



**REPORT UNDER THE *FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT***

**FINANCIAL YEAR ENDED OCTOBER 31 2024**

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## Application

This report, prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Canadian Act”), pertains to Transat A.T. Inc. and its subject wholly owned Canadian subsidiaries, Air Transat A.T. Inc. and Transat Tours Canada Inc. (“TTC”), as well as its wholly owned British subsidiary, The Airline Seat Company Limited (doing business under the name “Canadian Affair”, “CAF”)(collectively, “Transat”, the “Corporation”, “we” or “us”).

The above-mentioned entities hereby report to the Minister of Public Safety and Emergency Preparedness on the steps taken during the last fiscal year ended October 31, 2024, to prevent and reduce the risk that forced labour or child<sup>1</sup> labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby.

This report also constitutes a statement under section 54 of the U.K. *Modern Slavery Act*, 2015 (the “U.K. Act”).

## Structure, Activities and Supply chains

Founded in Montreal 37 years ago, Transat A.T. Inc., incorporated under the *Canada Business Corporations Act*, operates in the leisure travel industry. Known for operating as an air carrier under the Air Transat brand, Transat also consists of specialist tour operators and other entities in the retail distribution of holiday travel packages. Its full offerings include products and services for exploring a multitude of international destinations, mainly in Europe, the Caribbean, the U.S. East Coast, South America and North Africa.

Transat is headquartered in Montreal, Canada, with offices in France and the United Kingdom, as well as in the Caribbean. As of 31 October 2024, Transat employed over 4,900 individuals, including more than 4,400 in Canada.

Its airline, Air Transat, is an important part of the Montréal-Trudeau (YUL) and Toronto Pearson (YYZ) airport platforms.

Transat acts as an outgoing tour operator through its subsidiary TTC, doing business under the Transat and Air Transat brands, as well as through its European subsidiaries, including Canadian Affair.

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<sup>1</sup> The term “child” is defined in this report in accordance with the United Nations Convention on the Rights of the Child as any person under the age of eighteen unless national laws recognize an earlier age of majority.

TTC distributes products in the recreational markets located in North America, Central America, South America Europe, and North Africa. It offers two main product categories to meet customer needs, namely, travel vacation packages from Canada and seats in all markets served by Air Transat.

TTC also offers seats to and from various Canadian cities for its domestic market. All of these products are essentially sold online, either by TTC or Air Transat, and through travel agency network products are sold mainly online, by Transat Tours or Air Transat as the case may be, and through travel agency networks.

Canadian Affair, a wholly owned subsidiary of Transat, is a U.K.-based tour operator. It specialises in tailor-made holidays to Canadian and American destinations, including train tours, cruises, air travel and guided tours.

## Our Vision

Transat favours a safe, caring and accessible customer experience and workplace. The Corporation is driven by its desire to connect people and committed to doing so in a sustainable way that supports local economies, contributes to the well-being of communities, and protects destinations' natural and cultural heritage. Collaboration with all relevant stakeholders is key to finding the right balance between these various components. Transat works with its teams, customers, suppliers, partners and associations to promote responsible travel.

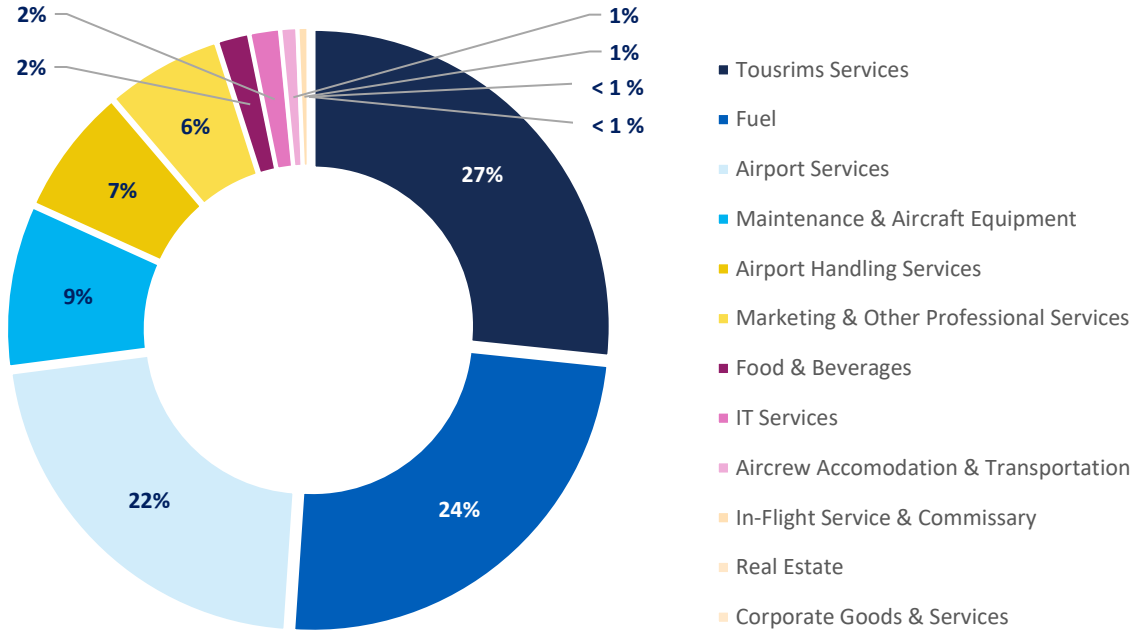
In this second report under the Canadian and U.K. Acts, we detail the governance, processes and policies in place to ensure respect for human rights (including the fight against forced labour, child labour and human trafficking) within our supply chains.

## Our Activities and Supply Chains

Transat operates in the airline and travel industries. The vast majority of its operations therefore involve the sale of services rather than merchandise in the strict sense of the term.

In Canada, the Company distributes a portion of its products through its own network of wholly owned, franchised or affiliated retailers.

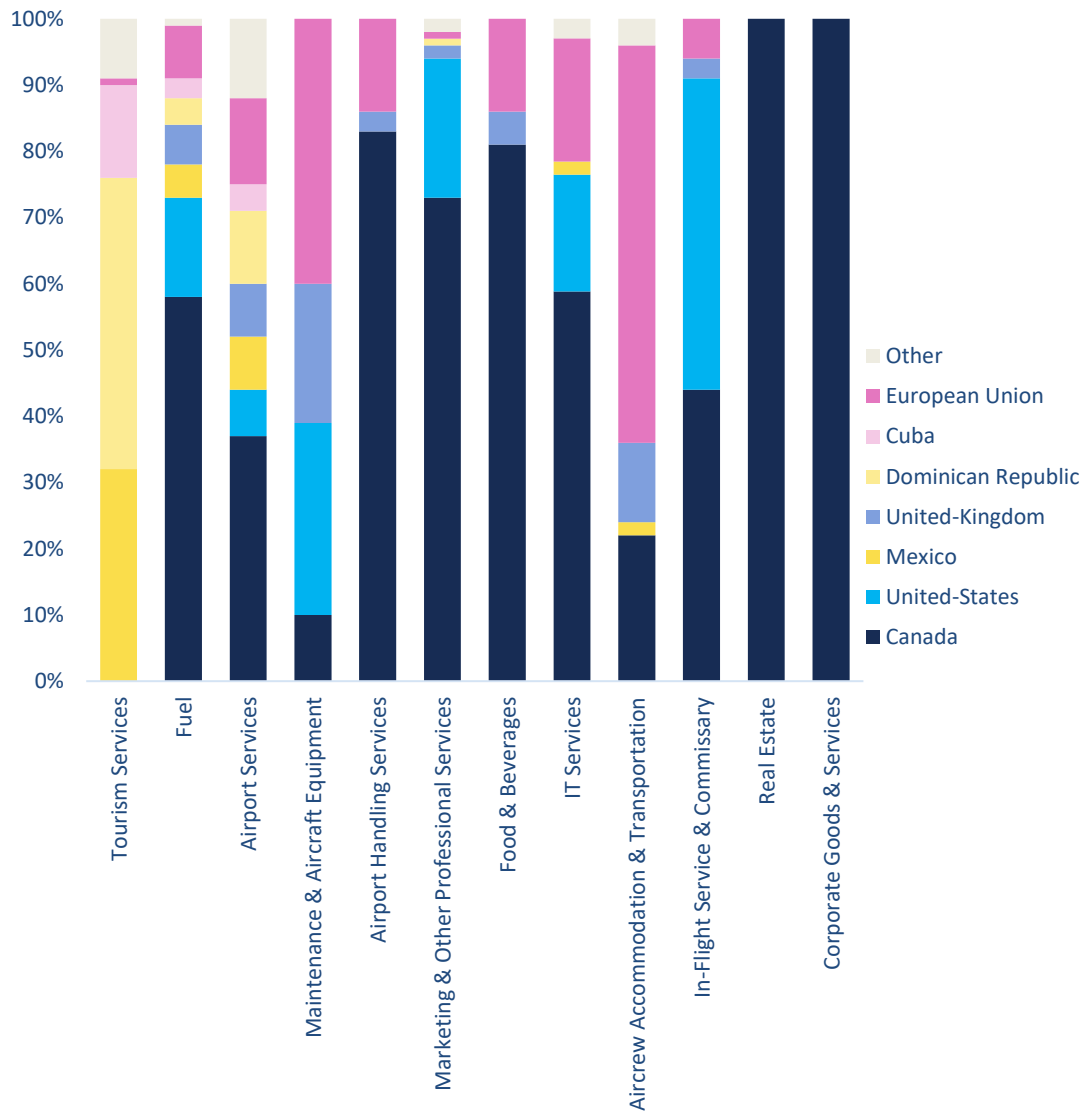
For the financial year ended 31 October 2024, we worked with nearly 2,200 direct suppliers, divided into 12 categories of expenditure essential to our operations, as illustrated below.



Category	Entity	Share of expenditure	Description
Tourism Services	TTC & CAF	27 %	Agreements with hotel partners, destination services.
Fuel	Air Transat	24 %	All air and land fuels used to meet national and international transportation needs.
Airport Services	Air Transat	22 %	Fees and expenses relating to air operations.
Maintenance & Aircraft Equipment	Air Transat	9 %	Aircraft, equipment, components, in-flight electronic entertainment devices, materials used on aircraft and any maintenance associated with these various elements.
Airport Handling Services	Air Transat	7 %	Parts, services and equipment used to handle aircraft parked in an airport terminal (including security, corporate vehicles, and leased vehicles).
Marketing & Other Professional Services	Transat	6 %	Communications, marketing and advertising agencies mandated in respect of projects to attract and retain customers, corporate consulting services (e.g. auditing, legal, IT services, etc.)
Food & Beverages	Air Transat	2 %	Purchases of food and beverages consumed by customers on board aircraft, including catering service agreements.
IT Services	Transat	2 %	Infrastructure, networks, communications, application support and all outsourced IT services.
Aircrew Accommodation & Transportation	Air Transat	1 %	Costs related to transport and accommodation for crews.
In-Flight Service & Commissary	Air Transat	1 %	Products and services offered to customers on board.
Real Estate	Transat	< 1 %	Building design services, construction, development, upkeep of facilities, waste management, cleaning and public utilities.
Corporate Goods & Services	Transat & CAF	< 1 %	Products and services intended for staff (e.g. uniforms, office products).

The vast majority of our direct suppliers of products and services are located in North America, Europe and the destinations we serve (including the Caribbean, the West Indies, Central America, South America and Morocco).

The geographical distribution of our tier-one suppliers sheds light on the human rights risk profile of our supply chain. Based on 2024 data, our tier-one suppliers for merchandises are mainly located in North America and the European Union, two regions with a low risk of forced labour<sup>2</sup>.



<sup>2</sup> *Importing Risk*, Global Slavery Index, <https://www.walkfree.org/global-slavery-index/map/#mode=DATA:dimension=i>.

## Policies and Due Diligence Processes

### Corporate Procurement Policy

Our Corporate Procurement Policy, which applies to all our operations, seeks to frame the general governance and management rules that apply to the procurement process, our goal being to ensure that all goods and services are purchased as part of a competitive bid process that meets our ethical standards. We believe that a centralized policy gives us greater visibility throughout our procurement process and results in a more uniform application of our other policies and procedures.

One of the guiding principles of this policy targets the selection of suppliers and business partners, whose practices must be aligned with the responsible procurement approach proposed by Transat. According to the wording of this policy, the selection of any strategic supplier is based on an evaluation matrix that includes several qualitative and quantitative criteria, notably the supplier's compliance with environmental, social and governance (ESG) requirements.

### Code of Ethics

Our Code of Ethics (available on our website at [www.transat.com](http://www.transat.com)) applies to all members of staff, including members of management, and members of the Board of Directors, in addition to parties having a contractual relationship with us. The Code of Ethics aims, among other things, to promote socially responsible conduct, integrity and corporate responsibility.

The Code sets forth the principles that promote a healthy work environment and fair business practices to help all our employees make informed decisions. We demand that all our employees demonstrate honesty, integrity and equity when promoting and selling our products and services, as well as in the overall conduct of our affairs.

Given the [risks inherent in our industry](#), our Code of Ethics commits our teams to take action to combat forced labour and the sexual exploitation of minors by informing our staff, partners, suppliers and customers about these issues and by collaborating with local organisations and police authorities where necessary.

### Supplier Code of Conduct

In addition to the Code of Ethics, our Supplier Code of Conduct (available on our website at [www.transat.com](http://www.transat.com)) is designed to ensure that each supplier adheres to the principles and requirements by which we do business. This code stipulates our ESG requirements, and we expect our providers to comply therewith and to require this same compliance from their partners, suppliers, personnel and sub-contractors. The code also stipulates, among other things, that no supplier may resort to any form of forced labour whatsoever. The use of child labour by a supplier is also strictly prohibited. Suppliers are also required to assess child labour risks in their supply

chains and to take appropriate measures to responsibly manage the eradication from their activities of any child labour they may detect.

We also reserve the right to request that our suppliers provide additional information for the purposes of managing and monitoring compliance with the code. Anyone may contact us to report a violation using a dedicated email address. We undertake to help suppliers remedy code compliance issues and may choose to take various steps in respect of a noncompliant supplier, which could include terminating the business relationship with the supplier in question.

## Due diligence process – Textile industry

As mentioned in the 2023 edition of this report, we implemented enhanced due diligence measures throughout the tender process to select a new supplier of uniforms for cabin crew and ground staff (passenger services).

The decision to establish a tailored ESG assessment procedure for selecting a new uniform provider arose from the textile industry’s heightened risk of forced and child labor.<sup>3</sup>

As an initial step in the process, we developed an assessment grid aligned with the Sustainability Accounting Standards Board (SASB) standard for the textile industry. One section of the grid focused specifically on working practices and ethics.

Suppliers shortlisted following the call for tenders were asked additional ESG-related questions if the information initially provided was insufficient.

The three finalist suppliers were then interviewed by the Procurement Director and the Corporate Responsibility team to discuss in greater detail the measures they have implemented to combat forced labor and child labor in their production plants.

Finally, we arranged for third-party audits of each factory the selected supplier planned to use to produce Transat’s new uniforms. During these site visits, the auditing firm QIMA applied a social compliance audit procedure that evaluated several factors, including health and safety, environmental management, forced labor and child labor, working hours and benefits, and labor practices.

Of the seven factories audited, five achieved scores exceeding 9.5/10 and were selected for the production of uniform orders. Corrective action plans developed by the auditor were reviewed with plant managers, and follow-up meetings with the supplier are being scheduled to ensure proper implementation. Notably, none of the issues identified during the audits related to forced labor or child labor.

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<sup>3</sup> *Importing Risk*, Global Slavery Index, <https://www.walkfree.org/global-slavery-index/map/#mode=DATA:dimension=i>.



## Determining the Risk of Forced Labour or Child Labour

### Level of Risk Among Our Personnel

We consider the risk of forced or child labour among our employees to be negligible. Our Board of Directors and the Board's Human Resources and Governance Committee oversee the application of our human resources policies.

Our recruitment processes ensure compliance with the standards in force in Canada, where the vast majority of our active staff come from (more than 90% as at October 31 2024).

Within our company, 66.6 % of the active workforce is covered by a collective agreement, which ensures compliance with the working conditions negotiated by the trade union groups and thus helps to exclude the risk of forced labour or child labour.

### Level of Risk Within Our Supply Chains

We are aware that there may be a risk of forced labour at all levels of our supply chain. For the time being, the processes in place within the Company to identify the risk of forced or child labour are limited to the sphere of Transat personnel, its subsidiaries and first tier suppliers.

In this sense, whether it is the air transport service offered by Air Transat, or the tourist services offered by TTC and Canadian Affair, we assess the risk of forced labour or child labour to be minimal among our direct suppliers, given their geographical distribution and the low prevalence of purchasing categories deemed to be at risk.

For certain types of goods and services, the prevalence of this risk increases for suppliers and sub-contractors located further down the supply chain. Identifying the risk for these indirect suppliers over which we have little control and visibility may prove to be complex and will require certain additional measures that we will address later in this report.

### Level of Risk in Airline Operations

The airline industry being highly regulated, we believe that the subcontractors of our direct suppliers (second and third tier suppliers) present a higher risk potential than our direct suppliers (first tier) with whom we have a contractual relationship and for whom we have a due diligence process in place, as further discussed below.

Of all the products we use in our flight operations, we have identified that textile products (more specifically uniforms for cabin crew and ground services due to the importance of the contract) as well as products sold or distributed on board, come from industries that are typically more at risk<sup>4</sup>. We take particular care when selecting tier-one suppliers operating in these sectors.

As part of the continuous improvement of our responsible sourcing approach, we also intend to assess other product categories that could be subject to a due diligence review similar to the one undertaken for uniform contracts in 2024.

## Level of Risk in Tourism Services

Our TTC subsidiary does business with more than 600 tourism suppliers and service providers located in the destinations we serve. These suppliers are mainly hotels and incoming tour operators (offering customer assistance, transfer systems and tourist excursions).

We offer tourism services in more than 60 destinations in the Caribbean, Europe, North America, South America and North Africa. The due diligence processes in place allow us to validate that first-level partners comply with the quality standards required by Transat.

The tourism industry, by its nature, may be more exposed than others to the risk of forced or child labour. We currently have processes in place to potentially identify the risk of sex tourism within certain destinations, which we detail in the following sections.

## Steps Taken to Assess and Manage the Risk Identified in Our Operations and Supply Chains

The procurement of goods and services is governed by several guiding principles that guide our strategies and practices, in line with our global development plan. We have a duty to use our influence to combat forced labour and child labour. That said, all members of the supply chain also have a role to play in this respect.

In this sense, we count on the cooperation of all our suppliers and expect them to meet the highest standards of quality and ethics, as defined in our various policies and codes of conduct and discussed in this report. In addition, we count on close collaboration between the key players in procurement to ensure process compliance and effective risk prevention:

Our Corporate Responsibility department plays a supporting role in strategic sourcing as far as the environmental, social and governance strategy is concerned. It ensures that sourcing meets ESG standards and actively participates with stakeholders in the assessment of needs and selection of goods or services.

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<sup>4</sup> *Importing Risk*, Global Slavery Index, <https://www.walkfree.org/global-slavery-index/map/#mode=DATA:dimension=i>.

The procurement department also acts jointly with the Legal Affairs Department which, for its part, actively participates in the negotiation of contracts while providing recommendations and opinions. The Legal Affairs Department also makes sure that contracts comply with the legislation in force and with ethical practice standards, while guiding contracting parties on their legal responsibilities.

## Contractual Clauses

Since 2024, the Supplier Code of Conduct has formed an integral part of contracts with our hotel service providers, reaffirming our commitment to working with hotels that support the fight against child exploitation. This integration also stipulates that actions may be taken against any member of our clientele or staff who acts in contravention of these commitments.

## Audit/Visits

We carry out a due diligence review before entering into an agreement with a new supplier. Where appropriate, this due diligence may include a visit to the supplier's premises.

At least once a year, we also try to visit every hotel in our sun destinations with which we have a contractual relationship and at which our clients may stay in order to assess compliance with our practice and quality standards. Even if the primary goal of these visits is not to detect forced labour or child labour practices, the individuals conducting these visits may report certain practices that would allow us to take certain appropriate actions.

## Measures to Prevent and Reduce the Risk of Forced Labour and Child Labour

The Company took the following steps during the last financial year to prevent and reduce the risk of forced or child labour<sup>4</sup> in our operations and supply chains:

- We have rolled out our Supplier Code of Conduct throughout our supply chain;
- We have introduced additional due diligence measures for contracts in the textile industry (*with reference to the redesign of the uniforms of flight and ground staff*);
- We have developed a two-module training course on modern slavery for the Strategic Sourcing and Product teams respectively.

## Remedial Measures

During the last financial year, there were no identified cases of forced labour, child labour or human trafficking in our operations or supply chain.

As a result, no corrective measures have been necessary to remedy cases of human rights violations and/or losses caused by Transat's measures to eliminate the use of forced labour or child labour in its activities and supply chains.

Should we identify instances of human rights abuses in our operations or supply chains, we will consider appropriate remediation strategies in accordance with international standards.

## Training

All cabin crew are made aware of human trafficking issues during their initial recruitment training. Information is also available in the crew instruction manual and includes details of the reporting procedure to follow in the event of suspicious behaviour.

In 2024, we developed a training course entitled "Modern slavery – Identifying and reducing the risks of forced labour", divided into two sections to meet the needs of our two priority target audiences: strategic sourcing and commercial agreements in tour operator activities.

The aim of the training is to raise awareness among the staff responsible for relations with our suppliers and to equip them appropriately in their decision-making process.

All members of the strategic sourcing team, as well as managers from the product team, received 45 minutes of training, covering the following topics:

- Definitions and key figures for a better understanding of modern slavery;
- Presentation of the regulatory context, in Canada and internationally, and the resulting requirements for Transat and its supply chain;
- Explanation of the different risk factors for forced labour and child labour (in terms of the nature of the products and operations);
- Presentation of industries recognised as having a high risk potential;
- Example of application beyond the first tier of direct supplier;
- Presentation of the resources and tools available for identifying risks and implementing due diligence measures.

In 2025, we will evaluate other possibilities for raising awareness of child labour and human trafficking, in collaboration with recognised organisations and experts in the field.

## Assessment of effectiveness

In line with the commitments made in 2024, the first step in assessing the effectiveness of our processes involves quantifying the number of suppliers who have signed our supplier code of conduct or, where applicable, who have subscribed to a code deemed equivalent.

We are assessing measures to evaluate the effectiveness of the articles of our Supplier Code, adapting them to the needs and development of our actions.

## Continuous Improvement and Forward-Looking Initiatives

Our responsible sourcing approach remains a priority of the Sustainable Practices pillar of our corporate responsibility strategy. We recognise our responsibility as an international supplier and are committed to continuing to take the necessary steps to mobilise all those involved in our supply chains to combat forced labour, child labour and human trafficking.

During the last financial year, our responsible sourcing roadmap included the ratification of the supplier code of conduct, the deployment of additional due diligence measures for contracts in the textile industry and the activation of appropriate training programmes.

Commitments to the 2024 roadmap	Actions completed in 2024
Ratification by all suppliers and tourism partners of our new Supplier Code of Conduct.	All direct suppliers with whom a new agreement was signed in 2024 have signed the code of ethics. Suppliers with whom agreements were signed before 2024 will be asked to sign the code of ethics at the time of contract renewal, if applicable. Ultimately, the aim is to have all our direct suppliers sign the code.
The introduction of additional due diligence measures (including factory audits) for contracts in the textile industry.	Development of a tailored assessment grid, a series of targeted interviews and specialist social impact audits for the new uniform contract.
The roll-out of a responsible sourcing training programme, including a module on forced labour and child labour for buyers in the strategic sourcing team.	Training tailored to the context of the strategic sourcing team was developed and rolled out by the Corporate Responsibility team.
The roll-out of a responsible sourcing training programme tailored to the specific challenges of the tourism industry for the TTC products and services team.	Training tailored to the context of the Destination Products and Services team was developed and rolled out by the Corporate Responsibility team.

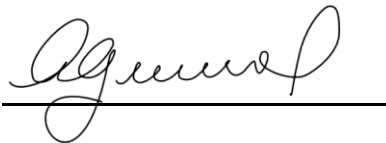
In line with our corporate responsibility strategy and to support our drive for continuous improvement in respecting human rights in our supply chain, our Responsible Sourcing Roadmap for 2025 includes the following elements:

<b>Commitments to the Roadmap 2025</b>
Launch of phase 2 of the supply chain diagnostic, aimed at analysing current practices in greater depth, identifying priority areas for action and opportunities for improvement.
Development and implementation of specific measures to assess the effectiveness of actions taken and monitor progress.
Updating our reporting procedures to ensure effective, confidential and accessible management of reported incidents, while increasing awareness of these mechanisms within the organisation and among our stakeholders.
Revisiting our awareness-raising initiatives on issues related to human trafficking and the sexual exploitation of children, through targeted training and strategies adapted to our supply chain stakeholders.

## Approval and certification

This report was approved by the Board of Directors of Transat A.T. Inc. as being a joint report of Transat A.T. Inc., Air Transat A.T. Inc., Transat Tours Canada Inc. and The Airline Seat Company Limited for the financial year ended October 31, 2024, in accordance with subparagraph 11(4)(b)(i) of the Canadian Act.

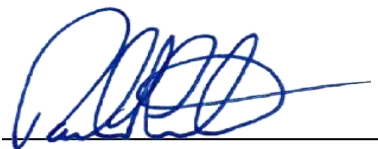
In accordance with the requirements of Canadian and U.K. law, and in particular section 11 of the Forced Labour and Child Labour in Supply Chains Act and section 54 of the *Modern Slavery Act*, we hereby attest that we have reviewed the information contained in the report for the entities listed above. To the best of our knowledge, and after having exercised due diligence, we attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Annick Guérard

Director, President and Chief Executive Officer, Transat A.T. Inc. Director and President,  
Air Transat A.T. Inc.

Chairman of the Board, President and Chief Executive Officer, Transat Tours Canada Inc. I have the power to bind Transat A.T. Inc., Air Transat A.T. Inc. and Transat Tours Canada Inc.



Patrick Linteau

Director, The Airline Seat Company Ltd.

I have the power to bind The Airline Seat Company Ltd.

January 20<sup>th</sup> 2025