

# Sustainability report

Financial year 2021/22





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# A message from our CEO

When I look back on the financial year 2021/22, I am proud to say that Rusta has continued to make considerable progress with regard to our sustainability-related commitments. I am also very proud of all of Rusta's great co-workers who have contributed to yet another year of success. At the same time, the world has changed around us. The global pandemic and the war in Ukraine have, together with financial instability and major disruptions in logistics flow and supply chain, led us to reevaluate and challenge truths that we may have taken for granted.

Sustainability considerations constitute an integral part of Rusta's business. As a leading low-price retailer in the Nordics, our operations are defined by resource-efficiency, as well as taking a broader responsibility throughout our value chain and in the societies where we operate. Both in regard to social, as well as environmental aspects. During the year, we updated our sustainability strategy with further emphasis on human rights, climate, and biodiversity. Reaching climate neutrality by 2045, in all scopes of the Greenhouse Gas Protocol, is one of the specific areas in the updated strategy.

We are also half-way to 2030 which is when the UN Global Sustainability Development goals are to be reached. At Rusta we are committed to align our operations and strategies to these goals as well as the Ten Principles of the UN Global Compact.

Rusta's sustainability-related work has been and will continue to be characterised by continuous improvements, all in line with our corporate vision to become Europe's leading and most trusted low-price retailer. During the financial year we have therefore seen considerable progress in several fields. The share of sustainability certified raw materials in our

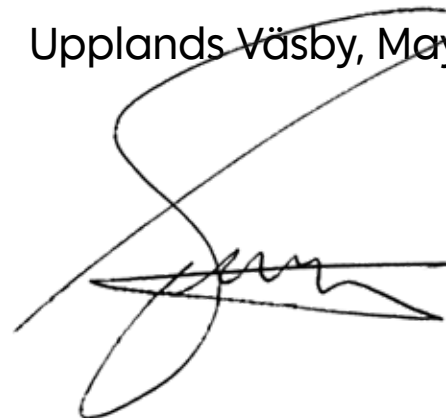
assortment continues to grow radically, so does the share of recycled materials. Meanwhile, our dedication to reducing unnecessary plastic in our products and packaging solutions remains.

During the financial year, our sustainability related activities have resulted in numerous accomplishments, including:

- Close to 16 000 pallets saved (equal to 260 containers and trucks)
- 24 million products sold without consumer packaging
- 25% of our container transports from port to our distribution center in Norrköping, is now electrically powered, saving about 13 000 kg of CO<sub>2</sub> emissions per year
- We decided that Rusta will become fully climate neutral until 2045

Rusta's sustainability journey continues and we are determined to lead the shift towards a more sustainability-focused approach in the low-price retail category, thereby contributing to changing the business in a positive direction.

Upplands Väsby, May 2022



Göran Westerberg  
CEO Rusta AB





# Highlights financial year 2021/22

Share of sustainably certified wood and paper products increased to **86%**

Share of BCI cotton increased to **96%**

Additionally **8** products were awarded verified quality and performance by Testfakta

Donated **1 MSEK** to UNHCR in support of the victims of war in Ukraine

**2 700 kg** virgin plastic saved on Rusta's soap bottles

**90 000 kg** virgin plastic saved on artificial plants

**243 000 kg** virgin plastic saved on outdoor cushions

**160 000 kg** of virgin plastic saved on packaging material

**4 300 kg** virgin plastic saved on outdoor pots

**15 578** pallets saved due to smarter packaging

Reduced defective customer returns by a further **11%**

Supplied **100** pallets of necessities to the victims of war in Ukraine

Increased our continuous donations to our partner Doctors Without Borders

Expanded our DC which means a total capacity of **365 000** pallets

Lowered our total climate impact with **3%**

Measured the climate impact of **10%** of our product range

Electrified transport from harbour to distribution center

**87%** response rate on our latest co-worker survey



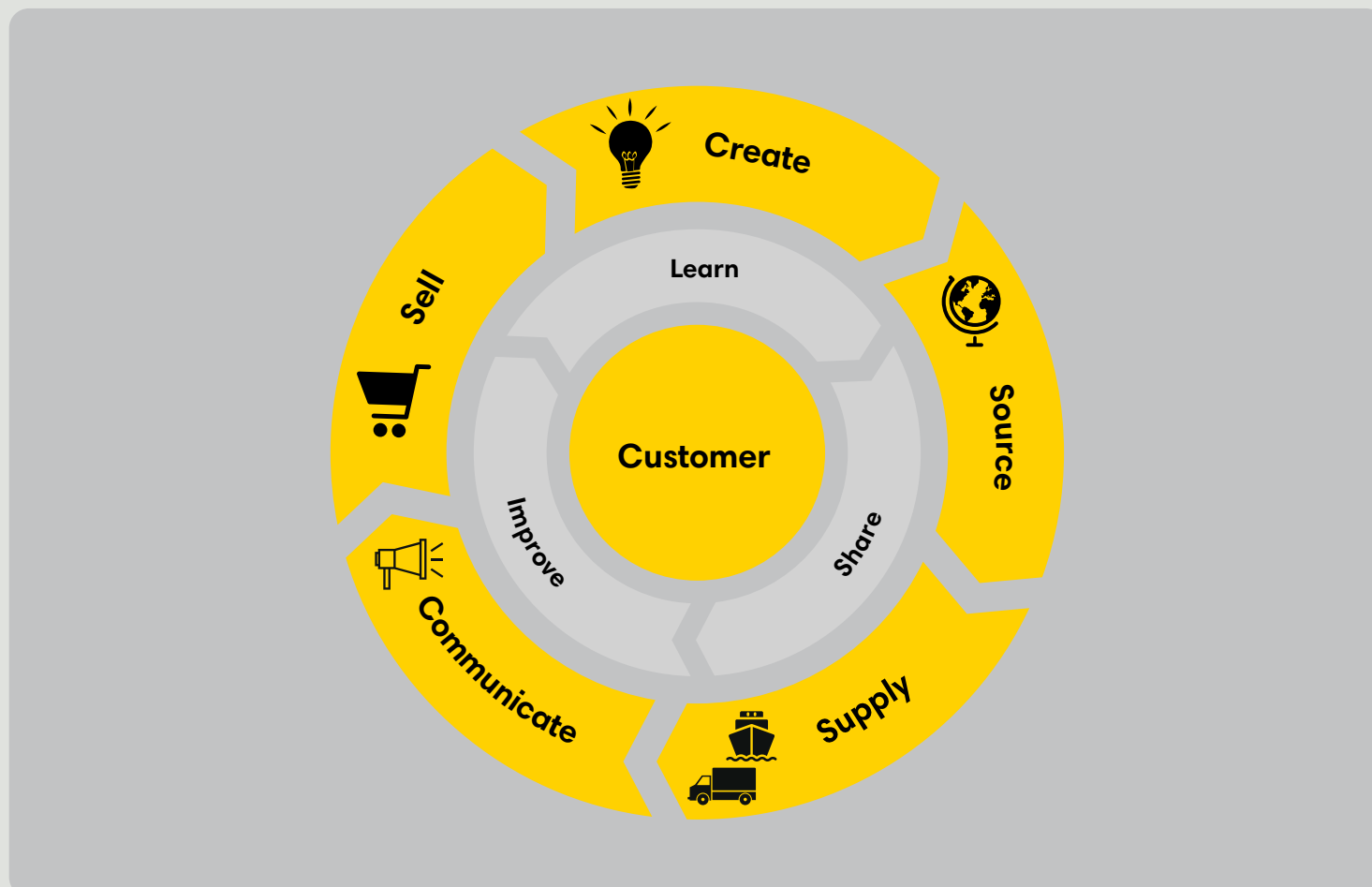
# About Rusta

## Operations

Rusta is a Swedish family-owned company founded in 1986. The Rusta Group currently has 3 996 co-workers in its 188 stores in Sweden, Norway, Finland and Germany as well as online sales.

## Business concept

Rusta's business model is based on uncomplicated operations, centralised purchasing without intermediaries and efficient logistics. Combined with our volume-based range and a clear customer offering, we are able to keep low prices – something that has been our driving force ever since it all began back in 1986. To visualise our business concept, we have created the Rusta wheel.



## Important events during the financial year

- Rusta opened new 15 stores during the financial year of 2021/22 and ended the year with a total of 188 (173) stores.
- Rusta closed the year with 3 996 (3 661) co-workers in seven countries
- Rusta group sales reached 9,407 (8,536) billion SEK
- Rusta's sustainability strategy from 2015 has been revised
- Rusta has decided to become climate neutral by 2030 (GHG scope 1 and 2) and 2045 (GHG scope 1, 2 and 3)
- The central warehouse in Norrköping was further expanded with one new building

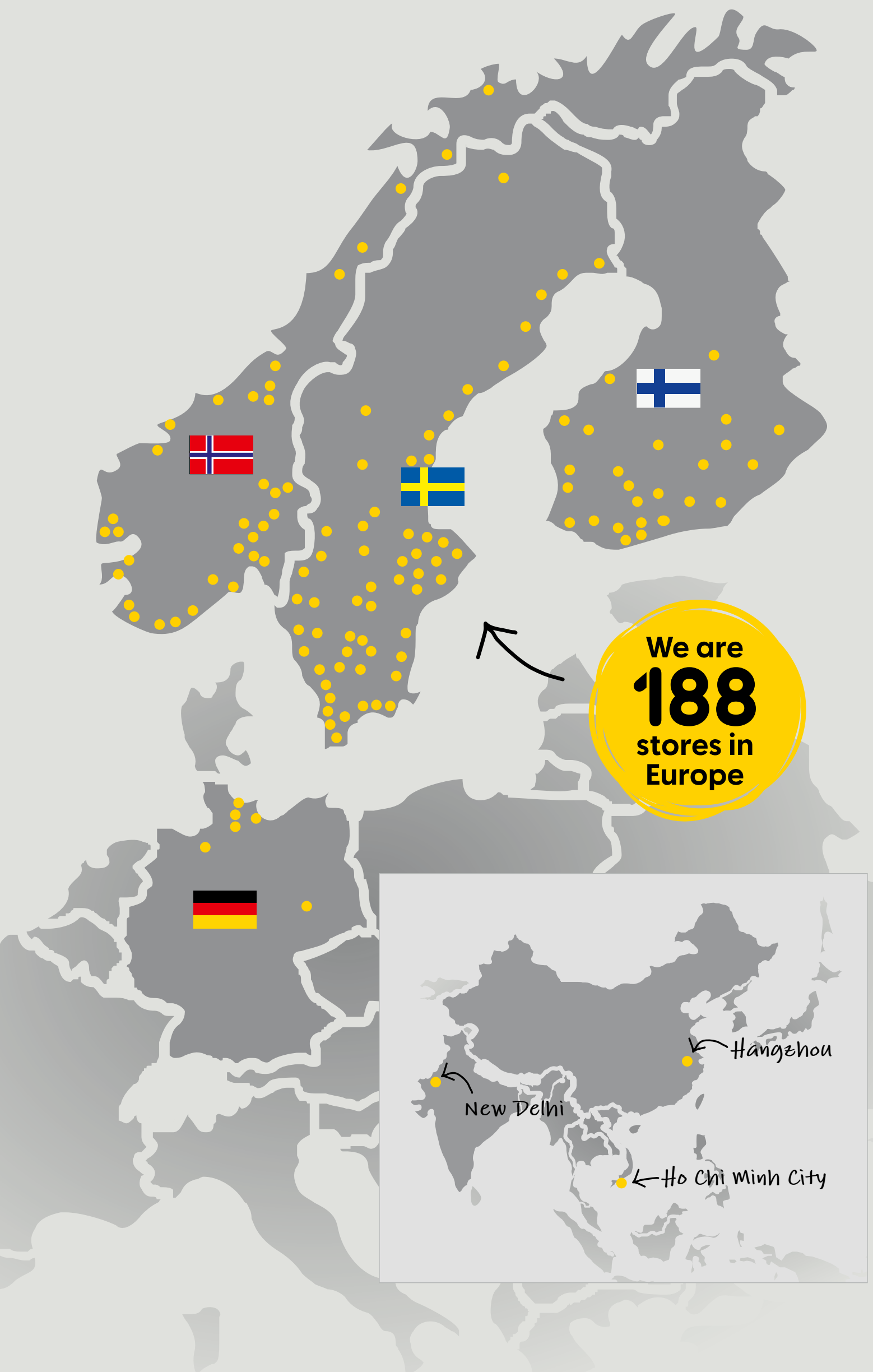
## Sourcing

Rusta values a local presence when it comes to purchasing. Therefore we have sourcing offices in Sweden, Finland, China, India, and Vietnam with 200 co-workers directly involved in Rusta's sourcing activities.

Various functions are involved, such as sourcing- and quality developers, supply planners, quality inspectors and other specialist functions. Our employees continuously monitor and control that Rusta's Code of Conduct is always being adhered to by our suppliers. This includes our sourcing staff having the right to, at any time, make unannounced visits to all factories producing goods for Rusta, to ensure compliance with our Code of Conduct. Furthermore, in accordance with our policy, Rusta staff must always visit a supplier before placing any order.

### Sourcing per local office/country

Country	Share
Sweden	61,7% (of which 70% are local sources)
China	31,0% (of which 99% are local sources)
India	5,4% (of which 77% are local sources)
Vietnam	1,9% (of which 98% are local sources)
<b>Total:</b>	<b>100% (of which 78% is local)</b>

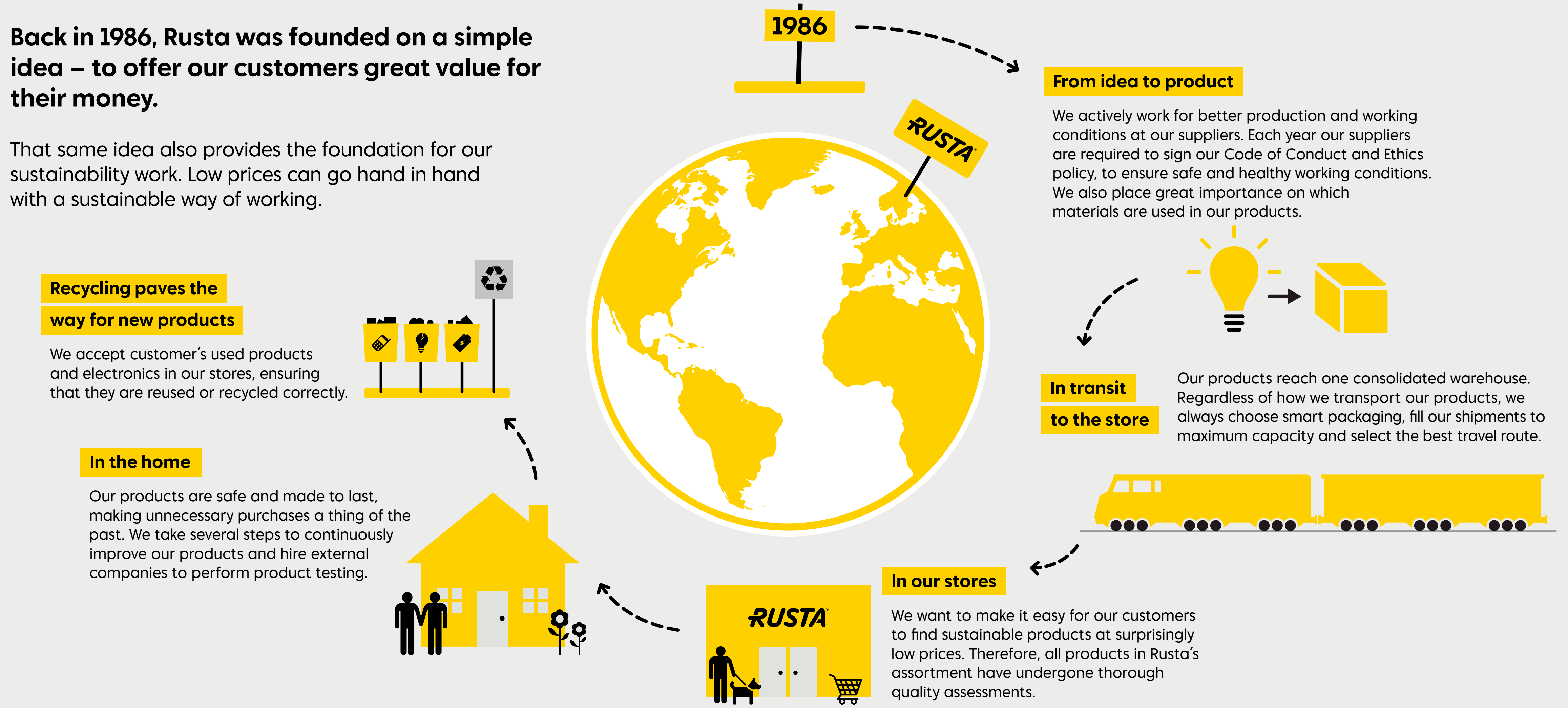




# Sustainable products for life at home

Back in 1986, Rusta was founded on a simple idea – to offer our customers great value for their money.

That same idea also provides the foundation for our sustainability work. Low prices can go hand in hand with a sustainable way of working.





# Sustainable choices

To make it easier for Rusta customers to make sustainable choices, we have widened our assortment of sustainability labelled products during the past year. We have also improved the sustainability marking on our products in all product areas.

Going forward, one important priority will be to ensure that our Rusta customers will find even more sustainable products to choose from.



## Svanen

Svanen is a Nordic eco-label which sets climate and environmental requirements as well as important requirements for function and quality standards



Bra Miljöval

## Bra Miljöval

Bra Miljöval is the Swedish Society for Nature Conservation's own ecolabel. The labeling's environmental requirements spans the product's entire life cycle all the way from raw materials to recycling.



## FSC

Forest Stewardship Council is an independent, international member organisation working towards a more responsible forestry that takes into account both people and the environment.



## BCI

Better Cotton Initiative is a nonprofit organization working towards a more sustainable global cotton industry, both from an environment and producer perspective.



## OEKO-TEX

OEKO-TEX products are tested throughout every step of the production process to verify that no form of hazardous substances is present in the product or in its production process.



## PEFC

The Programme for the Endorsement of Forest Certification is a global alliance of national forest certification systems, that promotes sustainable forest management through independent third-party certification.

PACKAGING  
made from



RECYCLED  
PLASTIC

## Rusta recycled marking

Rusta recycled marking shows the share of recycled material in our products and packaging..



# Good quality at the lowest price

At Rusta, great value for money means good quality at the lowest price. It also means that we actively work to ensure that our products are socially and environmentally sustainable. As a first step our products shall be better (have less negative impact) for the environment than comparable products on the market. Our long-term goal is to become climate neutral. Here are some examples of how we work in practice to integrate sustainability into our products.

## Sima throw



- Made of 100% recycled cotton
- Sold without consumer packaging

A throw available in several attractive executions and timeless design. Made of recycled material and sold without consumer packaging makes this the perfect Rusta product. It makes our customers happy, and it is better for the planet.

## Curtain Renée



- Sold without consumer packaging
- Made of 100% recycled polyester
- Labeled OEKO-TEX

At Rusta we strive to increase the share of recycled material in all our products. Curtain Renée is a great example of a more sustainable product and it goes hand in hand with Rusta's goal that 50% of the plastic we use shall be recycled or come from renewable sources by 2025.

## Wooden decking



- New unique construction without screws
- 100% FSC-certified wood
- We use all leftover material to produce other products

The less raw material, the more sustainable. Our wooden decking has a unique construction, entirely without metal screws. This way, we save millions of screws and all the emissions that these generate. In addition, the deckings are made out of sustainably grown wood that is certified in accordance with regulations laid out by the Forestry Stewardship Council (FSC).



# Make positive change

For Rusta, sustainability also means collaborating with several carefully selected organisations to contribute to a more sustainable, equal, and fair societal development.



## UN Global Compact

In 2018 Rusta joined the world's largest voluntary sustainability network for companies, the UN Global Compact, in order to take action and pave the way towards a more sustainable society. At Rusta we are committed to align our operations and strategies to the Ten Principles of the UN Global Compact. As a member of the UN Global Compact, Rusta undertakes to work on the basis of a number of guidelines intended to promote human rights, labour law, environmental- and sustainability work.



## Médecins Sans Frontières

Rusta has supported Doctors Without Borders since 2015 when 60 million people were in distress from war, famine and terror. Many employees at Rusta were eager to contribute with support and chose to involve in local initiatives. Together with the owners, a decision was made to donate SEK 1.5 million to Doctors Without Borders. It became the starting point for a long-term collaboration that stands today and has so far generated a contribution of more than SEK 10 million to the organisation.



## We stand with Ukraine

Since the outbreak of the war in Ukraine, Rusta has actively collaborated with several organisations to support the victims of this war. We unreservedly oppose the war started by the Russian government. Rusta assists and supports with both necessity products and with financial support for both small and large organisations. Rusta is also donating SEK 1 million to UNHCR as a contribution to the work carried out on site in Ukraine.



## No to PFAS

At Rusta we offer our customers safe and wholesome products. No to PFAS is a non-profit initiative whose purpose is to promote the transition from harmful chemicals to safer options for use in a wide range of product areas. Rusta joined this initiative in 2020 and we support the ban of PFAS.



”

## Step by step towards a more sustainable low-price retail sector

At Rusta, it should be easy to renew and refill at home, without having to compromise on our responsibility towards future generations. Resource efficiency enables us to offer our customers great products with less negative impact on people and the planet.

With a transparent and honest approach, we are determined to distinguish ourselves from the competition and lead the shift towards a more sustainability-focused low price retail category. Thereby we contribute to changing the business in a positive direction. In the following pages, we account for the many aspects of Rusta's sustainability work.



Jesper Bondesson  
Quality and Sustainability Manager Rusta AB



# Sustainable Development Goals

Rusta follows the 17 Sustainable Development Goals laid out by the United Nations. Since 2017 we have actively been aligning our agenda towards these. The goals are aimed at ensuring a more sustainable global future, mapping out important social, environmental, and economic aspects. For us, following the UN's 17 development goals means that we as a company must constantly reinvent what it means to become a more responsible retail group - all in order to continue integrating our sustainability related activities into our business logic.

At Rusta, we are aware that the various aspects of the UN's development goals are all interconnected. Being a retail group with activities spanning across the globe, our work both comprises and affects all the 17 goals laid out by the UN. This said, we have through careful analysis identified 11 goals that we deem influence our daily work more than others and paying extra attention to these.

## Our prioritised eleven Sustainable Development Goals:





# Sustainability strategy

For Rusta, sustainability means meeting the needs of today without compromising future generations ability to meet their needs. We aim to become the leading and most trusted low-price retailer in Europe. Our sustainability policy guides us and states our responsibility toward the societies in which we are active. We have defined four key areas of sustainability in which we aim to create long-term improvement.

## Products

### Safe, durable and fully functional products

**Current direction:**

- Safe and wholesome products for our customers
- Offer products designed for long lasting life and that can be repaired, reused and recycled
- Simplicity in design and construction to reduce climate footprint
- Develop smart packaging made of renewable or recycled resources

**Long-term direction:**

- Offer products for a more sustainable life
- Full knowledge and transparency on product content

## Social

### Together work for a better society wherever we do business

**Current direction:**

- Work actively for the respect and protection of human rights
- Together with suppliers continuously improve our Code of Conduct performance
- Responsible sourcing is a natural part of doing business
- Strengthen diversity, equality and inclusion in our company

**Long-term direction:**

- Secure animal welfare through the whole value chain
- Include people in socially vulnerable groups
- Partner with organisations that contribute to a better society

## Environment

### We are committed to care for the planet

**Current direction:**

- Rusta products impact the environment less than comparable products
- Natural raw materials that are legally harvested and certified
- We use non-hazardous chemicals
- Products are made of renewable or recycled materials and are constructed for recycling
- We use renewable energy and are energy efficient

**Long-term direction:**

- Rusta will become climate neutral by 2045 (GHG scope 1, 2, 3)
- We actively work for the protection and restoration of biodiversity

## Economic

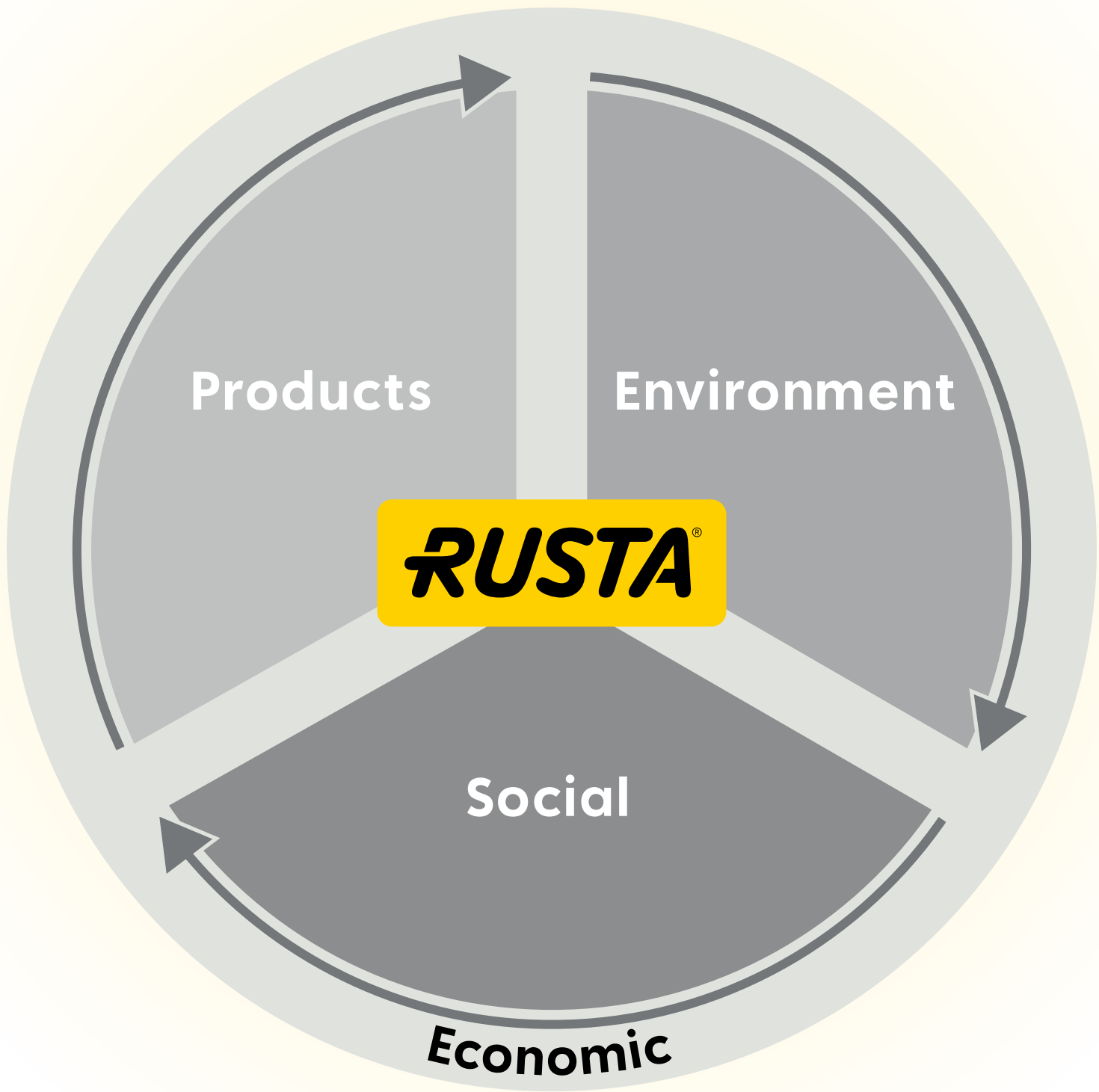
### Sustainable business leads to prosperity

**Current direction:**

- Offer our customers great value for money
- We have the courage to see past short-term profit to reach our long-term objectives
- Grow our business with partners that act sustainably
- Our business growth does not happen at the expense of human rights, the environment or poor working conditions

**Long-term direction:**

- Prove that low price companies can make sustainable business
- Business ethics with zero tolerance approach





# Stakeholder engagement

At Rusta, we have continuous and open dialogues with a wide array of stakeholders on sustainability topics. We evaluate and incorporate valuable insights from our stakeholders in our sustainability agenda. Grounded in our vision, our sustainability strategy and with trust in our internal competence, the stakeholder insights constitute an essential component in defining and outlining our priorities.

Bi-yearly, Rusta conducts a comprehensive stakeholder dialogue, which aims to add insights to the creation of our material aspects. During spring of 2022, Rusta carried out a materiality analysis in connection with our most recent stakeholder dialogue. This materiality analysis constitutes the foundation for identifying our significant sustainability areas. The stakeholder dialogue consisted of an internal and external survey. Further in-depth interviews and workshops together with the board of directors, the group management team, various functions, and co-workers from different parts of Rusta have been performed.

During the stakeholder dialogue, additional areas of interest and important subjects have been raised. These we have gathered and incorporated in various internal forums and action plans.



## Stakeholders

Customers	Suppliers	Co-workers	Group Management Team	Board of directors	Partners and society
<b>Who they are</b>					
During the financial year 2021/22 Rusta had approximately 60 million visits to our stores in Finland, Germany, Norway and Sweden. Our customers are driving and inspiring our daily sustainability work and are a key component to its success.	Rusta's suppliers represent an integral part of our business. In total we had 663 suppliers of goods during the financial year. Rusta is continuously putting ever higher demands on sustainability, adherence to our code of conduct, quality standards and delivery excellence. At Rusta we believe that close collaboration with our suppliers brings the best value for our customers and our business.	Our most valuable asset is our 3 996 Rusta co-workers. In our latest co-worker survey, a large majority of our co-workers have stated that Rusta is a good employer and would recommend working at Rusta to others. Our aim is to continuously improve the employee satisfaction and attract competent and motivated co-workers.	At Rusta, a leader shall engage and inspire co-workers by means of leading by example and serving as a good role model. Furthermore, the members of the management team have the responsibility to lead Rusta with pace and creativity, set ambitious goals and motivate co-workers.	A stable and dedicated Board of Directors lay out the overall direction for Rusta. The Board of Directors are engaged in the everyday activities and are one of the driving forces behind Rusta's sustainability strategy.	Rusta's business influences society, both on a local and global level. We closely follow the societal developments in the surrounding environment. We cooperate with numerous non-governmental organisations and maintain close contact with local and regional authorities in the locations where we conduct our business.
<b>How we communicate</b>					
We share information on our sustainability work in our 188 stores where we meet our customers on a daily basis. The Rusta homepage is an important communication channel for sharing our policies and work with quality and sustainability. Rusta marketing activities are executed through a broad media mix, including TV- and radio advertising, digital channels such as Rusta's loyalty program, social media, and on-line marketing.	Rusta believes in the importance of personal meetings to build mutual trust. Co-workers from our sourcing offices visit our suppliers regularly. We organise the yearly Rusta Supplier Day-event for building ties with our suppliers. Furthermore, we yearly communicate a sustainability update to our suppliers to ensure they are continuously informed on our evolving sustainability requirements. We also state our rules and guidelines in the Rusta Supplier Manual.	We arrange meetings on the topic of sustainability on all levels, functions, and departments at Rusta. Moreover, we strive to engage in continuous dialogue on quality and sustainability with co-workers in the course of our daily work. Additionally, we give regular sustainability updates in all relevant internal corporate forums.	The members of the management team all play an important role in their respective departments to ensure that relevant topics and issues are communicated continuously to all co-workers.	Rusta's flat organisational structure enables a rapid flow of information and makes us agile when moving forward in our sustainability work. The board of directors meet a minimum of six times per year. The board of directors is highly involved in the daily business decisions together with the Rusta teams.	Examples of these groups are local and regional authorities and Non-Governmental Organisations. We interact with these groups most often through personal meetings, phone, or email. All information on the Rusta homepage is available for the external partners and the surrounding society.

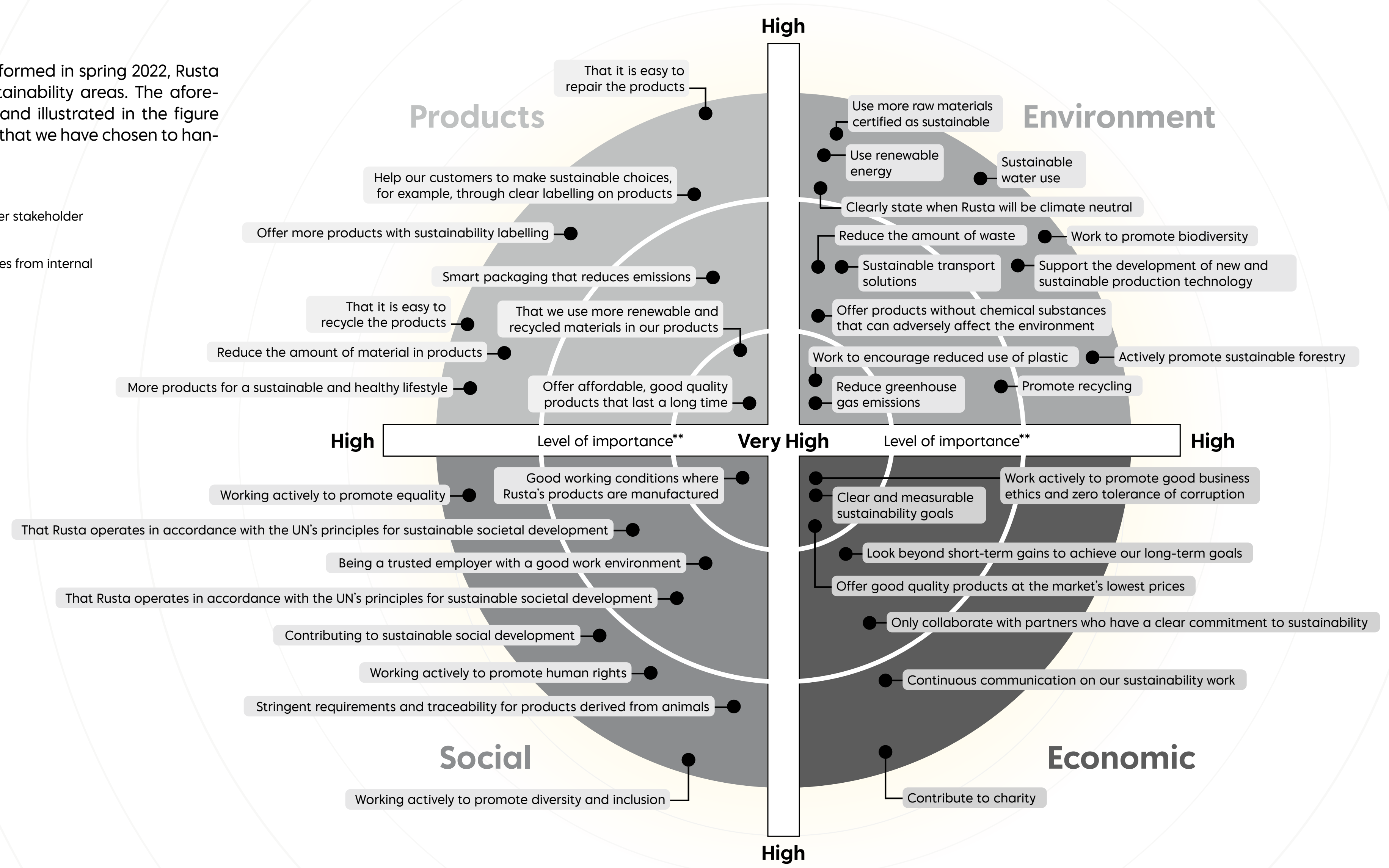


# Sustainability aspects

As a result of the stakeholder dialogue performed in spring 2022, Rusta has identified a number of prioritised sustainability areas. The aforementioned areas have been summarised and illustrated in the figure below. Additionally, there are further topics that we have chosen to handle separately\*.

\*More information about the most important aspects per stakeholder group can be found on pages 33-34

\*\*Level of importance according to aggregated responses from internal company interests and external stakeholders





# Materiality analysis

We continuously evaluate the impact, both positive and negative, on the environment, economy and on the society where we operate.

During spring of 2022, Rusta carried out a materiality analysis together with our most recent stakeholder dialogue. This materiality analysis constitutes the foundation for identifying our significant sustainability areas in order for us to further develop our business.

## Our approach

We identify and review topics based on analysis of external standards

and interest. Topics are prioritised based on how often they are raised by stakeholders and their significance of economic, environmental, and social impact, seeking input from internal and external stakeholders.

We continuously review and update our material aspects with key stakeholders, considering emerging challenges while remaining focused on delivering our sustainability strategy.

The materiality analysis in this report takes into consideration Rusta Group's sustainability strategy. The strategy has been elaborated on the basis of the United Nations' global sustainable development goals, the






principles of UN Global Compact, as well as the Paris agreement. We have combined the above with the input from the stakeholder dialogue.

By assessing the risks and potential impact, as well as the significance of these, we have identified and prioritised five material aspects, which constitutes the foundation for our sustainability work going forward. This means that the six material aspects, constituting our base during the previous two reporting periods, have been revised, consolidated, and renewed. Upon finalisation, the input and the output of the analysis has been approved by Rusta's group management.





# Identified material aspects

<p><b>Products</b></p> 	<p><b>Overarching goal</b> 20% less defective customer returns yearly</p>	<p><b>Aspect related topics</b></p> <ul style="list-style-type: none"> <li>Product quality</li> <li>Supplier Quality Evaluation</li> <li>Renewable and certified raw materials</li> <li>Product content and chemical substances</li> <li>Sustainable choices and markings</li> </ul>	<p><b>Boundaries*</b> Create, Source, Supply, Communicate, Sell Source Create, Source Create, Source Create, Communicate, Sell</p>
<p><b>Logistics and packaging</b></p> 	<p><b>Overarching goal</b> Reduce CO<sub>2</sub> emissions with more than 3% yearly, using alternative transportation modes and fuel. Eliminate consumer packaging on 25% of all Rusta products until 2026</p>	<p><b>Aspect related topics</b></p> <ul style="list-style-type: none"> <li>Pallet savings</li> <li>Distribution Center</li> <li>Distribution to stores</li> <li>Smart packaging</li> <li>Reduce packaging materials</li> </ul>	<p><b>Boundaries*</b> Create, Source, Supply Supply Supply, Sell Create, Source, Supply, Source, Supply,</p>
<p><b>Social responsibility</b></p> 	<p><b>Overarching goal</b> Increase the share of suppliers at level "Good" to 75% in accordance with the social requirements laid out in the Rusta Code of Conduct by 2023</p>	<p><b>Aspect related topics</b></p> <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Good working conditions where Rusta's products are manufactured</li> </ul>	<p><b>Boundaries*</b> Source, Supply, Sell Source Source, Sell Source</p>
<p><b>Trust</b></p> 	<p><b>Overarching goal</b> Internal: Yearly increase of coworker trust index External: Yearly increase in customer survey regarding perception of Rusta as a "reliable company"</p>	<p><b>Aspect related topics</b></p> <ul style="list-style-type: none"> <li>Employment, learning and development</li> <li>Business ethics</li> <li>Zero tolerance approach</li> <li>Whistleblower policy</li> </ul>	<p><b>Boundaries*</b> Create, Source, Supply, Communicate, Sell Source, Supply, Sell Source, Supply, Sell Create, Source, Supply, Communicate, Sell Create, Source, Supply, Communicate, Sell</p>
<p><b>Climate</b></p> 	<p><b>Overarching goal</b> Climate neutral by 2030 (GHG scope 1,2) Climate neutral by 2045 (GHG scope 1, 2, 3)</p>	<p><b>Aspect related topics</b></p> <ul style="list-style-type: none"> <li>Supplier environmental evaluation</li> <li>Greenhouse gas emissions</li> <li>Energy and fuel</li> <li>Promote recycling</li> </ul>	<p><b>Boundaries*</b> Source Create, Source, Supply, Communicate, Sell Create, Source, Supply, Sell Create, Source, Supply, Communicate, Sell</p>

\*The definition of the boundaries refers to the Rusta wheel, shown on page 4



# Products



## Product quality

Rusta’s product quality vision is to offer all customers products they perceive as being “Great value for money”. This means the customer’s perceived value of the product in relation to its price.

The quality strategy that Rusta set out in 2011 includes:

- Customer focus
- Clear goals and Key Performance Indicators (KPI:s)
- A systematic sustainability approach
- Continuous improvements
- Minimum quality definition: Safe, durable (more than three years) and fully functional

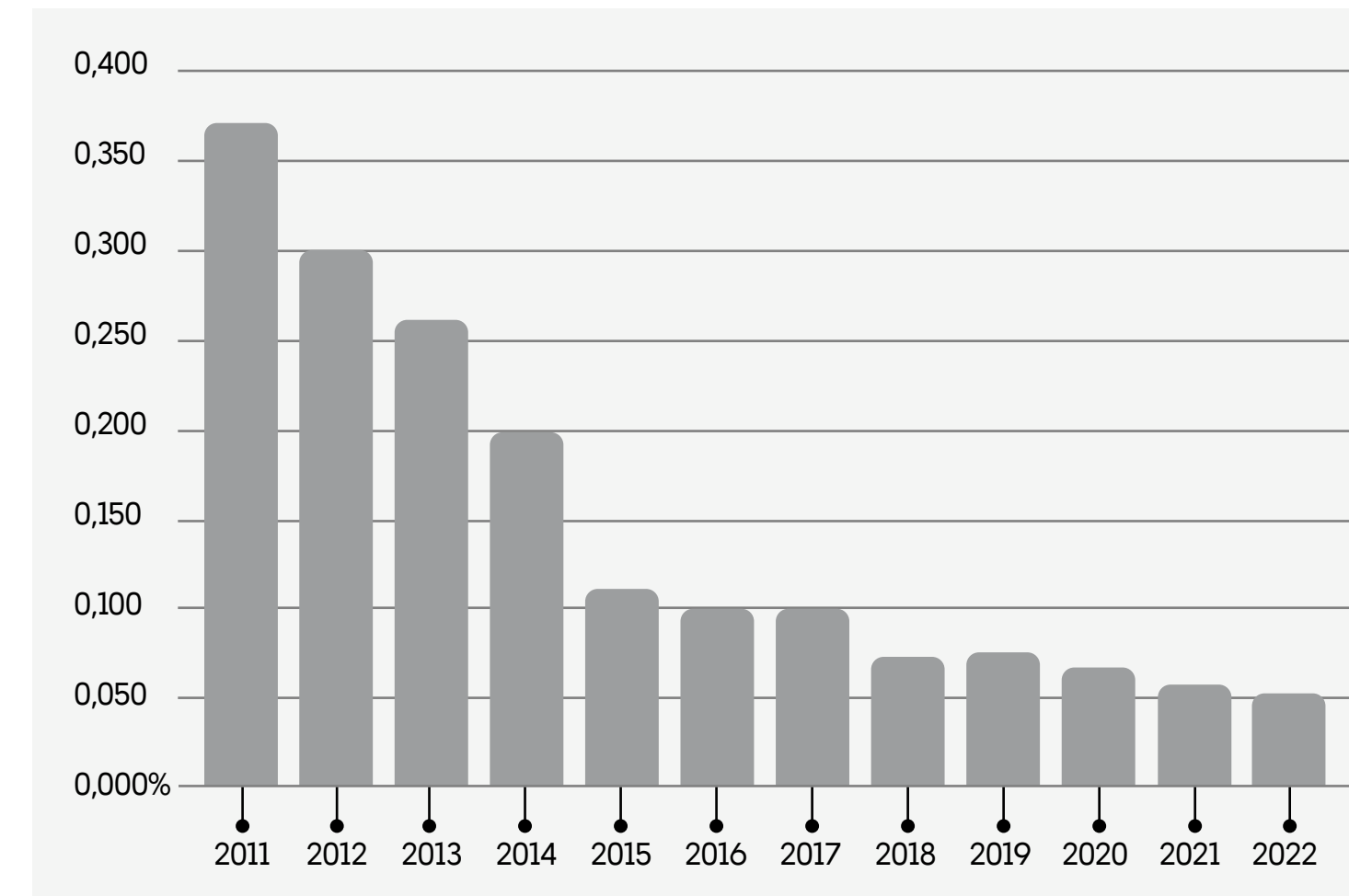
We systematically measure our progress by sending our products to third-party testing and by tracking our customers’ perception of Rusta’s ability to deliver on our customer promise.

Apart from offering good quality products designed to last, our products must also be possible to repair in order to further prolong their lifetime. To lower the environmental impact of each product, our ambition is to integrate reparability in new product development going forward.

### Progress:

- Share of defective customer returns decreased with 11% to a new record low of 0,052%
- Eight Rusta-products have been awarded “Verified Quality and Performance” by Testfakta <https://www.rusta.com/se/information/testade-produkter/>
- Rusta has set up a new product development initiative responsible for designing brand new products where quality, sustainability and the low price are integrated from the outset

## Defective customer returns in percentage (Quantity)



The implementation of Rusta’s quality strategy has so far been successful. Since the launch of the quality strategy 2011, defective customer returns have been reduced with 86%.

### Goals financial year 2022/23:

- 20% annual reduction of customer returns related to poor quality
- Phase out items deemed to be “wear and tear products”
- At least one “Best in Test” or “Best Value for Money” product in every product category
- 10% increase in share of Swedes who perceives that Rusta offers “value for money”

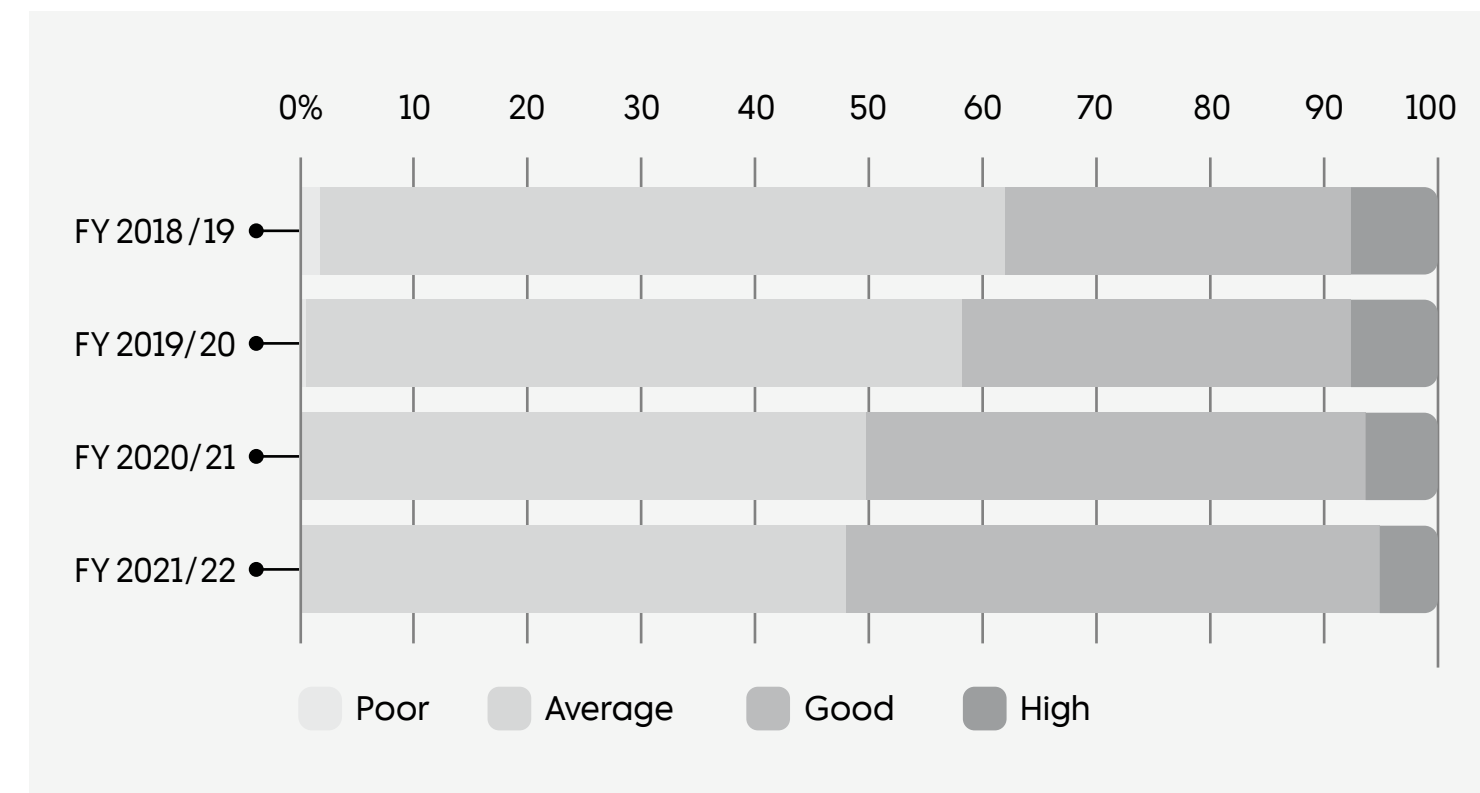




## Supplier Quality Evaluation

Rusta strives to ensure that the factories producing our products continuously works towards improving the quality of Rusta's products. To achieve this, we employ a Supplier Quality Evaluation-tool (SQE) designed as a scoring structure in which the factories' quality systems are benchmarked. Our quality specialists support the factories with training while working to motivate and encourage them to pursue further progress in this area. During the last financial year, we have evaluated 171 factories based on our Supplier Quality Evaluation (SQE) guidelines. There are currently 166 factories on level "average", 161 on level "good" and a further 18 factories on level "high" and one on level "poor".

### Result of Supplier Quality Evaluation



#### Progress:

- Rusta rejected co-operation with four potential factories due to poor SQE-performance
- Factories on level "good" increased from 44% to 47%

#### Goals financial year 2022/23:

- All new factories shall be evaluated before any orders are placed
- Increase the share of factories labelled "good" to 50% or higher, while maintaining the level of factories on level "high", in our Supplier Quality Evaluation (SQE)

## Renewable and certified raw materials

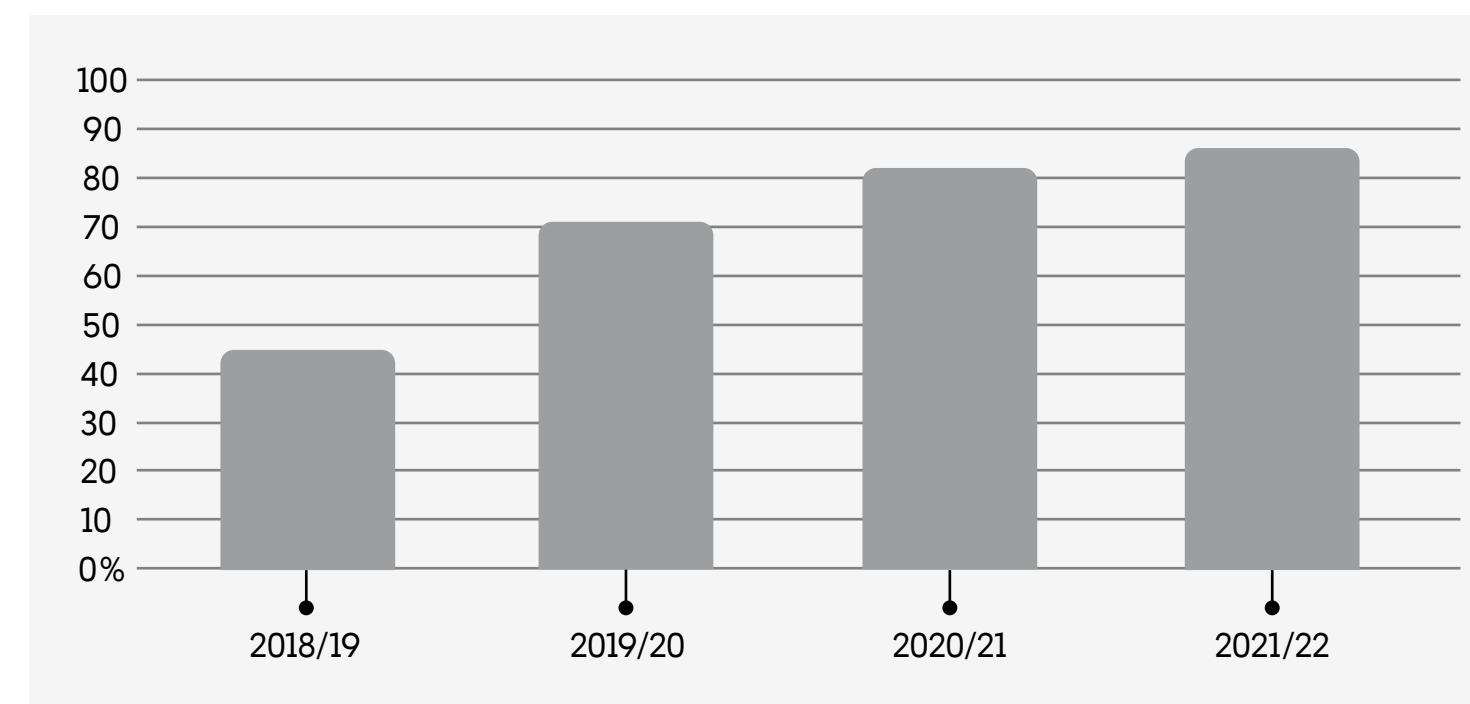
### Wood

As part of our ambition to promote biodiversity, Rusta will never accept products that whole, or in part, contain parts from any flora listed as "Near threatened" or higher extinction risk in the International Union for Conservation of Nature (IUCN) and Natural Resource's red list of threatened species. Rusta has therefore developed a Forestry Due Diligence System based on eight key criteria that helps us estimate and calculate risk when purchasing specific types of wood from a certain region and/or supplier.

#### Apart from the above requirements, Rusta does not source any wood which:

- Is illegally cut
- Comes from protected areas, intact natural forests/rainforests or from high conservation value forests
- Is not produced in compliance with national and regional forest legislation
- Is involved in social conflicts regarding wood activities
- Comes from natural tropical or subtropical forests which are converted to plantations
- Comes from gene modified tree plantations

### Share of certified wood comparison



Percentage of sold wooden products certified by the Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC) or Nordic Swan Eco label. This includes solid wood, wood-based materials, and paper.

#### Progress:

- During 2021/22 the share of sustainably certified wooden and paper products in Rusta's assortment grew from 82 to 86%

#### Goals financial year 2022/23:

- All solid wood and wood-based material - including paper - used in Rusta products shall be certified





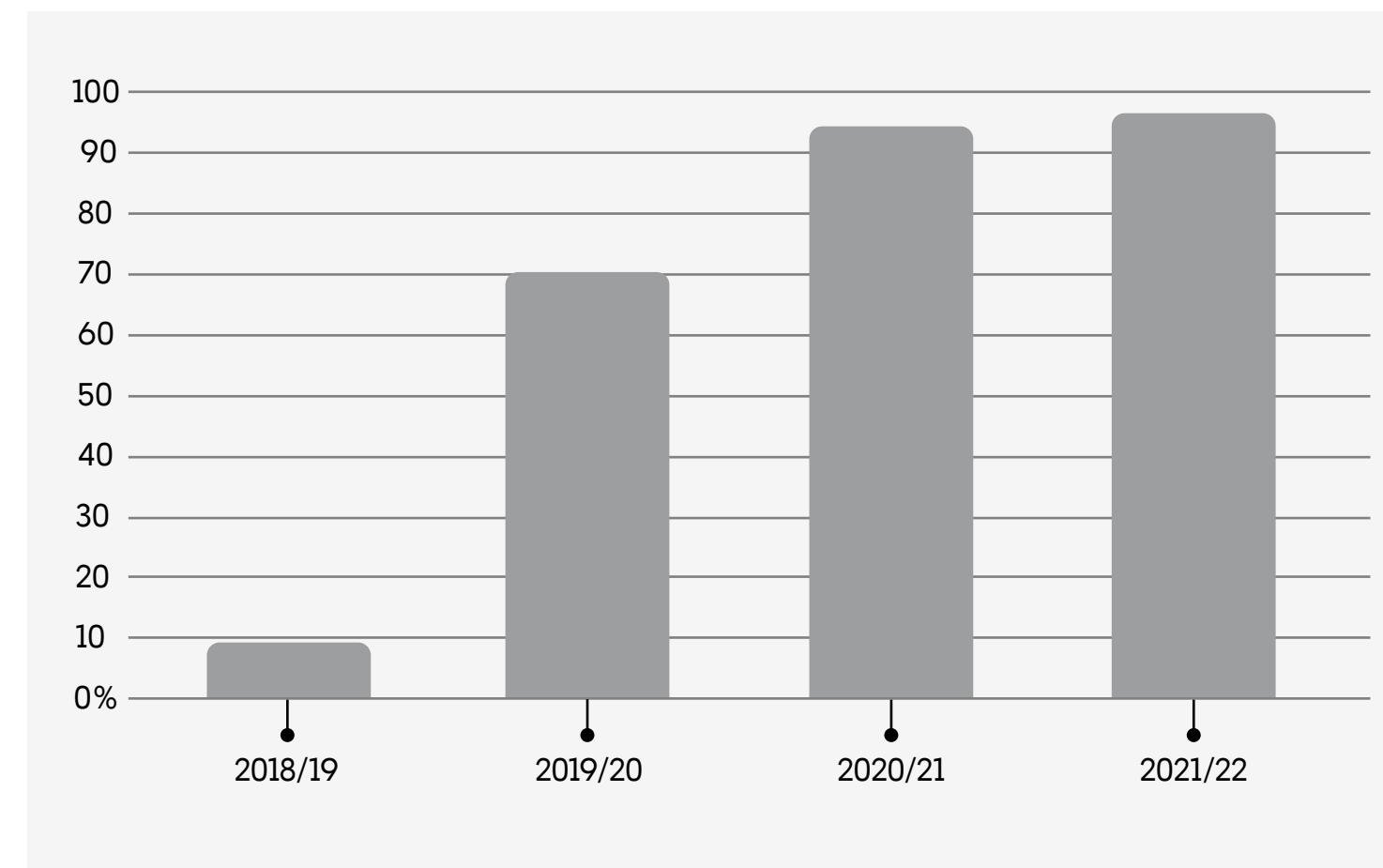
## Textile and cotton

Rusta's commitment to significantly increase the offer of cotton products manufactured in accordance with the guidelines set out in the Better Cotton Initiative (BCI) continues. The Better Cotton Initiative (BCI) exists to make global cotton into a more sustainable mainstream commodity. BCI achieves this by improving working conditions for the people producing the cotton and developing production methods that decreases its impact on biodiversity. BCI is a requirement for all Rusta basic textile products, such as for example sheets, towels, bed sets, etc.

Rusta aims to replace virgin fibers in manufacturing and increase the proportion of recycled fibers in textile products. Today 11% of all the textile, sourced in China, is recycled polyester or cotton. We closely follow and actively participate in the development of the EU Green Deal, aiming towards a circular textile sector.

During 2021/22 the share of BCI Cotton products in Rusta's assortment grew to 96%. Moreover, during the financial year we have increased the number of Rusta products containing recycled cotton.

### Share of BCI cotton comparison



Percentage of metric tons.

### Progress:

- During 2021/22 the share of BCI Cotton products in Rusta's assortment grew from 94% to 96%
- 11% of Rusta's textile products sourced in China are now made of recycled cotton or polyester

### Goals financial year 2022/23:

- Source 100% sustainable cotton by using only Better Cotton Initiative- (BCI) and recycled cotton

## Palm oil

Rusta requires all suppliers to have full control of their incoming palm oil. All palm oil used in Rusta products must be fully traceable and Roundtable on Sustainable Palm Oil (RSPO) -certified. As a minimum all products must be certified as "mass balance" all the way from the plantations to our stores

### Progress:

- All products produced for Rusta that contain palm oil, follow "RSPO mass balance", a supply chain model monitoring the trade of RSPO certified palm oil products throughout the entire supply chain.

### Goals financial year 2022/23:

- To continue ensuring that all products produced for Rusta containing palm oil are - as a minimum - RSPO mass balance
- To continue raising the levels of RSPO-certified palm oil in all products sold in our stores

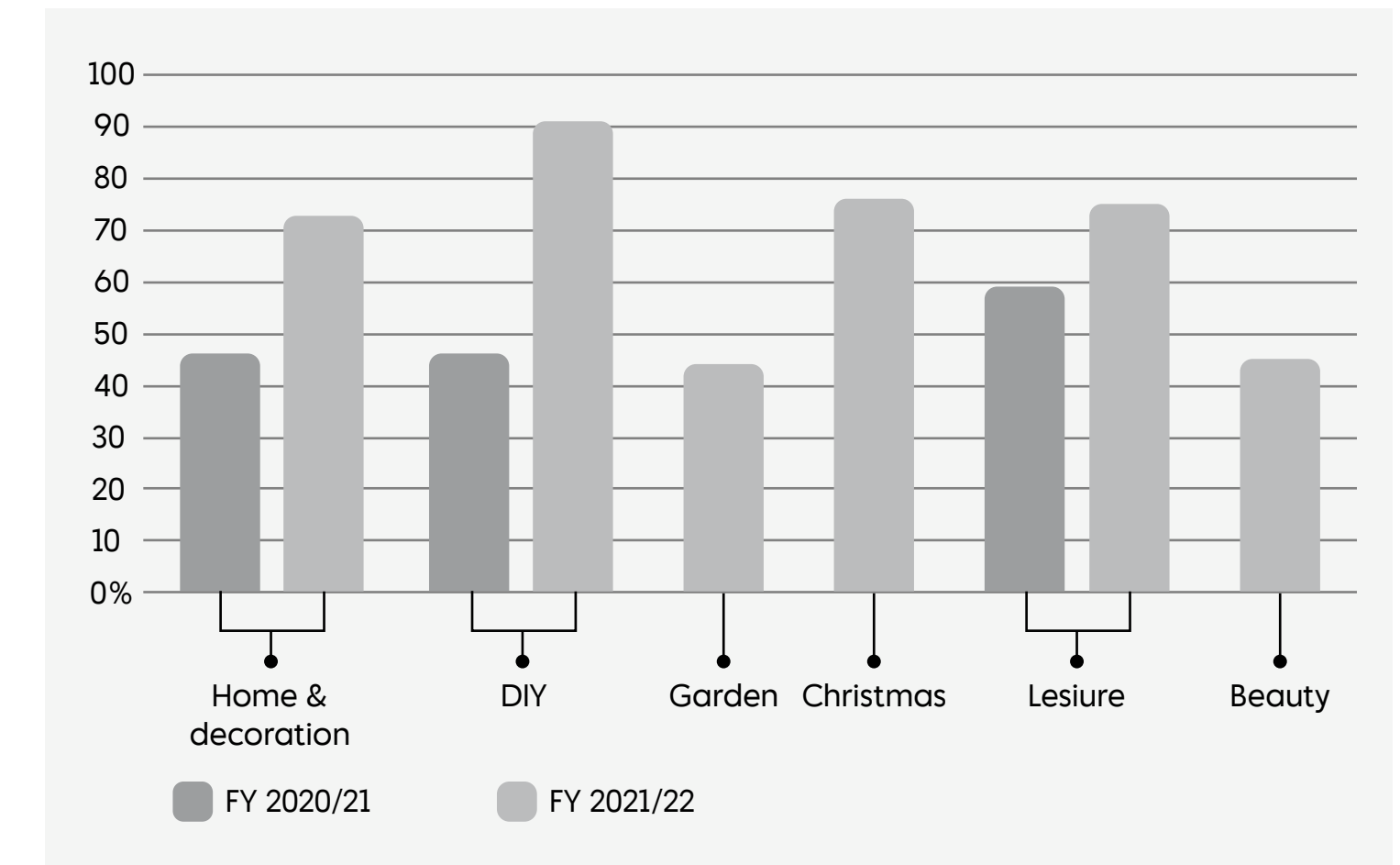
## Plastic

Rusta continuously strives to reduce the amount of plastic used in both our products and their packaging. We are currently mapping the entirety of our product range with the aim of reducing dependency on fossil-based plastics.

In line with our goal to only use recyclable plastic in our products by 2023, we have replaced raw materials in, amongst others, the following products:

- christmas villages
- serving trays
- hand soap refill containers

## Recycled material content by business area



The diagram shows average content of recycled material used in the products.

### Progress:

- The Rusta "Plastic task force", a cross-departmental initiative with representatives from all Rusta sourcing offices, has reduced our dependency of fossil-based plastic
- We have changed the filling in outdoor cushions to 100% recycled PET saving an estimated 245 000 kg of virgin raw materials yearly
- Recycled plastic introduced in outdoor pots and furniture
- 50% recycled PET in Rusta Nofo bottles

### Goals financial year 2022/23:

- By 2023 all plastic products sold by Rusta shall be made of recyclable plastic
- By 2025, 50% of all plastic used in Rusta products will be produced from renewable sources or from recycled material



## Animal products

Rusta has clear guidelines for the treatment of animals in our value chain. We strive to secure that product containing leather, down and feather are produced responsibly. Rusta therefore only permits residual products from animals used for their meat, with the exception of wool products. In accordance with our Code of Conduct, Rusta will always make a site visit to the producer to verify that the animals are treated in line with our requirements.

In 2018, Rusta initiated a dialogue with Animal Rights Sweden. The dialogue has proceeded where representatives of Rusta have met with Animal Rights Sweden to discuss how to further safeguard animal welfare in Rusta's value chain. Based on the input of said organisation, Rusta has elaborated its requirements on this topic and included them in our Code of Conduct.

### Progress:

- Restrictions on animal testing in our Code of Conduct have been elaborated and updated

### Goals financial year 2022/23:

- To annually update our requirements for animal products towards our suppliers
- To continue our dialogue with Animal Rights Sweden to ensure that our knowledge of routines regarding animal welfare remains up to date

## Product content and chemical substances

Rusta always use the strictest requirements of any of our sales markets as the minimum requirement for all our products. For some substances, such as Phthalates, we have even more rigorous requirements than the legal demands in any of our markets. During 2020/21, Rusta joined the ChemSec PFAS initiative. By joining this movement, Rusta supports the recognition that PFAS are a major health and environmental issue and in joining the initiative, we commit to end all non-essential PFAS use in our products.

To secure that our demands are being adhered to and as an additional quality control, Rusta uses X-ray fluorescence (XRF) scanners both in our Asian sourcing offices and in our distribution center in Norrköping, Sweden.

In addition to looking at the actual test results from our XRF-scanners, we calculate any potential risks whenever we detect a value close to the permissible limit. All with the aim of securing the safest possible products for our customers.

We also perform spot checks both in Asia and Sweden on all electrical items before they may be sold in our stores. From experience, we have noted the necessity of not only communicating and educating our chemical requirements to our suppliers, but it is also of great importance that we simultaneously strive to secure adherence to these prerequisites through all steps in the value chain.

### Progress:

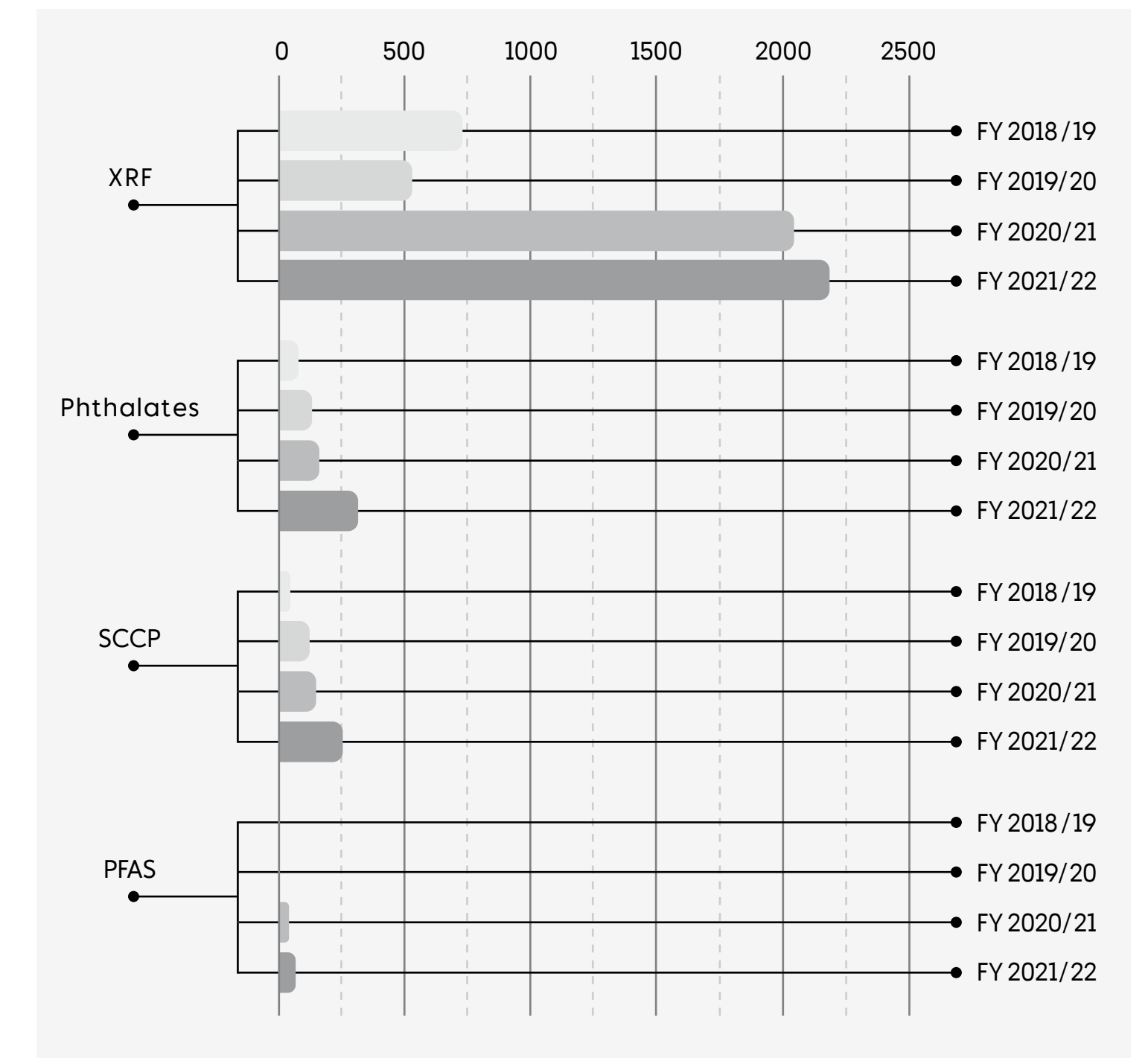
- Rusta's chemical requirements (Rusta Supplier Manual, appendix A) were updated in May 2021
- A total of 2 166 (2 027) X-ray fluorescence (XRF) tests have been performed in our premises in Asia and at the Rusta distribution center in Sweden
- We increased the number of third-party tests from 261 to 474 based on random selection prior to shipment
- 31 (29) suppliers have invested in, and have been trained in, XRF-scanning techniques to improve supervision of the "Restriction of Hazardous Substances" (RoHS) requirements
- All products groups potentially containing PFAS-substances have been identified
- All textile suppliers have been educated in PFAS, their health and environmental impact and why Rusta is working to phase out these substances
- An internal policy on Biocide products has been created
- PFAS ban for all private label cleaning products
- PFAS ban for new cosmetic products

### Goals financial year 2022/23:

- To update Rusta's chemical requirements for suppliers and factories
- To visit and educate at least 20 component suppliers in Rusta Supplier Manual
- To hold internal education on chemicals in the head office
- That selected suppliers invest in XRF equipment and training
- Phase out PFAS in all textiles by 2023



### Number of random tests



\*Short-Chain Chlorinated Paraffins (SCCP)  
\*\*Per- and Polyfluoroalkyl Substances (PFAS)



## Sustainable choices and markings

Rusta's goal is to offer a more sustainable product assortment than our competitors. To facilitate for our customers to make sustainable choices, we have improved the sustainability markings on our products in all our product ranges. This gradual transformation of our assortment is implemented in several ways:

- By increasing the assortment of certified products
- By increasing assortment of products made from recycled raw material
- By reducing material/components in the products
- By reducing or removing unnecessary consumer packaging
- By optimising the dimensions of our products and packaging to optimise transport, thereby minimising emissions

### Progress:

- Three products have been highlighted as sustainable choices every season in our 188 stores
- Revision of our guidelines on sustainable materials with emphasis on CO<sub>2</sub> emissions, to be used when developing new Rusta products



### Goals financial year 2022/23:

- Further increase assortment on sustainable labeled products
- Improve communication on sustainable choices and markings to our customers in all our channels

PACKAGING  
made from



RECYCLED  
PLASTIC





# Logistics and packaging



## Pallet savings

In close collaboration with our suppliers and colleagues around the globe, we continuously increase the filling rate in containers while developing smarter packaging and loading solutions throughout our value chain. By adapting items and packaging solutions (we call them Retail Units) to fit the EUR-pallet we can increase the number of items per pallet. When doing so we can fit the same number of items on fewer pallets. This results in savings of pallets that needs to be handled and transported from the factory all the way to the stores.

Thereby we can utilise the warehouse in a more efficient way when the pallets are having the same property and size regardless of the item's nature. This enables us to be more flexible when storing pallets and utilizing the different storage systems we have in the distribution center.

### Progress:

- 15 578 pallets equal to 260 containers and trucks saved

### Goals financial year 2022/23:

- Yearly goal is to save in excess of 15 000 pallets
- Improve filling rates on pallets and in containers/trucks

## Distribution Center

Rusta's distribution center located in Norrköping is one of the largest in the Nordics. It has the capacity to store more than 300 000 pallets. Constructed in 2015 and in recent years it has undergone some major expansions. During the financial year it was extended with a separate building with a storage capacity of an estimated 65 000 pallets.

Having one centralised distribution center means that we can collect all goods under one roof. This eliminates unnecessary transports while improving filling rates, leading to lower environmental impact and higher cost-efficiency.

### The location for our distribution center is carefully chosen to ensure:

- Vicinity to the container port in the harbour (1 km) to reduce transport distance
- Vicinity to railroad to enable railway transportation both to and from the warehouse
- Vicinity to Rusta's biggest market and easy highway access to minimize distribution distance

We have done several improvements when it comes to the forklifts being used in our operations. One significant initiative is that we have prolonged the lifespan of the batteries through improved processes and handling. During the next year we will install an I-site software in all our forklifts. This software helps making the forklift driving safer and reduces damages to the machines. This also means a safer working environment for our employees.

In the distribution center we have continuously reduced the energy consumption. We will use FY 2022/23 as a base for measuring improvements to further reduce our energy consumption. Additionally, we aim to further evaluate solar energy implementation.



Building 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Sum
<b>2022 (kWh)</b>	522 530	387 362	407 974	359 197	276 243	-	-	-	-	-	-	-	<b>1 871 151</b>
<b>2021 (kWh)</b>	472 755	500 188	443 515	385 978	373 440	344 381	318 447	317 543	341 715	356 141	393 996	505 916	<b>4 754 015</b>
<b>2020 (kWh)</b>	518 826	436 620	462 818	436 142	390 760	381 692	349 784	341 554	355 554	395 928	423 542	425 460	<b>4 918 680</b>
<b>2019 (kWh)</b>	581 018	491 219	539 092	493 477	491 643	443 882	460 097	464 276	479 415	522 329	515 704	522 530	<b>6 004 682</b>

Building 2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Sum
<b>2022 (kWh)</b>	110 271	171 837	118 221	103 620	37 539	-	-	-	-	-	-	-	<b>541 488</b>



## Distribution to stores

During 2022/23 Rusta will implement a new central replenishment system which will secure that those products are delivered at exactly the right time, to the exact place and in just the right amount. The system helps us to reduce any unnecessary inventory costs and unneeded transportation of goods back and forth to our stores. Moreover, flexible delivery route planning allows us to choose the most suitable delivery schedule. The warehouse management system is designed to ensure that all pallets are filled – all to ensure that our transports are packed to a maximum, thereby minimizing emissions. To avoid traffic and save fuel, whenever possible, we deliver all goods during the night. In the north of Sweden, we utilise railroad for distribution of goods to nearby stores.

### Progress:

- In April 2022, we electrified 25% of our container transports. This saves about 13 000 kg of CO<sub>2</sub> emissions per year

### Goals financial year 2022/23:

- Keep tracking and reduce the transport CO<sub>2</sub> emissions by using alternative transportations modes and alternative fuel
- During financial year 2022/23 we will transport volumes supplied by European suppliers to train and sea transport. We estimate CO<sub>2</sub> emissions save to 45 500 kg/year
- Create and implement an environmental appendix to all distribution agreements
- Automise processes in value chain planning and goods receipt
- Evaluate solar-energy implementation

## Smart packaging

During the years that Rusta has worked on product development we have realised that to make the best possible product we need to investigate all the details as early as possible in the process. During the year, we have therefore updated our product development process and placed “Packaging & logistics” much earlier. For example:

- Dimension of items adapted to Retail Unit as well as pallet and container/truck

- Selecting product raw materials that can withstand the transportation without getting damaged/scratched
- Right number of items per Retail Unit (box/bag) or Unit Load (pallet)
- The right sales solution in stores based on sales volumes

### Progress:

- Packaging developers constitute an active part in all product development projects
- Continued to educate Rusta colleagues around the globe on packaging basics

### Goals financial year 2022/23:

- Support “Kraftsamling” (Rusta word meaning “join forces”) Volume business by optimising packaging on 100 of Rusta’s top selling items

## Reduce packaging materials

To remove and reduce packaging creates a win-win-win-win solution for our customers, suppliers, Rusta and the environment. Less packaging material to waste sort and lower prices for our customers. Less material to source, handle and transport for our suppliers and Rusta. Less packaging material and transports are also good for the environment.

Plastics is still one of the best materials to pack and protect products. At Rusta we remove as much plastics as possible but when that can't be done, we work on improving the plastic itself by changing from virgin plastics into recycled plastics. Biggest improvements have been made on the indoor and outdoor lighting products where we have changed to recycled plastics for almost 300 000 pcs saving 32 tons of virgin plastics just for this sales group.

Other improvements have been made by removing the plastics and replacing it with just a label made of paper, for Christmas textiles we saved 1 800 kg of plastic by doing so.

For our curtain rods we have changed from 100% virgin into 50% recycled plastics. We also shortened the packaging, to only cover the end of the curtain rod instead of covering the whole item. This initiative saved another 66 - 78% plastic for each item. Total savings for all curtain rods are 3 600 kg of plastics.

### Progress:

- Continuous focus on reducing plastics and increasing recycled content in our packaging solutions
- 160 000 kg of virgin packaging plastic have been saved during 2021/22

### Goals financial year 2022/23:

- Reduce virgin packaging plastic on 200 top-selling items
- Increase share of recycled plastic and paper packaging materials
- Continue to increase the number of products that are sold without consumer packaging





# Social responsibility



## Code of Conduct

All our suppliers and their employees shall have the benefit of good working conditions. Rusta has formulated a Code of Conduct (CoC) to meet responsibilities in the areas of human rights, labour, environment, and anti-corruption. The ten principles of the UN Global Compact are all incorporated in the Rusta Code of Conduct. Moreover, since 2008, all Rusta suppliers must annually sign and adhere to the requirements laid out in the Rusta Code of Conduct.

The Rusta Code of Conduct outlines eight basic requirements that a Rusta supplier must adhere to be accepted as a Rusta supplier. We call these “Rusta Basic”:

- Critical health and safety hazards need to be prevented
- No child labour
- Voluntary labour only
- Critical environmental hazards to be prevented
- Good business ethics shall be practiced
- All employees have an employment contract
- Wage equal to or exceeding the legal minimum level
- Access to fresh drinking water and toilets

In addition to the minimum basic requirements, Rusta’s Code of Conduct also contains several requirements to which the supplier shall adhere. These requirements include good working conditions, health and safety regulations, business ethics and environment regulations, along with protection of animals and threatened species. The suppliers are rated based on how well they comply with the Rusta Code of Conduct.

**To involve, encourage and engage our co-workers around the world, we have also created a Code of Conduct for Stores, Warehouse and Sourcing offices.**

### Office

- We sort our waste according to pre-set routines
- Wherever possible we save energy – i.e. Lights and air condition
- We immediately act if/when we discover poor quality with regard to product quality, packaging etc.
- Rusta Quality and Sustainability policy documents are strategically placed in our various premises
- Preventive health and safety work
- Our travels shall be as environment friendly as possible. Travel only when needed
- We practice good business ethics
- We work as a team where everyone is needed

### Store

- We sort our waste according to pre-set routines
- We take care of our customers batteries, electronics and luminaires
- We take action when we discover poor quality with regard to product quality, packaging etc.
- Rusta quality and sustainability policy documents are posted in strategic locations around the store
- Preventive health and safety work
- Date check and First in First Out (FIFO) to ensure that our products are always of recent date
- We are all responsible for our working environment
- We work as a team where everyone is needed and takes part

### Progress:

- All factories producing for Rusta have passed our Code of Conduct Basic
- We stopped all sourcing activities in the Xinjiang province

### Goals financial year 2022/23:

- Continue to work together with our suppliers to ensure that our Code of Conduct Basic is in force, everyday
- Code of Conduct is part of our new E-learning platform for all co-workers

## Good working conditions where Rusta’s products are manufactured

Social responsibility in Rusta’s supplier’s factories is a prioritised issue for us and our stakeholders. For us, social responsibility is closely interconnected with our operations in Asia. We strive to continuously educate and support our suppliers in Asia. Trained specialists in our sourcing offices perform regular evaluations of our suppliers and factories to support their efforts to secure good and fair working conditions for their employees.

Rusta’s Code of Conduct regarding labour is based on international standards, including the Fundamental International Labour Standards as defined by the International Labour Organisation (ILO). Without exception, the social performance of all new suppliers to Rusta is screened and evaluated before any order is placed. An important matter relating to our business is to secure that everyone in our value chain is covered by our Code of Conduct. This includes the small (less than 0,5%), yet important, part of our production which is carried out in homes in Vietnam,



India and China. Therefore, we regularly visit the villages where our items are produced. In addition to the basic requirements outlined above, Rusta expects suppliers to continuously strive towards improving working conditions for their workforce. We are, together with our suppliers, focusing on the following three key areas, called “Rusta Social”:

- Health and safety: working environment, emergency planning and fire safety, physical and chemical hazards
- Compensation: salary, pay slip, insurances and pension
- Working hours: records, overtime, breaks and days off

In our Code of Conduct evaluation routine, we clearly outline Rusta’s business penalties in the event of a supplier’s non-compliance with our Code of Conduct. The enforcement of these consequences depends on the score that is given to the supplier upon evaluation. In accordance with our Code of Conduct, Rusta ultimately has the right to cut all ties with a supplier and/or factory in the event of repeated or serious non-compliance.

### Forced or compulsory labour

Rusta has a zero-tolerance policy towards any form of forced or bonded labour. In some South East Asian regions for example, unscrupulous busi-

nesses hold the passports of their workers. Our Code of Conduct clearly states that no supplier can supply goods to Rusta if they exploit any type of forced or bonded labour. During the past year we have had no such confirmed incident.

### Freedom of association and collective bargaining

In our Code of Conduct we refer to “Fundamental international labour standards as defined by the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-up”, we have strict requirements on our suppliers to ensure freedom of association for their workers. We know that this is of great importance as we are active in some countries where the labour market traditionally works differently from that of Sweden.

### Evaluation of suppliers and factories on performance

All evaluations, irrespective of whether they pertain to social or environmental responsibility or to quality systems, are executed by Rusta. Our own trained specialists evaluate and follow up on the improvements made in the various factories. The table below shows the business impact depending on the result from the social evaluation.

#### Business consequence staircase

CoC rating	Business Impact: CoC rating	Business impact: Improvement result	Follow up
<b>High Points: ≥39</b>	No impact. New businesses are encouraged.		Self-control by the factory and random checks by Rusta
<b>Good Points: 30 - 38</b>	No impact		Within two (2) years
<b>Average Points: 21 - 29</b>	Placed orders can be shipped. New orders on existing items can be placed.	New orders can be placed when three (3) improvements every six months are made.	Within six (6) months
<b>Poor Points: ≤20</b>	Current factory: Placed orders can be shipped. No new orders can be placed. New factory: First order can be placed.	No new business/orders. New orders on existing items can be placed when three (3) improvements every six months are made.	Within six (6) months
<b>Unacceptable Fail Rusta Basic</b>	Current factory: No orders can be shipped. Potential factory: No start.	No orders can be placed.	

During the financial year 2021/22, 229 factories were evaluated according to the social criteria laid out in our Code of Conduct. Two potential factories failed Rusta Basic, and due to this; cooperation was never started. The table below shows how the current share of suppliers per risk-level compared to previous years.

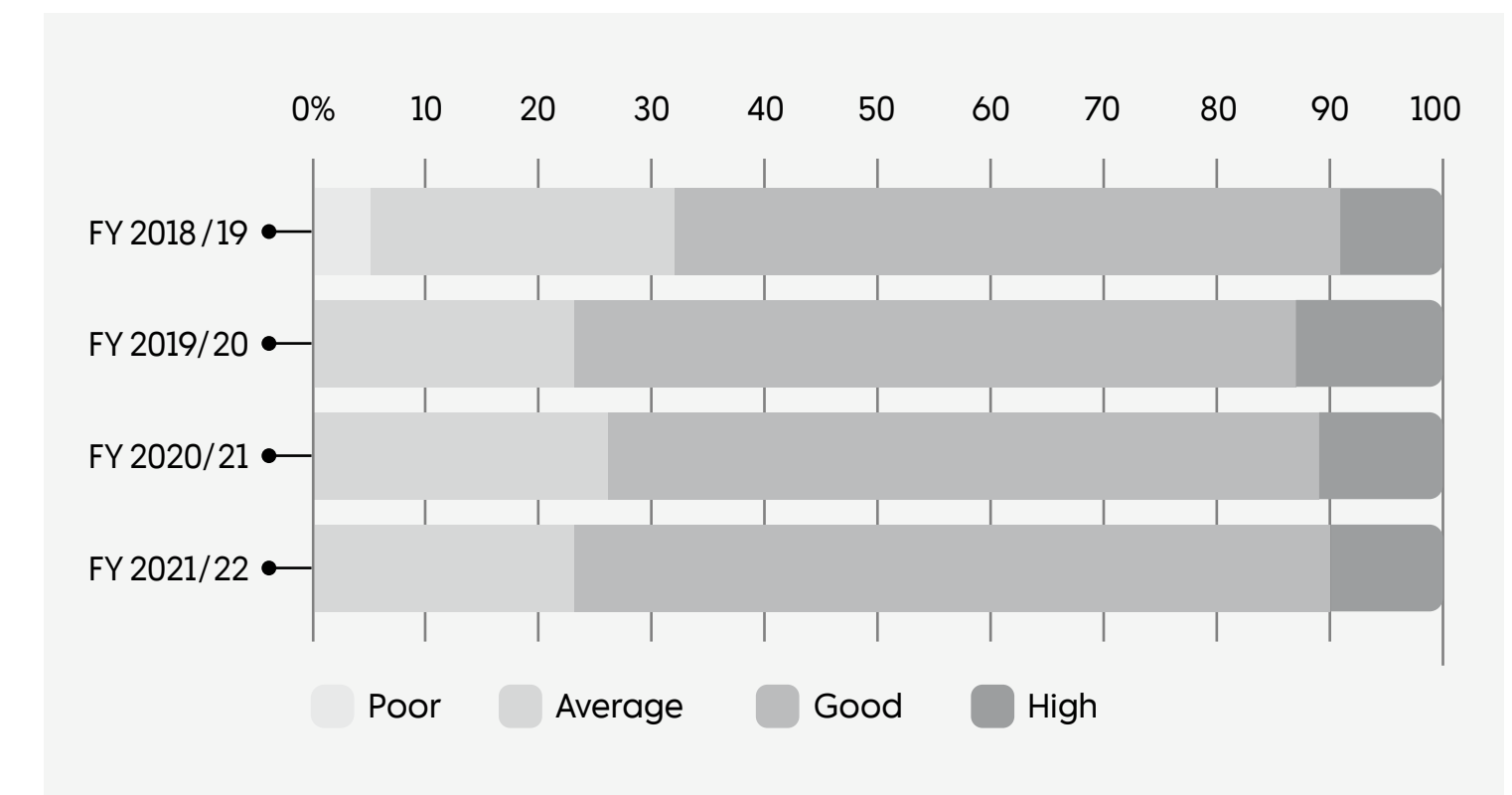
#### Progress:

- In total, 100% of new suppliers were evaluated and screened in accordance with the social requirements laid out in Rusta’s Code of Conduct
- Repetition training in ergonomics for warehouse staff

#### Goals financial year 2021/22:

- Increase the share of suppliers at level “Good” to 75% while maintaining or increasing the share of suppliers at level “High”

#### Result of Code of Conduct Social evaluation





# Trust



## Employment, learning and development

Rusta is an open and inclusive company. Our diverse co-workers reflect the broader society in the markets where we are active. We believe that differences create possibilities and diversity is seen as a central asset in Rusta’s continued journey and future growth. At Rusta, everyone is given equal opportunities and rights. We are always looking for co-workers who thrive in an inclusive and ever-changing environment. We have a zero-tolerance policy towards any kind of discrimination or harassment. In case an incident is reported, Rusta’s HR-department is notified and will handle the case in accordance with the pre-set routines set out in our policy.

**Together we build and develop the future Rusta based on our mission and values: “Every co-worker. Every day”.**

### A flat organisational structure

We want it to be easy for our co-workers to make their voices heard and to make positive changes happen. We want our co-workers to be committed and actively contribute to the future growth of our company. For this reason, we work to provide great opportunities for professional development.

### A value-driven company

The four values; simplicity, courage, commitment and togetherness have all been developed by the co-workers themselves. These values are the foundation of our business and guide us in our daily work - in all parts of our company. We actively communicate these values as well as recruit new co-workers who can stand behind and live up to them.

### Transparent business climate and high level of business ethics

Our whistleblower service offers an opportunity to confidentially communicate suspicions of irregularities at an early stage within our organisation. Messages from our co-workers can draw our attention to serious risks

regarding Rusta’s vital interests or the life or health of individuals, serious environmental crimes, and security at the workplace as well as very serious forms of discrimination or harassments.

There are different ways to raise a concern and we encourage anyone to be open with their identity. You can contact a line manager, the responsible person for the whistleblowing service or send an anonymous message through the secure whistleblower communication channel. Regardless of channel, all messages received will be handled confidentially.

### Regularly performed co-worker surveys

The latest survey was conducted during the spring of 2022. The response rate increased to 87% and showed that a large majority of our co-workers feel that Rusta is a very good employer and would recommend working at Rusta to others. According to the same survey, the majority of the organisation confirms the relationship with their line manager and colleagues to be positive and productive, which serves as an indication of our co-workers’ engagement and wellbeing with the company.

### Development talks

At Rusta, all managers and co-workers regularly meet to set out and follow up on performance and development needs. These dialogues are held every year and are always documented to ensure that they can be systematically reviewed and followed-up upon. The development talk is designed to ensure that both employees and managers will share their view on progress and what the future looks like in relation to the business goals set by the company. It is important that both employees and managers get to speak and share experiences and opinions on performance in relation to expectations to create clarity in both directions. Similarly, the plan should also clarify expected behaviours used to reach the goals, in the same way that it defines what support the manager will give the co-worker to succeed.

Employees by country	%
Sweden	59,1
Norway	20,8
Germany	2,6
Finland	15,2
China	1,6
India	0,4
Vietnam	0,3
Employees gender %	%
Women	63
Men	37
Employees age distribution %	%
Older than 50 years	12
30 – 50 years	41
Younger than 30 years	47
Executive management Team Rusta gender %	%
Women	44
Men	56
Executive management Team Rusta age %	%
Older than 50 years	44
30 – 50 years	56
Younger than 30 years	0
Board of Directors gender %	%
Women	20
Men	80
Board of Directors age %	%
Older than 50 years	80
30 – 50 years	20
Younger than 30 years	0



## Development and leadership

Rusta has created a leadership and a co-worker profile to define behaviours that encompasses our values. Those behaviors are applicable to all colleagues at Rusta around the world, regardless of country of origin. At Rusta, a leader shall engage and inspire co-workers by leading, by example and by being a good role model. Moreover, our leaders are expected to always encourage and recognise initiatives to learn from their team members. A Rusta manager works with continuous improvement where good examples are used to spread best practices and further improvement over time.

To support our leaders in their growth, Rusta has created a specially designed program which is mandatory for all managers in the company. The programme builds on our leadership profile, as well as our corporate values. During this year Rusta implemented a digital leadership programme which, at present, 75% of leaders at Rusta have attended. A mentorship programme for Store Managers has been implemented in the Nordics. Rusta's continued expansion means that the need for competent leaders is increasing. One way to meet this need is through Rusta's trainee programme for Store Managers to be. The program gives co-workers, primarily sales staff and Deputy Store Managers, the opportunity to start their journey towards becoming a future Rusta Store Manager. A similar programme has been implemented at the warehouse for team leaders.

### The need of internal training varies depending on working position and tasks. Rusta offers trainings and educations in:

- Materials and product development
- Workplace safety
- Quality and sustainability
- Introduction trainings
- Packaging
- Store concept
- Truck driving licenses
- Registration, Evaluation, Authorisation and restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS)
- Code of Conduct
- Rusta core values
- Ethical policy

- Working Environment and ergonomics
- Staff planning
- Labour law

When needed, Rusta will fund external trainings for a co-worker in accordance with the development plan. We will also adapt to changing demands by training co-workers in new skills as we believe that it is natural to invest in the company's most valuable assets, the people.

### Progress:

- During the financial year 97% of all co-workers reported that they are not exposed to bullying or harassment at the workplace. Confirmed incidents of harassments are properly handled by Rusta's HR department routine.
- During the financial year 14 confirmed incidents of discrimination and/or harassment were identified, and proper actions were taken by Rusta's HR-department
- All store managers are educated in staff planning and labour law
- Our guidelines regarding discrimination and harassment are reinforced and communicated with all co-workers
- We continued our safety precautions and routines concerning COVID-19 to secure a safe environment for our customers and co-workers

### Goals financial year 2022/23:

- New e-learning platform will be introduced
- All managers will be educated through our digital leadership programme
- All store managers in Sweden will be educated on working environment topics
- All products weighing more than 15 kg shall be equipped with handling aid and proper marking

## Business ethics

In our Rusta Supplier Manual (RSM), we clearly account for Rusta's business ethics policy. Rusta strives to act fairly and transparently throughout the different levels of our value chain. The business ethics policy is communicated to and SIGNED by all Rusta co-workers and our suppliers on a yearly basis. Moreover, we strive to monitor the potential interactions

that may occur between interrelated agents in our value chain to minimise any risk of wrongdoing.

## Zero tolerance approach

Rusta has a zero tolerance policy towards any form of bribery or corruption. Co-workers are obliged and encouraged to report any undue or improper interaction between them, their co-workers and/or third parties to their manager. Moreover, we regularly conduct training sessions on the topic of bribery and corruption in our sourcing offices in China, India, Sweden and Vietnam. This work is undertaken in accordance with the principles of the UN Global Compact against corruption in all its forms, including extortion and bribery.

## Whistleblower policy

Our whistleblower policy is incorporated into our Basic Code of Conduct. In doing so, we aim to encourage Rusta's internal and external stakeholders to use the whistleblower function, should they observe or suspect any conduct indicating unethical behavior.

### Progress:

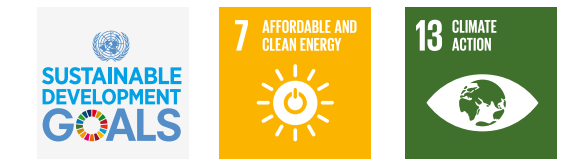
- Five confirmed incidents of corruption were identified and handled in accordance with our zero tolerance policy
- 100% of our suppliers in Asia have signed the Rusta Ethical Policy
- Separate meetings on the topic of corruption with new suppliers and new Rusta co-workers
- Work rotation among co-workers to reduce risks and improve control
- All new white-collar co-workers sign the employment contract and the ethical policy digitally
- Dilemma workshops with co-workers from Head Office and our Asian offices

### Goals financial year 2022/23:

- All white-collar co-workers shall sign the ethical policy annually
- Ethical policy training with key target groups at Rusta
- All new white-collar co-workers sign the ethical policy digitally
- All suppliers shall sign the Rusta Ethical policy, or equivalent\*



# Climate



## Supplier environmental evaluation

Rusta work together with our suppliers to continuously improve our environmental performance. Without exception, the environmental performance of all potential suppliers is screened and evaluated before they may produce goods for Rusta. During the year we had a great development of our supplier base. Through coaching and structured improvements, the suppliers on level “poor” were reduced by 86%.

Apart from our non-negotiable demands, that all critical environmental hazards need to be eliminated or handled in a sustainable manner, we rate our suppliers on “Rusta Environment” based on the following five areas:

- Wastewater
- Electricity consumption
- Direct fuel consumption
- Waste management
- Emission to air (non-greenhouse gases)

In this process, suppliers firstly conduct a self-assessment which is then verified or revised by our Code of Conduct evaluators.

### Progress:

- In total, 100% of new suppliers were evaluated and screened in accordance with the environmental criteria laid out in Rusta’s Code of Conduct
- In total 179 evaluations were performed by our trained specialists in accordance with the environmental criteria laid out in Rusta’s Code of Conduct
- One factory identified as having significant potential negative environmental impact. This was handled and solved in accordance with our requirements
- The suppliers on level “poor” were reduced by 86%

### Goals financial year 2022/23:

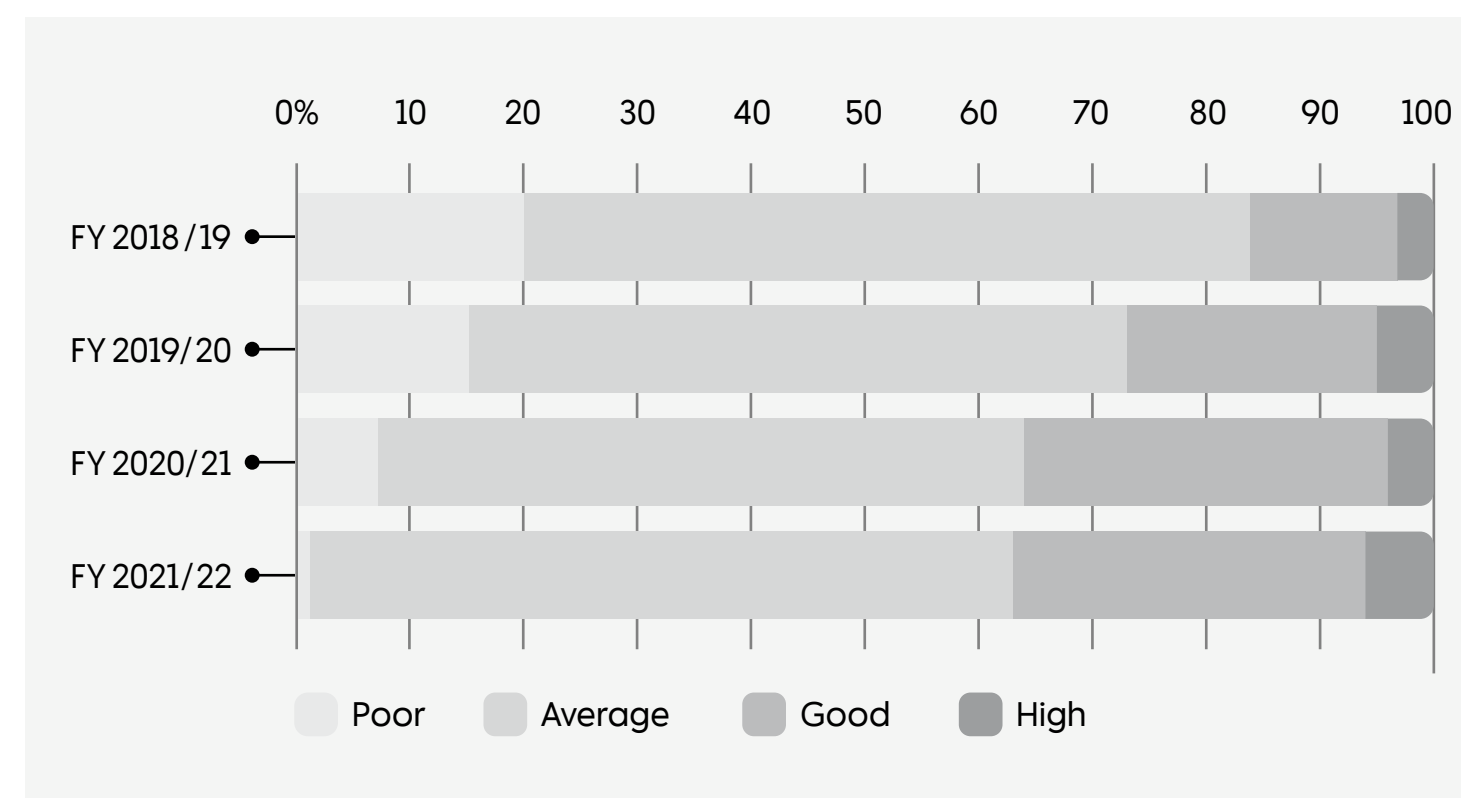
- Set clear objectives with regard to emissions in the factory’s producing for Rusta
- No suppliers on level “Poor”

## Greenhouse gas emissions

We need to focus even more on our climate impact going forward, therefor we have just revised our sustainability strategy with emphasis on reaching climate neutrality by 2045.

Rusta’s greenhouse gas emissions stems majorly from our products. We have used the “The 2030 Calculator” ([www.2030calculator.com](http://www.2030calculator.com)) to calculate the emissions from 10% of our yearly sales of products. More than 90% of the greenhouse gas emissions comes from our products, biggest contributor is the raw material used followed by the energy required to produce the products. Around 5% of the emissions comes from transports.

### Result of Code of Conduct Environmental evaluation



Carefully selecting raw materials as well as purchasing more renewable and recyclable raw materials is Rusta’s main priority with regards to reducing our climate impact. Second priority is to secure renewable energy both in Rusta’s own units as well as all in the factories producing for Rusta. Long term we aim to create more circular business processes.

Our ambition is to be fully transparent regarding our environmental impact.

The base year we have chosen is 2018. So far, we have reduced our greenhouse gas emissions with 5% concerning GHG, scope 1, 2 and 3. Major contributors being:

- Using more recycled and renewable materials in our products
- Choosing materials with lower environmental impact
- Smarter and more efficient packaging solutions made of recycled materials
- Changed to renewable energy in our stores, distribution center and offices
- Better waste sorting in stores and warehouse

## Energy and fuel

At Rusta, we continuously strive to lower our greenhouse gas emissions and we have a number of ongoing projects and initiatives in regard to this. This work encompasses all aspects of our operations. We continuously improve our working method and data collection in accordance with the Greenhouse Gas Protocol (GHG) scope 1, 2 and 3.

Rusta monitors energy consumption in our stores and our warehouse to gather real-time data. We are currently working on structuring and analysing this data to set precise key metrics both for our own and for our suppliers’ operations. Today, a large majority of our Swedish as well as Norwegian stores’ energy supply comes from renewable and eco-labelled sources purchased directly from the energy supplier.





	2021/22		2020/21		2019/20	
	Ton CO <sub>2</sub>	kWh	Ton CO <sub>2</sub>	kWh	Ton CO <sub>2</sub>	kWh
<b>Electricity consumption</b>						
<b>Purchased electricity (market based method, Scope 2)</b>	2 041	46 991 041	1 963	44 988 999	3 015	50 870 485
<b>Electricity according to Scandinavian residual mix (location based method, Scope 2)</b>	11 783	“	11 281	“	12 756	“
<b>Business travel</b>						
<b>Rusta owned cars (Scope 1)</b>	142		102		40	
<b>Rusta owned forklifts/workmachines (Scope 1)</b>	23		40			
<b>Private owned cars (Scope 3)</b>	70		72		78	
<b>Private owned MC (Scope 3)</b>	3					
<b>Flights (Scope 3)</b>	217		134		138	
<b>Train (Scope 3)</b>	1		1			
<b>Bus (Scope 3)</b>	1		1			
<b>Taxi (Scope 3)</b>	18		9			
<b>Hotels (Scope 3)</b>	244		284			

Despite our 10% growth in turnover as well as our 9% store expansion during the year, our initiatives to reduce electricity consumption, has resulted in an increase of just over 4%.

We continuously try to find ways to reduce energy consumption. We have therefore set up clear routines in our stores which we continuously elaborate. Examples of energy reducing activities are:

- Motion sensors for light sources in staff areas
- Timer and twilight relay for the exterior store signs
- Reduced lighting on the sales floor before opening
- LED-spot lights instead of halogen
- Exchanging fluorescent lamps in existing stores to LED-luminaire
- To save energy, the entire distribution center is heated by geothermal heating.
- Optimised ventilation in our distribution center

**Progress:**

- In total for Norway and Sweden we managed 10% energy savings due to LED-conversion, motion sensors and continuous improvements with monitoring real time data, central steering of fans and heating as well as other initiatives
- Extended our real time electricity monitoring to our Finnish operations
- Improved awareness of resource efficient energy usage in the Finnish stores

**Goals financial year 2022/23:**

- Secure data quality for all Rusta units in all countries
- Reduce energy consumption in the Finnish stores by 10%
- We continue to improve data collection in accordance with Greenhouse Gas Protocol (GHG)



## Promote recycling

We continuously increase the share of reused, recycled and recovered waste in both stores and distribution centre. We collect and review data on the generation, treatment and disposal of waste. We have implemented a yearly collecting schedule with our waste management partners to minimise the hazardous waste generated by our distribution centre and our stores. Together with our partners, we also decide in what way the waste can, and will, be handled and disposed. In our own facilities we have also improved the filling rate in the bins and containers where we collect the waste, thereby reducing number of transports.

In the requirements laid out in Rusta's Basic Code of Conduct, we constantly strive to ensure that any critical environmental hazard is taken into consideration. We also evaluate how the waste handling is managed at our suppliers.

An example of how we have reduced the plastic consumption, and thereby waste, is our stretch wrapping film on pallets in our supply chain. We have

optimised the stretch film on pallets by using a much thinner material which is stretched even more, thus reduced the plastic film consumption by 30%.

### Progress:

- Share of recycled waste increased with 2,2%
- Share of waste to combustion decreased with 2,2%
- New shredding machine producing fillers for packaging from cardboard waste
- New storage steel cages instead of cardboard boxes in our distribution center reduces waste and increases efficiency

### Goals financial year 2022/23:

- Reduce waste to landfill by 50%
- 80% of our waste shall be recycled waste in our stores in Finland, Germany, and Norway
- All plastic shall be separated in our Finnish stores
- Increased focus on waste management in all Rusta units

Hazardous waste	2021/22	%	2020/21	%	2019/20	%
Recycling	116 780	92,1%	149 443	95,6%	130 822	96,0%
Combustion	2 649	2,1%	2 298	1,5%	2 496	1,8%
Landfill	7 328	5,8%	4 596	2,9%	2 970	2,2%
Recovery	0	0,0%	0	0,0%	0	0,0%
<b>Total kg:</b>	<b>126 757</b>		<b>156 336</b>		<b>136 288</b>	

Non Hazardous waste	2021/22	%	2020/21	%	2019/20	%
Recycling	6 389 815	78%	6 266 904	75,8%	5 503 912	72,4%
Combustion	1 733 885	21,2%	1 935 496	23,4%	2 069 738	27,2%
Landfill	67 250	0,8%	64 252	0,8%	30 156	0,4%
Recovery	4 584	0,1%	3 900	0,0%	2 341	0,0%
Deep well injection	0	0,0%	0	0,0%	0	0,0%
<b>Total kg:</b>	<b>8 195 533</b>		<b>8 270 553</b>		<b>7 606 147</b>	

Numbers shown in the diagram are calculated in kg.





# Risks, risk management and opportunities

All business activities involve certain risks. Rusta has taken a structured approach to managing and mitigating these risks. We believe that while acknowledging that neglecting or managing the risks poorly may lead

to potential challenges. Well-managed risks instead have the potential for opportunity and add value to our operations.

Risk	Occurrence	Context	Mitigating factors	Opportunities
<b>Prevention of corruption</b>	Value chain	Rusta has a global value chain that includes procurement from countries with varying risk levels. Potential risks in the value chain include for instance compromising human rights or labour rights, risks to occupational health and safety and causing environmental damage. Rusta's suppliers can cause risks to reputation or business for Rusta if they were to engage in unethical behavior.	Zero-tolerance approach towards corruption and bribery. All white-collar co-workers shall sign the ethical policy annually. An updated education about our ethical policy will be performed in all Rusta units. All suppliers shall sign the Rusta Ethical Policy, or equivalent.	Together with its industry peers on the market, Rusta can contribute to shaping the market and have a positive impact in reducing corruption.
<b>Social conditions and human rights</b>	Value chain	In some countries from which Rusta sources goods, there are increased risks of human rights abuse, including child, forced or compulsory labour, poor working conditions, limitations in the freedom of association and discrimination. Relationships with suppliers not complying with internationally accepted ethical, social and environmental standards constitute a possible risk to Rusta's operations.	The Rusta Code of Conduct, which embraces and accounts for human rights requirements, is our primary tool to continuously and tirelessly work in line with national and international laws and standards.	When Rusta promotes and strives for improved social conditions and human rights in the countries where these are underdeveloped, we can secure safer workplaces and strengthen the markets where we source our goods.
<b>Safety and health of Rusta's co-workers</b>	Rusta stores, offices and warehouse	Poor health is a challenge for the individual co-worker as well as for the company. Accidents or incidents at the workplace due to lack of proper safety measures harm co-workers and can negatively affect Rusta's productivity and employer branding. Rusta recognises the risk that serious diseases and pandemics such as Covid-19 may cause interruptions to business operations and affect our co-workers' health negatively.	Rusta practices preventive health and safety work in all our units. We offer trainings and education in working environment and ergonomics as well as workplace safety. During 2021/22 we have continued mitigating and counteract the spread of the Covid-19 virus among our co-workers.	Working actively to promote safe and healthy working conditions will ensure healthy and happy co-workers. It also strengthens Rusta's brand as an attractive employer.
<b>Co-workers</b>	Rusta stores, offices and warehouse	Rusta should have access to and attract skilled and motivated co-workers and safeguard the availability of competent managers to achieve the established strategic and operational objectives. At Rusta, everyone is given equal opportunities and rights. We know that differences bring opportunities, and we are always looking for co-workers who thrive in an inclusive and ever-changing environment.	The competence mapping together with our overarching HR planning serve to secure access to people with the right competence and attitude. An understanding of Rusta's core values is essential. Recruitment can be both external and internal. Salaries and other conditions are adapted to the market and linked to business priorities. Rusta strives to maintain good relationships with the different trade unions represented among our co-workers.	Being progressive as an employer and communicating our sustainability agenda will strengthen our position as an attractive employer. Providing dynamic and exciting working tasks and career opportunities will benefit our co-workers and attract skilled and motivated Rusta employees.
<b>Environment</b>	Value chain and Rusta stores, offices, and warehouse	Our biggest impact on the environment comes from the raw material and production of our products. Rusta's ambitions are to minimise the negative environmental impact from our activities, offer high quality products for our customers while at the same time care for our co-workers. In line with our sustainability policy, we regularly update our chemical requirements towards our suppliers/factories. By failing to adapt to legal requirements in the environmental field, our brand may be seriously harmed.	We invest heavily in product development of a unique Rusta range of products. We avoid or minimise use of superfluous material whenever possible and increase the share of renewable, recycled and/or certified materials. Where we cannot remove it altogether, we choose product and packaging materials carefully. In line with our sustainability policy, we regularly update our chemical requirements towards our suppliers.	Working proactively with environmental risks can provide significant opportunities to drive innovation at Rusta. Being the good and sustainable alternative within low-price retailing enables us to attract customers and potential co-workers.



# About this report

This sustainability report covers the financial year 2021/22 lasting from May 1st, 2021, to April 30th, 2022, for the Rusta Group. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Swedish Annual Accounts Act. The report principles used to define the content of this document has been applied. Limitations and boundaries for each material aspect are described on page 16.

We have made omissions for Management Approach 103-3 regarding GRI 302 (partial), GRI 304 and GRI 305 due to lack of systems for evaluation of our sustainability progress. Such systems will be developed and implemented. Topic-specific disclosures have been partly omitted for all KPI's above, plus GRI 416-1 and 416-2 due to lack of data. Systems and tools for data collection will further be developed for more distinct data disclosure. For full details and further information please see our GRI Content Index. Our report, published on an annual basis, describes our prioritised areas within sustainability as well as the relevant targets and key performance indicators linked to these areas. Our latest sustainability report was published in September 2021.

Our work during the financial year 2021/22 has been based on the materiality analysis which was completed during the spring of 2022. The materiality analysis forms the basis of this sustainability report.

This report has been reviewed and approved by the board of directors at Rusta and examined by our auditors to ensure the report fulfills the requirements in the Swedish Annual Accounts Act. It is our intention and aim that it shall give our stakeholders useful and transparent information on our progress.

Rusta is a member of United Nations Global Compact. This report, which is also our Communication on Progress, reflects Rusta's approach and active support to the ten principles of UN Global Compact. Rusta's activities in the area of sustainability follow the United Nation's global sustainable development goals. Additionally we are members of Swedish Trade Federation and Swedish Standards Institute.



Rusta is a proud partner of "Médecins sans frontières" (Doctors without borders), Forestry Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), The Better Cotton Initiative (BCI).

To find out more about Rusta's sustainability work please visit [www.rusta.com](http://www.rusta.com)

## **We appreciate your feedback.**

We appreciate your feedback. Please send your questions, suggestions and/or comments regarding this sustainability report to Quality and Sustainability Manager Jesper Bondesson, [jesper.bondesson@rusta.com](mailto:jesper.bondesson@rusta.com)



# Most important topics from the stakeholder dialogue

Customers	Suppliers	Co-workers	Group Management Team	Board of directors	External partners and surrounding society
<b>Products</b>					
Offer affordable, good quality products that last a long time	Offer affordable, good quality products that last a long time	Offer affordable, good quality products that last a long time	That we use more renewable and recycled materials in our products	Offer affordable, good quality products that last a long time	Smart packaging that reduces emissions
That we use more renewable and recycled materials in our products	That we use more renewable and recycled materials in our products	That we use more renewable and recycled materials in our products	Offer affordable, good quality products that last a long time	That we use more renewable and recycled materials in our products	Offer affordable, good quality products that last a long time
Smart packaging that reduces emissions	Smart packaging that reduces emissions	Smart packaging that reduces emissions	Reduce the amount of material in products	Smart packaging that reduces emissions	That we use more renewable and recycled materials in our products
				More products for a sustainable and healthy lifestyle	Help our customers to make sustainable choices, for example, through clear labelling on products
<b>Social</b>					
Good working conditions where Rusta's products are manufactured	Good working conditions where Rusta's products are manufactured	Good working conditions where Rusta's products are manufactured	Good working conditions where Rusta's products are manufactured	Good working conditions where Rusta's products are manufactured	Good working conditions where Rusta's products are manufactured
Being a trusted employer with a good work environment	Contributing to sustainable social development	Being a trusted employer with a good work environment	Contributing to sustainable social development	Being a trusted employer with a good work environment	Being a trusted employer with a good work environment
Working actively to promote equality	Being a trusted employer with a good work environment	Openly reporting both shortcomings and successes in sustainability work	That Rusta operates in accordance with the UN's principles for sustainable societal development	That Rusta operates in accordance with the UN's principles for sustainable societal development	That Rusta operates in accordance with the UN's principles for sustainable societal development
			Openly reporting both shortcomings and successes in sustainability work		Openly reporting both shortcomings and successes in sustainability work
					Stringent requirements and traceability for products derived from animals




# Most important topics from the stakeholder dialogue

Customers	Suppliers	Co-workers	Group Management Team	Board of directors	External partners and surrounding society
<b>Environment</b>					
<p>Work to encourage reduced use of plastic</p> <p>Offer products without chemical substances that can adversely affect the environment</p> <p>Reduce the amount of waste</p>	<p>Work to encourage reduced use of plastic</p> <p>Reduce greenhouse gas emissions</p> <p>Promote recycling</p>	<p>Reduce greenhouse gas emissions</p> <p>Work to encourage reduced use of plastic</p> <p>Offer products without chemical substances that can adversely affect the environment</p>	<p>Reduce greenhouse gas emissions</p> <p>Work to encourage reduced use of plastic</p> <p>Use renewable energy</p>	<p>Offer products without chemical substances that can adversely affect the environment</p> <p>Sustainable transport solutions</p> <p>Reduce greenhouse gas emissions</p> <p>Sustainable water use</p> <p>Support the development of new and sustainable production technology</p> <p>Clearly state when Rusta will be climate neutral</p>	<p>Work to encourage reduced use of plastic</p> <p>Offer products without chemical substances that can adversely affect the environment</p> <p>Sustainable transport solutions</p> <p>Reduce the amount of waste</p>
<b>Economic</b>					
<p>Offer good quality products at the market's lowest prices</p> <p>Work actively to promote good business ethics and zero tolerance of corruption</p> <p>Only collaborate with partners who have a clear commitment to sustainability</p>	<p>Work actively to promote good business ethics and zero tolerance of corruption</p> <p>Clear and measurable sustainability goals</p> <p>Continuous communication on our sustainability work</p>	<p>Look beyond short-term gains to achieve our long-term goals</p> <p>Work actively to promote good business ethics and zero tolerance of corruption</p> <p>Only collaborate with partners who have a clear commitment to sustainability</p>	<p>Offer good quality products at the market's lowest prices</p> <p>Look beyond short-term gains to achieve our long-term goals</p> <p>Work actively to promote good business ethics and zero tolerance of corruption</p> <p>Clear and measurable sustainability goals</p>	<p>Clear and measurable sustainability goals</p> <p>Offer good quality products at the market's lowest prices</p> <p>Work actively to promote good business ethics and zero tolerance of corruption</p>	<p>Clear and measurable sustainability goals</p> <p>Work actively to promote good business ethics and zero tolerance of corruption</p> <p>Look beyond short-term gains to achieve our long-term goals</p>



# UN Global Compact Index

We are a signatory to the United Nations Global Compact, a set of ten principles in the areas of human rights, labour, environment and anticorruption. The UN Global Compact table (below) discloses our progress on these ten principles.



## UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES

### HUMAN RIGHTS

<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights; and
<b>Principle 2</b>	make sure that they are not complicit in human rights abuses.

### LABOUR

<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
<b>Principle 4</b>	the elimination of all forms of forced and compulsory labour;
<b>Principle 5</b>	the effective abolition of child labour; and
<b>Principle 6</b>	the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT


<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges;
<b>Principle 8</b>	undertake initiatives to promote greater environmental responsibility; and
<b>Principle 9</b>	encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.
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# Human rights Principles



# Auditor's report on the statutory sustainability report

## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Rusta AB, corporate identity number 556280-2115

### Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 1 May 2021 – 30 April 2022 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm, August 2022

Öhrlings PricewaterhouseCoopers AB

Cesar Moré  
Authorised Public Accountant







**RUSTA®**