



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

FINANCIAL YEAR ENDED OCTOBER 31, 2023

Application

This report, prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “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”)(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 their previous financial year ended October 31, 2023 to prevent and reduce the risk that forced labour or child labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby.

Measures to prevent and reduce the risks of forced labour and child labour

Generally speaking, in the previous financial year we took the following measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chains:

- In 2023, we reviewed our Supplier Code of Conduct to expand its application to all of our suppliers, in addition to the tourism service providers for whom it was previously intended;
- In compliance with our policies, we continued conducting due diligence of our potential suppliers before entering into our contracts;
- We visited certain hotels, as described below in this report, to assess compliance with our practice and quality standards;
- We trained our destination supervisors on the corporate responsibility strategy and, more specifically, on the corporate responsibility initiatives and programs underway.

Structures, Activities and Supply Chains

Founded in Montréal 36 years ago, Transat A.T., which was 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 and the Caribbean, with growth ambitions in South America and North Africa.

Transat is headquartered in Montréal, with places of business in France, the United Kingdom and the Caribbean. Transat employs over 5,000 individuals, more than 4,500 of whom are 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.

TCC distributes products in the recreational markets located in North America, Central America, South America and Europe. 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 networks.

Canadian Affair is a UK tour operator that specializes in tailor-made holidays to Canadian and Alaskan 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 report, we detail the corporate governance, processes and policies that are in place to ensure that human rights (including forced labour and child labour) are complied with in the supply chains of Transat and those entities that are subject to the Act.

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 more than goods in the strict sense of the term.

For the financial year ended October 31, 2023, Transat A.T Inc. and its subsidiaries had over 2,500 direct suppliers.

The following table presents the main goods and services that Transat uses in the context of its operations:

Category	Entity	Description
Fuel	Air Transat	All air and land fuels used to meet national and international transportation needs.
IT Services	Transat	Infrastructure, networks, communications, software support and all outsourced IT services.
Marketing and other professional services	Transat	Communications, marketing and advertising agencies mandated in respect of projects to attract and retain customers, corporate consulting services (auditing, legal, IT services, etc.)
Food and beverages	Air Transat	Purchases of food and beverages consumed by customers on board aircraft, including catering service agreements.
In-flight service and commissary	Air Transat	Products and services offered to customers on board.
Real estate	Transat	Building design services, construction, development, upkeep of facilities, waste management, cleaning and public utilities.
Corporate goods and services	Transat and Air Transat	Goods and services intended for staff (e.g.: uniforms, office products)
Airport services	Air Transat	Fees and expenses relating to air operations.
Airport handling services	Air Transat	Parts, services and equipment used to handle aircraft parked in an airport terminal (including security, corporate vehicles and leased vehicles).
Maintenance and aircraft equipment	Air Transat	Aircraft, equipment, components, in-flight electronic entertainment devices, materials used on aircraft and any maintenance associated with these various elements.
Aircrew accommodations and transportation	Air Transat	Fees associated with aircrew transportation and accommodations.

Category	Entity	Description
Tourism services	Transat Tours Canada The Airline Seat Company Limited	Agreements with hotel partners, destination services.

In Canada, the Corporation distributes its products in part through its own network of wholly owned, franchised or affiliated retailers.

The vast majority of its direct suppliers of goods and services are located in North America, Europe and the destinations to which the Corporation flies (including the Caribbean, the West Indies, Central America and the new South American and North African destinations announced for 2024).

Policies and Due Diligence Processes

a. Corporate Procurement Policy

Our Corporate Procurement Policy, which applies to all of 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 or 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 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 a 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 requirements.

b. Code of Ethics

Our Code of Ethics (available on our website at www.transat.com) applies to all of our employees, executives, officers and directors, as well as to parties with which we have a contractual relationship. The Code of Ethics seeks, among other things, to promote socially responsible conduct, integrity and corporate responsibility.

The Code of Ethics sets forth the principles that foster a healthy work environment and fair business practices to help all of our employees make informed decisions. We demand that all of 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.

In keeping with our Code of Ethics, we undertake to combat the sexual exploitation of minors by raising awareness among our employees, partners, suppliers and clients, and

by collaborating with organizations and local police authorities in that regard, where applicable.

c. Supplier Code of Conduct

In addition to the Code of Ethics mentioned above, we revised our Supplier Code of Conduct (available on our website at www.transat.com) in 2023 to extend its application to all our suppliers, in addition to the tourism service providers for whom it was previously intended, the goal being to ensure that each provider has the ability to adhere to the principles and requirements governing the way we do business. This code stipulates our ESG (environment, social and governance) 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 non-compliant supplier, which could include terminating the business relationship with the supplier in question.

Determining the Risk of Forced Labour or Child Labour

a. Among our personnel

We believe that the risk of forced labour or child labour among our personnel is negligible. Our Board of Directors and the Board's Human Resources and Compensation Committee oversee the application of our human resource policies. Our recruiting processes ensure compliance with the standards currently in force in Canada, where most of our personnel come from.

We also recognize our personnel's right to freedom of association. Within our business, 56% of the active workforce (61% in Canada) is covered by a collective agreement that ensures compliance with the working conditions negotiated by union groups and therefore contributes to excluding the risk of forced labour or child labour.

b. Within our supply chains

We are aware that there may be a risk of forced labour at all levels of our supply chain. Currently, the processes in place within the Corporation to determine the risk of forced labour or child labour are limited to the personnel of Transat, its subsidiaries and its first-level suppliers.

In that regard, when it comes to the air transport services offered by Air Transat or the tourism services offered by TTC and Canadian Air, we assess the risk of forced labour or child labour as being minimal in terms of our direct suppliers.

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.

1. Airline operations

The airline industry being highly regulated, we believe that the sub-contractors of our direct suppliers (second- and third-level suppliers) present a higher risk potential than our direct (first-level) suppliers with whom we have a contractual relationship and for whom we have a due diligence process in place, as described at greater length below.

Of all the products we use in our airline operations, we have identified textile products (flight crew uniforms, gloves for maintenance personnel, blankets used on board our aircraft) and the electronic devices sold or distributed on board, as all coming from industries that are typically more at risk. Therefore, we pay particularly close attention when selecting first-level suppliers operating in these sectors. We are also assessing additional due diligence measures that will affect some of our suppliers' subcontractors as part of our efforts to continually improve our responsible sourcing approach.

2. Tourism services

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

The tourism services we offer are distributed throughout more than 60 destinations in the Caribbean, Europe, but also in South America and North Africa. The due diligence processes in place help verify whether first-level partners meet the quality standards that Transat requires.

The tourism industry, by its very nature, can be more exposed than other industries to the risk of forced labour or child labour. We currently have processes in place to raise awareness among our teams of the risk associated with sexual tourism found in certain destinations, which we will detail in the following sections.

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

The supply of goods and services is governed by a certain number of operating philosophies and principles that guide our strategies and practices and which are consistent with our global growth plan. We have a duty to use our influence to fight forced labour and child labour. That said, all members of the supply chain also have a role to play in that regard. We rely 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 as discussed at greater length in this report.

Moreover, we count on close collaboration between the main supply stakeholders to ensure the processes' compliance and the efficient prevention of risks:

- 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.
- 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.

a. Contractual clauses

In addition to the requirements described above regarding the Corporation's Code of Ethics and Supplier Code of Conduct, a standard specific phrase found in the applicable terms and conditions of our agreements with our hotel service providers stipulates that hotel establishments must support the fight against child exploitation and that actions may be taken against any client or personnel that acts in breach of these undertakings.

b. Audits/Visits

We conduct a due diligence before entering into an agreement with a new supplier. This due diligence may include, where appropriate, a visit of 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.

Remediation Measures

In the last financial year, we have not identified any incident of forced labour or child labour in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of forced labour or child labour.

If we do identify incidents of forced labour within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards.

Training

As part of our initiatives to mobilize stakeholders around ESG issues, we would like employees to become the most loyal ambassadors of our sustainable-travel efforts. Consequently, after the initial training on the major challenges of sustainable travel given to a hundred or so employees in 2018, we started a new training plan for the teams of our incoming tour operator Turissimo in the Dominican Republic in February 2023. This training plan will be given more broadly to teams involved in Transat's tourism activities in fiscal 2024.

As more specifically relates to the sexual tourism risks indicated above, Transat is committed to fighting against the sexual exploitation of children in tourism, notably by raising awareness and training its teams. To do this, we have prepared guidelines for our frontline teams, which include travel agents, destination teams and call center personnel. In 2022, Transat took advantage of Québec's first *Semaine nationale de la lutte contre l'exploitation sexuelle des mineurs* (Québec's national week to fight the sexual exploitation of minors) to remind all of its teams and partners of the magnitude of this scourge and the major role that raising awareness plays in the fight against it.

Assessment of Efficiency

Transat has introduced certain measures over the last financial year aimed at reducing the risk that forced labour or child labour will be used in our activities and our supply chains. We have not yet taken any measure to assess the efficiency of these measures.

Continuous Improvements and Prospective Interventions

Our responsible sourcing mechanism is a priority in the Sustainable Practices pillar of our corporate responsibility strategy. We recognize our responsibility as an international instructing party, and we are committed to taking the necessary actions to convince all players in our supply chain to have a positive social impact.

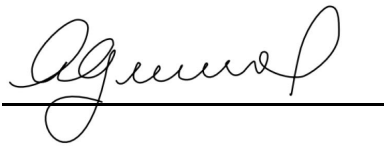
To that end, we are currently updating a responsible sourcing roadmap that includes more specific actions to identify and reduce forced labour or child labour risks, such as:

- The ratification, by all tourism suppliers and partners, of our new Supplier Code of Conduct;
- The implementation of additional due diligence actions (potentially including plant audits) for textile industry contracts;
- The deployment of a responsible sourcing training program, including a module on forced labour and child labour for buyers in the strategic sourcing team;
- The deployment of a responsible sourcing training program adapted for issues specifically relating to the tourism industry for TTC's destination Products and Services team.

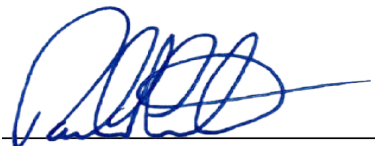
Approval and Attestation

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, 2023, in accordance with subparagraph 11(4)(b)(i) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I hereby attest that I have reviewed the information contained in the report for the entities listed above. To the best of my knowledge, and after having exercised due diligence, I 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.
Chair of the Board, President and Chief Executive Officer, Transat Tours Canada Inc.
I have the authority 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 authority to bind The Airline Seat Company Ltd.

February 2, 2024