



CAE INC.
MEMBERSHIP AND RESPONSIBILITIES OF THE
GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

ROLE AND MEMBERSHIP

The Governance Committee (the “Committee”) shall consist of at least three (3) directors, one of whom shall be the Chair of the Committee. All members of the Committee shall be independent directors, as determined by the Board of Directors (the “Board”) taking into consideration applicable laws, regulations and other requirements applicable to such determination.

The Chair of the Committee and its members shall be elected annually by the Board following the recommendation of the Chair of the Board.

A majority of members of the Committee shall constitute a quorum.

RESPONSIBILITIES

The Committee shall work closely and cooperatively with such officers and employees of CAE, its auditors, legal counsel and/or other appropriate advisors and with access to such information as the Committee considers necessary or advisable in order to perform its duties and responsibilities, as assigned by the Board, in the following areas¹:

1. Review specific matters of corporate governance as they may pertain to the Board, including the effectiveness of the system of corporate governance at CAE with respect to the discharge of CAE’s obligations to its shareholders, customers and employees, other stakeholders and the public and make recommendations to the Board regarding same.
2. Monitor assessments of CAE’s corporate governance by proxy advisory service providers, material shareholders and representatives or groups of material shareholders and recommend where necessary possible improvements in CAE’s governance.
3. Review with the Chair of the Board, on a regular basis but not less than annually, the role and conduct of the Board, the effectiveness of the Board as a whole and its Committees and the methods and processes by which the Board fulfills its duties and responsibilities, including without limitation: the number and content of meetings; an annual schedule of issues to be presented to the Board at its meetings or those of its

¹ The references at the end of each paragraph refer to the Item # in the Governance Committee Annual Work Plan Checklist. Where no reference is included, the matters described are to be generally covered through periodic presentations on matters of interest as they develop throughout the year.

Committees; material which is to be provided to directors generally and with respect to meetings of the Board or its Committees; resources available to directors; and the communication process between the Board and management. (WP1.1)

4. Monitor interests of CAE directors and officers (including other directorships) to identify potential conflicts of interest, real or perceived, of both the Board and CAE Management. (WP1.2)
5. Review the composition and needs of the Board, determine the skills and experience requirements of directors, develop an appropriate succession plan and identify and recommend to the Board suitable candidates to be directors of CAE, consistent with criteria approved by the Board. (WP1.3)
6. Review and recommend the structure and amount of directors' compensation, including fees for attendance at directors and Committee meetings (every second year, unless required sooner). (WP1.4)
7. Review annually the performance of the Board and its Committees. (WP1.5)
8. Recommend to the Board the names of the persons to be nominated for election as directors by the Shareholders at the Annual General Meeting. (WP1.6)
9. Together with the Chair of the Board, recommend to the Board individuals to act as Chairs and as members of the Board Committees. (WP1.7)
10. Review and approve CAE's donations and sponsorships policy. (WP1.8)
11. Review and assess the adequacy of its mandate annually, report to the Board thereon and recommend any proposed changes to the Board for approval. (WP1.9)
12. Annual review of the Board of Directors Mandate and Position Descriptions for each of the Chair of the Board, the Chief Executive Officer and the Chairs of each of the Board committees. (WP 1.10)
13. Review at least annually CAE's Corporate Governance guidelines and review and approve CAE's corporate governance statements included as part of CAE's Annual Proxy Information Circular and/or any other public disclosure document. (WP1.11)
14. Review the independence of each member of the Board, and of the members of each Board Committee and the financial expertise of the Audit Committee members, taking into consideration applicable laws, regulations and other requirements applicable to such determination, and make a recommendation to the Board in respect of the qualification as independent of each such director and member. (WP1.12 and 1.13)
15. Review and approve the location proposed by management for the annual strategic plan review, having in mind the desirability of the Board members obtaining exposure

to CAE locations, staff, customers, suppliers and other factors related to CAE's operations. (WP1.14)

16. Review and approve CAE's Director Continuing Education Policy and ensure that it is implemented. (WP1.15)
17. Review, and have specific oversight responsibility for, CAE's compliance process in respect of laws of an anti-corruption (including without limitation the *U.S. Foreign Corrupt Practices Act*) nature, and receive at least annually a report on such compliance, including foreign representatives spend, from CAE's general counsel or such other member of CAE's management as the Committee shall approve. (WP1.16 and 1.17)
18. Review design and compliance with CAE's Code of Business Conduct, ensure that Code is implemented throughout CAE, as well as the handling of issues raised thereunder and the annual attestation of compliance. (WP1.18 and 1.19)
19. Bring to the attention of the Board or any of the other Board Committees matters which are of such importance as should be considered by the Board or which fall within the terms of reference of such Committee.

MEETINGS

The Chair or any member of the Committee may call a meeting of the Committee.

Any Director may request the Chair to call a meeting of the Committee and may attend at such meeting to inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the Chair of the Committee.

The Chair of the Committee shall report to the Board after each meeting of the Committee.

May 30, 2017