PAL Aerospace Ltd.

Slavery and Human Trafficking Statement

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About PAL Aerospace Ltd.

PAL Aerospace Ltd. ("PAL" or "we" or "our") is an international aerospace company with over four decades of proven experience in special missions aircraft operations, aircraft engineering, modification, integration and maintenance. We are focused on operating in compliance with all applicable laws and in a socially responsible way and we strive to do business with suppliers who share these values and commitments. Our website is at https://palaerospace.com/en.

Organization and Structure

PAL is part of the Exchange Income Corporation (EIC) group of companies. 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 operating segments. 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.

PAL has more than 550 employees and operates across several jurisdictions, including Canada, the United Kingdom, the United Arab Emirates, the Netherlands and in the Caribbean. PAL's head office is located in St. John's, Newfoundland and Labrador, Canada.

Suppliers

PAL relies on an extensive supply chain primarily located in North America. Our procurement team engages suppliers of all sizes in accordance with our procurement guidelines and we have categorized our suppliers as strategic, core and other suppliers primarily based on spend and size. We may make procurement decisions with other EIC subsidiaries to aggregate purchasing power, however policies and procedures are substantially similar. Below is a summary of the direct and indirect goods and services we purchase.

- 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.

Policies, Due Diligence Processes and Risk Assessment

As part of the EIC group of companies, PAL complies with EIC's policies that are generally applicable to EIC subsidiaries, including the EIC Code of Ethics, Quality and Safety Policy, Health and Safety Policy, Environmental Policy and Freedom of Association Policy, which specifically addresses EIC's and PAL's commitment to compliance with all applicable laws in any jurisdiction in which we do business as well as our commitment to prevent the exploitation of vulnerable individuals throughout our supply chain. Furthermore, EIC prepared, on behalf of itself and its subsidiaries, its 2025 Modern Slavery Report in compliance with the Government of Canada's legislation related to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act.* PAL is 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 our supply chains.

We have a framework in place to assess and address risks, mitigation strategies and reporting requirements as part of our 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 our effort to prevent slavery and human trafficking in our operations and supply chains:

- We provided PAL's 'Supplier Certification – Modern Slavery' to our strategic and core suppliers (representing approximately 80% of the PAL group's annual expenditures) in the prior years and disseminated the certification to any additional new strategic and core suppliers in fiscal year 2025. The certification described forced labour and child labour and required the supplier to certify the following:
    - The supplier read and understood the certification;
    - 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;
    - The supplier will report any incidents of forced labour or child labour identified;
    - 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 we could terminate our 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.

We sent out 91 certifications to strategic and core suppliers, collectively and achieved an approximately 90% compliance rate. For those suppliers that had not completed the Supplier Certification, follow-ups were performed to achieve the highest level of compliance possible.

Identification, Assessment and Management of Risks

No specific parts of our businesses or supply chains carry an increased risk of slavery or human trafficking. We operate in geographies that have modern slavery or similar regulations in place, thereby substantially mitigating geographic/country risk. Further, we operate in industries that are highly regulated with sophisticated supply chains (e.g., Aerospace & Aviation), further mitigating the risk.

Training of Employees

EIC's management developed mandatory organization-wide internal web-based training for identified employees with procurement and/or finance responsibilities. Web-based training performed by EIC in-house counsel and executive management covering slavery and human trafficking also attended by our executive management teams and procurement professionals. Additionally, our senior leadership attended a live training session lasting approximately one hour covering both forced labour and child labour completed by external counsel.

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. 16 employees have completed the training to date, which represents 100% compliance for those assigned the training.

Effectiveness

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

Based on the procedures performed, including supplier certifications and additional diligence, as required, no slavery or human trafficking has been identified in any of PAL's supply chains. We intend to continue monitoring for indicators of slavery or human trafficking 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 slavery or human trafficking); and continuing to include anti-slavery and human trafficking representations in new material supply agreements with vendors.

Approval

This statement relates to PAL and its subsidiaries and is made pursuant to section 54(1) of the Modern Slavery Act 2015. It constitutes our slavery and human trafficking statement for the financial year ending December 31, 2025. This statement was approved by PAL's Board of Directors on June 30, 2026.

PAL Aerospace Ltd.

By: 

Name: Jake Trainor

Title: Director

Date: June 30, 2026