



Flokk Ltd.

## Modern Slavery and Human Trafficking Transparency Statement

This statement is provided by Flokk Ltd, a subsidiary of Flokk Holding II (collectively referred to in this Statement as “Flokk”, “Flokk Group” “we”, “us” or “our”). This Statement has been produced in accordance with section 54, first paragraph of the Modern Slavery Act 2015 (the “Act”) to describe the steps that have been taken by Flokk Group to combat modern slavery and human trafficking. The statement has been approved by the chairman of the board of directors, Henning Karlsrud on September 2021.

### What is Modern Slavery?

Modern slavery is an international crime which affects an estimated 40.3 million individuals around the world, but remains a hidden blight on our global society. Victims of any age, gender and ethnic background have been, and continue to be, forced to work illegally against their will across many different sectors including agriculture, hospitality, construction, retail and manufacturing.

In accordance with the transparency requirement set out in the Act, we are publishing an annual public statement disclosing information about the steps we have taken to prevent modern slavery and human trafficking from occurring in our business and supply chains. We have a responsibility to be alert to the risks, however small these may be, in our business and in our wider supply chain.

Accountability and transparency are two of our key corporate values and this statement demonstrates our commitment to ethical behaviour by implementing and improving upon practices designed to combat modern slavery.

### Our Business

Flokk is a manufacturer of workplace furniture who embrace the intention of creating innovative, visual concepts which maintain lifetime quality.

Throughout our operating companies, the Flokk Group employ approximately 2,500 employees in 15 countries. We are the largest office chair supplier in Europe, with our products currently being sold in more than 50 countries.

The foundations of our supply chain consist of people, industries and sectors, which are generally understood to be at a low risk for slavery or human trafficking practices. We recognise that certain sectors within our supply chain, such as our Asian suppliers may be at a higher risk. We are therefore dedicated to inspecting and monitoring our supply chain and will determine appropriate steps in the event that we recognise there may be a higher risk of slavery or human trafficking.

Unfortunately, the COVID-19 outbreak in 2020 has put restraints on our ability to perform on-site inspections, but we seek to proceed as soon as the situation changes.



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## **Flokk - Our Policies**

We are highly aware of our responsibility as a producer beyond earning money from selling smart seating solutions. We wish to be a responsible social operator, and to preserve the people involved by helping to protect people's rights, health and wellbeing, and practicing corporate social responsibility. We therefore do not tolerate any form of modern slavery or human trafficking in any part of our business and are committed to implementing and improving upon practices to combat modern slavery and human trafficking in our supply chains and throughout our business.

Our policies and commitments, along with the due diligence, training and reporting steps described in this statement reflect our on-going commitment to act ethically and with integrity in our business relationships and to monitor our internal systems to prevent slavery and human trafficking in our business.

We observe all international standards and principles relating to human rights within our business, including the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles.

Our policies are developed within relevant departments following a process of stakeholder consultation, cross-departmental information sharing and senior management review and approval. We provide a clear policy framework, which is communicated to our operating companies via our intranet, newsletters, onsite training and emails.

We strive to ensure that any risks and opportunities associated with modern slavery or human trafficking are managed consistently across the whole Flokk Group and that our policies are implemented across our companies and locations and with our suppliers. We provide ongoing support to encourage and facilitate implementation of the policies by our operating entities, and regularly review the implementation of our standards to identify and address areas for improvement.

## **Training of New Employees**

As a company, Flokk recognises the value of human relationships, put people at the heart of our business and we act responsibly with respect to our customers and society in general. We seek to treat all staff fairly and consistently to create a workplace and business environment that is open, transparent and trusted.

Aligned with this approach, all members of the Flokk Group are required to conduct their activities in accordance with our codes and policies, including our Code of Conduct – Employees which gathers Flokk's principles, values, standards and rules of ethical behaviour. In addition to reading and signing the document, all our employees must complete a code of conduct e-learning course.



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We require our personnel to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights and the prohibition of forced labour and human trafficking.

### **Supplier Selection**

Flokk expects suppliers to treat workers and employees with respect and fairness, to have suitable anti-slavery and human trafficking policies and procedures in place, and to act and in accordance with applicable laws. We work actively with both existing and new suppliers and sub-suppliers for all first-tiers to have a sustainable profile in order to ensure that all of our suppliers have a shared respect for human rights. We also obtain assurance that new suppliers exercise environmental responsibility, have a shared respect for human rights and offer good working conditions.

### **Responsible Supply Chain**

To ensure alignment between our values and ethics and those of our suppliers, Flokk has prepared a code of conduct to show what we expect of our distributors, suppliers and other partners in Flokk's value chain ("**Business Partners**"). The code of conduct is based on key UN Principles and covers human rights, workers' rights, the environment and corruption. Flokk aims to continuously improve policy and practice that supports business partners in complying with our code of conduct.

Accordingly, our suppliers must either agree to adhere to our policies and codes, or confirm their adherence to their own codes of business conduct that comprise the same principles. We will be implementing a "right to audit" clause in our standard terms of conditions to allow for oversight of compliance with these provisions and any Business Partner must be able to document compliance with the principles of the code of conduct at Flokk's request.

We will also conduct an internal risk assessment on the Flokk Group operations by evaluating country risk in relation to office location and size, type of labour and business operations.

Going forward, we plan to implement a program to include a contractual commitment to the prevention of slavery and human trafficking in renewals and new agreements with our procurement partners and direct suppliers.

Further, we will review our primary procurement on-boarding process with a view to include reporting on prospective suppliers' commitment to anti-slavery and human trafficking practices.

### **Supply Chain Control - Supplier Performance Status (SPS)**

We hold monthly SPS meetings to monitor and evaluate supplier status and results on issues regarding Quality, Delivery and Risk, including environmental and social factors with a negative impact on society, labour market practices and human rights. When a supplier is low performing, we coordinate temporary measures to close the deviation. Repeated low performance can put suppliers



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in the “New Business on Hold” category. In 2020, no suppliers were assessed for, or were considered to have, negative environmental or social impacts.

### **Asian Suppliers**

We have chosen to follow-up our suppliers in Asia more closely, as the risk of violations is considered to be higher in these countries. This takes place as introductory visits to suppliers and their factories, prior to signing new contracts, and through regular follow-up visits to the facilities. In 2018, we commenced the full evaluation of all suppliers in Asia, to ensure our detailed understanding of their performance on environmental and social issues. This process will include supplier appraisals reflecting the UN Global Compact, action plans and the possible exit of suppliers that do not fulfil Flokk’s requirements.

We see a growing need to implement a supply chain management tool for transparent and navigable access to sustainability and social responsibility practices throughout the value chain. As we grow as a company, with recent acquisitions, we need to see further alignment of the supply chain before we can make a final choice. Our target is to land this decision in 2021.

### **Training and Reporting**

To ensure appropriate understanding of the risks of modern slavery and human trafficking in our supply chains and within our business, Flokk is also committed to educating our employees, officers and other individuals who work for us, about the Modern Slavery Act 2015 and will be providing training to relevant employees (specifically those involved with the procurement of suppliers). Further, we are taking steps to reinforce with all of our personnel, the available channels for reporting any suspected violations or similar concerns.

Flokk Limited has determined the following key performance indicators to measure effectiveness to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- A review of supply chain policies, codes of conduct and our working practices to show commitment.
- Ensuring we maintain a level of communication and personal contact with the next link in the supply chain to ensure their understanding of, and compliance with, our expectations.

### **Future Endeavours -**

The year of 2021 is still dominated by the COVID-19 pandemic, and have greatly affected offices and operations. Unfortunately, the COVID-19 outbreak in 2020 has put and continues to put restraints on our ability to perform on-site inspections, but we seek to proceed as soon as the situation changes.



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During the course of 2021, we will continue to monitor our practices and supply chains to develop and strengthen our commitment to human rights matters including the elimination of slavery and human trafficking. Flokk intends to:

- Inform and train all relevant staff of the Modern Slavery Act and its implication for our company and any new companies that might become a part of Flokk during our expansion.
- Implement a supply chain management tool for transparent and navigable access to sustainability and social responsibility practices throughout the value chain.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Flokk's anti-slavery and human trafficking statement for the financial year of 2020. It was approved by director of Flokk Limited on 30 of September 2021, and published on Flokk Ltd website on 12 of October| 2021.

Henning Karlsrud  
Director

