

2024
MODERN SLAVERY REPORT

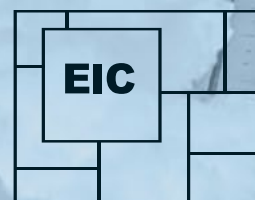


Two Decades of Excellence

PROVEN STRATEGY – UNLIMITED POTENTIAL



*Stronger
Together*



**Exchange
Income
Corporation**



Exchange Income Corporation's Annual Report for the Fiscal Year ended December 31, 2024 on the Prevention and Reduction of Risks of Forced Labour or Child Labour

February 26, 2025

Exchange Income Corporation's Structure, Activities, and Supply Chains

Exchange Income Corporation ("EIC") and its subsidiaries are focused on operating in compliance with all applicable laws and in a socially responsible way. We strive to do business with suppliers who share these values and commitments. EIC's report is a joint report by EIC and the legal entities listed below which are controlled by EIC (collectively, the "Reporting Entities," "we" or "us"):

16016774 Canada Inc.	DryAir US, Inc.	PAL Aero Services Ltd.
2415794 Ontario Ltd.	EIC Aircraft Leasing Limited	PAL Aerospace Ltd.
2428349 Alberta Ltd.	EIC Communications USA Inc.	PAL Aerospace – ISR Ltd.
7328010 Canada Ltd.	EIC Flight Training Academy GP Inc.	PAL Aerospace (UK) Ltd.
8900973 Canada Ltd.	EIC Flight Training Academy LP	PAL Airlines Ltd
Advanced Paramedic Ltd.	EIC Holdings Corporation	PAL Australia Aerospace Pty Ltd.
Advanced Window, Inc.	EIC Shared Services Inc.	PAL Middle East FZ-LLC
Allan Windows Group, Inc.	EIC US Aerospace and Defence Holdings, Inc.	Perimeter Aviation GP Inc.
Allan Window Technologies International (CA), Inc.	EIIF Management USA, Inc.	Perimeter Aviation LP
Alliance Maintenance GP Inc.	Exchange Petroleum USA, Inc.	Provincial Aerospace Ltd.
Alliance Maintenance LP	Exchange Technology Services USA, Inc	Provincial Aerospace Netherlands BV
Armand Duhamel & Fils Inc.	Exchange Technology Services Inc.	Provincial Airlines (Curacao) Limited BV
Atlantic Avionics Inc.	Global Architectural Contracting Inc.	Quest USA, Inc.
Ben Machine Products Company Incorporated	Global Architectural Metals Corporation	R1 Lease Services Ltd.
BVGlazing Systems, Inc.	Hansen Industries Ltd.	Regional One, Inc.
Calm Air GP Inc.	ISR Support Europe B.V.	Southern Interior Flight Centre (1993) Ltd.
Calm Air International LP	Keewatin Air GP Inc.	Spartan Composites, Inc.
CANLink Aviation Inc.	Keewatin Air LP	Spartan Mat, Inc.
Carson Air Ltd.	L.V. Control Mfg. Ltd.	Stainless Fabrication, Inc.
CarteNav Solutions, Inc.	MacFab Manufacturing Inc.	Team J.A.S. Inc.
Central Point Procurement Inc.	NMB East (GP) Ltd.	Telcon Datvox Inc.
Crew Training International Inc.	Northern Mat & Bridge (East) Limited Partnership	Water Blast Manufacturing LP
Custom Helicopters Ltd.	Northern Mat & Bridge (GP) Ltd.	WBM GP Inc.
Dallas Sailer Enterprises Inc.	Northern Mat & Bridge Limited Partnership	WesTower Communications Ltd.
DECA Aviation Engineering Ltd.	OM GP Inc.	Window Installation Specialists, Inc.
DryAir Manufacturing Corp.	Overlanders Manufacturing LP	

Organization and Structure

EIC is a diversified, acquisition-oriented company, incorporated in Canada, and is listed on the Toronto Stock Exchange. EIC's business plan is to invest in profitable, well-established companies with strong cash flows operating in niche markets and is focused on opportunities in the Aerospace & Aviation and Manufacturing segments. EIC, together with its subsidiaries, has more than 8,000 employees and operates across 7 jurisdictions, including Canada, USA, Ireland, UK, UAE, Netherlands and in the Caribbean. EIC's head office is located in Winnipeg, Manitoba, Canada. Companies within the EIC group generally share centralized governance, legal and tax functions as well as certain policies and procedures.

Activities

EIC operates in two operating segments: Aerospace & Aviation and Manufacturing and has consolidated revenues of \$2.7 billion. It operates within six business lines, including Essential Air Services, Aerospace, Aircraft Sales & Leasing, Environmental Access Solutions, Multi-Storey Window Solutions and Precision Manufacturing & Engineering. EIC's subsidiary operations are supported by the EIC Head Office, which is comprised of executives, IT, legal, treasury, tax, controls and risk and other experts.

The Aerospace & Aviation segment operates in Canada, USA, Ireland, UK, UAE, Netherlands and in the Caribbean. It provides aviation services and aircraft parts to entities throughout the world. The key components sourced are further described below.

The Manufacturing segment operates in Canada and the United States. The key components sourced are further described below.

Supply Chains

The Reporting Entities rely on an extensive supply chain primarily located in North America. Their individual procurement teams engage suppliers of all sizes in accordance with their individual procurement guidelines. Each Reporting Entity has categorized its suppliers as strategic, core and other suppliers primarily based on spending and size. Procurement policies, except for compliance with policies applicable to all EIC subsidiaries, are generally decentralized as each individual Reporting Entity manages or approves the procurement of goods and services directly. Certain individual Reporting Entities will collectively make procurement decisions to aggregate purchasing power. Below is a summary of the direct and indirect goods and services purchased by each business line.

- Essential Air Services – Goods and services include fuel, aircraft parts, consumables (such as limited life parts), maintenance, and facility management.
- Aerospace – Goods and services include fuel, aircraft, aircraft parts, aircraft technology components, consumables (such as limited life parts), maintenance and facility management.
- Aircraft Sales & Leasing – Goods and services include aircraft, aircraft parts, maintenance, and facility management.
- Environmental Access Solutions – Goods and services include lumber, resin, steel, specialty goods (such as mat hardware), machinery, maintenance, and facility management.
- Multi-Storey Window Solutions – Goods and services include aluminum, glass, specialty goods (such as installation hardware, adhesives, sealants), logistics, maintenance, and facility management.
- Precision Manufacturing & Engineering – Goods and services include metal, specialty goods (such as paints, powders, consumables), component parts, logistics, maintenance, and facility management.

Policies and Due Diligence Processes

Each of EIC and the companies it controls are subject to a variety of policies, including the EIC Code of Ethics, which specifically addresses EIC's commitment to compliance with all applicable laws in any jurisdiction in which it and its subsidiaries do business, as well as EIC's commitment to prevent the exploitation of vulnerable individuals throughout its and its subsidiaries' supply chains. EIC and its subsidiaries are also subject to the EIC Whistleblower Policy, which encourages the prompt reporting of wrongdoings, violations, or suspected violations, including instances of forced labour or child labour within their supply chains.

EIC has a framework in place to assess and address risks, mitigation strategies and reporting requirements as part of its control environment. Forming part of that framework are our due diligence and remediation processes, and centralized policies that underpin those processes and policies.

Due diligence procedures

The following are key elements in the Reporting Entities' effort to prevent forced labour and child labour in their respective operations and supply chains:

- The Reporting Entities provided EIC's Supplier Certification - Modern Slavery to their strategic and core suppliers (identified as described above). This certification described forced labour and child labour consistent with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and required the supplier to certify the following:
 - o The supplier read and understood the certification;
 - o The supplier has and will maintain sufficient diligence in its operations and supply chains to identify the use of forced labour and child labour and will make such diligence information available upon request;
 - o The supplier will report any incidents of forced labour or child labour identified; and
 - o The supplier will also take appropriate remedial action if any instances of forced labour or child labour are identified.

Furthermore, the suppliers were asked to acknowledge that a Reporting Entity could terminate its business relationship with the supplier in the instance that the supplier provides false information or if the supplier were to breach any of the undertakings in the certification.

EIC sent out more than 1,900 certifications to strategic and core suppliers and achieved an approximately 90% compliance rate. For those suppliers that had not completed the EIC Supplier Certification, follow-ups were performed. EIC will continue to further monitor the Supplier Certification sign-off in 2025.

Parts of Business and Supply Chain that Carry a Risk of Forced Labour and Child Labour

No specific parts of the Reporting Entities' businesses or supply chains carry an increased risk of forced labour or child labour. The Reporting Entities operate in, and a majority of the Reporting Entities' suppliers are from, geographies that have modern slavery or similar regulations in place, thereby substantially mitigating geographic / country risk. Further, many of the Reporting Entities operate in industries that are highly regulated with sophisticated supply chains (e.g., Aerospace & Aviation segment), further mitigating the risk of forced labour and child labour.

Remediation, if applicable

Not applicable. We have not identified any forced labour or child labour in our activities or supply chains.

Remediation of Vulnerable Family Loss of Income, if applicable

Not applicable. We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains.

Training of Employees

EIC's management developed mandatory organization-wide internal web-based training for identified employees with procurement and/or finance responsibilities. In-person training performed by in-house counsel and executive management covering both forced labour and child labour lasting approximately 30 minutes was also attended by subsidiary executive management teams. Finally, subsidiary Presidents, finance leaders and procurement professionals also attended a live Teams training session covering both forced labour and child labour lasting approximately one hour done by external counsel in the prior year.

The web-based training, described above, was developed at EIC by in-house counsel and executive management and was monitored for completion internally using EIC's training platform. The length of the training was approximately one hour and covered both child labour and forced labour. 210 employees have completed the training to date, which represents 100% compliance for those assigned the training.

Effectiveness

In preparing this Report, EIC engaged a cross-functional working group with individuals responsible for the oversight of operations and procurement, sustainability, legal, controls and risk processes across the businesses. EIC executive management team members with specific operational responsibility for the Reporting Entities were also asked to provide feedback on this Report prior to it being presented to EIC's Board of Directors for final review and approval.

Based on the procedures performed, including supplier certifications and additional diligence, as required, no child labour or forced labour has been identified in any Reporting Entity or any of their supply chains. We intend to continue monitoring for indicators of child labour or forced labour in our supply chain, including performing diligence on new vendors, performing additional diligence on existing vendors to the extent we learn of material changes in their circumstances (e.g., a change of control; they utilize new sources in their supply chain, especially from locations with higher risk of child labour or forced labour); and continuing to include anti-child labour and forced labour representations in new material supply agreements with vendors.

Approval

This Report has been approved by EIC's Board of Directors pursuant to Section 11(4)(b)(ii) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

In accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the 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 period listed above.

I have authority to bind Exchange Income Corporation.

A handwritten signature in black ink, appearing to read 'T. Muhr', written in a cursive style.

Travis Muhr, CAO, on behalf of EIC

A handwritten signature in blue ink, appearing to read 'Don Streuber', written in a cursive style.

Don Streuber, on behalf of the Board of Directors of EIC

February 26, 2025