



Transparency Report



1. About SmartCraft

The SmartCraft Group is a leader in digital solutions specifically tailored for craftsmen in the Nordic region. SmartCraft is listed on the Oslo Stock Exchange and currently consists of the digital solutions EL-VIS, Bygglet, HomeRun, Congrid, Cordel, Kvalitetskontroll, El-verdi, and ELinn.

The group currently has 189 employees spread across 14 different offices in Sweden, Norway, and Finland.

OUR MISSION

SmartCraft's mission is to streamline operations and free up time for construction companies, so they can generate additional revenue instead of spending evenings and weekends with planning, purchasing, invoicing and documentation. This is especially true for small and medium enterprises, but our specialized software is also used by large installation companies, as many of the processes in the field and in the office are the same. In the future, well-functioning and efficient processes will be necessary for craftsmen and contractors to keep up with competition.

Our solutions are used by our customers even before they have won a contract. As a natural part of the sales process, our solutions enable our customers to be more efficient and precise in their offers. Official requirements and regulations, for example with regards to health and safety as well as quality control, become increasingly comprehensive and end-customers require more documentation of the work being done. Nevertheless, the construction industry is today one of the least digitized. We are more convinced than ever that this will change rapidly in the years to come. Those who remain passive and stick with their analogue processes will be left behind.

BEST-OF-BREED

We offer best-of-breed software. This means that our solutions are tailor-made for each of the niches we focus on. The best solution for a plumber is not necessarily ideal for a carpenter – and electricians have their specific requirements too. Since we were founded in 1987, we have followed this philosophy, which means that we over time have built deep insight and competency regarding the business models and workflows of our customers. At the same time, we increasingly collaborate across the group and solutions when it comes to customer insight, product and technology, development and sales. Our goal is always to provide the most efficient and productive solutions to our customers. We expect to invest 9% of our revenue in product and technology development in 2023 to further increase future revenue potential.

The craftsman's office is in the car or outside on a worksite. Our solutions are seamlessly available on smartphones and tablets for field workers and on rich web clients at the desktop for people in the office. Hence, SmartCraft users can use digital tools throughout the day in every step of the process. All the way from producing a quotation, project planning and work-order to project documentation, salaries and invoicing.

2. Guidelines and routines

Several guidelines and routines have been created for handling actual and potential negative consequences for basic human rights and decent working conditions.

Any concerns about the business conduct, or advice regarding the policies and practices for responsible business conduct, shall be sent to the Chief Executive Officer and taken into consideration on a continuous basis.

2.1 CODE OF CONDUCT

All employees have received and read the Code of Conduct (CoC). All new employees need to read and sign the CoC as part of their onboarding process.

The CoC has been developed and adopted to ensure that everyone associated with the company comply to the company's mission, values and high ethical standards. The CoC is a tool for self-evaluation. It is the employee's own responsibility to respect and act in compliance with the Code of Conduct.

The current CoC was approved by the Board of Directors of SmartCraft ASA on 25 May 2021 and is available on our website.

2.2 SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct (SCoC) was resolved by the Board of Directors of SmartCraft on the 19th of June 2023. The SCoC is based on the ten principles of the United Nations Global Compact concerning human rights, labor rights, environmental responsibility, and anti-corruption. The SCoC applies to all suppliers supplying material, labor, or services (hereinafter referred to as "Suppliers") to

the Group. We do not want to be associated with partners lacking appropriate ethical standards. To do business with us, Suppliers must therefore commit to act in accordance with SmartCraft's ethical standards. Our Suppliers acknowledge that failure to comply may be considered as a breach of a contractual relationship and SmartCraft could immediately terminate the business relationship in case of violations of this SCoC. The Suppliers commits to have in place appropriate measures to ensure compliance with applicable laws and regulations as well as its obligations under the SCoC.

The SCoC contributes to set the framework for the behavior we expect of all our stakeholders in our worldwide chain of supply. The SCoC shall contribute to ensure that our Suppliers adhere to high ethical standards and integrity. Integrity in this context means "the quality of being honest and just in character" and relates to attitude and behavior. SmartCraft has zero tolerance for illegal or unethical behavior and expects all Suppliers to commit to the same.

The SCoC includes the following areas of concern: people, environment, anti-money laundering, trade restrictions and sanctions, corruption and prohibited business practices, competition, reporting concerns and compliance, verification and termination.

Topics addressed related to people are human rights, prohibition of child labor, labor rights, health and safety, and discrimination and harassment.

2.2.1 HUMAN RIGHTS

Our Suppliers shall respect human rights and always act in line with the rules and principles laid out in the UN Declaration of human rights and related conventions, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights.

2.2.2 PROHIBITION OF CHILD LABOUR

We do not accept any form of child labor or that children below the lawful minimum age for admission to employment are engaged in our or our Suppliers' business. If persons below the age of 18 are involved, we demand special precautions to safeguard their health, security, and rights. Persons below the age of 18 shall not perform dangerous or night-time labor, and their work shall not inflict damage on their education or development. SmartCraft and our Suppliers fully support, and will act in accordance with, the UN Convention on the Rights of the Child.

2.2.3 LABOUR RIGHTS, HEALTH, AND SAFETY

SmartCraft does not accept any involuntary labor and expects all our Suppliers to comply with all fundamental labor rights and applicable laws and regulations. Suppliers shall ensure fair salaries, safe working conditions (including necessary supervision and protection from fire and other dangers), the right to organize, a good workplace environment, and have in place a whistleblowing procedure for the reporting concerns by employees.

2.2.4 DISCRIMINATION AND HARASSMENT

Any kind of discrimination due to gender, ethnicity, national origin, descent, skin color, language, religion, sexual orientation, family situation or disability is not accepted in SmartCraft or any of our Suppliers. All people shall at any time be treated with respect and dignity.

2.3 THE WHISTLEBLOWING POLICY

An effective whistleblowing policy is implemented in SmartCraft. Openness and transparency are essential for the workplace environment and general wellbeing of our employees. Our employees are therefore encouraged to report if they suspect or witness any unethical conduct, breach of the CoC or other policies, or applicable law, and may even have a duty to do so. All employees are therefore familiar with our whistleblowing policy so that they know how they may report concerns and what to expect once they have reported a concern.

Every concern reported by employees will be taken seriously and we will ensure to investigate and follow up such matter in an appropriate manner and within a reasonable timeframe.

The following principles will be adhered throughout the process:

- Concerns will be followed up and handled by persons that are not in any conflict of interest or otherwise involved in the matter in order to ensure sufficient independence of the assessment.
- The employee will be protected against retaliation, i.e., any disadvantageous treatment as a reaction to reporting a concern, and we will ensure that the employee has a satisfactory working environment.
- The identity of the employee reporting a concern shall, as a main rule, be treated confidentially and shall only be known to the person(s)

handling the matter. Persons involved in the reported incident may be contacted and/or provided with information, if necessary, in an anonymized form, in the course of the investigation of the matter, and may, under certain circumstances, have a right to information under applicable data protection laws and regulations.

- The employee reporting a concern shall be informed that the report was received by the Investigation Officer as first step.

Any feedback from the stakeholders on the design, review, operation, and improvements on these mechanisms are taken into consideration on an ongoing basis, led by the Chief Executive Officer. The effectiveness of the grievance mechanism is revised and evaluated annually, including the previous year's cases of stakeholder feedback.

2.4 POLICY FOR HANDLING REQUESTS OF INFORMATION – THE TRANSPARENCY ACT

A routine, in accordance with the Transparency Act law, is created to secure a consistent internal handling of requests. The Chief Executive Officer has the responsibility to deal with all incoming requests and will, possibly in cooperation with other relevant colleagues, handle the request in accordance with the routine. According to the law, everyone has the right to be informed about how SmartCraft prevents and handles negative consequences on basic human rights and decent working conditions.

A step-by-step guide is described in the routine to secure a consistent handling of requests.

2.5 SUBJECTS FOR THE BOARD

The Board shall determine the Group's strategy, carry out necessary control functions and ensure that the Group is satisfactorily managed and organized. The Board shall set the company's financial objectives and approve its plans and budgets. The Board is also responsible for approving and updating the organization's purpose, value statement, policies and goals related to sustainable development. Furthermore, the Board is overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people. Stakeholders are encouraged to support these processes with their input during the annual general meeting.

3. Risks of negative consequences

Risks of negative consequences internally are identified through a sustainability due diligence process. This is especially important with regards to acquisitions and investment decisions. A due diligence is also conducted each year as a part of the annual strategy process. We are committed to providing for - or cooperating in - the remediation of negative impacts that the organization identifies it has caused or contributed to.

Our subsidiaries submit annual financial reports and sustainability data to the Parent Company.

3.1 PERFORMANCE

SmartCraft has performed a due diligence to identify, measure and understand the most important risks in our supply chain. This was conducted based on the ten principles of UN Global Compact, OECDs guidelines for responsible business conduct, and the Transparency Act law. The process covers topics such as supply chain, risk assessment, management systems, working conditions, social responsibility, environment and anti-corruption. No obvious high risks were identified.

Our largest suppliers selected in the initial round of screening were mostly service providers and location-based suppliers, hence not the typical suppliers related to high risk. Our suppliers are spread

over 15 countries. The risk categorization of countries is done according to the Freedom House. One supplier operates from Hungary, which is classified as a country with medium risk as the political rights for all is not guaranteed.

In 2022, there were no reported incidents of discrimination, anti-corruption or breaches of the SCoC or CoC within SmartCraft. One supplier operated from Russia, which is classified as a country with high risk. The contract was discontinued in January as part of an overall assessment in connection with the threat against Ukraine.

| | 2022 |
|---|--------|
| Percentage of suppliers that were screened using social criteria | 100% |
| Number (percentage) of suppliers identified having significant actual or potential negative social impact | 0 (0%) |
| Number (percentage) of suppliers identified having moderate actual or potential negative social impact | 1 (0%) |

3.2 PROCESS TO REMEDIATE NEGATIVE IMPACTS

Following up on the screening, we have validated that our suppliers have the necessary policies in place to ensure human rights and decent working conditions. We will also continue to evaluate suppliers based on a self-reporting form.

Specific follow-ups towards our suppliers:

- Ask for documentation that they behold the knowledge that they state they have.
- Encourage activities to follow up of their suppliers, such as self-reporting, improvement projects or inspections.
- Conduct a closer follow-up on suppliers purchasing from countries that are regarded as partly free and not free countries in the Freedom House index.
- Follow up on those who do not have policies against use of child labor and/or forced labor.
- Encourage all suppliers to have an environmental strategy with a clear action plan to improve their impact on the environment.

On a general basis, SmartCraft will direct more questions to the suppliers that do not answer important questions in a satisfactory way. Also, those that rate themselves with high risk in any parts of the self-reporting form will be followed up with a request for documentation to back the statements submitted. We will request information from suppliers trading with high-risk countries, to ensure that necessary processes and systems are in place to maintain an overview of potential risks and negative impact. The suppliers that do not answer the form need to be followed up and encouraged to submit their answers.

To simplify reporting of incidents in our supply chain, the whistleblowing channel is publicly available.

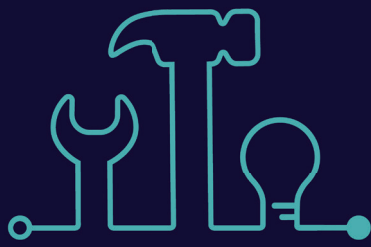
4. Measures

To limit and prevent negative consequences, SmartCraft has taken several measures. We have set up a whistleblowing channel and a whistleblowing policy. This allows for people to report on incidents that violate the CoC and SCoC. Anonymous reporting is possible.

The SCoC follows as an appendix to all supplier contracts, and a supplier declaration is signed as

a part of any contract. All Suppliers are screened before any contracts are offered.

These measures will reduce the risk of negative consequences and promote Suppliers' focus on human rights and decent working conditions and halt any activities that have negative impact.



SmartCraft