



Transparency Act

Cflow AS's work to implement the Transparency Act

Revision date: 29.06.2023

Version no: 1

Index

Introduction	3
Organization	4
Project plan	5
Plan (executed):	5
Plan (further):	5
Methodology	6
Transparency Act 2022	7
Introduction and methodology	7
Summary/Conclusion	9

Introduction

Cflow AS is a company headquartered in Langevåg (Sula municipality). Our core business is fish handling in various segments of aquaculture. The company has a subsidiary in Chile that operates within the same core businesses.

The company has always been focused on ESG, where the company's exposure to exposed geographies to violations of the environment, corruption and human rights has been particularly focused and given extraordinary follow-up.

This work, as well as the implementation of software for mapping, monitoring and follow-up, has made the company well equipped to implement *the Act on business transparency and work with fundamental human rights and decent working conditions* (the Transparency Act) in the business.

Cflow has a team of biologists, engineers and other experts working to ensure that customers achieve their goals of good fish welfare and profitable operations by investing in sustainable, high-quality solutions.

The company has taken the obligations stated seriously. A separate group consisting of members from different functions in the company has been involved in planning, preparation and implementation.

This report is the first reporting and thus shows that we have just started the important work with the Transparency Act. The report will therefore reflect the presentation of an overall picture of methodology and preliminary results.

Organization

The Transparency Act has been implemented at Cflow group level (in the Norwegian operations). This means that Cflow AS takes responsibility for ensuring that all parts of the company's business, including subsidiaries, are working to implement the law. Furthermore, efforts are made to actively promote human rights and decent working conditions. In some cases, subsidiaries also act as direct and active suppliers to the parent company. The parent company has therefore chosen to audit its subsidiary in the same process as other suppliers.



Figure 1 The Group's organisation as of 30.06.2023

Project plan

The implementation of the Transparency Act has been done in accordance with the requirements set. Priorities have been set and a risk-based approach has been taken. The active work is proportional to the findings we have made in the processes and tools that we use to identify risks and follow up. It can be added that this process and work is not only linked to the Transparency Act, but also to ESG work with, for example, corruption and environmental resources as additions.

Plan (executed):

Activity:	Date:
Preparation of declaration and policy	13.01.2023
Internal anchoring of goals and actions	19.01.2023
Internal document update	22.02.2023
Choice of management tool	10.05.2023
Implementation of management tools	24.05.2023
Supplier mapping and initiation of follow-up	12.06.2023

Plan (further):

Activity:	Date:
Establish internal systems for handling deviations from suppliers	2023
Establish internal routines for handling reports internally/externally	2023
Prioritise suppliers, areas and segments to be followed up further based on an overall due diligence assessment	2023
Carry out a more detailed due diligence assessment presented in report form from the company's platform/tool for this	2024

Expand the use of methodology/tools to map more levels of suppliers' operations and their subcontractors	2024
--	------

Methodology

The company has chosen to collaborate with and use Worldfavor's application and methodology for following up the supplier portfolio. This, together with the ERP system, gives the company significant amounts of information and opportunities for systematic and active follow-up. The company's work with sustainability (environment, transparency and human rights), and the establishment of Worldfavor, provide the company with a good database for conducting a more detailed due diligence assessment where risks are identified or where further collection of information and/or documentation is needed. Such follow-up is handled directly in the line.

Cflow has initially followed up suppliers with the following surveys:

- Human rights and working conditions
- Diversity and discrimination
- Health, safety and environment (HSE)
- Employment practices
- Business Ethics and Leadership
- Anti corruption
- Environmental practices
- Sustainable sourcing

Transparency Act 2022

Introduction and methodology

To determine priorities, the company has used Worldfavor's automatic risk mapping. This risk is used to specifically follow up each supplier located in geographies (countries) particularly exposed to human rights, decent working conditions and the environment.

The following results emerge:

Based on Worldfavor's mapping, the company obtained the following findings (Figure 2) that may represent risk:

Human rights	Corruption	Water
2	2	4

Figure 2 Overview of the number of suppliers with risk per area

- 2 human rights companies (Turkey, China)
- 2 Corruption companies (Turkey, China)
- 4 companies in environment/water (Spain, Turkey, China and Chile)

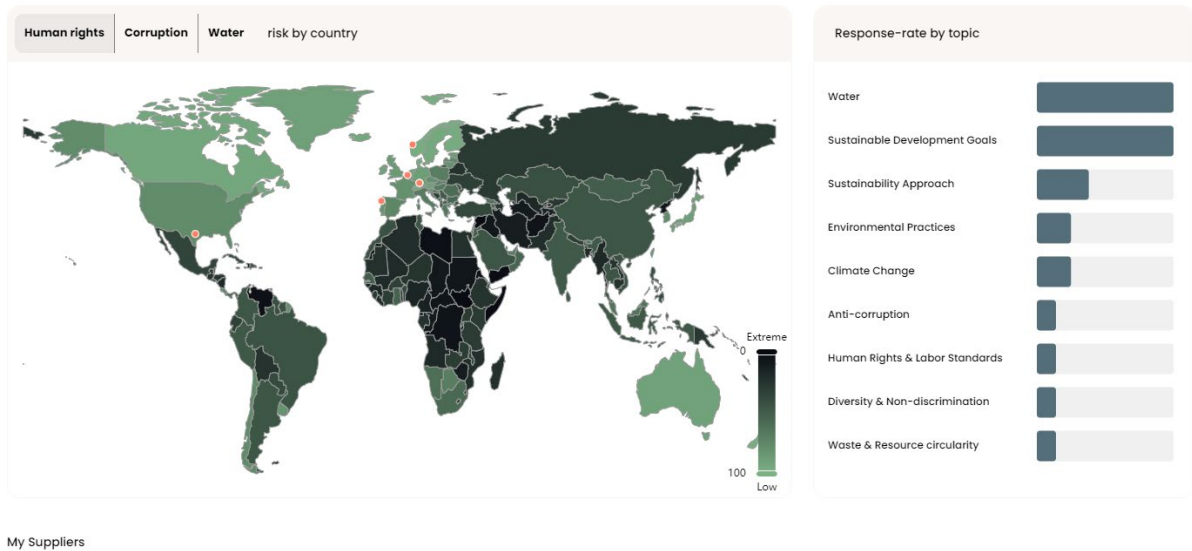


Figure 3 Geographical mapping of suppliers and overview of type of follow-up and feedback

Based on the result (figure 3) and follow-up of the overall assessment (geographical/country), Cflow AS will carry out further and more thorough assessments during 2023/2024. Other areas within ESG will also be added to an even greater extent and actively followed up. Work on re-classifying risk against each supplier is already underway. In addition, the process will be used for all new vendors established after implementing of the tool (initially those that present risks).

Factors included in the human assessment of the sample are:

- Goods or services
- Industry
- Scope of deliveries
- Active/Inactive supplier for the last 3 years

Summary/Conclusion

The initial work has given us a good overview for rapid follow-up of risk. So far, we have identified a need for follow-up of a few suppliers. None of the investigations carried out so far have revealed conditions that require further follow-up. Consistently, risk is reduced with these providers.

The company will continue its work on the Transparency Act in the time to come. We have also planned a revision of the "The purchasing policy" and "Ethical Guidelines" (Code of Conduct) during the year Including an external assessment to ensure that we meet the requirements imposed on the business. Good routines will be strengthened internally to identify and uncover any violations of human rights, decent pay or working conditions throughout the business. The work is led by the Supply Chain department but encompasses the entire organization.