

Report on Supply Chain Risk

April 14, 2025

KF Aerospace has undertaken a review of our supply vendors and categorized them into three categories:

Low Risk – perform manufacturing or service work in first world countries like Canada, USA, Western Europe, Japan, South Korea, etc. with similar economies and labour laws; must meet TC, FAA, or similar requirements

Medium Risk – vendors that originate from outside the ‘low risk’ demographic areas that may not be immediately associated with forced labour.

High Risk – any vendors from countries known for forced labour – such as Africa, Arab States, Central and South America, Eastern Europe, India, Pakistan, etc.

KF has developed a Supplier Code of conduct that is available on our website and referenced in all Purchase Orders.

KF’s Supply Chain Analysis (broad categories):

Aviation Related Materials:

Aviation Raw Materials – Medium Risk as we don’t always have visibility to point of origin

Aviation Parts - Low Risk – almost no certified parts come from outside low risk vendors

Aviation Repair Services - Low Risk – almost no repair services are performed outside North America

Aviation Services (Airports, Fuel, etc.) - Low Risk as we only operate within North America

Freight Forwarders & Delivery Services – Low risk as primarily north American based

[Aircraft related materials comprise over 90% of annual supply chain purchases/spend](#)

Facilities Support:

Vehicle Parts – Medium risk as certification is not as stringent as aircraft parts, and we typically purchase via established supply chains (i.e. Lordco)

Facility Repairs – Parts -Medium risk as certification is not as stringent as aircraft parts, and we typically purchase via established supply chains (i.e. Gescan)

Facility Repairs - Services – Low risk as all service providers are local and Canadian

General Operations purchases (i.e. admin materials) – Medium Risk as we purchase from established distributors (i.e. Grand & Toy)



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Facilities Support spending is less than 4% of annual supply chain purchases/spend

IT Support:

IT Equipment – Medium Risk as equipment may be manufactured in unknown/ unidentifiable countries. However, all equipment is OTS commercial grade.

IT Consulting – Low Risk as we typically retain Canadian (or USA) service providers.

IT Software – Medium Risk as we have no idea how/where development/support originated from. However, our software is OTS commercial grade, and any additional development is done through internal staff or Canadian consultants.

Staff Uniforms – Medium Risk as clothing may be manufactured in unknown/ unidentifiable countries. However, it is sourced vis a reputable Canadian supplier <(Mark's).

IT Support spending is less than 4% of annual supply chain purchases/spend

Operational Support:

KF store items – Medium Risk as clothing / items may be manufactured in unknown/ unidentifiable countries. Volume is small (internal sales only).

Marketing giveaways – Low risk as we must avoid countries like China in order to be able to ship to the USA.

Contracted Labour – Low Risk within Canada, Low risk when sourced abroad due to immigration checks and balances and must meet CDN laws working in Canada. We do not contract outside Canada.

Business Consulting Services - Low Risk as we typically retain Canadian (or USA) service providers.

Operational Support spending is less than 2% of annual supply chain purchases/spend

Summary: After reviewing our purchasing system, accounts payable, and our vendor lists, we determined there are no HIGH RISK vendors supporting our organization.

A handwritten signature in blue ink, appearing to read 'Grant Stevens'.

Grant Stevens

Chief Corporate Services Officer

KF Aerospace