



Corporate Governance Guidelines

The Board of Directors (the “Board”) of CAE Inc. (the “Company”) has adopted the following Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. The Board is elected by the Company’s shareholders to oversee management and monitor the Company’s business results. The Board’s purpose is to build the long-term value of the Company and to provide for the continuity and vitality of the Company’s businesses by setting policy for the Company, selecting the President and Chief Executive Officer (the “CEO”), monitoring the performance of both the Company and the CEO, and providing management with appropriate advice and feedback. Management is responsible for, and the Board is committed to, ensuring that CAE operates in a legal and ethically responsible manner.

Director Qualification Standards

The Board has delegated to the Governance Committee the responsibility of reviewing and recommending nominees for membership on the Board. The CEO shall be the only member of the Board who is an employee of the Company. Candidates for election or re-election to the Board should possess: (i) the highest personal and professional ethics; (ii) a background and expertise that may be useful to the Company and complementary to and different from the background of the other directors; and (iii) a willingness to devote the required time to the duties and responsibilities of Board membership.

Director Responsibilities

Directors are expected to attend Board meetings and meetings of the committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their duties and responsibilities. Board materials related to agenda items are provided to directors sufficiently in advance of meetings to allow them to prepare for discussion of the items, and directors should review these materials in advance of meetings. The Board expects that directors will attend the annual meeting of shareholders, unless they have a valid reason for not attending.

Director Independence

It shall be the policy of the Board that a substantial majority of the members of the Board, and all of the members of the Audit Committee, Human Resources Committee, and the Governance Committee, qualify as “independent directors” in accordance with applicable provisions of securities legislation and regulation and the listing standards of the stock exchanges on which the Company’s shares are listed, as they may from time to time be amended.

The Board shall annually review and determine the independence of each director, taking into account the requirements of securities regulations, applicable legislation and stock exchange listing guidelines.

Board Size

The number of directors shall, in accordance with the Company’s articles, be no less than three nor more than 21 and the Board favours comprising membership of approximately 10 to 12

directors. This range provides diversity of thought and experience while facilitating effective decision-making.

Director Tenure

Directors will not be re-nominated as a director of the Company following their 75th birthday, nor following 12 years of prior service on the Board, unless the Board determines there are good reasons for granting a waiver of either part of this rule. The Chair of the Board can be in the role for a full five-year term regardless of his or her age or the number of years the individual has been a director. Employee directors shall not serve as Chair of the Board.

Directors who change their employment are required to notify the Chair of the Governance Committee and offer their resignation from the Board. The circumstances shall be reviewed by the Chair of the Governance Committee and the Chair of the Board to determine continuation of Board service. The affected director is expected to act in accordance with such determination.

Director Compensation

Director compensation is determined by the Governance Committee. The Company's policy is to ensure that directors' compensation is appropriate and competitive in order to ensure the Company's ability to attract and retain highly qualified directors. Director compensation will be disclosed each year in the Company's Annual Shareholders' meeting proxy circular. Employee directors do not receive compensation for their services as directors.

Director and Executive Employee Share Ownership Requirements

Requiring directors and executive employees to have a reasonable equity ownership in the Company helps to more closely align their economic interests with those of other Company shareholders. Each director shall be an owner of common shares and/or deferred share units of the Company. Non-employee directors shall own shares and/or deferred share units of the Company equivalent to five times the annual Board cash retainer. The required holding may be acquired over a five-year period from the initial date of election of the director to the Board. Once the target is attained, there is no obligation on a director to buy or otherwise acquire additional common shares and/or share units of the Company if the value of his or her holdings dips below five times the annual Board cash retainer value as a result of share price movement. The Human Resources Committee shall maintain guidelines for common share ownership in the Company by executive employees.

Voting for Directors

In an uncontested election of directors, each director of the Company must be elected by a majority (50% +1 vote) of the votes cast with respect to his or her election. Accordingly, any nominee who receives a greater number of votes cast "against" him or her than votes "for" will not be elected as a director. Notwithstanding the foregoing, if the nominee is an incumbent director, such director may continue in office until the earlier of (i) the 90th day after the election, or (ii) the day on which his or her successor is appointed or elected. In accordance with the provisions of the *Canada Business Corporations Act* and its regulations, the Board may reappoint an incumbent director even if he or she does not receive majority support in the following circumstances:

- to satisfy Canadian residency requirements; or
- to satisfy the requirement that at least two directors are not also officers or employees of the Company or its affiliates.

In this corporate governance guideline, an “uncontested election” means an election where there is only one candidate nominated for each position available on the Board, as determined by the Board.

Board Committees and Charters

The Board has established the following standing committees: Audit, Human Resources and Governance. Each standing committee has a written charter describing its duties.

Frequency of Board and Committee Meetings

The Board regularly meets six times a year. The Board may hold additional meetings from time to time. One meeting a year will be a review of the strategic issues and opportunities facing the Company. The frequency of committee meetings shall be set forth in each committee’s charter. Additional meetings of all committees shall be held in circumstances that create the need for a special meeting.

Selection of Agenda Items for Board and Committee Meetings

The Chair of the Board shall establish the agenda for Board meetings. Similarly, the committee chairs and other members shall establish the committee agendas in advance.

Board and Committee Materials Distributed in Advance

The Board and its committees shall be provided with appropriate materials in advance of each meeting, for review and study.

Chair

The Board currently believes that it is in the best interest of the Company and its shareholders that the offices of Chair of the Board and CEO be separate. Responsibilities of the Chair of the Board shall include: leadership of meetings of the Board; preparation of the agendas for Board meetings; determination of material to be provided to the Board; facilitation of communications between the Board and management; focal point for shareholder communications addressed to independent members of the Board; ability to retain outside professionals on behalf of the Board as the Board may determine is necessary or appropriate; and such other functions as the Board may direct.

Executive Sessions of Non-Employee Directors

The non-employee directors shall meet in executive sessions in connection with each meeting of the Board, and at other times as they may wish. Committees of the Board shall also meet in executive sessions in connection with each meeting of such committees, and at other times as they may wish.

Board Self-Evaluation

The Governance Committee shall be responsible for the administration of the Board and Board committee evaluation process. The performance of the Board and each Board committee shall be evaluated annually. The qualifications and performance of individual directors shall be evaluated by the Governance Committee each time a director is nominated as a director, when there has been a change of employment of a director, and at other times as the Committee may deem appropriate.

Director Access to Management and Independent Advisors

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice and reasonable efforts to avoid disruption to the Company’s management, business and operations. The Board and Board committees shall have

the right to consult and retain independent legal and other advisors, including determination of their fees, at the expense of the Company.

Reporting of Concerns to Non-Employee Directors

In order that interested parties may be able to make their concerns known to the non-employee directors or the Chair, the Company shall provide on its website addresses at which such parties can communicate directly and confidentially with the Chair, the chair of any committee or with the non-employee directors as a group.

Management Evaluation and Succession

The Human Resources Committee and the Board shall conduct an annual review of the performance of the CEO.

The Board will periodically perform succession planning for the CEO position to prepare for a possible emergency involving, or the departure or retirement of, the CEO.

Code of Business Conduct

The Company has a Code of Business Conduct to provide guidelines for ethical conduct by directors, officers and employees. The Code of Business Conduct contains guidance regarding conflicts of interest, corporate opportunities, confidentiality, protection of company assets, preparation and disclosure of financial statements and related areas. The Code of Business Conduct is posted on the Company's website.

Director Orientation and Continuing Education

The Company shall have an orientation program designed to familiarize new directors with the Company, its management structure and operations, the industries in which the Company operates, and key legal, financial and operational issues. Directors shall be provided with information regarding corporate governance and the structure, and procedures of the Board and the committees on which the directors will serve.

Directors of the Company shall upon request be offered access to appropriate continuing director education programs to help ensure that they stay current on corporate governance, best Board practices, financial and accounting practices, ethical issues for directors and management, and similar matters. Continuing education relating to the Company's business matters shall occur regularly.

Periodic Review of Guidelines

The Governance Committee shall periodically review these Corporate Governance Guidelines.

May 28, 2024