

Joint Forced Labour and Child Labour Report of Porter Airlines (Canada) Limited and Porter Airlines Inc.

1. Introduction

This Report constitutes the first joint report (“The Report”) of Porter Airlines (Canada) Limited and Porter Airlines Inc. (“Porter Airlines”, “we”, “Porter” or “the Company”) prepared under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). It covers Porter Airlines’ most recently completed financial year ending December 31, 2023 (the “Reporting Period”). The Report outlines the steps Porter Airlines has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the importation of goods produced in Canada or elsewhere into Canada, in support of our operational activities.

2. Steps Taken in the Previous Reporting Period to Prevent and Reduce Risks of Forced Labour and Child Labour

Porter Airlines acknowledges the complexity of forced and child labour as global issues, recognizing that risks are present across all industries. We are dedicated to responsible business practices and upholding the principles of internationally recognized human rights, as outlined in the United Nations Universal Declaration of Human Rights, ensuring that all employees, contractors, and supply chain partners are treated with the utmost respect and dignity. Porter Airlines is in the process of understanding the risks within our supply chains and operations, we continue to maintain a responsible and transparent supply chain. This first report details our current state and serves as a benchmark for where we are on our journey as we improve our understanding of any current or potential risks of child labour and forced labour. During the Reporting Period, we carried out the following:

- Porter Airlines maintained a Code of Business Conduct that embodies a framework of ethics and values, guiding employees in making responsible business decisions and fostering an ethical work environment. This includes explicit Labour Practices that emphasize the company’s commitment to fundamental human rights and prohibit the use of any form of child labour or forced labour within its operations and supply chain.
- Additionally, Porter maintained a whistleblower policy and confidential reporting hotline that provides all Porter Airlines team members and third parties with a process for disclosing, without personal attribution, complaints or concerns regarding violations of the Code of Conduct.

3. Our Structure, Activities and Supply Chains

2.1 Structure

Founded in 2006, Porter Airlines is a privately held Canadian entity headquartered at Billy Bishop Toronto City Airport (BBTCA), that in 2022 prepared to activate its North American business and expansion plans.

Porter Airlines’ organizational structure is defined by a Board of Directors and an Executive Leadership Team, complemented by a Senior Leadership team. These are supported by a cross-functional ESG Committee, which in turn is aided by ESG Subcommittees and ad-hoc External ESG Advisors. In 2022, the ESG Committee expanded its capacity, adding members and establishing seven subcommittees with specific charters to report on climate-related risks, manage elements of the ESG strategy, and enhance Porter’s environmental performance. The CEO, along with the Director of Communications and Public Affairs, co-

chaired the monthly ESG Committee meetings. External ESG experts from various fields were engaged to provide insights and guidance to the committee, subcommittees, and executive team. A dedicated budget was allocated for ESG initiatives, including increased resources and projects led by the subcommittees.

2.2 Activities

Porter Airlines, which transformed short haul flying in 2006 with its dedication to speed, convenience, and exceptional service, continues to offer effortless travel, genuine hospitality, and enhanced amenities with style and comfort. As of 2023, the airline is actively progressing in its significant evolution from a renowned regional carrier to a broader North American airline, providing an elevated economy flying experience. Porter is amid incorporating 75 advanced Embraer E195-E2 aircraft into its fleet, a strategic move that began in 2022. The construction of two new hangars in Ottawa, a testament to the city's key role in Porter's expansion, supports the maintenance of the new aircraft. This growth phase is built upon a solid operational base, including over 38,000 short-haul flights conducted by its fleet of 29 De Havilland Dash 8-400s the previous year.

In line with its fleet expansion, Porter Airlines employs a significant workforce across its two entities, Porter Airlines Inc., and Porter Airlines (Canada) Limited. Porter Airlines Inc. has 1,637 full-time employees and 252 part-time employees, totaling 1,889. Porter Airlines (Canada) Limited has 1,041 full-time employees and 90 part-time employees, bringing their total to 1,131. Combined, the grand total of employees at Porter Airlines is 3,020, demonstrating the company's substantial commitment to maintaining a robust and versatile workforce.

2.3 Supply Chains

Porter Airlines has begun the process of mapping our supply chain. Below, we outline our streamlined supply chain, which is primarily utilized for operational activities.

Porter Airlines' supply chain expenditures are divided into capital expenditures (CapEx) and operating expenditures (OpEx), which are critical for the airline's ability to maintain and enhance operational efficiency. CapEx includes substantial, infrequent purchases such as individual items costing \$5,000 or more, or bulk purchases totaling \$20,000 or more, intended for long-term usage exceeding one year. These can be tangible assets like aircraft, buildings, equipment, furniture, and vehicles, or significant maintenance and inspection services, as well as intangible assets such as software development, licenses, and intellectual property costs, all of which are recorded as assets. In contrast, OpEx covers the routine expenses necessary for daily operations, including fuel, office supplies, salaries, landing fees, rent, utilities, software subscriptions, and costs for advertising, marketing, research, and training, which due to their short-term nature, are recorded as expenses. Effective management of both CapEx and OpEx is crucial for optimizing Porter Airlines' supply chain and ensuring the airline's overall business operations are successful.

Porter Airlines' supply chain is supported by a diverse and extensive network of 19 international suppliers, providing a wide range of aircraft parts and components that are essential for the maintenance and operation of our fleet. During the reporting period, these suppliers were located in various countries, including Belgium, Brazil, Denmark, France, Germany, Italy, Poland, Singapore, the United Kingdom, the United States, Canada, the Netherlands, and Australia, offering a comprehensive support for our operational needs. Among these suppliers, two stand out for their significant contributions:

Embraer stands as a global leader in commercial aircraft manufacturing, not only for its technological advancements but also for its commitment to ethical business practices. Central to its principles is a robust Ethics and Compliance program that ensures adherence to the highest international standards of governance and safety. The program, underpinned by pillars such as Corporate Governance, Risk Management, and Policies and Procedures, is designed to maintain corporate integrity and foster a culture of ethics. Embraer's

strategic emphasis on integrity and its comprehensive Compliance Program, overseen by an independent committee, guarantee that its operations and extensive network of suppliers align with international regulations and ethical norms. This commitment to ethical practices is vital as Embraer plays a crucial role in supporting Porter Airlines' operational needs and maintaining our reputation for excellence in the aviation industry.

Unisync, our primary uniform supplier and an importer of record reporting to Bill S-211 Forced Labour in Canadian Supply Chains, is committed to sustainability and social responsibility, sourcing eco-friendly materials and employing energy-efficient manufacturing techniques to produce high-quality, environmentally-friendly uniforms. They comply with rigorous standards such as the Global Organic Textile Standard (GOTS), Responsible Wool Standard (RWS), Responsible Down Standard (RDS), Recycled Claim Standard (RCS), OEKO-TEX® STANDARD 100, and OEKO-TEX® STeP. Unisync's collaboration with Closed Loop promotes circular economy solutions, and the integration of CiCLO® technology helps mitigate plastic microfiber pollution. Their partnership with Filium Corp. contributes to water conservation and reduced energy consumption. By integrating these practices and standards, Unisync provides us with uniforms that not only meet high-quality standards, but also embody our commitment to sustainability and social responsibility.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Porter Airlines is dedicated to upholding the utmost standards of integrity and ethical conduct. Within our Code of Business Conduct, we have integrated principles of responsible business conduct. Additionally, we have incorporated a grievance mechanism alongside other policies such as a Whistleblower Policy, a Confidential Reporting Hotline, an Employment Equity Policy, and a Fair Treatment Policy. These policies not only outline our expectations for employees, but also empower us to recognize and rectify any risks resulting from unethical or illegal activities.

4.1 Code of Business Conduct

Porter Airlines recognizes the importance of maintaining and promoting fundamental human rights in our operations and supply chain. We will not engage in nor support the use of child labour or any form of forced or compulsory labour. As part of our Code of Business Conduct, our Labour Practices section explicitly states:

“The Company is committed to complying with and expects our suppliers and business partners to comply with, all applicable laws relating to child and forced labour. If any team member suspects a human rights abuse within our operations or supply chain, we encourage them to report it to their manager or a company officer.”

At Porter Airlines, every employee, regardless of their role or location, must adhere to the Code of Business Conduct to protect Porter's reputation. Employees are expected to report any suspected violations of the Code to their manager, People and Culture representative, or through *The Porter Confidential Reporting Hotline*, especially for officers or directors. Not reporting a violation is itself a breach of the Code and can lead to disciplinary actions, including termination. The company has established The Porter Confidential Reporting Hotline, operated by a third-party, EthicsPoint, to facilitate anonymous and confidential reporting of any violations related to the Code of Business Conduct and the Respect and Dignity in the Workplace Policy and Program.

Retaliation against anyone who reports a suspected violation is strictly prohibited, and those who retaliate will be subject to disciplinary action, potentially leading to dismissal. All employees at Porter Airlines are obligated to report any suspected violations, regardless of their department or how they became aware of the issue.

Familiarity and understanding of the Code of Business Conduct and other company policies are mandatory for all employees. Failure to comply with these policies can lead to disciplinary action, termination of employment.

4.2 Whistleblower policy

Porter Airlines seeks to maintain the highest standards of integrity and accountability in its business affairs, while at the same time growing its business and enhancing shareholder value. We expect all team members of the Company to participate actively in seeking to maintain this standard. Porter Airlines has an open-door policy and invites all team members to share their questions, concerns, suggestions, or complaints with anyone within Porter who can address them properly. In most cases, immediate supervisors are in the best position to address areas of concern, and as such, all employees will initially direct all questions and concerns to their supervisors. Employees can report issues to any manager they trust. Serious non-financial concerns are escalated to the Executive Vice President & Chief People Officer, and if the issue involves the EVP, it is then taken to the CEO.

Porter encourages its employees and others to raise serious concerns within the Company for proper resolution, to communicate freely in respect of matters covered by our whistleblower policy and to protect from any form of penalty or adverse employment consequence, including suspension, demotion or transfer, harassment, discrimination (“retaliation”) or termination of employment. Every team member who makes a complaint in good faith will be protected against any retaliation. Any team member of Porter who retaliates against someone who has reported a perceived violation in good faith will be subject to discipline, up to and including termination of employment.

4.3 Employment Equity Policy

Porter is committed to diversity and inclusion, and strives to create a workforce that reflects the unique diversity of the communities in which we serve. It is Porter’s policy to provide equal opportunity to qualified individuals regardless of race, creed, colour, religion, gender, national origin, age, ancestry, disability, marital status, sexual orientation, or any other classification protected by applicable law. Employment opportunities are open to all qualified applicants solely based on their experience, aptitude, abilities & training; advancement is based on the individual’s qualifications, achievement, performance, ability, attitude, and potential for promotion.

4.4 Fair Treatment Policy

At Porter, we will maintain an environment where all team members are encouraged to voice their suggestions, concerns and comments with respect to their workplace. We strongly believe that the majority of disagreements can best be addressed through an honest, respectful dialogue between team members and their supervisor. Issues relating to work standards, performance, conduct and company policies will be addressed as close to the time of the incident as possible and with those most directly involved. While ideal, we recognize that not all issues can be resolved through initial dialogue alone, and that from time to time an alternative method of resolution is required. The Fair Treatment Policy involves careful consideration

of facts brought forward, an impartial investigation procedure and an appeal process.

5. Forced Labour and Child Labour Risks

We maintain a good understanding of our operational activities and supply chains, along with the geographical locations from which we procure goods and services. Porter Airlines is planning to evaluate the risk of forced labour or child labour within our supply chains and operational activities, aiming to identify any areas of risks. Subsequently, Porter is committed to implementing proactive measures to mitigate and address any risks that arise during the inherent risk assessment process.

6. Measures Taken to Remediate Forced Labour or Child Labour

To date we have not identified any instances of forced labour or child labour in our activities or supply chains and therefore have not undergone steps to remediate any harm of child labour or forced labour. Porter Airlines' grievance mechanism embedded in our code of conduct and whistleblower policy is available to bring any such instances to the attention of Porter Airlines. If, in the future, an instance of forced labour or child labour was alleged, we would act promptly to investigate the reported concern and develop and implement a corrective plan to improve and remedy the situation.

7. Remediating the Loss of Income to the Most Vulnerable Families

Porter Airlines acknowledges that initiatives aimed at preventing and reducing the risks of forced and child labor might inadvertently affect the income of vulnerable families. However, as there have been no known instances of forced labour or child labour within Porter Airlines' operations or supply chain, the company's actions to address these risks have not resulted in any loss of income for such families.

8. Training Provided to Employees on Forced Labour and Child Labour

All team members are required to read and annually acknowledge that they have understood and will adhere to the Code of Business Conduct, which includes our Labour Practices against forced labour and child labour. This annual acknowledgment is a condition of employment within the Company. Additionally, the annual sign-off process requires team members to disclose any potential conflict of interest. Porter Airlines plans to develop training focused on the prevention of forced labour and child labour in the future.

9. Assessing Our Effectiveness

We are committed to developing an approach to the prevention of forced labour and child labour that will enable us to review the effectiveness of our actions over time. Our focus is on continuous improvement, aiming to strengthen our capacity to assess and mitigate the risk of forced labour and child labour across our operations and supply chains, with progress to be reported in future updates.

10. Attestation Statement

"In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above."



Greg Sheahan
General Counsel and Corporate Secretary
Porter Airlines Inc. and Porter Airlines (Canada) Limited
I have the authority to bind the corporations.