

Freudenberg Flow Technologies AS - Statement of The Transparency Act

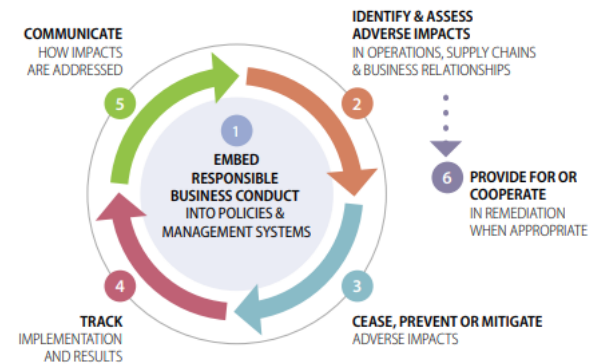
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1. Introduction

All companies are expected to respect fundamental human rights in their operations. The Transparency Act requires those affected to demonstrate how this is done in practice, by conducting due diligence assessments in line with the OECD Guidelines for Multinational Enterprises and reporting on this work in a disclosure.

Due diligence assessments involve exercising care in business operations - considering who one is doing business with and what products are being purchased. The report should account for how work related to human rights and decent working conditions is anchored in governing documents, findings of any actual or significant risk of adverse impact on human rights and decent working conditions as well as the measures taken to reduce and prevent any adverse impact.

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES



This report presents the work of Freudenberg Flow Technologies AS in the field of human rights and how we comply with the requirements of the Transparency Act.

1.1 A brief overview of the company

Freudenberg Flow Technologies AS (Org. no. 886387962) was established in 2003 with a history back to 1974 and supplies gasket and sealing solutions mainly for the energy market.

The company has 34 employees and is located in Sandnes and Drammen, Norway. Our customers are mainly located in Norway and United Kingdom.

Freudenberg Flow Technologies is wholly owned by Freudenberg Flow Technologies GmbH. Freudenberg is a global company, with headquarter in Germany, who delivers technology and services to different industries. They have global policies that apply to all employees and consultants in Freudenberg. The comprehensive product portfolio of Freudenberg Flow Technologies includes mechanical seals, seal supply systems, expansion joints, packings and gaskets, engineered seals, pressure control products and high-integrity pipe connector solutions. Our vision statement is to be the leading seal technology provider serving the global energy market.

Our guiding principles are value for customers, innovation, leadership, people, responsibility and long-term orientation.

We embrace the company's guiding principles in how we conduct our business. Our core values, which support the principles, enable us to create a culture unique to Freudenberg Flow Technologies. Our values are integrity, respect, responsibility, teamwork and performance.



We consider our employees as the most important resource to achieve our goals and fulfil our vision.

Since its launch in 2002, the Freudenberg-wide “We all take care” initiative has honoured employees and teams who are especially committed to making work safer, healthier, and more environmentally friendly. The annual “We all take care” Awards honour the achievements of the winning teams.



We aim to provide services that support a sustainable society and be the natural first choice for our customers. We have a management system that reinforces our commitment to demonstrate good corporate citizenship, good practices, and good behaviour in business and employment relationships.

1.2 Introduction by General Manager

Our company and its family shareholders are committed to protecting the environment and being responsible corporate citizens in all countries and communities which we do business. We take all possible care to ensure the safety of the workplace and of our products.

As a family company we strive for the highest standards of personal behavior. Fairness and integrity guide our conduct amongst ourselves, towards our business partners and the general public.

We have a strong focus on human rights and to mitigate negative impacts or harm. The company has identified risks of human rights violations. Throughout 2023, we have further worked on integrating sustainability into all our activities. We have identified KPIs within Social responsibility and Human Rights to work purposefully and systematically towards achieving continuous improvement.

1.3 Who is included

The statement includes Freudenberg Flow Technologies AS, Norway, and applies to the financial year of 2023.

2 Anchoring in guidelines and routines

It is stipulated in Freudenberg Flow Technologies' governing documents that the company shall uphold human rights and conduct risk-based due diligence assessments in its value chain. The board is ultimately responsible for the implementation of due diligence assessments and has delegated the responsibility to the General Manager for practical execution.

As an employer, Freudenberg Flow Technologies, is committed to respecting fundamental human and labor rights and ensuring decent working conditions. This is anchored in both local and group guidelines as listed below.

Freudenberg Flow Technologies follows the recommendations of the UN Guiding Principles on Business and Human Rights (UNGPs). These guidelines are incorporated into the business and govern how we conduct business. Management reviews and updates the sustainability strategy, KPIs, and policies annually. Management also holds the ultimate responsibility for conducting annual due diligence assessments related to human rights. To ensure alignment throughout the organization, all employees are required to review and sign the company's code of conduct. Relevant goals and KPIs are also communicated to all employees through meetings and postings, with opportunities for employee input. The company has a responsible procurement policy that includes requirements to consider both human rights and the environment in our assessments. Freudenberg Flow Technologies also work in accordance with the German Supply Chain Act.

Freudenberg Flow Technologies reports in the system Integrity Next to ensure we meet ESG requirements, manage ESG risks and improve supply chain sustainability.

Please refer to Freudenberg Flow Technologies' policies and procedures for more information on how we promote human rights and decent working conditions in the value chain: [Link](#)

- Sustainability and human rights strategy
- HSE Policy
- HSE manual
- Code of conduct Freudenberg Group
- Code of Conduct for suppliers
- Employee handbook
- Procedure for reporting misconduct
- Procedure for approval and evaluation of suppliers
- Supplier approval / evaluation form
- Compliance assessment of laws and regulations

3 Negative consequences, significant risk and measures

Central to Freudenberg Flow Technologies' efforts to respect fundamental human rights and decent working conditions is the implementation of due diligence assessments in accordance with the OECD

Guidelines for Multinational Enterprises. This is a process to identify and document whether we, our suppliers, or business partners, have negative impacts, or the risk of negative impacts, on human rights and decent working conditions. The assessment helps us to prevent and reduce the risk of negative consequences. It reveals where we need to focus our efforts and which measures need to be implemented.

As a small business with limited influence over large supplier companies, much of the due diligence work will be related to the principle of "precaution" and preventing violations of the rights that the Transparency Act is designed to protect. If Freudenberg Flow Technologies is directly involved in human rights violations, we shall contribute to rectifying the situation and ensure compensatory measures, in addition to communicating with affected rights holders on how the situation is being addressed.

We have conducted an initial assessment of our own, suppliers', and business partners' activities and evaluated the risk based on geography, industry, and products. Subsequently, we have conducted a more thorough review of the areas of our own operations, the supply chain, and business partners where the risk is assessed to be highest.

3.1 Own business

Freudenberg Flow Technologies is committed to ensuring health-promoting and developmental working conditions for all. This is achieved through continuous and targeted HSE work based on mapping and risk assessment. Through co-worker conversations and psychosocial surveys conducted by OHS, Freudenberg Flow Technologies regularly gains insights into what needs to be addressed to ensure good working conditions for all employees.

Our goal is to be a workplace where everyone is treated with respect, and where it is considered positive to speak up about unacceptable conditions. We actively work to prevent workplace harassment by, among other things, defining what is meant by unwanted behavior. We also work preventively to ensure decent working conditions in our own operations through training related to, for example, diversity and inclusion, privacy, HSE, and working environment.

We have identified significant risk of negative consequences in two main areas of our own operations:

1. The right to protection of one's life

Operations of machinery and equipment or exposure to hazardous chemicals can have serious consequences if an incident occurs and we aim to continue reducing the risk of such incident.

Emissions of hazardous substances such as greenhouse gas emissions that can lead to loss of life are covered by this right, and we aim to reduce our emissions.

Implemented and ongoing measures for operation:

- Annual risk assessments are performed on machinery and equipment
- Annual risk assessments of chemicals in Intersolia

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- Repetitive training in correct use of machinery and equipment including use of personal protective equipment is a continuous focus
- Annual training in chemicals
- Annual training in emergency situations
- Annual safety inspections
- Quarterly task audit
- Focus on substituting chemicals where possible
- Daily “W innovate safely” meetings with all employees in the production facility
- Continuous focus on safety culture

Outcome of measures for operation:

- No LTI’s occurrence
- Reduction of first aid incidents
- Reduction of near misses
- No potential high risks observed during safety inspections

Implemented and ongoing measures for emissions:

- Established KPI for GHG emissions
- Changed to LED lighting in workshop and plan for the office location
- Motion detector on lights
- Night temperature
- Waste management
- Climate-friendly packaging
- Company car replaced with electric car

Outcome of measures for emissions:

- Reduction of CO2 emissions
- Based on KPIs we are able to measure and set goals for CO2 reduction

2. The right to freedom, personal security, equal protection and non-discrimination

There is a risk that discrimination and harassment may occur in all businesses. We actively work to create a good and inclusive work environment.

Implemented and ongoing measures:

- Annual repetition with all employees of our HSE Policy which includes human rights
- Annual repetition with all employees of our Code of conduct
- Employee handbook
- Freudenberg guiding principles
- Procedure for reporting misconduct

- Bi-annual psychosocial health survey by OHS (occupational health services)
- Annual co-worker conversations
- Daily “We innovate safely” meetings with all employees in the production facility
- “Open door” policy
- Social gatherings

Outcome of measures:

- All employees have signed code of conduct
- All employees have performed co-worker conversations
- Results from the psychosocial health surveys show that we have a good and safe working environment

3.2 The supply chain and business relationships

All suppliers must be approved before delivering services and products to Freudenberg Flow Technologies according to our supplier approval procedure. This includes completing a New supplier request form and signing our Code of conduct for suppliers.

The risk of human rights violations is often associated with geography and commodities produced in these countries. Therefore, we have conducted an overall assessment of suppliers based on geography and goods. As part of the due diligence assessment, we will assess the entire supply chain for the goods and services purchased for our business. We have found that some of our suppliers are located in China, India, Dubai, USA and United Kingdom, which are countries where there are significant challenges regarding human rights. We have not uncovered any violations based on our investigations, but the risk is significant that there may be violations in the supply chain that we do not have the ability and resources to uncover.

1. Significant risk of human rights violations related to fair and decent working conditions, equal pay, health, discrimination and harassment

Implemented and ongoing measures:

- Code of conduct for suppliers must be signed. By doing so, they affirm their commitment to respecting human rights and ensuring employees receive a fair wage
- Dialogue with suppliers to encourage them to reach out to their own suppliers
- New supplier request form before suppliers are engaged
- Annual evaluation of most used suppliers and suppliers at risk for human rights violations
- Audits with most used suppliers and suppliers at risk for human rights violations
- Procedure for supervision of transport and cleaning services with follow-up
- Self-declaration for freight transport bi-annually

Outcome of measures:

- All inventory suppliers have returned and signed the New supplier request and Code of conduct
- Audits with suppliers have so far not revealed any human rights violations

4 Monitoring

We take a risk-based approach to conducting due diligence assessments. To assess where there is the highest risk of human rights violations and decent working conditions breaches, we have mapped out the goods and services we purchase, as well as the countries where they are produced. Furthermore, evaluations have been made regarding where in the supply chain the risk is deemed highest. Lastly, irrespective of country and sector, we have assessed whether we may have greater responsibility for any potential adverse impacts based on how we enter into contracts, deadlines, etc.

Supply chains with higher inherent risks of human rights violations undergo annual risk assessments. As mentioned, we have identified subcontractors with production in countries where there is a high risk. Here, we conduct an annual review with the supplier on what actions are being taken.

Transparency is fundamental to us. All employees have a responsibility to act ethically and to report any actions that contravene laws, regulations, or our governing documents.

5 Communication

We shall be transparent about the assessments conducted regarding our own operations, our supply chain, and business partners. We report on actions and challenges through our disclosure and via direct inquiries. Anyone can request information, in writing, on how we address actual and potential negative consequences. This includes both general information and information related to a specific product or service we offer. Inquiries should be directed to 40.sales@ffltech.com.

If actual violations of human rights are uncovered, direct communication occurs with the relevant parties.

6 Restoration and compensation

We have not uncovered any instances where we have directly caused or contributed to violations of fundamental human rights or decent working conditions in our own operations, in the supply chain, or among our business partners. If it is discovered that we have directly caused or contributed to violations, we will seek to remedy the harm if possible or provide compensation if appropriate.


7 Way forward

The strategy and way forward will be to continue exercising due diligence in our own operations. Before entering into contracts for the delivery of goods or services, we shall conduct thorough evaluations related to potential business partners' human rights practices. We will require that our business


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partners, like us, respect human rights and adhere to the OECD Guidelines for Responsible Business Conduct.

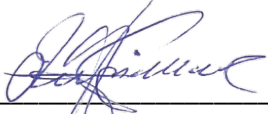
Sandnes, date 25th June 2024



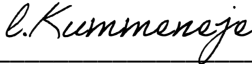
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