

# Sustainability report

Financial year 2020/21

***RUSTA***<sup>®</sup>



# Content

<b>A word from our CEO</b> .....	3	<b>Stakeholder engagement</b> .....	13	<b>Energy and emissions</b> .....	27
<b>Rusta today</b> .....	4	Stakeholders and important aspects .....	13	Supplier environmental evaluation .....	27
Operations .....	4	Important sustainability aspects .....	14	Greenhouse gas emissions .....	27
Our business concept .....	4	<b>Identified material aspects</b> .....	15	Energy and fuel .....	28
Important events during the financial year .....	4	<b>Products</b> .....	16	Promote recycling .....	28
Sourcing offices .....	4	Product quality .....	16	<b>Ethics</b> .....	29
<b>Sustainable products for life at home</b> .....	5	Supplier Quality Evaluation .....	17	Good business ethics .....	29
<b>Highlights financial year 2020/21</b> .....	6	Product content .....	17	Zero tolerance approach .....	29
<b>It shall be easy to make sustainable choises</b> .....	7	Sustainable choices/markings .....	18	Whistleblower policy .....	29
<b>At Rusta great value for money means high quality at the lowest price</b> .....	8	Renewable and certified raw materials .....	19	<b>Risks, risk management and opportunities</b> .....	30
<b>Together we create change</b> .....	9	<b>Packaging</b> .....	21	<b>About this report</b> .....	31
<b>Step by step towards a more sustainable low-price retail sector</b> .....	10	Reduce packaging material .....	21	Most important topics from the stakeholder dialogue .....	32
<b>Sustainability development goals</b> .....	11	Sustainable packaging materials .....	21	<b>UN Global Compact index</b> .....	33
<b>Sustainability strategy</b> .....	12	Smart packaging .....	21	<b>Auditor's report on the statutory sustainability report</b> .....	34
		<b>Transport and logistics</b> .....	22		
		Incoming goods .....	22		
		Modern warehouse .....	22		
		Distribution to stores .....	22		
		<b>Working environment</b> .....	23		
		Employment, learning and development .....	23		
		Code of Conduct .....	25		
		Social responsibility .....	26		

Click to jump ahead



# A word from our CEO

While much focus has been placed on ensuring the health and safety of our customers and co-workers during a year characterised by the global pandemic, I am proud to say that Rusta has continued to make considerable progress with regard to our sustainability-related commitments.

Sustainability considerations constitute an integral part of Rusta's business. As a leading low-price actor in the Nordics, our operations are defined by resource-efficiency, both with regard to the use of raw materials in our products, but equally so in the day-to-day running of the broader aspects of our business, including logistics and production.

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 2020/21 we have therefore seen considerable progress in several fields. The share of sustainability certified wooden products in our assortment continues to grow radically, as is the share of sustainability certified cotton. Meanwhile Rusta's task force on plastics continues to find new and innovative solutions to reduce unnecessary plastics used in our products and packaging.

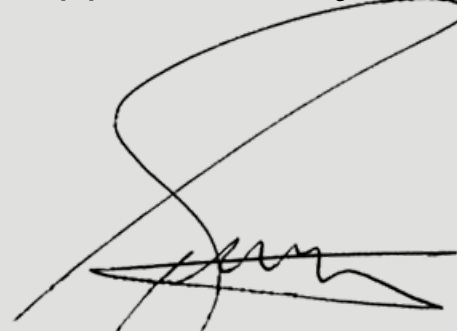
As we continue to develop ever more Rusta-unique products, we can add further focus on the sustainability aspects of our assortment. When developing our own products, we are freer to adapt materials, production technology and packaging dimensions from the outset - all with the aim of maximizing resource use while reducing environmental impact.

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

- Saving more than 20 000 pallets (equal to 660 containers or 120 EUR-pallets less per store) by implementing smarter packaging solutions
- Introducing Rusta's first products made of renewable plastics
- Successfully concluding our work to remove all Expanded Polystyrene (EPS) from our packaging
- Introducing ever more products made from recycled plastics, now counting more than 200 items

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

Upplands Väsby, May 2021



Göran Westerberg  
CEO Rusta AB





# Rusta today

## Operations

Rusta is a Swedish family-owned company founded in 1986. Our Group currently has 3 661 co-workers in its 173 department stores in Sweden, Norway, Finland and Germany and three online channels.

## Our business concept

Rusta’s business model is based on simple operations, centralised purchasing without intermediaries and efficient logistics. Combined with our volume-based range and a clear customer offering, this enables us to keep prices low – something that has been our driving force ever since it all began back in 1986.

## Important events during the financial year

- Rusta opened 13 stores during the financial year of 2020/21 and ended the year with a total of 173 stores, 103 of which are in Sweden, a further 37 in Norway, 29 in Finland and four stores in Germany
- Rusta closed the year with 3 661 co-workers in seven countries
- Rusta sales reached 8,536 billion SEK
- All Chinese sourcing activities have been consolidated to the Rusta sourcing office in Hangzhou
- All stores in Finland have been re-branded from “Hong Kong” to “Rusta”
- During the year Rusta has adopted a new vision; “To Make Rusta the leading and most trusted low-price retailer in Europe”

## Sourcing offices

Purchasing in Europe is handled at the company’s headquarters in Sweden. All purchasing in Asia is handled by Rusta’s own sourcing offices in China, India and Vietnam.

Some 193 co-workers are directly involved in Rusta’s sourcing activities. The team includes sourcing- and quality developers, supply planners, quality inspectors and various other specialist functions.

The sourcing team have the task of continuously monitoring and controlling that Rusta’s Code of Conduct is always being adhered to by our suppliers. For this reason, our sourcing staff retains 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	65,4% (of which 70% is local)
China	27,4% (of which 97% is local)
India	5,1% (of which 78% is local)
Vietnam	2,1% (of which 98% is local)
Total:	100% (of which 78% is local)





# Sustainable products for life at home

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

## Recycling paves the way to new products

We accept customer's used products and electronics in our stores, ensuring they are reused or recycled correctly.



## In the home

Our products shall be safe and made to last, making unnecessary purchases a thing of the past. We take several steps to continuously improve our products and hire external companies to perform product testing.

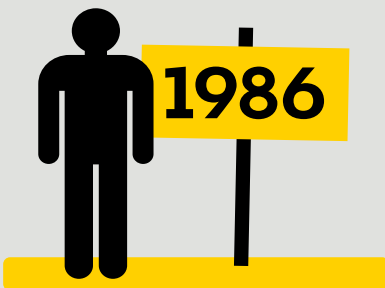


Visit one of our many stores



## In our stores

We want to make it easy for our customers to find sustainable products at surprisingly low prices. Therefore, all products in Rusta's assortment have undergone thorough quality assessments.



## From idea to product

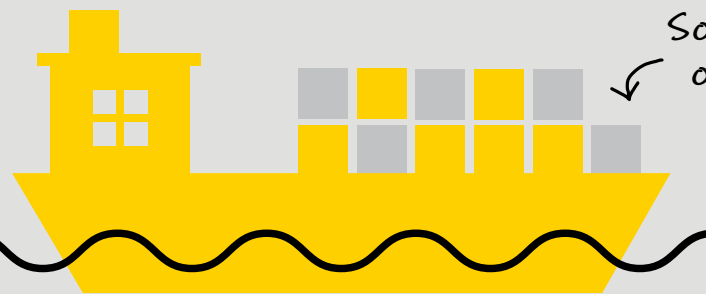
We actively work for better production and working conditions at our suppliers. Each year our suppliers are required to sign our Code of Conduct and Ethics policy, to ensure safe and healthy working conditions. We also place great importance on which materials are used in our products.

Where your favourite products are made



## In transit to the store

Our products reach one consolidated warehouse primarily via boat. Regardless of how we transport our products, we always choose smart packaging, fill our shipments to maximum capacity and select the best travel route.



Soon in your own home



# Highlights financial year 2020/21

Share of  
sustainably certified  
wood- and paper  
products increased to  
**82%**

Share of  
**BCI cotton**  
increased to  
**94%**

Additionally  
**7**  
products awarded  
verified quality and  
performance by  
Testfakta

Entered a  
**new**  
partnership  
with  
UN Women  
Sverige

All Asian  
factories on level  
average or higher  
on our Supplier  
Quality Evaluation

**4%** higher  
filling rate on  
pallets from our  
DC to stores  
(equal to 16 000 pallets)

**15 000** kg  
virgin plastic  
saved thanks to  
new recycled  
PET bottles for  
Rusta's soap

**16 000** kg  
of virgin  
plastic material  
saved on curtain  
packaging

Over **100**  
products with  
more than  
**50%** recycled  
plastic material  
content

**20 000**  
pallets saved

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

**100%**  
recycled  
PET pillow filling  
equal to 440 000 kg  
saved virgin  
plastic

All Retail  
Unit packaging  
plastic bags have  
between **50%** and  
**80%** recycled PE

Expanded  
our DC which  
means a total  
capacity of  
**300 000**  
pallets

**1 052**  
tons of CO<sub>2</sub>  
saved on  
electricity  
consumption

**280 000** kg  
more waste  
to recycling  
thanks to  
improved sorting

Expanded  
Polystyrene (EPS)  
eliminated  
from all  
packaging

Continuous  
donations  
to Doctors  
Without Borders



# It shall be easy to make sustainable choices

To facilitate 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 ever 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 eco-label. The labeling's environmental requirements spans the product's entire life cycle all the way from raw materials to waste.



## 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 non-profit 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.



# At Rusta great value for money means high quality at the lowest price

It also means that we actively work to ensure that our products are socially and environmentally sustainable. Here you can see some examples of how we work in practice to integrate sustainability into our products.

*Innovative examples from our product & packaging team*



## 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).

## Emma-Towel



- OEKO-TEX - no hazardous chemicals
- Cotton produced in accordance with guidelines set out by the BCI
- Verified quality and performance by Testfakta

Rusta's Emma-towel is made without any hazardous chemicals. In addition, the towel only contains cotton that is sustainably produced in accordance with the regulations of the Better Cotton Initiative. Sold without any consumer packaging, this is a sustainably produced towel - sold at the best price on the market

## Light bulb



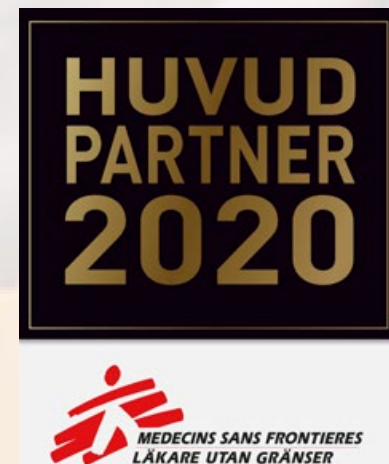
- Sold without any consumer packaging
- 10 000 hours life span
- Completely free from mercury

This light bulb is so resistant that it does not need any packaging. For this reason, we removed all the packaging entirely, thereby saving 10 tons of cardboard every year and a lot of less air transported from factory to warehouse and stores, saving CO<sub>2</sub> emissions. The result: lower price and lower environmental impact.



# Together we create change

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



## Médecins Sans Frontières

Rusta is a proud business partner of Doctors Without Borders, a medical humanitarian organisation that saves lives and alleviates distress where it is most needed. The organisation helps people affected by crises, wars and natural disasters all over the world.



## 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.



## UN Women

Rusta supports UN Women Sverige, non-profit organisation that works to promote gender equality and women's rights at both local and global level.



## No to PFAS

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.



”

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

Good quality at the lowest price is good, but not enough. Rusta's vision is to become the leading and most trusted low-price retailer in Europe. For this reason, we take our sustainability work with utmost sincerity and continuously strive to develop the sustainability aspects of our business and our operations.

At Rusta, it should be easy to renew and refill at home, without having to compromise on our shared responsibility towards future generations. Rusta is determined to lead the shift towards a more sustainability-focused approach in the low-price retail category, thereby contributing to change the business in a positive direction. In the following pages, we account for the many aspects of Rusta's sustainability work.



Quality and Sustainability Manager Rusta AB  
Jesper Bondesson

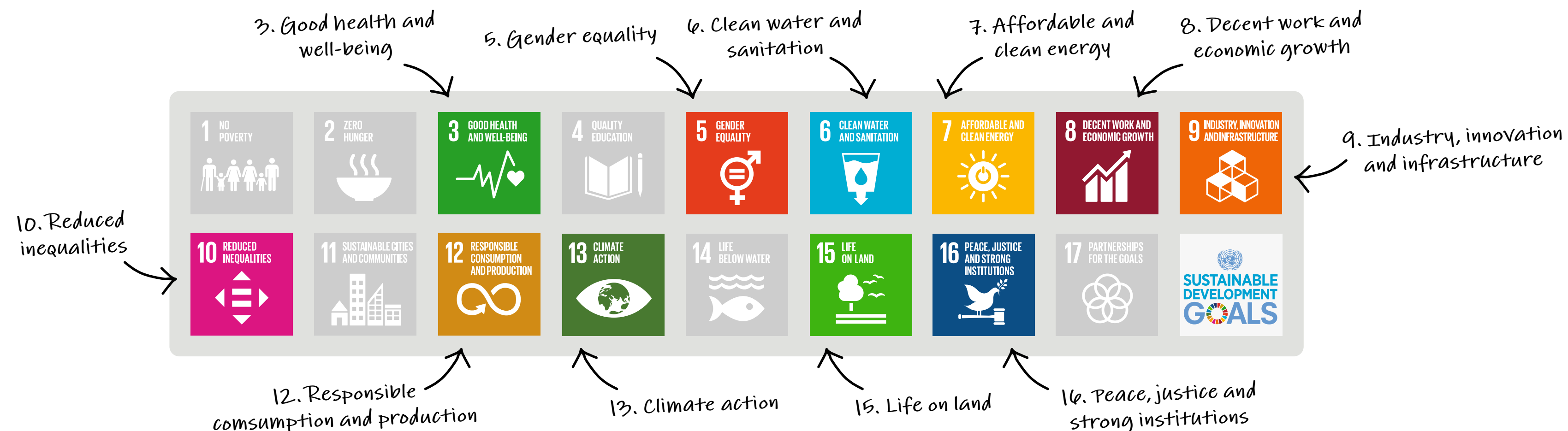


# Sustainability development goals

Rusta follows the 17 Sustainable Development Goals laid out by the United Nations. These 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 eleven goals that we deem influence our daily work more than others and paying extra attention to these.

## Our prioritized eleven Sustainable Development Goals:





# Sustainability strategy

Rusta’s strategy is based on our sustainability vision which serves to guide and inspire us. Our sustainability policy states our responsibility toward the societies in which we are active and the four key areas of sustainability in which we aim to create long-term improvement.

## Products

**Increase number of sustainable products in our assortment**

- Current:**

  - Safe and wholesome products for our customers
  - Offer products that are designed for long-lasting life
  - Simplicity in design and construction
  - Develop smart packaging made from renewable resources
- Long term:**

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

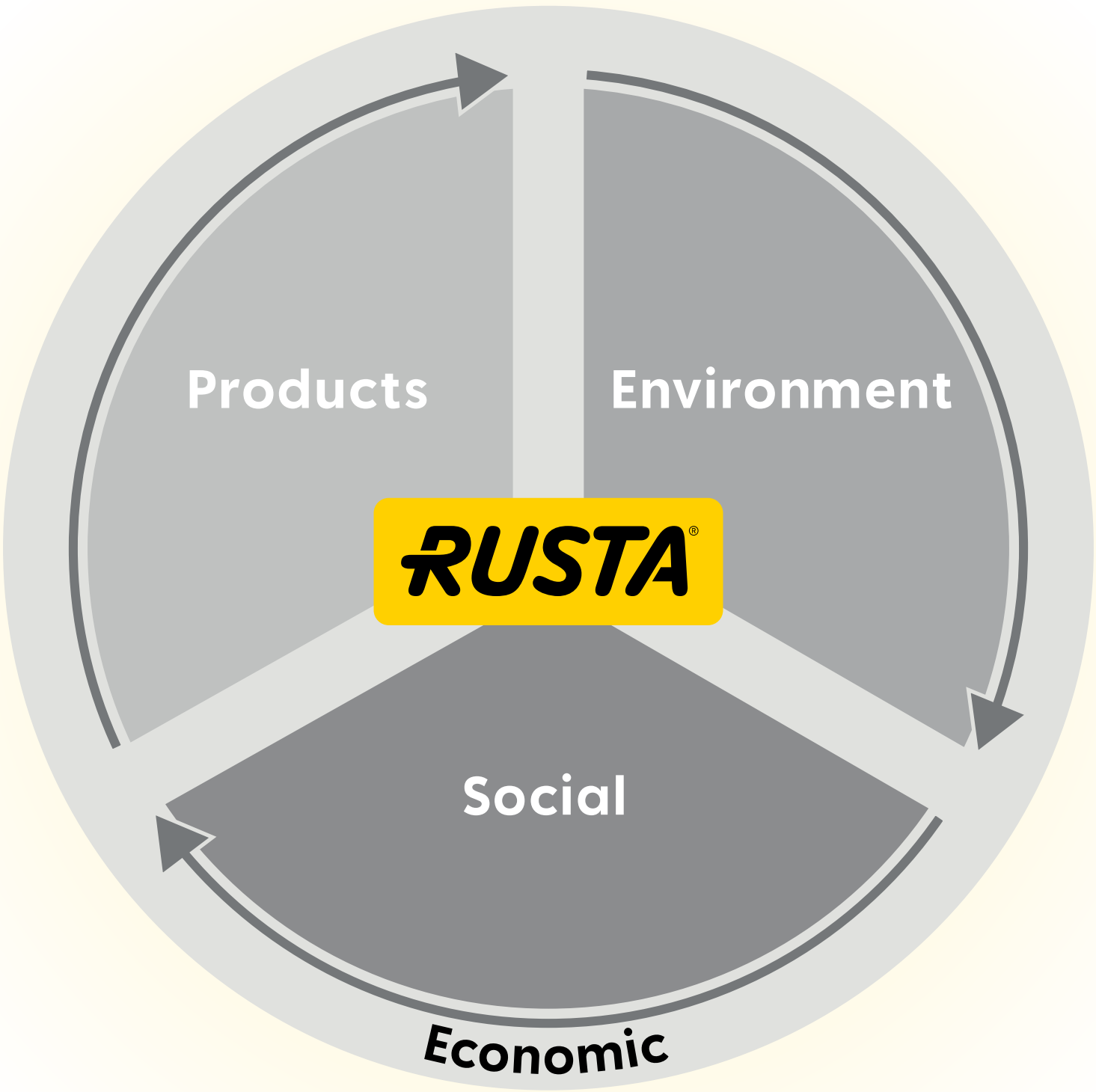
## Social

**Work together with our stakeholders to improve society wherever we do business**

- Current:**

  - Together with suppliers continuously improve our Code of Conduct performance
  - Responsible sourcing is a natural part of conducting our business operations
  - Strengthen diversity in our company
  - Partner with organisations that contribute to a better society
- Long term:**

  - Include people in socially vulnerable groups



## Environment

**Our commitment - to be environmentally conscious and resource-efficient**

- Current:**

  - We use non-hazardous chemicals
  - We use certified raw materials
  - Products are made of recycled materials and designed to be recycled
  - We use renewable energy and we are energy-efficient
- Long term:**

  - Our products have a lower environmental impact than comparable products on the market
  - Our transports and travels are climate-compensated

## Economic

**Sustainable business gives long-term profit**

- Current:**

  - Give our customers "great value for money"
  - We have the courage to see past short-time profit to reach our long-term business goals
  - Grow our business with partners that act sustainably
- Long term:**

  - Prove that low cost companies can operate business sustainably



# Stakeholder engagement

The materiality analysis in this report is based on Rusta group’s sustainability strategy. The strategy has been elaborated on the basis of the United Nations’ global sustainable development goals and the principles of UN Global Compact, that Rusta, as a company, is committed to.

We have combined these overarching goals with the focus areas that Rusta has identified based on a stakeholder dialogue completed during March-April 2020. The stakeholder input has been further elaborated through workshops and detailed in-depth interviews. These focus areas have subsequently been confirmed in group discussions within the Rusta sustainability reporting team.

The input from our stakeholders has provided us with the primary focus areas on which we concentrate our sustainability efforts. Upon finalisation, the input and the output of the analysis has been approved by Rusta’s group management and Board of Directors.

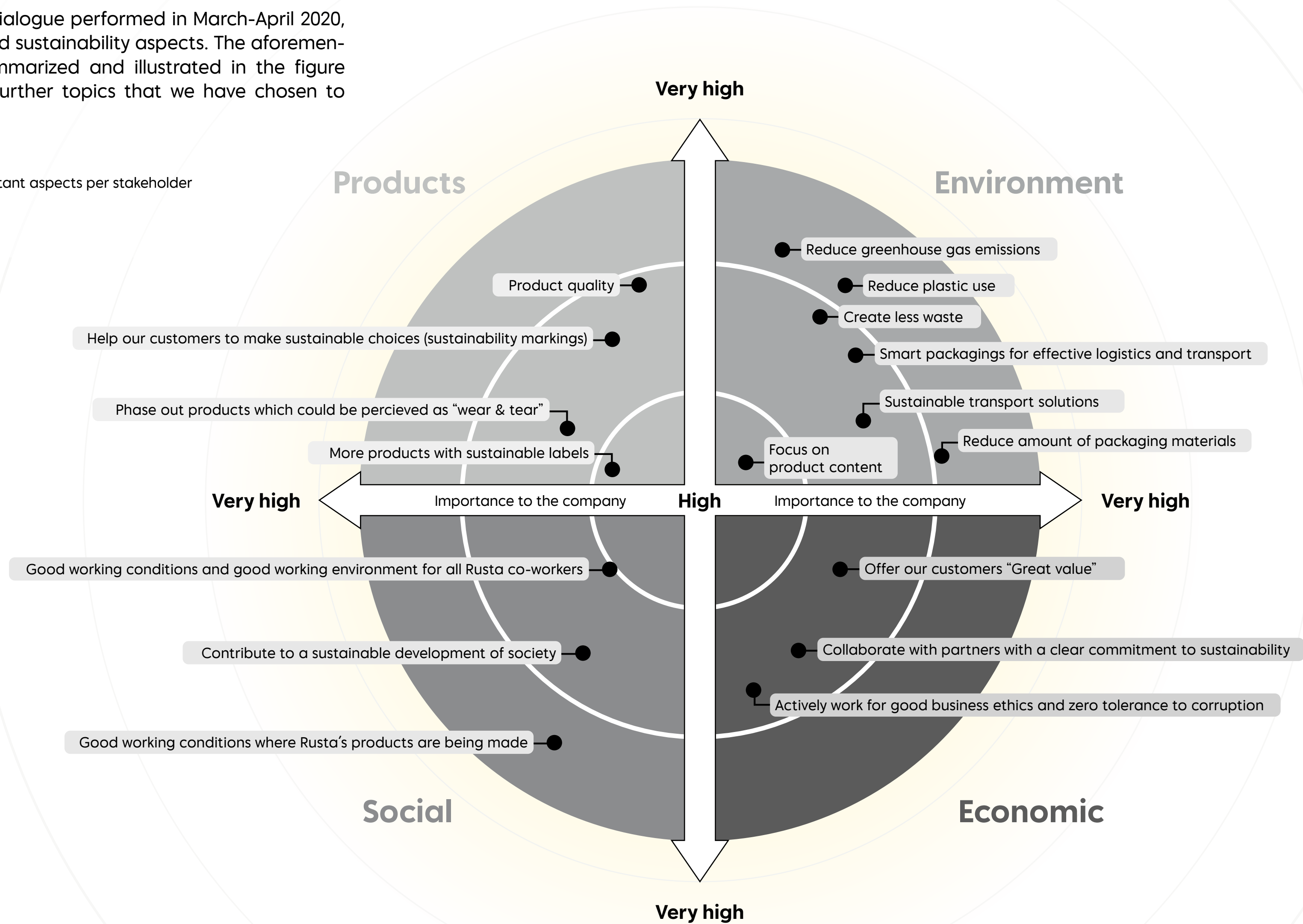




# Important sustainability aspects

As a result of the stakeholder dialogue performed in March-April 2020, Rusta has identified 17 prioritised sustainability aspects. The aforementioned aspects have been summarized 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 page 32.





# Identified material aspects

## Products



### Goal

Rusta to use 100% recyclable plastics by 2023

### Progress

- Recycled plastics used in more than 200 products
- 11% less defective customer returns

### Product quality

Great value for money

Supplier Quality Evaluation

Product content

Sustainable choices and markings

Renewable and certified raw materials

## Packaging



### Goal

Optimise packaging solutions on Rusta's 100 top-selling products by 2022

### Progress

- 20 000 pallets saved (equal to 660 containers)
- Expanded Polystyrene removed from all packaging
- Removed packaging for all curtains saving an estimated 16 tons of virgin plastic

### Reduce packaging materials

Sustainable packaging materials

Smart packaging

## Transport and logistics



### Goal

Map the current CO<sub>2</sub> emissions from our transport and distribution

### Progress

- Reduced number of distributions pallets thanks to high filling rate
- Increased storage capacity in our central warehouse by 65 000 pallet locations

### Incoming goods

Modern warehouse

Distribution to our stores

## Working environment



### Goal

Implementation of our Code of Conduct (CoC) in all offices, stores and warehouse by October 2021

### Progress

- All factories producing for Rusta have passed the Rusta CoC level Basic
- Our suppliers on level "average" or higher

### Employment learning and development

Code of Conduct

Social responsibility

## Energy and emissions



### Goal

Reduce greenhouse gas emissions by 20% until 2025

### Progress

- Another 30 stores converted to LED-lighting
- Share of recycled waste increased with 3,4%
- 1 052 tons of CO<sub>2</sub> saved by reducing electricity consumption

### Supplier environmental evaluation

Greenhouse gas emissions

Energy and fuel

Promote recycling

## Ethics



### Goal

All suppliers of goods and all white-collar co-workers shall sign the ethical policy annually

### Progress

- Ethical policy training with key target groups within Rusta
- All new white-collar co-workers sign the ethical policy digitally

### Good business ethics

Zero tolerance approach

Whistleblower policy



# Products



## Product quality

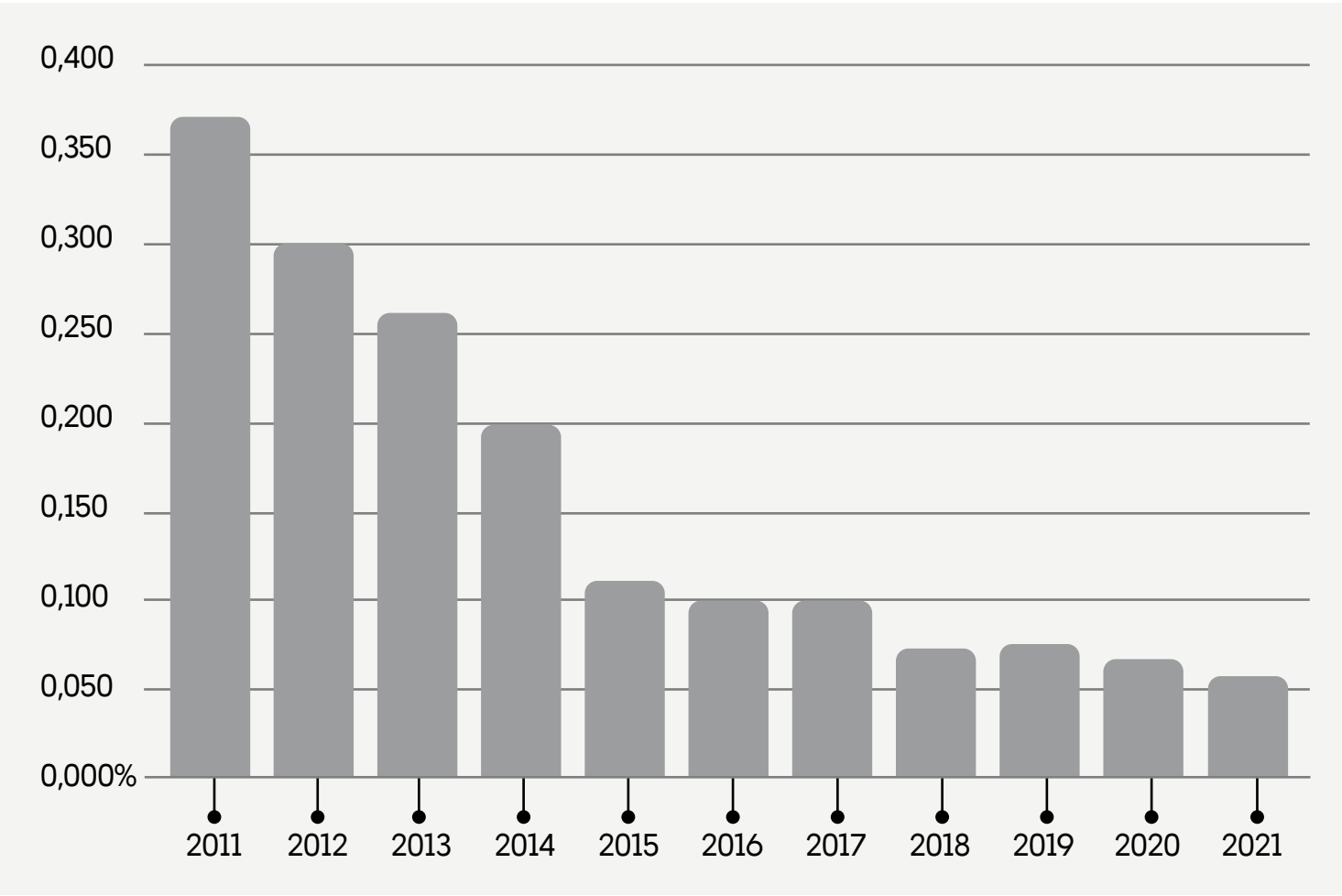
Rusta’s product quality vision is to provide all customers with products they perceive as being “Great value for money”.



- 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

The implementation of Rusta’s quality strategy has so far been successful. Since launching the quality strategy in 2011, defective customer returns have been reduced by some 84%.

Defective customer returns in percentage (Quantity)



- Progress:**
- Defective customer returns in percentage decreased with 11% to a new record low of 0,059%
  - Initiated a new project with the mission to secure a minimum of three years durability on all products (consumables exempted)

- Goals financial year 2021/22:**
- Rusta has set two overarching goals relating to quality and durability:
    1. A 20% annual reduction of customer returns related to poor quality
    2. Phasing out items deemed to be “wear and tear-products”

## Great value for money

“Great value for money” is the main motivation for Rusta’s Quality and Sustainability team. At Rusta “Great value for money” means the customer’s perceived value of the product in relation to its price.

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.

In 2020 Rusta initiated a project together with our supplier to develop a new and better range of moving boxes. An unique locking-mechanism was developed, the raw material comes from FSC-certified wood, the unassembled size has been adopted to the EUR-pallet (saving many truckloads from factory to warehouse and from warehouse to stores) and a handle for our customers to carry the comfortably. The moving box PRO was awarded “Verified Quality and Performance” by Testfakta with a combined score of 9,2 beating the previous test winner from Shurgard on 7,6.



- Progress:**
- Seven 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

- Goals financial year 2021/22:**
- At least one Best in Test/Best Value for Money product in every product category
  - 10% increase in share of Swedes who perceives that Rusta offers “value for money”

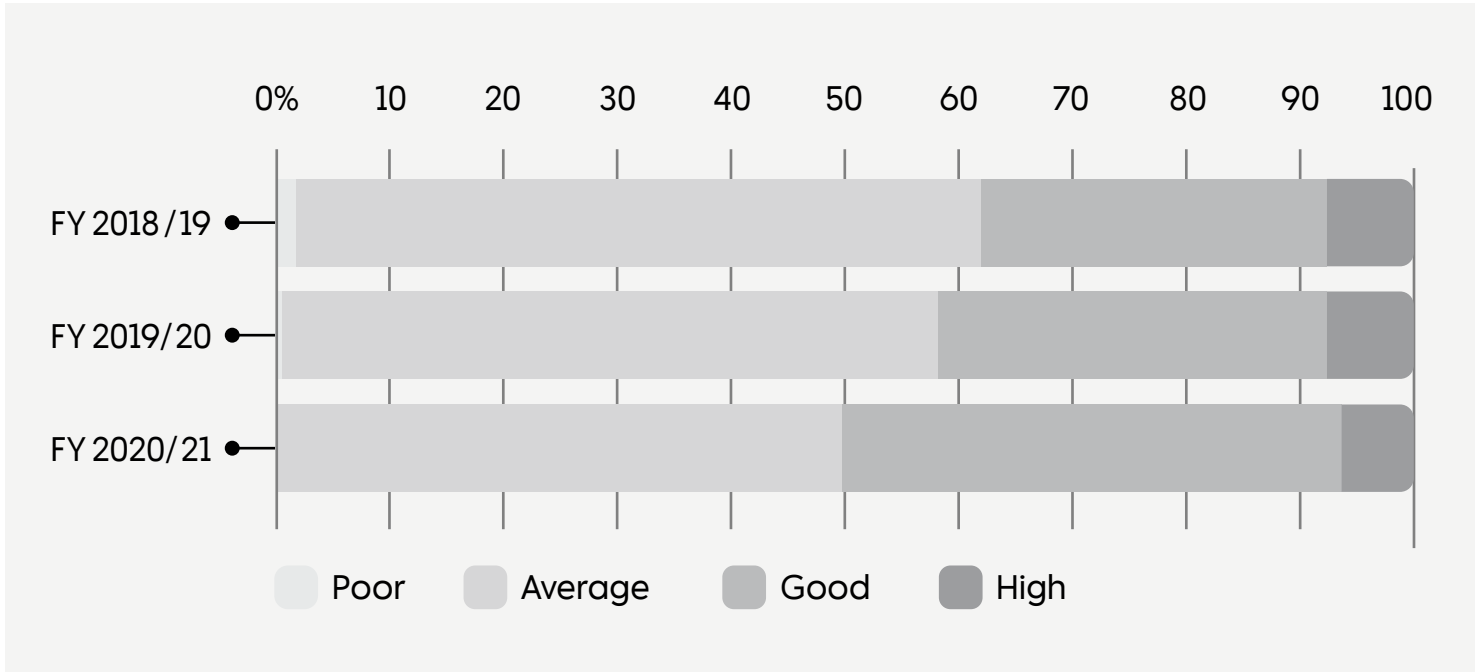


# Supplier Quality Evaluation

Rusta strives to ensure that the factories producing our goods continuously work 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 provide support to the factories with training while motivating and encouraging them to pursue further progress. During the past financial year we have evaluated 153 factories based on our Supplier Quality Evaluation (SQE) guidelines. There are currently 159 factories on level “average”, 141 on level “good” and a further 20 factories on level “high”.

## Result of Supplier Quality Evaluation



### Progress:

- Zero factories labelled level “Poor” (previous year 3)
- Rusta ended co-operation with two factories due to poor SQE-performance
- Factories on level “good” increased from 34% to 44%

### Goals financial year 2021/22:

- 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)

# Product content

As a basic rule Rusta always uses the strictest requirements of any of our four 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 movement. By joining this initiative Rusta recognises that PFAS (Per- and PolyFluoroAlkyl Substances) 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 detect potentially harmful chemical content in our products, Rusta uses X-ray fluorescence (XRF) scanners both in our Asian sourcing offices and in our warehouse in Norrköping, Sweden. In addition to looking at the actual test results from our XRF-scanners, we calculate any potential risk whenever we detect a value close to the permissible limit.

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:

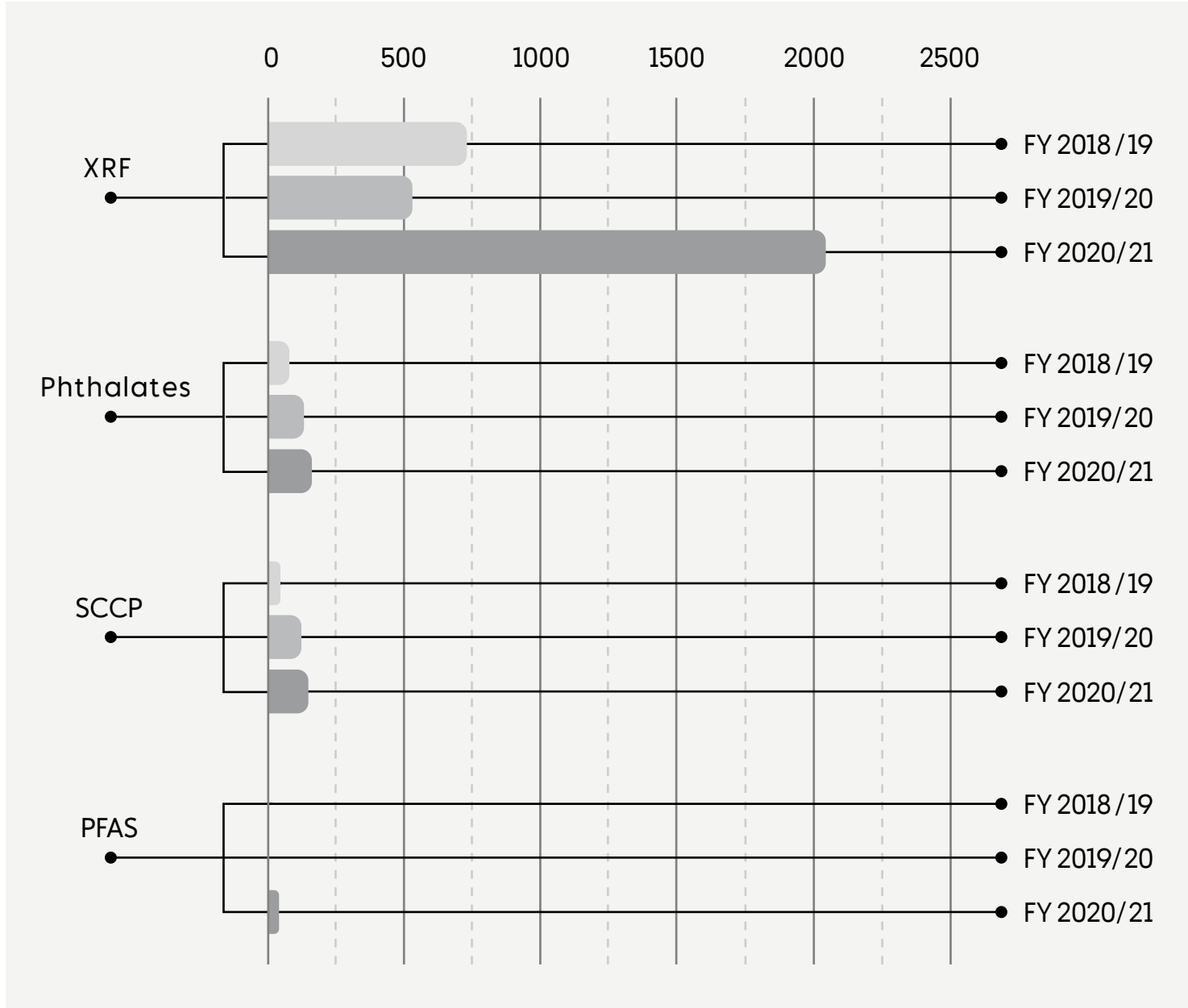
- Rusta’s chemical requirements were updated in May 2020
- A total of 2 027 (1 007) X-ray fluorescence (XRF) tests have been performed in our premises in Asia and at the Rusta distribution center in Sweden
- We increased the number of third-party tests from 211 to 261 based on random selection prior to shipment
- 29 (2) suppliers have invested in and have been trained in XRF-scanning techniques to improve supervision of the “Restriction of Hazardous Substances” (RoHS) requirements
- During the financial year Rusta’s new Product Lifecycle Management (PLM) system has been released. A new routine for uploading the Material Safety Data Sheet (MSDS) has been implemented. The new system means that any MSDS that is uploaded into the PLM system will automatically be published on [www.rusta.com](http://www.rusta.com). Furthermore, all new or updated MSDS have been published on the Rusta intranet to

ensure that all Rusta co-workers can easily obtain the information contained therein.

### Goals financial year 2021/22:

- To update Rusta’s chemical requirements for suppliers and factories
- To produce video training modules to secure awareness and understanding of said requirements
- To replace flame retardants in a minimum of five Rusta electrical household appliances with more sustainable alternatives
- To identify all product groups potentially containing PFAS-substances
- To educate all textile suppliers on PFAS, their health- and environmental impact and why Rusta is working to phase out these substances
- To create a policy on Biocide products
- Phase out PFAS in all textiles by 2023

## Number of random tests



During the past financial year focus has been placed on Phthalates and Short Chained Chlorinated Paraffins (SCCP). Per- and PolyFluoroAlkyl Substances (PFAS) is now added.



# Sustainable choices/markings

To facilitate for our customers to make sustainable choices, Rusta has improved the sustainability markings on our products in all our product ranges. A new pictogram informing our customers of which products are made from recycled materials and the share of recycled material used in the product have been successfully launched. Rusta is intent on offering a more sustainable product assortment than our competitors.

This gradual transformation of our assortment will be 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 packaging
- By optimizing the dimensions of our products and packaging to enable efficient transports thereby minimizing emissions



**Progress:**

- During the financial year 2020/21 all existing sustainable markings were published on our homepage [www.rusta.com](http://www.rusta.com), with their respective descriptions. By clicking on a sustainable marking Rusta customers in all our markets can easily find products carrying their preferred marking
- Three products have been highlighted as sustainable choices every season in our 173 stores
- Setting up of new guidelines on sustainable materials to be used when developing new Rusta products

**Goals financial year 2021/22:**

- To improve communication on sustainable choices and markings to our customers
- To further strengthen communication on sustainable products in all our channels

PACKAGING  
made from



RECYCLED  
PLASTIC





# Renewable and certified raw materials

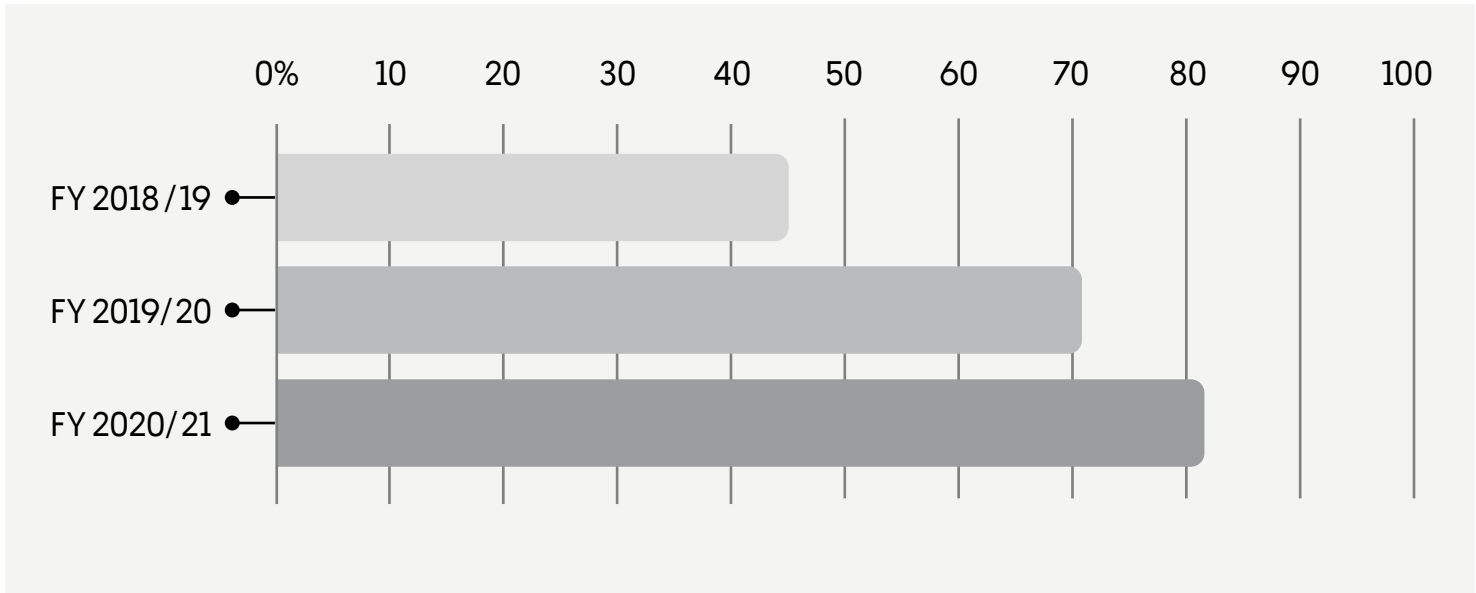
## Wood

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
- Whose production may be a consequence of broader societal or regional conflicts
- 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), Programme for the Endorsement of Forest Certification (PEFC) or Nordic Swan Eco label. This includes solid wood, wood-based materials and paper.



### Progress:

- During 2020/21 the share of sustainably certified wooden and paper products in Rusta’s assortment grew from 71 to 82%

### Goals financial year 2021/22:

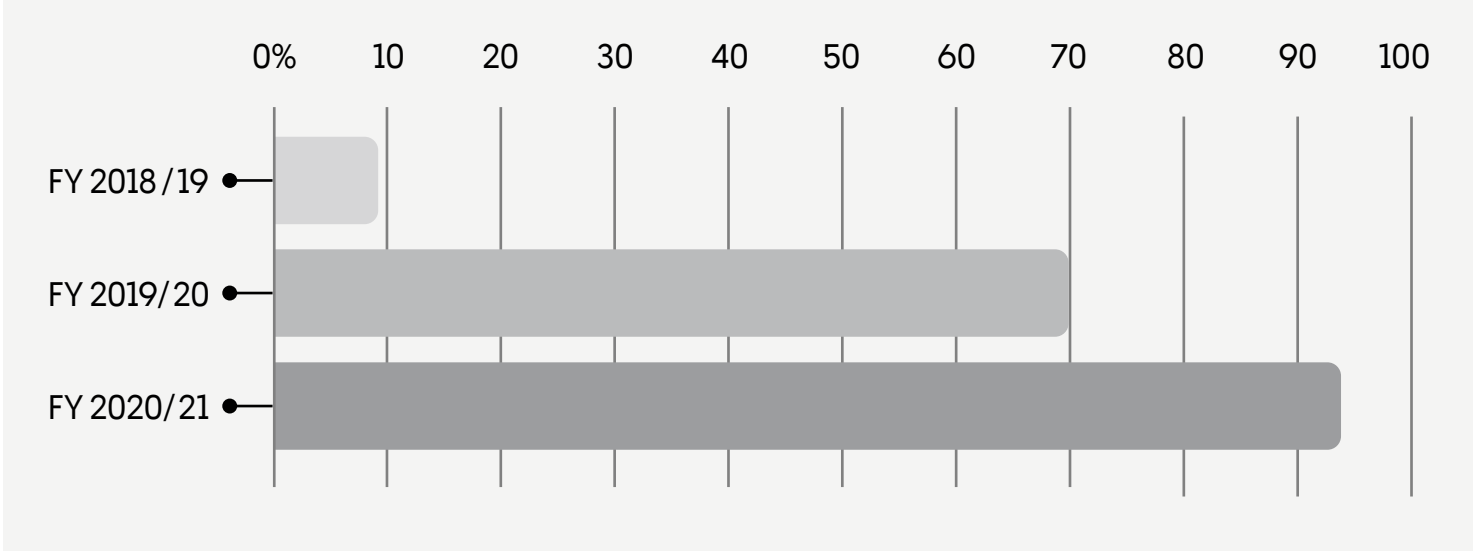
- All solid wood and wood-based material - including paper - used in Rusta products shall be certified

## Cotton

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

During 2020/21 the share of BCI Cotton products in Rusta’s assortment grew by 24%. Moreover, during the financial year we have also increased the number of Rusta-products containing recycled cotton.

### Share of BCI cotton comparison\*



Percentage of metric tons.

### Progress:

- During 2020/21 the share of BCI Cotton products in Rusta’s assortment grew from 70 to 94%

### Goals financial year 2021/22:

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



Plastic

Rusta is continuously striving to reduce the amounts of plastics used in both our products and their packaging. We are currently mapping the entirety of our company’s product assortment with the aim of reducing dependency on fossil-based plastics.

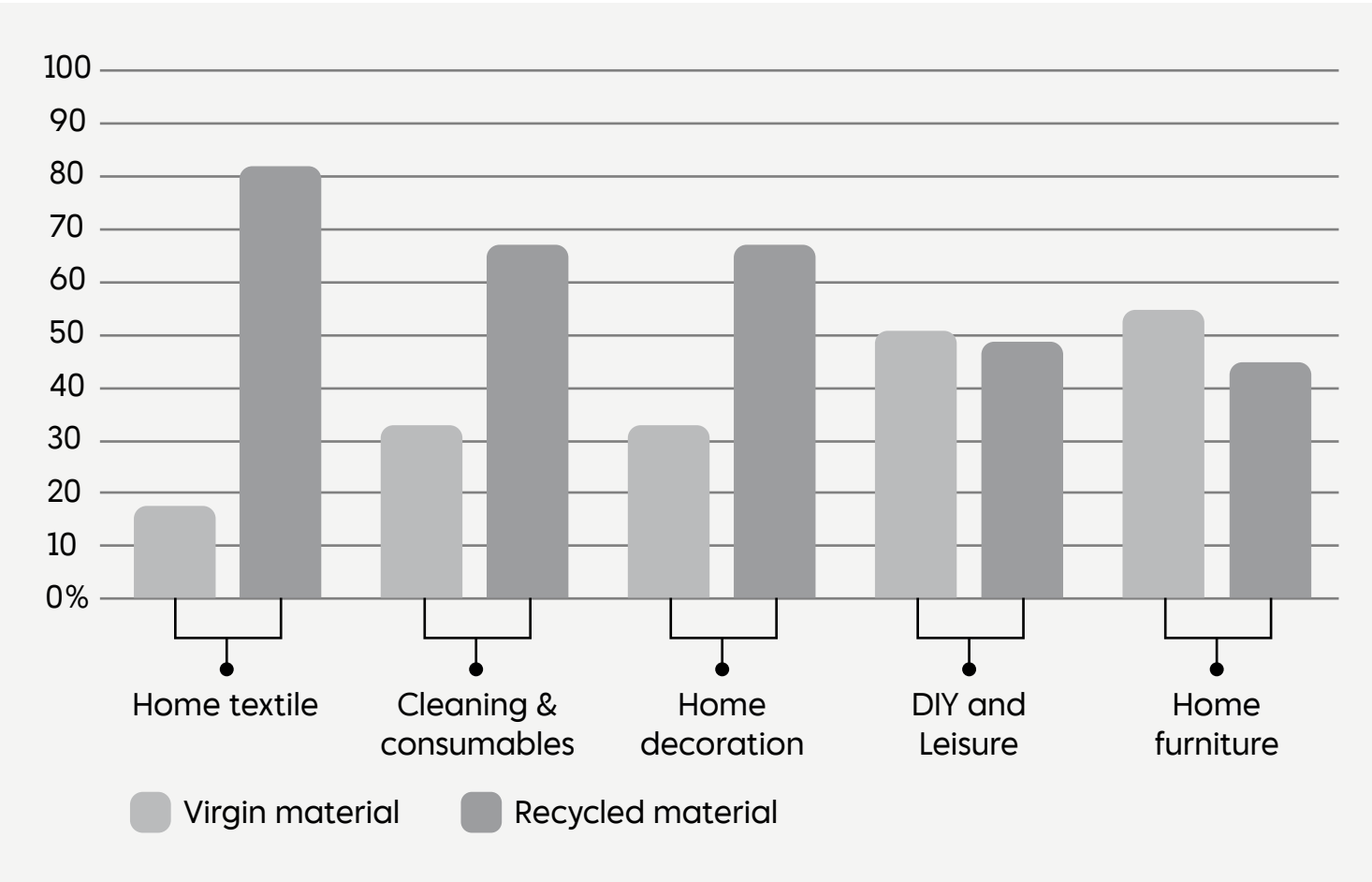
In line with our goal to only use recyclable plastics in our products by 2023, we have switched raw materials in, amongst others, the following products:

- Solar cells
- Christmas decoration
- Table-cloths
- Filling in our decorative cushions to 100% recycled PET, saving an estimated 440 000 kg of virgin raw materials yearly



Our requirements regarding plastics are all detailed in the Rusta Supplier Manual.

Plastic products share of recycled content per product range



Three of our biggest volume assortments now have more than 65% of their plastic products made from recycled material.

Progress:

- The Rusta “Plastic task force”, a cross-departmental initiative including representatives from all Rusta sourcing offices has reduced our dependency of fossil-based plastic
- Three new items made of bioplastics introduced during the financial year
- Recycled polyester introduced in two new curtains

Goals financial year 2021/22:

- In line with our packaging strategy we continue to use only recyclable plastic packaging materials
- By 2023 all plastic products sold by Rusta shall be made of recyclable plastic
- By 2025, 50% of all plastic used in Rusta products shall 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 products containing leather, down and feather are produced responsibly. Rusta therefore only permits the use of residual products from animals slaughtered for their meat, with the

exception of wool products. If the slaughter has been done further down the value chain, Rusta staff will always make a site visit to the producer to verify compliance.

In 2018 Rusta initiated a dialogue with Animal Rights Sweden. The dialogue has proceeded during 2020/21 where representatives of Rusta’s Quality and Sustainability team 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 since early 2020 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 2021/22:

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

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 Round-table 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 containing palm oil were in “RSPO mass balance”, which is a supply chain model that monitors the trade of RSPO certified palm oil products throughout the entire supply chain

Goals financial year 2021/22:

- To continue securing 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



# Packaging



## Reducing packaging material

By switching from double wall to single wall corrugated cardboard for lightweight goods, Rusta has increased filling rate in containers by 7% and reduced the amount of paper used by a further 40%.



Rusta's Product Lifecycle Management (PLM) system has been implemented to keep track of packaging material use. The system allows us to track how much packaging material each individual item requires and to estimate total use of packaging materials.

With the corrugated cardboard sample-making table in operation, we are able to improve our packaging solutions even more, securing that we eliminate any excessive packaging material or empty space in our shipments.

### Progress:

- Increased focus on reducing packaging materials
- Eight (8) tons of virgin plastic material saved in retail unit packaging material by using recycled plastics instead
- Removal of plastic packaging material for all curtains saving an estimated 16 tons of virgin plastic

### Goals financial year 2021/22:

- Focus on 100 top-selling items and further improving their packaging solutions
- Ensuring optimal insight and transparency on packaging content in our PLM-system

## Sustainable packaging materials

At Rusta we strive to limit our use of packaging materials to one per item, thereby avoiding mixed materials that are challenging to sort and recycle. Rusta uses no hazardous chemicals in the packaging material. Recyclable packaging materials is always our first choice and we strive to use the most recycled content possible. The increased focus on our packaging material has led to a significantly higher share of recycled plastic in all Rusta packaging.

### Progress:

- Rusta have phased out Expanded Polystyrene (EPS) from all packaging
- Rusta has increased the share of recycled plastic packaging materials used to pack tarpaulins, paint and consumables to 60%
- Formulation of guidelines on sustainable materials

### Goals financial year 2021/22:

- Rusta shall have recycling symbols on all packaging
- Increase our share of recycled packaging material

## Smart packaging

In close cooperation with the product development group, we always strive to create smart packaging that reduces cost throughout the value chain. We adapt product dimensions and packaging solutions to the pallet and container. We are also working according to a new and improved guideline on how to optimize packaging and handling of heavy products in our value chain – all to secure improved working conditions in the factories, our warehouse and stores. Products should always be packed in a way that makes it easy to replenish them in stores. The big volume items shall come in convenient Shelf Ready-packaging or ready to sell pallets.

### Progress:

- 20 000 pallets saved equal 120 EUR-pallets less to each of our 173 stores
- Setting up of sample-making table for corrugated cardboard operative from April 2021
- Initiation of development project for more efficient textile packaging solutions

### Goals financial year 2021/22:

- Packaging shall be added as an integral part of product development
- Filling rate shall be more than 83% in our containers
- Yearly goal is to save in excess of 15 000 pallets





# Transport and logistics



## Incoming goods

In close collaboration with our suppliers and colleagues in Asia we continuously increase the filling rate in containers while developing smarter packaging and loading solutions throughout our value chain.

## Modern warehouse



Rusta's central warehouse located in Norrköping is as of the financial year 2020/21 one of the largest distribution centers in the Nordics. Our warehouse has the capacity to store more than 300 000 pallets. Constructed in 2015, recent years have seen some major expansions made, the latest expansion contains a separate building capable of storing an estimated 65 000 pallets.

Having a centralized distribution center means that Rusta 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

To save energy, the entire building is heated by geothermal heating. Moreover, the warehouse solely uses LED-lighting. The LED-lighting reduces energy consumption by an estimated 50% compared to conventional light bulbs. Furthermore, a "pick-by-voice"-system allows Rusta to save more than three tons of print-paper every year. For several years, we have strived to develop improved processes in automatic stretch wrapping machines to reduce plastic use. Thus, by using a thinner but stronger plastic film we save more than ten (10) tons of plastic every year.

## Distribution to stores

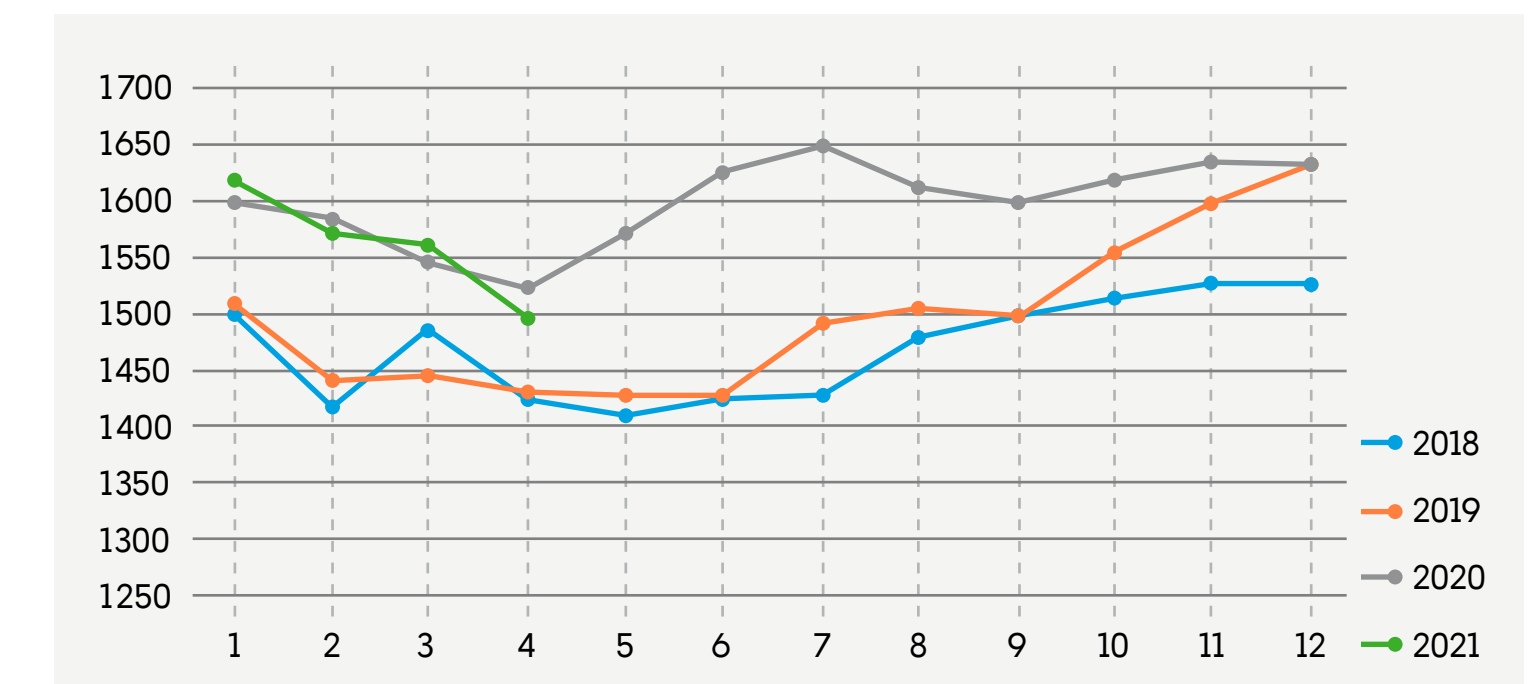
Rusta has started to implement a new central replenishment system which will secure that products are delivered at exactly the right time, to the exact place and in just the right amount. The system helps us to reduce any unnecessary inventory costs and unneeded transportation of goods back and forth from 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 minimising emissions. To avoid traffic and save fuel, whenever possible, we deliver all goods during the night to the north of Sweden. We also utilise railroad for distribution of goods to nearby stores.

### Progress:

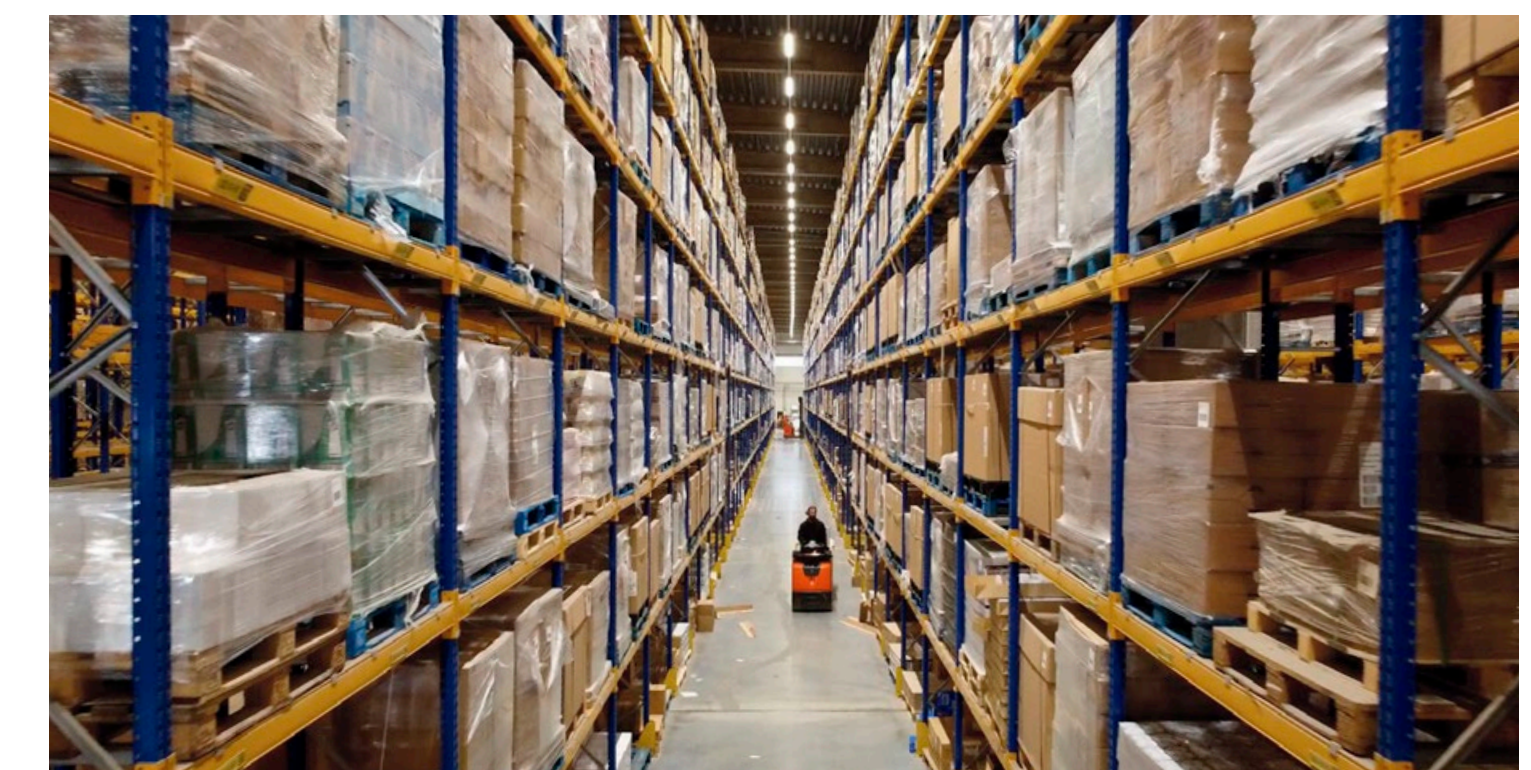
- The average volume on pallets increased by 4% past financial year, meaning that Rusta saved approximately 16 000 distribution pallets (equal to 356 truckloads)

## Monthly development of volume per distribution pallet in m³



### Goals financial year 2021/22:

- Map the current transport CO<sub>2</sub> emissions
- Create and implement an environmental appendix to all distribution agreements
- Automise processes in value chain planning and goods receipt





# Working environment



## 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”.**

**Rusta has 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 engaged, and actively contribute to the future growth of our company.

For this reason, we work to provide great opportunities for professional development.

**Rusta is a value-driven company.**

Our 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.

**Rusta regularly performs co-worker surveys.**

The latest survey was conducted during the spring of 2021. The response rate was 85% 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 to be positive and productive.

Co-workers by country	
Sweden	60%
Norway	19%
Germany	2%
Finland	16,5%
China	1,5%
India	0,5%
Vietnam	0,5%
Co-workers' gender	
Women	64%
Men	36%
Age distribution	
Over 50	13%
30 - 50	41%
Under 30	46%
Group management gender	
Women	44%
Men	56%
Age distribution	
Over 50	33%
30 - 50	67%
Board of Directors gender	
Women	33%
Men	67%
Age distribution	
Over 50	83%
30 - 50	17%







**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 out 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 shall give the co-worker to succeed.

**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. 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 programme 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 has 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 programme 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 job description and tasks. Rusta offers trainings and educations on:**

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Materials and product development</li><li>• Workplace safety</li><li>• Quality and sustainability</li><li>• Introduction trainings</li><li>• Packaging</li><li>• Store concept</li><li>• Truck driving licenses</li><li>• Registration, Evaluation, Authorisation and restriction</li></ul> | <ul style="list-style-type: none"><li>• of Chemicals (REACH) and Restriction of Hasardous Substances (RoHS)</li><li>• Code of Conduct</li><li>• Rusta core values</li><li>• Ethical policy</li><li>• Working environment and ergonomics</li><li>• Staff planning</li><li>• Labour law</li></ul> |
|---|---|

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 in the importance of investing in the company’s most valuable assets, the people.

**Progress:**

- During the financial year nine confirmed incidents of discrimination and harassment were identified, and proper actions were taken by Rusta’s HR-department
- All store managers have been educated in staff-planning and labour law
- Our guidelines regarding discrimination and harassment have been reinforced and communicated to all co-workers
- A number of safety precautions and routines concerning COVID-19 have been established in order to secure a safe environment for our customers and co-workers

**Goals financial year 2021/22:**

- Repetition training in ergonomics for warehouse staff
- New e-learning platform will be introduced
- All managers will be educated by means of 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



# 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. It also includes the ten principles of the UN Global Compact. Moreover, since 2008, all Rusta suppliers must annually sign and adhere to the Rusta Code of Conduct.

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

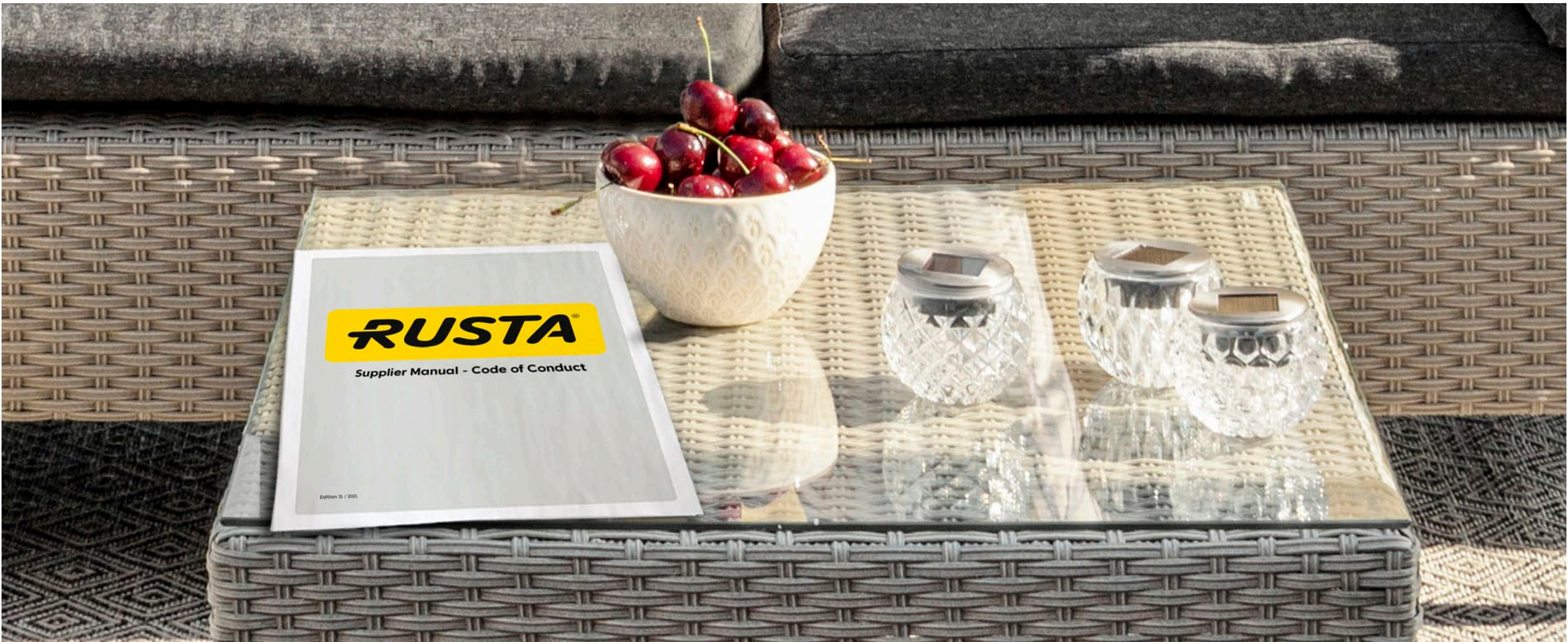
- All employees have an employment contract
- No child labour
- Voluntary labour only
- Access to fresh drinking water and toilets
- Wage equal to or exceeding the legal minimum level
- Critical health and safety hazards shall be prevented
- Critical environmental hazards shall be prevented
- Good business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

In addition to the minimum basic requirements, Rusta’s Code of Conduct also contains several additional 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. lighting and air condition
- We immediately take action 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. We travel together whenever we can, and we travel only when needed
- We practise 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 have included COVID-19 restrictions and requirements in our Code of Conduct for our suppliers
- We have updated Rusta Quality and Sustainability policies to our respective local languages
- Implementation of the internal Code of Conduct initiated

## Goals financial year 2021/22:

- Implement Code of Conduct in all stores, offices, and our warehouse latest October 2021



# Social responsibility

For us social responsibility is closely interconnected with our operations in Asia. We strive to continuously educate and support our Asian suppliers. Trained specialists in our Asian 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 relating to 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 every part of 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 businesses 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.

### Evaluations of the suppliers and their factories on performance

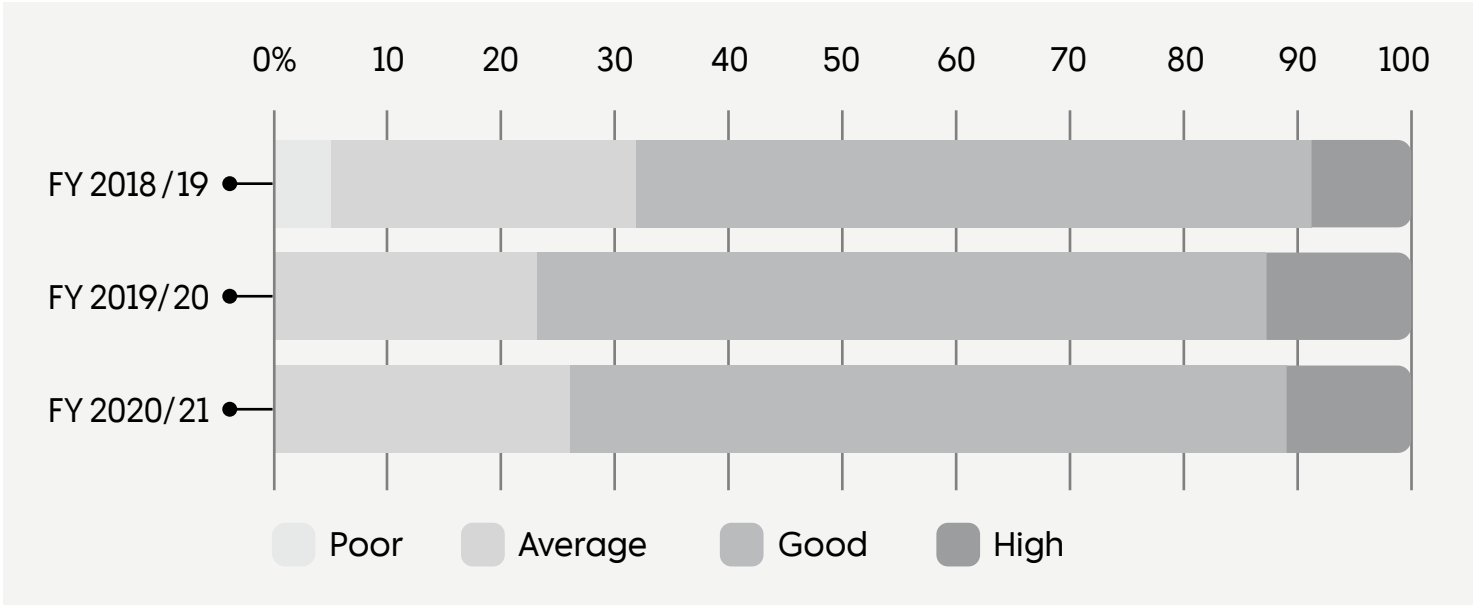
All evaluations, irrespective of whether they pertain to social or environmental responsibility or to quality systems, are executed by Rusta. Our own trained specialists evaluate and follow up on the improvements made in the various factories. Depending on our specialists’ evaluation, the table below shows the potential business penalties that suppliers may face in the event of non-compliance with our Code of Conduct.

During the financial year 2020/21, 166 factories were evaluated according to the social criteria laid out in our Code of Conduct. The table below shows how the current share of suppliers per risk-level compared to previous years.

### Share of suppliers per risk-level

CoC rating	Business Impact: CoC rating	Business impact: Improvement result	Follow up
High Points: ≥39	No impact. New businesses are encouraged.		Self-control by the factory and random checks by Rusta
Good Points: 30 - 38	No impact		Within two (2) years
Average Points: 21 - 29	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
Poor Points: ≤20	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
Unacceptable Fail Rusta Basic	Current factory: No orders can be shipped. Potential factory: No start.	No orders can be placed.	

### Result of Code of Conduct Social evaluation



### 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
- All suppliers achieved level “average” or higher
- During the financial year 2020/21 Rusta has closed cooperation with five factories in China due to poor performance in accordance with our social requirements in our Code of Conduct

### 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”
- Improve our suppliers’ performance with regard to social insurance



# Energy and emissions



## Supplier environmental evaluation

Rusta works 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.



Apart from our basic demand, that all critical environmental hazards shall be eliminated or be handled in a sustainable manner, we rate our suppliers on “Rusta Environment” based on the following five areas:

- Wastewater
- Energy consumption
- Greenhouse gas (GHG) emissions
- 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. During the financial year 2020/21, our trained specialists have evaluated 161 supplier factories in accordance with the environmental standard laid out in the Rusta Code of Conduct. As a consequence Rusta ended cooperation with one factory due to negative environmental performance.

### Progress:

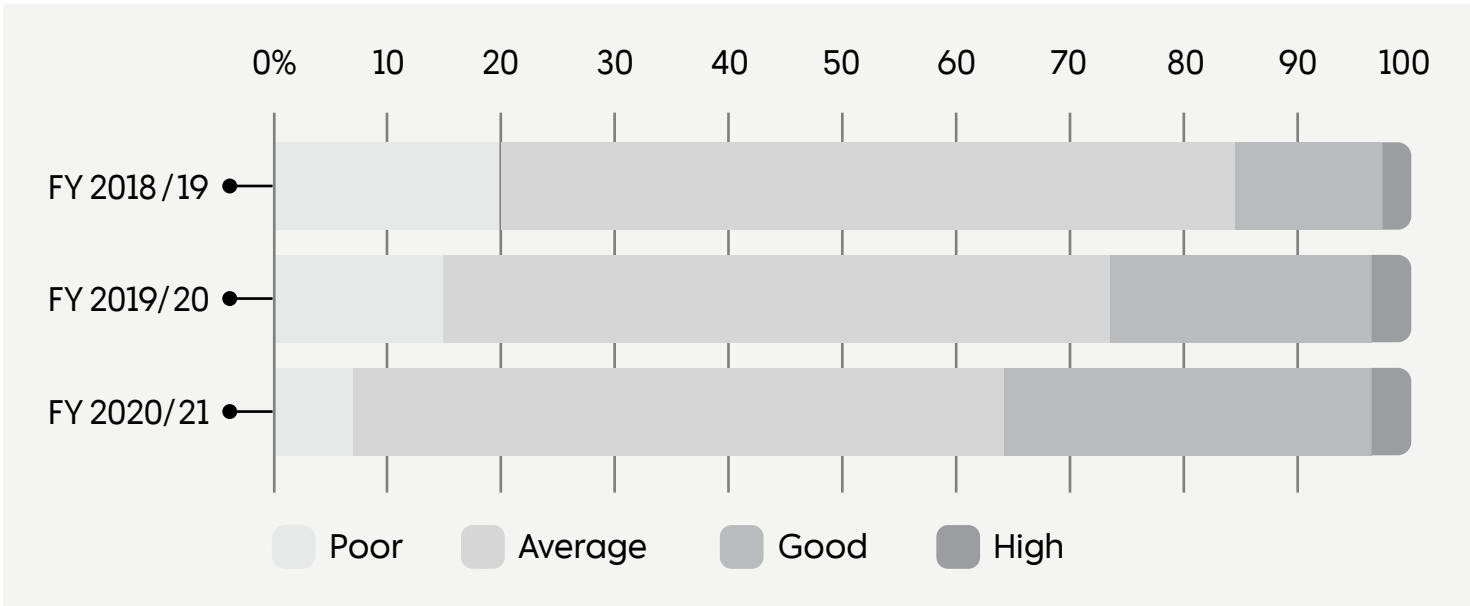
- In total, 100% of new suppliers were evaluated and screened in accordance with the environmental criteria laid out in Rusta’s Code of Conduct
- In total 161 evaluations were performed in accordance with the environmental criteria laid out in Rusta’s Code of Conduct
- The suppliers on level “poor” were reduced by 52%

### Goals financial year 2021/22:

- Set clear objectives for our sustainability activities with regard to emissions
- Reduce share of suppliers on level “poor” by 50%

The diagram below shows the current share of suppliers per risk level as compared to previous years.

### Result of Code of Conduct Environmental evaluations



## Greenhouse gas emissions

At Rusta we know that most of our CO<sub>2</sub>-emissions come from raw materials and the production of our products. Purchasing more sustainable and certified raw materials is Rusta’s main priority with regard to reducing our climate impact. Currently we do not have the tools to collect and gather all data relating to this aspect of our activities. However, our ambition is to be fully transparent regarding our environmental impact. As a first step in this process, Rusta will setup a methodology in order to calculate the CO<sub>2</sub>-emissions for each product that we sell.



# Energy and fuel

At Rusta we continuously strive to lower our greenhouse gas emissions. This work encompasses all aspects of our operations. We continuously improve our working methods 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.

	2020/21		2019/20	
Electricity consumption	Ton CO <sub>2</sub>	kWh	Ton CO <sub>2</sub>	kWh
Purchased electricity (market based method, Scope 2)	1 963	44 988 999	3 015	50 870 485
Electricity according to Scandinavian residual mix (location based method, Scope 2)	11 281	"	12 756	"
Business travel	Ton CO <sub>2</sub>	kWh	Ton CO <sub>2</sub>	kWh
Business travels Rusta owned cars (Scope 1)	102			
Rusta owned Trucks/work machines (Scope 1)	40			
Business travels private owned cars (Scope 3)	72			
Business travels other travel modes (Scope 3)	145			
Hotels (Scope 3)	284			

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-luminaires

Progress:

- 30 stores converted to LED-lighting as replacement for fluorescent lamps
- Our warehouse converted to LED-lighting as replacement for fluorescent lamps

Goals for the financial year 2021/22:

- We continue to improve data collection in accordance with Greenhouse Gas Protocol (GHG)

# Promote recycling

Rusta is determined to increase the share of reused, recycled and recovered waste. In our stores and our warehouse, we continuously collect and review data regarding the generation, treatment, and disposal of waste. We have implemented a yearly collecting schedule with our

waste management partners to minimise the hazardous waste that our warehouse and our stores generate. Together with our partner we also decide in what way the waste can, and shall, be handled and disposed.

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 secured a high share of recycled material is our plastic bags. We use only Low-Density Polyethylene (LDPE)-plastic which is collected from our stores. A large majority of this plastic is then turned into new plastic bags for our customers. The share of recycled material in the Rusta plastic bag is 90%.

Progress:

- Share of recycled waste increased with 3,4%
- Share of waste to combustion decreased

Goals for financial year 2021/22:

- Increase the share of recycling by 5% in total
- Increase the share of recycled waste to 80% in Finland, Germany and Norway

Hazardous waste	2020/21 Rusta		2019/20 Rusta		2020/21 Sweden		2019/20 Sweden	
Recycling	149 443	95,6%	130 822	96,0%	91 620	93,7%	96 643	94,7%
Combustion	2 298	1,5%	2 496	1,8%	2 298	2,3%	2 496	2,4%
Landfill	4 596	2,9%	2 970	2,2%	3 879	4,0%	2 970	2,9%
Recovery	0	0,0%		0,0%		0,0%		0,0%
Total kg:	156 336		136 288		97 796		102 109	

Non-hazardous waste	2020/21 Rusta		2019/20 Rusta		2020/21 Sweden		2019/20 Sweden	
Recycling	6 266 904	75,8%	5 503 912	72,4%	4 505 122	79,9%	4 440 631	80,6%
Combustion	1 935 496	23,4%	2 069 738	27,2%	1 067 866	18,9%	1 041 234	18,9%
Landfill	64 252	0,8%	30 156	0,4%	64 252	1,1%	30 156	0,5%
Recovery	3 900	0,0%	2 341	0,0%	3 900	0,1%	2 341	0,0%
Deep well injection		0,0%		0,0%		0,0%		0,0%
Total kg:	8 270 553		7 606 147		5 641 141		5 514 362	



# Ethics



## Good business ethics

In our 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 white-collar 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:

- No confirmed incidents of corruption were identified
- 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

### Goals for the financial year 2021/22:

- 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\*

\*in case the supplier has their own ethical standard or policy, this may be acceptable after verification



# Risks, risk management and opportunities

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

to potential challenges, well-managed risks instead has the potential for opportunity and add value to our operations.

Risk	Occurrence	Context	Mitigating factors	Opportunities
Prevention of corruption	Supply chain	Rusta has a global supply chain that includes procurement from countries with different risk levels. Potential risks in the supply 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 notable reputation or business risks to Rusta if they 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 on our ethical policy will be performed in all Rusta units. All suppliers shall sign the Rusta Ethical policy, or equivalent.	Together with industry peers Rusta can be part of shaping the market and have a positive impact on the journey towards reducing corruption in the world.
Social conditions and human rights	Supply chain	In some countries from which Rusta sources our 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 reputation.	The Rusta Code of Conduct, which clearly 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 we promote and work for improved social conditions and human rights in the countries where these areas are underdeveloped, we can secure safer workplaces and strengthen the markets where we source our goods. This also strengthens the Rusta brand.
Safety and health of Rusta's co-workers	Rusta stores, offices and warehouse	Ill health is a challenge for the individual as well as for the company in that it may cause sick leave. Accidents or incidents at the workplace due to lack of proper safety measures harm employees and can negatively affect Rusta's productivity and employer branding. Rusta recognizes the risk that serious diseases and pandemics may cause interruptions to business operations and harm employees.	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.	Working actively to promote safe and healthy working conditions will ensure healthy and happy co-workers. It also strengthens Rusta as an attractive employer.
Co-workers	Rusta stores, offices and warehouse	Rusta shall 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 and plan together 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 unions.	Being progressive as an employer and communicate 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 future Rusta employees.
Environment	Supply 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 ambition is to minimise the negative environmental impact from our activities, offer wholesome products for our customers and 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. We avoid or minimize use of unnecessary material whenever possible and increase the share of renewable, recycled and/or certified materials. 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 more customers.



# About this report

This sustainability report covers the financial year 2020/21 lasting from May 1<sup>st</sup>, 2020 to April 30<sup>th</sup>, 2021. 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 have been applied. Any limitations that we have made are described in the respective report chapters.

Regarding GRI we have made omissions for Management Approach 103-3 concerning GRI 302 (partial), GRI 304 and GRI 305 due to lack of systems for evaluation of our sustainability progress. Such systems will, however, be developed and implemented. Topic-specific disclosures have been partly omitted for all KPI's above, plus GRI 416-1 due to lack of data. For 305-1, 305-2, 404-1 and 404-2 we have partial fulfillment. Systems and tools for data collection will be further developed for more distinct data disclosure going forward. For full details and further information please see our GRI Content Index. The latest Rusta sustainability report was published in September 2020. Our report, published on an annual basis, describes our prioritised areas with regard to sustainability as well as the relevant targets and key performance indicators linked to these areas.

Our work during the financial year 2020/21 has been based on a materiality analysis which was conducted during April-May 2020. The materiality analysis forms the basis of this sustainability report. Based on the input from our stakeholders we have organised workshops and forums, which have, in turn, led to further actions and tangible improvements within the sustainability area. How the most significant sustainability aspects have been identified is described in the chapter "Stakeholder engagement".

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 should give our stakeholders useful and transparent information on our progress.



Rusta is a member of the United Nations (UN) 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.

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

**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	Management	Board of directors and owners	External partners and surrounding society
Products					
Longer lasting products	Further raise product quality	Further raise product quality	Phasing out products which could be perceived as “wear & tear”	Further raise product quality	Assist our customers in making sustainable choices (i.e. by means of sustainability markings)
Increase share of renewable and recycled plastics	Phasing out products which could be perceived as “wear & tear”	Phasing out products which could be perceived as “wear & tear”	Further raise product quality	Smarter packaging for effective logistics and transport	Further raise product quality
Smarter packaging for effective logistics and transport	Initiatives to facilitate the recycling of products	Smarter packaging for effective logistics and transport	Assist our customers in making more sustainable choices (i.e. by means of sustainability markings)	Increase the number of sustainability marked products with sustainable markings	Phasing out products which could be perceived as “wear & tear”
Social					
Good working conditions and good working environment for all Rusta co-workers	Good working conditions where Rusta’s products are produced	Good working conditions where Rusta products are produced	Good working conditions where Rusta products are produced	Carry out continuous and transparent sustainability work	Contribute to a sustainable development of society in line with 17 UN sustainable development goals
Good working conditions where Rusta’s products are produced	Contribute to a sustainable development of the society in line with 17 UN sustainable development goals	Good working conditions and good working environment for all Rusta co-workers	Contribute to a sustainable development of society in line with 17 UN sustainable development goals	Good working conditions where Rusta products are produced	Carry out continuous and transparent sustainability work
Contribute to a sustainable development Wof society in line with 17 UN sustainable development goals	Good working conditions and good working environment for all Rusta co-workers	Contribute to a sustainable development of society in line with 17 UN sustainable development goals	Carry out continuous and transparent sustainability work	Being a good employer and offer career opportunities	Good working conditions where Rusta products are being produced
Environmental					
Working to reduce plastic use	Develop more sustainable transport solutions	Working to reduce plastic use	Working to reduce greenhouse gas emissions	Working to reduce greenhouse gas emission	Digital meetings and sustainable travels
Focus on product content	Support the development of sustainable production technology	Generate less waste	Working to reduce plastic use	Develop more sustainable transport solutions	Working to reduce greenhouse gas emissions
Develop more sustainable transport solutions	Increase use renewable energy	Digital meetings and sustainable travels	Develop more sustainable transport solutions	Working to reduce plastic use	Focus on product content
Economic					
Actively working for good business ethics and zero tolerance toward corruption	Collaborating with partners with a clear commitment to sustainability	Actively working for good business ethics and zero tolerance toward corruption	Defining clearer measurable goals in sustainability	Offering our customers “Great value”	Setting clearer measurable goals in sustainability
Offering our customers “Great value”	Actively working for good business ethics and zero tolerance to corruption	Communicating our sustainability work and commitment	Communicating our sustainability work and commitment	Actively working for good business ethics and zero tolerance toward corruption	Communicating our sustainability work and commitment
Collaborating with partners with a clear commitment to sustainability	Defining clearer measurable goals for our sustainability efforts	Collaborating with partners with a clear commitment to sustainability	Actively working for good business ethics and zero tolerance against corruption	Setting clearer measurable goals in our sustainability efforts	Contributing to charitable causes



# 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.

WE SUPPORT



UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Location in the Rusta  
FY 2020/21 Sustainability report

Topic:

Page:

• Sustainability strategy

• Code of Conduct

• Social responsibility

12

25

26

• Sustainability strategy

• Code of Conduct

• Social responsibility

12

25

26

• Freedom of association and collective bargaining

26

• Forced or compulsory labour

26

• Code of Conduct

25

• Working environment

23

• Sustainability strategy

• Product content

• Sustainable choices/markings

• Renewable and certified raw materials

• Packaging

• Energy and emissions

12

17

18

19

21

27

• Sustainability strategy

• Product content

• Sustainable choices/markings

• Renewable and certified raw materials

• Packaging

• Energy and emissions

12

17

18

19

21

27

• Sustainability strategy

• Supplier environmental evaluation

• Energy and emissions

12

27

27

• Code of Conduct

• Ethics

25

29

10

Human rights  
Principles

10  
Human rights  
Principles



# Auditor's report on the statutory sustainability report

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

## Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 1 May 2020 – 30 April 2021 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, 30 August 2021  
Öhrlings PricewaterhouseCoopers AB

Cesar Moré  
Authorised Public Accountant







***RUSTA***<sup>®</sup>