



KADEX AERO SUPPLY LTD.

211A Airport Road, #925, Peterborough, Ontario K9J 0E7

In accordance with s.11(1) of the **Fighting Against Forced Labour and Child Labour in Supply Chains Act**, by this report, KADEX AERO SUPPLY LTD. (hereinafter referred to as KADEX) reports to the Minister of Public Safety and Emergency Preparedness on the steps taken by KADEX during its previous financial year, specifically April 1, 2023 to March 31, 2024, to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods imported into Canada by KADEX AERO SUPPLY, LTD.

This report relates to KADEX, as a single entity, alone.

A. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

KADEX AERO SUPPLY LTD. is a provincially incorporated, privately owned company operating as an aircraft parts distributor in Canada. KADEX head office and primary distribution/sales operation is in Peterborough, Ontario, with a second distribution and sales operation in Calgary, Alberta. All purchasing and sales are carried out by KADEX. Repair, service and inspection of aircraft parts sold by KADEX are carried out by approved maintenance organizations, independent of KADEX.

KADEX imports aircraft parts into Canada, restricting its direct suppliers to manufacturers and distributors in the United States of America. KADEX also purchases aircraft parts manufactured and serviced by Canadian manufacturers and distributors, restricting its suppliers to those with manufacturing locations within Canada.

B. POLICIES AND DUE DILIGENCE PROCESSES

From the date of its inception, the KADEX team has demonstrated respect for human rights. For over 30 years now, that unwritten code of ethical and respectful behaviour has been embedded in everything KADEX does. It is reflected in its current policy and procedure manuals, company culture, management systems and responsible workplace practices developed by principled leadership. KADEX endorses the UN Guiding Principles on Business and Human Rights.

Established due diligence processes further support the dedication of KADEX to respect human rights, by guarding against human rights impacts, including risks of forced and/or child labour. Human Resource protocol and procedure prohibit and protect against any forced labour and/or child labour within the activities of KADEX. Policy and Quality Procedure Manuals establish the parameters within which Procurement and Sales activities occur, further reducing the risk of impacts against the vulnerable by linkage through business relationships.

KADEX continues to develop policy and due diligence processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in its own activities, its business

relationships and its supply chains. The dispatching and recovery of KADEX Supplier Acknowledgement and Certifications is an initial and essential part of this ongoing development.

C. RISK ASSESSMENT AND MANAGEMENT

In assessment of risk of forced and/or child labour impacts, KADEX has considered where and how vulnerable persons may have been put at risk of forced and child labour, as a result of KADEX own activities (direct cause), as a result of the actions of businesses with whom KADEX has a relationship (contribution to impact), or impacts that are linked to KADEX operations, products or services through business relationships and supply chain (linkage).

KADEX activities, products and services are restricted to within Canada and the United States of America. However, KADEX recognizes that the raw materials of rubber, lead and electronic components, with which some of KADEX products are manufactured by businesses within the KADEX supply chain, may in fact come from countries where the risk of forced and child labour is elevated and impacts are known to exist.

Child labour impacts arise when children are exposed to harm or abuse by impeding their education and full development due to their age, and/or jeopardizing the physical, mental or moral wellbeing of a child due to the nature of the work. (UN Guiding Principles on Business and Human Rights) Forced labour is work or service obtained by force, fraud or coercion. With confidence, KADEX reports it has not caused or contributed to forced and/or child labour impacts, to the best of its knowledge.

Whether identified Forced and/or Child Labour is a salient human rights issue for KADEX is determined by the presence of actual impact, the scale of that impact, the scope of vulnerable persons affected by it and the ability to restore those affected by it, to a situation equivalent to their situation before the impact occurred (remediability). No forced and/or child labour impacts have been identified by KADEX, however the development of a plan of action is a goal for KADEX, should forced and/or child labour become a salient human rights issue in the future.

Linkage appears to be the likeliest way in which forced and/or child labour impacts could be connected with KADEX, given its restricted Canadian and American supply chain. KADEX risk assessment practices continue to be developed and improved upon. At this juncture, the focus remains on assessment and prevention, with investigation into the KADEX supply chain as a priority. Workplace education to engage relevant staff internally and develop expertise on risk of forced and child labour, both in the supply chain and the local communities within which KADEX operates, is an important focus of KADEX. Strengthening public communication of the KADEX commitment to respect human rights and to support global efforts in the reduction of and protection against forced and child labour, remains an ongoing goal. Should linkage to heightened risk of or actual forced and/or child labour impacts be discovered, KADEX is committed to using leverage within its business relationships and supply chain to address and manage those.

D. REMEDIATION MEASURES re FORCED/CHILD LABOUR



The development of remedial processes and grievance mechanisms has not begun, though the importance of these is acknowledged by KADEX leadership. It is the expectation of KADEX leadership that their ongoing risk assessment and prevention efforts will effectively ensure KADEX will never cause or contribute to risk of forced and/or child labour by its activities or those with whom KADEX has business relationships.

E. REMEDIATION MEASURES re INCOME LOSS RESULTING FROM MEASURES TAKEN TO ELIMINATE FORCED/CHILD LABOUR

The establishment of remedial processes and grievance mechanisms specifically relating to vulnerable person income loss, resulting from measures taken to stop identified forced and/or child labour, has not begun at KADEX. Continued efforts to protect against the cause or contribution to forced and/or child labour impacts, by KADEX internally and/or in its business relationships remain a core focus.

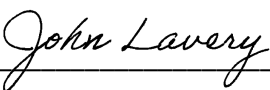
F. EMPLOYEE TRAINING

The development and implementation of training and awareness materials on forced labour and/or child labour is an important component of the KADEX commitment to respect human rights. Training focussed on this important global issue is in the early stages of development.

G. ASSESSMENT OF EFFECTIVENESS OF ENSURING FORCED/CHILD LABOUR IS NOT BEING USED IN KADEX OR ITS SUPPLY CHAINS

Built into the risk assessment processes of KADEX are annual reviews to determine where improvements may be required for more effective identification of risk of forced and/or child labour. The Acknowledgement and Certification, by industry partners, of compliance with Canadian and American forced and child labour law, is a key component of the KADEX assessment of effectiveness of its efforts.

On this the 24th day of May, 2024, and by my signature below, I attest to the accuracy of this report, and approve of its contents, pursuant to paragraph (4)(a) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.



John Denton Lavery, President and CEO, Kadex Aero Supply, Ltd.

I have the authority to bind the corporation.