



# Annual Activity and Corporate Social Responsibility Report

Fiscal year 2021



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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 2021 performance into one document. It includes all the information typically found in a company's CSR Report and the editorial pages of an Annual Report. Combining our reporting in this way enables us to provide stakeholders with a single source of information in key areas. It also signals that CSR is inseparable from our core business strategy and activities. All financial data for fiscal year 2021 is available in our [Financial Report](#).

As you will read in this report, our solutions generate benefits across the three central dimensions of sustainability: economic, environmental and social. This report covers our global operations and, unless otherwise stated, presents quantitative and qualitative information for fiscal year 2021 (ended March 31, 2021). 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 FY21 report has not been subject to any external assurance process. All figures in this report are in Canadian dollars unless otherwise stated.

## Feedback

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

## Reporting standards

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

For the first time this year, we are reporting 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 have also begun to report on the United Nations [Sustainable Development Goals \(SDGs\)](#), by [identifying five goals](#) to which our corporate strategy and business model are most aligned. We intend to continue the process of integrating the SDGs and to report on our progress accordingly.

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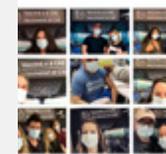
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**Marc Parent, C.M.**  
President and Chief Executive Officer

## Despite the headwinds, CAE is emerging stronger and better

CAE began its fiscal year confronting industry reversals unlike any before in its 74-year history. We were deeply concerned about the rapid global spread of COVID-19, and remained resolute about ensuring the safety of our employees, our customers and our suppliers, while challenging our thinking about the future.

Who could have foreseen the plummeting 90% drop in global air travel and border closures worldwide — all of which served instant sharp blows to Civil, our biggest business unit — and the aftereffects of the pandemic that swept across the defence and healthcare markets? In these unsettling circumstances, we swiftly mobilized to take the necessary immediate measures to secure CAE's stability.

While seizing on the first and secondary challenges of COVID-19, we identified opportunities to apply our innovative skills and agility in the midst of these disruptions. We lent a strong hand to our customers around the world, offering critical support, often gratis or at cost, in this shared crisis of humanity. In parallel, we identified ways to emerge stronger and position the company even more solidly for higher growth and profitability.

In a market that levelled the same or similar challenges to our competitors, CAE responded differently. We raised equity for the first time in nearly 20 years, using the proceeds to heighten our positioning in our civil and defence key markets. We acquired four companies in core and related markets in Civil and became a defence training systems integrator with a pending acquisition in Defence. We launched new products and expanded into new growth adjacencies while embarking on numerous initiatives to lower our cost structure. We leveraged highly connected, digitally enabled software solutions to address our customers' urgent needs and advance their competitive advantage amidst the morass of global health, social and financial turbulence. All the while, we stayed connected with our teams working dispersed and in far flung regions.

Our Civil acquisitions provided the building blocks necessary to jump-start our vision of providing an end-to-end offering of crew performance software that extends from training through optimized crew operations. We believe these connected capabilities will soon become unrivalled in the industry. We also positioned ourselves in advanced air mobility, a rapidly blossoming market with over 200 Original Equipment Manufacturers (OEMs). We recognize this market as a potential secular driver for a new kind of pilot training, with CAE's expertise in modeling and simulation playing a pivotal role in its acceptance and success. To execute our adjacent market strategy, we succeeded in securing acquisitions at uniquely attractive value and optimal use of capital.

We announced our definitive agreement to acquire L3Harris Technologies' Military Training business, a significant complementary fit with our core military training business that accelerates our Defence growth strategy and brings us into close alignment with U.S. national defense priorities. We expect to close the acquisition in the second half of calendar year 2021.

Healthcare, our smallest business unit, continued to broaden its position as the innovation leader in simulation-based healthcare education and training through the launch of new AI-enhanced training tools and digital management solutions, in support of our customers' training needs during the pandemic. A unique testament to our corporate citizenship, COVID-19 humanitarian efforts and passion for safety, the successful delivery of thousands of CAE Air1™ ventilators to the Government of Canada represents our best at work. We quickly brought together CAE's industrial technological capabilities and deep healthcare subject matter expertise to develop and manufacture this critical care, life-saving medical device.

We took the opportunity this year to further strengthen our leadership with the addition of Daniel Gelston as Defence & Security Group President and Heidi Wood, as President of CAE Healthcare and Executive Vice President, Business Development & Growth Initiatives. We created the business development and growth initiatives role as a new cross-collaboration leadership position to ensure future growth investments, capture joint opportunities across our business units, and accelerate our industrial technology leadership with digitally based solutions. This role, originally created before the pandemic, became all the more important to power up new initiatives as our core civil markets addressed sliced profitability.

We also boosted our presence in the U.S., strengthening our Washington, D.C., operations to gain visibility and representation for our three business units on Capitol Hill.

No one would have predicted or expected our ability to turn adversity into major strategic advantage. But we did. We went through extraordinary measures to protect CAE, our employees and our customers, and I remain extremely proud of how our company performed under challenging circumstances and the nobility with which CAE rose up under such exceptional circumstances. Against the tide, we took bold, forward-thinking, proactive measures to consolidate in our core markets and expand into adjacent markets.

Turning now to our results, I am especially pleased with what we accomplished financially. Despite the brunt of major global disruptions in all our markets, CAE returned to quarterly profitability and positive free cash flow after our first quarter.

Our recovery continued through the year and into the fourth quarter. On a consolidated basis, we generated \$0.22 adjusted earnings per share<sup>1</sup> (EPS) in this last quarter and \$0.47 adjusted EPS<sup>1</sup> for the year. Order intake<sup>1</sup> was \$928 million for the quarter and \$2.7 billion for the year, yielding a solid backlog<sup>1</sup> of \$8.2 billion. This is striking given the challenges faced by the global aviation industry over this yearlong crisis and the hundreds of millions in defence contracts that slipped into next year or beyond.

We generated strong annual free cash flow<sup>1</sup> of \$347 million, a singular indicator of CAE's position as a sustainable growth company. In addition to having the benefits of secular tailwinds and a cash generative profile, this year well evidenced that CAE has been and remains a safe port in a storm.

### Underscoring our resilience

Today, our strategy and positioning are more favourably aligned with a post-COVID business and geopolitical landscape, with expected secular trends favourable for all three of our business units.

In Civil, we project greater willingness to outsource training by airlines, even higher expected pilot demand (attrition and crisis-induced career shifts) and strong demand for business jet travel, which are enduring positives. Tourist air travel will likely recover more rapidly than business travel, but we project great stimulus on behalf of airlines worldwide and a prevailing need for pilot training.

In Defence, we witnessed a paradigm shift from asymmetric to near-peer threats, coupled with a sharp increase in the demand for immersive, synthetic solutions. These tailwinds strongly favour CAE's Defence



& Security business. Additionally, the complementary fit of L3Harris Technologies' Military Training capabilities in fast jets, bombers and remotely piloted aircraft, atop our cargo and tanker strengths, plus joint helicopter capabilities, position CAE to provide a unique suite of training capabilities for our military customers in the U.S., Canada, NATO and around the world.

We also see an attractive growth outlook for Healthcare through our new digital and virtual learning products, COVID-19 training solutions, and the overall increased recognition of the value of simulation-based preparedness. Investments of the past several years to augment our nursing suite of products have proven to be the right bet, as this last year has only further exacerbated the growing nursing shortage.

## Civil Aviation Training Solutions

Over the course of FY21, the Civil Aviation team was confronted by the concurrent, severe challenges of a plummet in global air travel (down a historic 90% globally), coupled with severe, sweeping and ever-changing government restrictions that included travel bans, border restrictions, lockdown protocols and self-isolation measures that forced closures and disruptions to Civil operations worldwide. Civil training centre utilization initially plunged, but has since recovered modestly. While still well below pre-pandemic levels of 70%, usage stabilized at around 50% through most of the year.

Despite these setbacks, we remained the training partner of choice for airlines, business jet operators and pilots worldwide, signing multiple long-term training services agreements this past year.

We consolidated Civil training capacity with the acquisitions of Flight Simulation Company and TRU Simulation + Training Canada Inc. and executed partnerships with numerous airlines.

Over the past few years, CAE has steadily unified the digital flight operations ecosystem with the goal of delivering a holistic suite of solutions designed to improve operations and enhance the crew experience to further increase our large addressable market in Civil. With the acquisition of Merlot Aero Limited and RB Group, we accelerated our expansion into software-enabled civil aviation services. Looking ahead, we will continue to expand our reach beyond pilot training solutions into the rapidly growing market for digitally enabled crew optimization services.

We stayed on course for planned launches of new programs and products, including the Airside™ digital platform for pilots grounded due to COVID-19 (adding an important job finder element) and a financing initiative coordinated with banking institutions worldwide to help make the profession more accessible to aspiring pilots. As the global training partner of choice, we are pleased

to be able to make it easier for these future pilots to train with us — especially relevant given the pending shortages predicted in the 2020-2029 CAE Pilot Demand Outlook we released in November 2020.

Annual revenue for Civil Aviation Training Solutions was \$1,412.9 million, down 35% compared to FY20. Annual operating income<sup>1</sup> was \$6.5 million compared to \$473.3 million last year, and annual adjusted segment operating income<sup>1</sup> was \$164.3 million (11.6% of revenue) compared to \$479.4 million (22.1% of revenue) last year. Annual Civil training centre utilization<sup>1</sup> was 47%, a sharp contrast to last year's 70%.

## Defence & Security

We introduced a new leader and new defence strategy to bring CAE in even greater alignment with the needs and priorities of National Defence Departments, from the U.S., to Canada, to NATO allies worldwide. With the pending acquisition of L3Harris Technologies' Military Training business, CAE will now double its U.S. defence presence to become the largest non-OEM training provider to the U.S. military. Our entry into mission and operations support likewise opens adjacent market growth opportunities for CAE's Defence & Security business.

As is the case in our Civil markets, our defence platform agnosticism remains a key strength. During the year, we won 100% of all our foundational recompetes, and won significant new competitions as well. We expanded our position in digital immersion, operational support and security. Notable wins include a contract with the U.S. Air Force for the base year of the new KC-135 Training System contract, which now includes training support services for the Air National Guard boom operator simulation systems. Defence also won a flagship award from the U.S. Special Operations Command to lead the integration efforts for the Special Operations Force Global Situational Awareness initiative.

We expanded in key training growth segments (air, maritime, unmanned/remotely piloted), and secured

positions on major U.S. and U.K. military programs. We also enhanced our OEM relationships worldwide resulting in several key successes. We deployed components of the CAE Trax Academy™ and adaptive learning into the U.S. Air Force Defense Innovation Unit Pilot Training Transformation, and further developed our Single Synthetic Environment (SSE) technology — resulting in deliveries to customers in the U.K. and positioning CAE for future National Synthetic Environment opportunities. Through our SSE capability to support mission systems integration, CAE won contracts for mission operations-focused programs that leverage digital immersion development in synthetic environments.

Annual Defence & Security revenue was \$1,217.1 million, down 9% over last year. Annual operating income<sup>1</sup> was \$15.5 million compared to \$104.8 million last year, and annual adjusted segment operating income<sup>1</sup> was \$87.0 million (7.1% of revenue) compared to \$114.5 million (8.6% of revenue) last year.

## Healthcare

While the healthcare global community struggled to grasp and then manage the knowns and unknowns of COVID-19, our Healthcare training and simulation market experienced a massive downward shock with sweeping cancellations of tradeshows and conferences (the major pipeline for generating healthcare sales); a steep 40% drop in hospital profitability; a focus away from training, given the strain on hospital systems confronting urgent patient crises taking place; and the abrupt shutdown of university and school training programs.

We put a new leader in place in Healthcare amid the severity of this environment, and our Healthcare business quickly went into overdrive to provide vital support through innovative training solutions that furthered the global preparedness of frontline healthcare and critical care unit workers. CAE Healthcare offered free online training modules on personal protection equipment use, point-of-care ultrasound scanning and COVID-19 assessment to spread the much-needed understanding throughout the world.

Throughout FY21, CAE Healthcare prevailed on plans to launch new tools and training capabilities, including introducing the first-of-its-kind CAE Blue Phantom™ COVID-19 Lung Simulator and an adaptive Ventilator Reskilling course, the latter winning both the EMS World Innovation Award and Attendees' Choice Award.

The CAE Air1™ ventilator, a milestone achievement, went from concept to design, development, testing, certification and ultimate delivery of thousands of ventilators to the Government of Canada in under twelve months. That agility alone serves as an eye-opening testament to the strength of CAE's innovation, engineering talent and advanced manufacturing capabilities.

We expanded our capabilities with the introduction of CAE Maestro Evolve™, together with other new offerings that are detailed in the Healthcare business highlights section. Collaboration with leading OEMs continued,

including projects with Edwards Lifesciences and Cordis, a Cardinal Health Company, to develop transformative digital training solutions.

Annual Healthcare revenue was \$351.9 million, up 183% compared to last year, and included \$230.6 million from the CAE Air1™ ventilator contract. Annual operating income<sup>1</sup> was \$26.4 million compared to a loss of \$41.0 million last year, and annual adjusted segment operating income<sup>1</sup> was \$29.3 million (8.3% of revenue) compared to a loss of \$3.5 million last year.

## Achieving carbon neutrality and taking bold steps in the fight against climate change

CAE became the first Canadian aerospace company to become carbon neutral, a significant milestone for our organization. This represents a bold achievement, and we hope that CAE's commitment in the fight against climate change will inspire other companies to take tangible action today.

We honoured our pre-pandemic commitment despite a whirlwind year full of unpredictable elements, a further demonstration of CAE's environmental leadership and commitment toward future generations. We continue to identify further measures to reduce our overall emissions through our Climate Change Committee and, through our Innovation and Global Strategic Sourcing teams, not only to reduce our carbon footprint, but to contribute to reducing those of our suppliers and customers.

CAE is also partnering with industry on a number of projects, including the development of electric aircraft. Our target is to have 50% of our aircraft fleet be either hybrid or electric in the next five years to further reduce carbon emissions at the source. As one of five industrial partners in SA<sup>2</sup>GE Phase 2, we led a project to develop simulation training technology to reduce the environmental footprint of the aeronautical industry. CAE also has the distinction of being among the 30 companies selected to contribute to the creation of an Urban Air Mobility ecosystem in France.



CAE is now included in the Jantzi Social Index (JSI), as one of 50 Canadian companies to meet a set of broad-based ESG rating criteria. The JSI index is used by institutional investors to benchmark the performance of socially screened portfolios and by financial institutions to develop investment products.

## Diversity and inclusion

I firmly believe there has never been a more exciting time to be at CAE. We have an excellent team, clarity of focus on what we need to do to execute our plans successfully and bold aspirations for our future — all of which are within our reach.

We made several important advances in diversity and inclusion (D&I), which continue to be among our top strategic priorities. CAE's D&I commitment not only is the right thing to do, it is smart business.

While pleased with the advances made in our D&I roadmap and in Employment Equity — measures of ongoing progress on identified diversity targets in each business unit/function across CAE — there is always more to achieve. Our efforts are recognized internally and externally, as evidenced by our inclusion in the Bloomberg Gender-Equality Index for a third consecutive year.

We received excellent results in our drive to identify and develop current and future women leaders. In FY21, 31% of all high potentials are women and 30% of senior executives are women.

However, I continue to press hard on our diversity initiatives. In signing the BlackNorth Initiative pledge, I committed myself and CAE to taking deliberate action to attract more talent from the Black community, and to create a workplace where black employees have the support to grow, an organization that celebrates the vibrancy and richness that diversity brings, and most of all, a company where every member of our team can succeed and thrive — with no exception. We welcome people of all abilities, races, ethnicity, religious views, sexual orientation, all walks of life and diverse backgrounds and education; this very diversity is crucial to CAE's strength. Our D&I imperative says it all in a mere five words, "Thousands of differences. One CAE."

### **Meaningful progress along lines of furthering social impact**

I am proud of the many contributions CAE makes to the communities in which we operate. Our 10,000-plus employees worldwide rallied to achieve incredible results through their ingenuity, resiliency, unfaltering customer support and humanitarian efforts.

It is worth highlighting the extent of our organization's social impact in the vaccination effort. CAE took leadership in a crisis, playing an instrumental role by spearheading the Industry for Vaccination coalition to gather support from companies and their CEOs across Canada. Our goal was two-fold: accelerate mass vaccination through the private sector, in turn, restarting the economy as soon as possible.

We worked with the Quebec Government to leverage the support the private sector had to offer, which led to the announcement that 23 workplace vaccination hubs would be created across the province with the shared objective to collectively vaccinate 500,000 people. On April 26, we opened the CAE Montreal Vaccination Centre, the first of these one-of-a-kind hubs, to CAE employees, partner companies, their families and the local community.

In taking stock of all our organization achieved throughout the very long year of FY21, confronting highly unique challenges and not only surmounting them, but taking CAE into an all-new terrain of global esteem, we have every reason to feel proud of what we have accomplished and emboldened about our future.

### **A year where new challenges catalyzed bold action**

In conclusion, the sharp industry headwinds that confronted us forced all-new thinking in some respects and we galvanized into action ensuring we played both strong defence and offence to ensure a winning year. We think the financial results, the employee satisfaction scores internally, our many external recognitions and the stock price together paint an accurate picture of an excellent year up despite the unusually unfavorable business climate. Our conviction is all the higher that we are emerging into this post COVID-19 world strategically well positioned in our key industries that retain highly attractive fundamentals; Civil aviation, Defence & Security and Healthcare each feature compelling long-term demand drivers. We used this past fiscal year to make our company even stronger, driving deeper technological edge in each of these verticals, with a goal to drive further improvements in market share and expansion into fast growing adjacent markets. We have dramatically increased our U.S. defence market presence via the proposed L3Harris Technologies' Military training acquisition and stepped up efforts in our Washington Operations presence. We issued equity using the proceeds to further our existing strategies while deepening our shareholder base. We were a trusted resource to our customers, to many aircraft OEMs, to our employees whom we strove conscientiously to keep safe and we delivered attractive shareholder value for our stock owners. Atop this, we met milestones on our environmental and social responsibility goals, with even further aspirations ahead. In short, we met the face of global shortfall with compassion, thoughtfulness and proactively used the global risks to transform into long-term opportunity for CAE. We look forward to the years ahead with confidence.

### **In recognition of the Honourable John Manley**

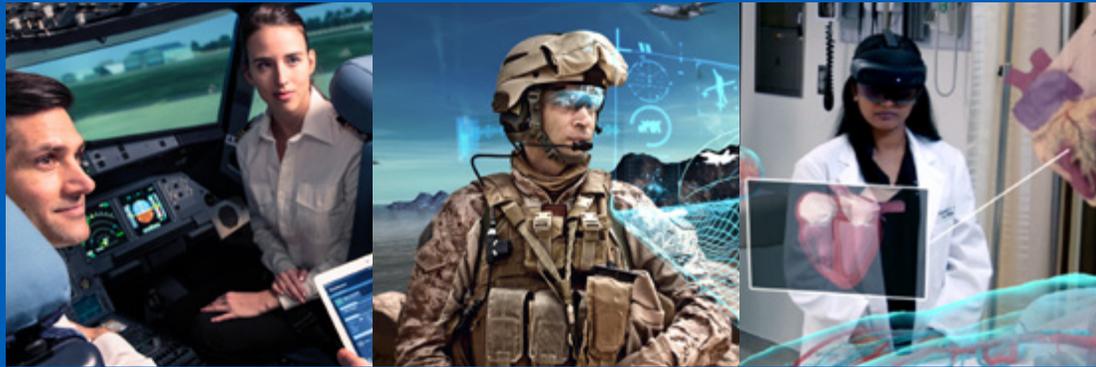
For the second year, I close my message with congratulations to CAE Board Chair, the Honourable John Manley, P.C., O.C., who was named a recipient of the 2021 Institute of Corporate Directors (ICD) Fellowship Award. The ICD Fellowship Award is the highest distinction for corporate directors in Canada and it is presented annually to individuals who have made outstanding contributions to Canadian enterprises by bringing sound corporate governance leadership to boardrooms across the country.

Finally, on behalf of CAE's management, I thank our employees for their dedication and ingenuity through unprecedented circumstances. Their resilience and hard work have enabled us to succeed and positioned us for the future.

# 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.

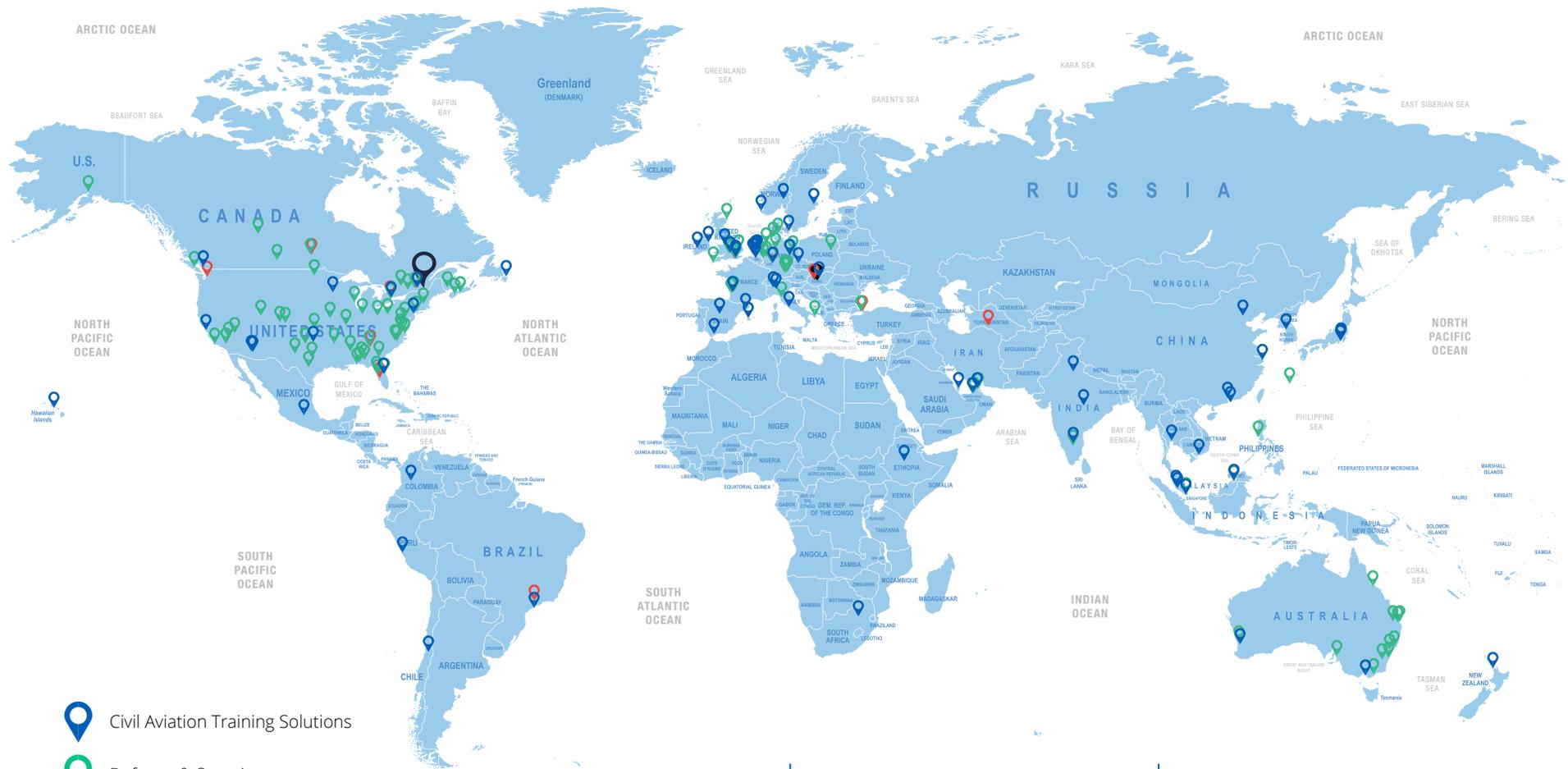
Today, we deliver high-tech training and operational support solutions for a growing number of aircraft operators, defence forces and healthcare professionals and institutions. Our training network, the world's largest, spans more than 65 training centres and flight academies around the globe. As a leader in training systems integration and mission support solutions, we deliver air, land, naval and public safety training to approximately 50 defence forces in over 50 countries. We are also a leading provider of innovative healthcare training solutions to prepare healthcare practitioners to care for patients and respond to critical situations while reducing medical errors.

For seven decades, we have sustained our leadership by offering compelling solutions to customers operating in complex, mission-critical environments. Our success reflects our ability to evolve and rapidly adapt to changing needs and to deliver on our promises of quality, reliability and performance. Our success is also a testament to our people. Their passion, innovation and focus have allowed us to become the best at what we do and to build a brand that is trusted around the world.

We are confident that Mr. Patrick would be proud of what we have become.

# Worldwide presence

[View interactive map online](#)



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

**160 +  
locations**

**35 +  
countries**

**10,000 +  
employees**

## FY21 financial highlights

**\$3.0 billion**

annual revenue

**\$8.2 billion**

backlog<sup>1</sup>

**\$2.7 billion**

annual order intake<sup>1</sup>

**\$346.8 million**

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

**\$280.6 million**

annual adjusted Segment Operating Income<sup>1</sup>

**\$0.47**

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

**\$153.2 million**

annual adjusted Segment Operating Income<sup>1</sup>  
excluding COVID-19 government support program

**\$0.12**

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

<sup>1</sup> Non-GAAP and other financial measures, see Appendix.

## FY21 business highlights

### Civil Aviation Training Solutions

#### Material acquisitions

- Flight Simulation Company B.V. (FSC), a provider of training solutions as well as instructor provisioning in Europe for airline and cargo operators
- Merlot Aero Limited (Merlot), a leading civil aviation crew management and optimization software company in Auckland, New Zealand
- TRU Simulation + Training Canada Inc. (TRU Canada), a manufacturer of full-flight simulators (FFSs) and flight training devices and provider of simulator lifecycle support services

#### Expansions

- Announced the addition of the first ATR 72-600 FFS at the Philippine Academy for Aviation Training, our joint venture with Cebu Pacific Air
- Expanded our Boeing 737 MAX training capacity with the deployment of a second B737 MAX FFS in our Dallas training centre in the U.S., and third in North America
- Expanded our business aviation network with a new Bombardier Challenger 350 and an Embraer Phenom 300 at the SIMCOM Aviation Training Centre in Orlando, Florida

#### New programs and products

- Introduced new virtual service offerings to support our customers, including remote support for the installation, acceptance and qualification of FFSs, obtaining Federal Aviation Administration and other Civil Aviation Authority approvals for virtual training in certain of our flight training organizations, and developing remote instructor operator station (IOS) solutions for live instructor interactions during training sessions
- Developed Airside™, a new digital platform that provides training and career resources to pilots grounded due to COVID-19
- Launched instructor-led online courses for aviation maintenance training
- Launched a new financing initiative for aspiring pilots in collaboration with financial institutions to help make the profession more accessible
- Announced a partnership with The LOSA Collaborative to enhance our evidence-based training

#### Fiscal 2021 orders

- Sold 11 FFSs for the year
- Notable training agreements with Iberia, Líneas Aéreas de España, Azul Brazilian Airlines, Bundeswehr, Virgin Atlantic, Alitalia and Air France

### Defence & Security

#### Acquisitions

- Announced a definitive agreement to acquire L3Harris Technologies' Military Training business — closing expected in second half of calendar year 2021, subject to regulatory approvals and other closing conditions

#### Expansions

- Contracted by the U.S. Army to provide advanced helicopter flight training support services at Fort Rucker, Alabama
- Delivered a NH90 flight simulator to the Royal New Zealand Air Force and providing maintenance and support services
- Established the Leonardo CAE Advanced Jet Training Srl joint venture with Leonardo to support the operations of the International Flight Training School in Italy
- Contracted to train the Irish Air Corps at Dothan Training Center in Alabama

#### New programs and products

- Developed and implemented offboard IOS, virtual classroom and distance learning solutions
- Contracted by the Defense Innovation Unit to support the USAF Air Education and Training Command with elements of the CAE Trax Academy™
- Part of the team selected to support the U.S. Air Force's (USAF's) Simulators Common Architecture Requirements and Standards program
- Contracted by BAE Systems for the development of a new Wargaming Center
- Selected to continue providing KC-135 training services to the USAF, including training support for the Air National Guard boom operator simulation systems
- Selected to provide U.S. Customs and Border Protection with Aircraft Pilot Training Services

#### Awards and achievements

- CAE USA received the HIRE VETS Platinum Medallion distinction
- Won the New Zealand 2020 Minister of Defence Award of Excellence to Industry in the Provision of Product or Service category for the delivery and installation of the NH90 simulator during the pandemic

### Fiscal 2021 orders

Notable contract awards for the following programs/platforms:

- The USAF for KC-135 and C-130H
- The U.S. Special Operations Command for the Mission Command System / Common Operational Picture program
- Lockheed Martin for French and German C-130J
- The U.S. Navy for the Chief of Naval Air Training at five naval air stations
- The U.S. Army for fixed-wing flight training and support
- Airbus Defence and Space for Germany's Eurofighter
- L-3 MAS for the Royal Canadian Air Force's CF-18
- Boeing for the P-8A
- General Atomics Aeronautical Systems for the United Kingdom's Protector

## Healthcare

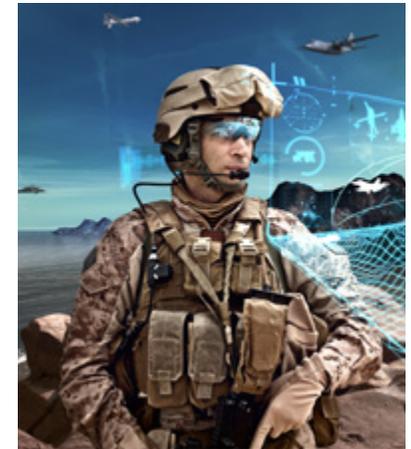
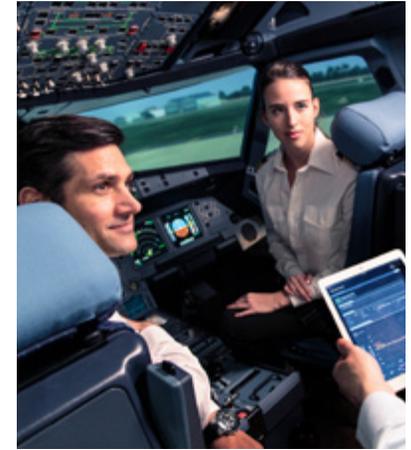
### New programs and products

- Selected by the Government of Canada to manufacture and supply CAE Air1™ ventilators and completed deliveries in the fourth quarter
- Offered several new digital and virtual learning products and COVID-19-related training solutions, including adaptive digital learning courses for ventilator reskilling and mechanical ventilation, an ultrasound training suite for emergency care physicians and intensivists, and a Pathogens of High Consequence learning module
- Released a Distance Learning Suite for Nursing
- Released CAE Maestro Evolve™, an interactive virtual learning platform featuring CAE Embody, the virtual patient with the most advanced physiology, virtual medical equipment and integrated Simulated Clinical Experiences
- Released the cloud version of our CAE LearningSpace™ centre management solution
- Released CAE Vimedix™ 3.1, our ultrasound education platform with new remote learning and screen sharing capabilities and our Microsoft HoloLens 2 mixed reality interface for remote education
- Selected by the PYURE Company to assemble, develop and distribute air sanitizers that have been demonstrated to significantly destroy the COVID-19 virus in the air and on surfaces

- Launched CAE SimEquip™ simulated medical equipment
- Continued to develop transformative digital training solutions with leading OEMs, including Edwards Lifesciences and Cordis, a Cardinal Health Company

### Innovation Awards

- Won both the EMS World Innovation Award and Attendees' Choice Award for Ventilator Reskilling Course



# Strategy

## High-tech company with a noble purpose focused on safety

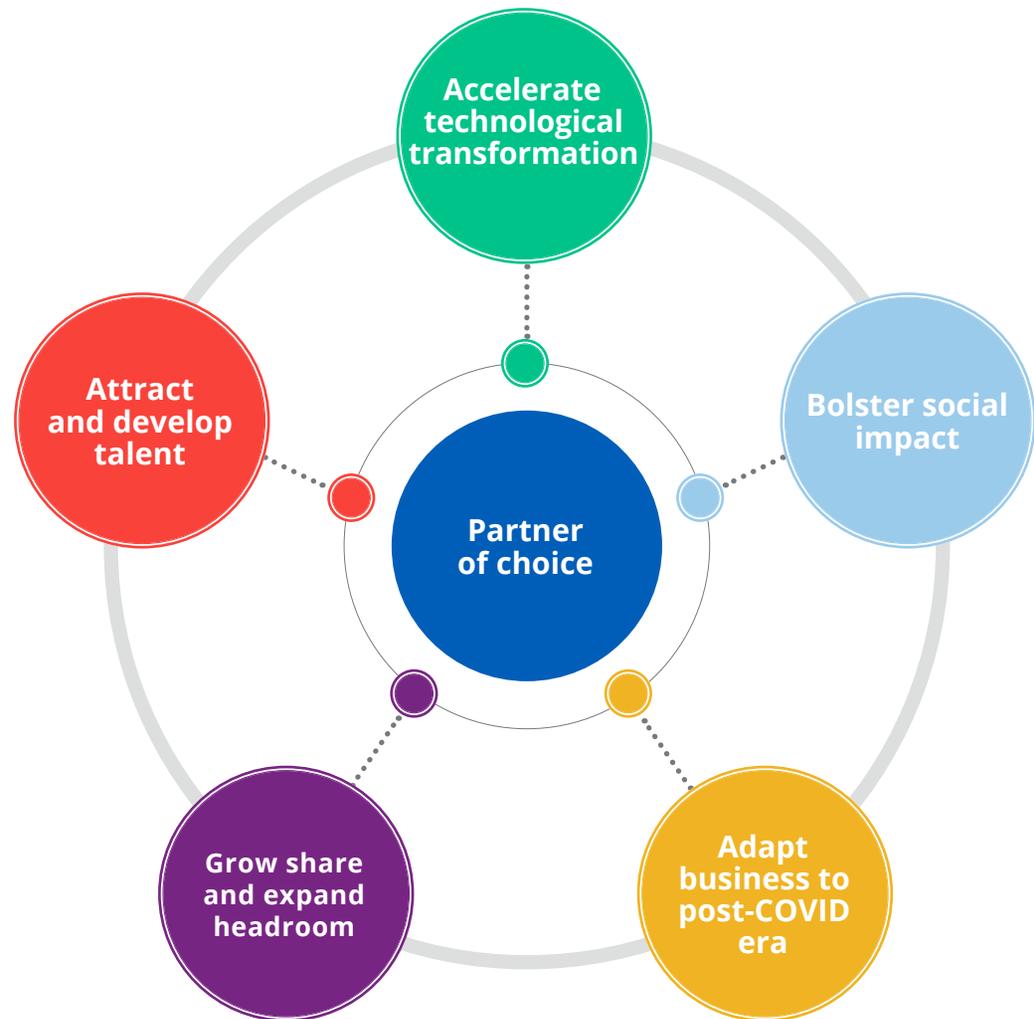
Our mission is to lead at the frontier of digital immersion with high-tech training and operational support solutions to make the world a safer place.

To fulfill our mission, we leverage several unique capabilities:

- Knowledge leadership, with over 1,800 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 underlie CAE's compelling 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.



### 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.



### 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.



### 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.



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

One CAE is the internal mantra that represents our culture of innovation, empowerment, excellence and integrity.



### 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.



### 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.

# Business highlights



# Civil Aviation Training Solutions

## Leading the industry

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

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. 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.

---

**#1**

in civil aviation training

---

**60 +**

training centres and  
aviation academies

## Year in review

Pilot, maintenance and cabin crew training is an essential service and critical to maintaining our customers' operations, however, with the global airline industry facing a severe and abrupt drop in air passenger travel, we have experienced a significant drop in demand for our training services. Reduction in demand, combined with public directives, resulted in more than half of our civil aviation training locations suspending operations or operating at significantly reduced capacity at our lowest point in April 2020. By the end of June 2020, all previously closed training locations had re-opened at full or reduced capacity, and opening hours gradually returned to normal, working on an adaptive basis and in accordance with the local COVID-19 situation and government protocols.

For the year, Civil booked orders for \$1.3 billion, demonstrating CAE's continued momentum as the training partner of choice for airlines, business jet operators and pilots worldwide. These included 11 full-flight simulator (FFS) sales and comprehensive, long-term training agreements with customers worldwide, including Iberia, Líneas Aéreas de España, Azul Brazilian Airlines, Bundeswehr in Germany, Virgin Atlantic, Alitalia and Air France.

We expanded our presence and capabilities with the acquisition of:

- Flight Simulation Company B.V. (FSC), a provider of training solutions as well as instructor provisioning in Europe for airline and cargo operators;
- Merlot Aero Limited (Merlot), a leading civil aviation crew management and optimization software company in Auckland, New Zealand;
- TRU Simulation + Training Canada Inc. (TRU Canada), a manufacturer of FFSs and flight training devices and provider of simulator lifecycle support services.

## FY2021 highlights

**\$1.4 billion**  
annual revenue

**\$1.3 billion**  
order intake<sup>1</sup>

**\$164.3 million**  
adjusted segment operating  
income<sup>1</sup> (11.6% of revenue)

**\$100.7 million**  
adjusted segment operating  
income<sup>1</sup> excluding COVID-19  
government support  
programs (7.1% of revenue)

**0.89x**  
book-to-sales ratio<sup>1</sup>

**\$4.3 billion**  
total backlog<sup>1</sup>

**47%**  
Civil training centre  
utilization<sup>1</sup>

**36**  
FFS deliveries

**3**  
strategic acquisitions:  
FSC, Merlot and TRU Canada

**11**  
FFSs sales

<sup>1</sup> Non-GAAP and other financial measures, see Appendix.

## Rising to the challenges of COVID-19

Over FY21, lower customer demand and government restrictions including travel bans, border restrictions, lockdown protocols and self-isolation measures forced temporary closures and disruptions to Civil operations worldwide. Civil training centre utilization remained well below pre-pandemic levels, but has improved since the outset of the pandemic and usage stabilized at around 50% through most of the year.

CAE introduced new virtual service offerings early in the fiscal year to support our customers, including:

- Offering remote support for the installation, acceptance and qualification of FFSs;
- Obtaining Federal Aviation Administration and other Civil Aviation Authority approvals for virtual training in certain of our flight training organizations;
- Developing remote instructor operating station solutions for live instructor interactions during training sessions;
- Launching instructor-led online courses for aviation maintenance training, which we then expanded to business jet platforms;
- Introducing the [CAE Pilot podcast](#) and [Airside™](#), initiatives targeted specifically to the pilot community.

## Airside™, preparing pilots to fly again

We created the new digital platform, Airside™, to provide training and career resources to pilots grounded due to COVID-19. The platform features articles and tools on the subjects that matter the most to thousands of pilots surveyed around the world during this pandemic.

Additional coverage is provided in our [Airside™ feature story](#).

## CAE Pilot podcast takes off

In May 2020, Civil launched the [CAE Pilot podcast](#) to connect with the pilot community. The podcast brings together aviation professionals to discuss life as a pilot, training and career advice.

The podcast debuted with Eva Claire Marseille (aka [@flywitheva](#)), a CAE graduate and B747 cargo pilot who discussed her experiences during the COVID-19 crisis. Since, pilots representing a variety of sectors have shared their “day in the life” stories — many of them women, including trailblazers like United Airlines Pilot Theresa Claiborne and [Sisters of the skies](#).

CAE Pilot Podcast also features internal and external experts who offer input on practical matters, from how to choose a training school to keeping simulator anxiety in check. The CAE Pilot Podcast is available on various audio and video platforms.



As of April 2021:

**24** episodes

**40,000+** listens

## Webcast introduced: How to become a CAE Pilot

CAE's Civil Aviation Academies initiated ongoing webcast informational sessions for aspiring pilots, presented by our team of expert training advisors and graduates. Held in different languages throughout the month, sessions cover [how to become a pilot with CAE](#) in Brussels, Madrid, Oslo or London Gatwick. Participants learn about the selection and registration processes, what CAE has in place to support cadets after training and have the opportunity to ask questions.

## Financing initiative for aspiring pilots launched in collaboration with financial institutions worldwide

CAE is connecting aspiring pilots with banking partners through a new global initiative that offers specific financing solutions for pilot training, making the profession more accessible to those who wish to pursue their dream of flying for a living.

The initiative is informed by prior research CAE conducted on the barriers to becoming a pilot, with a specific focus on women. One of the main barriers identified was the lack of female role models in the industry. In response, we created the [CAE Women in Flight scholarship program](#) in 2018. The objective of this unique annual scholarship program is to inspire a new generation of professional pilots among women, as well as to encourage diversity in aviation.

Our next step was to address another significant barrier identified in our research for both men and women: the difficulty for aspiring pilots to obtain financing for their training. **We approached banking partners worldwide, launching this new financing initiative in September 2020.**

Our partnership with financial institutions will help aspiring pilots finance their studies and make their dreams come true. CAE is in discussions with other financial institutions to expand the geographical footprint of this initiative. (See [list of partners](#).)

Approved partners facilitate application processing and offer competitive rates. Additionally, future CAE pilots will have a centralized point of contact at each of the participating banking institutions and access to a dedicated team that understands the reality of future pilots.

Despite the impact of the COVID-19 crisis on the aviation industry, CAE foresees significant demand for new commercial pilots over the next 10 years. To become a qualified airline pilot takes about two years. One of the barriers to becoming a professional pilot is the cost of training and education. This funding program is designed to help aspiring pilots achieve their dreams of flying.



### CAE releases 2020-2029 Pilot Demand Outlook

Retirement and attrition are expected to continue to be a challenge for the civil aviation industry as air travel recovers progressively from unprecedented challenges posed by the COVID-19 pandemic. **The forecast predicts that the civil aviation industry will require more than 260,000 pilots globally over the next decade.**

These are two key findings from the [2020-2029 CAE Pilot Demand Outlook](#), released in November 2020 as part of CAE's participation in [Air Transport Month 2020](#), of which we were the main sponsor, and the [Global Airline Training and Simulation Virtual Conference](#).

This third edition offers fleet operators a renewed 10-year view, with insights on the future need for professional pilots in both commercial and business aviation, building on the markets' key drivers, variables,

and trends. CAE assessed market data as airlines and operators navigate the current downturn in passenger air travel and pursue recovery strategies following the outbreak of the global COVID-19 pandemic.

With the 2020-2029 CAE Pilot Demand Outlook, we hope to arm the industry with the insights that will help the global aviation community understand, rethink, and learn about how to continue to build and grow the supply of highly qualified pilots as the industry emerges from the downturn.

CAE's outlook also includes ideas on how to leverage digital technology and analytic insights to enhance pilot training. In the new outlook, we share how the global aviation community can harness the power of artificial intelligence to meet aviation's crewing needs of the next decade, as well as ever-evolving safety standards.

## Acquisitions

### CAE acquires Flight Simulation Company

In November 2020, [CAE acquired Flight Simulation Company](#) (FSC), an Amsterdam-based provider of training solutions and instructor provisioning.

The acquisition expands CAE's ability to address the training market for customers operating in Europe, including airline and cargo operators. FSC brings an expanded portfolio of customers and an established recurring training business that is highly complementary to CAE's network.

With the acquisition, our capabilities expand with a 12-bay facility equipped with a modern fleet of mainly CAE-built FFSs and training devices.

### CAE acquires TRU Simulation + Training Canada Inc.

In January 2021, CAE acquired the shares of Textron's TRU Simulation + Training Canada Inc. (TRU Canada).

The [acquisition of TRU Canada](#) expands CAE's global installed base of commercial flight simulators and

customers, and the addressable market for simulator lifecycle support services. TRU Canada also brings a backlog of simulator orders, FFS assets and provides access to a number of airline customers globally.

### CAE expands into crew management and optimization software with Merlot acquisition

In late December 2020, [CAE acquired Merlot Aero Limited \(Merlot\)](#), a leading civil aviation crew management and optimization software company based in Auckland, New Zealand. The acquisition marks CAE's expansion into digital flight crew management and represents an important milestone in our goal to unify the digital flight operations ecosystem.

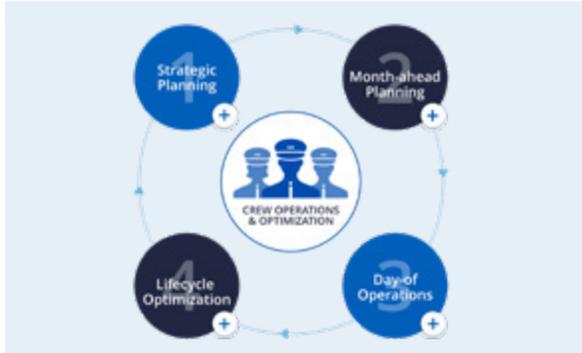
Merlot's industry-leading crew operations and crew optimization software is foundational to the new CAE Crew Management System. It allows CAE to provide an end-to-end offering of digitally enabled crew performance software and expertise that extends from training through optimized crew operations and is unrivaled in the industry.

With this acquisition, we further expand our reach beyond pilot training and enter a rapidly growing complementary market. We are thrilled to integrate Merlot's capabilities and expertise in crew optimization technology to serve global operators as they look for flight operations efficiencies.

### Expanding CAE's digital ecosystem with Crew Management System

Over the past two years, CAE has been steadily unifying our digital flight operations ecosystem with the goal of delivering a holistic suite of solutions designed to improve operations and enhance the crew experience. First, with [CAE's 2018 acquisition of Pelesys](#), then with the launch of [CAE Rise™](#), our predictive management and training visibility system.

The unprecedented disruption caused by COVID has only accelerated customer demand for these services, and our 2020 acquisition of Merlot marks another milestone in CAE's journey to pioneer the development of a digital flight operations ecosystem.



Our new digital [CAE Crew Management System](#) combines crew operations and optimization software with the power of the cloud to drive increased performance across the crew lifecycle:

- [CAE Crew Operations](#) software empowers airlines and business aircraft operators to automate their crew and aircraft scheduling, crew tracking and governance, from long-term to day-to-day operations.
- [CAE Crew Optimization](#) software leverages advanced analytics to create scenarios by comparing thousands of possibilities with business objectives and rules to identify ideal pairings and rosters. Long-range scenario planning helps proactively manage workforce and resources to protect against disruption.

[CAE Crew Engagement](#), our application for crew work, life and communications harnesses the power of modern mobile technology to allow operators to connect and engage like never before with their field-based crew.

Following the acquisition of Merlot's crew management and optimization software in December 2020, the addition of [RB Group](#) in early April 2021 enhances CAE's product portfolio with a suite of powerful digital tools that further improve airline operations and crew work-life balance, including [RB Logbook](#) and the award-winning [RosterBuster](#) app.

## Partnership with The LOSA Collaborative enhances pilot training and aviation safety

Under an exclusive service agreement, CAE offers its commercial and business aviation customer-operators the expertise of The LOSA Collaborative to perform Line Operations Safety Audits (LOSAs).

As the [original architects of the LOSA methodology](#), the company will conduct in-flight audits, putting an auditor in the jump seat to observe pilot maneuvers during flights.

**The partnership brings safety auditing proficiency directly to our customers** and enables CAE to further build a robust data-driven training ecosystem that will support continuous improvement, provide a true measure of the effectiveness of training and have a positive impact on aviation safety worldwide. (Also see [Aviation Safety](#).)

Collecting data and insights from line operations and training is key to the development and assessment of pilot competencies. Insights and data gleaned from LOSA audits of 85 airlines, helicopter, and military operators around the world, combined with our CAE Rise™ training data, will allow CAE to offer tailored pilot training programs and benchmarked operational and training performance insights to operators.

## Contracts and deliveries

- Contracts for eleven FFSS
- Delivered 36 FFSS

## Notable training contracts in commercial and business aviation

- Five-year business aviation training agreement with an undisclosed private business jet charter company in the U.S.;
- Five-year exclusive pilot training agreement with Iberia, Líneas Aéreas de España;
- Ten-year exclusive commercial aviation training agreement with Azul Brazilian Airlines;
- Five-year business aviation training agreement with Bundeswehr in Germany;
- Seven-year exclusive commercial aviation training agreement with an undisclosed regional airline in the U.S.;
- Five-year exclusive training extension with Virgin Atlantic;
- Four-year pilot training agreement with Alitalia;
- Eight-year commercial aviation training agreement with Air France.

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

- **MasAir:** Five-year exclusive pilot training agreement with cargo airline in Mexico



### Instructor-led, online maintenance training courses expanded to business jet platforms

We expanded our virtual classrooms to support business jet operators, offering online instructor-led maintenance training for Bombardier, Dassault and Gulfstream aircraft types, and specific helicopter programs.

CAE's online instructor-led courses are designed to offer maximum flexibility for maintenance training, including interactive demonstrations, and courseware compliance to all regulatory and scheduling guidelines. Trainees interact with a course instructor and peers in a real-time virtual classroom setting, keeping them healthy and their operations flying safely.

Throughout the pandemic, CAE strived to find new ways of delivering essential training, and this forward-thinking approach is a prime example of how we supported our Civil customers during unprecedented times. For more examples, see [Innovation and Customer Experience](#).

### First CAE ATR 72-600 full-flight simulator deployed in our Asia network

With the addition of ATR 72-600 pilot training to an exclusive 15-year training agreement between CAE and the Cebu Pacific Air joint venture Philippine Academy for Aviation Training (PAAT), CAE instructors will deliver initial and recurrent training to Cebu's pilots on a brand-new CAE-built ATR 72-600 FFS.

The device, deployed to CAE Clark - PAAT in the Philippines, is the first ATR 72-600 FFS to join CAE's network in Asia. In a partnership that spans almost 10 years, CAE has trained more than 1,000 pilots for Cebu to date on the Airbus A320 and A330 platforms at CAE Kuala Lumpur and CAE Hong Kong. We look forward to supporting the airline as travel schedules under new guidelines resume.



### First graduates of the Jazz Approach cadet training program

Congratulations to the first graduating class of [Jazz Approach](#), the innovative all-Canadian cadet pilot training program made possible thanks to the [partnership between CAE, Jazz Aviation and Seneca](#).

This one-of-a-kind program provides Jazz with a pipeline of top-quality first officers and shows how the Canadian aviation industry is working closely together to come up with innovative solutions to face the demand for pilots.

Jazz Aviation pilots have been training in CAE's network in Canada since 2003. Under the five-year agreement, CAE and Seneca assist Jazz in the selection, training and certification of new pilots.



### CAE Milan shows how we are helping pilots get flight ready

As our training partner easyJet prepared to resume operations in Italy on June 15, 2020, our FFSs helped get them ready. This [Sky TG24 news report](#) shows our [CAE Milan](#) colleagues in A320 and A320 600XR FFSs. Whether you understand Italian or not, you will see that the Milan team made CAE proud.

### CAE Orlando completes first training

Congratulations to [CAE Orlando](#) and Instructor Pilot David Goddard on the successful completion of the training centre's first Beechjet 400 training. The centre, adjacent to the SIMCOM Parksouth training facility, will be equipped with four simulators.

### Brussels Airlines prepares to take off with support of CAE simulators

As airlines prepare to take to the sky again or expand their schedules, how do pilots who have been grounded for a few months sharpen their skills before stepping back into the flight deck?

This [Brussels Airlines behind-the-scenes video](#) shows how pilots are preparing at [CAE Brussels](#) for when flights resume.

Belgian broadcaster RTBF also featured [CAE's support of Brussels Airlines pilots](#) in their coverage of COVID-19 and pilot retraining.

## CAE Madrid develops program to hone pilot skills

The [CAE Professional Pilot Program](#), developed by instructors at [CAE Madrid](#), mitigates the threat of skill and knowledge degradation due to lack of practice during the pandemic — all with the objective of ensuring pilots are ready to take to the skies safely as the industry recovers.

The program is oriented to pilots and instructors who want to update and upgrade their knowledge and deepen competencies, many of which are first acquired and only advanced while flying.

This program also offers a path oriented to recent graduates who want to develop important non-technical competencies following their flight training, learn from the experience of senior pilots and gain the confidence to better approach their first job as a pilot, differentiating themselves from other candidates.

The virtual, module-based program is open to individuals, airlines and flight schools.

## A look at business aviation through the eyes of a technician and pilot

When the October 2020 National Business Aviation Association (NBAA) Conference and Exposition (BACE) was cancelled due to the pandemic, we decided to celebrate business aviation by handing over our [@CAEpilot Instagram](#) and [@CAEpilot Facebook](#) accounts to AOG Technician Wilson Otero and Kim Kish, a corporate pilot.

Wilson shared all things maintenance, providing a glimpse into his career as an aviation maintenance technician. Kim shared how she got into aviation, offering insights on being a corporate pilot. Thank you both for sharing your experiences in business aviation!

## Thought leadership

### CAE positions itself as a thought leader on aviation industry topics

Participation of our leadership in industry discussions continued to position CAE as a thought leader on key topics such as the future of training during and after the pandemic, the foreseen demand for pilots, the importance of sustainability and the role of diversity and inclusion.



### The impact of COVID-19 on aviation training

CAE's Chris Ranganathan, Chief Learning Officer in Civil, participated in the AIN Online panel [How the aviation training industry is coping with the COVID-19 pandemic](#).

Chris also participated in a [National Business Aviation Association Leadership Council Briefing](#) on flight training in the COVID-19 environment. The discussion focused on training and humanitarian efforts, transitioning to a virtual training environment, and additional changes made in response to the pandemic.

### Data-driven insights, pilot demand outlook

During the [2020 NBAA GO Virtual Business Aviation Convention & Exhibition](#), CAE sponsored two thought leadership panels.

For the panel on How Data-Driven Insights Influence Training, CAE Rise™ was used as a case example to show

how business aviation operators can derive insights from various types of data to better understand how we can train safer pilots, improve the quality of instruction and ensure the training programs used are effective in the continuous development of a pilot.

CAE's Simon Azar, Civil Aviation Vice President, Strategy, Marketing, Digital Products and Adjacencies, and Keith Butler, Managing Director of CAE Parc Aviation, led a session on Crew Management in the New Reality, which centred on the findings of [CAE's 2020-2029 Pilot Demand Outlook](#). The panel explored the future challenges and opportunities for business aviation operators in the area of crew management, post-COVID. They reviewed how the evolving environment is causing operators to rethink what they need to manage crew and discussed the migration trend to outsourced and support services to deliver efficiencies and reliability.

### Diversity and sustainability

We extended CAE's ongoing role as a sponsor and exhibitor to open the second day of the [March 2021 Women in Aviation International](#) (WIA) virtual conference.

Hélène V. Gagnon, CAE's Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility, spoke on the importance of sustainability and diversity in aviation and aerospace, topics she also addressed in the cover story of the February/March 2021 issue of WIA's Aviation for Women magazine.

Coinciding with the conference, our [CAE Pilot Podcast](#) that week welcomed back Pilot Theresa Claiborne to talk about [Sister of the Skies](#), an organization of professional black female pilots whose mission is to drastically improve the number of professional black female pilots through mentorship, professional development, Science, Technology, Engineering and Mathematics, and outreach and scholarships.

CAE initiatives also received some well-deserved coverage from the International Civil Aviation Organization (ICAO). As part of its Women in Aviation video series, [ICAO interviewed Hélène V. Gagnon](#), who responded to questions on CAE's gender and environmental priorities, our strategies to deal with gender imbalances in the workplace, pivoting during COVID-19, and highlights of the [2020-2029 CAE Pilot Demand Outlook](#). Simon Azar, VP Strategy, Marketing, Product Management & New Business Ventures also participated in a [discussion with industry leaders](#) about initiatives that are creating and promoting a more inclusive aviation sector.

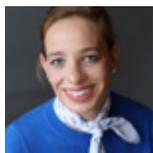


[Aviation for Women featured CAE's Hélène V. Gagnon](#) and her role as a champion of diversity and sustainability.

## 2020 Women in Aviation Scholarship Winners



Congratulations to Erin Johnston, our Women in Aviation International 2020 scholarship recipient. Erin successfully completed her Learjet 45 initial type training at CAE Dallas.



We congratulate Helen Hagg, winner of the 2020 Women in Corporate Aviation scholarship. Helen completed her Citation Bravo initial type rating at CAE Dallas.

## CAE Women in Flight scholarship program

In 2020, airlines around the globe adjusted their workforces due to the lower demand for air travel.

As the industry emerges from the pandemic, CAE will continue to shape the future of pilot training and help the global aviation community understand, rethink, and learn about how to build and grow the supply of highly qualified pilots.

The fundamental factors influencing pilot demand prior to the onset of the COVID-19 pandemic remain unchanged.

In recent years, the significant growth in passenger air traffic translated into record demand for professional pilots worldwide. Age-based retirement, combined with fleet growth, were and remain the main drivers of pilot demand.

The global aviation community has an opportunity to take a leadership role in supporting and developing the pipeline of pilots by promoting gender diversity in the cockpit. Expanding the talent pool by attracting more women to the profession addresses a market need, while providing increased opportunities for underrepresented demographics in aviation.

CAE launched the Women in Flight scholarship program in 2018 and awarded scholarships to five women in 2019. We paused the program during 2020, as CAE airlines partners faced unprecedented challenges over the course of the COVID-19 pandemic.

CAE remains committed to the objective of this unique program, which is to inspire a new generation of professional pilots among women — providing outstanding female ambassadors who become role models and encouraging diversity in aviation.



[In May 2021, CAE welcomed Lauren Beam as the sixth CAE Women in Flight ambassador.](#) Lauren is the recipient of the CAE Women in Flight scholarship for the [Southwest Destination 225° Cadet pathway training program](#).

# Looking forward

As the market continues to recover, the financial impact from decreased training utilization, production slowdown, reduced orders and deliveries are expected to continue to negatively impact the operations and financial performance of the upcoming fiscal year when compared to pre-pandemic levels. However, with the increase in commercial and business traffic, the upcoming fiscal year should show improvements compared to fiscal 2021, depending on the timing and rate at which travel restrictions can eventually be safely lifted.

Once travel restrictions and lockdown protocols are lifted and air travel regains strength, the commercial and business aviation industries are expected to return to growth over the medium to long term due to demand recovery combined with the introduction of new aircraft models. The International Air Transport Association's latest forecast predicts that passenger traffic will recover to 105% of 2019 levels in 2023.

Our 2020-2029 Pilot Demand Outlook estimates an expected global requirement for more than 260,000 new pilots in the civil aviation industry to sustain growth and support mandatory retirements over the next ten years. In the short term, we estimate that approximately 27,000 of these new professional pilots are expected to be needed starting in late calendar 2021.\*

We believe CAE's Civil Aviation Training Solutions segment is positioned as a gateway in a highly regulated, secular growth market, with an addressable market estimated at approximately \$6.2 billion, and headroom for growth.

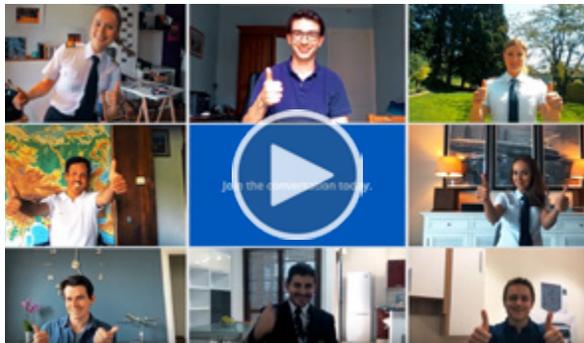
\* Forecast based on third party data and assumptions that utilization level will increase as borders reopen.

Feature story

# Airside™, empowering and connecting pilots everywhere

In March–April 2020, travel restrictions and border closures brought an abrupt decline in passenger air travel. Global air traffic was down 70% to 80% compared to the previous year. Airlines and operators around the world adjusted their operations to align with lower demand, which included the furlough of thousands of pilots.

On the one hand, airlines and operators have reduced the pilot workforce to offset the financial impact of the pandemic. On the other hand, data shows that the industry will face significant challenges in upcoming years to meet the demand for pilots. As observed in [CAE's 2020–2029 CAE Pilot Demand Outlook](#), disruptive events are opportunities to innovate and collaborate.



Grounded or flying, Airside™ unites pilots during the COVID-19 crisis. In this video, pilots from around the world introduce the new community platform.

[Watch the video](#) 



## Created for pilots by pilots during the COVID-19 pandemic

In October, CAE officially launched [Airside™](#), a digital platform with the specific goal of bringing the global pilot community together in a single, safe and welcoming space. Grounded or flying, Airside™ unites pilots across the world and connects them to career and training resources and opportunities, and invites them to share and comment on information and topics that matter most to them.

CAE's Digital Accelerator team at our Montreal innovation campus surveyed over 3,000 pilots in April 2020. Survey findings determined the platform's features, content and structure. The team designed, developed and introduced the initial version of Airside™ to a pilot test group in just three months.

Airside™ continues to gain traction since its June go live, with more than 100,000 users in approximately 195 countries as of May 2021.

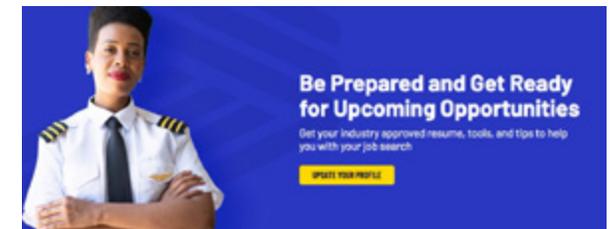
Importantly, pilots are the key contributors, sharing the latest tools and tips from experts across the industry on how to keep their pilot skills sharp as they prepare to fly again. New content added daily by the community keeps members current on important developments. Periodic user surveys ensure the Airside™ site remains relevant.

Pilots are meant to see themselves throughout Airside™, starting with the pilot-to-pilot welcome video on the

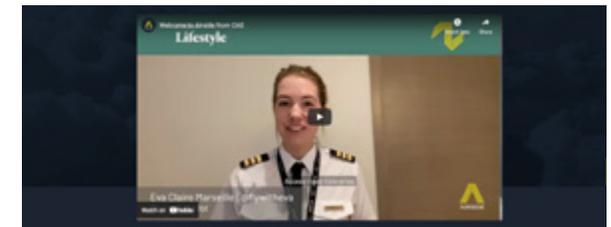
site's homepage. With a [Resume Builder](#), [Global Job Board](#), and [Career / Training / Lifestyle / Community](#) sections that include articles, podcasts, and much more, Airside™ is designed to help pilots improve their skills and advance their careers in a community environment where professional pilots have resources and support to help them succeed.

With Airside™, CAE reinforces its commitment to safety and excellence with resources that will allow pilots to sharpen their skills, remain connected to the industry, and emerge better prepared to pursue their dreams of flying.

[#Airside](#) [#AirsideFromCAE](#)



The Airside™ [global job board](#) matches pilots to the openings that best match their experience.



Created for pilots by pilots during the COVID-19 pandemic, [Airside™ from CAE](#) provides a platform for pilots to share content on subjects that matter most to them.



## Defence & Security

Helping elevate safety, efficiency and readiness worldwide

Our **Defence & Security business** is a world leader in helping defence forces achieve their best performance. We are the partner of choice for training and operational support across multi-domain operations and are focused on becoming a global leader in digitally immersive training and operational support solutions.

We offer a comprehensive portfolio of training and operational support solutions across all battlespace domains — air, land, maritime, space and cyber. We serve our global defence and security customers through regional operations in Canada, Europe/Middle East, Asia-Pacific and the United States/Latin America.

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**100 +**

customer sites  
providing training and  
mission support

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**90% +**

operational sites  
continuing to support  
training even during  
the height of COVID-19

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Simulation products  
and training services  
have been delivered in

**50 +**

countries

## Year in review

While the pandemic has severely impacted all sectors of society, governments reaffirmed the critical role played by the military and took measures to minimize impacts to both defence forces and the defence industrial base. In countries where we have significant operations, most governments have classified the defence market as an essential service and determined that some level of training must continue in support of national security. Consequently, almost all of the sites where we provide services are operational and back to full or near-full capacity. Manufacturing operations for defence simulation products have continued during the pandemic, however, timing of execution and deliveries have been disrupted by mobility limitations and client access restrictions.

For Defence, governments have been proactive in implementing measures to maintain and protect the defence industry and its suppliers, evidenced by many governments who are using defence programs as a mechanism to maintain and stimulate the economy. This, combined with our Defence backlog, provides an additional layer of diversification for our business.

During the fiscal year, we have also demonstrated our ability to adapt in these challenging circumstances. For example, we developed a range of offboard instructor operator station solutions and delivery and installation of a new NH90 flight training device to the Royal New Zealand Air Force which was commissioned using local staff supported virtually and remotely by CAE personnel in Canada and Australia.

Also, we announced our proposed acquisition of L3Harris Technologies' Military Training business, which represents the largest acquisition in CAE's history and demonstrates our focus on bolstering and expanding CAE's position in all the markets we serve. Once completed, the acquisition will enable us to add new customers, experience on new platforms and build our depth of expertise to address all defence domains — air, land, maritime, space and cyber — as well as support our expansion into adjacent markets such as mission and operations support.

## FY2021 highlights

**\$1.2 billion**  
annual revenue

**\$3.9 billion**  
total backlog<sup>1</sup>

**\$87.0 million**  
adjusted segment operating income<sup>1</sup>  
(7.1% of revenue)

**\$26.7 million**  
adjusted segment operating income<sup>1</sup> excluding COVID-19 government support programs  
(2.2% of revenue)

**\$1.1 billion**  
order intake<sup>1</sup>

**0.91x**  
book-to-sales ratio<sup>1</sup>

Definitive agreement to **acquire L3Harris Technologies' Military Training business (L3H MT) for US\$1.05 billion**, the largest acquisition in CAE's history  
(closing expected in second half of CY2021)

<sup>1</sup> Non-GAAP and other financial measures, see Appendix.

## A transformational year

Defence & Security (D&S) experienced a year best described as transformational.

At US\$1.05B, our agreement to purchase the U.S. military training arm of L3Harris Technologies represents the largest acquisition in CAE's history, doubling our U.S. defence presence and bringing scale and capabilities that further align our business to the national defence strategy. With this acquisition, CAE becomes the largest non original equipment manufacturer training provider to the U.S. military.

In a span of seven months, we sponsored two virtual conferences and tradeshow that showcased our immersive solutions for military training and for mission and operations support. Our CAE OneWorld events effectively demonstrated how we are building our depth of expertise on new platforms through the use of adaptive learning, data analytics, artificial intelligence and more, to address all domains — air, land, maritime, space and cyber.

As represented in our section highlights, D&S also bolstered and expanded our global market position through new collaborations, contracts, subcontracts and joint ventures. We also celebrated a milestone with customers and partners, as we broke ground on a new training centre in Germany and saw projects take flight.

## Continuing mission forward

CAE's Defence & Security (D&S) team provides an essential service, ensuring defence and security forces are mission-ready — a purpose even more crucial in times of global crisis when our customers count on our support even more.

Even during the early stages of COVID-19, we continued to provide our services and execute on the vast majority

of our programs despite the challenges, with more than 90% of CAE's training support sites worldwide remaining operational.

Like our Civil Aviation and Healthcare counterparts, D&S training changed with protocols to ensure everyone's safety. The U.S. Navy, U.S. Air Force (USAF) and other government defence organizations expressed their gratitude for CAE's steadfast support.

Impressed with the thorough COVID-19 protocols, guidelines and signage we created for our sites, the USAF asked to share them across other training sites. We adjusted the materials for use by all our customers. Sharing these materials proved a small gesture with a big impact, demonstrating that CAE's support extends beyond the classroom and simulator.

## CAE to acquire L3Harris Technologies' Military Training business for US\$1.05B

CAE entered into a definitive agreement with L3Harris Technologies to acquire its Military Training business for US\$1.05 billion, closing expected to occur in the latter half of calendar 2021, subject to regulatory approvals and other customary closing conditions.

This acquisition accelerates our strategy in D&S and is highly complementary to our core military training offerings. We are adding new customers, experience on new platforms and building our depth of expertise to address all domains — air, land, maritime, space and cyber — as well as expand into adjacent markets such as mission and operations support. This transaction, like our recent acquisitions in the civil aviation sector, demonstrates our focus on bolstering and expanding our position in the markets we serve. We are making investments with a view to emerge from the pandemic stronger and prepared to meet the growing demands of our customers.

We have begun work on a comprehensive integration plan in order to ensure a smooth transition of L3 Harris Technologies' Military Training business into CAE USA.

Until we close the acquisition, both businesses will continue to operate as separate companies, in a business-as-usual capacity. The focus for both companies must remain on continuing to provide the services our defence and security customers require.

The L3Harris Military Training business includes Link Simulation & Training, a leading provider of military training solutions; Doss Aviation, provider of initial flight training to the USAF; and AMI, a design and manufacturing facility for simulator hardware. Upon closing, the L3Harris Military Training business would operate under CAE USA, headquartered in Tampa, Florida.

We look forward to welcoming the team at L3Harris Military Training as we grow CAE and position the company to support the mission of our defence and security customers.



## D&S launches CAE OneWorld virtual conference and tradeshow

To reconnect with customers during a time when restrictions of COVID-19 prevented in-person gatherings, D&S organized CAE OneWorld, holding the organization's first virtual conference and tradeshow in July 2020, followed by a second edition in February 2021. Both events were available at no cost to all who registered.

At [CAE OneWorld 2020](#), we addressed the new reality in training and preparedness introduced in the pandemic, starting with an [executive leadership discussion](#) followed by the panel [COVID-19: Supporting our customers during the pandemic](#). Presentations on CAE's advances in military training and mission support included [Digital Technologies and Innovations in Training](#) and [CAE Trax Academy™ and Transforming Pilot Training](#).

We took customer connectivity to another level with [CAE OneWorld 2021](#). Helping our customers achieve their best performance, during the pandemic and beyond, continued to be the central focus, with CAE's advances in digital innovation illustrated through immersive experiences.

Demonstrations and presentations showcased during the live event were then available on demand through March 8, 2021, and posted on CAE's YouTube channel following the virtual event. (See [our feature story](#) for detailed coverage.)



**CAE and Leonardo team up to support International Flight Training School in Italy**

CAE and Leonardo formed the joint venture Leonardo CAE Advanced Jet Training Srl to support International Flight Training School (IFTS) operations in Italy.

The joint venture provides support services, including full maintenance and operation of the M-346 aircraft and its ground-based training system, and operation of IFTS base facilities.

The IFTS, a unique partnership between the Italian Air Force (ItAF) and Leonardo, delivers comprehensive lead-in to fighter training to the ItAF and foreign customers. The IFTS advanced training program relies on the M-346 ground-based training system, including the advanced full-mission simulator jointly developed by Leonardo and CAE.



**CAE first to win competitive recomplete contract for USAF KC-135 Training System**

CAE will continue to provide comprehensive KC-135 training services to the USAF, training more than 4,500 KC-135 crewmembers annually.

The eight-year contract, awarded to CAE USA as a one-year base contract with seven additional one-year option periods, is valued at more than US\$275 million. The award is particularly significant for us as it represents one of our biggest training programs. Additionally, CAE is also the first company in the past decade to win a recomplete of one of the aircrew training systems for the USAF's Air Mobility Command.

CAE USA became the prime contractor on the USAF KC-135 Training System program in 2010, delivering classroom and simulator training for KC-135 pilots and boom operators, and providing updates and upgrades to KC-135 training devices.

The KC-135 Training System contract now also includes training support for the Air National Guard's Boom Operator Simulator System at sites across the U.S.



**BAE Systems chooses CAE Medallion MR™ e-Series**



**CAE leverages adaptive learning in USAF Pilot Training Transformation initiative**



**CAE to develop C-130J simulators for AFSOC under Lockheed Martin subcontract**



**CAE to upgrade training capabilities for German Eurofighter**

**Notable wins**

**U.S. Navy MH-60R helicopters to be outfitted with CAE MAD-XR**

The MH-60R “Romeo”, the U.S. Navy’s primary anti-submarine warfare helicopter, will now be outfitted with the [CAE Magnetic Anomaly Detection-Extended Role \(MAD-XR\)](#) system. CAE was awarded the subcontract by Lockheed Martin Rotary and Mission System, the lead systems integrator for the Navy’s MH-60R Seahawks.

The CAE MAD-XR is a highly sensitive magnetometer designed to sense changes in the earth’s magnetic field and is used as a sensor to detect submarines. The MAD-XR system can provide defence forces with enhanced capabilities for operational missions such as submarine detection and search and rescue.

The CAE MAD-XR is significantly more compact than previous MAD systems with reduced size, weight and power requirements. This allows the CAE MAD-XR to be extended to smaller platforms such as unmanned aerial systems, helicopters and small fixed-wing aircraft.

Under Phase 1 of the U.S. Navy contract, six MH-60R helicopters will be integrated with the CAE MAD-XR. CAE will provide the MAD-XR system and support Lockheed Martin with non-recurring engineering and integration services.

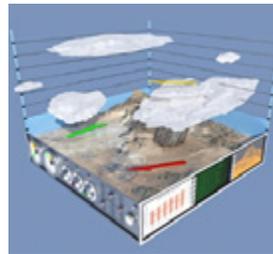
**CAE to support development of Single Synthetic Environment for U.K. Strategic Command**

Under the second year of a subcontract from Improbable, CAE will further develop and extend a Single Synthetic Environment (SSE) technology demonstrator for the U.K.’s Strategic Command, the major organization of the British Armed Forces responsible for leading integration across all domains — air, land, maritime, space and cyber.

CAE helped establish the project in the first year and will continue to support Improbable as a key technology partner in the delivery of a multi-domain virtual world

designed to enhance planning, training and decision support for the U.K. government.

The second year will see the development and expansion of this prototype SSE into a cloud-based tool that uses modelling, simulation and a single synthetic environment to enhance users’ planning and decision-making — a central theme in [CAE OneWorld 2021](#), our virtual conference and tradeshow that featured two video presentations on the growing use of synthetic environments for planning, analysis and operational decision support. [National Synthetic Environments](#) and [Synthetic Environments for Joint All Domain Operations](#).



**CAE to support development of U.S. Marine Corps Wargaming Center**



**CAE contracted by U.S. Army for Advanced Helicopter Flight Training Services**



**CAE to build C-130J simulators for binational French/German C-130J squadron**



**CAE to continue providing U.S. Navy T-44C aircrew training services**



**CAE to provide U.S. Customs and Border Protection Aircraft Pilot Training Services**



**CAE and Pinnacle Solutions deliver Littoral Combat Ship simulators to U.S. Navy**



**CAE to train Irish Air Corps at Dothan Training Center**



**CAE to develop P-8A flight trainer for Royal New Zealand Air Force**

**CAE to lead development of USSOCOM Mission Command System**

## Milestones

### CAE delivers CAE 700MR NH90 simulator to Royal New Zealand Air Force

The [CAE 700MR Series](#) NH90 simulator officially handed over to the New Zealand Defence Force is now being used to train Royal New Zealand Air Force (RNZAF) NH90 aircrew at Base Ohakea.

The realistic training capability provided by the NH90 simulator enables the RNZAF to maximize the availability of the NH90 fleet for operational taskings while ensuring aircrew are prepared for the wide range of missions they are called on to perform.

The CAE 700MR Series NH90 simulator delivers an immersive and realistic virtual training environment ideal for rehearsing challenging tasks such as ship deck and confined area landings. The RNZAF NH90 simulator features an extreme field-of-view visual display system (240 degrees horizontal by 88 degrees vertical) with imagery generated by the CAE Medallion-6000MR image

generator. In addition, the CAE 700MR Series includes a revolutionary dynamic seat for vibration and motion cueing, thus maximizing the realism of the training experience on a fixed-based simulator.

Due to COVID-19, the RNZAF and CAE had to adapt its traditional on-site installation, integration, and acceptance testing procedures. A range of teams, including local staff from CAE New Zealand, performed the on-site installation at RNZAF Base Ohakea with remote virtual support from CAE staff in Montreal and Australia. The simulator is now ready for use in order to meet the RNZAF's crew currency requirements due to the current COVID-19 situation. CAE New Zealand staff continue to provide ongoing maintenance and support services on the NH90 simulator. CAE's efforts on the delivery and installation of the NH90 simulator during the pandemic earned us the New Zealand Ministry of Defence Industry Award for 2020 in the Delivery of a Product or Service category. (Learn more about the fascinating backstory of this [CAE customer experience](#).)

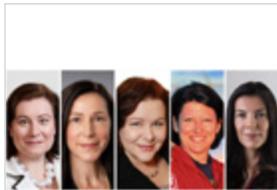


**CAE Predator Mission Trainer advances RPA training at General Atomics FTTC in North Dakota**

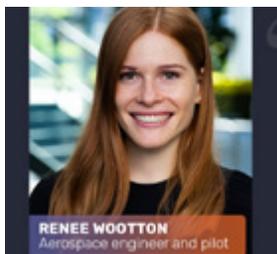


**CAE breaks ground on new training centre near German Naval Airbase Nordholz**

## Diversity and inclusion



**Inspiring CAE panels feature women in aviation**



**Congratulations to CAE's Renee Wootton, one of Australia's newest Superstars of STEM**

## Initiatives



**CAE Defence & Security launches podcast**



**SkyAlyne announces pan-Canadian team of experts for FACT Program**

## Internships and Scholarships



**CAE and Tawazun begin virtual engineering internships for university students in the UAE**



**CAE Canadian Industrial Leadership Award**

## Awards and achievements

### CAE values and supports veterans

We are privileged to have veterans as part of our team. More than 1,300 veterans work in our D&S unit, and almost 50% of the team at CAE USA are veterans.

We salute all veterans at CAE not only for their service, but also for the knowledge, experience and spirit they have weaved into the fabric of our company.

In support of our many veteran employees, we launched Insignia, a new Employee Resource Group (ERG) under the executive sponsorship of Group President, D&S, Daniel Gelston. Our hope for this ERG is to support our mission and provide valuable insight from experienced personnel.

**We were particularly honoured to receive the highest-level Platinum Medallion distinction in the 2020 [HIRE Vets Medallion Award Program](#), a U.S. government initiative recognizing company efforts to recruit, employ and retain military veterans.**

Military veterans play a critical role across our company, and we are thankful to the HIRE Vets Program for again recognizing us for these efforts. CAE received the Gold Medallion Award in 2019.

Fortifying CAE's overall commitment to veterans is a robust Community Involvement Committee (CIC) supporting various veterans-focused charitable activities. The CIC offers employees the opportunity to champion organizations such as the USO, Soldiers' Angels, Tuskegee Airmen, and Veterans of Foreign Wars through donations, event participation and volunteerism.

Remembrance Day/Veterans Day, on November 11, is a special day to honour veterans of past generations, as well as those who have more recently served their countries or are entering into service. Our D&S leadership shared messages of appreciation on [LinkedIn](#) and [Facebook](#).

April 25 marks the first major military action fought by the Australian and New Zealand Army Corps in the First World War. For members of the CAE team, many of whom have relatives in the armed forces or were members themselves, the day has a significant meaning.

CAE employees showed their respect by creating commemorative areas in their front yards or lighting candles to observe a moment of silence.



**CAE Trenton S.S. Blanchard Leadership Award Honours Customer Contribution**



**CAE consecutive two-times winner at MS&T Industry Awards 2020**



**CAE trains U.S. Navy's first Black female fighter pilot**



**D&S supports Women in Defence & Security (WiDS)**

# Looking forward

We are adapting our D&S business to confront the realities our customers are facing and aligning the business so that we are best positioned to address the needs of our defence and security customers. First and foremost is the shift in the nature of warfare from focusing on an asymmetric, counterterrorism engagement to the need to prepare for a near-peer threat across multi-domain operations – air, land, maritime, 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 virtual environments.

Most militaries use a combination of live training on actual platforms, virtual training in simulators, and constructive training using computer-generated simulations. We believe there will be an increasing reliance on immersive synthetic environments and virtual training in order to prepare for the peer versus peer threat across multi-domain operations. Importantly, these immersive synthetic environments will also be used for mission and operational support by enabling course of action analysis and decision support.

We believe CAE's D&S business unit is positioned as the partner of choice for training and operational support across multi-domain operations and is focused on becoming a global leader in digitally immersive training and operational support solutions. Our position is expected to be further solidified with the proposed acquisition of L3 Harris Technologies' Military Training business.

## Feature story

## CAE OneWorld 2021

### Showcasing CAE's use of digital innovation and immersion to make mission critical advances in military safety, efficiency and readiness



Upon entry, CAE OneWorld 2021 participants could navigate the virtual world by guiding their personalized avatars through the various content hubs or clicking on the event map to “teleport” to areas of interest.

COVID-19 pandemic or not, defence and security organizations must always be prepared and ready for their missions in the interest of national security. In this enduring pandemic, impacting people, industries and countries, we face another new reality in military training and preparedness.

There are now five domains that defence and security organizations need to simultaneously consider: air, maritime, land, space and cyber. To continue helping our customers develop and maintain the highest levels of mission readiness, CAE must enable them to anticipate and plan their multi-domain operations ahead

of time and consider various courses of action. This is why CAE continues to innovate and adapt our service offering to this new context while putting the safety of our employees and customers first.

Following the [initial July 2020 edition](#), [CAE's OneWorld 2021](#) virtual conference and tradeshow offered an opportunity to extend our outreach to customers beyond a 3D exposition booth to create a content-rich, truly immersive virtual experience that allowed us to showcase the breadth and depth of CAE's digital capabilities. Throughout the virtual conference and tradeshow, experts shared how we are applying our

modelling and simulation expertise for training and operational support.

Debuting on February 9 with live presentations and Q&A sessions as well as pre-recorded briefings and discussion panels, CAE OneWorld 2021 was free to all who registered and attracted more than 1,500 participants from almost 70 countries across the globe, an increase of almost 40% from the inaugural event. The CAE OneWorld 2021 virtual conference and tradeshow was available online for one month, and the content is now available in [CAE's YouTube video gallery](#).

Registrants experienced total digital immersion from the start, entering the virtual conference and tradeshow as customizable avatars capable of interacting with other participants and CAE staff. The Networking Lounge offered a locale to connect with CAE personnel outside of the session interactions, while the Life at CAE zone served as a place for professionals and students to discuss career opportunities with CAE's Human Resources team. Virtual meeting rooms were also available to facilitate briefings and discussions.



## Executive Corner

CAE President and CEO Marc Parent opened the event with a keynote address, sharing CAE's vision and role in helping customers achieve their best performance through and beyond COVID-19, and setting the stage for the digital innovation discussions and demonstrations to follow.

"Despite the turmoil caused by the pandemic, we have persisted in supporting our customers, come up with alternative training approaches, and continued the development of new products and digital technologies," he noted. "The CAE OneWorld 2021 virtual conference and tradeshow is our opportunity to remain connected with you by delivering virtual presentations, demonstrations and insights that should prove interesting and informative."

Daniel Gelston, CAE's Group President, D&S, spoke with Defense News as part of a [wide-ranging fireside chat](#). Among the major trends shaping the industry, Daniel pointed to the pivot of the U.S. and its allies needing to prepare for a near-peer adversary, and how key technologies such as cloud computing, artificial intelligence (AI), augmented reality (AR) and virtual reality (VR) will enable digital immersion and have the potential to transform training and mission support.

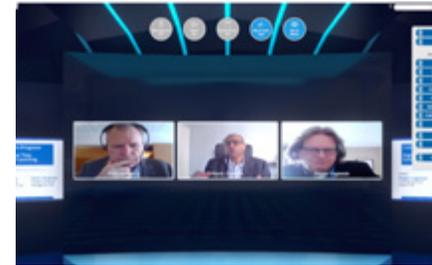
"That's exciting for CAE, and I think the realities of the budget environment moving forward because of COVID have only accelerated this digital transformation," he said.

In his CAE OneWorld 2021 keynote address, President and CEO Marc Parent highlighted how the company he leads has been navigating during the pandemic while looking to the future.

[Watch the video](#) 

## Conference presentations and thought leadership discussions

The CAE Amphitheatre hosted four panel discussions with leading experts, each followed by a live question-and-answer session.



### Digital technologies and how they contribute to the science of learning

Technology and learning experts from CAE describe how digital technologies such as AI and AR/VR are contributing to the science of learning.

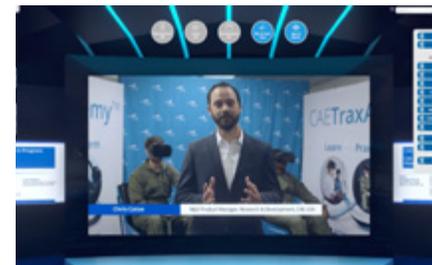
[Watch the video](#) 



### Leveraging disruptive capabilities through digital immersion

CAE technology leaders discuss how digital technologies are disrupting yet enhancing training and operational support capabilities.

[Watch the video](#) 



### CAE Trax Academy™ pilot training continuum

CAE presents the Trax Academy™ pilot training continuum, a student-centric system oriented to self-paced training that delivers faster, better and more efficient pilot throughput.

[Watch the video](#) 



### Panel of women in defence

The CAE leadership panel share their stories, their achievements, obstacles overcome as women working in defence, and how they are inspiring the next generation of women that will follow.

[Watch the video](#) 

## Innovation Hub

CAE leaders, customers and retired senior military officials supplemented video demonstrations of CAE products and solutions with commentary and real-world context.



### CAE MAVRC™ Trainer (Mission Augmented Virtual Reality/ Rear Crew Trainer)

*Allows rear crew to practice dangerous maneuvers in a safe and controlled virtual environment.*



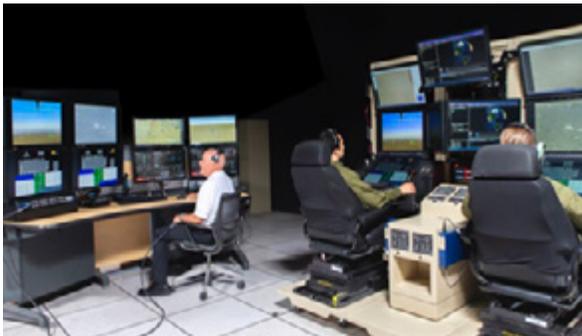
### CAE Medallion™ MR e-Series Visual System

*Military and fast jet pilot training that improves depth perception, lowers training costs and increases safety.*



### Mission & Operations Support Solutions

*Helping militaries modernize and transform to meet new and emerging threats through advanced digital capabilities.*



### Remotely Piloted Aircraft training continuum

*From generic fundamentals training with CAE desktop trainers to high-fidelity, platform-specific simulator training.*



### U.S. Navy Littoral Combat Ship Bridge Part-Task Trainers

*Training naval officers and sailors ashore to be better prepared for real-life situations at sea.*



### 3D virtual tour of the CAE Dothan Training Center

*A 79,000 square-foot facility designed to provide comprehensive fixed-wing flight training.*

## CAE Healthcare Zone

CAE OneWorld 2021 showcased our position as global leader in medical simulation. The CAE Healthcare Zone included demonstrations of CAE's new virtual and distance learning platforms that support delivery of essential training to healthcare professionals anywhere and anytime, ensuring patient safety — even more critical in the pandemic.

## CAE International Hub

CAE's Defence & Security business unit focuses on helping prepare our customers to develop and maintain the highest levels of mission readiness. We serve our global defence and security customers through regional operations in Canada, the U.S./Latin America, Europe, the Middle East and Asia-Pacific.

From these strategic locations, we leverage the global breadth and capability of the entire company to address our customers' requirements. During CAE OneWorld 2021, CAE leaders from various regions discussed how we are addressing customer requirements, while our CAE USA team highlighted some of the work we are doing on knowledge management systems.

- [CAE in Asia Pacific](#)
- [CAE in Canada](#)
- [CAE in Europe](#)
- [CAE in the Middle East](#)
- [CAE in the USA — discussion on knowledge management systems](#)

## Life at CAE

CAE also hosted a virtual career fair during the event, with CAE human resources professionals available to exchange with potential candidates on our vision, culture, values and current opportunities at CAE.

CAE OneWorld 2021 allowed us to overcome the distance imposed by COVID-19 constraints, connect as a global community and, ultimately, show what CAE is doing as a high technology company at the leading edge of digital immersion.

## Thought leadership observations Mission Operations & Support Solutions

As part of CAE OneWorld 2021, retired military leaders highlighted how synthetic environments will enable better planning and decision-making across the whole of government, with CAE as a core prime integrator.

*"CAE can build for you a national synthetic environment that will take the physical, cognitive and resource layers of how a country or an alliance operates and integrate them. In building that, CAE will offer a government or armed forces or an agency a genuinely transformative enabler to how they work, and in the future, how they organize and operate. And we can do this now."*

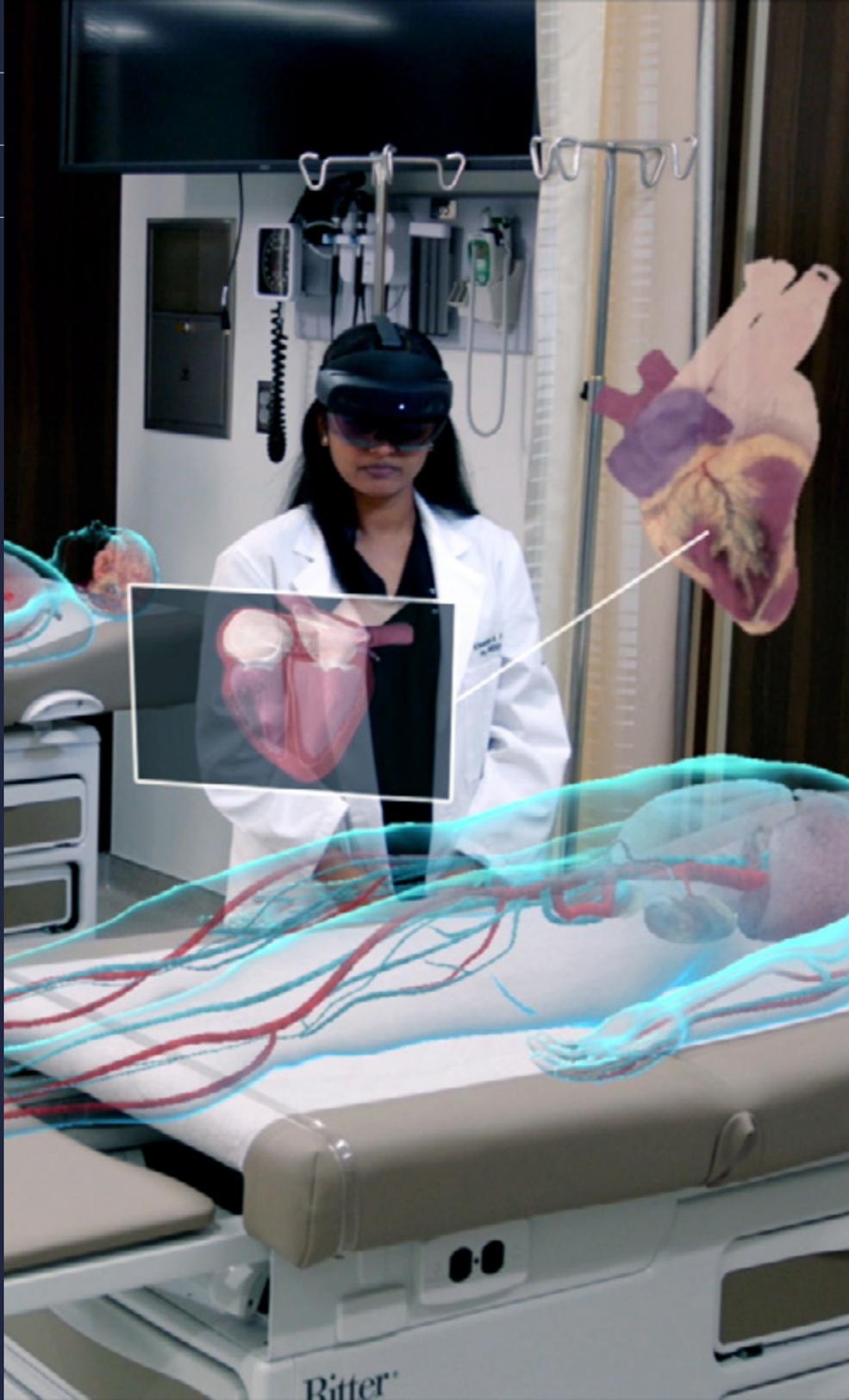
Sir Richard Barrons,  
former Commander,  
UK Joint Forces Command

*"From the movement of ground forces to sending air support, to coordination with Allied Forces and positioning naval reinforcement, a successful mission requires a conductor — that one source that brings every piece together into one movement. CAE is that conductor, eliminating the boundaries of data and orchestrating a collaborative joint domain environment."*

General Ray Palumbo,  
former U.S. Deputy Under  
Secretary of Defense (Intelligence)  
for Warfighter Support

*"CAE has spent years training in these synthetic environments, working side by side with OEMs and our military forces to unify training operations between the platforms and the data, to create this center of excellence. This real-time data allows you to constantly evolve that realistic environment so you can train the way you fight and, just as importantly, fight the way you train."*

Sue Payton,  
former Assistant Secretary of the U.S. Air Force (Acquisition)



# Healthcare

## Making healthcare safer

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

Building on our aviation expertise, we launched our [Healthcare business](#) 12 years ago to enhance healthcare training and education and make healthcare safer. Today we are a training partner of choice for the healthcare industry, scientific societies and associations worldwide, helping foster confidence, competency and teamwork. We offer the industry's broadest portfolio of healthcare simulation products and solutions along with world-class support.

As we face a global health crisis, our mission to make healthcare safer has never been more relevant. Our response and solutions are helping healthcare professionals save lives.

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Customers in  
**80 +**  
countries

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**50 +**  
training products  
and services

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**3,500 +**  
Simulated Clinical  
Experience courseware  
packages developed  
by CAE Healthcare  
Academy and adjunct  
faculties

## Year in review

In Healthcare, a large contingent of the market are hospitals that focused attention on the healthcare crisis, and medical and nursing schools that have also come under lockdown protocols. This has negatively affected our ability to conclude contracts and to deliver on existing orders. To accommodate our customers and offer remote education options, CAE Healthcare provided new tools and training on how to implement distance learning with our solutions, and we developed a transformative clinical learning platform with a virtual patient, virtual medical equipment and Simulated Clinical Experiences for teaching.

Our team went beyond the call of duty and designed a critical care ventilator. We were awarded a contract with the Government of Canada to manufacture and supply CAE Air1™ ventilators to provide life support to patients in intensive care, for which we completed deliveries in the fourth quarter of fiscal 2021.

Starting in April 2020, we offered several new digital and virtual learning products and COVID-19 related training solutions, including adaptive digital learning courses for ventilator reskilling and mechanical ventilation, an ultrasound training suite for emergency care physicians and intensivists, and a Pathogens of High Consequence learning module to help prepare clinicians for infectious disease outbreaks. As a testament to Healthcare's innovation, our adaptive Ventilator Reskilling Course won both the Emergency Medical Services (EMS) World Innovation Award and Attendees' Choice Award at the annual EMS World conference.

We offered new remote learning tools for clinical educators within our LearningSpace™ centre management solution, including a virtual examination room. We also launched CAE SimEquip™ simulated medical equipment, which expertly mimic the management of a variety of medical devices for realistic and reliable hands-on training for resuscitation, ventilation and anesthesia for use with CAE patient simulators or for standalone training.

In addition, Healthcare continued to work with leading Original Equipment Manufacturers (OEMs) in developing transformative digital training solutions.

## FY2021 highlights

**\$351.9  
million**

**annual revenue**

(up 183% compared to last year mainly driven by the CAE Air1™ ventilator contract)

**\$29.3  
million**

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

(8.3% of revenue) compared to a loss of \$3.5 million last year

**\$25.8  
million**

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

(7.3% of revenue)

**Ventilator Reskilling Course**

won

**Emergency Medical Services World Innovation Award**

and

and

**Attendees' Choice Award**

**Designed, manufactured and delivered**

**CAE Air1™ ventilators**

to the Government of Canada

<sup>1</sup> Non-GAAP and other financial measures, see Appendix.

## Our expanding role in emergency preparedness and improving patient safety brings a new appreciation for the innovative solutions CAE can deliver

In a time of greater need for emergency preparedness and self-sufficiency for critical care products, CAE Healthcare provided innovative solutions to make the world a safer place.

Throughout the COVID-19 crisis, we actively identified where we could make the most difference to help save lives. Within the first 60 days of the pandemic, we mobilized to develop online courses and scenarios to prepare healthcare professionals to protect themselves and treat their patients — materials we later organized under [Hospital Preparedness for Managing Coronavirus](#), an online repository of resources for the healthcare community.

Our first-of-its-kind [CAE Blue Phantom™ COVID-19 Lung Simulator](#) provided healthcare teams safe and efficient ways to accelerate their expertise in ultrasound scanning during this crisis. We [collaborated with Area9 Lyceum](#), a global leader in adaptive learning, to provide clinicians free access during the month of April 2020. We then [partnered with the American Heart Association](#) to distribute the course worldwide.

CAE Healthcare continued to work with leading OEMs in developing transformative digital training solutions, including Edwards Lifesciences for a custom training solution for the IntraClude aortic device, and Cordis, a Cardinal Health Company, for a mobile application which enables users to expand and master skills through a series of procedurally based coronary and endovascular modules in a simulated virtual environment.

CAE Healthcare continued to produce pertinent curriculum for frontline teams and healthcare workers, who needed realistic training solutions to leverage best-use practices, maximize clinical preparedness and to ensure the safest level of response possible. We developed new tools and training capabilities to support our customers as their training needs evolved to a greater reliance on virtual and e-learning.

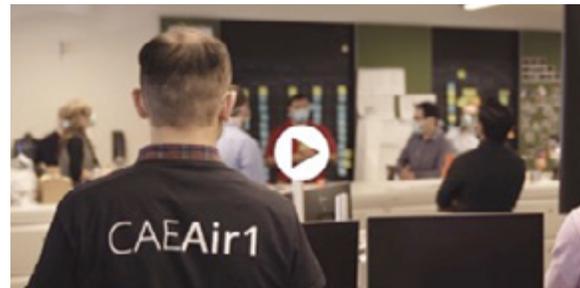


### CAE Air1™ ventilator: helping build Canada's self-sufficiency

On April 10, 2020, CAE announced that we had signed a contract with the Government of Canada to supply made-in-Canada ventilators to help save the lives of COVID-19 patients.

In just two months, we designed, manufactured, tested and submitted for certification to Health Canada the CAE Air1™ ventilator.

To accomplish such an amazing feat speaks to CAE's role as a high-tech powerhouse with immensely talented people whose innovation and dedication uniquely position us to develop complex solutions in record time. Our [feature on Air1™](#) tells the story.



Follow the impressive journey of CAE Air1™, from initial concept to our delivery to Health Canada, just six weeks later.

[Watch the video](#)



### CAE receives ISO 13485:2016 certification for medical device design, manufacturing and distribution

Our entry into medical device manufacturing and the **achievement of ISO certification** led CAE Healthcare to pursue opportunities to realize greater market adjacency, starting with our contract with The PYURE Company to assemble air sanitizers. Then with CAE Injection, we introduced a mobile app designed to rapidly accelerate the COVID-19 vaccination effort.

These are among the ways CAE Healthcare extended the reach of our digital and e-learning solutions over FY21, also innovating Remote Customer Support and revitalizing our core portfolio of immersive technologies to elevate safety, efficiency and readiness in healthcare.



### CAE signs contract with The PYURE Company to assemble and develop air sanitizers, contributing to the fight against COVID-19

[CAE signed a contract with The PYURE Company](#) to assemble and develop a next generation of products using PYURE's technology, with plans to retrofit our facilities and simulators with it as well. The expertise gained in developing CAE Air1™ and the ISO certification for medical device design, manufacturing and distribution reinforced our competitive edge.

**PYURE's innovative, patented technology replicates the way sunlight sanitizes the outdoor environment by safely generating and diffusing hydroxyls and organic oxidants indoors.** This technology has been shown to significantly destroy the COVID-19 virus in the air and on surfaces, as demonstrated in tests conducted by an independent U.S.-certified scientific lab.

The company's air sanitizers are used in U.S. hospitals, doctors' and dentists' offices, senior care centres, high-technology companies and schools.

Under the agreement with The PYURE Company, CAE expects to maintain manufacturing jobs in Montreal while continuing to play a role in the fight against the pandemic.

### New Simulation Debrief podcast features leading voices in healthcare simulation

The [CAE Healthcare Simulation Debrief podcast](#) takes on the future of healthcare simulation as argued, debated and discussed by leading voices, pioneers and experts in the field.

The Simulation Debrief library of episodes covers a variety of pertinent topics:



[Episode 23: Reinventing Emergency Medicine Education in a Pandemic Environment](#)

[Episode 15: Diversity and inclusiveness in EMS education: Where do we go from here?](#)

[Episode 13: Special Edition — The Vital Role of Nurses, Nurse Educators and Virtual Learning in 2020.](#)

### CAE trains clinicians on COVID-19 readiness

CAE Healthcare has been at the forefront since the outbreak of the coronavirus, exploring ways to use our innovation and expertise to help health services around the world.

Materials we developed to train healthcare practitioners on COVID-19 readiness and on how to protect themselves against the virus are in use at simulation societies in over 40 countries. Our ability to contribute to the fight against this pandemic and share our expertise at a time when it is needed most remains a tremendous source of pride for all of us at CAE.

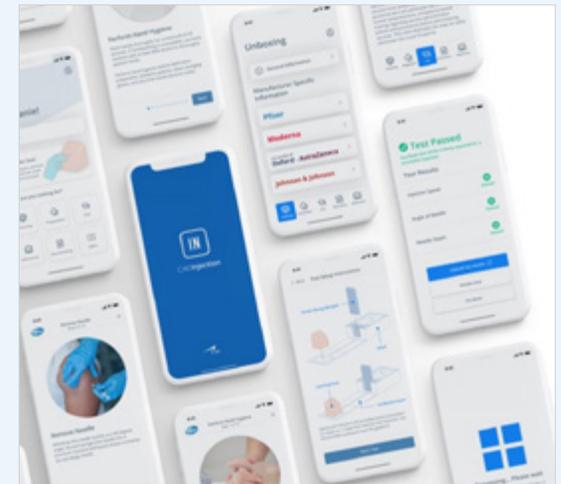


### CAE Injection

Our new [CAE Injection app](#) combines every vaccine and every protocol in one training solution, enhancing consistency and safe practices while minimizing training variability and vaccination errors.

When paired with AI-powered injection coaching, and CAE's Blue Phantom™ shoulder model, CAE Injection provides instant feedback on needle angle, speed and depth of injection.

Learn more about CAE Injection in our [feature article](#).



## Ventilator Reskilling course

CAE Healthcare and [Area9 Lyceum](#) — a global leader in instructional design — collaborated to provide clinicians with a 30-minute online Ventilator Reskilling course with modules covering basics in respiratory physiology, mechanical ventilation, and goals of COVID-19 care.

This adaptive learning platform has enabled more than 3,000 clinicians — with varying levels of exposure to ventilator management — to achieve required competencies quickly and efficiently for better patient outcomes during the COVID-19 pandemic and beyond.

Coinciding with the annual [EMS World Expo](#), which is the world's largest EMS-dedicated annual conference, [EMS World](#) recognizes the year's most pioneering products aimed at improving the delivery of EMS. Launched in April 2020, CAE Healthcare's [Ventilator Reskilling course](#) received two awards following the 2020 EMS World Expo.



## EMS World Innovation Award

As a provider of expert-guided clinical, management and regulatory content for an audience on the front lines of out-of-hospital care, the EMS World Advisory Board reviews new product submissions prior to the annual Expo and determines [20 Innovation Award finalists](#).

Products must be new or significantly modified within the last year. During the Expo, a panel of judges comprising field experts demo the finalist products and determine [10 winners](#). In addition to the 2020 award for the Ventilator Reskilling course, CAE Healthcare was a winner in 2019 for [CAE AresAR™ and for the use of the Microsoft HoloLens](#).

## EMS World Attendees' Choice Award

CAE Healthcare's Ventilator Reskilling course also won EMS World Attendees' Choice Award. New in 2020, this award for the product that received the most votes from the 2,600 expo attendees. Attendees span the full spectrum of emergency medical services providers: emergency medical technicians, paramedics, dispatchers, physicians, nurses, educators, researchers and administrators.



## Pathogens of High Consequence learning module

CAE Healthcare assembled best practices and lessons learned from the COVID-19 pandemic to create the [Pathogens of High Consequence learning module](#).

The new module prepares clinical teams to identify, isolate and communicate to keep the community and staff safe while caring for patients with progressing symptoms.

Each Simulated Clinical Experience (SCE) includes learning objectives, patient history and records, pre-programmed physiological states, debrief questions, Personal Protection Equipment checklists, resources and facilitator guides.

## COVID-19 PoCUS Ultrasound Training Suite

In mid-April 2020, CAE Healthcare launched a [point-of-care ultrasound \(PoCUS\)](#) training suite to prepare physicians to examine and assess patients with COVID-19.

Bedside or point-of-care ultrasound is a safer, more accessible way to assess COVID-19 patients while reducing risk of transmission.

The suite combines the best of three CAE hardware and software product platforms: [CAE Blue Phantom™](#), [CAE ICCU e-learning](#) and [CAE Vimedix™](#).



[Watch the video](#) 

## Support offered for grant applications through CARES Act funding

CAE Healthcare offered to help hospitals and healthcare education institutions identify and apply for training and education grants made available through the [U.S. CARES Act](#). We supported with grant research, writing and selection of medical simulation technology for new and existing grant projects.

We also released the white paper *Maximizing grant funding opportunities for medical simulation technology amid the COVID-19 pandemic*.

## CAE SimEquip™ digital twins realistically simulate a variety of medical devices

Our patient simulation offering now includes [CAE SimEquip™](#), a portfolio of digital twins that mimics a variety of medical devices and allows for realistic and reliable hands-on training for resuscitation, ventilation and anesthesia equipment.

CAE SimEquip™ trains learners how to configure and operate equipment, deliver effective healthcare of a patient on medical equipment, monitor a patient, interpret data, and troubleshoot issues. Instructors can now expand the variety and complexity of Simulated Clinical Experiences in both prehospital and in-hospital environments, providing hands-on training scenarios for healthcare students and professionals to obtain skills required for effective patient care.

Our CAE SimEquip™ portfolio includes [CAE SimEquip™ Anesthesia](#), [CAE SimEquip™ Ventilator](#), [CAE SimEquip™ Defibrillator](#), and [CAE SimEquip™ Transport Ventilator](#).



## CAE Aria™ pediatric simulator nears release date

Simulation-based education plays a major role in training pediatric healthcare workers to develop critical decision-making and patient-care skills in a risk-free environment.

We developed the [CAE Aria™](#) pediatric patient simulator to help future and current healthcare professionals

practice the skills needed to build patient safety proficiency and expertise in emergency pediatric care.

From assessment to performing essential clinical skills, clinicians can develop critical decision-making procedures and learn in a risk-free environment.

Having completed full-phase testing and met all quality requirements, the official release of CAE Aria™ is imminent. CAE Aria™ supports the standard healthcare requirements for pediatric patients, from assessment to performing basic clinical skills; and advanced training requirements for Pediatric Advanced Life Support (PALS), Pediatric Emergency Assessment, Recognition and Stabilization (PEARS) and Advanced Pediatric Life Support certifications (APLS).

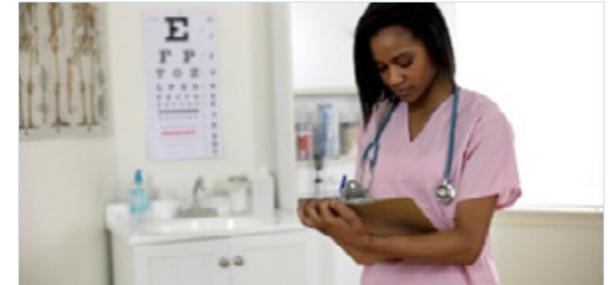


## CAE Maestro Evolve™ new intuitive virtual solution

We introduced [CAE Maestro Evolve™](#), an interactive cloud-based solution that enables real-time virtual simulation training from anywhere, anytime with minimal space requirements.

CAE Maestro Evolve™ is a scalable Software as a Service (SaaS) solution that operates on a single platform and offers limitless possibilities for innovative instruction and content development with a continuous stream of new, pre-programmed scenarios, medical equipment and teaching tools.

Features include CAE Embody, our virtual patient with advanced physiology; a simulated patient room with virtual medical equipment that displays real-time medical signs and signals for facilitator-led remote simulations; and SCEs developed by the CAE Healthcare Academy of faculty and clinical educators.



## CAE Distance Learning Suite for Nurses

The [CAE Distance Learning Suite for Nursing](#) accelerates the journey to competence for tomorrow's nurses today.

Our new virtual nursing education solution combines CAE Healthcare's latest patient simulation offerings for remote facilitator-lead teaching: CAE Maestro Evolve™; CAE Embody, equipped with CAE's model physiology that responds automatically to learner intervention; and five SCEs from our Program for Nursing Curriculum Integration (PNCI). For clinical skills practice at home, [CAE MultiPad™ skills trainers](#) allow for mastery of procedures that include venipuncture, tracheostomy care and more.

CAE's distance learning solution operates on an interactive, cloud-based platform that can be adapted to meet virtual simulation training needs.



### CAE MultiPad™ for hands-on practice of sensitive clinical patient care skills

[CAE Healthcare MultiPad™ skills trainers](#) provide hands-on clinical skills practice for healthcare learners at home or on-site. Featuring realistic, durable and self-healing MedicSkin® from Medicor Lab, CAE's MultiPad™ skills trainers are durable and easy to maintain and disinfect, making them ideal for repetitive use. Versatile pads allow deliberate practice of psychomotor skills to develop mastery of critical care procedures.

Our trainers support asynchronous and synchronous learning, making them the perfect complement to [CAE Healthcare's Distance Learning Suite](#) and our [Hybrid Learning Solution](#).

### CAE Hybrid Learning Solution

[CAE Healthcare's Hybrid Learning Solution](#) offers a timely, cost-effective and intuitive training bundle that helps nursing students develop proficiency in patient care clinical skills at home and/or on site.

Our solution unites [CAE Juno™ Complete](#), [CAE Maestro Evolve™](#) and [CAE MultiPad™ skills trainers](#) to create teaching environments that develop psychomotor, problem-solving and critical-thinking skills. By grouping products that support different types of learning, we facilitate the transfer of knowledge to actual practice.

### CAE Vimedix™ 3.0 software updates enable remote ultrasound learning across multiple disciplines, enhance fidelity and capabilities across platform

To address the impact of simulation labs distancing measures and closures on the healthcare community, we released two key software updates to our [CAE Vimedix™ 3.0](#) platform.

CAE Vimedix™ 3.1 allows for remote teaching and learning to maintain essential ultrasound simulation training across multiple disciplines — cardiology, emergency medicine, ICU, Ob/Gyn — all on one common platform.

With validated performance metrics, ultrasound trainees can practice basic ultrasound principles with our enhanced self-directed learning exercises. Instructors can build custom curricula to adapt and teach ultrasound content based on teaching objectives.

While CAE's Vimedix™ 3.1 paved the way for remote ultrasound learning, CAE Vimedix™ 3.2 offers improved fidelity, ultrasonography realism, 3D/4D ultrasound and multiplanar reconstruction across the entire CAE Vimedix™ 3.0 platform. This groundbreaking imaging technology provides 4D views of anatomical planes, giving much deeper diagnostic insight for sonography.

With a library of more than 200 pathologies, CAE Vimedix™ 3.2 delivers new capabilities for virtual lectures, with quick lesson-building, complementary [ICCU e-Learning](#) and interactive, hands-on practice using a manikin and ultrasound probes. Transgastric Abdominal Ultrasonography guidelines and training exercises are also included in the 3.2 update.

These updates are available at no additional cost to all CAE Vimedix™ 3.0 customers with an active support and maintenance contract.



### CAE CathLabVR™ portable, modular surgical simulator

We redesigned [CAE CathLabVR™](#) interventional simulator to offer a portable, modular system that allows residents and physicians to practice cardiac and peripheral vascular procedures anywhere and anytime.

Learners can navigate diverse virtual 3D anatomies with cardiac and vascular abnormalities as they develop proficiency within a safe learning environment. With CAE CathLabVR™, instructors can easily customize case parameters to match each learner's performance level. At the conclusion of each case, the learner can be debriefed with evidence-based metrics and outcome measurements.

CAE CathLabVR™ curriculum spans from aortic/cardiac valve replacement to periphery intervention. Learning modules include basic to advanced percutaneous interventions and aortic/cardiac valve replacement with more modules to follow.



### CAE LearningSpace™ Enterprise Lite

A hardware-light SaaS for end-to-end and hassle-free virtual simulation management, [CAE LearningSpace™ \(LS\) Enterprise Lite](#) makes remote teaching easier and more secure. Learners train effectively on an online platform accessible from almost any location.

LS Enterprise Lite offers all the functionalities of [CAE LearningSpace™ Enterprise](#) software, such as advanced scheduling, scenario authoring, and customizable reports for virtual simulation management.

### Online and distance education white paper

The educational impact of COVID-19 has been experienced globally with many higher education institutions cancelling or postponing education or moving it online.

Amid new educational realities, creating quality clinical experiences for healthcare students can appear more challenging than ever. Learning virtually is not the same as in-person learning — there are different demands on focus, attention span and managing the strain of motion. This is especially true for those participating in nursing and medical education.

The [CAE Healthcare white paper on online and distance education](#) explores the situation and offers solutions for achieving clinical proficiency amid the COVID-19 pandemic.



### CAE iRIS health simulation authoring platform

Dr. Kim Leighton, Executive Director, [ITQAN Clinical Simulation & Innovation Center](#), shares how she uses [CAE iRIS](#) to guide the creation of medical simulator scenarios across space and time, coordinating 92 nurse educators from 14 hospitals in the development of educational activities that promote best practices and reduce medical error. CAE Healthcare co-sponsored the "Healthcare Scenario Development Made Easy," which featured Dr. Leighton and iRIS.

## Events

### CAE virtually shines at IMSH 2021

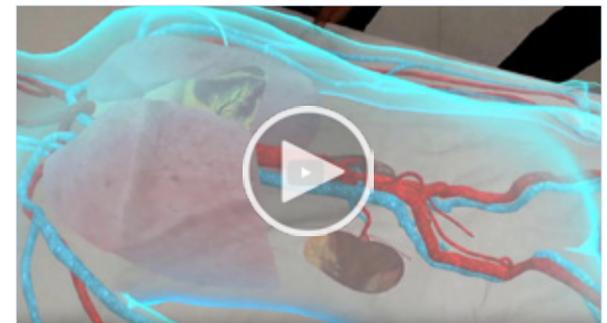
Due to the pandemic, the International Meeting on Simulation in Healthcare (IMSH), a major annual scientific conference that explores the latest innovations and best practices in healthcare simulation, went virtual with the theme [IMSH Delivers: Bringing Learning to Life](#).

For the event, we created [CAE Healthcare at IMSH 2021](#) as a virtual exhibit to present our latest innovations to support distance, virtual and hybrid learning, and in-person simulation-based education. We held virtual learning labs and discussed new healthcare products – including [CAE Aria™](#), [CAE SimEquip™](#) and [CAE LearningSpace™ Enterprise Lite](#).

### CAE at vIITSEC 2020

Together with CAE Defence & Security, CAE Healthcare represented [CAE at vIITSEC 2020](#), the world's largest modeling, simulation and training event.

During the virtual event, we showcased some of our newest training technologies, capabilities and products, including [CAE Luna™](#), CAE Healthcare's complete solution for neo-natal and newborn care; our mixed reality solutions powered by Microsoft HoloLens 2, featuring [CAE VimedixAR™](#) and [CAE AresAR™](#); [CAE Blue Phantom™ COVID-19 Ultrasound Lung Simulator](#); and [CAE LearningSpace™](#).



CAE AresAR™ was among the newest training technologies, capabilities and products CAE Healthcare showcased at vIITSEC 2020.

[Watch the video](#)



## Healthcare Simulation Week 2020: How do you bring simulation to life?

For [Healthcare Simulation Week 2020](#), CAE Healthcare answered this question with a webpage highlighting six key elements: teams, educators, learners, technology, environment and outcomes.

Healthcare Simulation Week celebrates global professionals who use simulation to improve the safety, effectiveness and efficiency of healthcare delivery. The week also raises awareness in communities nationwide about how healthcare simulation leads to safer, more knowledgeable patient care.

## World Patient Safety Day 2020: Speaking up for health worker safety

CAE Healthcare joined the World Health Organization in celebrating World Patient Safety Day 2020. Our [blog post](#) and [webinar](#) spoke to the interrelationship between health worker safety and patient safety, in line with the official slogan chosen for the year: Safe health workers, safe patients.

## CAE Healthcare simulation helps our customers teach students during the pandemic

Our clients at Blue Valley Center for Advanced Professional Studies (CAPS) oversee a very active medical simulation lab available to the high school students enrolled in the CAPS Medicine & Healthcare Strand.

In [Stories from the Lab episode 2.6](#), CAPS Instructor Rebecca Snodgrass and Simulation Coordinator Robin Bacon share their experience building a medical simulation experience for a variety of medicine and healthcare classes. They explain how hands-on learning gives students a space to explore, grow and risk, and how simulation has made all the difference for them during a time when access to medical facilities has been severely restricted.

## Health Matters : How CAE brings safety culture to healthcare

The third cause of death in the U.S., behind cancer and heart disease, is predictable, avoidable medical error.

During the [Health Matters podcast Innovating through education and research](#), our President, Marc Parent, shares this startling fact as he proudly talks about CAE's role in bringing the culture of safety to healthcare. Marc also discusses both CAE's and his personal philanthropic contributions to the fight against COVID-19 through the [McGill University Health Centre Foundation](#), the show's sponsor.



On Health Matters, Marc Parent speaks to CAE's role bringing the culture of safety to healthcare (26:15 mark).

## CAE Healthcare's role in helping combat COVID-19 receives attention of media and a nod from Canada's prime minister

The Forbes article [Why Businesses Need To Triage Learning Priorities In The COVID-19 Era](#) includes a nice shout-out to CAE Healthcare for the speed with which we launched a COVID-19 ventilator reskilling course to address the urgent needs of patients.

The New York Times article [Treating Coronavirus in a Central Park 'Hot Zone'](#) mentions how New York City's Mount Sinai Hospital uses manikins (ours) to develop new ventilator technologies.

# Looking forward

We see future opportunities arising in the Healthcare business including our new digital and virtual learning products, COVID-19 related training solutions, and increased recognition of the value of simulation-based preparedness for pandemics and other high-risk scenarios. This is supported by professional organizations such as the International Nursing Association of Clinical Simulation and Learning (INACSL) and the Society for Simulation in Healthcare (SSH) who are proposing that regulatory bodies and policymakers demonstrate flexibility by allowing the replacement of clinical hours usually completed in a live healthcare setting with that of virtually simulated experiences as a result of this pandemic. This emphasizes that virtual simulation is an effective teaching method that results in improved student learning outcomes. State boards of nursing have begun to change requirements to help ensure that learners and new graduates can continue their education and would be ready to enter the workforce.

Simulation-based training is one of the most effective ways to prepare healthcare practitioners to care for patients and respond to critical situations while reducing medical errors. We see the healthcare simulation market is expanding, with a shift in the U.S. from fee-for-service to value-based care in hospitals, and with simulation centres becoming increasingly more prevalent in nursing and medical schools.

Advancements in medical technology are also driving the use of simulation and greater acceptance of remote and virtual delivery methods. New medical devices and advanced procedures require advanced training solutions, such as simulation, for internal product development and customer training.

We believe CAE's healthcare segment is positioned as a leader in developing healthcare professionals through technology, educational content and training, with an estimated healthcare simulation market of approximately US\$1.7 billion.

Feature story

## CAE steps up in the humanitarian fight against COVID-19, showcasing some of our best capabilities

CAE's 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. Our vision is 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.

These are commitments CAE takes very seriously. When the COVID-19 crisis hit, we determined how we could make a difference to help save lives.

One of our first actions was to leverage CAE's global supply chain to deliver 600,000 N95 masks to the Quebec and Manitoba governments to protect frontline healthcare workers. Then we created a complimentary [Hospital Preparedness for Managing Coronavirus](#) package and organized free training seminars in March and April 2020 to help caregivers practice personal safety procedures and initial patient assessment related to coronavirus.

We released the first-of-its-kind [CAE Blue Phantom™ COVID-19 Lung Ultrasound Training Simulator](#), a point-of-care training suite to help healthcare teams to accelerate their expertise in ultrasound scanning safely and efficiently. [CAE partnered with Area9 Lyceum](#) to offer two modules free of charge in the month of the suite's introduction and with the [American Heart Association](#) for the course's worldwide distribution.

We did not stop there.

### CAE Air1™, showcasing for our innovation, empowerment, excellence and integrity

When the Government of Canada (GC) issued a call for tenders for ventilator manufacturers in Canada, CAE responded immediately. We pulled teams together and issued a challenge to create a ventilator and innovate around the parts shortages then existing worldwide.

Multidisciplinary teams of mechanical engineers, electrical engineers, circuit board design specialists, procurement specialists, and healthcare specialists in design and manufacturing, quality assurance, and simulation from across our three business units, came together to build prototype mechanical ventilator models. We modified CAE Healthcare manikins to emulate the symptoms of COVID-19.

As we were designing the ventilator prototype, our supply chain experts made sure CAE could source the parts needed. In some cases, this meant adapting the design to innovate around any shortages identified to ensure we could manufacture a large number of units in a short time.

The nimbleness of our supply chain to mobilize 170 suppliers during a global health crisis represents quite a feat on its own. In a few months, CAE designed, manufactured, tested and submitted for certification to Health Canada the CAE Air1™ ventilator — compared to the standard product development timeline

of 2½ years for a critical care ventilator. Ultimately, more than 500 CAE employees would directly or indirectly contribute to this project, with CAE ultimately shipping CAE Air1™ ventilators to the GC.

“ *What does it take to expand a simulation training solutions company to manufacturing medical devices in just over eight weeks?*

*Teamwork, innovation, a solid foundation in design and development of advanced technologies, multidisciplinary knowledge — in sum, CAE employees! ”*

**Heidi Wood**

President of CAE Healthcare and Executive Vice President, Business Development & Growth Initiatives for CAE

But we still wanted to do more.

To accelerate mass vaccination, we introduced CAE Injection and we also opened the CAE Montreal Vaccination Centre at our corporate headquarters — and made it the first CAE location to be outfitted with the PYURE air purifier (See related highlight, [CAE signs contract with The PYURE Company](#)).



In an historic moment, CAE employees form an honour guard as the first units destined to the Canadian government comes off the production line to group applause and the joint chant, “CAE Air1™!”

### CAE Air1™: CAE employees answer the call to help save lives

What company could bring a pilot, a system architect, a mechanical engineer, a proposal solutions manager and a business analyst together to manufacture life-saving medical equipment? CAE.

CAE’s people and their dedication embody our organization’s culture of innovation, empowerment, excellence and integrity and give our mission and vision meaning.

In an April 20, 2020 joint announcement, CAE confirmed that all remaining temporarily laid-off employees in Canada would be back on the payroll that week, and that we had signed a contract with the Government of Canada to deliver the ventilators that are now known as CAE Air1™. The temporary layoffs were part of a series of [measures CAE announced on April 6](#) in response to the COVID-19 pandemic.

This scenario created a unique opportunity, as employees from widely varying professional disciplines returned to work in a very different capacity. As part of a special group, they shared a common goal in a highly motivating situation.

Together, they took CAE Air1™ to the finish line as One CAE.



CAE received the Gold award from the Société québécoise des professionnels en relations publiques at the 2020 Excellence Prize Gala for the videos featuring our CAE Air1™ ventilator that contributes to saving lives. Meet some of the CAE employees who helped manufacture the CAE Air1™ ventilator, answering the call to help save lives. They are among the 10,000+ faces of One CAE.

[Watch the video](#)



## CAE Air1™ quick facts

- Behind the name:
  - Air = what is delivered + a nod to our aviation business;
  - “1” = our first ventilator
- Designed and manufactured in Montreal, Canada
- Involved over 500 CAE employees across 45 departments
- Suppliers: 130 Canadian suppliers out of a total of 170 suppliers
- Number of parts: 500+

### Features

- Designed to support Intensive Care Unit patients treated for COVID-19
- Uses an intuitive, simple touchscreen interface
- Bundled with on-demand ventilator training, adaptive e-learning modules related to COVID-19 patient management, and 24/7 customer support
- Delivers pressure control, volume control and pressure support ventilation using room air or pressured oxygen

## CAE Injection covers every COVID-19 vaccine, every protocol, in one training solution

We designed the [CAE Injection mobile app](#) to rapidly accelerate COVID-19 vaccination efforts. Our training solution enhances consistency and safe practices while minimizing training variability and vaccination errors.

Hands-on intramuscular injection training and testing enable governments and enterprises to rapidly expand eligible providers, accelerate mastery of skills, and reduce variability in care.

CAE Injection covers all vaccine protocols with easy-to-follow, step-by-step instructions — from unboxing and storage to preparation, and injection. Submenus guide users through unpacking processes, personal protection equipment, supply requirements and providing patients with their vaccination card.

Our app is designed to minimize the confusion and chance of error that come with multiple manufacturer protocols. Providers always have the most up-to-date protocols in their pockets.

To extend training capabilities, we paired the app with CAE Blue Phantom™, our proprietary movement recognition technology.

As they train using the CAE Blue Phantom™ Injection shoulder model, learners receive immediate feedback on needle angle, speed and depth of injection to help them master the proper injection technique.



The CAE Blue Phantom™ Injection shoulder model provides users instant feedback on needle angle, speed and depth of injection to help learners practice proper injection technique.

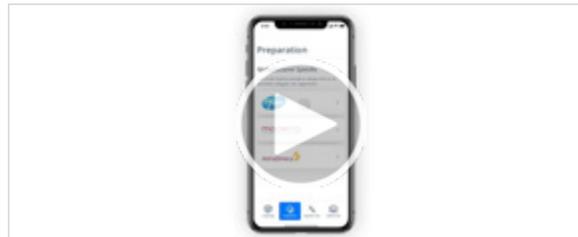
The shoulder model's highly durable synthetic skin, a characteristic of CAE's Blue Phantom™ product portfolio, allows for hundreds of realistic practice sessions.

Users sign in once to enable sponsors to track utilization analytics, better understand learning progression and evolve the solution.

User performance can be assessed anywhere, using the video capabilities native to every mobile phone to record the simulation of an injection.

Users swipe through a series of static text and images that show how to administer the vaccine in 10 simple tasks. An animated stream is also provided for learners who absorb information better via video.

CAE Injection is platform agnostic, available in multiple languages and distributed via app stores.



COVID-19: Every vaccine. Every protocol. One training solution, with CAE Injection.

[Watch the video](#) 

## Ensuring a safe sanitized environment with PYURE

The COVID-19 pandemic brought a greater awareness to the importance of disaster management and preparedness, access to public health and safety training — with remote e-learning capabilities a necessity — and ensuring a safe, sanitized environment.

[CAE's contract with The PYURE Company](#), to assemble and develop the next generation of air sanitizer products using PYURE's technology, allows us to maintain

manufacturing jobs in Montreal, while continuing to play a role in the fight against the pandemic.

We obtained this contract mainly because of the expertise we have gained developing the CAE Air1™ ventilators, as well as the ISO 13485:2016 certification for medical device design, manufacturing and distribution.

An [independent study conducted by a certified, biosafety level 3 laboratory](#) demonstrated that the PYURE air purifier destroys 99% of airborne COVID-19 in 20 minutes and 99% of the virus on surfaces in an hour.

The PYURE air purifier is currently in use at the [CAE Montreal Vaccination Centre](#), with plans for all CAE facilities.

## Taking a bold new direction, launching bold new products and services

The pandemic brought a new appreciation for the innovative solutions CAE Healthcare can bring to bear as we drove a pipeline of solutions and humanitarian actions to fight COVID-19 across FY21.

We identified ways to apply our high-technology skills, agility and the unique One CAE culture to take CAE in an innovative direction by launching bold new products and services.

CAE is a training technology company. We believe better healthcare for all begins with better training for healthcare professionals. We have delivered more than 60 million hours of medical training. Our mission is ensuring our partners are ready for any and every real-world challenge they might encounter.

Since the beginning of the pandemic, we made sure to be there for the healthcare community so that they are ready to face the challenges of COVID-19 — helping global communities stay safe by protecting their own safety as front-line workers and caregivers.

## Feature story

# CAE's 10,000 employees choose triumph over adversity

Connecting and communicating with our employees was essential through the pandemic, as a principal way for CAE to share timely information as we experienced these unfamiliar times together.

We acted quickly and effectively to protect our employees and customers, establishing a COVID-19 Crisis Management Committee in January 2020 — two months prior to the World Health Organization's declaration of global pandemic.

This committee served as a robust central command, control, coordination and communication center, creating and implementing safety/risk mitigation protocols, standards and procedures across our global network. These comprehensive mitigation measures, which focused on risk reduction for employees, traveling contractors and foreign visitors, were implemented across all facilities without exception.

## Communications: our connection driver

Regular and frequent communication with employees across CAE was maintained at all levels of leadership to keep our global employee base informed as regulations, and therefore CAE's safety protocols evolved. These communications were also crucial to address our employees' immediate questions and to connect with them as new concerns emerged in changing circumstances.

Over FY21, we increased the frequency of our popular All Employee Information Sessions, a virtual town hall led by President and CEO Marc Parent. Prior to each session, employees received a confidential, one-question survey to let us know what topics they would like Marc to cover in more detail or if they had a specific question for him.

During these informal town halls, Marc delivered updates on the company, introduced new initiatives for employees and answered questions. All questions that could not be answered during the session were answered within a week and answers were shared with all employees through our worldwide newsletter, CAExpress. Information sessions were also organized to help groups of employees facing specific situations.

Our coronavirus website served as a repository of key information related to CAE's COVID-19 response, including toolkits for employees working at home, employees in the field, leaders and site leaders; FAQs addressing key areas, such as medical services, vaccines, hygiene, teleworking, travel restrictions and more; updates to measures and protocols; and latest news affecting employees.

We spared no expense at our facilities in providing employees with masks, gloves, hand sanitizers throughout the sites, social distancing markers, closed water coolers, changed doorways to reduce touch points, cleaned bathrooms several times a

day, rerouted walkways and closed cafes, meeting rooms and small areas where physical distancing was less achievable.

We made safety our top priority as we implemented a series of measures allowing for the safe travel of employees and contractors. These measures included an end-to-end employee travel protocol, covering COVID-19 testing prior to departure, a travel kit with enough Personal Protective Equipment (PPE) for the whole journey, and instructions limiting employee's movement in the destination city between airport, hotel, and local customer site. We also enhanced health and safety support on travel with the services of an international travel safety provider. These services provided travellers instant access to local support in case of need. An evaluation of the customer site protocols was performed to ensure similar standards to CAE's. The measures were monitored and regularly adapted to evolving risks and government measures.

Moreover, CAE negotiated special protocols with the governments of Quebec, Ontario, British Columbia and Canada allowing customers to take delivery of their simulators and foreign pilots to train in Canada when it was necessary to sustain their license. (Read more about how we supported our customers in the [Innovation and customer experience section](#)).



Thorough protocols helped keep everyone safe at CAE facilities.



### CAEcontinuum, providing an optimal remote work experience

While some employees who could not conduct their work remotely continued to work on site, a large number of employees worldwide began teleworking in March 2020. As telework became our new norm, we surveyed employees to understand the impact telework had on their lives and realized that there were considerable benefits for a majority of employees, such as more flexibility and improved work/life balance. In light of the pulse we got from employees, we introduced CAEcontinuum to sustain the advantages of working from home over the long run, well beyond the pandemic. Through this flexible work program, we implemented a globally standard approach to ensure at least 25% of CAE's workforce would work remotely on any given day in the post-COVID world. Remote connectivity meant not only ensuring cybersecurity and other data protection protocols were in place, but also helping employees maintain interpersonal connectivity with colleagues through face-to-face collaborations and day-to-day coordination through virtual meetings.

Another key component of CAEcontinuum considered factors such as ergonomics, proper lighting and ensuring our employees were adequately equipped with the necessary technologies. To accommodate these needs, CAE provided an expanded one-time expense reimbursement for such items.

### Wellness: always our priority

Practical adjustments, such as setting up home offices, were to be expected. But leaving behind life as usual brought greater challenges. We all hoped the crisis would be resolved quickly, but the goalposts kept moving. From an anticipated few months, the pandemic timeline stands at well over a year.

Our COVID-19 Crisis Management Committee organized multiple wellness initiatives and campaigns, which were not only fun, but also let employees know about the many support resources available to them — from colleagues to their managers to wellness programs.

Frequent internal pulse surveys via Officevibe provided essential information that guided our efforts and focus on employee wellness. 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."



Communication tools such as our Officevibe pulse surveys helped us keep connected with employees and proactively respond to their feedback.

### Telemedicine services

As part of our health and wellness strategy, we announced a new concrete measure to support our employees' health and that of their families: the availability of telemedicine services.

CAE employees in the United States and Canada can interact at any time with medical practitioners, mental health professionals or wellness coaches, depending on their needs.

### Employees show immense spirit, dedication and engagement

Leadership presence and reassurance was met with alignment throughout the company, ultimately driving employee engagement higher amid the pandemic. We credit our employees' positive response with:

- Our intense focus on health and safety — especially through the pandemic — and wellness;
- Our commitment to combating climate change and fulfilling our promise to become carbon neutral by summer 2020;
- Increased transparency and frequency of employee town halls and interactions and thoughtful responses to every comment/question;
- Pride in CAE's mission and a shared belief in our future growth potential; and
- Impressive results, considering the exceptional strains on employees, which focused us on their wellness.

Our employees demonstrated the spirit and innovation for which CAE is known. (Also see the feature [One CAE steps up in the humanitarian fight against COVID-19.](#))

Results from a December 2020 survey show that 84% of employees are confident CAE will overcome any pandemic related challenges. An employee engagement level of 7.4 has been maintained throughout the pandemic. 91% of employees feel physically safe at their location of work, as measured in March 2021.

Frequent, informative and transparent communication played a vital role in achieving these excellent results.

We recognize the fantastic work of our employees, who showed immense spirit, dedication and engagement in these unprecedented times.

Here, we spotlight some of the ways CAE put employee wellness front and centre over FY21. Consistent and clear across our messages of care was the primary directive: Please take care of yourselves and your families.



### Wellness focus on mental health

Activities planned for our 2020 May/June Wellness Campaign took on an even greater importance as universal work themes such as managing distraction, feeling overwhelmed, loneliness and more hit close to home in the new reality of teleworking that came with COVID-19.

CAE provided resources to support our employees as we faced these new challenges together. In topical videos and articles, subject matter experts offered practical advice on how to recognize issues, apply good practices, set realistic goals and celebrate wins, while also practicing self-compassion during any setbacks. Employees were encouraged to share tips and experiences with their colleagues, an important way to acknowledge the validity of their feelings while also allowing room for them to express the lighter side through humour — like the trials of sharing office space with demanding furry friends.

To further open the dialog on mental health and promote awareness, we extended World Mental Health Day on October 10 to the entire week.

To help break the stigma surrounding mental health, we created backgrounds to use in our virtual meeting platform and invited employees to select the one that matched their moods in one-on-one or group meetings, then hold open conversations on how everyone is feeling. We challenged everyone at CAE to go beyond “I’m fine,” and commit to connecting with family, friends and colleagues in open conversations.

For the campaign, we asked employees to take the time to connect and reach out to each other, to have informal discussions and ask colleagues how they are doing.

Wellness Breaks were integrated into the workday in Canada, the U.S. Europe and the Middle East, with local activities sponsored in Europe, Asia and Australia.

R U OK? is a mental health initiative that has been run in CAE D&S Australia for several years and rolled out in the D&S International region in November 2020. On May 20, 2021, R U OK? was launched globally to all CAE employees by Marc Parent. R U OK? is a simple & informal yet effective way to approach others about their mental health. It inspires and empowers everyone to meaningfully connect with the people around them and start a conversation with anyone who may be struggling with life.

#### The R U OK? program is about:

- Taking the time to ask your team, a colleague, a leader or a friend ‘Are you OK?’ when you notice a change in their behaviour.
- Making sure our teams know that it’s OK not to be OK and that support is available.



### CAE Champions e-Bravos campaign

As part of CAE Spirit Week, we organized the CAE Champions e-Bravos campaign for employees to send a kind word to their colleagues, which can have an enormous impact on morale by providing much-needed encouragement or simply bring a smile to the face of someone who needs a dose of sunshine. On September 20, CAE employees shared 1,200 e-Bravos.

We also added a new Service Milestones feature to CAE Champions to provide visibility on service anniversaries for employees to celebrate the career highlights of their colleagues and share their appreciation (Also see our highlight, ‘OneCAE Spirit Week shines the light on our employees’ in People and safety).



### CAE Employee Resource Groups

Our Employee Resource Groups (ERGs) made a valuable contribution during a time of social isolation.

As an example, Mozaic, our ERG dedicated to parents of children with special needs, recognized how life during COVID-19 could perhaps be even more daunting for those isolated from the support and resources they are accustomed to receiving. To help, Mozaic offered resources and tips, members providing a supportive network for exchange.

[Learn more about the role of ERGs at CAE](#)



### CAE spearheads Industry for Vaccination coalition

At a March 19, 2021, press briefing with the Quebec Minister of Health and Social Services, held at our Montreal headquarters, CAE announced we would be helping the government in accelerating mass vaccination against COVID-19 and reducing pressure on the healthcare system.

Under the leadership of our President and CEO Marc Parent, and of H el ene V. Gagnon, Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility, several large Quebec and Canadian companies came together under the Industry for Vaccination coalition as a collective responsibility to help save lives, allow for economic recovery and a return to normal life.

Several companies offered this support at their own cost and committed to the ambitious goal set by the government of Qu ebec of vaccinating up to 500,000 Quebecers at 23 workplace vaccination hubs across the province, working in collaboration with the health system and following the order of priority established by public health authorities.

We also seconded to the Quebec Government CAE's Marie-Christine Cloutier, Director of Business Performance and Strategic Growth, to act as the liaison between the Ministry and participating businesses.

On April 26, 2021, CAE opened its COVID-19 Vaccination Centre, located at CAE's headquarters in the St-Laurent borough, the first workplace hub of its kind to start operations in Quebec.

### CAExpress employee newsletter

Informed by input shared through multiple channels, each issue of our employee newsletter CAExpress featured articles on wellness topics that were top of mind for our employees. Through these articles, we provided support tools and encouraged employees to share their tips. Photo contests sharing workspaces, ideas and ways to meet the challenges of remote working, offered a welcome levity and helped bond our global employee community.

The volume of response from employees reaching out to us early on in the year led us to double the newsletter's frequency.



### Marc Parent honoured by the Quebec Employers Council

In April 2021, Marc received one of three awards in the Entrepreneur category from the Quebec Employers Council for his contribution to the growth of CAE and the aerospace industry in Quebec and Canada, and for his central role in enlisting the collaboration of companies for workplace COVID-19 vaccination.

### FY21 communications in numbers

**20+**

virtual all-employee information sessions with Marc Parent and his leadership team

**109+**

CAE emails to inform employees on COVID-19 measures

**19**

CAExpress global newsletter  
COVID-19 special edition publications

**25**

CAEinfo Montreal newsletter  
COVID-19 special edition publications

**22+**

calls hosted by the COVID-19 Committee to inform site leaders who are responsible for sanitary measures and answer their questions

**3,600+**

employees emails to the COVID-19 Committee received and answered

# Corporate social responsibility

Corporate social responsibility

## A message from our CSR Leader

### A year enriched by humanitarian actions and social impact

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.

CAE continued to make significant advances on our CSR commitments in fiscal 2021. Over the year, our role as a corporate citizen acquired additional depth and breadth, as CAE took on — or perhaps more accurately — sought out challenges with lasting social and sustainable impact. The achievements of our organization over FY21, realized through the commitment and passion of our people, has been quite gratifying to witness.



**Hélène V. Gagnon**  
Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility

#### Supporting employees, customers and communities over COVID-19

Initiatives and innovations that emerged during COVID-19 were quite numerous. CAE mobilized quickly and effectively at the onset of the pandemic, starting with the creation of a COVID-19 Crisis Management Committee in January 2020. With the safety of our employees and customers being our number one priority, CAE put in place rigorous processes at our facilities that were also used by our customers.

CAE also addressed another critical aspect of the pandemic: the **mental health and wellness** of its employees. We increased the frequency of our communications, including employee town halls with our CEO and executive leadership and used feedback from these sessions, regular pulse surveys and other dedicated channels to learn more about our employees' top concerns and what we could do to address them. Campaigns launched over FY21 continue, with the recent introduction of R U OK?, a global program to further encourage employees to connect with and support each other.



CAE Montreal Vaccination Centre in action

CAE employees responded to these efforts, expressing their confidence in CAE as a company and as an employer, with our pulse surveys showing high engagement levels throughout the pandemic. That our employees felt safe, heard and motivated during these uncertain times stands among our outstanding achievements.

As part of our mission and vision, CAE continuously finds innovative ways to provide solutions to make the world a safer place. In our humanitarian efforts, we continued to find ways to support the healthcare community through our simulation education for hospitals and frontline/critical care workers.

We achieved an amazing feat with the CAE Air1™ ventilator, beating standard turnaround times in our first entry into the medical device sector, and followed with the CAE Injection app to improve training and accelerate the vaccination process. We also spearheaded the Industry of vaccination coalition, uniting the largest Canadian companies with government to hasten the process of establishing



Employees of CAE and partner companies along with their family and friends shared their pride of being vaccinated at the CAE Montreal Vaccination Centre on social media by tagging #VaccinationCAE

vaccination hubs. This culminated in the announcement at CAE headquarters that Quebec would welcome vaccination in the workplace through 23 industry vaccination hubs, at the expense of participating companies, starting with the opening of our own CAE Montreal Vaccination Centre.

### Continuing our climate journey with even greater resolve

**CAE delivered on its commitment to become carbon neutral in 2020, becoming the first Canadian aerospace company to take this bold step.** By leading the way, CAE demonstrated that change is possible. By making carbon neutrality the new standard in our industry, we hope to encourage others to follow in our footsteps to reduce their footprints.

**Our Climate Change Committee (CCC), created last year to get a comprehensive understanding of the climate change risks and opportunities across our organization, progressed on three pillars of its global environmental strategy:** carbon reduction, climate change risk management, increased knowledge of its environmental footprint.

A subcommittee of the CSR Committee, the CCC includes representation from key departments that share the common goal of addressing climate change issues and improving climate risk management at CAE. We have heightened our quality of governance through climate risk surveillance and mitigation measures and have created working groups responsible to deliver carbon footprint reduction commitments. With the support of an external consultant, we continue to ensure CAE's adoption of leading practices.

We completed a successful test pilot at one of our training centres using the climate change risk assessment methodology developed by the CCC. Our methodology is aligned with the recommendations and framework of the Task Force on Climate-related Financial Disclosures (TCFD). In the coming year, we will expand the pilot phase to key critical sites and refine this methodology throughout the roll out process.



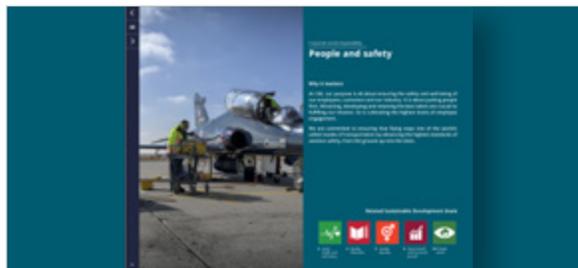
### Expanding our ESG disclosure and commitments

We continue to raise the bar of our environment, social and corporate governance (ESG) disclosure and commitments, evolving our approach to include new reporting standards valued by our stakeholders and furthering transparency in our disclosure.

In addition to our Global Reporting Initiative (GRI) and Carbon Disclosure Project (CDP) and TCFD reporting, as of FY21, **CAE reports on two industrial categories identified by the Sustainability Accounting Standards Board (SASB).**

Our disclosure falls under two industrial categories: Resource Transformation — Aerospace & Defence and Services — Professional & Commercial Services. The majority of issues identified by the SASB are already part of our disclosures and are reflected in CAE's materiality matrix.

You will find the [SASB table of data and references](#) next to our [GRI Content Index](#) and [TCFD Index](#), a practice increasingly adopted by companies worldwide. Viewed as a credible reference valued by investors, the SASB identifies the subset of ESG issues most relevant to financial performance in each of the 77 industries.



### Phase one implementation of our SDGs

This FY21 report also includes reporting on phase one implementation of CAE's five selected United Nations

Sustainable Development Goals (SDGs): Good health and well-being; quality education; gender equality; decent work and economic growth; and climate action. Details on their selection and progress are provided in the feature [Prioritizing our Sustainable Development Goals](#).

**Guided by the process outlined in the UN SDG Compass, CAE met its FY21 phase one commitments to:**

- **Articulate the relation of the five selected SDGs to CAE's value chain**
- **Relate these five goals to CAE's mission, vision and ESG priorities**
- **Show the correspondence between material topics and these SDGs**

These accomplishments, as represented in highlights and features of this report provide a comprehensive account of these five SDGs in action. On the opening page of the four activities sections to follow, we also make a visual link between the five SDGs and each of our CSR pillars.



### Entering a new era of AI-based ESG insights with Novisto

We are in our first year using a beta version of Novisto, an artificial intelligence (AI)-based ESG data management platform. With Novisto, CAE enters a new era in data collection and analytics.

Novisto uses AI to establish links between ESG and CAE's business performance, contributing to the quality and richness of our ESG data and insights. This capability is enabled by the centralization of CAE's global data onto a single platform, which also includes a common document repository. Starting next year, the new platform will source data directly into our internal systems.

CAE's involvement in the development of the Novisto platform supports our mission as a leading industrial technologies solutions provider, and a partner in academic and industry initiatives to further the AI startup ecosystem. Actions to more fully integrate the SDGs to sustainability practices, in connection with business activities, are ongoing. As noted above, CAE continues to advance. Significant and important work lies ahead. Our intent and determination remain steadfast, and we look forward to sharing our progress.

### Building on our diversity and inclusion culture

Diversity and inclusion (D&I) is engrained in our identity and culture, and increasingly in our operational processes and practices.

As part of our [Global Strategic Sourcing \(GSS\) CSR Roadmap 2020-2023](#), we made significant progress this fiscal year in the evolution of CAE supplier sourcing and procurement, which also has [constructive implications on our SDGs](#). We have built measures into our systems and contract clauses and more to support D&I at CAE, and help us in the supplier qualification process, while also recognizing our suppliers for their actions toward D&I.

As we are proud to say: Thousands of differences. One CAE. The extent to which our leadership and employees respect and celebrate D&I speaks to CAE's integrity and our openness to diversity in individuals, in thought and in background. Truly, this spirit continues to see us thrive.

### Transparency and accountability

CAE is also leveraging learnings from the Transparency International report [Defence Companies Index on Anti-Corruption and Corporate Transparency \(DCI\) 2020](#), which assesses 134 of the world's largest defence companies across 38 countries. The DCI is neither a measurement of corruption nor a substitute for internal audit, but rather an assessment of a company's transparency and anti-corruption standards based on publicly available policies, procedures and documents.

### Ensuring responsible investment in our Pension Plan

In FY20, AON, the management firm overseeing the investment returns in CAE Inc.'s Pension Plans, performed an analysis to ensure the environmental, social and governance investment factors that are taken into account when making decisions pertaining to the selection of investment options or investment managers for our pension plans. 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.

# CSR governance and oversight

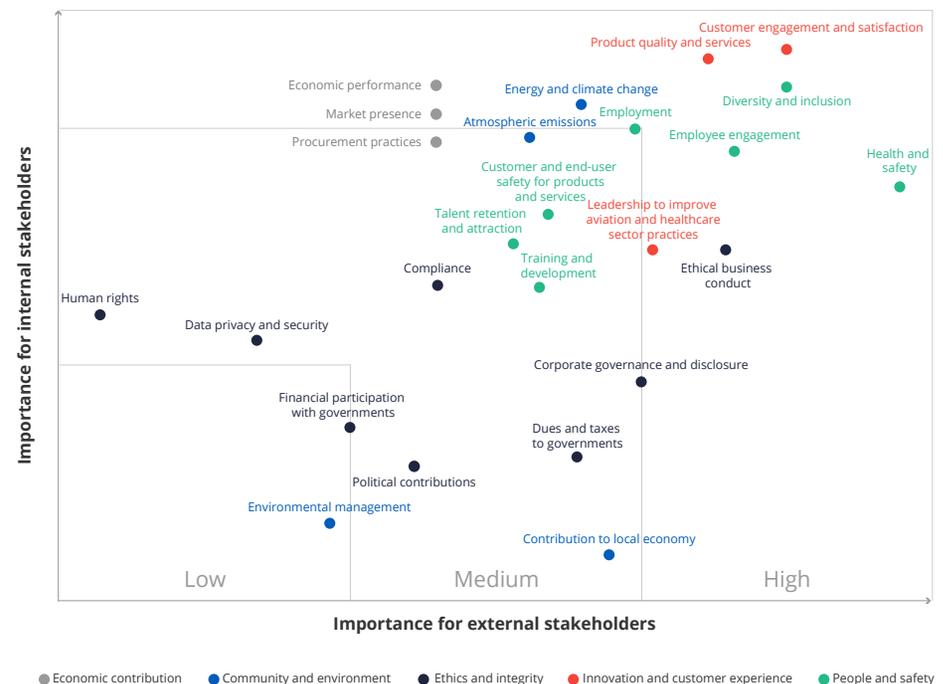
## Our CSR Committee

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

The CSR Committee met twice in FY21 instead of on a quarterly basis given the priorities related to the COVID-19 pandemic. The Committee reviews progress and, through the CSR Committee Chair, reports performance to the Executive Management Committee and periodically to the Board of Directors.

## Materiality matrix

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



# Prioritizing our Sustainable Development Goals

As a signatory of the [United Nations Global Compact](#) (UNGC) since fiscal 2016, CAE incorporates the [UNGC's Ten Principles](#) into our strategies, policies and procedures, establishing a culture of integrity and respect toward people and the planet.

Responsible business and investment are rooted in these universal principles, with awareness and action driven through the [UN's 17 Social Development Goals](#) (SDGs). The SDGs enable companies to report information on sustainable development performance using common indicators and a shared set of priorities.

Under the guidance of our Corporate Social Responsibility (CSR) Committee, CAE prioritizes and pursues concurrent initiatives under environmental, social, safety, governance and social responsibility pillars. In 2019, the Committee surveyed its 18 members, asking them to review the SDGs and identify where CAE could have the most impact.

## The CSR Committee identified the following five goals:

- **Goal 3:** Good health and well-being — Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development.
- **Goal 4:** Quality education — Education enables upward socioeconomic mobility and is a key to escaping poverty.
- **Goal 5:** Gender equality — Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.
- **Goal 8:** Decent work and economic growth — Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards.
- **Goal 13:** Climate action — Climate change is a global challenge that affects everyone, everywhere.

We started an assessment across our value chain to define priorities under each of the five SDGs. We continue to advance on the five-step process defined by the [SDG Compass](#), a guide for companies on how to maximize their contribution to the SDGs.

The summaries below encapsulate the work underway.



## 3

### Good health and well-being

CAE's engagement in [SDG 3](#) runs deep and wide throughout our culture, starting with our mission to provide solutions to make the world a safer place. The solutions developed in our three business units are all aimed at improving population health, improving safety and saving lives. In the times of COVID-19, the commitments under Goal 3 took on an even greater urgency. The health and well-being of employees and the global community became even more critical in guiding our actions.

Our organization took on initiatives of increasing social impact, as represented throughout this report, from our development of advanced technology solutions — in the form of preparedness simulation training, a life-saving ventilator, a digital app for administering vaccinations, and more — to our role spearheading the acceleration of vaccination across Canada and opening a vaccination centre in Montreal, to the multiple humanitarian acts CAE employees performed in their communities.

Health and wellness activities, a central part of life at CAE, were a central preoccupation of our [COVID-19 Crisis Management Committee](#), which organized global initiatives to promote mental health and well-being, such as activities with colleagues and family, information on how to set up quality work environments at home, and how to deal with issues that can impact productivity.

Employees acknowledged these efforts, their appreciation in part earning employer of choice awards in our Montreal and Tampa locations. (See our [People section](#)).

**4****Quality education**

CAE is a training organization; education is at the heart of what we do. However, we also believe that our company can have an impact in areas that concern us — improving education, offering internships and forming partnerships with educational institutions.

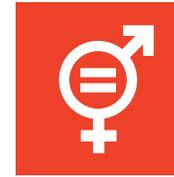
As detailed throughout this report, CAE provides multiple education and career development opportunities to our employees, and we are involved in programs that support aspiring pilots and healthcare professionals, and students in the field of science, technology, engineering and mathematics (STEM). CAE maintains strong partnerships with colleges, universities, research centres and industry organizations to further advance [SDG 4](#) on all these fronts.

Education and innovation became core strategic drivers in our delivery of Goal 4 in the context of COVID-19. We found creative and effective solutions to overcome pandemic constrictions to provide remote learning solutions for our customers and conduct remote student internships.

Our [CAE Distance Learning Suite for Nursing](#) and our [Online and Distance Education whitepaper](#) address challenges of achieving clinical proficiency amid the COVID-19 pandemic.

Through the [CAE Women in Flight scholarship program, Airside™](#) and [CAE's pilot funding partnership with financial institutions worldwide](#), we are helping aspiring pilots realize their dreams. CAE is vigilant in our ongoing efforts to address the barriers to women entering the field, including the lack of role models, as identified in [CAE's 2020-2029 Pilot Demand Outlook](#).

Through our COOP, Work-integrated learning and educational scholarships, CAE also strives for gender equality, identifying opportunities that will bring more women into STEM careers.

**5****Gender equality**

CAE is proud to do its part to promote gender equality as one of its top strategic priorities.

One way we do so is through quality education. We also further our commitment to [SDG 5](#) through the many external initiatives we sponsor or support in the communities where we operate.

We also strive to ensure gender equality across our organization. Among the many programs and activities supporting gender equality at CAE are DARE; The Ambition Challenge; the LIFT and PWN Employee Resource Groups; CAE's network of gender equality champions; and International Women's Day (See [Diversity & Inclusion at CAE](#) for an overview.)

Under the guidance of [CAE's Executive Diversity Council](#) chaired by CEO Marc Parent, the Diversity and Inclusion (D&I) Committee benchmarks current best practices and establishes [short-term targets to increase the recruitment and placement of female leaders at CAE](#). These include increasing the number of women on CAE's Board of Directors, in executive positions and in our overall employee count, also growing the number of high-potential employees in key roles and newly identified high-potential employees. Our leadership has achieved industry recognition for their contributions to promoting gender equality. (See highlights on [Marc Parent](#), [Sonya Branco](#) and [Hélène V. Gagnon](#).)

For the third consecutive year, CAE has been named to the Bloomberg LP Gender-Equality Index and received silver-level Parity Certification from Women in Governance (WiG) for efforts being made within our organization to promote gender parity in the workplace.

In addition to being a UNGC signatory, CAE is a partner in the Global Compact Network Canada's [Blueprint for Gender Equality Leadership in the Canadian Private Sector project](#). In September 2020, we became a [United Nations Women's Empowerment Principles signatory](#) as part of our ongoing commitment to promoting gender equality and women's empowerment in the workplace.

Under our Global Strategic Sourcing (GSS) CSR Roadmap 2020-2023, we have added D&I clauses into CAE purchase order terms and conditions and Certified Purchasing Professional certification. We also circulated a questionnaire to our suppliers to identify the representation of D&I/women-owned businesses.

**8**

### Decent work and economic growth

As a multinational organization, employing approximately 10,000 people in 160 sites across more than 35 countries, we want to ensure that our company continues to have a positive economic impact in these countries and locations, to support these employees and their families, and to create jobs with our suppliers.

In relation to [SDG 8](#), CAE actively recruits for positions at our 35 locations worldwide and as noted under SDG 3, is recognized as an employer of choice. We use high technology at the leading edge of digital immersion to bring the ultimate experience to our users in aviation, defence and healthcare. Our simulation training products and solutions are environmentally friendly and ensure sustainable economic growth.

We achieve high levels of economic productivity through diversification, technological upgrading and innovation, with a focus on high-value added and labour-intensive sectors.

As outlined in [President and CEO Marc Parent's message to shareholders](#), CAE identified highly innovative ways to emerge even stronger from the challenging past year to fundamentally position the company for higher growth and profitability in the years ahead. We executed strategic opportunities, raised equity, and fundamentally repositioned our company for the future, launching new products, investing into new growth adjacencies and structurally lowering cost structure. Across our businesses, we leveraged highly connected digitally enabled software solutions to address our customers needs and advance their competitive advantage. Looking forward, our strategy and positioning are aligned with a post-COVID business and geopolitical landscape, with expected secular trends favourable for all three of our business units.

**13**

### Climate action

CAE's involvement in climate action starts with its role as an industrial technologies leader at the leading edge in digital immersion. Our ambition for environmental sustainability is to lead through proactive action toward climate change mitigation and carbon emissions neutrality, providing solutions that support our stakeholders' environmental strategies.

The CSR Climate Change Committee (CCC), which oversees the integration of climate-related issues into CAE's business strategy, identifies and manages risks and opportunities under dedicated projects.

CCC-led [SDG13](#) milestones in FY21 include [CAE becoming the first carbon-neutral aerospace company in Canada](#). The CCC also performed a comprehensive assessment and developed a methodology to identify climate hazards to which CAE is exposed, to then identify any risks to the sustainability of our business. This risk assessment methodology was approved and tested as a pilot project in one of our training centres.

Ongoing, CAE identifies ways to increase efficiencies and lower energy consumption at our facilities, such as LED lighting and solar panels. CAE is also working in collaboration with industry partners to develop an electric aircraft that could be used in its flight academies for ab-initio training.

In parallel, our GSS team includes social and environmental factors in their procurement decisions and these criteria are detailed in CAE's supplier evaluation and selection process. We have also integrated the monitoring of greenhouse gas emissions into our supplier key performing indicators. Suppliers must also provide information and appropriate documentation indicating their alignment with CAE's environmental principles. Additional procurement initiatives involve ecofriendly packaging solutions, waste reduction, lowering carbon emissions and facilitating the shift to electrification of transport. (See related [GSS highlights](#).)

As a voice for climate action, CAE leadership participate in major industry events, as keynote speakers, forum moderators and panelists, and represent CAE in industry and research partnerships.

As detailed in the [Environment section](#) and [feature on carbon neutrality](#), our climate change activities continue to evolve as we discover more opportunities to further reduce CAE's carbon footprint and those of our suppliers and customers through industry partnerships and research projects. We also encourage and acknowledge the annual contributions of employee-led environmental initiatives.



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



4 Quality education



5 Gender equality



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 co-op and internship opportunities in Canada every year, including Work-Integrated Learning (WIL) activities
- Maintain high employee engagement and confidence in leadership
- ✓ Provide leadership training on effective and engaging management of remote teams

### 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 2022, ensure 30% of our Board members are women
- ✓ By 2022, ensure 30% of our senior executive leaders are women
- By FY23, improve our gender diversity by increasing the number of women employees by at least 10%
- ✓ Establish a Diversity Council made up of members of CAE's leadership team
- Benchmark current best practices and establish targets to increase the recruitment and placement of women leaders
- By FY2023, increase the number of diverse leaders (gender diverse and visible minority at Director levels and up)

Tracking our objectives

● Planned ● On track/ongoing ✓ Completed ● Postponed ● On Hold

## FY21 Health and Safety highlights

### Performance and risk management

Our FY21 safety performance showed a 36% improvement mainly influenced by less presence at CAE sites and a lower volume of work, with an Injury Frequency rate (IFR) of 0.33 compared to an IFR of 0.52 in FY20.

The global portrait of work-related injuries across our locations remains the same as FY20 and consists of three main types: slips/trips and falls; hand injuries; and ergonomic-related injuries. All incidents reported to CAE are classified according to our Global Environmental Health & Safety (GEH&S) event notification and management program to ensure standardization throughout regions and businesses.

Among all incidents reported, a number have the potential to result in fatality or permanent injury. We call these significant events. In FY21, we attached great importance to these incidents by improving our investigation process, establishing corrective actions applicable to all sites (learning from events — LFE) and ensuring the completion of actions.

We intend to learn from such incidents to prevent them from reoccurring and potentially severely injuring our employees. In FY21, four significant events were reported, compared to 10 in FY20.

Hazardous situations (observations) and near miss reporting are strong leading indicators of our EH&S culture [link to GRI appendix](#). In FY21, supported by our data management software solution launched in FY19, 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 FY21 compared to FY20. Globally, 330 hazardous situations and near misses were reported in FY21.

## Moving forward in our Environment, Health & Safety culture journey

CAE is committed to ensuring the safety and well-being of its employees, customers, contractors and the community in which it operates.

EH&S matters are positioned as integral to our business results and directly linked to the success of our company. Our priorities are driven by the company's risk profile and evolve from year to year, to ensure we address the most critical risks.

[CAE's Environment, Health & Safety Policy](#) aligns with our vision and reinforces EH&S as a key element of our business positioning and global strategy. New considerations include contractor management, sustainable development, and the impact of climate change and employee wellness, each of which are represented in multiple programs and initiatives across our organization.

The Policy also places a greater emphasis on being proactive, and on leader engagement and accountability, as do the three pillars of our EH&S FY21 strategy: risk management, learning and communication, and leadership and culture.

## Global Contractor Management Program

CAE uses contractors to support its operations. Acknowledging that we are ultimately responsible for contractors on our premises, CAE made the commitment to deploy a Global Contractor Management program in fiscal 2020. This program was deployed in all CAE sites in fiscal 2021.



CAE's Global Contractor Management Program strengthens our risk management and due diligence responsibility by ensuring we are partnering with companies that meet the minimal safety requirements, have programs to properly manage their risks and commit to comply with CAE requirements through a robust and documented process based on best industry practices.

Through our agreement with Cognibox, a world leader in supplier qualification and contractor management, and working with all of CAE's sites, during FY21, we first identified the high-risk contractors (mainly those working on construction-type of work such as electrical, piping, HVAC or facility-related work). **As of now, we have more than 300 high-risk contractors worldwide. All of these contractors are now engaged in our Global Contractor Management Program throughout the organization.** The number of these high-risk contractors will fluctuate over time. Every new high-risk contractor added in the future will be immediately onboarded in our Global Contractor Management Program. They will need to adhere to the same level of diligence before receiving authorization from CAE to work with our company. Important elements of our Global Contractor Management Program include training, risk assessment processes, audit, inspection and evaluation.

### Risk Assessment Method Statement

Fieldwork represents the most serious risk for CAE. For activities such as the installation of new simulators, relocation, updates or any after-sales service intervention, CAE requires that all project managers produce a risk assessment method statement (RAMS) to ensure the safety of employees in the field. In FY21, we completely revised the RAMS structure and submission process to make it more accessible and user-friendly. We now have a risk analysis and work planning tool that is better suited to our organizational realities, considering the diversity of our projects.

## Advancing our reporting culture

Reporting incidents remains the best way to act proactively to address risky situations before an incident occurs. The reporting culture is very important at CAE, and we continue to identify ways to further anchor the reporting reflex as an instinctual action and behaviour. Our reporting process is employee-driven and based on trust.

We introduced new desktop and mobile technologies to streamline employees' reporting of an event or hazardous situation. A confidential and secure events guest link and a downloadable mobile app were developed to allow all employees to easily report an event or a hazardous situation.



### Observation and near miss reporting

These technologies contribute to our objective to encourage and raise employee awareness on the vital contribution they make to CAE's EH&S culture through observation and near miss reporting. Leaders are expected to encourage employees and support the reporting culture through their leadership in action practices and leader-employee discussions.

## Leadership and culture increase visibility and ownership

### Integration of EH&S in regional business governance

In FY21, we integrated EH&S performance into all regional business management reviews to ensure alignment of EH&S initiatives and FY21 strategic deliverables across our businesses, and to engage leaders at all levels. Under a new review process that supports “what cannot be measured does not get better,” reports from Global EH&S leaders are shared with regional management teams and executive summaries with performance dashboards are issued to highlight where EH&S key performance indicators are on target, need improvement or require attention.

### Rigor and diligence in the Learning from event (LFE) process

We identified four actions to increase rigor and due diligence in the LFE process, introducing:

- Site Leader sign-off through a completed form acknowledging implementation of corrective actions;
- Targeted support to selected sites for each LFE to review implemented actions and offer tailored coaching;
- Performance tracking, with the LFE closure rate reviewed in regional business governance and CAE’s Executive Management Committee; and
- Corrective actions efficiency validation, to occur 120 days following the implementation due date to confirm measures remain in place and to demonstrate the site’s efficiency at managing the risk.

### Learning and communication enhance knowledge

Throughout FY21, we increased communications in EH&S to remind employees of the importance of health and safety, and raise knowledge and risk awareness. FY21 marked the debut of EH&S Let’s Talk, a monthly publication covering specific work safety topics (e.g., ergonomics and telework, stepladder/ladder safety and slips, trips and falls) and provides leaders questions to use in discussions with their employees.

### Leadership in Action: Visible leadership practices by site leaders

Behavioural science demonstrates that leaders have a strong influence on employee behaviours. We recognize CAE Site Leaders as key players and have introduced visible leadership practices to foster this culture in EH&S.

Our Leadership in Action (LIA) practices include recognizing and reinforcing safe behaviours; identifying personnel commitment to reduce unsafe behaviours; and engaging employees to identify risk management solutions. We encouraged leaders to pursue these opportunities. By focusing on behaviours and attitudes, these ongoing communications further build on our EH&S messaging and increase commitment to CAE EH&S initiatives.

### Undeniable contribution of our global points of contact

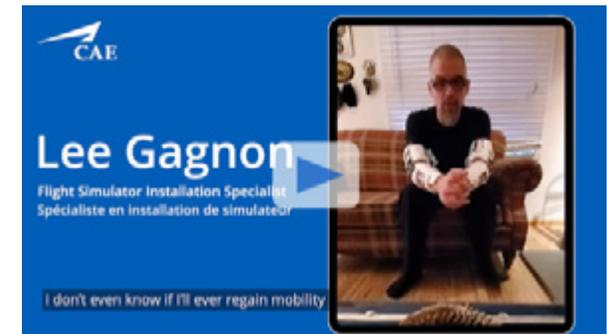
All the accomplishments named above could not have happened without the significant contribution of multiple individuals across our organization who acted as EH&S points of contact, assuming this role in addition to their functional responsibilities. They deserve recognition for the many contributions they made to CAE’s EH&S initiatives and programs.



#### A Site Leader’s view on LIA

Delphine Duguay, Site Leader, CAE Kuala Lumpur

[Watch the video](#)



#### No one is immune to accidents

Lee Gagnon, CAE Flight Simulator Installation Specialist

[Watch the video](#)

## Aviation Safety

### Summary of FY21 incidents and accidents in our live flight training operations

At CAE, we are committed to advancing the highest standards of aviation safety, from the ground up into the skies. Our live Flight Training Organisations (FTOs) at our centres around the world saw incident/accident rate improvements of 54% in Civil in FY21 versus FY20 on a reduction of only 8% in flying hours and in D&S the incident rate per 10,000 flying hours remained consistent in FY21 versus FY20, with an overall reduction of 18% in flying hours due to COVID. There were no serious incidents, accidents or fatalities in either the Civil or D&S divisions.

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

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

### Civil Aviation introduces new governance under Global Aviation Safety, Quality Assurance and Compliance

Civil Aviation merged Aviation Safety with Compliance & Quality Assurance to form the Global Aviation Safety, Quality Assurance and Compliance Monitoring Department. The new structure, under the Civil Global Training Organisation (CGTO) is led by a global team of highly competent individuals with diverse experience and capabilities, who engage toward and are fulfilled by the realization of a One CAE vision for training. With an increased level of risk globally, because of the impact of the COVID-19 pandemic, this change came at a critical time for the business and the mandate that the new department was given.

Their mandate includes development and delivery of an integrated Aviation Safety, Quality Assurance and Compliance system, in accordance with the leading industry standards that defines the governance framework and outlines the policies by which the CGTO will operate from an Aviation Safety, Quality Assurance and Compliance standpoint.

The system is required to, amongst other elements:

- Enhance aviation safety through a model of proactive organizational risk and change management
- Deliver on CAE's promise to embed an Aviation Safety "**Just Culture**" for all employees
- Ensure regulatory compliance through integration of a performance-based oversight and audit paradigm
- Develop consistent processes that are continually measured for engagement, safety, efficiency and effectiveness
- Interface with the Corporate Enterprise Risk Management System to provide relevant and usable data to all stakeholders to help shape strategic direction and enhance decision-making capabilities.

The Global Aviation Safety, Quality Assurance and Compliance Monitoring plan identifies actions specific to risk management, learning and communication, leadership and culture. New program integration will address joint ventures, aviation safety officer retraining and risk categorization program enhancement.

Risk mitigation actions, findings and audits/inspections support leadership accountability, and bolstered actions that include:

- Flight data monitoring reintegration into CAE's Aviation Safety Management System (SMS);
- Establishment of Industry aviation safety working groups and the establishment of a project to ensure centralized risk management; and
- Creation of a harmonized approach to management of change, risk assessment, documentation and audit control.

### Aviation Safety Management System maturing, with changes in metrics and objectives

We instigated changes that contributed to an overall maturity in our SMS, the enterprise-wide system CAE put in place for our live flight operations in FY20. Civil Aviation line operation statistics were reintegrated into the SMS, unifying our approach and data insights.

Also significant, we expanded reporting beyond flight safety related incidents/accidents and have transitioned to a risk mitigation-based system that considers both actual and potential outcomes to quantify risk. Reporting on risks rather than incidents alone allows us to move toward identifying areas of risk versus reporting on issues after they occurred to reducing level of risks.

We monitor daily the data provided through various sources and perform quarterly drill downs into CAE's performance statistics. Each identified risk helps us analyze where and how to better identify future risks and to proactively prevent incidents across our global training centre network.

Voluntary aviation safety reports increased by 6% over the last year, partly due to our Aviation Safety "**Just Culture**" but also through other changes in our safety system. Quality and compliance have come to the forefront as key factors in managing risk, which is encouraging voluntary aviation safety reporting from our employees and contributing valuable results (See [Aviation Safety recognition program 2020](#)). We are seeing increased willingness and openness in our culture to identify issues and report into the system.

We believe these changes in metrics, objectives and culture further CAE's mission to maintain safety, reduce levels of organisational risk and reach zero major accidents.

### 3<sup>rd</sup> annual joint Global Aviation Safety Conference

The Global Aviation Safety conference did not take place in FY21, given the pandemic. We look forward to holding the conference when conditions allow and to having our customers present with us once again.

## Aviation Safety culture survey

The next CAE Aviation Safety Culture survey, planned for distribution in June 2021, is an integral part of our Aviation Safety system as this evaluation targets the very heart of our system, our employees.

## Aviation Safety recognition program 2020

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 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 2020 Aviation Safety recognition program focused on safety promotion. We congratulate our award winners: Detrick Jones of the CAE Phoenix FTO, Brian Hendy of the CAE Oxford FTO and Kristina Irving of the CAE Dothan Training Center. Their stories speak to the importance of reporting.

We congratulate Detrick, Brian and Kristi and our honourable mention recipients John Roberts, Alex Schrupp, Kevin Beale, Courtney Hansen, Jonathan Ficherouille and Hugo Sassen from Civil, along with Michael Grimard and Rob Roy of D&S Military Aviation Training Flight Safety, together with the entire CAE Dothan maintenance team.

## Collaboration with occupational health and safety

Collaboration between departments is a key factor in the success of CAE's Aviation Safety program. As an example, when the Civil Aviation Safety team noticed an aircraft in

our global fleet were experiencing warnings of high carbon monoxide levels on the ground and periodically in flight, they took immediate action.

The team conducted a thorough investigation in collaboration with the maintenance team in Phoenix and the Original Equipment Manufacturer (OEM) to identify the root cause. They then reached out to their counterparts in occupational health and safety to look into the physiological aspects of the carbon monoxide exposure and, with this final piece of investigation addressed, put corrective actions in place to mitigate future risk.

## CAE partners with The LOSA Collaborative to enhance pilot training and aviation safety

To enhance our evidence-based training offering, CAE partnered with The LOSA Collaborative in an exclusive service agreement to offer complementary Line Operations Safety Audits (LOSA) to CAE commercial and business aviation customer-operators.

The insights and data gleaned from the safety audits will be combined with CAE Rise™ training data, allowing CAE to offer tailored pilot training programs and benchmarked operational and training performance insights to operators.

This partnership brings safety auditing expertise to our customers and brings pilot training full circle by closing the loop between operations and training data. This enables us to further build a robust data-driven training ecosystem that will support continuous improvement, provide a true measure of the effectiveness of training, and have a positive impact on aviation safety worldwide. (Also see [Civil section highlight](#).)

## Congratulations to our 2020 Aviation Safety Award winners



### Detrick Jones / Aviation Safety award winner

During a routine inspection, Detrick discovered what appeared to be cracks around structural rivets on one of our aircraft, further investigation found the cracks existed on 13 brand new aircraft. These cracks were later discovered to be impressions left on the airframe surface during the manufacturing process caused by a rivet dimpling machine head being cracked. This highlighted a quality issue at the aircraft manufacturer's factory and affected aircraft in operation worldwide. Detrick's attention to detail identified an area that, if left undiscovered, could have resulted in airframe issues and possible serious incidents/accidents to the specific aircraft type.



### Brian Hendy / Aviation Safety award winner

During a dual training flight into instrument meteorological conditions (IMC), the aircraft de-ice boot system failed to remove ice. The crew attempted to make an approach to get into warmer conditions and exit IMC, but ice rapidly built up on the airframe. On the landing approach, the aircraft was configured with flaps and gear but, began to lose pitch authority and the nose dropped — at under 2,500 feet from terrain.

Flying instructor Brian Hendy immediately recognized the symptoms of an elevator tail stall, applied the correct stall recovery technique and, with aircraft pitch authority restored, recovered the aircraft out of its nearly 2,500-foot-per-minute descent. Brian was then able to land the aircraft safely at the airport without further incident. His swift and accurate application of procedures is a testament to his professionalism.



### Kristi Irving / Aviation Safety award winner

Kristi personifies the standard of a CAE Aviation Safety Professional. She was responsible for securing, coordinating and documenting the initial investigation of a CAE aircraft nose gear failure. Kristi's investigation directly contributed to the manufacturer issuing a safety bulletin, providing an inspection and ultimate time between overhaul replacement of the nose wheel strut brace.

With her background as an Army aviator, flying as both an Apache and King Air pilot, Kristi provides insight into CAE's live flight training and has a close relationship with all employees and customers. She goes above and beyond in ensuring that the DTC's employees are provided the safest working conditions possible.

## Our employees

Our people make us the global leader that we are. Today, over 10,000 employees at 160 sites and training locations in 35-plus countries contribute to our success. We are One CAE, a huge, diverse family made up of individuals who are committed to driving the company forward as the partner of choice in civil aviation, defence and security, and healthcare. At CAE, everyone is welcome to contribute to our success. With no exception.



### Diligence and commitment to employee safety and wellness through COVID-19

On April 26, 2021, we opened the CAE Montreal Vaccination Centre, the first hub of its kind in Quebec and the outcome of close collaboration with the CIUSSS du Nord-de-l'Île-de-Montréal and the Quebec Ministry of Health and Social Services to ensure a safe and efficient vaccination rollout.

CAE's Vaccination Centre is open to our employees, their families and the surrounding community.

Several partners contributed to this initiative by donating money and/or protective and sanitary equipment, as well as medical and administrative personnel to staff the new Centre. We offer our appreciation and thanks to ABB, Bassé Nuts, CGI, Essilor, Grass Valley, Intact, Kraft Heinz, LEM experts-conseils, L'Oréal Canada, Medicom, Moneris, Norton Rose Fulbright, The PYURE Company, Rolls-Royce Canada, Safran, Solotech and Top Aces.

CAE expects to administer 50,000 doses of the COVID-19 vaccine within four months of operations — at peak capacity, we will be able to administer more than 1,000 doses per day. CAE contributes to accelerating the vaccination campaign in the province, enhancing the

health and safety of all while allowing for a sustained economic recovery.

In just four weeks, we converted 12,000 square feet of conference room space into a full-fledged vaccination centre. CAE's Montreal Vaccination Centre adheres to strict vaccine handling and cold chain requirements. Injectors are trained using the CAE Injection App developed to train COVID-19 vaccine providers (Detailed in this [feature story](#)).



### Take a tour of CAE's Vaccination Centre in Montreal

Open to our employees, their families and the surrounding community.

[Watch the video](#)

### Rapid screening at CAE: an easy solution for a safe and healthy workplace

Since March 29, 2021, CAE Montreal has offered voluntary COVID-19 rapid screening for employees, contractors and contingent workers who need to work in CAE facilities in Montreal.

As 30% of people with COVID-19 show no symptoms, screening adds an extra layer of protection for CAE employees, our clients and their families. This initiative allows us to further prevent and minimize the spread of infection in the workplace by intercepting COVID in cases where individuals are asymptomatic.

In April, we added a member to our rapid testing team who will be responsible for touring our facilities and offering employees the opportunity to be tested on site. Rapid testing began at CAE locations in Moose jaw and Toronto soon after.



With every rapid test we do at CAE, we ensure a safe and healthy workplace. As of April, we have done over 900 rapid tests at CAE and we want to do more!

Throughout the pandemic, our efforts remained consistent and our commitment constant regarding the safety and wellness of our employees working on site and remotely (Also see our feature story on [CAE employee wellness in COVID-19](#)).



### On April 26, CAE's Montreal Vaccination Centre opened its doors

A milestone: The first person to get vaccinated at the first hub of its kind to open in Quebec.

[Watch the video](#)

## Keeping our employees and customers safe

CAE continued the extensive safety measures put in place across our facilities, initially outlined in our FY20 CSR report and followed quarantine guidelines of the World Health Organization and Centers for Disease Control and Prevention.

Our COVID-19 Committee worked hard to provide the information needed to keep CAE's employees, customers and stakeholders safe as we continued to provide essential services to our customers, following local regulations in each country.

With different governments having varying protocols in place, CAE applied the strictest measures recommended to safeguard employees' health and safety. The committee tracked trends in various geographies where we operate to identify pre-emptive measures. In doing so, we could verify if protocols were being followed and adjust measures accordingly.

Our COVID-19 website acted as a central hub for the committee to post the latest news, information and updates on protocols, policies and preventative measures. Employees could consult a wide range of resources, such as CAE's Emergency Response Plan, government declarations, employee travel guidelines; FAQs (e.g., masks, vaccines); and CAE's return on site guide, with a procedure to welcome visitors.

The committee also developed multiple tools to promote safety and facilitate processes, such as a poster for CAE facility entrances that used a QR code to allow employees to submit online declaration forms via their personal mobile devices.

For those whose work required they be on site, we adopted new protocols to ensure their safety. Measures put in place at our facilities included a formal entry-to-exit process and protocols on masks, hand disinfectant stations, unidirectional floor mapping and physical distancing. CAE's [COVID-19 updates webpage](#) centralized information and details on these protocols.

At CAE training centres, we implemented the strict safety protocols for which we have been recognized as an

international leader. To support customers onsite (where applicable), our [COVID-19 Protocol for Training Centres](#) covered every step of the training experience: from arrival at the training facility to aircraft training sessions to post-session cleaning. Simulators and training devices followed a uniform [cleaning and disinfection policy](#).

In Healthcare, our initial contribution of simulator and personal protection equipment protocols quickly transformed into a much more expansive offering, as represented in our [Healthcare section](#) and [this feature story](#).

Using CAE's expertise in simulation, we developed a software for universal use that could accurately determine safety protocols for conferences and classrooms based on different parameters applied to specific simulated scenarios.

We also introduced internal activities that boosted morale and recognized employee contributions to spread safety and wellness messages.



## OneCAE Spirit Week shines the light on our employees

We know we would not and could not be where we are today without our employees — the spirit of CAE. The One CAE spirit shone brightly across the globe during the pandemic as CAE continued to innovate, take care of our customers and reaffirm CAE as the global industry leader we are.

On September 20, we kicked off our first One CAE Spirit Week to celebrate what binds us and makes us successful.

Activities took place throughout the employee recognition week:

- CAEchampions — send an eBravo to recognize a colleague's contribution

- Biggest Rainbow — wear color for your region, share photo
- Behind the Scenes — campaigns that credit above-and-beyond efforts in the face of adversity
- New intranet — naming contest as an action to bring everyone together
- Coloring pages — coloring as way to de-stress, include family members in pride of being One CAE

For their Behind the Mask campaign, Business Aviation Training employees created a poster with the slogan: We wear our face mask for your safety. Please wear yours for ours.

Whether Behind the Mask or Behind the Screen, we are proud of all our CAE employees!



## Behind the Scenes at CAE

During One CAE Spirit Week, CAE employees nominated over 100 fellow colleagues who embodied excellence in the face of adversity, while working behind the scenes at each of our three business units.

We were honoured to shine the spotlight on members of the CAE family who went above and beyond to support our customers, company and culture during this challenging year.

Whether they are "Behind the Mask" or "Behind the Screen", we are grateful for each CAE employee and their commitment to excellence in the face of adversity. Thank you for all that you do! #OneCAE.



## CAE Continuum, an evolution of the way we work

We launched CAE Continuum, our new flexible work program built on employee feedback on teleworking. The global rollout occurred progressively, taking into account the COVID-19 situation in each country. CAE leaders and employees were provided training, information sessions and tools.



CAE Continuum supports the evolution of our culture and reinforces CAE's commitment to our employees' work/life balance through four different work profiles that will be evaluated on a yearly basis: resident, occasional, hybrid and virtual.

To support this transformation, updates were made to CAE's Teleworking Policy, Code of Business Conduct and IT security protocols to include guidelines around protecting intellectual property in a remote work environment, changing allowable number of days to work from home based on the employee's profile. On a practical level, network access and online tools were also enhanced to accommodate the larger volume of teleworking employees requiring access to CAE's virtual private network.

[Watch the video](#)

## PACME / Concerted Temporary Action Plan for Businesses

On April 6, 2020, the Quebec government announced the new Programme actions concertées pour le maintien en emploi (PACME)/Concerted Temporary Action Plan for Businesses (CTAPB), to support businesses affected by COVID-19 that must partially or completely discontinue operations because they are located in maximum-alert regions (red zones). The program covers the costs of training to develop staff skills, help organizations adjust or diversify their activities and become more competitive.

Trainings at CAE subsidized by the PACME:

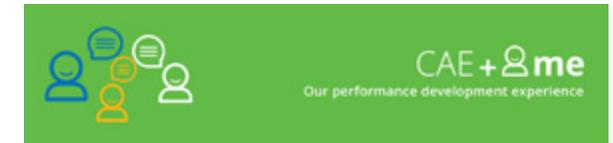
- Managing a team remotely — adapting your practices (live webinar; 1.5 hours)
- Mental health at work (virtual workshop; 3.5 hours)
- Resilience in the workplace (pre-recorded webinar; 1.5 hours)
- Mental health awareness (pre-recorded webinar; 1 hour)
- Resilience in the workplace (pre-recorded webinar; 50 minutes)
- Writing powerful proposals (remote training, 7 hours)
- Competitive analysis and Pricing to win (remote training, 14 hours)
- Project risks management (remote training, 14 hours)

## Workday Learning uses artificial intelligence to elevate employee training and development

Training is a huge part of what we do at CAE, so naturally we want our employee training and development to be top notch. We replaced our former CAEacademia platform, unveiling Workday Learning a new, user-friendly mobile learning management system that allows employees to train on the go.

Workday Learning includes CAE's broad library of training activities and serves as a gateway to the

vast selection of LinkedIn Learning courses. Driven by artificial intelligence, our dynamic new system recommends courses and certifications that correspond the employee's profile (position, development skills of interest). Employees can also create training content accessible to their colleagues.



## CAE+me performance journey

CAE+me helps everyone at CAE grow, progress and improve on our journey to performance excellence. One-on-one conversations, even if required to be held remotely, helped keep lines of communication open, allowing leaders and employees to connect and align.

Improvements to the CAE+me website made finding information easier, and we transformed employee feedback into new content that included guidance on giving/receiving feedback, tips from colleagues and training capsules.

## Operational Excellence courses empower participants

The Operational Excellence team's annual course curriculum presents CAE employees with a golden opportunity to gain valuable knowledge that can contribute to efficiency of our core processes, drive innovation and help them navigate changes imposed by the pandemic.

Led by CAE experts, the free online courses on Lean SixSigma, Design Thinking, Change Management and Agile Project Delivery introduce participants to the fundamentals of these industry-proven methodologies and empower participants to put them into practice in their daily operations.

## CAEmentor me

### CAEmentor me: truly a program of ongoing development

Introduced two years ago as a six-month mentorship program, our 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.

As our pool of CAE mentors increased, we were able to bring more people in the program and open the opportunity to become a mentee globally to all CAE employees this year.

Our ultimate goal is for CAE mentor me to become a just in time program available to all employees to take ownership of their development when they need it.

To date, more than 250 pairs have started and completed a formal mentoring relationship under the program. The 463 members mentor pool includes 133 females, 62 of which have been active mentors. Of the 256 mentees who have completed the program, 138 are female.

[Watch the video](#)

### LEAP program produces first Training Centre Leader



**Ash Zare**  
CAE Korea Training Centre Leader

LEAP identifies future training centre leaders and develops their competencies through training, mentorship and work assignments throughout the organization. The program, which takes four to five years to complete, ensures 50% of the participants are women. In FY20, CAE onboarded 12 participants of various ethnic origins, eight of which were women. A new cohort began training in late March 2021.

Congratulations to Civil Aviation's Ash Zare, the first participant in CAE's LEAP program to be named a training centre leader. Ash participated in the first LEAP cohort in 2019, completing his initial work assignment as an operations leader in Korea. When the Korea centre leader position became available last summer, Ash took the next step in his career and applied. He will continue to participate in the LEAP program, building on his experience to develop the competencies to lead larger, more complex training centres in the future.



### CAE recognized as a top employer

Congratulations to our Montreal, Boca Raton and Tampa locations for being recognized in their regions as employers of choice.

Our Montreal headquarters was named one of Montreal's [Top Employers 2021](#), an annual competition organized by the editors of Canada's Top 100 Employers, an honour also received in 2020. This special title recognizes that CAE stood out by supporting the mental health of its employees as well as ensuring their safety while putting in the efforts to adjust and provide them with excellent working conditions during the trying time of the pandemic.

For the second consecutive year, CAE USA was awarded a Top Workplace honour in the Central Florida region (Top 10) and earned recognition at the inaugural national awards (Top Workplaces USA 2021 for companies of similar size). The awards are based on employee feedback in alignment with key values of performance, engagement, leadership, benefits, company values, employee development and appreciation. Organizations are then evaluated against the industry's most robust benchmark, based on 14 years of research and data from 70,000 organizations and 23 million employee surveys.

CAE USA is excited to be among nationally recognized companies that make the world a better place to work by prioritizing a people-centered culture and diversity, and by giving employees a voice.



### Investing in people earns a silver accreditation for CAE UK Plc Defence & Security

CAE (UK) plc Defence & Security was assessed by Investors in People and achieved the We invest in people silver accreditation. The assessment consisted of an employee survey and interviews with a cross-section of employees.

The accreditation framework was developed by the UK non-profit to help companies, leaders and employees work together to create better, more productive workplaces.

Employees commented on the support received during the COVID-19 pandemic, particularly through global communications and wellness campaigns (Detailed in this [feature story on CAE employees](#)). Employees also appreciated how CAE values are referenced ongoing in employee town halls, and through our development and recognition programs.

## Diversity and inclusion at CAE

### Thousands of differences. One CAE.



At CAE, diversity and inclusion (D&I) are part of our values, and there is no place for racism or discrimination. CAE’s fundamental belief is that every member of our team should feel valued, respected, and safe — without exception.

CAE operates in more than 35 countries, and there is no doubt that our team’s diverse backgrounds, values, skills, and perspectives have been and will continue to be key to our company’s long-term success.

We celebrate D&I all year long. Each month, the [CAE event calendar](#) highlights significant dates and celebrations from around the world. We invite employees to celebrate the dates that are important to them or their team members, and to share their stories and celebration photos for publication in CAExpress, our employee newsletter.

We launched CAE’s D&I initiative two years ago. Our initial focus was on gender diversity, with the objective to increase the number of women at CAE at all levels, including leadership. We have made a lot of progress, but there is still a lot to do. Our actions have since extended to increase awareness in all aspects of D&I.

[CAE’s Executive Diversity Council](#) (EDC), chaired by CEO Marc Parent, oversees progress of D&I awareness throughout CAE and also ensures that our three-year

plan remains on track. The plan covers four axes: communications/internal networks, building external pipeline, training and awareness and alignment of practice. We are structuring a D&I dashboard to get a complete view into our status and help us guide our strategy moving forward.

### CAE FY21-22 D&I initiatives

Under the guidance of the EDC, CAE’s D&I Committee manages a comprehensive mandate, as identified in CAE’s D&I initiatives for FY21-22. Activities profiled here and elsewhere in this report support the depth of CAE’s D&I commitment.

### Talent acquisition strategy evolving

Like many businesses, we adapted our talent acquisition processes to maintain the necessary agility in the context of remote working and interviewing. While we experienced much fluctuation in the volume of applicants, we also took the opportunity to put elements of our talent acquisition roadmap into place.

CAE’s talent acquisition roadmap puts D&I at the forefront and reflects our transition to a high technology organization. We are exploring innovative approaches to attract talent in emerging technology roles.

Technology also contributes to our strategy as a means to expand CAE’s profile and increase our visibility in regional markets. We are connecting to a wider body of talent through technology, using social media to present CAE culture by communicating our activities related to D&I, corporate social responsibility, innovation and technology. We are also looking at the candidate experience, specifically how we use technology and integrate learning.

### Internships go virtual

Unfortunately, we were forced to cancel the majority of our summer internships, with double-digit numbers far below standard quarterly norms that typically reach into the hundreds. Going virtual became a necessity due to COVID-19. CAE employees from different departments and locations across the company lent a hand to help students complete their internships in a less traditional way.

We adapted our internship program where possible to enable students to continue Work Integrated Learning (WIL) in their studies. To connect management mentors with their mentees, we created documentation to facilitate virtual onboarding and supervising of their interns. We organized a virtual Lunch & Learn to expose interns to different aspects of CAE’s three business units, starting with a presentation on CAE Healthcare.

We surveyed participants at the beginning and end and conducted focus groups to get feedback to apply moving forward.

CAE Middle East offices in Abu Dhabi and the Tawazun Economic Council partnered to organize a virtual engineering internship for 22 engineering students from universities in the United Arab Emirates.

### Canadian Diversity Council and Employment Equity Committees

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

At CAE in Canada, employees have formed four committees to support people from these groups, retain talent and suggest initiatives to promote opportunities at CAE for people from these four designated groups.

## Diversity and inclusion short-term goals

While targets alone will not create an inclusive culture, they do promote transparency and enable us to track our progress against our D&I commitments.

Short-term goal	Status	Short-term goal	Status
<ul style="list-style-type: none"> <li>Benchmark current best practices and establish targets to increase the recruitment and placement of female leaders.</li> </ul>	<ul style="list-style-type: none"> <li>Target is 30%</li> </ul>	<ul style="list-style-type: none"> <li>Candidate self-identification in Quebec and inclusive recruitment training for talent acquisition and hiring managers</li> </ul>	<ul style="list-style-type: none"> <li>We launched voluntary candidate self-identification in Quebec to promote the hiring of underrepresented groups.</li> <li>We have created and launched an Inclusive Interactions guide and training for Talent Acquisition Partners, HR Business Partners and Hiring Managers to educate, train and provide tips on hiring diverse candidates.</li> <li>We prioritize candidates who meet requirements, and have self-identified as belonging to an underrepresented group and ensure a diverse interview panel within the process.</li> </ul>
<ul style="list-style-type: none"> <li>Ensure 30% of Board members and senior executives are women (2022)</li> </ul>	<ul style="list-style-type: none"> <li>Today 28% of our Board members are women and 30% of senior executives are women</li> </ul>	<ul style="list-style-type: none"> <li>Supplier diversity training for our global strategic sourcing team</li> </ul>	<ul style="list-style-type: none"> <li>A training was created and launched specifically for the global strategic sourcing team as we move forward in promoting businesses owned by underrepresented groups. In addition, we have sent out a survey to our current Canadian suppliers to identify as being women, indigenous, LGBTQ2+, visible minority or persons with a disability owned.</li> </ul>
<ul style="list-style-type: none"> <li>Increase the number of women employees by at least 10% (FY23)</li> </ul>	<ul style="list-style-type: none"> <li>The number of CAE women employees increased from 21.8% in 2018 to 22.3% today</li> </ul>		
<ul style="list-style-type: none"> <li>Grow the number of high-potential employees in key roles by 20%, with 30% of newly identified high-potential employees being women (FY23)</li> </ul>	<ul style="list-style-type: none"> <li>In the talent and leadership review in October 2020, we achieved the target of 30% of newly identified high potential employees being women.</li> <li>This year, we used a systematic approach to evaluate approximately 300 high-potential employees using a psychometric assessment to drive their development plan and growth</li> <li>28% of our high-potential manager-level employees have taken on a new role this year</li> <li>Percentage of women executives (VP level and above) went from 22% in FY20 to 21% in FY21</li> <li>24% of CAE women were promoted in 2018, 28% in 2019 and 18% in 2020</li> </ul>		



## Recruitment initiatives take virtual approach

CAE's recruitment activities support in a wide range of events, many of which are selected for their D&I contribution and focus on advanced technologies. As on-campus events become completely virtual, we adapted our approach, creating a CAE-branding booth background and supporting materials to greet candidates.

Social media proved particularly effective given the current environment, and we identified ways to proactively reach candidates and allow them to get a richer experience of our culture and the many growth and development opportunities available at CAE.

We expanded [CAE's LinkedIn profile](#) to add a Life section that highlights different aspects of our organization and life at CAE. Our leadership are active brand ambassadors, and share weekly posts that feature CAE technology, culture and the employee experience.

Our promotion of the CAE OneWorld 2021 "Life at CAE" virtual career booth across our social media channels helped us attract students and job seekers. We also launched social media campaigns for remote hires in Canada, in particular for technology positions.

The initial years of our D&I recruitment practices have concentrated on Canada. Our plans to expand into other regions are taking shape as CAE's overall D&I initiative progresses.



### CAE named to Bloomberg Gender-Equality Index third year in a row

We are honoured to be included in the [Bloomberg LP](#) Gender-Equality Index (GEI) for the third 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 Silver Parity Certification from Women in Governance

CAE received silver-level Parity Certification from Women in Governance (WiG) for efforts being made within our organization to promote gender parity in the workplace. With Marc Parent as honorary co-president, CAE had a high-profile presence at the 2021 Annual Recognition Gala to celebrate organizations that received parity certification.

WiG awarded CAE bronze certification in 2019, the first year of our D&I initiative, and we are proud of this acknowledgment of our continued progress. WiG Parity Certification serves to recognize organizations that have achieved results by articulating a commitment to gender parity in the workplace, integrating it to the ecosystem of the organization and implementing mechanisms to achieve that commitment and sustain it over time.

*"Gender parity and diversity is just normal — it is what it has to be."*

**Marc Parent**  
CAE President and CEO

## CAE takes on the 50-30 Challenge

CAE is honoured to participate in the Canadian government's [50-30 Challenge](#), an initiative to increase corporate diversity, inclusion and representation in the workplace. We are proud to work on improving access for women, racialized and ethnic people, people who identify as LGBTQ2+, people living with disabilities as well as First Nations, Inuit and Métis to positions of influence and leadership. We take pride in the fact that D&I are embedded in our values.

## CAE Malaysia brings home the bronze

On January 20, CAE Malaysia won bronze for Excellence in Diversity & Inclusion at the Human Resource Excellence

Awards (HREA) virtual ceremony. The HREAs recognize teams and individuals who push the boundaries with their HR strategies to achieve new heights in employee engagement, performance management and more.

## Blueprint for Gender Equality

As a signatory of the United Nations Global Compact (UNGC) and partner in the Global Compact Network Canada's (GCNC's) [Blueprint for Gender Equality Leadership in the Canadian Private Sector project](#), 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 D&I initiative is focused 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.

## Applying D&I to our supply chain

In alignment with our Global Strategic Sourcing (GSS) CSR Roadmap 2020-2023, CAE took actions to ensure diversity in the selection of our suppliers. Starting in January, surveys were sent to our Canadian suppliers to identify participation under the following D&I categories: visible minority, women, LGBTQ2+, Veteran, Indigenous, person with disabilities. Also see related [GSS highlight](#).

## Public Relations excellence awards



CAE was the proud recipient of three awards — a platinum, gold and silver — during the 2020 Annual Excellence Awards Gala held by the Société québécoise des professionnels en relations publiques (SQPRP).

Platinum award for our CAEagora project to transform our work environments Gold award for videos featuring our CAE Air1™ ventilator that helps save lives Silver award for the campaign to "empower" employees during COVID-19 to emerge victorious from the pandemic!



CAE's Agora workspaces are so inspiring that they have also earned us the prestigious Silver Award in the Employee Engagement from the Canadian Public Relations Society (CPRS).

The CPRS highlighted best practices used in CAE's communications, including creative, engaging tools and events for employees.

CAE owes this honour to the multidisciplinary team, which, from the outset, involved all our employees in the modernization of our workspaces through numerous surveys, focus groups, events and more. The result? CAE now has workspaces that reflect our culture, our employees and our innovative spirit.

### DARE program

This bi-annual, in-house CAE program launched in 2019. DARE provides women with tools for career development. Our first cohort of 30 graduated in January 2020, with the second cohort to be launched in April 2022. The current 12-month training program focuses on mental health and remote working, a direction set prior to the pandemic that proved timely.

### The Ambition Challenge / L'Effet A

This professional development program aims to help participants transform their mindset, adopt new behaviours and take action to develop their talent and realize their ambitions at CAE.

Since its 2020 launch, 160 women from CAE have participated in 100-day program, learning about influence, networking and risk taking. Thirty individuals completed the first virtual cohort last spring, followed by 60 in the first global cohort last fall. Our current and eighth cohort of 76 completes the program in June.

**GLOBAL LEADERS 4 PARITY**  
We will begin at 12 PM  
Technical difficulties? Contact: alcopp@cisco.com

**Annual Partners:** AIR CANADA, CLEYDE&CO, CISCO, Ivanhoé Cambridge, LE FLEISSER, THE CANADIAN PRESS

**GLOBAL LEADERS 4 PARITY**  
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**Denis Giangli**  
President  
Auto Repair Canada

**Marie Della Pesca**  
President  
Post & Shipping Canada

**Marc Parent**  
President & CEO  
CAE Inc.

**Caroline Cadli**  
Founder & Chief  
Equality Officer  
Women in Governance

**Marc Parent** speaking at a panel discussion.

**Watch the video**

**UN WOMEN**  
United Nations Entity for Gender Equality and the Empowerment of Women

- High-level Corporate Leadership
- Treat all Women and Men Fairly at Work without Discrimination
- Employee Health, Well-Being and Safety
- Education and Training for Gender Equality
- Enterprise Development, Supply Chain and Marketing practices
- Community Initiatives and Advocacy
- Measurement and Reporting

### CAE adopts United Nations Women's Empowerment Principles

CAE became a United Nations Women's Empowerment Principles (WEPS) signatory in September 2020 as part of our ongoing commitment to promoting gender equality and women's empowerment in the workplace. The seven WEPS are integrated into our D&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. By joining the WEPS community, our President and CEO Marc Parent signals commitment to this agenda at the highest levels of the company and to work collaboratively in multi-stakeholder networks to foster business practices that empower women. These include equal pay for work of equal value, gender-responsive supply chain practices and zero tolerance against sexual harassment in the workplace.

### Marc Parent, an active advocate for women in leadership

In June, our CEO Marc Parent participated in a Women in Governance panel to discuss his views and what CAE is doing to make sure the women of CAE realize their full potential as equal partners with their male counterparts.

Then in September, Marc took part in the Globe & Mail's first Women Lead Here conference, a virtual event, joining a group of corporate leaders for a conversation on female executive leadership in Canada.

[Watch the video](#)

## Applying D&I to identify high-potential employees

We revised areas of our training and development to better incorporate D&I in our identification of high-potential employees.

Our first action was to provide managers with the necessary training to help them identify and guide high-potential employees. We adapted training to help leaders understand how to embed D&I in processes and incorporate high potential employees in activities that will further their development.

We enhanced Leadership for the Future (LFF) 1 and 2, a leadership development program for high-potential employees that will launch later this year. LFF extends our talent development pipeline and complements our Leadership Development Program (LDP), held every two years and designed specifically for 25-30 leaders across the world with identified potential to move into larger, more challenging leadership opportunities in the future.



### International Women's Day 2021 campaign

From challenge comes change. In support of International Women's Day 2021, we raised our hands high to acknowledge women's achievements, visibility and constant fight against inequality. Learn how these CAE employees #ChooseToChallenge and call out inequality.

[Watch the video](#)



### CAE gender equality champions

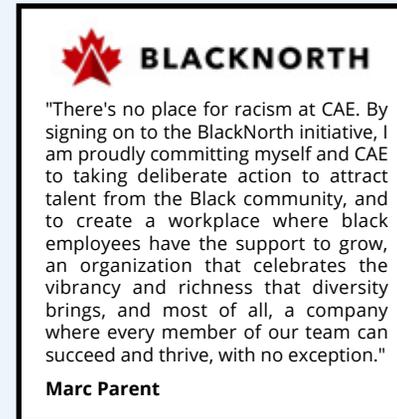
Last February, employees voted for the CAE women and men who actively promote gender equality in the workplace; those who challenge stereotypes; fight bias; broaden perceptions and celebrate women's achievements.

In November 19, CAE gender equality champions held a panel discussion on best practices followed by a Q&A session. The event represented a collaboration between CAE's Professional Women's Network and LIFT.

[Watch the video](#)



### Taking action to end anti-Black systemic racism



During his June 17, 2020 CEO update to employees, Marc Parent stated unequivocally that racism has absolutely no place at our company, and that CAE would do more to fight it.

Marc announced the creation of an ERG (EmBRACE) focused on race and ethnicity, and the extension of Unconscious Bias training to all CAE employees.

Marc Parent joined the CEOs of more than 200 Canadian companies to answer the call of the Canadian Council of Business Leaders Against Anti-Black

Systemic Racism, signing the [BlackNorth Initiative pledge](#) and committing their organizations to specific actions and targets designed to end anti-Black systemic racism. With his signature, Marc makes CAE an ambassador for a Black-friendly and Black-enabling Canada.



During the BlackNorth Initiative Summit, Marc Parent and CEOs of Canada's most prominent companies recite the pledge (1:03:00).

[Watch the video](#)

## Employee Resource Groups embody our diversity and inclusion culture

At CAE, our Employee Resource Groups (ERGs) support our organization's mission, values, goals, business practices and objectives. ERGs support our D&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, sense of belonging; and help introduce new employees to CAE's organizational culture.

Each ERG has an Executive Sponsor which publicly supports the ERG's mission through personal leadership, provides strategic insights to assist in developing the ERG plan, acts as a sounding board and participates in specific activities to support the network. The Sponsor works with CAE's Senior Leadership team as the ERG's advocate.



Prism provides a supportive framework for our LGBTQ2+ staff and allies by representing their views and ensuring they feel safe and self-confident within CAE's organization.

CAE Executive sponsor: Heidi Wood, President, CAE Healthcare, Executive Vice President, Business Development & Growth Initiatives



Mozaic supports parents of children with special needs in the workplace, empowers them to benefit from each other's experiences and resources and educates CAE employees and managers on the challenges faced by this population so they can better understand and support their colleagues and family members.

CAE Executive sponsor: H  l  ne V. Gagnon, Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility



The Professional Women's Network (PWN) promotes the personal and career development of women at CAE. The PWN also works to raise awareness of the importance of diversity in the workplace via activities centered around two strategic pillars: professional development and well-being.

CAE Executive sponsor: Sonya Branco, Executive Vice President, Finance & CFO



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

CAE Executive sponsor: Nick Leontidis, Group President, Civil Aviation Training Solutions



EmBRACE focuses on race and ethnicity, and supports the creation of a safe space where employees can exchange and feel recognized for who they are. We aim to promote an environment where employees will thrive by removing prejudices and biases while raising awareness about racial discrimination.

CAE Executive sponsor: Dan Sharkey, Senior Vice President, Global Human Resources



Insignia supports the needs and interests of military veterans and families through encouraging connection, supporting veteran interests and providing resources that inspire members to give, serve and grow.

CAE Executive sponsor: Daniel Gelston, Group President, Defence & Security



Corporate social responsibility

## 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



5 Gender equality



8 Decent work and economic growth



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 its [five core values](#)
- ✔ Target 100% acknowledgement of compliance with the CAE Code of Business Conduct by all employees
- ✔ Continue to train all management and key personnel on the CAE Code of Business Conduct, and extend the training to all employees in FY21
- Further enhance the public disclosures on our anti-corruption 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

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

In our FY20 report, we identified how we would address COVID-19 impacts related to our ethics and integrity commitments. Specifically, we identified the following actions:

- 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
- Compliance with the General Data Protection Regulation (GDPR), the European Union's (EU's) new law on data protection and privacy
- Leveraging our global supply chain for humanitarian purposes

CAE made progress on these fronts and more, as detailed in these FY21 section highlights. We must also position our FY21 activities in context of CAE's accelerated pursuit of high technology solutions to help our people and our organization further meet and surpass world-class data privacy and export control standards.

## 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. Each Group President and President of a CAE business unit is responsible for promoting our CAE values and ethical standards and ensuring compliance with our [Code of Business Conduct](#). Due to changes in

CAE's leadership team, we met with the new Group Presidents for Defence & Security and Healthcare, together with certain key internal stakeholders within their respective business units, to go over the key components of our ethics and compliance programs, including our approach to managing corruption, bribery and third-party risks.

“ Our world may be increasingly complex, but the values and principles we uphold at CAE are straightforward. Principles like treating others as you would want to be treated. Abiding by the law. Competing fairly. And behaving honourably. ”

**Marc Parent**  
CAE President and CEO

In order to conduct business ethically and build trust with our employees, customers, suppliers and business partners, CAE established a Code of Business Conduct that contains the values, principles and rules governing the company's global operations.

In FY21, we updated our Code of Business Conduct to align with leading industry practices. For example, we incorporated enhanced conflict of interest provisions, particularly when employing or acquiring the services of current or former government employees. We also included additional provisions to align with the [Global Principles of Business Ethics for the Aerospace and Defence Industry](#) of the [International Forum on Business Ethical Conduct \(IFBEC\)](#).

## Our ethical principles for the responsible use of data analytics

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

In addition to identifying and assessing data-related risks, CAE adopted ethical principles for the responsible use of data to better manage risks associated with new technologies used for profiling and monitoring purposes. The adoption of these principles affirms our commitment to adhere to the highest standards of ethical conduct in our dealings with employees, customers and all other stakeholders in our ecosystem. The principles are also a commitment to go beyond what is legally required to protect CAE's and its stakeholders' data. We look forward to a productive dialogue on these issues with customers, partners, employees and regulatory bodies. Our guiding principles will evolve with these discussions and the ever-changing technological landscape. For example, our principles have been revisited in fiscal 2021 taking into account the EU Aviation Safety Agency recent publication titled [Artificial Intelligence, a human-centric approach to AI in aviation](#).

Our principles are:

### Safety first

Our goal is to improve safety

### Transparency

Our analytics intelligence is transparent and understandable

### Empowerment

Artificial intelligence 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

Artificial intelligence that creates unfair bias will not be pursued

## 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 fiscal 2021, we took the opportunity to enhance our internal processes by requiring employees to acknowledge that:

- They have declared or disclosed to their manager any actual, potential or perceived conflict of interest that could interfere or appear to interfere with their duties at CAE; and
- They have used only authorized computer programs and software when doing work connected to CAE and understand that confidential and sensitive information (including personal information, export control data, CAE proprietary information and third-party proprietary information) must always be adequately used, protected and secured, and must not be disclosed to others without an explicit right to do so.

**Overall, 98% of regular employees worldwide (excluding unionized employees) have acknowledged the Code of Business Conduct in FY21.**

## Data protection: An essential part of doing business

We value the trust that our customers, employees and business contacts place in us. Protecting their privacy in all areas is crucial to maintaining that trust. This means putting a premium on the careful handling of personal information. We treat all data and information with the requisite level of sensitivity and confidentiality in compliance with applicable laws and regulations.

Under the oversight of the Global Ethics and Compliance Office, we 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 Data Protection Program, and receives regular reports thereon from the Global Ethics and Compliance Office.

**In FY21, we have undertaken a review of our policies, procedures, and guidelines in relation to the handling of personal information and data.** Our core privacy principles and standards extend to all CAE subsidiaries and controlled entities. Our privacy policies provide individuals with information about how we collect, store, use and disclose their personal information and data in compliance with applicable requirements. CAE also maintains operational and technical controls to protect against unauthorized uses.

CAE's privacy impact assessment (PIA) process provides a mean for formalized review of initiatives and projects that could potentially generate privacy risks that are greater than normal. We use PIAs to identify legal, regulatory and policy requirements and risks related to privacy and ensure that initiatives and projects under development address privacy-by-design principles and requirements.

Our team of data protection officers in the EU and in other regions continue to strengthen the mission of the Global Ethics and Compliance Office to oversee our activities for the implementation of applicable data protection regulations. Meetings and conference calls amongst data protection officers are held on a regular basis to discuss global data protection requirements, emerging issues, trends and training opportunities. These forums serve as a means for data protection officers to share best practices and stay up to date with the evolving data protection regimes in a digital economy.

Under the leadership of our Chief Information Officer (CIO), we aligned our IT policies framework with the National Institute of Standards and Technology (NIST) 800-053 and 800-171. To further enhance our protection against data security breaches, we continue to invest in the deployment of cyber security controls to comply with aerospace and defence industry standards.

Every year, all employees participate in mandatory IT security awareness training. We recently strengthened this training program to further enhance employees' knowledge of cyber risks and information protection measures. We also regularly assess our IT security controls. Our CIO reports IT security incidents to the Executive Committee and the Board's Audit Committee. The CIO also presents our IT security plan and reports on its progress, including an annual review with the full Board of Directors.

### **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 FY21, 93% of regular employees worldwide completed the mandatory periodic training, with the majority of those who did not complete it being employees on furlough, secondment, maternity leave, sick leave or other long-term absence. These employees will complete the training in due course on their return to the business.

Despite the lower percentage of employees who completed the training in FY21 compared to FY20, the internal audit team conducted a survey in FY21 to measure the awareness and perceptions of acceptance

related to our Code of Business Conduct and CAE values. The results of this survey revealed that:

- 98.5% of employees know about the existence of the Code of Business Conduct;
- 95% of employees have completed an ethics training in the last twelve months;
- 95% of employees have a strong belief in the standards and behaviour included in the Code of Business Conduct; and
- 93% of employees understand CAE values.

Overall, these results show that there is a very strong degree of awareness and highly favourable acceptance and belief in the CAE values and the standards/expected behaviours in the CAE Code of Business Conduct. There is a strong degree of favourable perception regarding management's tone on ethics and integrity.

We will continue to check and test the effectiveness of our ethics and compliance program receiving both internal and external oversight and assurance.

In addition to the Code of Business Conduct, CAE has put other corporate policies and procedures in place with respect to anti-bribery and anti-corruption, human rights, export controls and procurement — all of which include measures to address ethics and compliance risks, and ensure a sound control environment. Adherence to these policies and procedures is mandated across all CAE entities, although we recognize that their implementation in some markets can be more challenging than in others, due to differences in regulatory regimes and different commercial arrangements.

### **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. In FY21, we conducted a comprehensive benchmark of our Anti-Corruption Policy and disclosure practices in light of the [Transparency International Defence Companies Index \(DCI\) on Anti-Corruption and Corporate Transparency](#). As a result, we have enhanced our disclosures on our anti-corruption practices in this report, with the view of showing our commitment to anti-corruption and transparency.

[CAE's Anti-Corruption Policy](#) sets out clear commitments with respect to:

- Compliance with the anti-bribery provisions of the Canadian Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar anticorruption legislation worldwide;
- Strict prohibition of any form of corruption, bribery or other anywhere in the world, either directly or indirectly through a third party such as business partners, joint venture and equity partners, acquisition targets, contractors, service providers, suppliers, vendors, distributors, and persons acting on the company's behalf;
- Strict prohibition to offer or make any payment to a public official or to any person for the purpose of influencing a decision, or to secure an advantage.

Our 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

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

In fiscal 2021, we continued to take pivotal 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 have 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](#)).

Where required, our due diligence includes establishing the identity of beneficial ownership and gathering information to assess and monitor relevant ethics and compliance risks (including corruption risks).

The level of due diligence performed will depend on a few risk factors, including:

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

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

If the due diligence results are favourable, the use of a third party or business partner can be approved, and an agreement can then be formalized.

All agreements must contain adequate provisions designed to mitigate bribery risks. Such provisions must include, for example, termination and audit rights.

Given the nature of their work, we consider that foreign representatives expose CAE to higher-than-normal risks. Therefore, our Anti-Corruption Policy states that CAE will generally not use foreign representatives unless legally required to do so. All agreements with foreign representatives are generally for a term of one year. In rare exceptions, the term of an agreement can exceed one year. Any significant change to our business relationship with a foreign representative (for example, a change in ownership or key personnel) will automatically trigger an independent review by the Ethics and Compliance Office.

For FY21 and beyond, our goal is to continue to reduce the number of foreign representatives we use. We will continue to carefully monitor their services through regular activity reports, and we will continue to require anti-corruption certificates to be signed upon any renewal of their agreement.

## Facilitation payments

CAE strictly prohibits facilitation payments or otherwise called "grease" payments. Facilitation payments are small payments made to a public official to expedite or secure the performance of a routine governmental action, such as obtaining official documents, processing governmental papers or others. Refer to CAE's [Code of Business Conduct](#) and [Anti-Corruption Policy](#) for details.

## Business courtesies

While it is customary in most cultures to extend business courtesies (including gifts and entertainment) to foster the relationships that support business, it is important to have clear rules when giving or receiving business courtesies to avoid conflicts of interest or impropriety, or even the appearance thereof in our dealings with our customers, suppliers or any others with whom we do business. Please refer to [CAE's Gifts, Entertainment and Business Courtesies Policy](#), which provides a clear framework when giving or receiving business courtesies.

## Donations and Sponsorships

As a rule, CAE and its 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 its employees reside. [CAE's Charitable Donations and Sponsorships Policy](#) was reviewed in fiscal 2021 as part of our normal review cycle.



## 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 FY21, CAE made no contribution to a political party, candidate, or other political entity.

[CAE's Lobbying and Political Contributions Policy](#) was reviewed in fiscal 2021 as part of our normal review cycle.



In April 2021, CAE, Investissement Québec International and Aéro Montréal presented a seminar on the use of offsets as a lever for development with the participation of Nathalie Arnoul and Natacha Bestari, experts in the field at CAE.

Through this webinar, Nathalie and Natacha demystified offsets as a development tool and provided their expert advice.

## Offsets

CAE has offset commitments in several countries. 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.

There are typically two types of offsets:

- Direct offsets, whereby value is generated through our products and services in support of the main supply contract; and
- Indirect offsets, whereby value is generated through investments unrelated to the main supply contract. Such investments may include research and development, economic or social projects, schools or infrastructure.

**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.**

Before engaging and contracting, our business partners involved in offset arrangements are subject to risk-based due diligence, which is overseen by the Global Ethics and Compliance Office.

Our due diligence procedure contains various steps designed to assess, mitigate and resolve red flags when conducting business with a partner, including:

- Verification of the legitimate grounds of the offset agreement;
- Check on ethical and reputational aspects;
- Identification of the final beneficiary of the offset transaction;
- Identification of any conflict of interests (including family, personal or professional relationships between the counterparty and/or its associates, and governmental representatives).

## 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](#), re-examined in FY21 as part of our normal review cycle, supports our commitment to the [UN Global Compact Ten Principles](#) and the [U.K. Modern Slavery Act](#). We also ensure that our commitment to human rights is adequately addressed in our standard terms and conditions with suppliers, including with respect to child labour, working hours, harassment and unlawful discrimination, anti-whistleblowing, slavery, human trafficking and others.

## 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 EthicsPoint; CAE's helpline helps us ensure that our local and international business activities meet the highest ethical standards.

The EthicsPoint website and call centre service provide employees, customers, partners and suppliers with

simple, risk-free ways to confidentially report issues of concern associated with unethical or illegal activities, including potential violations of our Code of Business Conduct and key corporate policies. We do not tolerate any punitive action or sanction against anyone who, in good faith, asks a question or submits an allegation of non-compliance through EthicsPoint or any other reporting channel.

In fiscal 2021, we received and handled 40 ethics reports and inquiries, an increase of 67% compared to 2020. The upward trend is primarily due to i) greater awareness of our whistleblowing process amongst our employees and ii) the challenges of the past year in managing the impacts of the COVID-19 pandemic, which had a significant impact on our people and our operations. These factors put additional pressure on our employees, which may have resulted in an increase in ethics reports.

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 40 ethics reports and enquires received:**

- 63% were anonymous, originating from Europe (30%), Canada (28%), the U.S. (20%), Asia Pacific (15%) and other regions (7%).
- Most activities of concern reported were human resource based.

**Export control enhancement activities**

Certain activities were delayed over FY21 due to COVID-19, including enhancement of an automated registration and screening system to facilitate access of trainees (pilots) to training centres.

We increased training on screening procedures, primarily focusing on the screening of all new customers. We enhanced the dynamic (daily) screening of all CAE customer databases. We also completed the first phase of a project to standardize screening of all new employees, contractors, consultants and banks at all CAE sites worldwide.

To support CAE's digital transformation, we worked with different organizations and stakeholders to discuss the creation of a secured cloud environment in Canada to store and process military technical data subject to U.S. and Canadian export regulations.

As part of CAE's objective to enhance audit of export control processes and procedures worldwide, the Export Control team appointed a special group to facilitate the creation of a global community to discuss the required compliance process of each country in which CAE operates.

Other Export Control team collaborations include work with CAE hardware engineers on parts classification to expedite publishing and, under the team's lead, enhancing the teleworking process. This involves providing regulatory compliance requirements associated with securing our data control centres and data access.

**Number of EthicsPoint reports since fiscal 2019**

	FY21	FY20	FY19
<b>ISSUES</b>			
CAE property	0	0	0
Computer systems, internet, intranet and email	0	0	0
Public statements and shareholder relations	1	0	0
Confidentiality of company, employee and third-party information	2	2	2
Dealings with governments	2	0	0
Conflict of interest, improper payments and business courtesies	3	1	1
Contracts and records	3	1	1
Safety in the workplace	3	1	1
Equal opportunity and harassment-free workplace	19	9	9
Interpretation of the Code of Business Conduct	0	5	5
Reporting a policy violation	7	6	6
<b>Total</b>	<b>40</b>	<b>25</b>	<b>25</b>

[See all our site certifications](#) 

## Global alignment for strategic sourcing

The Global Strategic Sourcing (GSS) team continues to work with representatives from multiple regions and across all business units to communicate, exchange and align on key strategies, initiatives and topics. Topics such as corporate social responsibility (CSR), environment, health and safety, business ethics, cybersecurity, anti-corruption and data privacy are among those approached from a global perspective.

Opportunities for synergies within the procurement processes were leveraged in several projects in FY21, yielding value and alignment within the organization. The team's focus continues to be on providing a gold standard of support for the strategic sourcing of goods and services.

## Green procurement

Suppliers are requested to provide information and appropriate documentation indicating their alignment with CAE's environmental principles. Their responses regarding involvement in environmental initiatives and sustainability strategies are integrated into our approach to green procurement within the supply chain. Environmental impact is integrated in our procurement process, on par with financial considerations.

Initiatives and procurement projects within CAE transport and logistics aim to reduce waste, lower carbon emissions and facilitate the shift to electrification of transport.

We have replaced our propane forklifts with electric alternatives and are working on consolidating local cargo transportation within Montreal, introducing electric trucks in place of diesel units. We are also actively searching for more ecofriendly packaging solutions. Additionally, CAE has integrated monitoring of greenhouse gas emissions into our supplier key performance indicators for our Control Tower partnership, to support sustainability.

## Responsible supply chain management

As a signatory to the [United Nations Global Compact](#) (UNGC), CAE demonstrates its commitment to upholding UNGC principles, in part, by taking steps to ensure responsible procurement. We integrate labour, environment and anti-corruption considerations into our GSS tools and processes.

An assessment of CAE's core supply chain validated the alignment of our strategic suppliers' CSR principles with those of CAE. Standard procurement documents, such as sourcing templates (including Request for Proposals), contract templates and [Purchasing General Terms and Conditions](#), have been established and published within the GSS Source-to-Contract platform. These include clauses that address compliance with laws and ethical business conduct; employee health and safety; combatting bribery; prohibiting the use of child or forced labour; hazardous materials; data protection; and conflict minerals.

**Social and environmental factors are considered alongside financial factors when making procurement decisions, and are detailed among the criteria used for supplier evaluation and selection, as outlined in the GSS Operations Manual.** CAE conducts spot verifications on suppliers and their supply chains when necessary. If verification reveals non-compliant practices, we suspend all activities with the supplier, and demand an immediate action plan and remediation. If the delinquent supplier implements corrective measures and demonstrates compliance with our policy, CAE then decides whether to resume business with the supplier. We had no reported incidents on supplier practices in FY21.

## Conflict Minerals

We continue to communicate our Conflict Minerals Policy to our suppliers, and include the requirements set out therein in our [Purchasing — General Terms and Conditions](#). Our due diligence process, which includes supply chain surveys, supports this policy. We have suspended or discontinued our business relationship with some suppliers who failed to respond to or provide complete responses to these surveys. We also verify smelters reported in supplier surveys to ensure their

participation in the Responsible Minerals Assurance Process (formerly the Conflict- Free Smelter Program).

## New global platform to improve performance and further support social responsibility

As part of our ongoing GSS transformation, we are developing digital processes and tools that will enable us to strengthen the performance of our growing global network; integrate practices that support social responsibility; and mitigate our risks through a holistic view of our spend.

In 2019, we launched a new global procurement management platform — a significant milestone in the progress of this project. Once fully deployed, this powerful cloud solution will streamline and digitize key areas of our procurement process, including sourcing and contracting, purchasing of goods and services, and payment of invoices and management of our supplier database.

This new platform provides enhanced functionalities for strategic sourcing and negotiation with suppliers, operating through a central repository that provides visibility and facilitates contract management and referencing. **The platform is a key component of our GSS CSR Roadmap 2020-2023 and supports our activities with regard to compliance, data management, safety and human rights, and integrity.**

Although the project was delayed due to the COVID-19 pandemic, initial deployments to our Montreal headquarters, and sites in the U.S. and U.K., are delivering positive results. CAE will realize multiple benefits, such as opportunities to:

- Simplify and automate parts of our purchasing processes to make them easy to use, in line with best practices;
- Provide us with greater visibility on our global procurement spend and contracts;
- Leverage corporate buying power, while driving compliance and better addressing supply chain risks.

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

## Reinforcing diversity and inclusion through our procurement

CAE's purchasing division is undergoing a major transformation. With 19,000 suppliers and close to \$2 billion in annual purchases, we recognize our growing social responsibility as a prime contractor.

CAE has grown in recent years through acquisitions that favoured a decentralization purchasing model. We have been working diligently to get a holistic view of our organization to properly set up and execute purchasing policies that align with our commitment to diversity and inclusion (D&I) and reducing our carbon footprint — while also respecting contractual requirements on the defence side in terms of purchasing (e.g. representation of visible minorities, women, LGBTQ2+, veterans, persons with disabilities, Indigenous peoples, small businesses).

Our objective is to meet our obligations, while being a corporate citizen and maintaining CAE's competitiveness. This means having a diversified supply chain and joining the innovative movement to responsible and inclusive purchasing.

CAE is investing in its global procurement organization, currently setting up a supplier management tool for full deployment in the coming years. This tool will provide us with enhanced visibility on our suppliers, allowing us to apply criteria such as D&I in support of our corporate social responsibility initiatives.

### Recognizing suppliers' carbon footprint reduction and D&I efforts

Another important step in our purchasing transformation will follow in FY22, with CAE's plan to begin recognizing suppliers that represent our values with regard to carbon footprint reduction and diversity in their respective supply chains.

The recognition system and selection criteria are in development. Once launched, CAE will be among the first major aeronautical companies to recognize suppliers for their activities related to social responsibility, and not only their operational performance. We believe that a diversified supply chain will further support innovation, enabling CAE to be more dynamic and responsive to organizational needs.

## Annual Supplier Forum

Due to the COVID-19 pandemic, the GSS team was unable to host the CAE Annual Supplier Forum in Montreal in FY21. Circumstances permitting, the forum will resume at the earliest opportunity.

### Progress on our GSS CSR Roadmap 2020-2023

The GSS CSR Roadmap 2020-2023 represents our GSS journey of transformation, with the mission of increasing CAE's competitive edge through the globalization of agile procurement strategies.

In FY21, we built the foundation for GSS' transformation by implementing three key pillars: Digitalization (process), Commercial Management Group (risk) and Supply Chain Operation Excellence (growth).

Compliance activities accomplished in FY21 include the implementation of a contract group to manage the intellectual property of CAE and our suppliers and mitigate overall contractual risks. We also leveraged our new procurement platform, to centralize standard templates and clauses and to ensure segregation of duty in their maintenance as well as in the contract management process; an important checks and balances measure. Other activities included the amendment of contractual clauses to incorporate GDPR rules and global deployment of our Corporate Policies and Procedures (CP&P), which have been updated to include additional gates within the procurement process.

In the area of data management, supplier communications pertaining to sourcing events are now documented in our procurement platform and the digitalization of existing contracts is nearly complete.

Under the banner of safety and human rights, CAE's purchase order terms and conditions and CP&P have been updated to further enhance articles covering CSR, including conflict minerals, anti-slavery, anti-bribery, corruption, workers' compensation laws and D&I.

We also circulated a questionnaire to our suppliers to identify their representation of D&I as certified women, visible minority, LGBTQ2+, Veterans, persons with disability or Indigenous owned businesses .

As part of our sourcing process, suppliers are now required to self-assess through our procurement platform when responding to a request; a significant accomplishment in our commitment to integrity. Suppliers must respond to the questionnaire before submitting a proposal to CAE.

As CAE moves forward on our GSS CSR Roadmap, we will begin to measure the evolution and optimization of our procurement transformation. Further detail on our progress in FY21 is provided in the individual section highlights.

## Global Cyber Resilience Plan deployed

We formalized our cybersecurity strategy into a global Cyber Resilience Plan founded on the [National Institute of Standards and Technology \(NIST\) Cybersecurity Framework's five functions](#): identify, protect, detect, respond and recover. NIST is considered the gold standard in cybersecurity processes.

Our Cyber Resilience Plan aims at reducing risk and increasing CAE's cybersecurity maturity. Under the new plan, we introduced advanced cyber defence tools such as user behaviour analytics (UBA) into CAE's automated security defence systems and increased our internal cyber drills and simulations. UBA uses machine learning and analytics to identify and follow abnormal activities or deviations from typical use patterns, allowing us to detect and act on potential security issues.

In addition to the multiple compliance measures CAE follows, we are pursuing Cybersecurity Maturity Model Certification, a unifying standard for the implementation of cybersecurity across the Defense Industrial Base (DIB) designed to provide increased assurance to the U.S. Department of Defense that a DIB company can adequately protect sensitive unclassified information.

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.

CAE cyber and engineering teams are also highly involved in new mergers and acquisitions, assessing the cyber resilience of all potential new partners.

## Cybersecurity and employee 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 efforts ensuring cybersecurity transitioned beyond a one-month awareness campaign to being integral to our daily culture. At CAE, we like to say that, "Our people are our first line of defence, NOT our weakest link in the cyber security chain!"

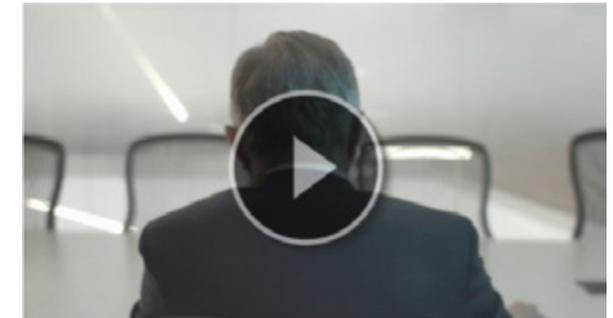
### Training and testing

In October 2020, we launched an annual global training program for all employees and contingent workers worldwide that covered five security themes: ransomware, identity theft, protecting your home computer, mobile devices and unintentional insider threat. We continually measure the effectiveness of training, for example, periodically sending a fake phishing email to a random selection of employees. Statistics on email clicks versus reports made to our security teams help us make improvements and are shared with leadership, up to the CEO level and the Board of Directors.

### Communications

We found effective ways to communicate the disturbing truth of security threats, encouraging and promoting the efforts employees made as "cybersecurity ambassadors" in response to our ongoing communications.

Cybersecurity became a topic included in team discussions, quarterly CEO employee sessions and townhall meetings. Our employee intranet and CAExpress newsletter featured ongoing articles and other informative resources, including videos, to ensure cybersecurity remained top of mind. For one video, our CEO Marc Parent enacted a dramatic scenario to show the potential damage that can occur in "just one click." Marc shared how everyone in a company, including the president, has a critical role in safeguarding our personal and corporate cybersecurity. Also how, as a leading company in defence, CAE and its employees are well positioned to lead by example.



At CAE, our cybersecurity awareness and training take a heads-on approach to addressing the issues.

[Watch the video](#)

## Cloud computing migration to yield security, operational and environmental benefits

We accelerated organization-wide adoption of the [Microsoft Azure cloud platform](#) to enhance cyber security, improve operational efficiency and reduce CAE's carbon footprint.

Research supports cloud computing can be up to 93% more energy-efficient and up to 98% more carbon efficient than on-premises solutions.

The platform supports compliance with the [UNGC and 17 Sustainable Development Goals](#), and is the cornerstone of our GSS CSR Roadmap 2020–2023.

## Year three implementation of GDPR completed

Under the oversight of our Global Ethics and Compliance Office, CAE completed year three of the EU's GDPR program, implementing:

- Data masking on all applications to protect the personal data of customers, employees and vendors
- Security measures to address all vulnerabilities and systematic issues on applications hosting personal information
- Encryption of data at REST (inactive data stored on any device or network) on systems hosting personal information
- Cookie/privacy consent platform on our public web portal

## Cybersecurity Maturity Model Certification program underway

A new program introduced by the U.S. Department of Defense (DoD) on January 31, 2020, requires all companies and suppliers working with [International Traffic in Arms Regulations / Controlled Unclassified Information](#) data to achieve Cybersecurity Maturity Model Certification (CMMC) by 2026 as a mandatory contract clause.

CMMC measures the capabilities, readiness and sophistication of DoD contractors such as CAE to determine if they adequately protect sensitive unclassified information, including accounting for information passed to subcontractors in a multi-tier supply chain.

The CMMC framework includes a comprehensive and scalable certification element to verify the implementation of processes and practices associated with the achievement of a cybersecurity maturity level. The CMMC framework consists of five maturity levels:

- Level 1: Basic safeguarding of Federal Contract Information — 17 practices
- Level 2: Transition step to protect Controlled Unclassified Information (CUI) — 72 practices
- Level 3: Protecting CUI — 130 practices
- Level 4: Protecting CUI — 156 practices
- Level 5: Reducing risk of Advanced Persistent Threats — 171 practices.

As a long-time DoD partner through our Defence & Security contracts, CAE took the important initial step of conducting an external maturity assessment to define our current state of posture. In consultation with CAE USA, we are pursuing the recommended target of achieving Level 3 certification and have completed year two of our remediation plan.



Corporate social responsibility

# Innovation and customer experience

## Why it matters

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

## Related Sustainable Development Goals



**3** Good health and well-being



**4** Quality education



**8** Decent work and economic growth



**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

Tracking our objectives

● Planned ● On track/ongoing ✓ Completed ● Postponed ● On Hold

## Realizing digital transformation opportunities to help our customers achieve their best performance

CAE's 74-year history has been filled with industry firsts. We continue to drive that culture by smartly applying technology and innovation to help address our customers' needs.

We are a leading-edge training partner of choice and are excited about the direction we are taking as a high technology company and the capabilities we are bringing to the civil aviation, defence and security and healthcare markets globally. Our full-spectrum solutions are helping deliver more immersive and effective products, services and solutions.

CAE consistently ranks among the top 20 Canadian companies for investments in R&D. We are focusing significant resources in areas such as data analytics, artificial intelligence (AI), machine learning and more — all aimed at digital immersion that will help our customers achieve their best performance.

With passion, vision and a deeply ingrained innovation culture, CAE is turbocharged for the future, and we look forward to delighting our customers as a technology solutions leader.

## A culture of innovation and agility

During the pandemic, CAE leveraged its aviation and healthcare core competencies, expertise and extensive supply chain to innovate and answer in a timely manner the Canadian and worldwide needs in the fight against COVID-19. See our [feature story](#) for details on our contributions.

Our employees are our greatest asset. We leveraged their expertise and CAE's technology powerhouse to lead the transformation in a short period of time and pivot to allow us to develop these innovative solutions. We invested in training, retraining and tools, where for example you can see a test pilot now testing ventilators, we created opportunities and kept hundreds of highly skilled innovators employed and contributing to the fight against COVID-19.

Innovation is CAE's "secret sauce" and is key to our success. Our talented employees are our true strength and the natural DNA of our thriving culture of innovation: our employees feed the innovation pipeline. We have over 1,800 engineers and technical experts, a global supply chain, and a team at the cutting edge of digital solutions (AI, mega data, etc.). The combination of knowledge leadership, industrial capabilities and technology gives us a winning formula. What we are capable of doing from an integration standpoint is really rare.

We also collaborate with industry partners, including original equipment manufacturers (OEMs); we work closely with tier one and tier two suppliers in Canada, and have fruitful research with over 50 universities and research institutes and develop technologies which directly impact our products. Co-op students at CAE work side by side with seasoned subject matter experts (SMEs), allowing young talent to develop and thrive.

## Agility is key

### CAE Air1™ ventilator: transforming our production line overnight!

- Convert traditional manufacturing floor space into a clean room environment.
- Modify our manufacturing systems to comply with standards required for medical devices.
- Adapt manufacturing pace from a low-volume environment (aerospace) to a fast-paced production (automotive) — days to minutes.
- Train hundreds of people within weeks.
- Develop simple to understand digital work instruction to enable fast ramp-up capacity.

## Open Innovation

We have been successfully leveraging “open innovation” at CAE since our foundation. Open innovation is about building a system where ideas flow openly from employees, customers, suppliers and other partners. This system allows us to capture and flesh out ideas collaboratively, leading to sustained innovation.

Together to  
mitigate the  
impact of  
COVID-19!



### Employees contribute ideas to mitigate impact of COVID-19

From Malaysia to Tampa, and Madrid, Dublin, Amsterdam to Montreal, employees around the world shared innovative ideas for the “Together to mitigate the impact of COVID-19” initiative to help CAE during the COVID-19 crisis and beyond.

Big or small, short or long term, all ideas were welcome. A selection committee thoughtfully reviewed each and every one of the 301 ideas submitted. Employee suggestions hit on a number of important topics, such as how we work, how we engage with each other, with our customers and within our community, and how we position CAE’s portfolio for the future.

Best of all, we saw how interactions on our Ideanote platform sparked more conversations and inspiration. For example, discussions on topics like this generated many creative businesses ideas: How do we leverage our expertise and business model into stronger positions in areas like unmanned aircraft, modeling and simulation and maintenance training?

Also encouraging were the many stories and ideas CAE employees forwarded about engaging with their communities during this tough time.

### CAE Innovation Challenge, OneSpark and Technical Conference Day

These CAE initiatives did not take place this year, given the pandemic. As an alternative, we channelled employee creativity into the internal campaign “Together to mitigate the impact of COVID-19.”

### Opening the aperture and expanding into adjacent markets

Certain trends will arise in greater force post-COVID-19, such as e-learning, remote work, the imperative on safety, and the digital transformation and virtualization of the physical world. CAE’s core capabilities align with these future needs and we are making use of the current period to further reinforce our technological expertise. We are also pursuing growth into adjacencies such as crew resource management, advanced air mobility, accessing larger and technology-intensive markets such as the mission and operations support market.

## Innovation highlights



### Project Digital Intelligence

In August 2018, CAE announced it would invest \$1 billion over five years in a program of innovation to stay at the forefront of the global training industry.

Project Digital Intelligence is transforming CAE’s products and services to leverage digital technologies, ranging from big data to AI, cloud-computing, cybersecurity and augmented/virtual reality. CAE continues to develop its next-generation training technologies for Civil, Defence & Security (D&S), and Healthcare, while making use of its extensive training network and data ecosystem. The project includes three major activity areas: advanced digital technology development, digital transformation of the training and user experience, as well as CAE innovation and collaboration facilities.

Under Project Digital Intelligence, CAE has developed strong partnerships with the innovation ecosystem including OEMs, SMEs, and collaboration partners, such as universities, colleges and research centres that continue to contribute to the success of Project Digital Intelligence.

## Project Genèse 2

In April 2020, CAE launched Genèse 2, an innovation-intensive program that specifically targets the positioning of CAE Healthcare through the enhancement of our portfolio. Under this program, we will invest \$82,4 million dollars over three years.

Genèse 2 aims to allow CAE to solidify its positioning in response to the opportunities and demands of today's highly dynamic market. In this program, CAE is accelerating the development of state-of-the-art healthcare simulation products and technologies. We are developing new patient simulators, new modules for surgical simulators and are enhancing the breadth of pathologies and medical conditions our products support while catering to the needs of our customers and partnering medical equipment manufacturers. We are also injecting new technologies in our existing platforms to ensure healthcare professionals access world-class simulation-based training.

## Transformation of our processes and supply chain

CAE is also injecting leading technologies into its processes and operations.

### ANOVA

Launched last year under the Quebec-based AERO21 mobilization initiative, Project ANOVA made progress on multiple fronts:

- Digitalization and optimization of our logistic and inventory operations
- Centralization and integration of our global sourcing activities under an industry 4.0 source-to-pay platform
- Building the foundation of CAE's complex and multisource IT infrastructure to enable the company to leverage data as a service and AI

Keeping the momentum of this industry 4.0 transformational project, CAE will also focus on improving our digital customer experience through a next-generation portal and maintenance support system.

This project will contribute to transforming and optimizing CAE's value stream, from supplier to end user.

## CAE's Cognitive Supply Chain project

Last year, CAE partnered with Canada's Scale AI supercluster on a project to inject AI into our supply chain operations. Project partners are collaborating to optimize our aerospace supply chain and manufacturing processes, further develop capabilities to reduce production cycle times, minimize inventory, and improve product time-to-market.

Launched in January 2020, the project represents CAE's first introduction of AI in manufacturing/logistics. By leveraging the predictive capabilities of AI and machine learning algorithms model, we aim to reduce early parts receipts and, in turn, generate savings on the inventory carrying costs.

The project improves inventory management while ensuring high quality and efficient services. It also allows CAE to better predict demand and reduce delays to minimize the variability of demand in the production chain.

Early prototyping of the AI-enabled solutions combining internal optimization and external interactions point to significant gains:

- 50% reduction in misaligned date between parts on dock and parts required
- 50% reduction in inventory holding cost due to early arrival



Marc St-Hilaire, CAE's Vice President, Technology and Innovation at the Montreal-based incubator Centech, where CAE has an innovation cell.

## Accelerating transformation with CAE's Digital Accelerator

The [Digital Accelerator](#) is one of the solutions put in place to expedite CAE's digital transformation. Organized in multidisciplinary sub-teams called Digital Lighthouses, CAE's Digital Accelerator elevates the training experience of our customers worldwide.

Through these multidisciplinary teams, CAE's digital capabilities continue to grow and evolve across the organization. Multiple initiatives introduced in FY21 and advanced through the expertise of our Digital Accelerator team are outlined below.

The Digital Accelerator methodology is behind the [CAE Air1™ success story](#), allowing CAE to design, build and deliver an ISO-certifiable, medical-grade ventilator from scratch. Our [pilot ecosystem Airside™](#) is another Digital Accelerator success story.

## Reaching our stride with CAE Rise™

We are seeing [CAE Rise™](#) reach full stride in of data collection and analytics capabilities, with worldwide deployment on specific platforms across our entire network of D&S and Civil training centres.

D&S continues to push CAE Rise™ AI technology to facilitate training and lower the cost of operationalizing military pilots across multiple platforms.

We enhanced recurrent Business Aviation Training (BAT) through competency and scenario-based training that leveraged data, with the permission of 184 operators using instructor grading data from Gemini. We obtained similar permissions from Commercial Aviation Training (CAT) and Business Aviation Training (BAT) customers, who were impressed by the data insights generated by CAE Rise™.

With the evolution of CAE Rise™, demand for competency-based training and assessment (CBTA) has grown. As we continue to embed CBTA in training to improve performance and safety, we are also using Evidence-Based Training to flag observable behaviours that we can then incorporate into practice scenarios — offering our customers tailored training to enhance safety.

Through BAT and CAT fleet performance, we are seeing data stream in terabytes and have already collected data from 30 operators.

## CAE Crew Training new pilot training app

We developed CAE Crew Training (CCT), a training app for pilots that offers a cross-platform experience for the crew to better prepare, perform and improve while training with CAE.

CCT features a digital library of 2,000-plus content assets, such as operating procedures and checklists, that extend across Commercial Aviation Training and Business Aviation Training. CCT is the portal where pilots will access their performance data from CAE Rise™. We also introduced a digital check-in process in our training centres, which will include the capability for pre-check-in from the CCT app (on the backlog for this year), a bit like your airline check-in app.

With more than 11,000 pilots using the app today, the unifying platform serves multiple personas on multiple levels. Clients (pilots/trainees) and customers benefit from accessing information immediately.

The teams providing training in CAE training centres also find CCT very efficient, as the app allows them to be more customer-facing rather than providing background support.

Additionally, CCT offers the environmental benefit of paperless training, saving approximately 10,000-some trees a year.



## CAE Crew Management system

We are not only optimizing the use of AI in our BAT and CAT training centres to improve pilot training and gather data insights, but also to help our customers schedule training. [CAE Crew Management system](#) combines crew operations and optimization software with the power of the cloud, to drive increased performance across the crew lifecycle. The next iteration of our new app includes forecast and optimization of schedules. (See [Civil highlight](#) for details.)

## Project Crossroad and Project Phoenix

We launched two major transformation projects in FY20 to strengthen CAE's position as a high-technology company and introduce processes for our company to emerge out of the COVID-19 crisis stronger than before as we prepare for the future.

### Project Crossroad

Project Crossroad represents several projects under a transversal "umbrella" initiative with the objective of strengthening CAE's competitive edge and reinforcing our position as a high-tech company to better meet our customers' needs.

Our people are at the centre of this cross-organizational initiative and are our key success factor. A core multidisciplinary team leads Project Crossroad, supported by coordination and collaboration between our three business units and across multiple support functions. We have engaged all employees in this transformational journey, providing them with many opportunities to contribute.

The Project Crossroad transformation is structured into two folds, under four pillars: optimize our real estate footprint, make every dollar count, adapt our operating model and digitalize our processes. The tactical fold addresses business in a post-COVID environment, with the objectives of optimizing our real estate footprint and making every dollar count. The strategic fold brings our digital transformation to the next level through adapting our operating model and digitizing our processes through projects such as the implementation of our procurement platform.

Project Crossroad will enable CAE to have a more agile operating model and will enhance its market positioning by focusing on workflows, processes and technologies.

### Project Phoenix

Project Phoenix is a continuous improvement project led by D&S. Project Phoenix aims at improving the way we work to deliver best-in-class services and products to our D&S customers. While the project addresses processes specific to D&S, opportunities that could be carried over cross-organizationally are also identified.

## New CAE AI Centre of Excellence

The AI Strategy and Platforms teams are in the process of enabling our vision of a new CAE AI Centre of Excellence. In the past six months, the teams have made significant investments in new platforms, processes and people. CAE AI Centre of Excellence will be formally launched in fiscal 2022.

## CAE at VIITSEC

CAE was a premier sponsor of the 2020 [Interservice/ Industry Training, Simulation and Education Conference \(IIITSEC\)](#), the world's largest annual event focused on the military training and simulation market. Our D&S and Healthcare business units participated with virtual exhibits. D&S also produced an innovation showcase video "Digital Innovation for Training and Operational Support" that is featured on [CAE's virtual presence at VIITSEC](#).

## CAE takes the stage at high-tech conference

As part of the virtual conference [TTI/Vanguard The Game Has Changed: 2020](#), CAE's Marc St-Hilaire, Vice President Technology and Innovation, presented a session on the genesis of the CAE Air1™ ventilator.

In his presentation Marc explained how CAE managed to develop this high-tech, life-saving ventilator in record time during the pandemic.

TTI/Vanguard brings together tech experts worldwide to analyze the latest developments in the industry along with their global impact.



## *Aéronef pour la mobilité numérique et verte de demain*

As part of this initiative, CAE and other Quebec-based partners will be accelerating the technology development, the digital transformation, and knowledge for the advancement of future aircraft technologies, such as electric aircraft, hybrid propulsion, as well as advancing the development of associated infrastructures and services.



## CAE contributes to future Urban Air Mobility industry branch

CAE is among the 30 companies selected to bring together an [Urban Air Mobility \(UAM\)](#) ecosystem in the Paris region as part of an international call for project participants from Parisian rail operator, the Régie autonome des transports parisiens (RATP), international airport operator Groupe ADP and governmental agency Choose Paris Region.

UAM ecosystems consider the evolution and safety of the aircraft, the framework for operation, access to airspace, infrastructure development, and community engagement. CAE leads the strategy for training and UAM simulation solutions.

The initiative attracted 150 applications from 25 countries under five categories of submission: vehicle development, urban infrastructure, operations, airspace integration and acceptability. We are delighted to take part in such a large-scale project.



## Tech series keeps employees current on CAE technology initiatives

We are excited about the many developments underway at CAE and encourage employee participation and engagement in our progress as a high-technology company.

Our Global Engineering, Digital Accelerator, IT and Technology and Innovation teams organized a new series of information sessions on CAE's new technology initiatives.

Employees were encouraged to attend these sessions to deepen their understanding of how these initiatives enhance customer experience and reflect CAE's mission, vision and strategy.

In December, Vice President Global Digital Strategy Arnaud Van der Voorde presented CAE's AI and Digital Accelerator initiatives, followed by a question and answer session with CAE's resident experts.

The series also included presentations on these technology initiatives:

- Discover CAE's technology roadmap
- The move to automation and cloud solutions
- Achieving operational excellence through technology

### Panel on technology trends at CAE

During an internal “fireside chat” with employees, technology panelists discussed innovation trends and how CAE plans on remaining at the forefront of innovation.

Topics covered the AI-accelerated content creation, synthetic environments, the application of synthetic environments beyond training and the broad landscape of technology at CAE.

The panel, moderated by Joe Armstrong, D&S Vice President of Global Business Operations, Products and Solutions, later reconvened for a live episode of the [CAE D&S podcast](#).



### Notable additions to CAE’s innovation and customer experience offering

- New podcast series in [Defence & Security](#), [CAE Pilot podcast](#) and [Healthcare Simulation Debrief](#) — individual series with a shared focus on issues that matter to CAE and our customers, from the future of simulation, training and technology trends, to diversity and inclusion and career opportunities.
- [CAE OneWorld 2021](#) and [CAE OneWorld 2020](#) — two free interactive virtual conferences and tradeshows that gave us the opportunity to reconnect with our customers, address the challenges they were facing in COVID-19 and present alternative training approaches, new products and digital technologies CAE developed to support them through presentations, panel discussions and demonstrations. (See our [feature on CAE OneWorld](#).)

- [Airside™](#) — creating a community platform with career and training tools to support pilots during the COVID-19 pandemic and throughout their professional career. (See our [feature on Airside™](#).)

### EMS World honours CAE with Innovation and Attendees’ Choice Awards

[CAE Healthcare’s Ventilator Reskilling course](#) received two awards following the [EMS World Expo](#), which was conducted virtually in September. The EMS World awards program recognizes the year’s most pioneering products aimed at improving the delivery of emergency medical services.



### 2020 Technical Stars

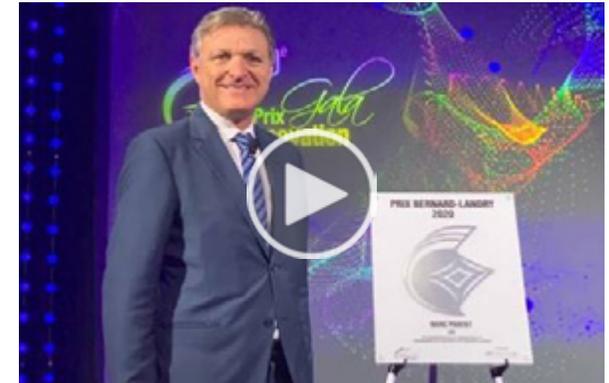
Every year, CAE recognizes employees from around the world who contribute to technical know-how and leadership in exceptional ways.

Among 2,000-plus candidates in our Engineering Technical Career Track initiative, 45 were selected as CAE Technical Stars 2020.

Technical Stars participate in technical Career Track roundtables and excel in science and technology in one or more of the following categories:

- Individual contribution to innovation and problem solving
- Team leadership through communication and collaboration.

The Technical Star program is open to technical track employees of all band levels. We view our Technical Star Forum as great way to connect and stimulate yet more innovation.



### Marc Parent receives prestigious innovation award

Our President Marc Parent received the prestigious Prix Bernard-Landry innovation award from the Quebec Association for the Development of Research and Innovation (ADRIQ). Marc accepted this honour during the [30<sup>th</sup> annual Innovation Awards Gala](#) (7:00 mark, in French).

This ADRIQ award is given to a dynamic, high-level executive who has directly contributed to the development, achievements and performance of a Quebec company within the province’s research and innovation ecosystem.

[Watch the video](#)

## Intellectual property

CAE operates in an industry where securing intellectual property (IP) is vital to protect our innovations in a competitive market. As of today, we have 192 patents and industrial designs in force, and 156 applications pending — thanks to our creative employees and the teams that support them.

**In FY21, we were granted 26 new patents derived from our R&D activities and filed 23 applications.**

In the challenging environment of COVID-19, CAE identified opportunities related to the pandemic to come up with and protect inventions that will potentially change the industry and the course of our business for years to come. CAE's achievements in this regard are a testament to the strength of our innovation culture, the creativity of our workforce, and our continued commitment to expand our innovation edge in the face of adversity.

To be found patentable, an invention must meet three criteria: novelty, inventiveness and utility. Here, we profile some of the inventions for which CAE sought patent protection in FY21. We strategically prioritized patent protection for (a) CAE solutions to high-profile problems generated by the pandemic within the flight and healthcare training industries and (b) flagship products and services such as the e-Series.

## Examples of CAE IP generated in FY21

### CAE Injection

Process for assessing techniques for injecting pharmaceutical agents

#### Inventors:

Laurent Desmet  
 Caroline Pernelle  
 Mona Hallaq  
 Charlotte Forest  
 Fan E

CAE developed CAE Injection, a mobile app that rapidly accelerates COVID-19 vaccination efforts to enhance consistency and safe practices while minimizing training variability and vaccination errors.

[CAE Injection](#) features an AI-powered movement recognition technology that provides trainees with instant feedback on needle angle, speed, and depth of injection when practicing vaccine injections on CAE's Blue Phantom™ Injection shoulder model. The technology is configurable to cover other types of medical injections on other anatomical models.



This video illustrates how CAE Injection supports consistency and safe practices while minimizing training variability and vaccination errors.

[Watch the video](#) 

### CAE Offboard Instructor Operator Station (IOS) — Pointer System

Method and system for remotely pointing to area of interest in the cockpit within a simulator

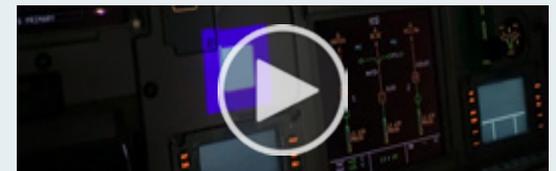
Processes enabling remote simulator qualification and training delivery

#### Inventors:

Mark Soodeen  
 Michel Lagace  
 Hebing Ye  
 Sébastien Morisset  
 Pascal Desaulniers  
 Nick Giannias  
 Andrew Fernie

The Offboard IOS, a distinct capability used by CAE, is now available to clients, partners, and regulatory bodies via existing teleconferencing platforms, thanks to a proprietary process that can be deployed to existing simulators with little impact to the respective simulator hardware and software configuration.

This innovation is particularly powerful in combination with CAE's proprietary pointer system, a key component in crew instruction and sim qualification. The pointer system provides instructors and regulatory representatives with the capability to point, in an intuitive manner, at areas in the cockpit where additional direction/support is required.



This video represents the remote pointer, one of two CAE inventions that enhance cockpit communication.

[Watch the video](#) 

## Examples of CAE IP generated in FY21

### CAE Medallion™ MR e-Series Visual System\*

Retractable rear projection dome

#### Inventors:

Andrew Gillespie  
Felice Salvatore

The [CAE Medallion™ MR e-Series Visual System](#) back projection dome design for the fast-jet training market takes a distinct and novel approach to connect the front, back and top dome sections with minimal joint visibility and provides an automated door system with structural integrity.

The back projection acrylic dome display system provides continuous 360-degree horizontal and a +90/-45 degree vertical field of view (FoV).

The modular design offers a full and continuous FoV with no distracting joints.

The dome opens to provide easy and safe cockpit access without removing the cockpit from inside the dome.

### CAE Medallion™ MR e-Series Visual System\*

System providing dynamic image generator load balancing

#### Inventors:

Samuel Bérubé  
Jean-Sébastien Dion

In a typical flight simulator, each image projector is paired with a distinct and expensive image generator (IG).

CAE came up with an invention that reduces the production and maintenance costs of a flight simulator by pairing its projectors with fewer IGs. The quality of the immersive experience is preserved by dynamically managing the load of the IGs according to the pilot's line of sight.

This invention is particularly advantageous for flight simulators offering a 360-degree horizontal FoV such as the [CAE Medallion™ MR e-Series Visual System](#), setting the flagship product further apart from the competition.

Other innovative features intended for the e-Series are currently under review for patent protection.



CAE OneWorld 2021 featured this product demonstration of the CAE Medallion™ MR e-Series Visual System.

[Watch the video](#)



## Collaborative research

CAE partners with more than 50 universities, research centres and other post-secondary institutions to advance research and development initiatives that align with our strategic roadmap. We further collaborate with technology accelerators and incubators and are active members of a variety of associations and networks. Through these partnerships, we develop cutting-edge technologies, access world-class expertise and advance skills development at CAE and in the broader ecosystem.

### Redefining pilot performance using AI and cognitive sciences

Building on advancements of previous years, we continued throughout FY21 to study how AI, applied to neurophysiological data, can help assess pilots' and instructors' high-performance factors and guide us in defining optimal simulation-based training. We concluded a three-year project with HEC Montréal's Tech3Lab, one of North America's leading user experience research labs, and defined next phases through which we will collect and gain insight from massive pilot biometric data in collaboration with one of our partner airlines. Working with Université du Québec à Montréal, Université de Montréal, Bombardier and BMU Labs as part of a Consortium de recherche et d'innovation en aérospatiale au Québec (CRIAQ)-supported project, we launched this year a novel research called "Pilot AI" which aims to advance AI techniques to model the human in the cockpit and eventually, beyond.

CAE also joined the Institute for Data Valorization (IVADO)-led Community of Interest in Aviation, a multidisciplinary group launched this past year which brings together industry, associations, researchers and various other stakeholders who jointly seek to tap data sciences and digital technologies to enhance aviation and aerospace.

CAE's R&D projects and collaborations leveraging latest AI advancements extend beyond aerospace. For instance, we are a member of the [Montreal Natural Language Processing](#) (MTL-NLP) consortium through which we access knowledge about state-of-the-art technology in this field. We are also involved in a cross-Atlantic research project entitled DEpendable & Explainable Learning (DEEL) including five academic and six industrial Canadian partners, which aims to achieve dependable, explainable and certifiable AI methodologies and enhance the experts trust towards the systems by addressing questions related to and focusing on robustness, interpretability/explainability, privacy by design and certifiability.



Additionally, we have been involved on several projects related to automatic pilot assessment capabilities using machine learning algorithms with academic partners including McGill University and Trent University.

### Accessing the experts

Did you know? The last year has been one of great innovation for CAE. We embarked in an ambitious project to create an application to help train personnel on injecting vaccines using computer vision and training insights. IVADO and Université de Montréal lent a helping hand in sharing some of their expertise and advice to our development team.

A non-exhaustive snapshot of additional collaborative research activities during FY21 includes:

### Getting involved with technology start-ups

Technology changes quickly and agile solutions can stem from even the smallest and youngest companies. CAE has maintained an active presence in the start-up ecosystem through, among others, our membership in the Collision program and innovation cell in the Montreal-based incubator [Centech](#). We are in fact extending by three years our involvement and innovation cell in this dynamic innovation hub.

### Helping shape the future of our industry

At CAE, we believe we have a leadership role to play in helping define the future of the industry. That is why we are actively involved in a variety of working groups, committees and associations, where alongside other stakeholders we develop vision, research thrusts and policy. Here are some of the groups and initiatives we were part of this fiscal year:

- CRIAQ:
  - Active participation at the [11<sup>th</sup> edition of the CRIAQ RDV Forum](#), including the presentation of a project idea on Helicopter/UAV aerodynamic modeling flying into turbulent atmospheric conditions
  - Scientific Committee member and contributor to the research ecosystem
- Zone aérospatiale — a structuring strategy for the future of Quebec aerospace
- [Aerospace Industries Association of Canada](#) (AIAC) member, also active on AIAC Technology and Innovation Committee
- [Aéro Montréal](#) through membership and participation in [Innovation Monitoring and Strategy Working Group](#)

### CAE Tech: Program your career!

Our CAE Tech program is for full-time students enrolled in a Computer Science, Software Development, Digital Technologies, Systems Integration or Avionics program.

CAE partners on this initiative with six CEGEPs/colleges: André-Laurendeau, Bois-de-Boulogne, Dawson, Édouard-Montpetit/ÉNA, John-Abbott and Montmorency.

The program offers the following to two students per year from each participating academic institution:

- \$1,000 scholarship
- \$300 tuition subsidy every semester until program completion
- Paid internship(s) or summer job(s)
- Potential on-call contract work during the school year until program completion\*
- Potential full-time job offer upon completion of studies
- Mentoring services to guide students during their participation in the program.

Due to COVID-19 restrictions, CAE did not hold these internships in FY21. Last summer, we awarded 12 students scholarships of \$1,000. In January, we began recruitment for a third cohort; bursaries will be awarded in Summer 2021.

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

## Customer Service highlights

### Going above and beyond across CAE to provide amazing customer experiences through the COVID-19 crisis

Many activities across took place across our organization work around the challenges of COVID-19 to deliver the level of service CAE customers expect and deserve.

Time and again, we applied our expertise in innovation and outstanding ability to adapt swiftly to circumstances as situations evolved over the pandemic timeline.

CAE connected with customers at a deeper level, providing information and guidance on personnel and equipment safety protocols, working together to resolve any barriers to training.

Through these interactions, we developed closer relationships during a time when travel and on-site interactions were highly restricted.

Technologies enabled face-to-face connection and visual remote assistance allowed us to provide support services. We also implemented Teletech (a leading global customer experience, engagement and growth solutions provider) to perform virtual troubleshooting by video, a best practice used in our Healthcare business unit that we deployed in Civil and D&S – one of the many ways our businesses reinforce cross-segment collaboration to provide remote services and solutions to our customers under [CAE's Crossroad Project](#).

## Civil Aviation customer experience highlights



### Virtual classrooms provide remote training to meet customer needs

When training came to a halt at CAE's European Aviation Safety Agency (EASA) Flight Training Organization (FTO) in mid-March 2020, our colleagues went to work to get new, virtual classrooms set up within two weeks.

This involved getting regulatory approvals, finding a videoconferencing platform, establishing the IT infrastructure and readying instructors for this new way of training. CAE Madrid began offering virtual classes for EASA ground school training in early April, followed later that month by our Brussels, Oslo and Oxford training centres.

CAE's Business Aviation Training (BAT) team also found a creative work around to provide customers with live remote-instructor-led training.

BAT received Federal Aviation Administration approval to use the virtual classroom for recurrent ground school courses on a variety of business jet platforms at CAE training centres in Dallas, New Jersey and Dubai. CAE also has EASA approval to conduct remote training on no less than 17 aircraft types.

### Business Aviation Training

Pilot training continued at many BAT centres with new protocols in place to keep instructors, customers and maintenance technicians safe. While the way CAE delivered essential in-person training changed, the level of customer experience we provided did not.

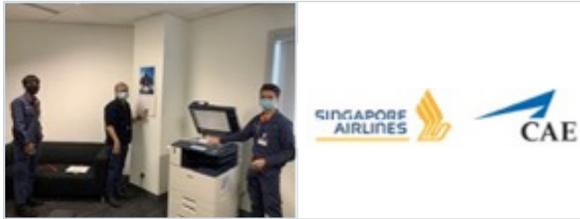


### China Express Chongqing training centre

In January 2020, our team at the China Express Chongqing training centre was installing the centre's first CAE simulator when the decision was made to evacuate the team due to the pandemic. Our customer asked if we could support the completion of the installation, acceptance and certification virtually, using their technicians to perform the physical work required. Given the customer's urgent need for the simulator, we set out to make it happen.

Working days, nights and weekends, the CAE team overcame many challenges along the way, including overcoming a language barrier and working from a distance with technicians who had little experience with CAE simulators. The team persevered, and on April 10, 2020, the China Express A320 NEO full-flight simulator (FFS) was qualified Level D by the Civil Aviation Authority of China.

Under new and challenging circumstances, we stepped up, found new ways of working to deliver for our customer. China Express was impressed with our support.



### Strong partnerships are key in a crisis

CAE's relationship with Singapore Airlines (SIA) extends over many decades and includes the launch of a joint venture in 2018 that supported SIA's growth into one of the world's premier airlines.

As parent companies of Singapore CAE Flight Training (SCFT), we maintained constant communication from the start of the pandemic, working together to leverage our respective networks and expertise.

When training operations were required to shut down in Singapore, SIA requested and received an exemption. SCFT was whitelisted, allowing operations to continue at a time when many of our competitors had to close their doors.

Best practices in health and safety from both companies were implemented, and when health questionnaires and temperatures were required before training, SIA included them in their standard operating procedures to ensure these practices were respected.

As the COVID-19 pandemic has evolved, SCFT adapted at every turn to ensure the safety of employees and continuation of the training necessary to keep vital air links open between Singapore and the rest of the world.

Everyone stepped up. From the customer service team who have implemented social distancing measures to technicians following strict simulators cleaning protocols to the college intern appointed deputy health and safety officer when travel restrictions quarantined the primary officer in Malaysia.

Congratulations to the SCFT for keeping operations going safely and smoothly for our customers.



### JetBlue first A220 full-flight simulator and flight training device FAA certified

CAE's quality service proved a major factor in JetBlue obtaining Federal Aviation Administration (FAA) certification on the airline's first A220 FFS and flight training devices.

The devices, installed at JetBlue University in Orlando, Florida, are the also the first A220 simulators to be certified by the FAA. Due to COVID-19 travel restrictions, all work was performed virtually, demonstrating CAE's know-how, ingenuity and determination.

JetBlue congratulated CAE on the support and solutions we provided — which allowed them to deploy the A220, a new aircraft type for the airline, as planned in December 2020.

Congratulations to everyone who made the installation, deployment and certification possible!

### New organizations: Civil Aftermarket Services and Global Maintenance Training

To enhance customer interactions, and continue to be the partner of choice throughout the simulator lifecycle, our Civil business unit merged Post-Delivery Services (PDS) and Product Customer Services to create the new Aftermarket Services group.

In addition, Civil established a Global Maintenance Training Centre of Excellence (CoE) to focus on the commercial, business and helicopter aviation maintenance training segments, and position this new adjacency market for future growth.

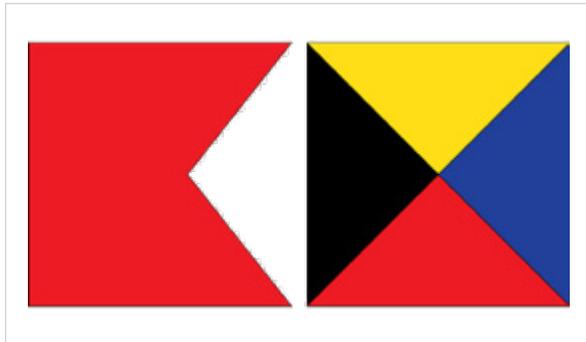
#### Aftermarket Services

Now, more than ever, CAE's aftermarket services are vital to our customers to help overcome today's market challenges. Combining PDS and Customers Services into one team allows for synergies and clearer roles and responsibilities for our customers, employees and internal partners. The new structure simplifies the customer interface and accelerates the development and introduction of new services.

#### Global Maintenance Training CoE

The new Global Maintenance Training CoE bring our innovation, technology and training capabilities together to accelerate growth, and position CAE as the maintenance training partner of choice among business, helicopter and commercial aviation market segments. As an adjacency to our existing training solutions, our new CoE allows CAE to expand our offering to the aviation market.

## Defence & Security customer experience highlights



### Bravo Zulu to the D&S team

The COVID-19 crisis has presented us with a number of challenges and it seems that members of the CAE team have turned them into opportunities to go above and beyond for our customers. Here are two examples of the D&S group delivered an extraordinary customer experience through the crisis.

*“Good morning, just wanted to pass along a well-deserved Bravo Zulu to the CAE team for its excellent efforts in fulfilling VT ground training demands last week. In addition to meeting all academic requirements, they operated at 103.7% of HPW by using 61 carryover hours. They completed 664 sim events for a daily average of 133 events. This was an excellent week of production under less-than-ideal operating conditions. Well done to all and thanks for your team’s support.”*

— U.S. Navy Chief of Naval Air Training Customer

*“Great visit, thoroughly impressed with the CAE facilities, tickled pink that we are continuing training at full capability during this COVID crisis and extremely pleased that we have rescheduled all no-shows for this fiscal year.”*

— Major General Francis,  
Army Aviation Center of Excellence Command

### CAE New Zealand recognized by 2020 Minister of Defence Awards of Excellence to Industry

CAE New Zealand is among the eight businesses honoured by the [2020 New Zealand Minister of Defence Awards of Excellence to Industry](#) for going above and beyond to support defence during the COVID-19 crisis. The Provision of Product or Service Award recognizes CAE’s role in delivering CAE 700MR NH90 simulator to Royal New Zealand Air Force.

With international travel restrictions in place, CAE New Zealand worked via video with teams in Montreal and Australia to build an entire simulator as parts came in by boat piece by piece — ultimately installing a certified, state-of-the-art NH90 helicopter simulator at Royal New Zealand Air Force (RNZAF) Base Ohakea. (Read [related highlight](#).)

Our New Zealand team’s coordination with local companies and RNZAF personnel was innovative and ensured critical pilot training could be carried out.



Resourcefulness, stellar customer service and a great backstory lead to CAE New Zealand receiving an award of excellence to industry.

[Watch the video](#) 



### The CAE ASGARD augmented reality (AR)

At the ready with CAE ASGARD augmented reality (AR) sand table, decision support and cooperation tool has been in development for three years, in close cooperation with multiple European nations’ armies.

To date, ASGARD has been deployed as part of four different programs and successfully demonstrated in a multinational military exercise, connected to live operational systems.

Innovation for CAE does not only mean cutting-edge technology, but also fulfilling our customers’ needs of today and tomorrow, in an ever-changing environment. CAE ASGARD is a great example of this spirit. From the start, customers were involved in every product iteration, and their feedback helped us shape and improve the roadmap for this new simulation tool.

When CAE started this project, equipping soldiers in field with helmet-mounted AR devices was only a vision. Today, this scenario is approaching actuality, and we are at the ready with CAE ASGARD.

## Healthcare customer experience highlights



### CAE proves VITAL for NASA

In normal times, NASA is responsible for the U.S. civilian space program, aeronautics and space research. But these are not normal times. When NASA answered the call to help in the fight against COVID-19, engineers at their Jet Propulsion Lab in California went to work to develop the VITAL ventilator.

Then CAE then became involved. NASA conducted tests on VITAL using [CAE HPS™](#), a high-fidelity human patient simulator for anesthesia, respiratory and critical care training.

NASA's VITAL ventilator has since received FDA approval and we congratulate them on their achievement.

[Watch the video](#)



As detailed in the [CAE Healthcare business highlights](#), CAE's COVID-19 responsive actions to support our customers during this crisis included:

- Partnering with Area9 Lyceum offer online ventilator reskilling course for clinicians; [the course was licensed to the American Heart Association](#) for training globally.
- Release of point-of-care lung ultrasound training suite to target COVID-19 complications
- Enhanced, new distance learning products
- CAE Healthcare white paper on online and distance education
- Complimentary training modules and materials (e.g., courses on PPE donning and doffing, protocols for cleaning simulators and related equipment, COVID-19 simulation — suspected, learning module, hospital preparedness for managing coronavirus, module)
- Training shared via iRIS with multiple global associations
- Support through grant research, writing and selection of medical simulation technology for new and existing grant projects under the U.S. CARES Act

## Tracking customer satisfaction

[Executive compensation](#) is tied, in part, to the customer satisfaction scores generated by our annual customer survey. In fiscal 2021, customers ranked our performance as follows:

### Civil Aviation

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

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

**54.5** net promoter score for Training equipment

### Defence & Security

**97%** satisfaction for on-time delivery

**99%** satisfaction for product quality

**98%** satisfaction for training center operational performance (TCOPS)

### Healthcare

**9.3/10** customer satisfaction

**80** net promoter score



On Earth Day, Madrid employees planted an olive tree - it was named 'Bird Phoenix' to represent rebirth after a difficult year.

Corporate social responsibility

## Community and environment

### Why it matters

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

### Related Sustainable Development Goals



3 Good health and well-being



4 Quality education



5 Gender equality



8 Decent work and economic growth



13 Climate action

## 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

● Planned ● On track/ongoing ✔ Completed ● Postponed ● On Hold

## One CAE, committed to its global community

One CAE is as much about business as it is about community. We help the communities in which we operate through donations and sponsorships that mainly support causes in education, civil aviation, defence, security and healthcare. The company also encourages employees to support causes through its CAEvolunteering program, which promotes volunteering and donates to several community organizations supported by employees. These contributions also help strengthen employee engagement across CAE. In FY21, our employees made a difference in multiple ways around the world.

### Health

CAE and its employees continued to find innovative ways to support our customers and communities in the fight against COVID-19.

At the onset of the pandemic, we took the lead to help healthcare providers identify and treat the coronavirus first by creating a [Hospital Preparedness for Managing Coronavirus](#) section on our website with initial offerings that included complimentary webinars, an Outreach Toolkit and an initial training scenario titled Suspected COVID-19. CAE Healthcare partnered with iRIS Health Solutions to share this coronavirus scenario, together with Personal Protection Equipment checklists, on a global simulation platform accessible to three international simulation societies.

We then released the [CAE Blue Phantom™ COVID-19 Lung Ultrasound Training Simulator](#), a point-of-care training suite to target COVID-19 complications. CAE made two modules available free of charge in the month of the suite's introduction. We also leveraged our global supply chain to source scarce N95 masks for humanitarian purposes in support of front-line health workers, securing 600,000 N95 masks that were delivered to the Quebec and Manitoba governments.

In parallel, CAE pursued our mandate from the Government of Canada (GC), supplying made-in-Canada ventilators to help save the lives of COVID-19 patients. In just two months, CAE designed, manufactured, tested and submitted for certification to Health Canada the CAE Air1™ ventilator. Following Health Canada certification, [CAE received ISO 13485:2016 certification](#) for medical device design, manufacturing and distribution. ISO certification positioned us continuing to play a role in the fight against the pandemic by enabling CAE to assemble air sanitizers through a [contract with The PYURE Company](#).

The GC and PYURE contracts have additional significance for us, as the former contributed to our ability to recall all Canadian employees who were temporarily laid off as part of the measures CAE took to manage the financial impact of the COVID-19 crisis, and the latter allowed us to maintain manufacturing jobs in Montreal.

Additionally, we introduced CAE Injection, a mobile app to enhance consistency and safe practices while minimizing training variability and vaccination errors.

CAE spearheaded the Industry for Vaccination coalition by gathering support from companies and their CEOs across Canada. The goal of the coalition was to accelerate mass vaccination through the private sector at no cost to governments to restart the economy as soon as possible. CAE converted 12,000 square feet of conference rooms into a world-class operational vaccination centre which opened on April 26, 2021. In addition to the critical role it serves in the ramp up of vaccinations in Quebec, it is a great example of CAE's corporate citizenship and a source of pride and employee engagement.

Our features [CAE's 10,000+ employees choose triumph over adversity](#) and [CAE steps up in the humanitarian fight against COVID-19](#) provide further information.

### CAE and Marc Parent donations help fight COVID-19

Last year, we announced CAE's donation to McGill University Health Centre (MUHC) Foundation's [Dream Big Campaign](#), an exciting healthcare education and recruitment initiative that offers innovative solutions to transform patient care. Our donation consists of \$500,000 over five years, including \$250,000 worth of training equipment and simulators.

As part of its fundraising targets, Dream Big will raise \$60 million to Solve Humanity's Deadliest Puzzles, antibiotic resistance and infectious diseases like COVID-19, in supports of the McGill Interdisciplinary Initiative in Infection and Immunity (MI4). MI4 is the largest group of experts focused on infectious diseases in the world, and is on the forefront of COVID-19 research in Canada.

Our CEO Marc Parent, a member of the MUHC Foundation Board of Directors and Dream Big Co-Chair, made a personal donation of \$100,000 to support the Foundation's groundbreaking research using the Biobanque québécoise de la COVID-19 (BQC19), a government-sponsored bank of COVID-19 samples from patients across Quebec and largest such biobank in Canada. This research will help determine how and why coronavirus causes severe respiratory infections in certain patients.

Marc's remarkable gesture joins those of CAE and our employees worldwide, all appreciated for their intent to make a difference in other people's lives and the community overall.



[The Montrealer profile of Marc Parent](#) highlights his role in the MUHC Foundation's Dream Big Campaign and his donation supporting groundbreaking COVID-19 research.



### CAE Tampa employees print personal protective equipment to keep medical personnel safe

CAE USA software engineers in Tampa used their 3D printers to make the much-needed personal protective equipment (PPE) medical personnel need to stay safe.

As a member of the Facebook group Print the Curve Flat, Chad Tarbutton came across a post requesting volunteers to make face shields for front line emergency room staff. He joined the cause, sharing the post with his CAE Tampa colleagues Tyler Simoni and Don Willingham. Each mask frame takes about an hour to produce and can be used with plastic binder cover sheets. To date, the Tampa team has printed more than 500 face shields.



### Ear savers for front line workers

Technical Manager Gavin David of the CAE Singapore — Singapore CAE Flight Training Centre also found a creative way to contribute, helping COVID-19 front line workers find relief from the discomfort and abrasions that can come from wearing surgical masks for extended periods. Gavin and other mask makers used their 3D printers to contribute 55,000 ear savers for distribution to frontline workers in Singapore.



### Safety glasses for our frontline heroes

When Montreal's Jewish General Hospital put out a call for safety glasses to protect employees in their COVID-19 unit, Customer Experience Lead Gordie Critch of CAE Montreal sprung into action. The quick response of Sylvain Poissant, Vice President of Manufacturing, Global Operations, Technologies and Innovation, resulted in the delivery of two cases of glasses to the hospital three hours later. The delivery was accompanied by a message from CAE: "THANK YOU for all that you do / MERCI pour le travail que vous faites !"

## Disaster and humanitarian relief



### CAE and employees raise \$1 million for Centraide of Greater Montreal (United Way) amid COVID-19 pandemic

For the second consecutive year, CAE raised \$1 million dollars in its 2020 CAE-Centraide (United Way) fundraising campaign through employee donations, fundraising activities and a corporate donation.

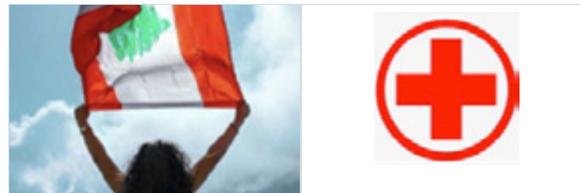
*"The pandemic has hit the most vulnerable people especially hard," said President Marc Parent. "This achievement is a testament to the exceptional commitment and generosity of CAE employees, who despite the challenges and the new reality they had to adapt to, have continued to support Centraide in the fight against poverty and social exclusion. They demonstrate the strength of our company and our dedication to supporting the community."*



### Pulling together as One CAE at Dallas

CAE Dallas opened its doors to employees and customers affected by failure of the Texas power grid. With state-wide blackouts and rolling blackouts, many were left with no heat, electricity or phone service as temperatures fell below freezing for more than 100 hours.

Our Dallas team showed great hospitality, setting up a warming station and providing snacks and blankets, while continuing to work under difficult circumstances. CAE Morristown chipped in by covering phones, and our travel and café service providers lent support by helping employees find shelter and offering meals. CAE Dallas employees also organized a food drive, collecting 876 pounds of food.



### CAE community donates more than \$55,000 to the Lebanese Red Cross to support recovery in Beirut

Many CAE employees have strong links to Lebanon and family members who were affected by the devastation caused by a powerful explosion that occurred in Beirut in early August 2020.

Through the Canadian Red Cross CAE donated \$50,000 to support the relief efforts of the Lebanese Red Cross. Employees were provided information on where they could make personal donations. We were delighted to learn that employees donated more than \$5,000, bringing the CAE community's overall donation to \$55,000+ for relief efforts.



### People from CAE doing good in their communities

We have had the privilege of introducing colleagues who are contributing to their communities.

CAE Marketing and Communications Manager Sophie Bates noticed how job loss and other financial challenges related to COVID-19 were affecting individuals and families in her community. She first organized a food drive, giving the donations to a local church, then collected much-needed personal hygiene and cleaning products for those in need.

CAE Montreal Quality Control Inspector Specialist Jimmy Chan stepped up to donate healthy hot food from his family restaurant Wok Cafe to support frontline and healthcare workers, various hospitals and the elderly in the community.

Formed during the COVID-19 pandemic, Jimmy's [One World One Humanity - Volunteer Humanitarian Mission](#) also brought together drummers from around the world for a special performance called Drumming for Hope, as a tribute to frontline workers. He plans to continue

his COVID-19 volunteer efforts to give to those in need. Jimmy is among the five recipients of CAE's 2020 Volunteer of the year awards.

For the third consecutive year, CAE Healthcare in Florida supported the efforts of the UN Women USA Gulf Coast Chapter to raise funds and awareness on the International Day to End Violence Against Women. This year, the chapter launched a virtual walk. CAE teams around the world pledged to participate, raising more than US\$8,500.



CAE Trenton employees collaborated with the Royal Canadian Air Force 426 Squadron to hold a Hunger Games themed food drive. Hunger is certainly no game, but the theme added a competitive element to weekly collection challenges that further motivated people to collect much needed food supplies.

The CAE Singapore — Singapore CAE Flight Training Centre held a charity drawing to benefit the Children's Wishing Well, a charity that supports disadvantaged youth. The team held a silent auction, then a drawing as there were so many entries, for the miniature CAE simulator models that had accumulated in the office with the cancellation of regional industry events. A sum of SDG\$1,000 was raised and they have since donated an additional SDG\$400 to the charity to help inspire the next generation of aviation professionals in Singapore.

## Volunteering

### You volunteer, CAE donates to your cause

Volunteers play a huge role in supporting our communities, and throughout the pandemic, we have all seen the importance of the work they do to help people in need. While their work is often in the background, we are thrilled to have the opportunity to shine a light on what they do and celebrate CAE's volunteers.



At CAE, all employees can partake in our three-pronged volunteering program:

- Volunteer of the year awards: CAE supports the cause of employees who demonstrate outstanding commitment to outside-of-work engagement and to making a positive impact on the community. We thank everyone who has applied and congratulate them for their involvement. This year, five prizes were awarded: one gold, two silver and two bronze.
- Dollars for your cause: CAE gives \$250 to support the cause of employees who volunteer 50+ hours per year, outside of work hours. In FY21, CAE donated \$8,490 under this program.
- Team volunteering: CAE allows employees to volunteer in groups during work hours (as a team-building activity). In this second year of the program, team volunteering opportunities were minimal to ensure the health and safety of our employees during the pandemic. Employees were offered the ability to volunteer at CAE's Montreal Vaccination Centre, a unique opportunity to give back to the community and be part of the One CAE team spirit!



### 2020 Volunteer of the year awards: Five winning profiles

CAE is proud to recognize members of our team who give their time to important causes and organizations throughout the year. Together, our Volunteers of the Year gave more than 1,700 hours providing meals to first responders, mentoring young aviation enthusiasts, helping children develop team spirit through sports, giving companionship to isolated seniors, and so much more.

Congratulations to Jimmy Chan, Lucas Schwarz, Timothy Jasper, Presley Lavier and Léa St-Jacques for the exemplary contribution you make to your communities.



**Learn more about the winners and the causes they support.**

## Education

CAE is committed to supporting education and providing students with meaningful work-integrated learning activities which prepare them for their future careers. CAE typically has several hundred students come through our doors over the course of a year — students visiting our facilities and production cells, meeting with our employees or joining us through co-op and internship opportunities or interacting through other work-integrated learning (WIL) activities.

The pandemic reduced these numbers dramatically. CAE teams worldwide made adjustments to allow for remote alternatives that would enable us to meet as many of our commitments as possible under the necessary restrictions in place to keep everyone healthy and safe.

Inspired by the CAE UAE partnership with Tawazun Economic Council, our Montreal headquarters launched a three-week virtual training program called CAE Immersion. CAE partnered with the Concordia Institute of Aerospace Design and Innovation (CIADI) and targeted Engineering students from Concordia's Gina Cody School of Engineering and Computer Science for its first cohort of students. The program's curriculum was prepared by some of CAE's engineers and is designed to give participants insight on real-world work experiences and potential career paths students can embark on after graduation.

We value our activities and interactions with students, and look forward to welcoming everyone on-site once again.

CAE currently offers more than 30 scholarships and awards, with some 70 positions per year, in various disciplines to young men and women interested in a career in aviation or STEM (Science, Technology, Engineering and Mathematics) disciplines around the world.

### Contributing to fundamental and applied research

We have a long history of contributing to fundamental and applied research. Over the past three years alone, we have contributed expertise and more than \$6 million in funding and in-kind support to collaborative projects with universities and research institutes. Projects range from basic research to product, process and service commercialization.

Examples of our involvement include:

- One of the early members of IVADO (Institute for Data Valorization)
- Healthcare partnership with Université de Montréal
- Early member of the Collision program of Centech, the technology startups accelerator of Montreal's École de technologie supérieure (ÉTS) and one of Canada's leading university-associated tech incubators
- Member of the Montreal Natural Language Processing (NLP) Consortium

See [Innovation and customer experience pillar](#) for more details.

### Engaging with stakeholders

CAE proactively engages with a diverse range of stakeholders on a broad number of issues. This engagement takes the form of conferences, sectorial and cross-sectorial initiatives, partnerships with government and educational institutions, as well as direct dialogue with various community groups. We also take part in university-led consultations on academic programs and future talent needs.



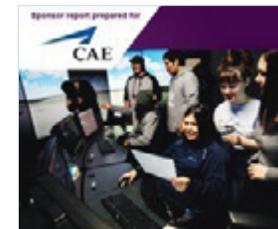
**Championing work-integrated learning**



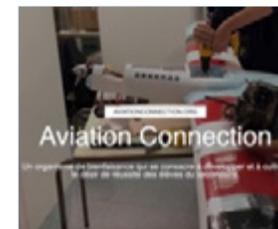
**Helping under-represented groups access employment: IT business simulation**



**Partnerships and commitments to support women pursuing engineering careers**



**Scholarships for Women and Indigenous Students**



**CAE proud to support Aviation Connection**

## Developing the talents of tomorrow in Quebec

CAE helps advance student training and education in Quebec universities through internships, micro-WIL activities and mentoring engineering teams who work on a variety of capstone projects and industry challenges.

CAE is a partner of the [Concordia Institute of Aerospace Design and Innovation](#) (CIADI) program [Developing Leadership Agility in Aerospace](#). The program consists of three workshops, a case competition sponsored by CAE and a panel discussion on the current realities and talent needs of the industry.

We participate in University of Waterloo Aviation Career Day and fund the CAE Independent Research Award under the Mount Allison University Independent Student Research Grants program.

### Supporting local economies

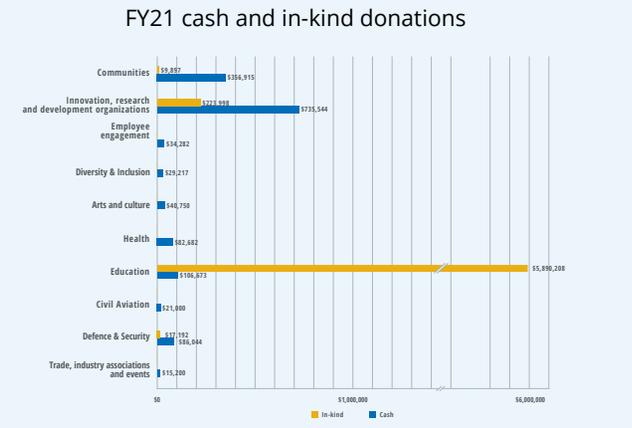
Through our presence in more than 35 countries around the world, we are helping create economic growth by delivering goods to our customers, jobs for our employees, payments to our suppliers, investments in communities, and value to our investors. Here is a snapshot of how CAE supported local economies in fiscal 2021.

FY21 revenues	\$2,981.9
Total operating costs	\$2,933.5
Salaries and other short-term employment	\$1,095.9
Corporate income taxes paid	\$26.4
Community investment and charitable donations	\$1.5
In-kind donations	\$6.1

Amounts in millions

## Donations and sponsorships in FY21

In fiscal 2021, we donated a total of \$7.6 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, but reduced our community support due to the COVID-19 pandemic.



## Recognitions



### Marc Parent appointed Member of the Order of Canada

CAE President and CEO [Marc Parent](#) was appointed [Member of the Order of Canada](#), one of the country's highest civilian honours.

The centrepiece of Canada's honours system, the Order of Canada recognizes a lifetime of outstanding achievement, dedication to the community and service to the nation.

The prestigious accolade was bestowed upon Marc for his accomplishments and contribution to the development and growth of Canada's aerospace industry.



### Sonya Branco named one of Canada's most powerful women of 2020

[Sonya Branco](#), CAE Executive Vice President, Finance and Chief Financial Officer, was named to the Women's Executive Network [Top 100 Award Winners list](#), under the C-Suite Executives category.

This category recognizes women who play a significant strategic role within their organization, have a strong record of innovation in their field, demonstrate outstanding performance, lead with a strong vision, commit to diversity in the workplace, and contribute to their organizations and society.



### Hélène V. Gagnon inducted to CPRS College of Fellows

[Hélène V. Gagnon](#), CAE Senior Vice President, Public Affairs and Global Communications and Corporate Social Responsibility, became the 95<sup>th</sup> inductee to the Canadian Public Relations Society's (CPRS) prestigious [College of Fellows](#).

Hélène's nomination recognizes her impressive achievements as an influential practitioner and mentor, who has repeatedly demonstrated her commitment to meeting the highest standards of the profession.

# CAE meets commitment to become carbon neutral

Here is how we accomplished that bold achievement, and where we are headed as we move beyond this milestone to undertake other measures to reduce our overall emissions.

CAE's commitment to protecting the environment is a longstanding priority. Our ambition is to be a sustainability leader by taking proactive actions to minimize the impact of our operations on climate change and providing solutions that support our stakeholders' environmental strategy.

To fulfill these responsibilities, CAE developed a Global environmental strategy based on three pillars:

1. **Carbon reduction**
2. **Climate change risk management**
3. **Increased knowledge of our environmental footprint**



CAE purchased carbon offset certificates in the Darkwoods Forest Carbon Project in British Columbia (Canada).



In late November 2019, CAE announced our intention to become carbon neutral, identifying three ways we would reduce our carbon footprint: consume less, consume better, offset carbon emissions.

We made this decision at a time when youth around the globe were marching in the streets to express their concern for the environment and CAE heard them loud and clear. Our partners were taking bold stands to reduce their carbon footprints. Our employees voiced their support for CAE to become a climate change leader as an engagement toward future generations. We knew the time was right for us to up our contribution.

On September 28, 2020, [CAE proudly became the first carbon-neutral aerospace company in Canada.](#)

As a preeminent Canadian-based company and global leader, CAE leads by example. Not only did we show that a large company like CAE can become carbon neutral, but also this can be accomplished quickly and under the most trying of conditions — amidst a worldwide pandemic.

As President and CEO Marc Parent noted, "This is a bold achievement and we hope that CAE's commitment in the fight against climate change will inspire other companies to take tangible actions today."

Carbon neutrality was achieved by continuing to reduce our own emissions and through the purchase of carbon offsets

instruments for our remaining annual carbon emissions. The emissions we have offset include CAE's energy consumption (Scopes 1 and 2) and employee business air travel (partial Scope 3).

CAE calculates the following carbon emissions, under three categories:

- **Scope 1:** all the direct emissions from sources CAE owns or controls. This category includes aircraft that we own or lease for flight training operations and training of cadets.
- **Scope 2:** all indirect emissions from the generation of purchased electricity, steam, heating, and cooling.
- **Scope 3:** business travels (air, train and leased cars) by employees.

Offsets include investing in renewable energy certificates in the countries where we operate and funding greenhouse gas reduction projects, including wind energy projects in India and forest preservation in Canada. The projects are validated and verified in accordance with the Verified Carbon Standard program.



As part of CAE's official announcement on achieving carbon neutrality, President and CEO Marc Parent met with employees and their children for a live virtual discussion on the environment and CAE's commitment.

[Watch the video](#) 

## Carbon reduction remains our top priority

CAE has four specific carbon reduction commitments:

1. Launch and participate in green and sustainable technology development projects, including electric aircraft and related technologies
2. Reduce our aviation fuel consumption in our academies
3. Reduce our emissions related to our buildings
4. Reduce our emissions related to our business travels

### Additional examples of actions taken by CAE:

#### L'Aéronef de demain project

CAE is committed to becoming a leader in sustainable live training by progressively integrating biofuel and electric aircraft into our academies. During fiscal 2021, CAE has launched a new collaborative R&D project for the development of the "Aircraft for the digital and green mobility of tomorrow." As part of this initiative, CAE and its partners will be accelerating the technology development, the digital transformation, and knowledge for the advancement of future aircraft technologies, such as electric aircraft, hybrid propulsion, as well as advancing the development of associated infrastructures and services. Partners in this initiative are Bell Textron Canada, Beslogique, Centre excellence d'essai en vol, MTLS Aérostructure and Pratt & Whitney Canada.

#### Urban Air Mobility ecosystem

CAE is among the 30 companies selected internationally to develop an Urban Air Mobility ecosystem in the Paris region. We are one of five industrial partners who, as part of SA<sup>2</sup>GE Phase 2, are leading the sub-project to develop and deliver innovative synthetic and virtual training solutions to reduce the carbon footprint.



#### Project SimÉco 4.0 completes final deliverables and audit under SA<sup>2</sup>GE

We successfully completed final deliverables and audit of [CAE's SimÉco 4.0 project](#) under SA<sup>2</sup>GE (Smart Affordable Green Efficient), a program dedicated to developing smarter, more efficient and effective technologies while reducing the environmental footprint of the aeronautical industry.

CAE is one of five industrial partners participating in SA<sup>2</sup>GE Phase 2, with each partner leading strategic initiatives mobilizing resources within Quebec's SMEs, universities and research centres. Each of the partners developed innovative solutions in the fields of manufacturing, avionics, optics, mega data analysis, simulation and modelling.

Under project SimÉco 4.0, CAE developed next-generation technologies for fixed-base simulation platforms aimed at reducing the carbon footprint of training by replacing hours of in-flight training with time on simulation platforms. CAE aimed to develop technologies to transfer live flight training hours to simulators on the ground through innovations in various domains (e.g. immersive environments, simulation platforms, instructor operator stations, visual systems). Through these technological innovations, it is now possible to increase the use of simulators in pilot training with the following advantages: improved training efficiency, independence in the face of weather conditions, increased safety, reduced wear and tear of expensive assets such as aircraft and, above all, a substantial reduction in the carbon footprint.

## Taking action for sustainable aviation

In context of the aviation industry emerging from the COVID-19 pandemic, the [2020 Global Sustainable Aviation Forum](#) brought industry leaders together in virtual event to address the challenges and opportunities related to the sustainability of aviation and its green recovery.

CAE's Hélène V. Gagnon, Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility, moderated a discussion on "Putting a green recovery into action," with panelists from Airbus, Pratt & Whitney, IAG and Zero Avia.

During the Forum, ATAG launched [Waypoint 2050](#), a report that looks at how the industry can accelerate working together to contribute to the world's climate action mission.



#### CAE Mesa project teams take the challenge to reduce aviation carbon emissions, fuel costs and consumption

The CAE Mesa Flight Training Operations (FTO) team was challenged to maximize the reduction of carbon emissions from aviation fuel. Following our continuous improvement methodology, a multidisciplinary team conducted various workshops and results exceeded expectations.

Nine opportunities were implemented. According to project calculations, an investment of US\$12,000 would yield an estimated annual savings of US\$250,000 in fuel cost, 52,700 litres of aviation fuel and 526 tonnes of CO<sub>2</sub>e. Individual teams explored the safe reuse of fuel samples, an avionics setup with no engine running, and a jet engine compressor wash cycle.



### CAE Australia goes green with LEDs

Great stories abound on how teams around the world are contributing to CAE's commitment to be carbon neutral, with climate action identified by our CSR Committee as one of the five **Sustainable Development Goals** where CAE can make the most meaningful contributions and have the most significant impacts.

We also have the stated objective to install LED or energy efficient lights by FY23 at all CAE sites where we have operational control. Our colleagues at CAE Australia in Homebush, New South Wales, are helping us check all the boxes.

LED lighting reduces electricity consumption and carbon emissions, and has a significant positive impact in a commercial setting. Before moving to their new location, our CAE Australia colleagues approached the centre's landlord to request permission to convert the existing fluorescent lighting to more efficient LEDs — and got approval. The installation of LED lighting was no small feat, given the centre is located in a heritage building. Meeting rooms were fitted with individual light switches, so lights turn off when the room is unoccupied. As a show of support, the landlord also changed the exterior lights illuminating the CAE sign to LEDs.



### On Earth Hour and Earth Day, CAE celebrated carbo-champions

To celebrate our recent milestone of achieving carbon neutrality, CAE participated in Earth Day and, for the first time this year, the global Earth Hour movement. In a symbolic gesture, CAE employees and our sites across the world turned off non-essential lights on March 27 from 8:30 to 9:30 p.m. local time to support the fight against climate change.

To promote the activity, we provided CAE sites with visuals to personalize with their respective activities, a template to share success stories, and guidelines to easily organize Earth Hour and Earth Day activities.

We also launched a CarboContest and encouraged participants to show us how they flexed their carbo-powers and did their part for the environment at work, at home, alone, with family or even with pets. We also asked employees to tell us how we could improve the carbon footprint at their CAE facility.

We received many great suggestions and pictures and announced three winners from the Americas, Asia Pacific and Europe who received an environmentally minded prize.





### Improving recycling process at CAE Sarasota

Our colleagues from the shipping/receiving department have a “sharp green eye.” Their efforts started a few years ago by ensuring that the packaging materials used shipping Healthcare manikins were light and recyclable. They took the next steps by purchasing a bailer to optimize cardboard recycling. Lately, while trying to think of ways to reduce waste collection, the team realized that they threw away a lot of clean packaging material from suppliers that could be reused for outgoing shipments.

Dedicated bins were purchased, and the outcome has been quite successful. They reduced the frequency of waste pickups and gained free packing materials. They do not want to stop there and they are already starting to think about their next environmental improvement idea, always keeping in mind the carbon neutrality objective!

## Taking action to fight climate change

Climate change has become an increasing risk for businesses worldwide. Our objective is to integrate climate change risk management into CAE’s business strategy and we are taking action toward this goal.

To assess and mitigate the negative impacts, CAE’s multidisciplinary Climate Change Committee developed and successfully tested a climate change risk assessment methodology in FY21 at one of our training centres.

An assessment will be conducted this year at strategic sites to review potential climate risks and allow us to confirm CAE’s top climate change risks. Development of a risk mitigation plan will follow in FY22.

For additional information, please read our [TCFD report](#).

## Increased knowledge of our environmental footprint

### CAE’s positive impact in the aerospace industry decarbonization journey

By offering training solutions on simulators, CAE has been contributing for many years to the decarbonization of the aerospace industry.

Facing growing expectations from various stakeholders (customers, governments, investors, etc.), CAE has developed a calculation methodology to confirm CO<sub>2</sub>e emissions avoided (associated with the combustion of aviation fuel) through the substitution of real flight training with full-flight simulators in CAE Civil training centres. This was notably possible by using our CAE Rise™ and Original Equipment Manufacturer data.

This methodology meets the requirements of ISO 14064-1 (quantification and reporting of greenhouse gas emissions and removals).

**It is estimated that, during our fiscal year 2021, more than five million of tonnes CO<sub>2</sub>e emissions were avoided.**

### Data collection process

Data knowledge and accuracy are key to support effective and reliable decisions, support strategy and set targets. Our data is coming from multiple sites all around the world so this is all the more necessary to have a robust process. Consequently, we are currently working on our data collection process. We intend to reinforce our data validation process by performing a readiness assessment this year of our carbon emissions inventory against the ISO 14064 standard, in preparation for external audit performed by a third party in FY22.

### Extend knowledge of our carbon footprint

As we progress in our carbon reduction commitment, we will be launching an action plan in FY22 to review the various sources of emissions related to our value chain (Scope 3) to identify additional reduction opportunities.

# Appendix

# Site certifications

## ISO 9001:2015 - Quality management systems – Requirements

### CAE Montreal

8585 Côte-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1G6

*Scope: Design, manufacture, service and maintenance of simulation products and training solutions.*

400 Montée-de-Liesse, Saint-Laurent, Quebec, Canada, H4T 1N8

*Scope: Storage, handling and warehousing.*

105 Montée de Liesse, Saint-Laurent, Québec, Canada, H4T 1S6

*Scope: Assembly and test of simulation products, storage, handling and warehousing.*

129 Montée de Liesse, Saint-Laurent, Québec, Canada, H4T 1N4

*Scope: Assembly and test of simulation products.*

### CAE Canada Region – Ottawa

350 Legget Drive, 2nd 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, 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, Quebec, 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, Uganavadi Post, Devanahalli Taluk, Bangalore - 562 110, Karnataka, India

*Scope: Analysis, design, development, manufacturing, integration, installation, commissioning, maintenance and support of simulators & engineering systems solutions for aerospace, defence and power sectors.*

### CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA, 33634

*Scope: The design, integration, test and installation of simulation devices for military training.*

5411B Pioneer Park Drive, Tampa, Florida, USA, 33634

*Scope: Assembly, installation, integration, test, and storage.*

### CAE USA – Sherwood

2402 Wildwood Avenue, Suite 501, Sherwood, Arkansas, USA

*Scope: Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.*

### CAE USA – Altus

203 North 6th Street, Building 179, Room 154, Altus, Oklahoma, USA, 73523

*Scope: Simulation device integration, installation, maintenance, and training.*

### CAE USA – Healthcare

6300 Edgelake Drive, Sarasota, FL 34240

*Scope: Design, production, integration, test, and delivery of medical simulation technologies and post-delivery activities and services.*

**CAE Australia Pty Ltd**

Bankstown Airport, 33 Nancy Ellis Leebold Drive, Bankstown, NSW 2200, Australia

*Scope: The provision of maintenance support with regard to 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.*

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.*

765QN 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-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 Oakey, 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.*

Seahawk Simulation Warfare Centre (SWWC), HMAS Albatross Braidwood Road, Nowra, NSW 2540 Australia

*Scope: The provision of maintenance support of simulation 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.*

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 Elektronik GmbH – Stolberg**

CAE Elektronik 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, York Road, Burgess Hill, West Sussex, RH15 9TW, United Kingdom

*Scope: In addition to ISO 9001:2015, certification includes TickITplus Foundation. 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, United Kingdom

*Scope: In addition to ISO 9001:2015, certification includes TickITplus Foundation. 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.*

Sea King & Merlin Training Facility, RNAS Culdrose, Helston, Cornwall, TR21 7HR, United Kingdom

*Scope: In addition to ISO 9001:2015, certification includes TickITplus Foundation. 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, United Kingdom

*Scope: In addition to ISO 9001:2015, certification includes TickITplus Foundation. 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 ut 43. H-1118 Budapest Hungary

*Scope: Software development.*

## AS9100D – Quality Management Systems — Requirements for Aviation, Space and Defense Organizations

### CAE Montreal

8585 Côte de Liesse, Saint-Laurent, 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, USA

*Scope: Analysis, design, development, implementation, and evaluation of Integrated Training Solutions.*

### CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA, 33634

*Scope: The design, integration, test and installation of simulation devices for military training.*

5411B Pioneer Park Drive, Tampa, Florida, USA, 33634

*Scope: Installation, integration, test, and storage.*

### Presagis Canada Inc.

4700, rue de la Savane bureau 300, Montreal, QC, H4P 1T7, Canada

*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 Montreal

8585 Côte de Liesse, Saint-Laurent, Québec, Canada, H4T 1G6

*Scope: Maturity Level 3, Defense and Security.*

### CAE Canada Region – Mirabel

10000 Helen-Bristol Street, Mirabel, Quebec, Canada, J7N 1H3

*Scope: Maturity Level 5, Operational Systems and In-Service Support (OS & ISS).*

### CAE USA – Tampa

4908 Tampa West Boulevard, Tampa, Florida, USA, 33634

*Scope: Maturity Level 3, Defense and Security.*

### CAE Germany – CAE Elektronik GmbH – Stolberg

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg

*Scope: Maturity Level 3, Defense and Security The development, integration and delivery of training solutions and associated products and support.*

## CMMI-DEV V2.0 – Capability Maturity Model Integration (CMMI) for Development, Version 2.0

### CAE Australia Pty Ltd

350 Parramatta Road, Campus Business Park, Homebush, NSW 2140, Australia

*Scope: Maturity Level 2 and 3 Practice Areas.*

## CMMI-SVC V1.3 – Capability Maturity Model Integration (CMMI) for Services, Version 1.3

### CAE Montreal

8585 Côte de Liesse, Saint-Laurent, Québec, Canada H4T 1G6

*Scope: Maturity Level 3, Customer Services for Defence and Security.*

### CAE Canada Region – Mirabel

10000 Helen-Bristol Street, Mirabel, Quebec, Canada, J7N 1H3

*Scope: Maturity Level 3, Operational Systems and In-Service Support (OS & ISS).*

### CAE Australia Pty Ltd

CAE Heritage Building A, 350 Parramatta Road, Campus Business Park, Homebush, NSW 2140, Australia

*Scope: Maturity Level 3, Defense and Security - Training Operations (Maintenance).*

### CAE New Zealand Pty Ltd

14 SQN Training Centre, Kororareka Ave., Ohakea, 4816, New Zealand

*Scope: Maturity Level 3, Defense and Security - Training Operations (Maintenance).*

## ISO 13485:2016 – Medical devices — Quality management systems — Requirements for regulatory purposes

### CAE Montreal

8585 Côte de Liesse, Saint-Laurent, Québec, Canada, H4T 1G6

*Scope: Design, development, manufacture, and service of ventilators.*

### CAE USA – Healthcare

6300 Edgelake Drive, Sarasota, FL 34240

*Scope: Design, development, manufacture, and service of ventilators. (Focus on after-sales services).*

## 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, S0H 0N0, Canada

*Scope: Maintenance of aircraft, ground school training and airfield operations.*

### CAE Australia Pty Ltd.

Unit 4 2 Brindabella Circuit, Brindabella Business Park, Canberra Airport, ACT 2609, Australia

*Scope: 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.*

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.*

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.*

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 Oakey, 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.*

CAE Perth Training Centre, 81 Verde Drive, Jandakot, WA 6164 Australia

*Scope: The systems engineering, maintenance support, project and program management with regard to simulation training devices. The provision of training services using 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.*

#### **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.*

14 SQN Training Centre Kororarereka 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, York Road, Burgess Hill, West Sussex, RH15 9TW, United Kingdom

*Scope: Design, supply and maintenance of training equipment and synthetic environments and the provision of associated training. Customer requirements analysis and through life support.*

Sea King and Merlin Training Facility, RNAS Culdrose, Helston, Cornwall, TR12 7RH, United Kingdom

*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, United Kingdom

*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, United Kingdom

*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 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: Maintenance of aircraft, ground school training and airfield operations.*

Unit 4 2, Brindabella Circuit, Brindabella Business Park, Canberra Airport, ACT 2609, Australia

*Scope: 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 Oakey, 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.*

## EcoProfit Environmental Certification

### CAE Germany – CAE Elektronik GmbH – Stolberg

CAE Elektronik GmbH, Steinfurt 11, 52222-D Stolberg

*Scope: Decrease resource consumption, reduce environmental impact and save running costs.*

## Cyber Essentials

### CAE UK Plc

Innovation Drive, Burgess Hill, RH15 9TW, UK

*Scope: Whole company.*

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 systems engineering, maintenance support, project and program management with regard to simulation training devices. The provision of training services using simulation 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.*

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, SOH 0N0

*Scope: Maintenance of aircraft, ground school training and airfield operations.*

## AS/NZS 4801: 2001 – Occupational Health and Safety Management Systems – Specification with guidance for use

### CAE Australia Pty Ltd

Unit 4 2 Brindabella Circuit, Brindabella Business Park, Canberra Airport, ACT 2609, Australia

*Scope: 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.*

Swordfish Road, HMAS Albatross, Nowra, NSW 2541, Australia

*Scope: The provision of maintenance support with regard to simulation training devices and of training services using 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.*

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.*

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-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, Oakey, 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.*

### 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.*

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.*

# Global Reporting Initiative (GRI) indicators

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
<b>Organizational profile</b>					
102-1	Name of the organization	<a href="#">page 1</a>	<a href="#">FY20 Activity &amp; CSR Report, page 1</a>	<a href="#">FY19 Activity &amp; CSR Report, page 1</a>	
102-2	Activities, brands, products and services	<a href="#">Civil pages 17-24</a> <a href="#">Defence &amp; Security pages 26-32</a> <a href="#">Healthcare pages 37-45</a>	<a href="#">FY20 Activity &amp; CSR Report, Civil pages 19-23</a> <a href="#">Defence &amp; Security pages 26-30</a> <a href="#">Healthcare pages 32-36</a>	<a href="#">FY19 Activity &amp; CSR Report: Civil pages 13-16</a> <a href="#">Defence &amp; Security pages 18-21</a> <a href="#">Healthcare pages 24-27</a>	
102-3	Location of headquarters	<a href="#">page 10</a>	<a href="#">FY20 Activity &amp; CSR Report, page 13</a>	<a href="#">FY19 Activity &amp; CSR Report, page 8</a>	
102-4	Location of operations	<a href="#">page 10</a>	<a href="#">FY20 Activity &amp; CSR Report, page 13</a>	<a href="#">FY19 Activity &amp; CSR Report, page 8</a>	
102-5	Ownership and legal form	<a href="#">MD&amp;A pages 133-135</a>	<a href="#">FY20 MD&amp;A pages 107-109</a>	<a href="#">MD&amp;A pages 108-110</a>	
102-6	Markets served	<a href="#">pages 9-10</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 12-13</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 7-8</a>	
102-7	Scale of organization	<a href="#">pages 9-10</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 12-13</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 7-8</a>	
102-8	Information on employees and other workers	<a href="#">GRI standards 102-8, 102-41 and 401-1 + CAE-SOC-601, CAE-SOC-602, CAE-SOC-603</a>	<a href="#">FY20 Activity &amp; CSR Report, GRI standard 401-1</a>	<a href="#">FY19 Activity &amp; CSR Report, page 75</a>	
102-12	External initiatives	<a href="#">pages 101-107</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 68-75</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 58-63</a>	
<b>Strategy</b>					
102-14	Statement from senior decision-maker	<a href="#">pages 4-8</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 4-8</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 4-6</a>	
102-15	Key impacts, risks and opportunities	<a href="#">MD&amp;A pages 47-69</a>	<a href="#">FY20 MD&amp;A pages 37-47</a>	<a href="#">MD&amp;A pages 36-41</a>	
<b>Ethics and integrity</b>					
102-16	Values, principles, standards and norms of behaviour	<a href="#">pages 76-77</a>	<a href="#">FY20 Activity &amp; CSR Report, page 53</a>	<a href="#">FY19 Activity &amp; CSR Report, page 46</a>	
102-17	Mechanisms for advice and concerns about ethics	<a href="#">pages 76-86</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 53-59</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 46-50</a>	
<b>Governance</b>					
102-18	Governance structure	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	
102-19	Delegating authority	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
102-20	Executive-level responsibility for economic, environmental and social topics	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	
102-21	Consulting stakeholders on economic, environmental and social topics	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	
102-22	Composition of highest governance body and its committees	<a href="#">Website - Board of Directors</a>	<a href="#">Website - Board of Directors</a>	<a href="#">Website - Board of Directors</a>	SDG 5: Gender equality
102-23	Chair of the highest governance body	<a href="#">Website - Board of Directors</a>	<a href="#">Website - Board of Directors</a>	<a href="#">Website - Board of Directors</a>	
102-24	Nominating and selecting the highest governance body	<a href="#">FY21 Proxy Circular - Financial Reports</a>	<a href="#">FY20 Proxy Circular - Financial Reports</a>	<a href="#">FY19 Proxy Circular - Financial Reports</a>	SDG 5: Gender equality
102-25	Conflicts of interest	<a href="#">page 82</a>	<a href="#">FY20 Activity &amp; CSR Report, page 56</a>	<a href="#">FY19 Activity &amp; CSR Report, page 49</a>	
102-26	Role of highest governance body in setting purpose, values and strategy	<a href="#">Website - Governance</a>	<a href="#">Website - Governance</a>	<a href="#">Website - Governance</a>	
102-27	Collective knowledge of highest governance body	<a href="#">FY21 Proxy Circular - Financial Reports</a>	<a href="#">FY20 Proxy Circular - Financial Reports</a>	<a href="#">FY19 Proxy Circular - Financial Reports</a>	
102-28	Evaluating the highest governance body's performance	<a href="#">FY21 Proxy Circular - Financial Reports</a>	<a href="#">FY20 Proxy Circular - Financial Reports</a>	<a href="#">FY19 Proxy Circular - Financial Reports</a>	
102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">MD&amp;A pages 47-69</a>	<a href="#">FY20 MD&amp;A, pages 37-47</a>	<a href="#">FY19 MD&amp;A, pages 34-41</a>	
102-30	Effectiveness of Risk Management Processes	<a href="#">FY21 Proxy Circular - Audit Committee</a>	<a href="#">FY20 Proxy Circular - Audit Committee</a>	<a href="#">FY19 Proxy Circular - Audit Committee</a>	
102-31	Review of economic, environmental and social topics	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	
102-32	Highest governance body's role in sustainability reporting	<a href="#">page 56</a>	<a href="#">FY20 Activity &amp; CSR Report, page 43</a>	<a href="#">FY19 Activity &amp; CSR Report, page 37</a>	
102-33	Communicating critical concerns	<a href="#">page 82</a>	<a href="#">FY20 Activity &amp; CSR Report, page 56</a>	<a href="#">FY19 Activity &amp; CSR Report, page 49</a>	
102-34	Nature and total number of critical concerns	<a href="#">page 82</a>	<a href="#">FY20 Activity &amp; CSR Report, page 56</a>	<a href="#">FY19 Activity &amp; CSR Report, page 49</a>	
102-35	Remuneration policies	<a href="#">FY20 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY20 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY19 Proxy Circular - Section 7 Executive compensation</a>	
102-36	Process for determining remuneration	<a href="#">FY21 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY20 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY19 Proxy Circular - Section 7 Executive compensation</a>	

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>GENERAL DISCLOSURES</b>					
102-37	Stakeholders' involvement in remuneration	<a href="#">FY21 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY20 Proxy Circular - Section 7 Executive compensation</a>	<a href="#">FY19 Proxy Circular - Section 7 Executive compensation</a>	
<b>Stakeholder engagement</b>					
102-40	List of stakeholder groups	<a href="#">pages 54-56</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-41	Collective bargaining agreements / Percentage of employees covered by collective agreements	51 / 18.4%	55 / 21%	59 / 22%	
102-42	Identifying and selecting stakeholders	<a href="#">pages 54-56</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-43	Approach to stakeholder engagement	<a href="#">pages 54-56</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-44	Key topics and concerns raised	<a href="#">pages 54-56</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
<b>Reporting practices</b>					
102-45	Entities included in the consolidated financial statements	<a href="#">Financial Reports: FY21 Annual Information Form</a>	<a href="#">Financial Reports: FY20 Annual Information Form</a>	<a href="#">Financial Reports: FY19 Annual Information Form</a>	
102-46	Defining report content and topic boundaries	<a href="#">pages 54-56</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-47	List of material topics	<a href="#">pages 54-59</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-49	Changes in reporting	<a href="#">pages 54-59</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 42-43</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 36-37</a>	
102-50	Reporting period	<a href="#">page 2</a>	<a href="#">FY20 Activity &amp; CSR Report, page 2</a>	<a href="#">FY19 Activity &amp; CSR Report, page 2</a>	
102-51	Date of most recent report	<a href="#">FY20 Activity &amp; CSR Report</a>	<a href="#">FY19 Activity &amp; CSR Report</a>	<a href="#">FY18 Activity &amp; CSR Report</a>	
102-52	Reporting cycle	<a href="#">page 2</a>	<a href="#">FY20 Activity &amp; CSR Report, page 2</a>	<a href="#">FY19 Activity &amp; CSR Report, page 2</a>	
102-53	Contact point for questions regarding the report	<a href="#">page 2</a>	<a href="#">FY20 Activity &amp; CSR Report, page 2</a>	<a href="#">FY19 Activity &amp; CSR Report, page 2</a>	
102-55	GRI Content Index	<a href="#">pages 118-129</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 84-94</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 70-77</a>	

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Economy</b>					
103-1	Explanation of the material topic and its boundary	<a href="#">MD&amp;A pages 47-69</a>	<a href="#">FY20 MD&amp;A, pages 37-47</a>	<a href="#">FY19 MD&amp;A, pages 34-41</a>	
103-2	The management approach and its components	<a href="#">FY21 Proxy Circular - Corporate governance</a>	<a href="#">FY20 Proxy - Corporate governance</a>	<a href="#">FY19 Proxy Circular - Corporate governance</a>	
103-3	Evaluation of the management approach	<a href="#">FY21 Proxy Circular - Corporate governance</a>	<a href="#">FY20 Proxy - Corporate governance</a>	<a href="#">FY19 Proxy Circular - Corporate governance</a>	
<b>Economic performance</b>					
201-1	Direct economic value generated and distributed				
	Direct economic value generated (\$M)	2,981.90	3,623.2	3,304.1	SDG 8: Decent work and economic growth
	Cost of sales (\$M)	2,216.90	2,539.6	2,362.6	
	Research and development expenses (\$M)	202.8	241.2	232.1	
	Selling, general & administration expenses (\$M)	398.9	437.5	415.2	
	Finance expenses - net (\$M)	135.6	144.4	80.9	
	Income tax (recovery)/expenses (\$M)	(39.7)	73.8	59.6	
	Economic value retained (\$M)	81.9	214.5	205.7	
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">MD&amp;A page 52</a>	<a href="#">FY20 MD&amp;A page 41</a>	<a href="#">FY19 MD&amp;A page 37</a>	SDG 13: Climate Action
201-3	Defined benefit plan obligations and other retirement plans (\$M)	222.2	212.8	212.6	SDG 8: Decent work and economic growth
201-4	Funding received from government (\$M)	31.9	33.6	45.2	
<b>Market presence</b>					
202-2	Proportion of senior management hired from the local community <sup>1</sup>				
	Canada	96%	98%	100%	
	US	91%	86%	78%	
	Other	77%	83%	92%	
	Overall	91.2%	92%	90%	

<sup>1</sup> Director and up, citizenship in the country in which they work.

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Economy</b>					
Procurement practices					
204-1	Proportion of spending on local suppliers				
	Australia	76%	91%	87%	SDG 8: Decent work and economic growth
	Asia	82%	83%	89%	
	Europe	71%	80%	80%	
	Middle East	86%	81%	85%	
	North America	67%	63%	50%	
	South America	82%	84%	77%	
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	<a href="#">page 100</a>	<a href="#">FY20 Activity &amp; CSR Report, page 66</a>	<a href="#">FY19 Activity &amp; CSR Report, page 56</a>	
Innovation					
CAE-ECO-201	Investments in research and development (\$M)	202.8	241.2	232.1	
CAE-ECO-202	Number of patents requested	23	24	82	
CAE-ECO-203	Number of patents obtained	26	30	39	
Contribution to local economy					
CAE-ECO-401	Charitable donations and sponsorships	<a href="#">pages 101-107</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 68-73</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 58-63</a>	

GRI standards		FY21 <sup>1-2</sup>	FY20 <sup>1-2</sup>	FY19 <sup>1-2</sup>	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Environment</b>					
103-1	Explanation of the material topic and its Boundary	<a href="#">pages 136-143</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 95-100</a>	n/a	
103-2	The management approach and its components	<a href="#">pages 136-143</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 95-100</a>	n/a	
103-3	Evaluation of the management approach	<a href="#">pages 136-143</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 95-100</a>	n/a	
<b>Energy<sup>3</sup></b>					
302-1	Energy consumption within the organization (MWh)	239,448	260,533	263,737	SDG 8: Decent work and economic growth  SDG 13: Climate Action
	Natural gas (MWh)	9,248	7,193	9,996	
	Electricity (MWh)	165,282	192,883	194,847	
	Diesel, heating oil, propane, fuel for aircraft and cars, hot and chilled water (MWh)	64,918	60,457	58,894	
CAE-ENV-101	Renewable energy programs and targets	<a href="#">pages 101-111</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 68-75</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 58-63</a>	
302-3	Energy intensity (MWh/\$million revenue)	80.30	76.29 <sup>4</sup>	77.25 <sup>4</sup>	
<b>Emissions<sup>3</sup></b>					
305-1	Direct (Scope 1) GHG emissions (tCO <sub>2</sub> e)	20,996	18,590	19,699	SDG 3: Good health and Wellbeing  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)	71,442	78,595	84,141	
	GHG emissions (Scope 1 and 2 market based) (tCO <sub>2</sub> e)	65,730	71,904	76,772	
	Energy indirect GHG Emissions (Scope 2 location based) (tCO <sub>2</sub> e)	50,445	59,645	64,441	
	Energy indirect GHG Emissions (Scope 2 market based) (tCO <sub>2</sub> e)	44,733	52,954	57,072	
305-3	Other indirect (Scope 3) GHG emissions (tCO <sub>2</sub> e)	Business travel: 3,876	Business travel: 14,520 <sup>5</sup>		

1 The carbon footprint of the entities acquired during FY21 has been retroactively included in the previous years' data.

2 The operational control perimeter of our site has been reviewed and updated, and data has been amended accordingly. Previous years' data has been updated based on available information.

3 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.

4 The emission intensity does not include the data of the entities acquired during FY21.

5 CAE extended in FY20 the scope of its carbon emissions calculations by reporting for the first time its business travel-related emissions (air/car rentals/train).

GRI standards		FY21 <sup>1-2</sup>	FY20 <sup>1-2</sup>	FY19 <sup>1-2</sup>	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Environment</b>					
305-5	Reduction of GHG emissions	<p>CAE is committed to install 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 its Scope 1 and Scope 2 emissions and on employee business air travel (Partial Scope 3). CAE purchased Renewable Energy Certificates for its FY20 electricity consumption (except for the Australia, Japan, Singapore and South Korea sites where carbon offset certificates were bought instead) and carbon offset certificates 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 <a href="#">renewable sources at 99.64% (hydroelectricity, wind, etc.)</a> and electricity consumed in this province has been offset with carbon offset certificates. Specific carbon reduction initiatives were also launched.</p> <p>(FY21 Activity &amp; CSR Report, pages 101-111)</p>	<p><a href="#">FY20 Activity &amp; CSR Report, pages 68-75</a></p>	<p><a href="#">FY19 Activity &amp; CSR Report, pages 58-63</a></p>	<p>SDG 3: Good health and Wellbeing</p> <p>SDG 13: Climate Action</p>
<b>Environmental compliance</b>					
307-1	Non-compliance with environmental laws and regulations	No significant fine	No significant fine	No significant fine	

1 The carbon footprint of the entities acquired during FY21 has been retroactively included in the previous years' data.

2 The operational control perimeter of our site has been reviewed and updated, and has been amended accordingly. Previous years' data has been updated based on available information which improved our calculations.

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
103-1	Explanation of the material topic and its Boundary	pages 101-107	<a href="#">FY20 Activity &amp; CSR Report, pages 68-73</a>	n/a	
103-2	The management approach and its components	pages 101-107	<a href="#">FY20 Activity &amp; CSR Report, pages 68-73</a>	n/a	
<b>Employment</b>					
	New employee hires and employee turnover				
	<b>Total employees</b>	11,911	12,164	11,764	
401-1	Total number of employees CAE	11,389	11,626	11,314	SDG 5: Gender equality
102-8	Number of employees (permanent)	10,548 <sup>1</sup>	10,536 <sup>2</sup>	10,032 <sup>3</sup>	
102-8	Number of employees (temporary)	841	1,090	1,282	SDG 8: Decent work and economic growth
102-8	Total number of employees in our joint ventures <sup>4</sup>	522	538	450	
<b>Employees by gender</b>					
102-8	Number of employees (female)	2,427	2,610	2,408	SDG 5: Gender equality
102-8	Number of employees (male)	8,960	9,554	9,356	
102-8	% of female employees	21%	21%	20%	SDG 8: Decent work and economic growth
102-8	% of male employees	79%	79%	80%	
<b>Employees covered by collective bargaining agreements</b>					
102-41	Number of employees	2,100 <sup>5</sup>	2,600	2,600	SDG 5: Gender equality
102-41	% of employees	18%	21%	22%	
102-41	Number of non-unionized employees	9,289	9,564	9,164	SDG 8: Decent work and economic growth
<b>New employee hires</b>					
401-1	Total number of new employee hires	1,141	2,101	3,667	SDG 5: Gender equality
401-1	New employee hire rate (% of total employees)	10%	17%	31% <sup>6</sup>	SDG 8: Decent work and economic growth

1 Includes 262 part-time employees.

2 Includes 262 part-time employees.

3 Includes 214 part-time employees.

4 Only for joint ventures that are material.

5 The variation year over year is mainly due to lower volume of work for unionized employees during the COVID-19 pandemic.

6 Higher hire rate in FY19 mainly due to the onboarding of employees from our acquisitions.

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
	Age group				
401-1	New employee hires below 30 years old	213	526	875	SDG 5: Gender equality  SDG 8: Decent work and economic growth
401-1	% new employee hires below 30 years old	19%	25%	24%	
401-1	New employee hires 30-50 years old	587	1,042	1,624	
401-1	% new employee hires 30-50 years old	51%	50%	44%	
401-1	New employee hires above 50 years old	341	533	1,168	
401-1	% new employee hires above 50 years old	30%	25%	32%	
<b>Contractors in instruction roles<sup>1</sup></b>					
CAE-SOC-601	Total number of contractors	918	1,070	1,191	SDG 5: Gender equality  SDG 8: Decent work and economic growth
CAE-SOC-602	Number of contractors at CAE	828	938	1,088	
CAE-SOC-603	Number of contractors in our joint ventures	90	132	103	
401-1	<b>Employee turnover number</b>	<b>1,651</b>	<b>1,522</b>	<b>1,029</b>	
401-1	Employee turnover rate (% of total employees)	16%	14%	10%	SDG 5: Gender equality  SDG 8: Decent work and economic growth
	Age group				
401-1	Employee turnover below 30 years old	282	302	213	
401-1	% employee turnover below 30 years old	17%	20%	14%	
401-1	Employee turnover 30-50 years old	731	721	470	
401-1	% employee turnover 30-50 years old	44%	14%	9%	
401-1	Employee turnover above 50 years old	638	499	346	
401-1	% employee turnover above 50 years old	39%	13%	9%	
	Gender				
401-1	Employee turnover for women	406	379	219	
401-1	% employee turnover for women	16%	17%	10%	
401-1	Employee turnover for men	1,238	1,143	809	
401-1	% employee turnover for men	13%	14%	10%	

<sup>1</sup> Only contractors who are in instruction roles are included as they represent a key component of delivering training to our customers.

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
<b>Occupational health and safety</b>					
403-9	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities <sup>1</sup>	<b>4 most frequent types:</b> Slips/trips/falls 39% Ergonomics 26% Hand injuries (including lacerations) 16% Others 19%	<b>3 most frequent types:</b> Slips/trips/falls 21% Laceration 10% Ergonomics 9%	<b>3 most frequent types:</b> Slips/trips/falls 24% Struck by/on 10% In contact with 7%	
403-9	Number of high consequence work related injuries	0	0	0	SDG 3: Good health and Wellbeing  SDG 8: Decent work and economic growth
403-9	Rate of high consequence work related injuries	0	0	0	
403-9	Number of recordable injuries	38	61	61	
403-9	Incident Frequency Rate (IFR) <sup>1</sup>	0.33	0.52	0.54	
CAE-SOC-701	Number of observations of hazardous situations	261	n/a <sup>2</sup>	n/a <sup>2</sup>	
CAE-SOC-702	Rate of observations of hazardous situations <sup>1</sup>	2.28	n/a <sup>2</sup>	n/a <sup>2</sup>	
403-9	Number of near misses	69	125	122	
403-9	Near Miss Rate (NMR) <sup>1</sup>	0.60	1.06	0.92 <sup>3</sup>	
403-9	Work-related fatalities	0	0	0	
403-9	Work-related fatalities (live flight training)	0	0	1 <sup>4</sup>	
403-9	Rate of fatalities	0	0	0	
<b>Training and education</b>					
401-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">pages 66-75</a>	<a href="#">FY20 Activity &amp; CSR Report, pages 48-52</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 42-45</a>	SDG 4: Quality education
CAE-SOC-302	Number of internships (Montreal only)	139	293	235	SDG 5: Gender equality
CAE-SOS-303	% of students hired into a full-time position following a CAE COOP experience	10%	14% <sup>5</sup>	9% <sup>5</sup>	SDG 8: Decent work and economic growth

1 Per 200,000 hours worked.

2 Reporting on this indicator started in FY21

3 Data published in the FY19 report has been corrected due to an error in the count of near miss reported

4 Starting in FY21, the "work-related fatalities for live flight training" indicator is added to the report. Therefore, the FY19 fatality is now included in work-related fatalities for live flight training, given it falls under this category.

5 Number of COOP students hired as regular employees vs total number of COOP students during fiscal year.

GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
<b>Diversity and equal opportunity</b>					
405-1	Diversity of governance bodies and employees	General employee population: 27.1% Governance bodies: 20% <sup>1</sup>	General employee population: 21% Governance bodies: 20%	20%	SDG 5: Gender equality
CAE-SOC-101	Diversity mentorship program	pages 70-75	<a href="#">FY20 Activity &amp; CSR Report, pages 49-52</a>	<a href="#">FY19 Activity &amp; CSR Report, page 45</a>	
<b>Non-discrimination</b>					
406-1	Incidents of discrimination and corrective actions taken	0	<a href="#">FY20 Activity &amp; CSR Report, page 56</a>	<a href="#">FY19 Activity &amp; CSR Report, page 49</a>	SDG 5: Gender equality
CAE-SOC-201	Number of foreign agents we hire	9	<a href="#">FY20 Activity &amp; CSR Report, page 57</a>	<a href="#">FY19 Activity &amp; CSR Report, page 48</a>	SDG 8: Decent work and economic growth
CAE-SOC-202	Report on training completion and Code of Business Conduct acknowledgement completion	pages 77-79	<a href="#">FY20 Activity &amp; CSR Report, page 55</a>	<a href="#">FY19 Activity &amp; CSR Report, page 48</a>	
<b>Talent retention and attraction</b>					
CAE-SOC-301	Initiatives for talent development	pages 70-75	<a href="#">FY20 Activity &amp; CSR Report, pages 49-52</a>	<a href="#">FY19 Activity &amp; CSR Report, page 45</a>	SDG 5: Gender equality  SDG 8: Decent work and economic growth
<b>Employee engagement</b>					
CAE-SOC-401	Discussion of Management Approach (DMA)	pages 66-75	<a href="#">FY20 Activity &amp; CSR Report, pages 48-52</a>	<a href="#">FY19 Activity &amp; CSR Report, pages 42-45</a>	
<b>Public policy</b>					
415-1	Political contributions	0	0	0	
<b>Customer health and safety</b>					
<b>Flight safety</b>					
CAE-SOC-501	Number of voluntary reports (per 10K flight hours)	91.5 <sup>2</sup>	61.6 <sup>2</sup>	39.3 <sup>2</sup>	SDG 3: Good health and Wellbeing
CAE-SOC-501	Number of incidents >\$50K in damage (per 10K flight hours)	0.29	0.39	0.33	
CAE-SOC-501	Live flight aviation safety reviews - external	7	19	10	
CAE-SOC-501	Live flight aviation safety reviews - internal (per training location)	12	13	13	

<sup>1</sup> 2 women out of 10 as at March 31, 2021. However, an additional woman was appointed on in May 2021, bringing this % to 27.3%.

<sup>2</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.



GRI standards		FY21	FY20	FY19	Mapping to chosen SDGs
<b>TOPIC-SPECIFIC DISCLOSURES</b>					
<b>Social</b>					
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	

# SASB index

Disclosure topic	Industry	Code	Description	FY21	Full or partial match	Mapping to chosen SDGs
<b>Energy Management</b>						
	Aerospace & Defense	RT-AE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<p>Total energy consumed (Gj): 862,013</p> <p>Percentage Grid Electricity: 68.93%</p> <p>Percentage Renewable: 12.93%</p> <p>Renewable energy (through solar panels) generated in our sites and renewable energy certificates purchased on an ongoing basis during FY21 represent 12,93% of the total energy consumed. In addition, 19,64 % of our total electricity consumed comes from the Quebec grid and originates essentially from <a href="#">renewable sources at 99.64% (hydroelectricity, wind, etc.)</a>. Electricity consumed in this province during FY20 has been offset with carbon offset certificates.</p>	Full	<p><b>SDG 8:</b> Decent work and economic growth</p>
<b>Hazardous Waste Management</b>						
	Aerospace & Defense	RT-AE-150a.1	Amount of hazardous waste generated, percentage recycled  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>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 Wellbeing</p>
	Aerospace & Defense	RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered  Discuss long-term activities to remediate spills that occurred in years prior to the reporting period but for which remediation activities are ongoing	<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	FY21	Full or partial match	Mapping to chosen SDGs
<b>Data Security</b>						
	Aerospace & 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: 0  Percentage involving confidential information: 0%	Full	
	Aerospace & 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 Corporate Social Responsibility Report <a href="#">pages 78-79</a> and <a href="#">85-86</a> .	Full	
	Professional & Commercial Services	SV-PS-230a.1	Description of approach to identifying and addressing data security risks		Full	
	Professional & 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 78</a> .	Full	
	Professional & 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: 0  Percentage of data breaches involving confidential information: 0%  Percentage of data breaches involving customers' confidential business information (CBI) or personally identifiable information (PII): 0%  Number of customers affected by data breaches: 0	Full	

Disclosure topic	Industry	Code	Description	FY21	Full or partial match	Mapping to chosen SDGs
<b>Product Safety</b>						
	Aerospace & 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 on <a href="#">page 128</a>.</p>	n/a	
	Aerospace & 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 on <a href="#">page 128</a>.</p>	n/a	
	Aerospace & 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: 3<sup>1</sup></p> <p>Total units affected: 81<sup>1</sup></p>	Full	
	Aerospace & 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>	0	Full	

<sup>1</sup> There were 3 airworthiness directives issued during the year that impacted a total of 81 airframes. One affected the Fuel system, one the Wing Spar and the last the rudder cables. All were complied with and any with reoccurring inspection cycles were added to the ongoing maintenance plans for the impacted aircraft.

Disclosure topic	Industry	Code	Description	FY21	Full or partial match	Mapping to chosen SDGs
<b>Fuel Economy &amp; Emissions in Use-phase</b>						
	Aerospace & Defense	RT-AE-410a.1	Revenue from alternative energy-related products	0	Full	<b>SDG 8:</b> Decent work and economic growth
	Aerospace & 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 its Scope 1 and 2 emissions, and on the part of Scope 3 related to business air travels by employees. Carbon neutrality has been achieved by continuing to focus on emissions reductions and through the purchase of carbon offset instruments for our remaining annual carbon emissions. However, carbon reduction remains our top priority, and four specific carbon reduction initiatives were launched: participation to projects on electric aircraft, reduction of aviation fuel consumption in our academies, review of the opportunities to reduce carbon emissions related to our buildings, and reduction of emissions related to our business travels.</p> <p>see CAE Global environment strategy.</p>	Full	<b>SDG 13:</b> Climate Action
<b>Materials Sourcing</b>						
	Aerospace & 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	<b>SDG 8:</b> Decent work and economic growth

Disclosure topic	Industry	Code	Description	FY21	Full or partial match	Mapping to chosen SDGs
<b>Business Ethics / Professional Integrity</b>						
	Aerospace & 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>2</sup>	Full	
	Aerospace & Defense	RT-AE-510a.2	Revenue from countries ranked in the “E” or “F” Band of Transparency International’s Government Defence Anti-Corruption Index	0	Full	
	Aerospace & 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 Corporate Social Responsibility Report <a href="#">page 76-86</a> .	Full	
	Professional & Commercial Services	SV-PS-510a.1	Description of approach to ensuring professional integrity	Discussion of processes to ensuring professional integrity: Annual Activity and Corporate Social Responsibility Report <a href="#">page 76-86</a> .	Full	
	Professional & 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	
<b>Workforce Diversity &amp; Engagement</b>						
	Professional & Commercial Services	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	Voluntary: 6% Involuntary: 10%	Full	
	Professional & Commercial Services	SV-PS-330a.3	Employee engagement as a percentage	74% <sup>3</sup>	Full	

2 CAE has in place an ethics and anticorruption 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 (attached) is reviewed regularly to align with leading industry practices.

3 Scores based on 10 metrics: relationship with manager, ambassadorship, personal growth, recognition, satisfaction, relationship with peers, alignment, happiness, feedback and wellness as measured by Officevibe.

Disclosure topic	Industry	Code	Description	FY21	Full or partial match	Mapping to chosen SDGs
	Professional & 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: 21% Percentage of male employees: 79% Percentage of female executive management: 30% Percentage of male executive management: 70% Information related to policies and programs for fostering equitable employee representation: Annual Activity and Corporate Social Responsibility Report pages 67 to 72  Also see <a href="#">BlackNorth initiative</a> and <a href="#">Employee resource group EmbRACE</a> .	Partial.  We do not collect information about racial/ethnic group representation globally at this time.	<b>SDG 5:</b> Gender equality  <b>SDG 8:</b> Decent work and economic growth

Disclosure topic	Industry	Code	Description	FY21
<b>Activity metrics</b>				
	Aerospace & Defense	RT-AE-000.A	Production by reportable segment	Refer to CSR report business highlights pages.
	Aerospace & Defense	RT-AE-000.B	Number of employees	11,389 (Permanent: 10,548, temporary: 841)
	Professional & 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): 10,548  Number of employees (temporary): 841  Number of contractors in instruction roles: 828 <sup>4</sup>
	Professional & Commercial Services	SV-PS-000.B	Employee hours worked, percentage billable	not applicable

4 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 has potentially significant repercussions on businesses around the world, investors and other capital market participants are seeking increased transparency on climate-related risks and opportunities so that they may make more informed financial decisions.

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were released in June 2017 as a tool to facilitate this transparency. These recommendations are voluntary, consistent climate-related financial risk and opportunity disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. As of October 2020, support for the TCFD had grown to over 1,500 organizations. Companies supporting the TCFD represent a market capitalization of over US\$12.6 trillion ([source](#)). Finance firms that support the action of the TCFD represent an additional US\$150 trillion of assets under management ([source](#)).

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 around dedicated projects.

We believe that reporting practices bring discipline and accountability that enhance our ability to manage our key business issues and execute our strategy. Therefore, we have chosen to implement the TCFD disclosure recommendations as part of our CSR reporting practices. We recognize that we are at the beginning of a continuous improvement process, and we expect our climate-related reporting to improve as we mature in our identification and management of material climate-related risks and opportunities.

*“We want to do our share in the fight against climate change for the well-being of future generations.”*

**Marc Parent,**  
President and Chief Executive Officer

## TCFD Index

Recommendation	Recommended disclosures	Content location
<b>Governance</b>	a) Describe the Board's oversight of climate-related risks and opportunities.	TCFD appendix: Governance, p. 137 <i>Also Proxy Circular p. 30</i>
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	TCFD appendix: Governance, p. 137
<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. 137-142
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	TCFD appendix: Strategy, p. 137-142
	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. 137-142
<b>Risk management</b>	a) Describe the organization's processes for identifying and assessing climate-related risks.	TCFD appendix: Management, p. 143 <i>Also MD&amp;A, page 53</i>
	b) Describe the organization's processes for managing climate-related risks.	TCFD appendix: Management, p. 143 <i>Also MD&amp;A, page 53</i>
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	TCFD appendix: Management, p. 143
<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: Performance, p. 143
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	TCFD appendix: Performance, p. 143
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	TCFD appendix: Performance, p. 143

## Governance

The Board of Directors has oversight and the Executive Management Committee (EMC) has responsibility for climate-related issues. Such issues are reviewed by the Board, as needed, to allow for review and guidance on strategy and major plans of action, as well as monitoring of implementation and performance against any goals and targets. In addition, the Board has responsibility for reviewing and approving the Annual Activity and CSR Report, including the underlying sustainability roadmap, objectives and performance data.

As part of the Company's ongoing enterprise risk management (ERM) process, each quarter, the Board and Management discuss the principal risks facing our business, as well as annually during the strategic planning and budgeting processes. These risks are categorized as industry-related risks, risks specific to CAE and risks related to the current market environment. Environmental risks, including climate-related risks, are part of this process. The Board receives quarterly reports that address climate-related issues, as needed, from Global Operations, Technologies & Innovation; Public Affairs, Global Communications and Corporate Social Responsibility; and Strategy and Investor Relations. The Board reviews these reports as guidance and orientation.

*For more information about the governance of the Company's ERM process, refer to [CAE's Management Proxy Circular, p. 30](#).*

From a management perspective, the EMC leads and oversees climate-related issues. The EMC guides the various teams and ensures that the appropriate resources and targets are in place and executed.

In FY19, the CCC was created to specifically address climate-related issues. The Committee includes representation from Global Environment, Health & Safety, Global Communications, Strategy and Investor Relations, Global Insurance, Global Real Estate and Global Strategic Sourcing departments; other members are invited to participate as needed. The Committee's purpose is to oversee the integration of climate-related issues into CAE's business strategy, and to identify and manage risks and opportunities around dedicated projects. The CCC meets

at least quarterly and as needed to execute its mandate, and reports to the CSR Committee (described below).

Within the scope of the CCC, the CAE Global Environment Manager is responsible for providing guidance with climate-related issues. He maintains regular contact with all CAE sites and has a good understanding of their environmental impacts and challenges. He also involves other departments, as appropriate, depending on the nature of the climate-related issue needing to be addressed. He reports to the Director, Environment, Health & Safety. Reports are submitted to the Senior Vice President, Global Operations, Technologies & Innovation, who is part of the EMC and informs the Board of Directors as needed.

In parallel, CAE's CSR Committee oversees the identification, management and reporting of the Company's most material environmental, social, governance and social responsibility matters. The CSR Committee includes three members of the EMC as well as members from all key departments impacted by sustainability issues and reporting: Environment, Health & Safety; Communications; Strategy and Investor Relations; Human Resources; Finance; Legal; Compliance; Export Control; Global Operations, Technologies & Innovation and Global Strategic Sourcing.

The Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility chairs the CSR Committee. She is responsible for reviewing the outputs of the CCC as well as elaborating and implementing the Company's sustainability roadmap. She is responsible for reporting on sustainability practices on a quarterly basis to the EMC, and for reporting to the Board as important matters arise. She is also responsible for the Company's sustainability reporting on an annual basis.

The Senior Vice President Strategy and Investor Relations is responsible for the development and implementation of Enterprise Risk Management 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 climate change-related risk projects as one of the most critical risks on CAE's heat map.

In addition, the Chief Compliance Officer provides monthly compliance reports to the EMC and quarterly reports to the Board.

## Strategy

In FY20, the CCC was tasked with conducting a comprehensive risk assessment which is facility based. To date, the CCC has developed a methodology to identify the climate hazards the company is exposed to and to identify the risks for the sustainability of its business. The risks are being 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. This assessment is in pilot phase and includes leading climate data combined with asset-level experiences.

Risks and opportunities were also identified in our Carbon Disclosure Project report. The initial phase of our specific climate risk assessment on a representative training centre yielded additional information and allowed us to update the list of climate-related risks and opportunities for CAE with an initial time horizon of 2030.

What does Climate Change mean for CAE? TCFD

Risk categories	Sample of potential impacts	Example of opportunities
<b>Physical consequences</b> <ul style="list-style-type: none"> <li>Increased severity and frequency of intense weather events (e.g. hurricanes)</li> <li>Shift in climate patterns (e.g. increased higher temperatures)</li> </ul>	<ul style="list-style-type: none"> <li>Enlarged network, loss of key clients</li> <li>Business disruption following damages to the facilities</li> <li>Evolution of norms and regulatory standards</li> <li>Increasing costs and insurance premiums</li> <li>Loss of confidence and more difficult access to capital</li> </ul>	<ul style="list-style-type: none"> <li>Use of lower emission sources of energy (on site)</li> <li>Development of energy efficient products</li> <li>More efficient buildings</li> <li>Improvement of efficiency and resilience</li> <li>Access to new markets</li> </ul>
<b>Transition risks (to a lower-carbon economy)</b> <ul style="list-style-type: none"> <li>New carbon and energy regulations</li> <li>Shift in demand for more energy efficient products</li> <li>Change in customer perception</li> </ul>		

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 information collected by the CCC and from expert sources. Our risk assessment is aligned with the recommendations of the TCFD.

CLIMATE-RELATED OPPORTUNITIES						
NAME	OPPORTUNITY TYPE	DESCRIPTION	FINANCIAL IMPACT	HORIZON	LIKELIHOOD	STRATEGY TO REALIZE THE OPPORTUNITY
<b>Development and/or expansion of low emission goods and services</b>	Products / Services	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.	Increased revenue through demand for lower emissions products and services	Medium term	Likely	As part of its market intelligence, CAE monitors market conditions changes including new regulations, and change in customers' needs. The cost of realizing the opportunity is integrated in our business case.
<b>Talent attraction and retention</b>	Resilience	Climate change awareness and resilience strategy has become part of a company's attractiveness for talent. Even if there is variability in terms of age ranges and geographies, that trend is likely to increase in the near future. CAE may reinforce its capacity to attract and retain key talents.	Increased revenues through demand for high quality services	Medium term	Possible	As part of our market intelligence, CAE monitors talent attraction trends and adapts its Human Resources strategy accordingly. Bolstering talent is a high priority of our company identified as one key area of our corporate business strategy. The cost of realizing the opportunity is integrated in our business case.
<b>Access to new markets</b>	Products / Services	Climate change is likely to bring new eco-friendly mobility trends and new products on the market. CAE may face more demand for new training products and services in new market segments (battery-powered aircraft and advanced air mobility).	Increased revenue through demand for new products and services	Medium term	Likely	As part of its market intelligence, CAE monitors market conditions changes including new regulations, change in customers' needs, new technology trends and new products and services. The cost of realizing the opportunity is integrated in our business case.

CLIMATE-RELATED RISKS								
NAME	RISK CATEGORY	RISK TYPE	DESCRIPTION	FINANCIAL IMPACT	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
<b>Business Disruption</b>	Physical risk	Acute	Climate change will increase the frequency and severity of weather-driven natural catastrophes like cyclones, hurricanes, wild fires, as well as wind storms. Increased sea levels or more intense precipitation events could generate increased flooding. Those climate change-related events could cause significant damages to CAE's facilities, destroying buildings or even causing fatalities. CAE may be exposed to business disruption following physical damages to the facilities.	Increased operating costs (repairs and maintenance)  Loss of current and future revenues (backlog)	Short term	Certain	Low	CAE is developing crisis management protocols to manage the different scenarios, aggregating the countermeasures already in place.
<b>Temporary lack of human resources</b>	Physical risk	Acute	Climate change events may temporarily impact the health conditions in an area. Rising temperatures, floodings, hurricanes and giant 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.	Increased operating costs (claims, rescheduling)  Loss of revenues	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 our employee well-being and absence. Essential staff management is part of the crisis management protocol.

NAME	RISK CATEGORY	RISK TYPE	DESCRIPTION	FINANCIAL IMPACT	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
<b>Delivery delays</b>	Physical risk	Acute	<p>Climate change events (storms, flooding, hurricanes, etc.) can disrupt or damage transportation routes (roads, airports, shipping ports) which provide access to CAE's facilities (factories, training centres, offices):</p> <ul style="list-style-type: none"> <li>Delivery delays for simulators and services coming from CAE's facilities and in transit to final reception</li> </ul> <p>Additional impacts include:</p> <ul style="list-style-type: none"> <li>Impossibility for employees/clients/suppliers to access the sites</li> <li>Difficulties for future pilots to land at the closest airport</li> <li>Difficulties for the company to send any product out of its facilities</li> <li>Difficulties in sending instructors away to their final client</li> </ul>	<p>Increased operating costs (claims, rescheduling)</p> <p>Loss of revenues</p>	Short term	Certain	Low	CAE is developing crisis management protocols to manage the different scenarios, aggregating the countermeasures already in place.
<b>Supply chain disruption</b>	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>Impossibility to cope with potential new norms 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>	<p>Increased operating costs (claims, rescheduling)</p> <p>Loss of current and future revenues (backlog)</p>	Short term	Possible	Low	CAE is developing suppliers audit processes that will encompass climate related risks.
<b>Reduced IT access</b>	Physical risk	Acute	<p>Climate change events (storms, flooding, hurricanes, etc.) can destroy or disable the IT network or infrastructures (software and applications), wherever they are located or the data centres supporting CAE's 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 its operations or to its data centres, particularly its owned data centres and IT infrastructure.</p>	<p>Loss of current and future revenues (backlog)</p> <p>Increased operating costs (repairs, claims, rescheduling)</p>	Medium term	Possible	Low	CAE maintains a strong IT strategy. Controls and mitigation measures are being integrated in risk mitigation plans.
<b>Rising insurance premiums</b>	Transition risk	Market	<p>Rising climate change events frequency and impact 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.</p>	<p>Increased operating costs</p> <p>Self-insurance liabilities</p>	Short term	Certain	Low	CAE is monitoring insurance coverage trends.

NAME	RISK CATEGORY	RISK TYPE	DESCRIPTION	FINANCIAL IMPACT	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
<b>Endangered network</b>	Physical risk	Acute	<p>Climate change events may force CAE's clients 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</li> <li>If they are affected by any of the risks listed above that jeopardize the sustainability of their business</li> </ul> <p>They may be forced to leave a specific area where CAE had settled to serve this particular client. This may also force the client to include some seasonality on the planning of its training needs.</p> <p>CAE may have to review its network and footprint: closing empty training centres, adjusting its local strategy or the planning of one training centre.</p>	<p>Loss of current and future revenues (backlog)</p> <p>Decreased return on investment</p> <p>Loss of market share</p>	Long term	Unlikely	Medium	CAE maintains a strategic watch that encompasses climate-related risks. This drives our decision-making in terms of footprint.
<b>Insufficient energy and raw resources</b>	Transition risk	Market	<p>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, etc. can be jeopardized. Climate change events can also destroy or damage sources of raw material (metal mines, reduced sea level, etc). Even leading to a shortage of energy and raw material resources. CAE may not have access to sufficient resources to maintain its regular operations. There may be a lack of redundant suppliers for key resources.</p>	<p>Increased operating costs (claims, rescheduling, emergency resourcing)</p>	Medium term	Unlikely	Low	CAE is monitoring energy price trends, coverage of energy supplies and existing alternatives. We constantly invest to improve the energy efficiency of our products.
<b>More expensive resources</b>	Transition risk	Market	<p>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 and other resources can be jeopardized. Climate change events can also destroy or damage sources of raw material (metal mines, reduced sea level, etc). Even leading to a shortage of energy and raw material resources. CAE may experience a rise in price of the resources (energy sources, water, raw material, etc).</p>	<p>Increased operating costs (resourcing, rising price of energy)</p>	Short term	Certain	Medium	CAE is monitoring energy price trends, coverage of energy supplies and existing alternatives. We constantly invest to improve the energy efficiency of our products and buildings.
<b>Carbon pricing increasing costs</b>	Transition risk	Policy / Legal	<p>Carbon pricing and other climate policies will impact energy, fuel, and material prices. CAE will see increasing operating costs associated with carbon pricing.</p>	<p>Increased operating costs (carbon pricing)</p>	Medium term	Certain	Low	As part of its market intelligence, CAE monitors regulatory changes. We also implement energy efficient standards and constantly invest to improve the energy efficiency of our products.

NAME	RISK CATEGORY	RISK TYPE	DESCRIPTION	FINANCIAL IMPACT	HORIZON	LIKELIHOOD	MAGNITUDE	MANAGEMENT METHOD
<b>Talent departure</b>	Transition risk	Market	<p>Climate change events (massive climate catastrophe, flooding, rise or fall of temperatures, etc). may impact the living conditions of a country/area:</p> <ul style="list-style-type: none"> <li>• Endangering the access to key resources and food: destruction of land, destruction of airports, etc.</li> <li>• Damaging infrastructures: hospitals, schools, etc.</li> <li>• Impacting the health of local population: risky weather conditions, air quality, etc.</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>	<p>Increased operating costs (claims, rescheduling, recruitment)</p> <p>Loss of revenues</p> <p>Loss of market share</p>	Long term	Possible	Medium	As part of its market intelligence, CAE monitors market conditions changes including living conditions. We also track our employees' well-being on a regular basis.
<b>Building norms evolution</b>	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 regulations 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 regulations 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>	<p>Increased operating costs (building maintenance, construction and servicing)</p>	Medium term	Possible	Low	As part of its market intelligence, CAE monitors regulatory changes. We also include climate-related risks in our due diligences for capital investment (lease/own arbitration). We perform an extended due diligence before buying a building, which includes energy efficiency standards.
<b>New EH&amp;S regulation</b>	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 health, security and environment to protect employees, the local community and the ecosystem where CAE conducts its activities. CAE may have to comply with new Environment, Health and Safety regulations.</p>	<p>Increased operating costs (compliance to additional standards)</p>	Long term	Possible	Low	As part of its market intelligence, CAE monitors regulatory changes.
<b>Replacement of CAE's assets</b>	Transition risk	Policy / Legal	<p>CAE may have to increase investments to transition towards low-carbon assets and may suffer losses in value for carbon-intensive assets or from assets becoming obsolete. Losses can also be incurred as climate change events damage assets where insurance coverage is inexistant or insufficient. CAE's assets may lose value (facilities, simulators, data or other).</p>	<p>Increased operating costs (full replacement or update)</p>	Medium term	Possible	Low	CAE constantly invests to improve the energy efficiency of its products. CAE identifies and implements carbon reduction opportunities regarding its facilities management.

For the pilot test with a training centre, the CCC has formulated recommendations and created a roadmap for the site to get prepared to face the rise of climate hazards and uncertainty, to protect the employees, customers and assets of the training centre and to develop a strategy of resilience on the medium term.

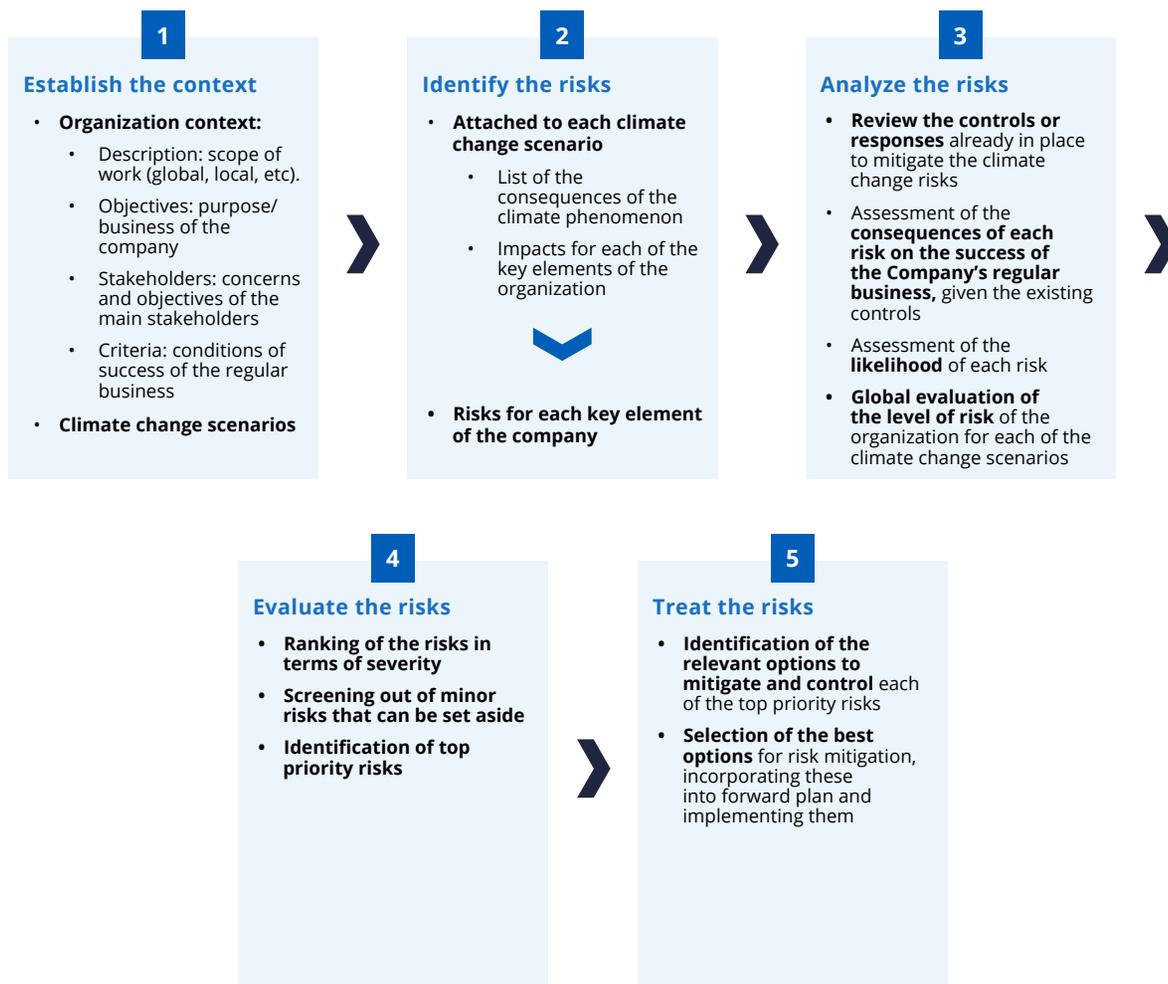
The CCC has also structured a roadmap to complete the risk assessment of the Company's significant sites by the end of FY22. In the course of these assessments, risks will be prioritized based on their current and future impact on the Company's commercial activities, reputation, regulatory obligations, operations and financial performance. This will be the foundation for a risk identification, assessment and management process specific to climate-related issues. This exercise may result in our using time horizons and risk categories different from those used in the past, shown in the previous pages.

Ultimately, the site-level assessments will be rolled up into a climate assessment for the Company as a whole. This will allow us to determine the most critical climate-related risks and opportunities for the Company, to materialize their potential impacts, and 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 develop and implement risk mitigation plans for those most critical climate-related risks and opportunities. Furthermore, while the methodology shown on this page does take into consideration multiple possible scenarios, we have not yet conducted a formal scenario analysis.

We intend to incorporate scenario analysis to assess potential business, strategic and financial implications of climate-related risks and opportunities and to develop strategic plans that are more flexible or robust to a range of plausible future states. This is especially important given the very long-term implications of climate-related issues.

## Methodology to determine the model of climate change risk assessment



## Management

Enterprise risk management (ERM) is essential to CAE given the size, nature and complexity of its operations. CAE has implemented an ERM Policy, which sets out a framework and processes to ensure that risks are identified, measured, managed and reported proactively, and in a manner that is consistent with the expectations of the Board and the interests of CAE's internal and external stakeholders, including employees, shareholders, clients and suppliers.

Pursuant to our policy, our business units exercise the daily management of their risks and controls and implement corrective actions, as necessary.

As mentioned above, the CCC will focus on climate-related risks by assessing their current and future impacts on the Company's commercial activities, reputation, regulatory obligations, operations and financial performance.

In rolling up site-level assessments into a corporate-level climate assessment, the Strategy group will be responsible for incorporating material climate-related risks to the Company's ERM process.

It will also be responsible for detailing how these risks should be managed through our existing governance, management and monitoring processes. Furthermore, we expect to develop and begin implementing risk mitigation plans no later than FY23.

*For more information about the Company's ERM process, refer to the MD&A, p. 41.*

## Performance

We have been reporting our global Scope 1 and Scope 2 emissions as part of our CSR and CDP reporting practices since FY17.

To expand our carbon neutrality above the scope 1 and 2 emissions, this year we have begun to measure some of our Scope 3 emissions – those related to business travel by plane, train and car rental – and expect to expand this measurement over time.

### CAE's GHG emissions

METRIC	FY21 <sup>1</sup>	FY20 <sup>1</sup>	FY19 <sup>1</sup>
Scope 1 in tCO <sub>2</sub> e	20,996	18,590	19,699
Scope 2 – location based in tCO <sub>2</sub> e	50,445	59,645 <sup>2</sup>	64,441 <sup>3</sup>
Scope 2 – market based in tCO <sub>2</sub> e	44,733	52,954 <sup>4</sup>	57,072 <sup>5</sup>
Scope 3 – partial (business travel by plane, train, car rental) in tCO <sub>2</sub> e	3,876	14,520 <sup>6</sup>	n/a
Emissions intensity (MWh/million \$ revenue)	80.30	76.29 <sup>7</sup>	77.25 <sup>7</sup>

<sup>1</sup> The carbon footprint of the entities acquired during FY21 has been retroactively included in the previous years' data. The operational control perimeter of our sites has been reviewed and updated, and data has been amended accordingly. Previous years' data has been updated based on available information.

<sup>2</sup> In the FY20 report, the data included scope 1 and scope 2 and the reported data was 81,100 tCO<sub>2</sub>e.

<sup>3</sup> In the FY20 report, the data included scope 1 and scope 2 and the reported data was at 87,825 tCO<sub>2</sub>e.

<sup>4</sup> In the FY20 report, the data included scope 1 and scope 2 and the reported data was 76,622 tCO<sub>2</sub>e.

<sup>5</sup> In the FY20 report, the data included scope 1 and scope 2 and the reported data was 80,550 tCO<sub>2</sub>e.

<sup>6</sup> CAE extended in FY20 the scope of its carbon emissions calculations by reporting for the first time its business travels-related emissions (air/car rentals/train).

<sup>7</sup> The emission intensity does not include the data of the entities acquired during FY21.

A decrease in our GHG emissions was observed again this year. The pandemic impacted our operations to varying degrees and contributed to the global reduction in energy consumption and business travels. Each site is facing different energy challenges with variation in the evolution of the intensity of the activities and weather conditions.

However, the energy savings initiatives implemented in our sites and the streamlining of our facilities also had a positive effect on the emissions reduction.

A decrease in carbon emissions was observed during FY20. Despite the pandemic impact on our operations, each site is facing different energy challenges with variation in the evolution of the intensity of the activities. Nevertheless, various energy-saving initiatives contributed to the past years' reduction trend.

### CAE is the first carbon-neutral Canadian aerospace company

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 renewable energy certificates and by looking into reliable projects to compensate our emissions by buying carbon offsets. Over the longer term, CAE will work with the industry to progressively use electric aircraft for the live flight training in our academies. We will also undertake other measures to reduce our overall emissions, for example, increasing the energy efficiency of our buildings, reducing aviation fuel consumption and business travel, and by continually investing to make our full-flight simulators more energy efficient, therefore allowing our customers worldwide to reduce their own footprint.

The extended knowledge of our carbon emissions and impact will allow us to prepare and update next steps. More details in our [carbon neutrality feature](#).

## Non-GAAP and other financial measures

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.

### Changes in non-GAAP measures and comparative figures

In the fourth quarter of fiscal 2021, we have changed the designation of the following profitability measures, without changing the composition of these financial measures:

- Operating income (formerly operating profit);
- Adjusted segment operating income (formerly segment operating income before specific items);
- Adjusted EBITDA (formerly EBITDA before specific items);
- Adjusted net income (formerly net income before specific items); and
- Adjusted earnings per share (formerly earnings per share before specific items).

We have also introduced new non-GAAP measures to reflect the impact of COVID-19 government support programs on the above metrics in order to incorporate recently published and evolving guidance by the Canadian Securities Administrators. These measures do not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

In addition, we no longer use segment operating income as a non-GAAP measure as it has been replaced with adjusted segment operating income.

Comparative figures have been reclassified to conform to these adopted changes in presentation.

<sup>(1)</sup> 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.

<sup>(1)</sup> 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 material 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.

<sup>(1)</sup> 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.

<sup>(1)</sup> 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 material 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.

<sup>(1)</sup> 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 material 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 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.

<sup>(1)</sup> 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.

<sup>(1)</sup> 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.

#### <sup>(1)</sup> Order Intake and Backlog

Order intake is a non-GAAP measure that represents the expected value of orders we have received:

- For the Civil Aviation Training Solutions 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 Defence & 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. Defence & 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.

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 Defence & 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.

<sup>(1)</sup> 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, investment in 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.

<sup>(1)</sup> 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.

<sup>(1)</sup> A full-flight simulator (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.

<sup>(1)</sup> Simulator equivalent unit (SEU) SOI is an operating measure we use to show the total average number of FFSs available to generate earnings during the period.

<sup>(1)</sup> 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.

<sup>(1)</sup> 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.

<sup>(1)</sup> Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt.

<sup>(1)</sup> Return on capital employed (ROCE) is a non-GAAP measure we use 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.

### Reconciliation of adjusted segment operating income (SOI)

	Civil Aviation Training Solutions		Defence & Security		Healthcare		Total	
Three months ended March 31	2021	2020	2021	2020	2021	2020	2021	2020
Operating income (loss)	\$ 40.25	\$ 151.5	\$ (8.5)	\$ 32.4	\$ 15.6	\$ (37.4)	\$ 47.6	\$ 146.5
Restructuring, integration and acquisition costs	26.1	2.1	31.7	7.8	0.8	—	58.6	9.9
Impairment of goodwill	—	—	—	—	—	37.5	—	37.5
Adjusted segment operating income	\$ 66.6	\$ 153.6	\$ 23.2	\$ 40.2	\$ 16.4	\$ 0.1	\$ 106.2	\$ 193.9
COVID-19 government support programs	\$ 19.7	—	\$ 16.4	—	\$ 1.1	—	\$ 37.2	\$ —
Adjusted SOI excluding COVID-19 government support programs	\$ 46.9	\$ 153.6	\$ 6.8	\$ 40.2	\$ 15.3	\$ 0.1	\$ 69.0	\$ 193.9

	Civil Aviation Training Solutions		Defence & Security		Healthcare		Total	
Twelve months ended March 31	2021	2020	2021	2020	2021	2020	2021	2020
Operating income (loss)	\$ 6.5	\$ 473.3	\$ 15.5	\$ 104.8	\$ 26.4	\$ (41.0)	\$ 48.4	\$ 537.1
Restructuring, integration and acquisition costs	76.1	6.1	45.0	9.7	2.9	—	124.0	15.8
Impairment of goodwill	—	—	—	—	—	37.5	—	37.5
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 (loss)	\$ 164.3	\$ 479.4	\$ 87.0	\$ 114.5	\$ 29.3	\$ (3.5)	\$ 280.6	\$ 590.4
COVID-19 government support programs	\$ 63.6	\$ —	\$ 60.3	\$ —	\$ 3.5	\$ —	\$ 127.4	\$ —
Adjusted SOI excluding COVID-19 government support programs	\$ 100.7	\$ 479.4	\$ 26.7	\$ 114.5	\$ 25.8	\$ 3.5	\$ 153.2	\$ 590.4

## Reconciliation of adjusted net income and adjusted earnings per share

	Three months ended March 31		Three months ended March 31	
(amounts in millions, except per share amounts)	2021	2020	2021	2020
Net income (loss) attributable to equity holders of the Company	\$ 19.8	\$ 78.4	\$ (47.2)	\$ 311.4
Restructuring, integration and acquisition costs, after tax	43.4	7.2	94.0	11.6
Impairments and other gains and losses incurred in relation to the COVID-19 pandemic(1), after tax	—	—	80.3	—
Impairment of goodwill, after tax	—	36.7	—	36.7
Adjusted net income	\$ 63.2	\$ 122.3	\$ 127.1	\$ 359.7
COVID-19 government support programs, after tax	\$ 27.3	—	\$ 93.5	\$ —
Adjusted net income excluding COVID-19 government support programs	\$ 35.9	\$ 122.3	\$ 33.6	\$ 359.7
Average number of shares outstanding (diluted)	287.3	267.7	272.0	267.6
Adjusted EPS	\$ 0.22	\$ 0.46	\$ 0.47	\$ 1.34
Adjusted EPS excluding COVID-19 government support programs	\$ 0.12	\$ 0.46	\$ 0.12	\$ 1.34

(1) 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. During the period, 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.

## Reconciliation of total backlog

(amounts in millions)	FY2021	FY2020
Obligated backlog, beginning of period	\$ 7,631.0	7,461.4
+ order intake	2,723.5	3,821.6
- revenue	(2,981.9)	(3,623.2)
+ / - adjustments	(960.0)	(28.8)
Obligated backlog, end of period	\$ 6,412.6	7,631.0

(amounts in millions)	FY2021	FY2020
Joint venture backlog (all obligated)	328.2	441.4
Unfunded backlog and options	1,460.3	1,385.7
<b>Total backlog</b>	<b>\$ 8,201.1</b>	9,458.1
<b>Reconciliation of total backlog to remaining performance obligations</b>		
Total backlog	\$ 8,201.1	9,458.1
Less: Joint venture backlog	(328.2)	(441.4)
Less: Options	(476.5)	(516.4)
Less: Estimated contract value	(2,957.7)	(3,636.7)
<b>Remaining performance obligations</b>	<b>\$ 4,438.7</b>	4,863.6

### Reconciliation of free cash flow

(amounts in millions)	FY2021	FY2020	Q4-2021	Q4-2020
Cash provided by operating activities*	\$ 416.1	\$ 597.3	\$ 149.6	\$ 165.2
Changes in non-cash working capital	(49.5)	(52.2)	25.0	81.1
<b>Net cash provided by operating activities</b>	<b>\$ 366.6</b>	\$ 545.1	<b>\$ 174.6</b>	\$ 246.3
Maintenance capital expenditures	(37.8)	(80.3)	(18.9)	(25.0)
Investment in other assets	0.7	(15.9)	12.4	(8.0)
Proceeds from the disposal of property, plant and equipment	4.5	0.5	2.8	0.1
Net (payments to) proceeds from equity accounted investees	0.7	(9.9)	(0.7)	0.4
Dividends received from equity accounted investees	12.1	22.6	0.4	—
Dividends paid	—	(110.9)	—	(28.7)
<b>Free cash flow</b>	<b>\$ 346.8</b>	\$ 351.2	<b>\$ 170.6</b>	\$ 185.1

\* before changes in non-cash working capital

## Reconciliation of capital employed and net debt

	As at March 31		As at March 31	
(amounts in millions)	2021		2020	
<b>Use of capital:</b>				
Current assets	\$	3,378.6	\$	2,808.6
Less: cash and cash equivalents		(926.1)		(946.5)
Current liabilities		(2,633.3)		(2,062.3)
Less: current portion of long-term debt		216.3		206.2
Non-cash working capital	\$	35.5	\$	6.0
Property, plant and equipment		1,969.4		2,154.0
Other long-term assets		3,400.4		3,521.0
Other long-term liabilities		(767.1)		(737.0)
Total capital employed	\$	4,638.2	\$	4,944.0
<b>Source of capital:</b>				
Current portion of long-term debt	\$	216.3	\$	206.2
Long-term debt		2,135.2		3,106.0
Less: cash and cash equivalents		(926.1)		(946.5)
Net debt	\$	1,425.4	\$	2,365.7
Equity attributable to equity holders of the Company		3,140.5		2,489.7
Non-controlling interests		72.3		88.6
Source of capital	\$	4,638.2	\$	4,944.0

For non-GAAP and other financial measures monitored by CAE, and a reconciliation of such measures to the most directly comparable measure under GAAP, please refer to [Section 3 of CAE's MD&A](#) for the year ended March 31, 2021, filed with the Canadian Securities Administrators available on our website ([www.cae.com](http://www.cae.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## 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 proposed acquisition of L3 Harris Technologies' military training business (L3H MT), the attractiveness of the L3H MT acquisition from a financial perspective and expected accretion in various financial metrics, expectations regarding anticipated cost savings and synergies, the strength, complementarity and compatibility of the L3H MT acquisition with our existing business and teams, other anticipated benefits of the L3H MT acquisition 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. 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 the COVID-19 pandemic such as health and safety, reduction and suspension of operations, global economic conditions, diversions of management attention, heightened IT risks, liquidity risks and credit risks, risks relating to the industry such as competition, business development and awarding of new contracts, level and timing of defence spending, government-funded defence and security programs, constraints within the civil aviation industry, regulatory matters, natural or other disasters, environmental laws and regulations, climate change, risks relating to CAE such as evolving standards and technology innovation, our ability to penetrate new markets, our estimates of the size of our addressable markets and market opportunity may not prove accurate, R&D activities, fixed-price and long-term supply contracts, strategic partnerships and long-term contracts, backlog, procurement and original equipment manufacturer (OEM) leverage, product integration and program management, protection of our intellectual property and brand, third-party intellectual property, loss of key personnel, labour relations, liability risks that may not be covered by indemnity or insurance, warranty or other product-related claims, reputational risk, U.S. foreign ownership, control or influence mitigation measures, foreign private issuer status, enforceability of civil liabilities against our directors and officers, length of sales cycle, seasonality, continued returns to shareholders, information technology and cybersecurity, our reliance on technology and third-party providers, data privacy, risks relating to the market such as foreign exchange, availability of capital, sales of additional common shares, market price and volatility of our common shares, credit risk, impairment risk, pension plan funding, doing business in foreign countries, geopolitical uncertainty, anti-corruption laws, taxation matters, and risks relating to mergers, acquisitions, joint ventures, strategic alliances or divestitures such as the risk that we will not effectively manage our growth, risks relating to the acquisition of L3H MT,

including the integration of the L3H MT business, possible delay or failure to achieve the anticipated benefits and cost synergies, the continued reliance on L3Harris Technologies following the completion of the acquisition, possible delay or failure to complete the acquisition, the receipt of applicable regulatory approvals and satisfaction of closing conditions for the acquisition, currency exchange risk and foreign currency exposure on the purchase price, potential undisclosed liabilities related to the acquisition, reliance on information provided by L3Harris Technologies, CAE or L3H MT being adversely impacted during the pendency of the acquisition, change of control and other similar provisions and fees, unanticipated acquisition and integration costs, increased indebtedness of CAE after closing of the acquisition, and risks relating to the post-acquisition of the operations of L3H MT including the fact that the combined company will continue to face the same risks that CAE currently faces, but would also face increased risks relating to increasing Defence business and operations, dependence on U.S. Government contracts for a significant portion of revenue, which are often only partially funded, subject to immediate termination and heavily regulated and audited, U.S. Government's budget deficit and national debt, fixed-price contracts, ability to successfully obtain export licenses, reliance on subcontractors, uncertain economic conditions in the markets L3H MT participates in, government investigations, and liability risks that may not be covered by indemnity or insurance. 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 or the L3H MT business. The completion of the L3H MT acquisition is subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, regulatory approvals, and there can be no assurance that the L3H MT acquisition will be completed. There can also be no assurance that if the L3H MT acquisition is completed, the strategic and financial benefits expected to result from the L3H MT acquisition

will be realized. Additionally, differences could arise because of events announced or completed after the date of this report. You will find more information in section 9 “Business Risk and Uncertainty” in CAE’s 2021 MD&A, which section is incorporated into this report by reference. 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 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 program, our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, no material financial, operational or competitive consequences from changes in regulations affecting our business, the satisfaction of all closing conditions of the L3H MT acquisition, including receipt of all regulatory approvals in a timely manner and on terms acceptable to CAE, our ability to retain and attract new business, achieve synergies and maintain market position arising from successful integration plans relating to the L3H MT acquisition, our ability to otherwise complete the integration of the L3H MT business acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT acquisition, management’s estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT acquisition 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 acquisition 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, absence of significant undisclosed costs or liabilities associated with the L3H MT acquisition, the ability of CAE to opportunistically access the capital markets before or after the L3H MT acquisition closing and absence of material change in market conditions. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this report, refer to section 9 “Business Risk and Uncertainty” in CAE’s 2021 MD&A, which section is incorporated into the report by this reference. 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. Accordingly, the assumptions outlined in this report and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

Annual Activity and Corporate  
Social Responsibility Report

Fiscal year 2021

