

Rusta Sustainability Policy



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Contents

1.	Background and purpose.....	3
2.	Sustainability risks	3
2.1	Integrating risks into business decisions	3
3.	Policy statement.....	3
4.	Four key areas of sustainability	3
4.2	Product.....	4
4.2.1	Circularity.....	4
4.3	People.....	4
4.4	Planet.....	5
4.4.1	Climate change mitigation	5
4.4.2	Climate change adaption	5
4.4.3	Pollution	6
4.4.4	Water and marine resources	6
4.4.5	Biodiversity and ecosystems	7
4.5	Governance	7
5.	Materiality analysis and an impact, risk and opportunity-based approach	8
5.2	Strategy and integration.....	8
5.3	Reporting and communication	8
6.	Audience	8
7.	Roles and responsibilities	9
8.	Exceptions	9
9.	Monitoring of compliance	9
10.	References.....	9

1. Background and purpose

To make sure that Rusta's values and desired ways of conducting business are communicated, understood, and followed throughout the entire organization, and make sure to meet the expectations of our stakeholders, Rusta has developed several governing documents, including this policy. At Rusta, it should be easy to renew and refill at home, without having to compromise on our responsibility towards future generations. We want to become the leading and most trusted low-price retailer in Europe and in this endeavor, we are committed to lead the shift towards a more sustainability-focused low price retail category. We disclose our progress and goals in a transparent manner in accordance with Corporate Sustainability Reporting Directive (CSRD). Our sustainability policy, developed taking Rusta's impacts, risks and opportunities in consideration, guides us, and we regularly review our sustainability direction together with our stakeholders.

2. Sustainability risks

Sustainability risks include both the risks that Rusta poses to the environment, people and communities and the risks that climate change, environmental policy and societal forces pose to Rusta. In other words, sustainability risks are linked to environmental change as well as to social issues of human rights and labour law and good corporate governance practices. Rusta's business model can entail risks to the environment, people and communities in the form of, for example, high emissions of greenhouse gases or water use. The risks can also be related to human rights and labour law with regard to the company's employees or local stakeholders affected by nearby operations. Physical risks are related to physical assets used in Rusta's operations, supply or value chains. Climate change increases the likelihood of extreme weather and thus the likelihood of storms, floods and droughts, which in turn increases companies' physical risks. Increased legal obligations, fines for waste, pollution or sanctions due to labor law cases are examples of sustainability risks that can have long-term effects on a Rusta's brand and financial performance.

2.1 Integrating risks into business decisions

Sustainability risks are managed and analysed in our sustainability strategy and in our work, described under chapter 3.4 in this policy.

3. Policy statement

For Rusta, sustainability means meeting the needs of today without compromising future generations' ability to meet their needs. We regularly analyse and review the input from our stakeholders to continuously strengthen our sustainability work and reduce our total impact. We aim to become the leading and most trusted low-price retailer in Europe. Our sustainability policy guides reflects our commitment to a sustainable future, where resources are used responsibly, waste is minimized, the lifecycle of materials is extended, and all people are treated with dignity and respect.

4. Four key areas of sustainability

To ensure that we act sustainably throughout the business and value chain, Rusta is guided by principles of Leadership, Transparency and Continuous Improvement. We have defined four key areas of sustainability where we shall create long-term improvement.

PRODUCT	PEOPLE	PLANET
GOVERNANCE		

4.2 Product

Rusta shall offer a commercial, meaningful and sustainable product range. We set clear requirements for the lifecycle of our products' packaging, construction, and durability. Each product a Rusta customer buys shall maintain a good level of quality, functionality, safety, and sustainability. We shall take precautionary actions to eliminate hazardous substances and increase the share of sustainable materials in our products and packaging.

4.2.1 Circularity

At Rusta, we are committed to reduce our resource consumption, reducing waste, and reusing materials wherever possible. We recognize the importance of sustainable resource use in protecting the planet.

- Efficient resource use: We will optimise the use of natural resources in our operations by improving efficiency, reducing waste, and prioritising sustainable alternatives in our sourcing and production processes.
- Embracing circularity: We are committed to designing products with the circular economy in mind, focusing on durability, repairability, and recyclability.
- Sustainable product design: We will collaborate with suppliers and manufacturers to create products that can be easily recycled at the end of their life cycle, reducing the environmental impact of waste.
- Waste reduction: We will work to eliminate waste across all stages of our operations, from product design to packaging, and implement processes for the recycling and reuse of materials in our supply chain.
- Supplier engagement: We will engage with our suppliers to promote the adoption of circular practices, such as reducing packaging waste and using renewable materials.
- Transparency and reporting: We will regularly report on our progress toward adopting circular economy principles and reducing our resource use, sharing results with our stakeholders.
- Continuous improvements: We are dedicated to continuously exploring new opportunities to reduce resource consumption.

4.3 People

Rusta works for a better society wherever we do business, and we work actively for the respect and protection of human rights. We are committed to respecting and promoting the fundamental human rights of all individuals in the workplace and beyond. We shall embrace and promote diversity, inclusion, and responsible sourcing. Continuous improvements enable us to always achieve good

working conditions, as well as long-term sustainability. Before production begins, we shall visit, evaluate, and approve all our suppliers. Our HR-policy and our Internal Code of Conduct covers aspects of our own workforce and our External Code of Conduct concerns for all workers in the value chain. Named policies are available on Rusta's Intranet.

4.4 Planet

At Rusta, we behave in an environmentally conscious way, taking a systematic approach to all aspects that affect the environment and the climate. Rusta will offer sustainable products, be energy efficient, use renewable resources and minimise waste and emissions. We shall work actively for the protection of biodiversity, and we will work in line with our climate goals to become climate neutral GHG scope 1 and 2 until 2030 and reach net-zero emissions by 2045.

4.4.1 Climate change mitigation

For Rusta, focus on the measures we take to reduce our climate impact is of paramount importance, and we strive towards climate change mitigation, energy efficiency and renewable energy expansion. The changes that are affecting our planet, such as rising sea levels, shrinking mountain glaciers and accelerating ice melt, are clear signs that we simply don't have time to wait. We have established ambitious climate goals in line with the goals of the Paris Agreement, and we are continuously working on a resource and action plan in line with these. We will work towards net-zero emissions by:

- **Energy:** We will reduce our energy consumption and improve energy efficiency across all facilities. In addition, we will transition to 100% renewable energy sources for our operations. In the event that we do not own the electricity or district heating contract, we do everything we can, to influence the property owner to switch to renewable sources.
- **Supplier engagement:** We will work with our suppliers to ensure they are taking steps to reduce their emissions and adopt more sustainable practices. We will partner with suppliers who demonstrate a commitment to environmental responsibility.
- **Low-carbon products:** We will strive to offer products that are designed, manufactured, and distributed with a lower environmental footprint. This includes encouraging the use of sustainable materials, reducing packaging waste, and ensuring that products are recyclable or reusable.
- **Transport and logistics emissions:** We will reduce emissions from our transportation operations by transitioning to electric vehicles (EVs) or bio fueled vehicles in our fleet. We will also encourage the use of greener logistics providers for transporting goods and services.
- **Science Based Targets commitment:** We will work in line with our science-based climate targets in alignment with the goals of the Paris Agreement, striving to limit global temperature rise to 1.5°C.

4.4.2 Climate change adaption

We recognize the potential impacts of climate change on our operations, and we will take the necessary steps to adapt to these challenges in several different ways:

- **Supply Chain Resilience:** We evaluate our supplier base constantly in order to identify potential risks and take actions to create flexibility and provide capacity for growth.
- **Store and Facility Preparedness:** We will assess the vulnerability of our physical stores and facilities to climate risks, including extreme weather events, rising temperatures, and flooding. This will involve developing emergency response plans.
- **Climate Risk Reporting and Monitoring:** We will regularly monitor and assess the potential risks posed by climate change to our business operations and make necessary adjustments.

4.4.3 Pollution

We are committed to minimising pollution and reducing the environmental impact of our operations. We recognize that pollution can harm ecosystems, human health, and the planet, and we strive to take proactive measures to address this issue.

- **Reduce emissions:** We will work to minimise emissions of pollutants from our operations by adopting energy-efficient technologies, transitioning to renewable energy sources, and optimising transportation and logistics.
- **Supplier accountability:** We will collaborate with our suppliers to ensure that they also adhere to strict environmental standards, encouraging practices that reduce pollution across the supply chain.
- **Compliance and transparency:** We will comply with all relevant environmental regulations.
- **Continuous improvements:** We are committed to continually improving our processes to reduce pollution and strive for innovative solutions that benefit both the environment and our business.

4.4.4 Water and marine resources

At Rusta, we recognize the importance of water and marine resources in sustaining life and ecosystems. We are committed to using these resources responsibly and protecting them from contamination.

- **Responsible water use:** We will strive to minimise water consumption and water waste across all aspects of our operations and supply chains through efficient practices.
- **Protecting marine ecosystems:** We will take measures to reduce the impact of our operations on marine environments. This includes minimizing pollution, reducing plastic waste, and avoiding harmful chemicals.
- **Wastewater management:** We partner with suppliers that have effective wastewater treatment processes to ensure that any water discharged from the operations does not pollute natural water sources or marine environments.

- Continuous improvements: We are committed to continuously assessing and improving our and our suppliers' water usage and impact on marine ecosystems.

4.4.5 Biodiversity and ecosystems

Rusta are committed to safeguarding biodiversity and ecosystems through responsible business practices. We recognize the critical role that healthy ecosystems play in sustaining life and supporting communities. Our policy is to:

- Promote sustainable sourcing: We will prioritise products that are sustainably sourced, ensuring that materials and ingredients are harvested or produced in ways that preserve biodiversity and minimise environmental impact.
- Preventing deforestation: We are committed to minimizing our environmental impact by actively addressing and preventing deforestation associated with our operations and supply chains.
- Minimise environmental impact: We will reduce our operations' negative impact on ecosystems by reducing waste and reducing emissions that contribute to ecosystem degradation.
- Transparency and reporting: We will provide regular updates on our biodiversity and sustainability efforts, including goals and progress, to ensure accountability to our stakeholders.
- Continuous improvements: We are dedicated to continuously improving our practices, engaging mainly employees and suppliers, and customers in fostering a culture of environmental responsibility.

4.5 Governance

At Rusta, we are dedicated to integrating sustainability principles into our core business practices. Our approach to sustainability is driven by our commitment to sustainability, ethical business conduct, and the well-being of our communities and stakeholders.

- Governance structure: Sustainability matters are overseen by our Board of Directors and supported by the Audit Committee. This committee ensures that sustainability goals are embedded across all levels of the company, from strategic decision-making to daily operations. Senior management is accountable for implementing sustainability initiatives and reporting on progress.
- Compliance with sustainability regulations: We are committed to fully complying with all relevant local, national, and international regulations concerning sustainability, including environmental protection, labor rights, and corporate transparency. We work proactively to stay ahead of regulatory changes.

- Sustainable business practices: We ensure that our policies and operations align with industry best practices for sustainability. We are committed to ensuring ethical governance in all our business operations.
- Continuous improvements: We are dedicated to continuously enhancing our sustainability strategies through innovation, stakeholder engagement, and ongoing training. By doing so, we aim to lead by example in sustainable low-price retailing, creating long-term value for our customers, employees, communities, and shareholders. This approach underscores our commitment to responsible governance and sustainability, ensuring that Rusta not only meets regulatory requirements but also contributes positively to the environment and society.

5. Materiality analysis and an impact, risk and opportunity-based approach

We continuously evaluate the impacts, risks, and opportunities, on the environment, economy and on the society where we operate. We do this evaluation from two perspectives; both from the effect that Rusta causes, but also from the effect that is inflicted on Rusta. We regularly carry out a materiality analysis together with the input from our stakeholders. This materiality analysis identifies our material aspects to focus on and report our progress on. Together with relevant stakeholders we shall review and if necessary, update the materiality analysis at least yearly. Any changes must be approved by the Board of Directors.

5.2 Strategy and integration

Based on our sustainability strategy, we identify and review focus areas, external standards, laws, and business needs. Focus areas are prioritised based on our stakeholder involvement, their significance of economic, environmental, and social impact. The sustainability 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. Once the direction is set, we create short- and long-term objectives, which are developed into action plans in the different parts of the organisation.

Upon finalisation, the input and the output of the analysis is approved by Rusta's group management.

5.3 Reporting and communication

We have defined and explained the way of communication with each of our stakeholder groups in our annual sustainability report, where we also disclose details about our materiality analysis. We provide transparent, regular reports to stakeholders on our sustainability performance, including our achievements, goals, and areas for improvement. We report our progress in accordance with the requirements laid out in the Corporate Sustainability Reporting Directive (CSRD) and we use frameworks, such as the ten principles of UN Global Compact to guide our disclosures and ensure clarity and accuracy.

6. Audience

The policy applies to all entities within the Rusta group.

7. Roles and responsibilities

The CEO is the owner of this policy. The sustainability manager is responsible for its implementation and adherence in the organisation, as well as to annually review and approve its content and correctness.

The Board of Directors review and approve the sustainability policy on a yearly basis, before the sustainability report is made public.

Each co-worker in Rusta is obliged to incorporate this policy in their daily work.

8. Exceptions

There are no exceptions to this policy. Any need of exceptions to this policy must be clearly defined and documented. All exceptions shall be approved by the Board of Directors.

9. Monitoring of compliance

- A self-assessment of compliance with minimum internal control requirements of the Quality and Sustainability control matrix is annually performed and reported to the Audit Committee and the Board of Directors.
- The annual sustainability report
- Monthly quality department meetings with follow-up on customer feedback, product quality and potential product risks
- Monthly follow-up on product quality distributed to the organisation by the quality manager
- Monthly review by the Board of Directors on sales stops, warehouse blocks and customer returns
- Annual summary and review on human rights assessment
- Hourly monitoring of energy consumption in our stores
- Annual summary and review on waste generation and waste fractioning
- Annual summary and review on measures and activities aimed at protecting and restoring biodiversity
- Annual summary and review on Rusta's climate impact and the impact the climate imposes on Rusta

10. References

- The materiality analysis
- The documented stakeholder dialogue
- Rusta Supplier Manual
- Rusta annual sustainability report
- Rusta sustainability strategy
- Rusta External Code of Conduct
- Rusta Internal Code of Conduct
- The ten principles of UN Global Compact
- Rusta Quality Policy
- Science Based Targets Network – Companies taking action
- Rusta climate calculation method description