



## Modern Slavery Report 2024 PSA AIRLINES, INC.

This Modern Slavery Report (the "Report") addresses the period from January 1, 2024, to December 31, 2024, 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 PSA Airlines, Inc. ("PSA" 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, PSA 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 PSA or of goods imported into Canada by PSA.

### 2. Our Business

PSA, a Pennsylvania Corporation, is a regional commercial airline headquartered in Dayton, Ohio, USA. PSA operates a fleet of over 140 aircraft, serving nearly 100 destinations with over 700 daily flights. With a workforce around 5,000 employees, PSA provides regional flight services under the American Eagle brand to American Airlines. PSA is a wholly owned subsidiary of American Airlines Group Inc. ("AAG") a publicly traded holding company comprised of various airline and non-airline subsidiaries.

PSA'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 and aircraft maintenance services. PSA 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 were procured from 10 or fewer suppliers or contractors into Canada 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 [here](#).

### 3. Our Policies

Through our organizational and governance policies, we communicate our values and expectations, setting a high bar for ourselves and our suppliers, 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*

We are committed to conducting our business in a lawful and ethical manner. Our AAG Standards of Business Conduct sets forth guiding principles on professional conduct and establishes that in performing their job duties, PSA employees, agents, consultants, contractors, providers, and suppliers should always act lawfully, ethically and in the best interests of PSA.

#### *Standards of Business Conduct for Suppliers*

PSA has adopted the 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.

#### *Human Rights Statement*

AAG adopted a Human Rights Policy in 2020 that embodies AAG companies' core values and commitment to respecting human rights in all aspects of our business and geographies where we operate. Our Human Rights Statement is formally aligned with global standards, such as the UN Guiding Principles on Business and Human Rights, and it applies to all team members, contractors, suppliers, and other business partners.

#### *Team Member Handbook*

PSA's Team Member Handbook encourages all employees and others affiliated with PSA to report any illegal or unethical conduct in connection with any aspect of PSA's operations and guarantees that PSA will not retaliate against any employee for engaging in any of the above conduct. Similarly, the policy guarantees PSA 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.

## *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 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:

- PSA 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 labour.
- PSA has established a training delivery program for new hire and recurrent training related to human trafficking and forced labour.
- PSA provides multiple avenues for reporting suspicious behavior and unethical conduct.

## **4. Assessing Our Risk**

PSA 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, and 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; and
- Real-time risk notifications to CTPAT partners from assigned Supply Chain Supervisory Specialists or CBP Headquarters related to trending issues for human trafficking, forced labour, and potentially compromised supply chains.

PSA has also identified that risks can occur within a supply chain if domestic or foreign purchases are drop shipped from a Tier 2 supplier or beyond, due to lack of necessary domestic inventory or foreign supply chain warehousing inventory. PSA 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.

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

We consider there to be a limited risk of forced and child labour occurring in PSA'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*

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

- PSA 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.
- PSA has been validated as a Tier 2 Importer and Exporter by the U.S. Customs and Border Protection, which includes an external audit for the implementation of forced labour 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 Labour Prevention Act.
- PSA provides forced labour and human trafficking awareness training to employees in the first 45 days of hire, with a recurrent training requirement every year.
- PSA has included forced labour, human trafficking and supplier hiring practices to supplier and supply chain provider audit checklists. PSA's supply chain does not lend itself to high-risk import or export lanes related to human trafficking or forced labour.
- PSA 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 labour and human trafficking.
- PSA 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 Team Member Handbook require all employees and contract workers of PSA 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. PSA has not identified any forced labour or child labour 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; and
- 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; and
  - Community and stakeholder engagement or wider capacity-building measures.

### *Training*

PSA provides required forced labour and human trafficking training to all employees within 45 days of hire and every year as a recurrent training requirement. The training defines human trafficking and forced labour 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 various mechanisms of employee feedback. To date zero significant concerns or complaints have been identified.

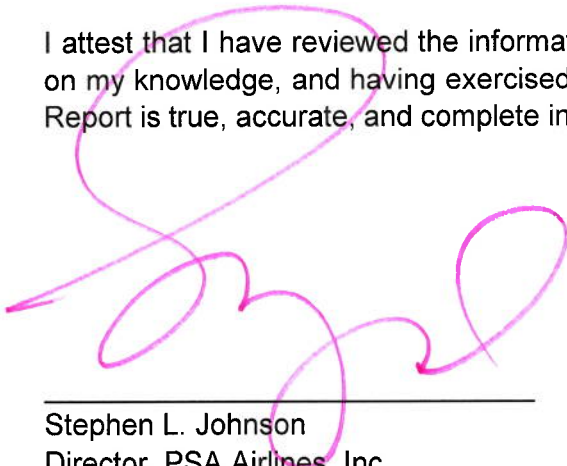
We also assess the effectiveness of our policies by:

- 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 PSA's organizational commitment and compliance with human trafficking and forced labour regulatory acts and initiatives.

## **7. Approval & Signature**

This Report was approved by PSA's Board of Directors, and it will be submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at [www.psaairlines.com](http://www.psaairlines.com).

I attest that I have reviewed the information contained in this Report for PSA Airlines, 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 reporting year listed above.



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Stephen L. Johnson  
Director, PSA Airlines, Inc.  
March 2025