

2023

Sustainability Report

Enabling the Energy Transition

Responsible | Clear | Bold | Focused



IKM
Flux AS

Our Journey through 2023

IKM Flux is now concluding a very successful and eventful year. Even though we operate in an industry characterized by high activity, we all understand that no success comes without the hard work of our employees and strong relationships with all our partners.

Throughout 2023, we have seen growth in the number of employees, welcomed new owners, and relocated our facilities from Larvik to Porsgrunn, all while achieving results we can be very proud of.

Becoming a part of the IKM family, or for some of us, returning to it, is a recognition of our efforts. We also want to express our gratitude to our former owner, Moreld, for the good years and support in developing the company in line with our strategy. Sustainability and CO2 reduction are still topics we are passionate about, even if they may not be as prominent in the media now as before. Nevertheless, IKM Flux has a clear intention to continue this work and aims to be a driving force and preferred supplier towards a sustainable future industry.



Photo: IKM Archive

This report will provide insight into how we operate and illustrate the practices we have implemented to improve environmental, social, and governance in our business. Among our key contributions this year, are efforts to reduce our environmental footprint through:

- Investing in technology for Additive Manufacturing,
- Maximizing the use of remote testing facilities of our products to minimize business travels for both us and our customers,
- Streamlining our supply chain for greater efficiency

We are also dedicated to establishing a circular economy throughout our entire supply chain by:

- Partnering with reputable companies to recycle as much of our used materials as possible, and encouraging our customers to do the same
- Implementing automated processes to recycle High Alloy Materials
- Inspecting and doing re-certifications of loading hoses with the goal of extending the lifetime and avoiding new production

Furthermore, we are committed to:

- proactively managing and monitoring all activities that could impact the environment, social and governance in our business,
- ensuring all work performed meets legislative and contractual environmental requirements through the application of a well-documented environmental management system,
- and effectively communicating ESG principles to our employees. We provide education and training on ESG principles to ensure that all our employees fully understand and embrace our Environmental Management System

Performance highlights 2023



500+ million

in revenue (NOK)



65 FTE`s

of highly skilled personnel



4 locations

Stavanger, Bergen, Porsgrunn & Colico (Italy)



Becoming part of the IKM Group is a testament to our quality and marked an exciting step in 2023. Working alongside IKM, we anticipate enhancing our products and services, expanding our presence in both domestic and international markets, and providing comprehensive solutions to our customers. With IKM, we passed NOK 500 million in revenue in 2023.



In 2023, we expanded our service offerings in UHC, valves, and LAB as we wish to have a bigger focus on this area of our business and expertise. Additionally, we established a dedicated service organization to manage our diverse framework agreements, involving significant investments in both personnel and equipment.

We have continued to use Additive Manufacturing throughout 2023. This approach reduces carbon emissions by 90% and energy consumption by 50%, while ensuring product quality. By minimizing equipment stockpiling and adhering to circular economy principles, IKM Flux delivers sustainable solutions, mitigating environmental impact and operational risks.



In 2023 we witnessed significant growth in our LAB division, with a surge in orders for LAB equipment. Particularly noteworthy were our first major orders for equipment to measure mercury levels in ambient air, natural gas, and stack emissions. This underscores the importance of our work and reflects our customers' heightened emphasis on reducing their environmental footprint.



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Company Profile



Photo: Production hall (UHC), and office in Bergen

IKM Flux is a leading provider of products, solutions and services for fluid containment and transport in the energy-, marine- and renewable industry. After joining the IKM Group in 2023, we have officially changed our name from Moreld Flux AS to IKM Flux AS.

Moreld Flux AS was established in 2021, however, the company's history began well before this. IKM Flux is a merger of three former companies; Active Service, Analytic and Valvision, and we therefore have a wide range of knowledge and skilled personnel. The three companies have a history of supplying equipment to all the major installations, both offshore and onshore, in the Norwegian energy sector back to the late seventies. Today, we have 4 main focus areas: Valves, UCH and Lab, and also focusing more on the service area of our business. We are located in Stavanger, Bergen, and Porsgrunn in Norway, and in Colico in Italy.

By simplifying the IKM Flux structure we will go forward as a more efficient company able to better utilise our competence and expertise across our product and service segments.

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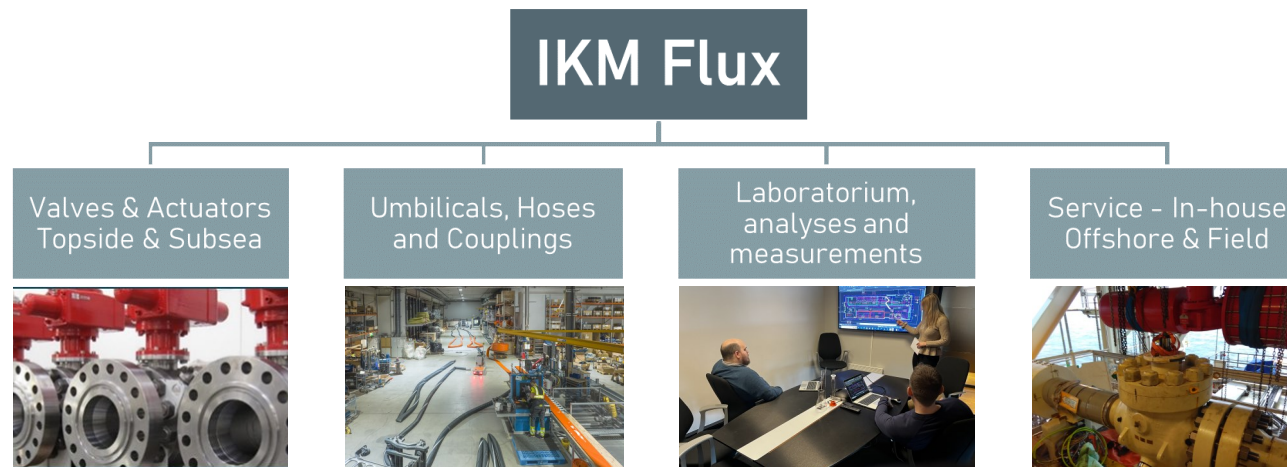


Figure 1: Business Segments

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Message from CEO

For those who read our ESG report from 2022, I assure you that the success and growth described there have continued into 2023, perhaps even to a greater extent than we expected. An important lesson is that we often overestimate short-term development while underestimating long-term gains. Our focus on recycling and Additive Manufacturing (AM) is a good example of this. We are now beginning to see results gradually, although we still lag somewhat behind our previous schedule. But there is no doubt that we are on the right track. The extension of the lifespan/re-certification of cargo hoses continues to increase, and the new development is that we have started to reuse several components for this purpose.

One of the most exciting developments in 2023 was the establishment of a service organization to handle our various framework agreements. Here, we have invested significantly in new hires and new equipment.

Becoming part of the IKM Group towards the end of the year was a fantastic boost for us, allowing us to set even higher goals than our previous strategy allowed. Our affiliation with Moreld has been a valuable and enlightening journey for Flux, and it is a foundation we will carry forward.

The latest development in the service segment is that ValveWatch is now part of IKM, and work is underway to integrate these services with IKM Flux specifically, but also with other companies within the IKM Group in general. Being part of such a well-established and diverse conglomerate as the IKM Group provides us with opportunities that we did not have before. This aligns particularly well with our focus on hydrocarbons, with a clear strategy to lead in the development of the aftermarket.



Photo: Rolf Lohne, CEO

In R&D, 2023 has been spent on the final optimizations of Flux's own Vaporizer. This is expected to be on the market in Q2.24 and will be a product we are confident will provide us with a solid additional revenue stream. Those who follow us will hear much about this in the coming months.

With the growth we have experienced in recent years, we have put a lot of effort into balancing this within a sustainable transformation, ensuring that economic growth does not come at the expense of our focus on sustainability.

Our sustainability strategy and approach

Sustainability and strategic priorities

IKM Flux` vision is to be the preferred partner for our customers in the transition towards a sustainable future. We focus on sustainable practices in our operations and heightened transparency in our reporting. With the insight and experience we have accumulated throughout the years, our aim is to be a trustworthy and preferred partner for deliveries in the energy industry and a proactive contributor to a sustainable future and circular change, meeting our customer`s demand with cost efficient solutions and contributing to the development of our industry.

Our strategy for the future, is developed in line with the United Nation`s sustainable development goals of 2015. To reduce impact from our operations, we have identified 4 main sustainable development goals where we can positively impact and are actively contributing to:



These sustainable goals have aided in identifying 4 strategic priorities (illustrated in figure 2) that describes our goals and strategies for the 2022-2030 period. We have included a scorecard on page 9-10 to show a more detailed overview of our goals and the progress we have made in 2023.

Figure 2: Strategic priorities for the next years






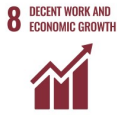
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Scorecard: Targets and KPI`s

Goal	SDGs	Key Performance Indicator (KPI)	Target	2022-2023 Progress
Providing a healthy and secure workplace for all employees				
<p>HSE awareness:</p> <p>HSE is our most important internal work component. Our working environment shall be health-beneficial to prevent injury and illness. No operation has priority over safety, and our overall objective is zero injuries.</p>		<p># serious incidents</p> <p>#LTIs</p> <p>% Sick leave</p> <p>% annual health check of employees</p> <p># unplanned emissions/spills</p>	<p>0</p> <p>0</p> <p><4%</p> <p>100%</p> <p>0</p>	<p>In 2023, there was one LTI (Lost Time Incident). This was addressed in line with our protocols and measures have been implemented to prevent any recurrence or similar incidents. In 2023 we also reviewed our measures aimed at improving the well-being of our employees. In 2023, our short term sick leave for 2023 was 0,5% and we had a total sick leave of 5,8%, which from new measures hopefully will improve in the next years. Employees also completed their annual health check.</p> <p>In 2023 there were zero records of unplanned spills/emissions.</p>
Ensuring equality no matter gender and background				
<p>Women in the organization:</p> <p>In an industry that is dominated by men, we want to achieve a target of 35% of women in our organization, and 50/50 men and women in leading positions. This is important to increase diversity, and key to our company culture and our performance.</p>		<p>%women in the workforce</p> <p>%women in leading positions</p>	<p>35%</p> <p>50%</p>	<p>The proportion of women in the organization was 28% in 2023, and we had a proportion of 50% of women in leading positions. Going forward we will focus on attracting more women to achieve a proportion of 35%.</p>
<p>Multicultural and diverse work environment:</p> <p>We not only wish to achieve balance in terms of gender, but also in terms of age and background. When recruiting we always hire based on the competency and skills of our applicants.</p>		<p>% impartiality in the recruitment process</p>	<p>100%</p>	<p>In 2023, no reports of unfair treatment, including in hiring, were documented, reaffirming our dedication to equality.</p>
Conducting our business in an ethical and socially responsible way				
<p>Ethics and social responsibility awareness:</p> <p>We have a compliance program to ensure that our employees and the organization follow applicable laws and regulations, the internal Code of Conduct, and internal policies and procedures.</p>		<p>% completion of cyber security training</p> <p>% completion of ethical training</p>	<p>100%</p> <p>100%</p>	<p>In 2023, all employees completed their mandatory training on cyber security and ethics.</p>

Goal	SDGs	Key Performance Indicator (KPI)	Target	2022-2023 Progress
Moving from a linear to a sustainable circular economy				
<p>Cooperate with partner for re-circulation:</p> <p>We have a strong focus on reducing, reusing, and recycling in our business to reduce our environmental footprint and increase cost-efficiency.</p>		<p>% reuse of couplings in re-certification of loading hoses</p> <p>% recycled stainless steel waste for 3D printing powder</p> <p>% recycled steel waste</p> <p>% recyclable in own production</p> <p>% life-extension of old carbon steel valves</p>	<p>>80%</p> <p>50%</p> <p>100%</p> <p>90%</p> <p>>20%</p>	<p>In 2023, 85% of couplings were repurposed in the re-certification process. Additionally, we recycled 15 tons of stainless steel waste to produce 3D printing powder. Furthermore, we serviced 168 valves, effectively extending their lifespan by approximately 32%.</p>
<p>Research and Development:</p> <p>We focus on sustainable development in our business to face the challenges related to climate change and limited resource use. We therefore work on projects with the goal of reducing our environmental footprint.</p>		<p># Launch of major projects contributing to sustainable development</p>	<p>1 per 4 years</p>	<p>Our biggest project in 2023 was Additive Manufacturing, contributing to less waste and reductions in emissions and energy use. In 2024, our aim is to launch two new projects: a customized vaporizer for the LNG market, and reuse of components in the production of loading hoses.</p>
Working towards a climate neutral business				
<p>Reduce our global impact of CO2:</p> <p>We aim to be carbon neutral in our own operation (Scope 1 & 2) within 2030 and to lower our Scope 3 emission in line with national targets.</p>		<p># tCO2 emissions (Scope 1, 2)</p> <p>% tCO2 reduction from business travels (compared to 2019)</p>	<p>Net zero</p> <p>80%</p>	<p>Since 2019 we have reduced our Scope 1 and 2 emissions by 65%. Our Scope 3 emissions from business travels have, since 2019, been reduced by 68%.</p>
<p>CO2 accounting through the supply chain:</p> <p>We encourage our suppliers to implement actions to reduce their climate footprint and report relevant CO2 figures to us.</p>		<p># tCO2 saved from FAT via Video</p> <p>% increase in team members (Italy team)</p>	<p>14</p> <p>2%</p>	<p>In 2023 we helped our customers save 12tCO2 from FAT via video. By strengthening our Flux Italy team will reduce the company`s travel activities, for instance related to FAT`s.</p>

ENVIRONMENTAL

Reduce CO2 emissions

Example of Actions

- Periodical transportation of goods to our warehouses
- Optimizing loading (reduce packing space)
- Reuse of packing materials
- Extended use of Teams

No spills

Example of Action

We started a discussion (still ongoing) with the authorities in 2023 regarding the investment of an oil separator of the drain/pipe system available in the production hall in Bergen.

Waste management

Example of Action

Review of our waste management practices and ensure proper training of employees in waste handling.

Circular Economy

Example of Actions

- Additive Manufacturing
- Printing of spare parts from re-circulated powder (Vår Energi)

Energy Efficiency

Example of Actions

- Installation of LED-lamps in our production hall in Bergen and valve repair shop in Stavanger
- Installations of solar panels on the roof-tops of our offices in Porsgrunn

SOCIAL

Labour Conditions

Examples of Actions

- Well-being Agents
- Teambuilding in Italy
- HR and HSE Management System in place according to Norwegian laws and regulations

Workforce Diversity and Equal Opportunities

Example of Action

Practices to ensure a diverse and non discriminatory environment.

Health and Safety

Example of Action

Internal Psychosocial investigation by third party.

Performance Culture

Example of Action

We actively engage in conferences within our fields to learn more about opportunities and to share our knowledge when that is required.

Community Involvement

Example of Action

In 2023 Flux became an approved apprenticeship company and we have from June 2023 two apprentices in the company + 2 internships.

Human Rights

Example of Action

IKM Flux AS supports and respects all internationally recognized human rights and we shall contribute to the protection of human rights.

Responsible Supply Chain

Example of Action

Our Supplier Code of Conduct sets out explicit requirements for all our suppliers. 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.

GOVERNANCE

Risk management

Example of Action

Annual review of all risks and opportunities that may affect IKM Flux and our interests.

Responsible Finance and Investment

Example of Action

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.

Product safety and quality

Example of Action

We work according to our certified HSEQ Management System and we utilise our competence and expertise across our products and services within the company and within the IKM Group.

We offer customers and other relevant parties courses related to our products and services.

Ethical Corporate Behaviour

Example of Action

Business conduct, ethical compliance and corporate responsibility are an integrated part of our governance system. We have established a compliance program to ensure that we comply with legal requirements, internal policies, and procedures.

Transparency and Compliance

Example of Action

To increase transparency and work towards the CSRD reporting standards, we have reported tCO2e of purchased goods and services, and upstream transportation and distribution for the first time in 2023. This was an important step towards gaining more knowledge about our Scope 3 emissions and what we can do in the future to reduce these numbers.

Innovation and Technology

Example of Action

Delivering new technology with environmental benefits is a big focus for us. Our additive manufacturing project was only just a start, and we are currently working on more projects such as a vaporizer tailored for the LNG market.

Cyber Security

Example of Action

IKM Flux sends out emails at regular intervals, to test employees and see if they recognize phishing attempts.

02 Performance

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In this part of the report, we will present IKM Flux` focus areas and elaborate on our efforts aiming at improving ESG topics and impacts associated with our products and services, from production to recycling/reusing. We will also provide a more detailed explanation of all the ESG topics we identified as significant for the future of IKM Flux, with an explanation of our current progress and the future opportunities we are discussing for improvement.

We perform quarterly emissions accounting and ESG reporting for all our locations by implementing relevant data into our ESG reporting management system Cemasys.

Valves

IKM Flux is a reliable supplier of a wide range of high-quality valves and actuators, including urgently required and hard-to-find packages, at competitive cost and delivery times.

We provide control and on/off valves for process, support systems and subsea applications in a wide range of types, pressure classes and material grades. Backed by frame agreements with leading

players both on the Norwegian Continental Shelf and internationally, we prioritize collaborative partnerships with our clients, integrating our support from the earliest conceptual stages through to the final stages of our products.

The integrity and sustainability of our products are based on five key points:

- Thoughtful manufacturer selection
- Delivering products of high-quality and correct materials for their intended area of use
- Supporting and ensuring proactive follow-ups of our products during operation
- Offering service on valves and focusing on extending the lifetime of our products
- Recycling, and minimizing waste by repurposing materials for use in additive manufacturing

We focus on sustainability throughout the entire lifecycle of the valves

Each of our valves are sourced from renowned manufacturers carefully selected and qualified for the application and industry by IKM Flux, prioritizing those with sustainability in mind. We seek partners which not only guarantee precision and quality in material and documentation delivery, but also demonstrate a commitment to proactive follow-ups of our products during operation.

Collaborating with our customers, we find the correct materials, steel quality and packing and gasket materials for their intended area of use. For optimal valve performance, we offer comprehensive procedures such as IOM (Installation, Operation, and Maintenance) guidelines to help customers avoid misuse that can decrease function of the valves. This is important to avoid accidents that can potentially damage the environment and/or people, as well as making sure the products are long-lasting as this reduces impact on the environment.



Photo: Valve

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Service jobs on valves

32%

life-extension of old carbon steel valves

15 ton

recycled stainless steel for 3D printing powder

In recent years, our focus on service expansion has seen the establishment of a dedicated valve repair workshop in Stavanger. Leveraging the expertise of our professionals, this facility enables faulty equipment to undergo a “strip-and-inspect”, where the faulty components are repaired or recycled after conversations with the customers. We encourage repairs and perform a factory acceptance test (FAT) to confirm the quality of the repaired products.

The service option offers a prolonging of our products, and also the reduction of premature replacements. We aim to extend the life-time of old valves by over 20%.

Parts not suitable for repair are sorted and processed. Carbon steel is recycled through certified channels to be remelted and repurposed, and the remaining materials are pulverized for additive manufacturing applications.

Additive manufacturing – 3D printing of new valves and packaging

2023 marked a year of innovation in IKM Flux. In collaboration with company F3nice, materials previously recycled, often “downcycled”, are pulverized and used in the 3D printing of new valves and packing. This process guarantees that the value of the materials is not lost, as the resulting products will be of the same quality and same composition of materials as new valves.

3D-printing is revolutionary in the delivery of valves and packing, and reduces existing issues for our customers, such as equipment downtime, and high costs following delays. As it can be difficult to obtain valves and packaging of correct materials, companies rely on maintaining a large inventory of equipment. This is to mitigate the costs associated with delays caused by faulty machinery and the subsequent need for replacement parts.

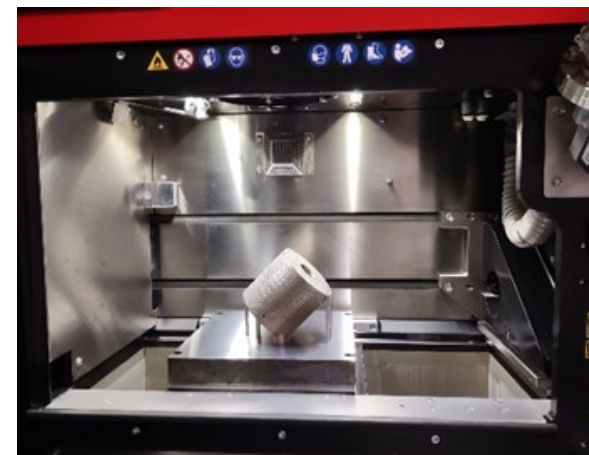


Photo: 3D printing of cage

The practice of stockpiling equipment is neither optimal nor environmentally friendly, as equipment may degrade over time despite remaining unused. Typically, we can observe the application of the 80/20 rule in this context, where 80% of the stockpiled equipment is never used

Moreover, in instances where equipment becomes obsolete or discontinued, obtaining necessary replacements of components can be a prolonged and arduous process, sometimes spanning several weeks. This delay introduces significant operational risks.



90%

savings tCO2



100%

from recycled source



50%

energy savings

Figure 4: Benefits of additive manufacturing compared to conventional production of valves

Instead, our 3D printers enable a rapid, on-demand manufacturing of specific parts for our customers, resulting in minimized downtime and enhanced operational efficiency. Some customers have also invested in their own 3D printer on site, which further reduces emissions and costs of transportation. Through us, customers receive a digital blueprint created by company Valland 3D used to 3D-print the part they need themselves.

In 2023, we assisted Equinor in receiving a new valve within just four days, a process that would typically have taken upwards of ten weeks through conventional channels. With our help, the delivery also resulted in significantly less emissions, since they 3D printed the valve themselves.



Photo: Thomas Morel, "3D printed bonnet"

Future opportunities

Looking ahead, we remain committed to exploring emerging technologies such as blockchain integration to protect intellectual property and enhance data security within our 3D printing ecosystem.

We are also continually seeking opportunities to optimize logistics and reduce emissions related to our valve operations.

Another exciting opportunity is our exploration and discussion of a potential partnership with Valvewatch. Their innovative equipment enables precise monitoring of valves through advanced techniques such as listening and energy measurement. By analysing changes in data and noise levels, ValveWatch calculates the remaining lifespan of valves, thus reducing the risk of accidents and avoiding premature replacements. This proactive approach not only enhances safety but also extends the longevity of our equipment, aligning perfectly with our commitment to sustainability and extending the lifetime of our products.

Hoses and Couplings

IKM Flux is a leading product, system and service provider for hoses and couplings for a wide range of applications in several sectors such as; the energy, marine and industry sector. Hoses and couplings are used for fluid transfer, power and control solutions, and are produced at the site in Bergen.

We have several inhouse assembly lines that also include services such as; welding, flushing and pressure testing. The flexibility offered for e.g. umbilical's and bulk loading hoses is highly appreciated by our customers around the world.

For our customers we can customize maintenance programs with regular periodic inspections to determine whether the hose is suitable for continuing in service or not. And through our skilled service personnel and online Hose Management System we ensure efficient inspections, maintenance and recertification either offshore or onshore.

To address the environmental and social impacts of our products, we are committed to advancing our products through collaborative efforts with both our customers and suppliers. As a result, we created the Safe Grip to improve safety on the drill floor, as well as creating a service for customers to re-certificate their loading hose,



Photo: Production of bulk-loading hose

ensuring they are always safe to use. In 2022 we also saw the potential benefits of investing in an oil-site flusher, and in 2023 an oil separator, to reduce the impacts from our operations.

Opportunities

Today, instead of scrapping materials, we aim our best at repairing old hoses, so they can be sent back out to our customers. This is through our re-certification of loading hoses. We want to take this even further, as we wish to reuse components in the production of loading hoses as well, instead of using virgin materials.

Safe Grip

Safety is one of our top priorities in IKM Flux. Safe Grips provide the strength, flexibility and reliability required for securing high pressure and offshore supply hoses. They are designed to distribute stress over a large area so they can securely hold and prevent the hose from falling to the drill floor if a hose burst occurs. This design not only improves safety for our customers, but also reduce the cost of maintenance over time.



Photo: Active Safe Grip

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Re-certification of loading hoses

To extend the lifetime of the loading hoses, we inspect, test, and replace damaged areas of loading hoses, making them as good as new again.

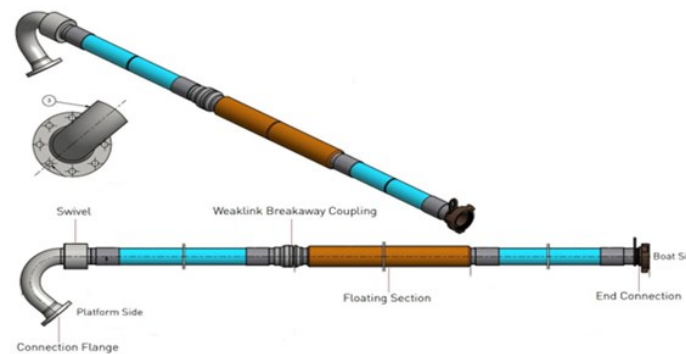


Photo: “breakaway” in bulk loading hose

The use of the IKM Flux bulk-loading hose solution has been a huge success over the years since its inception, resolving many of the safety and life expectancy problems commonly associated with bunkering hoses. The reuse of parts is also a more sustainable and cost-effective solution for our customers.

We have standardized our bulk-loading hoses to consist of three sections: platform, floating and supply vessel. The platform and supply vessel sections are more exposed to wear and tear than the floating section. Our concept is therefore to

use noble metals such as AISI 316 and JM7 on hose inserts, break-away couplings and unions. That way we can reuse these parts several times. We then only need to replace the worn-out rubber hose when repairing. The life span of the metal parts can be up to 5-10 years.



Approximately 85% of the couplings were reused in 2023 in the re-certification process, and the couplings that are too damaged are recycled through certified channels. The rubber is recycled as special waste. Our goal is to make the process of re-certifications completely waste free and to reuse everything. This means exploring options for the rubber hose to be repurposed. We are currently looking into possibilities for the rubber hoses to be used in the marine industry. In 2023, we re-certificated 196 hoses, helping our customers save 156 tCO2 emissions.

Investments in a flusher and oil separator on site

In 2022, we made the decision to invest in an on-site flusher, which became operational in 2023. This move allowed us to conduct 90% of umbilical flushing directly on-site, significantly streamlining our operations. Only large umbilical's are now sent to IKM Testing for flushing.

We also hope to install an oil separator in Bergen in 2024. This investment would enable us to store larger quantities of wastewater on-site, eliminating the need for frequent transportation. Today, wastewater is transported twice a week, but with a new system in place, it could potentially be sent out once a year.

These initiatives not only enhance efficiency but also deliver tangible environmental benefits. By minimizing transportation needs, we reduce greenhouse gas emissions and lower energy consumption associated with fuel use and vehicle operation.

196	85%	156 tCO2
Re-certifications of loading hoses	of couplings reused per hose	saved from re-certifications

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LAB

In addition to valves, hoses & couplings, IKM Flux also offer turn-key laboratories, containerised or integrated in existing rooms, and laboratory equipment. The turn-key laboratories are delivered to spec or based on the design and recommendations of our experienced team to improve efficiency and performance. Containerised or integrated fully equipped laboratories comes with operating procedures, training and lab management systems.

We also supply stand-alone analysers and equipment for existing labs, including service and repair in field or at one of our facilities.



Photo: LAB container

Helping our customers lower emissions and address environmental concerns

IKM Flux collaborates with a wide range of suppliers to independently select the best solution for each customer's needs. We also collaborate to develop products that reduce the use of hazardous chemicals and minimize environmental impacts.

Additionally, we actively engage in conferences to learn about emerging technologies and gain new insights into environmental impact reduction. For instance, in 2023, we participated in the FSPO conference in London. This experience provided us with deeper insights into the FSPO market dynamics, strategies for enhancing energy efficiency in labs, and innovative technologies aimed at mitigating emissions.



Photo: LAB in GJØA

Technologies and solutions introduced over the years

We support our customers with equipment made to reduce environmental impact and emissions:

- **Sir Galahad and Millennium Merlin** accurately measure mercury and other heavy metals (such as arsenic and selenium) in ambient air, natural gas, and stack emissions. This helps identifying potential sources of pollution and environmental risks, as well as aids in the effective use of mercury removal beds to meet regulatory standards and mitigate environmental and health risks associated with mercury contamination.
- **MiniLab and Spectro** evaluates the condition of lubricating oil used in equipment. By monitoring lubricant quality, operators can identify signs of contamination, wear, or degradation in machinery components, which allows for proactive maintenance actions. Additionally, this reduces environmental impacts and costs from unnecessary consumption of lubricants and extend the lifetime of the equipment.
- **TD 560 and Infracal** are used to measure oil in water, allowing customers to monitor, detect and control oil spills and leaks. This helps customers prevent pollution and complying with the legal limits on oil concentration in water.
- **BactiQuant** measures the existing levels of bacteria to be treated and controlled by biocides, helping operators optimize biocide dosing to prevent microbial growth without overusing biocides. Overuse of biocides can lead to adverse environmental impacts, such as the development of resistant microbial strains and disruption of aquatic ecosystems. By maintaining appropriate microbial control, operators can minimize environmental harm, ensure effective system operation, and reduce the costs of excessive biocide use.

Opportunities

In 2023, we received our first big orders of online equipment to measure mercury levels. This milestone signifies our customers' heightened emphasis on sustainability, underscoring our relevance in driving the sustainable transition forward. We are very excited about this development and remain committed to introducing other significant innovations in the future that can contribute to advancing the industry's sustainability agenda. As part of our vision, we aim to launch a custom vaporizer tailored for the LNG (Liquefied Natural Gas) market in 2024, in efforts to embrace green energy within the oil sector. This has been in development for four years.



Photo: Erlenmeyer Flask

For optimal performance, we also offer training and courses to ensure the correct use of our equipment.

Environmental

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- LAB
- **Environmental**
 - ⇒ Reducing CO2 Emissions
 - ⇒ No spills
 - ⇒ Circular Economy
 - ⇒ Waste Management
 - ⇒ Energy Efficiency
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Reducing CO2 emissions

We aim to be carbon neutral in our own operations (Scope 1 & 2) and to lower our Scope 3 emissions in line with national targets.

Since 2019, the overall reduction in Scope 1 + 2 emissions have been 65%.

Scope 1

Reviewing our Scope 1 emissions for 2023, we observed a notable increase compared to 2022. The relatively low numbers from 2020-2022 are due to lower activity as a result of the pandemic.

Scope 1 emissions reached an all-time high in 2023, primarily driven by a 28% increase in sales compared to 2022, from securing additional contracts after joining the IKM Group. This increase is however is not exponential, as we have through 2023 implemented new strategies to reduce our emissions further. In our attempts of more environmentally friendly transport, we have focused on:

- stopping engines when on- and offloading,
- optimizing our shipment practices by prioritizing bulk loads over single packages

whenever possible,

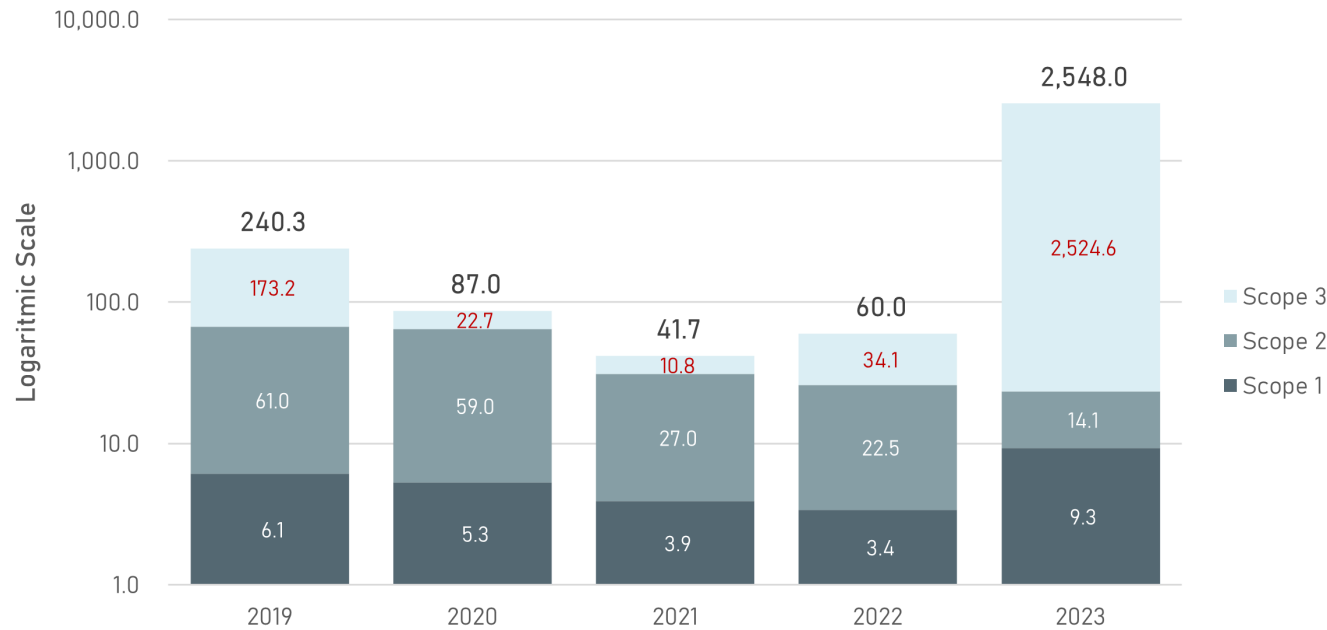
- and implementing an oil separator in Bergen to reduce frequent transportation of wastewater

Scope 2

Scope 2 emissions have significantly decreased over the years as a result of our growing focus on energy efficiency and optimizing our operations. Compared to 2019, our Scope 2 emissions have been reduced by 77%.

To minimize electricity use, we installed LED-lamps with motion sensors in the production hall in Bergen and in our valve repair shop in Stavanger in 2023. We have also installed solar panels on the rooftop of our office in Porsgrunn.

tCO2e Emissions



65%

Reduction in Scope 1 + 2 emissions (compared to 2019)

68%

Reduction in business travels (compared to 2019)

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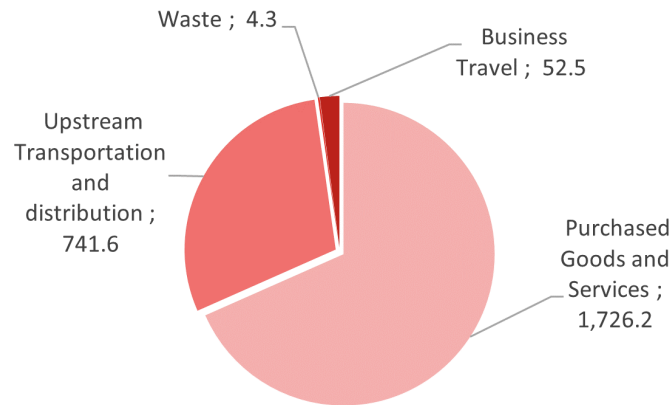
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Scope 3

We are working towards the CSRD reporting standards for Scope 3 emissions. In 2023 we “reported” tCO2e of purchased goods and services, and upstream transportation and distribution for the first time. This was an important step towards mapping our Scope 3 emissions, finding the potential sources of emissions, and planning future actions.

Scope 3 emissions: tCO2



Waste

100% of our waste is sent to certified waste management companies to be recycled. Emissions calculated from the kg` s of waste we have sent to recycling during 2023, is significantly

lower than our other sources of Scope 3 emissions. As of 2023 we have several measures in place to minimize waste, such as providing service of valves, re-certifications of loading hoses, and additive manufacturing.

Purchased Goods and Services

Stainless steel accounts for 88% of the tCO2 we have reported in purchased goods and services. As this area of reporting is new to us, we will aim to gradually understand more of the reported numbers, and how to reduce them.

We also consider sustainability in our efforts to promote our company. Instead of distributing numerous items in give aways, we opt for fewer, higher-quality products designed to last longer, and we avoid the use of plastic altogether. Additionally, we aim to minimize paper usage in our brochures and business cards. Whenever feasible, we utilize the Haystack app instead of traditional paper cards, and at fairs we share brochures digitally with customers to reduce paper use.

Upstream transportation and distribution

We are actively exploring opportunities to leverage local branches within IKM International, particularly for our 'lab' operations, to reduce transportation distances for goods.

Business Travels and FAT-via-video

In recent years we have become more aware of the impacts of

business travels. As we have departments in three locations in Norway, and one in Italy, we try our best to host Teams-meetings whenever possible and only travel when necessary.

Factory-acceptance-testing (FAT` s) has also been a challenge for us, as most of our suppliers and manufacturers are located in Europe, and customers often require our attendance on the FAT` s of their equipment. Therefore, to save both us and our customers the cost of business travels and reducing CO2 emissions, customers have the opportunity to attend FAT` s of equipment on video as a replacement for physical attendance. As a result, most of suppliers has in place high quality equipment to perform FAT` s with accurate data and live video feed transfer directly to the computer screen. In 2023, this helped our customer save 12tCO2 emissions.

By also increasing our team in Italy, we can shorten the travel distances between us and suppliers as well.

Since 2019 we have reduced tCO2 from business travels by 68%, and our goal is to have reduced business travels by 80% within 2030.

12 tCO2

saved from FAT via Video

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No spills

0

unplanned emissions/spills to the environment

In 2023, we successfully achieved our overarching objective of zero unplanned emissions/spills to the environment.

This accomplishment reflects the effectiveness of our preventive measures, and the risks of direct emissions/spills are generally low. At IKM Flux, our dedication to safety is evident through the implementation of the "Always Safe Wheel" initiative. Each quarter, we conduct thorough safety assessments tailored to our operations, facilitated by the Always Safe web platform, which provides access to HSSE learning packages aligned with key safety topics. These resources empower leaders to engage their teams in addressing safety concerns and implementing action plans, fostering a culture of continuous improvement and upholding our zero harm vision.

While chemicals are used in some aspects of our production, we have minimized their usage to

mitigate environmental risks. Our efforts include limiting the use of hazardous chemicals and ensuring comprehensive employee training in their safe handling, complemented by regular chemical reviews.

Furthermore, we have identified opportunities to enhance safety in our operations through the implementation of an oil separator in our drainage system in Bergen. This initiative not only reduces emissions from wastewater transportation, but also enhances the safe handling of substances

during flushing and testing procedures.

Additionally, we prioritize safety within our production hall by implementing numerous safety barriers. For example, each welder is equipped with flame-retardant attire to minimize the risk of sparks causing fires. Furthermore, we have implemented various measures to prevent fire outbreaks and other hazards, ensuring the protection of both our personnel and the environment.



Photo: Welding in Bergen

Circular Economy

Moving from a linear, “take, make, dispose”, to a sustainable circular economy has required us to think in new ways. We aim to be 90% recyclable in our own production within 2030.

Reduce

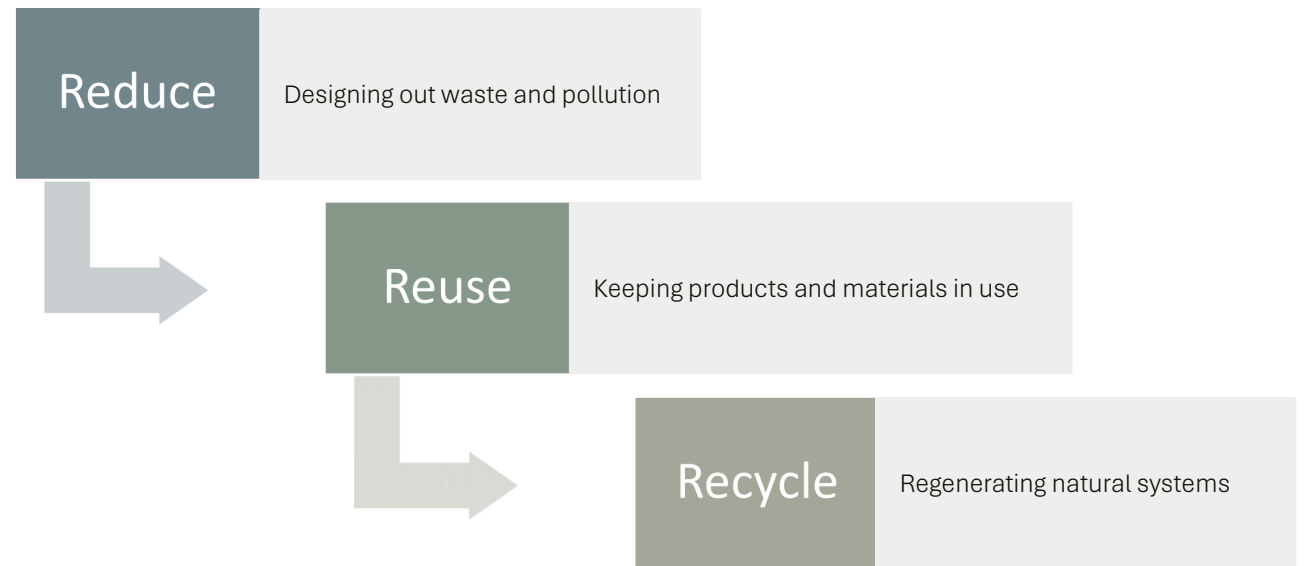
We focus on sustainable design to minimize resource use and waste. Delivering products of high quality and of the correct materials for their intended area of use, coupled with proper guidance on how to operate and maintain these products, all contribute to longer lasting products.

Reuse

To extend material lifecycle, we repurpose and repair equipment. When servicing valves and UHC we try our best to avoid scrapping materials and waste resources. Only components that are too damaged are replaced, and the repaired equipment is tested and sent back to our customers. This service option is highly appreciated by our customers as this has been an increasing focus in recent years.

We also aim at repurposing all of our components that are non-repairable, instead of sending them to

Figure 5: Circular Economy Principles



waste management companies.

Recycle

By pulverizing stainless steel waste as 3D printing powder, we can instead of creating new products from virgin materials, create valves from old parts. This closed loop ensures little to no loss of resources through the cycle.

In this way, the materials are “upcycled”, meaning that the discarded materials are transformed into

something of the same or greater value by repurposing it. The valves from 3D printing is just as reliable, durable, safe, and high in quality, as the ones created from new materials. Printing valves also require less energy use.

All other components are sent to certified waste management companies to be recycled.

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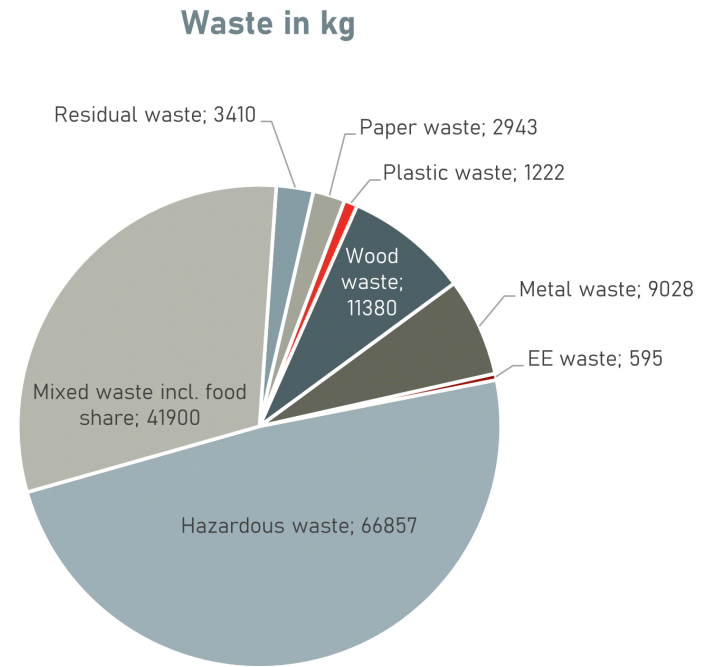
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Waste Management

IKM Flux manages waste according to Norwegian laws and regulations, which prohibits littering and mandates proper waste disposal. Specifically, we follow regulations for sorting and delivery requirements for various types of waste, such as hazardous waste, household-like waste, plastic waste, EE waste, and batteries. 100% of our waste is treated, and we closely follow-up and train our employees in proper waste management. In our offices, we also follow a strict regime and sort everything in separate containers.

In 2023 we treated 137 335kg of waste, sorted as shown in the diagram “waste in kg”.



Waste from oil separator

We currently have an oil separator in Stavanger, and hope to get one in Bergen as well. We ensure a well established practice for the discharge of oily wastewater, in addition to the use and labelling of cleaning and degreasing agents.

Our practice involves:

- Collecting waste oil in a separate container to be destroyed.
- Gathering oil filters in a separate container that is collected along with the waste oil.
- Practices for the event of an accident occurring. All the spillage/damaged goods are to be gathered up using suitable material/absorption material (bark, chips, felt, etc) and thrown into a separate approved container. This must be dealt with in a way that ensures no danger arises.
- Inspecting and checking the oil separator regularly, and oil sludge is to be gathered in a separate container to be destroyed. Documentation of

the inspection and maintenance of the oil separator is to be filed.

- Reporting any breach of this routine, or any unwanted incident, as a non-conformance.

The waste oil is to be delivered to certified waste management companies.

Impregnated wood

We also gather impregnated wood in a separate container before delivering it to an approved waste disposal site for deposit. This is also delivered to certified waste management companies.

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Energy Efficiency

By optimizing energy use, we can reduce our carbon footprint, lower operational costs, and contribute to mitigating climate change. At IKM Flux we therefore continually look for new solutions, and have implemented various measures to enhance energy efficiency across our operations.

LED lamps equipped with motion sensors have been installed in all of our offices. In 2023, we extended this initiative to our production hall in Bergen and the valve repair shop in Stavanger. These sensors automatically turn off the lights when no movement is detected, reducing electricity consumption

compared to conventional lighting systems.

Looking ahead, we aim to further enhance our commitment to sustainability by increasing the utilization of renewable energy. In 2023, we therefore installed solar panels on the rooftops of our facilities in Porsgrunn.

We have also noticed that this is a growing trend among our suppliers as well. Many of our key suppliers, including Tubi Gomma, Valland, Pro Control and Della Foglia, have installed or are planning to install solar panels on their production

hall roofs, enabling self-sufficiency in energy production. For instance, Della Foglia has adopted 1,028 photovoltaic panels across three different systems on their production facility roof. In 2022 alone, they produced 425.165 kW of green energy while consuming 293.283 kW, self-producing 26% of what they consume. As they purchase 74% of energy, and 50% is from renewable sources, 63% of their total energy usage is green.



Photo: Solar Panels at Valland

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Labour Conditions

In 2023 IKM Flux AS consisted of 65 employees and 2 hired consultants. All numbers reported regarding our own workforce are reported from the end of the reporting period.

Flux AS has well established employment practices that ensure the rights, security and well-being of all employees in the company. Our wish is to not only adhere to the laws and regulations, but to be recognized as an attractive employer.

All information about public and internal regulations forming the company-employee relationship is available for all, and adheres to the rules and regulations set forth by the Norwegian Law and Labour Unions. We believe it is important that all employees are familiar with their own rights as an employee, and have therefore created a handbook where employees can easily navigate and understand the effects of their own relationship with IKM Flux.



Figure 6: Employee Benefits

Efforts to improve the well-being of employees

In efforts to improve the well-being of employees and prevent injuries and stress-related disorders, we offer several services as preventative measures that can significantly benefit the health of our employees.

To encourage our employees to stay active, we have an agreement with SATS bedrift, offering discounted memberships with good conditions, at their workout facilities around the country.

Other efforts involve:

- Access to a free gym in Stavanger
- Organized leisure activities and sports, as well as local hiking trips
- Team-building
- Arrangements with “Naparatlandslaget/Ryggklinikken” regarding preventative treatments for work-related ailments/injuries
- Possibilities for ergonomic adjustment of work position and chair as needed
- Voluntary health and lifestyle assessment, conducted by BHT (Occupational Health Service).
- Always ensuring Personal Protective Equipment (PPE) is available
- Health insurance

65 employees

Including part-time

4 locations

Bergen, Stavanger, Porsgrunn, Colico (Italy)

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Health and Safety

Health, Safety, Environment and Quality (“HSEQ”) is one of the top priorities in IKM Flux` s activities, and our overall objective is to prevent harm to our people, material assets and the environment.

HSEQ Management System

We have a documented HSEQ & External Environmental Management System which all employees have access to. The management system includes internal processes, procedures, forms and checklists, risk management and a non-conformance system. The management system applies to all departments and work areas. Safety inclusive risk-based approach, and quality management is an integral part of all activities in our business.

The management system supports the delivery of products and services, and



Photo: [fnsklnmksa](#)

have a continuous focus on improvements of processes and procedures in order to enhance conformity with laws and regulations, and customer satisfaction. In addition to the management system we also have a HSE handbook available for all employees.

Furthermore, the management system manages and monitors all the company's activities which may have an influence of the external environment and of the quality of products and services provided by IKM Flux AS.

IKM Flux continuously focus on reducing the carbon footprint of our operations and our products. We have identified environmental aspects of our activities, products, and services that we can control and influence. We encourage our customers to recycle materials from our products when components are being replaced and/or scrapped and we encourage our suppliers to produce as environmentally friendly as possible.

Our management system is certified according to:

- NS-EN ISO 9001:2015
- NS-EN ISO 14001:2015
- NS-ISO 45001:2018
- NS-EN ISO 3834-2:2021

Lost time incident	1 LTI
Serious incidents	0
Short-term sick days	0,5%

HSE Risks

Safety is a fundamental component of IKM Flux` culture, and we do not take shortcuts when it comes to the safety of our employees or those around us. It is our top priority to ensure the health and well-being of our employees. No employee`s health shall be adversely affected by his/her work and all work is to be performed in a safe manner.

Psychosocial factors	<ul style="list-style-type: none"> • stress • burnout, mental exhaustion, performance anxiety • bullying, sexual harassment
Premises/ workplace	<ul style="list-style-type: none"> • fire • indoor environment (air quality, lighting, temperature, noise) • traffic safety (use of safety belt, exceeding the speeding limit)
Office work/PC work	<ul style="list-style-type: none"> • repetitive strain injuries such as back, shoulder and neck problems • eye strain and headaches due to PC work
Production/ workshop tasks	<ul style="list-style-type: none"> • work with higher risk such as working at higher levels • failure to use safety equipment • use of inflammable materials and hot work • exposure to substances that are harmful to health (possible danger of injuries due to solvents, poison, lack of oxygen, corrosive injuries, eczema, allergies, etc)
Cleaning work	<ul style="list-style-type: none"> • work positions that lead to strain and monotonous (repetitive) work • heavy lifting • exposure to chemicals that are harmful to health/frequent use of water (possible danger of dry, cracked skin, eczema, allergies and possible solvent injuries)
Transport work	<ul style="list-style-type: none"> • traffic accidents • hitting pedestrians • injuries due to falls and crushing • accidents involving dangerous goods/exposure to health-damaging chemicals

IKM Flux AS has established approaches, objectives, and focus areas in order to achieve the overall goal of zero incidents in our daily work. All employees complete mandatory HSE training, and we continuously monitor HSE performance. Throughout the year we put focus on several HSE topics.

Risk management is an integrated part of our HSEQ Management System. We identify hazards, analyse, evaluate, and implement risk reduction actions. We annually review our HSE risk analysis. We have identified several risks in our risk assessment and divided them into the following categories shown in figure 7.

Always Safe

In 2022, we implemented an annual safety wheel of ALWAYS SAFE. The Always Safe web platform is a collaboration between operators of the Norwegian continent shelf, to contribute to a zero harm vision strengthen by safety culture and increasing correct safety behaviour.

Incidents

Near misses and incidents are reported according to internal routines and we have procedures and a whistleblowing channel to independently handle whistleblowing cases. The Whistleblowing channel is operated and handled by KPMG Forensic on behalf of IKM.

During 2023 we had one Lost Time Injury. According to internal routines the incident was investigated and the outcome of this investigation was a safety improvement of relevant operating tool.

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Diversity and Equal Opportunities

We work strategically to improve diversity and inclusion in our company. We believe that achieving balance in our organization, not only in terms of gender, but also in terms of age and background, is key to our company culture and our performance. Diversity offers different mindset that will help challenge us and develop as a company. The diversity in IKM Flux is therefore crucial to who we are today and will continue to be in the future, and is a part of IKM Flux's long-term strategy for our organization and culture.

Women in IKM Flux

In an industry that is dominated by men, we have a proportion of 28% of women in the organization, and proud to have a 50% proportion of women in leading positions. Going forward we wish to increase the number of women in the company to more accurately reflect the society in which we live. Our target for 2030 is 35% women in the organization.

Inclusion in IKM Flux

In IKM Flux we treat all employees equally. We do not discriminate during hiring, and have employment practices independent of race, colour, language, religion, age, nationality, social or ethnic origin, sexual orientation, gender, disability, political or other opinion, property, birth or other status.

We always recruit based on the competency and skill level of the applicant, and welcome diversity and inclusion. Today, we have employees mostly from Norway, but also from Italy, Pakistan and Syria. We respect that all of our employees are in different stages of their life, or have different needs based on their life situation. We therefore always aim to be a flexible employer, and help adjust work life balance opportunities for all of our employees.



Photo: Thomas Morel

35%

women in the workforce

50%

women in leading positions

100%

impartiality in the recruitment process

Performance Culture

IKM Flux AS systematically work to ensure we have the business and employee competence we need to reach our goals. Talent management is about anticipating the organisation's needs for human capital, then developing and implementing a plan that can meet the needs. Potential risks and competence gaps are identified and an action plan is created to ensure the company's future competence needs are met.

Flux School of Excellence

IKM Flux` s strategy and continuous work to understand, attract and secure the competence needed in the company for future development, is referred to as the “Flux School of Excellence”. With focus on safety, quality, service, environment and equality the individual employee should be ensured continuous update on their performance and promised personal development in the company. Simployer Talent is an HRM tool used to take care of the administrative tasks related to competence development, and helps ensure that IKM Flux employees have access to the necessary courses and guidance to be able to perform their job in the best possible way. This strategy we have in place shall also contribute to IKM Flux` s recognition as an attractive employer.

Capacity building

We base our learning and development on the 70/20/10 model, which means that we believe most of capacity building is through on-the-job experiences (70%) and learning from others (20%). We encourage our employees and leaders to share knowledge under the motto “sharing is caring”. 10% of learning is also from formal training. In our portal we add new mandatory courses for our employees to complete, that relates to their job role or employment conditions.

Appraisals and competency profile

In IKM Flux, we think it is important for every employee to be able to track their own progress and personal development in the company, and prepare to take on new activities when they need new challenges. We therefore conduct appraisal interviews annually. This is an interview planned and prepared by both parties, where conditions as work performance, personal development etc. are addressed. These are always private and confidential.

In addition to the appraisals, we also practice an 'open-door-policy' where we encourage employees to contact their line manager with questions and/or other inquiries when applicable.

We have also created a competency profile for all our employees, that is found in Simployer Talent. Here they can see their current role and how well they meet the competency requirements. This is updated regularly, so the employees can get a better understanding of where they are. As shown in figure 8, the job requirements form a shape, and is filled in when all requirements are met. By adding desired future roles it is also possible to see how your skills meet these requirements, giving an idea of what competency you will need to build in order to secure this role in the future.

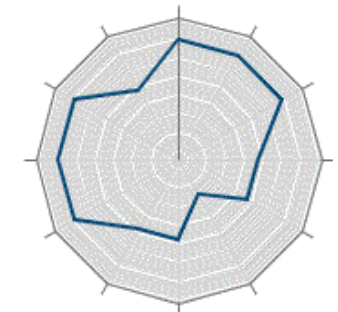


Figure 8: Competency Profile

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Community Involvement

In IKM Flux, we highly value collaborations and insights from the younger generations, such as students and apprentices. The younger generations are the employees of the future, and their experience of a workplace can lay a foundation for future attitude and job satisfaction. We also recognize that we are in a time with shortages of qualified labour in the market. A young summer temporary worker, internship candidate or apprentice will acquire an enormous amount of knowledge and a lot of experience in an area they find interesting. For many, this experience can be the start of a future collaboration.

In 2022, we hired two apprentices for our production hall in Bergen. They will work here for 2 years as industrial mechanics.

In collaboration with the University of Bergen (UiB), we also offered 2 internships to students enrolled in the integrated master's program in energy. These internships provided work experience in digital inventory management and ESG analysis. This initiative is an integral part of our commitment to innovation. These students raise important questions and contribute significantly to our ongoing learning as a company.

Additionally, in 2023, we were re-approved as an apprenticeship company in accordance with the 'opplæringsloven – lærebedrift.' We hope that our apprentices gain as much from their apprenticeship with us as we do from having them here. Currently, we offer apprenticeships in welding, industrial assembly, logistics, and are also exploring apprenticeship programs for candidates in mechanical subjects.

Valves supplied to universities

We have also delivered 7 valves to various universities in Norway, where IKM Flux acts as a mentor and technical advisor for the students involved in these projects.

For example, we supplied ball and gate valves to UIS for both a master's and a bachelor's thesis. These theses are currently in progress, with an estimated completion date in spring 2024.

The subject of the master's thesis is 'Control Valve Design Kv Characterization,' while the subject of the bachelor's thesis is 'Subtractive Manufacturing and Additive Manufacturing within the Framework of Life Cycle Assessment (LCA) and the Principles of the Circular Economy.'

Furthermore, on behalf of Vår Energi, we also sent Ball, Gate, and Globe valves to NTNU.

2 apprentices

In production hall in Bergen

2 internships

UIB master students

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Human Rights and Responsible Supply Chain

Our business conduct follows the UN`s Guiding Principles for Business and Human Rights and the ten principles of the UN Global Compact. When conducting our business, we extend our responsibilities to the entire supply chain. This means that our business principles applies to all business contacts, partners and suppliers, and it forms a part of the cooperative and our purchasing processes.

We challenge our suppliers and partners on sustainability and select those that work to protect the environment. All suppliers should have an environmental management system in place to measure CO2 emissions.

We also have high standards for governance related topics, such as anti-corruption and anti-bribery, that also extends to the entire supply chain. You can read more about this under “Governance”.

To avoid breaches, we evaluate all new suppliers (ABC risk), and have a separate risk assessment according to the Transparency Act. All suppliers must sign our Code of Conduct. We also train our employees, to ensure everyone understands and will report any violations of human rights, or other violations not tolerated. We also expect all of our supplier to ensure that all sub-contractors comply with our principles of business conduct. Breach of such compliance is considered as a deviation and will be handled with highest importance by all parties.

Breaches

If breaches of fundamental human rights and decent working conditions occur, IKM Flux shall address findings in the following manner:

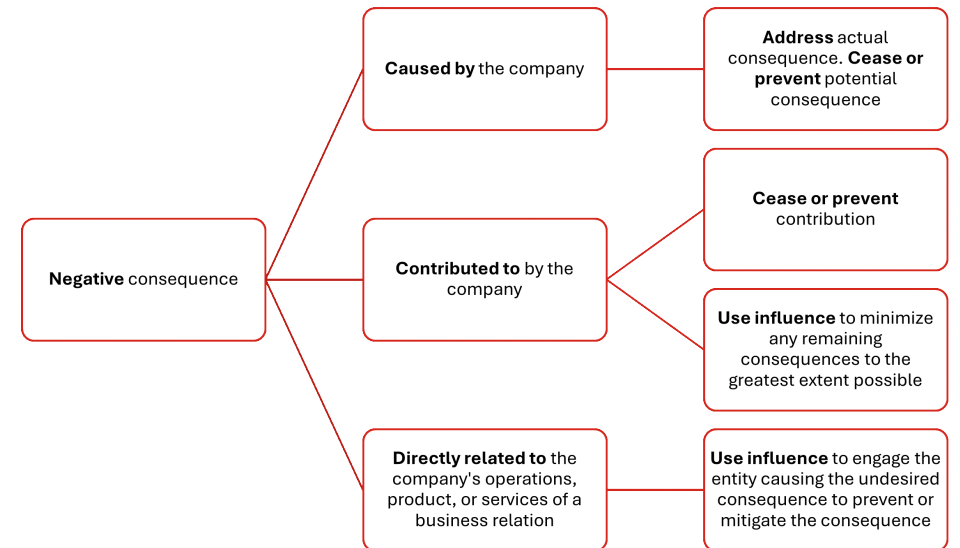


Figure 9: How we handle breaches

IKM Flux shall ensure follow-up and implementation of measures. All actions shall, at a minimum, have an appointed person responsible for the action and a deadline for when the measure shall be completed .

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Human Rights

Ensuring the human rights of all of our interest is an extremely important topic, and we support initiatives that work to strengthen human rights. We continuously work with our employees, suppliers, and business partners to uphold these universal values.

Freedom of association and Collective Bargaining

Freedom of association is important to protect the economic, social and civil interests of employees. We therefore respect and support our employees right to freely join associations of their own choice, and we expect our suppliers and business partners to respect this as well. We also support collective bargaining to determine terms and conditions of work and the regulation of relations between employers, employees and their organizations.

Child Labour and Forced Labour

We have a zero tolerance for child or forced labour being used in our own or any other business activity. The business partners shall make employment contracts available to all employees stating the terms and conditions of service, the voluntary nature of employment, the freedom to terminate such agreements and any penalties that may be associated with termination of work. When business partners plan and carry out business operations, they shall ensure that employees in forced labour are not engaged and, where found, provide for the removal of such employees from the workplace with adequate services and provision of viable alternatives in the community of operation.

Non-discrimination, gender equality , equal opportunities, health & safety, harassment and intimidation

In our efforts to promote inclusion and ensure a safe and healthy working environment for all our employees, we also expect our suppliers and business partners to act accordingly to our own standards and principles. We have a zero tolerance for discrimination, harassment and intimidation, and zero injuries is our overall objective.

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Ethical Corporate Behaviour

In IKM Flux we have several policies in line to ensure we act in a manner that is ethical and in conformance with laws and regulations. It is mandatory for all employees to read and understand our Code of Conduct, and the effects of these policies. In the onboarding process all new employees must complete online courses on these topics. This training includes:

Compliance training:

- IKM Code of Conduct
 - Fraud
 - Human Rights
 - Corruption, bribery and facilitation payments
 - Conflict of interests
- Risk assessment
- Third party Whistleblowing
- Introduction to IKM's policies

IT security:

- Internal routines
- Recognition and prevention of phishing (email, social media)

HSE Awareness:

- 9 life saving rules



Photo: Film department IKM



Governance

Tone from the top

Top Management shall increase the awareness and demonstrate the importance of an ethical conduct by clearly communicate expectations and being role-models.

Control functions, roles and responsibility

Group Compliance Officer is organized independently from business operations to monitor compliance.

Company policies

IKM shall have written policies in place covering both preventive, detective and responsive activities



Preventive

Risk Assessments

IKM shall minimum annually perform a compliance related risk assessment across all companies in scope.

Communication and training

IKM shall facilitate and coordinate risk-based, organizational wide awareness and training plan to a build a strong compliance culture and commitments to compliance across all IKM companies.

Risk management of third-parties

IKM shall have written policies in place to identify and handle compliance risks related to all type of third parties.



Detection

Whistleblower Portal

IKM shall have an established whistleblowing portal and routines in place to independently handle whistleblowing cases.

Background checks

IKM shall as a part of risk management of third-parties conduct background checks of parties that represent high compliance risks to IKM.

Control activities and monitoring

IKM shall by a risk-based approach identify control activities in areas of high risk and monitor the identified control activities.



Responsive

Investigation and remediation

In cases of non-compliance, IKM shall ensure that appropriate measures are implemented and that IKM ensure learning from such cases.

Figure 10: The IKM Compliance Program is designed to create and promote a culture of ethical conduct and to prevent, detect and correct violations of laws, regulations and internal guidelines.

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⇒ Ethical Corporate Behaviour

⇒ Risk Management

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Assurance

In 2023, all employees (new and old) completed their training on cyber security and ethics related courses.

100%	100%
Completion of cyber-security training for all employees	Completion of ethics and social responsibility training for all employees

IKM`s Code of Conduct

Our Code of Conduct is based on the IKM Group`s Code of Conduct, that is based on the following documents:

- UN Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights - UNGP
- United Nations ten Principles of the Global Compact - UNGC
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

In addition, active efforts are being made to achieve the UN sustainable development goals.

Breaches of the Code of Conduct, the Law or other governing documents will not be tolerated. Potential breaches may be

investigated by internal or external parties, and may result in:

- Warning
- Termination of employment or contract
- Reporting to authorities

This also applies to leaders tolerating such breaches to exist.

Business Partners

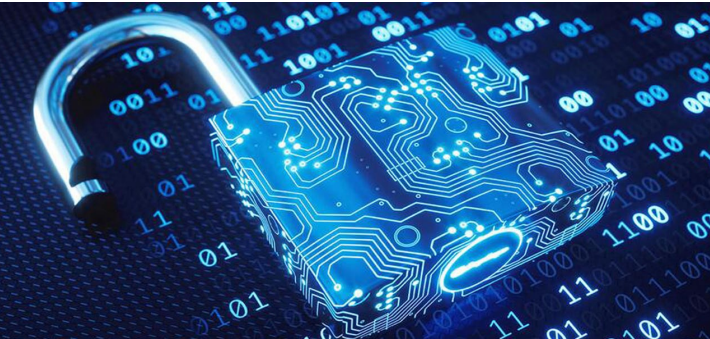
A summary of our expectations for business partners and their business conduct, is summarised in our “Business Partners Code of Conduct”. Their business conduct should be environmentally and socially sound and in the best interests of IKM and our stakeholders. We will not collaborate with business partners not respecting the same ethical standard.

If the business partners use subcontractors, the business partner is obliged to carry forward this Code of Conduct in the contract chain. The business partners must be able to document how this is taken care of.

Breaches is handled in the same matter as for employees. This also applies to business partners tolerating such breaches to exist at their own suppliers.

Policies

- IKM`s Flux Code of Conduct
- IKM`s Flux business partner code of conduct
- Substance Abuse Policy
- IT-policy
- HSE-policy
- Quality policy
- Sustainability policy
- Policy for ethics and social responsibility
- Sponsoring and external gifts policy
- Procurement policy



Risk Management

In 2023 we identified several risks illustrated in figure 11. The horizontal axis shows the number of risk we identified in each category, and the bubble size illustrates the significance of the total risk in each category.

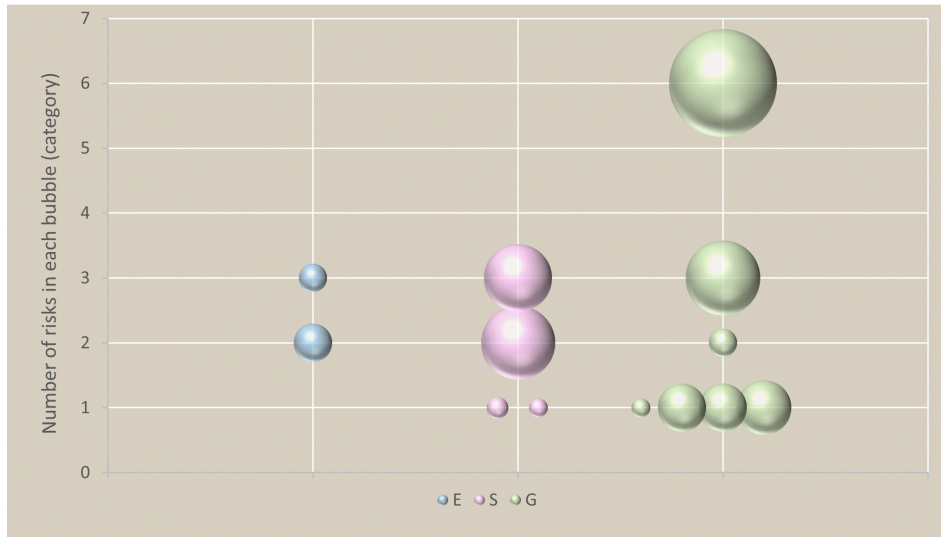


Figure 11: Risk Assessment of IKM Flux

Environmental risks identified in 2023 primarily centred around high tCO2 emissions (Scope 1, 2, and 3), along with risks associated with direct emissions/spills. These were categorized as low risk. To mitigate the risk of high emissions, we have established quarterly emission accounting, including waste management, yearly ESG reporting, ongoing innovation projects, KPIs to track progress, and criteria for suppliers to implement CO2 accounting systems.

Moreover, our quality procedures, personnel training initiatives, quarterly "Always Safe Wheel" assessments, utilization of a certified external Environment Management system, proper chemical handling training, and the implementation

of oil separators in our Bergen office drainage systems all contribute to minimizing the risk of direct emissions/spills.

The majority of our risks lie within Governance, concerning among other things: responsible finance and investments, relationships with partners, and the safety and quality of our products. Some risks are categorized as low, and some as medium. To mitigate these risks, we closely monitor our customers, maintain strong supplier relationships with key partners, analyse our operating market, and execute both short and long-term strategies. Additionally, we employ various practices to mitigate financial risks, and use a certified Quality Management System for our products.

Some social risks include emergencies (such as accidents), a suboptimal working environment (stress-related injuries, conflicts, and increased sick leave), and a lack of transparency from business partners and customers. These are ranked from low-to-medium risks. To mitigate these risks, we for example monitor sick leave, have implemented an HSE management system, maintain a strong HR department, have established quality procedures regarding transparency, and Enforced Code of Conduct for suppliers, partners, and employees.

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03 Framework and Assurance

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- Reporting Scopes and Details

Reporting Scopes And Details

We publish this sustainability report to provide all of our stakeholders access to information about our ESG activities. We focus on heightened transparency in our reporting and will continue to improve our disclosure on ESG topics in line with reporting guidelines, and the expectations of our stakeholders, as well as preparing for the EU Corporate Sustainability Reporting Directive (CSRD).

GRI

The Global Reporting Initiative`s (GRI) mission is to enable organizations to be transparent and take responsibility for their impacts. In order to improve the quality of our reporting, we have prepared this report in accordance with the GRI Standards. These standards represent the global best practice for reporting economic, environmental and social impacts.

Source: [GRI - Home \(globalreporting.org\)](https://www.globalreporting.org/)

Greenhouse Gas Emission Protocol

The Greenhouse Gas Emission Protocol is a corporate accounting and reporting standard for quantifying and reporting GHG emission.

For emission reporting we follow the standards set

by the Greenhouse Gas Emission Protocol.

Reported values and results are data collected from our various systems, limited to only available data. We are continuously working to achieve higher quality in Scope 3 reporting. In 2023 we reported tCO2e of purchased goods and services, and upstream transportation and distribution for the first time ever.

Source: [Homepage | GHG Protocol](#)

CSRD

Following the new EU directive in 2022, also adopted by Norwegian Law, IKM Flux will be reporting according to the standards of CSRD in 2025.

To adhere to the new standards of CSRD we will in the future publish a double materiality assessment, analysing our impact on people and the environment, and assessing financial risks and opportunities arising from climate change and other sustainability issues that may impact us and our investors.

Source: [CSRD - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-articles/2023/06/14/Pages/CSRD-EU-Council-Directive.aspx)



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- **Reporting Scopes and Details**

Grønnvaskingsplakaten

Flux has signed “Grønnvaskingsplakaten”, a guideline and standard to avoid “greenwashing”. In accordance with the principles of “Grønnvaskingsplakaten” we aim to:

- Be honest and accountable
- Make sure that our company`s sustainability efforts are not limited to our communication and market departments
- Only talk about the importance of sustainability, nature, the climate and ethical trade if we have made serious efforts on these issues ourselves
- Not under communicate our emissions and negative impacts on the climate, nature and human lives
- Not use a big share of the marketing budget on small measures that do not affect our companies footprint significantly
- Avoid buying a clean conscience trough climate quotas
- Use established labelling
- Be careful using terms such as “better for the climate, nature, and the environment”
- Avoid “cherry picking” from the UN sustainable goals
- Actively work on sustainability-issues, not through donations and sponsorships

Source: [Grønnvaskingsplakaten | Skift — Næringslivets klimatedere \(gronnvasking.no\)](#)

The Transparency Act

We act in accordance with the Transparency Act of 2022. This means we respect the fundamental human rights and decent working conditions for all persons connected with our production and/or provision of services. We also ensure access to information and transparency of operations.

Source: [The Transparency Act - Forbrukertilsynet](#)

ISO

At IKM Flux we work systematically to meet our customers` demands and expectations. We have a strong commitment to quality, both internally and externally. We strive to constantly improve and develop our area of business, according to our values; Responsible, Clear, Bold and Focused.

As a proof of quality, we received a renewal of our ISO certificate in 2023.

- NS-EN ISO 9001:2015
- NS-EN ISO 14001:2015
- NS-ISO 45001:2018
- NS-EN ISO 3834-2:2021

Source: [Sertifisering | Kiwa Norge](#)



UN Sustainable Development Goals

We recognize and respect the United Nations' 17 sustainable development goals of 2015.

The 4 main sustainable development goals we are contributing to are:

- good health and well-being,
- gender equality,
- responsible consumption and production,
- and climate action

We also focus on these three goals:

- Reduced inequalities
- Decent work and economic growth
- Industry, innovation and infrastructure

Source: [THE 17 GOALS | Sustainable Development \(un.org\)](https://www.un.org/sustainabledevelopment/)

