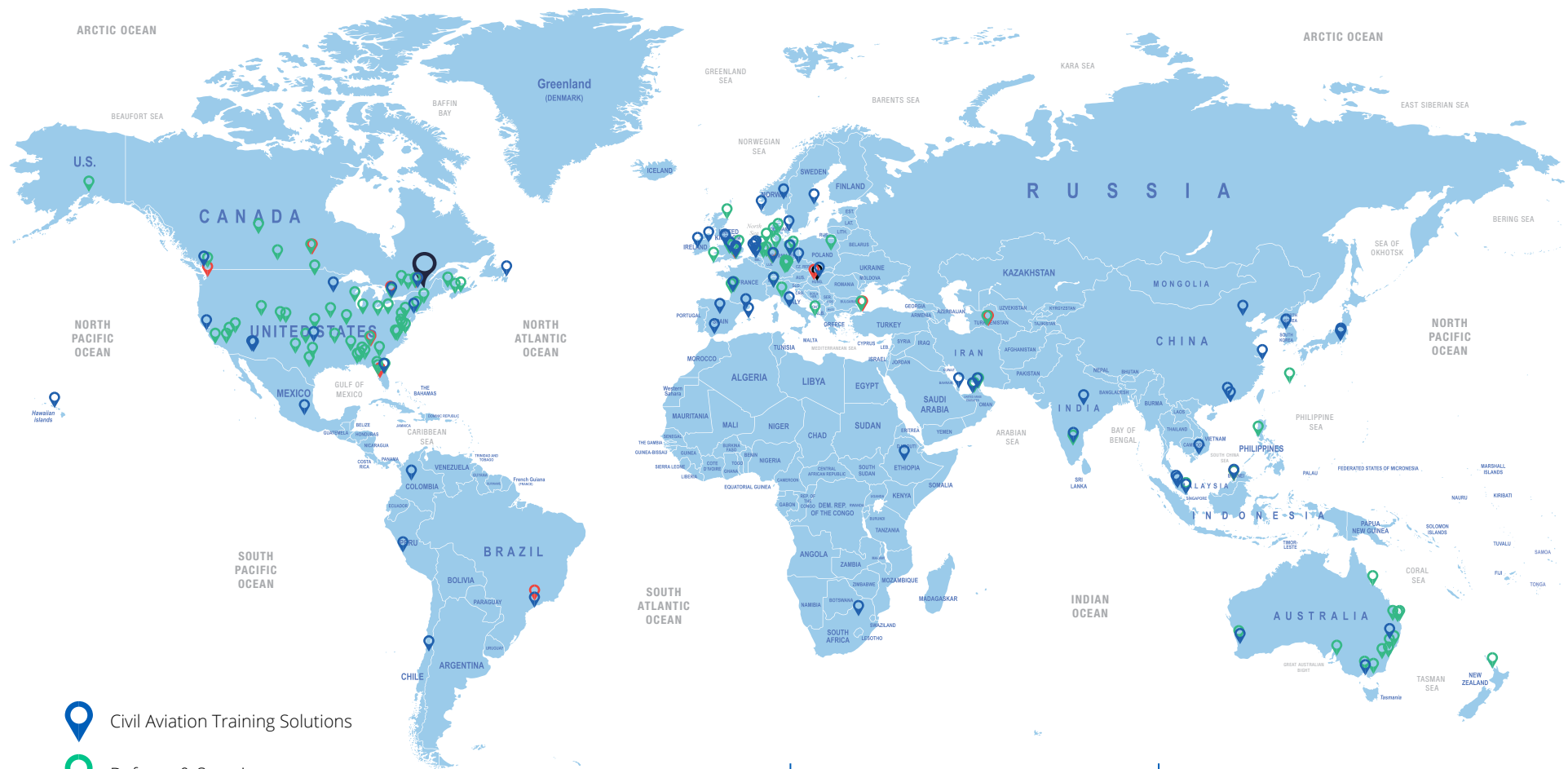
Today we are the training partner of choice in end-to-end virtual-to-live solutions for a growing number of aircraft operators, defence forces and healthcare professionals and institutions. Our training network, the world’s largest, spans more than 65 training centres and flight academies around the globe.

This year, we trained more than 220,000 civil and defence crewmembers, including more than 135,000 pilots, and thousands of healthcare professionals worldwide. We work with more than 300 airlines and major business aircraft operators to increase the safety of air travel. As a leader in training systems integration and mission support solutions, we deliver air, land, naval and public safety training to approximately 50 defence forces in over 35 countries. We help ensure these men and women return home safely by preparing them for a range of missions. We are also a leading provider of innovative healthcare training solutions to prepare healthcare practitioners to care for patients and respond to critical situations while reducing medical errors.

At CAE, our mission is to make air travel safer, defence forces mission ready and healthcare safer. We are confident that Mr. Patrick would be proud of what we have become.

Worldwide presence

[View interactive map online](#)



- Civil Aviation Training Solutions
- Defence & Security
- Healthcare
- Corporate

**160 +
locations**

**35 +
countries**

**10,500 +
employees**

FY20 financial highlights

\$3.6 billion

record annual revenue
(up 10% year over year)

\$9.5 billion

order backlog

\$3.8 billion

annual order intake

\$1.34

earnings per share¹ before specific items
(up 7% year over year)

\$590.4 million

annual Segment Operating Income (SOI)¹
(up 21% year over year)

\$351.2 million

annual free cash flow for 98% cash conversion

¹ Before specific items, which include the impacts of the integration of Bombardier's Business Aviation Training Business (BBAT) in fiscal 2019. In fiscal 2020, specific items also include the impacts of Defence & Security's reorganizational costs and the impact of a \$37.5 million goodwill impairment charge recognized in Healthcare.

FY20 business highlights

Civil

- Delivered more than **one million hours of training**
- Sold **49 Civil full-flight simulators (FFSs)**
- Concluded a **15-year exclusive business aviation training services agreement** with Directional Aviation Capital affiliates and the acquisition of a **50% stake in SIMCOM Holdings**, an operator of a wide range of jet, turboprop and piston-powered aircraft simulators and training devices
- Acquired the remaining **equity interest in Pelesys Learning Systems Inc.**, a global leader in aviation training solutions and courseware
- Acquired the **shares of Luftfahrtsskolen AS**, an ab-initio flight school in Oslo, Norway
- Expanded our **training capacity in Asia and Europe** with new training centres in **Bangkok** (Thailand), **London Gatwick** (UK), **Manchester** (UK) and **Milan** (Italy)

Defence & Security

- Launched **CAE Trax Academy**, an integrated and advanced training continuum that includes the new **CAE Sprint Virtual Reality (VR) trainer**
- Signed a **memorandum of agreement** with **Leonardo** to offer integrated solutions for **helicopter training requirements** to the U.S. government market
- Announced **maintenance and support services for the NH90 full-flight and mission trainer** located at **The Netherlands Ministry of Defence** new training facility in Den Helder
- Our **Mission Solutions** business was awarded a position on the **U.S. Air Force (USAF) Advisory & Assistance Services ID/IQ contract** and will now have the opportunity to compete on task orders issued under the ID/IQ contract
- Won notable **contract awards** for the following programs: the USAF and U.S. Marine Corps C-130J; USAF KC-135; German Navy and German Army NH90 Sea Lion; U.S. Army fixed-wing flight training; Leonardo's M346; and French Air Force Pilatus PC-21

Healthcare

- Developed several **custom solutions for OEMs** including Baylis Medical, Edwards Lifesciences and Cardinal Health (Cordis)
- Entered into a **group purchasing agreement with Premier**, a leading healthcare improvement company, uniting an alliance of 4,000 U.S. hospitals and health systems and 175,000 other providers
- Expanded reach in the **Scandinavian market**, with new distributors in **Denmark, Finland, Norway and Sweden**
- Launched **Anesthesia SimSTAT - PACU and Labour & Delivery Unit simulation modules** with the American Society of Anesthesiologists
- Released **Microsoft HoloLens 2 augmented reality training applications** for our CAE Ares emergency care simulator, CAE Lucina childbirth simulator and CAE Vimedix ultrasound simulator
- Won an **EMS World Innovation Award for CAE AresAR**, the Microsoft HoloLens application for our emergency care manikin
- Invested in a **healthcare software company** that enables increased efficiency of learning



Highlights in response to the COVID-19 pandemic

- Developed the **CAE Air1 ventilator** and concluded an **agreement with the Government of Canada to manufacture and supply 10,000 units** to provide life support to patients in intensive care
- Offered several **free training resources to support front line healthcare providers** with their most urgent **training needs**, including a ventilator reskilling course, a point-of-care lung ultrasound training, COVID-19 Simulated Clinical Experience, webinars and an outreach toolkit
- Introduced and obtained regulatory authorities' approvals for **new virtual service offerings** that **support our customers and meet social distancing requirements**, developing offboard instructor operating station solutions that allow for the removal of the instructor from the cockpit of the simulator; remote support for the installation and acceptance and qualification of FFSs
- Implemented **strict protocols for our facilities worldwide**, including cleaning and disinfecting measures, social distancing guidelines, entry protocol, training session protocols, employee "on-premise" guide and Pandemic Code of Conduct
- Implemented **several flexible measures to protect our financial position**, including the reduction of capital expenditures and R&D investments in fiscal 2021, strict cost containment measures, salary freezes, salary reductions, reduced work weeks and temporary layoffs, as well as a suspension of our common share dividend and share repurchase plan

Strategy

End-to-end training partner of choice

Our vision is to be the recognized global training partner of choice to enhance customer safety, efficiency and readiness.

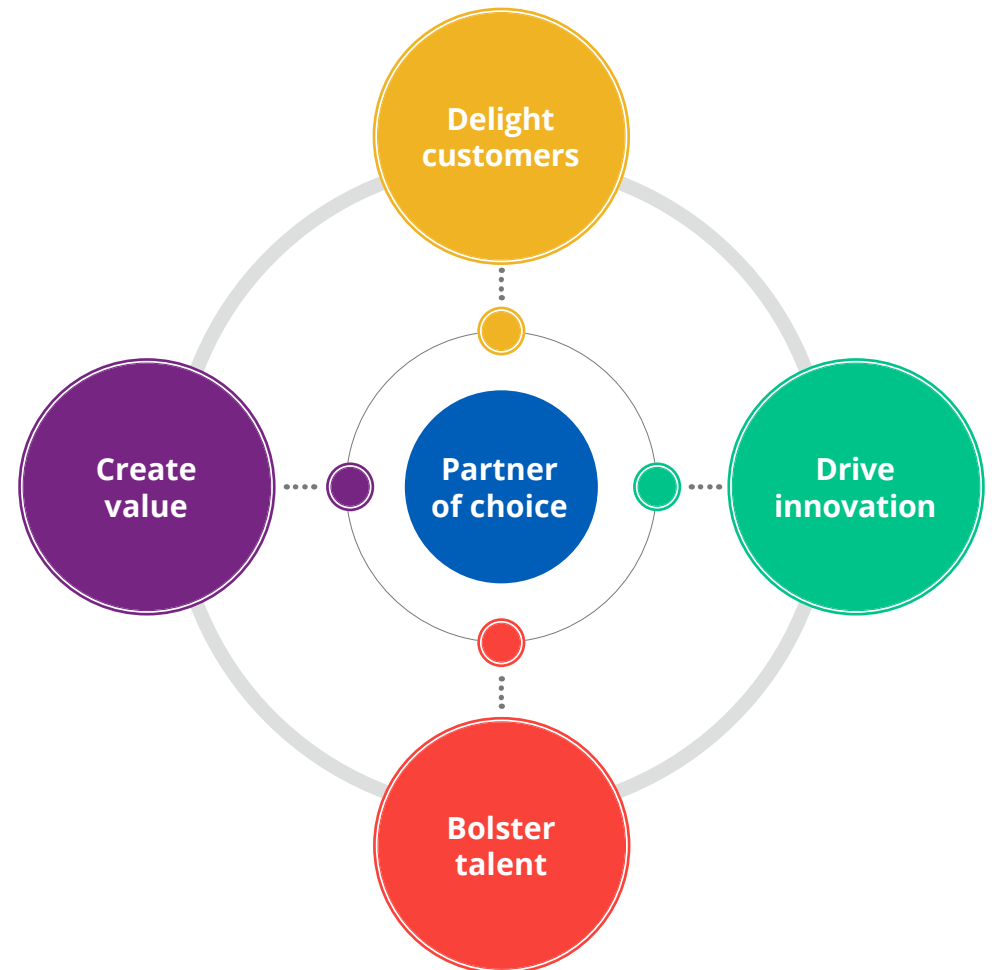
Achieving this vision depends on the successful implementation of four strategic imperatives, which will help protect our leadership position and grow our market share.

Our global leadership stems from our:

- Comprehensive training solutions
- Highly qualified and passionate employees
- Extensive experience and credibility delivering academic, simulator and live-flying training
- Industry-leading global training network
- Commitment to excellence and innovation spanning more than 70 years
- Close collaboration with regulators and policymakers to help shape the future of training
- Ability to reduce customers' environmental impact through simulation-based training

Four areas of strategic priority

Four areas of strategic priority to protect CAE's leadership position, achieve superior growth, and ultimately realize our vision to be the recognized worldwide training partner of choice:



Six pillars of strength

Our strategy and investment theses are based on six interrelated pillars of strength. We benefit from a high degree of recurring business, a strong competitive moat and significant headroom in large markets that are being driven by secular tailwinds. These factors, combined with our culture of innovation, give us the potential to generate superior returns. As we look ahead, we are confident in the strength of our position and the supportive fundamentals of our end markets.



High degree of recurring business

We operate in highly regulated industries with mandatory and recurring training requirements for maintaining professional certifications. Our long-term agreements with many airlines and business aircraft operators and defence forces are also an important source of our recurring business.



Headroom in large markets

We provide innovative training solutions to customers in large addressable markets in civil aviation, defence and security and healthcare. Significant untapped market opportunities exist in these three core businesses, with substantial headroom to grow our market share over the long term.



Potential for superior returns

In each of our businesses, we have the potential to grow at a rate superior to our underlying markets because of our potential to gain share within the markets we serve.



Strong competitive moat

Our broad training network, unique end-to-end cadet-to-captain training capabilities, technology-intensive training and mission support solutions, deep subject matter expertise and industry thought leadership, unrivaled customer intimacy and strong, recognizable brand further strengthen our competitive moat.



Underlying long-term secular tailwinds

The civil aviation sector is expected to grow over the long term as passenger traffic recovers. In defence and security, the market is expected to continue to grow, with emphasis on the operational readiness of defence forces.



Culture of innovation

We derive significant competitive advantage as an innovative leader in simulation products and training solutions.

Business highlights



Civil Aviation Training Solutions

Leading the industry

Our [Civil Aviation Training Solutions business](#) is recognized for its commitment to quality, reliability and [innovation](#). It is how we have built the world's largest civil aviation training network. It's also how we have become the global training partner of choice for aviation professionals, airlines, business aircraft operators and aircraft manufacturers globally.

Over the decades, we have developed first-to-market simulators for more than 35 types of aircraft and simulated a total of over 150 aircraft platforms. Today we deliver end-to-end aviation training solutions that address the pilot's total lifecycle needs, from cadet to captain. And now, our game-changing training system [CAE Rise™](#) is set to significantly elevate every pilot's training experience.

As the industry faces major challenges resulting from the COVID-19 pandemic, we are confident that CAE will be part of the solution for our customers as they look for ways to gain greater agility and resiliency.

#1

in civil aviation training

60 +

training centres and aviation academies



Year in review

During fiscal year 2020, Civil exceeded its annual outlook, with 37% higher operating income, additional airline training outsourcings and 49 full-flight simulator (FFS) sales. Civil finished the year with a record backlog of \$5.3 billion.

Again, this year, we delivered more than one million hours of training, underscoring CAE's position as the largest Civil aviation training company in the world.

In the fourth quarter, Civil saw a significant decrease in training services demand related to the disruption to the global air transportation environment related to the COVID-19 pandemic. Travel restrictions and local self-isolation measures worldwide resulted in the temporary closure of several Civil aviation training locations. By the end of March, 19 of our 60+ training locations had suspended operations, with 10 locations operating at reduced capacity. We also had to suspend the installation and delivery of Civil simulator products, and the manufacturing of Civil simulators during the last week of March. Despite these disruptions, we still managed to deliver an otherwise impressive 56 Civil FFSs for the year.

FY2020 highlights

16%
revenue
growth

37%
segment operating
income growth^{1,2}

1.14x
book-to-sales ratio³

\$2.5 billion
order intake

\$5.3 billion
total backlog⁴

49
full-flight
simulator sales

1 million
hours of training delivered

¹ Segment operating income is a non-GAAP measure and is the sum of our key indicators of each segment's financial performance. It 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 segment operating income by taking the operating profit and excluding restructuring costs of major programs that do not arise from significant strategic transactions.

² Before specific items for fiscal 2020, including costs arising from the acquisition and integration of BBAT.

³ Book-to-sales ratio is a non-GAAP measure calculated as total orders divided by total revenue in a given period.

⁴ Backlog is a non-GAAP measure that represents expected future revenues of our order intake not yet executed.



COVID-19 impacts

Through an unprecedented global pandemic, we continued to support our customers as we provide them with essential services.

Here is a summary of the impacts and successes that emerged from the COVID-19 pandemic for our Civil business.

Impacts

- Disruptions and temporary closures of Civil operation worldwide due to lower customer demand and government restrictions, including travel bans, border restrictions, lockdown protocols and self-isolation measures
- Substantial decrease in new pilot training activities
- Temporary and partial suspension of delivery and installation of simulator products to customers worldwide
- Temporary layoffs (furloughs) and work-week reductions
- All temporarily laid off employees in Canada recalled as part of the Canada Emergency Wage Subsidy (CEWS)

Successes

- Continuation of recurrent training by many airlines and business jet operators to maintain pilot certification
- Remote support provided to customers to finalize installation, acceptance and qualification
- Implementation of live remote-instructor-led training by Business Aircraft Training (BAT)
- Virtual Classrooms set up in our Flight Academies

[See our COVID-19 feature story for more details.](#)

CAE Women in Flight: Reach for the sky!

We believe the time is now for greater diversity.

The CAE Women in Flight scholarship program encourages women to pursue their dreams as airline pilots. The objective of this unique annual scholarship program is to inspire a new generation of professional pilots among women, as well as to encourage diversity in aviation.

We were proud to officially launch the second edition of the scholarship program at the [2020 International Women in Aviation Conference](#) with Southwest Airlines as our first airline partner in this edition.

To find out more about how the scholarship program works, visit cae.com/womeninflight.

Meet CAE's first five Women in Flight ambassadors.



[Watch the CAE Women in Flight 2020 edition launch video](#) 



Team CAE at the [2020 International Women in Aviation Conference](#)



Keynote speeches to raise awareness in the industry

CAE continues to advocate for more diversity in aviation through a content partnership with Flight Global



Diversity in the cockpit

CAE is strongly committed to increasing women's representation in the commercial pilot profession. We recognize the importance of diversity and are active in multiple initiatives that address the gender imbalance in aviation. We salute the efforts of our partners, who are making a difference through their contributions;

- In the first edition of the CAE Women in Flight scholarship program, we partnered with Aeromexico, American Airlines, AirAsia, CityJet and easyJet to encourage more young women to become pilots. We welcomed Southwest Airlines as our first airline partner in the second edition of the scholarship program, with additional partners to be confirmed in coming months.
- Our partner Xiamen Airlines is among the airlines that recruit the most women as cadets. CAE Phoenix Aviation Academy welcomed a record cohort of 30 women out of 36 cadets, a first!

Creating a pilot pipeline through new and extended airline partnerships

CAE continues to be further recognized as the training partner of choice for airlines around the world. We create over 1,500 new pilots yearly over 30 cadet training programs globally.

Introducing Jazz Approach, a new all-Canadian cadet pilot training program

[CAE, Jazz Aviation and Seneca teamed up to develop Jazz Approach](#), an innovative Canadian program to provide Jazz with a pipeline of top-quality first officers. The parties involved have signed a five-year partnership agreement, with the first cohort set to begin training in April 2020.

Cadets will receive a letter of employment from Jazz upon selection into the Jazz Approach program, allowing for a direct path to join the airline as first officers conditional upon successful completion of the program.

Training the next generation of pilots under Southwest Airlines' Destination 225° Cadet pathway program

[CAE Phoenix Aviation Academy](#) will train more than 700 new professional pilots over the next 10 years for the [Southwest Airlines' Destination 225° Cadet pathway](#), a new cadet pilot training program.

Together, we are tapping into a wider pool of talent and supporting gender diversity in the aviation industry. Among the exclusive partners selected for the program, we were chosen for our cultural alignment with Southwest Airlines, commitment to safety, and dedication to setting a new, enhanced standard for pilot training.

CAE will screen, assess and train cadets selected by Southwest Airlines. The selected cadets will begin FAA pilot licensing ground school followed by flight training at CAE.

The collaboration represents another important step in our long-term relationship with Southwest, the largest U.S. domestic carrier.

easyJet becomes our launch customer for CAE 600XR FTDs

easyJet became the first airline to train its pilots on our latest flight training device, the CAE 600XR, adding flexibility to the airline's training curriculum with the highest training device fidelity available in the fixed base training market. The device reproduces the Airbus A320 and is equipped with a CAE Tropos™ 6000XR collimated visual system and a fully enclosed instructor area.

Exclusive MPL signed with easyJet to train 1,000 pilots

We extended our long-term exclusive training agreement with easyJet to train 1,000 new cadet pilots under the [Generation easyJet Pilot Training Programme](#), a Multi-Crew Pilot licence (MPL) program we designed especially for the airline.

Cadets in the MPL training program will undergo more than three times the number of hours in an Airbus A320 simulator compared to traditional type-rating training, delivering even more relevant training for pilots transitioning from initial training to line flying.


The basic, intermediate and advanced phases of MPL training will be conducted at the new [CAE Milan](#), [CAE Manchester](#) and [CAE London Gatwick](#) training centres, which are equipped with dedicated training areas for easyJet.

CAE will also provide Airbus 320 type rating training and place graduates of CAE's Integrated Airline Transport Pilot Licence (ATPL) program with easyJet.



4 new training locations

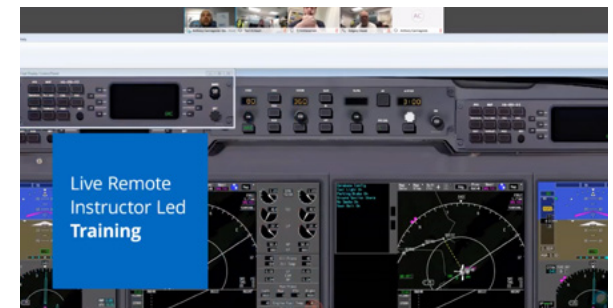
4 new training locations in Europe

[Watch the video](#) 

Partnerships to help aspiring pilots finance aviation studies and training

We launched partnerships with five financial institutions in five countries for student cadet training to help create opportunities for students who want to train to become a pilot, but would be otherwise unable to do so for financial considerations.

The new initiative will help aspiring pilots finance their aviation studies and training, and allow future pilots in CAE training programs to take advantage of services tailored to their specific needs.



BAT brings customer training home

Meeting the growing needs of our customers in Asia

AirAsia and CAE share a longstanding partnership that spans over 20 years. Our partnership began with the launch of an innovative MPL cadet training program, evolving to the complete outsourcing of AirAsia's training needs, to the launch and expansion of the [CAE Rise™ training system](#).

Our [new five-year training agreement for AirAsia's A320 pilots in the Philippines](#) extends the use of the CAE Rise™ training system to a third AirAsia affiliate. As part of this agreement, CAE will continue to provide initial training for the airline's pilots and will soon undertake recurrent training at CAE Clark – Philippine Academy for Aviation Training in the Philippines.

To meet the growing need for pilots in Asia, we will be expanding in Bangkok. As part of CAE's existing long-term agreement with Thai AirAsia, CAE Bangkok Training Centre will be located near Don Mueang International Airport. CAE Bangkok will provide a local solution to Thai AirAsia and support third party regional airline operators.

Business aviation strategic partnership with DAC

We entered into a [strategic partnership with Directional Aviation Capital](#) (DAC), one of the largest, fastest growing, and most innovative corporate aviation service companies globally.

As part of this transaction, CAE formed a joint venture with DAC's affiliate, Volo Sicuro LLC, and acquired a 50% stake in SIMCOM Holdings Inc., and sold five full-flight simulators that will be operated in a new training centre to be built in Lake Nona, Florida.

In addition, DAC's affiliated business aircraft operators, which include Flexjet, Flight Options, Flairjet, Sirio, Nextant Aerospace and Corporate Wings, have entered into a 15-year exclusive training services agreement with SIMCOM and CAE.

CAE Digital Accelerator's second year all about data and deliveries

CAE's dedication to continually improving the customer experience is at the heart of what our [Digital Accelerator](#) team does — making sure that if there is a pain point in any step of the pilot journey, we remove it.

Through the Digital Accelerator's innovative approach to designing and delivering digital solutions to customers, we are driving innovation and transforming our industry ahead of the competition.

Our approach is multidisciplinary and cross-functional, involving everyone from data analytics experts and human resources professionals to marketing and finance employees. Our teams work in close collaboration with the customer over the entire timeframe of the development process.

In our second year, we digitized more of the training landscape and created a digital ecosystem. See this summary of [Digital Accelerator developments](#), which includes how we addressed customer needs amidst the COVID-19 pandemic.

This is just the beginning. We have set targets to serve more and more of our training network, and we are well on our way there. Part of our strategy is to bring Artificial Intelligence (AI) to the forefront of our training network. The first steps have been to digitize, then to adopt, then to enhance. To support AI, we must rely on data. So, as we digitize and deliver our training solutions to the market, we can accelerate to the future.

Looking ahead

The commercial airline industry requires operators to continuously pursue operational excellence and efficiency initiatives to achieve satisfactory returns while maintaining the highest safety standards and the confidence of air travellers. Airlines are finding it increasingly more effective to seek expertise in training from trusted partners such as CAE to address growing efficiency gaps, pilot capability gaps as well as evolving regulatory and training environments.

Temporary disruptions due to the COVID-19 pandemic are significantly adversely impacting air travel as governments worldwide attempt to limit the spread of the virus. In the short term, we expect lower training demand as airlines adjust their fleets. We anticipate some measure of pent up training demand as pilots are reassigned to different aircraft types, which could mitigate part of the decrease in demand.

Looking ahead, once travel restrictions and lockdown protocols are lifted and as worldwide demand for air travel regains strength, both the commercial and business aviation industries are expected to level out and return to growth over the medium to long term due to demand recovery combined with the introduction of new aircraft models and technologies.

Feature story

CAE Women in Flight Scholarship

Welcoming our first five scholarship winners and program ambassadors

As part of CAE's proactive approach to promote a better gender balance and tap into a wider pool of talent, we created the CAE Women in Flight scholarship in 2018 as a ground-breaking program and a catalyst for more diversity in the cockpit.

Through our partnership with five global airlines – Aeromexico, American Airlines, AirAsia, CityJet and easyJet – the CAE Women in Flight scholarship awards five full scholarships to selected women candidates from cadet training programs mentored by the carriers. The full tuition scholarship covers the entire cost of training at CAE, including accommodation and travel.

Our 2019 CAE Women in Flight scholarship winners are:

- Georgina Thomas-Watson, Generation easyJet Pilot Training Program
- Daniella Saucedo Orozco, Aeromexico Cadet Program
- Bisma Petafi, CityJet Climb High Mentored Cadet Program
- Cindy Yoke Cheng Wong, AirAsia cadet pilot program
- Alicia Hunt, American Airlines Cadet Academy



The program's first scholarship recipients were chosen for their leadership skills, perseverance and passion for aviation. As ambassadors for CAE Women in Flight, they will inspire the next generation of women pilots, helping to drive awareness, promote the pilot profession among women, and encourage diversity in aviation.

CAE will follow the five cadets in their journey to the flight deck through to their first years as professional pilots. So far, we have provided regular updates through social media and shared their experiences at aerospace and aviation industry events.

CAE launched the 2020 edition of CAE Women in Flight with Southwest Airlines. Additional airline partners will be announced throughout the year. For detailed information on the scholarship program, see cae.com/womeninflight. For updates on the journeys of our new CAE Women in Flight ambassadors, follow [@CAE_pilot](https://www.instagram.com/CAE_pilot) on Instagram and [@CAE_Inc](https://twitter.com/CAE_Inc) on Twitter.

A look into why so few pilots are women, and the change necessary

Of all the glass ceilings blocking the advancement of women in the workplace, perhaps the toughest to crack is at 30,000 feet. Research by CAE using interviews and other data sources has begun to get to the bottom of why so few women want to be pilots in the first place, and how this can be addressed.

The latest figures from the International Society of Women Airline Pilots, which regularly surveys airlines on the gender mix of their flight crew, show that, even in countries where women are well represented in professions traditionally dominated by men, the cockpit remains a largely male preserve.

According to research done by CAE, out of every 20 airline pilots just one is a woman. And, while that figure is significantly higher than in 1960, when just one in 500 pilots were women, female representation has grown far more slowly than in other careers with high social stature and above average rates of pay.

Piloting progress

In an effort to drive up the percentage of women in the cockpit, airlines are taking proactive steps to encourage more women applicants to join their cadet programs – and these actions are slowly beginning to yield positive results. Our five airline partners in the first edition of CAE's Women in Flight scholarship program – Aeromexico, American Airlines, AirAsia, CityJet and easyJet – report sharp rises in the number of new entrant pilot applications from women since they started to prioritize gender equality in the cockpit. However, they acknowledge that there is still

a long way to go.

Things are changing – some airlines have set ambitious recruitment targets for women cadets – but many believe they have not done so fast enough. What is needed, say critics, is both “pull” – initiatives by airlines to recruit and retain women pilots – and “push” – efforts to widen the pipeline of pilot applicants by enthusing more girls and young women about what a cockpit career has to offer.

Global demographics

The story is not universally bad, with some territories much better than others when it comes to opportunities for women. For instance, in India, one in eight pilots is a woman. However, in Australasia, Europe and North America, the percentage hovers just above the global average of around 5%, and in Africa and Latin America, the proportion is lower. In China and the rest of Asia, excluding India, and in the Middle East, 2% or fewer of airline pilots are women.

The news is also more encouraging when the data focuses on gender diversity in the “pipeline,” looking at the proportion of women pilots in various age groups, although the findings here too highlight some concerns. A study conducted for CAE in the USA in 2011 showed that the highest percentage of women pilots was in the 30-34 age category, at 7%, falling sharply through the age categories to around 1% for pilots aged 60 and above.

Research carried out five years later shows an almost identical graph, with the main exception being that the proportion of women pilots has risen slightly across most age groups, but the peak of around 7% has moved forward to pilots in their twenties.

In 2011, in the 20-24 age group, just 4% were women, rising to around 6% for those in the 25-29 age category. However, the 2016 figures show a slightly lower percentage of women pilots in their thirties than five years earlier, although between the ages of 40 and 70, women have nudged up their representation.

There are various theories for this. The rise in the proportion of women pilots in their twenties between 2011 and 2016 could be down to the impact of programs that encourage girls to take up a career in the cockpit.

However, the 30- to 34-year-olds in 2011, who would have been 35-39 in 2016, did not maintain their representation as they aged. This could be a result of an influx of men entering the profession in that age group, from the military and other careers, or women leaving for family reasons.

Three key criteria

Along with the consulting firm, McKinsey, CAE has looked into the root causes behind low women representation on the flightdeck, conducting more than 150 interviews and pulling data from more than 35 sources. The research concluded that women entering the pilot profession have usually met three criteria: they will have had an awareness of aviation as a realistic career option; they will have an academic background that has a strong grounding in mathematics and physics; and they will have been exposed to women role models.

As we are in the midst of understanding the full impact of COVID-19 on the aviation landscape, the projections for pilot demand are likely to change. However, once the industry recovers from this temporary downturn, airlines will still need to pursue regulated training programs to have the necessary number of pilots at the ready. There will still be recruitment challenges, and with the unprecedented demand for professional pilots, women must make up a considerable percentage of this new pilot population.

CAE is proud to do its part to make this happen through the multiple diversity and inclusion initiatives we support, including CAE Women in Flight. Our scholarship program gets more women in the cockpit and creates a network of ambassadors and mentors who can influence the perceptions and awareness of the vocation of aviation pilot as a solid career option for women.

Advice for #futurefemalepilots from #CAEWomeninFlight scholarship winners

“There are a lot of myths around the practicality of balancing a family life and an aviation career, the reality these days can be very different than people’s perceptions. Any woman that wants to pursue her dream of becoming a pilot needs to go for it, you can make it work!”

Georgina Thomas-Watson,
Generation easyJet Pilot Training Program

“Everyone will face their own unique hardships and obstacles in achieving their dreams. As long as you keep believing in yourself and never give up, you will definitely get there!”

Cindy Yoke Cheng Wong,
AirAsia cadet pilot program

“Don’t let anyone tell you that you can’t do it. This includes yourself, believe in yourself. Put your best foot forward and the rest will fall in place. If anyone can, you can! This opportunity is far too good to miss.”

Bisma Petafi,
CityJet Climb High Mentored Cadet Program

“Let’s work together to lead the change in the aviation world because hey!; gender is not limit, not even the sky.”

Daniella Saucedo Orozco,
Aeromexico Cadet Program

“Don’t wait! Opportunity is ripe, but it won’t be this way forever, so don’t wait another day – get started. Also, reach out. No one gets through training alone, but there are so many resources, people and communities that will help you succeed – and if you don’t know who to ask, ask me!”

Alicia Hunt,
American Airlines Cadet Academy



Defence & Security

Helping improve mission readiness worldwide

Our **Defence & Security business** is a world leader in helping defence forces achieve and maintain the highest levels of mission readiness. As a globally recognized training and mission support solutions provider, we offer a comprehensive portfolio of training and operational support solutions across the air, land, sea and public safety market segments. We serve our global defence and security customers through regional operations in Canada, Europe/Middle East, Asia-Pacific and the United States/Latin America.

100 +

customer sites
providing training
services

25,000 +

aircrew trained in 2019

Launched

CAE Trax Academy

integrated and
advanced training
continuum

CAE Mission Solutions Inc. (MSI)

a CAE USA subsidiary,
was awarded a
position on the U.S.
Air Force Advisory &
Assistance Services
ID/IQ contract to
pursue technical and
analytical services

Year in review

In fiscal year 2020, Defence & Security booked \$1.2 billion of orders for a \$4.1 billion Defence backlog. Key wins for the year include a contract to provide the German Navy with a comprehensive training solution for the NH90 Sea Lion helicopter and to upgrade and modify the German Army's NH90 full-mission simulators, and a contract to continue providing KC-135 aircrew training services and simulator upgrades for the U.S. Air Force. We also began work on the design phase of the Canadian Surface Combatant (CSC) ship program, Canada's largest-ever defence procurement.

At the end of the fourth quarter as the COVID-19 pandemic hit, governments have reaffirmed the critical role played by the military and are taking measures to minimize impacts to both defence forces and the defence industrial base. Most governments have classified the defence market as an essential service and determined that some level of training and mission support must continue to meet readiness requirements necessary for national security. Consequently, only six defence operational sites were closed, which means that over 90% of the sites where we provide services have remained open at full or reduced capacity. Manufacturing operations for defence simulator products have continued during the pandemic, however, execution has been disrupted by mobility limitations and client access restrictions.

We have demonstrated our ability to adapt in these challenging circumstances with, for example, the development of a range of Offboard Instructor Operator station (IOS) solutions which are now being offered to global defence customers. These solutions help address social distancing requirements by removing the instructor from the cockpit of the simulator and still providing the required features and functionality to conduct training and mission rehearsal exercises.

FY2020 highlights

**\$1,331.2
million**

revenue (2% higher than last year)

**\$4.1
billion**

backlog¹

**\$114.5
million**

**segment operating
income**²

0.92x

**book-to-sales
ratio**³

¹ Backlog is a non-GAAP measure that represents expected future revenues of our order intake not yet executed.

² Before specific items for fiscal 2020. Segment operating income is a non-GAAP measure and is the sum of our key indicators of each segment's financial performance. It 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 segment operating income by taking the operating profit and excluding restructuring costs of major programs that do not arise from significant strategic transactions. In fiscal 2020, specific items include the impacts of reorganizational costs.

³ Book-to-sales ratio is a non-GAAP measure calculated as total orders divided by total revenue in a given period.



COVID-19 impacts

In the face of the pandemic, our mission to help defence forces maintain their readiness has never been so relevant. We continued to support our defence customers through challenging times, with the provision of services deemed essential in the interest of national security.

Here is a summary of the impacts and successes that emerged from the COVID-19 pandemic for our D&S business.

Impacts

- Given our D&S business provides mission critical services, over 90% of CAE's operational sites continued delivering services to support defence forces, which must always be prepared in the interest of national security
- Delays in the deployment of some programs, due to travel bans, border restrictions, client access restrictions and supply chain disruptions
- Temporary layoffs (furloughs) and work-week reductions

Successes

- Virtual training for emergency management through a hybrid videoconferencing / classroom session that met the demand for training while respecting social distancing
- Offboard Instructor Operating Station (IOS) set up
- Continuation of progress and acceptance testing via virtual meetings

[See our COVID-19 feature story for more details.](#)



CAE Trax Academy and Sprint VR Trainer: Turbocharging the training of military pilots

With the launch of the [CAE Trax Academy](#) and our [CAE Sprint Virtual Reality \(VR\) Trainer](#), CAE continues to innovate with digital technologies that provide the military with more streamlined, self-paced training capabilities.

Our approach offers one solution to the growing challenge to produce pilots faster, more efficiently and cost-effectively, without impacting quality or increasing demand on an already scarce resource – experienced instructor pilots.

The CAE Trax Academy redefines how military student pilots learn, practice and perform on the journey to becoming a pilot. Our training continuum delivers faster, more efficient throughput by integrating technology, tools and digital courseware into three training segments.

First, student pilots use digital tools such as a mobile app and virtual reality-enabled courseware to learn and understand required training tasks and procedures. Next, our Sprint VR training device allows students to practice in an immersive environment, with a virtual coach to provide immediate and actionable instruction. Finally, students perform what they practiced and demonstrate proficiency in a higher-fidelity simulator. Both the CAE Sprint VR trainer and high-fidelity simulator leverage [CAE Rise™](#) to help the instructor validate student progress while giving the training organization objective data for continuous improvement.

Trax Academy, Sprint VR trainer and Medallion MR e-series take centre stage at I/ITSEC 2019

Every year, CAE's Defence & Security and Healthcare business units share a prominent presence at I/ITSEC, the Interservice/Industry Training, Simulation, and Education Conference, and 2019 was no exception.

At I/ITSEC 2019, CAE launched two new products, CAE Trax Academy and the CAE Sprint Virtual Reality (VR) Trainer. A third product, a complete [CAE Medallion MR e-Series Visual System](#), made its show debut.


CAE's presence at I/ITSEC generated a significant amount of media coverage, including a series of videos produced by CAE and its media partners throughout the show.

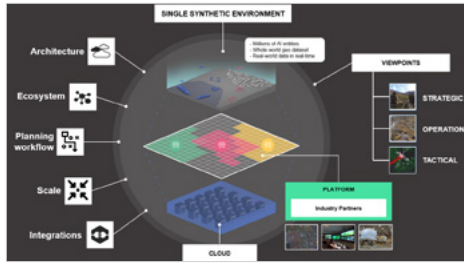
I/ITSEC is the largest show of its type and is critically important to the simulation market, and 2019 may have been the best ever!



CAE Trax Academy

CAE Trax Academy is our answer to redefining how military student pilots learn, practice and then perform on the journey to becoming a pilot. Our training continuum delivers faster, better pilot throughput while supporting student pilots as they learn how to fly.

[Watch the video](#) 



Using synthetic environments for mission and decision support

Under a program with the [U.K. Ministry of Defence \(UK MOD\)](#), we are developing a single synthetic environment (SSE) designed to enhance planning, mission rehearsal and decision support across the UK government.

We partnered with gaming software company Improbable on the UK MoD's mandate to determine if technology is sufficiently mature to build a viable and credible model, or "digital twin," of an area that can replicate all five domains (land, sea, air, space and cyber). The aim is to give the U.K. government a tool for understanding, planning, course of action analysis and ultimately better decision-making. Following delivery of a successful Phase 1 proof of concept and demonstration, the Improbable CAE team have now commenced Phase 2 development with the UK MoD.

The SSE will deliver a range of benefits across the U.K. government and multi-domain operations, and CAE is excited to be part of this ground-breaking development.

Civil and Defence join forces to train U.S. Navy UC-12 aircrews

Our Defence and Civil business units came together on a comprehensive training program for the U.S. Navy at Dallas, Texas, Dothan, Alabama, and Morristown, New Jersey. We are particularly pleased that Navy UC-12 aircrews have joined the Army and Air Force in training pilots at our Dothan Training Center.

Contract extends German naval aviation training, confirms NH90 as critical, enduring platform

Our history providing naval aviation training at German Naval Airbase Nordholz continues into a fifth decade, with a contract from the German Navy to develop a comprehensive NH90 Sea Lion training solution.

The German Navy has procured 18 NH90 Sea Lion helicopters to replace their fleet of venerable Sea King MK41 helicopters in operation for more than 40 years.

We are to build a comprehensive suite of NH90 training devices along with an interim training facility and, following delivery in 2022, will provide on-site training support and maintenance services.

The German Navy joins the German Army and other countries, including Australia, the Netherlands, Qatar, New Zealand and more, in partnering with us to provide the training systems and support required to prepare their NH90 aircrews.

Offboard IOS solutions enhance safety and efficiency of simulator training sessions

To ensure the safe and efficient continuation of training through the COVID-19 pandemic, we developed a range of Offboard IOS solutions to be offered to military customers globally. Our solutions deliver enhanced flexibility, efficiency and safety, while conducting essential training and mission rehearsal exercises in a simulator.

Our Offboard IOS takes the instructor out of the simulator cockpit, while providing the required features and functionality to continue conducting training and mission rehearsal exercises. The solutions were designed using an open, common baseline architecture and include all required cybersecurity features.

We can provide a quick and deployable Offboard IOS for customers requiring an immediate solution, or a full-fidelity Offboard IOS for customers requiring an advanced solution. Our Offboard IOS solutions can be implemented on CAE-built simulators and training devices, and those built by other manufacturers.

In addition, we developed COVID-19 guidelines for training sessions held during the pandemic that include disinfection protocols for simulators and training devices. These guidelines and recommendations can be found here: <https://www.cae.com/update-on-covid-19/>



CSC project signals our growing naval presence



Construction of new U.S. headquarters in Tampa underway



Our first virtual conference and trade show

Awards



Recognized as best of the best at MS&T Awards, Simulation's "Oscars"



Supporting military veterans



CAE USA recipient of Outstanding Industrial Security Achievement Award



CAE Australia recognized for outstanding support to the Royal Australian Air Force



AS9100 certification a well-earned achievement for CAE USA



Defence Executive of the Year

Marc Parent has been named Defence Executive of the year by the Canadian Defence Review. Marc was the first to receive this honour in 2010, and 10 years later, becomes the first second-time recipient, providing for an interesting inside look at how CAE and its leader have evolved over the past decade.

[Read the CDR article](#)

Looking ahead

Training and operational support are fundamental for defence forces to achieve and maintain mission preparedness. As part of the COVID-19 pandemic, most governments have classified the defence market as an essential service and determined that some level of training must continue to meet readiness requirements in support of national security. In addition, many governments are using defence programs as a mechanism to maintain and stimulate the economy.

Beyond the coming year, the long-term outlook for Defence continues to be for growth, supported by a large addressable market for our innovative training and mission support solutions. Defence forces continue to increasingly leverage virtual training and balance their training approach between live, virtual and constructive domains to achieve maximum readiness and efficiency. In addition, we are leveraging our modelling and simulation expertise, combined with advanced analytics, to enable defence forces to use synthetic environments for planning, analysis and operational decision support.

Another driver for CAE's expertise and capabilities is the efficiency gained by our customers from outsourcing training and support services. There has been a growing trend among defence forces to consider outsourcing a variety of training and operational support services and we expect this trend to continue, which aligns directly with our strategy to grow long-term, recurring services business.

Feature story

Standing beside Australia during bushfire crisis



View from the C-130J cockpit

As the nosecone emerged from the clouds, all the Royal Australian Air Force (RAAF) pilots could see was orange. Smoke rose high from the bushfires below, completely obscuring their view. The C-130J Hercules shuddered and slowly broke through the thick wall of smoke on its approach to the Mallee Airport, the logistics staging point during Australia's Black Summer – one of the most devastating bushfire seasons in the country's history.

CAE may not have been on the frontlines battling the fires, but we did help those who were.

"This was one of the first missions the Captain flew after completing command upgrade training, and a scenario that the crew could not fully prepare for," recalled Benjamin Christie, the Commanding Officer of No. 37 Squadron at RAAF Base Richmond. "The right decisions were made, and crew and aircraft safety maintained, which are a testament to the versatility of our training system and our upgrade processes."

Crews of the No. 37 Squadron used CAE simulators and training to prepare for these flights on the C-130J, completing 39 missions in support of Operation Bushfire Assist. Some 1,732 passengers, including firefighters, evacuees and pets, and a cargo of crucial firefighting equipment, rations and supplies were transported in these sorties.

Employees' generosity made a difference

CAE organized a major global fundraising campaign to help get necessities to the frontline to support rural firefighters, local law enforcement and first responders, and hospitals. Our employees contributed \$32,189 AUD, with CAE's pledge to match bringing the total donation to the Australian Red Cross bushfire relief fund to more than \$64,000 AUD.

Tribute to volunteer Mark Gibson

We thank all CAE employees involved in the firefighting and recovery efforts in Australia, and also recognize those who trained the RAAF Blackhawk pilots participating in relief operations.

One CAE employee contributed directly to the community during the most difficult of times. Technical Specialist Mark Gibson, a proud ADF Reservist based in Canberra, deployed on Operation Bushfire Assist 2019-2020 as a member of Joint Task Force (JTF) 646. As Brigade Headquarters (HQ) Chief of Staff, Mark led a team that managed requests for support, triaged what could be actioned directly and referred other queries to JTF HQ.

Once the fires were under control, Mark led transition planning to transfer approximately 2,000 members of the Fire Brigade from bushfire duty to normal operations. At the conclusion of this critical task, responsibilities reverted from defence back to civilian agencies.

In true Army spirit, Mark is not one to boast about his achievements. We are proud and appreciative of Mark's commitment, and recognize the personal sacrifice he made to support those devastated by the bushfires. We salute you, Lieutenant Colonel Gibson and are honoured to support the ADF Reserves.



Healthcare

Making healthcare safer

Just as passenger safety is the top priority in civil aviation, patient safety and outcomes matter most in healthcare. Medical errors are the third leading cause of death in U.S. hospitals. Simulation-based training provides a low-risk alternative for practising lifesaving procedures, rapid response and interprofessional clinical teamwork as well as major disaster response.

Building on our aviation expertise, we launched our [Healthcare business](#) 10 years ago to enhance healthcare training and education and make healthcare safer. Today we are a training partner of choice for the healthcare industry, scientific societies and associations worldwide, helping foster confidence, competency and teamwork. We offer the industry's broadest portfolio of healthcare simulation products and solutions along with world-class support.

As we face a global health crisis, our mission to make healthcare safer has never been more relevant. Our response and solutions have helped healthcare professionals – our guardian angels – save lives in these dire times.

Customers in

80 +

countries

50 +

Industry's broadest
training products and
services portfolio



Year in review

In fiscal year 2020, CAE Healthcare bolstered its position as the innovation leader in simulation-based healthcare education and training. We won the EMS World Innovation Award for CAE AresAR, the Microsoft HoloLens application for Healthcare's emergency care manikin. We also launched innovative products including new Anesthesia SimSTAT modules, screen-based simulation approved by the American Board of Anesthesiology for maintenance of certification credits; and multiple custom simulators for OEMs and leading medical device companies, including Baylis Medical and Edwards Lifesciences.

When COVID-19 hit, our healthcare business was negatively affected as medical and nursing school customers came under lockdown protocols, and hospital customers focused attention on the healthcare crisis.

We are extremely proud of our team that went beyond the call of duty in the fight against COVID-19 by bringing forward the idea to develop a critical care ventilator. Some 500 CAE employees are delivering on a contract with the Government of Canada to manufacture 10,000 ventilators to help save lives. We also provided complimentary training seminars on how to prepare healthcare workers in the fight against COVID-19. In addition, we launched simulation-based training solutions to train personnel in the safe practice of ventilation and intubation, which are key to saving lives.

FY2020 highlights

\$124.5 million

in revenue (2% higher than last year)

500 +

simulated clinical experiences developed by CAE Healthcare Academy in collaboration with healthcare institutions

EMS World Innovation Award

Won for the Microsoft HoloLens application for CAE AresAR emergency care manikin

Custom simulators

Launched for leading medical device companies



COVID-19 impacts

As part of the COVID-19 global health crisis, our mission to make healthcare safer has never been more important. We activated a wartime effort in the fight against the coronavirus, and are very proud of our contributions to help save lives.

Impacts

- Lockdown protocols at medical and nursing schools affected the Healthcare market
- Switch of customer focus to managing acute operational demands of the healthcare crisis versus usual training needs
- Temporary furloughs and work-week reductions

Successes

- Design of a simple, maintainable, easy-to-manufacture ventilator prototype in 11 days by CAE Healthcare engineers and scientists to provide life support to patients in intensive care
- Selection by the Government of Canada for a contract to design, manufacture and supply 10,000 ventilators to help save lives of COVID-19 patients
- Certification of CAE Air1 ventilator by health authorities received
- Creation of complimentary training seminars on how to prepare healthcare workers in the fight against COVID-19
- Launch of simulation-based training solutions, both web- and hardware-based, to train personnel in the safe practice of ventilation and intubation, which is key to saving lives
- Leveraging our global supply chain to source scarce N95 masks for humanitarian purposes in support of front-line health workers (600,000 masks delivered to Quebec and Manitoba governments)
- Launch of podcasts through clinicians and influencers on the front line

[See our COVID-19 feature story for more details.](#)



CAE Air1 ventilator certified by health authorities

Our CAE Healthcare engineers and scientists quickly developed an easy-to-manufacture ventilator prototype to provide life support to patients in intensive care. We have been contracted by the Government of Canada to design, manufacture and supply 10,000 ventilators. Our CAE Air1 ventilator has been certified by health authorities in June 2020.



Playing a role in saving lives in the fight against COVID-19

CAE Healthcare is committed to improving clinical education and patient safety through simulation-based training solutions. With a mission to improve clinical competency and performance, we develop evidence-based curriculum and innovative learning technologies for healthcare education.

With the rapid spread of the COVID-19 global pandemic, our mission to make healthcare safer meant taking on monumental immediate challenges, starting with hospital preparedness for managing the Coronavirus.

Complimentary training tools, webinars and other resources

Within the first 60 days of the pandemic, CAE Healthcare mobilized to develop a suite of new training tools, free resources and webinars to help hospitals and clinicians prepare to care for patients. The availability of our new product suite was communicated widely, with dissemination among simulation societies.

We initially produced a free, downloadable [Suspected COVID-19](#), Simulated Clinical Experience (SCE) to assist clinicians with gaining knowledge, confidence and competency in handling suspect and diagnosed cases of COVID-19 in patients. We offered the scenario with the webinar [Hospital Preparedness for Managing Coronavirus](#).

In partnership with iRIS Health, the SCE was uploaded to a global simulation authoring platform, which allowed educators among more than 40 countries to translate and adapt it to best practices in their regions.

We have since expanded our offering of digital and distance learning resources as simulation centres and learning institutions adjust to the current climate, and are developing new simulation-based training course, Pathogens of High Consequence.

Training materials we created in response to the COVID-19 pandemic are available on our CAE Healthcare website under [Hospital Preparedness for Managing Coronavirus](#).

Sourcing scarce N95 masks for front-line healthworkers

We also leveraged our global supply chain to source scarce N95 masks for humanitarian purposes in support of front-line health workers. To date, we have secured some 600,000 N95 masks for the governments of Quebec and Manitoba, doing our part to help keep healthcare-workers safe.

Additional coverage is provided in our [COVID-19 feature](#).



Changing the world by thinking differently

Achieving change one simulation at a time, one patient at a time.

Our Healthcare business unit started 10 years ago with a handful of passionate professionals and a commitment to improve clinical education and patient safety through simulation-based training solutions.

Today, CAE Healthcare's 500 employees, 15,000 simulators, and broad array of training and turnkey solution services help medical professionals in more than 80 countries develop and hone their skills.

To learn more about what we have accomplished over the decade, see our [CAE Healthcare website](#).



10-year anniversary: Employees talk about CAE Healthcare

[Our Healthcare employees speak from the heart](#) about their work and how they support our mission to make healthcare safer.

Putting the spotlight on patient care

We found a lot to celebrate during a week that marked CAE Healthcare's 10th anniversary, together with [Healthcare Simulation Week](#) and first annual World Health Organization (WHO) World Patient Safety Day.

Our Montreal and Sarasota, Florida, locations held open houses, inviting the entire CAE employee community to meet their Healthcare teams and get hands-on experience with medical simulators to learn more about how CAE Healthcare is improving patient safety every day.

On World Patient Safety Day, we held a joint event with the Canadian Patient Safety Institute that began with a livestream screening of the ground-breaking patient safety documentary, *To Err is Human*, followed by a healthcare leader panel discussion.

In line with the WHO 2019 event slogan *Speak up for patient safety!*, we produced a [video](#) highlighting the link between simulation-based training and patient safety.



Anesthesia SimSTAT program complete with release of final training modules

Together with the American Society of Anesthesiologists, we completed the [Anesthesia SimSTAT](#) series with the release of the final two training modules.

SimSTAT is designed to enhance physician anesthesiologists' management of anesthesia-related emergencies and improve patient outcomes. The SimSTAT interface consists of five screen-based simulation scenarios focused on real patient encounters and validated by clinical educators.

The latest modules improve management of anesthesia emergencies in the Post-Anesthetic Care Unit and the Labour and Delivery Unit. The initial three modules focus on trauma, appendectomy and robotic surgery.

Until now, high fidelity, patient scenario-based simulation training for physician anesthesiologists was only available in-person at select simulation centres. With SimSTAT, training is available via computer anywhere, any time.

By completing all five modules, physician anesthesiologists can earn 25 MOCA 2.0® Part 4 points, fulfilling five years of continuing medical education requirements.

CAE supports state-of-the-art healthcare training at the MUHC

We announced our collaboration with the McGill University Health Centre (MUHC) in support of a visionary project to elevate lifesaving skills and teamwork through innovative solutions to transform patient care.

As part of its *Dream Big* Campaign, co-chaired by our CEO Marc Parent, the MUHC is raising \$10 million to set up an Interprofessional Skills & Simulation Network to allow medical professionals to train together in their own clinical environment to create effective interprofessional healthcare teams.

In support of the *Dream Big* project and our mission to make healthcare safer, CAE made a donation of \$500,000 over five years that includes \$250,000 in state-of-the-art training simulation equipment and curriculum. This contribution signifies a unique partnership between industry and healthcare that represents a trend in hospital innovation.

More than 1,000 healthcare professionals were on hand to meet members of our CAE Healthcare team, and to experience our training equipment and medical simulators. An internationally-renowned teaching hospital, the MUHC trains thousands of medical students, residents, nurses, allied health professionals and researchers the essential skills to serve patients across Quebec, Canada, and around the world.

Additional coverage is provided in our [MUHC feature](#).



IMSH 2020 provides a showcase for our new HoloLens 2 mixed reality training applications

During the 2020 International Meeting on Simulation in Healthcare (IMSH 2020), the largest healthcare simulation conference in the world, we demonstrated the capabilities of Microsoft HoloLens 2. Our display featured fully equipped stations, where visitors experienced how a 3D training and simulation environment can dramatically improve the learning experience.

Our new training applications integrate holographic, modelled physiology into emergency care, ultrasound and childbirth patient simulators:

- [CAE AresAR](#) emergency care manikin offers a dynamic, holographic view into the human body during an emergency scenario.
- [CAE LucinaAR](#) birthing simulator and [CAE VimedixAR](#) ultrasound simulator feature interactive childbirth and cardiac scenarios with augmented reality.

Both instructors and learners gain a training edge, as they quickly comprehend physiological responses to trauma and medical interventions.

[Watch the video](#) 

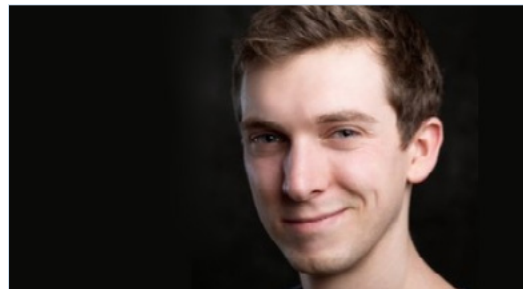
EMS World Innovation Award winner

We won the EMS World Innovation Award for [CAE AresAR](#), our emergency care simulator with modelled physiology integrated into the Microsoft HoloLens augmented reality headset. As one judge remarked, "The graphics on this VR simulator are far better than any other simulator I have seen."

HoloLens 2 expands portfolio of augmented reality training scenarios

We introduced our first training solutions enhanced with Microsoft HoloLens 2 technology, an ergonomically-superior, sensor-packed holographic computing headset.

The new mixed reality applications accelerate learning by displaying 3D, interactive cardiac, respiratory and circulatory systems that allow learners to envision human anatomy.



Éric Provencher named Microsoft MVP

We congratulate Éric Provencher, Senior Mixed Reality Specialist at CAE, who received Microsoft's Most Valuable Professional (MVP) Award in the category Windows Development for his contributions to Windows Mixed Reality.

Éric joins an illustrious group of more than 4,000 technical experts and community leaders across 90 countries/regions, all top-notch technology experts who make outstanding contributions to their Microsoft communities.

Looking ahead

Simulation-based training represents the future of healthcare training and patient safety. The world's aging population will increase both people's healthcare needs and nations' healthcare costs. New regulations are expected to further stimulate the adoption of simulation-based training in medical schools and for certification purposes. Limited access to real patients during training and for advances in medical technology are driving the use of simulation.

New medical devices and procedures, such as intra cardiac echocardiography, cardiac assist devices and mechanical ventilation enhancements, require advanced training solutions, such as simulation for internal product development and customer training.

The World Health Organization (WHO) reported in 2018 that there is a 1 in 300 chance of being harmed during health care. Training using simulation can help clinicians gain the confidence, knowledge and expertise for improving patient safety in a risk-free environment.

CAE expects increased adoption of simulation-based training and certification of healthcare professionals as a means to improve patient safety and outcomes. During the COVID-19 pandemic, the Society for Simulation in Healthcare and the International Nursing Association for Clinical Simulation and Learning called for more flexibility in replacing required clinical training hours for health science students with simulation hours, emphasizing that virtual simulation is an effective teaching method that results in improved student learning outcomes. State boards of nursing have begun to change requirements to help ensure that learners and new graduates can continue their education to be ready to enter the workforce.

Feature story

CAE and McGill University Health Centre (MUHC): Making big dreams a reality in healthcare

CAE is the global leader in training for civil aviation, defence and security, and more recently, healthcare.

We started our [CAE Healthcare](#) division 10 years ago because we saw strong parallels with the aviation industry and similar imperatives: complex, mission-critical environments where safety is paramount. The same philosophy of “nothing is left to chance” aptly translates into healthcare.

Today, we are a training partner of choice for the healthcare industry, scientific societies and associations worldwide, helping foster confidence, competency and teamwork.

We offer the industry’s broadest portfolio of healthcare simulation products and solutions, with training solutions in more than 80 countries.

Our goal? Make healthcare safer. We are driven by our mission and are committed to improving clinical education and patient safety through simulation-based training solutions.

Contributing to building Canada’s best skilled team at the [McGill University Health Centre \(MUHC\)](#) is aligned with this mission. From augmented reality to patient simulators, we are working with the MUHC’s expert clinicians and renowned simulation educators to improve healthcare outcomes.

Unique partnership between industry and healthcare

Together with the [MUHC Foundation](#), we announced an exciting healthcare education and recruitment initiative that offers innovative solutions to transform patient care. CAE will be donating \$500,000 to the [MUHC Foundation’s Dream Big Campaign](#) over five years, including \$250,000 worth of training equipment and simulators.

Four identified simulators are part of the donation:

- [CAE AresAR](#) emergency care manikin;
- [CAE Juno](#) nursing skills manikin;
- [CAE CathLabVR](#) portable intervention simulator for cardiac and peripheral vascular procedures;
- [CAE LucinaAR](#) augmented reality childbirth simulator with Microsoft HoloLens mixed reality glasses.

“This donation marks a unique partnership between industry and healthcare that will have an impact on the future of healthcare,” says CAE’s President and Chief Executive Officer (CEO), Marc Parent, who sits on the MUHC Foundation’s Board of Directors and is Co-Chair of the Foundation’s *Dream Big Campaign*. “We are honoured to help equip the MUHC with the best technology and tools they need, so they can change the course of lives and medicine, starting in Montreal.”

The *Dream Big Campaign* is working to change the course of lives and medicine and establish the MUHC and Montreal as a hub for innovation in healthcare and research across Canada. As part of the *Dream Big Campaign*, the MUHC Foundation



CAE and the McGill University Health Centre (MUHC) Foundation announced a collaboration that offers innovative solutions to transform patient care.

is raising \$10 million to create the [MUHC Interprofessional Skills & Simulation Network](#) to accelerate healthcare education and recruitment.

Recognized internationally as a leading teaching hospital, the MUHC trains thousands of medical students, residents, nurses, allied health professionals and researchers the essential skills to serve patients across Quebec, Canada and around the world.

“ At CAE, we are driven by our mission to make healthcare safer and are committed to improving clinical education and patient safety through simulation-based training solutions. ”

Marc Parent

CAE President and CEO,
MUHC Foundation Board Member,
and Co-Chair of the MUHC Foundation’s
Dream Big Campaign

Exciting joint initiative announced at MUHC's first CAE Day

On February 5, 2020, we announced our *Dream Big* donation during the launch of MUHC's first annual CAE Day, an open invitation event held at the Foundation's Research Institute in Montreal.

More than 1,000 healthcare professionals were on hand to meet members of our CAE Healthcare team, and to experience our training equipment and medical simulators.

Along with members of the public and media, they explored and interacted with CAE Healthcare's innovative medical training equipment, including patient simulators, surgical simulators and much more — all designed to improve patient outcomes and safety through superior training.

CAE Day is about a partnership we strongly believe in, because it has the potential to shape the future of healthcare. This event allowed us to showcase the importance of simulation becoming an integrated part of the hospital environment.

Every year, CAE ensures the training of thousands of healthcare professionals. As a training partner, we want

to make sure healthcare teams have the most optimal simulated training experiences available to help them gain the confidence needed to perform at their best at any time.

Having simulations performed within the hospital helps healthcare professionals gain time, be more efficient, and allows entire teams to practice together in their own real settings.

Whether it is allowing a surgeon to practice a procedure just an hour before performing a surgery or allowing a whole team to practice their communication skills on a specific emergency preparedness procedure, in-house simulated training is the most optimal training opportunity we can give to healthcare professionals.

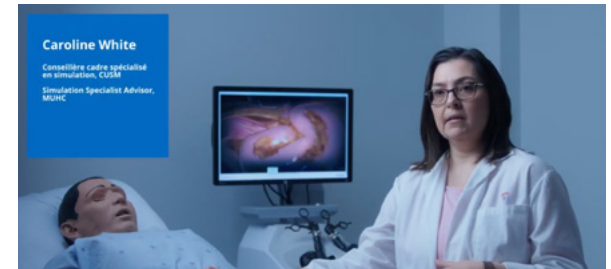
Simulation provides a safe, low-risk environment for learners, where they can make mistakes and practice over and over again, until they feel confident. Simulation offers the opportunity for healthcare teams to deepen their knowledge in basic skills and competencies, as well as improve teamwork and communication skills in a realistic environment with real-time challenges and problem solving.

Training also helps identify problems, like safety breaches, that exist within the system. Simulation helps pinpoint errors and correct them immediately.

Just as a pilot on take-off must react quickly, within seconds, medical personnel are often confronted with crisis situations. They need to rapidly identify the problem, master the necessary intervention and know which actions to take and to avoid.

In a fast-paced and very complex profession and environment like healthcare, realism and proximity are of the essence in training. For that, it is of the utmost importance that simulation becomes an integrated part of the hospital environment.

Related divisional highlights appear in the [Healthcare section](#).



[Watch the video that highlights the benefits of the CAE-MUHC collaboration](#)



Top: February 5, 2020, President and CEO Marc Parent announces CAE's donation of \$500,000 to the *Dream Big* Campaign, including training and simulation equipment valued at \$250,000.

Bottom: More than 1,000 healthcare professionals were on hand to meet the CAE Healthcare team, and experience our training equipment and medical simulators.

Dr. Elene Khalil, Director of Education and Medical Co Director, Emergency Measures at the MUHC, explains the undeniable value of the CAE-MUHC partnership in an interview on Global News

[Watch the video](#)



Feature story

Employee Resource Groups add a new dimension to our D&I program

Employee Resource Groups (ERGs) are voluntary, employee-led groups that bring together individuals in the workplace based on shared characteristics or life experiences to provide support, enhance career development and contribute to personal development in the work environment.

Getting the pulse of employees

In introducing ERGs to our organization, we started with a worldwide survey asking employees which groups they thought would have the most impact at CAE. Once results were tallied, we organized an internal discussion with a guest panel of TD Bank and Sodexo – two organizations with successful ERGs – and Catalyst, a global non-profit that helps build inclusive cultures. Employees learned how ERGs work, their purpose and value, and we announced the three ERGs selected in the survey:

- Parents of children with special needs (Mozaic)
- LGBTQ2+ (Prism)
- Women in Aviation and Technology (LIFT)

Pioneering presidents

Elections were held for each group and the positions of President, co-President, Treasurer and Secretary filled. Inaugural ERG Presidents Samantha Golinski (Mozaic), Gabriella Ercsényi (Prism) and Carolyn Turner (LIFT) have assumed their roles with enthusiasm and a sense of purpose. While their ERGs may target different audiences and have different missions, the three groups – and their new presidents – share similar motivations.

As Samantha explains, “The reason we are here is to connect with employees, offer them support, get them engaged. So all of us are working for the same overall objectives.”

“You volunteer for an ERG because you are passionate about the community represented, and you really want to spread the message,” she adds.

As a member of CAE’s D&I Committee, Samantha took an active role in the entry of ERGs into CAE. She did the initial research, interfaced with Catalyst and organized the employee survey and panel discussion.

Through these activities, talking with employees, and her own research and experience with autism, Samantha realized that many employees are parents of children with special needs and that they face the same challenges in the workplace. She included the group among the multiple-choice options in the survey, and the ERG ended up being employees’ top pick.

For her part, Carolyn was immediately drawn to the ERG Women in Aviation and Technology, and knew she wanted to be involved. “I have been working and training in the aviation and aerospace industry for close to 25 years,” she says. “I have always been a proponent of supporting women in non-traditional roles, specifically in aviation and aerospace.”

Gabriella’s involvement in LGBTQ2+ comes at a key time in her life as a transgender. “As someone in the process of transitioning, I value the opportunity to provide and receive support through this inclusive community,” she says.

D&I built into groups as a top of mind value

As ERGs are dedicated to fostering a diverse and inclusive work environment within the context of the organization’s mission, values, goals, business practices and objectives, the three leaders were provided templates and guidelines created with the support of Catalyst.

The new ERG leaders are also keenly aware of additional aspects of D&I to consider, given their memberships could potentially extend across 35 countries.



Samantha Golinski
President, Mozaic



Gabriella Ercsényi
President, Prism



Carolyn Turner
President, LIFT

“There will definitely be local flavours to each of the ERGs, because the challenges may be different,” notes Samantha. “For example, a specific topic may be more relevant to one region than another that does not have the same government programs or resources available.”

Openness in membership, detailed in the ERG charter template, means members do not have to be part of the community to join. Employees can be part of an ERG as an ally. As two examples among many, an ally could be a leader who wants to offer better support and understanding to an employee, or an employee seeking tools or resources to help a friend or family member.

“Allies are very, very important for our ERG and are included in our mission,” says Gabriella, “with one of our objectives to make sure most, if not all, of the CAE community become our ally at one point.”

ERGs open in June to welcome members

Originally CAE’s three ERGs were to open in early 2020. However, the arrival of COVID-19 meant putting their opening on hold.

In June 2020, Mozaic, Prism and LIFT were launched with virtual meetings set to introduce Samantha, Gabriella and Carolyn, who will present their respective missions, teams and plans for the coming year.

Each looks forward to having an impact and attracting a growing membership. They cite the Montreal-based CAE Professional Women’s Network (PWN), in its second year, as a model of success and are actively sharing best practices.

“We will definitely have a connection with the PWN, particularly Carolyn and LIFT,” confirms Samantha. “With ERGs, we are trying to get employees even more engaged in D&I to broaden its impact across CAE.”



When a child has a disability, the whole family is affected. In line with CAE’s diversity and inclusion strategy, our ERG’s mission is to support parents of children with special needs in the workplace, empower them to benefit from each other’s experiences and resources and educate CAE employees and managers regarding the challenges of this population so they can better understand and support their colleagues and family members.



Prism provides a supportive framework for our LGBTQ2+ staff and Allies by representing their views and promoting a culture of diversity and inclusion both internally and externally.



LIFT promotes and encourages the development and advancement of women employed at CAE in the fields of aviation, engineering and technology, and assist in removing barriers in order to support their individual success.

Corporate social responsibility

Corporate social responsibility

A message from our CSR Leader

Further integrating CSR into our business practices and culture

At CAE, corporate social responsibility (CSR) is integral to who we are as a company and how we make a difference in the world. CSR is embedded in our culture, and drives our decisions and actions.

CAE continued to make significant advances on our CSR commitments in fiscal 2020. Over the year, we saw many of our plans and intentions become realities, and are now laying the ground for future CSR initiatives and improvements.

Best practices to upgrade CAE's reporting

To further transparency in our disclosure, we made changes to this year's CSR report, with additional improvements underway for next year.

We include Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our reporting for the first time. Our new [TCFD index](#) provides forward-looking information on CAE's climate-related risks and opportunities.

We updated our [Global reporting initiative \(GRI\)](#), consolidating all issues and indicators into our GRI Content Index, listing the company's own indicators (GRI and non-GRI indicators) and increasing conformity with GRI standards.

We performed a preliminary assessment of CAE's Materiality Matrix that focuses on environmental, social, and governance issues. The revised matrix now reflects our carbon neutrality commitment as a priority. We also modified our materiality assessment process to illustrate the concept of dynamic materiality, specifically the evolving nature of material issues and sustainability practices. We intend to review the matrix more thoroughly in consultation with our internal and external stakeholders in the coming years. Sustainability Accounting Standards Board (SASB) reporting is on

our radar, as most of the issues identified by SASB are recognized as material and are reflected in the company's materiality matrix.

SDGs: Identifying where we can have the most impact

Primarily under the framework of the 17 Sustainable Development Goals (SDGs) identified by the United Nations, which address social and economic development issues on a global scale, we began reflection on our SDGs and related reporting for next year.



CAE's CSR Committee identified five goals where we can make the most meaningful contributions and have the most significant impacts:

- **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



Hélène V. Gagnon
Vice President, Public Affairs and Global Communications and Leader of the CSR Committee

CAE's mission aligns with these five goals. Steps identified for our FY21 CSR report include:

- Articulating relation between the selected goals and the company's value chain
- Determining appropriate indicators and targets to measure progress in contributing to the goals
- Showing the correspondence between material topics and selected SDGs in the GRI Content Index

Environmental turning point for CAE

The rise in importance of climate change as a systemic global issue and the growing prevalence of corporate carbon neutrality initiatives are undeniable, and we are taking action.

We created a Climate Change Committee (CCC) to evaluate and integrate risks and opportunities into CAE's business strategy. The list of identified risks and an applied methodology will be used to assess each site's exposure, with a roadmap and governance in place to manage current and future risks.

CAE's move to become carbon neutral in Summer 2020 represents an important commitment for CAE's reputation and leadership position. We are taking the first steps in our carbon neutrality journey, and as you will see in [our feature story](#), these steps will lead to further opportunities to reduce our global footprint.

Extending accountability to our supply chain

Currently in the initial stages of global deployment, our new online global procurement management platform brings major advances that benefit CAE and our clients. Additionally, as part of our Global Strategic Sourcing CSR Roadmap 2020-2023, the platform introduces procurement processes in line with the SDGs.

Evolution of our sourcing practices helps to ensure responsible procurement by integrating labour, environment and anti-corruption considerations into our global strategic sourcing tools and processes.

AI-based ESG data management tool

We are proud to partner with Novisto in building the next generation ESG Data Management and Analytics platform. Novisto is a Canadian startup backed by Diagram, a Montreal-based venture builder. Powered by an AI-driven engine, Novisto's software platform is helping corporations meet the increasing demands around ESG (environmental, social, and governance) reporting and disclosure. This innovative technology increases the efficiency of data collection, offers advanced benchmarking capacities, and allows for more streamlined communications with investors and rating agencies. Our involvement in the development of this platform with Novisto supports CAE's pledge to be an active contributor and vector of innovation in the flourishing AI start up ecosystem.

Ensuring responsible investment in our Pension Plan

Also connected to CSR and ESG metrics, we have asked AON, the management firm overseeing the investment returns in CAE Inc.'s Pension Plans, to perform an analysis to ensure the environmental, social and governance investment factors that are taken into account when making decisions pertaining to the selection of investment options or investment managers for our pension plans.

Making a difference amidst COVID-19

In recognition of our CSR responsibilities, our mission of safety and our presence in communities around the globe, we are proud to have contributed our ingenuity, innovation and agility to making a difference in the world during what have been anxious and uncertain times.

As you will see, this year's report highlights a reality that shaped a new "norm" of how we live and do business. At CAE, we will continue to deliver and delight, and that includes ongoing progress in raising the bar of our CSR reporting.

CSR governance and oversight

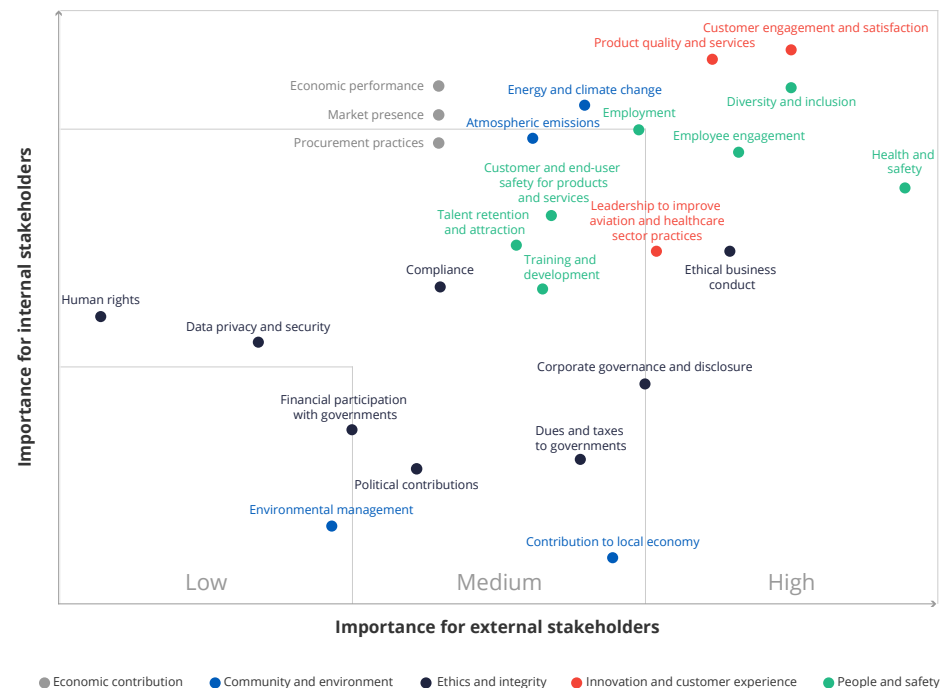
Our CSR Committee

- Includes members from all functions and business units
- Includes three members of our Executive Management Committee
- Interacts with our various stakeholders (investors, employees, customers, suppliers, aviation regulators, governments, local communities and universities)
- Oversees our four core CSR priorities

The CSR Committee meets quarterly to review progress and, through the CSR Committee Chair, reports performance to the Executive Management Committee and periodically to the Board of Directors. The Chief Compliance Officer provides monthly compliance reports to the Executive Management Committee and quarterly reports to the Board.

Materiality matrix

In fiscal 2020, we revisited our materiality matrix following our carbon neutrality commitment. We also modified our materiality assessment process to illustrate the concept of dynamic materiality, specifically the evolving nature of material issues and sustainability practices.



People and safety

Why it matters

At CAE, our purpose is all about ensuring the safety and well-being of our employees, customers and our industry. It is about putting people first. As our company shifts from a product to a training service focus, attracting, developing and retaining the best talent are more crucial to fulfilling our mission than ever. So is cultivating the highest levels of employee engagement.

We are committed to ensuring that flying stays one of the world's safest modes of transportation by advancing the highest standards of aviation safety, from the ground up into the skies.

Our goal

Be a global employer of choice and a world-class leader in safety.

Our objectives

As part of our CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

Be an aviation safety model for the industry in our flight operations

- Increase the number of voluntary safety reports by 10% annually
- Reduce the number of incidents with serious injury or material damage by 10% annually
- Perform one or more external, live flight safety reviews annually

Achieve world-class performance in occupational health & safety

- Provide a safe environment for all employees and customers during and after the COVID-19 pandemic
- Reduce our Injury Frequency Rate (IFR) and our Days Lost Rate (DLR) by 5% annually
- Develop a reporting culture to increase our Near Miss Rate (NMR) by 5% annually
- Include H&S as a key indicator in the governance process for all our business units
- Continue investing in our Global Health & Safety Management System to achieve our zero-injury vision
- Train leaders on mental health awareness and create a community of practice

Attract and retain the most talented and engaged people around the world

- Craft and implement tailored development plans to support the growth of our people
- Move or promote 20% of identified high-potential employees to new roles annually
- Continue to maintain and create co-op and internship opportunities in Canada every year, including Work-Integrated Learning (WIL) activities
- Maintain high employee engagement and confidence in leadership
- Provide leadership training on effective and engaging management of remote teams

Increase diversity and inclusion throughout our workforce

- By FY21, increase the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees and executive officers being women
- By 2022, ensure 30% of our Board members and executive officers are women
- By FY23, improve our gender diversity by increasing the number of women employees by at least 10%
- Establish a Diversity Council made up of members of CAE's leadership team
- Benchmark current best practices and establish targets to increase the recruitment and placement of women leaders





COVID-19 impacts

Summary of the impacts of the COVID-19 pandemic related to people and safety:

- Creation of a multi-disciplinary coronavirus committee in January
- Continuation of safety as our number one priority for our employees, our customers, and their families, as well as all our stakeholders, with additional factors
 - Assisting employees required to work remotely
 - Ensuring safest working conditions for critical employees needing to work on site
 - Limiting contact and internal gatherings
 - Enforcing strict cleaning and disinfecting protocols in all our facilities
 - Adjustments to shift work
- Postponement of unessential business travel
- Set up of rigorous, continuously updated protocols (workplace, site entrance, training centres, return-to-work preparation)
- Leveraging resources to support employee wellness (Officevibe surveys, mental health week, wellness campaign, employee and family assistance programs)
- Implementation of cost reduction measures. Across the global workforce, executives, management and employees took on a share of the burden to maintain as many jobs as possible, but temporary salary reductions, reduced work weeks, and layoffs (furloughs) were inevitable

[See our COVID-19 feature story for more details.](#)

Summary of FY20 incidents and accidents in our live flight training operations

At CAE, we are committed to advancing the highest standards of aviation safety, from the ground up into the skies. During FY20, in our live flight training operations, there were no accidents in D&S, and four accidents in Civil; none were fatal accidents.

CAE makes improvements to safety an ongoing priority, with reducing the number of accidents paramount. Actions are taken following each incident, as part of the continuous communication and education of our stakeholders in terms of our safety-focused values and practices.

Regulatory compliance is meeting or exceeding industry regulations, and best practices in partnership with our quality assurance team to continuously improve our products, services and processes which is also integral to our safety culture.



Second annual joint Global Aviation Safety conference

Our second annual Civil Flight Training Organization (FTO) and D&S Aviation Safety Conference attracted the best turnout to date, with all CAE locations and regions represented. The joint U.K. conference took place in Oxford and was hosted by CAE Oxford's FTO Safety Team.

The combined event facilitates sharing best practices with stakeholders across all of our live aviation training centres. Several guests, including CAE leadership and contractors, joined us throughout the week-long event.



New Aviation Safety recognition program award winners

To enhance the overall aviation safety culture within CAE, staff and pilots in training who make positive acts toward enhancing aviation safety are recognized at the global level through both the Civil and D&S Aviation Safety recognition programs.

Each of our five 2019 Aviation Safety Award Winners received a prestigious, personalized CAE Aviation Safety leather flying jacket.

Learn more about the winners

[Watch the award presentation video](#)



Flight data recording project ramps up data retrieval from hours to seconds

We are enabling ramps at CAE Phoenix and CAE Oxford to gather all the telemetry data of airplanes as they taxi in, with the data transferred via wi-fi connection to the Flight Safety Officer (FSO).

Tracking risk proactively, with our enterprise-wide Safety Management System

We have taken steps to digitize our aviation safety management system, and now have a single, enterprise-wide Safety Management System (SMS) in place for our live flight operations.

Our new SMS has been working very well, and staff and students have become comfortable using this new tool, which has made reporting much easier for all. Through our new system, we are receiving anonymous safety reports and volunteer safety reports, alongside meeting our mandatory reporting requirements.

With just a couple of clicks, we can track the number of risks entered into the system, identify risks mitigated by management, and identify if any risks are trending up faster than management can mitigate them. These insights provide us with a lot of valuable information.

Our safety dashboards are maturing, we can now identify leading and lagging indicators that merely suggest the possibility of potential incidents or accidents going forward. This next generation reporting positions us to be more proactive in our approach to aviation safety. Our Aviation Safety **“Just Culture”** is continuing to strengthen, as seen by the 57% increase in our voluntary safety reports over the last year. With this increase in reporting, we will be able to identify and respond more rapidly to areas of potential risk, as well as, implementing the measures to mitigate these potential risks.

FY20 Health and Safety highlights

Performance and risk management

Our FY20 safety performance remained similar, with an Injury Frequency rate (IFR) of 0.52 compared to an IFR of 0.54 in FY19.

Of note, the events reported occurred over a greater number of sites, an indicator that our reporting culture is progressing well. Employees are becoming increasingly aware of the importance of incident reporting, and more and more familiar with CAE’s Global Environment, Health & Safety (GEH&S) tool – our compliance-based software solution implemented in FY19.

The global portrait of work-related injuries across our locations consists of three main types: slips/trips and falls; lacerations; and ergonomic-related injuries. Counter to a persistent belief that the majority of injuries occur at our Montreal production site, the injury profile in Montreal is no different from the injury profile of employees in our training centres.

All incidents reported to CAE are classified according to a risk matrix to properly measure the potential (what more serious outcome could have occurred).

Among all incidents reported, a number have the potential to result in fatality or permanent injury. We call these critical incidents. In FY20, we attached great importance to these incidents by improving our investigation process, establishing corrective actions applicable to all sites (learning from events – LFE) and ensuring the completion of actions in all sites.

We intend to learn from such incidents to prevent them from reoccurring. In recent years, between five and 10 critical incidents were reported annually. In FY20, 10 critical incidents were declared; most occurred in training centres.

Contractor Management Program to better manage our risks

Much of the work carried out by CAE contractors involves critical risks (e.g. simulator installation, building construction, facility maintenance, etc.). To ensure risks are managed properly for each job performed, we began implementation of a Global Contractor Management Program.

We signed an agreement with Cognibox, a world leader in supplier qualification and contractor management. Their comprehensive contractor management process will

support CAE for the qualification of all contractors doing business with us. Through Cognibox, we will have global visibility on the health and safety performance given to companies and individuals who want to do business with us. This approach will allow us to select only diligent partners with a strong Health and Safety culture. Only contractors meeting CAE’s requirements will be authorized to do business with us.

This program includes several other important elements such as training, risk assessment processes, audit, inspection and evaluation.

Our new Contractor Management program pursues three main objectives:

- Exercising due diligence by ensuring that we do business with qualified and responsible companies;
- Ensuring better risk management during work; and
- Developing a safety culture with our partners in line with our corporate vision.

Deployment targets Montreal manufacturing and field installation. Program implementation will continue incrementally at all CAE sites through December 2021. At the end of deployment, all contractors doing business with CAE must have met our requirements and demonstrated compliance.

Advancement of our EH&S culture requires communication

To advance our EH&S culture, we are putting more and more emphasis on communication.

In addition to the “Alert” and “learning from events (LFE)” tools connected with critical incidents and in place for a few years now, we introduced “Event Notification.” The purpose of Event Notification is to share information on other types of events seen as relevant for other sites, to encourage discussion and implementation of corrective measures applicable to the situation.

Event Notifications also provide managers additional EH&S material to discuss with their employees during safety meetings, which are mandatory at all our locations as of this year.

This initiative is bearing fruit, as several great initiatives have been implemented in our sites over FY20. We clearly see that our EH&S culture is progressing, and that our employees and leaders are increasingly involved and committed.



New Global Environment, Health & Safety Policy introduced

We issued a new Global Environment, Health & Safety (GEH&S) Policy in FY20, integrating two policies and introducing changes that make our pledge more of its time.

This unification aligns with our vision and reinforces EH&S as a key element of CAE's business positioning. We are committed to ensuring the safety and well-being of our employees, our customers and our industry.

Today, this responsibility requires that we increase our focus on the environment. Voices around the globe are calling for companies to do something about climate change. As a global company with more than 10,500 employees and as a worldwide training partner of choice, we can help lead change. The commitment in our new EH&S Policy shows that we will.

The Policy puts an even greater emphasis on being proactive, and on leader engagement and accountability. As a statement of intent, our pledge reflects CAE's willingness to position the organization as a leader in EH&S by integrating this aspect into the heart of the company's global strategy.

New considerations include contractor management, sustainable development, the impact of climate change and employee wellness. Additionally, EH&S matters are positioned as integral to our business results and directly linked to the success of our company, as per the following excerpt of our new policy:

"Delivering world-class Environment, Health and Safety performance by being accountable and effectively managing our risks and impacts is essential to the success of our business, and is critical to maintaining the confidence of all our stakeholders."

[Download our new CAE EH&S Policy](#)



Our employees

Our people make us the global leader that we are. Today, over 10,500-plus employees at 160 sites and training locations in 35-plus countries contribute to our success. We are One CAE, a huge, diverse family made up of individuals who are committed to driving the company forward as the training partner of choice in civil aviation, defence and security, and healthcare. At CAE, everyone is welcome to contribute to our success. With no exception.



Communicating and connecting with employees during COVID-19

To provide an update on CAE's activities during COVID-19, we put up a website early in the crisis that included FAQs addressing various areas of concern, protocols for sites, posters and visuals, and communication templates.

Regular live, virtual updates with our CEO were held with all employees to address concerns and provide information. Employees could ask questions live to the CEO. All questions that could not be answered during the session were answered within a week and answers were shared with all employees. Information sessions were also organized to help groups of employees facing specific situations. Our global newsletter ramped up from distribution every other week to weekly.

Our ongoing Officevibe employee engagement surveys proved especially crucial during this time. We issued a special dedicated survey in the first weeks of the pandemic, then added COVID-19 questions to the biweekly pulse surveys to regularly assess employee morale and areas of concerns.

These surveys let us know what employees thought of the measures taken by CAE during the crisis, informed us on the status of their mental health and gave us verbatim input on what we could do better.

Our President and CEO Marc Parent opened his information sessions with employees by reviewing the latest survey results, assuring employees their voices were heard and reporting on actions being taken to respond to their concerns.

Additional COVID-19 coverage

Given the extensive, wide-ranging impact of COVID-19 on our CAE family, more detailed coverage can be found in the [CEO message](#) as well as in our [COVID-19 feature](#).

Set of improved Human Resources policies introduced

We introduced improvements to four important Human Resources policies and converted existing guidelines on working remotely into a new teleworking policy. These amendments took effect on January 1, 2020.

Our review process

These four policies were reviewed to ensure they support other strategic initiatives, provide alignment with our organizational values, and position CAE as an employer of choice to attract, develop and retain the best talents.

Content was compared against benchmarks to address the evolving realities of the workplace. We also looked at how our policies are written and presented, undertaking a complete redesign that kept our employees' needs top of mind.

Physical Wellness Program

We expanded the list of eligible activities under CAE's Physical Wellness Program. Employees who travel frequently and for extended periods can now be reimbursed for these activities, even if not performed on a regular basis. Members of CAE's Bike-to-Work Club can now be reimbursed for certain expenses related to equipment and bicycle use.

CAE covers 50% of the cost, before taxes, of employee's registration for physical wellness activities, up to a maximum of \$240 per calendar year.

Special Medical, Family Obligations, and Citizenship Ceremony Leave Policy

Employees granted Canadian citizenship benefit now from a paid day off to attend the ceremony and take the oath of citizenship. Taking the oath of citizenship is the legal requirement that applicants for citizenship must meet to become Canadian citizens.

Teleworking Policy

In line with the evolution of our culture, we launched our new teleworking policy, which aims to provide more flexibility in the workplace for eligible employees, and to ensure a better work-life balance as well as greater job satisfaction. The policy details the benefits and objectives of teleworking, eligibility, application of the policy and conditions to respect. Leaders are encouraged to take advantage of the new policy and empower employees to do the same.



Our Diversity & Inclusion commitment

[Diversity & Inclusion](#) (D&I) are a part of our culture and an important component of our One CAE value.

We are committed to creating a culture and ecosystem where all employees feel valued, included and they belong, without regard to race, colour, religion, sex, gender identity or expression, sexual orientation, national origin, disability, age or veteran status.

CAE's D&I program fosters an inclusive, gender-diverse, bias-free environment and strengthens the representation and development of women in leadership positions.

Although our first focus is on gender diversity, where we see many opportunities to move the needle, our D&I program covers all types of diversity, and makes sure that all employees feel included and valued for who they are. Over FY20, our D&I program continued to evolve, most notably through:

- Dare, a program to develop women in leadership
- Employee Resource Groups
- Canadian Diversity Council and Employment Equity Committees
- Training, events and awareness campaigns
- Industry certifications and recognition
- Establishing targets and communicating them

Extending D&I awareness through new training

Supporting a D&I culture includes actively addressing topics of a sensitive nature. As part of our D&I program, we provide awareness training on key topics in class settings and via CAEAcademia, our online learning management system.

Addressing unconscious bias

To help our people develop skills to understand and identify unconscious bias and the extent of its far-reaching consequences on individuals and organizations, we developed an Unconscious Bias Training.

The mandatory training consisted of a 20-minute e-learning module for all employees and a half-day training session targeted to leaders. Leaders and their employees would then meet to discuss any unconscious biases they might have as a team, and how to mitigate these biases to become more inclusive. Due to COVID-19, training was held in Canada only, with training for leaders and employees in other regions postponed to the fall.

Bias interruptors

During talent and leadership reviews, CAE leaders and their peers feature select employees on their teams and discuss their growth and development.

This year, employees were identified to train and participate in these reviews as "bias interruptors" – they will listen to the discussion and if they hear a leader voice a point that seems biased (most often unconsciously), the bias interruptor will challenge the point and raise awareness on unconscious biases.



Changing the conversation

In partnership with Pratt & Whitney Canada and EY, CAE organized *Changing the conversation*, a day-long event focused on unconscious biases.

The event attracted 400+ attendees.

Diversity and inclusion short-term goals

Short-term goal	Status
<ul style="list-style-type: none"> • Ensure 30% of Board members and executive officers are women (FY22) 	<ul style="list-style-type: none"> • Today 20% of our Board members are women and 36% of executive officers are women
<ul style="list-style-type: none"> • Increase the number of women employees by at least 10% (FY23) 	<ul style="list-style-type: none"> • The number of CAE women employees increased from 20% in 2018 to 21% today
<ul style="list-style-type: none"> • Grow the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees being women (FY23) 	<ul style="list-style-type: none"> • This year, we used a systematic approach to evaluate approximately 200 high-potential employees using a psychometric assessment to drive their development plan and growth • 35% of our high-potential manager-level employees have taken on a new role this year • Percentage of women executives (VP level and above) grew from 11% in 2012, to 16% in 2015, to 22% in 2020 • 24% of CAE women were promoted in 2018 and 28% in 2019

Canadian Diversity Council and Employment Equity Committees

In Canada, the Federal Contractors Program (FCP) promotes workplace equity for the four groups designated under the Employment Equity Act (EEA).

Dare program empowers women across CAE

We introduced Dare, an extensive and continuous development program that aims to equip and inspire women to take ownership of their careers.

The 12-month program addresses six themes: negotiating, risk taking, self-confidence, networking, influencing and work-life balance.

Dare will be offered every two years to 30 women chosen from all levels and bands at CAE worldwide. Ideal candidates are high performers and high potential employees – individuals willing to invest in their development and stretch their capabilities to expand their professional growth.

Dare contributes to CAE's short-term D&I goals and joins other CAE gender diversity initiatives that further our objective to develop and retain a talented, dedicated pool of women leaders.



Second consecutive year of recognition on Bloomberg GEI

For the second consecutive year, we were recognized by the Bloomberg Gender-Equality Index (GEI) for our commitment to advancing women in the workplace.

Of the 6,000 companies in 84 countries eligible for inclusion, the 2020 GEI identified 325 firms worldwide as trailblazers in their commitment to policy development, representation and transparency in workplace gender reporting. These companies are setting a new standard for transparency as a core part of their commitment to gender equality – and we are proud to be one of them!

CAE is one of 22 Canadian-headquartered companies named to the 2020 GEI.



CAE recognized by Women in Governance

CAE is proud to have been Bronze Parity Certified by the Women in Governance organization. CAE received the certification as a result of its commitment

to develop a pool of female talent and adopt strategies, practices and programs to promote gender parity within the organization.

Organizations must pre-qualify for Parity Certification to participate. Certified organizations gain insights on what programs and policies to have in place within their organization to implement best practices in recruitment, training, promotions, compensation and talent management.

Forty-eight companies were parity-certified by Women in Governance in 2019.

CAE Stolberg receives family-friendly certification

The diligence of our diversity team at CAE Stolberg earned the location family-friendly certification from berufundfamilie Service GmbH. Last year, the team set its sights in improving work life balance and implemented multiple initiatives, including the launch of an in-house childcare program during school breaks.

The program relieves stress of finding childcare and provides an engaging experience for children at CAE. Certification positions us as an employer of choice and boosts recruitment efforts in Germany. We commend Stolberg's diversity team for this impressive accomplishment.

CAE among 2020 Women Lead Here honorees

We were among the 73 Canadian companies selected for the inaugural list of 2020 Women Lead Here honorees by The Globe and Mail's Report on Business magazine.

The magazine's new Women Lead Here program includes an annual survey meant to benchmark how the largest publicly traded companies in Canada are performing on executive gender parity.

Applying CAE's D&I commitment to our supply chain practices

Our Global Strategic Sourcing CSR Roadmap 2020-2023 takes CAE's D&I commitment externally to ensure we are ethical in the choices of our suppliers. Under the mandate of our new D&I Committee, we are consulting with other organizations to take this very important step forward with our supplier base. During our Supplier Forum, we presented the CSR supply chain pillars and the axes of our transformation plan. See our [highlight](#) for details.

Awareness campaigns keep D&I top of mind

We used multiple communications channels to keep our D&I commitment top of mind internally and externally throughout FY20.

Autism Awareness Month

Throughout April, people around the world wore blue to raise awareness and show their support for the autistic community during Autism Awareness Month.




International Women's Day campaign

Employees nominated 130 gender equality champions. Of the submissions received from around the world, the eight champions selected were featured in our employee newsletter and on CAE's Twitter, Facebook and LinkedIn accounts.

For #IWD2020, we also videotaped responses from CAE employees worldwide telling us why they celebrate International Women's Day.

Learn more about the eight champions!

[Watch the video](#) 

CAEmentor me

CAEmentor me offers mentors/mentees a rewarding experience


At CAE, we care about the development of our employees. In line with our core value of One CAE, we introduced CAEmentor me, a new six-month mentorship program that connects mentees with mentors who can guide and support them in their professional development.

CAEmentor me grows our business by growing our people. We view mentoring as a sound investment and a rewarding experience that enhances employees' communication and leadership skills, while expanding their professional networks.

We held info sessions and created a website with tips and advice on how to find a good match, with guidance on how to have a successful mentoring experience.

As we gradually build our pool of CAE mentors, we bring more and more employees into the program. Our goal is to expand CAEmentor me to include all employees interested in participating in the program.

To date, more than 70 people have been paired in a formal mentoring relationship.

[Watch the video](#) 



CAE+me
Our performance development experience

Creating a coaching culture with CAE+me

CAE+me continues to shape our approach to developing performance. A lighter approach centered on employee development, CAE+me 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.

The approach is supported by a dynamic platform, also called CAE+me, where employees can request or offer feedback, record notes from their one-on-one conversations, and set agile goals.

Because coaching is a powerful tool that can help employees realize their true potential, we introduced Coaching Lite this year.

Developed in collaboration with CAE leaders and external certified coaches, the Coaching Lite training program continues our performance development evolution. The mandatory program trains leaders on how to become great coaches and help employees realize their true potential. To date, more than 600 leaders have completed the training.

CAE collaborates with Workhuman Live on a video and webinar

CAE's transition to CAE+me represented a major cultural shift to performance development that ushered in a new, lighter approach centered on employee development.

Workhuman, the provider of our CAE+me performance development platform, invited us to share our experiences. CAE participated in a webinar that will be shown at next year Workhuman Live, billed as the outlier of HR conferences.



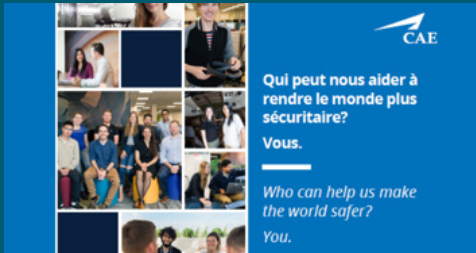
Welcoming new interns

CAE Montreal offers more than 400 internship positions annually to university students. These internships give students the opportunity to work on real projects and have an immediate impact on our mission to make air travel safer, allow defence forces to be mission-ready, and help medical personnel save lives.

The competitive, popular internship program is offered for three academic semesters. During the winter semester, 65 new interns joined us to learn from experts and gain real-world experience to help propel their careers.

CAE also welcomed 500 COOP interns in FY20. This year, we brought the COOP experience to the next level right from the start. Interns are greeted by a CAE executive and pose for a group picture published internally and on our social media accounts. We give them a tour of CAE and ask them to fill out a welcome survey to share their feedback. We then invite them to Lunch & Learns and career fairs so they can learn about opportunities within CAE following their internships. We also coach the interns on how to create an effective LinkedIn profile. Our interns are more than students, they are considered actual team members and given concrete projects to help them learn and develop.

Under *CAE Tech: Program your career!*, we encourage future technicians from various fields to start a career at CAE through a support program of student work-integrated learning that offers internships, grants and other opportunities. [See our CAE Tech highlight.](#)



Recruitment campaigns

We continued our efforts to attract a diverse pool of top talent, actively increasing CAE's market visibility through a variety of campaigns across multiple recruitment channels.

Our series of 15 video job profiles represented various disciplines and were highly publicized internally and externally on our social media channels. Videos like the following explained the job function and also described what it is like to work for CAE: [Aircraft Systems Software Specialist](#).

To attract software developers in Canada's highly competitive market, we built a branding campaign using videos showcasing more than the position itself, but also our innovative products and work culture (see [The Software development team at CAE](#)). We bolstered recruitment through our ambassador program, which pairs CAE leaders with university representatives, and our presence in multiple career fairs.

Additionally, CAE employees participated in more than 45 recruitment events and coding challenges. We sponsored and participated in over 20 hacking challenges and happy hours, and hosted over 10 on-site industrial tours for students.

Organizational development

At CAE we take to heart the development of our employees.

- The mission of the Ken Patrick program is to create the next generation of leaders at CAE. Over the course of two years, the best university graduates in engineering accelerate their development as they rotate through four intensive, stimulating assignments, one in each CAE business unit.
- We also offer LEAP, a program aimed at developing the training centre leaders of the future. In this program, we ensure that 50% of the participants are women.
- *Leadership for the Future 1, 2* and *Leadership for the Future – Leaders of Influence* are internal development programs for leaders at different levels in the organization, with a goal to improve the leadership skills of CAE leaders in alignment with our values and the CAE+me philosophy.
- The Leadership Development Program (LDP) is designed specifically for leaders across the world with great potential. The program provides leaders with the knowledge and skills to understand our business, challenges and lead with greater purpose by questioning assumptions, disrupting the usual ways of doing business, and introducing unexpected ways of thinking.
- Dare is a 12-month program which aims to equip and inspire women to take the lead and ownership of their career.
- CAEacademia is CAE's online learning management system: employees can access CAE trainings, such as training on Health and Safety, IT security, CAE+me, various e-learning on specific topics, or language courses.
- In Canada, CAE partners with ELAM, *language training for business people*, to provide free language courses to employees whose role requires them to speak a foreign language.
- CAEmentor me, a six-month mentorship program, connects mentees with mentors who can guide and support them in their professional development.

Bringing D&I in our recruitment initiatives

- Partnerships with women engineering student associations to provide support and tools for the transition from students to professionals
- Speed interviewing to provide feedback on interview skills
- Coaching sessions on interviewing and resume building
- Networking events with business leaders
- CAE presentations and company tours for women engineering students and computer science students
- Ken Patrick program: ensuring that at least 50% of selected candidates are women
- Sponsorship and participation in Software and IT conferences, competitions and hackathons for women
- Talent Acquisition team commitment to interview a minimum of 20% women candidates



CAE Named Among Montreal's Top Employers 2020

We are proud to be recognized in the 15th edition of Montréal's Top Employers, an annual competition organized by the editors of Canada's Top 100 Employers. This special designation recognizes the employers in Greater Montreal that lead their industries in offering exceptional places to work.

[Learn more about what sets us apart, Montréal's Top Employers \(2020\)](#)



Ethics and integrity

Why it matters

Adhering to the highest ethical standards is essential to building stakeholder trust, goodwill and value in today's world. We expect our employees and business partners to consistently meet these high standards.

Our goal

Reach the highest integrity and ethical conduct standards across all our activities.

Our objectives

As part of our CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

Instill and apply an ethics and integrity mindset to all actions and decisions

- Ensure CAE lives and works by its **five core values**
- Target 100% acknowledgement of compliance with the CAE Code of Business Conduct by all employees
- Continue to train all management and key personnel on the CAE Code of Business Conduct, and by FY21 extend the training to all employees

Conduct our business with world-class processes to meet and surpass data privacy and export control standards

- Standardize data handling processes in all regions worldwide to help continually enhance our compliance processes and maintain state-of-the-art security and controls of controlled data
- Standardize export control training processes in all regions worldwide
- Enhance our remote work processes and IT infrastructure by maintaining the highest level of security for technical data access
- Improve our cybersecurity processes and awareness

Manage our supply chain in accordance with the highest ethics and sustainability standards

- Establish and communicate a policy on responsible procurement to suppliers and employees
- Evaluate major suppliers representing 50% of our annual spend on CSR compliance



COVID-19 impacts

Summary of the impacts of the COVID-19 pandemic related to ethics and integrity:

- Standardization of teleworking processes
- Launch of Cybersecurity awareness training to employees on good practices for remote working and identification of phishing emails
- Maximization of the use of IT collaboration tools
- Enhanced protection of our IT infrastructure by maintaining the highest level of security with respect to remote access to technical data
- Compliance with the General Data Protection Regulation (GDPR), the European Union's new law on data protection and privacy
- Leveraging our global supply chain to source scarce N95 masks for humanitarian purposes in support of front-line health workers (600,000 masks delivered to Quebec and Manitoba governments)

[See our COVID-19 feature story for more details.](#)

Data protection: An essential part of doing business

We value the trust that our customers, employees and business contacts place in us. Protecting their privacy in all areas is crucial to maintaining that trust. This means putting a premium on the careful handling of personal information. We treat all data and information with the requisite level of sensitivity and confidentiality in compliance with applicable laws and regulations. Under the oversight of the Global Ethics and Compliance Office, we adapted our business processes and activities to comply with the European Union's (EU's) new General Data Protection Regulation (GDPR).

Building a global ethics and compliance organization

CAE created the position of Global Leader, Ethics and Compliance in 2018. With that appointment came an increase in the development, implementation and monitoring of our global Ethics and Compliance programs and initiatives, including those related to CAE's Code of Business Conduct, ethics and anti-corruption program, and data protection program.

An initial diagnostic assessed the maturity level of various components of CAE's Ethics and Compliance program against leading industry practices. Findings presented to the Board of Director's Governance Committee were used to develop a three-year roadmap to further enhance CAE's compliance program and systems. The Governance Committee oversees the execution of this roadmap, which is in its second year of deployment in FY20.

Among the many priorities addressed was the need for a more formal and structured Ethics and Compliance Office comprised of dedicated Ethics and Compliance professionals. Additional measures identified included the establishment of a network of compliance ambassadors to help business units in key regions manage compliance-related risks. These ambassadors are part of the businesses they support, and work with local employees on a daily basis. The role of compliance ambassador is a voluntary one, which these individuals assume in addition to the responsibilities associated with the position they hold outside of the Ethics and Compliance Office.

The Ethics and Compliance Office plays a pivotal role in promoting CAE's strong culture of integrity, and in overseeing the implementation of strategies, policies and processes to manage ethics and compliance risks.

Ethical principles for the responsible use of data analytics

The adoption of new technologies and the use by CAE of machine learning and artificial intelligence (AI) algorithms capable of extracting advanced insights from raw data will result in emerging and complex data risks that need to be managed effectively.

In addition to identifying and assessing data-related risks, CAE adopted ethical principles for the responsible use of data to better manage risks associated with new technologies used for profiling and monitoring purposes. The adoption of these principles affirms our commitment to adhere to the highest standards of ethical conduct in our dealings with employees, customers and all other stakeholders in our ecosystem. The principles are also a commitment to go beyond what is legally required to protect CAE and stakeholder data.

We look forward to a productive dialogue on these issues with customers, partners, employees and regulatory bodies. Our guiding principles will evolve with these discussions and the ever-changing technological landscape. For example, we revisited these principles in fiscal 2020, taking into account the European Union Aviation Safety Agency's recent publication [Artificial Intelligence Roadmap 1.0: A human-centric approach to AI in aviation](#).

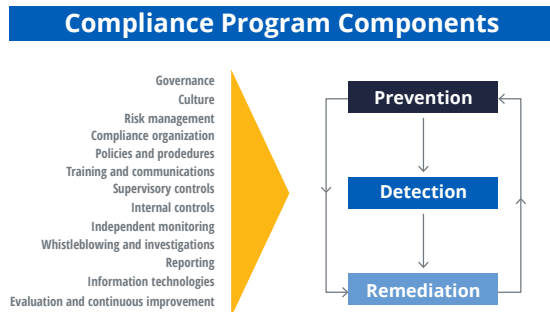
Our principles are:

<p>Safety first</p> <p>Our goal is to improve safety</p>	<p>Transparency</p> <p>Our analytics intelligence is transparent and understandable</p>	<p>Empowerment</p> <p>Artificial intelligence in our systems is intended to empower people</p>
<p>Duration</p> <p>Individual learning data must have an agreed life span</p>	<p>Privacy and Security by Design</p> <p>We put data protection and security at our core</p>	<p>Non-discrimination</p> <p>Artificial intelligence that creates unfair bias will not be pursued</p>

Leadership and commitment: Setting the tone from the top

CAE’s leadership is fully committed to conducting business ethically. This commitment starts at the top. As stated by our President and CEO Marc Parent, “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.”

Quarterly CEO sessions offer an opportunity for our leadership to engage with employees worldwide. Discussions cover business opportunities and financial results, with each session systematically starting with the delivery of key messages centered on health and safety, integrity and ethics. These exchanges position middle management to further engage with their employees on the same topics.



Our managers are required to lead by example and to comply with all applicable laws and CAE corporate policies and procedures. They are encouraged to promote a culture of appropriate risk taking and to foster a positive working environment in which people are treated equally, without harassment and bias. All managers must uphold and live by the principles and values set out in our Code of Business Conduct. At CAE, an advantageous end is never justified by an unethical means. Furthermore, managers are required to support and protect employees who refuse to act unethically.

Reinforcing our Code of Business Conduct and related ethics policies

In fiscal 2016, we launched a process to enhance our Code of Business Conduct, underscoring our commitment to address major business ethics risks. This included integrating our CSR core priorities into the Code and training our managers on the Code. In May 2018, we launched a more succinct, user-friendly [Code of Business Conduct](#).

In fiscal 2020, we completed the review of our [Anti-Corruption Policy](#), which expressly prohibits all forms of corruption committed by employees or third parties. CAE takes corruption very seriously and is committed to the highest standards of integrity. Our Anti-Corruption Policy sets out clear commitments with respect to:

- Compliance with the anti-bribery provisions of the Canadian Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar anti-corruption legislation worldwide;
- Strict prohibition of any form of corruption anywhere in the world, either directly or indirectly through a third party such as business

partners, joint venture and equity partners, acquisition targets, contractors, service providers, suppliers, vendors, distributors, and persons acting on the Company’s behalf;

- Strict prohibition to offer or make any payment to a foreign public official or to any person for the purpose of influencing a decision, or to secure an advantage.

Two significant changes were made in the Anti-Corruption Policy. First, we included a statement that CAE generally does not use foreign representatives unless legally required to do so. The intent is clear that the use of foreign representations should be the exception, not the rule. Further, we added a new section covering specific requirements when entering into mergers, acquisitions, partnerships and joint ventures. To this end, the policy states that adequate anti-corruption due diligence is required before agreements can be executed, with all such agreements requiring provisions designed to mitigate bribery risks.

Delivering training

In fiscal 2020, the Ethics and Compliance Office developed online interactive training on CAE’s Code of Business Conduct. The e-learning module contained a variety of situational questions related to ethics and integrity for learners to navigate, applying the principles and values of the Code. For the first time, this training was completed by employees at all levels around the world, not only by management and key employees. Our President and CEO Marc Parent delivered an impactful message in a video introducing the training.

FY20 highlight

98%
of all employees worldwide completed online training for our Code of Business Conduct

Going forward, all employees worldwide will continue to be required to follow mandatory periodic training as well as to read, acknowledge and agree to comply with our Code on an annual basis. In fiscal 2021, the e-learning training we initially provided in English and French will also be available in German, Portuguese and Spanish to ensure maximum accessibility.

The Ethics and Compliance Office will also continue to deliver live training sessions on CAE's Code of Business Conduct and ancillary policies to certain targeted groups of employees, including our sales, business development, global strategic sourcing, finance, legal and project management teams.

United Nations Global Compact

In fiscal 2016, we became a signatory of the [United Nations Global Compact \(UNGC\)](#) and began integrating the [Ten Principles](#) into our CSR approach. One of our first actions was to update our master agreement and request for proposals (RFP) templates in accordance with the UNGC and the [United Kingdom Modern Slavery Act](#). These documents now include compliance with laws prohibiting human trafficking and the use of child or forced labour.

Vendors are now also required to confirm that their code of ethics/business conduct aligns with our Code of Business Conduct commitments. They must demonstrate their social and environmental commitment and provide any related certifications. CAE also has developed its own [Human Rights policy](#).

EthicsPoint: Our third-party anonymous and confidential reporting system

EthicsPoint helps us ensure that our local and international business activities meet the highest ethical standards. The EthicsPoint website and call centre service provide employees, customers, partners and suppliers with simple, risk-free ways to confidentially report issues of concern associated with unethical or illegal activities, including potential violations of our Code of Business Conduct and key corporate policies. We do not tolerate any punitive action or sanction against anyone who, in good faith, asks a question or submits an allegation of non-compliance through EthicsPoint or any other reporting channel.

We strongly encourage our employees and any party we conduct business with to come forward if they notice or become aware of an activity of concern, including potential unethical or illegal activities. Our [Whistleblowing Policy](#) protects good-faith whistleblowers from retaliation. Our policy recently underwent a complete review, with the whistleblowing process to undergo significant enhancements in FY20 to ensure that all CAE employees understand and are aware of the different channels through which they may report concerns anonymously and confidentially.

Most concerns reported in recent years relate to issues in human resources. We ensure all reports are rapidly and confidentially handled as required by law. Certain violations such as breaches to the Code of Business Conduct require disciplinary action, which varies depending on the severity of the breach. We make sure that appropriate incident investigation and any corrective actions required are taken for all reports. The Global Ethics and Compliance Office provides monthly compliance reports to the Executive Management Committee and quarterly reports to the Governance Committee of the Board of Directors.

In fiscal 2019 and 2020, the number of whistleblowing reports increased compared with 2018, as shown in the table. We communicated the accessibility and confidentiality of EthicsPoint, and have seen an increase in employee use of this resource. The most common type of EthicsPoint report relates to equal opportunity and harassment issues (nine in fiscal 2019 and 2020, compared to ten in fiscal 2018).

EthicsPoint reports since FY18

	FY20	FY19	FY18
ISSUES			
CAE property	0	0	0
Computer systems, Internet, intranet and email	0	0	0
Confidentiality of company, employee and third-party information	2	2	0
Conflict of interest, improper payments and business courtesies	1	1	0
Contracts and records	1	1	2
Safety in the workplace	1	1	0
Equal opportunity and harassment-free workplace	9	9	10
Interpretation of the Code of Business Conduct	5	5	0
Reporting violations of the Code of Business Conduct	6	6	5
Total	25	25	17

See all our site certifications 

Managing business relations with third parties in international transactions

Bribery and corruption are risks faced by virtually all organizations operating globally. Over the last few years, CAE has taken several significant measures to address these risks and strengthen our compliance program, in particular to manage business relations with third parties.

In fiscal 2020, we continued to take pivotal steps to better manage the risks posed by business partners, joint venture and equity partners, acquisition targets, contractors, service providers, suppliers, vendors, distributors, and persons acting on the Company's behalf, such as agents, representatives and consultants. The implementation of these measures began in 2014, when we adopted a global strategy to reduce the number of foreign representatives in international business transactions.

Since then, we have reduced the number of foreign representatives we use by over 85%, considerably lowering our overall spending in this category of intermediaries. Today, with the implementation of our revised Anti-Corruption Policy, it is expected that CAE will use foreign representatives only if legally required to do so. In line with our strategy, we confirm that there were no new foreign representatives engaged in fiscal 2020.

If the use of foreign representative is legally required and a clear business case is made, we will conduct risk-based due diligence before entering into a contract with a foreign representative or any high-risk third party. The level of due diligence performed will depend on a few risk factors, including:

- **Country risks:** Country or jurisdiction in which the foreign representative or third party is located or will provide services;
- **Relationship risks:** Type of relationship CAE will maintain with the foreign representative or third party, and possible interactions between the foreign representative/third party and public officials;
- **Transactional risks:** Type of services to be provided by the foreign representative or third party, or type of transaction contemplated by CAE.

When red flags are identified during the due diligence procedure, they must be investigated and, where appropriate, adequate remediation action plans must be implemented.

If the due diligence results are favorable, the use of a foreign representative or high-risk third party can be approved, and an agreement can then be formalized. All agreements must contain adequate provisions designed to mitigate bribery risks. Such provisions must include, for example, termination and audit rights. All agreements with a foreign representative or a high-risk third party are for a term of one year. Only in rare exceptions will the term of an agreement exceed one year.

For fiscal 2020 and beyond, our goal is to continue to reduce the number of foreign representatives and high-risk third parties we use. We will continue to carefully monitor their services through regular activity reports, and we will continue to require anti-corruption certificates to be signed upon any renewal of their agreement. Any significant change to our business relationship with a foreign representative or high-risk third party (for example, a change in ownership or key personnel) will automatically trigger an independent review of the engagement.

Facilitation payments

Facilitation payments are usually small payments made to a foreign public official to expedite or secure the performance of a routine governmental action, such as obtaining official documents, processing governmental papers or others. Facilitation payments or "grease" payments are strictly prohibited.

Business courtesies

While it is customary in most cultures to extend business courtesies (including gifts and entertainment) to foster the relationships that support business, it is important to have clear rules when giving or receiving business courtesies to 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. Our newly adopted [Gifts, Entertainment and Business Courtesies Policy](#) provides a clear framework when giving or receiving business courtesies.

Political contributions

As a matter of general principle, CAE and its subsidiaries will not make any political contributions to political candidates, parties, organizations or any other political entity, at all levels of government, without the prior written authorization of the Vice President, Public Affairs and Global Communications. CAE made no political contribution in FY20. See our [Lobbying and Political Contributions Policy](#).

Donations and Sponsorships

As a general rule, CAE and its subsidiaries will only give to those institutions and organizations providing facilities and services in those communities where the operation is located and where the bulk of its employees reside, unless otherwise directed by the Vice President, Public Affairs and Global Communications. See the [Community section](#) for details on FY20 donations and sponsorships.

Continuous improvements

In fiscal 2019 and 2020, the internal audit team performed various audits to assess the effectiveness of certain internal controls, including compliance-related controls under our anti-corruption program. The audits produced findings and recommendations to improve and enhance our program.

Our Global Ethics and Compliance Office works closely with the internal audit team to ensure that adequate actions are taken to address findings and recommendations based on risks. They will also continue to leverage our ongoing compliance review to reinforce our governance, risk management and internal controls.

Strengthening our export control processes

In FY20, we hired two additional export control managers, in America and in Europe, which will further improve standardization of our export control processes worldwide.

We also enhanced the screening process to detect sanctioned parties. We use this process to screen employees, customers, suppliers and all banking transactions. These measures are important in ensuring our compliance with all sanctioned regulations in countries where CAE does business, particularly when screening against sanctioned parties associated with our activities in Civil Aviation.

Our enhanced process includes in-person training for the more than 250 newly appointed employees empowered to perform such screening worldwide. The new process extends to audit processes connected to our follow up on related training activities.

We maintained the highest security standards while enhancing teleworking processes, by better securing access to data stored in CAE's Data Control Centre, by enhancing the secured virtual private network (VPN) connections, and by increasing the secured Virtual Desktop Infrastructure capacity to offer the flexibility to employees to work remotely during the COVID-19 pandemic with the goal to maintain efficient and secured business operations.

Global training on our new online modules completed

To standardize our export control training worldwide, we launched 11

new online training modules in FY19 customized for each department. In FY20, we completed delivery of this training to 100% of CAE employees worldwide.

Global alignment for strategic sourcing

The Global Strategic Sourcing (GSS) team continues to work with representatives from multiple regions to communicate, exchange and align on key initiatives and topics. Topics such as CSR, health and safety, and data privacy are among those approached from a global perspective. Opportunities for synergies within the procurement processes were leveraged in several projects, yielding value and alignment within the organization.

Responsible supply chain management

As a signatory to the UN Global Compact, we demonstrate our commitment to upholding its principles, in part, by taking steps to ensure responsible procurement. We integrate labour, environment and anti-corruption considerations into our GSS tools and processes.

An assessment of CAE's core supply chain validated the alignment of our strategic suppliers' CSR principles with those of CAE. Standard procurement

documents such as [Request for Proposal \(RFPs\)](#), [Supplier Survey Reports](#), [Contract templates and Purchasing General Terms and Conditions](#) include clauses that address compliance with laws 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.

Social and environmental factors are considered alongside financial factors when making procurement decisions, and are detailed among the criteria used for supplier selection. We conduct spot verifications on suppliers and their supply chain when necessary. If a verification reveals non-compliant practices, we suspend all activities with the supplier and demand an immediate action plan and remediation. If the delinquent supplier implements corrective measures and demonstrates compliance with our policy, we then decide whether to resume business with the supplier. We had no reported incidents on supplier practices in FY20.

Conflict minerals

We continue to communicate our [Conflict Minerals Policy](#) to our suppliers, and include the requirements set out therein in our [Purchasing - General Terms and Conditions](#). Our due diligence process,

which includes supply chain surveys, supports this policy. We have suspended or discontinued our business relationship with some suppliers who failed to respond to or provide complete responses to these surveys. We also verify smelters reported in supplier surveys to ensure their participation in the Responsible Minerals Assurance Process (formerly the Conflict-Free Smelter Program).

Fostering diversity and inclusion through our procurement

Our purchasing division is undergoing a major transformation. With 19,000 suppliers and close to \$2 billion in annual purchases, CAE recognizes our growing social responsibility as a prime contractor. CAE has grown in recent years through acquisitions that favored a decentralization purchasing model. We have been working diligently to get a holistic view of our organization to properly set up and execute purchasing policies that align with our commitment to diversity and inclusion (D&I) and reducing our carbon footprint – while also respecting contractual requirements on the defence side in terms of purchasing (e.g. representation of visible minorities, small businesses, Aboriginal Peoples, women, veterans). Moreover, two new groups have been created (Contract and risks, Supply chain) to allow CAE to be more agile internally and with our suppliers. This focus has enabled a successful deployment of a supply chain composed of 130 suppliers for the CAE Air1 ventilator in less than six weeks.

We want to meet our obligations, while being a corporate citizen and maintaining our competitiveness. This means having

Green procurement

Suppliers are requested to provide information and appropriate documentation indicating their alignment with our environmental principles. Their responses regarding involvement in environmental initiatives and sustainability strategies are integrated into our approach to green procurement within the supply chain.

Learn more about our initiative to drive green practices by design.

a diversified supply chain and joining the innovative movement to responsible and inclusive purchasing.

We are investing massively in our global purchasing organization, currently investing to set up a supplier and risk management tool that is in full deployment. This tool allows us to have a complete holistic vision on our purchases, giving us more information on the suppliers that we have and making recommendations on potential suppliers by applying criteria such as diversity and inclusion. In addition, we are testing a strategic procurement tool based on artificial intelligence that allows us to better target and meet our search for suppliers that meet our criteria of social responsibility. Development of these tools will allow us to get greater visibility and help us set strategic objectives.

Recognizing suppliers carbon footprint reduction and diversity & inclusion efforts

A more important step in this transformation will follow in 2021 and 2022. CAE will begin recognizing suppliers that represent our values in terms of carbon footprint reduction and diversity in their choice of suppliers. The recognition system and selection criteria are in development, but we want to be the first major aeronautical client to recognize suppliers for their activities related to social responsibility and not only their operational performance. The selection criteria will be defined in FY21 and implemented in FY22.

We are in a major transformation and believe that a diversified supply chain will further CAE's innovation, enabling us to be more dynamic and responsive to organizational needs.

Reinforcing diversity and inclusion through our supply chain

This year, CAE decided to reinforce diversity and inclusion through our supply chain, in line with our overall diversity and inclusion company strategy.

New global platform to improve performance and further social responsibility

As part of our [GSS](#) purchasing transformation, we are developing digital processes and tools that will enable us to strengthen the performance of our growing global network, integrate practices that support social responsibility and mitigate our risks through an holistic view of our spend.

In 2019, we introduced a new global procurement management platform – a significant milestone in the progress of this project. This powerful cloud solution streamlines and digitizes key areas of our procurement process, including management of initial supplier contracts, purchasing of goods and services, and payment of invoices.

This new platform provides new enhanced functionalities for strategic sourcing and negotiation with suppliers, operating through a central repository that facilitates contract management and referencing. The platform supports compliance with the [United Nations Global Compact](#) and [17 Sustainable Development Goals](#), and is the cornerstone of our GSS - CSR Roadmap 2020-2023.

While the project was delayed with the COVID-19 pandemic, initial deployment at our Montreal headquarters is delivering positive results. CAE will realize multiple benefits, such as opportunities to:

- Simplify payment processes through additional automation;
- Revamp purchasing processes to make them easy to use, in alignment with best practices; and
- Leverage corporate buying power, while driving compliance and better addressing supply chain risks.

Learn more about our new supplier registration with Cognibox for health and safety purposes in our [People and Safety section](#).

Annual Supplier Forum

Our Global Strategic Sourcing team organized CAE's first Annual Supplier Forum in Montreal.

Employee cybersecurity awareness training

Cybersecurity continues to be a challenge for organizations of all sizes. We are no exception.

To help raise awareness of potential security threats and to better protect our organization, all CAE employees complete mandatory annual cybersecurity awareness training. (See related highlight [Data protection: An essential part of doing business.](#))

The initial 30-minute training module consisted of five topics, each covered in a five-minute video: confidentiality on the web, access control, responsible use of the Internet, social networks and incident reporting.

Employees learned how adopting cyber safe practices can better secure their professional and personal environments.

Hackers for good!

The first annual CAE Hackfest was among the activities organized around Cybersecurity Awareness Month. Forty employees from Montreal formed 12 teams for a full-day competition, tackling potential network challenges and learning about vulnerabilities ill-intentioned hackers can exploit.

CAE participates in Microsoft Hackathon

We were among a select number of companies invited to participate in the 2019 Microsoft Hackathon.



Corporate social responsibility

Innovation and customer experience

Why it matters

Providing an outstanding customer experience and innovative products and services are key to our competitive advantage. Our strong innovation culture and commitment to best-in-class customer service ensure our industry leadership. They also support our vision to be recognized as the global training partner of choice.

Our goal

Provide the best products and services in the industry by continually improving the quality, efficiency and safety of our customers' training experiences.

Our objectives

As part of our CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

Elevate the CAE customer journey with a seamless training experience and delight at every interaction

- Implement our digital strategy to enhance our customer experience and leverage the latest learning technologies
- By FY23, provide training to employees on our digital strategy
- Continue to differentiate our suite of core simulation products by achieving 95% or more on our quality and schedule performance metrics

Be a thought leader on the evolution of safety practices in the aviation and healthcare sectors

- Continue to invest significant amounts in research and development every year
- Design and deliver quality and sustainable next-generation training products and services
- Innovate to provide remote services and solutions to our customers
- In FY21, certify and deliver the CAE Air1 ventilator to the Canadian government
- Partner with at least one important society/regulatory body in new product development
- Participate in at least one research program demonstrating the effectiveness of simulation in healthcare training
- Bolster cross-segment collaboration to leverage innovation and engineering assets
- In FY21, launch the *Genèse 2* program and accelerate development of state-of-the-art healthcare simulation products and technologies



COVID-19 impacts

Summary of the impacts of the COVID-19 pandemic related to innovation and customer experience:

- Launch of special initiative to harness the creativity and ingenuity of every member of CAE's team: *Together to mitigate the impact of COVID-19*
 - Sharing of ideas to help CAE withstand the crisis and prepare for the future
 - Ideas centred on four central themes: new business opportunities, ways to leverage technology, improving the way we work and saving costs
- Increased digitalization of our training landscape and creation of a digital ecosystem that includes how we address customer needs amidst the COVID-19 pandemic
- Requests from impressed customers to use the COVID-19 posters, materials and protocols we put in place for their safety in their facilities

[See our COVID-19 feature story for more details.](#)



Product excellence and innovation

A passionate commitment to R&D and a deeply ingrained innovation culture at CAE go a long way to explaining our status as the leading-edge training partner of choice, developer of flight simulators, training systems integration and mission solutions, and immersive patient simulation. We consistently rank among the top 20 Canadian companies for R&D investment.

A transformative investment in the future

In fiscal year 2019, CAE announced we would invest \$1 billion over five years in a program of innovation to stay at the forefront of the global training industry. A key aspect of the program is the funding of Project Digital Intelligence, an ambitious venture to develop the next generation training solutions for aviation, defence and security, and healthcare.

Today, Project Digital Intelligence is well underway. Plans focus on three major activity areas: advanced digital technology development; digital transformation of the training and user experience; and CAE innovation and collaboration facilities.

Our strategic investments, with combined investment of \$200 million over the next five years from the governments of Canada and Quebec, are allowing us

to inject innovative technologies into our products and services. As we continue Project Digital Intelligence, we apply a range of technologies such as big data, artificial intelligence (AI), cloud computing, cybersecurity and augmented/virtual reality to the science of learning to revolutionize the training experience of pilots, aircrews and healthcare professionals, and to improve safety.

Project Digital Intelligence is carried out in Canada using CAE's R&D laboratory, test and integration facilities. We collaborate and pursue technology co-development with small- and medium-sized companies. Over the course of the project, we expect to qualify more than 150 new suppliers throughout the country and to work with over 50 post-secondary institutions and research centres.

Saint-Laurent site modernized with advanced sheet metal manufacturing cell

With the January 2020 delivery of a project to redesign and completely modernize our Saint-Laurent site, CAE now operates the most advanced automated sheet metal manufacturing cell of its kind in Canada.

Accelerating the 4.0 transformation of our operations

Not only are we investing to innovate our products and services, but we are also injecting leading technologies into our processes and operations.

ANOVA

This year, we launched Project ANOVA under the Quebec-based AERO21 mobilization initiative. As part of this project, CAE will invest \$21 million over four years to transform and optimize our value stream, from supplier to end user.

The project is articulated around four pillars: innovation of our logistics operations; transformation of our supply chain, which includes implementation of a source-to-pay platform to support our global sourcing efforts; data as a service; and evolution of the customer experience, which will yield a next-generation portal and maintenance support system for our customers.

Scale AI cognitive supply chain project

CAE is partnering with Canada's Scale AI supercluster, a federally-funded initiative, on a project to inject AI into our supply chain operations.

By leveraging the predictive capabilities of AI, we aim to further improve on-time delivery and service levels while reducing our inventory.

"This project will allow CAE to better predict demand and reduce delays in order to minimize the variability of demand in the production chain. It will improve inventory management while ensuring high-quality and efficient services."

Marc St-Hilaire

Vice President, Technology and Innovation at CAE

Sustainable products and services

CAE is the global leader in the sale of full-flight simulators (FFSs), a climate-friendly product. In fiscal 2020, we sold 49 civil FFSs.

Our simulators save millions of tonnes of CO₂ annually. In our Civil Aviation training network alone, the simulators we operate save over five million metric tonnes of CO₂ per year. We [estimate this number](#) using the number of training hours spent on CAE FFSs and multiply this by the normal burn rate (at cruise) of equivalent real aircraft. We lead the industry in introducing disruptive sustainable innovations to meet the highest safety standards required by governments, regulatory authorities and airlines. Our latest innovations in pilot training solutions, including the [CAE Rise™ training system](#), are focusing on improving training and customer experience through a data-driven approach, taking pilot training to a whole new level.

Design for safety and environment

Our Global Engineering department designs our simulator technologies and training materials to improve resource efficiency, eliminate hazardous materials and increase our customers' energy efficiency. We follow [numerous standards](#) throughout our products' lifecycles, from the design and manufacturing stages to the end-of-life phase. As an example, we adhere to the Restriction of Hazardous Substances (RoHS) directive of the European Commission's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation.

In fiscal 2020, we continued assessing the environmental impact of our simulator product line, including the latest evolutions of our [7000XR full-flight simulator \(FFS\)](#) as well as our [CAE 600XR Series flight training device](#), the latest addition to our innovative suite of XR Series training solutions.



Using neuroscience and big data to advance performance

In FY2018, we joined forces with HEC Montréal's Tech3Lab to study how biometrics, neuroscience and big data analysis can be used to learn about behavior in a training context and to identify high-performance factors. Tech3Lab is one of North America's leading user experience research labs. In FY20, we continued advancing this research.

Additionally, as part of a joint project started in FY19 with Concordia University, McGill University, the National Research Council of Canada (NRC), the Université de Montréal, CRIAQ/CARIC and two partner organizations, we continued exploring novel methods for using biometric data to significantly advance aircraft pilots' user experiences in flight simulators.

Another major collaborative R&D project has been initiated this year with the Université Laval, McGill University, the Université de Montréal, the Université du Québec à Montréal, CRIAQ, IVADO and three partner organizations, which will help us in our continuous quest to improve the quality and efficiency of pilot training. The collaboration will address needs such as robustness and interpretability of AI-based systems, as well as data privacy. These are key factors for the certifiability of AI systems and their continued integration into our training products continuum.

We joined the newly created Montreal Natural Language Processing (NLP) Consortium, a non-profit knowledge initiative to collaboratively advance the science and software behind natural language processing (NLP). NLP applications are numerous and have the potential to revolutionize how we train professionals in the aviation, defence and security, and healthcare domains.

These are a subset of CAE's many ongoing research collaborations. We are currently partnering with over 33 universities, research centres and post-secondary institutions to advance research and prototyping in a broad range of domains – from aerodynamics algorithms and models, to cybersecurity, augmented and virtual reality, and next-generation immersive technologies.

Research relevant to society

While collaborative R&D with partners is key in advancing our technologies, we are also invested in ensuring the social relevance of this research. As an example, CAE has joined forces with three partner companies and three universities to leverage the latest artificial intelligence (AI)-based unmanned aerial vehicle technology to enhance emergency response and crisis management, training and data analysis.

We are also part of the Partnership for the Organization of Innovation and New Technologies (4POINT0), an ambitious cross-sectoral, interdisciplinary research group. 4POINT0 mobilizes 14 Canadian universities and five institutions in France, Italy, the United Kingdom and the United States, as well as 30 partner organizations.

As one of **IVADO's** founding members, we take pride in helping provide its 900 affiliated scientists with a multidisciplinary institute for developing processes to extract trends, metrics and concrete information from big data. Experts from IVADO's talent pool work alongside our subject matter experts on research projects related to safety, security and efficiency, using data science and AI.

Improving education in the interdisciplinary innovation of medical technologies

We continued supporting a Chair in Design Engineering for Interdisciplinary Innovation of Medical Technologies at McGill University. The initiatives proposed under this well-planned program will serve to improve undergraduate teachings in a field of increasing growth in Quebec and Canada – well aligned with the need for engineering specialists trained for careers in industrial R&D.

New, unique partnership in the arts sector

CAE started a unique partnership with the arts sector through a collaboration with Société des arts technologiques (SAT) and its partners to support the research and advancement of immersive technologies. The focus will be on themes related to applied research projects on collective immersion and/or volumetric acoustic simulation in virtual and augmented reality. The partnership will enable exchange of know-how between different teams and advance expertise in these research fields.

Underscoring the importance of intellectual property

At CAE, we take intellectual property (IP) and its protection very seriously. IP is a driver of innovation.

The mandate of our IP team includes raising employee and manager awareness of IP, and explaining why IP matters. The team's Lunch & Learn series helps our Engineering employees better understand key aspects of IP, including patents and trade secrets.

The team also distributes an information kit underscoring the important role that IP plays in protecting CAE's position as a global industry leader – preserving our competitive advantage and preventing rivals from copying our innovations. The kit encourages creativity and inventiveness, while stressing the need to follow company guidelines on IP protection. The kit also touts the Eureka rewards program for employee-inventors.

Encouraging our employee inventors

Our IP ambassadors play an important role in shaping future generations of CAE inventors by encouraging innovation and extending the opportunity for everyone at CAE to become an inventor, no matter their role.

Distance is also not a barrier to innovation. Teamwork and remote collaboration between inventors has led to new technologies, improvements on products or processes that were awarded patents. Under the restrictions of COVID-19, we saw the practicality of this arrangement as a feasible and productive long-term option in our IP strategy.



“ CAE Tech was an enlightening experience to me. I learned a lot with my mentor and I developed skills that will help me as I start my career. ”

Esi Manuella

Successful year for new program

CAE Tech: Program your career! supports students' advancement

CAE Tech: Program your career!, encourages future technicians from various fields to start a career at CAE through a support program of student work-integrated learning that offers internships, grants and other opportunities.

We experienced a successful launch year with our inaugural CEGEP partners André-Laurendeau, Bois-de-Boulogne, Édouard-Montpetit/École nationale d'aérotechnique, John-Abbott and Montmorency. These partners enthusiastically continue their collaboration with us and are joined by Dawson.

Our three-year career advancement program is intended for full-time students registered in technology-oriented programs at any of our (now) six CEGEP partners in Quebec. This year, 12 students, two from each CEGEP, joined the cohort from the program's first edition.

The program continues to grow, with an increasing number of educational institutions proactively approaching us to participate. We have also noticed an increase in student applications.

A definite win-win for students, CEGEPs and CAE, all signs point to the continued success of *CAE Tech: Program your career!* – everyone benefits!

* CAE prioritizes the trainees' studies and is committed to accommodating their school schedule. In addition, selection of grant holders will also take into consideration CAE's values of diversity and inclusiveness.

Paying tribute to our inventors

We operate in an industry where securing IP is vital to protect our innovations in a competitive market.

As of today, we hold 160 patents and 158 patent applications, thanks to our creative employees and the teams that support them. In fiscal 2020, we were granted 30 new patents derived from our R&D activities of previous fiscal years. We have prepared many new patent applications. Some were filed in FY20, but most will be completed and filed in FY21 due to the pandemic.



OneSpark: igniting the creativity of our employees and student interns

A single spark of an idea can have a profound impact on the way we do things. CAE's OneSpark program offers employees the opportunity to share ideas that could enhance our processes, improve the way we work, and more.

The program is open to all CAE employees. Everyone is encouraged to share ideas.

Building on the success of OneSpark, CAE's Post-Delivery Services team extended the innovation invitation to each of the student cohorts interning with them. The interns paired up in teams to brainstorm ideas with the potential to improve the way we work.

Many great suggestions emerged. Six projects have been prototyped, including a mechanism that makes our training centre briefing rooms compatible with a wide range of aircraft in just a few clicks.



Swimming with the sharks

At CAE, we have a knock-off version of the popular TV show where budding entrepreneurs pitch their concepts to seasoned business pros in hopes of getting financial backing. We call our competition Innovation Challenges.

This popular CAE initiative encourages employees to pitch their innovative ideas in predetermined subject areas. Submitted ideas are reviewed by members of the Technology and Innovation team, with finalists selected in each category. This year, 21 finalists divided into 9 teams went before a panel of CAE leaders. More than 100 ideas were submitted for the three challenges: Artificial Intelligence, Blockchain and Customer Satisfaction. At CAE, we say innovation is part of our DNA, not just because it sounds good, but because our employees prove it every day.

Partnering with innovative young minds

CAE is a key early member of the [Collision program](#) led by Centech, the technology company accelerator of Montreal's École de technologie supérieure (ÉTS) and one of Canada's leading university-associated tech incubators. The initiative involves the creation of 10 open innovation cells that foster creative exchanges and collaboration between students, tech experts, innovative young firms and established technology companies. The goal is to produce marketable products and solutions in a variety of areas.

Technical Star Forum 2019

Every year, CAE recognizes employees from around the world who contribute to technical know-how and leadership in exceptional ways. Over a few days, these employees have the opportunity to meet their peers in Montreal, exchange on up-and-coming technologies and CAE's R&D roadmap, and attend a wide range of conferences.

We view our Technical Star Forum as great way to connect and stimulate yet more innovation!

Fueling our learning organization, one seminar at a time

Training and upskilling enable CAE to remain at the forefront of innovation, which is why we launched a broad initiative to revitalize how we train our technical employees and empower them to take control of their development through courses and training content. Our first annual Technology Conference Day, hosted at CAE offices, covered topics ranging from Friction Points of a User Experience to Quantum Software.

TechAide Conference

CAE was among the sponsors and exhibitors participating in the second edition of TechAide's 2019 AI Conference. The event combines learning on advances in big data and AI with community involvement. Event proceeds go to Centraide of Greater Montreal (United Way).

Collaboration delivers new surface finishing process for simulator visuals

In partnership with Quebec-based Composites VCI, we developed a new surface finishing process for the visual components of the [CAE Medallion MR e-Series Visual System](#), our simulation platform for military fighter and fast-jet training.

The MR e-Series features an innovative, unique “green” coating formulation that renders controlled images of the highest quality. Contrast, resolution, uniformity and brightness – all paramount display characteristics – strongly depend on the quality of the coating surface.

Given the number of layers controlled and the shape and size of the MR e-Series 360-degree dome screen, Composites VCI used design automation to ensure coating application quality and consistency. The new surface finishing process creates further business opportunities for Composites VCI with CAE and other companies.



The surface quality of the coating on the MR e-Series dome screen contributes to the platform's superior visual imaging performance.



Robotic cell of the coating process developed at Composites VCI in collaboration with CAE. The cell monitors various parameters (air flow, humidity, temperature, quality of the environment) to ensure the quality and consistency of the coating application.

Awards



Marc Parent receives a prestigious award from the Aerospace Industries Association of Canada (AIAC)

Congratulations to our President and CEO, Marc Parent, who was honoured with the Aerospace Industries Association of Canada James C. Floyd Award for his exceptional achievement and contribution to the success of the Canadian aerospace industry.

[Read the article online](#) 



A new award for CAE!

CAE won the Best Export Strategy Award at the Montréal International Awards.

The jury selected CAE for our ability to continually renew ourselves and innovate with new technologies.

More than 80 companies submitted applications under the competition's four categories. CAE is proud of this recognition from the business community. We share this honour with each of our 10,500 employees around the world who work to bolster our company's profile every day.

Customer service

Our Civil Aviation Training Solutions and Defence & Security (D&S) business units separated their Customer Service functions in FY20, putting different models and metrics in place to better address their respective focuses.

Civil Aviation

In Civil, our 24/7 emergency support system delights our customers by leveraging our worldwide locations. Our global team answers more than 500 emergency calls per year and supports our customer needs at all times. We also maintained our focus on providing proactive technical communications.

A strong focus was put on the development of our leadership team. Monthly sessions on different leadership topics were held and different tools and techniques were presented in conferences in order to improve our team's engagement. The focus has yielded results: our Field Service Bulletins customer appreciation score is 97%.

Our Customer Service team continually seeks ways to further delight our customers. We have begun a multi-year transformation of how CAE interacts with our customers in the digital age. We are not only transforming the multiple support tools we provide customers once their products are delivered, but how we interact with customers. We want to simplify and streamline processes through the life of our products to improve turnaround and eliminate any bumps in their customer service experience.

Customer satisfaction is central to our team of 140 dedicated people, as reflected in our Net Promoter Score (NPS), which reached +23, a delightful increase of 26 points. Our customers love CAE, with our global Customer Service team the focal point for all their needs 24/7.



D&S

D&S experienced a year of changes. Modifications in our organizational structure continued to improve our Service and Product Support deliveries and leverage our global presence. In parallel, we are participating with Civil in a multi-year, digital transformation project that will benefit our customers.

Our focus to deliver best in class Customer Service advanced with the CMMI Level 3 recertification of our Montreal Product Support team, a testament to their high level of competency and skills.



User Conference 2019 - Flying in a Digital World



Achieving Objective Key Results proves rewarding and fun

Regional Customer Service Centre model soaring

Our successful NATO E-3A AWACS partnership: 38 years and counting

Tracking customer satisfaction

Executive compensation is tied, in part, to the customer satisfaction scores generated by our annual customer survey. In fiscal 2020, customers ranked our performance as follows:

Civil Aviation

69 net promoter score for Commercial aviation training

73 net promoter score for Business aviation training

73 net promoter score for Training equipment

97% satisfaction for product quality

Defence & Security

98% satisfaction for on-time delivery

99% satisfaction for product quality

Healthcare

4.73/5 net satisfaction score

Digital Accelerator

Digital Accelerator continues to improve customer experience

CAE is always looking to the future, and that is what our Digital Accelerator is all about.

Our team has grown extensively in the two years of the Digital Accelerator's operation, allowing us to launch and to implement multiple digital products and services, which are used by more than 10,000 users worldwide.

This year, we digitized more of the training landscape and created the foundation of our training solution suite: the digital training ecosystem for pilots, crews and customers in our Civil division.

We implemented a data infrastructure and developed our products around the outcomes of the data gathered. Through our extensive network of customers and all their training events, and the simulators connected on CAE Rise™, we can collect a lot of data that will allow us to always provide a better service to our customers.

The Digital Accelerator is constantly growing and will be extended to other business units over next year. We will continue focussing on increasing our product and services adoption to make sure that customers' satisfaction remains high.

The future is taking the data that we are mapping and collecting, with which we will use Artificial Intelligence (AI) to support our customers. AI will be the key to better predict our customers' needs, to identify data trends and areas of improvements, and to make recommendations to enhance training programs. For example, through adaptive learning, we will be able to adjust learning content based on the learner's preferences. All of these digital innovations will help us fulfill our mission, which is to be the worldwide partner of choice for our customers.



CAE Rise™

[CAE Rise™](#) is the cornerstone of CAE's integrated training system. It helps instructors to give feedback to the pilots on their training. The value of CAE Rise™ is the connection between grading information derived from the instructors and flight training performance information derived from the simulator; then taking that connection and generating insights for the instructors, training managers and Heads of Training. The goal is to enhance pilot training, thereby enhancing air safety.

CAE Crew Training

Through this app, our students have access to their digital training content, reducing the need for printed material. They can, from a distance and in advance, prepare for their upcoming training sessions by referencing course material, their schedules and information about the training centre.

Operator Portal

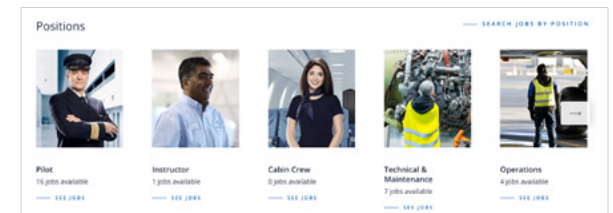
Customers can connect directly with CAE to easily and efficiently submit accurate training requirements, which enable us to increase our data to better serve our customers. Every client that trains with us has slightly different profiles and needs for their training experience.

eTCA

The eTCA (electronic version of the Training and Checking Authorization Form) captures customers' information to ensure that their training needs are being met, and that information is managed in a digital and efficient manner, which reduces the time taken to complete the form by 75%.

Aviation Job Board

Making the connection between potential employees and employers, the Aviation Job Board is the one-stop-shop for CAE crewmembers to link with CAE operators.



Responding to COVID-19 crisis

Amidst the COVID-19 pandemic, teams continued to innovate and release solutions for our customers. In the wake of COVID-19, our target pilot customers have been severely impacted by travel restrictions around the globe. To help pilots stay connected, we created a community connecting proficiency and career opportunities for professional pilots. The [Airside](#) platform is for professional pilots who want to have access to career and training resources. The platform provides aggregated expert content specific to pilots and "made for me" support, that allows them to stay up to date, stay connected to their peers and be proactive about their personal development.

Community and environment

Why it matters

We know that we can only be successful if the communities and economies in which we operate are thriving and prosperous. Minimizing the environmental impact of our operations helps protect natural resources, improve employee and community quality of life, and preserve our licence to operate. Our training solutions contribute to this well-being by increasing aviation safety, strengthening public security and improving patient outcomes.

Our goal

Create a positive and sustainable impact in our communities and our environment.

Our objectives

As part of our CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

Reduce our environmental footprint across our operations

- Become carbon neutral by end of Summer 2020
- Reduce our emissions with green energy initiatives
- Implement at least one paperless initiative in each of our sites
- By FY21, conduct or update energy and waste audits*
- By FY22, source 75% of the electricity consumption of our European sites through renewable energy*
- By FY23, install LED or energy efficient lights*

* At all CAE sites where we have operational control of the building or control on energy sourcing


Support the communities where we operate through our global community investment program

Canada

- In FY20, expand and promote the Canadian scholarship program to cover technicians, people wanting to become pilots, and students willing to be ambassadors to promote Work Integrated Learning in Canadian aerospace companies
- By FY21, launch a diversity scholarship program to allow women, Indigenous Peoples, persons with disabilities and visible minority individuals to complete their studies and better access positions with a greater representation gap
- By FY23, collaborate with over 50 post-secondary institutions and research centres

Worldwide

- Better promote the CAE scholarships offered globally
- Develop a volunteering program for our employees
- By FY24, spend at least 40% of our [donations and sponsorships](#) budget on education



Employees from our Montreal headquarters volunteering at Sun Youth food bank



COVID-19 impacts

Summary of the impacts of the COVID-19 pandemic related to community and environment:

- Helping the healthcare community in the COVID-19 pandemic
- Creation of a climate risk assessment template to map efforts and track delayed activities
- Delay or cancellation of various environmental-related activities
- Extent of the impact on energy consumption and waste disposal to be known in the coming months

[See our COVID-19 feature story for more details.](#)



In April 2019, members of the CAE team in China helped collect trash during a 3-hour hike.

One CAE, committed to our global community

Investing in local communities and their economies is key to building a reputation for being a neighbour of choice everywhere we operate. These contributions also help strengthen employee engagement across CAE. In fiscal 2020, our employees made a difference in multiple ways around the world.

Health

Helping the community in the COVID-19 pandemic

The coronavirus has presented a significant challenge to the global population and to front-line workers providing essential services, with CAE offering solutions to help deal with the outbreak.

CAE took the lead to help healthcare providers identify and treat the coronavirus by offering complimentary webinars and a downloadable training scenario. This training allowed caregivers to practice personal safety procedures and initial patient assessment – and our efforts are being noticed. CAE Healthcare Academy also developed a simulation-based training course to help assess, diagnose and treat patients with coronavirus, and to help organizations ensure that staff are ready to don and doff personal protective equipment.

We further explored ways to apply our innovation and expertise to help health services around the world. To help in the fight against COVID-19, our CAE Healthcare engineers and scientists designed a simple, maintainable, easy-to-manufacture ventilator prototype to provide life support to patients in intensive care. Following signature of a contract with the Government of Canada to manufacture and supply 10,000 units, CAE started sourcing components to begin immediate production of the ventilator which has been certified by Health Canada.

In addition, we announced that we are leveraging our global supply chain to source scarce N95 masks for humanitarian purposes in support of front-line health workers. To date, CAE has secured 600,000 N95 masks, which were delivered to the Quebec and Manitoba governments.

Learn more about CAE's contributions in our [COVID-19 feature](#).

CAE dreams big with the McGill University Health Centre

During CAE Day, we announced a partnership with the McGill University Health Centre (MUHC) Foundation and a donation of \$500,000 to the Foundation's *Dream Big* Campaign. More than 1,000 healthcare professionals were on hand at the inaugural event to meet the CAE Healthcare team, and experience our training equipment and medical simulators.

Details are provided in our [MUHC feature](#).



20 people. 60 tonnes. 1 goal: To end avoidable blindness

CAE Toronto placed third in the 2019 [Orbis Canada Plane Pull for Sight](#). CAE's 28-member team competed against 37 other teams to see which one could pull a 60-tonne FedEx B757 aircraft a distance of 20 feet in the fastest time.

Diversity and Inclusion



Fly Like a Girl

CAE was proud to sponsor the award-winning film *Fly Like a Girl* at the Sarasota Film Festival in Florida.



CAE encourages women to fly in Virginia

CAE's sponsorship of the Women Can Fly event at Virginia's Warrenton-Fauquier Airport.



Fly it forward for women in aviation

CAE proudly supports the Institute for Women Of Aviation Worldwide (iWOAW).



Women in Defence and Security

In partnership with Thales Canada and L3Harris, CAE launched the [Canadian Industrial Leadership Award](#) (CILA) for Canadian women in the defence and security sectors.



Facebook campaign honors veterans

CAE USA honoured veterans and all members of defence forces who serve their countries through a compelling Facebook campaign.



Smiles all around at CAE Barcelona

Our CAE Barcelona office has been a proud supporter of [Aviación Sin Fronteras](#) (Aviation without borders) for many years.



Record generosity at CAE: \$1 Million!

CAE contributed \$1,015,015 to Centraide of Greater Montreal (United Way) this year. During the month-long campaign, CAE Montreal employees participated in everything from bake sales to soccer tournaments and a karaoke competition to raise funds to fight poverty and isolation through Centraide. Much fun was had by all, while contributing to a great cause. We thank our employees for their generosity and engagement.

Disaster and humanitarian relief



Employees' generosity made a difference in Australia!

When the call went out for donations to support wildfire relief in Australia, the CAE community responded with exceptional generosity.

A total of \$32,189 AUD was donated by employees around the world. With CAE's pledge to match all donations, more than \$64,000 AUD was donated to the Australian Red Cross. Thank you for your generosity!

We would also like to recognize and thank CAE employees involved in both firefighting and recovery efforts, and those who trained Royal Australian Air Force Blackhawk pilots participating in relief operations. Additional coverage is provided in [our feature story](#).



Spring flooding in Canada: CAE puts a shoulder to the wheel!

Volunteering

CAEvolunteering: Recognizing our employees' community contributions

As part of our commitment to develop a volunteering program for our employees, we continued to ramp up CAEvolunteering, a program that recognizes employees who go the extra mile for their community outside of work. And employees definitely went the extra mile!

The components of our recurrent, three-pronged program are:

- **Volunteer of the year awards:** CAE supports the cause of employees who demonstrate outstanding commitment to outside-of-work engagement and to making a positive impact on the community. We received 36 submissions, and congratulate everyone for their involvement. Again this year, six prizes were awarded: one gold, three silver and two bronze.
- **Dollars for your cause:** CAE gives \$250 to support the cause of employees who volunteer 50+ hours per year, outside work hours. In FY20, CAE donated \$14,000 under this new program.
- **Team volunteering:** CAE allows employees to volunteer in groups, and during work hours (as a team-building activity). In this first year, several teams worldwide took the time to give back to their community through this new addition to our program, from beautifying community spaces, helping food banks, collecting clothes donations and distributing groceries, to cleaning care facilities.

Eligible employees from all CAE locations are welcome to apply for or participate in those programs.

2019 Volunteer of the year awards: Six winning profiles

There could not be a more poignant time to recognize CAE's 2019 Volunteers of the year. Over the past few months, people around the world have undergone heartbreaking experiences. In this difficult time, we are encouraged by those who selflessly give of themselves to help others – volunteering their time to causes and organizations throughout the year. We are proud to recognize our 2019 Volunteers of the year. Thank you for setting such great examples!



Learn more about the winners and the causes they support.

Innovation

Making lives safer and more efficient

In the spirit of enhancing safety, improving efficiency, maintaining readiness and solving challenging problems in all aspects of Canadians' lives, we are involved in the geospatial community as co-chairs of the Open Geospatial Consortium's (OGC's) Canada Forum on Geospatial Standards. The Canada Forum is dedicated to better serving the country's needs for geospatial data and services by focusing on the sharing of information, capacity building, innovation, outreach and industry business development. The forum also acts as a venue for enhancing the level of Canadian influence in the OGC geospatial standards process.

Education



Participation in FIRST Robotics a continued success

CAE is proud to be involved again this year with [FIRST Robotics Canada](#).



Supporting student hackathons and digital literacy

During the McGill Women in Computer Science hackathon, we suggested coding challenges and evaluated talented teams.



Air Cadets visit our Montreal headquarters

Cadets from five squadrons in the region came to visit CAE's Montreal headquarters.



Promoting STEM careers

Getting young people fired up about science and encouraging them to explore rewarding careers in STEM is a mission we strongly believe in championing.



Welcoming high school students to consider careers in STEM

Over the past year, several hundred students visited our facilities and production cells and met with our employees.



Post-secondary scholarships

We recognize the significant contributions that university and college students and graduates make to leading-edge R&D in our core areas of expertise.

Helping indigenous students persevere in school

Aligned with our objectives, we partnered this year with the non-for-profit organization [Indspire](#) to offer scholarships over the next three years to Indigenous students across Canada who wish to pursue their post-secondary studies and need financial assistance. A total of \$60,000 will be awarded to 15 students over the course of the program.

Education through case competitions

We are proud to support a variety of case competitions over the years that offer unique ways for participants to live an accelerated, value-added hands-on learning experience. As an example, we support the John Molson MBA International Case Competition. The competition is open to top business schools worldwide, and is recognized as the largest case competition of its kind. The main purpose of the competition is to bridge the gap between corporate and academic worlds, which ultimately enriches both students and executives alike.

Contributing to fundamental and applied research

Over the past eight years, we have contributed talent and more than \$9 million in funding to collaborative projects with universities and research institutes. Projects range from basic research to product, process and service commercialization.

Examples include:

- Founding member of IVADO (Institute for Data Valorization)
- Operational Research Chair at École Polytechnique de Montréal

- Healthcare partnership with Université de Montréal
- Key early member of the Collision Program launched by École de technologie supérieure via its technology company accelerator Centech
- Member of the Montreal Natural Language Processing (NLP) Consortium

Engaging with stakeholders

We proactively engage with a diverse range of stakeholders on a broad number of issues. This engagement takes the form of conferences, sectorial and cross-sectorial initiatives, partnerships with government and educational institutions, as well as direct dialogue with various community groups.

Developing the talents of tomorrow in Quebec

For several years, CAE has helped advance student training and education in Quebec universities. We continue to build on that legacy by being actively involved in sharing our technical know-how. We are eager to develop the talents of tomorrow. Here are some of the ways we do that: teaching a credited aerospace undergraduate course at Polytechnique Montreal, and mentoring engineering teams working on a variety of capstone projects and industry challenges.

Women in Engineering Chair at University of Ottawa

We continue to advocate for more women in engineering through professional networking, training and employment at CAE and across the industry.

We are donating \$20,000 annually for a period of three years, for a total of \$60,000, toward establishing a fund for the promotion and

advancement of girls and women in science and engineering at the University of Ottawa's engineering faculty. The fund will finance activities and initiatives that encourage girls to consider studies and careers in engineering, and provide them with positive women role models.

Championing work-integrated learning

In FY20, CAE offered more than 500 co-op and student positions. We plan to do much more, through our commitment to enhance the number and relevance of work-integrated learning opportunities.

We are a founding member of the Canadian Mobility and Aerospace Institute (CMAI), which coordinates and enhances the delivery of Work-Integrated Life-Long Learning (WILL) opportunities in the transportation and aerospace sectors.

As part of CMAI, we are one of the instigators of the Student Placement One-stop Tool (SPOT) platform launched in FY20. SPOT is changing and broadening how we attract and train student interns, making work-integrated learning opportunities like internships and special in-company trainings more easily available to students globally.

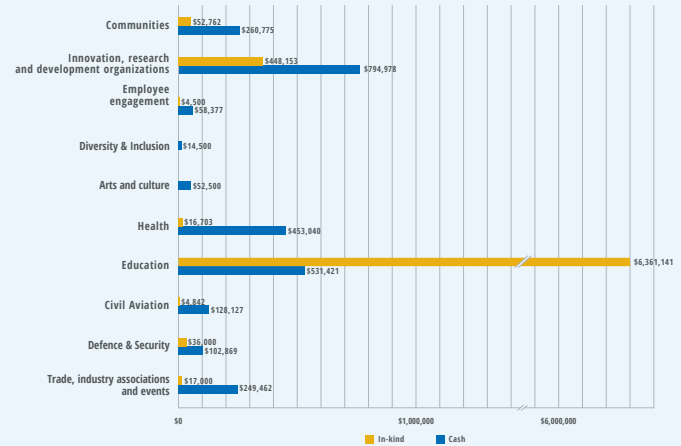
As a member of the Business/Higher Education Roundtable, CAE is a champion of the organization's Work-Integrated Learning (WIL) program — WIL in Action — for the mobility and aerospace sectors. The goal is to create an additional 10,000 WIL opportunities in those sectors.

As part of this engagement, we take part in various conversations to advocate WIL benefits. In February, we shared our vision and experience with more than 60 talent leaders from the corporate, educational and government sectors during the Future Talent Council's Regional Talent Roundtable in Toronto.

Donations and sponsorships in FY20

In fiscal 2020, we donated a total of \$9.6 million (cash and in-kind) to local and regional initiatives worldwide

FY20 cash and in-kind donations



Supporting local economies

Through our presence in more than 35 countries around the world, we are helping create economic growth by delivering goods to our customers, jobs for our employees, payments to our suppliers, investments in communities, and value to our investors. Here is a snapshot of how CAE supported local economies in fiscal 2020.

FY20 revenues	\$3,623.2
Total operating costs	\$3,086.1
Salaries and other short-term employment	\$1,218.6
Corporate income taxes paid	\$34.2
Community investment and charitable donations	\$2.6
In-kind donations	\$6.9

Amounts in millions

CAE to become carbon neutral in Summer 2020

In late November, we announced our commitment to become carbon neutral in Summer 2020 by purchasing Renewable Energy Certificates and Carbon Offset Certificates for fuel used for all live training flights at our academies, all energy consumed at our locations worldwide and the air business travel of our employees.

For details on our global strategy, read [CAE's journey to carbon neutrality](#).

Creation of a Climate Change Committee

We created a Climate Change Committee (CCC) to get a global understanding of the climate change risks and opportunities across our organization. The CCC's mission is the integration of climate change into CAE's business strategy, identifying risks and opportunities.

As a sub-committee of the CSR Committee, the CCC includes representation from key departments sharing the common goal of addressing climate change issues and improving climate risk management at CAE:

- Global Environment
- Communications
- Strategy, Investor Relations and Enterprise Risk Management
- Insurance
- Real Estate and Strategic Sourcing

Progress made during FY20 includes a benchmark exercise to get a detailed global view on applicable climate change risks; development of a methodology to assess each site's exposure to these risks; a roadmap for the completion of site risk assessments; and governance for managing risk assessment per site.

Deployment of a climate change risk assessment template to map all our efforts and track all activities was delayed due to the COVID-19 crisis. An initial risk assessment exercise has begun at a selected representative site, with global deployment planned over FY21 and FY22.

Reducing our environmental footprint

We continued to make progress on our environmental objectives in fiscal 2020. Prior initiatives underway to improve energy efficiency, lower energy consumption and reduce waste across our sites remain on target, further contributing to [CAE's commitment to become carbon neutral in Summer 2020](#).

We are increasingly sharing best practices and initiatives throughout our network of 160-plus sites and training locations that address multiple environmental aspects. Our [Environment, Health & Safety \(EH&S\) Policy](#) and ISO 14001-inspired Environmental Management System (EMS) guide us in managing our environmental impact across these sites and locations. Our internal newsletter Enviro-News provides monthly updates on environmental practices, policies and initiatives. This communication tool enables us to share corrective actions and stimulate continuous improvement in our environmental performance.

Employee contributions

Once again, CAE employees across the globe found creative ways to help us shrink our environmental footprint, leading initiatives to promote energy efficiency and waste reduction.

The efforts profiled in this section are representative of the many efforts taking place worldwide to support CAE's environmental targets.

Impact of COVID-19

On a global level, various environmental-related activities were delayed or not held due to the COVID-19 pandemic. The extent of the impact on our energy consumption and waste disposal will be known in the coming months.



Communicating the use of 100% renewable electricity

At the end of FY20, 12 CAE sites in Europe offset 100% of the electricity consumed by their buildings and simulators through the purchase of renewable electricity certificates.

This aligns with [CAE's Summer 2020 carbon neutrality commitment](#) and our objective to source 75% of the electricity consumption of CAE's European sites through renewable energy by FY22.*

We thought employees, customers and site visitors would appreciate knowing about this environmental contribution. Visuals were provided to each facility to advertise this milestone via TV monitors.

Milan and Stolberg achieved this goal in FY20, joining Amsterdam, Barcelona, Brussels, London Burgess Hill, London Gatwick, Manchester, Oslo, Kidlington/Oxford, and Stockholm.

CAE Stolberg worked with a local energy supplier and, with assistance from procurement, amended existing contracts very quickly to purchase 100% green energy to cover the site's entire electricity consumption. Savings from the conversion is estimated at up to 1,382 tonnes of CO₂e over two years.

*At all sites where we have operational control of the building or control on energy sourcing.



Facilities install LED energy-saving solutions

Our objective to install LED or energy efficient lights across our operations by FY23 is progressing well, with more than two-fifths of CAE's total floor area now equipped with LED/energy-saving lighting systems.*

More and more CAE sites are installing LED lighting in all areas of activity. In some locations, corridor lighting operates on motion sensors and classrooms use switch controls equipped with overriding passive infrared sensors.

In addition to benefits of energy savings reduced carbon emissions and lower operating costs, maintenance becomes much safer in areas such as simulator halls, where high ceilings put lights out of easy reach.

Our Flight Training Operations team at CAE Mesa found an elegant solution to counter energy consumption attached to air conditioning – a necessity given how high temperatures can reach in Arizona.

Tinted LED glass windows branded with the CAE logo were installed to help cool down the Repair Station building and reduce costs. Tinted windows were also installed at the Flight School. The team coordinated the project with a local energy company and applied available rebates that resulted in a minimal payback period.

Ongoing deployment of the CAE Agora workspace design at Montreal

Over the past few years, the Facilities team at our Montreal headquarters has been reconfiguring workspaces through the CAE Agora program to allow a better sharing of spaces and to reduce CAE's energy footprint. Deployment of CAE Agora intensified during FY20, with the renovation of 30,000 square feet.

CAE Agora improves environmental management of buildings through easier maintenance and reduced energy consumption per employee; encourages the ongoing transition to a more digitalized environment (less paper); and helps achieve a resilient workforce able to work anywhere, including from home – contributing to a smaller commuting footprint.

Through its clean desk concept, CAE Agora helped us achieve the level of surface disinfection management required with COVID-19. The employees usually working in CAE Agora workspaces have the necessary equipment for mobility and remote work (laptops, headsets and soft phones). As the COVID-19 outbreak hit, they had all they needed to work from home and were up and running in no time!



Improving sustainable mobility

Our Montreal site added more choices to its already large offer of sustainable

transportation options to help reduce CAE's carbon footprint (carpooling and public transit support, charging stations for electric vehicles and bicycle storage). In FY20, two successful pilot projects were launched to improve sustainable mobility:

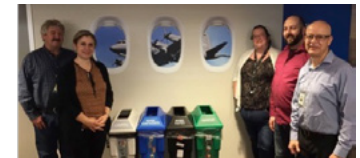
- Private shuttle services were offered by CAE at no cost to employees between our headquarters and the metro, and between the headquarters and two CAE buildings nearby.
- Free e-bike and helmet rentals were available for reservation up to 72 hours.

Additionally, the following improvements were made in FY20 to support sustainable mobility: a new, more user-friendly and intelligent carpooling application; rewards based on the number of carpooling days completed; more carpooling spaces added in parking lot; monthly draw for the carpooling community; and more charging stations for electric vehicles.

Stolberg and other CAE Elektronik GmbH sites participated in a “No cars” campaign for the second year. On June 18, participants commuted to work using alternative forms of eco-friendly transportation. The 31 employees who opted for public transport, running, skating and more for the day's commute received a blue t-shirt in recognition of their efforts, a win/win initiative for the environment, sustainability and health.



CAE Brazil São Paulo Training Centres earn ISO 14001 certification



CAE Ottawa's “out-of-box” thinking gets waste reduction results



Successful development of simulation technology contributing to reducing GHGs from live training aircraft



Meet more CAE environmental heroes!

*At all sites where we have operational control of the building or control on energy sourcing.

Feature story

Commitment: Summer 2020

Taking the first steps in our journey to carbon neutrality


Doing our share in the fight against climate change

On November 28, 2019, President and CEO Marc Parent announced CAE's commitment to become carbon neutral in Summer 2020 at a Montreal Council on Foreign Relations (CORIM) event, making us the first aerospace company in Canada to take this stance. We will achieve this goal by purchasing Renewable Energy Certificates and Carbon Offset Certificates for the fuel used for all the live training flights of our academies, for energy consumption in our locations worldwide and for business air travel of all our employees.

As Marc stated in his CORIM address, "I believe this is a collective responsibility and that companies have a role to play. They must link their financial results with the impact of their activities that benefit the community. That is what CAE is doing today."



Our CEO Marc Parent announces CAE's commitment to become carbon neutral in Summer 2020 at CORIM (in French and English)

[Watch the video](#) 

New climate-change movements and eco-friendly activities

In the months leading up to Marc Parent's announcement that CAE was committing to become carbon neutral in Summer 2020, a big movement was underway. Change was in the air.

Global airlines such as KLM Royal Dutch, Air France and easyJet, made engagements to create a sustainable future for aviation by offsetting their CO₂ emissions from flights.

"As a CEO and father, I felt responsible to do something and saw a great opportunity for CAE to make a difference," Marc recalled. "Our partners took bold stands to reduce their carbon footprints. The time was right for us to up our contribution and become a leader in the environment."

Three initial scopes and targets

We have organized our strategy into three phases and identified three ways to reduce our carbon footprint: consume less, consume better, offset carbon emissions.



Scope 1 covers all the direct emissions from sources CAE owns or controls. This category includes aircraft that we own for flight training operations and training of cadets.



Scope 2 covers all indirect emissions from the generation of purchased electricity, steam, heating, and cooling.



Scope 3 covers the other indirect emissions, which includes the value chain (e.g. employee business travel, delivery of flight simulators or important parts delivered by boats).

Our short- and long-term action plan

Our carbon neutrality commitment on energy use and business travel in Summer 2020 will be reached through combined short-term actions (purchase of carbon offset certificates and renewable energy certificates) and long-term actions (reduction of our carbon emissions).

In addition to preventing millions of tonnes of CO₂ being emitted each year by training more than 135,000 pilots in simulators, we will become carbon neutral for our live training fuel emissions, business-related air travel and energy consumption by purchasing carbon offset certificates and renewable energy certificates (RECs).

The projects we are considering fall under five categories: international renewable energy, landfill gas, forestry, cook stoves and water filters. Our purchase of carbon offset certificates to fund these GHG reduction projects will follow these criteria :

- Purchased from well-established, quality offset programs (e.g. project registered under VCS, Gold Standard)
- Not limited to North America but focus where we are established

Twelve CAE sites in Europe have offset 100% of the electricity consumed by their locations through the purchase of RECs.



An eye to the future

Carbon offsetting and RECs are interim measures that CAE will take while new technologies and solutions are being developed to reduce emissions. Our long-term strategy is to determine how we can reduce at the source. Though we are still at the exploration phase, we are committed.

We plan to work with the industry to progressively use electric aircraft for live flight training in our academies. We will also continue to undertake other measures to reduce our overall emissions, for example, by continually investing to make our full-flight simulators more energy efficient, therefore allowing our customers worldwide to reduce their own footprint.

We are looking at biofuels and at potentially integrating biofuel aircraft in our own fleet for training. We have asked the manufacturer of our small jets to look into certification of our fleet for biofuels to reduce carbon emissions. We are exploring electric aircraft with potential partners in Europe and have an active interest in advances made in electric battery technologies.

While keeping such exciting environmental developments in mind, we continue to move forward in our carbon

neutrality journey – each step helping us to further reduce our global footprint.

See our [Environmental section](#) to learn about other initiatives underway across CAE to reduce our environmental footprint.

CAE's carbon neutral commitment

- Report on Scope 1, Scope 2 and business travel (Scope 3) emissions
- Look into reliable projects to compensate our emissions by buying carbon offsets and renewable energy certificates
- Target: End of September 2020
- Reduce our emission with green energy projects in the medium- to long-term future
- Become a leader in sustainable live training by progressively integrating biofuel and electric aircraft

Appendix

Site certifications

ISO 9001:2015 - Quality management systems – Requirements

CAE Montreal Headquarters

8585 Côte-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1G6

Scope: Design, manufacture, service and maintenance of simulation products and training solutions.

400 Montée-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1N8

Scope: Storage, handling and warehousing.

105 Montée-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1S6

Scope: Assembly and test of simulation products. Storage, handling and warehousing.

129 Montée de Liesse, Saint-Laurent, Québec, Canada, H4T 1N4

Scope: Assembly and test of simulation products.

CAE Ottawa

350 Legget Drive, 2nd floor, Ottawa, Ontario, Canada, K2K 2W7

Scope: Provide software development, systems engineering, system integration, ISS, operational systems, enterprise training and consulting services for the entire system lifecycle, including integrated logistics support. This also 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 Moose Jaw

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 onsite hardware/software support; provide data and records management.

CAE 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 onsite hardware/software support; provide data and records management.

CAE 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 onsite hardware/software support; provide data and records management.

CAE Gagetown

403 Squadron, Building L24, 403 Squadron, CFB Gagetown, Oromocto, New Brunswick, Canada, E2V 4J5

Scope: Maintain and service flight training devices; provide supply support and provisioning; provide onsite hardware/software support; provide data and records management.

CAE Halifax

36 Solutions Drive, Suite 200, Halifax, Nova Scotia, Canada, B3S 1N2

Scope: Provide software development; systems engineering; systems integration; in-service support; operational systems; and enterprise training and consulting services for defence, aerospace, public safety and security applications.

CAE Mirabel

10000 Helen-Bristol Street, Mirabel, Quebec, Canada, J7N 1H3

Scope: Provide capacity-service support for the entire system lifecycle, including systems engineering and software and integrated logistic support.

CAE 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 onsite 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 onsite hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; provide data and records management.

CAE 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 onsite hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; provide data and records management.

CAE Military Aviation Training

NATO Flight Training in Canada (NFTC), Colonel O.B. Philp Complex, Building 160, PO Box 120, Bushell Park, Saskatchewan, Canada, S0H 0N0

Scope: Provide 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: Provide egress training and aircraft maintenance.

Presagis Canada Inc.

4700 De La Savane Street, Suite #300, Montreal, Quebec, Canada, H4P 1T7

Scope: Provide software technical services and consultation for defence and aerospace real-time simulation and See modellings applications; include customization and integration of COTS software, 3D modeling and synthetic environment creation.

CAE India Private Limited

1st Floor, Survey No. 26 & 27, Bandaramanahalli Village, Uganavadi Post, Devanahalli Taluk, Bangalore - 562 110, Karnataka, India

Scope: Provide analysis, design, development, manufacturing, integration, installation, commissioning, maintenance and support of simulators and engineering systems solutions for aerospace, defence and power sectors.

CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA, 33634

Scope: Provide design, integration, testing and installation of simulation devices for military training.

5411B Pioneer Park Drive, Tampa, Florida, USA, 33634

Scope: Provide assembly and testing.

CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501, Sherwood, Arkansas, USA

Scope: Provide analysis, design, development, implementation and evaluation of integrated training solutions.

CAE USA – Altus

203 North 6th Street, Building 179, Room 154, Altus, Oklahoma, USA, 73523

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - MacDill AFB

7800 Hanger Loop Drive, MacDill AFB, Tampa, FL 33621

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - March ARB

1250 Y Street, March Air Reserve Base, Riverside CA 92518

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - Fairchild AFB

101 W. Arnold Street, Fairchild Air Force Base, Spokane, WA 99011

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - Hickam AFB

395 Mamiya Avenue, Hickam Air Force Base, Honolulu, HI 96853

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA – Mildenhall RAFB

Building 816, RAF Mildenhall, Bury St. Edmonds, Suffolk, IP28 8NG, United Kingdom

Scope: Simulation device integration, installation, maintenance and training.

CAE USA - Grissom ARB

4376 Hoosier Boulevard, Grissom Air Reserve Base, Kokomo, IN 46971

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - Milwaukee ANGB

1874 E. Grange Avenue, Milwaukee, WI 53207

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - Kadena AFB

Building 748, Kadena Air Force Base, Okinawa, JA 904-0299

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA - Pittsburgh ANGB

304 Mustang Drive, Coraopolis, PA 15108

Scope: Provide simulation device integration, installation, maintenance and training.

CAE USA – Healthcare

6300 Edgelake Drive, Sarasota, FL 34240

Scope: Design, Production, Integration, Test, and Delivery of Medical Simulation Technologies and PostDelivery Activities and Services.

CAE USA - Scott AFB

5790 Pryor Drive, Scott Air Force Base, Belleville, IL 62225

Scope: Provide simulation device integration, installation, maintenance and training.

CAE Australia Pty Ltd

Bankstown Airport, 33 Nancy Ellis Leebold Drive, Bankstown, NSW 2200, Australia

Scope: Provide maintenance support for simulation training devices.

Swordfish Road, HMAS Albatross, Nowra, NSW 2541, Australia

Scope: Provide maintenance support for simulation training devices; provide training services using simulation training devices.

Simulator Facility Building, 375 Percival Street, RAAF Base Richmond, NSW 2755, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

350 Parramatta Road Campus Business Park Homebush NSW 2140, Australia

Scope: Provide systems engineering and project and program management for simulation training devices; develop growth opportunities within the business.

76SQN Hawk Simulator Facility Building 868, RAAF Base Williamstown, NSW 2314, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, KC30-A Sim Facility Building, 1123 F-111 Drive, Amberley, QLD 4306, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

120 Edward Street, Brisbane, QLD 4000, Australia

Scope: Provide systems engineering, training services and project management for simulation training devices; develop growth opportunities within the business.

Building 0808, CH47F Training Centre, RAAF Base Townsville, Ingham Road, Garbutt, QLD 4810, Australia

Scope: Provide maintenance support for simulation training devices.

Army Aviation Training Centre, Army Airfield Oakey, QLD 4401, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, Building 398, 292 Squadron AFS, Edinburgh, SA 5111, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE Sale Training Centre, Lot 16, Wellington Park Way, Sale, VIC 3850, Australia

Scope: Provide maintenance support for simulation training devices.

79 SQN Simulator, Building A0989, RAAF Base Pearce, Bullsbrook, WA 6084, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE New Zealand Pty Ltd

Seasprite Simulator 6 Squadron HQ, RNZAF Base Auckland, Tainui Street, Whenuapai, Auckland, 0618, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

14 SQN Training Centre, Kororareka Ave, Ohakea, 4816, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE Kuala Lumpur, Malaysia

Lot PT25B, Jalan S5, Southern Support Zone, KLIA, 64000, Sepang, Selangor, Malaysia

Scope: Provide training for commercial pilots, cabin crew, ramp, guest services and aircraft maintenance.

CAE Maritime Middle East LLC

Addax Tower, 51st Floor, Office 5111, 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 Elektronik GmbH – Stolberg

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg, Germany

Scope: Provide operation, development, manufacturing, technical and logistic support for training equipment and synthetic environments, systems and software applications (mainly flight and tactical simulators); provide associated training programs.

CAE Germany – CAE Services GmbH – Bückeberg

CAE Services GmbH, Bäckerstr. 18, 31683-D Obernkirchen, Germany

Scope: Provide maintenance, support and operation of training equipment and synthetic environments (mainly flight and tactical simulators); provide associated training as required.

CAE UK Plc Defence & Security

CAE Burgess Hill (UK), Innovation Drive, York Road, Burgess Hill, West Sussex, RH15 9TW, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments, and the provision of associated training, customer requirements analysis and through-life support; provide systems and software development and support; provide maintenance management.

RAF Benson Medium Support Helicopter, Aircrew Training Facility, RAF Benson, Wallingford, Oxfordshire OX10 6AA, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments, and the provision of associated training, customer requirements analysis and through-life support; provide systems and software development and support; provide maintenance management.

RNAS Culdrose Sea King & Merlin Training Facility, RNAS Culdrose, Helston, Cornwall, TR21 7HR, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments, and the provision of associated training, customer requirements analysis and through-life support; provide systems and software development and support; provide maintenance management.

RAF Brize Norton C-130J Training Facility, RAF Brize Norton, Carterton, Oxfordshire, OX18 3LX, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments, and the provision of associated training, customer requirements analysis and through-life support; provide systems and software development and support; provide maintenance management.

CAE Hungary – CAE Engineering Kft. – Budapest

CAE Engineering Kft., Kelenhegyi ut 43. H-1118 Budapest Hungary

Scope: Software Development

AS9100D - Quality management systems - Requirements for aviation, space and defence organizations**CAE Montreal – Headquarters**

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: Provide business development and program management of the magnetic anomaly detection (MAD)/AIMS equipment.

CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501, Sherwood, Arkansas, USA

Scope: Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.

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.

CMMI-SVC V1.3 - Capability Maturity Model Integration (CMMI) for Services, Version 1.3**CAE Montreal Headquarters**

8585 Côte-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1G6

Scope: Maturity Level 3, Customer Services for Defence & Security.

CAE Mirabel

10000 Helen-Bristol Street, Mirabel, Quebec, Canada, J7N 1H3

Scope: Maturity Level 3, Operational Systems and In-Service Support (OS & ISS).

CAE Australia Pty Ltd

CAE Heritage Building A, 350 Parramatta Road, Campus Business Park, Homebush, NSW 2140, Australia

Scope: Maturity Level 3, Defence & Security - Training Operations (Maintenance).

CAE New Zealand Pty Ltd

14 SQN Training Centre, Kororareka Ave, Ohakea, 4816, New Zealand

Scope: Maturity Level 3, Defence & Security - Training Operations (Maintenance).

CMMI-DEV V1.3 - Capability Maturity Model Integration (CMMI) for Development, Version 1.3**CAE Montreal – Headquarters**

8585 Côte-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1G6

Scope: Maturity Level 3, Defence & Security.

CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA, 33634

Scope: Maturity Level 3, Defence & Security.

CAE Mirabel

10000 Helen-Bristol Street, Mirabel, Quebec, Canada, J7N 1H3

Scope: Maturity Level 5, Operational Systems and In-Service Support (OS & ISS).

CAE Germany – CAE Elektronik GmbH – Stolberg

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg

Scope: Maturity Level 3, Defense & Security. The development, integration and delivery of training solutions and associated products and support.

CMMI-DEV V2.0 – Capability Maturity Model Integration (CMMI) for Development, Version 2.0**CAE Australia Pty Ltd**

350 Parramatta Road Campus Business Park Homebush NSW 2140, Australia

Scope: Maturity Level 2 and 3 Practice Areas.

ISO 14001:2015 - Environmental management systems - Requirements with guidance for use

CAE Military Aviation Training

NATO Flight Training in Canada (NFTC), Colonel O.B. Philp Complex, Building 160, PO Box 120, Bushell Park, Saskatchewan, Canada, S0H 0N0

Scope: Provide maintenance of aircraft, ground school training and airfield operations.

CAE Australia Pty Ltd

Unit 42, Brindabella Circuit, Brindabella Business Park, Canberra Airport, ACT 2609, Australia

Scope: Provide the development of growth opportunities within the business.

Bankstown Airport, 33 Nancy Ellis Leebold Drive, Bankstown, NSW 2200, Australia

Scope: Provide maintenance support for simulation training devices.

Swordfish Road, HMAS Albatross, Nowra, NSW 2541, Australia

Scope: Provide maintenance support for simulation training devices; provide training services using simulation training devices.

Simulator Facility Building, 375 Percival Street, RAAF Base Richmond, NSW 2755, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

350 Parramatta Road, Campus Business Park, Homebush, NSW 2140, Australia

Scope: Provide systems engineering and project and program management for simulation training devices; provide development of growth opportunities within the business.

76SQN Hawk Simulator Facility, Building 868, RAAF Base Williamstown, NSW 2314, Australia

Scope: Provide engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, KC30-A Sim Facility Building, 1123 F-111 Drive, Amberley, QLD 4306, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

120 Edward Street, Brisbane, QLD 4000, Australia

Scope: Provide systems engineering, training services and project management for simulation training devices; develop growth opportunities within the business.

Building 0808, CH47F Training Centre, RAAF Base Townsville, Ingham Road, Garbutt, QLD 4810, Australia

Scope: Provide maintenance support for simulation training devices.

Army Aviation Training Centre, Army Airfield Oakey, QLD 4401, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, Building 398, 292 Squadron AFS, Edinburgh, SA 5111, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE Sale Training Centre, Lot 16, Wellington Park Way, Sale, VIC 3850, Australia

Scope: Provide maintenance support for simulation training devices.

79 SQN Simulator, Building A0989, RAAF Base Pearce, Bullsbrook, WA 6084, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE Perth Training Centre, 81 Verde Drive, Jandakot, WA 6164, Australia

Scope: Provide civil aviation training services and maintenance support of flight simulators and training devices.

CAE New Zealand Pty Limited

Seasprite Simulator 6 Squadron HQ, RNZAF Base Auckland, Tainui Street, Whenuapai, Auckland 0618, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

14 SQN Training Centre, Kororareka Ave, Ohakea, 4816, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE UK Plc Defence & Security

CAE Burgess Hill (UK), Innovation Drive, Burgess Hill, West Sussex, RH15 9TW, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments and associated training; provide customer requirements analysis and through-life support.

RNAS Culdrose Sea King and Merlin Training Facility, Building D51, Helston, Cornwall, TR12 7RH, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments and associated training; provide customer requirements analysis and through-life support.

RAF Brize Norton 24 Squadron HQ, RAF Brize Norton, Carterton, Oxfordshire, OX18 3LX, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments and associated training; provide customer requirements analysis and through-life support.

RAF Benson Medium Support Helicopter, Air Training Facility, RAF Benson, Wallingford, Oxfordshire, OX10 6AA, United Kingdom

Scope: Provide design, supply and maintenance of training equipment and synthetic environments and associated training; provide customer requirements analysis and through-life support.

CAE South America Flight Training do Brasil Ltda

Avenida Orlando Bergamo, 490, Cumbica Guarulhos, SP, 07232-151, Brasil

Scope: The rent of full flight simulators and classrooms. Development, sale and application of training and English proficiency tests – ICAO for pilots.

Rua Lucia, 189, Sacoma Sao Paulo, SP, 04280-070, Brasil

Scope: The rent of full flight simulators and classrooms. Development, sale and application of training and English proficiency tests – ICAO for pilots.

EcoProfit Environmental Certification

CAE Germany – CAE Elektronik GmbH – Stolberg

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg

Scope: EcoProfit - 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. Philp Complex, Building 160, PO Box 120, Bushell Park, Saskatchewan, Canada, S0H 0N0

Scope: Provide maintenance of aircraft, ground school training and airfield operations.

Cyber Essentials Scheme Test Specification - Cyber Essentials PLUS

CAE UK Plc Defence & Security

Innovation Drive, Burgess Hill, RH15 9TW, UK

Scope: Cyber Essentials programme is the CAE. CO.UK network, which is administered by the Defence & Security (D&S) division of CAE (UK) Plc.

AS/NZS 4801:2001 - Occupational health and safety management systems - Specification with guidance for use

CAE Australia Pty Ltd

Unit 42, Brindabella Circuit, Brindabella Business Park, Canberra Airport, ACT 2609, Australia

Scope: Develop growth opportunities within the business.

Bankstown Airport, 33 Nancy Ellis Leebold Drive, Bankstown, NSW 2200, Australia

Scope: Provide maintenance support for simulation training devices.

Swordfish Road, HMAS Albatross, Nowra, NSW 2541, Australia

Scope: Provide maintenance support for simulation training devices; provide training services using simulation training devices.

Simulator Facility, Building 375, Percival Street, RAAF Base Richmond, NSW 2755, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

Heritage Building A, 350 Parramatta Road, Campus Business Park, Homebush, NSW 2140, Australia

Scope: Provide systems engineering and project and program management for simulation training devices; develop growth opportunities within the business.

76SQN Hawk Simulator Facility, Building 868, RAAF Base Williamstown, NSW 2314, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, KC30-A Sim Facility Building, 1123 F-111 Drive, Amberley, QLD 4306, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

Level 15, 120 Edward Street, Brisbane, QLD 4000, Australia

Scope: Provide systems engineering training services and project management for simulation training devices; develop growth opportunities within the business.

Building 0808, CH47F Training Centre, RAAF Base Townsville, Ingham Road, Garbutt, QLD 4810, Australia

Scope: Provide maintenance support for simulation training devices.

Army Aviation Training Centre, Army Airfield Oakey, QLD 4401 Australia

Scope: Provide systems engineering and maintenance support for simulation training devices; provide training services using simulation training devices.

RAAF Base, Building 398, 292 Squadron AFS, Edinburgh, SA 5111, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE Sale Training Centre, Lot 16, Wellington Park Way, Sale, VIC 3850, Australia

Scope: Provide maintenance support for simulation training devices.

79 SQN Simulator, Building A0989, RAAF Base Pearce, Bullsbrook, WA 6084, Australia

Scope: Provide systems engineering and maintenance support for simulation training devices.

CAE New Zealand Pty Ltd

Seasprite Simulator 6 Squadron HQ, RNZAF Base Auckland, Tainui Street, Whenuapai, Auckland, 0618, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

14 SQN Training Centre, Kororareka Ave, Ohakea, 4816, New Zealand

Scope: Provide systems engineering and maintenance support for simulation training devices.

Global Reporting Initiative (GRI) indicators

GRI standards		FY20	FY19	FY18
GENERAL DISCLOSURES				
Organizational profile				
102-1	Name of the organization	page 1	FY19 Activity & CSR Report, page 1	FY18 Activity & CSR Report, page 1
102-2	Activities, brands, products and services	Civil pages 19-23 Defence & Security pages 26-30 Healthcare pages 32-36	FY19 Activity & CSR Report: Civil pages 13-16 Defence & Security pages 18-21 Healthcare pages 24-27	FY18 Activity & CSR Report: Civil, pages 12-15 Defence & Security, pages 18-21 Healthcare, pages 24-27
102-3	Location of headquarters	page 13	FY19 Activity & CSR Report, page 8	FY18 Activity & CSR Report, page 7
102-4	Location of operations	page 13	FY19 Activity & CSR Report, page 8	FY18 Activity & CSR Report, page 7
102-5	Ownership and legal form	MD&A pages 107-109	MD&A pages 108-110	MD&A pages 102-104
102-6	Markets served	pages 12-13	FY19 Activity & CSR Report, pages 7-8	FY18 Activity & CSR Report, pages 6-7
102-7	Scale of organization	pages 12-13	FY19 Activity & CSR Report, pages 7-8	FY18 Activity & CSR Report, pages 6-7
102-8	Information on employees and other workers	GRI standard 401-1	FY19 Activity & CSR Report, page 75	FY18 Activity & CSR Report, pages 64-65
102-12	External initiatives	pages 68-75	FY19 Activity & CSR Report, pages 58-63	FY18 Activity & CSR Report, page 52
Strategy				
102-14	Statement from senior decision-maker	pages 4-8	FY19 Activity & CSR Report, pages 4-6	FY18 Activity & CSR Report, pages 4-5
102-15	Key impacts, risks and opportunities	MD&A pages 37-47	MD&A pages 36-41	MD&A pages 35-41
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	page 53	FY19 Activity & CSR Report, page 46	FY18 Activity & CSR Report, page 5
102-17	Mechanisms for advice and concerns about ethics	pages 53-59	FY19 Activity & CSR Report, pages 46-50	FY18 Activity & CSR Report, page 45
Governance				
102-18	Governance structure	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34
102-19	Delegating authority	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34
102-20	Executive-level responsibility for economic, environmental and social topics	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34
102-21	Consulting stakeholders on economic, environmental and social topics	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34

GRI standards		FY20	FY19	FY18
GENERAL DISCLOSURES				
102-22	Composition of highest governance body and its committees	Website - Board of Directors	Website - Board of Directors	Website - Board of Directors
102-23	Chair of the highest governance body	Website - Board of Directors	Website - Board of Directors	Website - Board of Directors
102-24	Nominating and selecting the highest governance body	FY20 Proxy Circular - Financial Reports	FY19 Proxy Circular - Financial Reports	FY18 Proxy Circular - Financial Reports
102-25	Conflicts of interest	page 56	FY19 Activity & CSR Report, page 49	n/a
102-26	Role of highest governance body in setting purpose, values and strategy	Website - Governance	Website - Governance	FY18 Activity & CSR Report, pages 30-31
102-27	Collective knowledge of highest governance body	FY20 Proxy Circular - Financial Reports	FY19 Proxy Circular - Financial Reports	FY18 Proxy Circular - Financial Reports
102-28	Evaluating the highest governance body's performance	FY20 Proxy Circular - Financial Reports	FY19 Proxy Circular - Financial Reports	FY18 Proxy Circular - Financial Reports
102-29	Identifying and managing economic, environmental, and social impacts	MD&A, pages 37-47	FY19 MD&A, pages 34-41	FY18 MD&A, pages 35-41
102-30	Effectiveness of Risk Management Processes	FY20 Proxy Circular - Audit Committee	FY19 Proxy Circular - Audit Committee	FY18 Proxy Circular - Audit Committee
102-31	Review of economic, environmental and social topics	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34
102-32	Highest governance body's role in sustainability reporting	page 43	FY19 Activity & CSR Report, page 37	FY18 Activity & CSR Report, page 34
102-33	Communicating critical concerns	page 56	FY19 Activity & CSR Report, page 49	n/a
102-34	Nature and total number of critical concerns	page 56	FY19 Activity & CSR Report, page 49	n/a
102-35	Remuneration policies	FY20 Proxy Circular - Section 7 Executive compensation	FY19 Proxy Circular - Section 7 Executive compensation	FY18 Proxy Circular - Section 7 Executive compensation
102-36	Process for determining remuneration	FY20 Proxy Circular - Section 7 Executive compensation	FY19 Proxy Circular - Section 7 Executive compensation	FY18 Proxy Circular - Section 7 Executive compensation
102-37	Stakeholders' involvement in remuneration	FY20 Proxy Circular - Section 7 Executive compensation	FY19 Proxy Circular - Section 7 Executive compensation	FY18 Proxy Circular - Section 7 Executive compensation
Stakeholder engagement				
102-40	List of stakeholder groups	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, page 33
102-41	Collective bargaining agreements / Percentage of employees covered by collective agreements	55 / 21%	59 / 22%	43 / 18%

GRI standards		FY20	FY19	FY18
GENERAL DISCLOSURES				
102-42	Identifying and selecting stakeholders	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, page 34
102-43	Approach to stakeholder engagement	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, page 34
102-44	Key topics and concerns raised	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, page 34
Reporting practices				
102-45	Entities included in the consolidated financial statements	Financial Reports: FY20 Annual Information Form	Financial Reports: FY19 Annual Information Form	Financial Reports: FY18 Annual Information Form
102-46	Defining report content and topic boundaries	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, pages 33-34
102-47	List of material topics	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, page 34
102-49	Changes in reporting	pages 42-43	FY19 Activity & CSR Report, pages 36-37	FY18 Activity & CSR Report, pages 33-34
102-50	Reporting period	page 2	FY19 Activity & CSR Report, page 2	FY18 Activity & CSR Report, page 2
102-51	Date of most recent report	FY19 Activity & CSR Report	FY18 Activity & CSR Report	FY17 Activity & CSR Report
102-52	Reporting cycle	page 2	FY19 Activity & CSR Report, page 2	FY18 Activity & CSR Report, page 2
102-53	Contact point for questions regarding the report	page 2	FY19 Activity & CSR Report, page 2	FY18 Activity & CSR Report, page 2
102-55	GRI Content Index	pages 84-94	FY19 Activity & CSR Report, pages 70-77	FY18 Activity & CSR Report, page 60

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Economy				
301-1	Explanation of the material topic and its boundary	MD&A, pages 37-47	FY19 MD&A, pages 34-41	FY18 MD&A, pages 35-41
301-2	The management approach and its components	Proxy - Corporate governance	FY19 Proxy Circular – Corporate governance	FY18 Proxy Circular – Corporate governance
301-3	Evaluation of the management approach	Proxy - Corporate governance	FY19 Proxy Circular – Corporate governance	FY18 Proxy Circular – Corporate governance
Economic performance				
201-1	Direct economic value generated and distributed			
	Direct economic value generated (\$M)	3,623.2	3,304.1	2,823.5 ¹
	Cost of sales (\$M)	2,539.6	2,362.6	1,945.6 ¹
	Research and development expenses (\$M)	241.2	232.1	182.7
	Selling, general & administration expenses (\$M)	437.5	415.2	380.8
	Finance expenses - net (\$M)	144.4	80.9	77.2
	Income tax expenses (\$M)	73.8	59.6	30.9
	Economic value retained (\$M)	214.5	205.7	274.7
201-2	Financial implications and other risks and opportunities due to climate change	MD&A page 41	FY19 MD&A page 37	FY18 MD&A page 38
201-3	Defined benefit plan obligations and other retirement plans (\$M)	212.8	212.6	200.6
201-4	Funding received from government (\$M)	33.6	45.2	29.0
Market presence				
202-2	Proportion of senior management hired from the local community ²			
	Canada	98%	100%	99%
	US	86%	78%	79%
	Other	83%	92%	92%
	Overall	92%	90%	94%

¹ FY18 numbers were restated following the retroactive adoption of the new IFRS 15 accounting standard.

² Director and up, citizenship in the country in which they work.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Economy				
Procurement practices				
204-1	Proportion of spending on local suppliers			
	Australia	91%	87%	77%
	Asia	83%	89%	78%
	Europe	80%	80%	47%
	Middle East	81%	85%	83%
	North America	63%	50%	63%
	South America	84%	77%	80%
Anti-competitive behaviour				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	0	0	0
Customer satisfaction				
CAE-ECO-101	Customer satisfaction	page 66	FY19 Activity & CSR Report, page 56	FY18 Activity & CSR Report, page 47
Innovation				
CAE-ECO-201	Investments in research and development (\$M)	241.2	232.1	182.7
CAE-ECO-202	Number of patents requested	24 ¹	82	78
CAE-ECO-203	Number of patents obtained	30	39	51
Contribution to local economy				
CAE-ECO-401	Charitable donations and sponsorships	pages 68-73	FY19 Activity & CSR Report, pages 58-63	FY18 Activity & CSR Report, page 52

¹ We have prepared many new patent applications and some were filed in FY20, but most will be completed and filed in FY21 due to the pandemic.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Environment				
301-1	Explanation of the material topic and its Boundary	pages 95-100	n/a	n/a
301-2	The management approach and its components	pages 95-100	n/a	n/a
301-3	Evaluation of the management approach	pages 95-100	n/a	n/a
Energy				
302-1	Energy consumption within the organization (MWh)	272,814 ¹	281,255 ¹	292,560 ^{1,4}
	Natural gas (MWh)	6,042 ¹	13,404 ¹	15,507 ^{1,4}
	Electricity (MWh)	186,745 ¹	189,052 ¹	186,253 ^{1,4}
	Diesel, heating oil, propane, fuel for aircraft and cars, hot and chilled water (MWh)	80,027 ¹	78,799 ¹	90,800 ^{1,4}
CAE-ENV-101	Renewable energy programs and targets	pages 68-75	FY19 Activity & CSR Report, pages 58-63	FY18 Activity & CSR Report, page 50
302-3	Energy intensity (MWh/\$million revenue)	75.3	85.12	103.62 ⁴
Water (and effluents)²				
303-1	Water withdrawal by source (m ³)	315,307	328,848	344,798 ³
Emissions⁵				
305-1	Direct (Scope 1) GHG emissions (tCO ₂ e)	23,626	25,213	28,424 ⁴
305-2	Energy indirect (Scope 2) GHG emissions			
	GHG emissions (Scope 1 and 2 location based) (tCO ₂ e)	81,100	87,825	90,104 ⁴
	GHG emissions (Scope 1 and 2 market based) (tCO ₂ e)	76,622	80,550	84,975 ⁴
	Energy indirect GHG Emissions (Scope 2 location based) (tCO ₂ e)	57,474	62,612	61,680 ⁴
	Energy indirect GHG Emissions (Scope 2 market based) (tCO ₂ e)	52,996	55,336	56,551 ⁴
305-3	Other indirect (Scope 3) GHG emissions (tCO ₂ e)	Business travel: 13,956 ⁶		
305-5	Reduction of GHG emissions	pages 68-75	FY19 Activity & CSR Report, pages 58-63	FY18 Activity & CSR Report, page 50

1 Conversion rates vary for each country and province. Estimates were done for sites for which information was not yet available based on data from sites with the same type of activities.

2 For sites where we have operational control of the building.

3 Data published in the FY18 report is corrected due to an error in unit of measure.

4 Data published in the FY18 report is updated to reflect updated methodology.

5 A decrease in carbon emissions was observed during FY20. Even if each site is facing different energy challenges with variation in the evolution of the intensity of its activities, the past years, reduction trend was confirmed thanks to the sourcing of renewable energy and the implementation of energy-saving initiatives.

6 CAE extended this year the scope of its carbon emissions calculations by reporting for the first time its business travel-related emissions (air/car rentals/train)

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Environment				
Effluents and waste ¹				
306-2	Waste by type and disposal method (Montreal only)			
	Waste generated absolute (tonnes)	2,000	1,401	1,603
	Total weight of hazardous waste (tonnes)	50	46	62
	Total weight of non-hazardous waste (tonnes)	1,950	1,355	1,541
	Non-hazardous waste recycled (%)	89.89 ²	85 ²	86 ²
Environmental compliance				
307-1	Non-compliance with environmental laws and regulations	No significant fine	No significant fine	No significant fine

¹ A solid FY20 year, with many simulators built and a significant rise in hiring explain the sharp increase in waste disposal. The higher percentage of non-hazardous waste recycled is caused by the ongoing improvement of the implemented recycling system.

² Includes composting.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Social				
301-1	Explanation of the material topic and its Boundary	pages 68-73	n/a	n/a
301-2	The management approach and its components	pages 68-73	n/a	n/a
Employment				
401-1	New employee hires and employee turnover			
	Total employees	12,164	11,764	9,635
	Total number of employees CAE	11,626	11,314	9,167
	Number of employees (permanent) ¹	10,536 ³	10,032 ⁴	8,000 ⁵
	Number of employees (temporary) ¹	1,090	1,282	1,167
	Total number of employees in our joint ventures ²	538	450	468
	Employees by gender			
	Number of employees (female)	2,610	2,408	1,931
	Number of employees (male)	9,554	9,356	7,704
	% of female employees	21%	20%	20%
	% of male employees	79%	80%	80%
	Employees covered by collective bargaining agreements			
	Number of employees	2,600	2,600	1,700
	% of employees	21%	22%	18%
	Number of non-unionized employees	9564	9,164	7,935
	New employee hires			
	Total number of new employee hires	2,101	3,667	1,920
	New employee hire rate (% of total employees)	17%	31% ⁶	20%
	Age group			
	New employee hires below 30 years old	526	875	583

1 Changed methodology by adding two categories.

2 Only for joint ventures that are material.

3 Includes 262 part-time employees.

4 Includes 214 part-time employees.

5 Includes 208 part-time employees.

6 Increase year over year is mainly due to the onboarding of employees from our acquisitions.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Social				
	% new employee hires below 30 years old	25%	24%	30%
	New employee hires 30-50 years old	1,042	1,624	865
	% new employee hires 30-50 years old	50%	44%	45%
	New employee hires above 50 years old ¹	533	1,168	472
	% new employee hires above 50 years old ¹	25%	32%	25%
Contractors in instruction roles²				
	Total number of contractors	1,070	1,191	976
	Number of contractors at CAE	938	1,088	889
	Number of contractors in our joint ventures	132	103	87
Employee turnover number		1,522	1,029	1,064
	Employee turnover rate (% of total employees)	14%	10%	13%
Age group				
	Employee turnover below 30 years old	302	213	213
	% employee turnover below 30 years old	20%	14%	20%
	Employee turnover 30-50 years old	721	470	516
	% employee turnover 30-50 years old	14%	9%	12%
	Employee turnover above 50 years old	499	346	335
	% employee turnover above 50 years old	13%	9%	11%
Gender				
	Employee turnover for women	379	219	240
	% employee turnover for women	17%	10%	13%
	Employee turnover for men	1,143	809	824
	% employee turnover for men	14%	10%	10%

¹ "Above 50 years old" category was not included in 2018 report.

² Change in methodology: only contractors who are in instruction roles are included as they represent a key component of delivering training to our customers. In FY18, all contractors were included regardless of their role.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Social				
Occupational health and safety				
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities ¹	3 most frequent types: Slips/trips/falls 21% Laceration 10% Ergonomics 9% Struck by/on n/a ² In contact with n/a ²	3 most frequent types: Slips/trips/falls 24% Struck by/on 10% In contact with 7% Laceration n/a ² Ergonomics n/a ²	3 most frequent types: Slips/trips/falls 33% Struck by/on 23% In contact with 20% Laceration n/a ² Ergonomics n/a ²
	Incident Frequency Rate (IFR) ¹	0.52	0.54	0.39
	Days Lost Rate (DLR) ¹	3.93	2.62	1.35
	Lost Time Injury Frequency Rate (LTIFR) ¹	0.21	0.24	0.16
	Near Miss Rate (NMR) ¹	1.06	0.92 ³	1.21
	Work-related fatalities	0	1	1
Training and education				
401-2	Programs for upgrading employee skills and transition assistance programs	pages 48-52	FY19 Activity & CSR Report, pages 42-45	FY18 Activity & CSR Report, page 40
CAE-SOC-302	Number of internships (Montreal only)	293	235	214
CAE-SOS-303	% of students hired into a full-time position following a CAE COOP experience	14% ⁴	9% ⁴	9%
Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	General employee population: 21% Governance bodies: 20%	20%	18%
CAE-SOC-101	Diversity mentorship program	pages 49-52	FY19 Activity & CSR Report, page 45	Professional Women's Network has mentorship program for women
Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	page 56	FY19 Activity & CSR Report, page 49	FY18 Activity & CSR Report, page 45
CAE-SOC-201	Number of foreign agents we hire	page 57	FY19 Activity & CSR Report, page 48	FY18 Activity & CSR Report, page 43
CAE-SOC-202	Report on training completion and Code of Business Conduct acknowledgement completion	page 55	FY19 Activity & CSR Report, page 48	FY18 Activity & CSR Report, page 43, page 45
Talent retention and attraction				
CAE-SOC-301	Initiatives for talent development	pages 49-52	FY19 Activity & CSR Report, page 45	9 major initiatives including training sessions

¹ Per 200,000 hours worked.

² Not in top three for this reporting period.

³ Data published in the FY19 report has been corrected due to an error in the count of near miss reported

⁴ Number of COOP students hired as regular employees vs total number of COOP students during fiscal year.

GRI standards		FY20	FY19	FY18
TOPIC-SPECIFIC DISCLOSURES				
Social				
Employee engagement				
CAE-SOC-401	Discussion of Management Approach (DMA)	pages 48-52	FY19 Activity & CSR Report, pages 42-45	FY18 Activity & CSR Report, pages 40-41
Public policy				
415-1	Political contributions	0	0	0
Customer health and safety				
CAE-SOC-501	Flight safety			
	Number of voluntary reports (per 10K flight hours)	61.6 ¹	39.3	41.0 ²
	Number of incidents >\$50K in damage (per 10K flight hours)	0.39	0.33	0.39
	Live flight aviation safety reviews - external	19	10	1
	Live flight aviation safety reviews - internal (per training location)	13	13	1
Marketing and labelling				
417-1	Requirements for product and service information and labelling	pages 58-59	FY19 Activity & CSR Report, page 50	FY18 Activity & CSR Report, page 44
417-2	Incidents of non-compliance concerning product and service information and labelling	0	0	0
417-3	Incidents of non-compliance concerning marketing communications	0	0	0
Customer privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Socio-economic compliance				
419-1	Non-compliance with laws and regulations related to socio-economic matters	0	0	0

1 Our Aviation Safety "Just Culture" is continuing to strengthen, as seen by the increase in our voluntary safety report over the last year.

2 Data published in the FY18 report is updated to reflect updated methodology.

Task Force on Climate-related Financial Disclosures Reporting (TCFD)

With the rising global awareness of climate change as a systemic issue and financial risk that has potentially significant repercussions on businesses around the world, investors – and other capital market participants – are seeking increased transparency on climate-related risks and opportunities so that they may make more informed financial decisions.

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were released in June 2017 as a tool to facilitate this transparency. These recommendations are voluntary, consistent climate-related financial risk and opportunity disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. As of February 2020, support for the TCFD had grown to over 1,000 organizations, representing a market capitalization of over US\$12 trillion. ([source](#)) This includes 473 financial firms with assets under management of US\$138.8 trillion. ([source](#))

As part of our commitment to carbon neutrality, in fiscal 2020 we embarked on a more formal process to comprehensively address climate change. Our Climate Change Committee (CCC) – described below – has been tasked with conducting a full assessment of climate-related risks and opportunities. The CCC’s ultimate purpose will be to oversee the integration of climate-related issues into CAE’s business strategy, and to identify and manage risks and opportunities around dedicated projects.

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 CSR 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 and management 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,
President and Chief Executive Officer

TCFD Index

Recommendation	Recommended disclosures	Content location
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	TCFD appendix: Governance, p. 96 <i>Also Proxy Circular p. 27</i>
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	TCFD appendix: Governance, p. 96
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	TCFD appendix: Strategy, p. 96-99
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	TCFD appendix: Strategy, p. 96-99
	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: Strategy, p. 96-99
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	TCFD appendix: Management, p. 100 <i>Also MD&A, page 41</i>
	b) Describe the organization's processes for managing climate-related risks.	TCFD appendix: Management, p. 100 <i>Also MD&A, page 41</i>
	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. 100
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. 100
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	TCFD appendix: Performance, p. 100 <i>Also GRI Content Index p. 89</i>
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	TCFD appendix: Performance, p. 100

Governance

The Board of Directors has oversight and the Executive Management Committee (EMC) has responsibility for climate-related issues. Such issues are reviewed by the Board, as needed, to allow for review and guidance on strategy and major plans of action, as well as monitoring of implementation and performance against any goals and targets. In addition, the Board has responsibility for reviewing and approving the Annual Activity and CSR Report, including the underlying sustainability roadmap, objectives and performance data.

As part of the Company's ongoing enterprise risk management (ERM) process, each quarter the Board and Management discuss the principal risks facing our business, as well as annually during the strategic planning and budgeting processes. These risks are categorized as industry-related risks, risks specific to CAE and risks related to the current market environment. Environmental risks, including climate-related risks, are part of this process. The Board receives quarterly reports that address climate-related issues, as needed, including Global Operations, Technologies & Innovation, Public Affairs and Global Communications, as well as Strategy and Investor Relations. The Board reviews these reports as guidance and orientation.

For more information about the governance of the Company's ERM process, refer to [CAE's Management Proxy Circular, p. 27](#).

From a management perspective, the 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.

In FY19, the CCC was created to specifically address climate-related issues. The Committee includes representation from Global Environment and Health and Safety, Global Communications, Strategy and Investors Relations, Global Insurance, Global Real Estate and Global Strategic Sourcing departments; other members are invited to participate as needed. The Committee's purpose is to oversee the integration of climate-related

issues into CAE's business strategy, and to identify and manage risks and opportunities around dedicated projects. The CCC meets at least quarterly and as needed to execute its mandate and reports to the CSR Committee described below.

Within the scope of the CCC, the Global Manager, Environment is responsible for providing guidance with climate-related issues. He maintains regular contact with all CAE sites and has a good understanding of their environmental impacts and challenges. He also involves other departments, as appropriate, depending on the nature of the climate-related issue needing to be addressed. He reports to the Director, Environment, Health & Safety, who reports to the head of Global Manufacturing. Reports are submitted to the Vice President, Global Operations, Technologies & Innovation, who is part of the EMC and informs the Board of Directors as needed.

In parallel, CAE's CSR Committee oversees the identification, management and reporting of the Company's most material environmental, social, governance and social responsibility issues. The CSR Committee includes three members of the EMC as well as members from all key departments impacted by sustainability issues and reporting: Environmental, Health & Safety; Communications; Strategy and Investors Relations; Human Resources; Finance; Legal; Compliance; Export Control; Global Operations; Innovation and Strategic Sourcing.

The Vice President, Public Affairs and Global Communications chairs the CSR Committee. She is responsible for reviewing the outputs of the CCC as well as elaborating and implementing the Company's sustainability roadmap. She is responsible for reporting on sustainability practices on a quarterly basis to the EMC, and for reporting to the Board as important matters arise. She is also responsible for producing the Company's sustainability reporting on an annual basis.

The Vice President Strategy and Investor Relations is responsible for the development and implementation of ERM within CAE. He receives reports on progress of risk

management activities and provides regular briefings on ERM to the EMC and to the Board of Directors.

In addition, the Chief Compliance Officer provides monthly compliance reports to the EMC and quarterly reports to the Board.

Strategy

In our FY19 Carbon Disclosure Project (CDP) Report, we identified several risks and opportunities with the potential to have a substantive financial or strategic impact on our business, which are described in the tables below. These were identified over different time horizons, where we considered short term to mean 0-3 years, medium term to mean 3-5 years, and long term to mean 5-10 years. They were also identified as falling into one of the following categories: regulatory (current and emerging), technology, legal, market, reputation, and acute and chronic physical risks.

CLIMATE-RELATED OPPORTUNITIES									
NAME	VALUE CHAIN	OPPORTUNITY TYPE	PRIMARY DRIVER	FINANCIAL IMPACT	DESCRIPTION	HORIZON	LIKELIHOOD	MAGNITUDE	STRATEGY TO REALIZE OPP
Customers reducing their carbon footprint	Direct operations	Products and services	Development and/or expansion of low emission goods and services	Increased revenue through demand for lower emissions products and services	Customers seeking to reduce their carbon footprint will tend to curtail live training in favour of simulation-based training. CAE provides simulation-based training to its customers. Pilot training in a flight simulator has a significantly lower carbon footprint than live training in an actual aircraft, therefore allowing CAE's customers worldwide to reduce their own footprint. This represents tangible opportunities for CAE in pilot training.	Short term	Likely	Medium low	N/A
Carbon pricing	Direct operations	Products and services	Development and/or expansion of low emission goods and services	Increased revenue through demand for lower emissions products and services	More stringent regulations on carbon taxes could result in a wider share of simulation-based training versus live training in an actual aircraft.	Medium term	As likely as not	Medium low	Monitoring of regulation changes. Cost to realize opportunity is integrated into our market intelligence monitoring.
Aircraft emissions regulations	Direct operations	Products and services	Development and/or expansion of low emission goods and services	Increased revenue through demand for lower emissions products and services	More stringent regulations on the aircraft types used for live training could result in a wider share of simulation-based training.	Medium term	As likely as not	Medium low	We monitor changes in regulation that could affect our operations. The cost to realize opportunity is integrated into our market intelligence monitoring.

CLIMATE-RELATED RISKS									
NAME	VALUE CHAIN	RISK TYPE	PRIMARY DRIVER	FINANCIAL IMPACT	DESCRIPTION	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
Carbon pricing	Direct operations	Transition	Policy and legal	Increased operating costs (e.g. higher compliance costs, increased insurance premiums)	Canada has developed a national policy to address greenhouse gases that will include a tax on carbon or a trading scheme, depending on the provincial regulations.	Short term	Very likely	Medium low	We monitor any change in regulations that could affect our operations. We deploy energy-saving initiatives at sites where we can influence operational control of energy consumption. Management costs are integrated into day-to-day operations and into the risk management process.

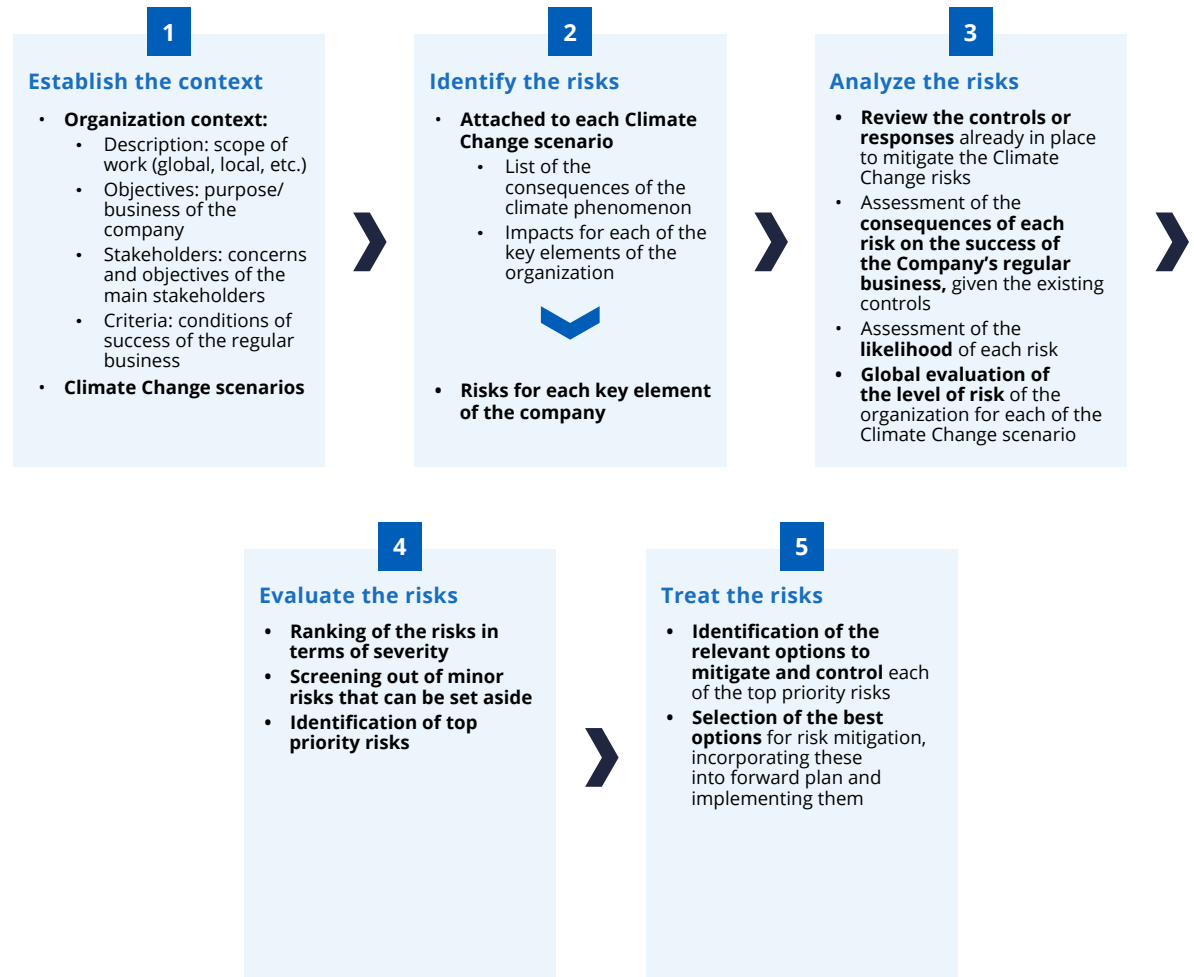
NAME	VALUE CHAIN	RISK TYPE	PRIMARY DRIVER	FINANCIAL IMPACT	DESCRIPTION	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
Aircraft emissions regulations	Direct operations	Transition	Policy and legal	Increased operating costs (e.g. higher compliance costs, increased insurance premiums)	Addresses more stringent regulation on the carbon emissions of aircraft used for training. Adoption of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) by the International Civil Aviation Organization (ICAO) must be closely followed, even if CORSIA's obligations cover CO ₂ emissions from international civil aviation for now, and even if there is no immediate impact for CAE on CO ₂ offsetting and reduction.	Medium term	As likely as not	Medium low	We review existing opportunities to optimize our aircraft fleet and reduce our carbon footprint. We also monitor any change in regulations that could affect our operations. Management costs are integrated into day-to-day operations and into the risk management process.
Increased severity of extreme weather events such as cyclones and floods	Direct operations	Physical	Acute	Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Some sites are exposed to severe weather or other natural hazard conditions, such as tropical cyclones, flooding and earthquakes. Increased frequency or severity of these events may impact CAE's operations and generate partial or complete business disruption.	Short term	As likely as not	Medium low	We have processes in place to address potential impact from hurricanes at sites with higher risk. Our CCC is also mapping risks associated with climate change issues. For cost management, CAE maintains a certain level of insurance coverage for natural hazard risks and annually evaluates coverage to be purchased based on market availability,
Rising mean temperatures	Direct operations	Physical	Chronic	Increased operating costs (e.g. inadequate water supply to power for hydroelectric plants or to cool nuclear and fossil fuel plants)	CAE operates in regions which could be affected by extreme temperatures.	Medium term	More likely than not	Low	Our management method includes mitigating the fluctuations of the cost of energy and investing in energy-efficient buildings and HVAC systems. The CCC is also mapping risks associated to climate change issues.
Cap and trade system	Direct operations	Transition	Policy and legal	Increased operating costs (e.g. higher compliance costs, increased insurance premiums)	Cap and trade schemes may constitute additional operational costs. Quebec is part of a carbon trade agreement with California. Currently, the trade does not affect our industry, but it could in the future. Our main manufacturing site is based in the province of Quebec (Canada).	Short term	As likely as not	Medium low	We monitor any regulation changes that could affect our operations. We deploy energy-saving initiatives at sites where we can influence operational control of energy consumption. Management costs are integrated into day-to-day operations and into the risk management process.

In FY20, the CCC was tasked with conducting a comprehensive risk assessment. To date, the CCC has refined and expanded the above list of potential risks; developed a methodology to assess each site's exposure to these risks; and begun testing this methodology at one facility. The Committee has also structured a roadmap to complete risk assessment of the Company's significant sites by the end of FY22. In the course of these assessments, risks will be prioritized based on their current and future impact on the Company's commercial activities, reputation, regulatory obligations, operations and financial performance. This will form the basis for a risk identification, assessment and management process specific to climate-related issues. This exercise may result in our using different time horizons and different risk categories than those used in the past, shown above.

Ultimately, the site-level assessments will be rolled up into a climate assessment for the Company as a whole. This will allow us to determine the most critical climate-related risks and opportunities for the Company, and to detail how these risks 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 and serve to identify and manage risks and opportunities around dedicated projects.

In FY23, we expect to develop and implement risk mitigation plans for those most critical climate-related risks and opportunities. Furthermore, while the methodology shown above does take into consideration different possible scenarios, we have not yet conducted a formal scenario analysis. We intend to incorporate a scenario analysis to assess potential business, strategic and financial implications of climate-related risks and opportunities and to develop strategic plans that are more flexible or robust to a range of plausible future states. This is especially important given the very long-term implications of climate-related issues.

Methodology to determine the model of Climate Change risk assessment



Management

ERM is essential to CAE given the size, nature and complexity of its 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, clients and suppliers.

Pursuant to our policy, our business units exercise the daily management of their risks and controls and implement corrective actions, as necessary. As mentioned above, the CCC will prioritize climate-related risks by assessing their current and future impacts on the Company's commercial activities, reputation, regulatory obligations, operations and financial performance.

In rolling up site-level assessments into a corporate level climate assessment, the Strategy group will be responsible for incorporating material climate-related risks to the Company's ERM process. It will also be responsible for detailing how these risks should be managed through our existing governance, management and monitoring processes. Furthermore, we expect to develop and begin implementing risk mitigation plans no later than FY23.

For more information about the Company's ERM process, [refer to the MD&A, p. 41](#).

Performance

We have been reporting our global Scope 1 and Scope 2 emissions as part of our CSR and CDP reporting practices since FY17.

Pursuant to our carbon neutrality pledge, this year we have begun to measure some of our Scope 3 emissions – those related to business travel by plane, train and car rental – and expect to expand this measurement over time.

CAE's GHG emissions

METRIC	FY20	FY19	FY18
Scope 1 in tCO ₂ e	23,626	25,213	28,424 ¹
Scope 2 – location based in tCO ₂ e	81,100	87,825	91,104 ¹
Scope 2 – market based in tCO ₂ e	76,622	80,550	84,975 ¹
Scope 3 – partial (business travel by plane, train, car rental) in tCO ₂ e	13,956 ²	n/a	n/a
Emissions intensity (MWh/million \$ revenue)	75.3	85.12	103.62 ¹

¹ Data published in the FY18 report is updated to reflect updated methodology.

² CAE extended this year the scope of its carbon emissions calculations by reporting for the first time its business travels-related emissions (air/car rentals/train)

As we complete the process of more clearly defining our material climate-related risks and opportunities, and begin implementing management and mitigation measures, we expect to develop additional appropriate key performance indicators with which to track our progress.

A decrease in carbon emissions was observed during FY20. Even if each site is facing different energy challenges with variation in the evolution of the intensity of the activities, the past years reduction trend was confirmed thanks to the sourcing of renewable energy and the implementation of energy-saving initiatives.

Targets

In FY18 we set an objective for 75% of the electricity consumption of our European sites to come from renewable energy by FY22 (more specifically, for all CAE sites where we have operational control of the building and control of energy sourcing). This was done through the purchase of renewable energy certificates. Our objective was achieved and even surpassed, reaching 94% in FY19.

In November 2019, we announced our commitment to become carbon neutral in Summer 2020 for our carbon emissions from fuel used for all live training flights at our academies, all energy consumed at our location worldwide where we have the operational control on our activities and the air business travel of our employees. In the short term, we intend to achieve this objective by purchasing renewable energy certificates and looking into reliable projects to compensate our emissions by buying carbon offsets. Over the longer term, CAE will work with the industry to progressively use electric aircraft for the live flight training in our academies. We will also undertake other measures to reduce our overall emissions, for example, increasing the energy efficiency of our buildings, reducing aviation fuel consumption and business travel, and by continually investing to make our full-flight simulators more energy efficient, therefore allowing our customers worldwide to reduce their own footprint.

Annual Activity and Corporate
Social Responsibility Report

Fiscal year 2020

