



FISCAL YEAR 2022

# Annual Activity and Corporate Social Responsibility Report



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# 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 2022 (FY22) 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 FY22 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 FY22 (ended March 31, 2022). 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 FY22 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 [CorporateSocialResponsibility@cae.com](mailto:CorporateSocialResponsibility@cae.com).

## Reporting standards

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

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

We also provide [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) reporting 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 continue our progress on the five identified goals from the United Nations [Sustainable Development Goals \(SDGs\)](#) to which our corporate strategy and business model are most aligned. Reporting will be included in our new multi-year environmental, social and governance (ESG) roadmap in FY23. We intend to continue the process of integrating the SDGs and to report on our progress accordingly.

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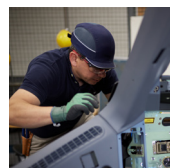
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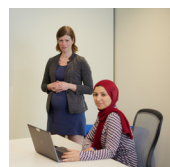
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**Marc Parent, C.M.**  
President and Chief Executive Officer

## For 75 years, everywhere you need us for the moments that matter

CAE proudly celebrates our 75<sup>th</sup> anniversary this year. Our remarkable company with a noble mission to make the world a safer place, reached this impressive milestone by being bold in action, innovative at heart and advanced in our vision.

Our longevity is built on a legacy of long-standing customer partnerships and unparalleled experience. Our history is distinguished by industry firsts, with employees whose exceptional passion and agile mindset drive CAE's success and our unique culture.

Today, CAE stands as a leader in our markets and a global partner of choice. We equip people in critical roles with the expertise and solutions to create a safer world using advanced technologies to elevate safety standards, human performance and outcomes. Over recent years and in the current context, never have CAE's contributions been so vital. We enable our customers to perform their complex tasks more efficiently and with a lower carbon footprint. At the very core, CAE's mission is to make the world safer.

**In the pandemic, the character of our organization shone through our actions. CAE stepped up during this humanitarian crisis. We pushed the limits on all fronts to make the impossible possible.**

We delivered solutions that helped save lives – from securing masks, creating a suite of free simulation training for hospitals and frontline healthcare workers, to designing and manufacturing from scratch the medical-grade, ISO-certified CAE Air1 ventilator.

CAE also led a major, first-time initiative that united businesses and government in a social cause to accelerate COVID-19 vaccination, opening the first-of-its-kind vaccination centre in Quebec at our headquarters. This initiative led to 400,000 doses of vaccines being administered through private companies.

### **CAE adeptly played offence in a market downturn.**

During those turbulent times, we went against the tide and took bold decisions that put CAE in a position of strength. We completed nine accretive acquisitions for some \$2.1 billion and deployed over \$370 million of growth capital since April 2020.

We used the period of lower business activity during the market downturn to optimize CAE's global footprint, improve operational performance, adapt and enhance customer services, and realize significant annual recurring cost savings. We consolidated our training locations to recalibrate our fixed costs following several years of rapid expansion through greenfield investments, acquisitions and partnerships, and optimized our simulator fleet to put CAE's network in lockstep with our customers – achieving greater global reach and efficiency while also increasing our proximity to our customers.

We expanded competitive strengths and entered exciting new markets by taking advantage of market disruption to add capabilities at attractive valuations. Strategically expanding our business aviation footprint in attractive geographic locations gives us a well-placed global network, while notable wins are expanding our growing pipeline. We established growth opportunities in exciting new markets where our core business of safety and simulation technologies can make a difference, for instance in Advanced Air Mobility and premium flight planning solutions. ►



CAE emerges from the pandemic poised to achieve new heights. Looking ahead, there is a lot to be optimistic about when we look at the markets we serve.

### Civil Aviation

In Civil Aviation, we see pent-up demand for air travel as an important growth in the near-term. Recovery to pre-pandemic levels and beyond continues to be driven in large part by the easing of travel restrictions that remain, particularly in CAE's key Asian markets. This year, IATA forecasts that commercial passenger traffic will be roughly a third below pre-pandemic levels. While there is still a lot of debate around the pace and shape of recovery, we anticipate more demand from airlines engaging with CAE as their partner of choice to secure and train new pilots. These customers have acute needs arising from the challenges associated with restoring and growing flight capacity in a competitive market for pilots and flight crews.

We produce and train more pilots than any other company in the world. This tailwind, the strength of Civil Aviation's training recovery in the Americas, and the sharply higher full-flight simulator order activity this past year, provide a compelling blueprint for the potential of a broader global recovery.

In business aviation, we remain bullish on the long-term and we believe the market is experiencing a structural expansion, as evidenced by the record 3.3 million flights worldwide in 2021.

And with our recent acquisition of AirCentre, our new digital ecosystem opens access to an even larger portion of the Civil Aviation market we already address. We are providing software and digital technologies to airlines and business jet operators to optimize flight plans, digitize and optimize crew, and help manage airport and airline operations. These services offer multiple benefits, including enabling our customers to lower their fuel consumption and carbon emissions.

In Civil Aviation, we are therefore incredibly well positioned, and we have unbelievable potential for both cyclical and secular growth in this market as recovery ensues. Plus, we are going to start this upcycle at already record margins, with plenty of room to grow.

### Defense & Security

In Defense & Security, CAE is on a multi-year journey to becoming a bigger player with expanded capabilities to capture larger multi-domain opportunities.

Our record order intake this past year gives me the confidence that we are indeed on that path. Furthermore, our record level of Defense bids and proposals is the result of bidding more and bidding on larger opportunities. With our increased capabilities across all five domains (air, land, sea, space and cyber), and the critical mass that our transformed Defense business now possesses, there are no programs in our addressable market that are too large or too complex for CAE to bid on with a high probability of success. Defense is now closely aligned with our customers' utmost priorities, which at their foundation, are about defending freedom in the face of near-peer threats.

Relative to our 75-year history, CAE's journey in supporting defence forces has its genesis in one of Canada's major contributions to Allied victory in World War II, the British Commonwealth Aircrew Training Program (BCATP). Our Defense & Security business continues to support that noble purpose with pride.

While we could not have known how or when such geopolitical threats would manifest, they have, once again. We are extremely proud of CAE's role in helping prepare NATO and Allied nations to defend peace and freedom. In the last two years, Defense has established a position as the world's leading platform agnostic, global training and simulation pure play defence business.

Recent events in Europe are a stark reminder that Allied nations must be ready to defend freedom at a moment's notice. We expect the prioritization on defence readiness as a strategic deterrent to translate into additional opportunities for CAE in the years ahead. We also expect continued strong momentum with the integration of L3Harris Technologies' Military Training business.

Together with digital ecosystem partners, CAE is developing complex simulation and visualization technologies to create virtual and synthetic environments that combine data and digital technologies to accelerate and enhance decision-making for governments and businesses into more complex multi-domain battle spaces.

A few headwinds still exist for the international defence business in terms of travel restrictions, but we view them as temporary and we look forward to continued growth in the years ahead.

### Healthcare

In Healthcare, the long-term potential is increasingly evident for this business to become a more material and profitable part of CAE.

We are seeing a market that values the capabilities of CAE's simulation-based training solutions more than ever, coupled with a global nursing shortage requiring new approaches to healthcare training and education.

Our acquisition of Medicor Lab brings greater capabilities and realism to our patient simulators, while our training simulation solutions are leading to higher levels of learner proficiency through 3D/4D immersive AR/VR simulation and AI integration.

### Technology and innovation

On the technology front, we have consistently evolved to stay ahead of the curve and leverage where technology is going to expand our leadership position.

And we will continue to do more. This year, we confirmed agreements with the Governments of Canada and Quebec that will enable CAE to invest \$1 billion over the next five years. These investments will position CAE as a leader in the technologies of tomorrow in our three business segments. ►

For example, we have invested aggressively to turn simulators into IoT-enabled, data and AI-driven devices that objectively push pilot proficiency to the highest possible standard. We are already doing this today, but we are still at the front end of a powerful revolution in this regard. We are layering onto that effort investments in biometrics to get at the heart of human performance in the context of training, giving us information about pilots that may not otherwise be perceptible externally.

We are developing simulation technologies of the future with VR and mixed reality that offer groundbreaking training solutions in terms of cost and training efficacy – not just for pilots, but for maintenance technicians, healthcare professionals and more. We are integrating disparate systems and applications that aircraft operators use daily to drive efficiencies and network effects across amazingly complex systems. We are creating digital twins for numerous uses, such as virtual training and large-scale coordination, to either serve as preparedness enablers for near-peer threats of the future or address airspace challenges on the global horizon.

To further reduce our carbon footprint, in line with our carbon neutrality, CAE will develop an electric aircraft for our training academies. Such aircraft will also support the decarbonization effort of our customers and reduce noise disturbance for the neighbouring communities. I am very proud of this initiative, which leverages our organization's skills in innovation while enhancing our social and environmental impact.

This is an exciting time for us, one where there is no shortage of amazing technology to invest in and leverage.

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We also ramped up CAE's environmental, social and governance (ESG) commitment to continue increasing our organization's positive societal impact. We recognize the rising importance of ESG factors to CAE stakeholders, the industries and communities in which we operate, and within our company and we took significant actions in FY22 to advance our ESG position.

CAE's strategy aligns with ESG, from the way we operate to how we do business – starting at the top, with the accountability of CAE's Board of Directors and Executive Management Committee. A portion of CAE executive compensation will now be tied to ESG, demonstrating the depth of our commitment in this matter.

We made important updates to CAE's Human Rights Policy, clarifying the governance and processes that support our commitment to the United Nations Universal Declaration of Human Rights. We also introduced a Supplier Code of Conduct to reinforce CAE's ESG impact across our entire value chain, through responsible procurement practices that include ethics and compliance, respect for human rights, respect of the environment, and risk management.

Finally, we maintained our carbon neutrality in FY22 and now, all CAE sites where we have operational control are 100% sourced with renewable energy or covered by renewable energy certificates.

Our organization is undertaking a massive effort to deepen our environmental and climate action through a decarbonization strategy that will take our organization beyond carbon neutrality, as detailed in the Environment section of this report.

Ultimately, we are taking a major step toward greater integration of ESG in our operations and culture through green sourcing, buildings, simulators and product upgrades.

Additionally, CAE will leverage the results of the ESG materiality exercise we conducted with 3,600 internal and external stakeholders in FY22 to develop a multi-year ESG roadmap with precise targets to measure and report progress on our initiatives.

To lead these ambitious and exciting initiatives, I have appointed H       V. Gagnon Chief Sustainability Officer (CSO) and Senior Vice President, Stakeholder Engagement. In the role of CSO, H       leads CAE's ESG strategy, sustainability, environment and social impact. There is no individual better suited for this role and I am certain she will continue to heighten CAE's position as a thought leader and sustainability steward as she has done since joining CAE seven years ago.

I am proud to share three additional elements that will contribute to CAE's diversity, equity and inclusion (DE&I).

We created a new leadership role, Chief DE&I Officer, to further accelerate our progress in this important ESG aspect.

This year, we achieved a 21% increase in senior leadership diversity, including filling six of eight newly created Vice President positions with diversity candidates. Additionally, following CAE's upcoming Annual General Meeting (AGM) and the election of all proposed Directors nominees, 31% of CAE's Board of Directors will be women.

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Our 2022 AGM also marks the departure of the Hon. John Manley, P.C., O.C. following a 14-year tenure on CAE's Board, four as Chair. His sound judgment and stellar leadership have made a significant imprint on CAE. John, I share my thanks on behalf of the Board and management. It has been an honour and a privilege to benefit from your guidance.

#### **At CAE, our success is measured by actions and outcomes.**

This means contributing to a more peaceful, safer and sustainable world, now and for the generations to come. As CEO, that is the legacy I set for myself, management and employees as we guide CAE into the future.

Together, we make One CAE, a fantastic company with an impeccable 75-year track record of reaching for and attaining infinite possibilities. ■

# Overview

## Our mission

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



## Our vision

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

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

- The civil aviation market includes major commercial airlines, regional airlines, business aircraft operators, civil helicopter operators, aircraft manufacturers, third-party training centres, flight training organizations, maintenance repair and overhaul organizations, and aircraft finance leasing companies.
- The defence and security market includes defence forces, Original Equipment Manufacturers (OEMs), government agencies and public safety organizations worldwide.
- The healthcare market includes hospital and university simulation centres, medical and nursing schools, paramedic organizations, defence forces, medical societies, public health agencies and OEMs.

## 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.

Today, CAE represents 75 years of industry firsts – the highest-fidelity flight and mission simulators, surgical manikins and personalized training programs powered by artificial intelligence (AI). That innovative mindset continues to define our work today, fueling our promise to engineer better solutions that maximize value for those we serve. It is our collaborative and proactively agile employees who make this pursuit of "better" possible. Together, our ethos and our people produce the technological advancements that enable our customers to decisively achieve difficult goals.

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

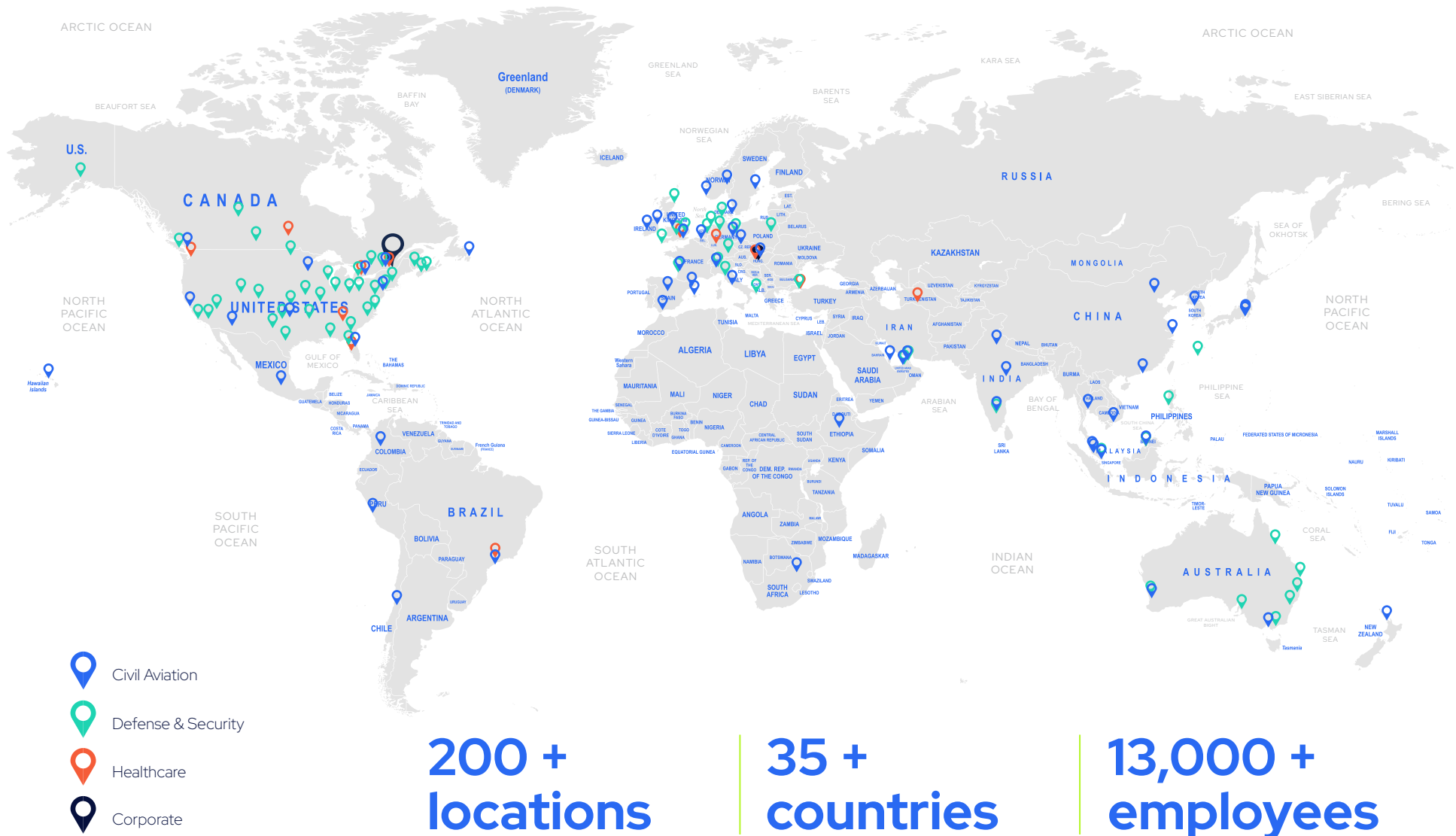
Today and tomorrow, we will make sure you are ready for the moments that matter.

[Watch the CAE Corporate video](#)



# Worldwide presence

[View interactive map online](#)



## FY22 financial highlights

**\$3.4 billion**

annual revenue

**\$9.6 billion**

backlog<sup>1</sup>

**\$4.1 billion**

annual order intake<sup>1</sup>

**\$341.5 million**

annual free cash flow<sup>1</sup>

**\$444.5 million**

annual adjusted segment operating income<sup>1</sup>

**\$0.84**

adjusted earnings per share<sup>1</sup>

**\$430.9 million**

annual adjusted segment operating income  
excluding COVID-19 government support programs<sup>1</sup>

**\$0.80**

adjusted earnings per share excluding  
COVID-19 government support programs<sup>1</sup>

<sup>1</sup> Non-GAAP and other financial measures, see [Appendix](#).

## FY22 business highlights

### Civil Aviation

#### Acquisitions

- RB Group, a leading provider of fully integrated solutions for crew operations
- GlobalJet Services (GlobalJet), a provider of aviation maintenance training for both business and helicopter sectors
- Sabre's AirCentre airline operations portfolio (AirCentre), a suite of flight crew management and optimization solutions

#### Expansions

- Launched our commercial aviation network in Bangkok, Thailand, with the deployment of one new Airbus A320 full-flight simulator (FFS) at our recently opened training centre
- Expanded our commercial aviation network with the deployment of our first CAE-built Boeing 737 MAX FFS in Europe at our Amsterdam training centre
- Announced the expansion of our business aviation footprint with the introduction of a new flight training location in Las Vegas, Nevada. The centre is expected to open in the second half of calendar 2022 and will be our first training facility in the Western U.S.
- Announced the expansion of our training capacity in Dubai with the addition of the first Global 7500 FFS and the future deployment expected in fiscal 2024 of the first Bombardier Global 6500 FFS at the Emirates-CAE Flight Training joint venture in Dubai, UAE
- Expanded our business aviation training network with the deployment of our first Gulfstream 650 FFS in Europe at our Burgess Hill training centre (U.K.)

#### New programs and products

- Partnership with four of the leading electric vertical takeoff and landing (eVTOL) developers (Jaunt Air Mobility, Volocopter, BETA Technologies, Joby Aviation) to provide a range of solutions including simulators, pilot and maintenance training programs, and aircraft system integration engineering support
- Selected by Innotech-Exeaire Aviation Group to provide our digital ecosystem to improve efficiency of their operations, and they will become our launch partner for our innovative suite of digital services in the business aviation market
- Announced a new relationship with Starr Insurance Companies for a first-of-its-kind program that combines a rigorous training regimen and insurance for single-pilot jet owners
- Announced that Air BUSAN has successfully launched the CAE Rise training system for its flight training operations

#### FY22 orders

- Sold 48 FFSs for the year
- Notable training agreements: Endeavor Air, Avianca, Scandinavian Airlines, WestJet, Envoy Air, LOT Polish Airlines and Sun Air Jets

### Defense & Security

#### Acquisitions

- L3Harris Technologies Military Training business (L3H MT), which includes Link Simulation & Training, Doss Aviation and AMI
- Acquired a 37% equity interest in SkyWarrior Flight Training, a flight training operation based in Florida that primarily delivers Phase 1 initial flight training to U.S. and international military customers

#### Expansions

- Announced the expansion of our ab initio and initial flight training for military forces with the introduction of our first military program in Europe. Through a contract from the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support, we established a new training facility at the Bremen airport in Germany to support ab initio training services for the German Air Force

#### New programs and products

- Contracted to develop and deploy new build Joint Terminal Control Training Rehearsal System simulators for the U.S. Air Force (USAF), a new program and offering in CAE's portfolio resulting from the acquisition of L3H MT
- Launched the CAE Prodigy image generator (IG), which delivers high-fidelity graphics, physics-based simulation, and the ability to support a thousand-fold increase in the number of entities in a virtual environment. CAE Prodigy IG builds on the proven features of CAE's existing family of IGs

#### FY22 orders

- Government of Canada extension of the contract for the NATO Flying Training in Canada program through 2027
- German Navy for a second NH90 Sea Lion helicopter simulator
- USAF to continue providing KC-135 aircrew training services
- German Air Force for ab initio flight training
- U.S. Army for fixed-wing flight training and support services
- Leonardo to support the development of an Alenia C-27J flight training device
- USAF and Air National Guard for F-16 simulator upgrades and modifications
- Lockheed Martin for upgrades and updates on C-130J training systems for the USAF and KC-130J training systems for the U.S. Marine Corps



## Defense & Security

(Continued)

### FY22 orders

- USAF to continue supporting Simulator Common Architecture Requirements and Standards (SCARS)
- Australian Defence Force to continue providing management and support for the Royal Australian Air Force aerospace simulators
- U.S. Army Contracting Command-Orlando to lead the Beyond 3D prototype development and integration efforts for the National Geospatial Intelligence Agency
- U.S. Army for a new and upgraded Maritime Integrated Training System together with Xebec Government Services, our joint venture with Pinnacle Solutions
- Canada's Department of National Defence expansion of cyber intrusion detection capabilities on the Innovation for Defence Excellence and Security (IDEaS) program

## Healthcare

### Acquisition

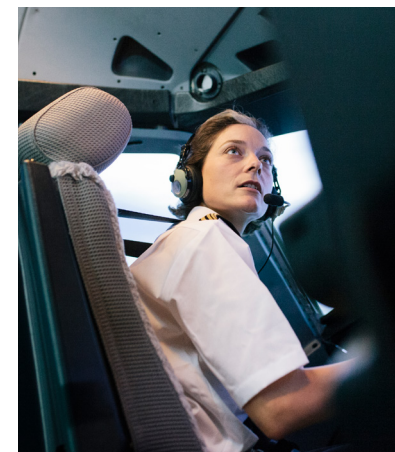
- Medicor Lab (Medicor), a company that specializes in task trainer and realistic synthetic skin production

### New programs and products

- Began worldwide deliveries of our newest pediatric patient simulator, CAE Aria
- Released two updates to our ultrasound simulation platform, CAE Vimedix, adding remote learning capabilities, introducing a new virtual probe and making it the industry's first ultrasound simulator with 3D/4D ultrasonography and multiplanar reconstruction for improved fidelity and realism
- Enhanced our cardiac training tool CAE CathLabVR to include 31,000 unique scenarios for treating coronary blockages and heart attacks
- Launched an update of the Inventory Manager for CAE LearningSpace Enterprise

### Awards

- Awarded the Gold prize in the Florida Sterling Manufacturing Business Excellence Awards for our Sarasota manufacturing facility
- Launched a new e-commerce platform for our skills trainers, significantly elevating the user experience and broadening customer access
- Offered several new clinical digital learning courses focusing on treating COVID-19 related topics for intensive care units and emergency care departments
- Announced three new CAE Centres of Excellence for simulation training and research that support the vision and mission of Healthcare by participating in product development and beta testing



# Strategy

High-tech company with a noble purpose focused on safety

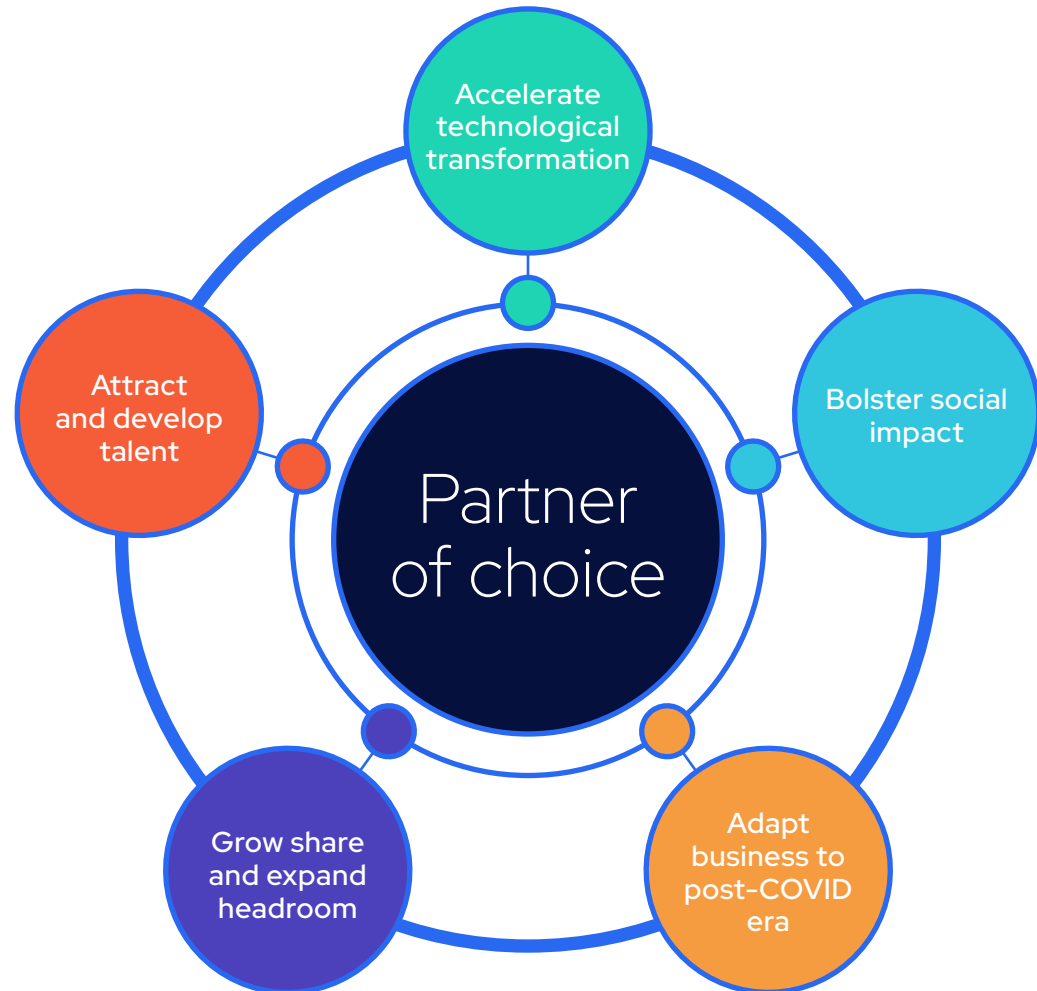
Our mission is to lead at the frontier of digital immersion with high-tech training and operational support solutions to make the world a safer place.

To fulfill our mission, we leverage several unique capabilities:

- Knowledge leadership, with over 3,600 talented engineers and a skilled manufacturing workforce.
- Industrial champion with a best-in-class global supply chain, a broad global footprint, world-class operational and functional processes, and an agile organization capable of going quickly from prototype to production.
- Deep expertise in applying advanced technologies to create highly differentiated training and operational support solutions.

Five areas of strategic priority

Five areas of strategic focus for superior and sustainable growth.



## 8 pillars of strength

8 pillars of strength underpin CAE's strategy and investment thesis, culminating in a technology-focused, secular growth company with market-leading positions and a high degree of recurring business.



### High degree of recurring business

We operate in highly regulated industries with mandatory and recurring training requirements for maintaining professional certifications. Over 60% of our business is derived from the provision of technology-enabled services and software-based solutions, which is an important source of recurring business, and largely involves long-term agreements with many airlines, business aircraft operators and defence forces.



### Culture of innovation, empowerment, excellence and integrity

One CAE is the internal mantra that represents our culture of innovation, empowerment, excellence and integrity. It is the combination of these four key attributes that provides CAE with our market leadership, strong reputation and high degree of customer intimacy.



### Industry leader with a strong competitive moat

We are an industry leader in each of our three segments by way of scale, the range of our technological solutions and services, and our global reach. We benefit from a strong competitive moat, fortified by seven and a half decades of industry firsts and by continuously pushing the boundaries using digitally immersive, high-tech training and operational support solutions. Our broad global training network, unique end-to-end cadet to captain training capacities, technology-intensive training and operational support solutions, deep subject matter expertise and industry thought leadership, unrivaled customer intimacy and strong, recognizable brand further strengthen our competitive moat.



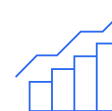
### Headroom in large markets

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



### Technology and industry thought leader

CAE is a high-tech training and operational support solutions company and an industry thought leader in the application of modelling and simulation, virtual reality and advanced analytics to create highly innovative and digitally immersive training and operational support solutions for customers in civil aviation, defence and security, and healthcare.



### Potential for compound growth and superior returns over the long term

In each of our businesses, we believe 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 and expand through adjacencies. Our rising proportion of recurring revenue is largely driven by our customers' ongoing training, operational support requirements and our ability to assist them with these critical activities by means of our highly innovative products, and technology - and software-enabled service solutions. We leverage our leading market position to deepen and expand our customer relationships and gain more share of their critical responsibilities. We expect to optimize and increase the utilization of our global training network and to deploy new assets with accretive returns, over the long term.



### Excellent and diverse team with a unique social impact on safety

CAE prides itself in having an excellent and diverse team with a unique social impact on safety. Each day, our employees support our customers' most critical operations with the most innovative solutions and in doing so, they help make the world a safer place. We help make air travel and healthcare safer and help our defence forces maintain security.



### Solid financial position and highly cash-generative business model

A constant priority for CAE is the maintenance of a solid financial position and we use established criteria to evaluate capital allocation opportunities. Our business model and training network, specifically, are highly cash generative by nature.



# Business highlights



# Civil Aviation

## Leading the industry

We provide comprehensive training solutions for flight, cabin, maintenance and ground personnel in commercial, business and helicopter aviation, a complete range of flight simulation training devices, ab initio pilot training and crew sourcing services, as well as end-to-end digitally-enabled crew management, training operations solutions and optimization software.

We have the unique capability and global scale to address the total lifecycle needs of the professional pilot, from cadet to captain, with our comprehensive aviation training solutions. We are the world's largest provider of civil aviation training services. Our deep industry experience and thought leadership, large installed base, strong relationships and reputation as a trusted partner, enable us to access a broader share of the market than any other company in our industry. We provide aviation training services in more than 35 countries and through our broad global network of approximately 70 training locations, we serve all sectors of civil aviation including airlines and other commercial, business and helicopter aviation operators.

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# #1

in Civil Aviation training

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# 70

training locations

## Year in review

Pilot, maintenance and cabin crew training are essential services and critical to maintaining our customers' operations as the global airline industry recovers. While reductions in domestic and international passenger demand as a result of the COVID-19 pandemic have severely impacted the aviation industry, we are seeing an increase in commercial and business traffic. The International Air Transport Association (IATA) now expects revenue passenger-kilometres (RPKs) to recover to 2019 levels by calendar 2024. Additionally, monthly business jet activity has surpassed pre-COVID 2019 levels, specifically with March 2022 showing a 24% improvement over March 2019 in the U.S. according to the U.S. Federal Aviation Administration. In November 2020, we released our 2020–2029 Pilot Demand Outlook in which we estimate an expected global requirement of 264,000 new pilots in the civil aviation industry to sustain growth and support mandatory retirements over the next 10 years.

For the year, Civil Aviation booked orders for \$2 billion, demonstrating CAE's continued momentum as the partner of choice for airlines, business jet operators and pilots worldwide. These included 48 FFS sales (vs. 11 in the prior fiscal year) and comprehensive, long-term training agreements with customers worldwide, including Endeavor Air, Avianca, Scandinavian Airlines, WestJet, Envoy Air, LOT Polish Airlines, and Sun Air Jets. Civil Aviation also partnered with four leading electric vertical take-off and landing (eVTOL) developers to provide a range of solutions including simulators, pilot and maintenance training programs, and aircraft system integration engineering support.

We expanded our presence and capabilities with the acquisition of:

- RB Group, a leading provider of fully integrated solutions that modernize the way airlines and business aircraft operators interact with their crew.
- GlobalJet Services (GlobalJet), a provider of aviation maintenance training that is recognized around the world for its services for both business and helicopter sectors.
- Sabre's AirCentre airline operations portfolio (AirCentre), a suite of flight crew management and optimization solutions. The acquisition further expands our reach across our broad customer base beyond pilot training and establishes ourselves as a technology leader in the growing market for industry-leading, digitally-enabled flight and crew operations solutions.

## FY22 highlights

# \$1.6 billion

annual revenue

# \$314.7 million

adjusted segment operating income<sup>1</sup>  
(19.5% of revenue)

# 1.25x

book-to-sales ratio<sup>1</sup>

# 60%

Civil training centre utilization<sup>1</sup>

# 3

strategic acquisitions:  
RB Group, GlobalJet and AirCentre

# \$2.0 billion

order intake<sup>1</sup>

# \$309.5 million

adjusted segment operating income excluding COVID-19 government support programs<sup>1</sup>  
(19.1% of revenue)

# \$4.9 billion

total backlog<sup>1</sup>

# 30

FFS deliveries

# 48

FFSs sales

<sup>1</sup> Non-GAAP and other financial measures, see [Appendix](#).



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

Through our reputation as a trusted partner, Civil Aviation has become the global partner of choice of aviation professionals, airlines, business aircraft operators and aircraft manufacturers. We are known for quality, reliability and innovation.

Our Civil Aviation business contributes to key environmental, social and governance values:

### Environmental

Beyond the benefits captured in simulation vs. live aircraft training, we are committed to reducing our direct carbon emissions through the ongoing retrofitting of the fleet of 80 aircraft we fly at our flight training organizations worldwide to electric propulsion. The introduction of a [digital ecosystem for Civil Aviation](#) will support the environmental effort of our customers through the optimization of their flight plans, generating significant carbon savings. We also offer recycled simulators to our customers as an attractive option for them to reduce their carbon footprint and we leverage our innovative culture to develop eco-efficient simulators.

### Social

We created the [CAE Women in Flight scholarship program](#) with airline partners to increase the representation of women representativity in an industry dominated by men, and are active in programs that encourage women and girls to pursue careers as pilots. We launched [Airside](#), a global online platform for pilot networking, and a financing initiative for aspiring pilots to proactively address pressing industry issues.

### Governance

As the industry transitions to Advanced Air Mobility, a new area of air transport, with very specific safety challenges, we are working closely with regulators to elevate safety standards and to oversee training certifications to achieve the best level of safety in this new area of air transport.

We deploy the best-in-class ethical principles and practices when doing business with all types of industry players in all countries.

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

## Acquisitions

### CAE further expands digital solutions portfolio with the acquisition of RB Group

Further advancing our objective to pioneer the development of a comprehensive, end-to-end digital flight operations ecosystem, [CAE acquired RB Group](#) in April 2021.

CAE's pilot and crew apps and crew management systems are further detailed in our [Civil Aviation feature](#).

### AirCentre acquisition positions CAE as a leader in digital flight and crew operations optimization solutions

In February 2022, [CAE acquired Sabre's AirCentre Airline Operations portfolio](#) (formerly known as AirCentre solutions), a highly valuable suite of flight and crew management and optimization solutions.

The airline operations portfolio, which represents the ninth accretive acquisition for CAE since the COVID-19 pandemic began, joins our previous acquisitions of RB Group and Merlot to form the [digital ecosystem for Civil Aviation](#), an innovative end-to-end solution that further elevates our commitment to delight our customers.

Together with our ongoing technological transformation, the combined portfolio allows CAE to expand our reach into digitally-enabled flight and crew management and optimization services to create additional value for our customers. (As detailed in our [Civil Aviation feature](#).)

### CAE augments maintenance training capabilities with GlobalJet Services

We bolstered our maintenance training offering with the integration of [GlobalJet Services](#), a proven leader in aviation maintenance training recognized worldwide for its services in the business and helicopter segments.

The acquisition unites our pilot training expertise with GlobalJet Service's exceptional, regulatory approved training programs, which positions CAE to serve global operators looking for a single provider to support their various aircraft fleet types.

## Partnerships

### Joby partners with CAE for eVTOL aircraft pilot training

In March 2022, CAE announced that we had partnered with Joby Aviation Inc., to develop pilot training devices specifically for the company's electric vertical take-off and landing (eVTOL) aircraft. Used to simulate aircraft flight in various environments and conditions, flight simulators are an integral part of readying pilots to fly a new type of aircraft.

### CAE and BETA Technologies partner in pilot and maintenance training program

In September 2021, CAE announced our selection as BETA Technologies partner of choice to design and develop a pilot and maintenance technician training program for BETA's ALIA eVTOL aircraft — the first eVTOL to receive manned airworthiness from the U.S. Air Force.

CAE's partnership with BETA highlights our commitment to future aviation technologies and sustainability. (Covered further in our [Electric aircraft](#) and [Advanced Air Mobility feature](#).)



### Innotech-Execaire Aviation Group signs as launch customer for CAE's new digital ecosystem for business aviation operators

CAE welcomed Innotech-Execaire Aviation Group (IEAG) as foundation business jet partner, IEAG selecting CAE's innovative suite of digital services to improve the efficiency of its aviation operations.

CAE is linking IEAG operators and pilots in a unified software ecosystem to streamline pilot engagement, providing visibility for the safest training, and ensuring compliance with new fatigue management rules for business jet operators.

IEAG will also work alongside CAE as we invest in digital solutions to achieve new heights in efficiency, safety and optimization.

### CAE and Starr to offer first-of-its-kind single-pilot mentorship program

CAE and Starr Insurance Companies have joined together to offer single-pilot jet owners and commercial operators a unique turnkey program that combines a rigorous training regimen and insurance.

Under this global initiative, pilots will be provided comprehensive safety training to make insurance coverage more accessible, increasing insurability and ensuring the highest safety standards for single-pilot turbojet owners and operators who are not professional pilots.

The mentorship program developed by CAE consists of an 18-month training cycle that elevates safety and readiness through enhanced scenario-based training, [CAE Rise analytics and flight data monitoring](#), in-aircraft mentoring, and Upset Prevention and Recovery Training.

Extensive flight behavior data generated during the program will enable more accurate insurance underwriting, helping owners secure the insurance coverage needed for their expensive aircraft.



Kyle A. Sparks of Starr Aviation (left) and Nick Leontidis, Group President, Civil Aviation, CAE

## Partnerships

### CAE SIMCOM joint venture breaks ground on new Florida training centre

Marc Parent attended the December 2021 groundbreaking ceremony held for our joint venture business aviation training centre SIMCOM. Scheduled to open in calendar 2023, the new 90,000-square-foot training centre will be home to five new CAE FFSs and offer an outstanding training experience to our customers.

### CEBU Pacific Air partners with CAE and The LOSA Collaborative to implement new data collection program to enhance aviation safety

In February 2022, CAE announced our partnership with Cebu Pacific Air (CEBU) and The LOSA Collaborative to implement a new data collection program to enhance aviation safety through a unique approach — one that includes Line Operation Safety Audit (LOSA) for the first time and empowers CEBU to collect, assess and benchmark its operational and training data effectively.

Through our exclusive service agreement with The LOSA Collaborative, CAE will assist with the implementation of CEBU's LOSA program, including planning, data collection and debriefing. CEBU will leverage [CAE Rise, our data-driven and AI-powered training system](#), to gather insights from pilot training sessions.



### AIR BUSAN signs up for CAE's AI-powered training system

AIR BUSAN successfully launched CAE Rise for its flight training operations, becoming the first airline in Korea to leverage CAE's innovative training system based on big data.

With CAE Rise, AIR BUSAN harnesses the power of big data analytics to train the safest pilots, while leveraging real-time, metrics-based insights to continuously adapt and improve its flight training programs.

### IBAC welcomes CAE as new industry partner

As a leading provider of business aviation training and services around the world, CAE looks forward to further engaging with the industry as a member of the [International Business Aviation Council \(IBAC\)](#) to further our shared mission to promote and enhance safety in business aviation.

IBAC is a non-profit, international trade association with official observer status at the [International Civil Aviation Organization](#), the UN Specialized Agency for aviation matters headquartered in Montreal.

### CAE Rise helping to train safer pilots

In this podcast interview with Asian SkyCast, CAE Business Development Manager Sofia Sofia explains [how CAE Rise advances aviation safety and pilot training](#).

Produced by AsianSky Media, the podcast covers a wide range of topics and issues impacting business and general aviation in the Asia-Pacific market.

## Contracts and deliveries

### CAE and Air Canada sign exclusive maintenance training agreement

Following the signing of an exclusive five-year aircraft maintenance training partnership agreement in September 2021, CAE becomes Air Canada's embedded Transport Canada Approved Training Organization for [Aircraft Maintenance and Engineering](#).

Through this first-of-its-kind, industry-leading agreement, CAE will provide a training experience true to the aircraft platforms, our high level of instruction, service, courseware and technology supporting the implementation of Air Canada's Aircraft Maintenance Training Centre of Excellence.

### Embraer and CAE launch a new Phenom 300E full-flight simulator for U.S. market

Embraer-CAE Training Services (ECTS), a joint venture between Embraer and CAE, will [introduce a new FFS for the Phenom 300E](#) in the second half of 2022 to meet the growing demand for business jet pilot training in the U.S.

The new FFS, to be operated by ECTS at a yet-undisclosed location, will bring the highest level of service to the market by combining innovative methodologies, knowledgeable instructors and advanced simulation technology.



## Contracts and deliveries

### CAE and Canada Jetlines, Ltd. sign exclusive five-year pilot training agreement

Under an exclusive five-year training agreement with Canada Jetlines, Ltd., CAE will train [Canada Jetlines pilots](#) on the CAE 7000 XR Airbus A320 FFS at the CAE Montreal Training Centre.

CAE is proud to support the vision and launch of a fellow Canadian company. Our agreement with Canada Jetlines is a prime example of our commitment to provide the most innovative training solutions and deliver an exceptional training experience.

#### Notable contract awards for FY22:

- 5-year commercial aviation training agreement extension with Endeavor Air
- 5-year commercial aviation training agreement extension with Avianca
- 10-year exclusive commercial aviation training agreement with Scandinavian Airlines (SAS) in Europe
- 10-year exclusive commercial aviation training agreement with WestJet
- 5-year commercial aviation training agreement with Envoy Air
- 2-year exclusive commercial training agreement with LOT Polish Airlines
- 3-year business aviation training agreement with Sun Air Jets

#### Long-term training partnerships secured with startup airlines to ensure their safe and successful launch

- 5-year exclusive pilot training agreement with Canada Jetlines, Ltd.

## Operational activities and milestones

### Global training centre deployments strengthen CAE's global footprint, respond to customers' growth and training capabilities

Over FY22, CAE announced several important deployments across our global network that contribute to our regional offerings and support our customers' growth and training capabilities.

- [CAE Mexico](#) deployed a Boeing 767 FFS to support MasAir Cargo pilot training.
- We expanded our pilot training capacity in Europe with the deployment of a CAE 7000XR Series Boeing 737 MAX FFS at [CAE Amsterdam - Schiphol](#).
- To support flydubai's future fleet growth, Emirates - CAE Flight Training joint venture will deploy a second Boeing 737 MAX FFS by the end of 2022. B737 MAX FFSs are also installed at [CAE Toronto](#), [CAE Dallas East](#), [CAE Reykjavik - Icelandair Flight Training Centre](#) and [CAE Singapore - Singapore CAE Flight Training](#).
- Through our Authorized Training Provider (ATP) agreement with Bombardier, CAE will deploy a new Bombardier Global 6500 FFS to the [Emirates-CAE Flight Training Centre](#) in Dubai, our first in the Middle East. As part of our current ATP agreement with Bombardier, CAE also offers Global 6500 aircraft training at [CAE Montreal](#).
- In support of our exclusive training partnerships with Air Canada and WestJet, CAE will add two more FFS bays at [CAE Toronto](#) and deploy a Boeing 787 FFS, the first in our North American training centre network.

### CAE to open first Western U.S. training centre in Las Vegas

Slated to open in the second half of 2022, the CAE Las Vegas Training Centre will strengthen CAE's reach and capabilities in the business aviation flight-training market while meeting the increased demand for pilots in the region.

This investment in CAE's training network will ensure that business aviation customers have complete access to CAE's industry-leading technology and training expertise to elevate their safety, efficiency and readiness.

### CAExperience: Enhancing our customer-first culture

Satisfying our customers is a CAE imperative. As an example of this, we launched CAExperience, an internal initiative designed to deliver a world-class service culture cross Civil Aviation. It is designed to leave CAE customers elated about the quality of the training they have received.

Our employees take pride in providing the highest standard of service and this program will further enhance their ability to accomplish this. (We also highlight CAExperience in our [Innovation and customer experience](#) section.)

### Safety around an erupted volcano, thanks to CAE Madrid

When the La Palma volcano erupted in Spain, a local reporter joined CAE Madrid Training Services Manager Jaime Ferrer for a simulator ride to demonstrate how pilots can fly safely around the ash cloud.

[Watch the video \(in Spanish\)](#)



## Operational activities and milestones

### Celebrating 100,000+ members on Airside platform

**Airside**, an online pilot community launched during the pandemic, connects pilots worldwide, who share career tips, learning resources and articles on topics of interest.

The popular platform, which reached 100,000+ members as of spring 2022, continues to evolve through new offerings and community contributions. The **Airside Learning** section features training content and a range of certified e-learning courses hosted on **CAE Business Aviation Learning channel**. It is one of the new e-commerce channels showcasing CAE's eLearning content and service solutions. (See article in [Innovation and customer experience](#).)

Access Airside programs on [LinkedIn](#), [Facebook](#), [Twitter](#) and [Instagram](#).

### CAE Pilot podcast

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

Video versions of the podcasts are available on [cae.com/caepilot-episodes](https://cae.com/caepilot-episodes). Follow @caepilot on [Facebook](#) and [Instagram](#).



As of April 2022:

**27** episodes

**80,000+** listens

## Events and tradeshow

CAE resumed an active in-person presence at tradeshow in fall 2021.

### EATS 2021

At the **European Airline Training Symposium** (EATS) in Berlin, CAE participated as event sponsor, tradeshow exhibitor and presenter, contributing to the show's theme **Rebuilding a Better Airline Training System**.

The conference assembles the industry's leading professionals to promote safety and share best practice in pilot and cabin crew training to help improve operational safety and efficiency.

### CAE at Dubai Airshow 2021: The Future of the Aerospace Industry

During the Dubai Airshow 2021, held November 14-18, we showcased our high-technology training solutions and how we continue to elevate our customer offerings and expand our pilot training capacity in the Middle East as the partner of choice to flydubai and other customers in the region.



### Thought Leadership

### Marc Parent opens World Aviation Training Summit 2021

Our President and CEO Marc Parent launched the World Aviation Training Summit (WATS) 2021, highlighting the event theme **Forward Together**. He discussed its significance for CAE and the airline training community in the post-pandemic context.

The conference focused on three program themes: international and regional pilot training, cabin crew training and maintenance training.



## Industry outlook

## Awards and recognition

## Diversity, equity and inclusion

## CAE 2020-2029 Pilot Demand Outlook and Pilot Training for Advanced Air Mobility report

### Actions taken to address key findings

The [CAE Pilot Demand Outlook 2020-2029](#) provides a 10-year view into future challenges and solutions to expand the supply of commercial and business aviation pilots.

CAE is actively pursuing internal and external initiatives to provide solutions to address specific challenges, including the use of artificial intelligence (AI) to meet crewing needs and safety standards. For example, our Crew Resource Management solution-as-a-service is powered by AI to drive the crew resource planning process and provide advanced demand forecast, supply and demand analysis, and related projections.

To that effect, in FY22, Civil Aviation added a suite of digital solutions designed to organize operations, and enhance the flight and crew experience.

### Pilot training for Advanced Air Mobility

CAE's 10-year look also anticipates that arrival of Advanced Air Mobility (AAM) will further aggravate the current pilot shortage, demand projected to reach 60,000 pilots by 2028.

As the worldwide partner of choice, having overseen training certification of aircraft programs, simulation equipment and training for multiple aircraft, CAE is well-positioned to support the industry's transition to this new sector. Our expertise in AAM is already evident, with Jaunt Air Mobility, BETA Technologies, Volocopter and Joby selecting CAE as their partner. CAE has also been asked to work with regulatory bodies on safety/certification requirements. (Detailed in our [Electric aircraft and Advanced Air Mobility feature](#).)

We shared our data-driven approach to the future of eVTOL pilot and simulation training in the 2021 report [Pilot Training for Advanced Air Mobility](#).

## Marc Parent honoured with Living Legends of Aviation's Industry Leader of the Year Award

Our President and CEO Marc Parent received the celebrated Industry Leader of the Year Award, one of the highest honour bestowed at Living Legends of Aviation, one of the most prestigious aviation recognition events globally.

[Watch the video](#)



## Making the skies an equal place for us all

### 2022 International Women in Aviation Conference

CAE was proud to participate in and act as a contributing sponsor of the [2022 International Women in Aviation Conference](#), held March 17-19 in Nashville.

### 2021 CAE Citation Bravo Type-Rating Scholarship winner

Among our women pilots' many accomplishments, we congratulate two of our outstanding recent graduates: Mercedes Hartman and Lauren Beam.

Mercedes Hartman was announced the winner of the 2021 Citation Bravo Type-Rating scholarship offered by CAE. A young pilot whose passion for aviation was further heightened by her experience completing her training at CAE Dallas, Mercedes said, "I loved my time at CAE and enjoyed every minute there. This is something I will cherish for the rest of my life." ▶



Pilot Mercedes Hartman completes training at CAE Dallas



## Diversity, equity and inclusion

**2021 CAE Women in Flight scholarship winner**

Under the [Southwest Destination 225° Cadet Pathway Training Program](#), CAE Women in Flight 2021 scholarship winner Lauren Beam also completed her type rating at CAE Dallas.

Lauren has joined XOJET Aviation, an on-demand private jet company and will be joining Southwest Airlines as a pilot in the coming years. In her role as a Women in Flight ambassador, Lauren delivered the opening remarks at the CAE-sponsored WAI Workshop [Be A Mentor. Find A Mentor.](#) During the session, experienced mentors shared best practices for virtual and in-person coaching sessions and provided insights on how companies can create dynamic programs to attract both mentors and mentees.



Lauren Beam, CAE Women in Flight ambassador



## Feature story

# A digital ecosystem for end-to-end flight operations management

## Designed for commercial and business aviation markets

Commercial and business aviation operators face pressures like few others. In a heavily regulated, competitive, ultra-visible industry, they require a suite of digital tools to efficiently plan and execute their operations while optimizing their performance, safety, compliance, and achieving the best levels of customer satisfaction.

To build this one-of-a-kind digital ecosystem, Civil Aviation expanded its portfolio with expertise and solutions from Merlot, RB Group and AirCentre's Airline Operations solution.

With the acquisition of AirCentre, Civil Aviation now helps commercial and business aviation operators break operational silos and harness the power of data to improve operational performance, profitability and passenger experience with a broad suite of flight operations solutions: flight management, movement management, crew management, in-flight services management, airport management and training management.

Offering aviation customers a unique leadership edge no other company currently provides, the digital ecosystem enables airlines to run operations efficiently through automation and productivity-enhancing capabilities. The digital ecosystem's underlying principle is – "manage by exception" while also ensuring safety and compliance are at the core of all real-time decisions.

To visualize the operational breadth of this digital ecosystem, consider the numbers: every day, CAE's flight operations solutions track and monitor 140,000 flights; plan and coordinate an additional 200,000 crew and 20,000 airport staff; automate menu planning to help serve more than 1,000,000 on-board meals; and engage in 1,700,000 crew touchpoints.

### Civil digital ecosystem

- The Movement Management (Operations control) solution ensures that airlines execute best operational plans and make optimal use of aircraft at all times, by integrating systems and data across departments. These solutions help manage day-of operations and scheduling by providing an integrated view of crew, maintenance, gates, slots, and passenger information, ensuring a reduction in disruption costs with built-in algorithms for schedule and aircraft recovery.
- The Crew Management solution provides robust end-to-end crew management like never before. Enabling airlines to optimize total crew costs by bringing together simulators, training and scheduling, crew optimization and day-of operations, this comprehensive offering helps airlines make real-time crew recovery seamless and effective. Finally, bringing mobility and streamlined communication to airline cockpit and cabin crew enables crew to swap duties and request vacation time from anywhere, thereby providing lifestyle choices. Well-prepared and rested crew members further contribute to flight safety.
- The Flight Management solution gives airlines the ability to track and manage real-time weather with predictive analytics and alerts for dispatchers, synced flight plans between dispatchers and pilots via mobile applications, and real-time communication between the ground and flight deck.
- The Airport Management solution help airlines and airports optimize gate and staff management with automated rostering and tracking. This solution helps with compliance and coverage while maintaining (or reducing) gate and staff costs.
- The In-Flight Services Management solution helps with streamlined control over onboard catering, and is the only "caterer agnostic" offering in the marketplace. The solution automates menu planning and service allocation, and improves visibility and communication to reduce costs and food wastage.

### Reduced Carbon Footprint

With its digital ecosystem, Civil Aviation goes much further than managing logistics. With our premium flight planning solution, numbers transform into major environmental gains — a major benefit for an industry under growing pressure to reduce its impact on climate change.

Our solution determines the best route for optimal fuel and time savings, taking into consideration the age of the plane, engine type, day of flight, weather, navigation considerations and weight/number of passengers. These factors contribute to lowering fuel consumption and reducing carbon emissions.

Savings on meal planning starts with our in-flight services management software confirming the number of passengers and their preferences. Based on algorithms, we help airlines build the menu using our software and select the ingredients, considering the weight of each element. This data contributes to reduction of on-board flight food waste while the cumulative lower meal weight reduces fuel consumption and lowers costs. In terms of annual waste reduction, 500 million meals a year represents up to ~15% in waste reduction.





## Feature story

## Engagement with the most mobile workforce in the industry

Pilots are technology consumers and highly influential in an airline's selection of products and services. In terms of engagement, they are extremely important to our strategy.

Civil Aviation connects with pilots at every point of their career life cycles – from training and flight preparation, planning and scheduling right through to in-flight route optimization, performance and analytics.

As with CAE training simulators, our crew apps ([RosterBuster](#), [RB Logbook](#)) and services are positioned to be the solution of choice within airlines by providing superior performance and ensuring all interactions are at the highest level of quality.

In terms of engagement, CAE's presence in this business-to-consumer (B2C) market will only continue to grow. With the addition of crews from Merlot and AirCentre, we have doubled our user base and our digital touchpoints have increased by tenfold.

For airline operators, Civil Aviation centralizes access to the data collected from the point of training through the entire flight operations cycle.

Aviation professionals are equipped with the data needed to make informed decisions and take control of critical tasks which contributes to elevating the safety of their operations.

## The future of Civil Aviation's digital ecosystem

CAE is a customer-centric business. A key part of our mission is to be a true partner in everything we do. We are committed to the continued growth of our digital ecosystem to drive value to our B2B and B2C customers. This is truly a technology business that puts CAE's role as a technology provider into focus.

In this respect, we intend to be a market disruptor, starting with our commitment to invest \$1 billion in innovation over the next five years. Under [Project Resilience](#), CAE will continue to advance digitally immersive solutions using data ecosystems and artificial intelligence. We will also pursue leadership in the development of end-to-end technology, Advanced Air Mobility operational support and training solutions, and green light aircraft technologies.

### Every day we...

Generate <b>20K</b> flight plans	Manage over <b>7K</b> aircraft	Track and monitor <b>140K</b> flights	Serve more than <b>1M</b> onboard meals
Plan & coordinate an additional <b>200K</b> crew staff & <b>20K</b> airport staff		Have <b>1.7 M</b> crew touch-points with our scheduling tools for accessing or changing their rosters and pilots creating flight plans or using eFB tools during flight	

### Customer benefits

- Crew Management enables **10-20% decrease** in disruption-related crew costs and up to **20% reduction** in fees and delay cost
- Movement Management enables **5-10% decrease** in delay and cancellation costs
- Flight Management enables **0.75% of fuel savings**
- Airport Management enables **20% improvement** in administrative staff utilization

### Our objectives

**For operators**, to be the most valued partner for end-to-end flight operations management. Offering the most integrated ecosystem and empowering operators with a new level of insights to deliver on their brand promise.

**For crew**, to be the most valued partner for engagement needs from training, planning to execution. Offering the most integrated and user-friendly ecosystem.



## Defense & Security

Training and mission operational support solutions that enhance readiness and performance

We are a platform agnostic, global training and simulation pure play focusing on ensuring mission readiness by integrating systems and solutions across all five domains for government organizations responsible for public safety.

As an established, market-leading training systems integrator, we can offer our customers a comprehensive range of innovative training solutions, ranging from digital learning environments and mixed reality capabilities to integrated live, virtual and constructive training in a secure networked environment. Our solutions typically include a combination of training services, products and software tools designed to cost-effectively maintain and enhance safety, efficiency and readiness. We also offer a range of mission and operational support solutions that leverage synthetic environments and digitally immersive technologies.

We have a wealth of experience delivering and operating outsourced training solutions with facilities that are government-owned government-operated; government-owned contractor-operated; or contractor-owned contractor-operated.

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Simulation products and training services delivered to

**60** defence forces  
in over

**50** countries

---

**145**

customer sites, including our joint ventures

## Year in review

We have adapted our Defense & Security business to address the realities our customers are facing and have aligned the business so that we are best positioned to address the needs of our customers. First and foremost is the shift in the nature of conflicts for the U.S. and its allies from focusing on an asymmetric, counterterrorism engagement to the need to prepare for a near-peer threat across multi-domain operations — air, land, sea, space and cyber. This shift, combined with the budget challenges that will be manifested because of higher deficits, will push more training toward cost-effective, more capable, synthetic environments. In addition, these immersive synthetic environments will become much more prevalent as the only way for defence forces to “train as they fight” across multi-domain operations. As the world reacts to the invasion of Ukraine, the need for revolutionary digital training and next-generation situational awareness solutions becomes even more critical.

To address our customer requirements in this rapidly changing environment, Defense & Security has aligned to the priorities set forth in the U.S. National Defense Strategy, which outlines the need for the U.S. and its allies to enhance training and readiness across complex, multi-domain operations. This includes the continued requirement to develop strategic partnerships with the customer and across industry.

Following the acquisition of L3Harris Technologies' Military Training business (L3H MT), we have solidified our leadership in the air domain, augmented our capabilities in land and sea, and established an induction to space and cyber. Our expertise in training, further enhanced by our acquisition of L3H MT, spans a broad variety of aircraft and remotely piloted aircraft, also called unmanned aerial systems. The acquisition of L3H MT brings experience on submarine training to complement CAE's existing experience on surface ship training. The L3H MT acquisition accelerates our strategy as a platform agnostic, global training and simulation pure play focusing on ensuring mission readiness by integrating systems and solutions across all five domains.

We have also focused on investing in digital training and next-generation situational awareness solutions that help our defence customers plan, prepare and analyze to enhance performance and make better decisions across multi-domain operations. Our immersive synthetic environments solutions are also being leveraged more and more for mission and operational support by enabling course of action analysis and data-centric decision support.

## FY22 highlights

**\$1.6  
billion**  
annual revenue

**\$119.2  
million**  
adjusted segment  
operating income<sup>1</sup>  
(7.4% of revenue)

**\$1.9  
billion**  
order intake<sup>1</sup>

**\$4.7  
billion**  
total backlog<sup>1</sup>

**\$111.2  
million**  
adjusted segment operating income  
excluding COVID-19 government  
support programs<sup>1</sup>  
(6.9% of revenue)

**1.20x**  
book-to-sales ratio<sup>1</sup>

**Acquired L3H MT for  
US\$1.05 billion,**  
the largest acquisition in CAE's history  
(concluded on July 2, 2021)

<sup>1</sup> Non-GAAP and other financial measures, see [Appendix](#).

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

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

The mission readiness of military personnel as a preventative measure aligns with CAE's purpose to lead with high-tech training and operational support solutions to make the world a safer place. By ensuring proficiency and preparedness, service members are able to perform their mission at the highest levels of aptitude and return home safely.

Our Defense & Security business plays a critical role in enhancing key environmental, social and governance values:

### Environmental

Not only are simulator and synthetic environments a safer form of multi-domain training than live training in a real environment, but they also allow for less carbon emissions and reliance on crude oil. CAE solutions support our customers' efforts in reducing their environmental impact. Together, we contribute to mitigating climate change on a global scale while enhancing training effectiveness and efficiencies.

### Social

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

### Governance

Defense & Security is subject to highly rigorous governance due to the nature of our customers and contracts. The U.S. government and other allied nations operate under highly regulated procurement systems that require strict auditing of our processes, procedures, financials and systems in order to qualify to submit a bid under a request for proposal, then to be awarded contracts.

For CAE, mission success means contributing to a more peaceful, more secure world. In these roles, we contribute to making air transportation safer and to opening up new possibilities in the industry.

## Acquisitions

### CAE makes history with acquisition of L3Harris Technologies' Military Training business

On July 2, 2021, CAE became the world's leading pure play, platform agnostic simulation, training and operational support company in the defence and security market.

CAE's US\$1.05 billion acquisition of L3Harris Technologies' Military Training (LH3 MT) business, the largest in our 75-year history, doubled our U.S. presence with the integration of Link Simulation & Training, Doss Aviation and AMI. In addition, it broadened our scale and capabilities across all five domains – air, land, sea, space and cyber – and signified an expansion into our core markets through training, rehearsal and operational support.

The two organizations have more than 250 years of combined experience and share numerous industry firsts. With this new venture, CAE continues to build the future of simulation-based training through synthetic multi-domain operational environments.

### CAE Pueblo Training Center the "Gateway to Air Force Aviation"

Following the acquisition of the former Doss Aviation business, CAE is now able to operate and deliver the U.S. Air Force (USAF) Initial Flight Training (IFT) program.

Known as the "Gateway to Air Force Aviation," the CAE Pueblo Training Center in Colorado supports Headquarters Air Education and Training Command (HQ AETC) with IFT for every USAF aviation entry candidate.

All future USAF pilots and remotely piloted aircraft operators receive flight instruction under the IFT program managed by CAE as the first step in their careers as pilots and we are tremendously proud to be part of their journey.

[Experience the "Gateway to Air Force Aviation" with CAE](#)

### Broadening support for Army Aviation

CAE continues to build our support of Ft. Rucker and U.S. Army Aviation with the addition of Flight School XXI (FSXXI) in 2021, a key training systems provider to the program. The FSXXI program represents the world's largest helicopter simulation training program, training approximately 1,500 new student pilots and 1,600 rated Army aviators annually, with simulators clocking more than 230,000 hours of training at 99.7% availability since program inception. CAE has served Army aviation through the U.S. Army Initial Entry Fixed-Wing program at our Dothan Training Center since 2017 and was awarded the advanced helicopter flight training support services at the U.S. Army's Aviation Center of Excellence (USAACE) at Fort Rucker, Alabama, in 2020.



## Contracts and awards

## Air



## CAE awarded contract to provide ab initio flight training to German Air Force

Under a contract awarded by the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw), CAE GmbH will provide ab initio training services to the German Air Force. The initial contract term of seven years includes a five-year extension option.

To support the training of entry-level German Air Force aviators, CAE has established a new training facility at Bremen Airport in northwest Germany. The CAE Bremen Training Centre will employ instructors, aircraft dispatchers, maintenance technicians and support staff and expects to welcome more than 40 student aviators. Students will receive academic, simulator and live flight training from CAE in the first year.



## CAE to support NATO Flying Training in Canada through 2027

Under contract extension valued at more than \$550 million, CAE remains until 2027 the primary contractor responsible for the NATO Flying Training in Canada (NFTC) program that combines basic, advanced and lead-in fighter training as part of the comprehensive military pilot training program for the Royal Canadian Air Force (RCAF) and allies.

Since acquiring the NFTC program in 2015, CAE has worked closely with the RCAF to improve the quality and efficiency of pilot training, resulting in excellent pilot throughput.

## CAE delivers initial CAE Medallion MR e-Series visual display systems to BAE Systems for Typhoon Future Synthetic Training program

CAE installed the first two CAE Medallion MR e-Series visual display systems with BAE Systems as part of the Typhoon Future Synthetic Training (TFST) program for the Royal Air Force (RAF). The 225-degree dome display variant of the CAE e-Series visual system offers an ideal visual solution for a range of fighter and fast-jet training tasks, such as formation and low-level flying, air-to-air refueling and target identification. The CAE Medallion MR e-Series visual display systems integrate with Typhoon cockpits and other simulation systems.



## Contracts and awards

## Land

## U.S. Air Force selects CAE to train combat controllers

The USAF has contracted CAE USA to develop and deploy new build Joint Terminal Control Training Rehearsal System (JTC TRS) simulators and to upgrade the existing systems across the U.S. Department of Defense to a common configuration.

The mission-critical JTC TRS is used to train new Joint Terminal Attack Controller (JTAC) operators for real-world scenarios. These operators communicate and direct actions to ground commanders and a range of aircraft involved in close air support to locate threats and targets.

CAE USA will develop a fully immersive system that allows JTAC-qualified personnel to train for complex missions in a simulated and controlled environment. The JTC TRS will be delivered to 26 Air Force designated training locations around the world with CAE USA supporting the installation and ongoing maintenance of the simulation systems required for JTAC training.

## Sea

## CAE joint venture to provide U.S. Army upgraded Maritime Integrated Training System

CAE USA and Pinnacle Solutions will provide the U.S. Army with a new and upgraded Maritime Integrated Training System (MITS) under a contract awarded through Xebec, our joint venture.

The MITS suite of simulation systems trains Army personnel who operate a range of watercraft, including logistics support vessels, maneuver transport vessels, large landing craft and expeditionary fast transports. The MITS has developed a virtual training environment critical to providing personnel with immersive and realistic training scenarios.

## Certification of CAE Series 3000 helicopter simulator for the Canadian Coast Guard

Certification of the Canadian Coast Guard's [CAE 3000 Series](#) B412EPI/B429 helicopter simulator was announced in mid-July.

The most advanced helicopter simulator developed, the CAE 3000 Series helicopter, features CAE's revolutionary roll-on/roll-off design, which enables the B412EPI and B429 level-D cockpits to operate in a mothership and ultra-high-resolution 12-foot dome visual system.

We are very proud the Canadian Coast Guard will be trained on a CAE simulator, which earned the highest qualification with Transport Canada.

[View the live certification of the Coast Guard's CAE 3000 Series helicopter simulator.](#)



## Contracts and awards

## Cyber

### CAE awarded initial funding from Canada's IDEaS program to create cyber intrusion detection system

As part of the [Government of Canada's Innovation for Defence Excellence and Security \(IDEaS\) program](#), CAE has been awarded initial funding to create a proof-of-concept cyber intrusion detection system (IDS) for use within the aerospace and space industry. CAE successfully completed the proof of concept in May 2021, with a machine learning-based algorithm to protect against vulnerabilities. In January 2022, the IDEaS program awarded CAE a competitive follow-on phase to mature the prototype to detect anomalies in data integrity, authentication and noise, while also exploring flight-worthy system architectures.

CAE's IDS solution expands beyond defence and security with potential benefits to critical infrastructure, civil aviation and healthcare.

### CAE to lead industry team in transformation of U.S. Air Force flight simulators

As the prime contractor on the USAF [Simulator Common Architecture Requirements and Standards \(SCARS\)](#) program, CAE is leading an industry team in the development of a common architecture to integrate and standardize USAF aircraft training simulators used to develop highly skilled aircrew and operators. The common standards for simulator design and operation include stricter cybersecurity criteria to enable the USAF to link simulators together, perform remote software updates and enrich the training environment.

Approximately 2,400 simulators across 300 locations will be updated with the new common architecture.



### CAE awarded US\$37 million contract for National Geospatial Intelligence Agency Beyond 3D project

The U.S. Army Contracting Command-Orlando, selected CAE to lead development and integration efforts for the [National Geospatial-Intelligence Agency \(NGA\) Beyond 3D](#) project.

The Beyond 3D project, led by the Training and Readiness Accelerator (TReX), aims to accelerate NGA's ability to process, exploit, disseminate and generate 3D geospatial data to support real-time analysis, mission planning and tactical operations.

Digital technologies, big data architectures, machine learning and artificial intelligence all come together to transform how agencies like NGA can support planning, preparation and operations. CAE is pleased to be at the forefront of this digital revolution where synthetic environments play an increasingly important role for multi-domain operations.

### Indefinite Delivery, Indefinite Quantity (IDIQ) contract wins

In addition to traditional awards, CAE earned opportunities through Indefinite Delivery, Indefinite Quantity (IDIQ) contract vehicles. CAE won key positions on three major IDIQs and two noteworthy contracts:

- Prime positions on the U.S. General Service Administration [ASTRO](#) IDIQ vehicle
- Data operations
- Aircraft
- Development and systems integration
- Support and training pools

In addition, CAE won a prime position on the Multiple Award Task Order Contract IDIQ to provide mission support services to the U.S. Army Futures Command, and a position as a key partner to a small business on the National Cyber Range Complex IDIQ.

## Teaming and partnerships

### CAE-led Team AUStringer pursues development of transformative RAAF Aviation Mission Training System

CAE Australia signed teaming agreements with Cobham Aviation Services and Nova Systems to establish Team AUStringer, which will respond to the Project AIR 5428 Phase 3 Aviation Mission Training System (AMTS) solicitation for the Royal Australian Air Force (RAAF).

The AMTS will be used to train the RAAF's mission aviators, including electronic warfare officers, maritime patrol and response officers, air battle managers, air traffic controllers, and other mission specialists at the Air Academy located at RAAF Base East Sale in Victoria.



### CAE USA signs teaming agreement with Bell Textron in support of U.S. Army Future Vertical Lift programs

CAE has teamed with Bell Textron Inc. to provide Maintenance Training Devices and assist in the development of Flight Training Devices for Bell's Future Vertical Lift (FVL) family of systems.

As part of Team Invictus and Team Valor, CAE brings unparalleled experience and technological proficiency in U.S. Army Aviation training to support both Future Long Range Assault Aircraft (FLRAA) and Future Attack Reconnaissance Aircraft (FARA) platforms.



## Innovation and technology highlights

**CAE VISTA: Virtual control of C4ISR assets for real-time actionable insights**

CAE's [Virtual Intelligence Surveillance & Reconnaissance Training Application](#) (VISTA) was introduced at the Interservice/Industry Training, Simulation and Education Conference (I/ITSEC). VISTA delivers real-time dynamic feeds from virtual Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) assets that can be controlled in real-time and fed directly to intelligence screeners and C2 terminals.

C4ISR professionals can now have dedicated, highly affordable, stand-alone access to train, conduct mission rehearsal or assess their operational plans on any mission set from initial preparation of the operational environment (IPOE) to real-time interdiction support high value individual (HVI) targeting and strike, and all-domain near-peer targeting.

Cloud-ready, VISTA is compliant with the USAF's Distributed Mission Operations (DMO) standards and can link multiple U.S. and coalition partners for small- or large-scale mission training and exercises.

**CAE USA partners with Southern Methodist University to improve pilot training**

CAE USA has partnered with Southern Methodist University to develop a method using cognitive load sensing and machine learning to capture how pilots react to various scenarios in a flight simulator. This includes measuring pupil size heart rate and other physical reactions to determine the pilot's levels of interest, stress or fatigue. The adaptive approach utilizing key biometrics is an effort to better understand what stress factors pilots experience to develop approaches that improve training.

**CAE launches CAE Prodigy image generator**

CAE continues to lead the way in immersive training. With a state-of-the-art gaming engine at its core, [CAE Prodigy image generator](#) (IG) renders incredibly immersive and realistic virtual environments for the ultimate in high-fidelity training.

Also integrated are the proven features of the CAE e-Series MR Prodigy Visual System, a comprehensive visual solution that combines the image generator, projectors and dome display into an integrated training system designed specifically for fighter and fast-jet training applications. All CAE IGs include full support for the [Open Geospatial Consortium Common Database](#) (OGC CDB).

**CAE Trax Academy adds multi-crew and rotary-wing training capabilities**

[CAE Trax Academy](#), our training continuum for faster, better and more efficient pilot throughput, continues to evolve. In addition to single pilot fixed wing training, CAE Trax Academy now offers multi-crew and rotary-wing training. With integrated courseware, technologies and innovation, CAE provides a cohesive, experiential learning continuum for the optimal acquisition of knowledge and development of skills, supporting both the individual and the crew training environment.

[Watch the video](#)

**Thought leadership and Industry recognition**

[CAE Simulates Complex Dense Urban Environments with Cesium](#) — a deep dive into the capabilities of CAE's Synthetic Environments and Immersive Technologies team.

[Preparing for a Great Power Competition](#) — how training and preparing for a near-peer adversary will require more multi-domain synthetic training.

[Executive Viewpoint](#) — the acquisition of LH3 MT business and CAE's trajectory to becoming the undisputed global leader in platform agnostic, military training and simulation.

**Mission Command**

[Intelligence Analysis and Integration / Augmented Reality Management in a User-Defined Digital Ecosystem](#) — a two-part article that explores the use of these technical advancements for the purpose of advancing collection management processes.

[The role of technology in defence training across the Middle East](#) — insights into the role of technology in defence training across the Middle East.

[Training Australia's future warfighters](#) — podcast highlighting CAE's recent expansion in the region and how the organization delivers training support for Australia's future warfighters.



## Awards and recognition


**Marc Parent and Maryse Carmichael inducted into 2022 Canadian Aviation Hall of Fame**

CAE President and CEO [Marc Parent](#) and [Maryse Carmichael](#), Defense & Security Special Advisor Aircrew Training, are among the 2022 Canadian Aviation Hall of Fame inductees.

Marc has been a leader in Canada's aerospace industry since the 1980s. Under his leadership, CAE has flourished, expanding beyond the aviation simulator market into healthcare, where we played a key role during the COVID-19 pandemic.

Maryse served as the first female pilot and Commanding Officer of the Snowbirds demonstration team and is a 22-year veteran of the RCAF who has logged more than 3,500 hours flying time.

We congratulate Marc and Maryse, and are extremely proud of their contributions to CAE and to Canadian aviation.

**CAE USA Board of Directors member William "Mac" Thornberry honoured with 2021 Peace Through Strength Award**

CAE USA Board of Directors member (since 2021) and Former House Armed Services Committee Chairman William "Mac" Thornberry was honoured with the Ronald Reagan Peace Through Strength Award for his service and dedication to supporting the U.S. Armed Forces. The distinguished award was presented at the 2021 Reagan National Defense Forum.



Daniel Gelston, Group President, Defense & Security (left) and Mac Thornberry

**Leonard Genna inducted into Arlington Business Hall of Fame**

Lenny Genna, Defense & Security Vice President & General Manager, Mission Systems, was inducted into the 2021 Arlington Business Hall of Fame. The Arlington Chamber of Commerce award recognizes individuals who have demonstrated a long record of successful management, expertise and business skills, along with exceptional civic and community involvement.

**CAE USA recipient of 2021 HIRE Vets Medallion Award**

CAE USA was awarded the 2021 Gold Medallion distinction under the [HIRE Vets Medallion Program](#) in recognition of our efforts to recruit, employ and retain military veterans.

The HIRE Vets Medallion Award Program recognizes organizations and their commitment to veterans based on key employee-centred qualifications. Military veterans play a critical role at CAE, and we are honoured to have achieved the Program's recognition for the third consecutive year.

**Ray Duquette receives Maple Leaf Award**

In August 2021, Ray Duquette, then President and General Manager of CAE USA, received the Maple Leaf Award for his contributions enabling Canada/U.S. success in the defence and aerospace industry. Susan Harper, Consul General of Canada in Miami, presented the award at the CAE Tampa Training Center. Duquette retired in August 2021 after 17 years of faithful service with CAE serving our defence and security customers.

**CAE to sponsor new National Medal of Honor Museum**

CAE is proud to support the [National Medal of Honor Museum](#), recognizing the valiant heroes of military service. CAE has chosen to sponsor the Museum and contribute our simulation expertise to support the Leo Thorsness Experience, an immersive simulation to be featured as a premier museum exhibit.

## Feature story

## CAE at I/ITSEC 2021

### Joining forces to transform training and critical operations support

CAE underwent a significant transformation in FY22 with the acquisition of L3H MT. Our first integrated tradeshow, Interservice/Industry Training, Simulation and Education Conference, [I/ITSEC 2021](#), showcased our combined history and capabilities that contribute to developing digitally immersive training and operational support solutions for the dynamic multi-domain environment – air, maritime, land, cyber and space.

In the largest booth in I/ITSEC History, 5,800 square-feet, we presented the incredible breadth of CAE's expanded portfolio, which includes the experience and innovation of Link and Doss Aviation.

It was a tremendous week with customers, industry partners and the community coming together. Adding to the excitement of CAE's offerings was the opportunity to meet face to face with customers and partners to discuss CAE's expanded capabilities, expertise and programs. In addition to multiple strategic and relevant customer interactions, CAE left the event with four customer Request for Quotes and we contributed an impressive amount to thought leadership.

Event highlights included the official launch of [CAE Prodigy IG](#) and [CAE Trax Academy for Rotary Wing Flight Crew](#) and [CAE Digital Horizon](#), a video compilation of CAE's innovation

projects demonstrating the capabilities in development to support the mission readiness of our customers.

Our expansive exhibit also included a section dedicated to Healthcare's mission-ready training solutions — high-fidelity patient simulators and task trainers ideally suited for tactical combat casualty care, and the [CAE VimedixAR](#) ultrasound training simulator with a Microsoft HoloLens module.

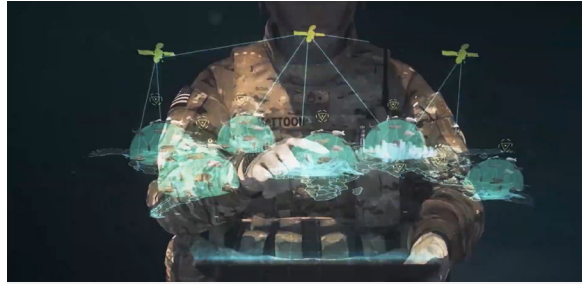
As One CAE, we were able to introduce industry partners and leaders to the expanded capabilities that CAE now brings to our customers.







**CAE Prodigy image generator**



**CAE VISTA – Virtual ISR Training Application**

[Watch the video](#)



**CAE Trax Academy**

[Watch the video](#)



**CAE Common All-Domain Environment for Test and Training**



**F-16 Training Systems**



**CAE Immersive Maintenance Guide**



**Joint Terminal Control Training Rehearsal System**

## Innovating and accelerating training: adapting to an unexpected future

In the spirit of the event theme, I/ITSEC 2021 attendees were encouraged to “continue advancing the state of training with new methods and technologies, but to also build robust solutions to handle the unexpected events and challenges the future holds.”

From multi-domain demonstrations in immersive environments to the contributions of our experts and leadership, CAE spoke to the power of digital technologies to develop and implement solutions that address military training and operational support challenges.

Our thought leadership contributions to the I/ITSEC 2021 Professional Development program included:

- Multi-Domain Robotic Teammate Framework: Next Generation Human-Machine Interface Principles to Support Trust and Mission Outcomes (joint paper) – **Dr. Sandro Scielzo**
- NGA's Approach to Address M&S Interoperability (joint paper) – **Jay Freeman, Charles Jaqueth, Holly Black**
- An Emulation of Flying Boom Operator Using a Rule-Based Expert System – **Hung Tran, Michael Tillett, Nguyen Tran**
- Enhancing Operations by Applying Constructive Simulation and Artificial Intelligence (joint paper) – **Peter Meyer zu Drew**



**I/ITSEC TV interviews Defense & Security Group President Daniel Gelston on the significance of our acquisition of L3H MT.**

[Watch the video](#)



**CAE's Lenny Genna talks about the need for joint, multi-domain training to enable defence forces to train as they fight.**

[Watch the video](#)



**Dr. Sandro Scielzo explains how CAE is creating environments to test and evaluate human-machine dynamics for training and operational support.**

[Watch the video](#)



**Dr. Regan Patrick discusses the need to blend the amazing digital technologies available today with learning science and how humans learn.**

[Watch the video](#)





# Healthcare

Solutions that enhance medical outcomes and make society safer

Simulation-based training is one of the most effective ways to prepare healthcare practitioners to treat patients, handle critical situations and reduce medical errors. We leverage the experience and best practices gained over our 75-year simulation-based aviation training history to deliver innovative solutions to improve healthcare training efficiency, increase patient safety and enhance the quality of patient care.

We provide one of the broadest and most innovative portfolios of medical training solutions, including patient, ultrasound and interventional simulators, audiovisual debriefing solutions, centre management platforms, augmented reality applications, e-learning and curricula for simulation-based healthcare education and training. With these solutions, we are providing a family of innovative learning tools to hospitals and academic institutions, which represent the largest segment of the healthcare simulation market.

We also deliver peer-to-peer training at customer sites and in our training centres in Canada, Germany, the U.K. and the U.S and propose turnkey solutions, project management and professional services for healthcare simulation programs; and collaborate with medical device companies and scientific societies to develop innovative and custom training solutions.

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**50 +**

training products  
and services

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**3,600**

Simulated Clinical Experience  
courseware packages

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Customers in

**95 +**

countries

## Year in review

Throughout the past two years, we continued to invest in the development of new products to address growing demand in the healthcare simulation market. We began worldwide deliveries of our newest pediatric patient simulator, CAE Aria, which simulates a 7-year-old child and enables students and clinicians to learn how to manage a pediatric patient in a variety of environments. We also launched a learning management system that consolidates the delivery of digital learning solutions to augment simulation centre-based training, giving learners the ability to learn anytime, anywhere and at their own pace.

We have also introduced digital, remote and virtual simulation solutions as CAE Vimedix, an advanced ultrasound simulator that offers augmented reality for remote and virtual learning, significantly reducing the time it takes to master ultrasound scanning and comprehend ultrasonographic anatomy.

We continue to integrate the latest in augmented and virtual reality technologies into our advanced software platforms to deliver easy-to-use training solutions and products. Mixed reality is featured across our portfolio, including patient simulation (AresAR and LucinaAR), interventional simulation (CathLabVR) and ultrasound simulation (VimedixAR).

In July 2021, we completed a small tuck-in acquisition of Medicor Lab Inc. (Medicor), a company that specializes in task trainer and realistic synthetic skin production. The addition enhances and expands Healthcare's procedure-focused portfolio, providing a full suite of products across three major categories: high-fidelity patient simulators, skills training manikins and task trainers.

In continuing our support in the fight against COVID-19, we offered several new clinical digital learning courses focusing on treating COVID-19 related topics for intensive care units and emergency care departments.

Finally, we announced three new CAE Centres of Excellence for simulation training and research.

## FY22 highlights

# \$151.4 million

### annual revenue

(up 25% compared to last year excluding revenue from the CAE Air1 ventilator contract)

# \$10.6 million

### annual adjusted segment operating income<sup>1</sup>

(7.0% of revenue)

# \$10.2 million

### adjusted segment operating income excluding COVID-19 government support programs<sup>1</sup>

(6.7% of revenue)

<sup>1</sup> Non-GAAP and other financial measures, see [Appendix](#).

## Improving patient safety and outcomes through realistic simulation training

We prepare healthcare students and professionals for real-world challenges with the mission to improve clinical competency and performance. Our advanced Medical Education solutions enable healthcare professionals to practice high-stakes, life-saving procedures in a simulated setting so that when the moment comes, they are prepared to act with speed and precision.

[Watch the video](#)

Our Healthcare business contributes to key environmental, social and governance values:

### Environmental

Our immersive digital Medical Education solutions provide a virtual learning environment with online repositories of classes, exercises and feedback – allowing for widespread dissemination, remote access saving carbon emissions due to transportation and minimal materials production. We are also committed to continually identify ways to further reduce, reuse and recycle waste generated by our supply chain and manufacturing process.

### Social

Our Medical Education solutions take learners to the next level of confidence, knowledge and preparedness to improve patient safety and outcomes. At the start of the pandemic, we developed and offered free of charge a suite of educational tools designed to help hospitals and frontline workers stay safe while they saved lives.

### Governance

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

Better healthcare for all begins with better training for all healthcare professionals. Today, hospitals, medical schools, nursing schools, defence forces and societies in more than 95 countries use CAE Medical Education solutions to make healthcare safer.

## Acquisitions

### CAE acquires Medicor Lab Inc.

In July, Healthcare welcomed Medicor, a private Quebec-based company.

CAE Medicor task trainers made from realistic MedicSkin® and MedicGel, improve both manikin quality and simulator realism for a better customer experience.

With this new venture, Healthcare gains the expertise of the Medicor team to support our current line of simulators and enhance future offerings.

## Recognition and achievements

### Putting quality first: Sarasota ISO 9001 recertification

Quality comes first in our mission to improve patient safety.

Healthcare Sarasota, Florida, earned ISO9001:2015 recertification following an audit that recognized our strong customer focus, commitment to continuous improvement and motivation to ensuring a first-rate experience. Recertification is required every three years and meets United Nations Sustainable Development Goals.





## Recognition and achievements

### Healthcare receives 2021 Florida Sterling Manufacturing Business Excellence Gold Award

Healthcare is honoured as one of only five organizations in Florida to be awarded gold status in the 2021 Florida Sterling Manufacturing Business Excellence Awards. Designed to spotlight the state's highest-performing manufacturers, the awards evaluate companies across seven categories: leadership; strategy; customers; measurement, analysis and knowledge management; workforce; operations; and results.

The awards provide a framework for sharing manufacturing best practices and opportunities for improvement.



## Product innovations and updates

Some of our key healthcare technologies are described below.

### CAE Vimedix enhances ultrasound education

Healthcare continues to elevate the ultrasound learning process by introducing new features to [CAE Vimedix](#). As the industry's first ultrasound simulator with 3D/4D scanning and multiplanar reconstruction, CAE Vimedix provides ultrasound training across multiple disciplines and clinical preparedness expertise — all from a single platform.

Our complete two-in-one system is powered by new features that reinvent ultrasound education. The all-new virtual probe enables remote participants of interactive web-based ultrasound workshops to acquire ultrasound skills using their desktop mouse.

Content can be combined to create continuous curriculum modules. Educators can measure student success through self-moderated learning and performance metrics. Students can launch exercises any time and submit diagnoses to learn the percentage of the area they scanned correctly.



### New CAE SimEquip portfolio delivers cost-effective training

[CAE SimEquip](#) simplifies and enhances simulation training capabilities, with or without a patient simulator. This new product portfolio includes [CAE SimEquip Anesthesia](#), [CAE SimEquip Ventilator](#), [CAE SimEquip Defibrillator](#) and [CAE SimEquip Transport Ventilator](#).

CAE SimEquip expertly provides realistic, hands-on training for resuscitation, ventilation and anesthesia equipment at an affordable price. Instructors can now expand their offering of Simulated Clinical Experiences in prehospital and in-hospital environments. CAE SimEquip equips healthcare students and professionals with the skills necessary to deliver the highest standard of patient care. This includes monitoring patients and interpreting essential patient data.



CAE SimEquip Ventilator



## Product innovations and updates

**CAE Aria high-fidelity pediatric simulator**

Wireless, tetherless and transportable, **CAE Aria** prepares learners to deliver pediatric care with confidence. Our new pediatric patient simulator represents a seven-year-old child and offers interchangeable gender and a range of essential pediatric care scenarios.

The internal lung mechanics, neurological features and an active bleeding system allow for realistic training in emergency pediatric care. To illustrate signs of varying emotional states and conditions, CAE Aria presents more than 60 vocal expressions and sounds to help healthcare professionals assess verbal and non-verbal cues.

[Watch the video](#)

**CAE LearningSpace Essentials**

While keeping all the proven benefits of CAE LearningSpace, we introduced a streamlined version designed to meet the needs of healthcare education programs for nursing and allied health programs.

**CAE LearningSpace Essentials** facilitates better training and preparation for the clinical workplace, with easy scheduling, integrated patient simulator curriculum and checklists for standardized assessment and evaluation. We also introduced a cloud-based option, Essentials Lite.



CAE LearningSpace Essentials

## Courses

### CAE and BCIT partner to create on-demand courses for nursing students

CAE collaborated with the British Columbia Institute of Technology (BCIT) to create a wide range of digital learning solutions for many levels of nursing students. Each course features a virtual simulation targeting specific medical assessments and treatments. Courses are available on demand, encouraging learning at all paces.

### Healthcare simulators teach students about COVID-19

Florida Gulf Coast University students learn how to diagnose and treat COVID-19 using our products. Hear about their experiences in this [Tampa Bay WTSP 10 news segment](#).



## Events and tradeshow

### EMS World Expo 2021

During [EMS World Expo 2021](#), we debuted our [CAE Medicor line of products](#), leading live, hands-on demos of the [Peripheral Intravenous Catheterization Arm](#) during daily Simulation Lab sessions and twice-daily showcases of the [Stopping the Bleed Arm](#) at our booth.

### IDGA Veterans Affairs Healthcare Summit 2021

At CAE, we are committed to serving our veterans through advanced healthcare initiatives. We were proud to participate in the 2021 Institute of Defense and Government Advancement (IDGA) [Veterans Affairs Healthcare Summit](#) at which Lieutenant General (Ret.) Giovanni Tuck, Healthcare Vice President Global Sales, Government and Military, delivered the keynote address.

The IDGA VA Healthcare Summit provides leaders across the VA healthcare ecosystem the opportunity to learn and create dialogue with U.S. veterans as a gateway to improving their healthcare, including greater access and delivery.



### IMSH 2022

CAE kept busy during the International Meeting on Simulation in Healthcare (IMSH) 2022, through multiple interviews, live virtual training sessions, published articles and product demonstrations — a highlight being the presentation of CAE Maestro Evolve with digital twin capabilities. (See [feature](#).) CAE also contributed as an event platinum level sponsor.

### CAE at I/ITSEC 2021

Healthcare joined Defense & Security (see [I/ITSEC feature article](#)) to showcase our mission-ready Medical Education solutions at [I/ITSEC 2021](#).

Our exhibit area featured demonstrations of CAE's high-fidelity patient simulators, including trauma and pediatric; task trainers ideally suited for tactical combat casualty care; and [CAE Vimedix](#).

[Learn more](#)



Healthcare Chief Learning Officer Dr. Amar Patel speaks on how CAE is leveraging meta learning, artificial intelligence and other digital technologies to accelerate healthcare-related learning.

## Strategic partnerships

**CAE partners with Carleton University**

During Life Sciences Day 2021, Heidi Wood, President, Healthcare and Executive Vice President, Business Development & Growth Initiatives, shared news of the launch of our three-year collaboration with Carleton University.

University faculty, researchers and students will collaborate with CAE researchers and engineers to develop state-of-the-art technology to promote green initiatives, and programs featuring immersive environments, cybersecurity, modelling and simulation, and computational intelligence technologies for training and operations in the aerospace and healthcare sectors.

**New simulation research partnership**

[CAE and the Rush Center for Clinical Skills and Simulation \(RCCSS\)](#) in Chicago entered a simulation research partnership to enhance healthcare education and improve patient safety, including support for RCCSS simulation research initiatives.

RCCSS received CAE certification as a CAE Centre of Excellence, joining a select network of institutions with this distinction. Through this innovative partnership, Rush students and industry partners now have access to some of the most advanced medical simulation technology available.

**Collaborative partnership with RCSI to advance simulation research and education**

[CAE and RCSI University of Medicine and Health Sciences](#) in Dublin partnered to advance healthcare education, technology and research through simulation.

Under this partnership, CAE designated the RCSI SIM Centre for Simulation Education and Research a certified Centre of Excellence, the first of its kind in Europe. This partnership gives RCSI trainees, students and partners access to CAE's advanced medical simulation technology.

**CAE Centres of Excellence**

CAE Centres of Excellence (CoEs) exemplify best practices in the use of simulation as an educational approach to improving healthcare practice. Whether academic, clinical or independent, these institutions share the same collaborative focus in their partnership with CAE: to make healthcare safer.

CAE CoE certification involves three levels. Beta sites provide support/feedback on new and future Healthcare products. These facilities participate in the product journey and are often early adopters. Reference sites qualify for use as locations for customer visits to highlight the Centre's capabilities through demos and tours.

In addition, the Centre's expertise is highlighted in conferences, research publications and Healthcare white papers featuring our products and services. As CAE partners, they represent the highest level of academic and research success.

Our network has been expanded with the addition of the Royal College of Surgeons (Ireland) and the Staffordshire University (U.K.).

**CAE Chairman Hon. John P. Manley visits Healthcare Sarasota**

CAE Chairman Hon. John P. Manley sounds the gong to celebrate the latest success of the Healthcare Sarasota, Florida, manufacturing facility.

## Industry discussions and interviews

**Simulation Debrief Podcast**

CAE regularly hosts [podcasts](#) on the latest topics in healthcare simulation. As of April 2022:

- 15 episodes with a total of 2,000 listens

**Industry articles and contributions**

[Guerriers de l'ombre Entre la mort et le devoir](#) – profiles of reinvention, risk taking and creativity in the fight against COVID-19. *(In French only)*

[CAE prend un virage accéléré en santé](#) – how the pandemic accelerated CAE's technology push in healthcare. *(In French only)*

[Technology Adds Exciting New Dimension to Healthcare Education](#) – virtual reality as a valuable technology that adds a new dimension to healthcare education.

**Innovating in Procurement: CAN Health Network**

During the Innovating in Procurement session of the 2021 CAN Health Network Annual Meeting, Heidi Wood, President, Healthcare and Executive Vice President, Business Development & Growth Initiatives, shared her expertise and discussed CAE's success transitioning from the old economy to new economy, including replacing traditional contract models with newer approaches.





## Feature story

# CAE Maestro Evolve

## Digital twin of the simulation world

Healthcare develops innovative learning technologies and evidence-based curriculum for healthcare education with a mission to improve clinical competency and performance.

We consistently explore ways to better equip healthcare educators and learners with the tools they need to improve patient safety and outcomes. As COVID-19 took hold, demand grew for virtual learning options for medical professionals and students, and we knew we could fill that gap.

In FY22, we introduced the next evolution of CAE Maestro, our patient simulator software. What started out as comprehensive physiology and operating software for our manikins has evolved into much more.

### Deliver powerful simulation training via an interactive virtual learning platform

CAE Maestro Evolve combines the power of CAE's modeled physiology with cloud accessibility to facilitate online and distance learning simulation education. The learning and instruction are virtual, meaning instructors and learners alike can access the platform from anywhere at any time. This offers an additional benefit for institutions facing unforeseen challenges, such as staffing shortages or classroom limitations.

**For the instructor,** Maestro Evolve is a fully integrated solution to drive virtual simulation in real time, using our Simulated Clinical Experiences (SCEs) in a virtual environment.

**For the student,** the self-directed learning experience enables them to learn at their pace from any location to increase their confidence and competence.

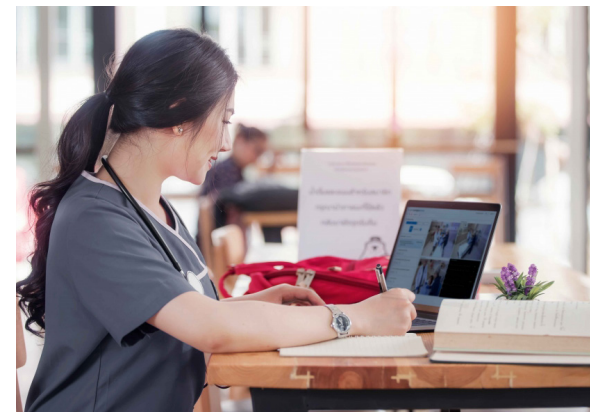
Approximately 80% of CAE Maestro Evolve products are currently being used in the education segment of the healthcare market, primarily in nursing schools and universities.

### Students learn in an immersive environment with a virtual, responsive patient

CAE Maestro Evolve also features the virtual simulator CAE Embody, a web-based, easy-to-use interface where a virtual patient in a virtual environment provides even more immersive training. Learners see what they are performing exactly as they would in the physical world using a patient simulator.

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

Powered by virtual reality, artificial intelligence, data analytics and Microsoft IoT Azure technology, the CAE Maestro Evolve and CAE Maestro Embody platforms help academic institutions broaden the reach of their instructors, accelerate learning and ultimately improve patient outcomes.



### Comprehensive library of validated SCEs based on current standards and best practices

CAE Maestro Evolve offers limitless possibilities for innovative instruction and content development via a continuous stream of new, pre-programmed scenarios and the ability for instructors to create tailored scenarios, as well.

Developed by Healthcare Academy faculty and clinical educators, our validated SCEs are based on current standards and best practices. Our comprehensive library of 130-plus courses includes instructor-led training and self-directed learner classes featuring simulated patients, medical facilities and medical equipment. Each SCE includes a patient history, SBAR (Situation-Background-Assessment-Recommendation) report, learning objectives, a facilitator's guide, debriefing questions and more.



## Feature story

## Features

A streamlined interface, contemporary navigation and interactive content management tools enhance quality and performance. Maestro Evolve and Embody offer:

- **Checklists** – Flexible checklists capture learners' clinical skills performance and communication skills
- **Monitor signals** – Instructors have full control to customize Maestro-simulated patient monitor signals and data
- **Assessment tools** – American Heart Association-compliant guidelines for cardiopulmonary resuscitation support assessment and feedback of learner performance
- **Patient records** – Uploaded media files can be shared to learners during the simulation experience
- **Logs** – Real-time event logging captures interventions and patient status changes that can be used in debriefing



CAE Maestro Evolve features CAE Embody, our virtual patient with the most advanced physiology available today, integrated within a friendly interface.

## Future of healthcare simulation

Approximately 80% of CAE Maestro Evolve products are currently being used in the education segment of the healthcare market, primarily in nursing schools and universities. Hospitals, qualified institutions and distributors account for the remaining 20% of users.

Through innovations like CAE Maestro Evolve, Healthcare continues to revolutionize remote training and accelerate learning by delivering the future of healthcare simulation today.

Our high-tech solutions do not stop here. Across **Healthcare**, we pioneer education and safety technologies that inspire, empower and prepare healthcare workers for real-world challenges.



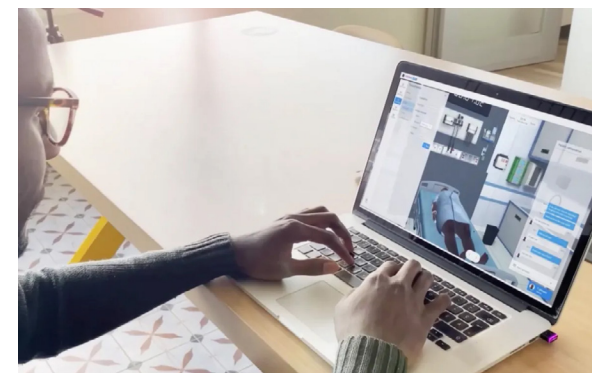
CAE Maestro Evolve includes a simulated patient room with virtual medical equipment that displays real-time medical signs and signals for facilitator-led remote simulations.



CAE Maestro Evolve in action

**Healthcare showcases  
CAE Maestro Evolve in this IMSH 2022  
HealthySimulation video.**

[Watch the video](#)



Microsoft profiles CAE Maestro Evolve

**CAE Maestro Evolve revolutionizes  
remote healthcare training by leveraging  
the cloud and digital twins.**

[Learn more](#)

# Corporate social responsibility



**Hélène V. Gagnon**

Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement

Corporate social responsibility

## A message from our Chief Sustainability Officer

### Ramping up our societal impact through ESG leadership

Corporate social responsibility (CSR) is integral to who CAE is as a company and how our organization makes a difference in the world. CSR is embedded in our culture and drives our priorities, decisions and actions. Our priority is to ensure the safety and well-being of our employees and customers, and to have a positive impact on the communities where we are located.

Today, CAE stands at an exciting juncture in our CSR journey, one that began six years ago.

This year brings us to the completion of our 2018–2023 CSR Roadmap. We are proud of the progress made, and of the roles our leadership and employees have played in CAE's successes – achievements presented here and in prior CSR reports.

To accelerate the deployment of CAE's new roadmap, and in consideration of the rising importance of environmental, social and governance (ESG) factors within our company, our industry, in the business community and with our various stakeholders, CAE has created a new executive management role and team.

I am honoured to take on the new role of **Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement**, leading CAE's ESG strategy, sustainability, environment and social impact. I will continue to be accountable for CAE's global communications and public affairs internally and externally as well as government relations in Canada. The newly created ESG Strategy team will support the development and deployment of our multi-year ESG roadmap.

To further emphasize the importance of environment, health and safety, the Global Environment, Climate Change team now reports directly to me.

I will work closely with the **Chief Diversity, Equity and Inclusion (DE&I) Officer**, a new position created to enhance CAE's DE&I action plan and further accelerate our progress in that important ESG aspect. In this strategic leadership role of thought partner and implementer, she will help foster and promote a DE&I culture of diversity, equity and inclusion across the organization.

With these milestone appointments, CAE is better positioned than ever to ramp up our positive societal impact, capture the associated opportunities and lead with exemplary practices.

In the following sections, we highlight the many activities, initiatives and achievements across CAE that cover the spectrum of ESG, and represent the impressive extent of CAE's commitment, reach and global contribution. ►

## Corporate social responsibility

### Elevating our environmental, social and governance impact

The adoption of an environmental, social and governance (ESG) framework encourages an enabling environment for sustainability across our organization and results in CAE having greater global impact.

Our ESG efforts align with UN Sustainable Development Goals (SDGs), and CAE is increasingly integrating ESG and sustainability into our culture and our reporting processes to achieve stronger outcomes.

### Environmental

#### Continuing our climate journey to be a leader

CAE's climate strategy identifies three initial targets to reduce our carbon footprint: consume less, consume better, offset remaining carbon emissions. In FY22, we made progress on these fronts, notably by achieving carbon neutrality for the second consecutive year and deploying multiple decarbonization initiatives where we have the most material carbon impact.

**For the first time, all CAE buildings for which we have operational control use renewable energy or are covered by the purchase of renewable energy certificates.** Projects to reduce emissions at the source are underway at several of our larger sites. As we progress on our Scope 3 emissions inventory, we will be able to make a net zero commitment, a challenge for a global company with a sizable supplier network.

We also continue to support the decarbonization effort of our industry and of our customers. Through significant investments and strategic partnerships, we are positioning ourselves as a leader in end-to-end technology, operational support and training solutions for Advanced

Air Mobility and the development of green light aircraft technologies. (See our [feature](#).) Our [flight operations solution](#) deliver environmental and sustainability gains for our customers in the form of optimized flight plans to reduce fuel consumption and greenhouse gas emissions. We also contribute our technical expertise to numerous industry R&D projects, as reported in our [Innovation and customer experience section](#).

Our Climate Change Committee completed the climate-change risk assessment exercise on six of our most strategic sites, which are also representative of CAE's range of activities and global network. We now have a comprehensive vision of the physical and transition risks triggered by the change in climate patterns under two scenarios. We continue to report under Task Force on Climate-related Financial Disclosures recommendations, as begun in 2019.

### Social

#### CAE Montreal Vaccination Centre

CAE took leadership and initiative to accelerate the vaccination process, encouraging companies in Quebec to set up on-site vaccination centres at their costs. We set the example, opening the CAE Montreal Vaccination Centre at our headquarters for employees, their families and the surrounding community – the first workplace hub of its kind in Quebec. (See our [feature](#).)

#### Diversity, equity and inclusion

Diversity, equity and inclusion (DE&I) are central to our culture, through the multitude of events and initiatives that occur throughout the year across CAE and in how we operate as an organization. We are increasingly embedding DE&I into our systems and processes, from Human Resources to Global Strategic Sourcing, and identifying further opportunities ongoing.

### Human Rights Policy

We updated [CAE's Human Rights Policy](#) to reaffirm our commitment to the internationally recognized [United Nations Universal Declaration of Human Rights](#) and to support adherence to the Declaration's principles with all means at our disposal, with a view to continuously improving CAE's governance and risk processes with respect to human rights.

### Support for Ukraine

Following an international movement to support humanitarian aid operations in Ukraine, CAE launched a month-long fundraising campaign to support Red Cross efforts, pledging to match employee donations.

The CAE community set a CAE record for a Red Cross Campaign, raising over \$258,000. CAE employees donated over \$124,000 and CAE Hungary \$10,000. Our colleagues in Hungary and Poland also carried out several volunteer activities to support Ukraine refugees. CAE also joined more than 50 Quebec companies to sponsor up to 1,000 Ukrainian families to come to Canada by offering them jobs and support as part of the [Canada-Ukraine authorization for emergency travel \(CUAET\)](#) initiative. ►





## Corporate social responsibility

## Relief effort in Germany

More than 100 CAE employees answered a call for help to clean up debris left by massive flooding in Stolberg, Germany, the location of CAE Stolberg. CAE donated €10,000 to the German Red Cross and CAE Germany donated €10,000 to local organizations to support relief efforts.



## Governance

### Introduction of new materiality matrix

With the conclusion of our 2018–2023 CSR roadmap and accompanying four pillars (pages 51–94), CAE completed an ESG materiality exercise to determine the drivers of our new action plan. This new multi-year strategic roadmap will enhance our impact and performance across the ESG matters identified, as detailed in [CSR Governance and oversight](#).

### ESG disclosure and commitments

We continued to report on two industrial categories identified by the Sustainability Accounting Standards Board ([SASB Index](#)), as introduced in FY21, and under the Global Reporting Initiative ([GRI Index](#)), Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures ([TCFD Index](#)). Our FY22 reporting leverages the capabilities of Novisto's AI-based ESG data management platform.

## Continuing our progress on Sustainable Development Goals

CAE participated in [SDG Ambition](#), a six-month accelerator that aims to challenge and support participating companies of the [United Nations Global Compact](#) in setting ambitious corporate targets and accelerating integration of the [17 SDGs](#) into their core business management.

Reporting CAE's progress against our SDGs will be included in our new multi-year ESG roadmap. In 2019, our CSR Committee identified five goals as those where we could have most impact (refer to our [FY21 CSR report](#) for more details):

- [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

Leadership also represented the organization on the [UN Business Roundtable Advancing gender equality and women's leadership in selected industries](#) and the webinar [How Businesses Can Drive Ambitious Corporate Climate Action](#).

### Linking ESG objectives to executive compensation

CAE executives will now have individual ESG objectives, with diversity as the common objective tied to compensation. Compensation will take into account each executive's responsibility to always act in accordance with our values and our ethical, environmental and health and safety objectives, outlined in [CAE's Code of Business Conduct](#).



## Supplier Code of Conduct

As a member of the [International Forum on Business Ethical Conduct](#) (IFBEC), CAE supports the enforcement of international ethical and business-related compliance standards. We expect our suppliers and contractors to comply strictly with applicable laws and regulations in the jurisdictions where they operate or provide services.

In FY22, CAE introduced a [Supplier Code of Conduct](#) aligned with the IFBEC principles that sets out the minimum ethical standards that suppliers must follow across the entire aerospace and defence industry. Suppliers are also expected to convey these principles at every step of their supply chain.

The new Code of Conduct places CSR at the heart of our relationships with CAE suppliers and contractors, communicates our expectations, and confirms their dedication to sustainable development. ►

## Corporate social responsibility

## CSR Governance and Oversight

### CAE CSR Committee

Our CSR Committee includes five members of our Executive Management Committee (EMC), member representation from all CAE functions and business units, and is chaired by the new Chief Sustainability Officer.

The Committee interacts with various stakeholders (investors, employees, customers, suppliers, aviation regulators, governments, local communities and universities) and oversees the CSR priorities and how we progress on embedding them to our Corporate Strategy. The Committee reviews progress and, through the Chief Sustainability Officer, reports performance to the EMC and also, periodically to the Board of Directors and the Governance Committee of the Board.

### New materiality matrix

In partnership with an independent ESG consulting firm, we conducted a materiality survey with internal and external stakeholders in early 2022. Our confidential online survey received 3,652 responses, impressive participation.

Respondents were asked to prioritize 17 ESG issues in terms of importance for CAE and to rate our actual and expected performance on these topics. The survey also included four questions on CAE's mission, products and services, post-COVID response and social impact.

Analysis of survey findings and refinement of our materiality matrix followed under the guidance of our CSR Committee and ESG consultants.

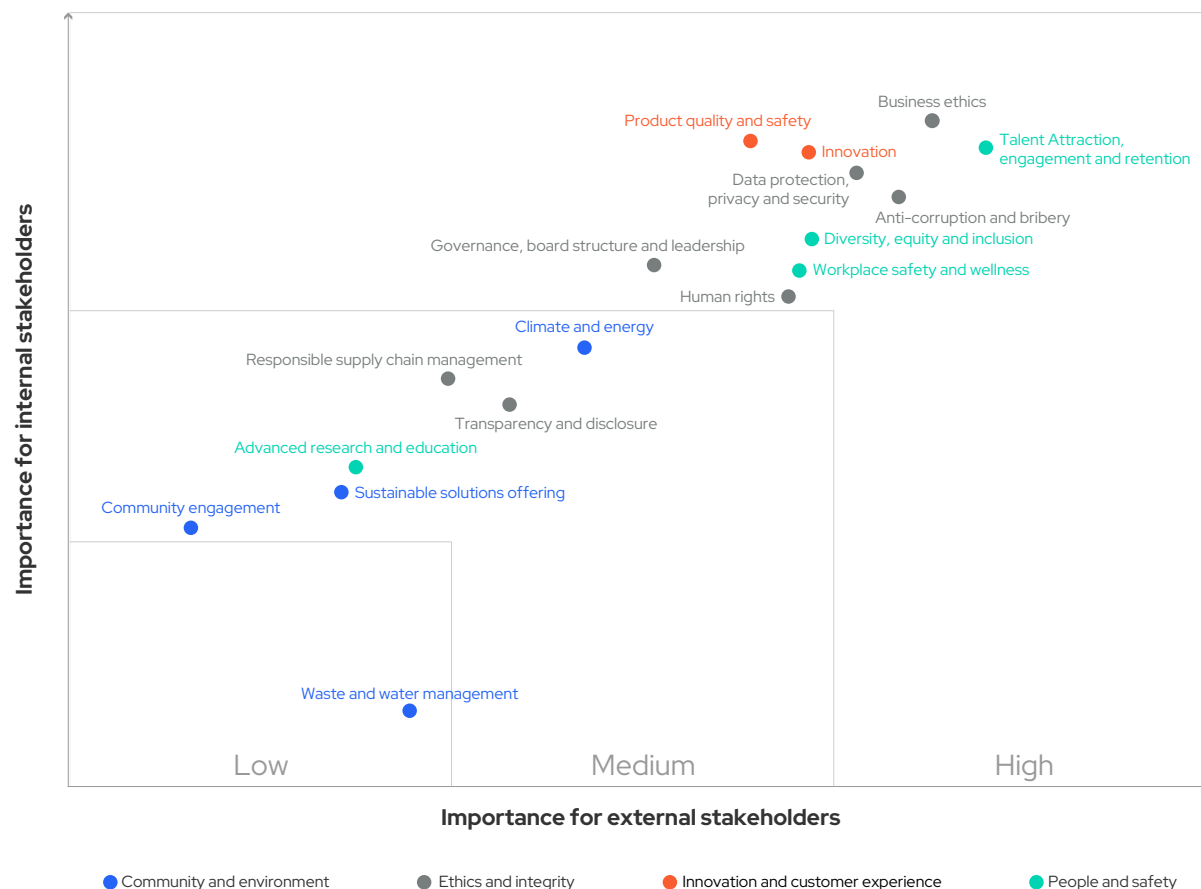
This process produced a new materiality matrix that gives us greater confidence that we are investing in the CSR initiatives that matter most to CAE and to our external and internal stakeholders.

### Developing our multi-year ESG roadmap

Equipped with this new matrix, we intend to revisit our CSR pillars to sharpen our focus in the areas that have the greatest ESG impacts. Following this important exercise, with the support of our business units and functions, we will develop a new multi-year ESG strategic roadmap to enhance CAE's impact and performance across these ESG targets.

We will disclose our ESG strategy, pillars and targets in next year's CSR report. ■

### Materiality matrix





Corporate social responsibility

## 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. Attracting, developing and retaining the best talent are crucial to fulfilling our mission. 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.

### Related sustainable development goals



3

Good health  
and well-being



5

Gender equality



4

Quality education



8

Decent work and  
economic growth



## Our goal

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

## Our objectives

As part of our 2018–2023 CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

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

- Increase the number of voluntary safety reports in line with data analytics driven forecast annually
- Reduce the number of Aviation Safety incidents with serious injury or material damage in line with data analytics driven forecast annually
- Reduce lagging indicator incident risk level in Aviation Safety in line with data analytics driven forecast annually
- Reduce the levels of organizational risk in Aviation Safety in line with data analytics driven forecast annually

### 2) 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 coop 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

### 3) 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 by 10%
- Develop and foster an Environmental Health & Safety (EH&S) reporting culture leading to proactive actions
- ✓ Develop visible leadership practices supporting EH&S discussions between leaders and employees
- ✓ Integrate EH&S as a key performance indicator in the governance process of all our business units
- ✓ Train leaders on mental health awareness and create a community of practice

### 4) Increase diversity and inclusion throughout our workforce

- Increase the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees and executive leaders being women
- By FY23, ensure 30% of our Board members are women
- By FY22, ensure 30% of our senior executive leaders are women
- By FY22, 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
- ✓ By FY23, increase the number of diverse leaders (gender diverse and visible minority at Director levels and up)

## Tracking our objectives

- On track/ongoing
- ✓ Completed

## Health and Safety

## FY22 highlights

### Performance and risk management

The global portrait of work-related injuries across our locations remains the same as FY21 and consists of three main types: slips/trips and falls; hand injuries; and ergonomic-related injuries. In FY22, 10 significant events were reported, compared to four in FY21.

CAE has also seen a tremendous 104% improvement in our observation rate. Globally, 588 hazardous situations were reported in FY22. The improvement demonstrates that CAE's Environmental Health & Safety (EH&S) event reporting culture continues to mature and involve employees daily in EH&S matters. These observations also provide CAE locations with valuable information and opportunities for improvement. For example, a CAE employee identified a faulty component on a flight simulator access door. The observation report generated was then shared by the Global EH&S team with all training centres. Several locations identified and corrected this issue, contributing to CAE's safety culture and injury prevention.

### Introduction of EH&S General Rules

Making the world a safer place starts with ensuring the health and safety of our employees. Our new EH&S General Rules provide guidance to all CAE employees on multiple topics, such as parking lot safety, protocols on cellphone use and how to handle broken or defective equipment. Because of the universal importance and applicability of these safety rules, we require all current and new employees to review and confirm the EH&S General Rules.

## Health and Safety

### Global implementation of new Lock-Out, Tag-Out program addresses a critical health and safety risk

CAE deployed a new global Lock-Out, Tag-Out (LOTO) program to ensure safe work execution every time a CAE employee or contractor works with electricity or any other type of energy. Under the new standardized LOTO program, when working in hazardous areas of a machine, all energy sources must be properly locked out.

We supported the program's release through an e-learning course on our Workday Learning platform and site briefings customized to the location's profile. CAE site leaders confirmed full implementation of the LOTO program in third quarter site assessments.

### Personal Protective Equipment (PPE)

CAE launched a new program to formally document and consolidate Personal Protective Equipment (PPE) requirements in a single resource. Our new program helps increase the threshold of protection in place by having a common approach to the use of PPE, which is widely regarded as the last line of defence/protection to prevent workplace injury.



## Aviation Safety

## FY22 highlights

### Summary of FY22 Incidents and Accidents in our ab initio flight training centres

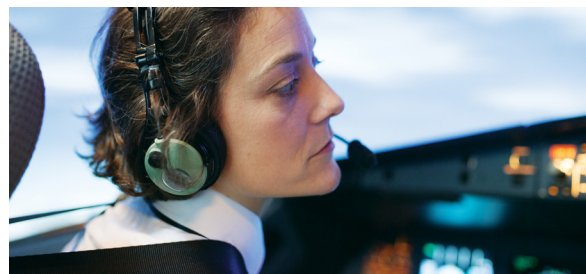
Keeping everyone safe is our priority. CAE is committed to advancing the highest standards of aviation safety, from the ground up into the skies. CAE makes ongoing improvements to aviation safety, with reducing the number of accidents paramount. Actions are taken following each incident, and we monitor leading indicators of safety performance to proactively address adverse trends.

Our focus in FY22 remained the performance of ab initio training centres around the world, where we saw incident/accident rate improvements of 42% in Civil Aviation in FY22 vs. FY21 on a reduction of only 12% in flying hours. Due to strategic acquisitions, Defense & Security saw an increase of 260% in flight hours. The incident rate per 10,000 flying hours dropped by 81% in FY22 vs. FY21. There were no serious incidents, accidents or fatalities in Civil Aviation or Defense & Security.

Regulatory compliance is meeting or exceeding industry regulations and best practices, in partnership with our Quality Assurance and Compliance Monitoring team.

### Global Aviation Safety, Quality Assurance and Compliance Department

Since its launch last year, the Global Aviation Safety, Quality Assurance and Compliance Monitoring Department has been reporting on risks rather than incidents alone. This has allowed us to move toward identifying future threats and hazards and implement proactive corrective actions prior to the occurrence of incidents.



### Acceptable Level of Safety Performance

In FY22, Civil Aviation introduced the concept of Acceptable Level of Safety Performance (ALoSP) to our Aviation Safety Management System (SMS), after first introducing the process to our ab initio training centres. ALoSP represents "the minimum level of safety performance in an organization, as defined in its safety management system, expressed in terms of safety performance targets and safety performance indicators."

Civil Aviation maintained a solid first year performance against our current ALoSP target, with a score of 77%. We continue to focus on and grow our areas of measurement to incorporate our global Civil training centre network. Our goal is to improve performance year over year through the collaborative efforts of the division.

### Reducing organizational risk through proactive risk management

Evolving how we use data to reduce our organizational risk has never been more important. Given the backdrop of the COVID-19 pandemic and the unprecedented challenges it caused to the Civil Aviation industry, being able to ensure that our risk management program is functioning to the highest level possible is critical. In FY22, we introduced the concept of using Standard Deviation triggers into our safety program. These triggers act as early warnings that enable CAE to make informed decisions that improve safety performance. Through our use of Standard Deviation triggers, we identified increases in the level of risk linked to three of our key safety performance indicators, specifically our Near Mid Air Collision (NMAC) rate, our Runway Excursion (RE) rate and our third age Safety Reporting rate, which enabled us to take mitigation strategies to avoid further increase in the risk levels and also avoiding significant events from occurring. This reduced our organizational risk profile by a further 16% in FY22 as compared to FY21.

## Aviation Safety

### Aviation Safety Culture FY22 survey results

In October 2021, Civil Aviation conducted the division's first annual International Air Transport Association (IATA) Safety Culture survey (I-ASC). The survey received 880 responses (24% response rate), in line with industry standards, and provided important information, including a baseline of CAE's Safety Culture performance internally and industry wide. Respondents' feedback will be incorporated into our three-year Aviation Safety strategic plan and FY23 action plan.



### D&S Safety leads the way with the CAE Doss Aviation integration

With the acquisition of L3H MT business, which includes former Doss Aviation, CAE now oversees live flight operations for the U.S. Army, Navy, Air Force and Marines. This includes initial flight training for Army, Navy and Air Force fixed wing pilots.

Known as the "Gateway to Air Force Aviation," CAE Pueblo Training Center in Colorado provides introductory flight training and screening for all U.S. Air Force aviation candidates in a state-of-the-art training facility. We have the responsibility to start the aviation career of these young military officers who will be soon be flying the most complex aircraft in the most difficult environments, providing training to 1,500 to 2,000 officers annually in the fleet of Diamond Aircraft (DA-20).

### Recognition program 2021

To enhance the overall aviation safety culture within CAE, staff, instructors, pilots, engineers and maintenance personnel in training who make positive acts toward enhancing aviation safety are recognized at the global level through the Civil Aviation and D&S Aviation Safety recognition programs. Winners receive a prestigious, personalized CAE Aviation Safety leather flight jacket in appreciation of their valuable contributions.

Our 2021 Aviation Safety recognition program focused on safety promotion. We congratulate award winners Paola Maund of the Civil Global Training Organization Safety Office, Midge Knight of the CAE Oxford Flight Training Office and Pete Eunice of the CAE Dothan Training Center. Their stories speak to the importance of having a robust safety system that encourages open and honest reporting. We also congratulate Civil Aviation honourable mention recipients, Alfie Kelly, Leah Methereell, Jerome Auplat and Rupanwita Chowdhury.



**Paola Maund**

Aviation Safety Award winner



**Midge Knight**

Aviation Safety Award winner



**Pete Eunice**

Aviation Safety Award winner

### Recognizing achievements at CAE locations across the globe

Our CAE locations continue to demonstrate their commitment to quality, environment, health and safety. Special recognition is given this year to CAE Sao Paulo and CAE Gondia for their contributions to enhancing the workplace for our colleagues. The team at CAE Gondia in India eliminated an EH&S risk, improved energy efficiency and reduced costs.

The CAE Sao Paulo training centre in Brazil completed an impressive trifecta of ISO certifications, achievements that raise the bar in quality, environment, and health and safety.





## Our employees

### People with an unparalleled talent and passion to change the world

At CAE we are building the future together as one inclusive team, One CAE. Our people are our creative force, empowered to grow, innovate and disrupt, as we continuously pursue new ideas and develop advanced technologies to help make the world a safer place.

Today, over 13,000 employees at sites and training locations in 35-plus countries contribute to our success.

### CAE begins 75<sup>th</sup> anniversary celebration

CAE celebrates a milestone 75<sup>th</sup> anniversary.

Founded by Ken Patrick on February 17, 1947, CAE has grown from 18 employees refurbishing radios in a hangar in Saint-Hubert, Quebec, to a global team of more than 13,000 in over 35 countries that delivers innovative training and operations-support solutions for the civil aviation, defence and security, and healthcare sectors. CAE will be celebrating this milestone throughout the year.



### Pandemic measures and actions

#### Safety and wellness remain our priority

CAE continues to uphold the rigorous approach to safety that we implemented from the start of the COVID-19 pandemic. Preventive measures on site were constantly adapted and applied as the pandemic response continually changed and evolved. Employees remained informed and supported through ongoing communications and wellness initiatives. To support customers on site (where applicable), our preventive measures and protocols covered every step of the training experience.

Our COVID-19 Crisis Management Committee continued as CAE's command and control centre, creating, communicating and implementing safety/risk mitigation protocols, standards and procedures across our global network.

The Committee underwent an encouraging transition in early 2022 as sites assumed the role of tracking their region's COVID cases and communicating protective measures to employees, with a focus on aligning with local public health recommendations. The Committee developed tools to support sites and guarantee a smooth transition, including a protocol that gives site leaders the autonomy to assess their respective centres and lift or apply safety measures when appropriate. The localization of these responsibilities helped streamline logistics, which accelerated information flow and response times.

#### Deploying safety and mitigation protocols

As COVID-19 pandemic continued into 2021 and 2022, significant health measures remained in place at our sites as well as enforcement of the CAE Pandemic Code of Conduct. CAE also introduced voluntary on site rapid testing for employees, contractors and contingent workers at 19 locations in Canada and the U.S. A travel kit containing tests was provided to employees who travel internationally for work.

### Nurturing employee mental and physical well-being

Providing employees with resources and services to achieve balance and remain healthy, mentally and physically remained a central preoccupation for CAE as the pandemic continued.

We centralized CAE wellness programs and resources, simplified processes and offered employees other conveniences. Several activities took place to stimulate discussions on mental health in the workplace, help and encourage employees to support each other, and provide tools and techniques to help employees and leaders address such issues. Employees were also given two wellness days.

We also continued morale-boosting activities that encouraged camaraderie and much-appreciated fun, including [One CAE Spirit Week](#) and our first CAE Be Active Challenge. These efforts, together with our CAE Wellness Breaks and observation of Mental Health Day and World Gratitude Day, were cited among the reasons for [CAE's selection as one of Montreal's Top Employers 2022](#).

### CAE introduces Epidemic/Pandemic Vaccination Policy

As travel restrictions eased, CAE continued to prioritize the use of virtual technology and limit travel to essential business purposes. In May 2021, we introduced the CAE Epidemic/Pandemic Vaccination Policy to provide guidelines and special rules that apply in the event of a pandemic or epidemic. Accordingly, the Policy allows CAE employees paid time off during work hours to receive vaccines approved by local health officials.

## Our employees

### CAE joins in public health efforts to promote vaccination

CAE contributed to public health efforts to promote vaccination nationwide. In the week following the opening of the CAE Montreal Vaccination Centre, our President and CEO Marc Parent spoke about the immediate and long-term impact of actions taken by CAE over the pandemic on this [Business Council of Canada Speaking of Business podcast](#). As co-chair of the [Canadian Chamber of Commerce COVID-19 Recovery Leadership Council](#), Marc Parent advocated for vaccination passports in [Passports Please](#), an article published on the Chamber's blog in early June.



CAE was among the companies asked to lend their voice to [This Is Our Shot to be #TogetherAgain](#), a campaign launched by the Canadian government to get the word out about the safety of vaccines and replace hesitancy with confidence.

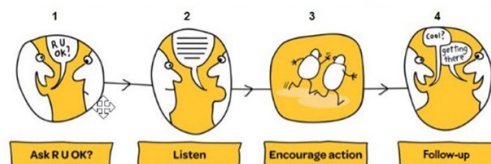
For more information, read our [Vaccination feature story](#).

### Wellness

#### Employee wellness: mental and physical health

As part of CAE's Wellness program, we implemented the R U OK? initiative worldwide to ensure that we open the conversation on mental health and make the time to care for one another. R U OK? offers a simple and informal way to meaningfully connect with anyone who may be struggling. The concept is to start a conversation by asking "R U OK?" and to listen attentively to the response. If necessary, the next step is to encourage the individual to seek help and then follow up regularly.

Resources are also available to support this important program including a conversation guide and flowchart, a webinar on managing stress in the time of COVID, a toolkit for leaders, and monthly Leaders Exchange sessions on different topics related to wellness. CAE intends to continue this program throughout the year.



### Officevibe

As we continued to manage and work through the COVID-19 pandemic, frequent internal pulse checks through Officevibe provided essential information that guided our efforts and focus on employee wellness. Employees received a bi-weekly pulse survey that can be tracked in real-time through our Officevibe platform. In the last 12 months, our engagement score increased to an all-time high. These surveys always included the message: "We will be mindful of your concerns and address them to the best of our ability following the surveys. We want to keep in touch and know what you think."

### One CAE Spirit Week 2021

Our second edition of One CAE Spirit Week featured messages and themes of happiness, gratefulness and hope to celebrate our unflagging One CAE spirit through the pandemic. Activities throughout the week allowed everyone to share in our optimism for a bright future ahead. Our Executive Management Committee introduced One CAE Spirit Week 2021 in a video message to employees worldwide. We organized each day around a special theme with contests and prizes.

### CAE Vaccination in the workplace project wins prizes

We are thrilled that CAE's "Vaccination in the workplace" project, conducted jointly by the ministère de la Santé et des Services sociaux, the CIUSSS du Nord-de-l'île-de-Montréal and more than 150 Quebec companies, was awarded the Émélite prize by the jury of the Prix Hippocrate 2021.

This award recognizes the mobilization of the private sector, initiated by CAE, and the collaborative model between the private and public sectors to accelerate the vaccination of Quebecers. We thank our partners and celebrate an outcome that saw close to 400,000 doses of vaccine administered in companies.

In May 2022, this initiative won a Platinum award in the Special COVID-19 category from the Société québécoise des professionnels en relations publiques (SQPRP) during the Public Relations excellence awards. We also won the Grand Prize from the jury as the Best Public Relations project of the year from all categories.

Our employees

## Talent acquisition, recruitment and retention





In FY22, we introduced an agile and efficient global talent acquisition delivery model that aligns with CAE's position as a high-technology company. Our redesign enhances the candidate experience while streamlining the recruitment process, bringing time and cost savings. Additional enhancements support inclusive hiring, such as automated ranking to eliminate bias. We are seeing an increase in recruiter and candidate engagement and benefiting from data-driven insights.

### CAEcontinuum flexible work program

With the COVID-19 pandemic, remote working became the norm for many employees at companies worldwide. As restrictions ease, a new way of working has emerged that CAE has fully embraced through the introduction of CAEcontinuum.

CAEcontinuum supports the safe and smooth transition to the return to working on site. This flexible work program allows employees to split their time between working from home and working at the office. As part of our CAEcontinuum initiative, we established the objective of having roughly 25% of our global workforce working remotely at any given time.

Four profiles are available to suit each employee's individual situation.

	Virtual	—	> 80% remote
	Hybrid	—	40 to 80% remote
	Occasional	—	< 40% remote
	Resident	—	0% remote

### CAE360 our new employee intranet

During FY22, we introduced a major global employee resource, CAE360, our new completely revamped employee intranet. Created by and for employees, CAE360 keeps employees current on news and events and is the central source for introducing exciting development and initiatives at CAE locally, regionally and globally.

## Growth of leadership

Leaders are important at CAE, and we have programs for their development.



### CAEmentor me goes global

CAEmentor me connects mentees with mentors who can guide and support them in their professional development. CAEmentor me benefits both the mentor and mentee through an experience that broadens their communication and leadership skills and expands their professional networks.

Not only is the six-month program now open to all CAE employees worldwide, but there is also a "just-in-time" mentoring option for individuals to connect with a mentor when needed through Workday Learning. To date, more than 403 pairs have started and completed a formal mentoring relationship under CAEmentor me.

### SuccessFinder

To support our leaders in achieving success, CAE has introduced universal self-assessment into our leadership development plan in support of our mission and vision as a high-technology organization.

There are important leadership competencies that we believe make great leaders at CAE. The SuccessFinder assessment will help leaders develop these competencies to embody what a great leader is at our organization.

### Leadership Development Program welcomes sixth cohort

Developing leaders is important for CAE's future. The Leadership Development Program (LDP), held every two years, develops leaders with identified potential to move into larger, more challenging roles in the future. Congratulations to the 25 candidates selected across CAE locations worldwide for the sixth edition of our LDP, which ran from October 2021 to March 2022.

### Ensuring responsible investment in our pension plan

Since FY20, AON, the management firm overseeing the investment returns in CAE Pension Plans, performs periodically an analysis to ensure our environmental, social and governance (ESG) investment factors are taken into account when making decisions pertaining to the selection of investment options or investment managers for our pension plans. They have put in place a responsible investment strategy based on an ESG rating assigned to investment managers based on ESG factors such as climate concerns, social concerns, and a strong engagement and voting policy holding investment managers accountable.



## Our employees

## Awards and recognition

**CAE selected as one of Montreal's Top Employers for third consecutive year and as one of Canada's Top Employers for Young People**



For the third year in a row, CAE was recognized as one of **Montreal's Top Employers 2022**, an annual competition organized by the editors of Canada's Top 100 Employers.

Reasons cited for CAE's selection included wellness programming through a pandemic-focused lens, with mental health training for leaders; Wednesday Wellness breaks on topics such as ergonomics, nutrition, yoga, and sleep; and the R U OK? initiative to encourage employees to connect with people around them.

CAE is also proud to have made the list of **Canada's Top Employers for Young People 2022**! Young people are looking for a workplace that reflects their values, and CAE checks the boxes by offering leadership programs and development opportunities (and so much more!) to launch a career in tech.



CAE's culture of empowerment and opportunity in profile: **CAE offers simulated flights, real opportunities.**

### Marc Parent recognized for contribution to community and industry growth

President and CEO Marc Parent received the 2021 Business Personality of the Year by the Saint-Laurent and Mont-Royal Chamber of Commerce and Industry in recognition for his vision and leadership – specifically by enabling the Quebec aerospace industry to keep thousands of jobs during the pandemic and speeding up the vaccination process for employees of several Quebec companies, their families and the community.



In April 2021, Marc Parent was also awarded the **Prix Prospère** by the Conseil du patronat du Québec. He was recognized for his contribution to the growth of CAE and the growth of the aerospace industry in Quebec and Canada, as well as for his central role in the collaboration of companies for vaccination.



### CAE employees contribute to honours received in 2021 CPRS National Awards of Excellence

A special congratulations to our employees who were awarded four awards from the Canadian Public Relations Society (CPRS) **2021 CPRS National Awards of Excellence**.

In the category of Employee Engagement/Internal Communications Campaign of the Year, CAE won the gold award for our submission *Empowering employees to act during COVID-19 to come out of the pandemic stronger!*

We also won the gold award under new COVID-19 subcategory, created to recognize outstanding communications efforts undertaken in response to the coronavirus pandemic.

CAE also won dual bronze awards in the Best Use of Media Relations (medium budget) category and COVID-19 subcategory for our videos featuring Canadian-designed and built CAE Air1.



## Our employees

## Diversity, equity and inclusion at CAE

At CAE, diversity, equity and inclusion (DE&I) are central values. There is no place for racism or discrimination in our organization. Every member of our team should feel valued, respected, and safe – without exception.

Our employees in more than 35 countries play an incredibly important role in contributing and celebrating DE&I within the organization and in the community. We are inspired by their creativity and enthusiasm, and how they share in CAE's commitment.

Our CAE Executive Diversity Council (EDC), chaired by President and CEO Marc Parent oversees progress of DE&I awareness and activities throughout CAE. The EDC also provides guidance to CAE's DE&I Committee, which is responsible for a comprehensive mandate from communications/internal networks, building an external pipeline, training and awareness, and alignment of practice.



**Diversity** is the demographic mix of the community

**Equity** is the fair and respectful treatment of all people – recognizing that each person has different circumstances

**Inclusion** is an environment where everyone feels welcome, is treated with respect, and is able to fully participate

### 1

Increase number of diverse leaders by 10% (By FY22)  
(Gender & visible minority at Director level & up)

Objective achieved, and renewed for FY23.

### 2

Increase female employees by 10% (By FY23)

Objective achieved: increase from **20%** in FY19, to **21%** in FY20 and FY21, and **22%** in FY22.

### 3

Ensure 40% resumes presented by recruitment team in Canada are female

Guideline given to our recruiters, and we are seeing results: In FY22, **32%** of hires in Canada self-identified as women. Compared to **24%** total female employees in Canada.

### 4

Increase COOP student representation (By FY23)

- 30% women
- 5% from the Black community
- 5 members from the Indigenous peoples community

In FY22, **25%** of COOP students were women, **1%** from the Black community and 3 of our COOP students from Indigenous communities.

### 5

Ensure 30% high-potential employees are women (By FY23)

Objective attained in FY22: Our target for the future includes other underrepresented groups.

### 6

Increase female Board representation to 30% (By 2022)  
Increase female EMC representation to 30% (By 2022)

**Board:** On track, we are at **27%** at the end of FY22. Continuing on objective.

**EMC:** Objective attained during FY22, before expansion of EMC.

## New Chief Equity, Diversity and Inclusion Officer

CAE is also pleased to announce a new Chief Diversity, Equity and Inclusion Officer (CDEIO). Pascale Alpha has been part of CAE for more than 20 years and brings a thoughtful and respectful approach to her new role. As CDEIO, she wants to create an environment where people feel involved, respected, valued and connected, and where they can bring their authentic selves to work. In March 2022, Pascale represented our organization on the [United Nations Global Compact Business Roundtable: Advancing gender equality and women's leadership](#).

The creation of the CDEIO role speaks to CAE's commitment to enhance our DE&I action plan.

## CCDI Employer Partner

Through our [Canadian Centre for Diversity and Inclusion \(CCDI\)](#) partnership, CAE employees have unlimited access to live interactive webinars, Community of Practice events and a knowledge repository of 600-plus documents, reports, toolkits, templates and other content. Topics are wide-ranging and relevant.

## Pride at Work

Through dialogue, education and thought leadership, [Pride at Work Canada](#) empowers Canadian employers to build workplaces that celebrate all employees regardless of gender expression, gender identity, and sexual orientation. As a proud partner, CAE is a member of a community that recognizes LGBTQ2+ individuals as key to a productive, engaged workforce.

CAE employees access online resources and programs, including networking, training and webinars, and are empowered to be themselves in the workplace regardless of gender expression, gender identity and sexual orientation.

## Our employees

## Awards and recognition

## CAE named to Bloomberg GEI for fourth consecutive year

We are honoured to be included in the Bloomberg LP Gender-Equality Index (GEI) for the fourth consecutive year. CAE is committed to gender equality and data transparency and is proud to be invested in fostering a more inclusive and equitable workplace.



## CAE receives WiG 2021 Silver Parity Certification

We are proud to have once again received silver-level **Women in Governance** (WiG) Parity Certification. This certification recognizes gender parity at the decision-making level of our organization, as well as CAE's commitment to empower women at all levels.

In addition to our 2021 and 2020 silver parity certifications, CAE was awarded bronze parity certification in 2019. We are proud of these acknowledgments and our ongoing progress in DE&I.



## Employment equity

## Review of benefits to ensure equity

CAE has begun a global review of our employee benefits to ensure equity across all our locations. We are pleased to share that family leave benefits have been adopted globally and will be implemented in June 2022 as part of the flex time initiative. In the U.S., we are currently refreshing our benchmarks to high-tech employers and comparing our plans to ensure competitive design and offerings.

## Self-identification campaign

The **Government of Canada Federal Contractors Program** (FCP) requires workforce composition be reviewed periodically to ensure workplace equity. In compliance with the **FCP compliance assessment policy**, CAE conducts an annual campaign to promote and review self-identification, with self-identification assessed ongoing as part of CAE's hiring process. Employee self-identification is voluntary and anonymous.

We are currently working to launch a global self-identification campaign, which will contribute to tracking our progress on hiring, retaining and promoting individuals from underrepresented groups.

## Employment Equity Committees

As part of our DE&I program, we recruit employees and leaders from our locations in Canada to act as equity ambassadors. Together, these volunteers form a Canadian Diversity Council and oversee local Employment Equity Committees dedicated to each of the four Employment Equity Act (EEA) special interest groups. The Council and Committees help us remain FCP-compliant, drive employment equity in Canada, and promote a more diverse and inclusive workplace at CAE. Most importantly, they brainstorm together to advance this DE&I initiative.

## Talent acquisition

## Recruitment

We kept DE&I top of mind in our recruitment process, changing the conversation with our leaders through our new inclusion hiring guide. We reviewed diversity gaps in teams using a new dashboard capability and added voluntary candidate self-identification, which also helps us get visibility on underrepresented groups. We also promoted diversity in our interview teams.

Through CAE's established and developing relationships with university associations and peer groups (women, visible minority, Indigenous, Disabilities and LGBTQ2+), we participated a wide range of activities and events.

## CAE internships program

Each year, CAE's internship program offers students the opportunity to be part of the CAE team and have a real impact on our mission to make air travel safer, allow defence forces to be ready and help medical personnel save lives. In FY22, we were pleased to offer 322 COOP/student internships and expect to steadily increase our program back to pre-pandemic levels.

As part of our commitment to offer Work-Integrated Learning (WIL) opportunities to students across Canada, in summer 2021, we launched our CAE Immersion program to prepare students for the job market and give them a better understanding of the diverse business realities, challenges and opportunities of today's innovation and technology. This micro-WIL program is an opportunity for students to interact with industry experts and learn about product innovation and advanced development techniques in a high-tech aerospace company through interactive workshops and self-directed activities.





## Employee Resource Groups

At CAE, our Employee Resource Groups (ERGs) support our organization's mission, values, goals, business practices and objectives.

ERGs support our DE&I strategies; provide a forum for feedback on our programs; act as a mechanism for recruiting, retaining and developing employees; function as vehicles for leadership development; engage employees through community, camaraderie and sense of belonging; and help introduce new employees to CAE's organizational culture.

- **EmBRACE** – Race and Ethnicity and allies
- **Prism** – LGBTQ2+ community and allies
- **Insignia** – Veterans and allies
- **Mozaic** – for people with special needs and their families
- **PWN** – Professional Women's Network and allies
- **LIFT** – Women in Aviation and Technology and allies

Our employees

## Activities

### Recognizing National Day for Truth and Reconciliation

September 30, 2021, marked the first [National Day for Truth and Reconciliation in Canada](#), a day that coincides with [Orange Shirt Day](#). CAE aims to promote an inclusive and equal workplace that ensures fair representation of Indigenous Peoples. In Canada, the Committee for Indigenous peoples of CAE participates in the reconciliation process by raising awareness for all CAE employees through the celebration of Indigenous culture, panel discussions and communications. The Committee also aims to develop training on Canadian history and Indigenous heritage.

Under their guidance, CAE organized information sessions, issued a special edition of its newsletter and encouraged all employees to wear orange on September 30 to show their support.

### International Women's Day 2022

To celebrate and highlight the incredible women of CAE and their achievements for [International Women's Day](#) (IWD) held on March 8, we asked CAE women from around the world, what breaking the bias means to them, how to create a more inclusive workplace, and what advice they have for the next generation of women.

Learn more about these inspiring women who [#BreakTheBias](#) every day: [CAE International Women's Day 2022](#).



### Impactful Indigenous Women in the Aerospace Industry and their Communities

The Committee for Indigenous peoples of CAE, in collaboration with the PWN and LIFT Employee Resource Groups led a discussion for employees on *Impactful Indigenous Women in the Aerospace Industry and their Communities*. The panelists shared their experiences and stories as Indigenous women working in the aviation industry, speaking about the challenges they have encountered to achieve their ambitions and the role that they represent today for their community. The discussion and provided valuable insights for CAE participants and was an inspiring, engaging experience for all.

## Our employees

## Learning and development

### Organizational Development

Developing and growing our employees so that they can achieve their professional goals is part of the core of One CAE. We offer diverse opportunities for our employees and are inspired by their successes.

*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. As part of their professional development, each leader takes these courses to enhance their skills.

*LEAP* identifies future training centre leaders and develops their competencies through training, mentorship and work assignments throughout the organization. The program takes four to five years to complete. In FY22, CAE onboarded 9 participants of various ethnic origins, 3 of which were women. A new cohort began training in late March 2022.

The *Ambition Challenge* help participants transform their mindset, adopt new behaviours and take action to develop their talent and realize their ambitions at CAE. Since 2017, 183 women have participated. 8 individuals completed the program in spring 2022 and the next cohort of 21 completes the program in June.

CAE continues to offer the 12-month *DARE* program which provides women with tools for career development. Our first cohort of 30 graduated in January 2020, with a second cohort of 34 to begin the program in June 2022.

We continue to dynamically evolve these programs in line with our focus on DE&I, our high-tech culture and our remote work program.

### CAE continues 50-30 Challenge

Over the last two years, CAE has participated in the **50 - 30 Challenge**, an initiative between the Government of Canada, business and diversity organizations to increase corporate diversity, inclusion and representation in the workplace. To support the development, talent and leadership of women and indigenous aviation and STEM professionals in Canada, CAE has committed \$126,350 in scholarships. CAE aspires for all new scholarships created to be given in the proportions put forth by the challenge (50% toward women, with 30% being for underrepresented groups).

DE&I are embedded in our values and we are proud to work on improving access for women, racialized and ethnic people, people who identify as LGBTQ2+, people living with disabilities, and First Nations, Inuit and Métis, to positions of influence and leadership.

### BlackNorth Initiative

The Canadian Council of Business Leaders Against Anti-Black Racism launched the **BlackNorth Initiative** and invited business leaders in Canada to join them in by signing a pledge for change, equality and diversity to end anti-Black systemic racism. As signatory organization and pledge partner for a second year, CAE remains steadfast in our commitment to promoting a culture of diversity and inclusion at CAE, while raising awareness about racial discrimination, as is the mission of our ERG EmBRACE.



### Blueprint for Gender Equality

As a signatory of the United Nations Global Compact (UNGC) and partner in the Global Compact Network Canada (GCNC) project **Blueprint for Gender Equality Leadership in the Canadian Private Sector**, CAE is committed to actively building a company that is more open, progressive and people-centric, and creating a workplace where all employees can feel accepted, included and valued for who they are.

CAE's multi-year DE&I initiative focuses on fostering an inclusive, gender-diverse, bias-free environment and strengthening the representation and development of women in leadership positions.

GCNC spearheads the Sustainable Development Goals (SDGs) and the Ten Principles of the UNGC in Canada. The Blueprint for Gender Equality accelerates action on **SDG Goal 5**: Achieve gender equality and empower all women and girls.

### UN Women's Empowerment Principles

CAE is a signatory of the **United Nations Women's Empowerment Principles** (WEPs), which promotes gender equality and women's empowerment in the workplace. The seven WEPs are integrated into our DE&I values, and we are proud to equip and inspire women to take ownership of their careers at CAE. WEPs are a primary vehicle for corporate delivery on gender equality dimensions of the 2030 agenda and the UN SDGs.

## Feature story

## CAE unites government and private sector in a unique campaign to accelerate COVID-19 immunization

In the fall of 2020, as the public eagerly awaited the arrival of vaccines in Canada, CAE observed that U.S. companies were coming together to speed up vaccination in their country.

Accelerating vaccination seemed to be the right path, to provide assistance to healthcare workers and to get the economy back on track as quickly as possible.

Assuming that a significant number of doses would arrive in Canada in May 2021, CAE started discussions in January to evaluate the interest of companies in vaccinating their employees and the public at their own expense to help in the fight against COVID-19.

We developed a government and public relations strategy to receive approval of this approach by the Government of Quebec. As a first step, we commissioned an independent cross-Canada survey to measure public support for private sector involvement in a vaccination initiative: 68% of respondents were in favour.

CEO Marc Parent personally reached out to corporate presidents of large companies located throughout Quebec to explain how we envisioned the campaign and to convince them to join the movement, at their expense. In parallel, we established a partnership with the main Quebec employers' associations to mobilize companies through their networks.

It took effort and we managed to convince major players from the private sector to leverage their empty facilities to open vaccination centres, to dedicate some of their workforce to this national effort and accelerate mass vaccination.

Under an outsourcing model, CAE placed one of our directors to support the Public Health team in coordinating the effort of the companies who joined us. She acted as the go-between Public Health administration and the private sector, which was a key success factor for an efficient and fruitful partnership. This represented the real beginning of the corporate immunization campaign's operationalization. Following CAE's example, other companies, including Telus, Bombardier, Pratt & Whitney and Cascades, agreed to delegate resources to form a core team.

In recognition of our leadership role, the government held a press briefing at CAE to invite companies to extend the initiative country-wide, formalized as the Industry for Vaccination (IFV) coalition.



On the eve of the announcement, 40 companies had joined the IFV. An additional 450 companies indicated their willingness to contribute, which allowed for networking and subsequent grouping of participating organizations into clusters.

Approximately 50 large companies present throughout Quebec were ready to vaccinate or offer resources at their expense in May and even in April.

The CAE Montreal Vaccination Centre, located at our St-Laurent headquarters, opened to our employees, partner companies, their families and the local community on April 26, 2021. The Vaccination Centre closed on August 20, having fulfilled its mandate in four months of operation. To contribute to the third dose vaccination effort, CAE reopened the Centre, administering more than 1,000 vaccine doses over its three weeks of activity.

Eventually, 27 vaccination clusters were formed in 11 regions, bringing together 150 companies either as leaders or as partners providing equipment, human or financial resources. The companies administered nearly 400,000 doses, including 33,000 at CAE, demonstrating the significant social role of businesses in the fight against COVID-19.

We again thank our 16 partner companies in Quebec and the dedicated team at the CAE Vaccination Centre that contributed to protecting Quebecers, one job at a time!



## 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.

### Related sustainable development goals



3  
Good health  
and well-being



8  
Decent work and  
economic growth



5  
Gender equality



13  
Climate  
action

## Our goal

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

## Our objectives

As part of our 2018-2023 CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

### 1) Instill and apply an ethics and integrity mindset to all actions and decisions

- Ensure CAE lives and works by our **five core values**
- Ensure 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 extend the training to all employees in FY21
- Further enhance the public disclosures on our anticorruption program for even greater transparency and openness
- Continue to work collaboratively with other International Forum on Business Ethical Conduct (IFBEC) members toward the common goal of preventing corruption in the Aerospace and Defence industries globally

### 2) 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
- Enhance our cybersecurity processes and awareness

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

- Establish and communicate policies supporting responsible procurement to our suppliers and employees
- Evaluate major suppliers on compliance to ESG criteria

## Tracking our objectives

- On track/ongoing
- ✓ Completed

## Ethics and integrity

### Continued vigilance to address COVID-19 impacts on data privacy and export control standards

In our FY21 report, we identified how we would address COVID-19 impacts related to our ethics and integrity commitments. Specifically, we identified the following actions:

- Ensure privacy rights, framed by concepts of necessity and proportionality, shape CAE's data-driven safety and return to work response protocols, including screening and vaccination initiatives
- Standardization of teleworking process
- 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
- Leveraging our global supply chain for humanitarian purposes

CAE made progress on these fronts and more, as detailed in these FY22 section highlights. CAE's accelerated pursuit of high-technology solutions has also driven our data privacy and export controls agenda to ensure we continue to further meet and surpass world-class standard practices.

## CAE Code of Business Conduct

CAE is committed to conducting business with integrity, transparency and in full compliance with applicable laws and regulations. This commitment starts at the top. The members of our Executive Management Committee are accountable for promoting our CAE values and ethical standards and ensuring compliance with our Code of Business Conduct.

In FY22, we enhanced the policies in support of our Code of Business Conduct to align with leading industry practices. We developed an enhanced Conflicts of Interest Policy applicable to all employees, officers and directors of the company, requiring the continuous disclosure of perceived, potential and actual conflicts of interest. We also introduced the **CAE Supplier Code of Conduct**, which aligns with standards set by the International Forum on Business Ethical Conduct (IFBEC). Revision of our Know Your Customer procedures enhanced the due diligence CAE performs to ensure that our organization only deals with reputable businesses. As part of CAE's comprehensive customer risk assessment strategy, these due diligence best practice procedures are used to verify the identity, suitability and risk of potential customers.

## Ethics and integrity

### Acknowledgement of the Code of Business Conduct

All employees are required to read, acknowledge and agree to comply with [CAE's Code of Business Conduct](#) on an annual basis. In FY22, 98% of regular employees worldwide completed the acknowledgment of the Code of Business Conduct prior to the end of the fiscal year. Those who did not complete the formal acknowledgement process, such as employees on furlough, secondment, maternity leave, sick leave or other long-term absence, are required to do so in due course on their return to work.

### Ethics training

Our employees are also required to follow mandatory periodic training on the contents and importance of the Code of Business Conduct and related policies. This training educates employees in every country where CAE operates about the standards of conduct that apply to their duties. The training contains a variety of situational questions related to ethics and integrity for learners to navigate, applying the principles and values of the Code.

In FY22, nearly 95% of employees worldwide completed the mandatory training prior to the end of the fiscal year. Those who did not complete it, such as employees on furlough, secondment, maternity leave, sick leave or other long-term absence, will complete the training in due course on their return to work.

### Anti-bribery and anti-corruption

As a worldwide partner of choice in civil aviation, defence and security, and healthcare, CAE takes corruption very seriously and is committed to the highest standards of integrity when conducting business domestically and in foreign countries.

This commitment is reflected in our Anti-Corruption Policy, which expressly prohibits all forms of corruption committed by employees or third parties.

We continue to evaluate and adapt our Anti-Corruption Policy and disclosure practices in light of leading industry practices.

[CAE's Anti-Corruption Policy](#) must be read in conjunction with our Code of Business Conduct and other compliance policies, procedures or guidelines governing third-party risks, business courtesies, responsible lobbying and political contributions, donations, sponsorships and offsets.

### Managing business relations with third parties

In FY22, CAE continued to take additional steps to better manage the risks posed by third parties and other business partners, including 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.

We also expanded the scope of our risk-based due diligence procedures to a wider range of third parties, including certain suppliers and third parties involved in offset transactions (see [Offsets](#)) as well as enhanced our Know Your Customer procedures.

Given the nature of their work, we consider that foreign representatives expose CAE to higher-than-normal risks. Therefore, [CAE's Anti-Corruption Policy](#) states that we will generally not use foreign representatives unless required to do so.

Due to acquisitions in FY22, the number of representatives retained by CAE increased. However, for FY23 and beyond, our goal is to continue to reduce the number of foreign representatives we use. We carefully monitor their services through regular activity reports, and we require anti-corruption certificates to be signed upon any renewal of their agreement.



### Facilitation payments

As detailed in [CAE's Code of Business Conduct](#) and [Anti-Corruption Policy](#), CAE strictly prohibits facilitation payments.

### Business courtesies

[CAE's Gifts, Entertainment and Business Courtesies Policy](#) provides a clear framework on giving or receiving business courtesies. In FY22, the Ethics and Compliance Office conducted significant work with CAE's Internal Audit team to develop new data analytics tools to enhance the continuous monitoring of business courtesies. The final product will be fully implemented in FY23.

### Donations and sponsorships

As a rule, CAE and our subsidiaries only give to those institutions and organizations providing facilities and services in those communities where the operation is located and where the bulk of our employees reside. [CAE's Charitable Donations and Sponsorships Policy](#) provides clear guidance on the matter.



## Ethics and integrity

### Responsible lobbying and political contributions

CAE is committed to participating in the political and public policy process in a responsible and ethical way that serves the best interests of our stakeholders and customers. CAE complies with all applicable laws and regulations in connection with the company's political and public policy activities.

Any political or other public policy activity in which CAE engages, including political expenditures, must comply with our [Lobbying and Political Contributions Policy](#) and the [Anti-Corruption Policy](#).

In FY22, CAE made no contribution to a political party, candidate, or other political entity.

CAE USA established a Political Action Committee (PAC), which held its first meeting in February 2022. No disbursements from the fund, which consists of pooled, voluntary contributions from eligible employees, were made in FY22. CAE USA is a U.S. corporation that operates under a Special Security Agreement (SSA) with the U.S. Department of Defense. As such, CAE USA has its own U.S. board of directors that monitors and oversees all company activities related to classified and export-controlled information, security procedures and company management.

### Offsets

CAE and our subsidiaries manage offset obligations in Canada, Europe, the Middle East and Asia-Pacific. Offsets (also referred to as industrial participation/cooperation, industrialization, or others) are agreements made with buyer countries designed to generate work, or to create capability or economic value locally. CAE has a dedicated offset team responsible for the management and oversight of CAE's offset obligations. We do not engage brokers or offset agents to act on behalf of the company. All offset commitments are subject to CAE's Code of Business Conduct and Anti-Corruption Policy.

### Human rights

CAE has zero tolerance for harassment and discrimination and we are committed to respecting human rights. This applies equally to our employees, our suppliers and business partners, all of whom are expected to adopt the same or similarly high standards of ethical behaviour. We are committed to conducting business responsibly and to maintaining and improving systems and processes to reduce the risk of slavery and human trafficking in our business or supply chain.

CAE's [Human Rights Policy](#) supports our commitment to the [UN Global Compact Ten Principles](#), the International Labor Organization and the [U.K. Modern Slavery Act](#). In FY22, we completed the review of our Human Rights Policy and made significant changes. The updated Policy enhances the disclosure of responsibilities CAE assigns with respect to our commitments, further details these commitments and describes the mechanisms supporting Policy implementation.

We also address our commitment to human rights in the new [CAE Supplier Code of Conduct](#) and in our supplier standard terms and conditions.



## Ethics and integrity

### CAE's internal reporting and whistleblowing system

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. [CAE's Internal Reporting/Whistleblowing Policy](#) governs the handling of activities of concern.

There are different channels through which employees may report concerns, including through their supervisors, the Legal department, the Human Resources department or the Ethics and Compliance Office. A report can also be filed through the EthicsPoint website and call centre service, which provides employees, customers, partners and suppliers with simple, risk-free ways to confidentially report issues of concern. In fiscal 2022, we received and handled 31 ethics reports and inquiries.

All investigations are conducted under the supervision of the General Counsel, Chief Compliance Officer and Corporate Secretary, with the support of the Ethics and Compliance Office or the Human Resources department, depending on the allegations. The Executive Management Committee and the Governance Committee of the Board of Directors are provided with summary reports for their review.

#### Of the 31 ethics reports and enquires received:

- 68% were anonymous, originating from Europe (6%), Canada (32%), the U.S. (45%), Asia Pacific (10%) and other regions (7%).
- Most activities of concern reported were human resource based.

### Number of EthicsPoint reports since FY20

	FY22	FY21	FY20
Issues			
CAE property	0	0	0
Computer systems, internet, intranet and email	0	0	0
Public statements and shareholder relations	1	1	0
Confidentiality of company, employee, and third-party information	3	2	2
Dealings with governments	1	2	0
Conflict of interest, improper payments, and business courtesies	4	3	1
Contracts and records	2	3	1
Safety in the workplace	2	3	1
Equal opportunity and harassment-free workplace	16	19	9
Interpretation of the Code of Business Conduct	0	0	5
Reporting a policy violation	2	7	6
<b>Total</b>	<b>31</b>	<b>40</b>	<b>25</b>

See all our site certifications →

### Data analytics and artificial intelligence

The adoption of new technologies and the increased use of artificial intelligence (AI) for data analytics purposes are likely to generate new and complex compliance and ethical risks, including data risks, which need to be managed effectively.

At CAE, we are committed to driving the use of AI and gathering insights through analytics in an equitable and transparent way. We ensure that our actions have the appropriate defined ethical boundaries at the start to deliver aligned capabilities, meet customer requirements, protect the safety of stakeholders and avoid reputational risk.

All new technologies must be designed, developed, deployed, used and aligned in a manner consistent with our Code of Business Conduct and our adopted ethical principles for the responsible use of data analytics and AI.

Our principles are:

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

## Ethics and integrity

### Data privacy and protection

CAE treats all personal information with the requisite level of sensitivity and confidentiality in compliance with applicable laws and regulations.

Under the oversight of the Ethics and Compliance Office, we continuously monitor changes to legal or regulatory regimes through our Regulatory Watch process and ensure that CAE's business processes and activities are adapted accordingly. The Governance Committee at the board level reviews, and has specific oversight responsibility for, CAE's Global Privacy Program, and receives regular reports thereon from the Global Ethics and Compliance Office.

### Global Privacy Policy

On January 28, 2022, we marked Data Privacy Day by introducing our revised and modernized Global Privacy Policy to all employees worldwide. In FY22, we also undertook a review of our privacy and data protection guidelines and standards in relation to the handling of personal information.

Our Global Privacy Policy extends to all CAE subsidiaries and controlled entities. Our privacy notices provide individuals with information about how we collect, store, use and disclose their personal information and data in compliance with applicable requirements



## Export control

### Export control enhancement activities

In FY22, our Export Control team focused on the successful delivery of compliance processes aligned with CAE's digital transformation and with all export control and sanction regulations in place at the locations where CAE operates.

As part of the digitization of CAE operations, the team developed an automated registration and screening system to facilitate access of trainees (pilots and crew members) to CAE training centres, with implementation underway. Digital transformation also brought forward newly implemented digital operations (e-commerce) that required the development of automated processes to ensure compliance with regulations for products sold online.

With the completion of a project to standardize screening of all new employees, contractors, consultants and banks at CAE sites worldwide, the standardized procedures were implemented at multiple newly acquired companies.

The Export Control team also enhanced corporate audit processes related to cloud activities, screening and product classification.

## Global Strategic Sourcing (GSS)

### CAE Supplier Code of Conduct

The [CAE Supplier Code of Conduct](#), launched in February 2022 to suppliers and contractors, represents an important addition to our policies on ethics and integrity. The new Code covers 14 key areas of commitments, including environment, social (Human Rights) and governance (compliance with laws, anti-bribery and corruption, fraud and embezzlement, tax evasion, competition and anti-trust, insider trading, conflict of interest, compliance with international import/export, information protection, timely payment of suppliers and risk management) matters.

The Code of Conduct has been integrated into CAE Purchasing General Terms and Conditions as a measure in the initial qualification process and as part of individual transaction agreements. Conformity will be managed by CAE Global Strategic Sourcing (GSS) with support of Ethics and Compliance.



### Supplier recognition program

In FY22, we established a framework of leading key performance indicators (KPIs): operational excellence, responsiveness, and environmental, social and governance (ESG) targets. These KPIs will be used to evaluate CAE suppliers ongoing and to recognize those with the best ESG performance through a new program to launch in FY23.



## Global Strategic Sourcing (GSS)

## Events and tradeshow

## Global procurement management platform

We continued to roll out our global procurement management platform. The digital platform (an integrated, cloud-based solution) launched as part of CAE's procurement transformation, covering Source-to-Contract (S2C) and Procure-to-Pay (P2P) processes and functionalities. For CAE sourcing processes, an initiative is underway to further embed ESG criteria into our sourcing processes and tools. We are reviewing criteria pertaining to the environment, diversity and inclusion, and governance, to ensure that an appropriate level of granularity is captured within our templates and supplier selection process. Following any resulting adjustments, such criteria will help drive recognition of suppliers who demonstrate excellence in these areas.

## Risk management

We communicate CAE's [Conflict Mineral Policy](#) to suppliers as part of our due diligence process, which includes supply chain surveys and verifications of smelters to ensure their participation in the [Responsible Minerals Assurance Process](#).

In review with CAE representatives from multiple areas of expertise, revisions were made to the following: CAE Purchasing General Terms and Conditions, CAE Data Processing Policy for Suppliers and CAE Information Security Terms for Suppliers.

See the [Suppliers section of CAE.com](#) for related information and policies.

In FY22, we also launched a formal Purchasing policy included in CAE's Corporate Policies and Procedures (CP&P). We developed an associated training which was delivered to GSS employees and then expanded to business users (on their request). These changes were made to optimize our global processes, increase our economies of scale and provide employees with standardized and simplified tools. We also conducted our annual Control and Risk Self-Assessment in October.

## Project Crossroad

Project Crossroad represents several projects under a transversal "umbrella" initiative with the goal of improving our operating model, optimizing our real estate services, further digitalizing our processes, and ultimately generating significant and recurring economies of scale for CAE.

The expected annual recurring cost savings of CAE's restructuring program, of which Project Crossroad is a major contributor, will be approximately \$70 million annually.

Two Crossroad projects in execution under GSS in FY22 include:

- **Leverage inventory** – optimizes the inventory of training centres and depots by creating synergies to generate savings through sharing and reusing parts inventories between sites.
- **Preventing parts proliferation** – reduces inventory surplus and parts count using a geometry-based 3D search tool to retrieve similar resources based on shape and size.

## Responsible procurement, real estate and supply chain

GSS also made additional contributions through projects included in the [Environment section](#) of this report.



## Industry activities and contributions

**How suppliers can make a difference** – virtual panel discussion animated by CAE for CAE suppliers addressing the importance of diversity and inclusion in business and supplier certification.

**Aéro Montreal Global Supply Chain Summit 2021** – hybrid event with the participation of CAE first as an [interviewer](#) and [roundtable participant](#) at the May summit, then as a [featured speaker](#) at the October edition.

**Gérer son approvisionnement, le nerf de la guerre** – article on rethinking the supply chain in the pandemic, with CAE among the companies cited. *(In French only).*

**How to win friends and influence people through contingent workforce optimization** – CAE presented a roadmap for engaging executive stakeholders in the staff augmentation and statement of work buying journey as a SIG Procurement Technology Summit speaker.

**John Molson School of Business Sustainability Case Competition** – Concordia University's first sustainability case competition, in which a CAE judging panel presented students with a challenge on carbon emissions reduction and achieving net zero.

## Cybersecurity

### Cybersecurity awareness

CAE makes cybersecurity awareness and training a priority, especially in a teleworking environment that puts the cybersecurity of all companies at a greater risk.

Our cybersecurity strategy extends beyond CAE, protecting our partners and suppliers. Our work with world-class leaders in the security awareness computer-based training space involves the training, education and testing of CAE employees. This includes running over multiple email phishing simulations a year.

At CAE, we like to say that “Our people are our first line of defence, NOT our weakest link in the cyber security chain!”

### Best practices activities and training

Throughout the year, CAE’s cybersecurity team actively engaged employees in best practices activities and training to further protect our organization.

#### Phishing awareness training

Periodic fake phishing exercises developed cybersecurity savviness and understanding of potential threats. The team also rolled out two new email features to detect and report suspicious emails – a new banner at the top of external emails as a reminder to think twice before clicking on any links and attachments, and a hook icon to report phishing emails.

To encourage participation, we added a competitive element. Departments scoring the highest in quarterly phishing exercises (Gold, Silver, Bronze) received recognition during the quarterly CEO Session, which also provided an opportunity to communicate other cybersecurity news on a global platform. Through these efforts, we increased levels in reporting and scoring.

### Cybersecurity Awareness Month

In observance of Cybersecurity Awareness Month in October 2021, we organized activities on cybersafe behaviours, launched our annual cybersecurity training, organized a phishing simulation tournament and hosted our first cybersecurity panel.

We added new topics to the FY22 edition of our mandatory cybersecurity training module, completed annually by all employees and incorporated into the new employee onboarding process.

For our panel on cybersecurity at work and at home, we invited chief information officers from leading companies to share best practices. We posted the recording on CAE’s intranet and responded to all employee questions submitted during the one-hour session.



### Cloud computing

Careful management and governance are essential to ensure cybersecurity and responsible consumption in cloud computing.

CAE’s Cloud Cybersecurity Policy promotes awareness on how employees can incorporate cybersafe cloud practices into their daily routine. The Policy addresses responsibilities related to confidentiality, integrity and availability of CAE’s cloud computing data storage services.

In support of secure practices, CAE issues ongoing tips, reminders and training to support the protection of information and ensure comprehensive compliance across the organization. We also promote best practices for employees to follow for optimal cloud usage and greater cost savings.





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 worldwide partner of choice.

### Related sustainable development goals



3

Good health  
and well-being



8

Decent work and  
economic growth



4

Quality education



13

Climate  
action



## 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 2018-2023 CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

### 1) 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

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

- Continue to make significant investments 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
- ✓ In FY22, launch the **Resilience project** to maintain and accelerate CAE's technological leadership in existing and adjacent markets
- ✓ In FY22, launch and execute the *Aéronef pour la mobilité numérique et verte de demain* mobilizing project and accelerate CAE's development of proof of concepts and technologies for carbon-neutral green aviation
- Continue to develop and strengthen our collaborative innovation supply chain, including SMEs and startups, and integrate those into our innovation ecosystem
- In FY23, launch the CAE Joint Global Academic Collaboration Committee with CAE network of ambassadors from around the world

### Tracking our objectives

- On track/ongoing
- ✓ Completed

## Innovation

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

Our collaborative and proactively agile employees make the pursuit of "better" possible. Together, our culture and our people produce the technological advancements that enable our customers to decisively achieve difficult goals.

Safety and readiness are of paramount importance in our evolving world. We are investing time and resources to building the next generation of digitally immersive solutions. We are supporting OEMs with the development and testing of new equipment. And we are responsibly leveraging data ecosystems and artificial intelligence (AI) to work smarter than ever before.

## Major R&D programs and investments

### CAE to invest \$1B in innovation over five years to develop the aviation technologies of the future

In July 2021, CAE launched a major five-year R&D investment program that will reinforce CAE's position as a global technology leader, create high-value jobs and collaborations, and contribute to a greener, safer and more inclusive world.

We will invest \$1 billion in innovation under Project Resilience, a transformation project to develop the technologies of tomorrow, including digitally immersive solutions using data ecosystems and AI in civil aviation, defence and security, and healthcare.

The project will also allow us to position ourselves as a leader in end-to-end technology, operational support and training solutions for Advanced Air Mobility (AAM), and to develop green light aircraft technologies. (See [feature article](#).)

The Governments of Canada and Quebec will be providing a combined investment of \$340 million over the next five years in support of our development of these state-of-the-art, disruptive technologies under Project Resilience.

Throughout Project Resilience, CAE will collaborate and co-develop technology solutions with small and medium enterprises (SMEs) across Canada and will create 700 new highly skilled jobs at CAE in Canada. Through this project, we will work with post-secondary institutions, research centres and STEM institutions, and aim to create 5,000 Work-Integrated Learning opportunities for students and 100 new scholarship positions.

## CAE identified as one of Canada's Top 100 R&D Spenders

CAE was recognized as one of Canada's Top 100 Corporate R&D Spenders in 2021, ranking at #19. We were also included on the Spotlight on Two Decades of Corporate R&D list for our outstanding research success over the last 20 years, ranking at #10.



CAE plays an integral role on Canada's innovation scene and the R&D work we do has been a key contributor to our global industry leadership. We hold 255 patents, with an additional 124 pending and more to come as we continue to invest in R&D for data analytics, AI, machine learning, and much more. (Also see [Intellectual Property](#).)

## Award-winning AI projects

Pilot AI aims to advance AI techniques to model human behaviours and reactions in the cockpit. The project represents a collaboration between CAE, Beam Me Up Labs, Bombardier Aviation, the University of Montreal, the Université du Québec à Montréal and IVADO, with funding from the Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ).

CAE is also involved in a project that focuses on the development and evaluation of a novel surgical spine procedure into a physics-driven virtual reality FEM training platform. CAE's project partners include McGill University and DePuy Synthes, with funding from MEDTEQ+ and the Canadian Conseil de recherches en sciences naturelles et en génie.

Related: [CAE innovation recognized with two 2021 ADRIQ awards](#).

## CAE among the champions profiled in AI Québec

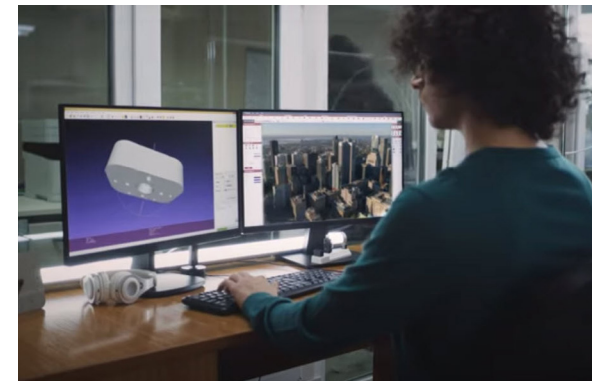
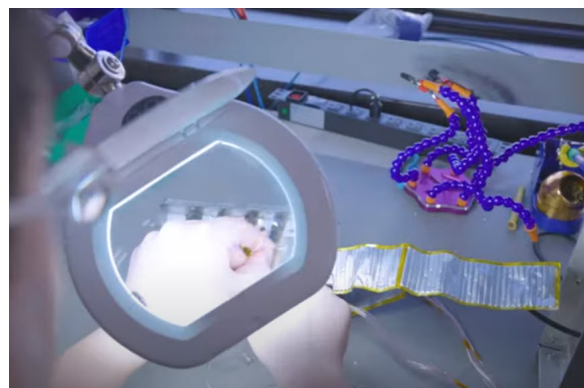
Published in May 2021, [AI Québec](#) showcases the top innovators and thought leaders across the province. The extent of CAE's involvement in the AI community is represented throughout the book's 345 pages and we are profiled in a four-page editorial spread showcasing global high-tech leadership which is deeply rooted in CAE's innovation and collaboration ecosystems.

In November 2021, the Tortoise Global AI Index evaluated the strength of the province's AI ecosystem, ranking Quebec seventh in comparison with 62 countries. We are proud of CAE's contribution to this world-class ecosystem.

## CAE AI Centre of Excellence

The AI Strategy and Platforms teams continue enabling CAE's digital transformation through the formation of the CAE AI Centre of Excellence, launched in FY22. The teams made significant investments over the year in new platforms, processes and resources, and contributed to simplifying the development, use and integration of AI capabilities across the organization.

The teams developed and delivered a wide range of AI and digital knowledge training to CAE employees, from support in building AI-enabled training applications to transforming business intelligence into actionable insights.



## Project Digital Intelligence

We reached the final development phase of Project Digital Intelligence. Announced in August 2018, Project Digital Intelligence has contributed to transforming CAE products and services through digital technologies, ranging from big data to AI, cloud computing, cybersecurity and augmented/virtual reality.

Under this project, CAE continues to develop next-generation training technologies for civil aviation, defence and security, and healthcare, while making use of our extensive training network and data ecosystem. The project includes three major areas of activity: advanced digital technology development; digital transformation of the training and user experience; and CAE innovation and collaboration facilities.

Through Project Digital Intelligence, CAE successfully developed strong partnerships in the innovation ecosystem, from OEMs and hundreds of SMEs to over 50 academic institutions and research centres.

## Aéronef pour la mobilité numérique et verte de demain (Green and Digital Aircraft of Tomorrow)

As part of this mobilizing project, CAE and other Quebec-based partners accelerated technology development, digital transformation, and expanded knowledge and know-how for the advancement of future aircraft technologies (electric aircraft, hybrid propulsion). With our partners, we also advanced the development of associated infrastructures and services.

In FY22, CAE progressed with proof of concepts, including the design of AAM training simulators prototypes and hyper-immersive environment platforms. This project will contribute to CAE's objective of retrofitting and upgrading our fleet of training aircraft with low-emissions propulsion systems.

## Project Genèse 2

In April 2020, CAE launched Genèse 2, an innovation-intensive program to accelerate development of leading simulation products and technologies in our Healthcare portfolio, representing an investment of \$82.4 million over three years.

In partnership with medical equipment manufacturers, CAE is developing new patient simulators and new modules for interventional simulators and enhancing the breadth of pathologies and medical conditions our products support to meet the needs of our customers.

We are also introducing new technologies and innovations in our existing platforms, such as patient simulators, to ensure healthcare professionals access world-class simulation-based training.



## Project ANOVA

Launched in FY20 under the Quebec-based AERO21 mobilization initiative, Project ANOVA continues to make progress on multiple fronts.

Keeping the momentum of this industry 4.0 transformational project, CAE has focused on improving our digital customer experience through a next-generation portal and maintenance support system. This project contributes to transforming and optimizing CAE's value chain, from supplier to end user, through:

- Digitalization and optimization of our logistic and inventory operations;
- Centralization and integration of our global sourcing activities under a source-to-pay platform; and
- Foundation of a complex and multisource IT infrastructure to leverage AI and cloud capabilities.



## Cognitive Supply Chain Project

In FY20, CAE partnered with [Canada's Scale AI supercluster](#) on a project to inject AI into our supply chain operations. The project represents CAE's first introduction of AI in manufacturing/logistics. The AI-enabled solutions combining internal optimization and external interactions are demonstrating significant gains across the spectrum of initiatives under this project, from demand, to supply chain engagement, to inventory optimization.

## Research, industry engagement, projects and partnerships

The following sections highlight a selection of CAE engagements and activities in FY22.

### Collaborative research

CAE partners with more than 50 universities, research centres and other post-secondary institutions worldwide to advance research and development initiatives that align with our strategy. We further collaborate with technology accelerators and incubators, and are active members of a variety of associations and networks.

Through these partnerships, we develop advanced technologies, access leading expertise and contribute to advancing skills and talent development at CAE and in the broader innovation ecosystem.

### Thought leadership and shaping the sustainable future of our sectors

CAE takes a leadership role in helping define the future of the industry. Working alongside other stakeholders, we contribute to furthering innovation through policy and regulation, research and vision. We are actively involved in a variety of boards, committees, working groups and projects including leadership roles in organizations, such as:

- [Consortium for Research and Innovation in Aerospace in Quebec \(CRIAQ\)](#) – as a member of the leadership team and scientific committee, and a contributor to research ecosystem collaborative projects.
- [Aerospace Industries Association of Canada \(AIAC\)](#) – as a member of the leadership team and as committee member on sustainability, innovation, learning and education.
- [Aéro Montréal](#) – as [Innovation Monitoring and Strategy Working Group](#) member.
- [MEDTEQ+](#), [SA²GE](#) – as a member of the leadership team and contributor to research ecosystem collaborative projects.



## Centech

Technology changes quickly, and agile solutions can originate from even the smallest and youngest companies. CAE maintains an active presence in the startup ecosystem through, among others, our membership in the [Collision Lab](#) and innovation cells of Montreal-based incubator [Centech](#).

CAE participated as jury members and observers in the selection of the [Propulsion program 2021 summer](#) and [2021 fall](#) cohorts, contributing to the evaluation of startups that have completed Centech's [Acceleration program](#).

We extended our involvement with Centech, adding a second innovation cell for CAE's immersive and synthetic environments team in this dynamic innovation hub. The focus includes cross-sectoral research topics such as additive manufacturing, digital twins, and Industry 4.0 in aerospace and healthcare.

## IVADO

CAE is an original member of the [Institute for Data Valorization](#) (IVADO), a world-class multidisciplinary group that taps into data sciences and digital technologies to enhance a variety of sectors, including aviation, aerospace and healthcare.



## Advancing technologies through R&D partnerships and projects

CAE continues to be involved in multiple projects worldwide to advance pilot training, from our research on electric aircraft to a current study on how AI, when applied to neurophysiological data to assess high-performance factors, can guide us in defining optimal simulation-based training for pilots.

We also collaborate with world-leading innovation networks to advance AI and Natural Language Processing technologies and applications.

### Partnership with Royal Ottawa Health Care Group

CAE signed a three-year strategic partnership with the Royal Ottawa Health Care Group (ROHCG), which includes the University of Ottawa Institute of Mental Health Research (IMHR) and the Royal Ottawa Foundation for Mental Health.

The objectives of the collaboration are to contribute to:

- Improve access to urgent and critical care;
- Support research and innovation for better treatments, diagnostics and personalized care; and
- Support the development of the next generation of mental health leaders and talent.

Additionally, this support will contribute to the establishment of a Gender, Health and Sexuality Resource Clinic focused on improving access to specialized care and support focused on issues related to sexual health and gender identity.



## Contributions to the industry

CAE's implication in innovation takes multiple forms. Our innovation ecosystem extends beyond collaborative projects with researchers and graduate students. Our involvement includes developing and providing training courses, case studies and applied projects as part of academic curriculums, setting up and supporting academic laboratories equipped with state-of-the-art CAE technology, and supporting research chairs and initiatives dedicated to advancement of knowledge and thought leadership. These projects represent the range of CAE's ongoing participation:

**Planification stratégique 2021 : solutions inédites pour grandir dans une économie incertaine.**  
(In French only)

**Aéro Montreal Global Supply Chain Summit 2021** – leveraging best practices in digital supply management in the 4.0 era.

**4POINTO** – panel on how different stakeholders in regulated industries can develop a culture of innovation to improve performance and future challenges.

**Réseau Innovation 4.0 Network** – student activity sponsored by CAE during the 2021 Congrès de l'Acfas on the business case challenge *Digital Transformation: Innovation and management*.

**AI in Transportation / AI Applied to Aerospace** – panels on AI and user data collection.

**Big Data and Artificial Intelligence: Strategic Assets for your Business** – HEC Montréal Executive Education seminar. (In French only)

## Engaging and immersing employees in our high-tech culture

CAE's ability to create highly innovative and digitally immersive training and operational support solutions for our customers originates from a culture of agility, creativity, vibrancy and passion.

Our mission and vision embody that culture. So do our employees. To fully engage and immerse all employees in CAE's high-tech culture, we organized leadership panels, presentations on high-tech strategy, virtual product demos and training.

In November, we launched a culture-driven program organized in three main streams: infrastructure, skills and innovation. Employee ambassadors recruited from across the organization, a network of 250 and growing, will act as change agents to support this strategic program.



## CAEImagine, new innovation hub for employees

Everyone at CAE has the opportunity and potential to innovate.

CAEImagine empowers employees across the company to be creative, challenge the status quo and innovate for the future. This new innovation hub provides a central online location for idea exchange and offers engaging activities, tools and events to fuel innovation. Coinciding with the launch, we held our first global hackathon and have more initiatives planned under CAEImagine.

## CAEImagine sponsors two global hackathons

CAE's first global hackathon, sponsored by CAEImagine, attracted 151 ideas from employees across 10 functions and 3 continents. Participants were challenged on how to advance the CAE digital customer experience. Seven finalists developed concepts and presented prototypes to a CAE judging panel at Montreal's technology incubator Centech. Kudos to all participants and to the winning team for their idea on customer ebooking for training.

CAEImagine also sponsored our participation in the Microsoft 2021 global hackathon, which challenged participants to develop solutions aligned with their company's business needs.

Another mobilizing hackathon included two CAE Global Engineering teams who hacked solutions to further CAE's vision of virtualizing training devices and using AI in everyday tasks. The three-day event allowed participants to discover means and technologies to display and control a complete, cloud-based aircraft simulation. The solution achieved involved streaming an Integrated Procedures Trainer-type simulation to on-premise touch screens.

## CAE innovation recognized with two 2021 ADRIQ awards

CAE received two innovation awards at the 2021 Innovation Awards Gala of the Association pour le développement de la recherche et de l'innovation du Québec (ADRIQ). We are proud to share this honour with our project collaborators, as detailed in the project summaries for [Pilot AI](#) and a [novel surgical spine procedure applying AI](#).



## Intellectual property

CAE operates in an industry where securing intellectual property (IP) is vital to protect our innovations in a competitive market. Innovation is in our DNA, and CAE offers a multitude of programs, initiatives and opportunities that encourage an environment of invention, such as Digital Accelerator, CAEImagine, Project Genèse and, now, Project Resilience. We are proud of our inventors and their teams, who also frequently represent CAE at major industry events and on various academic and media platforms.

In FY22, CAE obtained a record of 46 patents, compared to 31 and 29 in the two prior fiscal years. The number of patents granted is the highest in company history for a given fiscal year.

Our acquisitions of L3H MT, AirCentre and Medicor contributed to the increase in our portfolio.

Inventions for which we started the patenting process during FY22:

- **System and method for predicting performance by clustering psychometric data using AI** – This invention, powered by AI, was presented at a major conference and is expected to be a subject covered in technical publications over coming months. This AI invention resulted from an R&D project led by CAE's Digital Accelerator that involved two companies, BDO Lixar and Symbiotic Canada.
- **Adaptive learning in a diverse learning environment** – Designed for the Air Branch of the U.S. Armed Forces, this AI invention personalizes learning based on the tools at the pilot's disposal.
- **Federated machine learning in adaptive flight training** – This invention generates AI models to personalize the learning of civilian and military pilots. It leverages similarities in the training of these pilots to optimize the use of available data while respecting the data confidentiality requirements of military organizations.
- **Method and system for customizing training of a user to perform percutaneous coronary interventions** – This invention, designed for [CathLabVR](#), resulted from a collaboration between CAE technology teams in Montreal and Sarasota.





## Customer experience highlights

# CAExperience

Delighting our customers worldwide

## CAExperience delivers quality, speaks the language of our customers

To consistently deliver an amazing customer experience is a commitment CAE takes seriously. CAExperience represents a global strategy that builds on our successful customer-focused culture and empowers our employees to deliver on this commitment every single time.

The CAExperience program was designed in-house and consists of training modules, delivered by peers, to reinforce and share key behaviors that empower our customer-facing colleagues and their leaders, and equip them with the tools to create the very best customer experience.

With CAExperience, we speak the same language — that of our customers.

## CAE wins international award for customer experience

The International Customer Experience Awards recognized CAE with a silver in the category of Customer Experience in the Crisis for the launch of live remote training on a short schedule and limited budget during the pandemic. CAE also received a gold award related to Employee Experience in the Crisis.

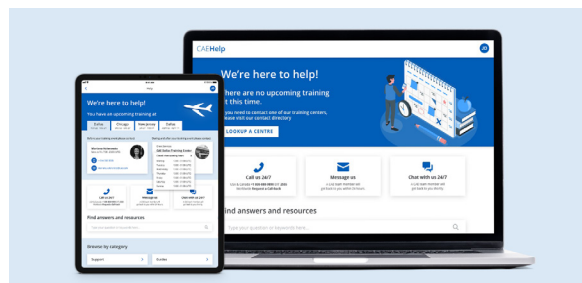


## Civil Aviation customer experience highlights

### Introducing new tools to enhance our customer-centric culture

We delivered several initiatives in FY22 to enhance CAE's customer-centric culture, creating tools that support a world-class customer experience throughout the customer journey.

We created CAE Customer Service Standards, to align and elevate how we interact with our customers and launched an internal strategy of training and best practice resources, setting out a roadmap with objectives and reporting targets. With our new 24/7 call centre, CAE is available to support customers when they need us and where they need us.



## Defense & Security customer experience highlights

### Innovation Centre Europe a showcase for CAE

CAE Stolberg inaugurated *Innovation Centre Europe*, a permanent space to showcase CAE's latest products, innovations, and technology. A *CAE Sprint VR trainer*, *CAE Trax Academy* components, a *CAE Medallion-6000MR* image generator and new synthetic training environment prototypes are currently on display.

The Innovation Centre was conceived for customer and employee demonstrations, and open days for the team to familiarize themselves with CAE equipment.

## Healthcare customer experience highlights

### Kudos to our technicians

Healthcare's dedicated technical support and customer excellence team is comprised of highly trained and responsive technicians who are available to provide exceptional customer support around the world. Our healthcare field technicians live on the road installing, servicing, and providing orientation on all our products.

Throughout the COVID-19 pandemic, our field technicians continued to provide uninterrupted service, travelling from site-to-site, while our phone technicians used a creative set of tools like FaceTime and TeleTech to offer remote support. Our technicians ensured our products performed in prime condition so that healthcare professionals across training hospitals, medical schools, emergency response teams, military branches, and respiratory and allied health programs could continue to develop clinical skills critical to improving patient safety.

*"I am LOVING CAE!! I just had my first interaction with CAE support and the support tech was AMAZING! I can't tell you how happy I am that we went with CAE."*

*The BEST customer service I've experienced overall, in my 22 years in simulation. Thanks for being such a great company!"*

**Bubba Hamilton**  
Crozer Hospital, Upland, Pennsylvania

# Tracking customer satisfaction

Executive compensation is tied, in part, to the customer satisfaction scores generated by our annual customer survey. In FY22, customers ranked our performance as follows:

## Civil Aviation

 **67**   
net promoter score for  
Business aviation training

 **79**   
net promoter score for  
Commercial aviation training

 **45**   
net promoter score for  
Training equipment

## Defense & Security

 **95%**   
satisfaction for  
On-time delivery

 **99%**   
satisfaction for  
Product quality

 **99%**   
satisfaction for  
Training center operational  
performance (TCOPS)

## Healthcare

 **9/10**   
customer satisfaction

 **82**   
net promoter score

## Feature story

# Elevating CAE's carbon neutrality commitment through partnerships in electric aircraft and Advanced Air Mobility

When CAE became the first Canadian aerospace company to reach carbon neutrality across its global operations, CEO Marc Parent pledged that CAE would go even further, working with industry partners in the development of electric aircraft technologies and taking concrete decarbonization actions to reduce CAE's overall emissions.

Since making that milestone announcement in September 2020, CAE advanced on that pledge, which is part of the [\\$1billion investment in innovation we announced in July](#) under Project Resilience.

## Electric aircraft phase-in plan

To further reduce CAE's carbon footprint, CAE is looking to go beyond compensation to take concrete actions to reduce our carbon emissions – starting with the aircraft our cadets fly at CAE flight training operations (FTOs) worldwide. In FY21, aviation fuel consumed by CAE's fleet of 200-plus planes produced 14,438 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e).

These aircraft typically fly short, predictable missions, making them ideal candidates for electric propulsion systems retrofitting. CAE is engaging with several industry stakeholders to look into these possibilities.

## Positioned to fly with eVTOL

With Advanced Air Mobility (AAM), aviation enters a new era. Disruptive aerospace companies are building cutting-edge aircraft and creating new ways of transporting people and products to unserved/under served regions sustainably and affordably.

With more than 600 electric vertical take-off and landing (eVTOL) aircraft in development worldwide, some of these ambitious "air taxis" projects will make the leap from futuristic vision to standard urban transport. This will create an unprecedented demand for a uniquely trained workforce to ensure safe, quiet and efficient operations.

With over 9,500+ eVTOL purchase orders and over \$8 billion dollars invested into the development of eVTOL aircraft for a wide range of AAM missions<sup>1</sup>, it is expected that urban air mobility, air cargo, emergency response, and other operations will generate tremendous demand for eVTOL products and services.

To meet this demand, an estimated 60,000 pilots will be needed by 2028<sup>2</sup>, making essential the advanced availability of training and simulators in order to build the aviation workforce of the future and support a timely entry into service.



As one of the Project Resilience objectives, CAE is pursuing the development of dedicated end-to-end technology, operational support and training solutions tailored for AAM, as well as the development of green light aircraft technologies. We are also partnering with the Governments of Canada and Quebec to open up these new markets for CAE, Canada and Quebec.

With 75 years of expertise in developing advanced technology solutions and proven experience in simulation training, CAE is uniquely positioned to support OEMs with the development, testing, qualification and certification of aircraft programs, simulation equipment and training these new aircraft will require.

Since the launch of CAE's dedicated AAM team in 2020, CAE has formed partnerships with industry leaders, including [Jaunt Air Mobility](#), [Volocopter](#), [BETA Technologies](#) and [Joby Aviation](#), taking a leadership role in setting the training standards for this emerging transportation. Moreover, we are working closely in collaboration with regulatory bodies to ensure that this new industry keeps safety paramount, consistent with traditional air transport today.

## Contributing to a sustainable future

CAE's environmental leadership and commitment to future generations continue through actions and partnerships that contribute to a sustainable future. We are excited to achieve progressive results and to see our climate neutrality pledge reach greater heights.

<sup>1,2</sup> CAE 2021 report Pilot Training for Advanced Air Mobility.





Employees –  
CAE Kuala Lumpur  
Training Center

Corporate social responsibility

## Community, environment and climate change action

### 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.

### Related sustainable development goals



3

Good health  
and well-being



5

Gender equality



13

Climate  
action



4

Quality education



8

Decent work and  
economic growth

## Our goal

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

## Our objectives

As part of our 2018–2023 CSR roadmap, we are continuously working toward the following objectives and measuring our progress.

### 1) Reduce our environmental footprint across our operations

- ✓ Become carbon neutral by end of summer 2020
- Reduce our emissions with green energy initiatives
- By FY23, install LED or energy efficient lights\*
- ✓ Deploy a climate change risk management strategy

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

#### Canada

- 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

- Expand and 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

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

## Tracking our objectives

- On track/ongoing
- ✓ Completed

# One CAE committed to making the world a safe place for all

At CAE, while our mission is to make the world a safer place by digitalizing the physical world, deploying simulation training and critical operations support solutions, we also seek to help shape a safer, better world for all. We engage with communities near and far by donating to several organizations and sponsoring causes in healthcare, education, civil aviation, defence and security. We also encourage and support the dedication of our employees who donate their time and talents through our CAE Volunteering program and who contribute to fundraising campaigns to support causes deeply affecting our local and global communities. Our individual and collective commitment and dedication to the communities we serve proudly bring us together as One CAE.

## Community involvement

## Disaster and humanitarian relief

### A truly global CAE humanitarian response for Ukraine

The CAE community, like most of the world, felt compelled to help the people affected by the conflict in Ukraine. To support humanitarian relief efforts for refugees fleeing their homes, CAE made an initial donation to the Red Cross and committed to matching employee donations. With the generosity of CAE employees from around the world, we reached a new CAE fundraising record of \$258,000 to support Red Cross chapters in Australia, Austria, Belgium, Canada, Germany, Hungary, Ireland, Italy, the Netherlands, New Zealand, Poland, Singapore, Spain, Sweden, the U.K. and Ukraine. CAE employees closer to the frontlines of the conflict provided concrete humanitarian aid and volunteered with their local Red Cross chapters — an act of solidarity and compassion we all admire.

CAE also joined forces with other Quebec companies to help families displaced by the war. Together, we committed to filling open positions with qualified people affected by the crisis and providing living assistance until the situation stabilizes. We expect to help up to 1,000 Ukrainian families settle in Quebec as part of the [Canada-Ukraine authorization for emergency travel](#) (CUAET) initiative.





## Community involvement

### Supporting Stolberg in the aftermath of flooding in Germany

During the summer of 2021, regions throughout Germany were overwhelmed by major damage caused by severe flooding. As a result of the flood damage, many primary schools were destroyed and there was a need to relocate kindergarten classes. CAE GmbH helped the municipality of Stolberg by providing a new, temporary home for a kindergarten class while the reconstruction is underway.

In addition, CAE GmbH and CAE donated €10,000 to the city of Stolberg, and our team at CAE GmbH rolled up their sleeves to lend a hand in the cleanup of their city.



### The Republic of Korea Air Force (ROKAF)

When the U.S. withdrew from Afghanistan in August 2021, a humanitarian effort was made by the international community to help evacuate Afghans whose lives could be in danger. One of CAE Korea's long-term customers, the Republic of Korea Air Force (ROKAF), supported this effort and rescued 391 Afghans who were brought to Korea safely. Everyone at CAE Korea feels proud to have played a small role in Operation Miracle, with pilots involved in the rescue effort trained at our Gimpo Training Centre.

## Health

### The Montreal Children's Hospital Foundation

As demands on healthcare professionals continue to increase and as patient care continues to become increasingly complex, medical educators require new and innovative methods to engage learners. At Montreal's Children's Hospital, the Pediatric Simulation Team aims to increase and optimize department-wide simulation activities so that healthcare providers continue to deliver safer high quality patient care. That's why over the next five years, CAE will contribute \$100,000 to Dr. Ilana Bank's pediatric simulation project.

the montreal  
children's  
hospital  
foundation



### McGill University Health Centre (MUHC) Foundation's Dream Big Campaign

As one of three co-chairs of the McGill University Health Centre (MUHC) Foundation's [Dream Big Campaign](#), President and CEO Marc Parent volunteers his expertise and enthusiasm to help raise a target of \$200 million. With more than \$100 million raised, the campaign has already had an impact on lives by enabling the creation of an early-detection test for ovarian and endometrial cancers, and by supporting the McGill Interdisciplinary Initiative in Infection and Immunity group experts finding solutions to infectious diseases, including COVID-19.

In February 2020, CAE committed a donation of \$500,000 over five years, including \$250,000 worth of healthcare simulation equipment. The gift proved instrumental during the COVID-19 pandemic when the equipment was used to retrain thousands of MUHC staff in pandemic procedures and protocols. Simulation has proved to be an important tool for helping staff overcome the constantly changing environment of the past two years and to secure that they maintain their critical skill sets despite the lingering impact of the crisis.

Better training translates directly to better care, and CAE is proud to contribute to improved health care for the millions of people the MUHC serves.

### The Royal Ottawa Foundation for Mental Health

CAE is pleased to collaborate with the Royal Ottawa Health Care Group and the Royal Ottawa Foundation for Mental Health to support them with several initiatives, including improving access to urgent and critical care, developing the next generation of mental health leaders, and contributing to ensuring dignifying experiences and opportunities for meaningful recovery of patients. Additionally, this support will contribute to establishing a Gender, Health and Sexuality Resource Clinic focused on improving access to specialized care and on issues related to sexual health and gender identity.

### CAE supports the Sun Youth campaign

CAE is pleased to contribute \$50,000 to Sun Youth's fundraising campaign to support the construction of a new building to house the organization's educational success programs. Funds raised from this campaign also aim to increase the number of young people pursuing career opportunities available through vocational training centres and businesses.



## Volunteering

### CAE and employees raise \$1 million for Centraide of Greater Montreal (United Way)

For the third consecutive year, CAE raised \$1 million in its 2021 CAE-Centraide (United Way) fundraising campaign through employee donations, fundraising activities, and a corporate donation. The funds raised go toward supporting Centraide's mission to make the most important social issues such as poverty and exclusion unignorable and provide everyone with the means to build inclusive communities, and improve the quality of life for the most vulnerable.

### Giving back to the community is a way of life at CAE USA

CAE USA employees continue to help the communities they live and work in thrive. Over the past year, CAE USA has been involved in a variety of important initiatives including Hope For Her, a Tampa-based non-profit organization for women in crisis to help with food, transportation, housing, childcare and other resources. CAE USA also partners with Habitat for Humanity and last year employees volunteered their time to help build a home for a family in need. Throughout the year, CAE USA volunteers and their families support the Feeding Tampa Bay non-profit network and donate food, money, and time to serve several thousand families in the area.

CAE USA is also proud to support the United Service Organizations (USO), an organization supporting active-duty service members and military families. Employees participate in the USO's Stuff a Stocking charity drive. Over the years, this campaign has made dreams come true and brought holiday cheer to many military families.



### CAE Singapore participates in community food bank drive

CAE Singapore employees participated in the Jamiyah Food Bank's Collection Drive during Ramadan. Jamiyah Food Bank is run by a Muslim charity that serves all who are in need. Jamiyah adopted the model of the Scarborough, Ontario, city food bank, making the Canadian connection even more meaningful for the team.

### NFTC Moose Jaw continues a longstanding tradition of giving back

CAE employees of the NATO Flying Training in Canada (NFTC) in Moose Jaw have a longstanding tradition of giving back to their community around the holidays. During their 13<sup>th</sup> annual toy drive, some 300 gifts and donations were collected for families in the area. They also opted for an alternative to in-person events and spread holiday cheer with a 17 days of Christmas giveaway. As the prize, a donation was made to the winner's organization of choice. The CAE Moose Jaw Social Committee donated a total of \$3,400 to local organizations.

### Volunteer of the year Awards

CAE supports employees who demonstrate outstanding commitment to outside-of-work activities that have a positive impact on their communities. With numerous applicants again this year, we would like to acknowledge and thank everyone for their impressive commitment and contributions to giving back.

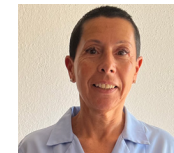
Our 2021 Volunteers of the Year help locate missing youth and safely reunite them with their loved ones; provide comfort and company to patients feeling alone; help to create a pest-free community environment; and support young adults with cerebral palsy, allowing them to grow and flourish.

Congratulations to Vanessa Hood, Gabriella Bracca, Jake Fitter and Martin Simoneau for their exemplary contributions to helping shape a safer, better world for all.



**Gold Prize**

**Vanessa Hood**  
United States



**Silver Prize**

**Gabriella Bracca**  
Italy



**Bronze Prize**

**Jake Fitter**  
New Zealand



**Bronze Prize**

**Martin Simoneau**  
Canada

## Education

CAE believes in providing uplifting opportunities to the next generation of high-tech trailblazers to shine and grow. Through a robust program of Work-Integrated Learning (WIL) activities, CAE equips students with experiences to help them build capabilities for their future careers and become the innovation leaders of tomorrow.

## Scholarships and awards

CAE has partnered with over 50 post-secondary institutions worldwide to offer more than \$600,000 in scholarships and awards to support students and encourage their enthusiasm for aviation and Science, Technology, Engineering and Math (STEM) disciplines.

Over the past two years, CAE contributed \$126,350 in scholarships to developing the talent and leadership of women and Indigenous peoples in aviation and STEM careers in Canada. CAE aspires for all new scholarships created to be given in the proportions put forth by the **50 - 30 challenge** (i.e. 50% toward women, with 30% being for underrepresented groups).

School	Bursary Name	Typical annual number of recipients
Canada		
UQÀM	Bourse d'excellence CAE en informatique et génie logiciel	4
École Polytechnique de Montréal	CAE - R. Fraser Elliott	3
École de Technologie Supérieure	Bourse d'excellence CAE	2
Concordia University	CAE Scholarship in Engineering Excellence	1
Concordia University	CAE Graduate Award in Engineering Excellence	1
University of Waterloo	CAE Award in Software Engineering	2 to 10
McGill	CAE Scholarship in Engineering Excellence	1
McGill	CAE Graduate Award in Engineering Excellence	1
McMaster University	CAE Scholarship in Software Engineering	1
Cégep John Abbott College	CAE Scholarship in Aviation Management	1
Cégep Édouard-Montpetit and École Nationale d'Aérotechnique	CAE Tech Award	2
John Abbott College	CAE Tech Award	2
Collège Montmorency	CAE Tech Award	2
Cégep André-Laurendeau	CAE Tech Award	2
Collège Bois-de-Boulogne	CAE Tech Award	2
Dawson College	CAE Tech Award	2
Cadet pilot training program with Southwest	Women in Flight Scholarship	1
University of Ottawa	Canadian Industrial Leadership Award (CILA)	1
Dalhousie University	Canadian Industrial Leadership Award (CILA)	1
Concordia University - John Molson School of Business	Canadian Industrial Leadership Award (CILA)	1
Indspire Building Brighter Futures	CAE Award	5
Air Cadet League of Canada	CAE Award	4
McGill University	McGill Women's Alumnae Association Scholarship for STEM	1
Collège Bois-de-Boulogne	CAE Agora Numérique	10
Worldwide		
National Flight Academy	CAE Scholarship	1
University of South Florida	CAE Engineering Scholarship	3
University of Central Florida	CAE Engineering Scholarship	1
Universidad Pontificia de Comillas - ICAI - ICADE	CAE Scholarship	1
Universidad de Alcala de Henares	CAE Scholarship	1
University of Tampa	CAE Scholarship	1
St. Leo University	CAE Scholarship	1

## Education

**Canadian Industrial Leadership Award**

CAE, together with L3Harris and Thales, continues to promote employment and advancement opportunities for Canadian women in the defence and security sectors through the Canadian Industrial Leadership Award. CAE and its partners provide financial support and mentorship to 10 women in post-secondary STEM programs.

**Honouring 130 years of women scholars at McGill University**

CAE donated to the McGill Women Alumnae Association (MWAA) 130<sup>th</sup> Anniversary Scholarship, a newly created endowed fund to support women students from underrepresented groups studying in STEM programs at McGill University. Founded by eight women in 1891, the MWAA is dedicated to advancing the leadership potential of women studying at McGill.

**Agora numérique, developing the high-tech talent of tomorrow**

CAE is partnering with Collège de Bois-de-Boulogne to donate \$50,000 over the next five years to offer 50 innovation scholarships to students from the *Agora numérique* project. This initiative is dedicated to continuing education in information technology, AI and digital creativity.



As a major partner in the Collège de Bois-de-Boulogne Agora digital project, CAE will donate \$50,000 over the next five years to create 50 innovation scholarships for students.

**Contributing to fundamental and applied research**

CAE is committed to supporting fundamental and applied research in aviation, healthcare, and high technology by providing funding and in-kind support to universities and research partners. In FY22, CAE mobilized and signed research and development memorandums of understanding with three higher education institutions: the Royal Ottawa Health Care Group, Carleton University and the Centre technologique en aérospatiale (École nationale d'aérotechnique).

The portfolio of ongoing research collaborations is elaborated in the [Innovation and customer experience section](#) of this report.

**Presagis Academic Program helps train the next generation of professionals**

Presagis, a CAE subsidiary, has been offering free licensing to universities that have academic programs ranging from engineering to defence and emergency medicine, and from civil aviation to public safety and urban planning. The Presagis Academic Program offers leading modelling and simulation software tools for research, teaching and special projects. More than 50 renowned academic institutions worldwide use Presagis software, including John Hopkins University and Università Della Calabria, providing students access to resources they will likely use in their professional careers.



## Internships / Work-Integrated Learning

CAE partners with various educational institutions to welcome students from various backgrounds to explore careers in aviation and high technology and elevate their skills with our people. We aim to inspire and encourage students through practical experiences to develop the talent our industry needs.

Our teams continued to adjust their programs over FY22 as the pandemic evolved, finding new ways to engage students locally and virtually. We intend to maintain a leadership role, collaborating with stakeholders to offer stimulating Work-Integrated Learning (WIL) opportunities to youth and workers in our communities.

We participate in numerous programs, partnerships and initiatives; below include an abbreviated list:

**CAExplore COOP program** – CAE's internship program for university and college students offers opportunities to work in different departments within our three business units. In FY22, our internships continued virtually for most interns.

**CAE Immersion program** – in partnership with Concordia Institute of Aerospace Design and Innovation (CIADI), this unique virtual program provides undergraduate students from selected programs with an engaging curriculum and real-world work experience.

**CAETech talent development program** – our program develops next-gen talent and promotes job creation for CEGEP and college students from selected institutions pursuing technology-related programs such as computer science and avionics.

**Business Higher Education Roundtable (BHER) and the Canadian Mobility and Aerospace Institute (CMAI)** – these organizations aim to elevate the scope, relevance and quality of WIL opportunities for students and current/future workers, respectively.

**CMAI SPOT platform** – over 5,000 WIL opportunities have been created over the past two years in the aerospace and mobility ecosystem across Canada thanks to the close collaboration between the organizations, academic institutions and industrial partners supporting this initiative.

## Education

### Student associations and programs

CAE sponsors a variety of student associations, teams and events that promote STEM. Our multiple sponsorships and involvement in FY22 included:

- **Aviation Connection** – program that aims to inspire, motivate and encourage high school and post-secondary students to excel in their studies and explore the fields of STEM, AI and aviation.
- **BrébeufHX 5.0** – the fifth annual BrébeufHX brought together high school and CEGEP students from across Quebec, in person and virtually, for an intensive two-day hackathon where they sharpened their computer programming skills to solve a societal challenge.



Aviation Connection students tour at CAE Montreal

### 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 FY22.

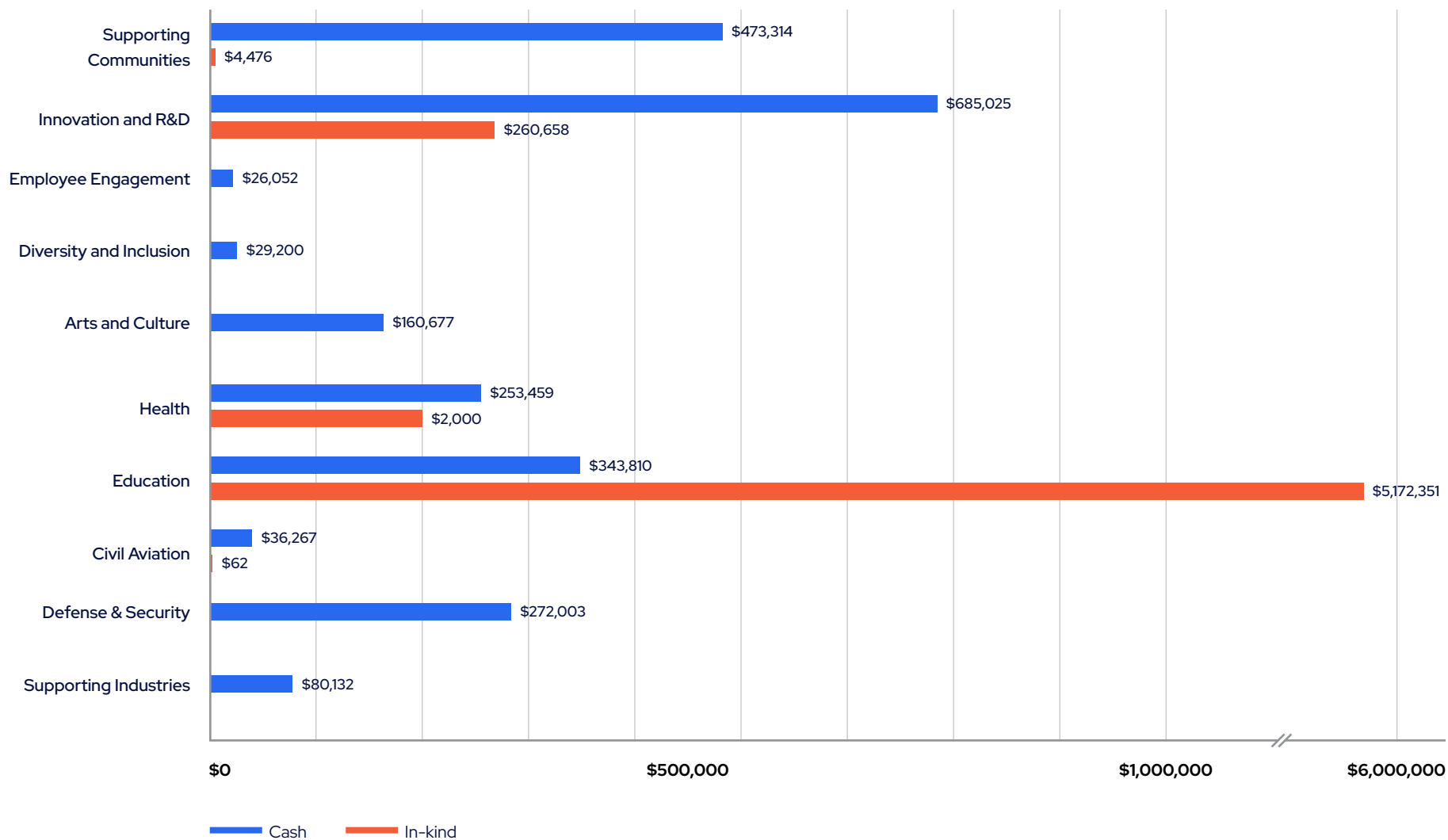
FY22 revenues		\$3,371.3
Total operating costs		\$3,087.1
Salaries and other short-term employment		\$1,326.2
Corporate income taxes paid		\$44.5
Community investment and charitable donations	Cash donations	\$2.4
	In-kind donations	\$5.4

Amounts in millions

## Education

## Donations and sponsorships in FY22

In FY22, CAE donated a total of \$7.8 million (cash and in-kind donations) to local and regional initiatives worldwide. We maintained our support and commitment to Centraide, the Red Cross and other multi-year humanitarian causes.



## Environment and climate change action

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

In 2020, we realized our goal to become carbon neutral and we are also making progress toward reducing the environmental impact of our operations and supporting our customers in that objective.

Under our initial carbon neutral commitment, CAE reports on Scope 1, Scope 2 and on Scope 3 business travel as the emissions target we currently track and measure.

CAE developed a global environment and climate change resilience strategy focused on three pillars, to which we assigned the following priorities aligned with leading industry standards:

1. Carbon inventory
2. Carbon reduction
3. Climate change resilience

### 1. Carbon inventory

#### CAE's carbon neutrality commitment in FY2022

We maintain our carbon neutrality through the purchase of renewable energy certificates (RECs), and carbon offset credits (COCs).

We continue to participate in the reforestation project in Canada for 50% of our COCs and we have reallocated the remaining 50% to the [Planetair + École de technologie supérieure \(ÉTS\)](#) portfolio that supports the ÉTS Research Fund on Climate Change.

This year has showed a great progress on our carbon neutrality roadmap since all CAE sites are 100% sourced with renewable energy or covered by RECs.



#### Analysis of CAE's FY22 carbon footprint

To further progress in our commitment, our Global Environment and Climate Change experts conducted a deep-dive analysis on CAE's carbon footprint to **identify opportunities** and set a **carbon reduction strategy** for FY23 while determining actions to attain long-term objectives.

- **Scopes 1 and 2** – The findings helped us further identify the primary sources of CAE's emissions with 80% of Scope 1 and 2 emissions related to energy consumption from buildings and 69% of Scope 1 emissions related to aviation fuel.
- **Scope 3** – We also determined the approach required to obtain a complete profile of Scope 3 carbon emissions along CAE's supply chain, covering all activities upstream (sources of raw material) and downstream.

Based on our deep-dive analysis findings, we expanded our future Scope 3 reporting beyond business air travel to fuel and energy-related emissions not included in Scopes 1 and 2.

We plan to report on additional carbon emissions categories in coming years: purchased goods and services, capital goods, upstream transportation (truck/plane) and employee transportation (business travel/commuting).

Gaining access to this information represents a long and complex process, given the scale, depth and diversity of CAE's global supplier network. We are taking action to coordinate with our suppliers. Our objective is to build a thorough, robust process to get the reporting information we need using a system that we can maintain moving forward.

Once we achieve complete Scope 3 emissions inventory, a major step for companies of CAE's size, we will set reduction targets. This is our intention for the future and is key to enhancing our global green sourcing strategy.

### 2. Carbon reduction

Under this pillar, CAE is pursuing a **decarbonization strategy** organized in **four streams**: green buildings, simulators and products upgrades, electric aircraft and green sourcing.

Potential emission reductions associated with projects assigned to these streams is estimated at 16,000 tonnes of CO<sub>2</sub>e, the equivalent of 22% of CAE's FY21 emissions.





## Environment and climate change action

### Green buildings

This decarbonization stream focuses on capturing energy efficiencies on new and existing buildings.

The actions and priorities under this stream come out of the Real Estate corporate function and will drive our green building strategy for the future.

As CAE buildings are our primary source of energy consumption (lighting, HVAC systems), we are effecting change with the introduction of a new building process, developed to integrate environmental and energy efficiency guidelines. Green features are part of that new standard; they include building management systems, high-efficiency HVAC systems, LED lighting and more.

Our dynamic building design approach introduces emissions reduction measures at the pre-design phase, involves independent third-party analysis, and applies an evolutive and scalable engineering model.

Our new training centre in Savannah, Georgia, to open in FY23, served as a pilot project to apply our new building standards, resulting in an 18% reduction in carbon emissions compared to traditional construction methods.

We kicked off our green building roadmap through energy efficiency projects aimed at reducing CO<sub>2</sub> emissions at four major CAE building sites. Upon further analysis in early FY23, we will identify additional projects for FY24.

The CAE Best Practices Energy Guide, created to support the greening of our real estate portfolio, will be distributed to CAE facilities in FY23, accompanied by trainings and periodic audits. The Guide specifies low hanging fruits and key behavioural practices for adoption in the areas of lighting, HVAC, power and invoicing.

On the electricity used by our buildings, we achieved a major milestone with all CAE sites where we have operational control being 100% sourced with renewable energy or covered by RECs.

CAE also made great progress on our LED installation program. We are on track to meet our five-year target of 100% LED lighting in the buildings we operate (with control of lighting), with installation completed on 81% of our total floor area worldwide as of fiscal year end. Completion of our objective represents a potential emission reduction of more than 6,000 tonnes of CO<sub>2</sub>e per year.

### Best Practices Energy Guide



### Global Real Estate and Global Environment



CAE-designed Comox FWSAR Training Centre in British Columbia, Canada

## Environment and climate change action

## CAE-designed RCAF training centre awarded LEED certification

Under a three-phase contract awarded by Airbus in 2017, CAE delivered a C295W aircrew and maintenance training solution to support the Royal Canadian Air Force (RCAF) Fixed-Wing Search and Rescue (FWSAR) program.

CAE led the design and building of the RCAF training centre facility at 19 Wing Comox, Vancouver Island, British Columbia.

The Comox FWSAR Training Centre conforms to the Leadership in Energy and Environmental Design (LEED) silver level, integrating green building concepts and sustainability into the building's planning and design.

## Sites that reached 100% LED target in FY22



**CAE Oxford**

U.K.



**CAE Kuala Lumpur**

Malaysia



**CAE Gondia**

India



**CAE Toronto**

Canada

## Simulator upgrades, greener simulators

This stream introduces environmental criteria into simulator builds, upgrades, product design and development.

In FY22, CAE launched various innovative R&D projects to develop energy conservation solutions for our full-flight simulators.

One opportunity we are looking into is the assessment of water, energy and mineral consumption attached to the upstream process portion of the simulator lifecycle, which CAE oversees. To obtain insights in this segment of the simulator lifespan will give us a sizeable start in our goal to capture the entirety of this complex journey.

Product upgrades to existing and new simulator products will serve both CAE and our customers through optimizations and efficiencies. These greener simulators retrofit upgrades will involve:

- Re-use of waste heat from on-board electronics for environmental comfort
- Software enhancements and hardware redesign for power savings
- Reduction in hardware components for power savings (high-volume simulators)

We also continued to offer our simulator recycling services in FY22 as an attractive environmental option for CAE customers. This includes doing periodic software/hardware updates on our training devices and offering an extreme makeover (radical hardware update) to extend the life of simulators by 10–15 years. CAE has partnered with [RecyKinfo](#) and [AIM](#), firms certified to recycle metals, printed circuit boards, cables and plastic.



## Environment and climate change action

### Reducing carbon footprint

#### Reducing fuel consumption

Aviation fuel is a fundamental component of our global decarbonization plan. This stream represents CAE's commitment to becoming a leader in sustainable live training by progressively integrating electric aircraft in our academies and reviewing existing sustainable aviation fuel opportunities. (See our [feature story for detailed coverage](#).)

#### Flight management solution

CAE's digital ecosystem offers a flight management solution that delivers environmental and sustainability gains for our customers in the form of optimized flight plans to reduce fuel consumption and greenhouse gas (GHG) emissions, as reported in our [Civil Aviation digital ecosystem feature](#).

#### eVTOL training

Through partnerships announced in FY22, CAE is taking an active role in Advanced Air Mobility and the development of green light aircraft technologies. This includes a \$1 billion investment in innovation over five years to develop these technologies to open up new markets for CAE, in Canada and Quebec under Project Resilience. (See our [Innovation and customer experience feature](#).)



Part of our current fleet will be replaced with electric aircraft

### Green sourcing

This stream addresses ongoing review of value chain to identify carbon reduction opportunities in cooperation with our suppliers.

We further embedded environmental, social and governance (ESG) in our sourcing processes, starting with our sourcing templates (i.e. request for proposal, request for information) as needed to achieve appropriate level of granularity on ESG criteria. One of the initiatives in our agenda is measuring the impact of carbon emissions in the total cost of ownership of our simulators.

We also updated CAE Purchasing General Terms and Conditions and issued a new [CAE Supplier Code of Conduct](#) in alignment with our environmental commitments. We are revising our supplier selection process to align with our new expectations of CAE suppliers. With the inclusion of ESG criteria in the supplier selection process, our next objective is to launch a supplier recognition program to promote our suppliers who demonstrate excellence in ESG.

As a member of the [Montreal Climate Partnership](#), CAE has committed to taking concrete actions to help reduce GHG and increase the climate resilience of the metropolis. Under the [Great Expectations campaign](#), we took actions to progressively integrate environmental criteria into our requests for proposals (as outlined above) and to engage and support members of our supply chain in the project to do the same for an in-depth extended impact.



## 3. Climate change resilience

Under CAE's climate change pillar, the Climate Change Committee completed a comprehensive climate risk assessment on a set of selected sites representative of CAE's services portfolio and of its global footprint (with various levels of exposure to climate risks) to gain a better understanding of CAE's exposure to climate change.

Given the forward-looking nature of climate change, the assessment tested risks and opportunities under two distinct future scenarios in which climate, energy policy, economy and community differed from today due to 1) climate change or 2) a low carbon transition.

The following two scenarios were applied:

- A high warming scenario to assess physical risks at the sites. The physical risk scenario was the representative concentration pathway 8.5 (RCP8.5), which is the emissions scenario used to test unmitigated climate change by the [Intergovernmental Panel on Climate Change \(IPCC\)](#).
- A low warming scenario to assess transition risks at our sites. The transition risks were evaluated under the assumption of escalating climate policies designed to help meet local, national, and international carbon reduction targets. The scenario is therefore aligned with a 2°C scenario in IPCC's Climate Change 2021 and 2022 reports.

Risks and opportunities were assessed on three different time horizons:

- Short term: 2030
- Medium term: 2040
- Long term: 2050 and beyond

The analysis helped us gain traction on our greater strategic objective: to map the impact of climate change on CAE's entire network of sites and develop risk mitigation programs.

For additional information on our climate change progress, see our [TCFD reporting](#).



## Environment and climate change action

Our organization continues to take a leadership role in mobilizing others to take a more active role in climate transition, in the media and at industry conferences and forums such as the [Aéro Montréal Global Supply Chain Summit 2021](#) and [Sommet Climat MTL 22](#).

### Digital Ecosystems founded in simulation and synthetic environments to support our customers in managing the societal consequences of climate change

The rapidly advancing impact of climate change on society is driving the need for new tools and technologies to help public authorities, governments, municipalities, and emergency services better prepare for the challenges posed by these events. CAE is exploring the possibility of developing advanced technologies with digital ecosystem partners, to create virtual and synthetic environments that provide an unparalleled ability to predict and prepare for the impacts of climate change across the full spectrum of society — including physical infrastructure, emergency response and, most importantly, people around the world.



CAE sites in southern Europe (Barcelona, Madrid and Malpensa) progress on sustainability each year via additional environmental initiatives achieved through the support of building management.

**Top left:** Malpensa building parking lot installation of six charging stations for electric vehicles.

**Top right:** Madrid cafeteria reduced food waste by offering lower prices on day-prior unsold meals that are still fresh and safe to eat.

### CAE observes Earth Day and Earth Hour 2022

For the second year in a row, employees were encouraged to turn off non-essential lights on March 27 from 8:30 to 9:30 p.m. local time in a show of solidarity for climate action. On April 22, we asked CAE sites and employees worldwide to show us how they take action to #InvestInOurPlanet.



### Healthcare applies circular economy to deliver environmental returns

Healthcare identified opportunities to recycle scrap plastic produced in the manufacturing of patient simulators. Scrap material from CAE and our plastic part suppliers is now returned to the raw material manufacturer for recycling and reuse in other products, such as traffic cones and lawn edge borders.

### Montreal

- Transition made from wood pallets to reusable metal pallets. In CAE's efforts to take on an increasingly circular approach, our plant in Montreal has transitioned from one-time use wood pallets in favour of reusable metal pallets.
- CAE encourages employees to commute via public transit. To further facilitate this habit, we partnered with the Société de transport de Montréal to install a bus stop shelter just steps away from our Montreal site. We also increased financial contributions to BIXI, Montreal's bike-sharing program, to offer reduced fees to all employees.

# Appendix

# Site certifications

## ISO 9001: 2015 – Quality management systems – Requirements

### CAE Montréal

8585 Côte-de-Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1G6

Scope: Design, manufacture, service and maintenance of simulation products and training solutions.

400 Montée de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1N8

Scope: Storage, handling and warehousing.

105 Montée de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1S6

Scope: Assembly and test of simulation products, storage, handling and warehousing.

129 Montée de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1N4

Scope: Assembly and test of simulation products.

### CAE Canada Region – Ottawa

350 Legget Drive, 2<sup>nd</sup> floor,  
Ottawa, Ontario, Canada K2K 2W7

Scope: The provision of software development, systems engineering, system integration, ISS, operational systems, enterprise training and consulting services for the entire systems' life cycle, including integrated logistics support. This further includes aircrew training (including computer-based training), egress training, aircraft maintenance repair and overhaul, aircraft engineering support and technical management, Training Centre Operations, and simulation products maintenance, for defence, aerospace, healthcare, and public safety applications.

### CAE Canada Region – 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 on-site hardware/software support; provide data and records management.

### CAE Canada Region – Cold Lake

4 Wing – Cold Lake, P.O. Box 6759,  
Station Forces, Cold Lake,  
Alberta, Canada T9M 2C2

Scope: Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.

### CAE Canada Region – Greenwood

404 Squadron, building 250,  
14 Wing Greenwood,  
Greenwood, Nova Scotia, Canada B0P 1N0

Scope: Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.

### CAE Canada Region – Gagetown

403 Squadron, building L24, CFB Gagetown,  
Oromocto, New Brunswick, Canada E2V 4J5

Scope: Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.

### CAE Canada Region – Halifax

36 Solutions Drive, Suite 200,  
Halifax, Nova Scotia, Canada B3S 1N2

Scope: Software development, systems engineering, systems integration, in-service support, operational systems, enterprise training and consulting services for defence, aerospace, public safety, and security applications.

### CAE Canada Region – Mirabel

10000 Helen-Bristol Street,  
Mirabel, Québec, Canada J7N 1H3

Scope: The provision of capacity-service support for the entire life cycle of systems including systems engineering and software and integrated logistic support.

### CAE Canada Region – Trenton

426 Squadron, 20 Buffalo Avenue, 8 Wing  
Trenton, Astra, Ontario, Canada K0K 3W0

Scope: Maintain and service flight training devices; provide supply support and provisioning; provide on-site hardware/software support; provide data and records management.

46 Yukon Avenue, 8 Wing Trenton,  
Astra, Ontario, Canada K0K 3W0

Scope: Repair and maintain flight simulators, aircraft maintenance training devices and associated training equipment; provide on-site hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; and provide data and records management.

### CAE Canada Region – Petawawa

450 Tactical Helicopter Squadron,  
Building CC12C8, 450 Mattawa Trail,  
Garrison Petawawa, Petawawa, Ontario,  
Canada K8H 2X3

Scope: Repair and maintain flight simulators and associated training equipment; provide on-site hardware/software support; manage spares and inventory; coordinate and schedule training time; provide aircrew training services; develop and maintain courseware and training documentation; and provide data and records management.

### CAE Military Aviation Training

NATO Flight Training in Canada (NFTC), Colonel  
O.B. Philips Complex, Building 160, PO Box 120,  
Bushell Park, Saskatchewan, Canada S0H 0N0

Scope: Ground school training, aircraft maintenance repair and overhaul, engineering support and technical management activities.

NATO Flight Training in Canada (NFTC), Building  
H10, Cold Lake, Alberta, Canada T9M 2C5

Scope: Egress training and aircraft maintenance.

### CAE India Private Limited

1<sup>st</sup> Floor, Survey No. 26 & 27, Bandaramanahalli  
Village, Uganvadi Post, Devanahalli Taluk,  
Bangalore – 562 110, Karnataka, India

Scope: Designing, developing, integrating, and maintaining of simulators for aerospace, defence sectors.

### CAE USA – Tampa

4908 Tampa West Boulevard,  
Tampa, Florida, U.S. 33634

Scope: The design, integration, test and installation of simulation devices for military training.

5411B Pioneer Park Drive,  
Tampa, Florida, U.S. 33634

Scope: Assembly, installation, integration, test, and storage.

### CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501,  
Sherwood, Arkansas, U.S. 72120

Scope: Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.

### CAE Sarasota – Healthcare

6300 Edgelake Drive,  
Sarasota, Florida, U.S. 34240

Scope: Design, Production, Integration, Test, and Delivery of Medical Simulation Technologies and PostDelivery Activities and Services.

### Presagis Canada Inc.

8585 Côte-de-Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1G6

Scope: Design and Technical Consulting Services for Commercial, Aviation, Space and Defense of Embedded Graphics software.



### CAE Australia Pty Ltd

Heritage Building A Campus Business Park  
350 Parramatta Road, Homebush NSW 2140,  
Australia

*Scope: The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.*

Bankstown Airport 33 Nancy Ellis Leebold Drive,  
Bankstown NSW 2200, Australia

*Scope: The provision of maintenance support with regard to simulation training devices.*

Seahawk Simulation Warfare Centre (SWWC)  
HMAS Albatross Braidwood Road, Nowra NSW  
2540, Australia

*Scope: The provision of maintenance support of simulation training devices.*

Simulator Facility Building 375 Percival Street  
RAAF Base, Richmond NSW 2755, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

76SQN Hawk Simulator Facility Building 868,  
RAAF Base, Williamtown NSW 2314, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base KC30-A Sim Facility Building 1123  
F-111 Drive, Amberley QLD 4306, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

Level 11, 120 Edward Street,  
Brisbane QLD 4000, Australia

*Scope: The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.*

Building 0807 CH47F Training Centre RAAF  
Base Townsville Ingham Road Garbutt QLD  
4810, Australia

*Scope: The provision of maintenance support with regard to simulation training devices.*

Army Aviation Training Centre Army Airfield  
Oakley QLD 4401, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.*

RAAF Base Building 398 292 Squadron AFS  
Edinburgh SA 5111, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Sale Training Centre Lot 16 Wellington Park  
Way, Sale VIC 3850, Australia

*Scope: The provision of maintenance support with regard to simulation training devices.*

79 SQN Simulator, Building AO989 RAAF Base  
Pearce Bullsbrook WA 6084, Australia

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

CAE Perth Training Centre 81 Verde Drive  
Jandakot WA 6164, Australia

*Scope: The provision of civil aviation training services and maintenance support of flight simulators and training devices.*

### CAE New Zealand Pty Ltd

Seasprite Simulator 6 Squadron HQ, RNZAF  
Base Auckland Tainui Street, Whenuapai  
Auckland 0618, New Zealand

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

HSTC Building RNZAF Base Kororareka Ave.  
Ohakea 4816, New Zealand

*Scope: The provision of maintenance support with regard to simulation training devices.*

14 SQN Training Centre Kororareka Ave.  
Ohakea 4816, New Zealand

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

### CAE Kuala Lumpur – Malaysia

Lot PT25B, Jalan S5, Southern Support Zone,  
KLIA, 64000, Sepang, Selangor, Malaysia

*Scope: Provision of Training for Commercial Pilots, Cabin Crew, Ramp, Guest Services and Aircraft Maintenance.*

### CAE Maritime Middle East LLC

Addax Tower, 51st Floor, Office 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 GmbH – Stolberg

CAE GmbH, Steinfurt 11, 52222-D Stolberg

*Scope: Operation, development, manufacturing, technical and logistic support of training equipment and synthetic environments, systems and software applications mainly flight and tactical simulators and the provision of associated training programs. Maintenance, support and operation of training equipment and synthetic environments mainly flight and tactical simulators, and the provision of associated training, as required.*

### CAE Germany – CAE Services GmbH – Bückeburg

CAE Services GmbH, Bäckerstr. 18, 31683-D  
Obernkirchen

*Scope: Maintenance, support and operation of training equipment and synthetic environments mainly flight and tactical simulators, and the provision of associated training, as required.*

### CAE UK Plc Defence & Security

Innovation Drive, Burgess Hill,  
West Sussex, RH15 9TW, U.K.

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope: Design, supply and maintenance of Training Equipment and Synthetic Environments and the provision of Associated Training, Customer Requirements Analysis and Through Life Support.*

*Scope profile: Systems and software development and support*

*Additional processes: Maintenance Management*

Medium Support Helicopter, Aircrew Training  
Facility, RAF Benson, Wallingford, Oxfordshire  
OX10 6AA, U.K.

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope: Design, supply and maintenance of Training Equipment and Synthetic Environments*

Provision of Associated Training, Customer  
Requirements Analysis and Through Life  
Support.

*Scope profile: Systems and software development and support*

*Additional processes: Maintenance Management*

Merlin Training Facility, RNAS Culdrose,  
Helston, Cornwall, TR21 7HR, U.K.

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope: Design, supply and maintenance of Training Equipment and Synthetic Environments and the provision of Associated Training, Customer requirements Analysis and Through Life Support*

*Scope profile: Systems and software development and support*

*Additional processes: Maintenance Management*

C-130J Training Facility, RAF Brize Norton,  
Carterton, Oxfordshire, OX18 3LX, U.K.

In addition to ISO 9001:2015, certification includes TickITplus Foundation.

*Scope: Design, supply and maintenance of Training Equipment and Synthetic Environments and the provision of Associated Training, Customer Requirements Analysis and Through Life Support.*

*Scope profile: Systems and software development and support*

*Additional processes: Maintenance Management*

### CAE Hungary – CAE Engineering Kft. – Budapest

CAE Engineering Kft., Kelenhegyi út 43. H-1118  
Budapest, Hungary

*Scope: Software Development*

### Singapore CAE Flight Training Pte. Ltd.

720, Upper Changi Road East, Singapore  
486852, Singapore

*Scope: Provision of commercial pilot training.*

## AS9100D – Quality Management Systems – Requirements for Aviation, Space and Defense Organizations

### CAE Montréal

8585 Côte de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1G6

Scope: Project Management, design (hardware and software), manufacture, repair and overhaul of the Magnetic Anomaly Detection (MAD)/AIMS equipment.

### CAE Canada Region – Ottawa

350 Legget Drive Suite 200,  
Ottawa, Ontario, Canada K2K 2W7

Scope: Business Development and Program Management of the Magnetic Anomaly Detection (MAD)/AIMS equipment.

### CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501,  
Sherwood, Arkansas, U.S. 72120

Scope: Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.

### CAE USA – Tampa

4908 Tampa West Boulevard,  
Tampa, Florida, U.S. 33634

Scope: The design, integration, test and installation of simulation devices for military training.

5411B Pioneer Park Drive,  
Tampa, Florida,, U.S. 33634

Scope: Installation, integration, test, and storage.

### Presagis Canada Inc.

8585 Chemin de la Côte-de-Liesse,  
Saint-Laurent, Québec, Canada H4T 1G6

Scope: Design and Technical Consulting Services for Commercial, Aviation, Space and Defense of Embedded Graphics software.

## CMMI-DEV V1.3 – Capability Maturity Model Integration (CMMI) for Development, Version 1.3

### CAE Montréal

8585 Côte de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1G6

Scope: Maturity Level 3, Defense and Security.

### CAE Canada Region – Mirabel

10000 Helen-Bristol Street,  
Mirabel, Québec, Canada J7N 1H3

Scope: Maturity Level 5, Operational Systems and In-Service Support (OS & ISS).

### CAE USA – Tampa

4908 Tampa West Boulevard,  
Tampa, Florida, U.S. 33634

Scope: Maturity Level 3, Defense and Security.

## 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.

## CMMI-SVC V1.3 – Capability Maturity Model Integration (CMMI) for Services, Version 1.3

### CAE Montréal

8585 Côte de Liesse, Saint-Laurent,  
Montréal, Québec, Canada H4T 1G6

Scope: Maturity Level 3, Customer Services for Defence and Security.

### CAE Canada Region – Mirabel

10000 Helen-Bristol Street,  
Mirabel, Québec, Canada J7N 1H3

Scope: Maturity Level 3, Operational Systems and In-Service Support (OS & ISS).

## ISO 14001: 2015 – Environmental Management Systems – Requirements with Guidance for Use

### CAE Military Aviation Training

15 Wing Moose Jaw, P.O. Box 30, Bushell Park,  
Saskatchewan, Canada S0H 0N0

Scope: Maintenance of aircraft, ground school training and airfield operations.

### CAE Australia Pty Ltd.

Heritage Building A Campus Business Park 350  
Parramatta Road, Homebush,  
NSW 2140, Australia

Scope: The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.

Bankstown Airport 33 Nancy Ellis Leebold Drive,  
Bankstown NSW 2200, Australia

Scope: The provision of maintenance support with regard to simulation training devices.

Seahawk Simulation Warfare Centre (SWWC)  
HMAS Albatross Braidwood Road,  
Nowra NSW 2540, Australia

Scope: The provision of maintenance support of simulation training devices.

Simulator Facility Building 375 Percival Street,  
RAAF Base, Richmond NSW 2755, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices

76SQN Hawk Simulator Facility Building 868,  
RAAF Base, Williamtown NSW 2314, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

RAAF Base KC30-A Sim Facility Building 1123  
F-111 Drive Amberley QLD 4306, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices. ►

## ISO 14001: 2015 – Environmental Management Systems – Requirements with Guidance for Use

(Continued)

### CAE Australia Pty Ltd.

Level 11, 120 Edward Street,  
Brisbane QLD 4000, Australia

Scope: The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.

Building 0807 CH47F Training Centre RAAF  
Base Townsville Ingham Road,  
Garbutt QLD 4810, Australia

Scope: The provision of maintenance support with regard to simulation training devices.

RAAF Base Building 398 292 Squadron AFS  
Edinburgh SA 5111, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.

CAE Sale Training Centre Lot 16 Wellington Park  
Way, Sale VIC 3850, Australia

Scope: The provision of maintenance support with regard to simulation training devices.

79 SQN Simulator, Building A0989 RAAF Base  
Pearce, Bullsbrook WA 6084, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.

CAE Perth Training Centre 81 Verde Drive,  
Jandakot WA 6164 Australia

Scope: The provision of civil aviation training services and maintenance support of flight simulators and training devices.

### CAE New Zealand Pty Limited

Seasprite Simulator 6 Squadron HQ, RNZAF  
Base Auckland Tainui Street, Whenuapai  
Auckland 0618, New Zealand

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.

HSTC Building RNZAF Base, Kororareka Ave,  
Ohakea 4816, New Zealand

Scope: The provision of maintenance support with regard to simulation training devices.

14 SQN Training Centre Kororareka Ave,  
Ohakea 4816, New Zealand

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.

### CAE UK Plc Defence & Security

Innovation Drive, Burgess Hill,  
West Sussex, RH15 9TW, U.K.

Scope: Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.

Merlin Training Facility, RNAS Culdrose,  
Helston, Cornwall, TR12 7RH, U.K.

Scope: Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.

24 Squadron HQ, RAF Brize Norton, Carterton,  
Oxfordshire, OX18 3LX, U.K.

Scope: Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.

Medium Support Helicopter Air Training Facility,  
RAF Benson, Wallingford,  
Oxfordshire, OX10 6AA, U.K.

Scope: Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.

### CAE South America Flight Training do Brasil Ltda

Avenida 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.

## ISO/IEC 27001: 2013 – Information technology – Security techniques – Information security management systems – Requirements

### CAE Hungary Healthcare Kft.

H – 8200 Veszprém, Almádi út 3. 2. em. Hungary

Scope: Customer service procedures, customer confidential data processing and storing related to the CAE LearningSpace™ product and connected services. Excluded A14.1.3 requirements.

## ISO 45001: 2018 – Occupational health and safety management systems – Requirements with guidance for use

### CAE Australia Pty Ltd.

Heritage Building A Campus Business Park 350  
Parramatta Road, Homebush NSW 2140, Australia

Scope: The provision of systems engineering and project and program management with regard to simulation training devices. The development of growth opportunities within the business.

Bankstown Airport 33 Nancy Ellis Leebold Drive,  
Bankstown NSW 2200, Australia

The provision of maintenance support with regard to simulation training devices.

Seahawk Simulation Warfare Centre (SWWC)  
HMAS Albatross Braidwood Road,  
Nowra NSW 2540, Australia

Scope: The provision of maintenance support of simulation training devices.

Simulator Facility Building 375 Percival Street  
RAAF Base, Richmond NSW 2755, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

76SQN Hawk Simulator Facility Building 868,  
RAAF Base Williamstown, NSW 2314, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

RAAF Base KC30-A Sim Facility Building  
1123 F-III Drive, Amberley QLD 4306, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

Level 11, 120 Edward Street,  
Brisbane QLD 4000, Australia

Scope: The provision of systems engineering, training services and project management with regard to simulation training devices. The development of growth opportunities within the business.

Building 0807 CH47F Training Centre RAAF  
Base Townsville Ingham Road, Garbutt QLD  
4810, Australia

Scope: The provision of maintenance support with regard to simulation training devices

Army Aviation Training Centre Army Airfield,  
Oakley QLD 4401, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

RAAF Base Building 398 292 Squadron AFS  
Edinburgh SA 5111, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.

CAE Sale Training Centre Lot 16 Wellington Park  
Way Sale VIC 3850, Australia

Scope: The provision of maintenance support with regard to simulation training devices.

79 SQN Simulator, Building A0989 RAAF Base  
Pearce Bullsbrook WA 6084, Australia

Scope: The provision of systems engineering and maintenance support with regard to simulation training devices and of training services using simulation training devices.

CAE Perth Training Centre 81 Verde Drive,  
Jandakot WA 6164, Australia

Scope: The provision of civil aviation training services and maintenance support of flight simulators and training devices. ►



**ISO 45001: 2018 – Occupational health and safety management systems – Requirements with guidance for use**

*(Continued)*

**CAE New Zealand Pty Limited**

Seasprite Simulator 6 Squadron HQ, RNZAF Base Auckland Tainui Street, Whenuapai, Auckland 0618, New Zealand

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

HSTC Building RNZAF Base Kororareka Ave, Ohakea 4816, New Zealand

*Scope: The provision of maintenance support with regard to simulation training devices.*

14 SQN Training Centre, Kororareka Ave, Ohakea 4816, New Zealand

*Scope: The provision of systems engineering and maintenance support with regard to simulation training devices.*

**OHSAS 18001: 2007 – Occupational Health and Safety Management Systems – Requirements**

**CAE Military Aviation Training**

NATO Flight Training in Canada (NFTC), Colonel O.B. Philips Complex, Building 160, PO Box 120, Bushell Park, Saskatchewan, Canada S0H 0N0

*Scope: Maintenance of aircraft, ground school training and airfield operations.*

**EcoProfit Environmental Certification**

**CAE GmbH, Steinfurt 11, 52222-D Stolberg**

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg

*Scope: Decrease resource consumption, reduce environmental impact and save running costs.*

**Cyber Essentials Plus**

**CAE UK Plc**

Innovation Drive, Burgess Hill, West Sussex, RH15 9TW, U.K.

*Scope: Whole company.*

# Global Reporting Initiative (GRI) indicators

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
<b>Organizational profile</b>					
102-1	Name of the organization	Page 1	FY21 Activity & CSR Report, page 1	FY20 Activity & CSR Report, page 1	
102-2	Activities, brands, products and services	Civil Aviation pages 15-25 Defense & Security pages 26-36 Healthcare pages 37-45	FY21 Activity & CSR Report, page 1 Civil Aviation pages 17-24 Defense & Security pages 26-32 Healthcare pages 37-45	FY20 Activity & CSR Report, Civil Aviation pages 19-23 Defense & Security pages 26-30 Healthcare pages 32-36	
102-3	Location of headquarters	Page 8	FY21 Activity & CSR Report, page 10	FY20 Activity & CSR Report, page 13	
102-4	Location of operations	Page 8	FY21 Activity & CSR Report, page 10	FY20 Activity & CSR Report, page 13	
102-5	Ownership and legal form	MD&A pages 122-123	FY21 MD&A pages 133-135	FY20 MD&A pages 107-109	
102-6	Markets served	Pages 7-8	FY21 Activity & CSR Report, pages 9-10	FY20 Activity & CSR Report, pages 12-13	
102-7	Scale of organization	Pages 7-8	FY21 Activity & CSR Report, pages 9-10	FY20 Activity & CSR Report, pages 12-13	
102-8	Information on employees and other workers	GRI standards 102-8, 102-41 and 401-1 + CAE-SOC-601, CAE-SOC-602, CAE-SOC-603	FY21 GRI standards 102-8, 102-41 and 401-1 + CAE-SOC-601, CAE-SOC-602, CAE-SOC-603	FY20 Activity & CSR Report, GRI standard 401-1	
102-12	External initiatives	Pages 82-89	FY21 Activity & CSR Report, pages 101-107	FY20 Activity & CSR Report, pages 68-75	
<b>Strategy</b>					
102-14	Statement from senior decision-maker	Pages 4-6	FY21 Activity & CSR Report, pages 4-8	FY20 Activity & CSR Report, pages 4-8	
102-15	Key impacts, risks and opportunities	FY22 MD&A pages 44-60	FY21 MD&A pages 47-69	FY20 MD&A pages 37-47	
<b>Ethics and integrity</b>					
102-16	Values, principles, standards and norms of behaviour	Pages 64-65	FY21 Activity & CSR Report, pages 76-77	FY20 Activity & CSR Report, page 53	
102-17	Mechanisms for advice and concerns about ethics	Pages 64-71	FY21 Activity & CSR Report, pages 76-86	FY20 Activity & CSR Report, pages 53-59	
<b>Governance</b>					
102-18	Governance structure	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	
102-19	Delegating authority	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
102-20	Executive-level responsibility for economic, environmental and social topics	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	
102-21	Consulting stakeholders on economic, environmental and social topics	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	
102-22	Composition of highest governance body and its committees	Website - Board of Directors	Website - Board of Directors	Website - Board of Directors	SDG 5: Gender equality
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	FY22 Proxy Circular - Financial Reports	FY21 Proxy Circular - Financial Reports	FY20 Proxy Circular - Financial Reports	SDG 5: Gender equality
102-25	Conflicts of interest	Page 68	FY21 Activity & CSR Report, page 82	FY20 Activity & CSR Report, page 56	
102-26	Role of highest governance body in setting purpose, values and strategy	Website - Governance	Website - Governance	Website - Governance	
102-27	Collective knowledge of highest governance body	FY22 Proxy Circular - Financial Reports	FY21 Proxy Circular - Financial Reports	FY20 Proxy Circular - Financial Reports	
102-28	Evaluating the highest governance body's performance	FY22 Proxy Circular - Financial Reports	FY21 Proxy Circular - Financial Reports	FY20 Proxy Circular - Financial Reports	
102-29	Identifying and managing economic, environmental, and social impacts	FY22 MD&A pages 44-60	FY21 MD&A, pages 47-69	FY20 MD&A, pages 37-47	
102-30	Effectiveness of risk management processes	FY22 Proxy Circular - Audit Committee	FY21 Proxy Circular - Audit Committee	FY20 Proxy Circular - Audit Committee	
102-31	Review of economic, environmental and social topics	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	
102-32	Highest governance body's role in sustainability reporting	Page 50	FY21 Activity & CSR Report, page 56	FY20 Activity & CSR Report, page 43	
102-33	Communicating critical concerns	Page 68	FY21 Activity & CSR Report, page 82	FY20 Activity & CSR Report, page 56	
102-34	Nature and total number of critical concerns	Page 68	FY21 Activity & CSR Report, page 82	FY20 Activity & CSR Report, page 56	
102-35	Remuneration policies	FY22 Proxy Circular - Section 7 Executive compensation	FY21 Proxy Circular - Section 7 Executive compensation	FY20 Proxy Circular - Section 7 Executive compensation	
102-36	Process for determining remuneration	FY22 Proxy Circular - Section 7 Executive compensation	FY21 Proxy Circular - Section 7 Executive compensation	FY20 Proxy Circular - Section 7 Executive compensation	
102-37	Stakeholders' involvement in remuneration	FY22 Proxy Circular - Section 7 Executive compensation	FY21 Proxy Circular - Section 7 Executive compensation	FY20 Proxy Circular - Section 7 Executive compensation	



GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
Stakeholder engagement					
102-40	List of stakeholder groups	Pages 47-50	FY21 Activity & CSR Report, pages 54-56	FY20 Activity & CSR Report, pages 42-43	
102-41	Collective bargaining agreements / Percentage of employees covered by collective agreements	54 / 17% <sup>1</sup>	51 / 18.4%	55 / 21%	
102-42	Identifying and selecting stakeholders	Pages 47-50	FY21 Activity & CSR Report, pages 54-56	FY20 Activity & CSR Report, pages 42-43	
102-43	Approach to stakeholder engagement	Pages 47-50	FY21 Activity & CSR Report, pages 54-56	FY20 Activity & CSR Report, pages 42-43	
102-44	Key topics and concerns raised	Pages 47-50	FY21 Activity & CSR Report, pages 54-56	FY20 Activity & CSR Report, pages 42-43	
Reporting practices					
102-45	Entities included in the consolidated financial statements	Financial Reports: FY22 Annual Information Form	Financial Reports: FY21 Annual Information Form	Financial Reports: FY20 Annual Information Form	
102-46	Defining report content and topic boundaries	Pages 47-50	FY21 Activity & CSR Report, pages 54-56	FY20 Activity & CSR Report, pages 42-43	
102-47	List of material topics	Pages 47-50	FY21 Activity & CSR Report, pages 54-59	FY20 Activity & CSR Report, pages 42-43	
102-49	Changes in reporting	Pages 47-50	FY21 Activity & CSR Report, pages 54-59	FY20 Activity & CSR Report, pages 42-43	
102-50	Reporting period	Page 2	FY21 Activity & CSR Report, page 2	FY20 Activity & CSR Report, page 2	
102-51	Date of most recent report	FY21 Activity & CSR Report	FY20 Activity & CSR Report	FY19 Activity & CSR Report	
102-52	Reporting cycle	Page 2	FY21 Activity & CSR Report, page 2	FY20 Activity & CSR Report, page 2	
102-53	Contact point for questions regarding the report	Page 2	FY21 Activity & CSR Report, page 2	FY20 Activity & CSR Report, page 2	
102-55	GRI Index	Pages 101-113	FY21 Activity & CSR Report, pages 118-129	FY20 Activity & CSR Report, pages 84-94	

<sup>1</sup> We currently have 54 collective bargaining agreements vs 51 last year. This variation is mainly due to the acquisition of L3Harris Technologies' Military Training business combined with gains and losses of some contracts.

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Economy					
103-1	Explanation of the material topic and its boundary	FY22 MD&A pages 44-60	FY21 MD&A, pages 47-69	FY20 MD&A, pages 37-47	
103-2	The management approach and its components	FY22 Proxy Circular - Corporate governance	FY21 Proxy Circular - Corporate governance	FY20 Proxy Circular - Corporate governance	
103-3	Evaluation of the management approach	FY22 Proxy Circular - Corporate governance	FY21 Proxy Circular - Corporate governance	FY20 Proxy Circular - Corporate governance	
Economic performance					
201-1	Direct economic value generated and distributed				
	Direct economic value generated (\$M)	3,371.3	2,981.9	3,623.2	SDG 8: Decent work and economic growth
	Cost of sales (\$M)	2,415.8	2,216.9	2,539.6	
	Research and development expenditures (\$M) <sup>1</sup>	217.6	202.8	241.2	
	Selling, general & administration expenses (\$M)	489.1	398.9	437.5	
	Finance expenses - net (\$M)	130.6	135.6	144.4	
	Income tax (recovery)/expenses (\$M)	3.6	(39.7)	73.8	
	Economic value retained (\$M)	164.9 <sup>2</sup>	81.9	214.5	
201-2	Financial implications and other risks and opportunities due to climate change	FY22 MD&A, page 51	FY21 MD&A, page 52	FY20 MD&A, page 41	SDG 13: Climate action
201-3	Defined benefit plan obligations and other retirement plans (\$M)	109.7 <sup>3</sup>	222.2	212.8	SDG 8: Decent work and economic growth
201-4	Funding received from government (\$M)	34.1 <sup>4</sup>	31.9 <sup>4</sup>	33.6 <sup>4</sup>	
Market presence					
202-2	Proportion of senior management hired from the local community <sup>5</sup>				
	Canada	97%	96%	98%	
	U.S.	93%	91%	86%	
	Other	82%	77%	83%	
	Overall	93%	91%	92%	

1 This represents our gross R&D spending, whether expensed or capitalized.

2 Direct economic value generated excludes cost of sales, R&D expenses, SG&A expenses, finance expenses and income tax expenses. Includes equity pickup, gain on remeasurements and other gains.

3 Lower employee benefits obligations, resulting primarily from an increase in the discount rate used to determine our defined benefit pension plan obligations. The decrease is also due to lower deferred tax liabilities.

4 Does not include government participation for programs related to COVID-19 support.

5 Director and up, citizenship in the country in which they work.

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Economy					
Procurement practices					
204-1	Proportion of spending on local suppliers				
	Australia	87%	76%	91%	SDG 8: Decent work and economic growth
	Asia	65%	82%	83%	
	Europe	76%	71%	80%	
	Middle East	84%	86%	81%	
	North America	67%	67%	63%	
	South America	87%	82%	84%	
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 80	FY21 Activity & CSR Report, page 100	FY20 Activity & CSR Report, page 66	
Innovation					
CAE-ECO-201	Research and development expenditures (\$M)	217.6	202.8	241.2	
CAE-ECO-202	Number of patents requested	28	23	24	
CAE-ECO-203	Number of patents obtained	46	29 <sup>1</sup>	31 <sup>2</sup>	
Contribution to local economy					
CAE-ECO-401	Charitable donations and sponsorships	Pages 82-89	FY21 Activity & CSR Report, pages 101-107	FY20 Activity & CSR Report, pages 68-73	

<sup>1</sup> In FY21, we reported 26 patents obtained. This error is rectified in the FY22 GRI index.

<sup>2</sup> In FY20, we reported 30 patents obtained. This error is rectified in the FY22 GRI index.



GRI standards		FY22	FY21 <sup>1</sup>	FY20 <sup>1</sup>	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Environment					
103-1	Explanation of the material topic and its Boundary	Pages 120-131	FY21 Activity & CSR Report, pages 136-143	FY20 Activity & CSR Report, pages 95-100	
103-2	The management approach and its components	Pages 120-131	FY21 Activity & CSR Report, pages 136-143	FY20 Activity & CSR Report, pages 95-100	
103-3	Evaluation of the management approach	Pages 120-131	FY21 Activity & CSR Report, pages 136-143	FY20 Activity & CSR Report, pages 95-100	
Energy <sup>2</sup>					
302-1	Energy consumption within the organization (MWh)	280,886	284,885	298,406	SDG 8: Decent work and economic growth  SDG 13: Climate action
	Natural gas (MWh)	11,520	14,678	9,447	
	Electricity (MWh)	192,342	195,094	214,557	
	Diesel, heating oil, propane, fuel for aircraft and cars, hot and chilled water (MWh)	77,024	75,112	74,401	
CAE-ENV-101	Renewable energy programs and targets	Pages 82-94	FY21 Activity & CSR Report, pages 101-111	FY20 Activity & CSR Report, pages 68-75	
302-3	Energy intensity (MWh/\$million revenue)	83.32	80.30 <sup>3</sup>	76.29 <sup>3</sup>	
Emissions <sup>2</sup>					
305-1	Direct (Scope 1) GHG emissions (tCO <sub>2</sub> e)	20,039	23,267	21,998	SDG 3: Good health and well-being  SDG 13: Climate action
305-2	Energy indirect (Scope 2) GHG emissions				
	GHG emissions (Scope 1 and 2 location based) (tCO <sub>2</sub> e)	79,094	86,483	92,000	
	GHG emissions (Scope 1 and 2 market based) (tCO <sub>2</sub> e)	25,168	40,559 <sup>4</sup>	39,521 <sup>4</sup>	
	Energy indirect GHG Emissions (Scope 2 location based) (tCO <sub>2</sub> e)	59,055	63,216	70,002	
	Energy indirect GHG Emissions (Scope 2 market based) (tCO <sub>2</sub> e)	5,128 <sup>5</sup>	17,293 <sup>4</sup>	17,522 <sup>4</sup>	

<sup>1</sup> The energy consumption and the carbon footprint of the entities acquired during FY22 has been retroactively included in the previous years' data.

<sup>2</sup> 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.

<sup>3</sup> The emission intensity does not include the data of the entities acquired during FY22.

<sup>4</sup> RECs were purchased in FY20, FY21 and FY22, but not in time to be included in the past FY20 and FY21 reports. They are now included in this FY20 and FY21 data.

<sup>5</sup> Significant decrease of the market-based emissions due to the purchase of RECs where possible and available in the market boundaries of our facilities.

GRI standards		FY22	FY21 <sup>1</sup>	FY20 <sup>1</sup>	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Environment</b>					
305-3	Other indirect (Scope 3) GHG emissions (tCO <sub>2</sub> e)	Business travel: <b>6,221</b> Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2: <b>15,739</b> <sup>2</sup>	Business travel: <b>4,425</b>	Business travel: <b>16,198</b> <sup>3</sup>	SDG 3: Good health and well-being  SDG 13: Climate action
305-5	Reduction of GHG emissions	CAE has committed to installing LED or energy efficient lights by FY23 at all CAE sites where we have operational control. LED lighting reduces electricity consumption (Scope 2) and carbon emissions. CAE is carbon neutral on our Scope 1 and Scope 2 emissions and on employee business air travel (partial Scope 3). CAE purchased renewable energy certificates (RECs) for our FY22 electricity consumption (explaining the sharp decrease in Scope 2 market-based emissions) and carbon offset credits (COCs) for the other emissions.  Electricity consumed from the grid in the province of Quebec and Uruguay originates essentially from renewable sources at more than <b>99%</b> for the province of Quebec (hydroelectricity, wind, etc.) and <b>98%</b> for Uruguay, and electricity consumed in Quebec and Uruguay has been offset using COCs. Specific carbon reduction initiatives were also launched.  <a href="#">Pages 82-94</a>	CAE has committed to installing LED or energy efficient lights by FY23 at all CAE sites where we have operational control. LED lighting reduces electricity consumption (Scope 2) and carbon emissions. CAE is now carbon neutral on our Scope 1 and Scope 2 emissions and on employee business air travel (Partial Scope 3). CAE purchased RECs for our FY21 electricity consumption (except for the Australia, Japan, Singapore and South Korea sites where COCs were bought instead) and COCs for the other offset emissions.  The emissions of the acquired entities in FY21 were not included. Electricity consumed from the grid in the province of Quebec originates essentially from renewable sources at more than <b>99%</b> (hydroelectricity, wind, etc.) and electricity consumed in this province has been offset with COCs. Specific carbon reduction initiatives were also launched.  <a href="#">FY21 Activity &amp; CSR Report, pages 101-111</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 68-75</a>	SDG 3: Good health and well-being  SDG 13: Climate action
<b>Environmental compliance</b>					
307-1	Non-compliance with environmental laws and regulations	No significant fine	No significant fine	No significant fine	

<sup>1</sup> The energy consumption and the carbon footprint of the entities acquired during FY22 has been retroactively included in the previous years' data.

<sup>2</sup> CAE extended in FY22 the scope of our carbon emissions calculations by reporting for the first time our fuel and energy-related activities if not included in Scope 1 or Scope 2.

<sup>3</sup> CAE extended in FY20 the scope of our carbon emissions calculations by reporting for the first time our business travels-related emissions (plane/train/car rental).

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
103-1	Explanation of the material topic and its boundary	Pages 82-89	FY21 Activity & CSR Report, pages 101-107	FY20 Activity & CSR Report, pages 68-73	
103-2	The management approach and its components	Pages 82-89	FY21 Activity & CSR Report, pages 101-107	FY20 Activity & CSR Report, pages 68-73	
<b>Employment</b>					
	New employee hires and employee turnover				
	<b>Total employees</b>	<b>13,847</b>	<b>11,911</b>	<b>12,164</b>	
401-1	Total number of employees CAE	<b>13,277</b>	<b>11,389</b>	<b>11,626</b>	SDG 5: Gender equality  SDG 8: Decent work and economic growth
102-8	Number of employees (permanent)	<b>12,316<sup>1</sup></b>	<b>10,548<sup>2</sup></b>	<b>10,536<sup>2</sup></b>	
102-8	Number of employees (temporary)	<b>961</b>	<b>841</b>	<b>1,090</b>	
102-8	Total number of employees in our joint ventures <sup>3</sup>	<b>570</b>	<b>522</b>	<b>538</b>	
	<b>Employees by gender</b>				
102-8	Number of employees (female)	<b>3,044<sup>4</sup></b>	<b>2,427</b>	<b>2,610</b>	SDG 5: Gender equality  SDG 8: Decent work and economic growth
102-8	Number of employees (male)	<b>10,798</b>	<b>8,960</b>	<b>9,554</b>	
102-8	% of female employees	<b>22%</b>	<b>21%</b>	<b>21%</b>	
102-8	% of male employees	<b>78%</b>	<b>79%</b>	<b>79%</b>	
	<b>Employees covered by collective bargaining agreements</b>				
102-41	Number of employees	<b>2,300</b>	<b>2,100<sup>4</sup></b>	<b>2,600</b>	SDG 5: Gender equality  SDG 8: Decent work and economic growth
102-41	% of employees	<b>17%</b>	<b>18%</b>	<b>22%</b>	
102-41	Number of non-unionized employees	<b>10,977</b>	<b>9,289</b>	<b>9,026<sup>5</sup></b>	
	<b>New employee hires</b>				
401-1	Total number of new employee hires	<b>2,322<sup>6</sup></b>	<b>1,141</b>	<b>2,101</b>	SDG 5: Gender equality  SDG 8: Decent work and economic growth
401-1	New employee hire rate (% of total employees)	<b>17%</b>	<b>10%</b>	<b>17%</b>	

<sup>1</sup> Includes 281 part-time employees.

<sup>2</sup> Includes 262 part-time employees.

<sup>3</sup> The variation year over year is mainly due to lower volume of work for unionized employees during the COVID-19 pandemic.

<sup>4</sup> Five employees did not identify as male or female.

<sup>5</sup> In FY20, we reported 9,564 non-unionized employees. This was corrected in the FY22 GRI index.

<sup>6</sup> The increase in FY22 is due to high employee turnover and Company growth.



GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
	<b>Age group</b>				
401-1	New employee hires below 30 years old	495 <sup>1</sup>	213	526	SDG 5: Gender equality  SDG 8: Decent work and economic growth
401-1	% new employee hires below 30 years old	21%	19%	25%	
401-1	New employee hires 30-50 years old	1,231 <sup>1</sup>	587	1,042	
401-1	% new employee hires 30-50 years old	53%	51%	50%	
401-1	New employee hires above 50 years old	596 <sup>1</sup>	341	533	
401-1	% new employee hires above 50 years old	26%	30%	25%	
	<b>Contractors in instruction roles<sup>2</sup></b>				
CAE-SOC-601	Total number of contractors	897	918	1,070	SDG 5: Gender equality  SDG 8: Decent work and economic growth
CAE-SOC-602	Number of contractors at CAE	786	828	938	
CAE-SOC-603	Number of contractors in our joint ventures	111	90	132	

<sup>1</sup> The increase in FY22 is due to high employee turnover and Company growth.

<sup>2</sup> Only contractors who are in instruction roles are included, as they represent a key component of delivering training to our customers.

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
401-1	Employee turnover number	2,351 <sup>1</sup>	1,616 <sup>2</sup>	1,522	
401-1	Employee turnover rate (% of total permanent employees)	20.56% <sup>1</sup>	15% <sup>3</sup>	14%	
	<b>Age group</b>				
401-1	Employee turnover below 30 years old	433 <sup>1</sup>	279 <sup>4</sup>	302	
401-1	% employee turnover below 30 years old	25% <sup>1</sup>	20% <sup>5</sup>	20%	
401-1	Employee turnover 30-50 years old	1,132 <sup>1</sup>	731	721	
401-1	% employee turnover 30-50 years old	19%	44%	14%	
401-1	Employee turnover above 50 years old	786	638	499	
401-1	% employee turnover above 50 years old	16%	39%	13%	
	<b>Gender</b>				
401-1	Employee turnover for women	531	406	379	
401-1	% employee turnover for women	19%	16%	17%	
401-1	Employee turnover for men	1,817	1,238	1,143	
401-1	% employee turnover for men	18%	13%	14%	

SDG 5:  
Gender equalitySDG 8:  
Decent work and  
economic growth

1 Higher employee turnover aligned with global labor market shortage.

2 In FY21, we reported an employee turnover number of 1,651. This is corrected in the FY22 GRI Index.

3 In FY21, we reported an employee turnover rate of 16%. This is corrected in the FY22 GRI Index.

4 In FY21, we reported employee turnover below 30 years old was 282. This is corrected in the FY22 GRI Index.

5 In FY21, we reported that % employee turnover below 30 years old was 17%. This is corrected in the FY22 GRI Index.

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Social					
Occupational health and safety					
403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities¹	5 most frequent types: Slips/trips/falls: <b>27%</b> Ergonomics: <b>27%</b> Hand injuries (excluding lacerations): <b>12%</b> Struck against: <b>10%</b> Hand lacerations: <b>8%</b>	4 most frequent types: Slips/trips/falls: <b>39%</b> Ergonomics: <b>26%</b> Hand injuries (including lacerations): <b>16%</b> Others: <b>19%</b>	3 most frequent types: Slips/trips/falls: <b>21%</b> Laceration: <b>10%</b> Ergonomics: <b>9%</b>	SDG 3 Good health and well-being  SDG 8 Decent work and economic growth
403-9	Lost Time Injury Frequency Rate (LTIFR)¹	<b>0.13</b>	<b>0.14</b>	<b>0.21</b>	
403-9	Number of high consequence work related injuries	<b>1²</b>	<b>0</b>	<b>0</b>	
403-9	Rate of high consequence work related injuries	<b>0.01</b>	<b>0</b>	<b>0</b>	
403-9	Number of recordable injuries	<b>52</b>	<b>38</b>	<b>61</b>	
403-9	Incident Frequency Rate (IFR)¹	<b>0.41</b>	<b>0.33</b>	<b>0.52</b>	
CAE-SOC-701	Number of observations of hazardous situations	<b>588³</b>	<b>261</b>	N/A⁴	
CAE-SOC-702	Rate of observations of hazardous situations¹	<b>4.67³</b>	<b>2.28</b>	N/A⁴	
403-9	Number of near misses	<b>55</b>	<b>69</b>	<b>125</b>	
403-9	Near Miss Rate (NMR)¹	<b>0.43</b>	<b>0.60</b>	<b>1.06</b>	
403-9	Work-related fatalities	<b>0</b>	<b>0</b>	<b>0</b>	
403-9	Work-related fatalities (live flight training)	<b>0</b>	<b>0</b>	<b>0</b>	
403-9	Rate of fatalities	<b>0</b>	<b>0</b>	<b>0</b>	
Training and education					
401-2	Programs for upgrading employee skills and transition assistance programs	Pages 55-62	FY21 Activity & CSR Report, pages 66-75	FY20 Activity & CSR Report, pages 48-52	SDG 4 Quality education
CAE-SOC-302	Number of internships (Montreal only)	<b>322⁵</b>	<b>139</b>	<b>293</b>	SDG 5 Gender equality
CAE-SOS-303	% of students hired into a full-time position following a CAE student internship	<b>4.35%⁶</b>	<b>10%</b>	<b>14%⁷</b>	SDG 8 Decent work and economic growth

<sup>1</sup> Per 200,000 hours worked.

<sup>2</sup> In FY22, one workplace accident resulted in an employee being away from work for more than six months.

<sup>3</sup> Hazardous situations (observations) and near miss reporting are strong leading indicators of our EH&S culture. We introduced new reporting tools and reinforced awareness through communication and training. This led to a more than 50% increase in observations and near miss reporting in FY22 compared to FY21. Globally, 588 hazardous situations and 55 near misses were reported in FY22.

<sup>4</sup> Reporting on this indicator started in FY21.

<sup>5</sup> In FY21, reduced numbers of internships due to COVID-19. Back to regular number of internships in FY22.

<sup>6</sup> In FY22, we hired more interns from all academic levels. Not all students are eligible for a full-time position following their experience at CAE.

<sup>7</sup> Number of COOP students hired as regular employees vs total number of COOP students during the fiscal year.

GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Social					
Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	General employee population: <b>22%</b> Governance bodies: <b>25%</b> <sup>1</sup>	General employee population: <b>21%</b> <sup>2</sup> Governance bodies: <b>20%</b> <sup>3</sup>	General employee population: <b>21%</b> Governance bodies: <b>20%</b>	SDG 5 Gender equality
CAE-SOC-101	Diversity mentorship program	Pages 59-62	FY21 Activity & CSR Report, pages 70-75	FY20 Activity & CSR Report, pages 49-52	
Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	0	0	FY20 Activity & CSR Report, page 56	SDG 5 Gender equality  SDG 8 Decent work and economic growth
CAE-SOC-201	Number of foreign agents we hire	24 <sup>4</sup>	9	FY20 Activity & CSR Report, page 57	
CAE-SOC-202	Report on training completion and Code of Business Conduct acknowledgement completion	Page 65-66	FY21 Activity & CSR Report, pages 77-79	FY20 Activity & CSR Report, page 55	
Talent retention and attraction					
CAE-SOC-301	Initiatives for talent development	Pages 57-62	FY21 Activity & CSR Report, pages 70-75	FY20 Activity & CSR Report, pages 49-52	SDG 5 Gender equality  SDG 8 Decent work and economic growth
Employee engagement					
CAE-SOC-401	Discussion of Management Approach (DMA)	Pages 55-62	FY21 Activity & CSR Report, pages 66-75	FY20 Activity & CSR Report, pages 48-52	
Public policy					
415-1	Political contributions	0	0	0	

<sup>1</sup> Three women out of 12 Directors.

<sup>2</sup> In FY21, we reported 271% of the general employee population identifies as female. This is corrected to 21% in the FY22 GRI Index.

<sup>3</sup> Two women out of 10 as at March 31, 2021. However, an additional woman was appointed in May 2021, bringing this percentage to 27.3%.

<sup>4</sup> In 2014, we launched an initiative to reduce the use of foreign representatives/agents worldwide. Since then, the number of foreign representatives/agents has decreased by more than 85%. Either their agreements were terminated, not renewed or the scope of their services was modified to avoid "agent-type" relationships.

In FY22, CAE inherited 15 new business relationships with foreign representatives or consultants, following businesses acquisitions that we made in the last 12 months, including the acquisition of L3Harris Technologies' Military Training business. In each case, Ethics and Compliance works closely with the relevant business units to determine if these inherited business partners should be terminated, renewed or otherwise, if the scope of their services should be reviewed.

Each new business relationship inherited by CAE goes through an independent review by Ethics and Compliance, which entails the following:

- The business development team must determine if they wish to continue the business relationship with the inherited representatives and, if so, the decision to maintain the relationship must be justified and approved in accordance with CAE's Anti-Corruption Policy.
- Once the decision to keep a representative has been approved, the business relationship must be formalized under a new agreement that incorporates CAE's standard terms and conditions.
- Ethics and Compliance independently performs a due diligence review of each representative or consultant.



GRI standards		FY22	FY21	FY20	Mapping to chosen SDGs
TOPIC-SPECIFIC DISCLOSURES					
Social					
Customer health and safety					
	Flight safety				SDG 3 Good health and well-being
CAE-SOC-501	Number of voluntary reports (per 10K flight hours)	56.35	91.5 <sup>1</sup>	61.6 <sup>1</sup>	
CAE-SOC-501	Number of incidents >\$50K in damage (per 10K flight hours)	0.16 <sup>2</sup>	0.29	0.39	
CAE-SOC-501	Live flight aviation safety reviews - external	15	7	19	
CAE-SOC-501	Live flight aviation safety reviews - internal (per training location)	26 <sup>3</sup>	12	13	
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	

<sup>1</sup> Our Aviation Safety "Just Culture" is continuing to strengthen, as seen by the increase in our voluntary safety report over the last few years.

<sup>2</sup> The continuous improvement of our aviation safety system can be seen by the decrease in incident rate of the past few years.

<sup>3</sup> Increase since FY2021 due to more flights scheduled to review with the easing of COVID-19 restrictions.

# SASB Index

Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
Energy Management						
	Aerospace and Defense	RT-AE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable.	<p>Total energy consumed (Gj): <b>1,011,189</b></p> <p>Percentage grid electricity: <b>68.4%</b></p> <p>Percentage renewable: <b>66.3%</b></p> <p>On the electricity used by our buildings, we achieved a major milestone this year with all CAE sites where we have operational control being <b>100%</b> sourced with renewable energy or covered by renewable energy certificates (RECs).</p> <p>In addition, <b>11%</b> of our total electricity consumed comes from the Quebec grid and originates essentially from renewable sources at more than <b>99%</b> (hydroelectricity, wind, etc.). Electricity consumed in this province during FY22 has been offset with carbon offset credits (COCs).</p>	Full	<p><b>SDG 8:</b> Decent work and economic growth</p>
Hazardous Waste Management						
	Aerospace and Defense	RT-AE-150a.1	<p>Amount of hazardous waste generated, percentage recycled.</p> <p>Disclose the legal or regulatory framework(s) used to define hazardous waste and recycled hazardous waste, and the amounts of waste defined in accordance with each applicable framework.</p>	<p>Not reported.</p> <p>The nature of our activities is such that the issue of hazardous waste management is not material for reporting purposes.</p>	N/A	<p><b>SDG 3:</b> Good health and well-being</p>
	Aerospace and Defense	RT-AE-150a.2	<p>Number and aggregate quantity of reportable spills, quantity recovered.</p> <p>Discuss long-term activities to remediate spills that occurred in years prior to the reporting period but for which remediation activities are ongoing.</p>	<p>Not reported.</p> <p>The nature of our activities is such that the issue of hazardous waste management is not material for reporting purposes.</p>	N/A	<p><b>SDG 8:</b> Decent work and economic growth</p>

Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
Data Security						
	Aerospace and Defense	RT-AE-230a.1	(1) Number of data breaches, (2) percentage involving confidential information.  Description of corrective actions implemented in response to data breaches.	Number of data breaches: <b>0</b> Percentage involving confidential information: <b>0%</b>	Full	
	Aerospace and Defense	RT-AE-230a.2	Description of approach to identifying and addressing data security risks in (1) company operations and (2) products.	CAE has multiple guidelines, policies and standards that address the various controls and process to address data protection: Annual Activity and CSR Report <a href="#">page 65</a> and <a href="#">68-69</a> .	Full	
	Professional and Commercial Services	SV-PS-230a.1	Description of approach to identifying and addressing data security risks.		Full	
	Professional and Commercial Services	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information.	Discussion of policies and practices relating to collection, usage, and retention of customer information: Annual Activity and Corporate Social Responsibility Report <a href="#">page 68-69</a> .	Full	
	Professional and Commercial Services	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected.  Description of corrective actions implemented in response to data breaches.	Number of data breaches: <b>0</b>  Percentage of data breaches involving confidential information: <b>0%</b>  Percentage of data breaches involving customers' confidential business information (CBI) or personally identifiable information (PII): <b>0%</b>  Number of customers affected by data breaches: <b>0</b>	Full	

Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
Product Safety						
	Aerospace and Defense	RT-AE-250a.1	Number of recalls issued, total units recalled.	<p>Not reported.</p> <p>This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics — see the GRI index <a href="#">page 113</a>.</p>	N/A	
	Aerospace and Defense	RT-AE-250a.2	Number of counterfeit parts detected, percentage avoided.	<p>Not reported.</p> <p>This metric does not apply because CAE is not an aircraft manufacturer; we measure our aviation safety performance using custom flight safety metrics — see the GRI index <a href="#">page 113</a>.</p>	N/A	
	Aerospace and Defense	RT-AE-250a.3	<p>Number of Airworthiness Directives received, total units affected.</p> <p>Discuss notable Airworthiness Directives, such as those that resulted in an Emergency Airworthiness Directive, affected a significant number of products, or were associated with plane grounding(s) or accident(s).</p>	<p>Number of Airworthiness Directives received: <b>3</b></p> <p>Total units affected: <b>4</b><sup>1</sup></p>	Full	
	Aerospace and Defense	RT-AE-250a.4	<p>Total amount of monetary losses as a result of legal proceedings associated with product.</p> <p>Briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.</p>	<b>0</b>	Full	

<sup>1</sup> Airworthiness Directives issued in FY22 were limited to a small number of our aircraft.



Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
Fuel Economy & Emissions in Use-phase						
	Aerospace and Defense	RT-AE-410a.1	Revenue from alternative energy-related products.	0	Full	SDG 8: Decent work and economic growth
	Aerospace and Defense	RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products.	<p>CAE is carbon neutral on Scope 1 and 2 emissions, and on the part of Scope 3 related to business air travels by employees.</p> <p>Carbon neutrality has been achieved by continuing to focus on emissions reductions and through the purchase of RECs and carbon offset credits for our remaining annual carbon emissions. However, carbon reduction remains our top priority and CAE is pursuing a decarbonization strategy organized in four streams: green buildings, simulators and products upgrades, electric aircraft and green sourcing.</p> <p>See <a href="#">CAE global environment and climate change strategy</a> for more details.</p>	Full	SDG 13: Climate action
Materials Sourcing						
	Aerospace and Defense	RT-AE-440a.1	Description of the management of risks associated with the use of critical materials.	Not reported. The nature of our activities is such that the issue of critical materials sourcing is not material for reporting purposes.	N/A	SDG 8: Decent work and economic growth

Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
Business Ethics / Professional Integrity						
	Aerospace and Defense	RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade.  Briefly describe the nature (e.g. judgment or order issued after trial, settlement, guilty plea, deferred prosecution agreement, non-prosecution agreement) and context (e.g. bribing an official, etc.) of all monetary losses as a result of legal proceedings.	0 <sup>1</sup>	Full	
	Aerospace and Defense	RT-AE-510a.2	Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government Defense Anti-Corruption Index.	\$325,672,031 <sup>2</sup>	Full	
	Aerospace and Defense	RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain.	Discussion of processes to manage business ethics risks throughout the value chain : Annual Activity and CSR Report <a href="#">pages 64-71</a> .	Full	
	Professional and Commercial Services	SV-PS-510a.1	Description of approach to ensuring professional integrity.	Discussion of processes to ensuring professional integrity: Annual Activity and CSR Report <a href="#">pages 64-71</a> .	Full	
	Professional and Commercial Services	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity.  Briefly describe the nature, context, and corrective actions taken as a result of the monetary losses.	0	Full	
Workforce Diversity and Engagement						
	Professional and Commercial Services	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	Voluntary: <b>6%</b> Involuntary: <b>13%</b>	Full	
	Professional and Commercial Services	SV-PS-330a.3	Employee engagement as a percentage.	<b>76%</b> <sup>3</sup>	Full	

<sup>1</sup> CAE has in place an ethics and anti-corruption program designed to comply with applicable anti-corruption laws (including the U.K. Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act of 1977). Our Anti-Corruption Policy is reviewed regularly to align with leading industry practices.

<sup>2</sup> It was disclosed in FY21 that we had no revenue from countries that are ranked in the "E" or "F" Band of the TI's Government Defense Anti-Corruption Index, when in fact the revenue from these countries was \$219,381,329.00. Countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti-Corruption Index include: Afghanistan, Brazil, China, Ethiopia, Jordan, Lebanon, Nigeria, Pakistan, Rwanda, Saudi Arabia, Sri Lanka, United Arab Emirates, Thailand, Algeria, Bahrain, Egypt, Iraq, Kuwait, Oman.

<sup>3</sup> Scores based on 10 metrics: relationship with manager, ambassadorship, personal growth, recognition, satisfaction, relationship with peers, alignment, happiness, feedback and wellness.

Disclosure topic	Industry	Code	Description	FY22	Full or partial match	Mapping to chosen SDGs
	Professional and Commercial Services	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Percentage of female employees: <b>22%</b> Percentage of male employees: <b>78%</b> Percentage of female executive management: <b>27%</b> Percentage of male executive management: <b>73%</b> Information related to policies and programs for fostering equitable employee representation: Annual Activity and CSR Report <a href="#">pages 59 to 62</a> .	Partial.  We do not collect information about racial/ethnic group representation globally at this time.	SDG 5: Gender equality  SDG 8: Decent work and economic growth

Disclosure topic	Industry	Code	Description	FY22
Activity metrics				
	Aerospace and Defense	RT-AE-000.A	Production by reportable segment.	Refer to CSR report business highlights pages.
	Aerospace and Defense	RT-AE-000.B	Number of employees.	<b>13,277</b> (Permanent): <b>12,316</b> (Temporary): <b>961</b>
	Professional and Commercial Services	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract.	Number of employees (Permanent): <b>12,316</b> Number of employees (Temporary): <b>961</b> Number of contractors in instruction roles: <b>786</b> <sup>1</sup>
	Professional and Commercial Services	SV-PS-000.B	Employee hours worked, percentage billable.	N/A

<sup>1</sup> Only contractors who are in instruction roles are included, as they represent a key component of delivering training to our customers.

# Task Force on Climate-related Financial Disclosures (TCFD) reporting

With the rising global awareness of climate change as a systemic issue and financial risk that affects enterprise value, investors and other capital market participants are seeking increased transparency on climate-related risks and opportunities so that they may make informed financial decisions. The latest developments in mandatory environmental, social and governance (ESG) measurement and reporting show a strong prevalence of climate-related disclosure and a strong alignment with the recommendations of the TCFD. These recommendations were released in June 2017 as a tool to facilitate this transparency. They are voluntary, consistent climate-related financial risk and opportunity disclosures for the use of companies in providing information to investors, lenders, insurers and other stakeholders. In January 2022, more than 3,000 organizations from 92 countries endorsed the TCFD framework, representing a combined market capitalization of \$27.2 trillion.

As part of our commitment to carbon neutrality, in fiscal 2020 we embarked on a more formal process to comprehensively address climate change risks. 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 is to oversee the integration of climate-related issues into CAE's business strategy, and to identify and manage risks and opportunities.

We believe that reporting practices bring discipline and accountability that enhance our ability to manage our key business issues and execute our strategy. Therefore, we have chosen to implement the TCFD disclosure recommendations as part of our ESG reporting practices. We recognize that we are at the beginning of a continuous improvement process, and we expect our climate-related reporting to improve as we mature in our identification 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, C.M.**  
President and Chief Executive Officer

## TCFD Index

Recommendation	Recommended disclosures	Content location
<b>Governance</b>	a) Describe the Board's oversight of climate-related risks and opportunities.	TCFD appendix: Governance, p. 121 Also Proxy Circular p. 30
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	TCFD appendix: Governance, p. 121
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	TCFD appendix: Strategy, p. 122-129
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	TCFD appendix: Strategy, p. 122-129
	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. 122-129
<b>Risk management</b>	a) Describe the organization's processes for identifying and assessing climate-related risks.	TCFD appendix: Management, p. 130 Also MD&A, page 51
	b) Describe the organization's processes for managing climate-related risks.	TCFD appendix: Management, p. 130 Also MD&A, page 51
	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. 130
<b>Metrics and targets</b>	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: Management, p. 130
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	TCFD appendix: Management, p. 130
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	TCFD appendix: Management, p. 130



## Governance

The Board of Directors has oversight of, 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, and monitoring of implementation and performance against any goals and targets. The Board has responsibility for reviewing and approving the Annual Activity and CSR Report, including the underlying climate strategy, sustainability roadmap, objectives, opportunities and progress.

As part of the Company's ongoing enterprise risk management (ERM) process, the Board and Management discuss the top risks and opportunities facing our business, on a quarterly basis and annually during the strategic planning and budgeting processes. ESG and climate change are among the top 20 risks identified and, as such, are subject to quarterly reporting to the Board. CAE's Chief Sustainability Officer (CSO), an EMC member, is the risk owner accountable for identifying, developing and monitoring the ESG and climate change risks management strategy. The Board reviews her reports for guidance and orientation.

For more information about the governance of the Company's ERM process, refer to [CAE's Management Proxy Circular, p. 30](#).

From a management perspective, under the guidance of the CSO, 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, Climate Change and Health & Safety (GEHS), Global Communications, ESG Strategy and reporting, Global Insurance, Global Real Estate and Global Strategic Sourcing (GSS) 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 quarterly and as needed to execute its mandate, and reports to the CSR Committee (described below).

Within the scope of the CCC, the Manager, Global Environment and Climate Change 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 and climate change 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, GEHS. The Director, ESG Strategy and reporting provides guidance on the latest developments in ESG reporting expectations, reviews all reporting materials and is responsible for the reporting presented to the ERM Committee. The Manager, Global Environment and Climate Change and the Director ESG Strategy and reporting lead the mandates of the CCC and are responsible for coordinating with other departments on Committee outputs, such as Finance.

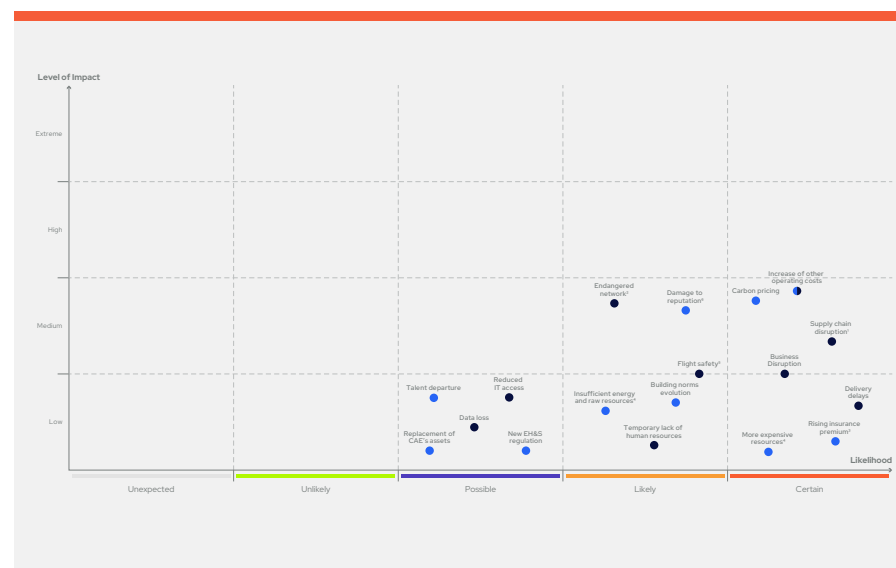
Reports are submitted to the CSO, who informs the Board of Directors as needed.

In parallel, CAE's CSR Committee oversees the identification, management and reporting of the Company's most material ESG impact. The CSR Committee includes several members of the EMC and members from all key departments impacted by sustainability issues and reporting: GEHS, ESG Strategy and reporting, Global Communications, Investor Relations, ERM, Global Strategy, the three business lines; Human Resources, Finance, Legal, Compliance, Export Control, Global Operations, Technologies & Innovation, and GSS.

As CSR Committee chair, the CSO reviews the results of the CCC and elaborates and implements the Company's sustainability roadmap. She reports on sustainability practices to the EMC on a quarterly basis, to the Governance Committee of the Board on a yearly basis at minimum and to the Board as important matters arise. She is also responsible for the Company's yearly CSR Report, including the TCFD reporting. The full report is revised and approved by the Board of Directors.

The Senior Vice President Investor Relations and ERM is responsible for the development and implementation of ERM within CAE. He receives regular reports on the progress of risk management activities and provides monthly briefings to the EMC and quarterly briefings to the Board of Directors. ERM briefings include ESG and climate change-related risks as one of the most critical risks on CAE's heat map. ►

## Summary of findings: Climate change risks heat map

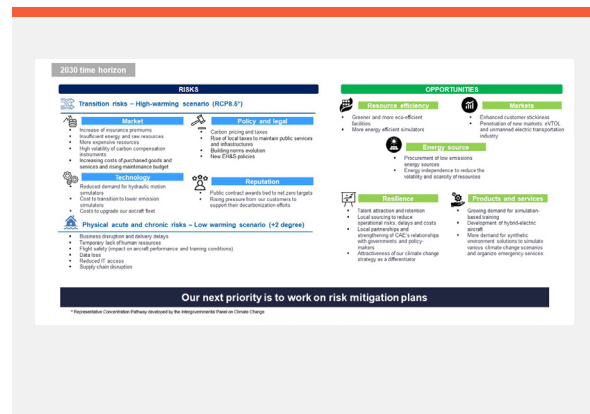


## Strategy

In FY20, the CCC was tasked with conducting a comprehensive facility-based risk assessment. To date, the CCC has developed a methodology to identify the climate hazards to which the Company is exposed and to identify the risks and opportunities for the sustainability of CAE's business. The risks and opportunities are appreciated in terms of potential impact (which could be financial, commercial, reputational, regulatory or operational) and in terms of likelihood. The CCC has categorized and updated a comprehensive list of climate-related risks and opportunities. This assessment includes climate intelligence data provided by an external agency, combined with asset-level experiences. The climate risk tool is a site-specific climate risk assessment, considering both physical and transition risks and also allows for a corporate risk assessment review.

Risks and opportunities are also identified and assessed in our Climate Disclosure Project (CDP) report.

In FY22, we completed our comprehensive climate risk assessment on a set of selected sites representative of CAE's services portfolio and of our global footprint (with various levels of exposure to climate risks). The exercise allowed us to update the list of climate-related risks and opportunities for CAE with an initial time horizon of 2030. ►



## Methodology to determine the model of climate change risk and opportunities assessment



Given the forward-looking nature of climate change, the tool was testing risks and opportunities under distinct future scenarios, where our climate, energy policy, economy and community are different from today due to climate change or a low carbon transition. Two scenarios were applied:

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

A low warming scenario to assess transition risks at our sites. The transition risks were evaluated under the assumption of escalating climate policies designed to help meet local, national, and international carbon reduction targets. The scenario is therefore aligned with the 2°C scenario in IPCC's Climate Change 2021 and 2022 reports.





This report contains forward-looking and interpretative statements.







These statements represent our expectations as of the precise time of study and accordingly are subject to change and can evolve over time. Such statements are based on assumptions that may not materialize and are subject to risks and uncertainties. They are made on the basis of the information collected by the CCC and from expert sources. Our risk assessment is aligned with TCFD recommendations.

The CCC has formulated recommendations for CAE's sites to be prepared to face the rise of climate hazards and uncertainty; to protect employees, customers and assets; to develop a strategy of resilience on the medium term; and to capture potential business opportunities.









Risks and opportunities were assessed on three time horizons:

- **Short term:** 2030
- **Medium term:** 2040
- **Long term:** 2050 and beyond









CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
<b>Business disruption</b>	Physical risk	Acute	Climate change will increase the frequency and severity of weather-driven natural catastrophes, such as cyclones, hurricanes, wild fires and wind storms. Increased sea levels or more intense precipitation events could generate increased flooding.  Those climate change-related events could cause significant damage to CAE facilities, destroying buildings or even causing fatalities. CAE may be exposed to business disruption following physical damages to facilities.	<ul style="list-style-type: none"> <li>• Increased operating costs (repairs and maintenance)</li> <li>• Loss of current and future revenues (backlog)</li> </ul>	Short term	 Certain	 Low to medium	CAE is developing crisis management protocols to manage the different scenarios, aggregating the countermeasures already in place.
<b>Delivery delays</b>	Physical risk	Acute	Climate change events (e.g. storms, flooding, hurricanes) can disrupt or damage transportation routes (roads, airports, shipping ports) that provide access to CAE facilities (factories, training centres, offices):  <ul style="list-style-type: none"> <li>• Delivery delays for simulators and services coming from CAE facilities and in transit to final reception. Additional impacts include:</li> <li>• Impossibility for employees/customers/suppliers to access our sites</li> <li>• Difficulties for future pilots to land at the closest airport to attend the training</li> <li>• Difficulties for the Company to send any product(s) out of our facilities</li> <li>• Difficulties in sending instructors to their customers destination</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operating costs (claims, rescheduling)</li> <li>• Loss of revenues</li> </ul>	Short term	 Certain	 Low	Same as for business disruption.

CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
Supply Chain disruption	Physical risk	Acute	<p>As for CAE, climate change events can cause damages to the Company's suppliers:</p> <ul style="list-style-type: none"> <li>• Destruction of their facilities</li> <li>• Departure of key human resources</li> <li>• Impossibility to maintain their activities due to climate conditions</li> <li>• Impossibilities to cope with potential new norms or business conditions generated by climate change events</li> </ul> <p>CAE may suffer from the permanent loss of key strategic suppliers due to climate impacts to their facilities.</p>	<ul style="list-style-type: none"> <li>• Increased operating costs (claims, rescheduling)</li> <li>• Loss of current and future revenues (backlog)</li> </ul>	Short term	 <p>Certain</p>	 <p>Low to medium</p> <p>Based on each site's dependency to its own Supply Chain</p>	CAE is developing suppliers audit processes that will encompass climate-related risks.
Endangered network	Physical risk	Acute	<p>Climate change events may force CAE's customers to review the location of their own activities:</p> <ul style="list-style-type: none"> <li>• If they operate from one region that is particularly affected by climate change disorders</li> <li>• If some flight quotas are enforced with regards to the flight training operation(s)</li> <li>• If they are affected by any of the risks listed above that jeopardize the sustainability of their business</li> </ul> <p>CAE's customers may be forced to leave a specific area where CAE had settled to serve this particular customer. This may also force the customer to include some seasonality on the planning of its training needs.</p> <p>CAE may have to review our network and footprint: closing some low utilization training centres, adjusting our local strategy or the planning of one training centre and relocating high-value training for specific customers.</p>	<ul style="list-style-type: none"> <li>• Loss of current and future revenues (backlog)</li> <li>• Decreased return on investment</li> <li>• Loss of market share</li> </ul>	Medium to long term	 <p>Likely</p> <p>Based on each site's importance in CAE's network</p>	 <p>Medium</p>	The Enterprise Risk Management (ERM) group maintains a vision on CAE's top enterprise risks, including climate-related risks. ERM informs the Company's strategic decision-making.
Data loss	Physical risk	Acute	<p>Climate change events (e.g. storms, flooding, hurricanes) can destroy or disable the IT network or infrastructures (software and applications), wherever they are located or the data centres supporting CAE's operations. CAE may directly or indirectly lose physical or electronic data due to climate change events.</p>	<ul style="list-style-type: none"> <li>• Loss of current and future revenues (backlog)</li> <li>• Increased operating costs (repairs, claims, rescheduling)</li> </ul>	Medium term	 <p>Possible</p>	 <p>Low</p>	CAE maintains a strong IT strategy. Backups in the cloud, regular physical backup and redundancies among other mitigation measures are being integrated into our risk mitigation plans.











CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
Reduced IT access	Physical risk	Acute/ Chronic	Climate change events (e.g. storms, flooding, hurricanes) can destroy or disable the IT network or infrastructures (software and applications) wherever they are located or the data centres supporting CAE operations. The rise or decrease of temperatures can also be mismanaged, endangering the operability of the IT infrastructures or data centres. CAE may suffer from a reduced access to the IT infrastructures supporting our operations or to our data centres, particularly our owned data centres and IT infrastructure.	<ul style="list-style-type: none"> <li>• Loss of current and future revenues (backlog)</li> <li>• Increased operating costs (repairs, claims, rescheduling)</li> </ul>	Medium term	 Possible	 Low	CAE maintains a strong IT strategy. Controls and mitigation measures are being integrated into our risk mitigation plans.
Temporary lack of human resources	Physical risk	Acute/ Chronic	Climate change events may temporarily impact the health conditions and the quality of life in an area. Rising temperatures, flooding, hurricanes and major storms can increase the risk of pollution. If mismanaged, such living conditions can also generate social protests. These events can temporarily prevent employees from coming to work.  CAE employees may experience decreased productivity or increased workplace absence due to experiencing climate hazards.	<ul style="list-style-type: none"> <li>• Increased operating costs (claims, rescheduling)</li> <li>• Loss of revenues</li> </ul>	Medium to long term	 Likely	 Low	CAE has deployed various best-in-class tools and programs to enable remote work and remote training. We also track employee well-being and absence. Essential staff management is part of our crisis management protocol.
Flight safety	Physical risk	Acute/ Chronic	Weather conditions impact the aircraft performance in our flight schools. Extreme heat brings out damages and avionics issues, such as engines overheating. Extreme heat increases the distance required to safely take-off and potentially limits flight altitude.  These consequences also need to be considered. Some weather conditions, such as storms and wildfires, also affect visibility when flying. Climate change is likely to add pressure on the live flight training activities in our flight schools and, if not anticipated, could lead to accidents.	<ul style="list-style-type: none"> <li>• Increased operating costs (repairs and maintenance)</li> <li>• Loss of current and future revenues (backlog)</li> </ul>	Short term	 Likely	 Low <sup>1</sup>	CAE constantly continues the development of a robust safety management system that integrates climate generated constraints, with supervision and reporting up to the leadership of the training organization.
Increase of other operating costs	Physical risk - Transition risk	Acute / Chronic - Policy / Legal	CAE may see increasing operating costs due to the consequences of climate change events damages and disruptions, the increase of building maintenance bills and the increase of transportation fees. CAE could also face rising local taxes and a lower level of public services, due to the possible deterioration of infrastructures maintenance.	<ul style="list-style-type: none"> <li>• Increased operating costs (repairs and maintenance)</li> </ul>	Short to medium term	 Certain	 Medium	As part of our ERM process, CAE monitors market conditions and regulatory changes. We also include climate-related risks in our due diligence for capital investment (lease/own arbitration).



<sup>1</sup> Can have a medium impact on CAE's reputation.




CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
Rising insurance premiums	Transition risk	Market	Rising frequency and impact of climate change events may lead to an increase in insurance claims and cause insurance premiums to rise. CAE may have to cover rising insurance premiums or integrate additional self-insurance financial provisions.	<ul style="list-style-type: none"> <li>Increased operating costs</li> <li>Self-insurance liabilities</li> </ul>	Short term	 Certain	 Low <sup>1</sup>	CAE monitors insurance coverage trends.
Insufficient energy and raw resources	Transition risk	Market	Climate change events can cause damages to the infrastructures or routes supporting energy or raw material supply (locally or not). Access to water, fuel, electricity or other key resources can be hindered. Climate change events can also destroy or damage sources of raw material (e.g. metal mines), even leading to a shortage of energy and raw material resources. CAE may not have access to sufficient resources to maintain our regular operations. There may be a lack of redundant suppliers for key resources.	<ul style="list-style-type: none"> <li>Increased operating costs (claims, rescheduling, emergency resourcing)</li> </ul>	Short to medium term	 Likely	 Low <sup>2</sup>	CAE monitors energy prices trends, coverage of energy supplies and existing alternatives. We constantly innovate on our products to improve their energy efficiency.
More expensive resources	Transition risk	Market	In reference to the previous risk "Insufficient energy and raw resources," Climate change may lead to a growing scarcity of energy and raw material resources. CAE may experience a rise in price of the resources (e.g. energy sources, water, raw material).	<ul style="list-style-type: none"> <li>Increased operating costs (resourcing, rising price of energy)</li> </ul>	Short term	 Certain	 Low <sup>2</sup>	CAE monitors energy price trends, coverage of energy supplies and existing alternatives. We constantly innovate on our products to improve their energy efficiency. We constantly innovate on our buildings by applying green building practices in the construction of new facilities and to existing ones.
Talent attrition	Transition risk	Market	<p>Climate change events (e.g. massive climate catastrophe, flooding, rise or fall of temperatures) may impact the living conditions and the quality of life of a country/area:</p> <ul style="list-style-type: none"> <li>Endangering access to key resources and food (e.g. destruction of land, destruction of airports)</li> <li>Damaging infrastructures (e.g. hospitals, schools)</li> <li>Impacting the health of local population (e.g. risky weather conditions, air quality)</li> </ul> <p>Such events could worsen living or working conditions in the area and cause depopulation. CAE may experience difficulties attracting and retaining key talent to maintain a strong and sustainable business.</p>	<ul style="list-style-type: none"> <li>Increased operating costs (claims, rescheduling, recruitment)</li> <li>Loss of revenues</li> <li>Loss of market share</li> </ul>	Short to medium term	 Possible	 Low	As part of its ERM process, CAE monitors market conditions changes including living conditions. We also track employees' well-being on a regular basis.

<sup>1</sup> Subject to high uncertainty, requires a thorough monitoring.

<sup>2</sup> Increasingly volatile, requires a thorough monitoring.

CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
<a href="#">Building norms evolution</a>	Transition risk	Policy / Legal	<p>Rising frequency and impact of climate change events can lead governments or local authorities to impose more stringent rules and regulation on real estate projects (new buildings, maintenance), such as restrictions on materials used (i.e. select low-carbon materials), limitations on energy consumption and compliance with specific building certifications. Regulators and insurers may further restrict areas where building may occur to minimize insurance claims and defaults.</p> <p>CAE may face more restrictive regulation in terms of buildings, their maintenance and servicing, including new measures or new controls on existing facilities and new building standards for the upcoming real estate projects.</p>	<ul style="list-style-type: none"> <li>Increased operating costs (building maintenance, construction and servicing)</li> </ul>	Short to medium term	 Likely	 Low	As part of its ERM process, CAE monitors regulatory changes. We also include climate-related risks in our due diligence for capital investment (lease/own arbitration). We perform an extended due diligence before buying a building that includes energy efficiency standards.
<a href="#">New EH&amp;S regulation</a>	Transition risk	Policy / Legal	<p>Given the increase in frequency and magnitude of climate change events, governments or local authorities may impose new regulations on Environment, Health and Safety (EH&amp;S) to protect employees, the local community and the ecosystem where CAE conducts its activities. CAE may have to comply with new EH&amp;S regulations.</p>	<ul style="list-style-type: none"> <li>Increased operating costs (compliance to additional standards)</li> </ul>	Medium to long term	 Possible	 Low	As part of its ERM process, CAE monitors regulatory changes.
<a href="#">Carbon pricing</a>	Transition risk	Policy / Legal	<p>Carbon pricing, carbon taxes and other climate policies will impact energy, raw material and the prices for purchased goods and services. CAE may be exposed to increasing energy and other supplies bills due to carbon pricing.</p>	<ul style="list-style-type: none"> <li>Increased operating costs (carbon pricing)</li> </ul>	Short to medium term	 Certain	 Medium	As part of our ERM process, CAE monitors regulatory changes. We also implement energy efficient standards and constantly innovate our products to improve their energy efficiency.
<a href="#">Replacement of CAE's assets</a>	Transition risk	Policy / Legal	<p>CAE may have to increase investments to transition toward low-carbon assets and may suffer losses in value for carbon-intensive assets or from assets becoming obsolete.</p> <p>Losses can also be incurred as climate change events damage assets where insurance coverage is inexistent or insufficient. CAE may need to upgrade or replace simulators in the network due to the enforcement of new regulations or laws.</p>	<ul style="list-style-type: none"> <li>Increased operating costs (full replacement or upgrade)</li> </ul>	Short to medium term	 Possible	 Low	CAE constantly innovates our products to improve their energy efficiency. CAE is identifying and implementing carbon reduction opportunities regarding our facilities management.





CLIMATE-RELATED RISKS								
Name	Risk category	Risk type	Description	Potential financial impact	Horizon	Likelihood	Impact	Management method
Damages to CAE's reputation	Transition risk	Reputation	<p>Private companies and public authorities face growing pressure over their impact on the environment and on climate change.</p> <p>Any concern about CAE not being ready to supply low-carbon services may deter our customers from engaging with us. It can also deter our public and private business partners from maintaining their relationship with us. CAE's reputation could be negatively impacted by a lack of action on climate change.</p>	<ul style="list-style-type: none"> <li>Loss of current and future revenues (backlog)</li> <li>Loss of public contracts and of public sources of funding</li> </ul>	Short to medium term	 Likely	 Medium <sup>1</sup>	CAE develops and implements an environmental strategy that covers emissions inventory, carbon reduction actions, the development of low-carbon products and services and climate change mitigation. We communicate these actions and activities transparently to external stakeholders.

CLIMATE-RELATED OPPORTUNITIES						
Name	Opportunity type	Description	Potential financial impact	Horizon	Likelihood	Strategy to realize the opportunity
Development and/or expansion of low-emission goods and services	Products / Services	<ul style="list-style-type: none"> <li>More stringent regulations on carbon taxes and carbon pricing could result in a wider share of simulation-based training versus live training in an actual aircraft. CAE may face more demand for simulation-based training vs. live training.</li> <li>Climate change may also generate more demand for simulation solutions to enable to test various climate change scenarios and organize emergency services.</li> <li>CAE's upcoming fleet of hybrid-electric aircraft is an opportunity for our customers to decrease their carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue through demand for lower emissions products and services</li> </ul>	Short to medium term	 Likely	<p>As part of our market intelligence and ERM process, CAE monitors market conditions changes, including new regulations, and changes in customers' needs.</p> <p>The cost of realizing the opportunity is integrated into our business case.</p>
Access to new markets	Products / Services	The development of low-carbon transportation is also driven by climate change: battery-powered aircraft, Advanced Air Mobility and unmanned electric transportation. CAE may face more demand for new training products and services in these new markets.	<ul style="list-style-type: none"> <li>Increased revenue through demand for new products and services</li> </ul>	Medium term	 Certain	<p>As part of our market intelligence and ERM process, CAE monitors market conditions change including new regulations, changes in customers' needs, new technology trends, and new products and services.</p> <p>The cost of realizing the opportunity is integrated into our business case.</p>
Strong reputation	Products / Services	As CAE develops its climate change resilience strategy and as CAE develops more low-emissions goods and services, its reputation is likely to continue to gain strength. As CAE continues to support the decarbonization of its industry and customers, its efforts may increase customer stickiness and enhance its relationships with government and policy makers.	<ul style="list-style-type: none"> <li>Increased revenues through demand for high quality services</li> <li>Increased access to public funding</li> </ul>	Short to medium term <sup>2</sup>	 Certain	CAE monitors the expectations of our external stakeholders through different channels. CAE deploys an environmental strategy that addresses carbon reduction and climate change mitigation.

<sup>1</sup> Also connected to the perception of the aviation sector and to CAE's progress on climate change mitigation and carbon reduction.

<sup>2</sup> Depending on the location of each sites, customers and policy-makers are more or less sensitive to climate change resilience.



CLIMATE-RELATED OPPORTUNITIES						
Name	Opportunity type	Description	Potential financial impact	Horizon	Likelihood	Strategy to realize the opportunity
<a href="#">Talent attraction and retention</a>	Resilience	Climate change awareness and resilience strategy have become part of a company's attractiveness for talent.  It also positively influences employee engagement. Even with variability in terms of age ranges and geographies, that trend is likely to increase in the near future. CAE's climate change awareness and resilience strategy may reinforce our capacity to attract and retain key talent.	<ul style="list-style-type: none"> <li>Increased revenues through demand for high quality services</li> </ul>	Medium term	 Possible	<p>As part of our market intelligence and ERM process, CAE monitors talent attraction trends and adapts our human resources strategy accordingly. Bolstering talent is a high priority of our Company, identified as one key area of our corporate business strategy.</p> <p>The cost of realizing the opportunity is integrated into our business case.</p>
<a href="#">Local sourcing</a>	Resilience	Due to the operational pressure generated by climate change on shipping and transportation routes, CAE may revisit our supply chain to turn to more local sources for the goods and services we purchase. Local sourcing is likely to reduce operational risk and sources of delays.	<ul style="list-style-type: none"> <li>Cost savings</li> </ul>	Short to medium term	 Certain	<p>CAE is completing a deep dive on our value chain to have a better understanding of our Scope 3 carbon footprint in order to identify and implement carbon reduction opportunities and increase cooperation with key suppliers. Markets trends are monitored and local sourcing is prioritized when possible and relevant. CAE also considers carbon as part of our procurement decision-making.</p>
<a href="#">Energy independence</a>	Energy source	As climate change puts pressure on energy sourcing, CAE may revisit the sourcing of the energy we purchase and consider various options to build redundancies and be self-sufficient in terms of electricity. Such a strategy helps cope with the risk of IT disruption and the financial costs related to highly volatile prices.	<ul style="list-style-type: none"> <li>Cost savings</li> </ul>	Medium to long term	 Certain	<p>CAE monitors energy prices trends, coverage of energy supplies and existing alternatives. As part of our decarbonization strategy, we are focusing on identifying and implementing carbon reduction opportunities on our existing facilities. We also add green features to our new buildings to ensure they are energy-efficient.</p>
<a href="#">Greener simulators and more eco-efficient facilities</a>	Resource efficiency	As CAE develops more eco-efficient simulators, we decrease the carbon footprint of our simulators installed base and as such, the Scope 3 emissions of our customers. Building eco-efficient buildings in CAE's network also help to reduce carbon emissions. Reducing energy consumption also helps cope with the high volatility of energy prices.	<ul style="list-style-type: none"> <li>Increased revenue through demand for lower emissions products and services</li> <li>Cost savings</li> </ul>	Short term	 Certain	<p>As part of our decarbonization strategy, we constantly innovate our products to improve their eco-efficiency. We also modernize our buildings to improve their energy efficiency and use greener sources of energy. Environmental criteria are included in the development of new buildings.</p>

With these assessments, risks are prioritized based on their current and future impact on the Company's commercial activities, reputation, regulatory obligations, operations and financial performance.

Ultimately, the site-level assessments enable CAE to detail how these risks and opportunities are to be managed through our existing governance, ERM and monitoring processes. This will also serve as the basis for the integration of climate-related issues to CAE's business strategy. When needed, risks and opportunities will be subject to specific deep-dive projects.

In FY23, we expect to start developing risk mitigation plans for those most critical climate-related risks and opportunities.

In FY23, we will also start enhancing our current processes to progressively align with changes in ESG disclosure requirements proposed by the U.S. Securities and Exchange Commission (SEC). As these requirements are still subject to discussion at this point, we will monitor the latest developments and coordinate cross-functional efforts as needed with the different departments that should be involved, including Corporate Finance and Internal Audit.

## Management

ERM is essential to CAE given the size, nature and complexity of our operations. CAE has implemented an ERM Policy, which sets out a framework and processes to ensure that risks are identified, measured, managed and reported proactively, and in a manner that is consistent with the expectations of the Board and the interests of CAE's internal and external stakeholders, including employees, shareholders, customers and suppliers.

Pursuant to our policy, our business units exercise the daily management of their risks and controls and implement corrective actions, as necessary.

This corporate-level climate assessment is a key input for the ERM group to incorporate material climate-related risks to the Company's ERM process.

The CCC, under the supervision of the CSO, will also be responsible for detailing how these risks should be managed through our existing ERM governance, management and monitoring processes. For more information about the Company's ERM process, refer to the [MD&A, p. 44](#).

## Performance

We have been reporting our global Scope 1 and Scope 2 emissions as part of our CSR and CDP reporting practices since FY17.

To expand our carbon neutrality above Scope 1 and 2 emissions and our Scope 3 emissions related to business travel by plane, train and car rental, we conducted a deep dive of the corporate value chain to allow for a better understanding of the carbon impact of all CAE's Scope 3 activities and to identify reduction opportunities. Based on our findings, this year, we expanded Scope 3 reporting beyond business air travel to fuel and energy-related emissions not included in Scopes 1 and 2. We plan to report on additional carbon emissions categories in coming years.

The growth of CAE's activities, coupled with acquisitions made during FY22, contributed to the increase of CAE's global carbon footprint compared to FY21, with an increase in Scope 1 and 2 location-based emissions from 71,442 tCO<sub>2</sub>e in FY21 (data published in our FY21 CSR report, not including the acquired companies) to 79,094 tCO<sub>2</sub>e in FY22. This growth primarily impacted Scope 2 location-based emissions and also increased business travel carbon emissions (Scope 3).

Entities acquired by CAE during FY22 triggered a recalculation of our FY20 and FY21 data to include these new companies in the organizational boundaries of our prior calculations. A slight carbon emission decrease can be noticed from FY21 to FY22.

## CAE's GHG emissions

*in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e)*

	FY22	FY21 <sup>1</sup>	FY20 <sup>1</sup>
Metric			
Scope 1 in tCO <sub>2</sub> e	20,039	23,267	21,998
Scope 1 Aviation fuel emissions in tCO <sub>2</sub> e <sup>2</sup>	14,907	15,954	16,091
Scope 2 location-based in tCO <sub>2</sub> e	59,055	63,216	70,002
Scope 2 market-based in tCO <sub>2</sub> e	5,128 <sup>3</sup>	17,293 <sup>4</sup>	17,522 <sup>4</sup>
Scope 3 partial (business travel by plane, train, car rental) in tCO <sub>2</sub> e <sup>5</sup>	6,221	4,425	16,198
Scope 3 partial (fuel and energy-related activities) in tCO <sub>2</sub> e <sup>6</sup>	15,739	N/A	N/A
Energy intensity (MWh/million \$ revenue)	83.32	80.30 <sup>7</sup>	76.29 <sup>7</sup>

Implemented energy efficiency initiatives helped reduce the carbon emissions. Optimization of our footprint also contributed to limiting the increase of carbon emissions. Moreover, each site faces different energy challenges with variation in weather conditions and in the intensity of activities.

Scope 2 market-based emissions decreased significantly, with the purchase of RECs where possible and when available in the market boundaries of our sites. RECs were also purchased in FY21 and FY20 after the publication of the CSR report. ▶

<sup>1</sup> The energy consumption and the carbon footprint of the entities acquired during FY22 has been retroactively included in the previous years' data. Previous years' data has been updated based on available information.

<sup>2</sup> Aviation fuel is the main source of Scope 1 emissions.

<sup>3</sup> Significant decrease of market-based emissions, due to the purchase of renewable energy certificates (RECs) where possible and available in the market boundaries of our facilities.

<sup>4</sup> RECs were purchased in FY20, FY21 and FY22, but not in time to be included in FY20 and FY21 CSR reports. They are now included in this FY20 and FY21 data.

<sup>5</sup> CAE extended in FY20 the scope of our carbon emissions calculations by reporting for the first time our business travel-related emissions (plane/train/car rental).

<sup>6</sup> In FY22, CAE extended the scope of our carbon emissions calculations by reporting for the first-time fuel and energy-related activities not included in Scopes 1 or 2.

<sup>7</sup> The energy intensity does not include the data of entities acquired in FY22.

## CAE's carbon neutrality

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 locations worldwide where we have the operational control on our activities and the air business travel of our employees. This objective was achieved by continuing our energy reduction initiatives, by purchasing RECs and by looking into reliable projects to compensate our emissions by buying carbon offsets. We continue to participate in the reforestation project in Canada for 50% of our COCs and we have reallocated the remaining 50% to the [Planetair + École de technologie supérieure \(ÉTS\) portfolio](#) that supports the ÉTS Research Fund on Climate Change.

Over the longer term, CAE will work with the industry to progressively use electric aircraft for the live flight training in our flight training operations worldwide.

We will also undertake other measures to reduce our overall emissions, such as 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 footprints.

The extended knowledge of our carbon emissions and impact will allow us to prepare and update next steps. We initiated actions to coordinate our efforts with suppliers and improve the Company's carbon footprint across our value chain.

## Renewable energy

In FY22, we made great progress on our carbon neutrality roadmap. All CAE sites are 100% sourced with renewable energy or covered by RECs. ■



## Non-GAAP and other financial measure definitions

This report includes non-GAAP and other financial measures. Non-GAAP measures are useful supplemental information but do not have a standardized meaning according to GAAP. These measures should not be confused with, or used as an alternative for, performance measures calculated according to GAAP. Furthermore, these non-GAAP measures should not be compared with similarly titled measures provided or used by other companies. Management believes that providing certain non-GAAP measures provides users with a better understanding of our results and trends and provides additional information on our financial and operating performance.

### Adjusted earnings or loss per share (EPS)

Adjusted earnings or loss per share is a non-GAAP measure calculated by excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, after tax, as well as significant one-time tax items from the diluted earnings per share from continuing operations attributable to equity holders of the Company. The effect per share is obtained by dividing these restructuring, integration and acquisition costs and impairments and other gains and losses, after tax, as well as one-time tax items by the weighted average number of diluted shares. We track it because we believe it provides a better indication of our operating performance on a per share basis and facilitates the comparison across reporting periods.

Adjusted earnings or loss per share excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

### Adjusted net income or loss

Adjusted net income or loss is a non-GAAP measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, after tax, as well as significant one-time tax items. We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods.

Adjusted net income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

### Adjusted segment operating income or loss (SOI)

Adjusted segment operating income or loss is a non-GAAP measure and is the sum of our key indicators of each segment's financial performance. Adjusted segment operating income or loss gives us an indication of the profitability of each segment because it does not include the impact of any items not specifically related to the segment's performance. We calculate adjusted segment operating income by taking operating income and excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events.

We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods. Additionally, adjusted segment operating income or loss is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance.

Adjusted segment operating income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results. While management is aware of such further adjusted measure, it is not specifically employed by management as a profitability measure for making decisions about allocating resources to segments and assessing segment performance.

### Capital employed

#### Capital employed

Capital employed is a non-GAAP measure we use to evaluate and monitor how much we are investing in our business. We measure it from two perspectives:

Capital used:

- For CAE, we take total assets (not including cash and cash equivalents), and subtract total liabilities (not including long-term debt and the current portion of long-term debt);
- For each segment, we take the total assets (not including cash and cash equivalents, tax accounts and other non-operating assets), and subtract total liabilities (not including tax accounts, long-term debt and the current portion of long-term debt, royalty obligations, employee benefit obligations and other non-operating liabilities). ▶



#### Source of capital:

- In order to understand our source of capital, we add net debt to total equity.

#### Return on capital employed (ROCE)

ROCE is used to evaluate the profitability of our invested capital. We calculate this ratio over a rolling four-quarter period by taking net income attributable to equity holders of the Company excluding net finance expense, after tax, divided by the average capital employed.

#### Capital expenditures (maintenance and growth) from property, plant and equipment

Maintenance capital expenditure is a non-GAAP measure we use to calculate the investment needed to sustain the current level of economic activity.

Growth capital expenditure is a non-GAAP measure we use to calculate the investment needed to increase the current level of economic activity.

#### Free cash flow

Free cash flow is a non-GAAP measure that shows us how much cash we have available to invest in growth opportunities, repay debt and meet ongoing financial obligations. We use it as an indicator of our financial strength and liquidity. We calculate it by taking the net cash generated by our continuing operating activities, subtracting maintenance capital expenditures, changes in ERP and other assets not related to growth and dividends paid and adding proceeds from the disposal of property, plant and equipment, dividends received from equity accounted investees and proceeds, net of payments, from equity accounted investees.

#### Gross profit

Gross profit is a non-GAAP measure equivalent to the operating income excluding research and development expenses, selling, general and administrative expenses, other gains and losses, after tax share in profit or loss of equity accounted investees and restructuring, integration and acquisition costs. We believe it is useful to management and investors in evaluating our ongoing operational performance.

#### Net debt

Net debt is a non-GAAP measure we use to monitor how much debt we have after taking into account cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total long-term debt, including the current portion of long-term debt, and subtracting cash and cash equivalents.

Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt.

Net debt-to-EBITDA is calculated as net debt divided by the last twelve months EBITDA. EBITDA comprises earnings before income taxes, finance expense – net, depreciation and amortization. Adjusted EBITDA further excludes restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events.

#### Non-cash working capital

Non-cash working capital is a non-GAAP measure we use to monitor how much money we have committed in the day-to-day operation of our business. We calculate it by taking current assets (not including cash and cash equivalents and assets held for sale) and subtracting current liabilities (not including the current portion of long-term debt and liabilities held for sale).

#### Operating income or loss

Operating income or loss is an additional GAAP measure that shows us how we have performed before the effects of certain financing decisions, tax structures and discontinued operations. We track it because we believe it facilitates the comparison across reporting periods, and with companies and industries that do not have the same capital structure or tax laws.

#### Order intake and Backlog

##### Order intake

Order intake is a non-GAAP measure that represents the expected value of orders we have received:

- For the Civil Aviation segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Additionally, expected future revenues from customers under short-term and long-term training contracts are included when these customers commit to pay us training fees, or when we reasonably expect the revenue to be generated;
- For the Defense and Security segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Defense and Security contracts are usually executed over a long-term period but some of them must be renewed each year. For this segment, we only include a contract item in order intake when the customer has authorized the contract item and has received funding for it;
- For the Healthcare segment, order intake is typically converted into revenue within one year, therefore we assume that order intake is equal to revenue.

The book-to-sales ratio is the total orders divided by total revenue in a given period. ►

## Backlog

Total backlog is a non-GAAP measure that represents expected future revenues and includes obligated backlog, joint venture backlog and unfunded backlog and options:

- Obligated backlog represents the value of our order intake not yet executed and is calculated by adding the order intake of the current period to the balance of the obligated backlog at the end of the previous fiscal year, subtracting the revenue recognized in the current period and adding or subtracting backlog adjustments. If the amount of an order already recognized in a previous fiscal year is modified, the backlog is revised through adjustments;
- Joint venture backlog is obligated backlog that represents the expected value of our share of orders that our joint ventures have received but have not yet executed. Joint venture backlog is determined on the same basis as obligated backlog described above;
- Unfunded backlog represents firm Defense and Security orders we have received but have not yet executed and for which funding authorization has not yet been obtained. Options are included in backlog when there is a high probability of being exercised, but indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered order intake in that period and it is removed from unfunded backlog and options.

## Remaining performance obligations

Remaining performance obligations is a GAAP measure, introduced under the application of IFRS 15, which represents the cumulative balance of unsatisfied promises to transfer a distinct good or service to customers as part of a legally binding commercial agreement. This measure is similar to our definition of backlog, however excludes joint venture balances, options and estimated contract values:

Estimated contract values represent estimated future revenue from customers under exclusive short-term and long-term training contracts when we expect the revenue to be generated, based on regulated customer training requirements but for which no training sessions have yet been booked.

## Research and development expenses (R&D)

Research and development expenses are a financial measure we use to measure the amount of expenditures directly attributable to research and development activities that we have expensed during the period, net of investment tax credits and government contributions.

## Simulator equivalent unit (SEU)

### Simulator equivalent unit

SEU is an operating measure we use to show the total average number of FFSs available to generate earnings during the period. For example, in the case of a 50/50 flight training joint venture, we will report only 50% of the FFSs under this joint venture as a SEU. If a FFS is being powered down and relocated, it will not be included as a SEU until the FFS is re-installed and available to generate earnings.

### Full-flight simulators (FFSs) in CAE's network

A FFS is a full size replica of a specific make, model and series of an aircraft cockpit, including a motion system. In our count of FFSs in the network, we generally only include FFSs that are of the highest fidelity and do not include any fixed based training devices, or other lower-level devices, as these are typically used in addition to FFSs in the same approved training programs.

## Utilization rate

Utilization rate is one of the operating measures we use to assess the performance of our Civil simulator training network. While utilization rate does not perfectly correlate to revenue recognized, we track it, together with other measures, because we believe it is an indicator of our operating performance. We calculate it by taking the number of training hours sold on our simulators during the period divided by the practical training capacity available for the same period.

## In the next pages:

- Reconciliation of adjusted segment operating income (SOI)
- Reconciliation of adjusted net income and adjusted earnings per share
- Reconciliation of EBITDA and adjusted EBITDA ►

## Reconciliation of adjusted segment operating income (SOI)

	Civil Aviation		Defense & Security		Healthcare		Total	
Three months ended March 31	2022	2021	2022	2021	2022	2021	2022	2021
Operating income (loss)	\$ 58.1	\$ 40.5	\$ 25.8	\$ (8.5)	\$ 9.4	\$ 15.6	\$ 93.3	\$ 47.6
Restructuring, integration and acquisition costs	26.6	26.1	9.2	31.7	0.2	0.8	36.0	58.6
Cloud computing transition adjustment*	11.6	—	1.8	—	—	—	13.4	—
Adjusted segment operating income	\$ 96.3	\$ 66.6	\$ 36.8	\$ 23.2	\$ 9.6	\$ 16.4	\$ 142.7	\$ 106.2
COVID-19 government support programs	—	19.7	—	16.4	—	1.1	—	37.2
Adjusted SOI excluding COVID-19 government support programs	\$ 96.3	\$ 46.9	\$ 36.8	\$ 6.8	\$ 9.6	\$ 15.3	\$ 142.7	\$ 69.0

	Civil Aviation		Defense & Security		Healthcare		Total	
Twelve months ended March 31	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	\$ 224.1	\$ 6.5	\$ 56.0	\$ 15.5	\$ 4.1	\$ 26.4	\$ 284.2	\$ 48.4
Restructuring, integration and acquisition costs	79.0	76.1	61.4	45.0	6.5	2.9	146.9	124.0
Cloud computing transition adjustment*	11.6	—	1.8	—	—	—	13.4	—
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic <sup>1</sup>	—	81.7	—	26.5	—	—	—	108.2
Adjusted segment operating income	\$ 314.7	\$ 164.3	\$ 119.2	\$ 87.0	\$ 10.6	\$ 29.3	\$ 444.5	\$ 280.6
COVID-19 government support programs	5.2	63.6	8.0	60.3	0.4	3.5	13.6	127.4
Adjusted SOI excluding COVID-19 government support programs	\$ 309.5	\$ 100.7	\$ 111.2	\$ 26.7	\$ 10.2	\$ 25.8	\$ 430.9	\$ 153.2

\* New and amended standards adopted

<sup>1</sup> Mainly from impairment charges on non-financial assets and amounts owed from customers. This reconciling item does not adjust for any operational elements, including COVID-19 heightened employee costs. Throughout fiscal 2021 and the first quarter of fiscal 2022, we carried higher employee costs than we would have otherwise been carrying as amounts received under COVID-19 government support programs either flowed through directly to employees according to the objective of the subsidy programs and the way they were designed in certain countries, or the amounts were offset by the increased costs we incurred in revoking some of our initial cost saving measures including eliminating salary reductions and bringing back employees who were previously placed on furlough or reduced work weeks. We also incurred additional operating costs including the purchase of personal protective equipment, increased sanitary measures to protect the health and safety of our employees and costs of safety protocols implemented. These higher costs have been included in our results. While these additional costs are in certain cases estimated, they almost entirely neutralize the positive impacts of the COVID-19 government support programs. CAE's participation in the CEWS program ceased on June 5, 2021 and accordingly, we did not claim any CEWS benefits for wages and salary costs incurred subsequent to June 5, 2021.

**Reconciliation of adjusted net income  
and adjusted earnings per share**

	Three months ended		Twelve months ended	
	March 31		March 31	
(amounts in millions, except per share amounts)	2022	2021	2022	2021
Net income (loss) attributable to equity holders of the Company	\$ 55.1	\$ 19.8	\$ 141.7	\$ (47.2)
Restructuring, integration and acquisition costs, after tax	27.1	43.4	110.0	94.0
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic <sup>1</sup> , after tax	—	—	—	80.3
Cloud computing transition adjustment, after tax	9.8	—	9.8	—
Adjusted net income	\$ 92.0	\$ 63.2	\$ 261.5	\$ 127.1
COVID-19 government support programs, after tax	—	27.3	10.0	93.5
Adjusted net income excluding COVID-19 government support programs	\$ 92.0	\$ 35.9	\$ 251.5	\$ 33.6
Average number of shares outstanding (diluted)	318.5	287.3	321.9	272.0
Adjusted EPS	\$ 0.29	\$ 0.22	\$ 0.84	\$ 0.47
Adjusted EPS excluding COVID-19 government support programs	\$ 0.29	\$ 0.12	\$ 0.80	\$ 0.12

**Reconciliation of EBITDA and adjusted EBITDA**

	Twelve months ended	
	March 31	
(amounts in millions)	2022	2021
Operating income	\$ 284.2	\$ 48.4
Depreciation and amortization	310.5	319.5
EBITDA	\$ 594.7	\$ 367.9
Restructuring, integration and acquisition costs	146.9	124.0
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic <sup>1</sup>	—	108.2
Cloud computing transition adjustment	13.4	—
Adjusted EBITDA	\$ 755.0	\$ 600.1
COVID-19 government support programs	(13.6)	(127.4)
Adjusted EBITDA excluding COVID-19 government support programs	\$ 741.4	\$ 472.7

<sup>1</sup> Mainly from impairment charges on non-financial assets and amounts owed from customers. This reconciling item does not adjust for any operational elements, including COVID-19 heightened employee costs. Throughout fiscal 2021 and the first quarter of fiscal 2022, we carried higher employee costs than we would have otherwise been carrying as amounts received under COVID-19 government support programs either flowed through directly to employees according to the objective of the subsidy programs and the way they were designed in certain countries, or the amounts were offset by the increased costs we incurred in revoking some of our initial cost saving measures including eliminating salary reductions and bringing back employees who were previously placed on furlough or reduced work weeks. We also incurred additional operating costs including the purchase of personal protective equipment, increased sanitary measures to protect the health and safety of our employees and costs of safety protocols implemented. These higher costs have been included in our results. While these additional costs are in certain cases estimated, they almost entirely neutralize the positive impacts of the COVID-19 government support programs. CAE's participation in the CEWS program ceased on June 5, 2021 and accordingly, we did not claim any CEWS benefits for wages and salary costs incurred subsequent to June 5, 2021.



## Caution regarding forward-looking statements

This report includes forward-looking statements about our activities, events and developments that we expect to or anticipate may occur in the future including, for example, statements about our vision, strategies, market trends and outlook, future revenues, capital spending, expansions and new initiatives, financial obligations, available liquidities, expected sales, general economic outlook, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, estimated addressable markets, statements relating to our acquisitions of L3H MT and AirCentre, CAE's access to capital resources, the expected accretion in various financial metrics, expectations regarding anticipated cost savings and synergies, the strength, complementarity and compatibility of the L3H MT and AirCentre acquisitions with our existing business and teams, other anticipated benefits of the L3H MT and AirCentre acquisitions and their impact on our future growth, results of operations, performance, business, prospects and opportunities, our business outlook, objectives, development, plans, growth strategies and other strategic priorities, and our leadership position in our markets and other statements that are not historical facts. Forward-looking statements normally contain words like believe, expect, anticipate, plan, intend, continue, estimate, may, will, should, strategy, future and similar expressions. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties associated with our business which may cause actual results in future periods to differ materially from results indicated in forward-looking statements. While these statements are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are reasonable and appropriate in the circumstances, readers are cautioned not to place undue reliance on these forward-looking

statements as there is a risk that they may not be accurate. Important risks that could cause such differences include, but are not limited to, risks relating to our business and business strategy, such as evolving standards and technology innovation and disruption, our ability to penetrate new markets, estimates of market opportunity, supply chain disruptions, original equipment manufacturer (OEM) leverage and encroachment, subcontractors, diversion of management attention, product integration and program management and execution, research and development (R&D) activities, strategic partnerships and long-term contracts, fixed-price and long-term supply contracts, backlog, customer credit risk, length of sales cycle, seasonality, and our reputation, risks relating to our markets and the international scope of our business, such as the international scope of our business, geopolitical uncertainty, global economic conditions, the military conflict in Ukraine, foreign exchange, and taxation matters, risks relating to our industries and macroeconomic conditions, such as our competitive business environment, constraints within the civil aviation industry, inflation, the continued risk of global health crises, the level and timing of defence spending, business development and awarding of new contracts, and extreme weather conditions and the impact of natural or other disasters (including effects of climate change), legal and regulatory risks, such as ethics and compliance, continued scrutiny regarding environmental, social and governance (ESG) matters, environmental laws and regulations, liability risks that may not be covered by indemnity or insurance, warranty or other product-related claims, U.S. foreign ownership, control or influence mitigation measures, compliance with laws and regulations, and government audits and investigations, risks relating to information technology, cybersecurity and intellectual property, such as reliance on third-party providers for information technology systems and infrastructure management, data rights and governance, the protection of our intellectual property and brand, and third-party intellectual property, risks relating to talent and labour, such as talent management,

key personnel and management, corporate culture, and labour relations, risks relating to mergers, acquisitions, joint ventures, strategic alliances or divestitures, such as the risk that we will not effectively manage our growth, integration risks, our continued reliance on certain parties and information, and acquisition and integration costs, risks relating to controls and accounting matters, such as the effectiveness of internal controls over financial reporting, estimates used in accounting, impairment risk, and pension plans funding, risks relating to indebtedness and liquidity, such as indebtedness to finance acquisitions and ability to meet debt service requirements, availability of capital, liquidity risk, and interest rate volatility, and risks relating to our common shares and ownership of our securities, such as sales of additional common shares, the market price and volatility of our common shares, returns to shareholders, our foreign private issuer status, and enforceability of civil liabilities against our directors and officers. The foregoing list is not exhaustive and other unknown or unpredictable factors could also have a material adverse effect on the performance or results of CAE. Additionally, differences could arise because of events announced or completed after the date of this report. You will find more information in the Business risk and uncertainty section of the MD&A of the financial report for the year ended March 31, 2022, which have been filed with the Canadian Securities Administrator on SEDAR ([www.sedar.com](http://www.sedar.com)) and is available on CAE's website ([www.cae.com](http://www.cae.com)). The MD&A has also been filed with the U.S. Securities and Exchange Commission and is available on its website ([www.sec.com](http://www.sec.com)). Any one or more of the factors described above and elsewhere in this report may be exacerbated by the continuing COVID-19 pandemic and may have a heightened negative impact on CAE's business, results of operations and financial condition. Accordingly, readers are cautioned that any of the disclosed risks could have a material adverse effect on CAE's forward-looking statements. ►

Readers are also cautioned that the risks described above and elsewhere in this report are not necessarily the only ones we face; additional risks and uncertainties that are presently unknown to us or that we may currently deem immaterial may adversely affect our business. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking information and statements contained in this report are expressly qualified by this cautionary statement.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this report. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

### Material assumptions

The forward-looking statements set out in this report are based on certain assumptions including, without limitation: the anticipated negative impacts of the COVID-19 pandemic on our businesses, operating results, cash flows and/or financial condition, including the intended effect of mitigation measures implemented as a result of the COVID-19 pandemic and the timing and degree of easing of global COVID-19-related mobility restrictions, the prevailing market conditions, customer receptivity to CAE’s training and operational support solutions, the accuracy of our estimates of addressable markets and market opportunity, the realization of anticipated annual recurring cost savings and other intended benefits from recent restructuring initiatives and operational excellence

programs, the ability to respond to anticipated inflationary pressures and our ability to pass along rising costs through increased prices, the actual impact to supply, production levels, and costs from global supply chain logistics challenges, the stability of foreign exchange rates, the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates, the availability of borrowings to be drawn down under, and the utilization, of one or more of our senior credit agreements, our available liquidity from cash and cash equivalents, undrawn amounts on our revolving credit facilities, the balance available under our receivable purchase facility, our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, access to expected capital resources within anticipated timeframes, no material financial, operational or competitive consequences from changes in regulations affecting our business, our ability to retain and attract new business, our ability to achieve synergies and maintain market position arising from successful integration plans relating to the L3H MT and AirCentre acquisitions, our ability to otherwise complete the integration of the L3H MT and AirCentre businesses acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT and AirCentre acquisitions, management’s estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT and AirCentre acquisitions and resulting impact on growth and accretion in various financial metrics, the realization of the expected strategic, financial and other benefits of the L3H MT and AirCentre acquisitions in the timeframe anticipated, economic and political environments and industry conditions, the accuracy and completeness of public and other disclosure, including financial disclosure, by L3Harris Technologies and AirCentre, absence of significant undisclosed costs or liabilities associated with the L3H MT and AirCentre acquisitions. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this

report, refer to “Business Risk and Uncertainty” in this report. Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from CAE, governments, regulatory authorities, businesses and customers, there is inherently more uncertainty associated with CAE’s assumptions. Air travel is a major driver for CAE’s business and management relies on analysis from the International Air Transport Association (IATA) to inform its assumptions about the rate and profile of recovery in its key civil aviation market. Accordingly, the assumptions outlined in this report and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

### Market and industry data

Market and industry data presented throughout this report was obtained from third-party sources and industry reports, and from publications, websites and other publicly available information, as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including internal analyses as well as information provided by suppliers, partners, customers and other industry participants. Although we believe it to be reliable, none of us has independently verified any of the data from third-party sources referred to in this report, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. In addition, certain of these publications, studies and reports were published before the global COVID-19 pandemic and therefore do not reflect any impact of the COVID-19 pandemic on any specific market or globally. ■

FISCAL YEAR 2022

# Annual Activity and Corporate Social Responsibility Report

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