

# Modern Slavery Report 2023

ENVOY AIR INC.



This Modern Slavery Report (the “Report”) addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Act”). This Report is made on behalf of Envoy Air Inc. (“Envoy” or “we” or “our”).

## 1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading regional commercial airline, Envoy recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal year 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by Envoy or of goods imported into Canada by Envoy.

## 2. Our Business

Envoy, a Delaware Corporation, is a regional commercial airline headquartered in Irving, Texas, USA. Envoy operates a fleet of over 180 aircraft, serving more than 160 destinations with 800 daily flights. With a workforce exceeding 20,000 employees (200 of which are based in Canada), Envoy provides regional flight services under the American Eagle brand to American Airlines, and also offers ground handling services for a number of American Airlines flights. Envoy has operations in British Columbia, Alberta, and Ontario, Canada. Envoy is a wholly owned subsidiary of Envoy Aviation Group Inc. which in turn is a wholly owned subsidiary of American Airlines Group, Inc. (“AAG”) a publicly traded holding company comprised of various airline and non airline subsidiaries.

Envoy’s supply chain includes businesses that supply goods and services to our organization for internal consumption and use in furtherance of airline and employee operations, including aircraft parts, aircraft maintenance services, and employee uniforms. Envoy is not a reseller or distributor of commercial goods.

In total, we procure goods and services from over 600 suppliers and contractors. The number of suppliers from which we may procure goods or services into Canada varies by year depending on the needs of the business, however goods or services or procured from 13 suppliers and contractors during the year 2023. , ( ). The suppliers we engage include businesses that supply goods and services to our organization for internal consumption and use in furtherance of airline and employee operations.

Further information about our business can be found in the Form 10-K (Annual Report) filed by AAG on February 21, 2024, available at the following link:

<https://americanairlines.gcs-web.com/static-files/84ebf286-3d9d-45f6-ba53-80108ea6330e>

### 3. Our Policies

#### Policies

Through our organizational and governance policies we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, and make it clear that we do not tolerate any forms of forced labour or child labour. We are committed to consistently evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations or by suppliers working for us. We make reasonable efforts, including through carrying out due diligence and audits to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

#### Standards of Business Conduct and Ethics

We are committed to conducting our business in a lawful and ethical manner. Our American Airlines Group (AAG) Standards of Business Conduct (the Code) and our Envoy Guiding Principles Policy are the foundation of our company policies and they set forth guiding principles on professional conduct and establish that in performing their job duties, Envoy employees, agents, consultants, contractors, providers, and suppliers should always act lawfully, ethically and in the best interests of Envoy.

#### Standards of Business Conduct for Suppliers

Envoy has adopted the American Airlines Group (AAG) Standards of Business Conduct for Suppliers, which details the requirements and expectations we have of our suppliers, their supply chains, and any other third party with whom we engage. We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Standards of Business Conduct for Suppliers in their own operations and supply chain. Our Standards of Business Conduct for Suppliers also sets forth our principles of inclusivity and accountability. We engage with suppliers that are committed to these same principles and suppliers should adhere to these standards as a condition of doing business with us. We review our Standards of Business Conduct for Suppliers on an annual basis to ensure that this policy is in line with current best practices.

#### Whistleblower Policy

Envoy's Whistleblower Policy encourages all employees and others affiliated with Envoy to report any illegal or unethical conduct in connection with any aspect of Envoy's operations, and guarantees that Envoy will not retaliate against any employee for engaging in any of the above conduct. Similarly, the policy guarantees Envoy will not retaliate against an employee for refusing to participate in an activity that would result in a violation of state or federal statute, or a violation of or noncompliance with a local, state, or federal rule or regulation. Additionally, Envoy will not retaliate against an employee because the employee is a family member of a person who has, or is perceived to have, engaged in any acts protected by this policy.

### Due Diligence

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks.

We acknowledge that employees working in our facilities and our supply chain are at potential risk of forced labour or child labour. In order to mitigate this risk, we follow a due diligence approach that includes the following steps:

- Envoy has developed internal policies, supplier business standards, audit criteria and validation checklists, supplier selection criteria, and approved vendor platforms to promote due diligence in combating human trafficking and forced labor.
- Envoy has established a training delivery program for new hire and recurrent training related to human trafficking and forced labor.
- Envoy openly recognizes and commends employees and organizations within the Corporation, for reporting suspicious behavior and supply chains, providing both internal and US agency methods of reporting visibly on its employee portal.

## **4. Assessing Our Risk**

Envoy engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we refer to external data sources, engage with our peers, consult with external experts, map supply chains, conduct risk assessments. To identify the business activities with the greatest exposure to these risks, we consider the following:

- Complexity and visibility of supply chain
- Origin country of the manufacture of goods
- US Government published risks for goods produced in certain regions
- Real time risk notifications to CTPAT partners from assigned Supply Chain Supervisory Specialists or CBP Headquarters related to trending issues for human trafficking, forced labor, and potentially compromised supply chains

Envoy has also identified that risks can occur within a supply chain if domestic or foreign purchases are drop shipped from a tier 3 supplier or beyond, due to lack of necessary domestic inventory or foreign supply chain warehousing inventory. Envoy conducts foreign supplier supply chain security validation visits to better identify available resources for the products purchased or repaired abroad, to provide additional visibility in identifying red flags associated with supply chain risk.

Envoy has identified that normative risks can occur within the air transportation industry segment. Envoy openly trains employees on identification of red flags for forced labor and human trafficking to educate and provide methods to report potential risks or identify activities associated with forced labor and human trafficking, both in flight and in supply chain activities.

We consider there to be a limited risk of force and child labour occurring in Envoy's supply chain, which is predominantly comprised of skilled aircraft parts manufacturers and other contractors providing licensed aircraft maintenance services.

## 5. Our Commitments

### Steps to Prevent and Reduce Risks of Forced and Child Labour

Envoy's steps to prevent and reduce the risk of forced and child labour in our operations and supply chains include the following:

- Envoy participates in the United States Customs and Border Protection: Customs Trade Partnership Against Terrorism (CTPAT) program which has a Mutual Recognition Arrangement with the Canada Border Services Agency ("CBSA") Partners in Protection (PIP) program. The PIP program is a voluntary program where businesses and the CBSA work together to enhance border and trade chain security.
- Envoy has been validated as a Tier 3 Importer and Exporter, by the U.S. Customs and Border Protection, which includes an external audit for the implementation of forced labor and human trafficking criteria in the entity supply chain, as required by CTPAT partners for minimum security criteria; and meets the current U.S. standards of the Uyghur Forced Labor Prevention Act.
- Envoy provides forced labor and human trafficking awareness training to employees in the first 45 days of hire, with a recurrent training requirement every two years.
- Envoy works with U.S. Customs in promoting the Blue Lightning Initiative (BLI) materials to its frontline staff and provides a direct link for further education, reporting and awareness of the program on its employee portal. The BLI is an element of the Department of Homeland Security's Blue Campaign, which is a U.S. national public awareness campaign designed to educate the public, law enforcement, and other industry partners to recognize the indicators of human trafficking and how to appropriately respond to possible cases.
- Envoy has included force labor, human trafficking and supplier hiring practices to supplier and supply chain provider audit checklists. Envoy's supply chain does not lend itself to high-risk import or export lanes related to human trafficking or forced labor.
- Envoy has published policies on its public and employee portals related to supplier conduct related to the treatment of employees and hiring practices; as well as internal policy regarding forced labor and human trafficking.
- Envoy has developed and implemented due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in its activities and supply chains.

### Remediation Measures

Our Standards of Business Conduct and our Whistleblower Policy require all employees and contract workers of Envoy to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. Envoy has not identified any forced labour or child labor in our business and supply chains and as such, did not take any remediation measures during the reporting period. In the event that we discover any forced labour or child labour in our business and supply chains, we may consider taking the following measures to remediate such forced labour or child labour:

- Suspension or termination of a supplier, sub-supplier or contractor;
- Actions to prevent forced labour or child labour and associated harms from reoccurring;
- Actions to support victims of forced labour or child labour

- Grievance mechanisms;
- Formal apologies;
- Capacity-building measures, enhanced supervision and/or monitoring of supplier, sub-supplier or contractor].
- Additional steps taken to remediate the loss of income resulting from other remediation measures may include:
  - Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;
  - Compensation for victims of forced labour or child labour and/or their families;
  - Community and stakeholder engagement or wider capacity-building measures.]

### Training

Envoy provides required forced labor and human trafficking training to all employees within 45 days of hire and every two years as a recurrent training requirement. The training defines human trafficking and forced labor and how to differentiate between the two, how to identify red flags related to these occurrences, and how to report them. Training is recorded in our online learning platform, by employee number and date of attempt and completion. Management reports are available to ensure compliance.

## **6. Our Progress and Effectiveness**

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Whistleblower Policy and other informal mechanisms of employee feedback. To date zero significant concerns or complaints have been identified.

We also assess the effectiveness of our policies by:

- Examples of methods used to assess effectiveness include:
  - Conducting Internal and external site validations and providing key information related to performance indicators in our suppliers and supply chain activities.
  - Reviewing training compliance reports provide relevant performance indicators of employee training completion rates.
  - The U.S. Customs and Border Protection, the U.S. Department of Defense and the International Air Transport Association Operational Safety Audit (IOSA) Program all review current internal controls and policies related to Envoy's organizational commitment and compliance with human trafficking and forced labor regulatory acts and initiatives.

## 7. Approval & Signature

In accordance with paragraph 11(4)(a) of the Act, this Report was approved by Envoy's Board of Directors on May 28, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at [www.envoyair.com](http://www.envoyair.com).

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for Envoy Air Inc. Based on my knowledge, and having exercised reasonable 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.



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Christopher Pappaioanou  
Senior Vice President, Legal, Labor and Employment

5/31/2024

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Date

I have the authority to bind Envoy.