KF | AEROSPACE

Report on Supply Chain Risk

May 16, 2024

Over the last two months we have undertaken a review of our supply vendors and categorized them into 3 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'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 Canadian based

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

    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.

IT Consulting – Low Risk as we typically retain Canadian or US service providers.

IT Software – Medium Risk as we have no idea how/where development/support originated from.

Staff Uniforms – Medium Risk as clothing may be manufactured in unknown/ unidentifiable countries.

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.

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

Contracted Labour – Low Risk within Canada, Low risk when sourced abroad due to immigration checks and balances.

Business Consulting Services - Low Risk as we typically retain Canadian or US service providers.

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

Note: We reviewed our purchasing system, our accounts payable, and our financials to determine vendor categories and risk. **We identified no High-Risk Vendors**

Grant Stevens
Chief Corporate Services Officer
KF Aerospace

Thank you for submitting your annual report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Below is a summary of your responses   [Download PDF](#)

Forced labour in Canadian supply chains: submit a questionnaire

Data Management Disclaimer

Entities and government institutions must complete this questionnaire if they have reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act). If an entity or government institution is unsure whether they are required to report, refer to guidance on [how to prepare a report](#).

Entities must have their completed report approved by the appropriate governing body or bodies.

Completing this questionnaire, including attaching the PDF version of the entity's or government institution's report, is mandatory. The questionnaire is considered complete if all of the mandatory fields have been filled out and a report has been uploaded that meets all of the following requirements:

- Contains information addressing each of the legal requirements in subsections 6(1) and 6(2), for government institutions, or in subsections 11(1) and 11(3), for entities;
- For entities, has received the necessary approvals and includes the signed attestation;
- Does not exceed 10 pages in length, or 20 pages for reports provided in both Canadian official languages; and
- Is a PDF file that does not exceed 100MB in size.

For more information, please refer to the [guidance](#).

Failure to complete the questionnaire is considered an offence under subsection 19(1). All offences under subsections 19(1) and 19(2) are punishable on summary conviction and a fine of

not more than $250,000. The questionnaire must be completed using information from activities undertaken during the entity's or government institution's previous financial year before the reporting deadline of May 31, 2024.

There is no prescribed level of detail required for the responses. Entities and government institutions should use discretion in determining the appropriate level of detail proportionate to the size and risk profile of the entity or government institution.

Knowingly making a false or misleading statement or providing false or misleading information in the questionnaire responses or in the report is considered an offence under subsection 19(2).

Questionnaire responses will be stored by Public Safety Canada and will be disposed of in accordance with the Policy on Service and Digital, the *Access to Information Act*, the *Privacy Act* and the *Library and Archives Act*. The report itself will be added to the Public Safety Library's collection and will be subject to the Public Safety Canada Library Collection Development Policy. Public Safety Canada may proceed with the manipulation or translation of answers to align the bibliographical data of the report to Treasury Board Secretariat Standard on Metadata and Public Safety Canada Library cataloguing and description procedures.

Entities and government institutions are also required to publish their report in a prominent place on their website, in accordance with section 8, for government institutions, and subsection 13(1), for entities. Learn more on [how to prepare a report](#).

An entity's failure to publish a report in a prominent place on its website is considered an offence under subsection 19(1).

Entities must complete the questionnaire and submit their report in one of the two Canadian official languages. It is recommended, however, that reports be submitted in both English and French, in order to make reports accessible to the broader Canadian public. Requests for translated copies of reports may be directed to the responsible entity.

Government institutions may complete the questionnaire in either official language, but are required to submit the PDF version of their report in both English and French, as per the *Official Languages Act*.

Privacy Notice Statement

Personal information is collected by Qualtrics on behalf of Public Safety Canada for the purpose of verifying information contained in reports submitted under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act).

Participation in this questionnaire is mandatory for entities and government institutions that are required to report under the Act. Please note that information entered in any open text box field

required to report under the Act. Please note that information entered in any open text box field could be deemed identifiable depending on the information provided. In order to protect privacy, entities and government institutions must not add personal information of any kind in these open text areas.

Personal information will be managed and administered in accordance with the *Access to Information Act,* the *Privacy Act* and any other applicable laws. Public Safety Canada may use the personal information provided in the questionnaire responses for policy development purposes, but the information may also be used for investigative purposes.

For more information on Public Safety Canada's privacy practices related to online activities, please refer to Public Safety Canada's [Terms and conditions.](#)

You have the right to the protection of, access to and correction of your personal information. Find instructions for obtaining information through [Public Safety Canada Access to Information and Privacy (ATIP)](#).

Any questions, comments, concerns or complaints you may have regarding Public Safety Canada's handling of your personal information may be directed to our Access to Information and Privacy Coordinator by emailing atip-aiprp@ps-sp.gc.ca. If you are not satisfied with Public Safety Canada's response to your privacy concern, you have the right to file a complaint with the [Privacy Commissioner of Canada](#) regarding the institution's handling of your personal information.

*I have read and understand the information above.	☑

Identifying Information

Please note that information entered in any open text box field could be deemed identifiable depending on the information provided. In order to protect privacy, entities and government institutions must not add personal information of any kind in these open text areas.

*This report is for which of the following?

Entity	●

Government institution	○

*Legal name of reporting entity or government institution:

Kelowna Capital Ltd. (dba KF Aerospace)

Characters remaining: 960

*Financial reporting year (Start Date):

Month	January
Day	1
Year	2023

*Financial reporting year (End Date):

Month	December
Day	31
Year	2023

*Is this a revised version of a report already submitted this reporting year?
Note: If yes, the previous version will be deleted and users will be unable to recover the previously submitted version.

Yes ○

No ●

Business number(s) (if applicable):

102796000 RC 0001 KFACL 102796017 RC 0001 KFL 831148341 RC 0001 AWLP 830426342 RC 0001 AWFW

Characters remaining: 905

*Is this a joint report?

Yes ●

No ○

*If yes, identify the legal name of each entity covered by this report.

Kelowna Flightcraft Air Charter Ltd; Kelowna Flightcraft Ltd.; Allied Wings LP; Allied Wings FW Inc dba KF Aerospace

dba KF Aerospace

Characters remaining: 884

Identify the business number(s) of each entity covered by this report, (if applicable).

as above

Characters remaining: 992

*Is the entity also subject to reporting requirements under supply chain legislation in another jurisdiction?

Yes ⭘

No 🔵

*Which of the following categorizations applies to the entity? Select all that apply.

Listed on a stock exchange in Canada ☐

Canadian business presence (select all that apply):

Has a place of business in Canada ☑

Does business in Canada ☑

Has assets in
Canada ☑

Meets size-related thresholds (select all that apply):

Has at least $20 million in assets for at least one of its two most recent financial
years ☑

Has generated at least $40 million in revenue for at least one of its two most recent
financial years ☑

Employs an average of at least 250 employees for at least one of its two most recent
financial years ☑

***Which of the following sectors or industries does the entity operate in?
Select all that apply.**

Agriculture, forestry, fishing and
hunting ☐

Mining, quarrying, and oil and gas extraction ☐

Utilities ☐

Construction ☐

Manufacturing ☐

Wholesale trade ☐

Retail trade ☐

Transportation and
warehousing ☑

warehousing ☑

Information and cultural
industries ☐

Finance and insurance ☐

Real estate and rental and leasing ☐

Professional, scientific and technical
services ☐

Management of companies and enterprises ☐

Administrative and support, waste management and remediation
services ☐

Educational
services ☐

Health care and social assistance ☐

Arts, entertainment and recreation ☐

Accommodation and food
services ☐

Other services (except public
administration) ☐

Public administration ☐

Other, please specify: ☐

*In which country is the entity headquartered or principally located?

Canada

*In which province or territory is the entity is headquartered or principally located?

British Columbia

Annual Report

*What steps has the entity taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity? Select all that apply.

Mapping activities ☐

Mapping supply chains ☐

Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains ☑

Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains ☐

Developing and implementing an action plan for addressing forced labour and/or child labour ☐

Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily ☐

Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour ☐

Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains ☑

Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour ☑

Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains ☑

Developing and implementing child protection policies and processes ☐

Developing and implementing anti-forced labour and/or -child labour contractual clauses ☐

Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists ☑

Auditing suppliers ☑

Monitoring suppliers ☐

Enacting measures to provide for, or cooperate in, remediation of forced labour and/or child labour ☐

Developing and implementing grievance mechanisms ☐

Developing and implementing training and awareness materials on forced labour and/or child labour ☑

Developing and implementing procedures to track performance in addressing forced labour and/or child labour ☐

Engaging with supply chain partners on the issue of addressing forced labour and/or child labour ☐

Engaging with civil society groups, experts and other stakeholders on the issue of addressing forced labour and/or child labour ☐

Engaging directly with workers and families potentially affected by forced labour and/or child labour to assess and address risks ☐

Information not available for this reporting period ☐

Other, please specify: ☐

Please provide additional information describing the steps taken (if applicable) (1500 character limit).

KF reviewed our supply chain vendors, practices, and potential risks; conducted a Bowtie and Risk assessment. We developed a Code of Conduct, are adding requirements on the Purchase Orders, enhancing our Supplier/vendor qualification and assessment process, and educating staff who have purchasing approvals.

Characters remaining: 1190

*Which of the following accurately describes the entity's structure?

Corporation ☑

Trust ☐

Partnership

Partnership	☐

Other unincorporated organization	☐

*Which of the following accurately describes the entity's activities? Select all that apply.

Producing goods (including manufacturing, extracting, growing and processing)

in Canada	☑

outside Canada	☐

Selling goods

in Canada	☑

outside Canada	☐

Distributing goods

in Canada	☑

outside Canada	☑

Importing into Canada goods produced outside Canada	☑

Controlling an entity engaged in producing goods in Canada or outside Canada, or importing into Canada goods produced outside Canada	☐

*Has the organization identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used?

Yes, we have identified risks to the best of our knowledge and will continue to strive to identify emerging risks. ●

Yes, we have started the process of identifying risks, but there are still gaps in our assessments. ○

No, we have not started the process of identifying risks. ○

Please provide additional information on the organization's structure, activities and supply chains (1500 character limit).

The majority of our supply chain activities is related to aircraft parts and servicing purchases. Aviation parts and services are a highly regulated sector across the globe, and 99% of our parts and services are from Canada, US and Western Europe. Aside from aviation parts we purchase IT systems hardware and software, facility and mobile equipment and parts. We identified no high risk supply chain segments

Characters remaining: 1086

*Does the organization currently have policies and due diligence processes in place related to forced labour and/or child labour?

Yes ●

No ○

*If yes, which of the following elements of the due diligence process has the organization implemented in relation to forced labour and/or child labour? Select all that apply.

Embedding responsible business conduct into policies and management systems ☑

Identifying and assessing adverse impacts in operations, supply chains and business relationships ☐

Ceasing, preventing or mitigating adverse impacts ☑

Tracking implementation and results ☐

Communicating how impacts are addressed ☐

Providing for or cooperating in remediation when appropriate ☐

Please provide additional information on the organization's policies and due diligence processes in relation to forced labour and child labour (if applicable) (1500 character limit).

n/a

Characters remaining: 1497

*If yes, has the organization identified forced labour or child labour risks related to any of the following aspects of its activities and supply chains? Select all that apply.

The sector or industry it operates in ☐

The types of products it produces, sells, distributes or imports ☐

The locations of its activities, operations or factories ☐

The types of products it sources ☐

The raw materials or commodities used in its supply chains ☐

Tier one (direct) suppliers ☐

Tier two suppliers ☐

Tier three suppliers ☐

Suppliers further down the supply chain than tier three ☐

The use of outsourced, contracted or subcontracted labour ☐

The use of migrant labour ☐

The use of forced labour ☐

The use of child labour ☐

None of the above ☑

Other, please specify: ✓

We are unable to identify the potential risks outside aviation parts and services. We have no visibility on where IT equipment, or facility and mobile equipment may be manifactured.

*Has the organization identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries? Select all that apply.

Agriculture, forestry, fishing and hunting ☐

Mining, quarrying, and oil and gas extraction ☐

Utilities ☐

Construction ☐

Manufacturing ☐

Wholesale trade ☐

Retail trade ☐

Transportation and warehousing ☐

Information and cultural industries ☐

Finance and insurance ☐

Real estate and rental and leasing ☐

Professional, scientific and technical
services ☐

Management of companies and enterprises ☐

Administrative and support, waste management and remediation
services ☐

Educational
services ☐

Health care and social assistance ☐

Arts, entertainment and recreation ☐

Accommodation and food
services ☐

Other services (except public
administration) ☐

Public administration ☐

None of the
above ☑

Other, please specify: ☐

Please provide additional information on the parts of the organization's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the organization has taken to assess and manage that risk (if applicable) (1500 character limit)

n/a

Characters remaining: 1497

*Has the organization taken any measures to remediate any forced labour or child labour in its activities and supply chains?

Yes, we have taken remediation measures and will continue to identify and address any gaps in our response. ○

Yes, we have taken some remediation measures, but there are gaps in our response that still need to be addressed. ○

No, we have not taken any remediation measures. ○

Not applicable, we have not identified any forced labour or child labour in our activities and supply chains. ●

Please provide additional information on any measures the organization has taken to remediate any forced labour or child labour (if applicable) (1500 character limit).

na

Characters remaining: 1498

*Has the organization taken any measures to remediate the loss of income

Has the organization taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains?

Yes, we have taken substantial remediation measures and will continue to identify and address any gaps in our response. ◯

Yes, we have taken some remediation measures, but there are gaps in our response that still need to be addressed. ◯

No, we have not taken any remediation measures. ◯

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 and supply chains. ●

Please provide additional information on any measures the organization has taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains (if applicable) (1500 character limit).

n/a

Characters remaining: 1497

*Does the organization currently provide training to employees on forced labour and/or child labour?

Yes ●

No ◯

*If yes, is the training mandatory?

Yes, the training is mandatory for all employees. ○

Yes, the training is mandatory for employees making contracting or purchasing decisions. ●

Yes, the training is mandatory for some employees. ○

No, the training is voluntary. ○

Please provide additional information on the training the organization provides to employees on forced labour and child labour (if applicable) (1500 character limit).

Training is being developed and will be implemented before Year End 2024.

Characters remaining: 1427

*Does the organization currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains?

Yes ●

No ○

*If yes, what method does the organization use to assess its effectiveness? Select all that apply.

| Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour | ☑ |

| Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and -child labour clauses | ☐ |

| Partnering with an external organization to conduct an independent review or audit of the organization's actions | ☐ |

| Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators | ☐ |

| Other, please specify: | ☑ |

| KF is adding Supply Chain forced labour to it's bi-annual Audit Progam |

Please provide additional information on how the organization assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains (if applicable) (1500 character limit).

| TBD |

Characters remaining: 1497

*Upload report (Required) (100MB limit):
Upload your report, including the signed attestation, in PDF format

Report on Supply Chain Risk 2024 Final.pdf

70.9 KB

application/pdf

Upload report in second Canadian official language (Optional) (100MB limit):
Upload your report, including the signed attestation, in PDF format

Drop files or click here to upload

Click to write the question text

* I confirm that the attached report is approved and attested, as required under subsection 11(4) and subsection 11(5) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act. ☑

*Please identify the name, title and email address of the person authorized to fill out this questionnaire.
(Note: Public Safety Canada may use the contact information provided should it require

additional details regarding the submission. Info will be used as per the privacy note statement.)

Name:

Grant Stevens

Title:

Chief Corporate Services Officer

Email
address:

g.stevens@kfaero.ca

*Do you wish to submit your responses to this questionnaire? (If you wish to amend your answers, please click the "Previous" button.)

Yes ⬤