

FLYHT AEROSPACE SOLUTIONS LTD.

ANNUAL REPORT: FORCED LABOUR REPORTING FOR 2023

Dated: May 8, 2024

FLYHT Overview

FLYHT Aerospace Solutions Ltd. (the “**Company**” or “**FLYHT**”) was founded in 1998. FLYHT is a public company incorporated under the Canada Business Corporations Act and is domiciled in Canada. The Company has been listed on the TSX Venture Exchange since March 2003 (TSX.V: FLY) and has been listed on the OTCQX marketplace since June 2014 (OTCQX: FLYLF).

FLYHT is headquartered in Calgary, Canada with offices in Denver CO, USA and Frankfurt, Germany. FLYHT Aerospace Solutions Ltd. is an AS9100 Quality registered company. For more information, visit www.flyht.com.

Company Structure

This report is presented on behalf of FLYHT Aerospace Solutions Ltd. and its wholly owned subsidiaries, as listed in the following table:

	Country of Incorporation	Ownership interest
FLYHT Inc.	United States	100%
AeroMechanical Services USA Inc.	United States	100%
FLYHT Corp.	Canada	100%
FLYHT India Corp.	Canada	100%
FLYHT Germany GmbH	Germany	100%
CrossConsense GmbH & Co. KG	Germany	100%
CrossConsense Services GmbH	Germany	100%

Business Activities

FLYHT provides airlines with Actionable Intelligence to transform operational insight into immediate, quantifiable action, and delivers industry leading solutions to improve aviation safety, efficiency, and profitability. This unique capability is driven by a suite of patented aircraft certified hardware products, AFIRS™. Solutions include an aircraft satcom/interface device that enables cockpit voice communications, transmission of aircraft data both while inflight via satellite and post-flight via 5G, real-time aircraft state and fleet status analysis, and preventative maintenance solutions. FLYHT's hardware products can also be interfaced with FLYHT's proprietary relative humidity sensors to deliver airborne weather and humidity data in real-time. FLYHT provides these solutions to airlines, leasing companies, original equipment manufacturers, and meteorological agencies worldwide.

Supply Chains

Most components obtained by FLYHT via our manufacturing supply chain are from entities in Canada and the United States. Purchases from suppliers are governed by FLYHT-issued purchase orders, which require compliance with FLYHT's published Supplier Terms and Conditions, found [here](#). These terms and conditions include requirements for suppliers to conduct their business in an ethical manner, including the exercise of due diligence to prohibit unfair labour practices in their business operations and supply chain, and to flow down all FLYHT requirements to sub-contractors and allow for inspection rights.

Policies & Due Diligence Process

FLYHT has established a specific policy to address requirements as outlined in Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This policy was impactful to many areas of the business, including FLYHT's Quality Management System which incorporates requirements for FLYHT suppliers, including oversight and audit by FLYHT of our suppliers. Additionally, multiple policies form a formal code of conduct for its directors, officers, employees, and consultants to encourage and promote a culture of ethical business conduct.

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2023 Action

In 2023 FLYHT developed and began implementing an action plan for addressing forced labour and/or child labour. During the year, FLYHT established a policy to address requirements as outlined in Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, expanded the job functions subject to relevant training, and added requirements to FLYHT's suppliers via expanded [terms and conditions](#), placing additional requirements on FLYHT's suppliers and allowing for greater oversight of our supply chain. FLYHT's whistleblower policy was updated to specifically add human trafficking, forced labour, and child labour to its potential list of concerns.

Areas of Risk

FLYHT has evaluated each area of the business to identify the areas with heightened risk for fair labour practices. Both FLYHT's supply chain and human resourcing have been assessed as inherently carrying higher risk than other areas of the business with regards to fair labour practices. We have made updates to our supplier terms and conditions to ensure supplier compliance with FLYHT's policies. Employee recruitment and hiring practices have been evaluated to ensure alignment with FLYHT's fair labour practices policy.

Remediation

No remediation activities were required in 2023.

Training

A comprehensive training program is in place at FLYHT in support of many of our corporate policies, including fair labour practises, anti-bribery, corruption, insider trading and reporting. All FLYHT resources are identified by job function and assessed in terms of risk and given an appropriate training plan, encompassing any policy area of perceived risk for their job function. Training is given at time of hire and subsequently at appropriate intervals.

Effectiveness Assessment

To date FLYHT has not identified any instances of unfair labour practices in our business, nor in our supply chain. Directors are informed of activities undertaken to minimize risk in this area. FLYHT conducts regular internal audits of the organization's policies and procedures related to forced labour and child labour. FLYHT maintains ongoing control and oversight of our suppliers, which includes identifying risks, including those risks related to unfair labour practices. FLYHT also conducts external audits of some key suppliers.

This joint Annual Report was approved by the board of directors of FLYHT pursuant to subparagraph (4)(b)(ii) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") on April 8, 2024. 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 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.

FLYHT AEROSPACE SOLUTIONS LTD.

Per:  _____

I have authority to bind FLYHT Aerospace Solutions Ltd.

Name: Mary I. McMillan
Title: Executive Chair & Director
Date: May 8, 2024