



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supercedes: February 6, 2020

1. Introduction

CAE is committed to conducting business in a competitive market based on the quality of its products and services. CAE is also committed to a zero-tolerance policy against all forms of corruption, or the appearance thereof, even when this commitment places the Company in a non-competitive business position.

While the giving and receiving of Business Courtesies is a relatively common business practice in most cultures, it is important to keep in mind that such exchanges may, in certain circumstances, lead to conflicts of interest or the appearance thereof. They could also undermine the credibility of those involved and damage CAE's reputation. Finally, they could be perceived as bribes if they are given with the intent of influencing a person in the exercise of his or her official duties.

Therefore, the giving or receiving of Business Courtesies (including gifts and hospitality) must comply with this Business Courtesies Policy (the "**Policy**"), which forms an integral part of CAE's Ethics and Compliance Program.

2. Purpose

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

This Policy is designed to implement CAE's ethical standards with respect to Business Courtesies as set out in our Code of Business Conduct. It must be read in consideration of the general prohibitions on bribery and corruption found in CAE's Anti-Corruption Policy and the principles found in CAE's Conflicts of Interest Policy.

3. Applicability

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



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supercedes: February 6, 2020

4. Definitions

"Business Courtesy" means anything of value given to or received from a person, who have, may have, or may facilitate the creation of a business relationship with CAE, or their Family Members, and for which fair market value is not paid by the recipient. A Business Courtesy includes, but is not limited to, any gift, gratuity, favour, benefit, loan, commission, discount, forbearance, or other tangible or intangible item having monetary value. It also includes, but is not limited to, entertainment and recreation (e.g., tickets, passes, or fees to sporting, cultural, social, or professional events), services, training, transportation, lodgings, meals, drinks and door prizes or use of a donor's time, materials, or equipment.

"Cash/Cash Equivalent" means cash and any items similar or equal in value to cash, such as vouchers, coupons, gift cards/certificates, pre-paid credit cards, loans, stocks, bonds, options, securities, cryptocurrencies, or anything redeemable for cash.

"Corporate Gift" means any items having a nominal value (under \$20 USD) and bearing the logo of CAE or the company offering the gift, such as pens, hats, mugs, notepads, etc.

"Entertainment" means attending an event or performing an activity, where the host is also present or participates. Entertainment has little to no *bona fide* business purpose, other than networking or relationship building. Entertainment includes, but is not limited to, sporting events, artistic performances, competitions, conferences, or parties.

"Family Member" means a person's spouse or significant other, parent, stepparent, child, stepchild, sibling, dependent, in-laws, or substantially similar close relationships.

"Leader" means a manager in a CAE division, corporate function or business unit that is at least of the Vice President level.

"Public Official" means an elected or appointed official, an officer, a director, an employee, a representative, or an agent employed by or acting on behalf of:

- a body of government of any level (federal, provincial, state, municipal, or other);
- a political party, party official, or candidate for political office;
- a state-owned or state-controlled entity;
- the armed forces, national police, or coast guard of any country; or
- a supranational, public international or intergovernmental organization.

Note: The following individuals are also considered Public Officials:

- a person who holds a legislative, administrative, or judicial position; or
- any person designated as a Public Official by the legislation of its jurisdiction.



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supersedes: February 6, 2020

5. Generally Acceptable Exchanges

Business Courtesies, whether given or received, must meet the following conditions:

- Compliant with the applicable laws and regulations of the relevant jurisdiction;
- Justified by a legitimate business purpose and not to gain an improper advantage or influence a business decision or official action;
- Unsolicited and made without expecting anything in return;
- Appropriate to the recipient's position;
- Reasonable given the context and has a total market value below the limits set in **Exhibit A**, based on the country in which the Entertainment occurs (for Entertainment) or the country of residence of the recipient (for all other Business Courtesies);
- Offered or received on an infrequent basis or otherwise limited in number in a given period; and
- Presented openly, transparently, and backed by detailed and valid receipts;
- Congruent with this Policy and the known policy to which the recipient is subject.

If you offer a Business Courtesy, you must tell the recipient to validate whether they may receive such Business Courtesy according to the code of conduct, or equivalent policies, of their employer.

Also, the exchange of Business Courtesies must not otherwise be improper or create a conflict of interest, or the appearance thereof. For more guidance on conflicts of interest, please consult CAE's Conflicts of Interest Policy.

Even if all the mandatory requirements of this Section 5 are met, you must notify your immediate supervisor before offering or accepting a Business Courtesy. However, there is no need to inform your supervisor in advance in the following cases:

- Exchanges of Corporate Gifts (unless the frequency of such exchanges could be considered excessive);
- Business Courtesies given by CAE managers or supervisors to their subordinates for the sole purpose of employee recognition unless the frequency or value could be considered excessive. Such Business Courtesies must always be offered fairly and based solely on merit or chance.

6. Exchanges that Require Special Consideration

Business Courtesies, whether given or received, require special consideration in the following cases:



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supersedes: February 6, 2020

- Business Courtesies that have a value greater than the limits set in **Exhibit A**, based on the country in which the Entertainment occurs (for Entertainment) or the country of residence of the recipient (for all other Business Courtesies);
- Entertainment where a Family Member is also invited; or
- Business Courtesies offered to celebrate a special occasion, such as a birth or a wedding.

In such cases, a Pre-Approval Form must be submitted to the Ethics and Compliance Office (ethics-and-compliance@cae.com). The form can be found by clicking [here](#) or visiting the [Ethics and Compliance](#) page on CAE360. Once the form is approved by the Ethics and Compliance Office, it must be further approved by your Leader.

7. Unacceptable Exchanges

The exchange of the following Business Courtesies is unacceptable under any circumstance:

- The exchange of cash or Cash Equivalents, regardless of the amount;
- The exchange of Business Courtesies that are, by their very nature, illegal or compromise CAE's ethical standards, or that could tarnish CAE's reputation (e.g., attending adult entertainment, engaging the services of sex workers, consuming illicit drugs, abusing alcohol or legal drugs, etc.);
- The exchange of Business Courtesies that could be viewed as extravagant, luxurious, or otherwise inappropriate;
- Any Business Courtesy exchanged with someone involved in the decision-making process during an active or planned Request for Proposal (RFP), Request for Information (RFI), or contract negotiation involving CAE;
- Any Business Courtesy that violates CAE's Code of Business Conduct or the other party's code of conduct, this Policy or the other party's equivalent policies, or any applicable anti-corruption laws;
- Any Business Courtesy that must be kept secret from your Leader or other CAE colleagues; or
- Any Business Courtesy provided solely to a Family Member of a business relation.

If you receive a tangible Business Courtesy (including Cash and Cash Equivalent) that is unacceptable but not, by its very nature, illegal, embarrassing, immoral or unethical, it must be politely declined and returned to the provider with a reminder of the principles set forth in this Policy. If returning a Business Courtesy could harm the business relationship with the provider, your Leader can approve keeping the tangible Business Courtesy to share it with other CAE colleagues, use for employee recognition or donate to a charity.



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supersedes: February 6, 2020

8. Public Sector and Private Sector Counterparts

This Policy applies equally to Business Courtesies involving both public sector employees (including Public Officials) and private sector employees.

However, special care must be taken when exchanging Business Courtesies with Public Officials as they are generally subject to very strict rules. Consequently, CAE may only exchange Business Courtesies to Public Officials to the extent permitted under the applicable laws and regulations of the relevant jurisdiction. The limits set in **Exhibit A** are only a guideline. If the applicable laws and regulations differ from this Policy, the lower limit shall prevail.

You must be careful to correctly determine whether you are dealing with a public or private entity because the employees of public entities are Public Officials. This can be challenging when dealing with state-owned or state-controlled entities, which may appear like a private sector company.

Please consult the Ethics and Compliance Office or the Legal Department for assistance in assessing whether a counterparty is a public sector employee.

9. Travel and Lodging

Business-related travel and lodging accommodations of CAE employees must generally be paid for by CAE, unless a contract between CAE and the provider specifies that the provider will pay for it.

Similarly, customers, suppliers, and other business relations should generally pay for their own travel and lodging accommodations. In rare circumstances where separating travel and accommodation expenses is not possible, prior approval from the Ethics and Compliance Office and your Leader is required before offering to assume such expenses for a customer, supplier, or other third party, or before accepting that they do so for a CAE employee. Such approval follows the same process indicated in Section 6.

Where CAE is required to fund certain specific customer or prospective customer travel and accommodation for visits to/from CAE facilities, paying for such travel and accommodations is permitted provided that:

- the travel and lodging arrangements are formally documented in writing, such as a contract or other document;
- the purpose of the business trip is directly related to (1) the promotion, demonstration or explanation of CAE's products and services, or (2) the execution or performance of a contract with the customer or prospective customer;
- the expenses incurred are only for trips to/from CAE facilities and do not include any recreational side trips;



CORPORATE POLICIES AND PROCEDURES

BUSINESS COURTESIES	Issued: February 13, 2024
	Supercedes: February 6, 2020

- the customer's or prospective customer's senior management is aware of the travel arrangement and, to CAE's reasonable knowledge, approves of it; and
- CAE does not exceed the agreed upon travel and accommodation arrangements.

10. Record Keeping

CAE is subject to strict bookkeeping and accounting rules. Consequently:

- A. All Business Courtesies given by a CAE employee to a recipient must be recorded accurately in Concur or other approved CAE application, backed by detailed and valid receipts.
- B. Employees must report all Business Courtesies given by them as individuals rather than as part of a group.
- C. For Entertainment expenses (such as meals at a restaurant), the highest-ranking CAE employee in attendance is responsible for obtaining the required approvals and submitting a request for reimbursement within 30 days through Concur;
- D. Exchanges that are required to be reviewed and pre-approved under section 6 above (Exchanges that Require Special Consideration) must be formally documented using the Pre-Approval Form attached as **Exhibit B**. The Ethics and Compliance Office will maintain a log of all approval requests submitted under Section 6.

11. Reporting a Policy Violation

All CAE employees have a duty to report any behaviour contrary to this Policy and any other related policies. If a CAE employee believes that a breach has occurred or is about to occur, they must report it as soon as possible in accordance with CAE's Internal Reporting/Whistleblowing Policy.

No retaliatory action will be taken against anyone who, in good faith, reports a suspected breach of this Policy or any related policies, inquires about a potential breach, or seeks guidance on how to handle suspected breaches.

12. Enforcement

Failure to respect the letter or spirit of this Policy or related policies may lead to disciplinary measures commensurate with the breach, up to and including termination of employment or termination of any agreement with a third-party.

13. Deviations and Restrictions

A CAE division may impose more restrictive requirements than those set forth in this Policy, in which case the employees of such division must follow the more restrictive requirements. No



**CORPORATE
POLICIES AND
PROCEDURES**

BUSINESS COURTESIES	Issued: February 13, 2024
	Supercedes: February 6, 2020

policy, procedure, or guideline at CAE on the subjects covered by this Policy may be more permissive than this Policy.

14. Exhibits

- **Exhibit A:** Monetary Thresholds
- **Exhibit B:** Pre-Approval Form (Sample)