



RUGVISTA
SUSTAINABILITY REPORT
2020

2020 at glance

PLANET



Materials

71%

of materials from recycled or sustainable sources.

Carbon footprint

-22%

emissions reductions in own operations compared to 2019



PEOPLE

zero

reported cases of violation against human rights in our supply chain

employee
Net Promotor Score

53

BUSINESS

Code of Conduct

100%

of our suppliers have signed our Code of Conduct

Audits

205

supplier audits conducted through amfori BSCI and Label STEP

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About this report

The purpose of this Sustainability Report is to communicate to all stakeholders about the Rug Vista short and long-term sustainability goals, actions, and goal fulfilments. It presents issues that reflect the significant economic, environmental, and social impacts of RugVista.

This report is separated from our Annual Report and concerns the year 2020. We have prepared this report in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen) chapter 6 and in accordance with the GRI Standards: Core Option. This is our first sustainability report prepared in accordance with GRI guidelines.



Letter from CEO

As we highlight the efforts of RugVista's sustainability program, we continue to navigate the Company through an unprecedented period with the Covid-19 pandemic affecting everything from consumer's shopping behavior to our production partners. We are actively taking steps to mitigate these business risks while continuing to ensure sustainable and reliable operations across our value chain. We remain resolute in our commitment to providing a world-class end-to-end customer experience as well as focusing on meeting the needs of other company stakeholders. With this report, we are proud to showcase our progress across the key sustainability dimensions we have defined, i.e., "Planet", "People", and "Business".

Sustainability is part of everything we do across our entire value-chain. We are contributing to positive long-term changes within the communities that we are present in by driving efficiency improvements in all aspects of our operations, supporting our key suppliers in their improvement efforts, and creating jobs. Being a sustainable and responsible organization, business partner, and employer is part of day-to-day efforts. We are proud to be at the forefront of these efforts as we position RugVista for long-term success through financial discipline and sustainable operations. However, we are also humble regarding the sustainability challenges that needs to be solved.

The foundation of RugVista is our corporate value which we summarize in three themes, i.e., "Focus on impact", "Stay true", and "Be entrepreneurs".

By embracing our values and instilling a culture of sustainability, we position RugVista for future success and create a path to build long-term value for the benefit of all our stakeholders.

In this document, our annual sustainability report, we share the progress we are making in our sustainability efforts as well as our future plans. The basis of our long-term efforts is the long-term sustainability strategy "LEAD.CHANGE" which is centered around three focus areas for continuous improvement:

- PLANET: Develop a circular business model and reduce our environmental impact
- PEOPLE: Promote inclusion and social responsibility
- BUSINESS: Maintain good governance and fair business practices

These focus areas reflect the most material aspects of our business and stakeholder expectations and will be the foundation of our sustainability for years to come. Our sustainability goals are also aligned with our overall business goals to ensure that we continue to be responsive to stakeholder needs while integrating sustainability across our value chain. This report details the progress of our sustainability work through the end of the financial year 2020. In this report, RugVista's annual Sustainability Report, we have also referenced the Global Reporting Initiative (GRI) standards for the first time. These standards make our reporting more comprehensive, increases its relevance, and affirms our commitment to corporate transparency.

We embrace our responsibility as one of the leaders in the European rug industry and our vision commits us to being a valuable contributor to the communities that our business touches.

By delivering on our commitments, we have made good progress during 2020. We are excited to develop and commit to even more aggressive goals in 2021 and beyond. With this commitment, we are raising the bar not only for ourselves, but also for the entire industry.

With warm regards,

Michael Lindskog
President and CEO



Our sustainability promise

RugVista is determined to lead the change for a more sustainable future and be a part of the transition to a sustainable world by creating conditions for changed behavior throughout our value chain. Our sustainability work must permeate the entire organization, our way of working and our daily decisions, which is why we have developed a new sustainability strategy with clear and ambitious goals.

The global sustainability challenges require responsible leadership and systematic work to enable change. Being one of the leading European online retailers in the rug industry, RugVista plays an important role, and our ambition is to lead the industry toward a more sustainable rug industry. We believe that our work relies on the fundamental idea that every single part of the value chain counts – from suppliers through co-workers to our customers. We have taken important steps towards a more sustainable value chain but there is much left to do. We want to inspire people to help us contribute to a change for a better tomorrow. Together, we can LEAD.CHANGE – which is the umbrella name for our sustainability strategy that will enable us to reach our vision and 2030 sustainability goals.

We are proud of what we have accomplished so far, and by continuing our practical approach to sustainability, we will during 2021 raise the bar to confirm our leading position in the rug industry and inspire others to follow.

*With warm regards,
Patricia Widgren,
Chief Organization & Sustainability Officer*





About RugVista

RugVista AB was founded in 2005 and has since then focused on delivering a convenient online buying experience offering outstanding high-quality rugs at value-for-money prices.

Today we are one of the leading European online rug retailer offering more than 30 000 products ranging from traditional hand-knotted oriental rugs to trend-right machine-woven rugs. We operate two Brands, RugVista and CarpetVista in 20 local language e-commerce sites.

RugVista has a unique direct-to-consumer capability and approach. By taking control of the whole customer journey, we are able to monitor and impact the whole journey from product development to door- to-door delivery.

In 2020, our net revenue amounted to SEK 562 million with an operating profit (EBIT) of SEK 104 million. The headquarters is in Malmö, Sweden which also is the location of our central functions, including design, purchasing, technology, marketing, customer service, sustainability & HR and warehousing. About 70 people work within our different functions.

RugVista in 2020

562

million SEK net sales

206

thousand orders

149

thousand new customers

Our purpose & vision

We have defined our purpose and three visions, each of which has a clear ambition. RugVista's purpose - **we help people to a home they love** - inspires our employees to its message throughout our value chain.

Business vision

Our business vision is **to be the center of gravity for the European rug industry**, which is intended to be achieved through continued improvement in our ability to attract and understand potential customers needs.

Sustainability vision

Our sustainability vision is **to lead the rug industry towards a socially and environmentally sustainable future**. The intent is to be the industry leader within sustainability, which we believe will benefit our customers, our stakeholders, and the planet.

People vision

Our people vision is **to attract, motivate, and retain extraordinary people**. The vision and a long-term engagement of employees will be achieved by promoting our corporate culture, offering a positive work environment, regular employee surveys, and clear development opportunities.





Our sustainability ambition

Our sustainability vision is to lead the rug industry towards a sustainable future. This vision is not only necessary from an environmental and social perspective, it also makes good business sense. Long-term investments in sustainability provide us with long-term business opportunities that will keep RugVista relevant and successful in a changing world. We know that achieving our vision will not be easy but by using our position as one of the leading players in the European rug industry, we are working to implement systemic changes in our own company, our entire value chain and the industry. In this way, we can continue to engage our customers and provide them with a seamless and sustainable customer experience – today, and tomorrow.

Stakeholder engagement

Through systematic sustainability work, RugVista creates good conditions for delivering sustainable and increased value to our stakeholders. We have an ongoing dialogue with the stakeholders who influence or are affected by our business. The purpose of the dialogue is to give our stakeholders the opportunity to give their view on which sustainability issues are most important to them and how RugVista impacts planet, people and business different ways.

Having insight into which sustainability issues are most relevant to our stakeholders is crucial in order to be able to prioritize the right activities and increase value creation.

A structured stakeholder dialogue, including surveys and interviews was conducted during spring 2019 with employees, owners, suppliers and customers. In January 2021, the dialogue was supplemented with further surveys answered by employees, management and owners.

The main topics that are our stakeholders consider the most important are:
Good financial profitability, good working conditions and safe working environment, ensuring human rights throughout the value chain, a sound corporate culture, good business ethics, skills development and career opportunities for employees and preventing corruption and bribery. The table below shows a summary of the most important stakeholder groups and their key topics:

STAKEHOLDER	COMMUNICATION CHANNEL	MATERIAL TOPICS
OUR CUSTOMERS	Website / Webshop Customer service Social Media Amazon	Excellent customer service High quality and sustainable products Product safety Sustainable production in the supply chain
OUR TEAM	Workplace meetings Policies and code of conduct Regular development reviews and follow up Regular employee surveys Digital communication platform Regular dialogue with union representatives	Financial performance Sustainable employer Good working conditions and safe working environment Skills development and career opportunities A healthy corporate culture and good business ethics. Reduced environmental impact
POTENTIAL EMPLOYEES	Website Social Media Career fairs Cooperation with universities	Sustainable employer Skills development and career opportunities Compensation and benefits
OUR SUPPLIERS	Supplier assessment through social audits Supplier requirements / agreements Code of conduct Regular supplier follow-up Continuous sustainability training	Sustainable values and commitment Education and increased competence in social responsibility, environmental impact and anti- corruption Good and responsible business ethics Responsible purchase practices
OWNERS	Ownership directive Board meetings Surveys	Financial performance Sustainability integrated in the business strategy A healthy corporate culture and good business ethics
AUTHORITIES & ASSOCIATIONS	Legal texts and directives Reporting Member forum	Transparency Compliance Reporting
LOCAL COMMUNITY	Through NGO's Sponsorships	Contribution to local development

Sustainability governance

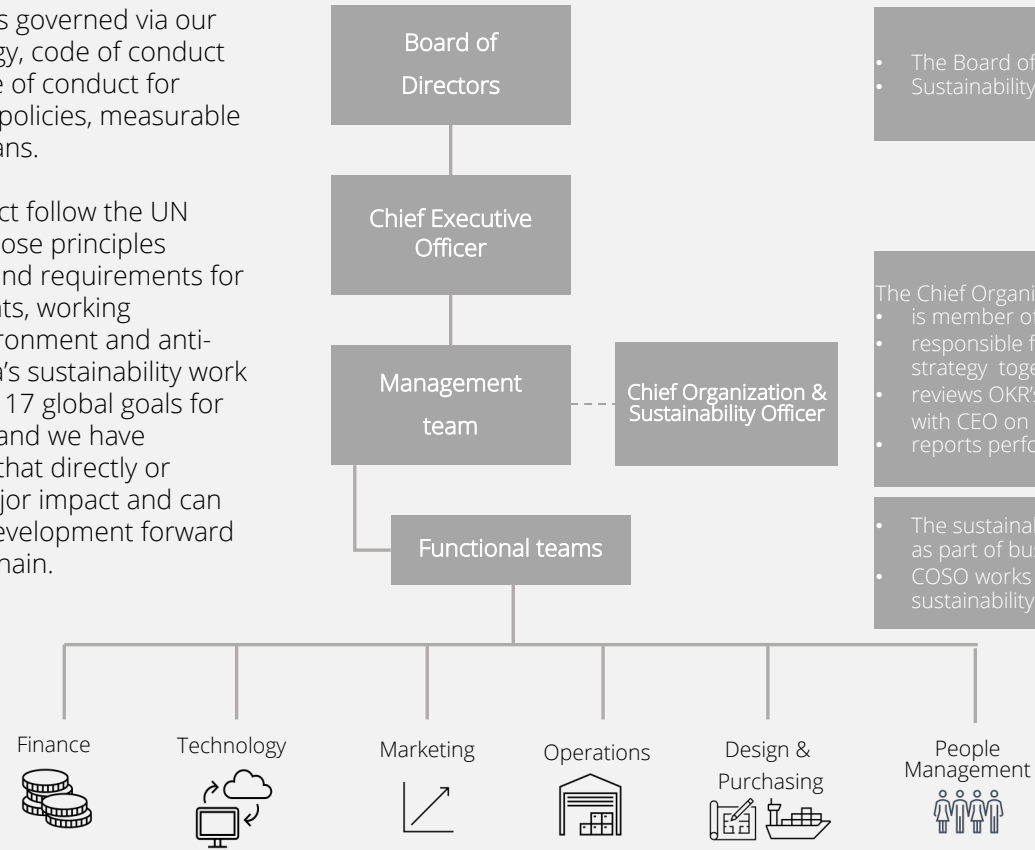
A prerequisite for successful sustainability work is that a clear division of responsibilities is integrated into the company's strategy and business management. RugVista's Board of Directors have the overall responsibility for the company's sustainability work and the CEO has the operational responsibility. RugVista's Chief Organization & Sustainability Officer (COSO) reports directly to the CEO and is responsible for preparing, developing, implementing and evaluating the company's sustainability work and, together with the management team, establishing the company's sustainability strategies and follow-up processes.

The implementation of the various activities is carried out by the company's functional teams, in collaboration with the COSO. All employees have a responsibility to contribute to RugVista's sustainability work within their areas of responsibility, and each manager in the management team is responsible for ensuring that follow-up and compliance takes place.

Sustainability work is governed via our sustainability strategy, code of conduct for employees, code of conduct for suppliers, common policies, measurable goals, and action plans.

The codes of conduct follow the UN Global Compact, whose principles provide guidelines and requirements for work on human rights, working conditions, the environment and anti-corruption. RugVista's sustainability work is based on 7 of the 17 global goals for sustainable growth and we have identified the goals that directly or indirectly have a major impact and can influence to drive development forward in the entire value chain.

RUGVISTA SUSTAINABILITY GOVERNANCE STRUCTURE AND ROLES



- The Board of Directors has approved RugVista sustainability strategy
- Sustainability is on BoD's half year meeting agenda

The Chief Organization & Sustainability Officer:

- is member of management team and reports directly to CEO.
- responsible for the implementations RugVista's sustainability vision and strategy together with the rest of the executive management team.
- reviews OKR's, KPIs performance, key challenges, learnings and activities with CEO on monthly basis
- reports performance to the Board of Directors once per year.

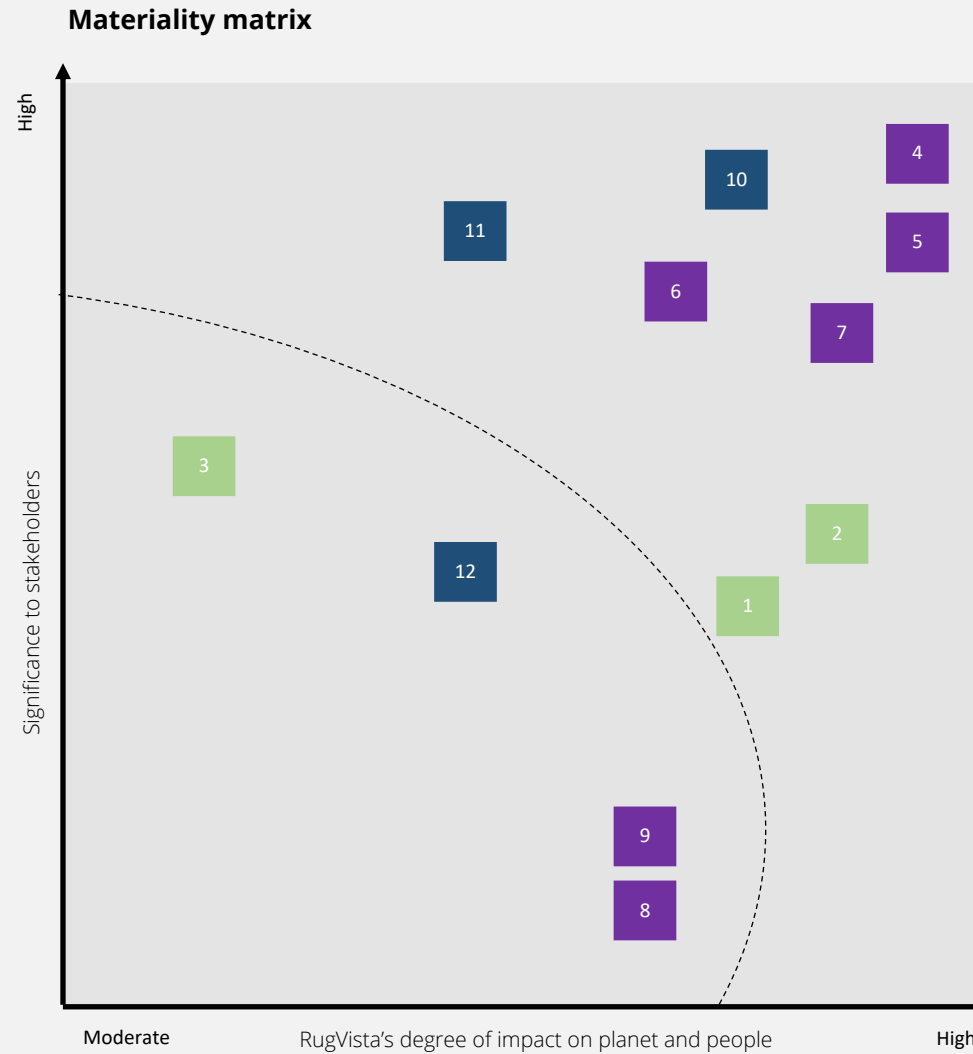
- The sustainability strategy is linked to the business strategy and integrated as part of business operations
- COSO works closely with functional teams to embed and monitor the sustainability work

Materiality

We embody our value of staying true by prioritizing the sustainability impacts most important to our stakeholders and our social and environmental impact. We have analyzed our most important sustainability priorities, which are now integrated into our sustainability strategy and serve as our compass for mapping future performance.

Our first analysis of key sustainability topics was finalized in 2019, and in January 2021 we completed an update to ensure that our issue prioritization is up to date.

Our materiality analysis resulted in a list of our most material topics, see sustainability management table on page 44. These are the aspects that provide a basis for sustainability reporting in accordance with the Global Reporting Initiatives (GRI).



Planet

1. Climate action throughout the value chain
2. Increased share of sustainable materials
3. Product quality and safety

People

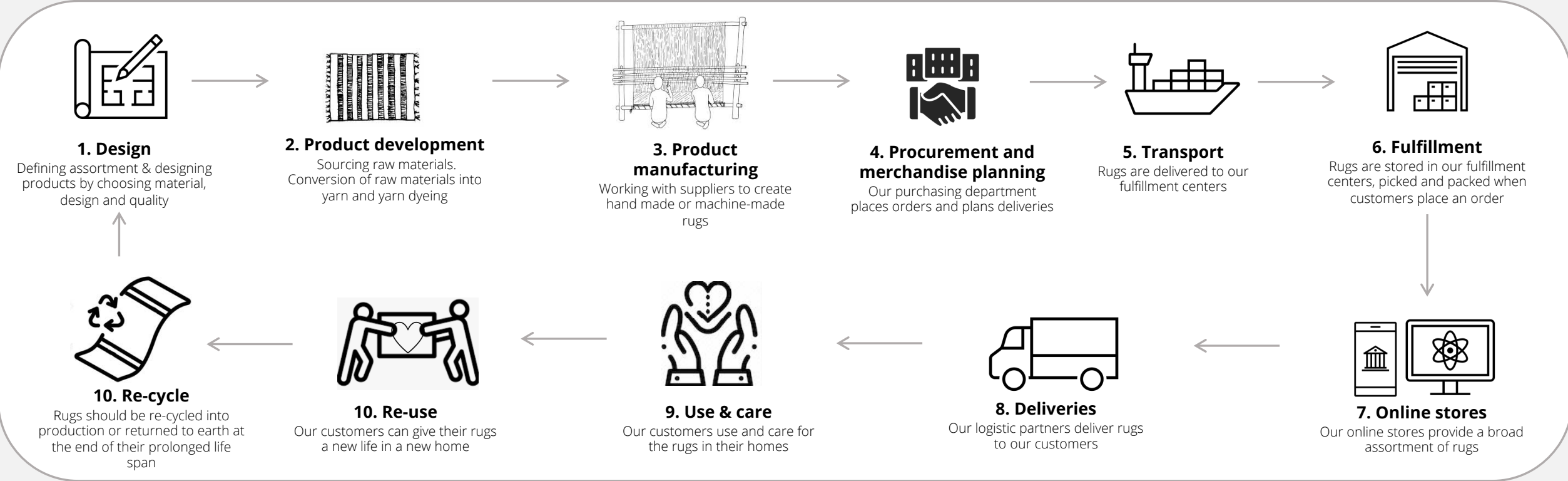
4. Respect for human rights
5. Health & safety
6. Inclusion and diversity
7. Sustainable supply chain
8. Community engagement
9. Animal welfare

Business

10. Financial performance
11. Governance and compliance
12. Anti-corruption and bribery

Our value chain

We have a long-term ambition to contribute to a resource-efficient and responsible value chain. In order to handle the positive and negative impacts of our business in an effective way, we must understand where in the value chain, the impact for each significant topic is. Our responsibility extends beyond the direct impact of our own operations and includes also indirect impact through our business relationships with our stakeholders. The value chain perspective helps us to identify opportunities and risks, understand boundaries, the ability to influence the different parts of the value chain and how value is created for stakeholders.



LEAD.CHANGE – our sustainability strategy

In order to achieve our vision and long-term goals, we are aware that our entire business must be conducted in a financially, socially and environmentally sustainable way. We are determined not only to be part of the sustainability solution, but to lead the change in our industry, which is why we have made a clear strategy and set goals that permeate our entire company. Our ambition is to maximize value creation for our various stakeholders and to minimize the negative impact that our value chain has on people and the environment.

In 2020, we launched a new sustainability vision; "To lead the rug industry towards a socially and environmentally sustainable future". To achieve the vision, a new sustainability strategy - LEAD.CHANGE - was developed, which focuses on three areas; Planet, People and Business. The sustainability strategy forms the basis for our 2030 sustainability goals, which have been set for the coming years and aim to integrate sustainability into all parts of our business and our entire value chain.

Change levers

We have defined five change levers that need to be engaged in order for us to achieve our sustainability goals. These five levers are our team, customers, business partners, business practices and our communication. These are all important change levers that need to be activated for us to succeed.



LEAD.CHANGE. The picture summarizes our 2030 strategy to achieve our sustainability goals.

United Nations Sustainable Development Goals

Our sustainability goals are clearly linked to the UN's Sustainable Development Goals, Agenda 2030. The SDGs are a collection of 17 global goals set by the United Nations Assembly and adopted by all UN member states in 2015 to achieve a better and more sustainable future for all by 2030. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanization, environment and social justice.


RugVista focus on seven goals where we believe we have the greatest opportunity to contribute and make a difference.



SDG 5: Gender equality
RugVista commits to provide equal opportunities to every woman and man employed in the company. We believe this is a matter of social justice, which is a condition for sustained market economy development. RugVista is committed to reach 50% women in the management team by 2020. At the end of 2020, this KPI was reached. We continue to build a diverse and inclusive company, welcoming and encouraging extraordinary people regardless of gender and cultural background.



SDG 13: Climate action
It is our responsibility to help fight climate change and contribute to achieving a decarbonized economy. RugVista has committed to become a carbon neutral company by 2040, which we can only reach by working together in partnership with our suppliers, customers and local communities. To reach our goal, we put our own business in order first by improving operations and energy intensity while in a second step we substitute the remaining energy with energy generated from sustainable sources.



SDG 6: Clean water and sanitation
RugVista is committed to protecting water, a vital and increasingly scarce resource, by working with our suppliers to strengthen the water cycle at local level and adopting sustainable practices across our value chain. Sustainable water use is a focus for RugVista, whether it involves the direct use in our premises or its use in the supply chain.



SDG 16: Peace, justice and strong institutions
Responsible business practices are critical to achieve RugVista's vision and a precondition for business success, sustainable profitable growth and healthy societies. To achieve this, RugVista has implemented policies and procedures applicable to all employees and business partners, including a Code of Conduct for employees, a Code of Conduct for suppliers and, a Personal Data Privacy Policy. This helps us to implement a culture of compliance and reduce related risks.



SDG 8: Decent work and economic growth
We see our employees as the main asset, and it is important to offer competitive and safe working conditions throughout the organization. In 2015, RugVista joined amfori BSCI and endorsed their Code of Conduct based on International Labour Organization (ILO) conventions and declarations, the United Nations (UN) Guiding Principles on Business and Human Rights as well as the principles of the Organization for Economic Co-operation and Development (OECD). All our suppliers have signed and are committed to follow the 11 core labour rights set out in the code.



SDG 17: Partnerships for the goals
As a relatively small enterprise, cross-border collaboration and partnerships are crucial if RugVista is to achieve our vision and goals and contribute to Agenda 2030.



SDG 12: Responsible consumption and production
We want to inspire our customer to make sustainable choices by designing rugs that stands up to trends and offering collections of rugs made from natural sustainable materials. We aim to lead the change in our industry to gradually move to more sustainable and circular models throughout the value chain. A circular business model is a prerequisite for achieving our long-term goal to become climate-neutral by 2040. The work includes developing new materials, new ways of producing and using materials and products, and how they can then be maintained, repaired, reused and recycled.

Sustainability goals & ambitions

We have set several goals for a sustainable future and will constantly challenge ourselves by continuing to review and set new or to revise to even more ambitious goals.

These are RugVista's most important goals within our 3 focus areas:



PLANET

By 2030:

- we shall increase the proportion of recycled or sustainably produced materials to 80%
- we shall reduce greenhouse gas emissions by 50% (base year 2019)
- all packaging must be made of circular or other sustainable material



PEOPLE

By 2025

- 100% of our suppliers must be included in RugVista's system for social audits
- RugVista's employee Net Promoter Score shall reach 80



BUSINESS

By 2021:

- 100% of our suppliers and subcontractors must have signed RugVista's code of conduct for suppliers
- 100% of all tier 2 subcontractors must be mapped

By 2025:

- The entire supply chain including sub suppliers will be fully transparent and audited by third-party auditor



PLANET

To have a positive impact on our planet, we need to reduce our environmental footprint.

We want to take responsibility by developing a circular business model and thereby reducing our environmental impact. We strive to drive sustainability in everything we do and help our customers towards a more sustainable consumption.





Objective	Goal 2030	Goal 2025	Goal 2020	Result 2020	Base year 2019
Increase the proportion of natural or recycled materials	80%	75%	70%	71%	No data available
Reduce greenhouse emissions in scope 1	-50%	-25%	-20%	-42%	9,7 tonnes CO2e
Reduce greenhouse emissions in scope 2	-50%	-25%	-10%	-10%	219,1 tonnes CO2e
Reduce greenhouse emissions in scope 3	-50%	-25%	-10%	-29%	2887,0 tonnes CO2e
Packaging made from circular or other sustainable material	100%	100%	20%	0%	0%

Towards a circular approach

The climate crisis and the exhaustion of natural resources are two of the biggest challenges. A linear, unlimited production and consumption pattern is not sustainable, and we aim to gradually move to better, circular working methods and to reduce greenhouse gases throughout the value chain. We focus on three important areas:

A circular approach to how our rugs are manufactured and used

Circular models optimize resources and minimize waste so that the resources remain in use as long as possible before they are recycled or reworked. Our ambition is to create circularity throughout the value chain, and by working systematically to minimize the products' impact on the environment. Our long-term ambition is to gradually transition to a circular business model. The circular strategy applies to both commercial products and packaging. A circular business model is fundamental to achieving our long-term 2040 climate-neutral goal. The work includes developing new materials, new ways of producing and using materials and products, and how they can then be maintained, repaired, reused and recycled.

Inspire customers to make sustainable choices

We design rugs that will stand up to trends, we offer rug collections made from natural sustainable materials and older restored rugs. In this way, the rugs will be able to lie on our customers' floors for many years. Our mission is to inform our customers and inspire them to sustainable circular consumer behavior.

Extended product life in a new home

Rugs are a product category that has a large turnover in various trading sites and marketplaces for used goods, such as auction houses and buying and selling sites on the internet.

In 2021, we aim to pilot our own second-hand sales service and also exploring new ways for customers to repair, reuse and recycle products with the goal of extending the lifespan and minimizing waste.



Sustainable materials

The material choice is central to the sustainability and circularity of our products. Our goal is to source 80% recycled or other sustainably sourced materials by 2030 and we put great focus on continuously increasing the proportion of recycled materials. We also evaluate and bring in alternative materials that in various ways are sustainable.

In 2020, we achieved 71 % recycled or other sustainably sourced materials. We want to increase this further by scaling the use of recycled materials going forward. We constantly work to set clear goals for the use of sustainable materials and to educate and encourage our employees to think sustainably – both in design and purchasing.

Our rugs are designed to be used for many years – some materials last for generations. Provided that this is observed or that the rugs are reused and given a new life in new homes, life span is an important key in our work towards circularity.



Three examples of how we work towards circularly:

Old rugs are being restored for new life

Our suppliers reclaim older beautiful wool rugs in Asia and the Middle East. These are being restored to give the rugs a new life with our customers. The restoration of the older rugs can take place in three different ways:

- Our older unique wool rugs are washed to regain their luster.
- Our Colored Vintage rugs are washed and recolored.
- Our Patina rugs are recolored, and pile height is slightly cut.

Broken rugs become beautiful patchworks

There are many beautiful handmade rugs that have lived for generations in homes around the world but where time begins to take its toll. When the rugs get worn out, they are reclaimed by our suppliers who then use pieces of the rugs to create new beautiful unique Patchwork rugs.

Extended life span for defective rugs

Since 2018, we have a collaboration with GIAB, whose business concept is based on the resale of leftover or defective products to consumers. Here we send rugs that are defective or that do not meet our high-quality requirements. In this way, the rugs are used by GIAB’s customers instead of being destroyed.



Our materials

These are the main materials in our rugs:

Wool

The lifespan of a wool rug can extend over several generations and is one of the best materials from a sustainability point of view. Wool is very durable with a natural dirt-repellent effect. Wool is also completely renewable and natural, making it a very good choice if you want to contribute to a sustainable world. The material properties of wool help retain the original shape of the rug which contributes to extend the life of our rugs. In 2020, wool accounted for 52% of all materials in our product range.

PET Polyester

PET is recycled polyester that comes from recycled PET bottles that have regained new life as textile fibers. The material is soft and comfortable, which makes it suitable for the manufacture of rugs. Recycled polyester is produced from production waste from "ordinary" polyester production and from recycled PET bottles. In 2020, PET Polyester accounted for 0,5% of all materials in our product range.

Jute

Jute is a subtropical plant with soft, shiny plant fiber that can be spun into rough, strong threads. Jute rugs are very sustainable and have a long life-span. Jute is a completely natural recyclable material.

Silk

Silk is a natural fiber that comes from butterfly larvae and one of the strongest natural fibers available. Silk is used to emphasize details in wool rugs and in more exclusive rugs, the pile and even the warp can be made by silk. Silk is a completely natural material and thus recyclable.

Viscose

Viscose is an artificial fiber that resembles silk and is based on natural materials such as cotton or cellulose. It is a renewable material which is good from a sustainability point of view. However, viscose is a fiber where a relatively high amount of chemicals are used but has potential through sustainable production of raw materials and increased use of recycled fibers.



Polypropylene

Polypropylene is a synthetic fiber. It is a common material in synthetic machine-woven rugs.

Vinyl

PVC or vinyl, is usually produced from sodium chloride, oil or natural gas. Our vinyl rugs are made of Swedish phthalate-free vinyl with high UV resistance and are approved according to REACH and ROHS. The material has a very long service life, which in the long run gives a low environmental impact.

Cotton

Cotton is a natural, renewable, biodegradable fiber and from that perspective sustainable. Cotton comes from the cotton bush that thrives in a warm climate. In order to grow, however, the cotton bush needs a lot of sun and water and therefore irrigation is often required. Large amounts of water are also used in dyeing and preparation. Organic cotton is a more sustainable alternative, but the limited supply makes the material very expensive.



Product safety

Safe products is an important sustainability aspect. We constantly work to ensure that our suppliers handle chemicals in a safe and correct manner when manufacturing the rugs. All suppliers must sign our supplier agreement, where it is stated that they are obliged to comply with our quality, chemical and safety requirements. We constantly evaluate and conduct product risk assessment with the precautionary principle in mind.

The suppliers are testing the rugs regularly to verify that they comply with the chemical requirements, and we conduct regular third-party tests at accredited laboratories, as well as perform spot checks during production.

RISE Chemicals Group

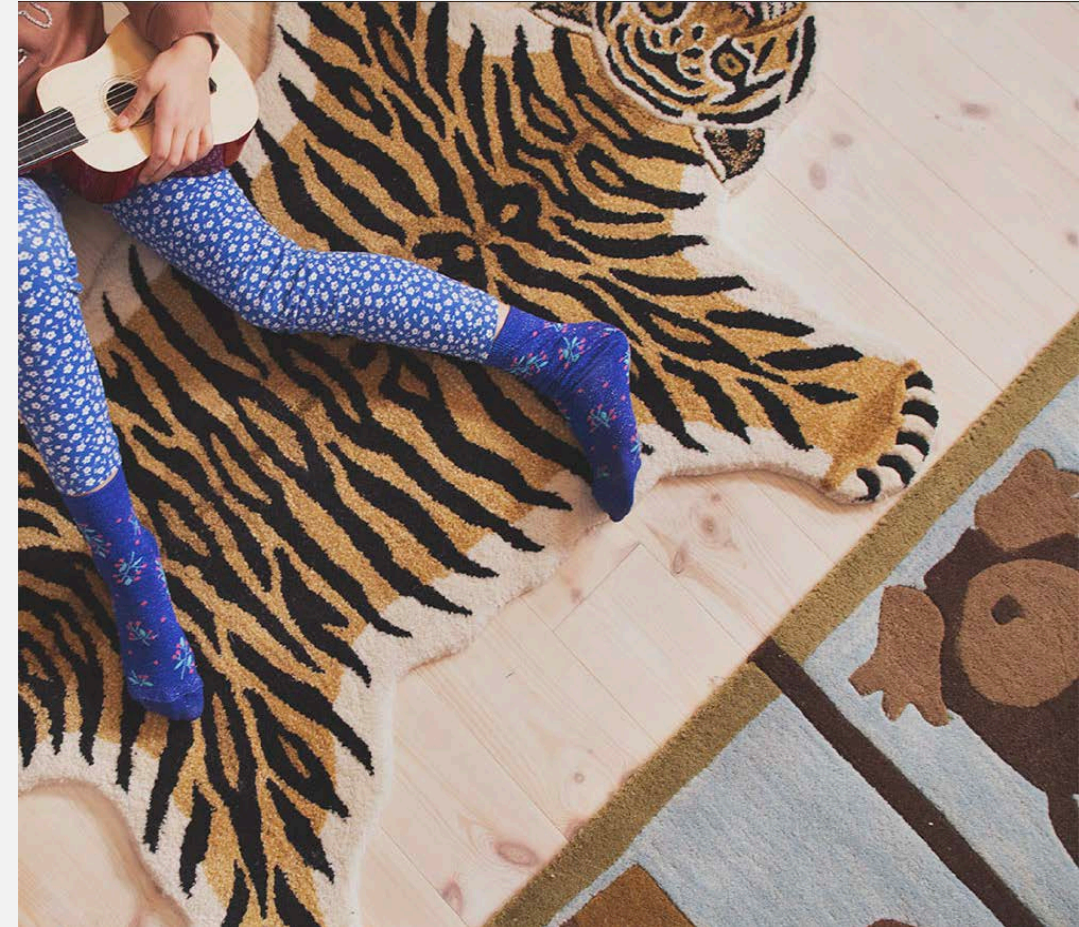
RugVista is a member of RISE Chemicals Group, a Swedish network that give recommendations on chemical and environmental issues. All RugVista suppliers must sign a written agreement that they comply with the Chemicals Group's Chemical Restriction List, which complies with EU legislation (REACH, BPR and EU waste legislation) and international chemicals legislation (POPS). We strive to remain up to-date on the latest developments through our collaboration with RISE Chemicals Group.

OEKO-TEX®

All machine-made rugs from Turkey are certified according to STANDARD 100 by OEKO-TEX®, which means that the product meets high human ecological requirements, i.e., does not contain chemicals that are harmful to health. The certification means that chemicals in products must not exceed legally established limits, must not contain prohibited substances or other substances that have been scientifically proven or that are suspected of having negative health effects.

Packaging

All rugs are packaged before being sent to the customer to be protected against damage. For us, it is important to reduce the amount of packaging and its impact on the environment. Therefore, we have set a goal that all our packaging must be made of circular or sustainable material by 2025. In December 2020, a new project was initiated with the goal of having tested and evaluated pine oil-based and recycled plastic by the end of 2021.





Our environmental footprint

The carbon footprint is currently representing 60% of humanity's overall ecological footprint and is continuously growing. We see our climate footprint as a serious challenge, and we work to continuously reduce emissions throughout the value chain through increased energy efficiency and increased use of renewable energy. Measuring the carbon footprint enables us to address the current climate change and find areas where we need to improve.

We have set a goal of becoming climate neutral by 2040. At the same time, our business is growing, which places high demands on our priority to reduce the climate footprint at all levels.

We are currently measuring the carbon footprint and environmental impact in scope 1, 2 and parts of scope 3. In 2020 we have put extra efforts into measuring our scope 1 and 2 and we aim to broaden the measurement of scope 3 in 2021. To the right, are the main sources of emissions measured by RugVista in the year of 2020.

Emission scopes (from GHG Protocol)

In **scope 1** company facilities and company vehicles are included. Scope 1 is direct emission related to RugVista's operations.

In **scope 2** the direct emissions as electricity, steam, heating, and cooling are the constituents. An example of this is the emissions from purchased energy for our office.

Scope 3 (Other indirect emissions) can be divided into two parts, upstream activities and downstream activities. In 2020 we have measured the upstream activities. In many industries the biggest environmental impact can be found in scope 3, hence it is crucial to measure and target these. We have indirect environmental impacts within the downstream activities in scope 3 and have begun the mapping of these impacts. The company will gradually implement measures in order to reduce the carbon footprint in scope 3.



Scope 1

- Direct emissions
- Emissions that come from sources owned or controlled by the company (ex. company vehicles)



Scope 2

- Indirect emissions
- Emissions that come from purchased energy, i.e., the energy used for our offices and fulfillment centers



Scope 3

- Indirect emissions
- Emissions from the value chain, such as business travel and emissions from producing and transportation of products

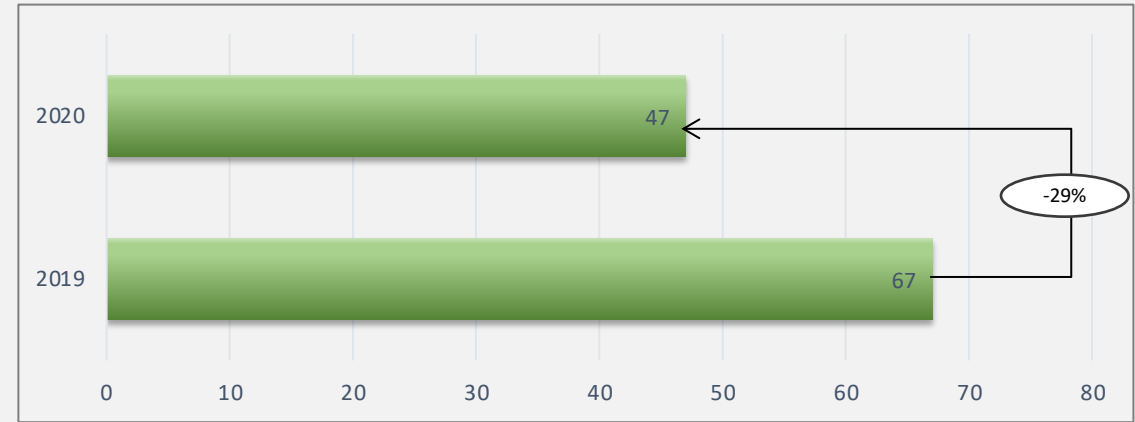


Employee carbon footprint

Every individual within an organization has a carbon footprint. We aim to keep all our employees informed and up to date about our sustainability goals and want to make sure they have a working space that promotes sustainable choices. Even the smallest things can make a difference and lead into broader climate change solutions. We make sure that everyday activities can be made more sustainable. For example, we have installed charging stations for electrical cars at our parking lots and offer the possibility to work from home. When looking at the amount of carbon footprint in 2019 compared to 2020 there has been a lower impact during the year of 2020. The decrease is as much as 19,4 kg Co2e. Important to state here is that less people commuted to work during 2020 due to the Covid -19 pandemic.

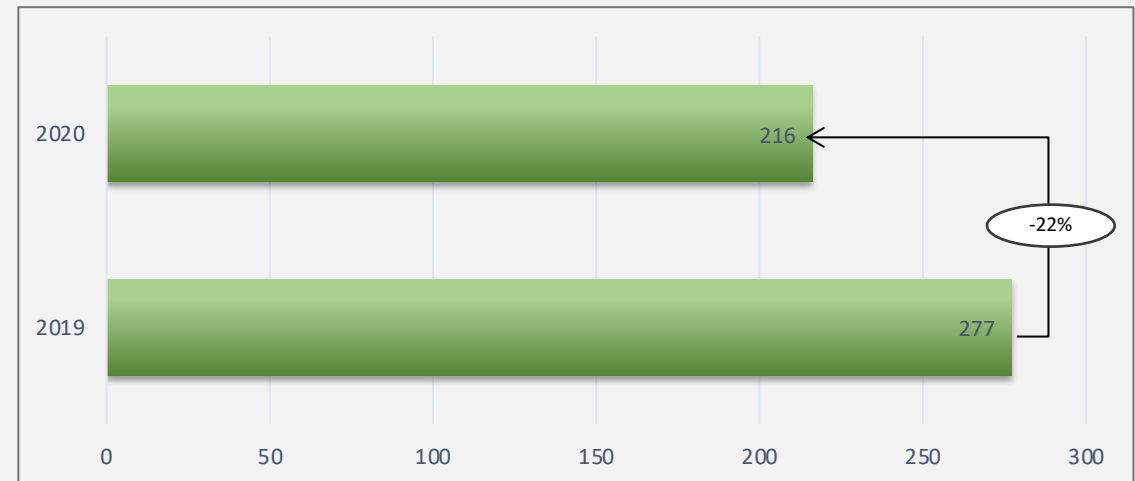
We are on annual basis measuring the carbon footprint from travel, energy, and office supplies. This is in order to see our overall carbon dioxide footprint. See table to the right for a demonstration of the difference between 2019 and 2020. There is a clear decrease of carbon footprint, which is partly due to the current pandemic but also due to improvement of sustainability awareness among the employees at the company.

Employee Carbon footprint at RugVista AB, sum of CO2e tonnes



The table above is showing the carbon footprint of the employees at RugVista AB in Malmö Sweden.

RugVista total footprint, sum of CO2e tonnes



The table above shows the total amount of carbon dioxide from company travels, energy and office materials used during 2019 and 2020.



Towards more sustainable logistics and supplier performance

Our rug production is global. Different production markets have special skills and methods, and all of them are needed to produce the variety of rugs we want to offer our customers. This leads to a variety of logistics set-ups that we need to manage in an environmentally efficient way, which often also leads to cost savings as well. We have a clear transportation policy to use the most environmentally friendly options available. The best option for transportation for us is sea freight, which can ship large amounts at the same time while emitting a low amount of carbon emissions. We are measuring the carbon footprints of our suppliers and carriers in order to monitor their performance and help them improve their sustainability efforts.

Suppliers

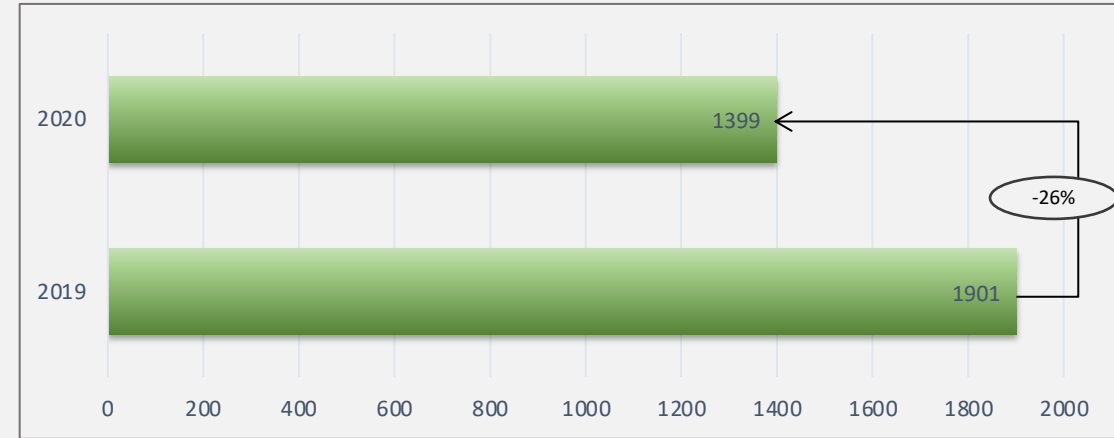
Our discussions with suppliers are broader since we are measuring their environmental footprint in terms of both production, waste management, facility energy and inbound freight. The carbon footprint from RugVista suppliers have decreased 33% between the year of 2019 and 2020.

One of the reasons is due to the Covid 19 pandemic, which have affected the production capacity for all suppliers. Factories have been working shorter hours and have been struggling to receive raw materials. A positive reason to the decrease of the supplier's carbon footprint is that the use of solar cells is getting more common among our suppliers. The climate where most of our suppliers are situated are perfect for solar energy and save money for the suppliers as well as reducing the environmental impact they have.

Carriers

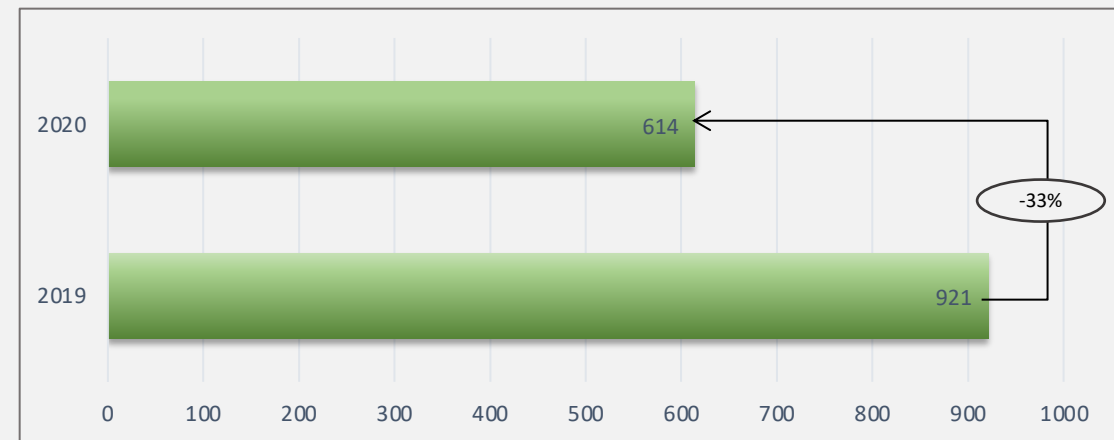
We have an ongoing dialogue with our carriers about the possibility to use different transportation modes and ways to co-load in order to save routes. During 2020 the outbound footprint decreased mainly due to a shift from air freight to land transports but also thanks to a large project with Budbee who during 2020 switched to completely fossil-free deliveries. They have also increased the proportion of deliveries that take place via electric cars and optimized their delivery zones, which means shorter transportation distance per package.

Carbon footprint of RugVista's outbound deliveries, sum of CO2e tonnes



The table above is showing the carbon footprint of RugVista's carriers

RugVista's supplier's total carbon footprint, sum of CO2e tonnes



The table above shows the total amount of carbon dioxide from RugVistas suppliers during 2019 and 2020.



Water

Water usage and emissions to water is a local as well as a global issue, and we need to do more to understand our local water risks and contexts. Today we work actively to reduce water consumption and emissions to water in the supply chain by encouraging our suppliers to cooperate with subcontractors who have the required water treatment plants and environmental management systems in place.

Our largest suppliers in India work with a joint sub-supplier for yarn dyeing that has an environmental management system in place and a closed water treatment system that works according to Stockholm Textile Water Initiative's criteria to reduce its water consumption.





Follow-up procedure PLANET

The starting point is to choose suppliers who share the company's ambition and long-term goals. In this way, RugVista ensures that all suppliers meet the minimum requirements for environmental issues in our code of conduct. Social and environmental audit systems are used to monitor and maintain compliance with these requirements. In collaboration with the Chemicals Group and the industry initiatives Amfori BSCI and LabelStep, RugVista builds up the supplier's ability to work in accordance with leading practice on environmental issues. The programs include management systems, long-term earnings development, "best practice", and training. This provides a deeper insight into the supplier's operations and contributes to continuous improvements through regular audits, root cause analyzes, and continuous improvement.

The proportion of sustainably produced materials is monitored continuously. The purchasing department has a close and regular dialogue with the largest suppliers regarding innovation and development of recycled and new sustainable materials.



PEOPLE

The people in our value chain are the core of everything we do, and we want to have a positive impact on everyone who our business affects. We want to contribute to sustainable social development with a focus on social responsibility and inclusion.



Objective	Goal 2030	Goal 2025	Goal 2020	Result 2020	Base year 2019
Supply chain: % of rug suppliers included in RugVista's social auditing system	100%	100%	100%	100%	80%
Supply chain: Number of cases - Zero Tolerance	0	0	0	0	0
Own organization: employee Net Promotor Score (eNPS)	80	80	>50	53	N/A
Own organization: At least one performance review per year and employee	100%	100%	100%	100%	80%
Own organization: Gender equality in company management, proportion of women	40-60%	40-60%	40-60%	50%	50%

Social responsibility and inclusion

The people engaged in our value chain are the core of everything we do, and we want to have a net positive impact on everyone affected by our business. We want to contribute to sustainable social development with focus on social responsibility and inclusion.

Economic growth and decent jobs are essential factors for stability and well-being. Although more people get out of poverty each year, there are still large gaps in the regions where our suppliers operate. Political instability, growing populations, climate change and migration contribute to social tensions and insecurity. Inclusion and decent working conditions are considered key factors in ensuring sustainable social development.

By taking social responsibility, we can contribute to a more fair, equal and inclusive society, which has a positive impact on the people who are a part of RugVista's activities in different parts of the value chain. We believe that everyone should be treated with respect, get the opportunity for fair working conditions, have freedom of association and collective bargaining and opportunity to express themselves.

This is well grounded in our values and approach to social responsibility and human rights. As a values-driven company, it's crucial to be inclusive in all parts of our business — in our own operations, in our supply chain, and in the communities, we operate in.

We are taking social responsibility by focusing on:

- Fair working conditions for everyone in the value chain
 - Safe, secure and healthy workplaces
 - Reasonable remuneration
 - Secure employment
- Professional and personal development
 - A workplace without discrimination
 - Being inclusive and promote diversity
 - Regular follow-up in the supply chain

Fair production

amfori BSCI

RugVista is a member of amfori BSCI, a global initiative for companies striving to improve working conditions in the global supply chain. BSCI brings together more than 2400 companies around a common code of conduct and their main role is to support the network in the work of creating sustainable and ethical supply chains.

Via amfori BSCI, RugVista has access to a common system for follow-up and audit of suppliers, where audits are carried out by independent and third-party certified auditors based on amfori BSCI's code of conduct. Amfori also has an extensive competence development program that both our employees and suppliers have access to free of charge. The training consists of introductory training in sustainability and further training in subjects such as sustainable recruitment to prevent human trafficking, forced labor and child labor in the business and how to create employee participation in issues related to human rights.

The work of amfori provides practical support to all businesses committed to achieve the United Nations SDGs (Sustainable Development Goals) with the overall goal to contribute to a world where all trade delivers social, environmental and economic benefits for everyone.



Label STEP

To be able to handle the complexity of revisions of rugs woven and knotted by home weavers, RugVista is a certified Label STEP Fair Trade partner. Label STEP is a non-profit organization that is committed to the living conditions and well-being of rug weavers in the handmade rug industry. As a certified Label STEP partner, we commit to independent regular audits of all our suppliers of handmade rugs. Label STEP works actively for long-term improvements in the rug industry while giving rug weavers the opportunity for training in human rights, health and safety, and economics.



Code of Conduct for suppliers

Responsible production is at the core of our sustainability work. We apply a stringent code of conduct that regulates social responsibility in the supply chain. RugVista is a member in amfori BSCI and we apply the amfori BSCI Code of Conduct. All our suppliers must sign, and commit to comply with, the Code of Conduct, and compliance is verified through regular monitoring and recurring audits.


amfori BSCI Code of Conduct in a nutshell:

- Demands observance of the law
- Aligns with UN Guiding Principles on Business and Human Rights
- Builds on International Labour Organization's (ILO's) Fundamental Conventions, which apply to all countries.
- Enables business enterprises to follow a systematic due diligence approach in their supply chains

amfori BSCI Code of Conduct

Our enterprise agrees to respect the following labour principles set out in the amfori BSCI Code of Conduct.

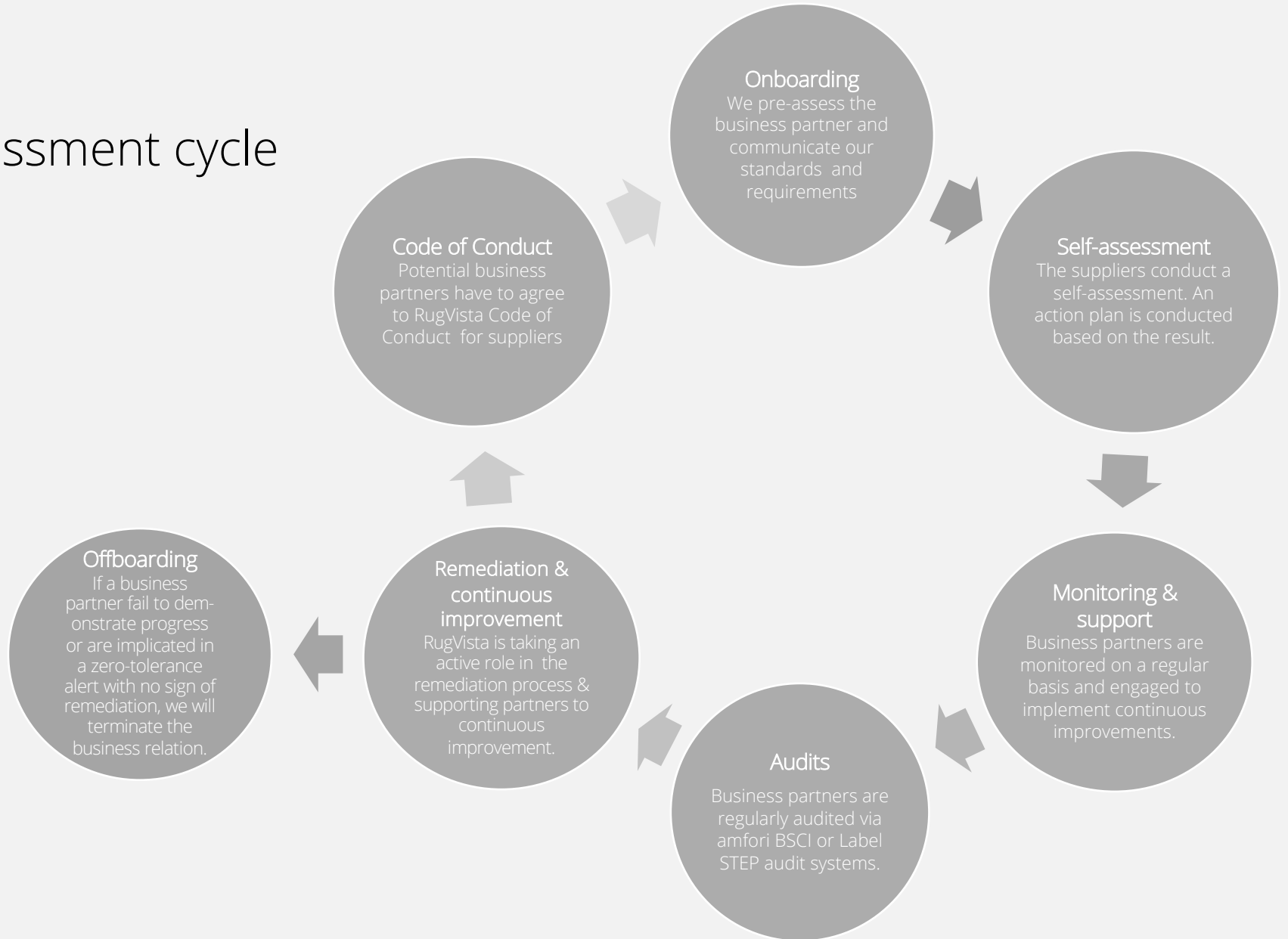
amfori BSCI Principles

 <p>The Rights of Freedom of Association and Collective Bargaining Our enterprise respects the right of workers to form unions or other kinds of workers' associations and to engage in collective bargaining.</p>	 <p>Ethical business behaviour Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.</p>
 <p>Fair remuneration Our enterprise respects the right of workers to receive fair remuneration.</p>	 <p>No discrimination Our enterprise provides equal opportunities and does not discriminate against workers.</p>
 <p>Occupational health and safety Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.</p>	 <p>Decent working hours Our enterprise observes the law regarding hours of work.</p>
 <p>Special protection for young workers Our enterprise provides special protection to any workers that are not yet adults.</p>	 <p>No child labour Our enterprise does not hire any worker below the legal minimum age.</p>
 <p>No bonded labour Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.</p>	 <p>No precarious employment Our enterprise hires workers on the basis of documented contracts according to the law.</p>
<h3>amfori BSCI Approach</h3>	
 <p>Code Observance Our enterprise is obliged to protect workers' rights as mandated by the law and the amfori BSCI Code.</p>	 <p>Supply Chain Management and Cascade Effect Our enterprise uses the amfori BSCI Principles to influence other business partners.</p>
 <p>Workers' Involvement and Protection Our enterprise keeps workers informed about their rights and responsibilities.</p>	 <p>Grievance Mechanism Our enterprise provides a system to collect complaints and suggestions from employees.</p>

www.amfori.org


The supply chain assessment cycle

The supply chain assessment cycle is the foundation of our work and progress regarding human rights and ethical business practices. The framework helps us to identify and act upon discovered and potential human rights risks for workers in our supply chain. The framework is based on amfori BSCI's, Label Step's and our internal processes.



Respect for human rights

RugVista's most fundamental responsibility is to respect and support human rights. It is part of our values and is crucial for the success of our business. Risks related to human rights in the supply chain are identified and managed through the following steps:

Regular social audits performed by accredited third-party auditors. Training in human rights, both for RugVista's employees and suppliers. Immediate action in case of zero tolerance incidents regarding human rights of suppliers, according to Label STEP's and amfori BSCI's protocol for zero tolerance.

To ensure human rights in the countries where the company's suppliers are active, regular dialogue with suppliers and close cooperation with relevant interest groups is required. The most important issues related to human rights are those with high risk of serious negative consequences caused by our supply chain. This includes issues such as fair compensation, the right to trade union membership and collective agreements, but also includes other human rights such as non-discrimination, integrity and, children's right to schooling.





Fair working conditions in the supply chain

Ensuring fair and decent working conditions for employees in the supply chain is a key priority for RugVista's sustainability strategy. Although we do not own or operate any factories or production facilities, we are committed to ensure that all employees in the supply chain have fair and decent working conditions and that their human rights are respected.

Focus areas:

Health and safety: Promoting an open dialogue between workers and management, and involving workers in decisions, is fundamental to creating high safety standards.

Decent working hours: Every worker has the right to limitation of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave. Through regular audits and continuous dialogue, we are working to improve this aspect.

Workplace dialogue: All employees have the right to speak. Employees who have the possibility to express their opinions and can influence their work environment have greater opportunities to achieve good working conditions and a reasonable salary. Through the Code of Conduct for Suppliers, we set requirements for the right to free trade union affiliation and collective agreements in the supply chain. We are through training and continuous dialogue working on achieving an open dialogue and employee representation throughout the supply chain.

Remuneration and benefits: A central point in the strategy for fair working conditions is the principle that people working in the supply chain should have equal and fair remuneration for equal work. We work to improve wages and other conditions throughout the value chain, which will provide sufficient income for a fair living standard for workers and their families.

Performance assessed through strict audit process

All our suppliers are enrolled either in amfori BSCI or Label STEP audit systems. Regardless of which system they are connected to, audits are conducted on regular basis.

Our largest suppliers are based in Turkey and India. They are all assessed through amfori BSCI auditing system. amfori BSCI audits are designed to assess suppliers against the values and principles of the amfori BSCI Code of Conduct, which are translated into thirteen interconnected performance Areas (PAs).

amfori BSCI audits are conducted by independent and third-party certified inspection companies. The audits assess all thirteen interconnected areas, and they take place every two years, which determinates the amfori BSCI audit cycle.

amfori BSCI follow-up audits are connected in-between cycles and focus only on those PAs that need new evidence of progress from the producer.

amfori BSCI follow-up audits should happen within twelve months from previous audit and should maintain the same scope and methodology.

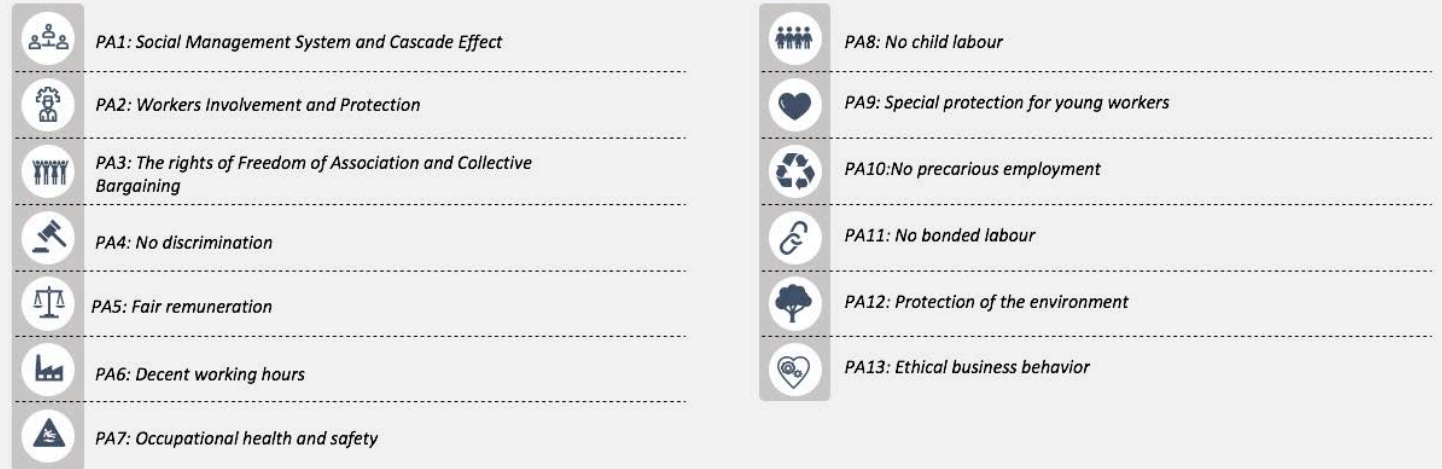
However, we may request and urgent follow-up audit that focuses on only a specific finding or PA due to an urgent need, as in the following cases:

- Suspicions were raised by the auditor in confidential comments captured in the audit report.
- There are substantial risks that need verification.
- Immediate remediation is needed after a zero-tolerance alert.

Audit process



13 Performance Areas audited



Our values

RugVista's values define who we are and how we behave, and they are important tools for guiding internal sustainability work and how managers and employees should act in their daily work. The values have been developed through internal workshops and approved by the management team. Our values are categorized in three key themes: Focus on Impact, Stay True, Be Entrepreneurs.



Focus on impact

- We are obsessed with delivering customer value**
Our first, second, and third priority is the customer. We consider the customer's perspective in every decision and aim to exceed their expectations.
- We make decisions based on insights and the best arguments**
Our decision-making leverages data driven insights and logic, not hierarchy or emotions.
- We are sustainability leaders**
Our ambition is to make a positive impact on all stakeholders that we touch. Our Code of Conduct guides us and acts as proof of our commitment.
- We earn responsibility and are accountable**
Responsibility is earned and not entitled. We deliver on commitments and hold ourselves accountable for both good and bad outcomes.



Stay true

- We put purpose and team first, ego last**
We work together and support each other toward achieving our visions. Our work is focused on developing the organization, not our own position.
- We appreciate our differences**
Different perspectives, experiences, and backgrounds makes us a better team. We dare to be ourselves and express our opinion.
- We act with integrity, respect, and honesty**
We are steadfast and transparent when we communicate and act; even when it is difficult or means that we must walk away from an opportunity.
- We take pride in and celebrate our successes**
We seek opportunities to enjoy and celebrate our achievements and successes; both big and small.



Be entrepreneurs

- We seek to improve ourselves and our business**
We are committed to constantly improve and always seek the next opportunity to learn, develop, and grow ourselves and our business.
- We dare to change**
We challenge the status quo and encourage a "test-and-learn" mind-set in everything we do.
- We pursue excellence**
We strive for excellence in everything we do because we understand that it is the key to our long-term success as individuals and as an organization.
- We act as owners**
We consider the company's success our own and we use organizational resources as we would our own.

Sustainable and inclusive employer

To be able to run a long-term business, the ability to attract and retain employees is strategically important for us. RugVista is a value-driven company that works actively to create an inclusive and engaging workplace where diversity, health, transparency and skills development are priority areas. Our culture must contribute to all employees feeling involved and having the opportunity to influence. Our values give, for example, impressions in development talks, daily decisions, and in customer and supplier relationships. Employees are continuously informed about the company's ethical guidelines and leaders work continuously to promote a good work climate that creates commitment and initiatives.

We believe that diversity and inclusion are a source of competitiveness for our company. By having employees from a range of backgrounds work together while respecting one another's different perspectives, new ways of thinking are born and even greater and creative solutions are produced, leading to better business results. In order to meet the diverse needs of customers and suppliers around the world and to provide the excellent service that come about when each employee is highly motivated, we have made diversity and inclusion part of our value proposition.

We promote an open business climate and high standard business ethics. Employees can anonymously provide information about misconduct or concerns through the company's whistleblower system. In 2020, no notifications have been received.



KPIs own organization

	Goal 2030	Goal 2025	Goal 2020	Result 2020	Result 2019
employee Net Promotor Score (eNPS)	>80	>80	>50	53 (Dec 2020)	7 (Jan 2020)
Training hours per employee	16	12	8	6,8	
Absentee rate in fulfillment centers (%)	3%	4%	6%	6,7%	7.8%
Absentee rate in office (%)	3%	3%	4%	6,0%	3,9%
Work related injuries	0	0	0	3	1

We realize the importance of a healthy work environment with healthy employees. We work actively with several different health-promoting activities to create a healthy workplace and reduce the level of sick leave. We offer all employees company health care that works both preventive and rehabilitative, health-promoting activities during working hours and a wellness allowance. In 2020 the absentee rate was 6,7% in our warehouses and 6,0% in our HQ.

Work environment and skills development are discussed on an ongoing basis in development discussions between employees and managers at least once a year and in follow-up interviews once a quarter. During the year we had 6,8 hours of average training per

employee, which is slightly under the goal of 8 hours per employee.

Commitment and work environment issues are followed up through monthly surveys where, among other things, the employee Net Promotor Score is measured. This is an important channel for early signals of the need for action. We started 2020 with an eNPS of 7 and ended the year with 53.

Average number of employees during 2020 was 67 (66) and all employees in the company are covered by collective bargaining agreements.

The impact of Covid -19

When a large part of our employees began working from home in March 2020, we switched to online communication format.

In our warehouses and parts of our office, employees still come to work every day.

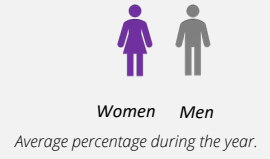
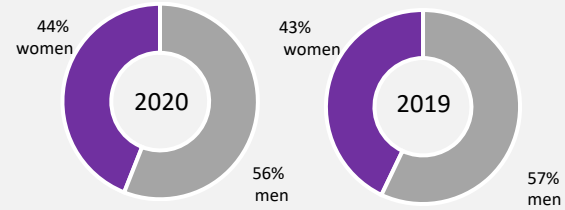
To ensure a safe working environment, we conduct additional cleaning and have installed disinfectant dispensers in every room. At our office we have installed plexiglass covers between all desks .

At our warehouses we urge everyone to keep distance of minimum 2 meters when possible. Everyone entering any RugVista premise is to wear a face mask in all common areas.

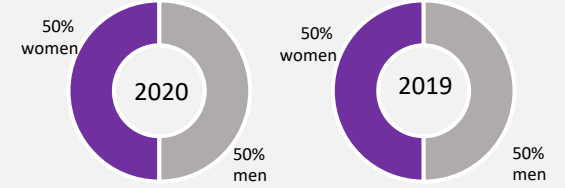
During 2020, appointments with our health care provider were also changed to remote meetings whenever possible, to ensure continuous support of our employees.

Gender equality

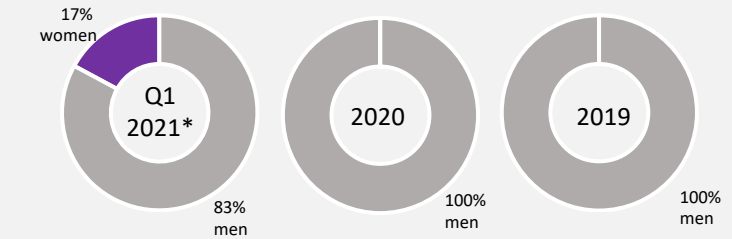
Employees



Management team



Board of directors



*Female director elected in February 2021

Follow-up procedure PEOPLE

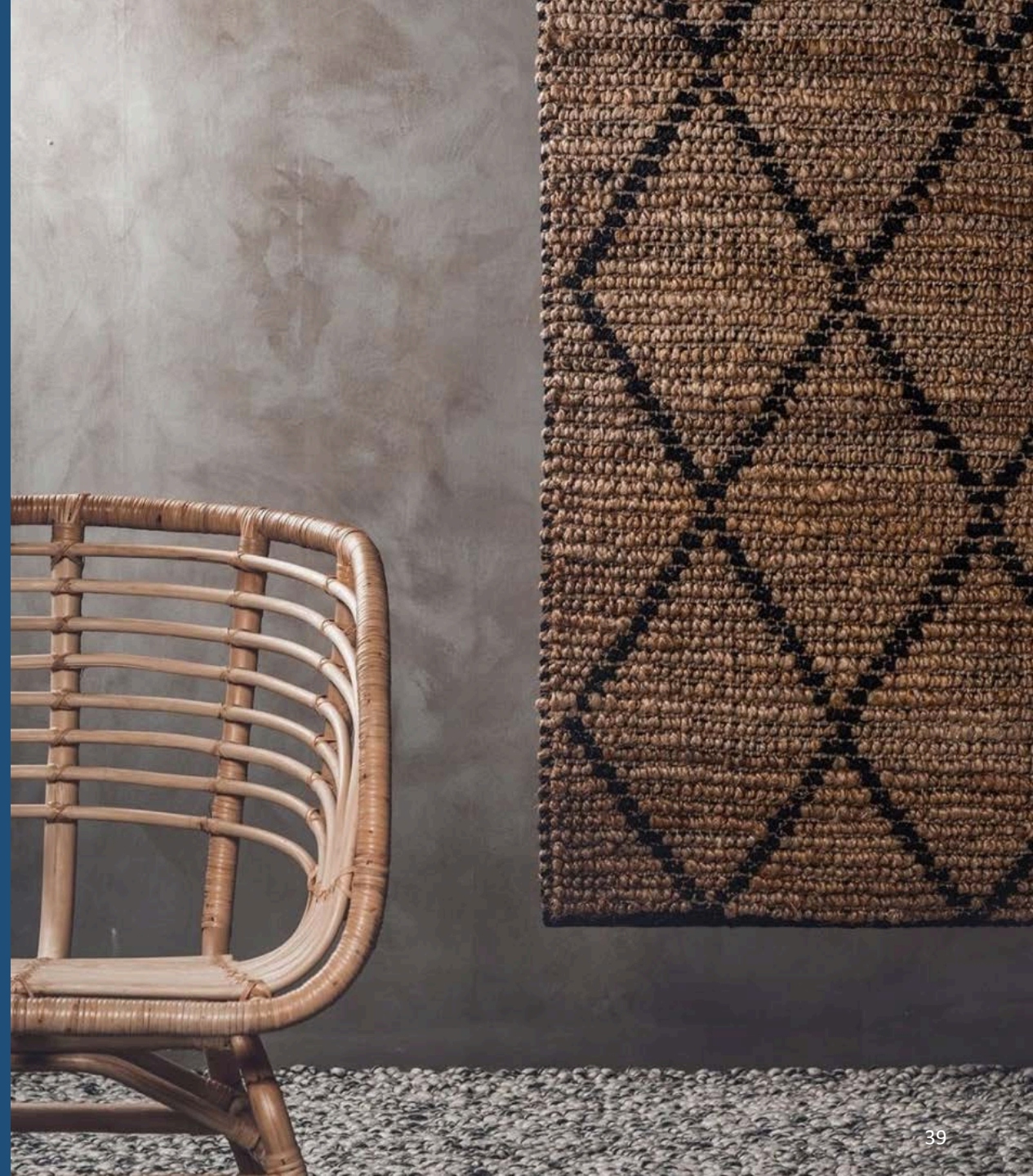
All RugVista suppliers must sign the code of conduct for suppliers before we place any order. Follow-up of compliance with the basic requirements of the Code of Conduct, as well as further areas for improvement, is done regularly through social audits which are integrated with regular follow-ups that create incentives for the company's suppliers to improve their sustainability work.

All the company's employees must sign RugVista's personnel policy and the company's general terms and conditions of employment. Regular performance reviews and employee surveys such as eNPS and organizational and social work environment survey are conducted regularly.



BUSINESS

To be a responsible company is our foundation. Our code of conduct and our guidelines aim to establish an awareness of the importance of compliance with all our employees and business partners



Objective	Goal 2030	Goal 2025	Goal 2020	Result 2020	Base year 2019
Signed supplier's code of conduct	100%	100%	100%	100%	80%
Mapped sub-suppliers (tier 2)	100%	100%	25%	0	0
Number of corruption incidents reported	0	0	0	0	0

Maintain good corporate governance and business ethics

Management of risks and opportunities

RugVista strives to lead the rug industry towards sustainable future, which means that the company needs to take a leading position in managing the industry's most critical sustainability risks, but also to take advantage of opportunities that arise.

Some of the identified risks are risks related to occupational health, safety and corruption in the supply chain, other local human rights risks identified in accordance with the UN Guiding Principles on Business and Human Rights, and the company's climate impact.

Our continued work in accordance with the sustainability strategy and the company's vision will create even stronger relationships with customers, employees, suppliers and their employees as well as other important stakeholders. This makes it easier for the us to continue to identify and reduce the risks, but also to continue to produce and offer a broad and attractive assortment of rugs to customers, to work for a transparent supply chain and to contribute to the development of new sustainable materials, which will contribute to the RugVista's long-term success.

Code of conduct and other policies

RugVista's codes of conduct, policy documents and other guidelines form the basis for the company's sustainability work and its related risks. Policies and guidelines are reviewed once a year.

Policy documents and guidelines on sustainability include:

- RugVista's code of conduct for employees (updated version implemented Q2 2021)
- RugVista's code of conduct for suppliers
- Personnel policy
- Policy for handling employees' personnel data
- Policy for handling personal data
- Ownership directive

Compliance with rules and regulations

For RugVista, it is essential to have good compliance and in the best way prevent the business from being used for corruption and fraud.

RugVista requires that the company's board, management and all employees comply with RugVista's code of conduct, policies, guidelines as well as applicable legislation and other relevant rules such as GDPR, government and industry regulations.

All employees must sign the company's personnel policy in connection with employment and it is mandatory for all suppliers to sign the code of conduct for suppliers. The Code of Conduct for Employees is being updated and will be signed by the Board, management and employees during the first quarter of 2021.

Prevent corruption

Corruption is a risk in the regions where RugVista's suppliers operate. Acting ethically, with respect and integrity, is a basic rule within the company, and part of our values. Our personnel policy and codes of conduct describe the expectations that exist for employees and suppliers and that we have zero tolerance for all forms of corruption.



Follow-up procedure BUSINESS

- All violations of RugVista's code of conduct and policies investigated may lead to termination of business relationship or employment. Serious violations are reported to the board.
- Employees can use the company's whistleblower system to report misconduct or concerns about incidents that violate applicable laws, the company's code of conduct and policies.
- In 2020, 0 cases of violations leading to termination / termination and / or written warnings were confirmed.
- Training in ethnic guidelines and anti-corruption was held for key employees in 2020.



Addressing sustainability risks

The scope of the rug industry is global, and it affects many people throughout our value chain. Besides the vast opportunities, there are also significant risks and responsibilities. Many sustainability issues pose great risks to RugVista and our business as we rely on outsourcing production in risk countries as well as use resources that are sensitive to climate change. These risks also impose great risks to people involved in RugVista's supply chain.

Violation of the rights of freedom of Association and Collective Bargaining

This is a risk we see in our supply chain, and it applies to all our production countries.

Illegal and unethical wages

This is a risk we see in our supply chain, and it applies to all our production countries.

Unhealthy and unsafe working environment

Workers are sometimes exposed to unsafe working environment during production, meaning that their health and safety can be endangered. Examples are lack of personal protective equipment or blocked escape routes.

Excessive overtime is a common problem we find in our supply chain and it exists mainly in Turkey. We manage this through our external audit system and regular follow ups.

Child labour

In developing countries with widespread poverty, it is not uncommon to put children to work, in order to earn extra income. The country at the most significant risk for this is India, where family situations are often tough, and every income a family can have is important for survival.

Illegal and precarious employments

A risk in several production countries is the prevalence of temporary employments. During peak season or holiday season, some suppliers tend to rely on seasonal workers. This is a problem, as these types of employment lack stability and security. The country at the most significant risk for this is Turkey, due to the vast number of refugees fleeing to the country from Syria.

Corruption

Producing in developing countries with widespread poverty and unstable political situations also leads to increased risks of corruption. This could be different forms of bribery throughout the supply chain.

Environmental footprint

Processing of textile has a significant environmental impact. Consumption of water, chemicals and energy is high throughout the entire process. Without correct preventative work, severe environmental pollution could occur.

Climate change

Increased temperatures, flooding and droughts are some serious examples of climate change that affect our planet.

Product safety

Customers need to be able to rely on product safety during use of our rugs. Risks related to this could be chemical content in the product

RugVista offers rugs produced in several production countries. Accordingly, it is difficult to provide a comprehensive list of all the risks. We focus our efforts on identifying the most significant risks and the best ways of managing them. Some risks are more challenging and complicated, since they might be cultural or require fundamental changes throughout the industry in a particular country.

RugVista has a Code of Conduct and a Chemical Restriction List that cover all topics described above. We use the code of conduct, third-party audits, our own site visits and regular communication to achieve daily improvements in the production environments. Long-term partnerships and collaboration with our suppliers are important keys to sustainable and long-term improvement.

Collaborations

As a company with a vision to lead the rug industry towards a sustainable future, collaboration and partnerships are an essential component of our sustainability strategy.

The sustainability challenges we face are too great for us to solve alone. This is why we build partnerships with nonprofit organizations that will enable us to push the bar beyond organizational borders and contribute to sustainable development within the rug industry.



amfori BSCI

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Label STEP

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Care & Fair

CARE & FAIR was founded in September 1994 by socially engaged rug traders. The NGO aims to enable regular schooling for children of rug knotters, provide opportunities for women to learn to read and write as well as provide free healthcare for the whole family. At present, CARE & FAIR runs 10 schools, 6 adult education centers and 3 healthcare centers in India and Pakistan.



United Nations Global Compact (UNGC)

UNGC is a strategic policy initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Our Code of Conduct incorporate the UNGC Ten Principles, and we reflect the basic concepts of fairness, honesty and respect for people and the environment that our business touches.



RISE Chemicals Group

RugVista is a member of RISE Chemicals Group, a Swedish network that give recommendations on chemical and environmental issues. We strive to remain up to-date on the latest developments through our collaboration with RISE Chemicals Group.



Giab












Since 2018, we have a collaboration with GIAB, whose business concept is based on the resale of leftover or defective products to consumers. Here we send rugs that are defective or that do not meet our high-quality requirements. In this way, the rugs are used by GIAB's customers instead of being destroyed.








Swedish Trade Federation (Svensk Handel)

RugVista is a member of the Swedish Trade Federation, the employers' association serving the entire trade and commerce sector. The federation represents commercial enterprises on issues concerning employment and economic policy. The Swedish Trade Federation is tasked with creating the best trading conditions for commercial enterprises both large and small.

Sustainability management table

Global goals (SDGs)	Topics	Management/policies	Goal	2020 activities	Follow-up	Responsibility
	Financial performance	Internal financial goals	To ensure a financially sustainable business over time and that the business delivers according to goals and expectations of owners, board and management	OKR's and forecasts.	Monthly reports to owners and management board	CEO, CFO
 	Increased proportion of recycled/sustainable materials.	LEAD.CHANGE strategy	To ensure that the materials chosen contribute to our goal of increasing the proportion of recycled or sustainably produced materials to 80% by 2030.	Increased proportion of recycled materials (PET Polyester)	Quarterly analysis of materials in stock	CDPO
   	Reduced environmental impact	LEAD.CHANGE strategy, suppliers' Code of Conduct	Efforts to reduce the amount of truck shipments. Encourage suppliers to use solar-panels in their production sites. Implement an updated company car policy that only allows hybrid- or electrical cars.	amfori BSCI and Label STEP audits, ongoing communication with suppliers where we strive to give preferences with good environmental initiatives. Decreased business travel. Regular communication with employees regarding environmental impact and how we can reduce our own impact.	Annual review of energy consumption. The reasons for any increases in truck shipments must be explained. Increases in energy use must be explained and corrective action must be taken as soon as possible. If discovered that our environmental requirements are systematically not met from a business partner, cooperation with the supplier/forwarder in question will be suspended.	COSO, CDPO, COO
 	Product safety	Supplier's agreement, Chemical Restriction List	We aim to ensure all products are safe to use, and meet our customers' expectations and statutory requirements		If prohibited chemical substances/contents are discovered, the products will be stopped destroyed if no other option is possible.	CDPO, COSO
 	Good working conditions and occupational health and safety (own operations and supply chain).	Code of Conduct for suppliers collective agreements, systematic work environment management	Employees in good health and spirits contribute to a profitable company, benefit society and are important from the perspective of personal development.	Preventative health and safety efforts – in warehouses and the head office. Offering company healthcare services, massages and wellness allowances. Safety training and safety rounds.	Regular third-party audits. Accident and incident reporting. Follow-up talks with employees.	COSO, work environment managers

Sustainability management table

Global goals (SDGs)	Topics	Management/ policies	Goal	2020 activities	Follow-up	Responsibility
  	Ensuring human rights throughout the value chain.	Code of Conduct for suppliers	The aim is to strive for a safe and secure work environment for workers and for suppliers to respect human rights.	amfori BSCI and Label STEP audits. ongoing communication with suppliers.	amfori BSCI and Label STEP audits, ongoing communication with suppliers. Training through amfori BSCI education system.	COSO, CDPO
 	Good business ethics	Code of Conduct for suppliers, supplier's agreement, Personnel policy, company values	The goal is to have good compliance and in the best way prevent the business from being used for corruption and fraud.	Training in anti-corruption	Internal training, implementation of company values	CEO, CFO, COSO
 	A healthy and inclusive corporate culture including non discrimination, diversity and gender equality	Employment terms and conditions, Personnel policy, company values	We strive to be the best and most attractive employer in the region.	Development reviews, monthly employee surveys, regular communication between managers and their team members	Salary reviews, Development reviews, monthly employee surveys, action plans based on results of employee survey.	Management team
 	Skills development and career opportunities for employees.	RugVista People, Evaluation & Development process	We strive to attract next gen-stars. Our efforts are part of our employer value proposition and aim to ensure we have the right competencies to achieve our strategic goals.	Development reviews including personal development plan	Manager's regular coaching and follow up.	CEO, COSO
 	Preventing corruption and bribery.	Internal anti-corruption policy and guidelines.	All the relationships RugVista is engaged in, will be characterized by good business ethics.	General anti-corruption information communicated to key employees.	RugVista's whistleblowing system	CEO, CFO, COSO

GRI content index

RugVista's Sustainability Report 2020 has been prepared with the Global Reporting Initiative (GRI) Standards: Core Option. This table specifies where you will find more information on the GRI disclosures.

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	NOTES
GRI 102: GENERAL DISCLOSURES			
102-1	Name of organization	7, 51	
102-2	Activities, brands, products, and services	7	See also RugVista Group Annual Report, page 2
102-3	Location of headquarters	7,51	
102-4	Location of operations	7, 51	
102-5	Ownership and legal form	See note	RugVista AB is a limited company and is part of RugVista Group AB, whose majority owner is Litorina Partners IV Ltd. The other owners are the founders and key people in the company. See also RugVista Group Annual Report, page 24.
102-6	Markets served	7	See also our Annual Report, page 2
102-7	Scale of the organization	7, 37	
102-8	Information on employees and other workers	37	Average number of employees during the year is 67.
102-9	Supply chain	24, 30-34	
102-10	Significant changes to the organization and its supply chain	Se note	No significant changes in the organization or the supply chain.
102-11	Precautionary Principle or approach	21	
102-12	External initiatives	4, 29, 43	
102-13	Membership of associations	43	
102-14	Statement from senior decision-maker	5	
102-15	Key impacts, risks, and opportunities	42	
102-16	Values, principles, standards, and norms of behavior	35	
102-17	Mechanisms for advice and concerns about ethics	40, 42	
102-18	Governance structure	11	

GRI content index

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DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	REFERENCES AND COMMENTS
102-32	Highest governance body's role in sustainability reporting	11	
102-40	List of stakeholder groups	10	
102-41	Collective bargaining agreements	37	
102-42	Identifying and selecting stakeholders	10	
102-43	Approach to stakeholder engagement	10	
102-44	Key topics and concerns raised	10	
102-45	Entities included in the consolidated financial statements	See note	This sustainability report covers RugVista AB.
102-46	Defining report content and topic Boundaries	12, 44, 45	
102-47	List of material topics	12	
102-48	Restatements of information	See note	No restatements required. This is the first report prepared according to the GRI
102-49	Changes in reporting	See note	This is the first report prepared according to the GRI
102-50	Reporting period	4	
102-51	Date of most recent report	See note	Our most recent sustainability report was published in March 2021.
102-52	Reporting cycle	See note	Annual
102-53	Contact point for questions regarding the report	51	
102-54	Claims of reporting in accordance with the GRI Standards	46-50	
102-55	GRI content index	46-50	
102-56	External assurance	See note	This report has not been externally assured.

GRI content index

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DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	REFERENCES AND COMMENTS
ECONOMIC			
GRI 201 ECONOMIC PERFORMANCE			
103-1/2/3	Management approach	44-45, see note	See RugVista Group Annual Report,
201-1	Direct value generated and distributed	See note	See RugVista Group Annual Report,
GRI 205: ANTI-CORRUPTION			
103-1/2/3	Management approach	40, 44-45	
205-1	Operations assessed for risk related to corruption	40, 42	
205-2	Communication and training about anti-corruption policies and procedures	40, 42	
205-3	Confirmed incidents of corruption and actions taken	40	
ENVIRONMENT			
GRI 301: MATERIALS			
103-1/2/3	Management approach	18, 44	
301-1	Materials used by weight or volume	18	We report our sourcing of more sustainable and/or recycled materials in percent and not by weight or volume
301-2	Recycled input materials used	20	We report our sourcing of more sustainable and/or recycled materials in percent and not by weight or volume

GRI content index

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DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	REFERENCES AND COMMENTS
GRI 305: EMISSIONS			
103-1/2/3	Management approach	18, 22, 40, 42, 44	
305-1	Direct (Scope 1) GHG emissions	18, 22, 23	
305-2	Energy indirect (Scope 2) GHG emissions	18, 22, 23	
305-3	Other indirect (Scope 3) GHG emissions	18, 22, 24	
305-5	Reduction of GHG emissions	18	
SOCIAL			
GRI 401: EMPLOYMENT			
103-1/2/3	Management approach	28, 27, 40, 44, 45	
401-1	New employee hires and employee turnover	37	
GRI 404: TRAINING AND EDUCATION			
103-1/2/3	Management approach		
404-3	Percentage of employees receiving regular performance and career development reviews	37, See note	Our policy is that all employees should receive such reviews annually
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
103-1/2/3	Management approach	37, 40, 45	
405-1	Diversity of governance bodies and employees	37	

GRI content index

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DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	NOTES
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
103-1/2/3	Management approach	28, 30, 40, 42, 44, 45	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	42	
GRI 408: CHILD LABOUR			
103-1/2/3	Management approach	30, 40, 42, 45	
408-1	Operations and suppliers at significant risk for incidents of child labor	42	
GRI 409: FORCED OR COMPULSORY LABOUR			
103-1/2/3	Management approach	30, 40, 42, 45	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	42	
GRI 412: HUMAN RIGHTS ASSESSMENT			
103-1/2/3	Management approach	28, 30, 40, 42, 45	
412-1	Operations that have been subject to human rights reviews or impact assessments	28	
GRI 416: CUSTOMER HEALTH AND SAFETY			
103-1/2/3	Management approach	21, 40	
416-1	Assessment of the health and safety impacts of product and service categories	21	



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