

# TRANSPARENCY REPORT

2024



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# 1. About SmartCraft

## OUR ESG VISION AND COMMITMENT

- SmartCraft's solutions, employees, supply chain and customers shall make a noticeable positive impact for a more sustainable future.
- SmartCraft aims to become Net-Zero by 2050 and work in line with the Paris Agreement and UN's Sustainable Development Goals.

## OUR VALUES

### Inspiring

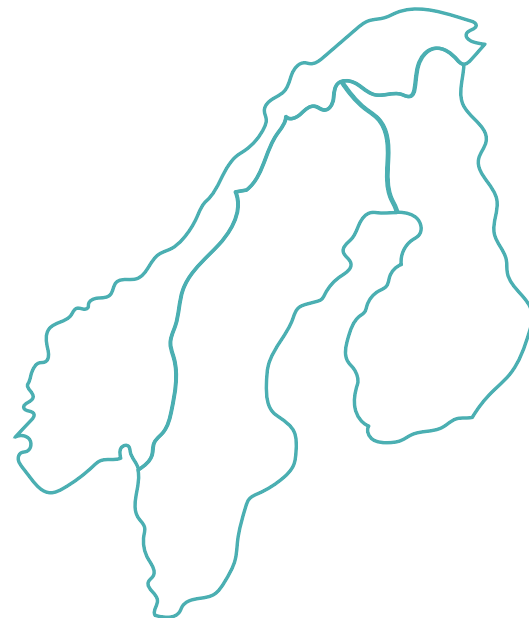
We lead, are innovative and ambitious.

### Team player

We think of our customers and partners as our extended family, we work together to achieve the best results.

### Trustworthy

We deliver as planned, we have integrity and are fair in business.



## MISSION CRITICAL SOLUTIONS

SmartCraft provides digital solutions for small and medium enterprise construction companies. Our solutions enable companies to control material flow, cost, documentation, and people on projects.

Quality assurance documentation is captured in the field on the actual projects, ensuring building rules and regulations are followed. With mobile checklists, workers have safety precautions at their fingertips ensuring a safe workplace. In addition, the digital information flow our services provide, gives valuable information for businesses to grow both their revenue and profit margin.



**People**

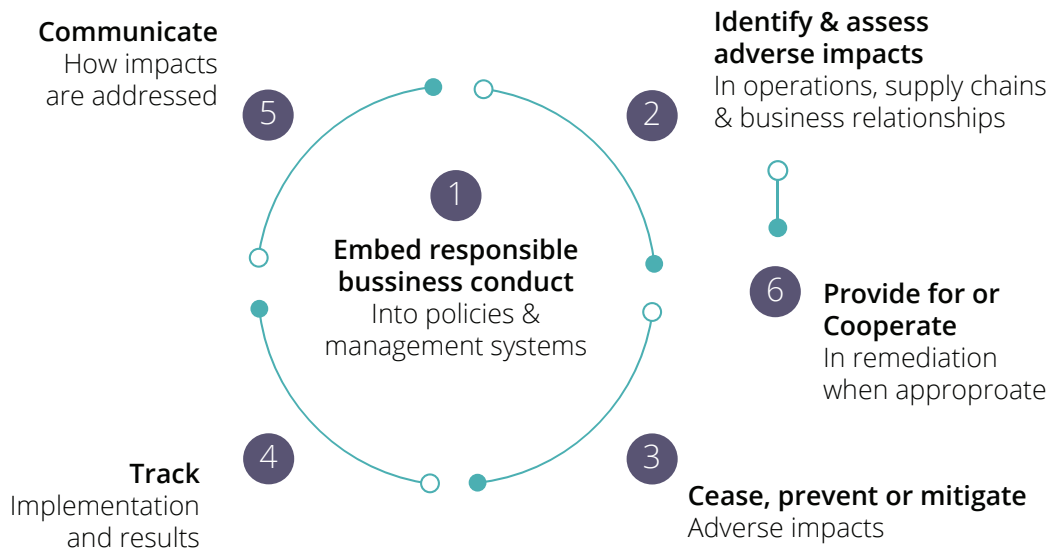


**Material**



**Documentation**

## 2. Guidelines and routines



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

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 PROCEDURE FOR THE TRANSPARENCY ACT

SmartCraft has conducted a due diligence to identify, measure and understand the key risks in our supply chain. This has been done based on the ten principles of the UN Global Compact, the OECD Guidelines for Responsible Business Conduct, and the Transparency Act. The risk mapping covers topics within the supply chain where a risk assessment has been carried out. The assessment is based on an evaluation of suppliers' country of operations, industry, management systems, labor conditions, social responsibility, environmental performance, and anti-corruption. All suppliers have then been grouped through an overall risk mapping and a specific assessment based on the risk mapping including information if SmartCraft are dependent on the supplier and the size of agreements. The groups were specifically made to evaluate which suppliers should be further investigated.

Based on the groupings, questionnaires based on The Transparency Act and OECD-guidelines, were sent out to the suppliers concerned to collect information and ensure that they comply with human rights and working conditions. SmartCraft strive for to ensure that all our current and future considerable suppliers sign our Supplier Code of Conduct. Thus, SmartCraft's SCoC has been included with a request for suppliers to sign, in the mailing of questionnaires. This is part of an ongoing process and SmartCraft aims for continuously improvement.

## 2.6 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 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

Through the implemented procedure and conducted due diligence, SmartCraft has been able to map all suppliers and make a risk assessment to then evaluate which suppliers should be investigated further.

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. Some industries may have a higher risk for example industries characterized by a lower wage or education level or manual work. Because of this, SmartCraft have taken measures by conducting specific follow-ups on suppliers providing staffing / hiring, cleaning, furniture, textiles, electronics, construction, and transportation.

Our suppliers are spread over 19 countries. The risk categorization of countries is done according to the Global Right Index (GRI). 93% of SmartCraft's suppliers are operating from Norway, Finland, Sweden, and Denmark which is classified as low risk countries according to GRI. Only 7% of our suppliers are operating from Australia, Belgium,

Bulgaria, Israel, United States, United Kingdom, and Canada which are classified as medium risk countries. SmartCraft are aware of the medium risk and takes measures to remediate negative impacts through specific follow-ups mentioned below. In 2023, there were no reported incidents of discrimination, anti-corruption, or breaches of the SCoC or CoC within SmartCraft.

## 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. A part of the follow-up process includes sending out questionnaires to the suppliers concerned to ensure that our suppliers comply to The Transparency Act.

*Specific follow-ups towards our suppliers:*

- Ask for documentation that they behold the knowledge that they state they have.
- Conduct a closer follow-up on suppliers purchasing from / carries out activities in countries ranked from 3 to 5+ on the Global Rights Index.
- Conduct a closer follow-up on suppliers conducting operations within risk prone industry.
- Follow up on those who do not have policies against use of child labor and/or forced labor.
- Encourage activities to follow up of their suppliers, such as self-reporting, improvement projects or inspections.
- 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.

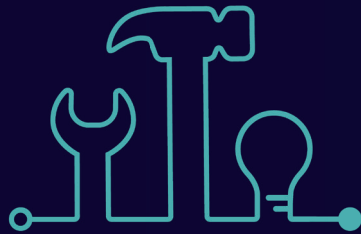
To simplify reporting of incidents in our supply chain, the whistleblowing channel is publicly available.

## 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.

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**