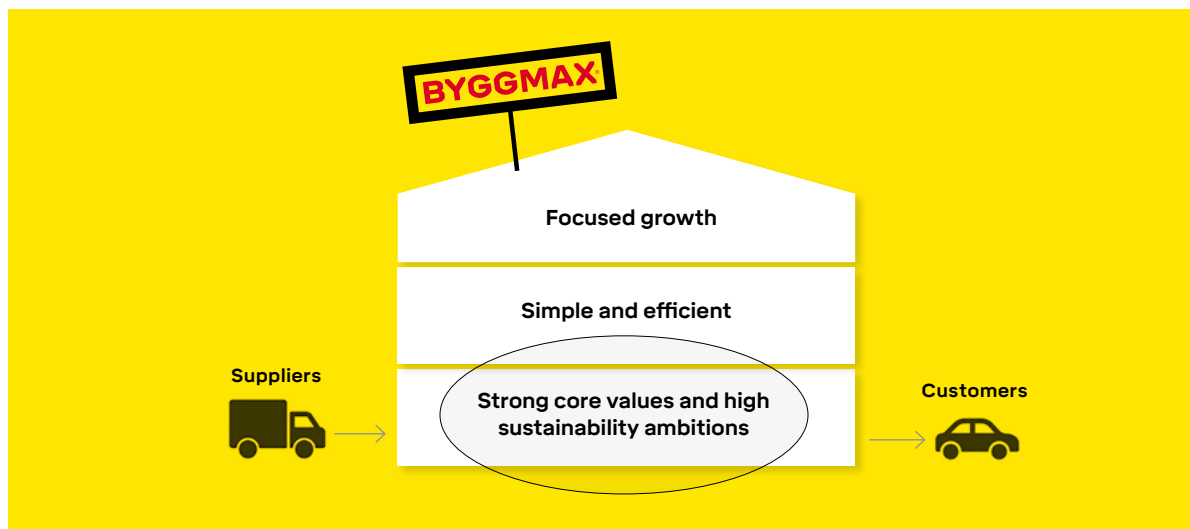


SUSTAINABILITY REPORT

Byggmax Group is part of the community, and it is important that we contribute to a long-term sustainable trend. This is why we work systematically to enhance the positive impact we have and minimise our negative impact. Our business model, which underpins – but is also supported by – all our sustainability work, is to sell a carefully selected range of the most important DIY products at the lowest possible price.



SUSTAINABILITY HIGHLIGHTS OF THE YEAR

2021 continued to be affected by the Covid-19 pandemic. The Group complies with all guidelines issued by public authorities to help control the spread of infection and out of concern for employees, customers, suppliers and other contacts.

Sustainability efforts in 2021 were characterised by a transition to measuring scopes 1, 2 and 3 in line with the Greenhouse Gas Protocol (GHG) guidelines.

What we achieved during the year was that almost 50 percent of our fork lifts are now electrically powered. The goal is 100 percent by 2025.

We also worked hard during the year to create a good overview of what we can do to get control of our own emissions.

SCOPE OF THE REPORT

Our sustainability reporting¹ covers the entire impact of Byggmax Group in the focus area 'Climate'. The other focus areas are calculated on the basis of the Byggmax segment, which is the Group's main segment, accounting for 90.6 percent of the Group's turnover. We have calculated the Danish business in proportion to the Swedish business, based on store and turnover. Right Price Tiles is not included as the acquisition was completed in the autumn of 2021.

We monitor and measure certain objectives, and these are determined by what our stakeholders consider to be key areas. We establish these by maintaining a continual dialogue with our stakeholders (see page 25).

MATERIAL RISKS IN SUSTAINABILITY

We have identified three specific risks in the sustainability area:

a) Corruption – the risk of employees fuelling or contributing to corruption. The company has specific instructions to clarify how employees in sensitive roles may and may not act. There are also attestation regulations that make corruption more difficult. In 2021, no cases were detected.

b) Threats to safety and health – employee surveys are conducted regularly on at least an annual basis and sometimes with greater frequency. We also take systematic work environment management measures to prevent risks and follow up on incidents.

c) Negative environmental impact – greenhouse gas emissions are a risk to the long-term development of Byggmax Group. There are risks associated with our supply of wood-based products, as ecosystems risk coming under more stress in a warming world. Furthermore, there is a risk that current forest management will have to change to focus on the climate services provided by forests. Based on this and other factors, we have chosen to make climate change our most important sustainability goal. We are also active in the public debate and with suppliers to change forestry towards a more sustainable approach being taken. Buying timber products that are produced in a sustainable way is an important priority for us in both the long and short term. Read more about the Group's risks on pages 44–45.

1) The Sustainability Report on pages 24–39 is included in the Annual Report. The business model and sustainability framework are presented on pages 11–12 and 24–27. Read about the five focus areas: Climate on pages 28–31, Purchasing on pages 32–33, Social Aspects on pages 34–36, Circularity on pages 37–38 and Sustainable Construction on page 39. Human rights and Anti-corruption are covered on page 27.

STAKEHOLDERS AND THEIR ENGAGEMENT

Byggmax Group has regular contact with a number of stakeholders, the most important of whom are customers, suppliers, employees, shareholders and politicians. A description follows of how we communicate with key stakeholders.

Stakeholders	How dialogue takes place	Key issues
Customers	We communicate through advertising and our website, as well as through our customer service and store employees. This communication takes place on a daily basis. We conduct regular customer satisfaction surveys in Sweden and Norway. The 2020 Customer Satisfaction Index measurement in Norway came out at 82, and the year's measurement in Sweden came out at 81 (81). Customer satisfaction was not measured in Norway, Denmark or Finland in 2021.	Product quality, price and environmental impact. Employment and working conditions in our company and its suppliers, and our environmental impact.
Suppliers	The company buys its products from some 400 carefully selected suppliers. Discussions with them occur on a daily basis via the central purchasing function. In addition to that, we arrange what are known as suppliers' weeks annually, where we meet most of our suppliers. On these occasions we discuss sustainability, mostly with regard to product features and collaboration agreements. The goal is for all suppliers to have signed the Code, and as at 31 December 2021 we had achieved 100 (98) percent.	Our stability and size as a customer.
Employees	We communicate via the intranet, through the management structure of the company and through training. This communication takes place on a daily basis. Furthermore, since 2011 we have carried out regular employee surveys, which produce an engagement index – of enormous importance to us – that is stable at around 80 out of a maximum of 100. The employee survey that was carried out in 2021 resulted in an index of 82 (80). Much of the increase is attributed to the fact that we improved management communications during the pandemic.	Our stability and attractiveness as an employer. Employment conditions and terms of employment.
Shareholders	We communicate with our shareholders through quarterly reports, an annual report and press releases. In addition, we meet with investors in conjunction with the quarterly reports and invite shareholders to annual general meetings.	Future dividends from the Group and a sustainable enterprise. Our employment conditions and terms of employment, and those of our suppliers.
Politicians	The company has relatively limited contact with political organisations and spokespeople. The company is a member of a European collaboration, EDRA, which has contacts at EU level. The Group participates in EDRA's two to four meetings per year.	Our stability as an employer and our contribution to society as a whole together with our environmental impact.



OUR FIVE FOCUS AREAS

In 2019, the Group developed a sustainability strategy that aims to identify the most significant areas in terms of our sustainability efforts for Byggmax Group. The strategy complements our ambition to advance our brand position so that our customers will feel they are getting value for money when they shop with us.

Based on the stakeholder dialogue, the materiality analysis, the 2019 strategy work and the UN's Sustainable Development Goals, we have identified five focus areas around which to build our sustainability work.

- Climate
- Purchasing
- Social Aspects
- Circularity
- Sustainable Construction

We have identified KPIs for each area, which we monitor regularly. We have also selected which of the UN's Sustainable Development Goals (SDGs) are relevant to each focus area. Below we give a brief description of each focus area, and where it fits into our circle of influence (see page 27).

Climate

The Group is constantly working to better understand our direct and indirect impact on climate in order to be able to reduce it. Last year, we divided the Group's environmental impact into three parts:

- the transportation of products from manufacturer to store or warehouse and from store to customer;
- the production and waste of environmentally hazardous materials;
- energy consumption in business activities, excluding transportation.

This year we have moved to divide the focus area into scopes 1, 2, 3a and 3b. Read about the Climate focus area and the definition of the three scopes on pages 28–31.

Purchasing

Byggmax Group strives to ensure a sustainable value chain from source to store. For us, sustainable sourcing is about the products, the supplier base and our proximity to them. One tool is our Code of Conduct, which our suppliers abide by.

Read more about the Purchasing focus area on page 32–33.

Social Aspects

We have an impact on the communities where we operate by creating local jobs and encouraging inclusion in the form of local engagement and diversity. We want to be a good employer that offers good development opportunities. By being geographically spread out in the

markets where we operate, we also help to create jobs where they are in short supply. As a large proportion of our purchasing is done locally in the markets where we operate, we contribute to creating vibrant communities. We also add tax revenue to society and have a positive impact on the environment by helping our customers create fantastic homes! We participate in various employment measures designed to promote employment in the community.

Read more about the Social Aspects focus area on pages 34–36.

Circularity

We strive to improve our operations by working with partners to establish a more circular business model and reduce overall use of resources so as to have a positive impact on people and nature. By producing new goods from waste or recycled materials and reducing the flow of goods going to recycling or landfill, we reduce overall pressure on the environment.

Read more about this focus area on pages 37–38.

Sustainable Construction

We enable sustainable living by inspiring and educating people about sustainable DIY and by offering products and services that are better for the environment and the climate. One such initiative is that we recommend and facilitate climate-friendly construction in timber. As wood captures carbon dioxide, from a sustainability perspective it is better for society. We also offer a range of products with an eco-label. Our products and services contribute towards everyone in society refurbishing and maintaining their homes so that they last longer. Generally speaking, if we maintain, renovate and make improvements, we create a home with a long lifespan.

Read more about the Sustainable Construction focus area on page 39.

GOVERNANCE

The Board of Directors establishes group-wide policies on an annual basis and has ultimate responsibility for sustainability efforts. The Group has several governing documents set out as policies and guidelines. These are

GOVERNING DOCUMENTS AND TOOLS

- Environmental policy
- Code of Conduct (suppliers and employees)
- Ethical guidelines
- Work environment policy
- Diversity and gender equality policy

OUR IMPACT FOR LONG-TERM SUSTAINABLE DEVELOPMENT

Byggmax Group value chain shows how our business generates value at its various stages. Here we have also highlighted where we focus our sustainability efforts, and where the five focus areas are relevant.



to provide guidance to operations, support an efficient way of working, and manage the Group’s identified risks by means of ongoing monitoring. The policies that govern our sustainability efforts are the Environmental Policy, Code of Conduct for Suppliers and Employees, Ethical Guidelines, Work Environment Policy and the Diversity and Gender Equality Policy. The Environmental Policy and Ethical Guidelines are included in employee role descriptions and the Code of Conduct is signed by all employees. The Work Environment Policy and the Diversity Policy are available to all employees in our staff handbook and are part of our mandatory induction training for new employees.

HUMAN RIGHTS AND ANTI-CORRUPTION

Byggmax Group has, for the most part, relationships with our suppliers going back several years, and less than 5 percent of purchasing is from countries outside

the EU/EFTA. In order to take further steps to ensure that human rights are respected, we require all our suppliers to follow our Code of Conduct, which requires them to respect human rights. As at 31 December 2021, 100 (98) percent of our suppliers had signed up to our Code of Conduct. Read more about the Group’s approach to human rights on page 36. We educate our employees as to what our policies involve, and thus lay the ground for operations that are free from corruption.

Read more about how the Group manages anti-corruption and other issues on page 36. The policy document in its entirety is available at byggmax.se.

CLIMATE



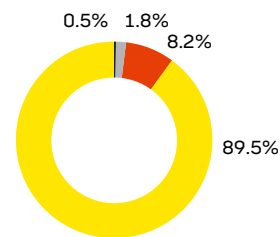
Climate impact is Byggmax's highest priority area within its sustainability strategy. We intend to be a positive force by actively minimising our own emissions, influencing suppliers in a climate neutral direction and launching initiatives to create climate benefits around our overall business.

The key issues in this area are our products and our own environmental impact. The Group's total climate impact in 2021 was just over 225 kilotons of CO₂e.

This year we have moved to dividing climate emissions into four parts:

- Scope 1 – emissions from our own operations
- Scope 2 – indirect emissions from purchased electricity and heat
- Scope 3a – emissions generated by transport from supplier to store
- Scope 3b – all other emissions – upstream and downstream

BREAKDOWN OF CO₂E BETWEEN SCOPES 1, 2, 3A AND 3B



■ Scope 1 ■ Scope 2 ■ Scope 3a ■ Scope 3b

Total CO₂e emissions in scope 1, 2, 3a and 3b were just over 225 kilotons.

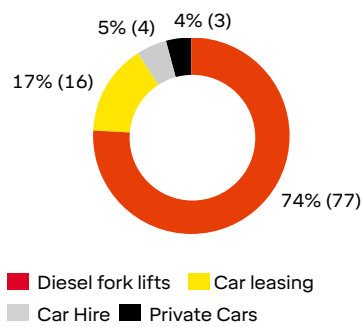


SCOPE 1 – EMISSIONS FROM OUR OWN OPERATIONS

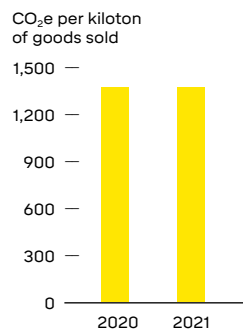
Scope 1 includes all emissions generated directly in the company's own operations. For Byggmax Group, this mainly concerns diesel emissions from fork lifts in stores and car transport. Since 2017, a programme has been underway to replace all fork lifts with electrically

powered fork lifts. As at 31 December 2021, almost half of all fork lifts are electrified, and we expect to be fully electrified by 2025 at the latest. In the bar chart below, we see that the amount of CO₂ equivalents per kiloton of goods sold is basically unchanged between 2020 and 2021. We expect the electrification of vehicles to reduce Scope 1 emissions in the coming years.

SCOPE 1 – BREAKDOWN CO₂e



SCOPE 1 – EMISSIONS



PROPORTION ELECTRIC FORK LIFT

48%

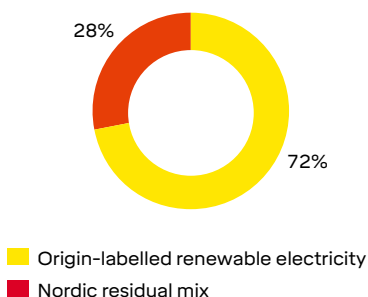
The goal is to achieve 100% electric fork lifts in stores by 2025.

SCOPE 2 – INDIRECT EMISSIONS FROM PURCHASED ELECTRICITY AND HEAT

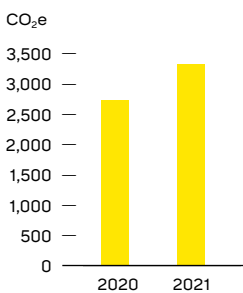
Scope 2 includes all emissions generated from purchased electricity and heat. Byggmax buys renewable, origin-labelled electricity from all suppliers where we have electricity contracts ourselves, which accounts for 72% of stores. In a small number of stores, we buy electricity as part of our lease agreements. A review of this electricity is ongoing. Some stores are connected to district heating – again reviews are ongoing, broken down into each individual property. As for the other Companies in the Group, we are expecting the same breakdown as for the Byggmax segment.

Since we currently know nothing about the origin of the energy we buy from our landlords, we calculate an emission factor based on the Nordic residual mix. The bar chart below shows emissions from all the Group's purchased electricity and heat. Since 72 per cent of the total comes from origin-marked renewable electricity, we know that quotient emits virtually nothing at all. Thus, the bars represent the emissions generated by the remaining 28 percent. The increase is due to elements such as the fact that the Group had more stores in 2021 than it had in 2020, and 2021 was colder than the previous year.

ORIGIN OF ELECTRICITY CONSUMPTION



SCOPE 2 – INDIRECT EMISSIONS GENERATED BY PURCHASED ELECTRICITY AND HEAT



PROPORTION RENEWABLE ELECTRICITY

72%

of electricity consumption is renewable

SCOPE 3A – EMISSIONS GENERATED BY TRANSPORT FROM SUPPLIER TO STORE

Scope 3a includes all emissions generated by transport from suppliers' point of delivery to Byggmax Group stores and end customers – including transport via central warehouses. Bulk ship, container, truck transport and home delivery by crane trucks are included in the figures. Byggmax has been actively monitoring and working with this data since 2009; it thus has long series of measurements to look at and has the trend in these emissions well in hand.

Efficient logistics solutions are a key factor in reducing climate impact. This includes the choice of means of transport, the degree of replenishment of deliveries and choosing local suppliers of goods where possible.

By running deliveries through our central warehouses, we have an opportunity to maximise the fill rate of vehicles for in-store replenishment. During the year, we also replaced some 2,400 long-distance truck transports with sea transport. This, combined with local supply, has been a contributing factor to efficient flows of goods that have progressively reduced our environmental impact.

Measuring methods for the environmental impact of transport

Calculations of emissions include Byggmax, Skånska Byggvaror and Næstved Lavpris Træ. The emissions calculations exclude certain goods flows that represent a small proportion of the Group's total goods transport.

This year, home delivery transport from stores is included in our reporting. It constitutes a small part of the total transport carbon footprint but is a flow that is growing and becoming a larger part of our total freight transport year on year.

The year's CO₂ emissions

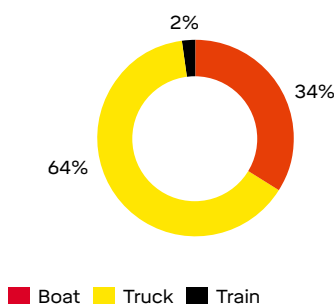
We reduced our emissions by 12 percent per transported ton of goods. This improvement is largely due to the fact that we have been able to do the calculations on a better basis for emission factors. Swedish truck transport emits less carbon dioxide equivalent per ton transported than the European average, and this year we have taken this into account. This difference is largely due to the Swedish reduction obligation* for petrol and diesel and the fact that trucks in Sweden, Norway and Finland load more tons than trucks on the Continent. Excluding this effect, emissions have decreased by about 3 percent during the year.

In addition to this, a larger proportion (4 percent) of goods were transported by boat, which made a positive contribution to reducing our CO₂ emissions per ton of goods transported. This year, rail transport is also included, accounting for 2 percent of total transport. Absolute emissions have fallen by 13 percent compared with 2020. Byggmax Group's goal, which is in line with Sweden's domestic transport goal, is to reduce carbon dioxide emissions per ton of goods transported by 70 percent by 2030 compared with 2010. Since 2010, we have reduced emissions by 41 percent.

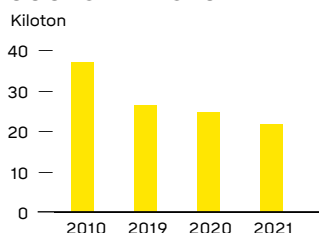
Kiloton CO ₂ e	2021	2020	2019	2010
Total emissions from Scope 3A	18.4	21.1	16.9	15.3

*The reduction obligation for petrol and diesel was introduced on 1 July 2018. It involves blending biofuels into petrol and diesel to reduce carbon dioxide emissions.

TRANSPORT WORK, KILOMETRE-TONS



CO₂E EMISSIONS PER TON OF GOODS TRANSPORTED



The reduction is due to efficient logistics solutions, maximised fill rates, the reduction obligation, more efficient engines, and choosing local suppliers.

SCOPE 3A IMPACT

-41%

Kilotons CO₂e per ton of goods transported

The goal is a 70% reduction by 2030 compared with 2010.

SCOPE 3B – ALL OTHER EMISSIONS – UPSTREAM AND DOWNSTREAM

Scope 3b includes all CO₂ emissions from operations not covered in the previous scopes. In practice, it covers:

- goods and services purchased,
- use of goods and services sold,
- waste from operations,
- business travel and commuting,
- capital goods (investments in stores).

Goods and services purchased

Of the emissions of CO_{2e} under scope 3b, 93 percent consist of emissions from the production of the goods we buy from our suppliers, while the use of products sold accounts for about 5 percent of emissions.

Byggmax Group's range includes many products with a high climate impact, such as cement and steel. However, the majority of our range is made up of wood-based products which, although they capture and store carbon in the finished product, contribute to a negative climate impact from a total system perspective. Byggmax Group has some, albeit limited, ability to influence emissions from these industries. In Sweden, the national roadmaps describe how each such sector is to contribute to the national climate neutrality goals. The Group is in discussions with all major suppliers with a view to encouraging them to make the necessary investments to reduce their carbon footprint.

Use of goods and services sold

Certain products emit CO_{2e} when the customer uses them, and the product category with the greatest impact is liquefied petroleum gas (LPG).

Capital goods

Investments in stores result in climate-impacting emissions. For example, metal warehouse and store fittings and the purchasing of fork lifts.

Business travel and commuting

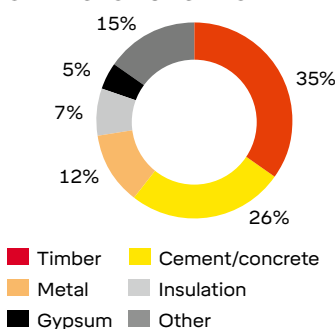
Travel to and from the workplace, and business-related travel. A travel policy is being drawn up.

Waste from operations

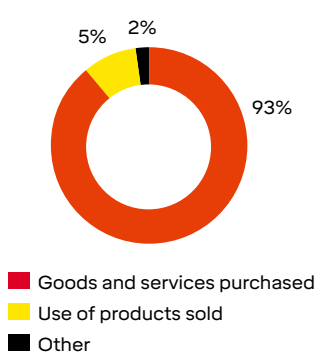
Byggmax is trying to reduce the amount of waste from its operations, especially the part that goes to landfill, i.e. that cannot be reused. Initiatives are also under way to reduce the quantity of products sent for recycling.

Kiloton CO _{2e}	2021	2020
Emissions from the use of products sold	11.1	10.4
Emissions from goods and services purchased	186.6	204.1

BREAKDOWN OF TONS OF CO₂E BY GOODS AND SERVICES PURCHASED



SCOPE 3B – BREAKDOWN OF CO₂e EMISSIONS



PURCHASING



Byggmax Group strives to have a responsible supply chain from source to store. For us, sustainable sourcing is about the products, the supplier base and our proximity to them.

In 2021, Byggmax Group purchased goods worth more than SEK 5 billion. The most important changes we made during the year in terms of purchasing were to carry out more in-depth inspections of high-risk suppliers – suppliers outside the EU/EFTA. In 2021, 16 in-depth inspections were carried out.

WOOD PRODUCTS AND ENVIRONMENTAL CONSIDERATIONS

Wood products account for more than half of the Group's purchasing. There are many certification schemes in the world, dealing with different types of wood. The two most common are PEFC and FSC. Wood products labelled with these certificates of origin show that the raw material has been harvested from forests that strive to maintain a good balance between sustainable wood production and environmental and social concerns, i.e. forest management that takes into account people and the environment. More than 55 (52) percent of the timber we buy and 56 percent of the flooring we sell is FSC/PEFC certified.

Forestry debate

Recently, the debate on the advantages and disadvantages of different forestry practices has intensified. Some argue that the highly productive tract farming that makes up the majority of forestry in the Nordic countries is the best option for the climate. Others argue that there are additional values to be considered including biodiversity, carbon capture and storage from a systems perspective, and aesthetic and recreational values associated with forests. From a climate perspective, there are researchers who represent both camps, i.e. some argue that traditional forestry (clearcutting) is the best for the climate, while others argue that what is known as continuous forestry is better for total carbon capture and storage, where the soil, the trees and the end products are all taken into account. Today, a proportion of a few percent of managed forests in Sweden and Norway are managed on continuous forestry principles. In Finland, the proportion is slightly higher.

Byggmax Group's approach

Our position is that it would be positive to increase the proportion of forests managed by continuous forestry. We want to contribute to an increase in the proportion

of forests free of coppice and see several benefits for society: forests contribute even more to capturing and storing carbon dioxide, biodiversity increases, and the quality of life in local communities increases when forests are suitable for recreational purposes. In continuous forestry, a higher proportion of heavy wood is harvested and used for timber, and the thin wood is left to grow. We believe that it is positive from a climate perspective that a greater proportion of harvested wood is turned into longer lasting products such as building wood. The Group has begun to promote its position in the debate and intends to do so even more in the future.

STEEL, CONCRETE AND GYPSUM

As for the other categories of purchasing, steel, concrete and gypsum are the ones with the highest climate impact. To reduce emissions from these, it is important that the national roadmaps achieve their targets. Society needs to invest in electrification and new technology in order to succeed. We are committed to the transformation of society and are ready to contribute to it in whichever way we can. As regards gypsum, during the year we have moved to buying a significantly larger proportion in the markets where we operate. We want to continue our efforts to buy as much as possible locally in the markets where we operate.

STRINGENT REQUIREMENTS TO BE MET BY SUPPLIERS

Byggmax Group sets high standards for its suppliers to meet as regards delivery terms and conditions, product quality, price, procedures, and sustainability efforts. Our suppliers undertake contractually to comply with our Code of Conduct, which covers working conditions, human rights and social responsibility. As at 31 December 2021, 100 percent of suppliers had signed Byggmax Group's Code of Conduct. We monitor suppliers' sustainability performance through annual supplier meetings. A supplier who does not comply is given a certain amount of time to rectify the situation. If this does not happen, despite repeated reminders, the collaboration is terminated.

CODE OF CONDUCT

100% 

of our suppliers have signed the Byggmax Group Code of Conduct

The goal is 100%



LOCAL SOURCING

Byggmax strives to buy goods locally, as close to the stores as possible. By buying locally, we reduce the use of resources for transport, thereby reducing our environmental impact and contributing to strong and vibrant local communities. Around 60 percent of our purchasing is done in the market where we operate. The purchases we make contribute to thousands of jobs and hundreds of millions in tax revenue in the markets where we also operate our stores.

SUPPLIER RISK

According to our standard, we consider all direct suppliers located outside the EU/EFTA to constitute a supplier

risk. In 2018, a way of working was developed to carry out checks on suppliers' attitude to and compliance with our Code of Conduct. In 2021, we carried out a structured review and verification of suppliers. This has led to more in-depth checks, 16 in total. One supplier received a warning, and we decided to refrain from starting a collaboration with another.

BYGGMAX GROUP ADVOCACY WORK

Byggmax Group is a member of the European DIY Retailer Association (EDRA). This organisation enables us to participate in discussions with politicians at EU level, which has been particularly relevant in the context of the Covid-19 pandemic.

SOCIAL ASPECTS



At Byggmax Group, we are proud of our strong corporate culture and see ourselves as a company driven by its core values. One of the five focus areas in our sustainability strategy is Social Aspects. This includes how we work to ensure that our employees enjoy their work, are injury-free and are provided with good healthcare. Social aspects also include how we benefit the communities in which we operate by providing jobs, and buying goods locally, as well as how we contribute tax revenue to the municipalities in which we operate.

2021 has been marked by the Covid-19 pandemic and our focus during the year has continued to be the health and safety of our employees and customers in stores. We have supported colleagues who have been working from home with technical support and held more frequent digital briefings for our senior managers. For employees who have been unable to work from home, we have supported them with protective equipment, training and hygiene rules. Despite a challenging year, recruitment has gone well and new staff have been added in both the stores and at the service point. In 2021, an employee survey was conducted for the majority of the Group's employees.

BYGGMAX GROUP IN THE LOCAL COMMUNITY

The Group provides jobs in our stores and most of our jobs are located outside metropolitan areas. We are

delighted to be able to contribute to creating jobs around the whole country. In order to reduce our environmental impact, we largely buy in goods locally in the immediate region. We thus also contribute to creating jobs indirectly. We buy in goods amounting to just over SEK 5 billion annually. Of these, an estimated 60 percent are purchased in the markets where we operate, which can be expected to generate several thousand jobs. Typically, the areas where we buy our goods are not located in big cities – they are often smaller and spread out across the country.

We often offer employment to people who need to enter the labour market. We have many young employees who obtained their first job with us.

CONTRIBUTION TO THE TAX BASE

The Group contributes tax revenue to the state and also the municipalities where we operate – indirectly

OUR VALUES

RESPONSIBILITY
I stand for what I think, say and do. I keep my promises and always act based on what is best for Byggmax.

POSITIVE ATTITUDE
I always choose to see opportunities and solutions. My positive approach enables me to contribute energy to the situation and our customers. Anything is possible!

FUN
To me, everyone is special – I spread joy with a smile and a generous and friendly approach. That way we can all have fun together!

RESPECT
I see, listen and try to understand everyone around me. By treating everyone else the way I would like to be treated we build strong, good relationships.

COMMITMENT
I keep an open mind, have a generous and friendly outlook, and go the extra mile. I am an active participant and show a genuine interest in both colleagues and customers.

HUNDRED PERCENT
I always do my best and am fully present. We aim to be the best in the world for home improvement projects!

TOGETHER
I prioritise the big picture and address my colleagues directly.



Clear areas of responsibility and a high degree of autonomy for our employees have created a motivated organisation

through the taxes and contributions that are paid by our employees.

STRONG CORE VALUES

Our strong corporate culture and values are a prerequisite for the successful application and development of the company’s business model. We have a flat organisational structure that is characterised by a distinct entrepreneurial spirit and an efficient and cost-conscious way of working. A streamlined decision-making process gives us flexibility and helps employees and managers make quick decisions and shoulder responsibility.

Our seven core value words were produced jointly and provide guidance on an everyday basis, and when difficult decisions have to be taken. The core values are introduced as early as the recruitment stage for new employees and are also included in management training. We regularly reflect these core values in our daily work through activities and conversations throughout the business – in the stores, at the service point and in management. They help us to continually improve, to achieve our objectives and to create a pleasant work environment for our employees.

FUNCTION-CONTROLLED ORGANISATIONAL STRUCTURE

Byggmax Group has a resource-efficient organisational structure where most business activities are managed centrally. Aside from the sales force, which is based primarily in the stores, most business processes including online shopping are managed from the service point in Solna and customer service in Lund. This is conducted cross-functionally across all stores, which contributes to the efficiency and economies of scale that characterise Byggmax Group.

Store operations are organised around two main areas of responsibility: regional and store management. Regional managers are responsible for the management, operation and financial performance of a number of stores in a specific region and for identifying new locations for additional outlets. Here they are also supported by our expansion department and our establish-

ment team. In 2021, there were 14 regional managers in Sweden, Norway and Finland, and three country managers who support the regional managers and work strategically on development issues. Skånska Byggvaror’s sales are organised through nine managers who run the day-to-day operations of their showrooms located in Sweden, Norway and Finland, supported by three regional managers who are responsible for management, operations and results. Right Price Tiles is organised through 12 store managers, who manage day-to-day operations, and a country manager.

MOTIVATED AND COMMITTED EMPLOYEES

During 2021, Byggmax Group had an average of 1,370 (1,212) full-time employees, with store staff accounting for most of the workforce. Due to significant seasonal variations, our operations require flexible store staffing, which is achieved by having a substantial proportion of part-time employees.

Clearly defined areas of responsibility and a relatively high degree of autonomy for our employees have created a motivated organisation that shows a high engagement index, 82 against the benchmark of 80 in the 2021 measurement. Work attendance relative to normal working hours was 94 (93) percent during the year for Byggmax, 96 (97) percent for Skånska Byggvaror and 94 percent for Right Price Tiles.

The Group receives grants for certain employees who are participating in various state-funded employment measures intended to promote employment in the community. The total amount received in terms of such grants amounted to SEK 11.4 M (8.6).

SYSTEMATIC WORK ENVIRONMENT MANAGEMENT

Since 2008, Byggmax Group has had an extensive systematic work environment management system, in which all accidents and incidents (‘near misses’) are reported according to a unified standard and then followed up.

In the 2021 financial year, the breakdown of reported work injuries was as shown in the table on the next page.

1) The figure of 80 is our benchmark and is based on the results of some 670,000 responses from 284 Nordic and international organisations in various sectors.

Out of 39 (34) personal injuries, 14 (9) were to women and 25 (25) were to men.

For a few years now, we have made it clear how important it is to report incidents and accidents as part of our systematic work environment management, and this has given us a better overview and enabled us to act proactively. We have also had a clearer training scheme for our store managers as regards the work environment. We have had a few more injuries compared with last year, and it is among women that the increase has occurred. This may be due to the fact that we have more women employed this year. However, the number of accidents resulting in sickness absence has decreased and the number of days of absence due to workplace accidents has also decreased.

TRAINING

We train store staff through regular internal training courses in product knowledge, sales and customer service. Most training of store staff takes place digitally in our internal training system. Management training is both internal and external.

EQUAL TREATMENT

The company strongly rejects all forms of discrimination. There are written policies and procedures in place in the form of a Diversity and Gender Equality Policy, Ethical Guidelines, as well as action plans relating to them. All employees have access to these documents via Byggmax's or Skånska Byggvaror's staff handbook. The Diversity and Gender Equality Policy is also published on Byggmax Group's website.

GOVERNANCE, ETHICS AND ANTI-CORRUPTION

The governing documents for the social aspects of the Group's activities are the Work Environment Policy, the Diversity and Gender Equality Policy, and the Ethical Guidelines. The Ethical Guidelines stipulate that our employees must fulfil their obligations in a manner that does not abuse the company's trust. This means, for example, that employees must not abuse corporate information, act in matters in which they have a conflict of interest or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax Group. In their capacity as employees of the company, staff must not offer, request or accept inappropri-

Work-related injuries	2021	2020
Number of personal injuries, employees	39	34
Women	14	9
Men	25	25
Fatalities	–	–
Lost time injury frequency rate	9	11
Total number of days absent (calendar days) due to work-related injuries	167	270
Injury ratio	3.3	2.9
Lost workdays	14.1	22.8

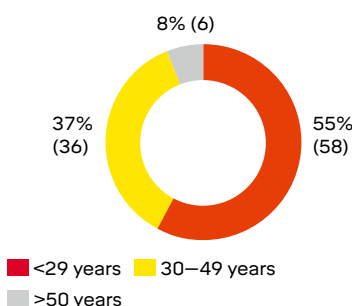
Gender	Staff turnover %	
	2021	2020
Men	23	22
Women	26	26

Age	Staff turnover %	
	2021	2020
<30	35	30
30–40	16	19
40–50	15	17
50+	20	14
Total	24	23

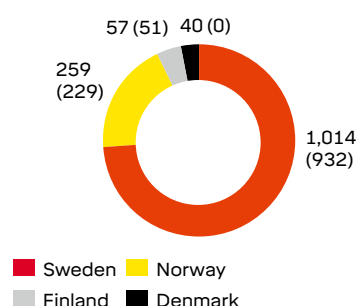
The table above shows the staff turnover by age group and gender for permanent positions

ate gifts, payments, or trips either for themselves or for relatives. Under no circumstances are our employees to participate in any cartel or act in a manner that improperly hampers free competition. Employees are informed of the ethical guidelines in their employment contract and in our staff handbook.

AGE DISTRIBUTION OF WORKFORCE



1,370 EMPLOYEES IN FOUR COUNTRIES



EIS, EMPLOYEE ENGAGEMENT

82

an increase from 80 in 2020.

The goal is >80%.

CIRCULARITY



We strive for increased circularity to reduce overall resource use. By producing new goods from waste or recycled materials and reducing the flow of goods going to recycling or landfill, we reduce overall pressure on the environment. We welcome suppliers who contribute to circular flows and we intend to contribute to an increased level of circularity ourselves in various ways.

THE YEAR IN SUMMARY

The most important aspects of circularity in the Byggmax Group are to

- reduce the amount of waste
- reduce the amount of packaging
- contribute to increased circularity in the supply chain.

The total amount of waste in the Group in 2021 was approximately 8,000 tons.

In 2021, we launched an initiative to sell second-hand goods instead of sending them for recycling.

REDUCE THE AMOUNT OF WASTE GOING TO RECYCLING

By analysing the quantity of damaged goods sent for recycling, we can conclude that there is potential to reduce the amount by changing ways of working in our stores. Some product types stand out – where we see potential to reduce the amount of return flow. The most important thing is timber – in 2021, Byggmax Group sent 2,400 tons of timber for recycling. Timber sent for recycling is used primarily to create district heating. Wood is a biogenic product, i.e. it does not count as contributing to the greenhouse effect when burned for heat, as the forest is a system that both emits and absorbs CO₂. But obviously a better solution is for wood to be used for long-life building products that lock away CO₂ instead of releasing it into the atmosphere. This is why it is important that we send as little timber as possible for recycling and instead let our customers build with it. The goal is to reduce the proportion of timber going to recycling by 50 percent compared with 2020.

REDUCE THE AMOUNT OF WASTE GOING TO LANDFILL

Waste that cannot be recycled by a process such as incineration, and is buried instead, is called landfill.

Byggmax Group strives to reduce landfill waste to a minimum.

PACKAGING AND PRINTED MATTER

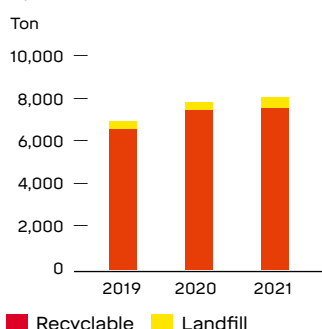
Only a small proportion of the many articles Byggmax sells in its stores have consumer packaging, that is packaging that is sold together with the goods and is taken home by the customer. Otherwise, products have varying types of transport packaging for protection. Transport packaging is recycled in partnership with recycling centres and pallets are reused in the pallet exchange system of the major freight forwarders and in the building pallet exchange system.

Over the period from 2009 to 2020, the Group reduced the volume of printed materials by nearly 90 percent per store and around 65 percent overall. This is primarily due to marketing having become digitalised to a great extent, in combination with changed distribution patterns and a change in the types of paper used. Since paper consumption has decreased dramatically, we no longer consider this component part to be significant, so we do not measure any CPI in packaging.

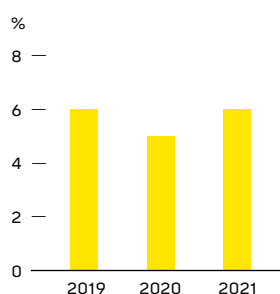
PRODUCER RESPONSIBILITY

Through membership of FTI, the Packaging and Newspaper Collection Service in Sweden, and Grønt Punkt in Norway, we shoulder our responsibility as a producer for packaging on all imported goods. In Sweden and Norway, Byggmax Group has a broad collaboration with Ragn-Sells to ensure that as much as possible of the stores' waste is recovered and recycled as energy. The aim is to reduce the amount of mixed waste and landfill waste. The total amount of waste per store is equivalent to what it was in 2020.

BREAKDOWN OF WASTE, 8,033 TONS



LANDFILL WASTE AS PROPORTION OF TOTAL WASTE



AMOUNT OF WOOD FOR RECYCLING

+7%

compared with 2020

The goal is a 50% reduction by 2025 compared with 2020.

SUSTAINABLE CONSTRUCTION



For us, sustainable construction is about helping customers to understand how they can build sustainably, but also about providing ranges that have a good environmental profile.

We want to make it easier for consumers to make more sustainable choices when building or renovating. Informing customers about the beneficial environmental profile of products makes it easier for those who want to build sustainably to choose to do so. Sustainability is also an integral part of the process of deciding on what ranges to stock. Each year we make decisions as to how to address sustainability in each product range. This involves choosing a supplier, changing logistics, launching new ranges, removing products from existing ranges, but also communicating more clearly about existing ranges, in order to make things easier for customers.

A CLEAR SUSTAINABILITY STRATEGY

A clear sustainability strategy helps everyone in the organisation to make the right decisions based on their own area of responsibility. Sustainability has thus become an integral part of Byggmax Group's way of working and corporate culture. Timber is one of the Group's most important ranges, and if you ask customers what they associate most with Byggmax Group, this category comes out top of the list. We want the timber we sell to contribute to sustainable forestry. As part of that effort, we buy more than half of our timber with FSC and PEFC certification. The forestry standards promoted by these two organisations go beyond national legislation. The FSC requires at least 5 percent of forests to be covered by what are known as voluntary set-asides, with the aim of increasing biodiversity and further contributing to carbon capture and storage. PEFC, which is currently the most widespread forestry certification scheme in the world, promotes sustainable forestry and was founded with the aim of taking advantage of the conditions of small-scale European family forestry.

USE OF Timber

Byggmax Group contributes to increasing the use of

timber in society, thereby encouraging more sustainable construction. Timber is purchased from Nordic suppliers, whose production is in the Nordic region, and in full loads directly from the sawmills to our stores to minimise the environmental impact. By and large, timber is purchased near the stores where it is sold in order to minimise transport. Byggmax only retails NTR-labelled pressure-treated timber that complies with the environmental goals set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council.

PRODUCT LABELLING

Environmental labelling and other similar labelling are important for our customers to be able to make informed choices in terms of environmental impact. We have been selling chemical products with different types of eco-labels for many years. Work started in 2019 on the launch of Nordic Eco-label chemical products. As of 31 December 2021, 26 percent of the chemical range were Nordic Eco-labelled.

SUSTAINABLE FORESTRY

54%
of timber purchased is FSC-labelled

The goal is 75% by 2025.

MOREWOOD – CIRCULAR JOISTS

Byggmax has invested in a start-up company, MoreWood, whose business concept is to use waste from the manufacture of cross-laminated timber building elements. Today, there is industrial production of wood building elements emerging to replace concrete construction, with the aim of reducing the climate impact of the construction industry. Building elements are currently made up in factories, i.e. sawn out for doors and windows. The resulting waste is currently being burned and MoreWood's idea is to use the waste to make new products, such as joists

or stairways. For every m³ of wood raw material used for new construction products instead of energy recovery, about three tons of CO₂ are saved.

POTENTIAL TO CREATE MAJOR CLIMATE BENEFITS

MoreWood's production of circular wood products has the potential to create climate benefits equivalent to large parts of Byggmax Group's own impact, and their products will be FSC-recycled. Byggmax's investment in MoreWood will contribute to lower carbon emissions for both



CLT, Cross-Laminated Timber, consists of solid wood panels built up by gluing together layer upon layer of planed and strength-graded boards of timber from environmentally certified Swedish forests.

Byggmax and others, and we intend to sell these joists in our stores. MoreWood's production is scheduled to start in 2022.

EU TAXONOMY REGULATION

The EU Taxonomy Regulation came into force in 2021. At present, Byggmax Group has no economic activities covered by the Taxonomy Regulation as the sector in which Byggmax Group operates is not included in the current implementation phase.

The Taxonomy Regulation is an important part of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's climate targets as the taxonomy is a classification system for environmentally sustainable activities.

Byggmax Group is subject to the reporting requirements of the Annual Accounts Act in line with the Taxonomy Regulation as a non-financial corporation. According to Article 8 of the Taxonomy Regulation, companies covered by the Non-Financial Reporting Directive (NFRD) should report on how and to what extent their business is associated with activities that are considered to be environmentally sustainable according to the technical review criteria. The technical review criteria have so far been defined in line with the environmental objectives 'Mitigation of climate change' and 'Adaptation to climate change'. Article 8 requires non-financial corporations to provide information on the share of their turnover, capital expenditure and operating expenditure covered by the activities included in the Taxonomy for the financial year 2021. The Regulation must be fully applied by companies covered by the NFRD as from 1 January 2022: they must then state, for

the next financial year, the proportion of their turnover, capital expenditure and operating expenditure that falls within the Taxonomy and thus meets the technical review criteria set out in Annexes 1 and 2 of the delegated acts of the Taxonomy Regulation.

Byggmax Group's products and services (described on page 14) are excluded from the Taxonomy and the proportion of applicable turnover is therefore 0 percent. Byggmax Group's total turnover amounts to SEK 7.6 billion for 2021.

Total capital expenditure consists of the year's investments in tangible and intangible fixed assets (excluding goodwill), which are shown in notes 14, 15 and 16 on pages 82 to 85 of the Annual Report. Total operating expenses consist of expenses incurred for short-term leases, maintenance and repairs, and other direct expenses related to the day-to-day maintenance of property, plant and equipment. In 2021, there is no capital or operating expenditure covered by the Taxonomy, so the proportion of capital and operating expenditure to which the Taxonomy applies is estimated at 0 percent.

Assessments and interpretations of the Taxonomy have been made based on information available as at January 2022.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Byggmax Group AB (publ), corporate registration number 556656-3531

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory Sustainability Report for the year 2021 on pages 24-39 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A Sustainability Report statement has been prepared.

Stockholm, March 22, 2022

Öhrlings PricewaterhouseCoopers AB

Cesar Moré

Authorised Public Accountant