

SUSTAINABILITY REPORT

2017

Ragn-Sells Group

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Ragn-Sells group sustainability report 2017

Welcome to Ragn-Sells first group sustainability report based on core GRI standard. The report is a good reflection of how Ragn-Sells performed in 2017 regarding environmental, social, and economic sustainability.

This is Ragn-Sells

Ragn-Sells is a privately held corporate group primarily with operating companies in Sweden, Norway, Estonia and Denmark. In total there are over 120 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, organizations and households. The group was in 2017 organized into national companies as well as a material trading company, a tyre recycling company and an independent consulting company. This makes it possible for us to work close to our customers and understand local markets. It also means that in every country, we benefit from the knowledge and development efforts of the entire group.

Ragn-Sells Sweden

Established:

1881 in Stockholm by Zakarias Leonard Sellberg.
Organized waste collection started in 1928 at Väderholmen Gård in Sollentuna.

Main processes and services:

Collection, sorting and treatment of waste from businesses, organizations and households. Services can be divided into basic services for the business and the public sector, construction services and services for hazardous waste.

- Turnover (ext) 3,545,823 tSEK
- Number of employees 1,697
- Number of sites 58

Ragn-Sells Norway

Established:

1989 in Oslo

Main processes and services:

Collection, sorting and treatment of industrial waste and production of renewables

- Turnover (ext) 1551 577 tSEK
- Number of employees 398
- Number of sites 20

Ragn-Sells Estonia

Established:

1992 in Haapsalu, Estonia

Main processes and services:

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

- Turnover (ext) 247,489 tSEK
- Number of employees 262
- Number of sites 6

Ragn-Sells Denmark

Established:

2001

Main processes and services:

Collection, sorting and processing of industrial waste. Each year we transform over 120,000 tonnes of food waste to biomass. This is done by means of our nationwide network of recipients.

- Turnover (ext) 315,421 tSEK
- Number of employees 62
- Number of sites 4

Ragn-Sells Recyclables

Established:

2013 in Stockholm, Sweden

Main processes and services:

As the agent company for all the Ragn-Sells Group's wholly-owned subsidiaries in Norway, Denmark, Sweden and Estonia, Recyclables is responsible for the logistics and sales of the Group's raw materials. In this way the material can be recycled or used in energy production.

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) 10,043 tSEK
- Number of employees 19
- Number of sites N/A

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). Our granulate factory produce rubber granulate for use as infill in football fields and other uses. In Sweden we have domestic customers, but in Norway the majority of the material is exported.

- Turnover (ext) 239,097 tSEK
- Number of employees 37
- Number of sites 8

RSM&CO

Established:

1989 in Stockholm, Sweden

Main processes and services:

RSM&CO is Ragn-Sells' independent consulting company which provides consulting services and training within the areas environment, work environment, quality, energy, waste and sustainability. The company also provides a web-tool for law monitoring. RSM&CO offers products and services to both public and private sector in mainly Sweden.

- Turnover (ext) 61,926 tSEK
- Number of employees 67
- Number of sites N/A

All figures in the information boxes refers to 2017.

CEO Statement - We are heading towards a circular economy

Waste is a valuable resource in society, and is not the final destination of the consumption of goods and services. With that conviction, Ragn-Sells is working to help implement and improve circular flows where waste is reused over and over again – all to avoid the exhaustion of earth's virgin resources.

Circular flows are not only related to the circulation of reused products and materials. It is also about building a new structure in society. However, we cannot do this single-handedly and we are therefore allying with other players that also has as ambition to solve the future planetary challenges. It boils down to optimizing flows and systematically change society – in a joint effort with others.

A good example of such a venture is 'Älskade stad'. A joint business initiative between Ragn-Sells, Bring, Vasakronan and the City of Stockholm, which was launched in 2017 and is now expanding to other geographies. During this previous year we have had a number of prominent visitors, both domestic and international, interested in learning more about how the cooperation and partnering works, and the kind of results that can be achieved. We can already see the positive effects in this project and we are willing to share our findings with others. *About #älskadestad*

<http://www.alskadestad.se/about-alskade-stad/>

To help us in our endeavors to continue to build a business that truly supports both a sustainable world and sustainable business, we are on a journey to implementing a new common group strategy. A key element in this strategy is to focus on the material flows. From collecting and sorting, through treatment and detoxification, to providing recycled materials as input for production and manufacturing processes.

An example of the potential that lies in increasing the societal focus on recycling of waste is described in a study by Material Economics, performed during 2017, where Ragn-Sells was one of the sponsors. The report shows that Sweden is losing at least SEK 40 billion per year by not performing high value recycling. The actual figure is most certainly much higher, as the report only focused on a handful of materials.

For us at Ragn-Sells, it is important to put circular economics into practice with concrete examples that pave the way for future development and innovation. Therefore, in 2018, we divided the company into 3 different business areas, all of them circular with the ability to develop their abilities to serve specific needs of society. All aligned with our strategy.

1. Recycling – focuses on commodity value chains, such as paper, plastics and wood.
2. Treatment & Detox - treats, stockpiles and detoxifies waste streams, such as masses and ashes, allowing them to further circulate as clean and valuable resources.
3. New value chains – Implements new ways of recycling material in novel, collaborative business models based on industrial symbiosis.

With all this said I reaffirm that Ragn-Sells want to continue to lead the way towards a circular society and to be living proof that caring for the world and good business go hand in hand.



Lars Lindén
CEO Ragn-Sells Group

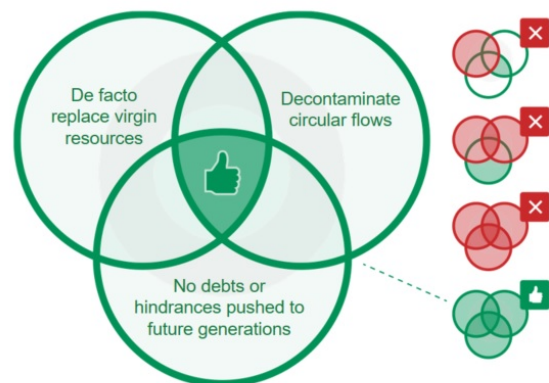
Business- and sustainability strategy

Our vision is rooted in a long history since the company was established. The Circular Economy is nothing new under the sun for us – during the 90s we talked about the “Ecocycle Society” and Sustainable Development. Today’s term “The Circular Economy” is the direction that society is headed. Climate change and other sustainability questions are high on the world’s political agenda. Ragn-Sells welcomes this development. To achieve this vision, several types of decisions on several levels will be required. Decisions will be required from us, but even changes in our broader context – such as laws and steering policy that make circular solutions more economically viable. Ragn-Sells has identified a few basic principles to guide ourselves and our broader context as we develop our business in line with societies overall goals. These principles are laid down in a document called “Ragn-Sells Ethos”. We are convinced that these basic principles are necessary to follow to achieve a circular economy and functioning market where waste replaces virgin resources.

Even if our organizations vision is the same, our mission was changed in 2017 to include these key principles.

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.

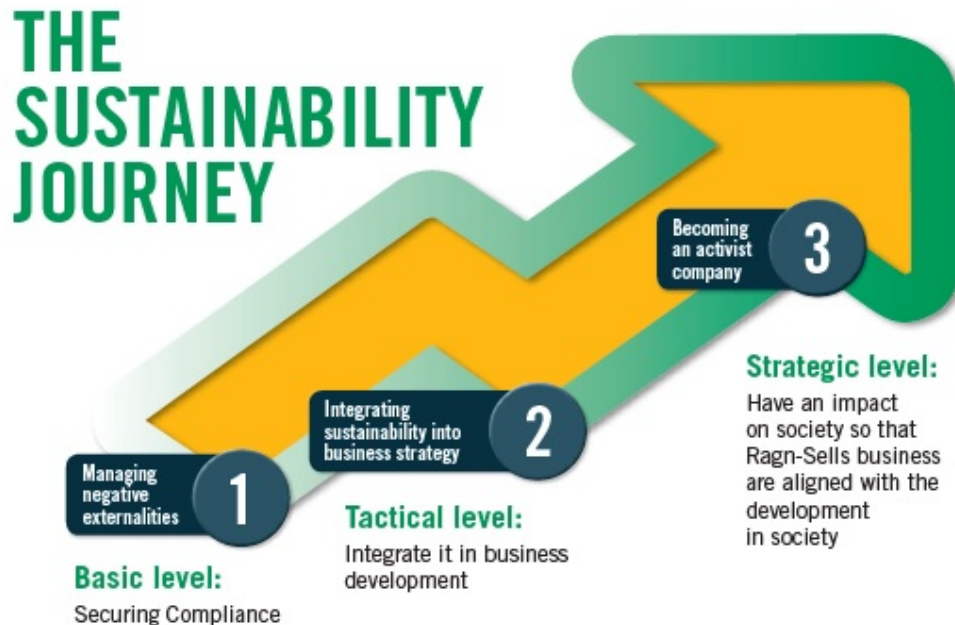
We regard it as our mission to lead development. Therefore, we continue our tradition as a leading innovator and developer. This is part of our DNA and guides part of our mission – “forward-looking”. We take our mission seriously. It is not rare that our ambition is higher than what is possible to achieve without changing market conditions e.g. steering policy or changes in legislation. 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. That role will lead us ahead of our competitors. This is the role we want to fortify and continue to develop.



At the bottom of the illustration, i.e. the ground on where we build our temple, you will find the 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 Arenas we have chosen as our focus for continuing to develop the Ragn-Sells business into the future, and a short description on 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 Arenas, is the common denominator for our business – material focus in everything we do.

Ragn-Sells sustainability strategy – a door opener for business

Implementation of a sustainability strategy will be crucial in order to succeed with Ragn-Sells business strategy presented in 2017. We have therefore introduced how we will develop sustainability activities based on a 3 step model, the sustainability journey.



Ragn-Sells priorities when it comes to sustainability in 2017 has been on the *basic level* by setting up a cross-group compliance management program, continuing the development of the work safety program “safety first” and setting structure for the first Group sustainability report. Activities has also been on the *strategic level* by setting Ragn-Sells on the political arena as a circular business leader. The ambition is that our sustainability program will be a door opener for our third business area, “the new value chain development”. Examples on international recognition in 2017 was how Ragn-Sells way of working with the global goals became an example in March at the UN high level minister meeting in Berlin (PAGE). As well as it became a best practice example mentioned by ICC (International Chamber of Commerce) at UN COP 23 meeting in Bonn.

In 2020 we will have a fully integrated sustainability reporting in place out through the group that will assist business development but also contribute to that we are a living proof that caring for the Earth and good business go hand in hand.



Pär Larshans

Chief Sustainability Corporate Responsibility & Public Affairs Officer
Ragn-Sells Group

Material topics

Focus for our sustainability work is decided based on the sustainability topics that are identified as material for the business and on how we can contribute to a sustainable development of society.

In order to identify which sustainability topics that are most important to Ragn-Sells and to our prioritized stakeholders a materiality analysis was performed during 2017. The topics that are considered most important to Ragn-Sells as well as to the prioritized stakeholders are our material sustainability topics. The topics will be evaluated continuously.

Ragn-Sells material topics

- Economic performance
- Compliance with laws and regulations
- Responsibility within the value chain
- Business ethics
- Innovation
- Materials
- Climate change
- Local environmental impact
- Effluents to water
- Health and safety
- Diversity, equality opportunity, non-discrimination
- Customer privacy
- Customer satisfaction

Stakeholder dialogue

Collaboration and active communication with our key stakeholders are a prerequisite for meeting their needs and continuing to develop our business to support circular sustainability thinking. We therefore maintain a continuous dialogue with important stakeholders. The stakeholders that are considered to have the greatest influence over and/or are most affected by Ragn-Sells' operations are our prioritized stakeholders.

Ragn-Sells' prioritized stakeholder on group level are:

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

External stakeholder engagements that Ragn-Sells takes part in are decided on the group level with a group function that has as the dedicated task to coordinate actions and activities for stakeholder dialogue. Employee surveys and customer surveys are performed for all companies in the group.

Prioritized stakeholder groups and stakeholder engagement methods may also be identified on the country and company levels, as important stakeholders in some extent vary due to differences in operations and markets.

Sustainable business

Our Business

In 2017 a common Group strategy was set and the implementation of it will be the main focus the three years to come. Ragn-Sells will keep all of its operation in three different circular business areas: Recycling, Treatment & Detox, and New Value chains/industrial symbiosis.

THREE BUSINESS AREAS: OUR ROLES IN THE CIRCULAR ECONOMY



Our governance model for 2018 and forward is based on three business areas with P&L responsibility with a direct responsibility for the Up- and Downstream market. In order to coordinate the governance of Ragn-Sells there is a cross group organization in both Group Functions and Function Domains. Sustainability is part of the SCR&PA group function. Report of sustainability performance is done on a monthly basis to the executive leadership team (ELT) and on a quarterly basis to RSFAB (group board).

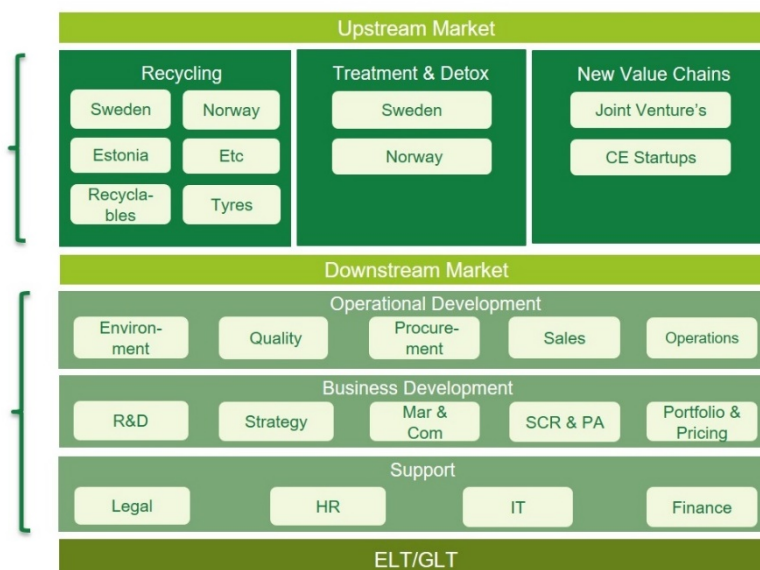
RAGN-SELLS OPERATIONAL STRUCTURE

1 JAN 2018

Building Blocks

- Business Areas & P&L Units.

- Group Functions and Function Domains.



Material recycling and detoxifying of the society

Our biggest contribution to the mitigation of global warming is the amount of material we are able to circulate back into the society - via turning waste into high value resources again. We aim to always use the three basic principles (described in the Ragn-Sells mission) in how we circulate material. This means that the value chains we choose to treat waste resources aim to lead to solutions which:

1. Defacto replace virgin resources
2. Decontaminate circular flows
3. No debts or hindrances pushed to future generations

Ragn-Sells operations aims to produce raw material from the waste so that others can produce products from it. We believe that we need 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 we believe need to be separated from of the eco-loop. We try do that by removing toxic materials from the material we circulate. During 2017 approximately 5,230,000 tonnes of materials was processed by Ragn-Sells companies, see figure 1. The processed material is returned to society as raw materials, fuel or designed materials.

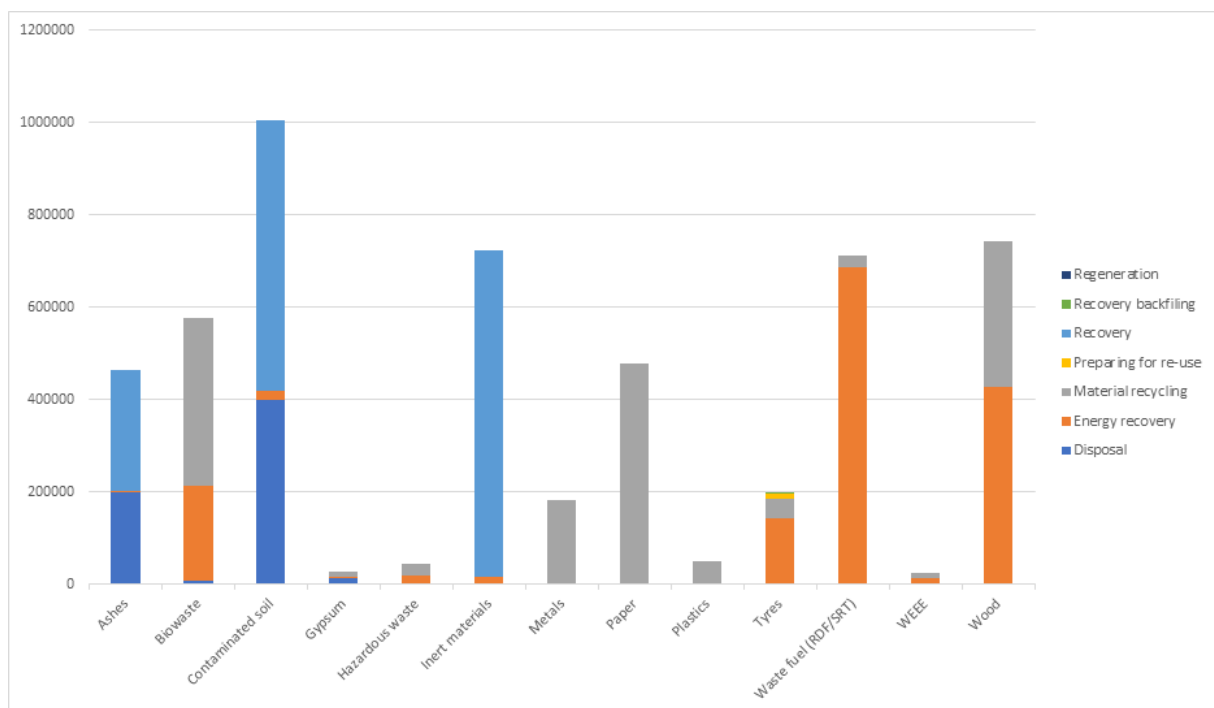


Figure 1. Total weight of outgoing materials from Ragn-Sells facilities. Outgoing materials includes material sent to downstream customers and used as construction material at Ragn-Sells facilities. Divided by type of material and recycling principle.

In figure 2 the distribution between different types of processed materials is shown.

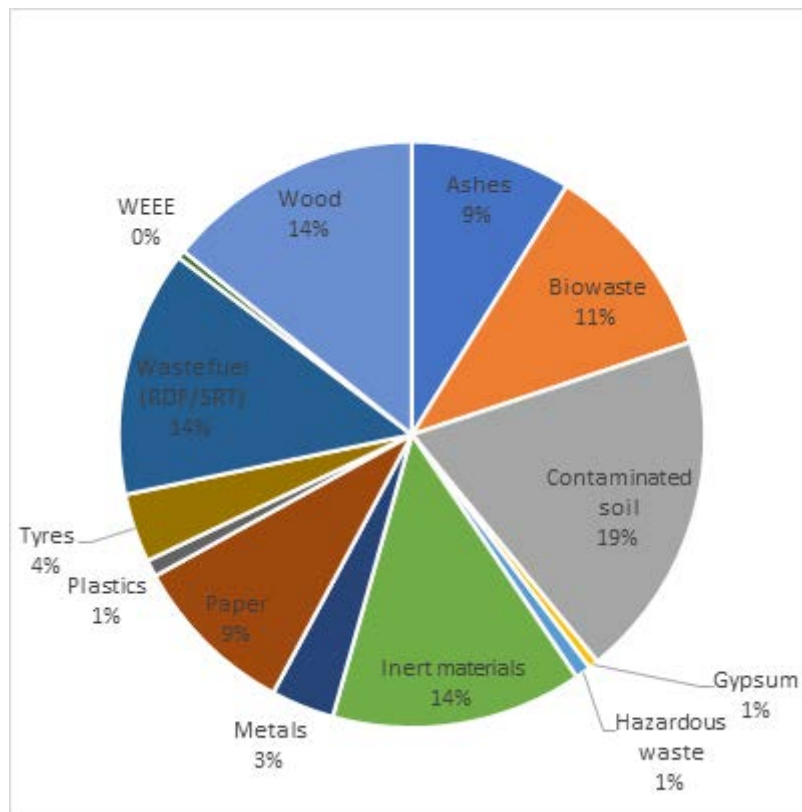


Figure 2. Distribution between different types of outgoing materials from Ragn-Sells facilities. Outgoing materials includes material sent to downstream customers and used as construction material at Ragn-Sells facilities.

Customer focus

Each year, Ragn-Sells support thousands of customers with their waste management. Some customers need us only on occasional situations - with others we are on site 24 hours per day, all year round. For many of our customers, our services are critical for the production process, which put great demands on us to have the right skills and resources to meet customer needs.

By increasing customers awareness on what type of waste they handle and what amounts, we can influence and challenge them to reduce their waste and improve the possibilities for recycling and reuse of materials. We also have a dialogue with our customers regarding possible ways to reuse or recycle their residues to find the most resource-efficient way together.

Customer satisfaction

It is important that Ragn-Sells understands what the customer expects and that we are able to provide guidance to the customer. It is also important that we only sell services that we are able to deliver and have the resources to manage. We should also deliver what we have agreed, in time and with quality. Customer satisfaction is measured with different methods within the organization. Mainly by performing yearly customer surveys. One example of system that is being used is the net promoter score (NPS) system. During 2017 the number of customer complaints were as shown in figure 3. For Ragn-Sells Sweden and Ragn-Sells Norway the majority of the complaints concern invoicing, 70% and 90%. Invoice complaints are not reported for Ragn-Sells Denmark, Ragn-Sells Tyre Recycling and RSM&CO.

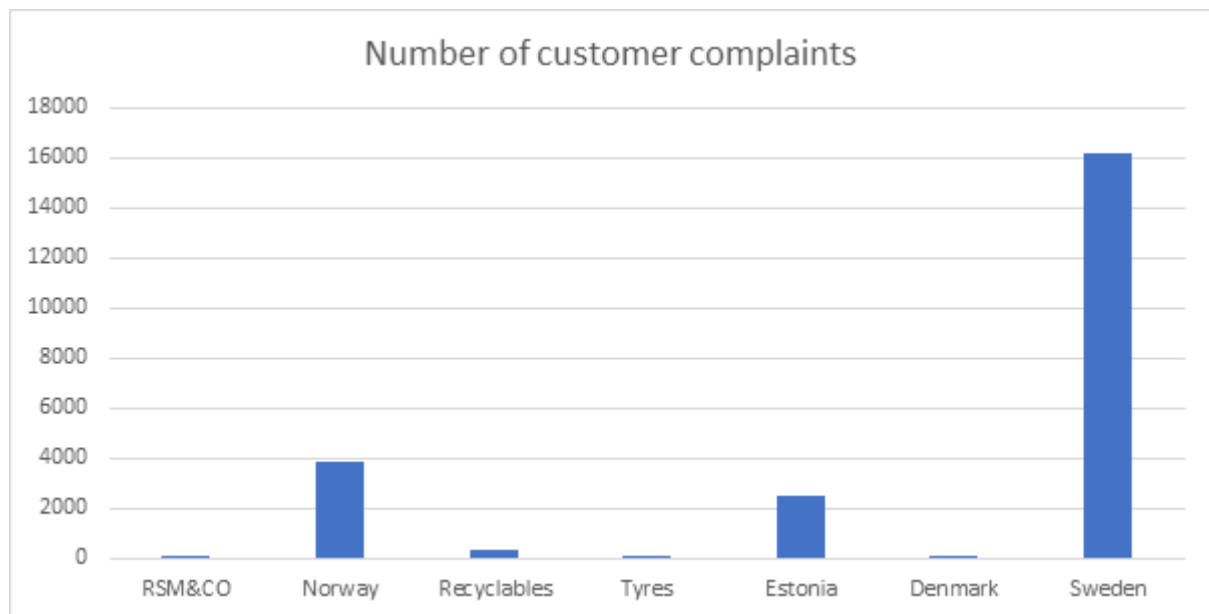


Figure 3. Number of customer complaints in each company.

Sustainable finances

A cornerstone in Ragn-Sells view of the world is that waste is a resource with a monetary value. This perspective is the base in our quest for a society based on a circular economy. Circular economy is furthermore the basic foundation in Ragn-Sells group strategy and profitability giving us the possibility to make future investments with the aim of reaching our sustainability goals.

in 2017, Ragn-Sells has been divided into 3 regions, 6 countries and 3 separate units. Economic planning is done through the group strategy, respective business planning, and budgeting. Steering and follow up is done in P&L units by specific KPI:s and certain targets per country. 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.

Ragn-Sells turnover was in 2017 6,120 MSEK which was above budget - giving a growth of 10,4% compared to 2016. The operating profit was 249 MSEK with a margin of 4,1 %. This is also better than 2016 and higher than budget. Table 1 shows our results for 2017.

In 2017, Ragn-Sells was able to clarify how we will develop operations to not only adopt but also take a lead in the circular economy which will have a significant bearing on our product portfolio, our ways of selling, and our future production. 2017 has been a strong year with a high number of transport assignments and large volumes of material flowing into our sites. Price levels on raw materials have been relatively high but also stable throughout the year.

Table 1. Direct economic value generated and distributed Ragn-Sells Group 2017 (MSEK)

Direct economic value generated	
Revenues	6 120
Net investments	53
Sum direct economic value generated	6 172
Distributed economic value	
Employees	-1 685
Suppliers and public sector *	-4 293
Sum distributed value	-5 978
Profit from associated company	55
Operating profit	249
Providers of capital	-24
Accounted taxes	-47
Profit	178
Divided to owners	-30

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

Maximizing effect of the work with the different associations

In 2017 we started to coordinate our activities by membership in different associations in order to be more effective in our work with public affairs. As example is the way that we have been able to coordinate our position cross countries when it comes to the effect of a waste incineration tax. From 2018 we have a monthly meeting cross vital Group functions for sharing knowledge and to take stands based on a process decided by the executive leadership team (ELT).

We enlisted two associations in 2017. The first of these was FORES and its RIK program – RIK is FORES reference group for climate and Environment that targets international climate politic. The Group both receives and give information about climate initiatives.

This is how Fores describes themselves "Fores – Forum for Reforms, Entrepreneurship and Sustainability – is the green and liberal think tank. We are a foundation and non-profit NGO and we want to renew the debate in Sweden with a belief in entrepreneurship and creating opportunities for people to shape their own lives." (www.fores.se)

The second new organization is Gröna Städer (www.gronastader.se). This is an organization that has the ambition to work cross-sectors, and the aim is to establish a dialog between all stakeholders included in building new cities.

Innovation

Group Function Research & Development (R&D) is one of the Business Development functions within the Ragn-Sells Group.

The function has the following responsibilities:

- R&D Portfolio Management
- Harbour for strategic larger long term group projects
- Business Intelligence
- Gate for public funded projects where we're involved
- Cross-linking knowledge & skills – connecting the experts in separate fields within the Group
- R&D project process and documentation
- Harbour for industrial PhD candidates

R&D Portfolio and Committee

The Group Function coordinates the development pipeline, while the R&D committee oversees and decides upon the development portfolio. The Research & Development Committee consists of representatives from our Profit & Loss (P&L) units and the Group CIO.

Mission of the R&D group function

The mission of the R&D group function is to drive the development of products, processes and services in an effective and sustainable manner in line with the Groups long term strategy.

Development can be done in several ways –from internal development, to acquiring companies to setting a PhD candidate on a certain problem.

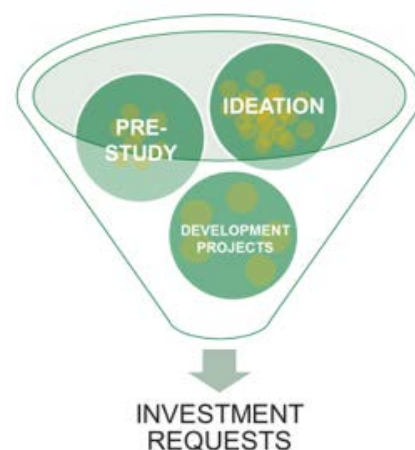
The funding of the function is shared by the Ragn-Sells Group. By combining our resources we enable the capability for managing larger projects than what each unit by itself could manage. We will also look for opportunities for public funding for R&D projects – where appropriate.

Vision of the R&D group function

Group Function R&D looks to support the establishment of Ragn-Sells as a market leader and trusted partner regarding innovation and business adaptation for recycling, detox, and new value chains.

Process

The GF R&D innovation pipeline is a three phase process which aims to quickly and in an informed manner generate new business opportunities out of a broad array of ideas. The final goal of the pipeline is clear and reasonably certain information on which to base investment decisions.



Business ethics

The Ragn-Sells group is committed to conducting its business and pursuing its interests in a legal and ethical manner. As we run our businesses in many countries, with a wide range of processes, services and products, we require a broad perspective on business ethics. The group Code of Conduct outlines ethical standards which are to be strictly observed by all companies, employees, officers and Board members of the Ragn-Sells group, in all markets and at all times. We also encourage our suppliers, consultants and other business partners to adopt the same standards of ethics within its respective sphere of influence. The group code of conduct covers the areas; respect for human rights, fair business practices, giving and accepting of bribes, conflict of interest, handling of company assets and export of waste to developing countries.

Ragn-Sells compliance work – group level

The plan for 2017 was to secure the basic level of sustainability at Ragn-Sells, meaning compliance. A base study was conducted through the whole group. This has led to us rolling out a compliance management program during 2018.

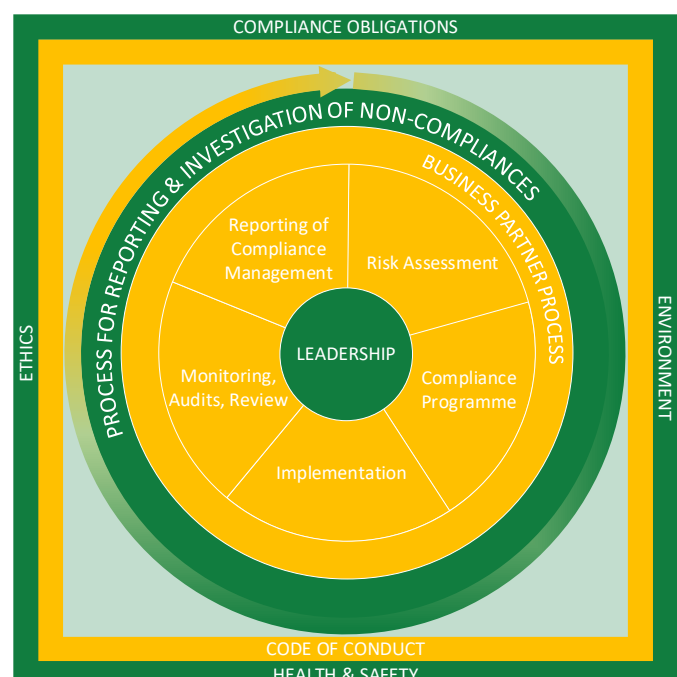
Ragn-Sells group common compliance policy, decided by the executive leadership team (ELT) stands like this:

“In the 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.”

Ragn-Sells compliance management program consists of programs within these areas with functions of responsibility named:

- Reporting and investigation
- Business partner
- Environment
- Health & Safety
- Business Ethics; fair competition, bribes and conflict of interest

In addition to this is a leadership that motivates employees to not only follow the codes but also develop the Ragn-Sells way of working with compliance. Follow up on the progress of the compliance program will be done in the sustainability reporting 2018.



More details of the compliance program and our risk based approach

The Code of Conduct is the framework for Compliance management. Employees interviewed in this project are familiar with the *Code of Conduct* but don't fully know how to use it in their daily work. The code of conduct will during 2018 be developed and used as basics in a web based education based on the best practice work done by Norway. Ragn-Sells has implemented a whistle blowing function but it is not fully implemented in the RS Group. Therefore a process for reporting and investigating of suspected misconduct, including setting criteria for independent investigation teams will need to be developed.

Environmental compliance. our most important compliance areas are how we take care of our environmental permits and transport legislation. Violation to this can have consequences of negative publicity and company fines. Ragn-Sells' permits for waste treatment are vital for our ability to operate. Repeated permit violations can in the long run make it difficult to get new or changed permits. Responsible leadership including encouraging implementing preventive risk management and reporting of risk situations and nonconformities (incidents and accidents) will be in focus for the years to come. This will include development of a program for independent investigation of non-compliances, templates for investigation report (for non-compliances), and group methods for cost based KPI (non-compliances).

Health & Safety (H&S) compliance. Incidents and accidents occur in Ragn-Sells, unfortunately even accidents with a lethal outcome. The area of discrimination, in particular sexual harassment and abuse, has been addressed as important to implement into the compliance management. Parts of the organization address the need of increased resources for improving the preventive management. Hence, responsible leadership including encouraging implementing preventive risk management and reporting of risk situations and nonconformities (incidents and accidents) shall be improved also within H&S. Sweden has a best practice example in the Safety First program to be shared and implemented on group level the years to come.

Business Ethics is an essential part of the Code of Conduct. A need for a more systematic way of working with risk management has been identified. Estonia is a good example in the sense that their further work have also led to competitive advantage. The risk of Non-compliance within Business ethics aspects has been identified as high in the industry as a whole. Therefore it is of great importance to address this topic on group level based on the groups view as expressed in the code of conduct. We will develop and implement a group guideline further describing the group position in business ethics and therefore we will also address this topics in a future code of conduct learning program. In 2017 we have set a goal for 2020:

"We have a common method to clarify the Groups position on Business Ethics issues, i.e. anti-competition, anti-corruption and conflict of interest. We work proactively to ensure compliance with legislation and the Group's position in the Business Ethic field as defined. We ensure that relevant functions have knowledge of legislation and Group's guiding principles in regard to competition law and anti-corruption."

Business partners must also follow requirements in the Ragn-Sells Code of Conduct. A pre-study shows that there is no systematic process with the aim to ensure business partners to be compliant with the Code of Conduct. Examples of non-compliances are violation of transboundary legislation, traceability of the waste and misconduct when business partners are working at Ragn-Sells' facilities. Implementing a compliance process for business partners increases the ability of Ragn-Sells to handle risks associated with *trading* and *waste exports*, including waste transportation that takes place with *hired transporters*. A pragmatic process focuses on the most risky business partners in order to obtain traceability of the waste and increase the ability for the waste to be managed in an ethically and legally correct manner. Entrepreneurs working at Ragn-Sells' facilities is another group of risky business partners. There have been non-compliances regarding permit conditions as well as incidents and accidents when business partners don't follow safety instructions. During the next three years we will develop the business partner process for hired transporters, traders, entrepreneurs working at Ragn-Sells facilities and downstream receivers of waste. The process will include determination of relevant requirements, monitoring of compliance with the requirements as well as audits.

In 2018 the implementation of the compliance program will be in focus out through the group.

Customer and employee privacy

The plan for 2017 was to analyze the current level of data protection and privacy compliance at Ragn-Sells, benchmarked against the upcoming requirements stipulated by the EU general data protection regulation (GDPR). The analysis was conducted throughout the whole group and the conclusions drawn from the results lead to a list of prioritized activities planned to be carried out during the first half of 2018. 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 will enable Ragn-Sells to maintain a sustainable privacy compliance management program based on good data protection and privacy practices safeguarding entrusted employee and customer personal data.

During 2017 no substantiated requests were received concerning exercise of employee or customer data subject rights. There were 12 identified risks of personal data breaches regarding employee data in 2017. These were 12 lost computers in Ragn-Sells, all devices were fully encrypted, and therefore there was no actual data breach or loss. We received no complaints concerning employee or customer privacy from regulatory bodies, data subjects or other outside parties.

Compliance with laws and regulations

During 2017 we had two recorded cases of non-compliance with environmental laws and regulations with non-monetary sanctions as a consequence. Both of the cases occurred in Denmark and were related to dust. There were no recorded cases brought through dispute resolution mechanisms and no cases with significant fines as a consequence. During 2017, we had 8 violations of permits or legislation regarding substances in water, for further information see section *Effluents to water*. Regarding health and safety no cases have been introduced. During 2017 there has not been any confirmed incidents of corruption in any of Ragn-Sells companies. Neither of the companies have been identified as a defendant in any legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation during 2017.

Communication of Ragn-Sells policy for business ethics

In Norway we have developed a basic training in business ethics for all employees. The aim is that training should be implemented in the rest of Ragn-Sells as well. When first employed at Ragn-Sells Norway you also need to sign a statement that you are obliged to follow our Code of Conduct and that the Code of Conduct is received, read and understood. Approximately 50% of the employees in Norway has been informed about business ethics during 2017. In Sweden employees are given the Code of Conduct as part of their contract. This means that approximately 200 people (12% of the employees), have been communicated the Code of Conduct during 2017. In Estonia all new employees receive a presentation of Ragn-Sells values. During 2017 the majority of the Estonian employees were communicated the company's policy for business ethics (90-100%). At Recyclables information about the Group's Code of Conduct has been communicated to all employees and the information is repeated during internal meetings. At Ragn-Sells Tyre recycling the Code of conduct has not been communicated to the employees during 2017. During a staff conference in 2017 all of RSM&CO's employees were communicated the Group's Code of Conduct.

Responsibility in the value chain

The majority of Ragn-Sells purchases are made within the areas of: transports performed by sub-contractors, vehicles and equipment for the operational plants, and fuel. Within Ragn-Sells Group we strive to harmonize our procurement processes, including the requirements we set on our suppliers and how we follow up these requirements. We aim to conduct collective purchases through joint agreements to a higher extent, as it is an important aspect in order to achieve better terms when it

comes to quality, pricing etc. A consequence will be that Ragn-Sells companies are more consistent regarding the environmental, social and quality requirements we set on our suppliers. We already perform collective purchases throughout the corporate group for containers, fuel and workwear. An action plan has been determined regarding which purchases that should be collective and when. Ragn-Sells' supplier agreements include requirements regarding customer and supplier privacy (GDPR). We also have a company car policy which is approved on a group level.

In Sweden a comprehensive work has been performed during the recent years to systematize the process for purchases and suppliers. Only suppliers with approved agreements should be used and all suppliers must undergo and sign a supplier assessment. The supplier assessment includes requirements regarding environment, quality, GDPR and Ragn-Sells Code of Conduct.

Materials brought back to society

Ragn-Sells Recyclables serves all of Ragn-Sells companies by providing logistics solutions and selling material that is then returned to the material cycle. Such material is sold on a global market, for example to papermills or plastic or metal industries who utilize the material in their production processes. Ragn-Sells Recyclables also sell materials to energy companies for production of electricity and district heating. Customers are found primarily in Scandinavia and Northern Europe, but a smaller amount of customers operate in Asia.

Should the material be handled incorrectly, raw materials produced from waste can involve increased environmental and health risks. The export and import of waste is therefore regulated in comprehensive legislation, on an international as well as a national level, and the legislation is followed up within the framework of the European cooperation and by national authorities. Ragn-Sells Recyclables is certified in accordance to ISO 9001 (quality) and ISO 14001 (environment) and the management system includes processes and routines to ensure that materials are handled in accordance to applicable legislation. Ragn-Sells Recyclables also encourage its customers to comply with Ragn-Sells Code of Conduct. The Code of Conduct has been gradually introduced as an appendix in the trade agreements. Ragn-Sells Recyclables are undertaking a progressive work to monitor the requirements of the Code of Conduct, for example by performing audits.

Audits have been carried out at customers where the risk of non-compliance to the Code of Conduct is considered to be the highest. The risk assessment is based primarily on where the customer is located geographically and what type of material Ragn-Sells Recyclables delivers to the customer.

Our employees

To be successful in the long term, we need to be an attractive employer, where employees have a high wellbeing and develop at work. We place great emphasis on our activities for increased health and safety at 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 2017 Ragn-Sells group had in total 2,542 employees. The majority of them, 67%, were working in Sweden. Ca 60% of our employees were blue collar employees working in the facilities and with transportation. In Ragn-Sells Sweden, RSM&CO, Ragn-Sells Recyclables, and Ragn-Sells Tyre Recycling all employees are covered by collective bargaining agreements. In Estonia no employees are covered by collective bargaining agreements and in Denmark and Norway only blue collar employees have such agreements.

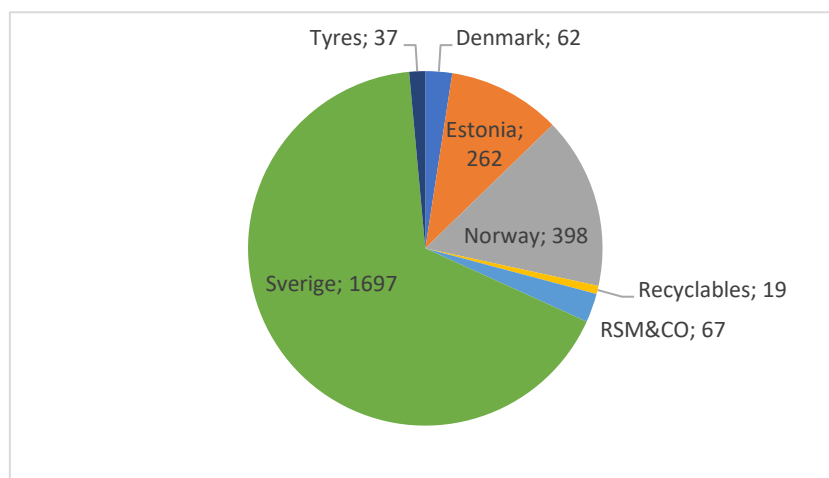


Figure 4. Number of employees in Ragn-Sells companies.

Health and safety

For Ragn-Sells, safeguarding life and health is top priority. Risks related to health and safety occur in a wide range of our processes and our operations also pose a potential risk to the health and safety of customers and entrepreneurs. Furthermore, through our vehicles and machines trafficking public roads our operations incur a risk for third parties. We work systematically to minimize risks and prevent work-related accidents and illnesses. We thrive to be a safe and secure workplace for all employees and to learn from incidents and from each other.

Health and safety issues are managed locally within the different companies in the group, with local policies, procedures, and organization. Accidents and sick leave are monitored by all companies. During 2017, sadly, one accident with a fatal outcome occurred in Estonia. The accident hit a person without relation to Ragn-Sells. No severe accidents that Ragn-Sells was responsible for and that involved a customer occurred during the year.

Table 2. Absentee rate and number of accidents.

Company	Absentee rate - Employees	Number of accidents - Employees		Number of accidents - Workers except employees (e.g. contractors, externally hired staff)	
		With sick leave	Without sick leave	With sick leave	Without sick leave
Denmark	no data	0	0	0	0
Estonia	0,3%	5	3	5	3
Norway	3,7%	3	8	3	12
Recyclables	0,9%	0	0	0	0
RSM&CO	13,5%	0	1	0	0
Sweden	6,3%	16	116	4	4
Tyres	no data	0	2	0	0

Effort is also made to increase the reporting of risk observations, incidents and accidents, and Ragn-Sells has begun to measure a Safety First quota, i.e.. the relationship between reported risk observations and incident per accident. In Norway each facility performs safety rounds each month and therefore has a high number of reported risk which in turn gives a high safety first rate, figure 5.

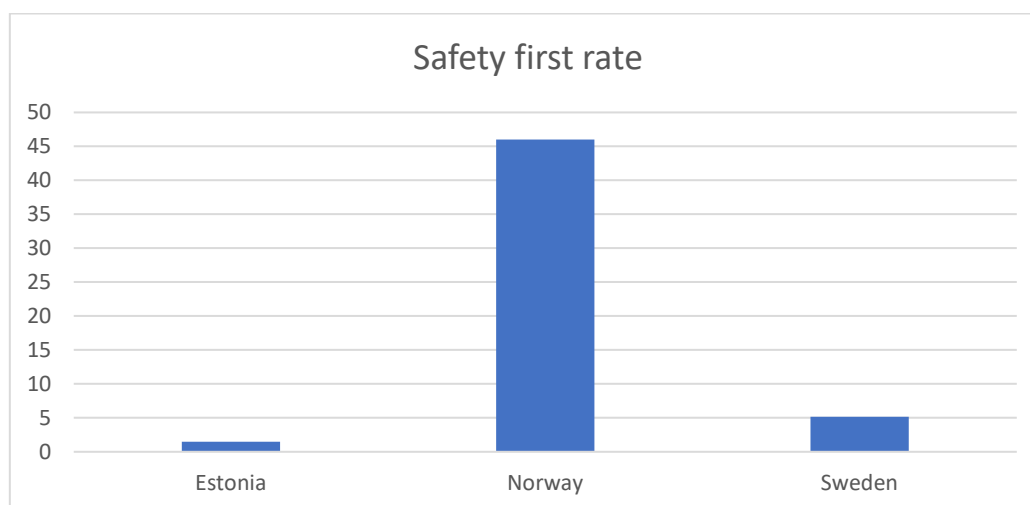


Figure 5. Number of reported risk observation and incidents per reported accident. *Safety first rate is not relevant to measure for RSM&CO and Recyclables. Data for Denmark and Recyclables Tyre Recycling is missing.*

During 2017 there was an agreement signed regarding the work environment areas between Ragn-Sells Sweden and the Transport workers' union. Another important activity performed in Sweden during the year was Safety First Roadshows on our sites around the country. The roadshows were performed by the unit for work environment and had an educational purpose to increase awareness and knowledge about risks related to health and safety.

Diversity, equal opportunity and non-discrimination

At Ragn-Sells we are convinced that our diversity is an asset. All employees shall have the same rights, opportunities, and obligations regardless of gender, ethnic and cultural background, and age. Our primary means of anchoring this approach in the organization is by increasing the awareness of managers and employees in terms of diversity and equality. These issues are therefore an important part of our leadership training and in our value-based work. As an employer we have to actively prevent discrimination, review if there are risks for discrimination, and analyze root causes in order to have a work environment free from discrimination and harassment. We are working on having a balance in the workforce at all levels and our objective is to achieve a more even gender balance in the organization.

On a group level the work for equal opportunity and non-discrimination is regulated in Ragn-Sells Code of Conduct. On a local level there are policies and programs for equal opportunity and non-discrimination. These issues are also taken into account in processes including recruitment, salary setting, and parental leave. Through the annual employee satisfaction surveys, Ragn-Sells gets feedback on the employees' perception of the topics. During 2017 no incidents of discrimination were reported. Any reporting of discrimination is followed up by an investigation and corrective actions.

In order to increase the diversity among the employees, Ragn-Sells Sweden has in 2017 expanded the collaboration with Samhall (a Swedish state-owned company with the task of creating meaningful and developmental work for people with disabilities), where we in various ways have integrated employees with functional variations in our operations. Ragn-Sells Sweden has also continued cooperation with Stockholm City and Stockholm's Transport and Vehicle Technical High School, STFG, to provide opportunities for drivers with a foreign background to do internships with us for the purpose of achieving employment. In Norway we have a close collaboration with various organizations such as NAV and Fretex, where we actively offer opportunities for people with lack of competence, work experience or gaps in their CVs to get work experience. In 2017, we had 16 people in on different measures to help them back into work life.

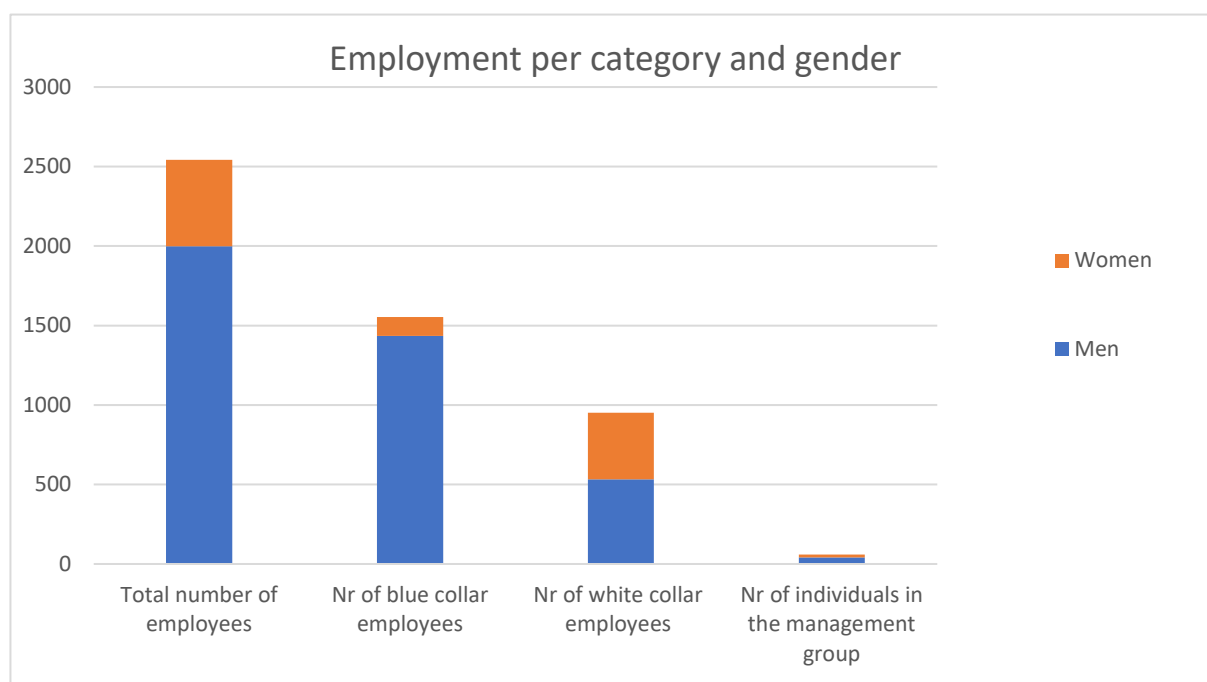


Figure 6. Number of employees per employment category and gender

Environmental impact

In the vast majority of cases, reused materials cause less environmental impact than the use of primary materials. Ragn-Sells operations enables more material to be returned to the material cycle, with less production from primary materials and a smaller climate impact as a result. By striving to make products out of waste and remove toxic materials from the material loop, our main operations are seen to have a positive environmental impact. Our negative environmental impact mainly derives from our transports, our treatment plants and our landfills. We work constantly on limiting our negative environmental impact, for example by limiting our emissions to water, develop our logistics and perform final coverage on our landfills.

The operational responsibility associated with the company's permits is delegated to the respective plant manager. At the facilities, account is taken of the precautionary principle when permits and specific terms are decided. Risk analyzes are conducted continuously within the framework of the company's risk management routine and according to the precautionary principle. We follow the Code of Conduct, work systematically and preventively regarding risks related to compliance.

Energy and climate impact

Emissions of greenhouse gases is one of the most important environmental aspects for Ragn-Sells to consider. The largest emissions of greenhouse gases from Ragn-Sells operations come from our landfills. The majority of the rest of our climate impact comes from transports, electricity use, and heating - see figure 7. During 2017 our total emissions are estimated to be approximately 332,000 tonnes of CO₂-equivalents.

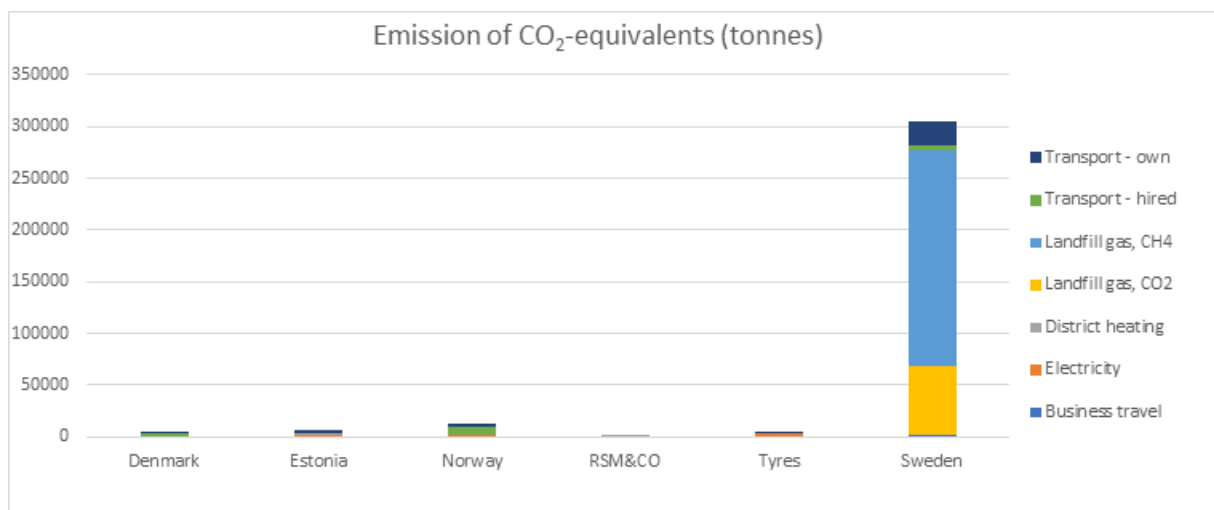


Figure 7. Emissions of CO₂-equivalents for each company, divided at different types of activities. Data is missing for Norway regarding heating and business travels with flights and emissions from landfills are not measured. In Norway, only data for own transports are available, excluding facility vehicles. Emissions from hired transports are estimated as 70% of the total transports. In Denmark only hired transports and facility vehicles are used. Data for facility vehicles are available and emissions from hired transports are estimated. Data is missing regarding heating. Data is missing for Ragn-Sells Tyre Recycling regarding transports (own and hired) except for facility vehicles, heating and for business travel in private cars and flights.

Electricity consumption at the facilities includes electricity to operate waste treatment and electricity for real estate. Sweden and RSM&CO are using origin certified electricity. For origin certified electricity zero emissions of greenhouse gases is estimated. For Norway, Denmark, and Ragn-Sells Tyre Recycling a nordic mix (Nordisk elmix) is assumed to be used. In Estonia an average from Estonian electricity network company is used.

If landfill gas is excluded from the graph, emissions from other operations becomes more clear, figure 8. Emissions from transports is an important emission source for Ragn-Sells. Ragn-Sells own transports and hired transports are reported separated when possible.

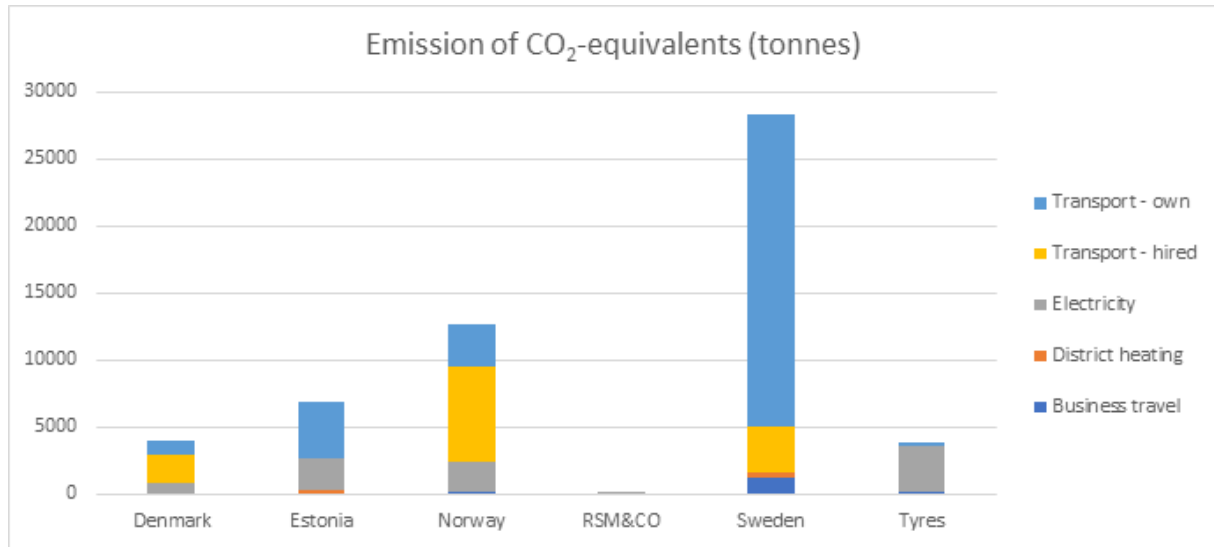


Figure 7. Emissions of CO₂-equivalents for each company, divided at different types of activities, landfills excluded. For missing data see previous figure 7.

Climate impact from landfills

The largest emissions of greenhouse gases from Ragn-Sells operations come from the landfills in the form of landfill gas. Ragn-Sells landfills are located in Sweden and Norway. In Norway there are two landfills of which one is finished and the other one is in the process of being finished. No waste has been deposited on these landfills in 2017. There is no collection and measuring of landfill gas. The reason for this is that the emissions on the landfills are below the requirement set by the authorities for collection of landfill gas.

Landfill gas consists to a great extent of methane gas, a greenhouse gas more than 25 times stronger than carbon dioxide and formed by oxygen-free decomposition of organic matter in the landfills. The landfill gas is largely generated from waste previously deposited according to permitted methods.

Organic materials are increasingly being recycled, which will lead to a reduction in emissions from landfills in the long term. In order to reduce the formation of landfill gas, which also leads to a reduction of leachate, Ragn-Sells actively works to cover the landfills. During 2017 Ragn-Sells Sweden performed final coverage of 17 hectares of landfills.

While landfill gas is a potential environmental problem, it is also a resource. Landfill gas from Ragn-Sells is collected and used as fuel, primarily for heating, but also for cooling of real estate and electricity generation. During 2017 we collected and incinerated 49,167 tonnes CO₂-equivalents of landfill gas at our Swedish sites.

Carbon dioxide emissions that occur when landfill gas is burned is not included in the calculations of emissions. The calculating model does not take into account the size of the landfills that have been landfilled, resulting in the reported figures being greater than the actual emissions.

Effluents to water

Effluents to water and soil is an important environmental aspect to most of Ragn-Sells companies. It therefore is an important aspect for us to control and evaluate such risks that might affect the environment. We aim to minimize negative aspects and increase positive effects. Our operations are regulated by different 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 our plants and mainly consist of metals, nutrients, and oils. The effluents are regulated at the plant level by permit conditions or other requirements and they are regularly monitored and controlled at plant level. Possible impact on the surrounding environment is controlled by specific recipient control programs. The results of the controls are continuously reported to the supervisory authorities. We also participate in different co-operation forums of water collaboration and water conservation associations. Ragn-Sells Sweden continuously performs measures 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. When it comes to effluents to soil - leaching of substances from the stored material is a primary source, but effluents can also occur in case of spillage or leakage of chemicals and waste.

Water discarded from our sites in Norway is under review during 2018 in order to clarify some of our requirements and to include upcoming legislation in our monitoring. In Estonia we are in the process of setting measurable targets regarding effluents from our sites.

During 2017, we had 8 violations of permits or legislation regarding substances in water, figure 9. In Denmark we have a very close dialogue with the local authorities regarding the violations. In Estonia the violations comes from three different measurements at different sites. Amounts where exceeded for BOD, COD, zinc and sediments. The recorded deviations in Sweden are extracted from our deviation system. Not all of the deviations are necessarily violations of permits. The reported violations for Ragn-Sells Tyre Recycling applies to zinc and have been reported to the supervisory authority.

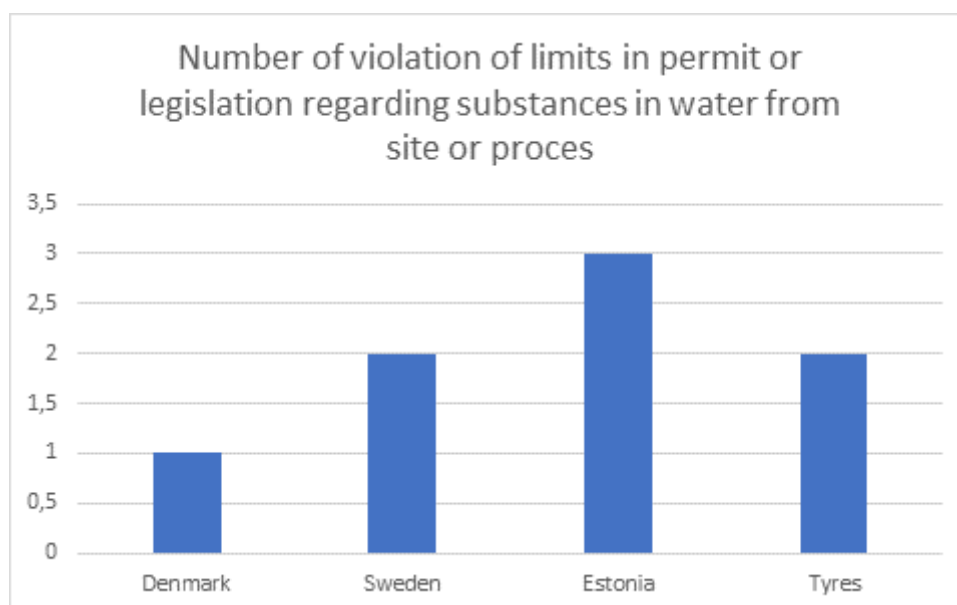


Figure 8. Number of violations of permits or legislation regarding water from our sites or processes. Data missing for Norway. Not applicable for RSM&CO and Recyclables as they do not have any treatment plants or storage of waste.

Local environmental impact

Our plants sometimes causes unpleasant odors in the surrounding area, due to the waste handled at the facilities. Another local environmental impact is noise from vehicles and from installations such as unloading, sorting, and crushing. These are important aspects for us to manage as it can have a direct influence on the local environment and our neighbors. It might also have an impact on the requirements that are set in permits. The number of complaints from neighbors received in during 2017 are shown in figure 10.

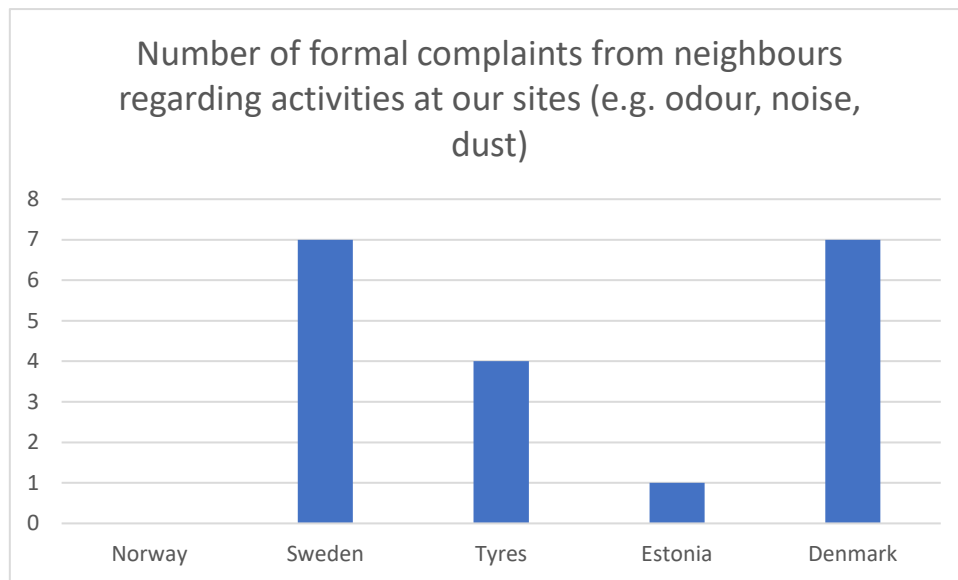


Figure 9. Number of formal complaints (letters, phone calls, emails) from neighbors regarding activities at our sites (e.g. odor, noise and dust). Not applicable for RSM&CO and Recyclables as they do not have any treatment plants or storage of waste.

We work in different ways based on local conditions in order to prevent interference, including taking into account the weather and wind direction in the treatment of the waste. Taking the neighbors and other stakeholders opinions into account is an important aspect. Other actions include following up on permits, performing compliance evaluations, and audits. In Sweden local residents are important participants in e.g. odor panels for us to understand how our activities affect the environment. Examples of actions taken in Norway are dust reduction by scrubbing, moving noisy equipment and processes inside, strict follow up on operating hours and a tight dialogue with close neighbors. In Estonia noise during the collection of waste is the main problem that citizens draw attention to. To reduce this issue, the logistics have to be planned in a way that citizens are not interrupted in the silent hours. New vehicles, and recommending clients to replace containers to new collection solutions also contribute to the reduction of noise. A formal complaint during 2017 was concerning a dust problem at one facility during wood chipping. The wood chipping location has been changed and work is adapted upon weather conditions. Complaints received at Ragn-Sells Tyre Recycling have regard noise and lighting.

The major complaints in Denmark are related to dust and presence of pests. In all cases the issues have been solved with local short term agreements. To ensure that we reduce the number of complaints, we have worked on the layout of the plants, as well as paying close attention to cleaning of the area where organic waste is handled.

Report information and additional performance data

Ragn-Sells group legal sustainability report

This report constitutes the 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, the Ragn-Sells Group has chosen to present the statutory sustainability report as a report separate from the legal annual report. A description of the Ragn-Sells Group's work and results regarding environment matters, social and employee matters, respect for human rights and anti-corruption matters are contained in the report. Sustainability risks are described in section *Ragn-Sells' compliance work* as well as in relevant sections in the report. Ragn-Sells' business model is described in section *Business- and sustainability strategy*.

Additional GRI-information

This section contains information required to follow GRI-standards, core level, and that is not presented elsewhere in the report.

Reporting practice

This is Ragn-Sells groups' first sustainability report. As a basis for the report, GRI standards, core level, is used. No third party assurance is made to control report accordance with GRI standard requirements. The reporting period is calendar year 1st of January to 31st of December 2017 and a sustainability report will be produced yearly. The report cover entities included in the Ragn-Sells group except operations in Latvia and Poland. However, these operations are included in the group financial statement for 2017. Contact person for questions regarding the report and Ragn-Sells' sustainability work is Pär Larshans, group sustainability manager: 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 and is privately owned by the Sellberg, Östlund, and Jackson families. The Ragn-Sells governance model that was introduced in 2017 is based on three circular business areas with P&L responsibility with a 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 on tertials period, added with monthly meetings in the ELT both om them chaired by the GROUP CEO. The Group CEO reports to RSFAB board.

Performance data

Employee information

Table 3. Percentage men/women and percentage per age group.

	Percentage (%) men/women		Percentage (%) age group		
Company and employee type	Men	Women	>30	30-50	50<
Denmark					
Blue collar employees	100	0	10	53	37
White collar employees	59	41	10	53	37
Management group	86	14	0	71	29
Estonia					
Blue collar employees	87	13	16	48	36
White collar employees	39	61	No data	No data	No data
Management group	64	36	0	73	27
Norway					
Blue collar employees	94	6	15	54	31
White collar employees	60	40	6	61	34
Management group	70	30	0	70	30
Recyclables					
Blue collar employees	0	0	0	0	0
White collar employees	53	47	5	42	53
Management group	60	40	0	40	60
RSM&CO					
Blue collar employees	0	0	0	0	0
White collar employees	52	48	16	67	16
Management group	56	44	0	89	11
Sweden					
Blue collar employees	93	7	22	45	33
White collar employees	59	41	8	54	37
Management group	78	22	0	33	67
Tyres					
Blue collar employees	No data	No data	No data	No data	No data
White collar employees	No data	No data	No data	No data	No data
Management group	80	20	0	60	40

Table 4. Number of employees per employment type in Ragn-Sells group.

Employment type	Men	Women	Total
Full-time	1951	509	2460
Part-time	48	34	82
Total number of employees	1996	543	2542
Temporary contract	264	54	318

GRI content index

Ragn-Sells reports its sustainability work based on GRI Standards, core option. The table below illustrates where in the report the general and the topic-specific disclosures are to be found. All general disclosures 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 organization		
102-2	Activities, brands, products, and services		
102-3	Location of headquarters		
102-4	Location of operations		
102-5	Ownership and legal form		
102-6	Markets served		
102-7	Scale of the organization		
102-8	Information on employees and other workers		
102-9	Supply chain		
102-10	Significant changes to the organization and its supply chain		
102-11	Precautionary Principle or approach		
102-12	External initiatives		
102-13	Membership of associations		
102-14	Statement from senior decision-maker		
102-16	Values, principles, standards, and norms of behavior		
102-18	Governance structure		
102-40	List of stakeholder groups		
102-42	Identifying and selecting stakeholders		
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
102-45	Entities included in the consolidated financial statements		
102-46	Defining report content and topic Boundaries		
102-47	List of material topics		
102-48	Restatements of information		
102-49	Changes in reporting		
102-50	Reporting period		
102-51	Date of most recent report		
102-52	Reporting cycle		
102-53	Contact point for questions regarding the report		
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index		
102-56	External assurance		

Topic-specific disclosures		Page	Comment
Economic performance			
103-1 103-3 103-3	Management approach		
201-1	Direct economic value generated and distributed		
Compliance with laws and regulations			
103-1 103-3 103-3	Management approach		
307-1	Non-compliance with environmental laws and regulations		
419-1	Non-compliance with socio-economic laws and regulations		The disclosure include non-compliances with health and safety laws and regulations. Non-compliances with laws and regulations regarding bribery and competition are reported in disclosure 205-3 and 206-1
Business ethics			
103-1 103-3 103-3	Management approach		
205-1	Operations assessed for risks related to corruption		
205-2	Communication and training about anti-corruption policies and procedures		
205-3	Confirmed incidents of corruption and actions taken		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
Innovation			
103-1 103-3 103-3	Management approach		
Materials			
103-1 103-3 103-3	Management approach		
301-1	Materials (outgoing) by weight or volume: Total weight of outgoing materials from Ragn-Sells facilities, to downstream customers, during the reporting period, divided by type of material and recycling principle		
Energy and climate impact			
103-1 103-3 103-3	Management approach		
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
	Final coverage of landfills		

Effluents to water			
103-1 103-3 103-3	Management approach		
306-1	Water discharge by quality and destination Number of violations of limits in permit or legislation regarding substances in water from site or process (waste water, oil separator, landfill etc		
Local environmental impact			
103-1 103-3 103-3	Management approach		
	Number of complaints concerning local environmental impact		
Health and safety (including occupational health and safety and customer health and safety)			
103-1 103-3 103-3	Management approach		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Severe accidents that Ragn-Sells is responsible for and that involves a customer is also reported
	Safety first rate		
Diversity, equal opportunity and non-discrimination			
103-1 103-3 103-3	Management approach		
405-1	Diversity of governance bodies and employees		
406-1	Incidents of discrimination and corrective actions taken		
Responsibility within the value chain			
103-1 103-3 103-3	Management approach		
308-1	New suppliers that were screened using environmental criteria		
414-1	New suppliers that were screened using social criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
414-2	Negative social impacts in the supply chain and actions taken		
Customer privacy			
103-1 103-3 103-3	Management approach		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
	Customer privacy, exercise of data subject rights		

Board of Directors Ragn-Sellsföretagen, Stockholm 17 April 2018

Erik Sellberg

Chairman

Gertrud Jackson

Kristina Östlund

Sigrun Hjelmquist

Ola Tengroth

Peter Kopelman

Lars Lindén

CEO Ragn-Sells Group