

## Transparency Act - Due diligence assessment 2022

### Introduction

Flux is a leading provider of products, solutions and services for fluid containment and transport in the energy-, marine- and renewable industry and is part of the Moreld Group. Flux has committed to work proactive towards a sustainable future and circular change, and we focus on sustainable practices in our operations and heightened transparency in our reporting. We believe that a strong focus on environmental, social and governance factors and issues is critical to our long-term success.

From 2023 Flux will annually publish an account of our due diligence assessment to comply with the Norwegian Transparency act that entered into force on 1 July 2022. The account will also be updated and republished in the case of significant changes to the enterprise risk assessments.

### Overall principles

Flux's governance system is based on the principles from the OECD guidelines for multinational enterprises and other relevant international guidelines and we strive to ensure that we operate in an ethically, responsibly, profitably, and environmentally sound manner in everything we do.

### About Flux

Flux is a high-competence company. Flux was established in 2021 and is a merger of three former Flux Group companies: Active Service, Analytic and Valvision. The insight and experience accumulated throughout the years makes Flux a trustworthy and preferred partner for deliveries in the energy industry.

Our vision is to be the preferred partner for our customers in the transition towards a sustainable future. We serve customer in relation to maintenance, modifications, and greenfield developments. Our capabilities for advice, systems, equipment, and services range from valves, umbilical's, hoses, couplings, laboratories, measurement to analysis.

Flux is headquartered in Stavanger, Norway with additional offices in Bergen and Larvik. At the end of 2022 the company had 53 employees, 15 of which were women. In leading positions there were 4 women and 5 men.

### **Guidelines and procedures for handling adverse impacts on human rights and decent working conditions**

Flux supports and respects all internationally recognized human rights and we shall contribute to the protection of human rights. Business conduct, ethical compliance and corporate responsibility are an integrated part of our governance system. In addition to Moreld's common group-wide guidelines, we have our own principles in place as well.

An essential part of our suppliers' approval process is assessing potential risk of human right breaches. Our Supplier Code of Conduct sets out explicit requirements for all our suppliers in terms of human rights. We expect our suppliers to compensate all workers equivalent to the most beneficial of legally required minimum standards, terms established by legally binding collective bargaining agreements and internationally recognized human right standards. Flux requires its suppliers and partners to extend the same requirements to their supply chain. Our Code of Conducts include the requirements related to the Transparency Act.

Flux's Board of Directors is responsible for overseeing the company's governance. Management of risks related to human rights and decent working conditions is a line responsibility starting with Flux's MD/SVP who delegates this to the management team. Reporting and revision of the guidelines and procedures are an integrated part of the company's governance system.

Flux's governance system includes the following documents:

- Code of Conduct
- Supplier Code of Conduct
- HSE Policy
- Anti-Corruption Policy
- Sustainability Policy
- Environmental Policy

- Quality Policy
- Whistleblowing Policy
- Moreld's D&I Policy
- Flux Business Hospitality Procedure

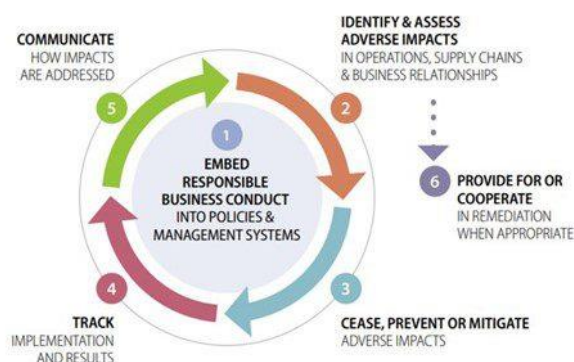
In addition, Flux has established a set of internal procedures to ensure compliance with the Transparency Act.

### Due diligence assessment

According to Flux' internal quality procedures a due diligence assessment of existing suppliers is conducted on a yearly basis. This assessment is based on supplier significance and a risk analysis based on international risk indices published by e.g. the UN, UNICEF, World Bank, OECD. High risk elements in the supply chain will be flagged and subject to special investigation, which may include audits, enhanced questionnaires, and documentation. Unsatisfactory results will be reviewed, and improvement plans, suspension or termination will be considered for implementation.

The due diligence assessment follows the OECD Due Diligence Guidelines for responsible Business Conduct;

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES



In accordance with the principle of proportionality in the Transparency Act a due diligence process focusing on parties with the highest probability and risk of adverse impacts has been carried out. We have evaluated suppliers that we in our governance system have identified to be critical for Flux in terms of supplying critical components, goods or services for our core business. This includes:

- Suppliers with frame-, purchase- or distribution agreements
- Suppliers that are promoted as a "main supplier"
- Norwegian suppliers with a yearly purchase of 1 MNOK and more
- Foreign suppliers with a yearly purchase of 500 MNOK and more
- Suppliers with legal entity registered in a "High Risk" country with a score between 0-45 <https://www.transparency.org/en/cpi/2021>
- Suppliers of restricted and limited minerals (raw materials)

A due diligence assessment on Flux's supply chain and business partners has been carried out for 2022 with the following overall results:

- limited risk related to the company's suppliers
- limited risk related to the company's business partners

No negative consequences or any significant risk were uncovered when we carried out the due diligence assessment for 2022. However, some suppliers have been identified with a medium risk related to safety, pollution, waste, human rights and risk of corruption, but it is suppliers that we have been working together with for a long time and that we regularly are auditing.

### Measures implemented to handle adverse impacts and risks

As mentioned no adverse impacts were identified in the due diligence process, however several measures have been implemented to reduce, prevent and mitigate risks of such impacts, including:

- Flux staff is required to confirm adherence to the ethical guidelines and to undertake *UN's fight against corruption training programme* or similar.
- Suppliers are required to confirm adherence to Flux's Business principles for suppliers and partners and to extend the same requirements to their suppliers.
- Updated "Terms & Conditions for Purchase" to emphasize the duty to respect basic human rights and decent work conditions.

- Results from supplier audits are part of Flux's quality routines and are addressed directly with the supplier/subcontractor in question.

### Information requests

The aim of the Transparency Act is that companies are open and transparent about how they are working with ESG issues. Any person has the right to information from a company regarding how the company addresses actual and potential adverse impacts uncovered by its due diligence. The right to information includes both general information and information relating to a specific product or service offered by the company and the answer to such a request must be «adequate and comprehensible». Flux intends to comply with this, and requests should be sent to [innsyn@moreldflux.no](mailto:innsyn@moreldflux.no)

Stavanger, 26 June 2023

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Chairman of the board

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Gunnar Halvorsen  
Board member

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Leif Grønning  
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# Flux Transparency Act assessment 2022.pdf

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