



Supplier Code of Conduct

Doing the right thing!



**Doing
the right
thing!**

Supplier Code of Conduct

The relationship CAE maintains with its suppliers and contractors is an essential factor for the company's success. CAE expects its suppliers and contractors to comply strictly with applicable laws and regulations in the jurisdictions where they operate or provide services.

As a member of IFBEC (***International Forum on Business Ethical Conduct***), CAE supports the enforcement of international ethical and business-related compliance standards. The members of IFBEC have developed a **supplier code of conduct** that sets out the minimum ethical standards that suppliers must follow across the entire aerospace and defence industry. CAE enforces these guidelines in their entirety and therefore expects its suppliers to comply fully with the applicable laws and regulations in the jurisdictions where they

manage their operations or provide their services. Wherever they operate, suppliers absolutely shall conduct all their business activities in compliance with this **Supplier Code of Conduct**. They are also expected to convey these principles at every step of their supply chain.

The purpose of this Code is to express CAE's expectations of its suppliers and contractors. It demonstrates CAE's intent to place Corporate Social Responsibility at the heart of its relationships with suppliers and contractors.

Through these guidelines, CAE aims to share its commitment with its suppliers and contractors, who are key to CAE's success, and to be sure of their dedication to sustainable development.

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I. Compliance with Laws

Suppliers and contractors shall comply with all laws and regulations as applicable to their business and the jurisdictions in which they operate.

II. Anti-Bribery & Corruption

Anti-Corruption Laws

CAE has a zero-tolerance policy towards corruption. As a result, suppliers and contractors must comply with applicable anti-corruption laws, regulations, and directives in the jurisdictions where they operate regardless of any local customs. They must not offer or make inappropriate payments in the form of cash or objects of value to representatives of government or political parties, candidates for public office, or any other person. This includes payments that are intended to expedite or secure the performance of actions by the government (also called “facilitation

payments”), such as the granting of visas or customs clearances. This also applies to jurisdictions where such actions are not punishable by local law. Payments related to personal safety are authorised in the event of an imminent threat to health and safety.

CAE's suppliers and contractors shall conduct due diligence with regard to preventing and detecting corruption in all commercial contracts, including partnerships, joint ventures, offset agreements and the recruitment of intermediaries such as agents or consultants.

Irregular Payments

Suppliers and contractors shall not under any circumstances offer or accept irregular payments from customers, suppliers, their agents, their representatives, or from any other party. The direct or indirect acceptance, payment, or promise of cash or objects of value intended to exert influence or procure an unfair advantage is prohibited. This is also prohibited in jurisdictions where such activities do not violate local law.

Gifts/Business Courtesies

Suppliers and contractors shall conduct business in a competitive market based on the quality of their products and services. Suppliers and contractors shall ensure, in all their business relationships, that gifts or business courtesies given or received are authorised by law, that these exchanges do not violate the rules and principles of the beneficiary organisation, and that they align with permissible market practices and norms. No cash gifts or cash equivalent (such as gift cards or coupons) should be offered or accepted.





III. Fraud & Embezzlement

Suppliers and contractors shall not under any circumstances draw any benefit from acts of fraud, embezzlement or falsification, and they shall not authorise a third party to do so. This includes fraud or theft within their company or that of a customer or third party, and all forms of misappropriation of assets.

IV. Tax Evasion

Suppliers and contractors shall comply with applicable tax laws and regulations in all jurisdictions in which they do business. They shall have a zero-tolerance policy with respect to any criminal facilitation, including tax evasion, and never accept being complicit in facilitating a third party to evade taxes in any jurisdiction. They shall also act carefully to prevent CAE from being involved in, used in or facilitating tax evasion or other criminal activities.

V. Competition & Antitrust

Suppliers and contractors shall act in accordance with national and international competition laws, and they shall not participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors.

VI. Insider Trading

Suppliers and contractors and their employees shall not use any document or confidential information obtained in the course of their business relationship with CAE as the basis for a transaction or as a means to help third parties trade a company's stock or securities.

VII. Conflict of Interest

Suppliers and contractors shall avoid any perceived, potential or actual conflict of interest in their relationship with CAE. They shall disclose to CAE's Global Ethics and Compliance Office any actual or perceived conflict of interest that may compromise their objectivity in their relationship with CAE. This includes conflicts between CAE's interests and the personal interests of suppliers or their close relatives, friends or associates.

VIII. Compliance with International Import/Export

Importation

Suppliers and contractors shall implement business practices that comply with applicable laws, regulations and directives on the importation of items, components and technical data.

Exportation

Suppliers and contractors shall implement business practices that comply with applicable laws, regulations and directives on the exportation of items, components and technical data. They shall provide accurate and precise information and obtain export licences or permissions where necessary.

Economic Sanctions and Embargoes

Suppliers and contractors shall comply with all laws, regulations and directives on sanctions and embargoes that apply to exports, imports and associated financial flows.

Responsible Sourcing of Minerals

Suppliers and contractors shall comply with applicable laws and regulations concerning supply of certain minerals (tin, tungsten, tantalum and gold) from conflict zones. In addition, they shall establish

a policy that allows them to reasonably ensure that the tin, tungsten, tantalum and gold contained in the items they produce do not directly or indirectly fund armed groups whose activities violate human rights. They shall also, where required by law, demonstrate due diligence in choosing the source and traceability of minerals, and require the same diligence from their suppliers.

Counterfeit Parts

Suppliers and contractors shall develop and implement methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit parts and materials into deliverable products. Effective processes should be in place to detect counterfeit parts and materials, and mark parts obsolete as appropriate.





IX. Information Protection

Confidential and Proprietary Information

Suppliers and contractors shall appropriately process sensitive, confidential, exclusive and personal information. This information shall not be used for any other purpose (e.g. publicity, promotion or other) than the one intended, without prior authorisation from its owner.

Intellectual Property

Suppliers and contractors shall comply with applicable laws governing intellectual property rights, including disclosure protections, patents, copyrights and trademarks.

Information Security and Data Protection

CAE takes privacy and data protection very seriously. CAE may entrust data to and/or grant its suppliers and contractors access to its IT system. CAE's suppliers and contractors shall comply with any security requirements that CAE sends them. In order to ensure the security and integrity of CAE's confidential information and data media in accordance with CAE's security requirements, suppliers and contractors shall take all necessary precautions to protect them, particularly by using

computer access control methods and/or encryption of confidential information.

Suppliers and contractors shall process personal information/data provided by CAE only in accordance with applicable law and regulations. Suppliers and contractors shall make sure that appropriate computer, hardware and software security measures are in place in order to protect personal information/data from any loss, alteration or unauthorised access, and they shall comply with the applicable privacy and data protection laws.

X. Timely Payment of Suppliers

Suppliers and contractors shall be fair and reasonable in their payment practices and ensure that undisputed and valid invoices are paid in accordance with agreed payment terms and conditions.

XI. Human Rights

Suppliers and contractors shall comply with the Conventions of the International Labour Organisation (ILO) as well as all regulations applicable to their activities in the areas where they operate. CAE expects them to promote and respect human rights within their sphere of influence.

Child Labour

CAE forbids itself from using suppliers and contractors who use child or forced labour. Suppliers and contractors shall ensure that no illegal child labour is used in the completion of their work. The term “child” here refers to any person under the legal employment age in the country where the work is performed, on the additional condition that this legal age complies with the provisions established by the ILO.

Modern Slavery including Human Trafficking, Forced, Bonded or Indentured Labour

Suppliers and contractors shall comply with regulations prohibiting modern slavery and human trafficking, as well as applicable local laws in the jurisdictions where they operate. They shall refrain from violating the rights of others and shall remedy any negative impact of their activities on human rights. All work should be voluntary on the part of the employee.

Diversity and Inclusion

Suppliers and contractors shall treat all people with respect and dignity, foster diversity, demonstrate openness to diverse opinions, promote equal opportunity and foster a culture of integration and ethics.

Harassment

Suppliers and contractors shall ensure that their employees have a working environment free of all physical, psychological, sexual, and verbal harassment, as well as all other forms of abusive behaviour.



Discrimination

Suppliers and contractors undertake to eliminate all forms of discrimination with regard to access to employment. Discrimination based on any personal trait (such as age, race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression or marital status) is not tolerated.

Working Hours

Suppliers and contractors shall comply with legal provisions regarding maximum working hours in the jurisdictions where they operate.

Wage and Benefits

Suppliers and contractors shall pay their employees based on the minimum wage established by local laws and provide them with all social benefits required by law. In addition to pay for regular hours, overtime hours shall be paid at a higher rate as provided for by law. If a jurisdiction does not have such a law in place, overtime hours shall be paid at least at the same rate as regular hours. Withholding wages as a disciplinary measure is not permitted.

Health and Safety

Suppliers and contractors shall ensure the health, safety and welfare of their employees, contractors, visitors and all other persons who may be affected by their activities. They shall comply with applicable laws and regulations concerning the environment, health and safety at work, as well as with the Health and Safety Policies and Procedures of the CAE sites where they operate. Suppliers and contractors shall also take reasonable steps to provide a safe and healthy work environment for their employees.

Social Dialogue and Freedom of Association

Suppliers and contractors guarantee their employees' right to unionise and to communicate freely with their managers about working conditions without fear of harassment, intimidation, sanctions, pressure or reprisals. They also recognise and respect workers' right to free association through affiliation or non-affiliation with an association of their choice.





XII. Environment

Suppliers and contractors shall develop and implement policies and procedures that reflect their commitment to actively manage environmental risks across their operations, products and supply chain. These policies and procedures must specifically address climate change and carbon reduction. Suppliers and subcontractors will work with CAE to reduce the carbon footprint of the supply chain. They will also report their carbon footprint data and share their reduction initiatives. Suppliers and contractors shall actively seek to minimize waste, emissions and hazardous materials, and take proactive actions to ensure a sustainable future for following generations.

XIII. Risk Management

Suppliers and contractors shall proactively monitor and manage risk. Suppliers and subcontractors should share with CAE information on their potential risks and ensure that adequate risk mitigation measures are being implemented in a timely manner.

XIV. Ethics & Compliance Program

Code of Conduct

Depending on their size and type of business, suppliers and contractors shall implement management systems to ensure compliance with laws and regulations, as well as the expectations set forth in this Supplier Code of Conduct. Suppliers and contractors are encouraged to establish their own guidelines or code of conduct and to communicate their principles to their own suppliers and contractors. CAE expects its suppliers and contractors to put in place effective programs that encourage their employees to implement the ethical practices above and beyond the requirements of the law, regulations and contractual obligations.

Record Keeping

Suppliers and contractors shall maintain complete and accurate books, records, and documents, in accordance with generally accepted record keeping principles. Further, they will afford CAE, upon reasonable notice, the right to audit and access their books, records and documents as may be relevant to evidence the suppliers' or contractor's compliance with their obligations under this Supplier Code of Conduct.

Reporting of Activities of Concern

Suppliers and contractors shall provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including opportunities for anonymous reporting. CAE expect suppliers and contractors to take action to prevent, detect and correct retaliatory actions.

Consequences of Violating this Supplier Code of Conduct

If the principles set forth in this Supplier Code of Conduct are not respected, the business relationship with CAE may be reviewed and corrective action shall be taken in accordance with the relevant business contract(s). If no corrective action is taken, CAE may go so far as to end the business relationship in accordance with the relevant business contract(s).



Questions

If you have any questions or comments about this Supplier Code of Conduct, please contact us at:

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Attention: **Global Ethics and Compliance Office**

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