SmartRetur Sustainability Report 2024

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Introduction

Fostering a circular economy is at the heart of our business model, and we live this every day through innovative pallet management solutions, focusing on both wooden and plastic pallets. By emphasizing the reuse of these pallets, the impact is a significantly reduction of waste and carbon emissions, contributing to a more sustainable environment. In 2024, we conducted a double materiality assessment in line with the Corporate Sustainability Reporting Directive, and our sustainability strategy efforts are aligned with SmartRetur's commercial growth.

Message from the CEO

Our journey began with a vision to revolutionize reverse logistics and the pallet industry. Today, we are an industry leader in the Nordics with our pioneering pallet management services and reverse logistics solutions. Our mission revolves around reducing environmental impact while enhancing efficiency and creating supply chains that support a circular economy and minimizes waste.

This year, we have continued to build on our sustainable practices, from setting a transition plan and climate goal targets in line with SBTi methodology to prepare for upcoming EU regulations and directives, such as the *Corporate Sustainability Reporting Directive* (CSRD), the *Packaging and Packaging Waste Regulation* (PPWR), and the *EU Deforestation Regulation* (EUDR)

In 2025 we have five key focus areas

- Supplier engagement, both regarding encouraging the development of new, environmentally-friendly solutions and engagement in working conditions and workers' rights in the value chain.
- Climate transition plan; work towards carbon reduction targets for scope 1, 2 and 3 respectively
- Preparing for upcoming EU regulations, notably within the packaging and deforestation areas
- Improving Digital Tools for ESG Data for Customers
- Supporting industry in transition to durable plastic pallets with 8x longer lifetime and 30 % reduction in carbon footprint of a wooden pallet.

Our dedicated team, strategic partners, and innovative technologies remain at the heart of our work, driving us towards a greener and more resilient future.

Magnus Krook, group CEO SmartRetur

About us

- SmartRetur, founded in 2001, handles approximately 20 million pallets and serves more than 1,000 customers annually in Norway, Sweden, and Denmark. From 2025 an office in Finland is also a part of SmartRetur. Headquarters are located in Oslo, Norway.
- The company provides physical handling and digital inventory management of wooden and plastic pallets for B2B clients, including pick-up and delivery, sorting, repair, storage, trading of pallets, and end-of-life recycling for clients. Additionally, SmartRetur offers wash of plastic packaging in Denmark and third-party logistics services for the last-mile delivery market.
- The service offering is founded on an efficiently run and distributed warehouse infrastructure and a digital platform that enables real-time overview and control by clients of the pallet inventory and flows.
- SmartRetur promotes a circular economy; simultaneously helping customers save costs while reducing their environmental impact.

Our ESG work

- Carbon footprint management
- Resource efficiency and waste
- Employee health and safety
- Supplier engagement
- Governance and ESG strategy

ESG highlights in 2024

- Completed Double Materiality Assessment to identify key sustainability impacts, risks and opportunities
- Reviewed working conditions in the value chain with focus on transport providers and prepared audits for hired labor to ensure fair conditions.
- Climate transition plan established to work towards climate goals set in accordance with the SBTi methodology.
- Increased the share of fossil-free energy from 25 % to 48 % in own operations.
- New H&S policy implemented with increased focus on reporting of all incidents, specifically observations and near-misses to prevent accidents.

ESG and our business model

Our offerings

SmartRetur

1 REVERSE LOGISTICS PROVIDER

SmartRetur specialises in the collection, repair, and reuse of pallets, offering a reverse logistics system that supports sustainability and reduces waste across Scandinavian supply chains.

2 DIGITAL PALLET BANK

Through its digital pallet bank, SmartRetur enables partners to monitor pallet flows, manage inventory, and optimize logistics with full transparency and control. In addition it provides customers with full overview of environmental parameters.

3 SUSTAINABLE SOLUTIONS

By using durable pallets and circular logistics models, SmartRetur helps businesses reduce carbon emissions, preserve resources and waste, and contribute to a more sustainable value chain.

How Our Offerings Enable ESG Value Creation

Circular Logistics Model

We operate a reverse logistics system that emphasizes the collection, repair, and reuse of pallets. In 2024, we achieved a 98.4% reuse rate for pallet flow, repairing over 5 million pallets, thereby significantly reducing waste and promoting a circular economy.

Low-emisison Pallet Solution

While wooden pallets remain market practice, we have introduced plastic pallets which have a lifespan of a minimum of 15–20 years, offering up to a 35% reduction in CO_2 emissions compared to wooden pallets. This approach not only decreases environmental impact but also enhances efficiency.

Our key material ESG themes

Impact material

- E1: Energy
- S1: Working Conditions
- G1: Corporate Culture

Financially material

Double material

(Impact and financially material)

- **E1: Climate Change Mitigation**
- **E5: Resource inflows, incl. resource use**
- **E5: Resource outflows related to products and services**

Environmental Social Governance

Note: Materiality topics defined based on categorization in ESRS.

Our key material ESG themes

Environmental Social Governance

			Upstream	Own operations	Downstream
E	Climate	**Climate change mitigation** • **Negative impact:** Direct emissions from gas use in washing facilities contribute to localized fossil fuel dependency (scope 1) • **Negative impact:** Electricity consumption in operations relies on non-renewable sources, reinforcing carbon-intensive energy use (scope 2) • **Negative impact:** Value chain emissions dominate the footprint, reflecting high climate impact from procurement and logistics (scope 3) • **Financial opportunity**: SmartRetur's reuse of pallets and shift to longer-lasting plastic ones helps lower clients' scope 3 emissions, creating a financial opportunity as demand for emission-reducing services grows. **Energy** • **Negative impact**: The company's environmental impact related to energy can be derived from the use of both renewable and non-renewable sources of energy			
	Resource use & circular economy	**Resource inflows, incl. resource use** • **Positive impact**: Circular business model reduces need for new pallets and supports resource efficiency. • **Financial risk:** SmartRetur depends on wood, plastic, and heavy electronics in its operations. Rising regulatory demands on sustainable sourcing may limit availability and drive up costs, posing a growing resource dependency risk. • **Financial opportunity**: SmartRetur's solution reduces demand for new materials, creating revenue opportunities as circular economy priorities grow. • **Financial risk**: SmartRetur's logistics operations raise health and injury risks, increasing the need for social protections like sick leave, unemployment, and disability coverage. **Resource outflows related to products and services** • **Positive impact**: SmartRetur influences resource outflows through recycling, reuse, and repurposing, collecting used wooden pallets, repairing them, and returning them to circulation. At end-of-life, pallets are sold for bio-energy production, extending material value and reducing waste. • **Financial opportunity**: SmartRetur's reuse model supports EU circular economy goals, reducing pallet production and driving demand amid regulatory shifts.			
S	Own workforce	**Working Conditions** • **Potential negative impact**: Differences in conditions for contracted and temporary workers may affect wages, work-life balance, and access to social protections – especially for cross-border commuters. • **Potential negative impact**: The logistics sector may pose challenges in consistently supporting freedom of association and collective bargaining; however, SmartRetur operates in countries with strong labour laws that help mitigate these risks. • **Potential negative impact**: Tasks such as pallet handling, chemical treatment, and machinery use carry potential safety risks. Ensuring adequate health measures and social protections remains a priority.			
	Workers in the Value Chain	**Working Conditions** • **Potential negative impact**: SmartRetur may have an indirect impacts on workers in the value chain, including weaker labor conditions such as insecure employment, low wages, long hours, and safety risks. These issues may affect the pallet suppliers and transport workers.			
G	Business conduct	**Corporate Culture** • **Potential positive impact:** The company shapes its corporate culture by establishing policies that support its values, vision, and mission. Promoting ESG awareness and aligning it with the circularity vision helps communicate positive impact clearly and encourages more sustainable practices.			

Note: Materiality topics defined based on categorization in ESRS.

ESG progress in 2024

Project	Description of project	Progress during 2024
1 Supplier Engagement	Continue to engage with suppliers on their GHG footprint and working conditions. We will continue engage with suppliers of alternative types of pallets, such as those related to recycled plastic. This work will also be influenced by the eventual requirements of the EU Packaging and Packaging Waste Directive (PPWR)	• Reviewed working conditions in the value chain with focus on transport providers and prepared audits for hired labor to ensure fair conditions. • Reviewed alternatives for recycled content in plastics and the requirements of the PPWR
2 Climate Transition Plan	Through increasing efforts towards reducing its GHG emissions, SmartRetur will reduce its contribution to climate change and support its position as a sustainability leader. This is particularly relevant given its business is within logistics.	• Targets and climate transition plan established in accordance with the SBTi methodology • Main emissions focus has been on transport, aiming to cut emissions by shifting from fossil to renewable fuels. • Share of fossil free energy increased.
3 Workplace Safety	Continue to build on work in 2023 and complete initially planned processes and responsibilities.	• New policy implemented with a focus on increased reporting of all incidents and accidents, including near-misses and safety observations to improve workplace injury prevention. • Improved and amplified training for new employees in operations.
4 CSRD Readiness	SmartRetur will be required to comply with the CSRD regulation. This will include a thorough materiality assessment and a gap analysis, which will form the foundation for future sustainability initiatives and reporting.	• Completed Double Materiality Assessment to identify key sustainability impacts, risks and opportunities • Prepared for ESRS reporting in line with plan. Process paused due to EU omnibus proposed changes in CSRD and ESRS.

ESG Outlook for 2025

ESG focus areas going forward

1 Social Engagement

- For 2025, we will extend our social engagement focusing on working conditions and workers' rights not only in our value chain, but also in our own organisation.

2 Preparation for upcoming EU regulations

- We will focus on preparing for upcoming regulation, notably the EU Packaging and Packaging Waste Directive (PPWR) and the EU Deforestation Regulation (EUDR).

3 Climate Transition Plan

- SmartRetur has established a climate transition plan to work towards SBTi; continued focus in 2025 to encourage customers and suppliers to choose more sustainable options while also procuring renewable energy for own operations and using more electric vehicles.

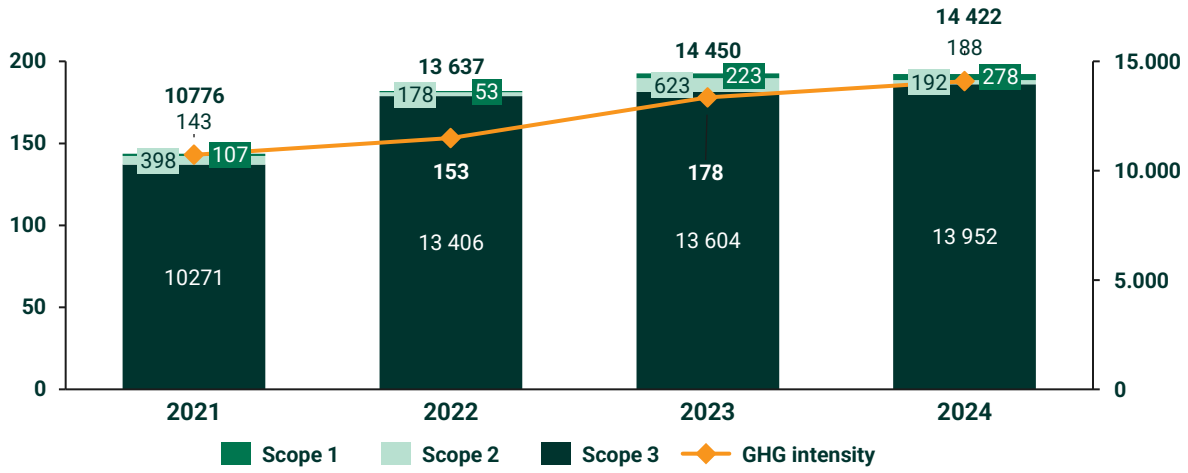
4 Improving Digital Tools for ESG Data for Customers

- Include enhancement of environmental data to customers, climate impact calculators and generating automated reports covering emissions, load efficiency, and fossil vs. fossil free energy use.
- Additional improvement are being implemented to increase functionality and user value.

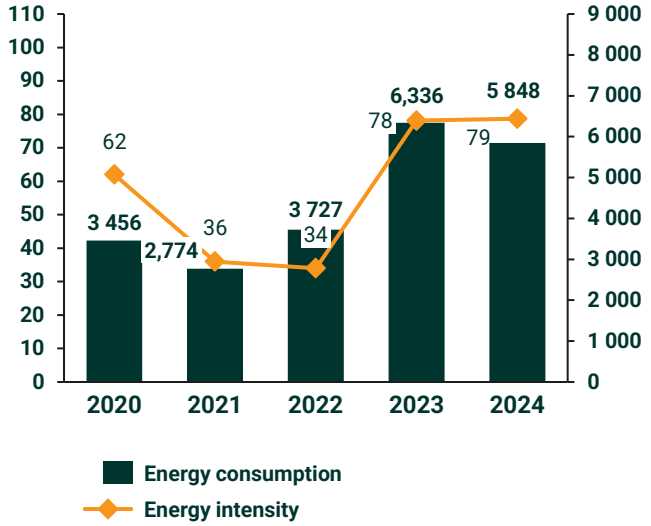
Climate change

- SmartRetur is engaged in route optimization to drive logistical efficiency within the value chain. SmartRetur has started up delivery and collection of pallets with electric trucks, and aims to further explore the integration of other less fossil intensive fuel, such as HVO.
- SmartRetur's digital software system and ESG go hand in hand. A carbon emissions tracking system including e.g. customers' reuse rate and truck load helps to keep track of associated emissions and environmental impact.
- SmartRetur's 18 warehouses and its digital pallet system avoids emission from transportation as customer can pick up and deliver pallets as needed across Scandinavia.
- SmartRetur's total GHG emissions were 14 422 tCO2e in 2024 and Scope 3 accounted for 99% of the total emissions, very similar to the previous year. Upstream and downstream transportation of goods are the main contributors of Scope 3. The energy consumption has decreased between 2023 and 2024. The share of fossil free energy has increased from 25 % in 2023 to 48 in 2024 % due to guarantees of origins for fossil free purchased electricity.
- In 2023, SmartRetur launched an EPD (Environmental Product Declaration) - tool solution allowing us to have a full overview a pallets GHG emissions throughout the value chain. This has increased the granularity of scope 3 reporting of clients and further highlight the environmental benefit of choosing SmartRetur's solution.

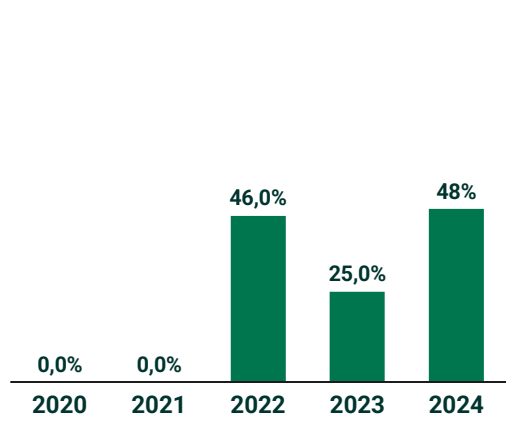
Absolute GHG emissions (tCO2e) & GHG intensity (tCO2e/EURm)



Energy consumption (MWh) & Energy intensity (MWh/EURm)

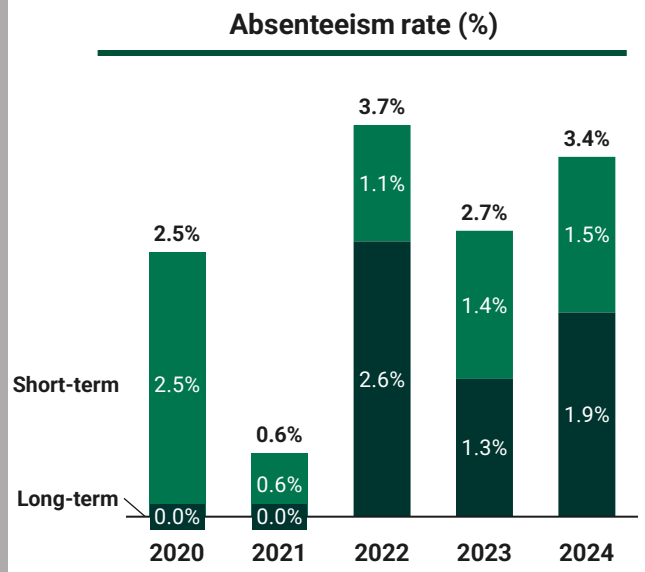


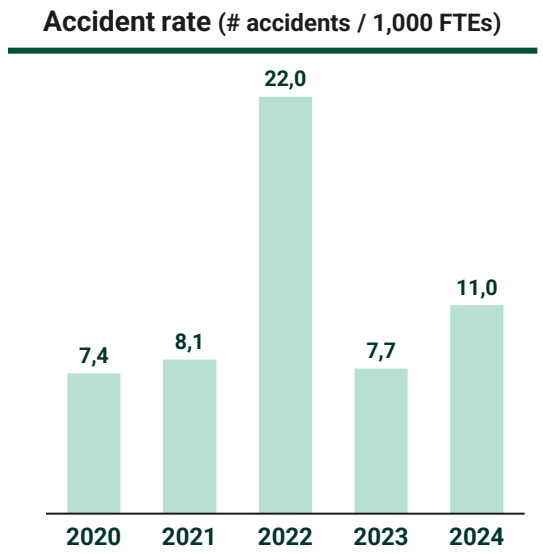
Renewable energy consumption (%)

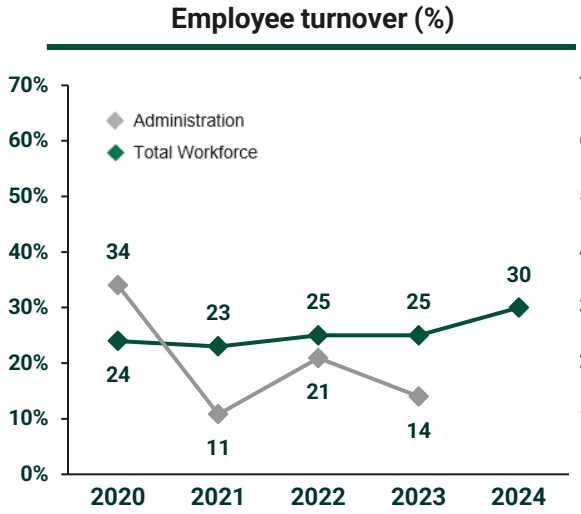


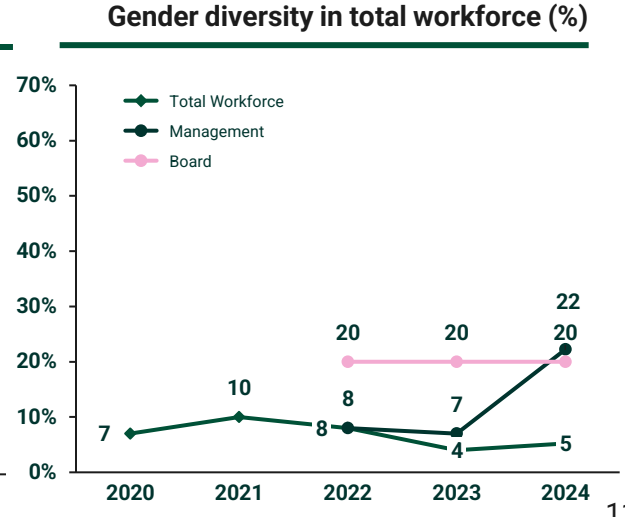
Employee health and safety

- SmartRetur is aware of the importance of supporting and maintaining employee health & safety in the workplace. Focus and reporting of “observations” and “near misses” instead of only accidents is implemented in order to prevent accidents.
- A Risk Inventory & Evaluation is in place; appropriate follow-up action is taken if required.
- SmartRetur has mandatory development training for all employees working in its operations
- There was an increase in the absenteeism rate between 2023 to 2024. Numbers include both FTEs and contracted labour. The accident rate had an outlier in 2022, accidents in 2023 are more in line with previous years, while 2024 is slightly higher. Improved daily safety routines on tools were introduced in 2023 as a consequence of 2022 results .
- The employee turnover rate has been quite stable on around 25% between 2020-2023, rising to 30% in 2024. The share of female employees has gone up slightly in the total workforce, from 4% to 5%. Notably, women in management has more than doubled, reaching 20% compared to 7% 2023.
- SmartRetur has various initiatives in place to ensure the wellbeing of employees, such as free fitness, osteopath and massage therapist services.





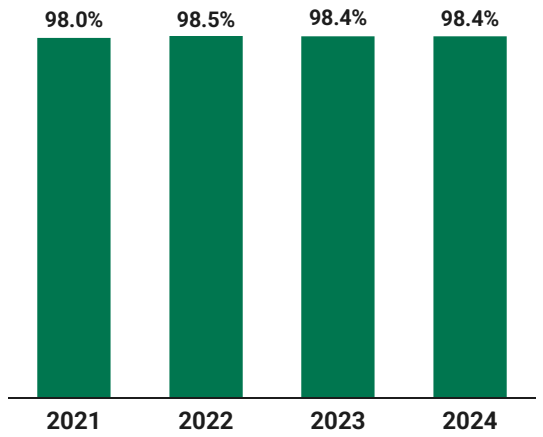




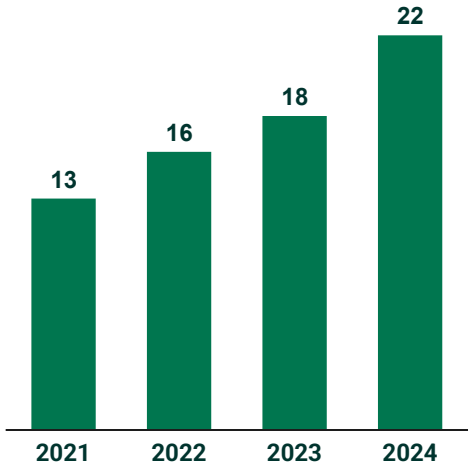
Material efficiency

- Our automated vision inspection system ('IVISYS') detects whether a repair is needed – removing guesswork and other irregularities out of the process. SmartRetur repair some 5.7 million pallets, enabling us to obtain a reuse rate of 98.4% in 2024.
- The value of waste is maximised. Pallets are used till the end of their useful life including repairs, and are then energy recovered by certified partners.
- SmartRetur offers plastic pallets that have a longer lifespan than wooden pallets, with a minimum of 15-20 years, which saves significant amounts of C02 long-term. The strategy is to transition large volumes to plastic pallets over time due to their durability, cleanliness and reuse rate.
- SmartRetur is currently executing projects with construction companies to help reduce wood- and other types of waste. The ambition is to make closed-loop solutions a standard within the construction industry.
- 100% of SmartRetur's waste was recycled in 2024, maintaining the same high recycling rate achieved since 2021. Compared to 2023, the total volume of waste increased by 133% in 2024. This significant rise is primarily due to an extraordinary measure taken by our recycling partner, which involved processing and recycling disused containers as material-recovered steel. As this type of container recycling falls outside our standard operational waste stream, the increase should be seen as a one-time adjustment rather than a trend.

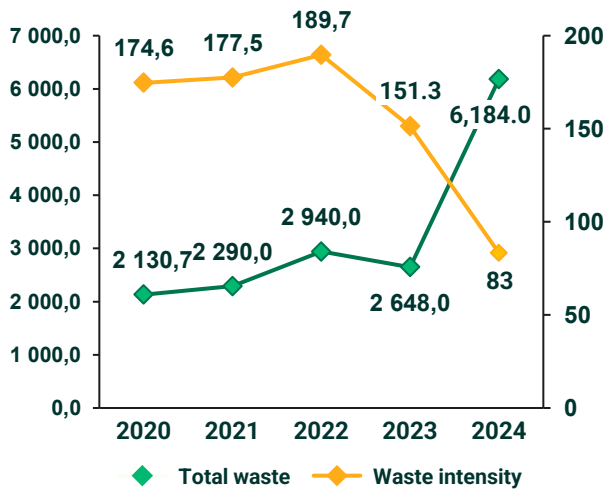
Reusable load carriers returned (%)



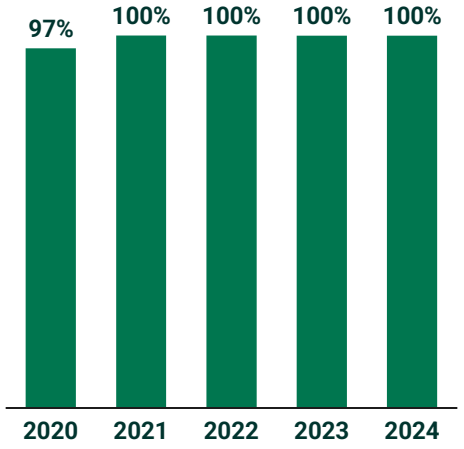
Reusable pallets sold (millions)



Total waste (Tonnes) and waste intensity (waste/pallets sold)



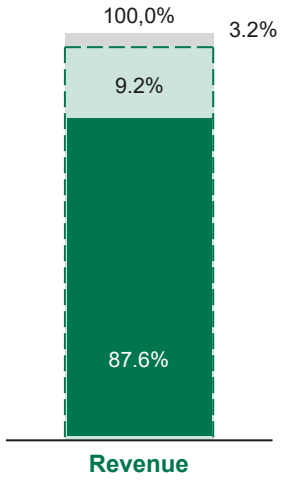
Recycled waste (%)



EU Taxonomy

Taxonomy alignment[1]
Potential alignment[2]
Not eligible[3]
✓ Criteria met
✘ Criteria not met

Result of taxonomy assessment



Specification of revenue alignment:

- **Enabling activities[4]**: 0%
- **Transitional activities[5]**: 0%

Taxonomy-eligible activities

Business activity	Taxonomy objective	Technical screening criteria	Minimum safeguards
5.1 Repair, refurbishment and remanufacturing	Circular economy	✓	✓
5.4 Sale of second-hand goods	Circular economy	✓	✓
6.6 Freight transport services by road	Climate Change Mitigation	✘	✓

1. Taxonomy alignment refers to taxonomy-eligible activities that meet the technical screening criteria and the minimum safeguards set by the EU Taxonomy.
2. Potential taxonomy alignment refers to taxonomy-eligible activities that do not yet meet the technical screening criteria and/or the minimum safeguards set by the EU Taxonomy.
3. Not eligible refers to economic activities not covered by the EU Taxonomy. **4. Enabling activities** are activities that directly enable others to make a substantial contribution to an environmental objective under the EU Taxonomy. **5. Transitional activities** are activities for which low-carbon alternatives are not yet available. These can be aligned under the EU Taxonomy if they have GHG emission levels that correspond to the best performance in the sector or industry.
Source: Company data, EU Taxonomy Regulation, Position Green analysis

ESG KPI overview

KPI	Unit	2020	2021	2022	2023	2024
ENVIRONMENTAL						
Scope 1	tCO_2e	103	107	53	223	278
Scope 2	tCO_2e	658	398	178	623	192
Scope 3	tCO_2e	-	10,271	13,406	13,603	13,952
Total GHG emissions	tCO_2e	833	10,946	16,823	14,449	14,422
GHG intensity	tCO_2e / mEUR	15	143	153	178	188
Energy consumption	MWh	3,456	2,774	3,727	6,336	5,848
Energy intensity	MWh / mEUR	62	36	34	78	79
Share of fossil free energy	%	0%	0%	46%	25%	48%
SOCIAL						
Total number of FTEs	#	135	123	142	290	267
Share of female FTEs	%	7%	10%	8%	4%	5.2%
Employee turnover	%	24%	23%	25%	25%	30%
Accident rate	# of accidents per 1,000 FTEs	8	10	42	8	11
Short-term absenteeism rate	%	2.5%	0.6%	1.1%	1.4%	1.5%
Long-term absenteeism rate	%	0.0%	0.0%	2.6%	1.3%	1.9%
ADDITIONAL KPIs						
Total waste	Tonnes	2,131	2,290	2,940	2,648	6.184
Recycled waste	% of total waste	97%	100%	100%	100%	100%
Sustainably sourced wood	%	30%	30%	30%	35%	49%
Reused pallets sold	# mln	12.3	12.9	15.5	17.5	22

Reporting parameters

Legal name	Smart Retur Norge AS
Org. nr	894 511 192
NACE sector code	H52.1 – Warehousing and Storage
Location of headquarter	Langhus, Norway
Nature of ownership	Majority owned by Norvestor
Reporting period	January 1, 2024 – December 31, 2024
Contact person	Stine Alvestad, Head of Sustainability, stine@smartretur.no