Report – Transparency Act

Due Diligence Assessment 2025

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Due Diligence Assessment

Cflow AS and its work to implement the Transparency Act.

Introduction

Cflow AS is headquartered in Langevåg, Sula municipality, Norway. Our core business is fish handling for seabased and landbased aquaculture. We design, engineer, procure and commission integrated fish handling and water treatment systems for customers worldwide.

Our supply chain involves sourcing equipment and materials for our projects. The majority of our suppliers are in Norway and Europe, but we continuously screen the global market to stay ahead of product development and maintain competitiveness across our business segments.

In a globalized world where information is readily available and stakeholders are increasingly aware of ethical issues, demands for transparency and accountability in business have grown steadily. The Norwegian Transparency Act, which entered into force on 1 July 2022, focuses on corporate social responsibility, human rights, and decent working conditions in companies' own operations and supply chains. This report describes Cflow's efforts to meet the requirements of the Transparency Act and our commitment to continuous improvement in this area. Through internal policies, risk assessments, and reporting routines, we describe how we work to ensure transparency, ethics, and accountability across our business operations.

Organisation

The Transparency Act has been implemented at parent company level, and management oversees Cflow's ongoing compliance with the Act across the company's operations and subsidiaries. Cflow works actively to promote human rights and decent working conditions, and to identify, assess and address potential adverse impacts. In 2022, the group implemented a whistleblowing policy to encourage employees to report concerns related to potential human rights or labour rights violations.

Group structure as of 2025:

Cflow AS (Norway) – Parent Company

- Cflow Fish Handling Chile SpA (Chile)
- Cflow Estonia OÜ (Estonia)

Methodology

General Process

Cflow uses a systematic methodology to address the requirements of the Transparency Act effectively and consistently.

1. Preparation and Planning

1.1. Understanding the Act

- Review the Transparency Act to clarify its requirements and implications for Cflow.
- Participation in training programs and seminars on the Transparency Act to ensure that key personnel are well informed.

1.2. Internal Mapping

- Identify the parts of the business covered by the Act.
- Map existing practices and procedures related to transparency, human rights and working conditions.

2. Implementation of Measures

2.1. Development and Implementation of Policies

- Develop internal policies that address the requirements of the Transparency Act.

- Ensure policies include procedures for due diligence assessments, reporting and handling non-conformances.

2.2. Establishing Due Diligence Assessments

- Implementation of due diligence assessments at least once a year to identify, assess and address risks related to human rights and decent working conditions in the supply chain.
- Involvement of relevant stakeholders in the assessment process.

3. Monitoring and Evaluation

3.1. Continuous Monitoring

- Establish a system for continuously monitoring and assessing the company's practices against the Act's requirements.

3.2. Internal Audit

- Conduct internal audits to verify that procedures and measures are followed and effective.
- Document findings and implement corrective actions when required.

4. Reporting and Communication

4.1. Transparency Report

- Prepare an annual Transparency Act - Due Diligence Assessment report that meets the Act's content and format requirements.

4.2. Stakeholder Dialogue

- Maintaining an open dialogue with internal and external stakeholders.
- Using stakeholder feedback to improve practices and reporting.

5. Continuous Improvement

5.1. Evaluation and Updating

- Regularly review and update Cflow's transparency approach in line with new legislation, best practices and feedback.
- Engage senior management to ensure strategic alignment and sufficient resources.

Tool (Worldfavor)

Cflow uses Worldfavor’s application and methodology to monitor its supplier portfolio in line with the OECD six-step due diligence methodology. Together with the ERP system, Worldfavor provides a strong data foundation for systematic supplier follow-up and more detailed due diligence assessments when risks are identified or when additional information or documentation is required. Such follow-up is managed by the responsible line function.

In 2025, Cflow significantly expanded the Worldfavor platform by implementing AI-driven supplier screening and scaling up the supplier base. Suppliers are monitored and assessed through the following Worldfavor questionnaires:

- Human rights and labour standards
- Diversity and discrimination
- Health, environment and safety (HSE)
- Employment practices
- Business ethics and leadership
- Anti-corruption
- Environmental practices
- Sustainable sourcing
- Biodiversity
- Water-related impacts

Project Plan

Implementation of the Transparency Act has been carried out in line with applicable requirements. Cflow has prioritised its efforts using a risk-based approach, with follow-up proportionate to the findings identified through its processes and tools. This work is not limited to the Transparency Act, but also supports broader ESG efforts in areas such as corruption, environmental resources and biodiversity.

Plan (completed):

Activity:	Date:
Establish internal systems for handling non-conformances from suppliers	2023
Establish internal procedures for handling internal/external notifications	2023
Prioritise suppliers, areas and segments for further follow-up based on an overarching due diligence assessment	2023
Conduct a more detailed due diligence assessment presented in report form from the company's platform/tool	2024
Expand use of methodology/tool to map additional levels of suppliers' operations and their sub-suppliers	2024
Continuing work on self-assessment of suppliers	2024/25
Evaluate the onboarding process for new suppliers	2024/25
Assess follow-up (audits) of companies with completed self-assessments	2024/25
Internal training (awareness) of supply chain employees	2024/25
Implement AI-driven supplier screening and major scale-up of the supplier base in Worldfavor	2025
Conduct AI-based Adverse Media Screening of the supplier portfolio	2025

Plan (ongoing):

See end of this report ‘Initiatives for 2026 and Beyond’

Due Diligence Assessment 2025

Introduction

A key initiative was the implementation of AI-driven supplier screening through Worldfavor, which gave Cflow a broader and more detailed view of its supplier portfolio and related risk exposure.

No complaints of adverse impacts in our supply chain were reported from internal or external sources during the year.

The following priorities describe how this strengthened approach was applied in practice during the year.

Priorities

In 2025, Cflow prioritised scaling up its supplier base in Worldfavor. During the year, 505 active suppliers with purchasing turnover in 2025 were reviewed, cleaned and added to the platform.

Risk prioritisation continues to be based on Worldfavor’s automatic risk mapping, with particular focus on suppliers with annual purchasing volumes above NOK 1 million and suppliers located in geographies exposed to human rights, labour rights or corruption risks.

The status below summarises the measurable results achieved from this prioritisation by year-end.

Status (2025 - 31.12.2025):

At year-end 2025 totally 638 suppliers were registered on the Worldfavor platform, compared with 133 at year-end of 2024. This significant upscale reflects Cflow's ambition to improve visibility across the value chain.

Worldfavor completed AI-driven enrichment of 505 suppliers, mapping 2,861 properties across 501 of these companies. The risk assessment used data on industry, website, company registration number and number of employees.

Geographic Exposure

Geographic distribution of the supplier portfolio (top 5 regions):

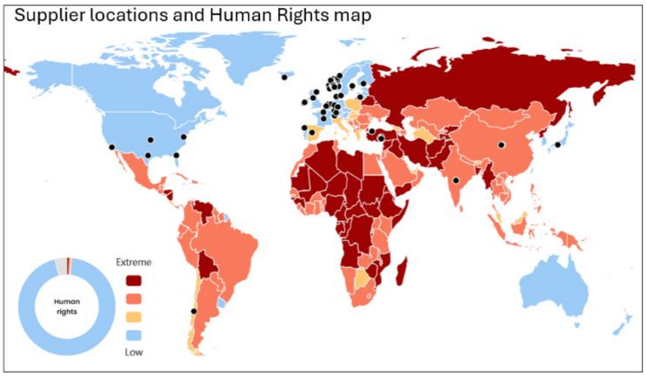
- Northern Europe: 574 suppliers (90% of total supplier base)
- Western Europe: 21 suppliers (3%)
- Western Asia: 5 suppliers (1%)
- Northern America: 5 suppliers (1%)
- Eastern Asia: 3 suppliers (0.5%)

The high supplier concentration in Northern Europe (90%) enables a focused due diligence process but also entails exposure to regional risks such as regulatory changes, geopolitical instability and climate events.

Risk Exposure

Based on Worldfavor's risk assessment for 2025:

- Potential high-risk suppliers, based on country and industry risk: 354 suppliers, representing 55% of the supplier base. The main risk areas identified were labour rights, health and safety, and human rights.



To prioritise follow-up, 41 suppliers with significant purchasing activity were included in a *Baseline Assessment*. These suppliers represented 85% of the total purchasing volume in 2025. During the screening process, the identified risk exposure was reduced through mitigation measures, meaning that we gained enough evidence from public ESG data to justify lowering suppliers' risk classification, rather than classifying risk based on country and industry only.

(*A Baseline Assessment is a structured ESG screening of a supplier using publicly available data and AI on core sustainability policies and practices, rather than requiring the supplier to fill out a questionnaire themselves)*

Supplier Engagement and ESG Data

Worldfavor's latest insight report shows the following supplier engagement and ESG data status at the reporting date:

- Communication channel established in Worldfavor: 95 suppliers (15% of the supplier base)
- Active participation, defined as having responded to at least one questionnaire during the last two years: 27 suppliers (4% of the supplier base)
- Suppliers not sharing requested data, more than 90 days overdue: 6 suppliers (1%)
- ESG data coverage through Baseline Assessment, AI screening or self-assessment: 41 suppliers (6%)
- Average sustainability level among assessed suppliers: Level 2, indicating limited practices in place

The low percentage scores mainly reflect the significant expansion of the supplier base in 2025. During the year, 505 new suppliers were imported into Worldfavor and have so far only been subject to AI screening and country/industry-level risk assessment, rather than direct supplier reporting. Increasing direct supplier engagement and ESG data coverage will therefore be a priority in 2026.

Code of Conduct

At the reporting date, no Code of Conduct requests have been sent via Worldfavor. This represents an identified gap in the due diligence work, and the supplier commitment to Cflow Code of Conduct will be prioritised in 2026.

Adverse Media Screening

As part of the 2025 due diligence process, Cflow conducted AI-driven Adverse Media Screening of the supplier portfolio to identify potential ESG-related concerns from global news sources and public reports.

- 608 suppliers were screened.
- 18 suppliers were mentioned in media related to potential ESG risk.
- 30 findings were identified in total; no serious human rights violations were found to be directly linked to Cflow's supplier relationships.

Summary/Conclusion

Cflow AS has continued its work to implement and further develop due diligence processes in line with the Transparency Act. The work focuses on human rights and decent working conditions in Cflow's own operations and supply chain, while also supporting broader ESG efforts where relevant to the company's business and supplier portfolio.

In 2025, Cflow strengthened its supplier due diligence by expanding its use of Worldfavor and implementing AI-driven supplier screening. This provided a broader and more detailed overview of the supplier portfolio, including country, industry and adverse media risk indicators. By year-end, 638 suppliers were registered in Worldfavor, compared with 133 at the start of the year.

The 2025 assessments did not identify any human rights violations directly linked to Cflow's supplier relationships. However, the work confirmed that several suppliers operate in industries with elevated risk exposure. It also showed that supplier ESG data coverage and direct supplier participation remain areas for further improvement. In the risk methodology, missing or blank supplier responses are treated as high-risk indicators, meaning that low supplier participation automatically contributes to a higher risk score and triggers a need for closer follow-up.

Going forward, Cflow will prioritize follow-up of identified risk findings, increase supplier engagement, require compliance to Cflow Supplier Code of Conduct or similar, improve routines for handling non-conformances and complaints, and conduct more detailed reviews or audits where risk has been identified.

Continuous Improvement with Worldfavor

Cflow has continued its work with Worldfavor to drive improvement and quality assurance of our supplier portfolio. In 2025, this work was taken to a new level through:

- AI-driven enrichment of 505 suppliers (2,861 properties mapped)
- Implementation of Baseline Assessment for 41 high-priority suppliers
- Completion of Adverse Media Screening for 608 suppliers
- Establishment of automatic risk indices for human rights, labour rights, corruption, child labour and health and safety.

Initiatives for 2026 and Beyond

Cflow has the ambition to implement the following initiatives in 2026 and beyond:

- Improve attention to Code of Conduct in the supplier base.
- Increase active supplier participation in Worldfavor.
- Conduct audits at selected suppliers where risk screening or lack of response indicates a need for closer examination.
- Increase awareness among employees and suppliers regarding the Transparency Act and its requirements.
- Maintain policies and procedures to ensure continuous improvement of sustainability and ethical standards.