



# SUSTAINABILITY REPORT 2018

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Ragn-Sells Group

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## 2018, the year when circular economy became trendy

In Sweden there is a long tradition of announcing the 'Christmas gift of the year'. In 2018, a year where for the first time ever sales dropped in December in a growing economy, this title was given to the 'recycled garment'. This does not necessarily mean that our society has transformed into a circular economy, but it shows that there is a willingness to change behaviour amongst consumers.

For Ragn-Sells it was of course a great honour to be the example at the UN High-Level Political Forum in New York on the 17 July on how to execute on the SDGs (Sustainable Development Goals) through innovation and leadership. I want to share with you a short anecdote that took place after our presentation at the General Assembly Hall. After having been congratulated by several participants for our story and our ambition to strive for a circular economy with phosphorous recovery as an example, I was approached by other individuals that defended the current set-up with the extraction of phosphate rock from mining activities. One person was adamant that our way of being able to produce fossil-free, non-toxic and recirculated phosphorus threatened today's linear actors.

This is of the essence, change is coming and, in order to fulfil Agenda 2030 and the Paris Agreement, we need to create circular material flows on a global level. That was also the reason why the UN wanted to highlight our Ash2Phos technology developed by Ragn-Sells' innovation company EasyMining as a prime example of how innovation can help solve the defined SDGs.

Another innovation that I appreciate is what is happening in Ragn-Sells Denmark. For a long period of time we have produced pulp from packaged food in order to produce biogas. In 2018 we also succeeded in separating and using the recycled plastics from packaging, producing pellets and then manufacturing new recycled grocery bags instead of sending the plastic for incineration. That is a very definitive method for using resources over and over again.

I cannot elaborate on everything that is taking place in our four markets, but taking responsibility for society's greatest challenges is connected directly with the roots of this family-owned company. On this note, Ragn-Sells Norway exhibits a great example of taking the lead in using heavy vehicles powered by electricity, 'Highway to EI', and its method for cleaning the ocean of plastics is unambiguous in terms of being responsible; plastics, that in this case are being sorted and then used again in circular flows. Also worth mentioning are our activities in the Baltics. Ragn-Sells' ways of working in Estonia with high ethical standards have been recognised and awarded by the Estonian President.

But let's not forget, it is in the everyday work, when our employees meet and engage with our customers, that we are taking the necessary steps to further transform our society into circularity. Everything starts with a change in mindset that leads to an everyday change of behaviour – one recycled piece after another.



With all that said, I would like to end by confirming mine and Ragn-Sells' ambition to continue to lead the way towards a circular society, and to be living proof that caring for the Earth and good business go hand-in-hand.

**Lars Lindén**  
CEO Ragn-Sells Group



## Ragn-Sells Group Sustainability report 2018

Ragn-Sells Group presents its second sustainability report according to GRI Standards. The report is a compilation of Ragn-Sells Group's activities and efforts related to environmental, social and economic sustainability.

### Ragn-Sells challenges today's linear principles

Ragn-Sells' priorities when it comes to sustainability in 2018 have been on the *basic level* by developing the cross-group compliance management programme but also developing the structure for the Group sustainability reporting. Activities have also been on the *strategic level* to set Ragn-Sells on the political arena as a circular thought leader.

In June 2018 we had the honour of inviting Dr Ad Lansink, the founder of the waste hierarchy, to Sweden. The visit was highly productive and led to Dr Lansink after the visit confirming that the existing 'avoiding waste' focus needed to be replaced with a 'resource' focus. The plan is, together with Dr Lansink, to present an alternative resource hierarchy that supports a circular economy instead of today's waste hierarchy that supports the linear economy.

Our most important business areas are BA Recycling and BA Treatment & Detox. Our sustainability programme is a door opener for business development.

The New Value Chains business area will need a lot of special assistance due to the need for societal change, from linear to circular legislation, in order to be fully competitive on the market. The positive effect of being the example highlighted in UN in July 2018 has both created positive recognition and given Ragn-Sells circular business possibilities both on existing markets as well as on new markets with several signed contracts.

In 2020 we will have a fully integrated sustainability process in place throughout the Group.



**Pär Larshans**  
Director of Sustainability  
Ragn-Sells Group

### **Membership of associations**

In 2018 Ragn-Sells enlisted in one new association at Group level by becoming a member of ICC, the International Chamber of Commerce. The material flows in a circular economy are dependent on free trade.

- BIR (Bureau of International Recycling)
- ETRA (European Tyre Recycling)
- ERFO (European Recovery Fuel Organization)
- FEAD (European Federation of Waste Management)
- SIWI (Stockholm International Water Institute)
- EuRIC (European Recycling Industries)
- ÅI (The Swedish Recycling Industries' Association)

## **This is Ragn-Sells**

Ragn-Sells is a privately held corporate group operating in Sweden, Norway, Estonia and Denmark with close to 100 operating sites.

Since 1966, we have been involved in waste management, environmental services and recycling. We collect, treat and recycle waste and residual products from businesses, organisations and households.

### Ragn-Sells Sweden

**Established:**

1881 in Stockholm by Amandus Zakarias Leonard Sellberg.  
Organised waste collection started in 1928 at Väderholmens Gård in Sollentuna.

**Main processes and services:**

Collection, sorting and treatment of waste from businesses, organisations and households. Basic services for the business and the public sector, construction services and services for hazardous waste.

- Turnover (ext): tSEK 3,581,876
- Number of employees: 2,054
- Number of sites: 58

### Ragn-Sells Estonia

**Established:**

1992 in Haapsalu, Estonia.

**Main processes and services:**

Collection and final treatment of household and municipality waste, construction waste, packaging and materials, and hazardous waste.

- Turnover (ext): tSEK 246,350
- Number of employees: 264
- Number of sites: 6

### Ragn-Sells Recyclables

**Established:**

2013 in Stockholm, Sweden.

**Main processes and services:**

As the agent company for all Ragn-Sells Group's fully-owned subsidiaries in Norway, Denmark, Sweden and Estonia, Recyclables is responsible for the logistics and sales of the Group's raw materials. Recyclables' directive covers the following materials; paper, plastics, metals and WEEE (electronics), waste fuel and RDF, wood and wood chips, tyres and rubber granulate.

- Turnover (ext): tSEK 43,890
- Number of employees: included in data for the respective countries
- Number of sites: N/A

### Ragn-Sells Denmark

**Established:**

2001

**Main processes and services:**

Collection, sorting and processing of industrial waste.

Each year we transform over 120,000 tons of food waste into biomass. This is done by means of our nationwide network of recipients.

- Turnover (ext): tSEK 296,047
- Number of employees: 80
- Number of sites: 4

### Ragn-Sells Norway

**Established:**

1989 in Oslo.

**Main processes and services:**

Collection, sorting and treatment of industrial waste and production of renewable resources.

- Turnover (ext): tSEK 1,700,108
- Number of employees: 390
- Number of sites: 20

### Ragn-Sells Tyre Recycling

**Established:**

1995 as part of Ragn-Sells AB, Sweden. 2000 as part of Ragn-Sells AS, Norway. 2015 as a separate company.

**Main processes and services:**

Ragn-Sells Tyre Recycling AB is collecting and recycling end-of-life tyres in Sweden and Norway. We work in Sweden in agreement with SDAB (Svensk Däckåtervinning AB) and in Norway in agreement with NDR (Norsk Dekkretur AS). One area of application for the granulate produced in our factory is football fields. In Sweden we have domestic customers, but in Norway the majority of the material is exported.

- Turnover (ext): tSEK 252,659
- Number of employees: 35
- Number of sites: 8



## Business contributing to circularity

Ragn-Sells' governance model is based on circularity of the materials. The operations aim to use the waste to produce raw materials, which can then be used by others to produce products. Ragn-Sells believes that everyone needs to be careful with what our global production system has taken up from our geosphere. However, everything should not be circulated back due to historic (and future) toxins that need to be separated from the eco-loop. Ragn-Sells contributes to this by removing toxins from the material that circulates.

## Our roles in the circular economy

The Group is organised into three business areas; Recycling, Treatment & Detox and New Value Chains. In addition to the business areas the Group also have a Material Trading unit and a specialised Tyre Recycling company. This makes it easier to steer the company at the same time as working closely with our customers and understanding local markets. To harmonise and benefit from our size, we have established Group Functions to coordinate across the country borders. During 2018, Ragn-Sells made an exit from Latvia and Poland and divested the consulting company RSM&CO.

## THREE BUSINESS AREAS: OUR ROLES IN THE CIRCULAR ECONOMY



**Recycling**  
Securing control of the flows of commodity materials



**Treatment and Detox (Material banks)**  
Solving the 'tricky waste problems'

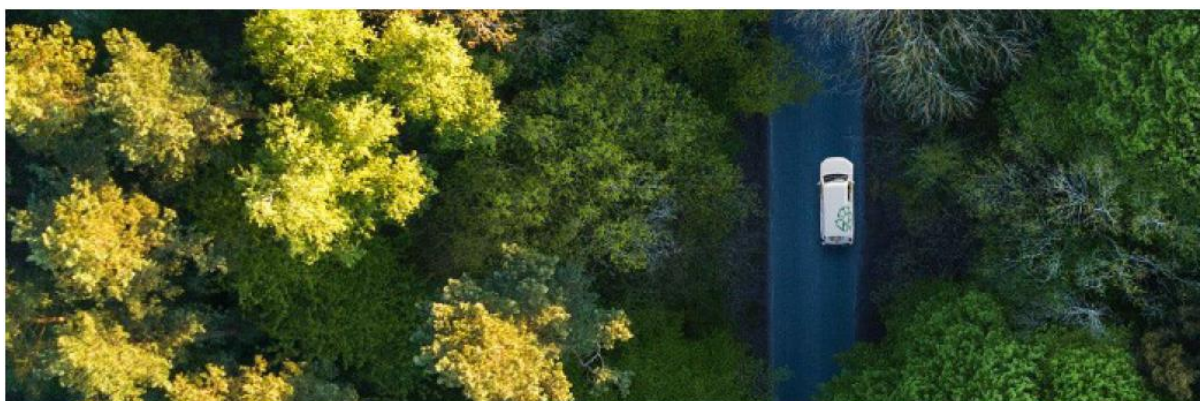


**New Value Chains development**  
Establish joint ventures via cross-segment integration

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## Recycling

Recycling collects and recycles waste in order to bring the recycled materials back into new processes. Our key role is to collect the right materials, combine them with similar materials and ensure the quality of the outcoming materials according to the receiving customers' expectations. Moving towards a circular economy, we believe increased types of waste will eventually follow the same path. We also see increased requirements from authorities, pushing the market in this direction. We welcome this transition and intend to meet the new challenges by constantly aiming to work smarter and to utilise vehicles and facilities better, always with the customer in focus.



## Treatment & Detox

Some waste streams require a more complex treatment method, and the treated material might not be harmless enough to recirculate into society. Ragn-Sells' mission is to decontaminate these materials and to prevent the toxins from re-entering the material loop. Ashes and contaminated soils are examples of waste types managed by Treatment & Detox. With extensive experience and knowledge within the field combined with a constant effort to find new, innovative solutions, we strive to continuously improve the management of these waste streams. Ragn-Sells' safe landfills are either used for final disposal or as temporary storage for materials, also known as material banks, that could be used in the future when Ragn-Sells, with the help of innovative solutions, finds new ways to treat and use them.

## Material focus

Ragn-Sells aims to produce raw material from waste so other businesses can produce products from it. Not all waste should be circulated back into society in its current form. Toxins need to be taken out from some materials before these are circulated back into society. During 2018 approximately 3,770,000 tons of waste materials were processed by Ragn-Sells companies. The processed material was returned into society as raw materials, fuels or other recovered materials, see Figure 1.

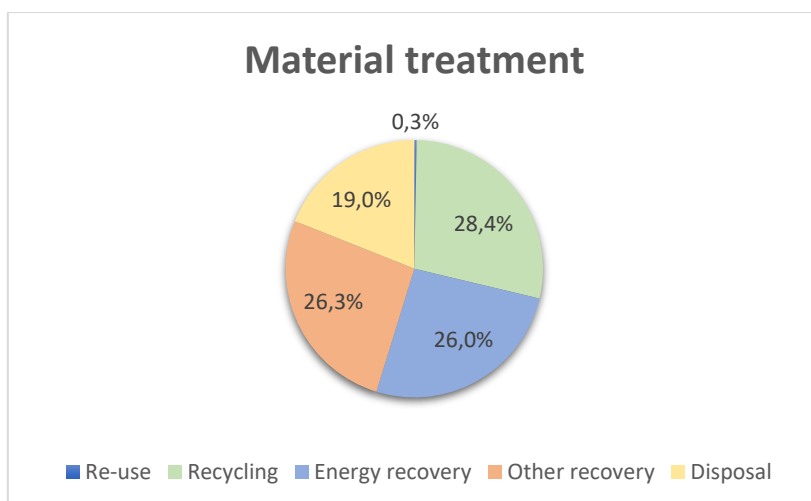


Figure 1. Material treatment

\*Examples of 'other recovery' may be construction materials

## Our contribution to a sustainable society



The dependence on enormous inputs of virgin materials and fossil fuels resulting from a large proportion of the world continuing to pursue a linear economy is causing major environmental impacts and constitutes an unsustainable model. At the same time, rapid urbanisation and the increase in the global population is challenging how we use the world's resources. The supply of healthy food and clean water is a pressing concern which demands action. Ragn-Sells is committed to contributing to a sustainable society with less climate impact throughout the value chain and is therefore committed to *Sustainable Development Goal (SDG) 13, Climate Action*. We commit by recycling materials and detoxifying society. Through its engagement in resource efficiency, the reduction of hazardous chemicals in society and emissions to air and water, *SDG12 – Sustainable Consumption and Production* – also connects with our ambitions.

### In cooperation for sustainable cities



#älskadedstad is a unique initiative, a joint collaboration between Ragn-Sells, Bring, Vasakronan and Stockholm City, which was launched in 2017 and is now expanding to include other geographic areas. The aim is to reduce the volume of transport entering the city centre. This is being achieved through coordinating Bring's goods deliveries with Ragn-Sells waste collection into a single route. The transport is coordinated from a joint distribution centre at one of Vasakronan's properties in the city centre. The routes are operated with specially adapted electric vehicles which will reduce traffic emissions. We are also able to collect the customer's waste so that the rate of recycling and quality of recycled material can increase.

A study conducted in 2017 showed that the assembly line replaces up to eleven traditional vehicles with one electric vehicle and that CO<sub>2</sub> emissions are reduced by around 70%. Further information is available at [www.alskadedstad.se](http://www.alskadedstad.se). This initiative is a good example of joint incentives being implemented

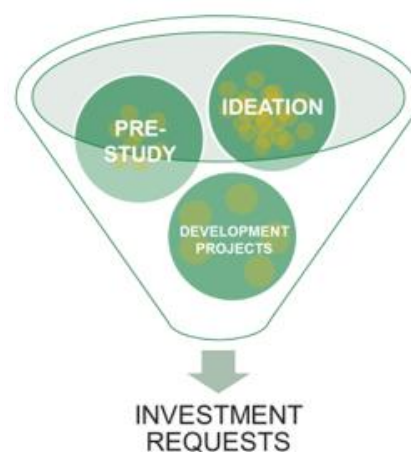
by several different businesses in order to reduce climate impact and is in line with Sustainable Development Goal 11, Sustainable Cities and Communities. Equality and Sustainable Cities – SDG 11.

A growing concern in society is inequality in socio-economic standards. Opportunities for self-sufficiency differ and the challenge of integrating all members of society into the labour market is of particular urgency for cities. Ragn-Sells takes social responsibility in this area through cooperating with companies that are engaged in enabling people with difficulties to enter the labour market. As an element in our sustainability work, Ragn-Sells has also undertaken to provide internships for refugees to give them the opportunity to integrate into the Swedish labour market.

## New value chain development and innovation

Innovation is important for Ragn-Sells since the pace of change in our industry is high – new regulations come into force, technology improves and new materials enter the market – all these factors influence the waste industry. ‘Forward drive’ is one of the key values of the company, where one aspect is development in a broad sense. On a group level, we have a R&D Committee where ideas are collected and evaluated. The Group Function R&D serves as a harbour for large-scale, long-term projects and for public-funded projects that Ragn-Sells is a part of. We also help cross-linking knowledge and skills by connecting the experts in separate fields within Ragn-Sells Group. During 2018 our Group-wide R&D processed 24 ideas and today we have 5 large-scale, ongoing R&D projects covering several topics. Further innovation is also done within the New Value Chains business area; here we find the Ragn-Sells daughter companies EasyMining Sweden AB and NC Miljø AS. Ragn-Sells also holds a minor share of Chromafora AB – a company offering unique technology for selective cleaning of metals from fluids – enabling the recovery of metals from wastewaters.

Using waste to replace virgin resources means enormous opportunities to reduce the overall environmental footprint, particularly in terms of climate impact. To make this happen in practice, cooperation becomes necessary, both to share investments and risk, but also because new value chains require more skills and capacities than can be found in individual companies. Ragn-Sells holds unique abilities that will be required to build new value chains where virgin resources are replaced by waste streams.



## Innovative new techniques that convert today’s waste into valuable resources

Ragn-Sells has several patents in its portfolio of innovative solutions. Most of the innovations assist in lowering emissions and help to detoxify the biosphere, while enabling a more secure supply of critical materials for future generations.



Below is a description of two of Ragn-Sells' technologies that can help the growing cities in the world to reduce global impact by providing sustainable and economical circular systems for sewage treatment and waste to energy and supporting the fertiliser and agriculture industry with fossil-free, non-toxic raw materials. By using these technologies several SDGs are improved.

**Ash2<sup>®</sup>Salt**

The Ash2<sup>®</sup>Salt process is based on two preceding steps: a first stage of ash washing and metal cleaning and a second stage of separation of dissolved salts in the wash solution. Fly ash is washed with water in the first step (3), removing washed ash (4) (residual sand), leachate containing salt and a small amount of metals. Metals are removed with sulphides from the leachate, with the liquid with the dissolved salts subsequently continuing for salt separation (3). Step two entails a salt separation process and production of commercial salts, CaCl<sub>2</sub> (solution), NaCl and KCl takes place in an energy efficient process step. In addition, purified water from the salt separation process is recirculated to the first step.

**Ash2<sup>®</sup>Phos**

The Ash2<sup>®</sup>Phos process is a wet chemical process which recovers clean commercial phosphorus products. In addition to phosphorus, the Ash2<sup>®</sup>Phos process can recover precipitation chemicals and remove heavy metals. Ash2<sup>®</sup>Phos thus reduces the need for virgin resources. The process consists of several successive chemical reactions undertaken at room temperature and atmospheric pressure. The mass balance of the process is favourable, with all input chemicals becoming part of the products. The Ash2<sup>®</sup>Phos process consists of three steps: an initial acid step, a secondary basic step where intermediate products are produced and finally a conversion step where intermediates are processed into final products.



## Ragn-Sells' vision

Ragn-Sells' long-lasting vision is:

*"To be living proof that caring for the Earth and good business go hand-in-hand."*

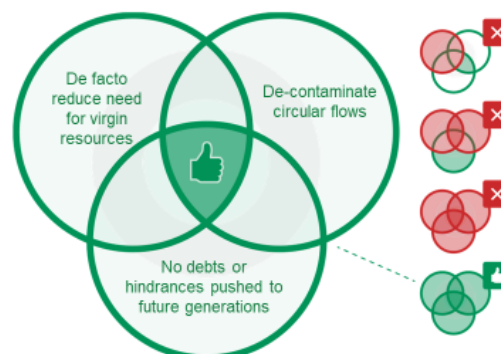
This view is fundamental when striving towards a society based on a circular economy. We believe that our biggest contribution to the mitigation of global warming is that we help circulate materials back into society – by turning waste into high-value resources.

We aim to always use the following three principles in how we circulate material:

1. De facto reduce the need for virgin resources
2. Decontaminate circular flows
3. No debts or hindrances pushed to future generations

### OUR MISSION

To lead transformation in society through innovative solutions that minimize, treat, detoxify and convert waste into resources.



With this mission, Ragn-Sells will push society into the Circular Economy.

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**RAGN SELLS**

4. We regard it as our mission to lead development. Therefore, we continue our tradition as a leading innovator and developer. This is part of our DNA and guides part of our mission – 'forward-looking'. We take our mission seriously. It is not rare that our ambition is higher than what it is possible to achieve without changing market conditions e.g. steering policy or changes in legislation.
5. A close dialogue with customers and society is a prerequisite for new solutions to be implemented. Today, Ragn-Sells has a good reputation, which means customers and society want to discuss their challenges and goals with us. This will lead us ahead of our competitors and is the role we want to fortify and continue to develop.





- At the bottom of the illustration, i.e. the ground on which we build our temple, you will find societal direction driving towards a circular economy along with the main assets of our company and the values that guide us. The three pillars represent the business areas we have chosen as our focus for continuing to develop the Ragn-Sells business into the future and a short description of what kind of challenge, opportunity and role they each represent. To provide us with the context in which we are doing business and what we are striving towards, the inner ceiling and the roof is represented through our mission and vision statements. Finally, 'the red thread' between the different business areas is the common denominator for our business – material focus in everything we do.

# Ragn-Sells' material sustainability topics

The framework for Ragn-Sells' sustainability ambitions is based on the most relevant sustainability topics from a business and risk perspective, and how Ragn-Sells can make the most valuable contribution to sustainable development.

During 2017 a materiality analysis was performed to identify Ragn-Sells' most important sustainability topics in the value chain, according to significant stakeholders and Ragn-Sells. The analysis started with a stakeholder analysis, where our most prioritised stakeholders were identified (the stakeholders and stakeholder dialogue are described in the chapter Ragn-Sells' stakeholders). Sustainability topics were then valued from the perspective of these stakeholders. Thereafter, each sustainability topic was described and evaluated in terms of risks, opportunities, impact and business value and broken down on each step of Ragn-Sells' value chain. The topics that were considered most important to both Ragn-Sells and the prioritised stakeholders were selected as Ragn-Sells' material sustainability topics. The topics should be prioritised in Ragn-Sells' sustainability governance model and form the basis for the contents of this report.

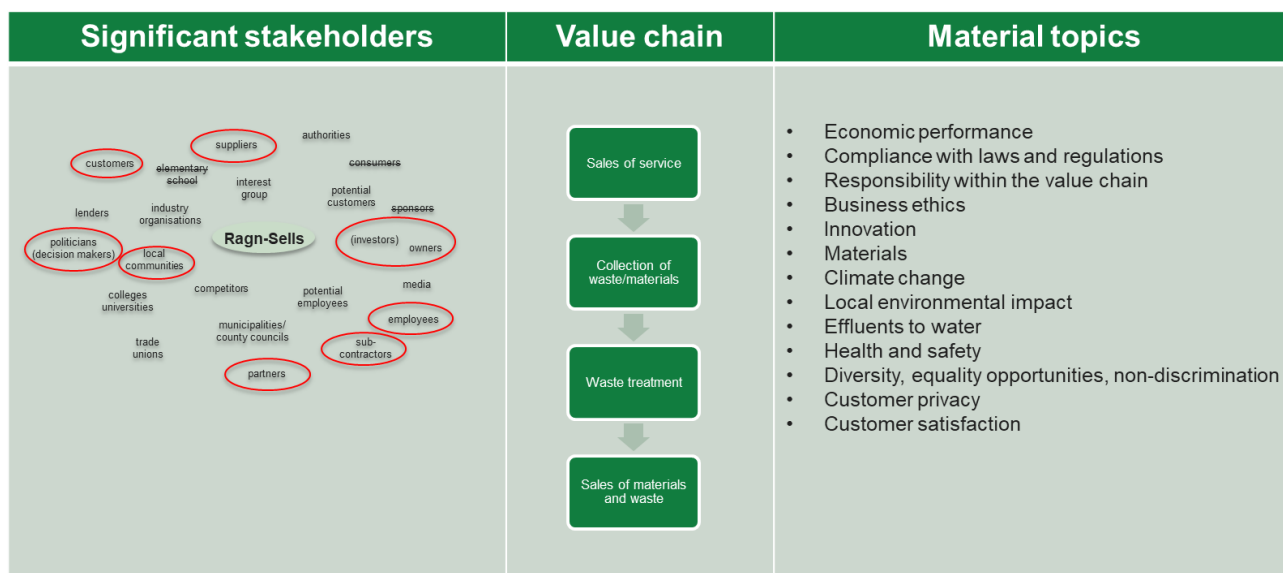


Figure 2. Ragn-Sells' significant stakeholders and material sustainability topics in the value chain.

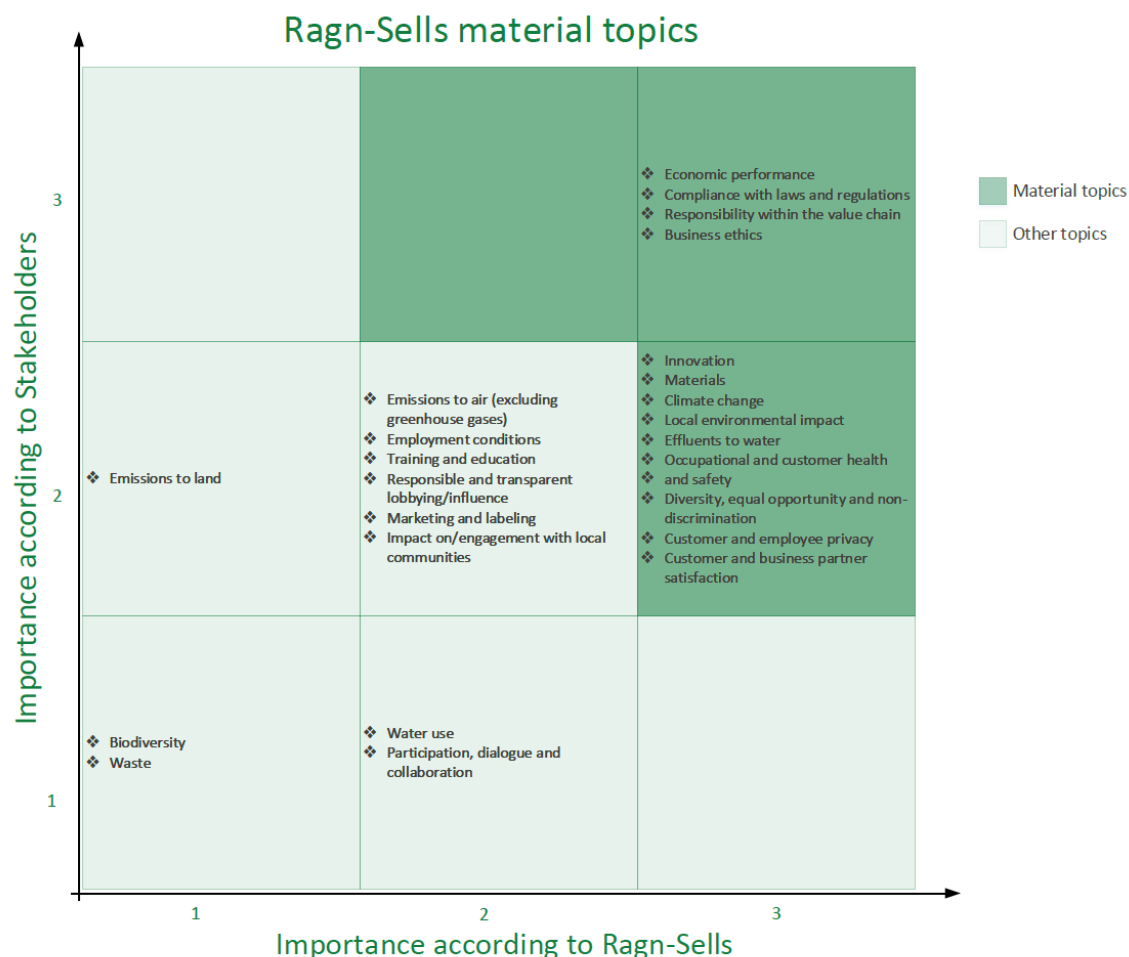


Figure 3. Ragn-Sells' material topics. (dark green areas).

### Ragn-Sells' stakeholders

Collaboration and communication with key stakeholders are necessary for Ragn-Sells to meet the stakeholders' needs and communicate Ragn-Sells' sustainability performance. Ragn-Sells therefore keeps a continuous dialogue with important stakeholders. The following stakeholders have been identified as the most important, either in terms of the influence Ragn-Sells has over them and/or the ones most affected by Ragn-Sells' operations:

- Customers
- Owners
- Employees
- Local communities
- Politicians
- Sub-contractors
- Suppliers
- Partners

Table 1. Prioritised stakeholders' expectations and the types of dialogue held with each stakeholder.

Stakeholder	Stakeholders' expectations of Ragn-Sells Group	Stakeholder dialogue
<b>Customers</b>	<p>Delivery precision with a long-term perspective.</p> <p>Transparency and compliancy.</p> <p>Good service, professional and friendly treatment.</p> <p>Innovative and digital solution development in favour of the customer.</p> <p>Strategic partnership.</p> <p>Caring for people and the environment, supporting UN SDG goals.</p>	<p>Daily customer contact via operating staff, drivers and customers' account managers. Digital meeting spots – customer portal and website.</p> <p>Customer surveys.</p>
<b>Owners</b>	<p>A stable and predictable business.</p> <p>A business that provides customer benefit and cares for the environment.</p>	<p>Main source for communication with owners and investors is at board meetings and through financial reporting.</p>
<b>Employees</b>	<p>A safe and responsible employer with good working conditions, health and safety environment, opportunity for professional development and an inclusive work environment.</p> <p>Inspiring leaders and a common feeling of being motivated.</p> <p>Good communication at all levels throughout the organisation and the possibility to affect decisions and operations. Clear information is given when important decisions are made and about how they should be followed.</p> <p>Long-term stable growth with good profitability.</p>	<p>Managers are continuously providing information to employees and feedback.</p> <p>Each manager forwards information further up in the organisation, and employees can ask questions and make suggestions for improvement.</p> <p>Internal communication channels are used throughout the organisation, such as intranet, local information screens, education activities, employee handbooks and portals for payroll and benefits.</p> <p>The CEO informs all employees monthly via web broadcasts.</p>

		Employee satisfaction surveys and employee appraisals are executed regularly.
<b>Local communities</b>	Active work to reduce Ragn-Sells' environmental impact and the operations' impact on local communities. Clear information to local communities.	Close dialogues with local stakeholders in managing complaints from operations.
<b>Politicians</b>	A world-class environmental company that actively contributes to developing methods that lead to a circular economy and participates in the dialogue on Agenda 2030.	Continuous dialogue through defined key persons at Ragn-Sells (CEO, Sustainability Manager, Environmental Manager etc.). Driving identified topics through identified networks.
<b>Sub-contractors</b>	Clear requirements and expectations when contracts are signed. Follow up in agreed status meetings. Action plans can be made between Ragn-Sells and the sub-contractor.	Supplier meetings, status meetings. New sub-contractors will have to answer our supplier questionnaire (including CoC).
<b>Suppliers</b>	Clear requirements and expectations when contracts are signed. Follow up in agreed status meetings. Action plans can be made between Ragn-Sells and the supplier.	Supplier meetings, status meetings. New suppliers will have to answer our supplier questionnaire (including CoC).
<b>Partners</b>	Drive sustainable change in collaboration with the partner.	A partner you have daily, weekly or at least monthly discussions with. Exchange of information, being transparent with challenges.

## Ragn-Sells' risk and compliance management

The impacts and risks that Ragn-Sells' material sustainability topics pose may vary in different parts of the Ragn-Sells value chain. A description of the risks and how these are managed within the organisation is found chapter-by-chapter for each material topic throughout the report.

To improve Ragn-Sells' risk management and secure a basic level of sustainability compliance within the Group, an extensive compliance risk analysis was conducted during 2017 and, at the same time, Ragn-Sells' compliance policy was adopted.

*"In Ragn-Sells Group, we work systematically, transparently and preventively regarding risks related to compliance. We learn from incidents and from each other. We follow the Code of Conduct."*

Risks identified in the value chain and Ragn-Sells' risk management is presented in table 2.

Table 2. Compliance risks and management in the value chain.

Risk area	Risk description	Risk management
<b>Environmental</b>		
Compliance with environmental laws and regulations	<p>Violations of permits, licenses and terms.</p> <p>Risks for unethical waste management downstream Ragn-Sells due to uncontrolled traceability of the waste.</p>	<p>The Group conducts a close dialogue with authorities, and continuously develops processes for self-monitoring and training regarding operations requiring a permit. All legal entities are certified with ISO 14001 and carry out systematic improvement work in the environmental field, including legal compliance audits.</p> <p>Process for evaluation of supplier Code of Conduct.</p>
Emission to soil and water in waste treatment plants	Emissions to soil and water due to abnormal operations may result in exceeding limit values.	<p>All companies in the Group apply the precautionary principle and comply with applicable licenses and environmental legislation. The majority of the business is also certified according to ISO 14001.</p> <p>For external entrepreneurs, supplier assessments are carried out. Internal audits are done regularly to ensure compliance with routines.</p>



Local environmental impact	Noise, dust and odour from waste treatment and/or transport.	Legal requirements are continuously measured. Close dialogues with local stakeholders in managing complaints from operations.
Climate impact	The highest emissions of greenhouse gases from Ragn-Sells' operations come from landfill. The majority of the rest of the climate impact comes from transport, electricity use and heating.	The business areas work independently with environmental goals and energy efficiency within the framework of their own operations. Energy activity mapping is performed continuously, as well as other energy measures such as transport planning, energy-saving projects, reduced idling and switching to renewable fuels.
<b>Business ethics – anti-corruption</b>		
Compliance with laws and regulations within the area of business ethics.	Corruption, bribery and lack of business ethics.	<p>During 2018 Ragn-Sells Group has adopted a Group Business ethics directive including policies and internal requirements within the risk areas.</p> <p>In 2018, Ragn-Sells won the golden certificate for Family-friendly Employer in Estonia, for their work on compliance with laws and regulations.</p> <p>Starting 2019, Estonia started to sign a Code of Conduct with stakeholders.</p>
<b>Health and safety</b>		
Health and safety	Incidents and accidents inhouse and in outsourced processes.	<p>Systematic work with health and safety, i.e. risk assessments, improvement programmes (Safety first) and employee surveys in the Group.</p> <p>Supplier Code of Conduct.</p> <p>Ragn-Sells Norway and Sweden are ISO 45001 certified.</p>
<b>Social/human rights</b>		
<b>Diversity, equal opportunities and non-discrimination</b>	Not managing issues covering diversity, equal opportunities and	Ragn-Sells has updated and adopted the Code of Conduct

	<p>discrimination creates high risk. Non-compliance could affect Ragn-Sells' employees, the work environment and therefore the entire organisation negatively. It could also result in Ragn-Sells breaking basic principles and laws in national legislation in the countries in which Ragn-Sells operates.</p>	<p>during 2018 and has a learning programme for the employees.</p> <p>Respect for human rights is managed internally with a focus on diversity, equal opportunities and non-discrimination.</p>
<p><b>Working conditions</b></p>	<p>Non-compliance with regulations regarding working conditions for hired transporters and entrepreneurs working at Ragn-Sells sites.</p> <p>Unethical working conditions downstream Ragn-Sells (waste receivers) is a risk, especially in high-risk countries.</p>	<p>The risks are limited by requiring the subcontractors to provide their valid permits, tax certifications etc. to ensure they perform work according to applicable legislation. Ragn-Sells also performs safety rounds on the subcontractors' vehicles to control rest and driving time. A car handbook has been prepared containing several routines for how the work is to be performed.</p> <p>Externally, the companies work with suppliers within the area of fundamental human rights according to the United Nation and Universal Declaration of Human Rights. More information in the chapter Responsibility within the value chain.</p> <p>Making sure all necessary permits are in place, performing audits and site visits; conducting self-assessments.</p>

## Customer and business partner satisfaction

Ragn-Sells supports thousands of customers with their waste management each year. Some customers need Ragn-Sells only occasionally, others are reliant 24 hours a day, all year round. To many customers, the services are critical for the production process, which puts great demands on Ragn-Sells to have the skills and resources to meet customers' needs.

By increasing customers' awareness about the waste they produce, Ragn-Sells can influence and challenge them to reduce their waste and improve the possibilities for recycling and reuse of materials. A close dialogue with customers is also a prerequisite for new solutions to be implemented. Ragn-Sells is always eager to hear and discuss its customers' ideas and challenges.

It is important to understand what the customer expects and that guidance can be provided to the customer. It is also important to only sell the services that Ragn-Sells has the resources to deliver. Ragn-Sells should deliver what has been agreed, in time and with quality. Customers expect Ragn-Sells to be transparent and compliant with regulations as well as to handle the collected material as agreed.

Customer surveys are a way to ensure that Ragn-Sells delivers services which meet the customers' expectations. These surveys can also be an important tool in the process of setting quality goals with the customer. Most of Ragn-Sells' organisations (Recyclables, Norway, Sweden, Denmark) perform customer surveys yearly. The methods used to evaluate customer satisfaction vary throughout the Group. In Norway, the same method and system has been used for years, which means the results can be compared to historical data. In the survey for 2017, the average answer to the statement 'I receive what I have ordered' was 5 (on a scale from 1 to 6). In Recyclables, there was an overall high satisfaction rate among customers in 2018. The main areas for improvement were to deliver the right quality of material, to give information about delays and to handle complaints in a satisfactory manner. Customer satisfaction is evaluated yearly during the Recyclables Management Review. It is also discussed on a regular basis during management- and staff meetings. The area of customer satisfaction has also been one of Recyclables' quality goals in recent years. Sweden and Estonia also have goals regarding customer satisfaction. In Estonia, NPS (Net Promote Score) is used as an index for customer satisfaction and weekly customer satisfaction scores are measured. The result for 2018 was +28. Customer satisfaction is reported to the board through monthly reports. In Estonia, 99.2% of the provided services was delivered on the scheduled delivery date. In Sweden, a customer satisfaction web survey was sent to all customers in May 2018. The same type of survey was sent out three times during 2017. The result shows that 79.9% of the respondents were satisfied or very satisfied with Ragn-Sells as a supplier. Tyre Recycling's survey in 2018 showed that 86.6% of the responding customers were satisfied or very satisfied, 9.1% were neither satisfied nor dissatisfied and 4.3% were dissatisfied or very dissatisfied.

Handling customer complaints in an appropriate manner is an important aspect of customer satisfaction. The number of complaints received throughout the Group in 2018 is shown in Figure 5. In Sweden and Norway, most of the complaints concerned invoicing. Invoice complaints were not reported for Denmark, Tyre Recycling and Recyclables.

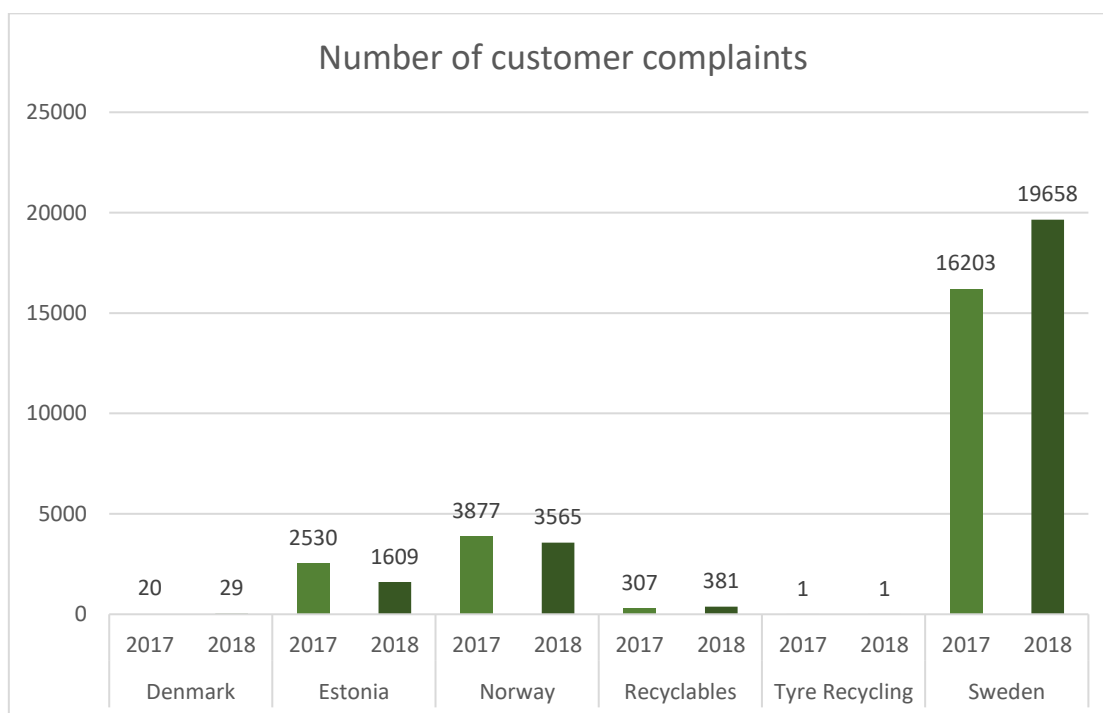


Figure 5. Number of customer complaints for 2018 and 2017 in each organisation.

## Sustainable finances

A cornerstone in Ragn-Sells' view of the world is that waste is a resource with a monetary value. This perspective forms the basis of the company's quest for a society based on a circular economy. Circular economy is furthermore the foundation of Ragn-Sells Group's strategy and profitability giving the possibility of making future investments with the aim of reaching the company's sustainability goals.

In 2018, Ragn-Sells was divided into three business areas. Six countries were reduced to four during the year and Ragn-Sells became more focused on executing the strategic core businesses. In addition to operational Profit & Loss units (P&L), support functions were strengthened as Group common functions. Economic planning was implemented based on the Group strategy and through business planning and budgeting. Steering and follow-up is done for each business area through Business Review meetings three (3) times per year and for each P&L unit through Unit Review meetings on a monthly basis. Each P&L unit is followed up by specific KPIs and targets. Deviations from set targets lead to specific action plans that are followed up at the specific P&L level. External financial auditing is done once a year.

In 2018, Ragn-Sells' turnover was MSEK 6,203 which was above budget. Table 3 shows the results for 2018.

In 2018, Ragn-Sells took several important steps to drive the lead towards a circular economy. 2018 has been a good year for Ragn-Sells' markets with high volumes of material going into the treatment sites. Price levels for raw materials have been unstable for certain materials throughout the year. According to plan, 2018 has been used to prepare for a better and more sustainable future.

Table 3. Direct economic value generated and distributed by Ragn-Sells Group 2018 (MSEK).

Direct economic value generated	
Revenues	6,203
Net investments	129
<b>Sum of direct economic value generated</b>	<b>6,332</b>
Distributed economic value	
Employees	-1,666
Suppliers and public sector*	-4,528
<b>Sum of distributed value</b>	<b>-6,194</b>
Profit from associated company	31
<b>Operating profit</b>	<b>169</b>
Providers of capital	-51
Accounted taxes	-39
<b>Profit</b>	<b>79</b>
Divided to owners	-15

\* Including duty rates such as waste tax, oil tax, electricity tax etc.

## Customer and employee privacy

During 2017 the current level of data protection and privacy compliance at Ragn-Sells was analysed and benchmarked against the requirements stipulated by the EU general data protection regulation (GDPR). The analysis was conducted throughout the Group and the conclusions drawn from the results lead to a list of prioritised activities being carried out. An employee education and awareness campaign were conducted during the first half of 2018. During 2018 internal routines and procedures for processing personal data were strengthened and many supplier contracts were revised to cover the new requirements of GDPR.

The long-term goal is to establish privacy as an integrated part of normal processes, system design and third-party management throughout the business. This enables Ragn-Sells to maintain a sustainable privacy compliance management programme based on good data protection and privacy practices safeguarding entrusted employee and customer personal data.

During 2018 no substantiated requests were received concerning the exercise of employee or customer data subject rights (2017: no requests). There were 8 lost computers at Ragn-Sells (2017: 12 lost computers); all devices were fully encrypted, and therefore there was no actual data breach. No personal data breaches regarding customer data were identified. Ragn-Sells received no complaints concerning employee or customer privacy from regulatory bodies, data subjects or other outside parties (2017: no complaints).

## Compliance with laws and regulations

Ragn-Sells is committed to carrying out its business in a sustainable way. To promote the long-term interests of Ragn-Sells and all stakeholders, the company strives to maintain the highest legal and ethical standards in all its business practices. All businesses and other activities shall be carried out strictly in compliance with all applicable laws in the environmental, social and economic area when and where activities take place. This requires all employees to act responsibly and with integrity and honesty. Being compliant can relate to environmental permits, accounting and tax fraud, corruption, bribery, competition, the provision of products and services, or labour issues, such as workplace discrimination.

### Code of Conduct and whistleblower function

Ragn-Sells' ethical standards are outlined in Ragn-Sells' Code of Conduct. During 2018, the Code was divided into two separate codes; one internal and one for Ragn-Sells' suppliers and partners (Supplier Code of Conduct, see chapter Responsibility within the value chain. The standards of the internal Code of Conduct are to be strictly observed by all companies, employees, officers and board members of Ragn-Sells Group, in all markets and at all times. The Code is the framework for Ragn-Sells' compliance management and the company's risk-based approach. It states Ragn-Sells' commitment to conducting business and pursuing interests in a legal and ethical manner and encourages the Group to be a responsible corporate citizen. The Code contains Ragn-Sells' position in relation to legal compliance, human rights, employees, business ethics, conflicts of interest, company assets and exports to developing countries. To ensure knowledge of the Code of Conduct, all employees will be required to go through Code of Conduct training with the aim that 80% of all employees have conducted the training by 1 June 2019.

In Denmark, Ragn-Sells is a member of DIEH (Dansk Initiativ for Etisk Handel). The employees and customers of Recyclables are being reminded of the Code of Conduct on a regular basis. In 2018 an e-learning course in Code of Conduct was conducted for Recyclables employees as well as for some Norwegian employees. When first employed at Ragn-Sells Norway, employees also need to sign a statement that they are obliged to follow the Code of Conduct and that the Code of Conduct has been received, read and understood.

Ragn-Sells is committed to ensuring compliance with the Code of Conduct throughout the organisation and has established a whistleblower function for reporting misconduct, incidents and suspected Code of Conduct violations. Employees are encouraged to raise their concerns regarding potential violations of the Code and its underlying policies and instructions. The reported cases of misconduct are investigated either locally or centrally, depending on the nature of the reported issue.

The primary way for reporting suspected misconduct incidents is via the line management. However, employees also have alternative reporting routes, including an internally hosted whistleblowing channel, reporting directly to the Group CEO. Should a suspected violation involve the top management of Ragn-Sells Group, or if the case is believed to be significant, the chairman of Ragn-Sells may be contacted directly. An employee who reports a potential Code of Conduct violation in good faith shall suffer no harassment, retaliation or adverse employment consequences. All employees are asked to seek advice on ethical and lawful behaviour and on matters of integrity from their direct manager or from any member of the management team, to reduce the risk of misconduct. During 2018, no whistleblowing's were reported through the whistleblower channel on the intranet.



## Business ethics

Ragn-Sells Group is committed to conducting its business and pursuing its interests in a legal and ethical manner. With businesses in many countries and a wide range of processes, services and products, a broad perspective on business ethics is required. Business ethics is an essential part of the Ragn-Sells Group Code of Conduct where it is stated that the company insists on honesty, integrity and fairness and is committed to upholding and promoting the highest ethical business standards in all aspects of business. Ragn-Sells shall comply with all applicable anti-trust and competition legislation. Corruption and bribes are taken seriously and are not tolerated.

The topic has been addressed by management on a Group level through the adoption of a common Business Ethics Directive. The Directive was adopted in the autumn of 2018 and covers the Group's position in the following areas: corruption and bribes, conflicts of interest and competition law. The Directive was communicated to Ragn-Sells employees via the intranet. The next step is to translate the directive into local languages.

In Estonia, Ragn-Sells has taken it upon itself to act as a role model and opinion leader in the field of compliance to social and economic legislation, fair competition and business ethics. Most challenging in the sector is municipalisation and corruption connected with municipal-owned waste companies. Ragn-Sells strives to make the market more transparent and equal for all tenders. There are routines to ensure that risks are managed and that the expected progress is achieved within the company. The processes were evaluated and improved during 2018 and managers and employees received education within the area. There is zero tolerance to internal corruption situations. Rules constraining conflict of interest situations are part of the employment contracts. From 2019 Estonia started to sign a Code of Conduct with stakeholders. During 2018 Ragn-Sells won the golden certificate for Family-friendly Employer in Estonia (an Estonian state-run programme to promote and certify employers who value compliance with laws and regulations and who do more than they are compelled to do). In addition, Ragn-Sells Estonia received the CSR gold-level certification in 2018 from CSR Forum, a non-profit organisation promoting transparent and sustainable business in Estonia.

During 2018 no confirmed incidents of corruption came to Ragn-Sells' knowledge (2017: no cases). No incidents were confirmed in which employees were dismissed or disciplined for corruption and no incidents were confirmed which led to termination of contracts with business partners. No law suits were brought against any Ragn-Sells Company within the field of competition law (2017: no cases).

## Environmental compliance

Compliance with environmental laws and how Ragn-Sells complies with environmental permits is important for the company's core business, as non-compliance may lead to sanctions and the restriction of permits on sites. Violations and company fines can have negative consequences both in terms of public opinion and in relation to the company itself. Ragn-Sells' permits for waste treatment are vital in enabling it to operate. Responsible leadership including encouraging the implementation of preventive risk management and reporting of risk situations and non-conformities (incidents and accidents) will be in focus for the years to come. This will include the development of a programme for the independent investigation of non-compliances, templates for investigation reporting (for non-compliances) and group methods for cost-based KPI (non-compliances).

The majority of Ragn-Sells' operations sites are certified according to the environmental standard ISO 14001. At these sites, internal as well as external audits are carried out. In Norway, Ragn-Sells performed risk assessments regarding the legal terms in the permits in 2018. Reviews of permit compliance are

performed regularly. Periodical inspections are performed on sites, which has resulted in fewer deviations from permit requirements.

During 2018 Ragn-Sells had one recorded case of non-compliance with environmental laws and regulations with monetary sanctions concerning handling errors related to the export of paper and plastic (2017: two cases). This resulted in a penalty of DKK 425,000 (approximately EUR 5,690). For a summary of violations of permits related to water, see chapter Effluents to water.

## Health and safety compliance

Ragn-Sells reduces the risks of breaching health and safety aspects by having a systematic work environment process. This is described in the chapter Health and safety. How risks associated with suppliers are managed is described in the chapter Responsibility within the value chain.

During 2018, one corporate fine related to occupational health and safety regulations concerning an accident causing bodily injury resulted in a fine of SEK 75,000 (approximately EUR 7,115).

## Responsibility within the value chain

Ragn-Sells has a complex value chain, with suppliers, business partners and customers upstream as well as downstream from the core operations. Involvement with these actors involves risks, such as actors being non-compliant with environmental, economic and social laws and regulations and poor working conditions for entrepreneurs, hired transporters and workers at the sites of Ragn-Sells' suppliers and customers. During 2018 efforts were made to ensure traceability of the waste Ragn-Sells sets on the market and to reduce the risk of unethical waste management downstream. A Supplier Code of Conduct was adopted and implemented.

## Material brought back into society

To return the material into the material cycle, Ragn-Sells provides logistic solutions and sells the collected material to recycling facilities, alternatively to intermediaries that deliver the material to recycling. Ragn-Sells Recyclables serves all Ragn-Sells companies by providing these services. The material is sold on a global market, for example to paper mills or plastic or metal industries that utilise the material in their production processes. Materials are also sold to energy companies, for the production of electricity and district heating. Customers of the Ragn-Sells materials are found primarily in Scandinavia and Northern Europe, but a smaller number of customers operate in Asia.

Selling material on a global market involves certain risks. Materials may be handled incorrectly by the receiving customer, customers may lack the appropriate permits for performing their operations as well as enough documentation to ensure treatment is performed in accordance with the relevant laws and permits. This may result in raw materials being produced from waste with increased environmental and health risks. There might also be risks of environmental pollution in the local communities, health risks for workers and locals, as well as risks of violating human rights, if the exported waste is handled in an inappropriate manner by the receiving party. Besides the direct effects this could have on the affected people, this would also result in a bad reputation for Ragn-Sells and, in extreme cases, imprisonment. The export and import of waste are therefore regulated in comprehensive legislation on an international as well as a national level. The legislation is followed up within the framework of European cooperation and by national authorities. Recyclables is certified according to ISO 9001 (quality) and ISO 14001 (environment) and the management system includes processes and routines to ensure that materials are handled in accordance

with applicable legislation and that there is traceability throughout the materials' entire value chain. The management system is reviewed by means of extensive evaluation during the yearly Management Review.

Ragn-Sells has developed a new Supplier Code of Conduct that should be used throughout Ragn-Sells' entire value chain. There is zero tolerance to any form of corruption or bribery and any suspicions are closely investigated. The Supplier Code of Conduct also contains a call to customers to support and respect fundamental human rights as set down, for example, in the United Nations' Universal Declaration of Human Rights and to recognise their responsibility to observe these rights when conducting business.

Recyclables is undertaking progressive work to monitor the requirements of the Supplier Code of Conduct, for example, by giving internal trainings and performing audits. Audits have been carried out at business partners based on risk assessments covering the geographical area, material type, treatment type and any known details about the customer. The actions performed to reduce risks within the value chain are also applied to the transporters used for transporting the materials to the recipient. During 2018, three downstream customers were self-assessed for Supplier Code of Conduct requirements and 12 downstream customers were audited, of which one audit resulted in terminated relationships due to the outcome of the audit.

## Procurement

Most of Ragn-Sells' purchases are made within the areas of transport performed by sub-contractors (hired transporters), vehicles and equipment for the operational plants, and fuel. The company strives to harmonise its procurement processes, including the requirements placed upon suppliers and sub-contractors and how the requirements are being followed up. It is important to set similar requirements as this is a way of reducing risks of non-compliance with social and environmental obligations.

An important risk area is non-compliance with regulations regarding working conditions for hired transporters and entrepreneurs working at Ragn-Sells sites. These risks are managed by audits, site visits and self-assessments, as well as requiring the subcontractors to provide their valid permits, tax certifications etc. to ensure they perform work according to applicable legislation.

Only suppliers with approved agreements should be used and all suppliers must undergo and sign an assessment. The supplier assessment includes requirements regarding the environment, quality, GDPR and Ragn-Sells' Code of Conduct. Reported deviations and complaints form the basis on which follow-ups should be based. Contract managers should regularly monitor incoming deviations and complaints, paying attention to their level of severity from an environmental and health perspective and what influence the deviations may have on the customer. Audits have been performed at selected suppliers. The contract manager decides what the consequences should be of a negative outcome from the follow-up of a supplier e.g. a request for corrective actions to ensure that the deviation is not repeated, price adjustments, penalties, purchase from alternative supplier or early termination of agreements. None of the audits have led to terminated relationships with the transporters or entrepreneurs, however one relationship was ended due to information regarding a transporter's non-compliance with the Code of Conduct during 2018.

The aim is that this procedure should be implemented in all of Ragn-Sells' organisations. All countries should use the same agreement template and supplier assessment form. At corporate Group level, the aim also is to be able to monitor whether the suppliers have responded to the supplier assessment form and, if necessary, to be able to block suppliers from purchasing. Further on, the plan is to start performing audits at suppliers where the risk of non-compliance with the Code of Conduct is the highest.

To produce the most satisfying agreements, some of Ragn-Sells' collective purchases should be conducted through joint agreements. Collective purchases throughout the corporate group are being made for containers, fuel and workwear. The supplier contracts which are to be jointly negotiated are planned and decided within Ragn-Sells Group on an annual basis.

## Employees and social aspects

Ragn-Sells' employee focus is to attract, develop and retain the best talent. The employee satisfaction survey shows that Ragn-Sells does that by providing its employees with:

- Inspiring leaders
- Motivation
- Opportunity for professional development

In addition, the company needs to focus on activities to increase health and safety in the workplace and actively work to prevent discrimination and ensure that all employees, regardless of background, have the same rights, opportunities and obligations.

### Employee information

In 2018 Ragn-Sells Group had in total 2,839 employees (i.e. total No of employees including part-time employees) see Figure 6, of which 80% were men and 20% were women. The majority of them, 72%, were working in Sweden.

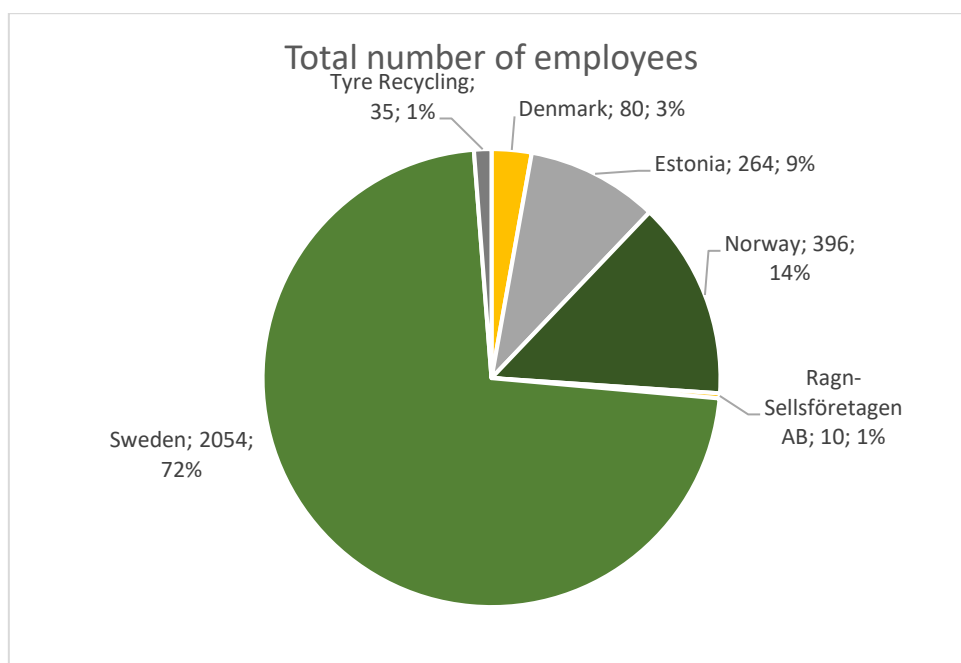


Figure 6. Total number of employees in Ragn-Sells' companies. Employees working at Recyclables are included in the data for each country in which they are working.

In Ragn-Sells Sweden, Recyclables, Ragn-Sellsföretagen and Tyre Recycling, all employees are covered by collective bargaining agreements. In Estonia no employees are covered by collective bargaining agreements and in Norway and Denmark the percentages that are covered are 57% and 44% respectively.

## Health and safety

Ragn-Sells' highest priority is to ensure the health of employees, entrepreneurs, customers and the public. Risks related to health and safety occur in a wide range of the company's processes, and operations also pose a potential risk to the health and safety of customers and contractors. Additionally, the use of vehicles and machines on public roads means that the operations incur a risk for third parties.

Health and safety issues are managed locally within the different companies in the Group, with local policies, procedures, and a health and safety organisation. Accidents and sick leave are monitored by all companies.

Ragn-Sells works systematically to minimise risks and prevent work-related accidents. The company also works continuously to improve and develop preventive risk management and the reporting of risk situations and non-conformities. To facilitate the reporting of safety discrepancies in the workplace, Ragn-Sells has developed an application where employees easily can report issues. Furthermore, the introduction of safety officers has been part of Ragn-Sells' efforts to improve the safety of employees. These officers conduct regular inspections. As part of the traffic safety policy, alcoholometers are installed in vehicles, which minimises the risk of driving under the influence of alcohol.

During 2018, no accidents with fatal outcome occurred. No severe accidents that Ragn-Sells was responsible for and that involved a customer occurred during the year. Customers to Recyclables were involved in two car accidents at the loading facility, both with car damage.

During 2018, Ragn-Sells Estonia contributed to forming guidelines for waste management rules in municipalities through close work and collaboration with the Estonian Ministry of Social Affairs and Estonian Environmental Board. These guidelines will have a positive effect on the working conditions and health and safety risks for Ragn-Sells employees as well as for others working in the waste industry.

In Norway, Ragn-Sells improved the emergency preparedness and routines during 2018. Ragn-Sells Norway is certified according to the OHSAS 18001 health and safety management system. During 2018, Ragn-Sells Sweden (including Recyclables) was certified according to ISO 45001.

*Table 4. Absentee rate (hours absent / (hours worked + hours absent)), number of accidents and incidents. Numbers in parentheses refer to 2017. Statistics concerning Recyclables are included in the data for each country.*

Company	Absentee rate – employees	Number of accidents – employees		Number of accidents – workers except employees (e.g. contractors, externally hired staff)		Number of incidents
		With sick leave	Without sick leave	With sick leave	Without sick leave	
Denmark	No data	0 (0)	4 (0)	0 (0)	0 (0)	No data
Estonia	0.7% (0.3%)	9 (5)	4 (3)	No data (5)	No data (3)	13
Norway	4.5% (3.7%)	6 (3)	3 (8)	2 (3)	3 (12)	No data
Sweden	6.0% (6.3%)	9 (16)	89 (116)	5 (4)	6 (4)	303
Tyre Recycling	No data	0 (0)	1 (2)	1 (0)	0 (0)	3

To increase the reporting of risk observations, incidents and accidents, Ragn-Sells has begun to measure a Safety First quota, the relationship between reported risk observations and incidents per accident. In

Norway, each facility performs safety rounds each month and therefore has a high number of reported risks, which results in a high Safety First rate, Figure 7.

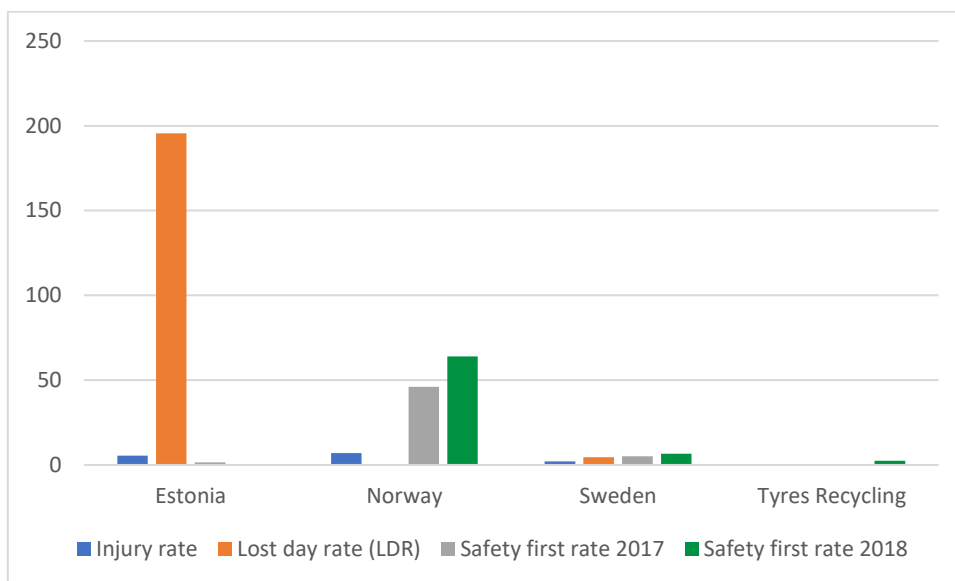


Figure 7. Safety First rate  $((\text{observations} + \text{incidents}) / \text{accidents})$ , injury rate  $(\text{total injuries} \times 200,000 / \text{total hours worked})$  and lost day rate  $(\text{total lost days} \times 200,000 / \text{total hours worked})$ . Safety First rate is not relevant for measuring Recyclables and data for Estonia is missing. Data for Denmark and Recyclables is missing. Data for Lost Day Rate is missing for Norway.

### Safety First

'Safety First' is the name of a Swedish pilot project which represents a safe and sustainable work environment for employees and customers. Safety First is an internal approach covering all employees and entails an overall aspiration for health and safety to be a distinct element of Ragn-Sells' business. The aim of the project is to increase awareness and knowledge about risks related to health and safety. The programme is to be shared and implemented at corporate Group level over the coming years.



This project is linked to the Sustainability Development Goal *Ensure healthy lives and promote well-being (SDG3)*.



## Diversity, equal opportunities and non-discrimination

Ragn-Sells is convinced that the company's diversity is an asset, as diversity gives access to a wide variety of talents, skills and experiences, which helps provide insights into society's needs and motivations. Ragn-Sells believes that diversity makes the organisation more effective, successful, innovative and profitable. To reach diversity, practices must be aligned and ensure that there are no internal barriers or discrimination with regards to equal opportunities, for example in recruitment, training or promotion. All employees should have the same rights, opportunities and obligations regardless of gender, ethnic and cultural background, and age. Ragn-Sells is working on having a balance in the workforce at all levels and the objective is to achieve a more even gender balance within the organisation. Figure 8 and Figure 9 show the diversity in terms of gender and age in Ragn-Sells' different organisations.

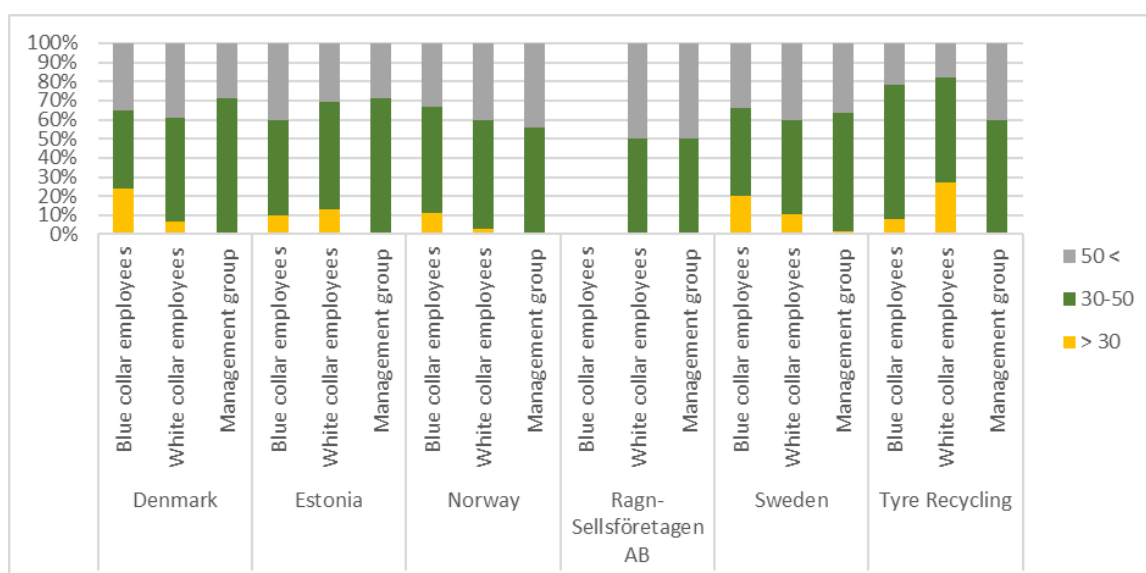


Figure 8. Diversity of age group per organisation and employment type.

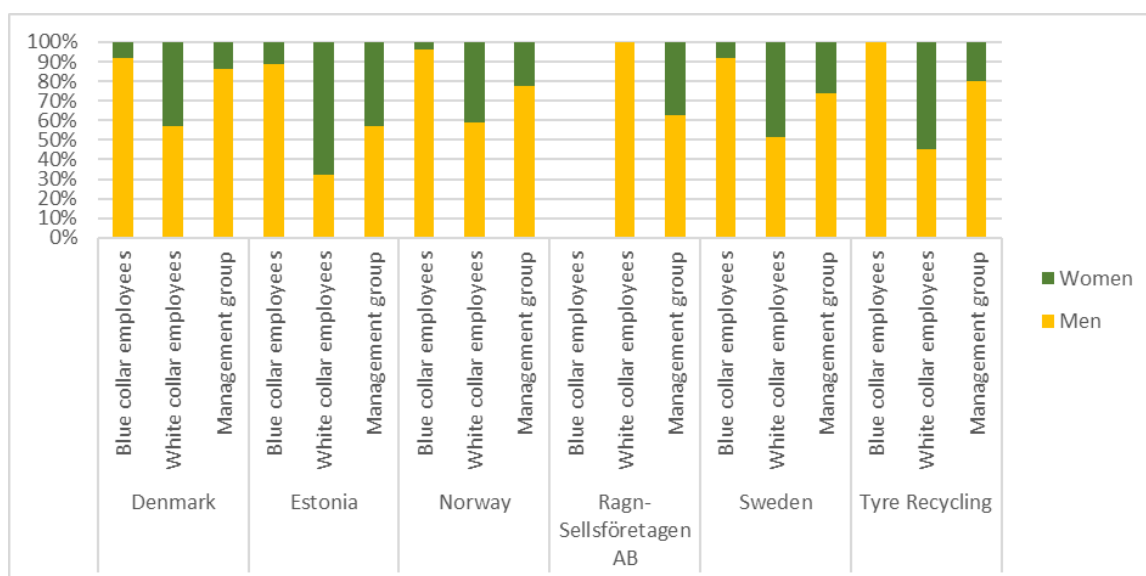


Figure 9. Diversity of gender per organisation and employment type.

Not managing issues covering diversity, equal opportunities and discrimination creates high risk. Non-compliance could affect Ragn-Sells' employees, the work environment and therefore the entire organisation negatively. It could also result in Ragn-Sells breaking basic principles and laws in national legislation in the countries where Ragn-Sells operates.

Ragn-Sells' Code of Conduct gives a clear message that the company is an equal opportunities employer, where discrimination and violence, bullying, threatening, abuse or harassment in the work environment are not tolerated. To ensure that Ragn-Sells complies with the Code of Conduct, the following activities are performed:

- When recruiting, always ensure advertising and interviews provide equal opportunities.
- Review salaries annually to ensure equal salaries; salaries are set based on role and responsibility.
- Conduct employee surveys annually, where employees are specifically asked to feedback on these topics.
- Whistleblower function for employees to report blameworthy conditions.

To anchor Ragn-Sells' approach to non-discrimination throughout the organisation, efforts are made to increase awareness of diversity and equality issues with managers and employees. These issues are therefore an important part of the leadership training and value-based work.

On a local level there are policies and programmes for equal opportunities and non-discrimination. These issues are also considered in processes including recruitment, salary setting and parental leave. Through the annual employee satisfaction surveys, Ragn-Sells gets feedback on its employees' perception of the topics. During 2018 no incidents of discrimination were reported (2017: 0 reported incidents). Any reporting of discrimination is followed up by an investigation and corrective actions.

As previously described (chapter Compliance with laws and regulations), Ragn-Sells in Estonia aims to lead the way in making Estonian workplaces more diverse, equal, inclusive and non-discriminating. This is done by instructing managers and leaders to work according to these values and spread them to their teams. One of the biggest challenges for the Estonian organisation is to ensure all employees have access to information in their preferred language (Estonian or Russian), as access to information plays a crucial part in making sure that employees are treated equally. To be more inclusive and socially responsible they are working closely with the Estonian Job Board (Eesti Töötukassa), Astangu Vocational Rehabilitation Center and different Estonian universities and vocational training centres. Employees' awareness is also raised on these topics on regular basis during meetings, by doing voluntary work and learning about different issues etc.). The rest of Ragn-Sells Group is learning from the Estonian way of working with these issues and selected parts might be implemented in the rest of the group.

No convictions related to violation of human rights, labour law or other violations of legislation related to social aspects, such as discrimination or harassment were reported for 2018 (2017: no cases).

## **Environmental impact**

In most cases, reused materials cause less environmental impact than the use of primary materials. Ragn-Sells' operations enable more material to be returned to the material cycle, with less production from primary materials, and have a reduced impact on the climate as a result. By striving to make products out of waste and remove toxic materials from the material loop, the main operations are seen to have a positive environmental impact. Ragn-Sells' negative environmental impact mainly derives from transport,

treatment plants and landfill. The company works constantly on limiting the negative environmental impact, for example by limiting emissions to soil and water, developing logistics, switching to renewable fuels and performing final coverage on landfills.

The operational responsibility associated with the company's permits is delegated to the respective plant manager. At the facilities, the precautionary principle is considered when permits and specific terms are decided. Risk analyses are conducted continuously within the framework of the company's risk management routine and according to the precautionary principle.

### Climate change

Emissions of greenhouse gases, which contribute to climate change, is one of the most important environmental aspects for Ragn-Sells to consider, as the company acknowledges that many of their activities can influence climate change. Ragn-Sells' contribution to climate change can be affected both through the operations but also in how advice is given to its customers. Ragn-Sells believes it is important to search for circular solutions for materials and close the loops of resources.

During 2018, Ragn-Sells' total emissions of greenhouse gases amounted to approximately 240,515 tons, see Figure 10 below. The highest emissions of greenhouse gases from Ragn-Sells' operations derives from landfill, which accounts for about 85%. The majority of the rest of the contribution derives from transport.

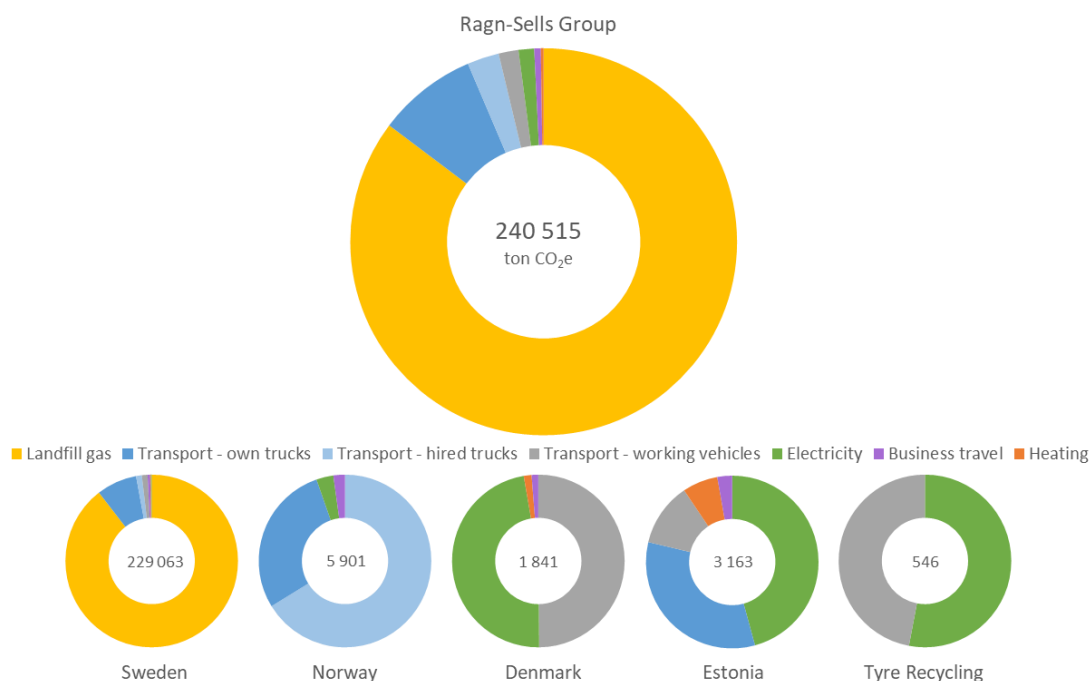


Figure 10. Emissions of greenhouse gases (in tons of CO<sub>2</sub>-equivalents) for each company within Ragn-Sells Group, divided into different types of activities. Uncertainties: There is a lack of data regarding business travels and transport with own trucks for Ragn-Sells Tyre Recycling. The Swedish energy consumption for heating is estimated using the 2017 quantity. The emissions from landfill are not measured in Norway. The hired transport for Sweden and Norway are estimated based on a percentage of total transport with trucks. In Denmark, hired transport has not been measured this year due to uncertainties in data.

The use of electricity at the facilities includes operating electricity and electricity for buildings. Sweden is using origin-certified electricity for hydro power, which has been calculated with data from a public EPD (environmental product declaration) performed by Vattenfall AB. For Norway and Denmark, the national consumption mixes are applied, while an average between the Norwegian and Swedish national consumption mixes is applied for Ragn-Sells Tyre Recycling. An Estonian electricity network company has provided an average value for Estonia.

Regarding transport, over 90% of the climate impact derives from diesel-operated vehicles, with the majority being Ragn-Sells' own trucks. More than half of the impact from business travels derives from travelling by car (petrol- and diesel-driven), while the remainder is mainly from aeroplane travel.

## Landfill

The highest emissions of greenhouse gases from Ragn-Sells' operations derive from landfill.

Ragn-Sells is constantly working to reduce landfill gas emissions and, during 2018, Ragn-Sells collected and incinerated more than 62,000 tons CO<sub>2</sub>-equivalents at the Swedish sites. The landfill gas is also used as fuel, primarily for heating, but also for cooling buildings as well as for electricity generation. For 2018 Ragn-Sells landfills in Sweden generated 17,791 MWh.

### *How Ragn-Sells analyses landfill gas emissions – in brief*

To calculate the emissions of landfill gases deriving from Ragn-Sells' landfills in Sweden, the Landfill Gas Emissions Model (LandGEM) is used for all sites but one – which instead uses on-site measurements. Landfill gas is modelled to consist of 30% carbon dioxide (CO<sub>2</sub>) and 50% methane (CH<sub>4</sub>). The greenhouse gas methane, which is formed by means of the anaerobic decomposition of organic matter in landfill, is converted to CO<sub>2</sub>-equivalents using the latest emission factor from IPCC's fifth assessment report: 28 kg CO<sub>2</sub>e/kg CH<sub>4</sub>. Carbon dioxide emissions that occur when landfill gas is flared, or is incinerated for heat and electricity, are not included in the calculations. The calculating model does not take into account to what extent the landfills are covered, resulting in the reported emissions probably being greater than the actual amount.

## Effluents to water

Effluents to water and soil is an important environmental aspect for Ragn-Sells. It is therefore an important aspect to control and evaluate such risks that might affect the environment. The operations are regulated by legal requirements and permissions, monitored by different types of analyses which are evaluated and reported to the relevant authorities.

In Ragn-Sells Sweden, effluents to water and soil come mostly from treatment plants and mainly consist of metals, nutrients and oils. The effluents are regulated at plant level by permit conditions or other requirements and they are regularly monitored and controlled. Possible impact on the surrounding environment is controlled by specific recipient control programmes. The results of the controls are continuously reported to the supervisory authorities. Measures are continuously performed at the different plants to reduce emissions to water, both by improving the measurement and control of water quality and by improving the water treatment processes.

Ragn-Sells Sweden also participates in different co-operation forums of water collaboration and water conservation associations.

In terms of emissions to soil, leakage of substances from the stored material is a primary source, but outflows can also occur during spillage or leakage of chemicals and waste.

During 2018, Ragn-Sells had 15 violations of permits or legislation regarding emission to water and spills, Figure 11. In Sweden the 3 violations derived from exceeding limit values. In Estonia, violations occurred regarding substances in the sediment. In Norway two of the registrations related to problems with circulation of water in a landfill and unidentified leakage of water. Tyre Recycling had one permit violation due to exceeding a value for zinc.

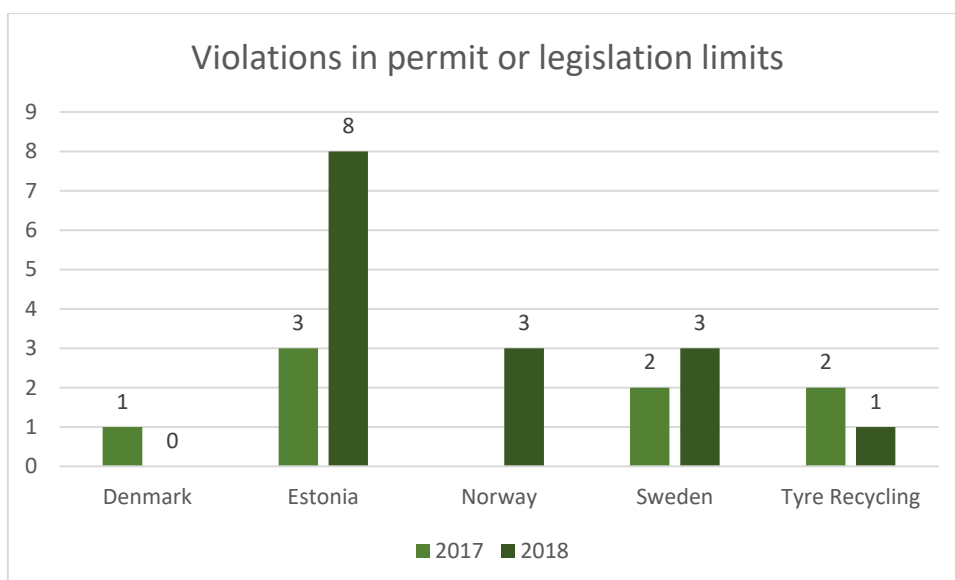


Figure 11. Number in violations in permit or legislation limits (regarding waste water, oil separator, landfill etc.). Data missing for Norway in 2017.

### Local environmental impact

The treatment plants sometimes cause unpleasant odours in the surrounding area, due to the waste treatment activities at the facilities. Noise from vehicles and from installations such as unloading, sorting, and crushing also have an impact on the local environment. These are important aspects to manage as they can have a direct influence on the local environment and neighbours. Ragn-Sells works in different ways based on local conditions to prevent interference, including taking into account the weather and wind direction in the treatment of the waste. Taking the neighbours and other stakeholders' opinions into account is an important aspect in all facilities where Ragn-Sells operates. Other actions include following up on permits, performing compliance evaluations, periodical reviews and audits. The number of complaints from neighbours received in during 2017 and 2018 are shown in Figure 12.

Complaints concerning local noise and odour are taken seriously in all countries. The greatest risk is related to the operation sites with the received waste and the machines used to process the waste, e.g. grinding of wood etc. Continuous effort is made to evaluate the risks associated with the activities.

Periodical inspections are performed on all sites, which has resulted in fewer deviations from permit requirements and self-control programmes.

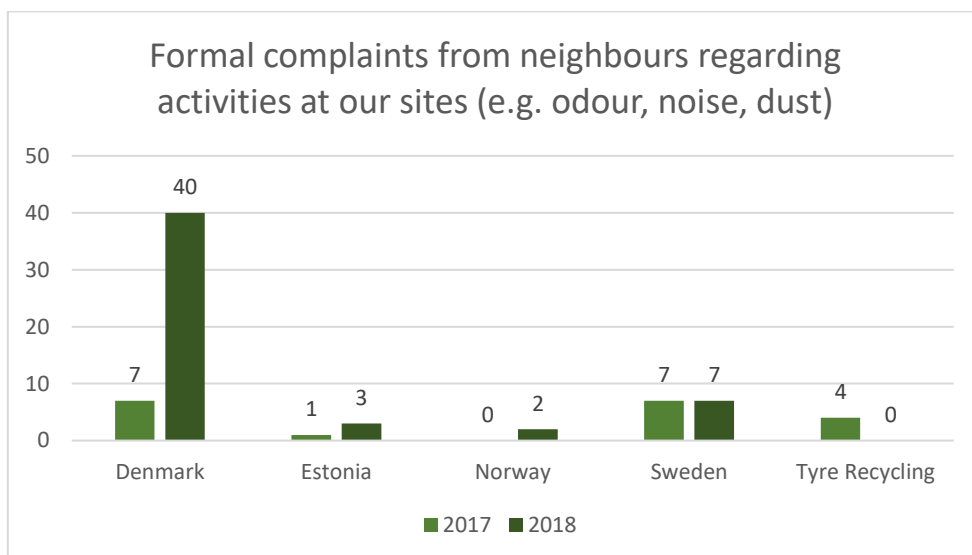


Figure 12. Number of formal complaints (letters, phone calls, emails) from neighbours regarding activities at Ragn-Sells sites (e.g. odour, noise and dust).

## Report information and additional performance data

This report constitutes Ragn-Sells Group's statutory sustainability report in accordance with *Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups*. In accordance with the directive, Ragn-Sells Group has chosen to present the statutory sustainability report as a report separate from the legal annual report. A description of Ragn-Sells Group's work and results regarding environment matters, social and employee matters, respect for human rights and anti-corruption matters are described continuously throughout the report. Sustainability risks are described in the chapter Ragn-Sells' risks and compliance management as well as continuously throughout the report for each material topic (if risks have been identified for the topic).

This is Ragn-Sells Group's second sustainability report. GRI Standards, core option, has been used as a basis for the report content. No third-party assurance has been performed towards the GRI standard requirements. Ragn-Sells Group follows an annual reporting cycle for sustainability reporting. The period covered in this report is 1 January to 31 December 2018. The report covers entities included in Ragn-Sells Group except operations in RSM&CO

For further information regarding the report and Ragn-Sells Group's sustainability work, please contact Pär Larshans, Chief Sustainability, Corporate Responsibility & Public Affairs Officer. ([par.larshans@ragnsells.com](mailto:par.larshans@ragnsells.com)).

## Corporate governance

Ragn-Sells is a privately held corporate group with headquarters in Sollentuna, Sweden. The company is a third-generation family company, privately owned by the Sellberg, Östlund and Jackson families. Ragn-Sells' governance model, introduced in 2017, is based on three circular business areas with profit and loss (P&L) responsibility and direct responsibility for the up- and downstream market. Governance of Ragn-Sells P&L units is managed through Business Review meetings in each business area three (3) times per year, together with monthly meetings in the ELT (both chaired by the Group CEO). The Group CEO reports to the RSFAB board.

## Performance data

Table 5. Diversity of employees per gender and per age group. Employees working at Recyclables are included in the data for each country in which they are working.

Company and employment type	Percentage (%) Gender		Percentage (%) Age group		
	Men	Women	> 30	30–50	50 <
<b>Denmark</b>					
Blue collar employees	92	8	24	41	35
White collar employees	57	43	7	54	39
Management group	86	14	0	71	29
<b>Estonia</b>					
Blue collar employees	89	11	10	49	40
White collar employees	32	68	13	56	31
Management group	57	43	0	71	29
<b>Norway</b>					
Blue collar employees	96	4	11	56	33
White collar employees	59	41	3	57	40
Management group	78	22	0	56	44
<b>Ragn-Sellsföretagen AB</b>					
Blue collar employees	0	0	0	0	0
White collar employees	100	0	0	50	50
Management group	63	37	0	50	50
<b>Sweden</b>					
Blue collar employees	92	8	20	46	34
White collar employees	52	48	11	49	40
Management group	74	26	2	62	36
<b>Tyre Recycling</b>					
Blue collar employees	100	0	8	70	22
White collar employees	46	54	27	55	18
Management group	80	20	0	60	40
<b>Ragn-Sells Group</b>					
Board of directors	57	43	0	0	100

Table 6. Employees per employment type and employment contract for the entire Ragn-Sells Group.

Employment type	Men		Women		Total	
	2017	2018	2017	2018	2017	2018
Full-time	1948	2202	509	549	2457	2751
Part-time	48	44	34	30	82	74
Total number of employees	1996	2246	543	579	2539	2825
Temporary contract	264	128	54	47	318	175

Table 7. Number of suppliers self-assessed for Code of Conduct and audited during 2018. None of the audits lead to terminated relationships with the transporters or entrepreneurs, however one relationship was ended by Recyclables due to information regarding a transporter's non-compliance with the Code of Conduct.

	Hired transporters	Entrepreneurs	Other suppliers
Self-assessed	59	6	40
Audits	3	1	45

## GRI content index

Ragn-Sells Group reports its sustainability work based on GRI Standards, core option. The table below illustrates where in the report general and topic-specific disclosures are found. All general disclosures which are mandatory according to the core option are reported as well as the topic-specific disclosures that are considered as material to Ragn-Sells' business.

General disclosures		Page	Comment
102-1	Name of the organisation	6	
102-2	Activities, brands, products and services	7–8	
102-3	Location of headquarters	39	
102-4	Location of operations	7–8	
102-5	Ownership and legal form	39-40	
102-6	Markets served	7–8	
102-7	Scale of the organisation	7–8	
102-8	Information on employees and other workers	30–31, 39–40	
102-9	Supply chain	28–29	



102-10	Significant changes to the organisation and its supply chain	9	
102-11	Precautionary principle or approach	20, 36	
102-12	External initiatives	27–28, 32	Several companies in the group are certified according to ISO 9001 and/or ISO 14001 and/or ISO 45001/OHSAS 18001. Ragn-Sells Norway is also certified according to the CSR-performance ladder (a practical application of ISO 26000 on Social Responsibility)
102-13	Membership of associations	7	
102-14	Statement from senior decision-maker	4	
102-16	Values, principles, standards and norms of behaviour	15–16, 26–27	
102-18	Governance structure	9, 41	
102-40	List of stakeholder groups	17	
102-42	Identifying and selecting stakeholders	17	
102-43	Approach to stakeholder engagement	18–19	
102-44	Key topics and concerns raised		Reported partly in relevant sections of the report
102-45	Entities included in the consolidated financial statements	41	
102-46	Defining report content and topic boundaries	16	
102-47	List of material topics	16	
102-48	Restatements of information	36	Changes in previous years' data have been made for the emission factor of methane (previously the factor was 25).
102-49	Changes in reporting		Material topics are the same as previous year. Some topic specific disclosures have been adjusted to better align with Ragn-Sells' existing policies, goals and targets.

102-50	Reporting period	39	
102-51	Date of most recent report		Previous report was signed 2017-04-17. A revised report was published 2017-06-29.
102-52	Reporting cycle	39	
102-53	Contact point for questions regarding the report	39	
102-54	Claims of reporting in accordance with the GRI Standards	39	
102-55	GRI content index	41–45	
102-56	External assurance	39	
<b>Topic-specific disclosures</b>		<b>Page</b>	<b>Comment</b>
<b>Economic performance</b>			
103-1 103-3 103-3	Management approach	16–17	
201-1	Direct economic value generated and distributed	25	
<b>New value chain development and innovation</b>			
103-1 103-3 103-3	Management approach	13	
	Number of ideas that have been processed by the R&D committee on a yearly basis	13	New disclosure 2018.
	Number of large-scale, ongoing projects	13	New disclosure 2018.
<b>Material focus</b>			
103-1 103-3 103-3	Management approach	10	
301-1	Materials (outgoing) by weight	10–11	Total weight of outgoing materials from Ragn-Sells' facilities to downstream customers during the reporting period, reported by type of material and recycling principle.
<b>Customer and business partner satisfaction</b>			
103-1 103-3 103-3	Management approach	23	
	Number of customer complaints	24	
	Results from customer surveys	23	New disclosure 2018.

	Delivery precision	23	New disclosure 2018.
<b>Employee and customer privacy</b>			
103-1 103-3 103-3	Management approach	25	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	Substantiated complaints concerning breaches of customer privacy and losses of customer data. Total number of substantiated requests received concerning exercise of customer data subject rights. Total number of identified personal data breaches regarding customer data.
	Substantiated complaints concerning breaches of employee privacy and losses of employee data	25	Substantiated complaints concerning breaches of employee privacy and losses of employee data. Total number of substantiated requests received concerning exercise of employee data subject rights. Total number of identified personal data breaches regarding employee data.
<b>Compliance with laws and regulations</b>			
103-1 103-3 103-3	Management approach	26–29	
307-1	Non-compliance with environmental laws and regulations	28	Non-compliance with permit or legislation limits regarding substances in water is reported for the material topic 'Effluents to water'.
419-1	Non-compliance with socio-economic laws and regulations	28, 37	Includes non-compliances with health and safety regulations, violation of human rights, labour law violations or other violations of legislation related to social aspects, such as discrimination or harassment. Non-compliances with laws and regulations regarding bribery and competition are also reported in disclosure 205-3 and 206-1.

	Number of whistleblowings and disciplinary actions due to misconduct	26	New disclosure 2018.
<b>Business ethics</b>			
103-1 103-3 103-3	Management approach	27	
205-1	Operations assessed for risks related to corruption		Disclosure is not reported 2018.
205-2	Communication and training about anti-corruption policies and procedures		Detailed data on training in Code of Conduct is missing for 2018. Disclosure will be measurable in 2019 as a Groupwide e-learning will be conducted.
205-3	Confirmed incidents of corruption and actions taken	27	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	27	
<b>Responsibility within the value chain</b>			
103-1 103-3 103-3	Management approach	28–30	
308-1	New suppliers that were screened using environmental criteria	41	Ragn-Sells reports its total number of suppliers self-assessed for code of conduct requirements and total number of suppliers assessed through audits. Percentage of assessed suppliers with which improvements were agreed upon as a result of assessment and number of suppliers reviewed by audit where relationships were terminated.
414-1	New suppliers that were screened using social criteria	41	See comment above.
308-2	Negative environmental impacts in the supply chain and actions taken	41	See comment above.
414-2	Negative social impacts in the supply chain and actions taken	41	See comment above.
<b>Health and safety</b>			
103-1 103-3 103-3	Management approach	31–32	
403-2	Types of injury and rates of injury, occupational diseases, lost days and	31	Severe accidents that Ragn-Sells is responsible for and

	absenteeism, and number of work-related fatalities		that involve a customer is also reported.
	Safety first rate	32	
<b>Diversity, equal opportunities and non-discrimination</b>			
103-1 103-3 103-3	Management approach	33–35	
405-1	Diversity of governance bodies and employees	33, 41	
406-1	Incidents of discrimination and corrective actions taken	35	
<b>Climate change</b>			
103-1 103-3 103-3	Management approach	35–36	
305-1	Direct (Scope 1) GHG emissions	36	
305-2	Energy indirect (Scope 2) GHG emissions	36	
305-3	Other indirect (Scope 3) GHG emissions	36	
<b>Effluents to water</b>			
103-1 103-3 103-3	Management approach	37	
	Number of permit or legislation limit violations regarding substances in water from site or process (waste water, oil separator, landfill etc.)	37	
<b>Local environmental impact</b>			
103-1 103-3 103-3	Management approach	38	
	Number of complaints regarding local environmental impact	38	