

smartoptics



**SUSTAINABILITY
REPORT
2025**

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ABOUT SMARTOPTICS

Smartoptics is a global provider of optical networking solutions for data centers and service providers. As a technology company, we acknowledge our responsibility to minimize environmental impact and integrate sustainable practices into our operations, supply chain, and collaborations.

Innovation is at the core of our business, and we continuously develop energy-efficient solutions that help optimize network performance while reducing resource consumption. Our commitment to responsible AI development ensures that transparency, privacy, and ethical considerations are embedded in our technology, supporting both operational efficiency and sustainability.

We work closely with suppliers and partners to promote ethical sourcing and responsible manufacturing. We have enhanced our waste management process and are actively working towards better reuse of material and circularity.

Beyond our internal efforts, we participate in industry initiatives, such as the Telecom Infra Project (TIP) – Project Open Optical & Packet Transport (OOPT), which focuses on open and efficient networking technologies.

We also value the well-being and engagement of our employees, as reflected in our Great Place to Work certification and TrustIndex© results.

At Smartoptics, we see sustainability and innovation as ongoing responsibilities. By continuously improving how we operate, leveraging AI and advanced technologies, and fostering strong partnerships, we contribute to long-term business resilience and environmental responsibility, aligning with the Paris Agreement and relevant UN Sustainable Development Goals.



WORD FROM CEO

At Smartoptics, we believe that responsible business practices and long-term value creation go hand in hand. As a technology company operating in a rapidly evolving global industry, we recognize our responsibility to deliver innovative connectivity solutions while continuously strengthening our environmental, social, and governance performance.

During 2025, Smartoptics continued to expand its global business and strengthen its position within the optical networking industry. Demand for high-capacity connectivity continues to grow as digital infrastructure becomes increasingly critical for businesses, cloud services, and telecommunications providers. Our ability to deliver reliable and scalable networking solutions has enabled Smartoptics to grow while supporting the digital transformation of our customers worldwide.

Our customers remain central to everything we do. We work closely with service providers, enterprises, and network operators to deliver solutions that meet the growing demand for secure, high-performance, and energy-efficient network infrastructure. Through ongoing dialogue, technical collaboration, and customer support, we aim to build long-term partnerships based on trust, reliability, and shared commitment to innovation. Customer feedback, including regular satisfaction surveys and operational engagement, continues to guide improvements in our products, services, and operational processes.

At the same time, we remain committed to ensuring that our growth takes place in a responsible way. During the year, we continued to improve the transparency and quality of our sustainability reporting. We further strengthened the quality of Scope 3 data, particularly in relation to logistics and supplier-related emissions.

Operational emissions remain limited. Scope 1 emissions remain at zero, and Scope 2 emissions remain low due to the use of renewable electricity at our operational locations. The majority of our environmental impact occurs within our value chain, particularly through logistics and supply chain activities.



As our business expands internationally, managing these impacts becomes increasingly important, and we continue to work closely with partners and suppliers to improve transparency and identify opportunities for emissions reductions.

We are also proud to have renewed our EcoVadis Gold rating, placing Smartoptics among the top companies globally assessed for environmental, social, and ethical performance. This recognition reflects the continuous efforts across our organization to strengthen sustainability practices, governance structures, and responsible supply chain management.

Strong governance remains a cornerstone of our approach to sustainability. During the year, we reinforced several internal policies and compliance processes and initiated our journey toward ISO 27001 certification, further strengthening our information security framework and the protection of company and customer data.

Our people remain central to Smartoptics' success. We are proud to maintain our Great Place to Work certification and to have been recognized among Sweden's Top 25 Best Workplaces in the IT sector. Creating a safe, inclusive, and engaging workplace is essential for attracting and retaining the talented individuals who drive our innovation and growth. We continue to focus on employee well-being, professional development, and fostering a culture built on trust, collaboration, and accountability.

Responsible supply chain management also remains a key priority. We continue to strengthen supplier engagement and due diligence processes to ensure that our partners meet expectations related to human rights, ethical conduct, and environmental responsibility.

Looking ahead, Smartoptics will continue to integrate sustainability into its long-term business strategy. Our focus will remain on improving data transparency, strengthening governance, and addressing value chain emissions through collaboration with suppliers and logistics partners. While global supply chains present ongoing challenges, we believe the improvements made in recent years provide a strong foundation for continued progress.

On behalf of the management team, I would like to thank our employees, customers, partners, and shareholders for their continued trust and support. Together, we will continue building a company that delivers reliable connectivity solutions while supporting the digital infrastructure that modern societies depend on. At the same time, we remain committed to responsible growth, strong governance, and continuous improvement in our environmental and social performance as we move forward.



Magnus Grenfeldt, CEO

1. REPORTING - ESRS 1

AFFECTED STAKEHOLDERS (ESRS 1)

Smartoptics recognizes that meaningful engagement with affected stakeholders is essential for identifying and managing sustainability-related impacts, risks, and opportunities. Stakeholder engagement supports informed decision-making and is an important input to the company’s sustainability strategy and double materiality assessment.

Affected stakeholders include individuals or groups that are impacted, or could potentially be impacted, by Smartoptics’ operations, products, and business relationships. Key stakeholder groups include employees, customers, suppliers, investors, and local communities.

Engagement with stakeholders takes place through a combination of formal and informal mechanisms throughout the year. These include employee engagement surveys,

customer satisfaction surveys, supplier assessments and audits, investor meetings and reporting, interviews, workshops, and ongoing operational dialogue.

Topics raised through stakeholder engagement include climate change and emissions, responsible sourcing, employee well-being, diversity and inclusion, data privacy and information security, product quality, and innovation. Information gathered through these interactions is documented and considered as part of the company’s sustainability risk management and double materiality assessment processes.

Stakeholder input contributes to the identification and prioritization of sustainability matters that may have significant impacts on people or the environment, or that may affect Smartoptics’ financial performance, position, or prospects.

STAKEHOLDER ENGAGEMENT OVERVIEW (ESRS 1):

| Stakeholder Group | Engagement Methods | Key Topics Raised | Smartoptics Response |
|-------------------|---|---|--|
| Employees | Engagement surveys, HR feedback channels, internal communication, team meetings | Work-life balance, diversity and inclusion, professional development, health and safety | Flexible working arrangements, training and development initiatives, continuous improvement of HSE practices |
| Customers | Customer satisfaction surveys, meetings, support channels, technical dialogue | Product quality, environmental performance, data security, reliability | Product lifecycle improvements, enhanced information security practices, continuous product development |
| Suppliers | Supplier assessments, audits, Business Partner Code of Conduct compliance | Responsible sourcing, long-term collaboration, ethical business practices | Supplier qualification programs, contractual sustainability requirements, periodic supplier review |
| Investors | Financial reporting, investor meetings, ESG updates | Financial resilience, governance practices, climate risks | ESG disclosures, risk transparency, ongoing communication of sustainability strategy |

DOUBLE MATERIALITY AS THE BASIS FOR SUSTAINABILITY DISCLOSURES (ESRS 1)

Smartoptics’ sustainability disclosures are based on a double materiality assessment conducted in accordance with the European Sustainability Reporting Standards (ESRS). The assessment identifies and prioritizes sustainability matters that are material from both an impact perspective—how Smartoptics’ activities affect people and the environment—and a financial perspective—how sustainability-related matters influence the company’s financial position, performance, and prospects.

Smartoptics performed its first double materiality assessment in 2023. The assessment is reviewed annually as part of the sustainability reporting cycle and is updated more frequently when needed, for example in the event of significant changes in our business model, operations, value chain, stakeholder expectations, or regulatory requirements.

The materiality assessment follows a structured, multi-step process. It begins with defining the scope, boundaries, and objectives of the assessment, including the relevant reporting period and coverage of Smartoptics’ own operations and value chain. Stakeholder engagement is conducted to capture perspectives from affected stakeholder groups and to identify actual and potential sustainability impacts, risks, and opportunities.

A value chain analysis is performed to identify impacts across upstream activities, Smartoptics’ own operations, and downstream activities. Sustainability topics are

identified based on ESRS topics and subtopics and assessed using both qualitative and quantitative information from internal data sources, stakeholder input, surveys, interviews, and external references.

Identified sustainability matters are evaluated based on defined assessment criteria. For impact materiality, actual and potential positive and negative impacts are assessed considering scale, scope, and likelihood. For financial materiality, sustainability-related risks and opportunities are assessed based on their potential financial effects over the short-, medium-, and long-term. The results are consolidated and visualized in a materiality matrix reflecting the relative significance of each topic.

The outcomes of the assessment are reviewed and validated by senior management to ensure consistency with Smartoptics’ strategy, risk management processes, and long-term business objectives. The identified material sustainability matters form the basis for defining policies, actions, targets, and key performance indicators (KPIs), which are integrated into the company’s strategic and operational planning.

The conclusions of the double materiality assessment determine which sustainability matters are reported in detail in this sustainability report and are reflected in the disclosures on material impacts, risks, and opportunities in the ESRS 2 (General Disclosures) section, as well as in the topic-specific disclosures where applicable.



RELEVANCE TO STAKEHOLDERS AND STRATEGY

The double materiality assessment is informed by ongoing stakeholder engagement and reflects stakeholder concerns, expectations, and potential impacts related to Smartoptics' activities and value chain. The process also ensures alignment with applicable regulatory requirements and internationally recognized frameworks, including the UN Sustainable Development Goals (SDGs).

The assessment follows a structured process consisting of the following steps:

1. Identification of sustainability topics

Potential sustainability topics were identified based on ESRS standards, regulatory requirements, industry practices, and internal risk assessments.

2. Stakeholder engagement

Input was gathered from internal and external stakeholders through surveys, interviews, and operational dialogue.

3. Value chain analysis

Sustainability impacts, risks, and opportunities were assessed across upstream activities, Smartoptics' own operations, and downstream activities.

4. Assessment of impacts, risks, and opportunities

Identified sustainability topics were evaluated based on defined criteria for both impact materiality and financial materiality.

5. Management validation

The results of the assessment were reviewed and validated by senior management to ensure alignment with the company's strategy, risk management processes, and long-term business objectives.

The outcome of the double materiality assessment determines which sustainability matters are disclosed in this report and which ESRS topical standards are considered material for Smartoptics.

THRESHOLD SCORING SYSTEM

To support consistent prioritization of sustainability matters, Smartoptics applies a structured scoring model.

For impact materiality, impacts are evaluated based on:

- Scale of impact
- Scope of affected stakeholders or environmental systems
- Irremediability
- Likelihood (for potential impacts)

For financial materiality, risks and opportunities are assessed based on their potential financial impact on revenue, costs, operational performance, access to capital, and long-term competitiveness. Each topic receives a combined score, which determines whether the topic is classified as material.

Material topics are disclosed in accordance with the ESRS requirements and form the basis for the policies, actions, and targets described in the following sections of this report.

Materiality categories are defined as follows:

- Low materiality: 1–4
- Medium materiality: 5–14
- High materiality: 15–25

Topics and subtopics with higher scores are prioritized and disclosed in greater detail, reflecting their relative significance. Topics with lower scores are retained where relevant to ensure a balanced and comprehensive view of Smartoptics' sustainability impacts, risks, and opportunities across its operations and value chain.

IMPACT MATERIALITY

Smartoptics' impact materiality assessment is conducted in accordance with the ESRS and covers actual and potential impacts connected to our own operations and value chain. The assessment considers relevant ESRS topics, subtopics, and where relevant sub-subtopics, and evaluates both negative and positive impacts on people and the environment.

Impacts are assessed using defined criteria to determine their material significance. For negative impacts, severity is assessed based on scale, scope, and irremediability, and potential impacts additionally consider likelihood. Positive impacts are assessed based on their potential to contribute to long-term value creation and alignment with Smartoptics' sustainability objectives.

Impact materiality is a key element of Smartoptics' sustainability strategy and reporting. It enables us to focus on the most significant sustainability matters, prioritize actions to prevent or mitigate adverse impacts, and strengthen positive outcomes across the value chain.

The conclusions of the impact materiality assessment are reflected in the company's identified material impacts, risks, and opportunities presented in the ESRS 2 (General Disclosures) section and form the basis for subsequent topic-specific disclosures where applicable.

FINANCIAL MATERIALITY

Smartoptics' financial materiality assessment is conducted in accordance with the ESRS and evaluates how sustainability-related risks and opportunities may affect the company's financial performance, financial position, and cash flows over different time horizons.

Smartoptics applies the following time horizons:

- Short-term: less than 12 months
- Medium-term: 1–5 years
- Long-term: more than 5 years

Financial effects are assessed using parameters such as impacts on cash flow, product development, financial performance and position, cost of capital, and access to funding. The company evaluates potential financial effects and categorizes them into five levels: negligible, low, medium, significant, and serious, to support consistent prioritization and escalation.

The outcomes of the financial materiality assessment support resilient strategic planning and risk management and help ensure that sustainability-related considerations are integrated into decision-making processes.

VALUE CHAIN

Smartoptics assesses sustainability matters across its value chain, including upstream suppliers, own operations, downstream distribution and product use. This approach is aligned with the OECD Due Diligence Guidance for Responsible Business Conduct and supports the identification and management of sustainability-related risks and impacts beyond the company's direct operations.

Applying a value chain perspective enables Smartoptics to better understand dependencies, potential risks, and opportunities associated with sourcing, logistics, product use, and end-of-life management.

STRATEGIC FOCUS

The value chain analysis informs Smartoptics' sustainability strategy by identifying priority areas for improvement and innovation. Through supplier risk assessments and supplier qualification processes, we work to align key business relationships with our ESG objectives. This supports responsible business practices, strengthens stakeholder trust, and contributes to long-term value creation.

VALUE CHAIN OVERVIEW

Smartoptics' value chain comprises upstream supplier activities, the company's own operations, downstream distribution and logistics, product use by customers,

and end-of-life treatment of products. This value chain perspective is applied consistently in the double materiality assessment to identify actual and potential impacts, risks, and opportunities across environmental, social, and governance dimensions.

Upstream activities

Upstream activities include the sourcing and procurement of components, materials, and services from suppliers. Smartoptics assesses sustainability-related impacts and risks associated with suppliers, including environmental compliance, labor and human rights practices, and ethical business conduct. Supplier qualification processes, audits, and regular assessments are used to evaluate alignment with Smartoptics' sustainability requirements.

Own operations

Smartoptics' own operations primarily involve product development, office-based activities, and coordination with manufacturing partners. Key sustainability considerations at this stage include energy use, greenhouse gas emissions, waste generation, occupational health and safety, and employee well-being. Management systems and internal controls are applied to monitor operational impacts and ensure compliance with applicable standards.

Downstream distribution and logistics

Downstream activities include transportation, logistics, and warehousing of products. Sustainability considerations at this stage include emissions from transportation, fuel use, and logistics efficiency. Smartoptics collaborates with logistics partners to improve transparency and reduce environmental impacts associated with product distribution.

Product use

The product use phase relates to how customers operate and interact with Smartoptics' products throughout their lifecycle. Sustainability considerations include product quality, reliability, energy efficiency, and longevity. Product design and development aim to support efficient use, long service life, and reduced environmental impact during the use phase.

End-of-life management

End-of-life activities include the treatment, recycling, and disposal of products once they reach the end of their useful life. Smartoptics applies circular economy principles by promoting compliance with applicable waste and recycling regulations and supporting responsible end-of-life handling. This stage is considered in the assessment of environmental impacts related to waste, resource use, and recovery of materials.

2. IMPACTS, RISK AND OPPORTUNITIES (IRO) - ESRS2

IMPACTS, RISKS, AND OPPORTUNITIES (IRO)

Smartoptics applies a structured process to identify, assess, and manage sustainability-related impacts, risks, and opportunities (IROs) across its operations and value chain. The process is aligned with the European Sustainability Reporting Standards (ESRS) and forms an integral part of the company’s double materiality assessment.

The identification of IROs is based on several sources of information, including internal risk management processes, stakeholder engagement, regulatory monitoring, and value chain analysis. Sustainability topics are assessed against the ESRS framework to determine whether they represent material impacts on the environment or society, or whether they may influence the company’s financial performance, position, or future prospects. The assessment considers both actual and potential impacts across Smartoptics’ operations and business relationships.

Negative impacts are evaluated based on severity, which includes the scale, scope, and irremediability of the impact. Potential impacts are further assessed based on likelihood. Positive impacts are evaluated based on their contribution to innovation, operational improvement, and long-term value creation.

From a financial perspective, sustainability-related risks and opportunities are assessed based on their potential effects on revenue, operational costs, supply chain continuity, market positioning, and access to capital. The results of the assessment are reviewed by management and integrated into the company’s sustainability strategy, risk management framework, and operational planning processes.

| ESRS Topic | IRO Type | Description | Time Horizon | Financial Relevance | Key Policies | Key Actions | Targets |
|---------------------|----------|--|--------------|---|---|---|--|
| Own Workforce (S1) | Impact | Potential impact on employee well-being during periods of increased operational workload | Short–Medium | Productivity, retention, employer attractiveness | Code of Conduct, HSE Policy, Equality & Diversity Policy | Workforce planning, HSE audits, employee support programs | Maintain safe workplace and high employee engagement |
| Climate Change (E1) | Risk | Exposure to emissions-related regulation and logistics emissions within the value chain | Medium–Long | Logistics costs, regulatory compliance, customer requirements | Environmental Policy, Supplier Code of Conduct | GHG inventory, logistics partner engagement, renewable electricity sourcing | Annual 4.2% operational emissions reduction |
| Supply Chain (S2) | Risk | Risk of supply chain disruption linked to geopolitical developments or supplier dependency | Short–Medium | Revenue continuity, cost volatility | Business Partner Code of Conduct, Sanctions Compliance Policy | Supplier diversification, supplier risk mapping, periodic supplier reviews | 100% key supplier screening |

| ESRS Topic | IRO Type | Description | Time Horizon | Financial Relevance | Key Policies | Key Actions | Targets |
|------------------------|-------------|---|--------------|--|---|--|--|
| Product and Innovation | Opportunity | Regulatory developments and sustainability requirements create opportunities for product innovation | Medium–Long | Competitive positioning, product lifecycle performance | Environmental Policy, Product Design Guidelines | Eco-design initiatives, product lifecycle improvements | Increase product efficiency and durability |
| Governance (G1) | Opportunity | Strong ESG governance may improve investor confidence and long-term financial resilience | Medium–Long | Investor trust, access to capital | Governance Framework, Whistleblower Policy | ESG integration in reporting and risk management | Maintain transparent ESG disclosures |

RISK MANAGEMENT PROCESS

Sustainability-related risks are integrated into Smartoptics’ Enterprise Risk Management (ERM) framework. Risks are identified, evaluated, and monitored as part of the company’s overall risk governance processes.

Risk assessments consider both the likelihood of occurrence and the potential severity of impact, including financial implications for operations, supply chains, regulatory compliance, and reputation.

The company evaluates sustainability-related risks across three time horizons:

- **Short-term:** Less than 12 months
- **Medium-term:** 1-5 years
- **Long-term:** More than 5 years

Risk categories considered within the ERM framework include:

- Strategic risks related to market developments and regulatory changes
- Operational risks including supply chain disruptions and operational inefficiencies
- Financial risks related to cost volatility and access to capital
- Sustainability-related risks including climate transition risks and environmental dependencies
- Compliance risks associated with evolving legal and regulatory requirements

Management reviews sustainability-related risks periodically and integrates them into business continuity planning and strategic decision-making processes.

OPPORTUNITY MANAGEMENT PROCESS

Smartoptics also assesses sustainability-related opportunities that may support long-term business resilience and innovation.

Opportunities are identified through strategic planning processes, market analysis, research and development activities, and stakeholder dialogue. These opportunities may include product innovation, operational efficiency improvements, and the development of new solutions aligned with evolving regulatory and market expectations.

Identified opportunities are evaluated based on their potential contribution to innovation, operational performance, and financial value creation

Sources of opportunity identification include:

- Regulatory and policy monitoring
- Market and customer analysis
- Research and development activities
- Supplier collaboration and innovation initiatives
- Environmental scanning and SWOT analysis
- Stakeholder dialogue

Relevant opportunities are incorporated into the company’s sustainability strategy and operational action plans.

NON-MATERIAL ENVIRONMENTAL TOPICS

WATER AND MARINE RESOURCES

Smartoptics' direct operations are not water-intensive and do not discharge into aquatic ecosystems. Based on the double materiality assessment, water and marine resources are currently assessed as non-material due to limited direct impact and low financial exposure.

Potential indirect impacts may arise through upstream suppliers, particularly in regions exposed to water stress. Smartoptics therefore monitors water-related considerations through supplier assessments and commits to reassessing materiality if operational scope, supplier footprint, or regulatory conditions change.

BIODIVERSITY AND ECOSYSTEMS

Smartoptics does not own or operate facilities in or near areas of high biodiversity value. The company's direct activities do not involve land use change, deforestation, or ecosystem disturbance. Based on the double materiality assessment, biodiversity and ecosystem impacts are currently assessed as non-material.

However, indirect dependencies may exist through upstream sourcing of materials and components. To address this, biodiversity considerations are incorporated into supplier assessments, and regulatory developments under ESRS E4 and relevant international frameworks are monitored. Materiality will be reassessed if value chain exposure changes.

RISKS AND OPPORTUNITIES THROUGHOUT THE VALUE CHAIN

Smartoptics applies to a lifecycle perspective when assessing sustainability-related risks and opportunities.

UPSTREAM: SUPPLIERS AND PROCUREMENT

Risks

- Supply chain disruptions due to geopolitical or environmental factors.
- Resource scarcity for critical materials.
- Supplier non-compliance with sustainability or ethical standards.

Opportunities

- Strengthened supplier collaboration for sustainable sourcing.
- Improved supply chain transparency.
- Innovation in materials and responsible procurement practices.

OWN OPERATIONS

Risks

- Energy consumption and related cost increases.
- Operational inefficiencies and material waste.
- Workplace health and safety risk.

Opportunities

- Energy efficiency improvements
- Process optimization and waste reduction
- Workforce development and safety culture strengthening

DOWNSTREAM: DISTRIBUTION AND MARKET ENGAGEMENT

Risks

- Logistics cost volatility.
- Emissions exposure from transportation.
- Increasing customer sustainability expectations.

Opportunities

- Use of lower-emission logistics solutions.
- Sustainable product positioning.
- Enhanced customer relationships through sustainability performance.

PRODUCT USE

Risks

- Energy-intensive product operation.
- Reduced competitiveness if products do not meet evolving sustainability requirement.

Opportunities

- Modular and energy-efficient product design.
- Extended product lifespans.
- Supporting customers' sustainability objectives.

END-OF-LIFE

Risks

- Inadequate recycling or waste management practices.
- Regulatory non-compliance related to product disposal.

Opportunities

- Circular economy initiatives.
- Eco-design for recyclability.
- Material recovery and reuse programs.

POLICIES ADOPTED TO MANAGE MATERIAL SUSTAINABILITY MATTERS (ESRS 2 – MDR-P)

ENVIRONMENTAL

- Environmental Policy
- Sustainability Policy
- Travel Policy
- Emission and Pollution Policy
- Water and Marine Resources
- Sustainability Strategy

SOCIAL

- Equality Policy
- HSE Policy
- Customer HSE Policy
- Modern Slavery and Human Rights Policy

GOVERNANCE

- Supplier CoC
- Smartoptics CoC
- Sanctions Compliance Policy
- Whistleblower
- Smartoptics Corporate Governance Policy
- Conflict Mineral Policy
- Privacy Policy
- Information Security
- Quality Policy
- AI Policy
- Business Continuity Policy
- Secure Development
- Anti Corruptions
- Compliance Policy for Avoiding Engagement with Sanctioned Companies and Courtiers

KEY ACTIONS

Smartoptics implements sustainability-related actions through operational planning, management systems, and dedicated governance processes. Actions are prioritized based on the material impacts, risks, and opportunities identified through the double materiality assessment. Resources are allocated through internal operational budgets and responsible functions within the organization.

GOVERNANCE AND COMPLIANCE

During the reporting year, Smartoptics strengthened its governance framework through the continued implementation and communication of key internal policies related to ethical conduct, regulatory compliance, and risk management. Internal procedures were reinforced to support compliance with sanctions regulations, export control requirements, and anti-money laundering principles. These procedures include screening processes during customer and supplier onboarding and internal escalation mechanisms where potential compliance risks are identified.

INFORMATION SECURITY

Smartoptics further strengthened its information security governance during the reporting year. Improvements were made to internal security controls, access management processes, and information security policies.

The company has also initiated ISO 27001 certification, which establishes an internationally recognized framework for information security management systems. This program aims to strengthen risk management practices related to cybersecurity, data protection, and protection of company assets and intellectual property.

SUPPLIER GOVERNANCE

Supplier governance remains an important focus area. Smartoptics continues to apply supplier qualification procedures, risk-based supplier assessments, and periodic supplier reviews. These processes support responsible sourcing and help identify potential risks related to labor practices, environmental compliance, and ethical conduct within the supply chain.

ENVIRONMENTAL MANAGEMENT

Smartoptics continued efforts to improve environmental performance and emissions transparency. Key actions include improving greenhouse gas data collection processes, strengthening collaboration with logistics partners to improve emissions data quality, and supporting renewable electricity use across operational locations. Waste sorting practices and recycling procedures were also improved in order to strengthen circular resource management.

WORKFORCE AND ORGANIZATIONAL DEVELOPMENT

Actions relating to workforce well-being include continued health and safety management, training and professional development programs, and initiatives supporting inclusive workplace practices. Smartoptics maintained certification under ISO 45001 for occupational health and safety and continued internal programs to support employee engagement and well-being.

TARGETS AND MONITORING (2025)

Smartoptics tracks progress through defined KPIs and management follow-up processes. Targets and performance monitoring are linked to the relevant material topics and include climate and workforce-related targets, supplier governance follow-up, and governance and compliance monitoring. Progress is reviewed through management processes and reported through the sustainability disclosures.

| Sustainability Topic | Target | Monitoring Approach |
|---------------------------|---|--|
| Climate (E1) | Maintain minimum annual operational emissions reduction aligned with the 4.2% SBTi Absolute Contraction pathway for Scope 1–2 emissions | Annual greenhouse gas inventory and emissions monitoring |
| Renewable Energy | Maintain 100% renewable electricity sourcing for operational locations. | Energy consumption monitoring |
| Supply Chain Governance | Screen 100% of key suppliers through supplier qualification and CSR assessment processes | Procurement monitoring and supplier reviews |
| Workplace Safety | Maintain zero lost-time injuries | HSE reporting and internal safety monitoring |
| Governance and Compliance | Maintain effective compliance framework and employee access to policies and reporting channels | Internal compliance reviews |
| Information Security | Progress toward ISO 27001 alignment and strengthen cybersecurity governance | Information security program monitoring |

SUSTAINABILITY STATEMENT

Smartoptics integrates sustainability considerations into its strategy, governance, and operations to support long-term business resilience and responsible conduct across its value chain. Our sustainability reporting is prepared in line with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The disclosures in this report are based on a double materiality assessment that considers both (i) Smartoptics’ actual and potential impacts on people and the environment and (ii) sustainability-related risks and opportunities that may affect Smartoptics’ financial position, performance, and future prospects.

Smartoptics applies a structured approach to sustainability management that includes:

- Identification and assessment of material impacts, risks, and opportunities (IROs) across own operations and the value chain;
- Policies adopted to manage material sustainability matters;
- Actions and resources implemented to prevent, mitigate, and remediate adverse impacts and to strengthen positive outcomes; and

- Targets and key performance indicators (KPIs) to track progress and support continuous improvement.

Sustainability matters are reviewed by management and integrated into relevant decision-making processes, including risk management, procurement, product development, and business continuity planning.

During the reporting year, Smartoptics further reinforced its governance framework through updates and implementation of key policies, including the Code of Conduct, Business Partner Code of Conduct, Anti-Corruption and Anti-Bribery Policy, Whistleblower Policy, Information Security Policy, Secure Development Policy, Privacy Policy, AI Policy, and the Compliance Policy for avoiding engagement with sanctioned companies and countries.

The sustainability strategy and related priorities are reviewed on a regular basis and updated as necessary to reflect changes in business context, stakeholder expectations, and regulatory developments.

NORWEGIAN TRANSPARENCY STATEMENT

Smartoptics is subject to the Norwegian Transparency Act (Åpenhetsloven), which requires companies to carry out due diligence assessments relating to fundamental human rights and decent working conditions and to provide information to the public on how these matters are addressed in the company and its supply chain.

Smartoptics' due diligence processes are aligned with the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. The company's due diligence approach includes:

- Assessing human rights and working conditions risks in its supply chain and business relationships;
- Setting expectations through the Business Partner Code of Conduct and relevant supplier requirements;
- Conducting supplier qualification, assessments, and follow-up activities based on risk;
- Supporting grievance and reporting mechanisms to enable concerns to be raised and addressed; and
- Monitoring and improving processes through management review and continuous improvement activities.

Smartoptics discloses information related to due diligence activities, identified risks, and mitigation measures in this sustainability report. Requests for information pursuant to the Norwegian Transparency Act are handled in accordance with applicable legal requirements and internal procedures.

GOVERNANCE (GOV)

GOVERNANCE AND RESPONSIBILITIES

Smartoptics maintains a governance structure designed to ensure effective oversight of strategy, risk management, and sustainability-related matters.

The Board of Directors holds ultimate responsibility for overseeing the company's long-term strategy, risk management framework, and sustainability performance. The Board reviews and approves the company's strategic direction and monitors key risks, including sustainability-related impacts, risks, and opportunities identified through the double materiality assessment.

Sustainability matters are integrated into the company's overall governance and risk management framework. The Board receives periodic updates on sustainability performance, regulatory developments, and climate-related risks as part of its oversight responsibilities.

The Management Team, consisting of the CEO, CFO, CTO, VP Strategic Procurement, SVP Devices, and CMO, is responsible for implementing the company's strategy and integrating sustainability considerations into operational decision-making. Management ensures that material impacts, risks, and opportunities identified through the double materiality assessment are addressed through relevant policies, operational actions, and monitoring processes.

DIVERSITY AND WORKFORCE GOVERNANCE

Smartoptics monitors diversity across organizational levels as part of its workforce governance approach. Diversity considerations form part of recruitment, leadership development, and organizational review processes. Employees are free to join unions of their choice. The company is not unionized but respects freedom of association and employee representation rights.

Workplace safety governance is supported through appointed health and safety representatives, including a designated safety responsible function overseeing occupational health and safety processes.

GOVERNANCE AND MANAGEMENT SYSTEMS

Smartoptics operates certified management systems that support structured governance and internal control.

- **ISO 9001 (Quality Management System)** – ensures structured operational processes and product quality control.
- **ISO 14001 (Environmental Management System)** – provides a framework for managing environmental risks, setting targets, and monitoring performance.
- **ISO 45001 (Occupational Health & Safety Management System)** – supports systematic identification and mitigation of workplace risks.

These management systems are integrated into daily operations and are subject to regular internal and external audits to ensure continued effectiveness and compliance.

MEMBERSHIPS AND INDUSTRY PARTICIPATION

Smartoptics participates in relevant industry organizations and compliance schemes that support regulatory adherence and sector collaboration.

- ERP Norway (European Recycling Platform) – ensures compliance with WEEE requirements for electrical and electronic equipment.
- Grønt Punkt Norge – supports compliance with packaging recovery obligations under EU Packaging Directive requirements.

- Open ROADM (MSA participation) – supports interoperability and standardized product development within the optical networking industry.

Memberships are maintained to ensure regulatory compliance, operational efficiency, and technical alignment with industry standards.

CERTIFICATIONS AND RECOGNITIONS

Smartoptics maintains the following certifications and recognitions:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2023
- TÜV Rheinland product certifications
- UL/ETL product certifications (with periodic third-party inspections)
- NEBS Level 3 compliance
- EcoVadis Gold rating
- Best workplaces in IT jan 2025 - jan 2026

These certifications support product quality, safety, environmental management, occupational health and safety, and ESG performance evaluation.

REGULATORY AND PRODUCT COMPLIANCE

Smartoptics ensures compliance with applicable EU directives and product standards. All CE-marked products are designed, tested, and documented in accordance with relevant EU legislation. Conformity assessments are performed in line with regulatory requirements, and technical documentation is maintained accordingly.

The company complies with:

- RoHS (Restriction of Hazardous Substances) Directive
- REACH Regulation

Compliance processes include supplier declarations, material assessments, monitoring of regulatory updates, and internal reassessments conducted at least twice annually. Product compliance is integrated into procurement, product development, and quality management systems to ensure continued regulatory conformity throughout the product lifecycle.

| The object(s) of the declaration described above is in conformity with the following directives: | |
|--|---|
| 2014/35/EU | Low Voltage Directive, LVD |
| 2014/30/EU | Electromagnetic Compatibility, EMC |
| 2011/65/EU | The Restriction of Hazardous Substances (RoHS) Directive and Amendment. |

The following designated standards have been practiced fulfilling the above-mentioned EU regulations:

| | |
|------------------------|--|
| EN 62368-1:2020+A11 | Audio/video, information, and communication technology equipment - Part 1: Safety requirements |
| EN 55032:2015 | Electromagnetic compatibility of multimedia equipment - Emission requirements |
| EN 55035:2017+A11 | Electromagnetic compatibility of multimedia equipment - Immunity requirements |
| ETSI EN 300386: V2.1.1 | Telecommunication network equipment; ElectroMagnetic Compatibility (EMC) requirements; Harmonized Standard covering the essential requirements of the Directive 2014/30/EU |
| EN 61000-3-2:2019 | Electromagnetic compatibility (EMC) - Part 3-2: Limits - Limits for harmonic current emissions (equipment input current up to and including 16 A per phase) |
| EN 61000-3-3:2013+A1 | Electromagnetic compatibility (EMC) - Part 3-3: Limits - Limitation of voltage changes, voltage fluctuations and flicker in public low-voltage supply systems, for equipment with rated current = 16 A per phase and not subject to conditional connection |
| IEC 60825-1:2014 | Safety of laser products - Part 1: Equipment classification and requirements |

GOVERNANCE COMMITMENT

Through structured governance, certified management systems, strengthened internal controls, and regulatory compliance processes, Smartoptics ensures that sustainability, risk management, and ethical conduct are embedded into the company’s operational and strategic framework.

STRATEGY (SBM)

INTEGRATION OF SUSTAINABILITY INTO BUSINESS STRATEGY

Smartoptics integrates sustainability considerations into its corporate strategy, risk management framework, and operational decision-making processes. Sustainability-related impacts, risks, and opportunities (IROs), as identified through the double materiality assessment, are considered in strategic planning, procurement practices, product development, and governance processes.

The company's strategy reflects both:

- **Impact materiality** – how Smartoptics' activities and value chain affect people and the environment; and
- **Financial materiality** – how sustainability-related risks and opportunities may affect financial performance, position, and future prospects.

Material sustainability matters influence resource allocation, investment priorities, and risk mitigation activities.

BUSINESS MODEL AND VALUE CHAIN

Smartoptics is a technology company specializing in optical networking solutions used by telecommunications operators, internet service providers, cloud providers, and enterprise customers. The company designs and delivers optical transport equipment that enables high-capacity data transmission across telecommunications networks.

The Smartoptics value chain consists of several key stages:

- Product design and development, including research and engineering activities
- Component sourcing and manufacturing, carried out through a global network of suppliers and manufacturing partners
- Logistics and distribution, involving international transportation of products to customers

- Sales and customer support, including technical support services and customer coordination

While Smartoptics designs and develops its products internally, manufacturing and component sourcing are largely outsourced to specialized suppliers. As a result, a substantial share of the company's environmental impacts occurs within the value chain, particularly in relation to manufacturing and logistics activities.

ALIGNMENT WITH REGULATORY FRAMEWORKS

Sustainability reporting and governance are inspired by:

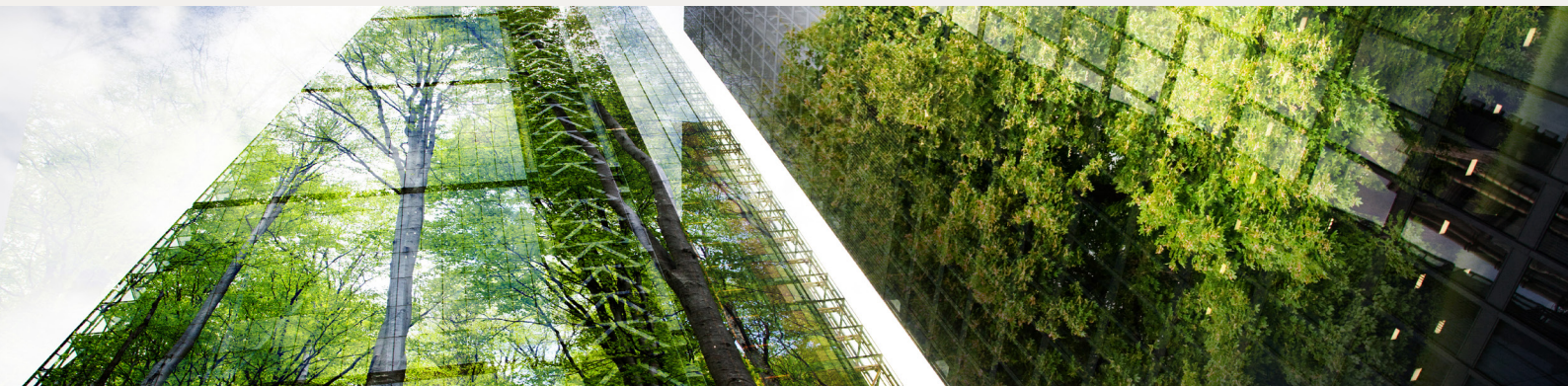
- The Corporate Sustainability Reporting Directive (CSRD)
- The European Sustainability Reporting Standards (ESRS)
- Due diligence principles reflected in the Corporate Sustainability Due Diligence Directive (CSDDD)
- The Norwegian Transparency Act

The double materiality assessment forms the foundation for disclosures and ensures that sustainability-related matters are integrated into both reporting and strategic processes.

REPORTING RESULTS AND CONTINUOUS IMPROVEMENT

Smartoptics reports annually on progress against sustainability targets and material matters. Performance is monitored through defined KPIs, management reviews, and internal control processes.

The company applies a continuous improvement approach, assessing the effectiveness of policies and actions and adjusting strategy where necessary. Progress, challenges, and future priorities are disclosed transparently to provide stakeholders with a balanced and comprehensive view of performance.



3. ENVIRONMENTAL INFORMATION (E)

CLIMATE CHANGE (ESRS E1)

Smartoptics has conducted a full greenhouse gas (GHG) inventory in accordance with the GHG Protocol and the requirements of ESRS E1. The inventory includes:

- Scope 1 (direct emissions)
- Scope 2 (market-based and location-based emissions)
- Scope 3 (value chain emissions)

Scope 3 emissions represent most total emissions and are primarily associated with purchased goods and services and transportation and distribution activities. 2023 has been defined as the base year for climate targets and performance comparisons.

Further improvements were made in 2025 to enhance data quality and Scope 3 accuracy through closer collaboration with logistics partners and improved tracking systems. These improvements provide a more reliable baseline for emissions reduction planning and monitoring.

EMISSIONS REDUCTION ACTIONS

Climate-related actions focus primarily on logistics, energy use, and supplier engagement.

Key measures include:

- Strengthened sustainability criteria for logistics partners
- Integration of Sustainable Aviation Fuel (SAF) in selected freight operations
- Use of renewable electricity across office facilities
- Continuous improvement of emissions tracking and reporting systems
- Engagement with suppliers to improve transparency and reduce value chain emissions

The Oslo headquarters is BREEAM-certified, and the Stockholm facility operates under a green lease agreement. Both sites are powered by renewable electricity. Reported emissions from waste incineration amounted to 8 tCO₂ in 2025 (6 tCO₂ in 2024). The increase reflects improved data granularity rather than expansion of operations.

CLIMATE RISK ASSESSMENT AND RESILIENCE (SBM-3 & E1)

Smartoptics has conducted a climate-related risk and resilience assessment covering its operations and value chain. The assessment considers:

- Transition risks, including regulatory developments, carbon pricing mechanisms, evolving customer requirements, and market expectations.
- Physical risks, including extreme weather events that may affect logistics operations, suppliers, and infrastructure.

Risks were evaluated based on likelihood, severity, financial relevance, and time horizon (short-, medium-, and long-term).

Scenario analysis was performed using recognized climate pathways, including:

- SSP2-1.9 (1.5°C scenario)
- SSP2-4.5 (current policy trajectory scenario)

Key findings include:

- Increasing exposure of supply chains to extreme weather-related disruption
- Growing regulatory and customer-driven decarbonization requirements
- Potential cost implications related to carbon pricing and logistics volatility

Identified climate risks are documented in the company's climate risk register and integrated into the Enterprise Risk Management (ERM) framework and Business Continuity Plan (BCP).

ADAPTATION AND RESILIENCE MEASURES

To strengthen resilience, Smartoptics is implementing:

- Supplier diversification and geographic risk mapping
- Enhanced logistics contingency planning
- Integration of ESG considerations into procurement processes
- Continuous monitoring of regulatory developments

Climate-related matters are reviewed periodically by management and incorporated into strategic planning processes.

COMMITMENT TO CONTINUOUS IMPROVEMENT

Smartoptics continues to enhance emissions data quality, transparency, and reduction initiatives. Ongoing improvements in Scope 3 reporting and logistics collaboration form the basis for future emissions reduction measures and climate target refinement.

Reporting on GHG:

| Scope | Category | GHG Protocol Category | Emissions (tCO ₂ e) |
|--------------|--|-----------------------|---|
| Scope 1 | Direct Emission | — | 0 |
| Scope 2 | Location Based | — | 5 |
| Scope 2 | Purchased electricity (market based) | — | 0 |
| Scope 3 | Purchased goods and services | Cat 1 | 0.4 |
| Scope 3 | Upstream transportation & distribution (logistics inbound to NO/SE) | Cat 4 | 207 |
| Scope 3 | Waste generated in operations (Oslo) | Cat 5 | 2 |
| Scope 3 | Business travel | Cat 6 | 108 |
| Scope 3 | Employee commuting | Cat 7 | 89 |
| Scope 3 | Downstream transportation & distribution (logistics outbound from NO/SE) | Cat 9 | 261 |
| Total | | | = Scope 3 : 668 tCO ₂ e |
| | | | = Scope 1 + 2 + 3: 673 tCO ₂ e |

Scope 3 continues to represent more than 99% of total emissions, reflecting the value-chain-driven nature of Smartoptics’ business model.

**CLIMATE PERFORMANCE AND DEVELOPMENT
2023–2025**

OVERVIEW

Smartoptics continues to strengthen its greenhouse gas (GHG) accounting in line with the GHG Protocol and ESRS E1. The 2025 reporting year reflects further improvements in data quality, categorization, and value chain coverage compared to both 2024 and 2023.

While reported Scope 3 emissions increased in 2025 compared to 2024, this development is primarily attributable to methodological improvements and expanded data coverage rather than a proportional increase in operational emissions. The company continues to use 2023 as its base year for climate targets.

DEVELOPMENT SINCE 2023

In 2023, emissions reporting was constrained by limited Scope 3 data availability. Several categories were estimated using high-level assumptions or industry averages. Logistics emissions were not fully disaggregated, and some downstream categories were not comprehensively covered. As a result, the 2023 inventory provided a directional overview but lacked full granularity and completeness.

In 2024, Smartoptics significantly improved its emissions mapping:

- A more structured Scope 3 inventory was developed.
- Logistics emissions were partially quantified.
- Scope 2 emissions were substantially reduced due to improved electricity sourcing and data accuracy.
- Scope 3 was reported at 493 tCO₂e.

However, certain categories remained grouped (e.g., commuting and home office), and logistics emissions were partly based on aggregated or estimated data.

In 2025, further refinements were made to align fully with GHG Protocol category structure and ESRS E1 requirements.

Key improvements include:

1. Improved logistics data quality.

Detailed lane-level data enabled a complete split between:

- Upstream transport (Category 4)
- Downstream transport (Category 9)

This improved both transparency and methodological robustness.

2. Refined categorization

Categories are now strictly aligned with GHG Protocol definitions. Business travel and employee commuting are reported separately, and waste is clearly isolated under Category 5.

3. Supplier-specific allocation

Emissions from key suppliers were calculated using supplier allocation tools rather than generic spend-based estimates.

4. Methodological improvements

- Clear separation of mobility-related categories
- Verified electricity consumption for both Oslo and Sweden
- Consistent application of Well-to-Wheel factors for logistics

As a result, total Scope 3 emissions for 2025 are reported at 668 tCO₂e.

The increase compared to 2024 therefore reflects improved boundary completeness and higher data accuracy, rather than solely increased activity levels.

SCOPE 2 PERFORMANCE

| | 2025 | 2024 |
|-----------------------|---------|---------|
| Total Electricity kwh | 322 878 | 298 499 |
| Renewable | 100% | 100% |
| Fuel | 0 | 0 |
| Heating | 66 939 | N/A |

Total electricity consumption in 2025 amounted to 322 878 kWh, compared to 298 499 kWh in 2024. The increase reflects normal operational variation between reporting years, including office utilization patterns and activity levels.

Electricity consumption is distributed between the Oslo and Kista offices. Both locations operate in countries with low-carbon electricity systems, primarily based on hydro, wind and nuclear generation.

| | 2025 | 2024 | % Change |
|-----------|----------------------|----------------------|----------|
| Oslo | 0.5 tCO ₂ | 0.5 tCO ₂ | 0% |
| Stockholm | 2.8 tCO ₂ | 1.6 tCO ₂ | +75% |

Using location-based emission factors for Norway and Sweden, Scope 2 emissions for 2025 amount to 3.4 tCO₂e. Although total electricity consumption increased moderately compared to 2024, absolute emissions remain low due to the inherently low-carbon electricity mix in both countries.

Electricity consumption in Oslo remained stable compared to 2024, resulting in unchanged location-based emissions of approximately 0.5 tCO₂e. This reflects consistent operational activity levels and confirms that there has been no structural increase in energy demand at this site.

The increase in overall Scope 2 emissions compared to 2024 is attributable to higher electricity consumption in Stockholm. This variation reflects operational changes during the reporting year rather than a shift in electricity sourcing. Both offices continue to operate in low-carbon electricity systems.

In 2025, Smartoptics further strengthened the reliability of its energy accounting. Verified electricity consumption data was obtained for both Oslo and Kista, and reporting boundaries were clarified to ensure full inclusion of operational electricity use. Monitoring of building-related energy components, including heating and cooling where applicable, has been improved to enhance transparency and data completeness.

Market-based Scope 2 emissions remain 0 tCO₂e, as both offices operate under renewable electricity contracts (hydro and wind), supported by contractual instruments. The renewable share of electricity consumption therefore remains at 100%, consistent with 2024.

Scope 1 emissions remain zero. Combined Scope 1 and Scope 2 emissions account for less than 1% of total reported greenhouse gas emissions, confirming that Smartoptics' overall climate impact is primarily driven by value chain activities (Scope 3), particularly logistics. Smartoptics follows the Science Based Targets initiative (SBTi) Absolute Contraction Approach for operational emissions (Scope 1 and Scope 2). This approach requires a minimum annual absolute reduction of 4.2%, aligned with a 1.5°C decarbonization pathway.

Given that Scope 1 emissions remain zero and Scope 2 market-based emissions are zero due to renewable electricity sourcing, Smartoptics remains aligned with SBTi requirements for operational emissions. While electricity consumption may fluctuate due to operational factors, the structural decarbonization of operational energy remains in place.

Smartoptics continues to use the 4.2% annual reduction benchmark as a guiding principle for operational efficiency. Progress is monitored through annual energy accounting, verified electricity data, and continued efforts to manage and optimize energy consumption across office locations.

SCOPE 3 STRUCTURAL DEVELOPMENT

In 2025, Scope 3 emissions amount to approximately 668 tCO₂e, representing the vast majority of Smartoptics' total greenhouse gas emissions. This reflects the company's asset-light operating model and its structural reliance on international supply chains and global product distribution.

The main contributors to Scope 3 emissions in 2025 are:

- Downstream transport (Category 9): 261 tCO₂e
- Upstream transport (Category 4): 207 tCO₂e
- Business travel (Category 6): 108 tCO₂e
- Employee commuting (Category 7): 89 tCO₂e

Transport-related activities (Categories 4 and 9 combined) account for the largest share of emissions, clearly identifying logistics as the dominant driver of the company's climate impact.

Compared to 2024, Scope 3 emissions increased from 493 tCO₂e to 668 tCO₂e. This development is primarily attributable to:

- Full disaggregation of logistics into upstream and downstream categories.
- Improved lane-level transport data.
- Clear separation of business travel and commuting.
- Enhanced completeness of supplier-related emissions.
- Reduced reliance on high-level estimates used in earlier reporting years.

The increase therefore reflects improved methodological robustness and boundary completeness rather than a structural shift in business activity.

The 2025 inventory provides a more accurate representation of emission drivers and strengthens the basis for targeted decarbonization measures. As Scope 3 emissions represent more than 40% of total emissions, SBTi requires that at least 67% of Scope 3 emissions be covered by reduction actions.

In 2025, Smartoptics has identified logistics and supply chain engagement as priority reduction areas. Measures initiated or continued include:

- Use of Sustainable Aviation Fuel (SAF) in selected freight operations.
- Optimization of shipment planning and routing.
- Supplier engagement and ESG integration in procurement.
- Ongoing assessment of transport modes and consolidation opportunities.

CONCLUSION

The 2025 greenhouse gas inventory confirms that Smartoptics maintains strong control over its operational emissions while continuing to improve transparency and completeness across its value chain.

Scope 1 emissions remain at zero, reflecting the absence of direct fuel combustion and company-owned vehicles. Scope 2 emissions remain structurally low, with market-based emissions at zero due to renewable electricity contracts in both Oslo and Kista. Location-based emissions remain limited to 3.4 tCO₂e, demonstrating continued stability in operational energy performance. The company has successfully maintained this stability despite moderate variations in electricity consumption, confirming consistent operational energy management and effective decarbonization of purchased electricity.

Scope 3 emissions represent the vast majority of Smartoptics' total footprint. The dominant contributor is logistics, including both upstream and downstream transportation. This reflects the company's asset-light model and its reliance on global supply chains and international customer deliveries. The increase in reported Scope 3 emissions compared to previous years is primarily linked to two factors: improved data completeness and continued business growth. As Smartoptics expands and delivers more products globally, transport-related emissions naturally increase in absolute terms.

The structural profile of emissions confirms that operational emissions are well controlled and largely decarbonized, while value chain emissions remain the primary area for climate impact and reduction efforts. The 2025 inventory provides a stronger and more transparent baseline than previous years, enabling more targeted decarbonization strategies.

Overall, Smartoptics demonstrates strong performance in maintaining zero Scope 1 emissions and stable, renewable Scope 2 sourcing, while recognizing that logistics-related Scope 3

ESRS E1 MINIMUM DISCLOSURE – CLIMATE CHANGE AND POLLUTION

ACTIONS TAKEN (MDR-A)

In 2025, Smartoptics completed a comprehensive GHG inventory covering Scope 1, Scope 2 (location-based and market-based), and material Scope 3 categories, in line with the GHG Protocol and ESRS E1. Data quality for Scope 3 was further improved through closer collaboration with logistics partners and selected suppliers, enabling clearer categorisation and better traceability of emission drivers—particularly within upstream and downstream transport.

To address transport-related emissions, we continued efforts to reduce logistics emissions through operational improvements and introduced Sustainable Aviation Fuel (SAF) in selected freight flows where available. Climate-related risks and resilience considerations remain integrated into our Business Continuity Plan (BCP) and Enterprise Risk Management (ERM) processes through scenario-based analysis and risk register updates.

POLICIES IN PLACE (MDR-P):

Smartoptics' climate approach is supported by relevant internal policies and management systems, including a GHG and energy policy, environmental purchasing guidelines, a Supplier Code of Conduct with sustainability expectations, and an HSE policy. Climate-related considerations are embedded into risk management processes, including procurement screening and supplier evaluation practices. Governance structures and responsibilities for sustainability reporting and performance monitoring remain in place to ensure accountability and continuous improvement.

TARGETS SET (MDR-T):

Using 2023 as the base year, Smartoptics applies the SBTi Absolute Contraction Approach for Scope 1 and Scope 2 emissions, targeting a minimum annual absolute reduction of 4.2%. As Scope 1 remains zero and Scope 2 market-based emissions remain zero due to renewable electricity sourcing, our operational emissions are structurally low. For Scope 3, Smartoptics targets reduction actions that cover at least 67% of Scope 3 emissions, focusing on the most material categories, particularly logistics and supplier engagement. We aim to maintain 100% renewable electricity across operations and continuously improve energy and emissions data quality year-on-year.

WATER

Smartoptics has conducted a water risk assessment covering the Oslo and Stockholm/Kista operational sites. The assessment evaluated both basin-related and operational risks, including physical, regulatory and reputational dimensions. Scenario analysis was applied to test resilience under baseline conditions and under increasing levels of water stress and regulatory tightening.

Given the low water dependency of Smartoptics’ operations and the absence of water-intensive processes, the overall conclusion remains that water-related impacts and risks are currently low. Basin regulatory risks were assessed as very low for both sites, reflecting limited operational exposure to water permitting or discharge constraints. Basin reputational risks were also assessed as low overall, with Oslo scoring higher than Stockholm/Kista due to greater site visibility, while Stockholm/Kista remains very low due to negligible water use and low public scrutiny.

Operational risks were assessed as very low to low across both sites. Physical risks related to water scarcity or extreme weather events (including flooding) are considered limited due to low reliance on water as a critical operational input. Regulatory risks are considered low in Oslo and very low in Stockholm/Kista, reflecting slight variation in local regulatory exposure. Operational reputational risks were assessed as very low for both sites due to efficient water use and limited potential for stakeholder conflict.

Based on the scenario analysis, Smartoptics will continue to monitor water-related risks through periodic review and will reassess materiality if operational conditions, site footprint, or regulatory requirements change. The water assessment strengthens our understanding of environmental resilience and supports continuous improvement in environmental governance and transparency.

| | 2025 | 2024 |
|----------------------------|------|------|
| Water Usage m ³ | 659 | 199 |

CIRCULAR ECONOMY & WASTE

| | 2025 | 2024 |
|--------------------------|------|------|
| Total waste tons | 46 | 45 |
| Of which Biodegradable | 0.5 | 0.7 |
| Of which WEEE | 0.2 | 0.2 |
| Of which Actual recycled | 32 | 21 |

Total waste generated in 2025 amounted to 46 tons, which is broadly consistent with 2024 (45 tons). The stable waste volume indicates that overall waste generation has not increased proportionally with business activity.

Biodegradable waste decreased from 0.7 tons in 2024 to 0.5 tons in 2025, reflecting minor variation in waste composition. Waste Electrical and Electronic Equipment (WEEE) remained stable at 0.23 tons (2024: 0.24 tons), indicating consistent handling of electronic waste streams.

The most significant development in 2025 is the increase in actual recycled waste, which rose from 21 tons in 2024 to 32 tons in 2025. This represents a substantial improvement in waste diversion from disposal and indicates strengthened sorting procedures, improved waste segregation at source, and enhanced collaboration with waste management providers.

As a result, the company’s overall recycling performance improved in 2025 compared to the previous year. This development supports Smartoptics’ objective of increasing circular resource flows and reducing residual waste in line with ESRS E5 requirements on resource use and circular economy.

Waste generation remains operational in nature and is not currently identified as a material environmental impact relative to the company’s overall emissions profile. However, continuous monitoring and improvement of recycling performance remain part of the company’s environmental management system.

4. SOCIAL INFORMATION (S)

Smartoptics is committed to fostering a safe, inclusive, and supportive workplace for all employees. Our approach to workforce management is guided by internationally recognized standards and internal policies that promote employee well-being, equal opportunities, and respect for human rights. In 2025, Smartoptics successfully completed the re-certification of its ISO 45001:2023 occupational health and safety management system, demonstrating the company's continued commitment to systematic health and safety management, risk prevention, and continuous improvement in workplace conditions. The certification supports systematic risk identification, workplace safety management, and continuous improvement of health and safety practices across the organization.

Our social responsibility framework is supported by a set of formal policies that guide employee-related practices. These include our Code of Conduct, Equality and Diversity Policy, and Work Environment Policy, which together address key topics such as human rights, non-discrimination, diversity, inclusion, employee well-being, and data privacy.

The Code of Conduct serves as a central governance instrument and establishes clear expectations for ethical behavior, respect, and professional conduct across the organization. All policies are formally approved by management, communicated internally, and integrated into the onboarding process for new employees. To ensure continued relevance and alignment with company values and regulatory expectations, policies are reviewed annually in accordance with the company's management systems under ISO 45001 and ISO 9001.

SWEDEN'S TOP 25 WITHIN IT GREAT PLACE TO WORK

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Smartoptics places strong emphasis on employee engagement and workplace culture. In 2025, the company maintained its Great Place to Work certification, reflecting continued positive employee feedback and high levels of organizational trust. In addition to maintaining the certification, Smartoptics was recognized as Great Place to Work Achievers – Sweden’s Top 25 IT workplaces, highlighting the company’s strong workplace culture and employee satisfaction within the Swedish technology sector.

The Great Place to Work certification process includes an independent employee survey, which provides insights into employee perceptions of trust, leadership, workplace culture, and organizational practices. The results are used internally to identify strengths and improvement areas and to guide initiatives aimed at strengthening employee engagement and workplace well-being. This recognition reflects the company’s ongoing efforts to create a workplace environment characterized by transparency, collaboration, and professional development opportunities. Employee feedback remains an important input to the company’s continuous improvement processes.

OWN WORKFORCE

Smartoptics continues to focus on building a fair and inclusive workplace that supports professional development, diversity, and employee well-being. The company actively promotes equal opportunities and strives to create an environment where employees can develop their skills, contribute to innovation, and feel valued within the organization.

EMPLOYEE COMPOSITION

The table below presents the composition of Smartoptics’ workforce by gender, age group, and seniority across organizational levels. These disclosures are provided in accordance with the requirements of ESRS S1 relating to workforce characteristics, diversity, and employee distribution.

In 2025, Smartoptics employed a total of 118 employees across the Board of Directors, executive management, non-executive management, and individual contributor roles. The workforce structure reflects the operational profile of a technology and telecommunications company, where a large share of employees are technical specialists and engineers.

From a gender perspective, the workforce remains male dominated, which is consistent with broader industry trends within the telecommunications and optical networking sector. Of the total workforce, 32 employees are female and 86 are male. Female representation is present at several organizational levels, including the Board of Directors, where one of the three board members is female. In executive management roles, representation remains limited, and the majority of female employees are currently represented within individual contributor positions.

Smartoptics recognizes that improving gender balance remains an important area of development. The company continues to promote equal opportunity recruitment practices and inclusive workplace policies aimed at increasing female representation over time. Measures include gender-neutral recruitment processes, ensuring diverse candidate pools in hiring procedures, inclusive job descriptions, and promoting a workplace culture that supports equal career development opportunities for all employees.

The age distribution shows that most employees fall within the 30–49 age group, which represents the core operational and technical workforce of the company. Employees aged 50 and above also account for a significant portion of the workforce, reflecting the presence of experienced professionals and strong technical expertise within the organization. At the same time, the presence of employees under the age of 30 indicates continued recruitment of early-career professionals, contributing to generational diversity within the workforce.

| | Gender | | Age | | | 2023 | | | |
|--------------------------|------------|-----------|-----------|-----------|-----------|--------------|-----------|-----------|-----------|
| | Male | Female | Under 30 | 30-49 | 50+ | Under 1 Year | 1-2 Years | 3-4 Years | 5+ Years |
| Board of Directors | 2 | 1 | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| Executive Management | 7 | 0 | 0 | 2 | 5 | 1 | 2 | 1 | 3 |
| Non-Executive Management | 11 | 2 | 0 | 6 | 7 | 1 | 1 | 2 | 9 |
| Individual Contributor | 98 | 29 | 17 | 63 | 47 | 21 | 35 | 38 | 33 |
| Total | 118 | 32 | 17 | 71 | 62 | 24 | 38 | 41 | 48 |

Seniority data indicates a balanced workforce structure combining long-tenured employees with more recently recruited staff. A large share of employees have been with the company for more than five years, demonstrating workforce stability and retention. At the same time, employees with shorter tenure reflect ongoing recruitment and workforce expansion as the company continues to grow.

Employee turnover during the reporting year remained at a moderate level and reflects normal workforce mobility within a growing organization. Turnover is monitored as part of Smartoptics’ human capital management practices, and insights from employee exits and internal feedback are used to support continuous improvement in workplace culture, employee engagement, and retention initiatives. Overall, the workforce profile demonstrates a stable and growing organization with a strong base of experienced employees complemented by the recruitment of new talent. Smartoptics continues to monitor workforce composition, diversity, and employee development as part of its sustainability and governance framework, with the objective of strengthening inclusion and long-term workforce sustainability across the organization.

HEALTH AND SAFETY

Employee health and safety remain a key priority for Smartoptics. The company maintains a certified occupational health and safety management system under ISO 45001:2023. The system supports structured risk assessments, preventive safety measures, and continuous monitoring of workplace conditions.

Health and safety representatives and internal reporting channels allow employees to raise concerns and contribute to improvements in the working environment. The company continues to focus on maintaining a safe workplace while promoting employee well-being and work-life balance.

| | 2025 |
|---|------|
| Number of reported work-related sick leaves | 0 |
| Number of fatal occupational injuries | 0 |
| Lost time injuries | 0 |
| Number of reported discrimination cases | 0 |

The table above presents key indicators related to employee health, safety, and workplace conduct in accordance with ESRS S1 disclosures.

During the reporting year, Smartoptics recorded zero work-related sick leave cases, no fatal occupational injuries, and no lost-time injuries. This reflects the company’s continued focus on maintaining a safe working environment through its certified occupational health and safety management system under ISO 45001. The nature of Smartoptics’ operations, which are primarily office-based and knowledge-driven, contributes to a relatively low exposure to physical workplace risks. Nevertheless, risk assessments and preventive safety measures remain an integral part of the company’s health and safety management practices.

In addition, no cases of discrimination were reported during the reporting period. Smartoptics maintains a zero-tolerance policy toward discrimination, harassment, and other forms of inappropriate workplace behavior. Employees are encouraged to raise concerns through internal reporting channels, including management, HR representatives, and whistleblowing mechanisms. The absence of reported incidents indicates a stable and safe working environment during the reporting period. Smartoptics remains committed to maintaining high standards of employee well-being, workplace safety, and equal treatment across the organization.

ESRS S1 MINIMUM DISCLOSURE – OWN WORKFORCE

Actions taken (MDR-A):

In 2025, Smartoptics continued to strengthen its approach to employee well-being, workplace safety, and inclusive working conditions. The company maintained its recertification under ISO 45001:2023 for occupational health and safety, confirming that structured health and safety management systems remain fully implemented. Annual HSE reviews, internal audits, and risk assessments are conducted to ensure that workplace conditions remain safe and compliant with internal standards and regulatory requirements. The reporting year recorded zero work-related sick leave cases, zero fatal occupational injuries, and zero lost-time injuries. In addition, no discrimination cases were reported. These results reflect the company’s continued focus on preventive safety management, transparent reporting mechanisms, and a workplace culture based on mutual respect and equal treatment.

Smartoptics also continued to invest in employee engagement and workplace culture initiatives. During the year the company was recognized as a Great Place to Work Achiever and ranked among Sweden’s Top 25 IT workplaces, reflecting high employee trust and satisfaction. Employee feedback and internal engagement surveys remain an important source of information for improving working conditions and organizational development.

Policies in place (MDR-P):

Smartoptics' approach to workforce management is supported by a set of formally adopted and annually reviewed policies. These include the Code of Conduct, Equality and Diversity Policy, Work Environment Policy, and Health, Safety and Environment (HSE) Policy. Together, these policies establish the company's commitments relating to human rights, non-discrimination, diversity and inclusion, workplace safety, employee privacy, and fair treatment.

All policies are communicated to employees through internal documentation and onboarding processes. New employees are introduced to these policies as part of their onboarding program, and updates are communicated internally when revisions are made. The policies are reviewed regularly in accordance with the company's certified management systems and governance framework.

Targets set (MDR-T):

Smartoptics maintains operational targets related to employee health, safety, and workplace development. The company aims to maintain zero lost-time injuries and a safe working environment through preventive health and safety practices. Monitoring of workforce indicators, including gender distribution, age structure, and seniority levels, supports the company's objective of maintaining a diverse and sustainable workforce.

Smartoptics also continues to work toward improving gender representation across the organization, particularly in technical and leadership roles where gender imbalance remains common across the industry. Inclusive recruitment practices, equal opportunity policies, and internal career development initiatives are used to support this objective. Annual reviews of workforce indicators and employee feedback help ensure that workforce management practices remain aligned with both operational priorities and sustainability.

CONFLICT MINERALS

Tin, tantalum, tungsten, and gold (commonly referred to as 3TG minerals) are essential components used in many electronic products. However, the extraction and trade of these minerals have historically been linked to significant human rights concerns, including forced labor, child labor, unsafe working conditions, and the financing of armed conflicts in certain regions.

Smartoptics is committed to responsible sourcing and compliance with applicable international regulations, including the Conflict Minerals Act and related due diligence frameworks. To support this commitment,

Smartoptics has established a Conflict Minerals Policy that outlines expectations for responsible mineral sourcing across the supply chain.

As part of its supplier management processes, Smartoptics conducts supplier assessments and third-party verifications of key suppliers to identify and mitigate risks related to conflict minerals. Suppliers are expected to provide transparency regarding the origin of minerals used in components supplied to Smartoptics and to demonstrate alignment with internationally recognized responsible sourcing standards.

Through these measures, Smartoptics aims to reduce the risk of contributing to human rights abuses or conflict financing while promoting transparency and accountability within its global supply chain. Responsible mineral sourcing forms an important component of the company's broader sustainability and supplier governance framework.

HUMAN RIGHTS

Respect for human rights is a fundamental principle guiding Smartoptics' business operations and relationships with suppliers and partners. The company has adopted a Human Rights Policy that reflects its commitment to internationally recognized human rights standards and responsible business conduct.

The Human Rights Policy sets out Smartoptics' expectations regarding fair working conditions, non-discrimination, respect for labor rights, and the prohibition of forced labor and child labor. These commitments apply both to the company's own operations and to its value chain.

Human rights considerations are integrated into Smartoptics' procurement and supplier management processes. Suppliers are expected to comply with the company's Business Partner Code of Conduct, which includes requirements related to labor rights, ethical conduct, and responsible business practices. Supplier assessments and ongoing supplier engagement are used to evaluate working conditions and support compliance with these standards.

Smartoptics also conducts internal reviews of labor and human rights-related policies and procedures to identify opportunities for improvement. These efforts contribute to strengthening due diligence and improving transparency in relation to labor and human rights matters within the company's operations and supply chain.

The company's approach is aligned with internationally recognized frameworks, including the principles of the UN Global Compact, which address human rights,

labour standards, environmental responsibility, and anti-corruption. Through these commitments, Smartoptics aims to support responsible supply chain practices and promote respect for human rights across its business activities.

ESRS S2 MINIMUM DISCLOSURE – WORKERS IN THE VALUE CHAIN

Actions taken (MDR-A):

In 2025, Smartoptics continued to strengthen its oversight of labor conditions and responsible business practices across its value chain. The company operates a structured supplier qualification and assessment program that evaluates suppliers against key sustainability criteria, including working conditions, human rights, occupational health and safety, and ethical business conduct.

Supplier assessments are conducted as part of the supplier onboarding process and periodically during the supplier relationship. These assessments help identify potential risks related to labor standards and working conditions. Suppliers are categorized according to their risk profile and strategic importance, enabling Smartoptics to apply a risk-based monitoring approach and prioritize engagement where potential risks may be higher.

Supplier engagement activities, including supplier reviews and selected on-site visits, continued during the reporting year. These visits are used to review corporate social responsibility (CSR) practices, working conditions, and compliance with Smartoptics' expectations. The visits also support dialogue with suppliers regarding continuous improvement in areas such as labor practices, workplace safety, and ethical sourcing.

Smartoptics maintains reporting channels that allow concerns related to unethical conduct, labor practices, or compliance matters to be raised confidentially. These channels are available to employees and business partners and support transparency and accountability within the supply chain.

Risk identification in the value chain

Smartoptics recognizes that potential risks related to labor conditions and human rights may arise primarily within upstream supply chains, particularly among component manufacturers and raw material suppliers operating in global electronics supply chains. These risks may include working conditions, labor rights violations, or insufficient health and safety practices.

To address these risks, Smartoptics performs supplier assessments, reviews supplier documentation, and

evaluates supplier compliance with internal policies and international standards. The company uses a risk-based approach that prioritizes suppliers based on factors such as geographic exposure, supplier criticality, and product category.

Remediation and follow-up processes

When potential non-compliance or risks are identified, Smartoptics engages directly with the supplier to clarify the issue and request corrective actions. Follow-up actions may include additional supplier assessments, documentation reviews, or further engagement to verify that appropriate improvements have been implemented.

Where necessary, suppliers may be required to implement corrective action plans to address identified gaps in labor practices, working conditions, or compliance with the Business Partner Code of Conduct. Smartoptics aims to work collaboratively with suppliers to improve practices, while maintaining the expectation that suppliers comply with the company's ethical standards and regulatory requirements.

Policies in place (MDR-P):

Smartoptics' expectations toward suppliers are defined in the Business Partner Code of Conduct, which establishes requirements related to labor rights, fair working conditions, occupational health and safety, non-discrimination, environmental responsibility, and ethical business conduct.

The company also maintains policies addressing conflict minerals sourcing and human rights, reinforcing its commitment to responsible sourcing and transparency within the supply chain. These policies are communicated to suppliers as part of the supplier onboarding process and contractual agreements. Supplier risk assessments and CSR assessments are integrated into procurement processes and monitored regularly. Through these procedures, Smartoptics seeks to identify potential risks early and promote continuous improvement in supplier practices.

Targets set (MDR-T):

Smartoptics aims to ensure that all active key suppliers are screened through its supplier qualification and CSR assessment framework. The company applies a risk-based approach to supplier monitoring, with high-risk or strategically important suppliers subject to enhanced engagement and follow-up.

Suppliers are expected to comply with Smartoptics' Business Partner Code of Conduct and provide relevant documentation supporting responsible labor practices

and ethical sourcing. Where relevant, suppliers are also requested to provide information related to the sourcing of minerals used in electronic components to support conflict minerals compliance. Through these measures, Smartoptics aims to strengthen transparency in the supply chain, improve oversight of labor and human rights conditions, and promote responsible business conduct among suppliers and partners.

CUSTOMERS AND END-USERS

| | 2025 | 2024 |
|--------------------------|------|------|
| Net promoter score (NPS) | 85 | 86 |

Customers are one of Smartoptics’ most important stakeholder groups and maintaining transparent and efficient communication throughout the customer relationship is essential to the company’s operations. Smartoptics therefore maintains structured processes for customer engagement, sales interaction, order coordination, and after-sales support.

Customer engagement begins with the sales organization, which works closely with customers to understand technical requirements, network architecture needs, and long-term infrastructure planning. The sales team acts as the primary commercial interface with customers and supports them throughout the solution design and procurement process. Through ongoing dialogue with customers and industry partners, the sales organization also gathers insights that contributes to improved processes.

Customer coordination teams manage the operational relationship with customers. These teams are responsible for processing purchase orders (POs), coordinating deliveries, managing order confirmations, and ensuring that customers receive timely information regarding product availability, delivery schedules, and logistics. Customer coordinators act as the central communication hub between customers and internal departments.

This coordination role is critical to maintaining transparency and efficiency in customer interactions. Customer coordinators support customers throughout the order lifecycle, providing updates, managing documentation, and facilitating communication between Smartoptics and the customer’s operational teams. By ensuring clear and structured communication, Smartoptics aims to provide a reliable and responsive customer experience.

Technical troubleshooting and operational network support are handled separately by the Technical

Assistance Center (TAC). The TAC team provides specialized technical expertise and works directly with customers to diagnose and resolve technical issues related to product performance or network operations. This separation of responsibilities ensures that customers receive both efficient operational coordination and expert technical support when required.

Smartoptics also continuously monitors customer satisfaction through structured feedback mechanisms. The annual customer satisfaction survey and Net Promoter Score (NPS) provide insights into customer perceptions of product quality, service performance, and overall experience. Results are reviewed internally and used to improve internal processes, service responsiveness, and product development.

In addition, Smartoptics has strengthened internal processes for tracking customer interactions, service requests, and delivery performance. These processes allow the company to identify improvement areas, enhance response times, and maintain high service standards across customer-facing functions.

Sustainability considerations are increasingly important for customers in the telecommunications and infrastructure sectors. Smartoptics therefore integrates sustainability considerations across its product lifecycle, including responsible sourcing of components, product reliability, and lifecycle management. Customer support teams encourage repair and reuse of equipment where possible to extend product lifetimes and reduce electronic waste

By combining strong sales engagement, structured customer coordination, specialized technical support, and continuous feedback mechanisms, Smartoptics aims to deliver a reliable and transparent customer experience while supporting customers in the deployment and operation of efficient network infrastructure.

ESRS S4 MINIMUM DISCLOSURE – CUSTOMERS AND END-USERS

Actions taken (MDR-A):

Smartoptics maintains structured processes for customer engagement, communication, and service delivery across sales, customer coordination, and technical support functions. Sales teams work closely with customers to understand network requirements and solution specifications, while customer coordination teams manage operational interactions such as purchase order processing, order confirmations, delivery coordination, and

customer communication throughout the order lifecycle. Technical issues and network-related troubleshooting are handled by the Technical Assistance Center (TAC), which provides specialized technical support to ensure reliable product performance and efficient resolution of customer issues.

Customer satisfaction is monitored through annual customer satisfaction surveys and Net Promoter Score (NPS) measurements. Feedback collected through these mechanisms is reviewed internally and used to improve products, services, and operational processes. Internal systems also track customer interactions, service requests, and delivery performance in order to identify improvement opportunities and maintain high service standards.

In addition, Smartoptics promotes sustainable product lifecycle practices by encouraging repair, maintenance, and reuse of equipment wherever possible. This approach helps extend product lifetimes and reduce electronic waste.

Policies in place (MDR-P):

Smartoptics' customer engagement and service activities are guided by internal policies and management systems designed to ensure product quality, responsible business practices, and transparent customer communication. The company operates under certified quality management systems in accordance with ISO 9001, which support structured processes for product development, delivery, and customer service.

The company's Code of Conduct and internal governance policies also support responsible business behavior in customer relationships, including commitments to transparency, ethical conduct, and regulatory compliance.

Targets set (MDR-T):

Smartoptics aims to maintain a high level of customer satisfaction as measured through its Net Promoter Score (NPS) and customer satisfaction surveys. Continuous improvement of service quality, response times, and operational coordination remains an ongoing objective.

The company also seeks to strengthen customer engagement through improved communication processes, efficient order coordination, and reliable technical support. These measures support long-term customer relationships and contribute to maintaining Smartoptics' reputation as a trusted partner in the telecommunications sector.



5. GOVERNANCE INFORMATION (G)

Smartoptics has implemented an anti-corruption and anti-bribery framework supported by internal policies, governance procedures, and employee awareness initiatives. Employees are expected to follow these guidelines and report any suspected misconduct through internal reporting channels. A whistleblowing mechanism is available to employees and stakeholders, enabling confidential reporting of potential violations and supporting transparency and accountability.

As part of its broader compliance framework, Smartoptics also maintains procedures to ensure adherence to international sanctions regimes, anti-money laundering (AML) principles, and export control regulations. The company has implemented internal screening and due diligence procedures designed to prevent business relationships with sanctioned individuals, entities, or countries. These procedures include the monitoring of applicable sanctions lists, review of counterparties during customer and supplier onboarding, and internal escalation processes if potential compliance risks are identified.

Compliance with sanctions and AML-related requirements is integrated into the company's governance and risk management framework. Employees involved in sales, procurement, and customer engagement are expected to follow internal procedures to ensure that transactions and partnerships comply with applicable regulatory restrictions. Where necessary, additional verification steps are conducted to ensure that Smartoptics' operations remain aligned with international trade regulations and financial compliance requirements.

Through these measures, Smartoptics aims to prevent unethical business practices, mitigate regulatory risks, and ensure that its operations remain compliant with evolving international compliance standards.

Smartoptics is committed to complying with international, national, and industry-specific regulations governing its operations. This includes regulations related to environmental standards, labor practices, product compliance, trade controls, and corporate governance.

The company operates a structured compliance framework that monitors regulatory developments and ensures that internal procedures remain aligned with evolving legal requirements. Compliance monitoring is integrated into operational processes and supported by internal reviews and risk assessments.

Smartoptics also maintains ESG and CSR due diligence processes designed to identify and manage risks related to environmental, social, and governance topics. These processes support responsible business conduct and ensure that sustainability considerations are embedded within operational decision-making.

Given the dynamic regulatory environment affecting global technology and telecommunications markets, Smartoptics continuously monitors geopolitical developments and sanctions regimes. The company maintains internal processes that allow it to respond efficiently to regulatory changes while minimizing operational disruption.

By embedding ethical conduct, regulatory compliance, and information security into its governance framework, Smartoptics seeks to maintain strong stakeholder trust, protect its operational assets, and support sustainable long-term business performance.

INFORMATION SECURITY AND DATA PROTECTION

Information security is a critical aspect of Smartoptics' operations and governance framework. Protecting company information, customer data, and intellectual property is essential for maintaining trust with customers, partners, and other stakeholders.

Smartoptics has strengthened its Information Security Policy, which establishes clear requirements for the protection, handling, and management of sensitive information and digital assets. The policy defines responsibilities for employees and provides guidance on secure data management, access control, and information handling practices.

To further strengthen its governance framework, Smartoptics has initiated its journey toward ISO 27001 certification, the international standard for information security management systems. As part of this process, the company is developing structured controls and procedures for information security risk management, asset protection, and continuous monitoring of potential cybersecurity threats.

Information security measures are also closely linked to customer requirements, particularly within the telecommunications sector where customers expect high standards of data protection, operational security, and network reliability. Smartoptics works to ensure that its internal systems and operational processes meet these expectations and support secure product deployment and network operations.

Protecting company assets is another key component of Smartoptics' security framework. This includes the protection of intellectual property, proprietary technology, operational data, and customer-related information. Access to sensitive systems and information is controlled through internal authorization procedures, and employees are required to follow established security protocols when handling company data or systems.

Smartoptics also maintains an Incident Response and Recovery Plan to ensure that potential cybersecurity incidents or data breaches can be managed efficiently. The plan defines roles, escalation procedures, and response actions designed to minimize operational disruption and protect critical systems and information.

ESRS G MINIMUM DISCLOSURE – GOVERNANCE, BUSINESS CONDUCT, AND COMPLIANCE

Actions taken (MDR-A):

Smartoptics maintains governance processes to ensure ethical business conduct and regulatory compliance across its operations. During the reporting year, the company continued to implement its anti-corruption and anti-bribery framework, which is embedded in the Smartoptics Code of Conduct. Employees are expected to follow these guidelines and may report suspected misconduct through internal reporting channels, including a confidential whistleblowing mechanism.

To ensure compliance with international regulations, Smartoptics has established procedures for monitoring and managing compliance with sanctions regimes, export control regulations, and anti-money laundering (AML) requirements. Screening and due diligence processes are applied when engaging with customers, suppliers, and business partners in order to prevent transactions involving sanctioned countries, entities, or individuals.

Smartoptics also strengthened its governance in relation to information security. The company enhanced its information security policies and controls and initiated its journey toward ISO 27001 certification. These measures are designed to improve risk management, protect company assets, and ensure secure handling of information and customer data.

Policies in place (MDR-P):

Smartoptics' governance framework is supported by several internal policies and procedures. These include the Code of Conduct, anti-corruption and anti-bribery policies, whistleblowing procedures, conflict-of-interest policies, and information security policies. These policies establish clear expectations for ethical conduct, responsible business practices, and regulatory compliance.

The company also maintains internal procedures related to sanctions compliance and AML considerations to ensure that business relationships and transactions comply with applicable international regulations. In addition, information security policies define responsibilities for protecting company systems, intellectual property, and customer data.

Targets set (MDR-T):

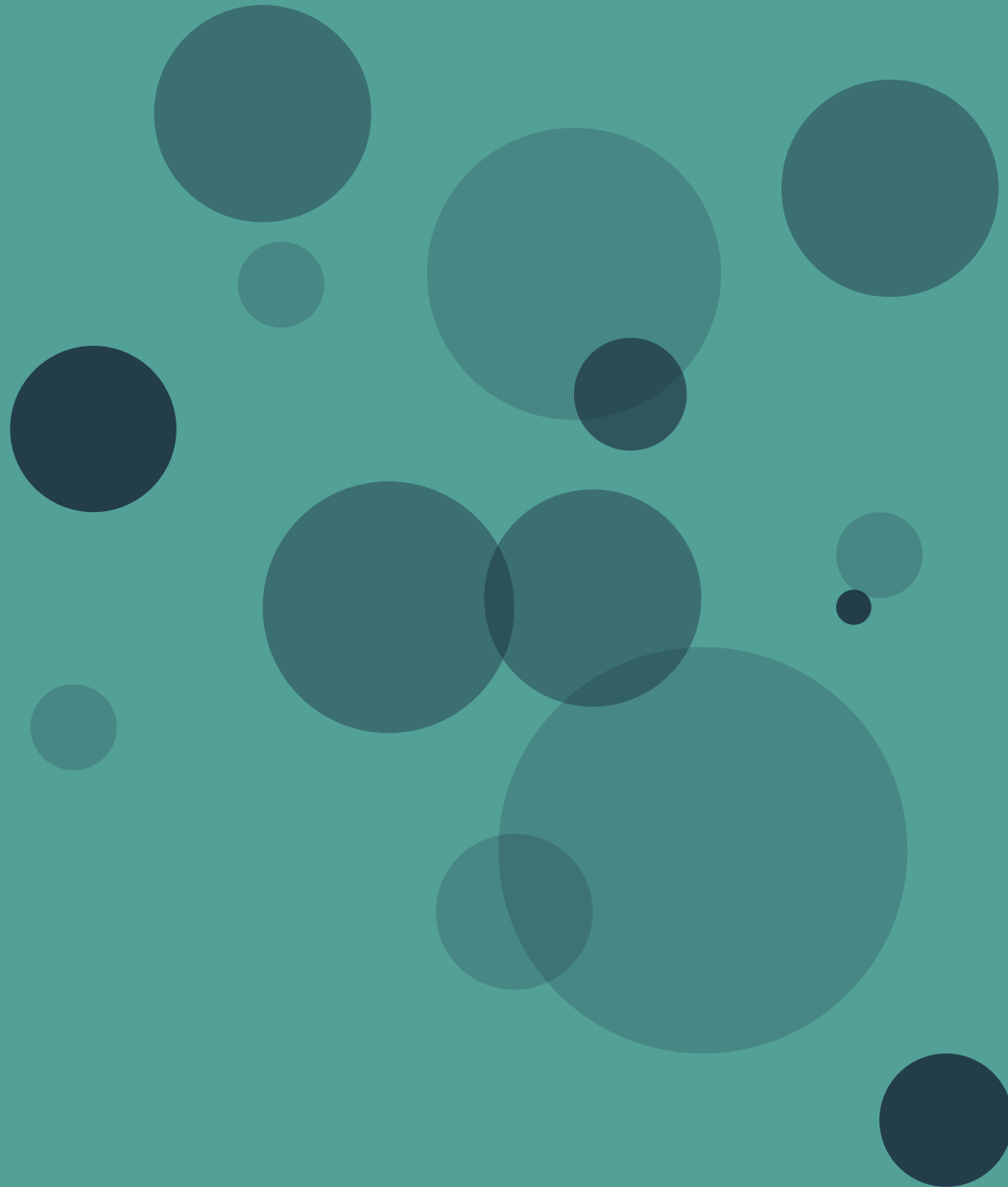
Smartoptics aims to maintain a strong governance framework that supports ethical conduct, regulatory compliance, and protection of company assets. The company's objectives include ensuring adherence to the Code of Conduct, maintaining effective internal reporting channels for potential misconduct, and strengthening internal controls related to sanctions compliance and regulatory monitoring.

As part of its governance development, Smartoptics is progressing toward alignment with ISO 27001 standards in order to further strengthen its information security management and protection of business-critical information.

OVERALL SUSTAINABILITY PERFORMANCE AND OUTLOOK

The 2025 reporting year represents an important step in Smartoptics' continued development of its sustainability framework and reporting practices. Compared to previous years, the company has further strengthened the completeness, transparency, and methodological robustness of its sustainability disclosures in alignment with the European Sustainability Reporting Standards (ESRS).

Smartoptics has continued to improve the quality and scope of its greenhouse gas accounting. The 2025 inventory includes a more structured categorization of Scope 3



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