

## BYGGMAX ENVIRONMENTAL REPORT 2012

### Introduction

During 2009, Byggmax initiated its environmental program through the creation of an environmental policy with environmental goals. As a consequence of this policy, an environmental report has been produced and efforts to continuously achieve improvements commenced to reduce Byggmax's negative impact on the environment.

Byggmax's main impact on the environment is defined in the environmental policy as follows:

- transportation of products from manufacturer to store or warehouse and from store to customer
- the products' contents of environmentally hazardous substances and the products' packaging
- printing and distribution of brochures
- energy consumption in business activities.

Byggmax's environmental policy stipulates yearly measurement of the status and trends in the aforementioned items, in the form of measures implemented and quantitative measurement. The ambition is to achieve improvement in the above specified areas every year. The aim is a 25-percent reduction in carbon dioxide and other greenhouse gases between 2009 and 2020.

The calculation methods utilized and the format of the report are checked by an external consultant.

### Transportation

At the end of 2011, Byggmax consolidated existing warehouse operations in Gothenburg and Uddevalla

into one new combined picking and bulk warehouse in Lysekil. The new warehouse enabled more efficient transport solutions, a higher share of full-truck deliveries to stores and lower inventory levels in stores.

It is noticeable that the increase in the volume of transported goods is lower than the percentage increase in the number of stores. Furthermore, freight transported per ton was reduced by seven percent.

During the year, the logistics flow for purchasing was changed and marine freight is increasingly being used for goods from continental Europe. While the total tonnage of goods transported from Europe by boat has more than doubled from 2011 to 2012, total maritime freight measured in ton-kilometers has fallen slightly due to a changed geographic distribution of suppliers. Freight that was previously transported by rail is now being shipped.



	2012	2011	2010	Trend 2011-2012
Transported goods [thousand tons]	484.1	467.0	419.4	4%
Freight [million ton-kilometers]	347.2	360.6	316.4	-4%
Of which marine [million ton-kilometers]	88.9	90.4	65.5	-2%
Share marine	26%	25%	21%	2%
Of which rail [million ton-kilometers]	0.0	3.8	2.9	-100%
Share rail	0%	1.1%	0.9%	-100%
Of which road [million ton-kilometers]	258.4	266.3	248.0	-3%
Share road	74%	74%	78%	1%
Freight per ton [ton-kilometers/ton]	717	772	754	-7%
CO <sub>2</sub> Carbon emissions per ton of goods transported [kg]	32.7	35.2	36.1	-7%
Absolute carbon emissions CO <sub>2</sub> [ton]	15,816	16,426	15,150	-4%

Table 1, compilation of key transport ratios. Emissions per ton-kilometer are based on emission data from ntmcalc.se. Figures are not comparable with earlier reports due to double counting of certain freight volumes during 2010 and 2011. These years were restated in this report.

Emissions of other greenhouse gases and environmentally hazardous substances per ton and in absolute figures are presented in table 2 below. This category includes nitrogen oxides (NO<sub>x</sub>), hydrocarbons (HC), carbon monoxide (CO) and small particles.

	2012	2011	2010	Trend 2011-2012
NO <sub>x</sub> [g/ton]	285	286	310	0%
CO [g/ton]	71.2	68.5	76.9	4%
HC [g/ton]	12.4	12.4	13.4	1%
Particles [g/ton]	7.1	7.2	7.5	-1%
NO <sub>x</sub> [ton]	138.7	133.4	130.1	4%
CO [ton]	34.6	32.0	32.3	8%
HC [ton]	6.1	5.8	5.6	5%
Particles [ton]	3.5	3.4	3.2	3%

Table 2, emissions of greenhouse gases and environmentally hazardous substances per ton of goods transported and in absolute measures. Emissions per ton-kilometer are based on emission data from ntmcalc.se. Figures are not comparable with earlier reports due to double counting of certain freight volumes during 2010 and 2011. These years were restated in this report.

# A MOTHER-IN-LAWS NIGHTMARE IN LEATHER PANTS

*Hunting for the lowest prices with the neighborhood's prince of darkness*

Family life is combined with hard rock when Lindome's answer to Gene Simmons chooses Bygghmax so that he can afford both a rehearsal studio and a trip to LEGOLAND.

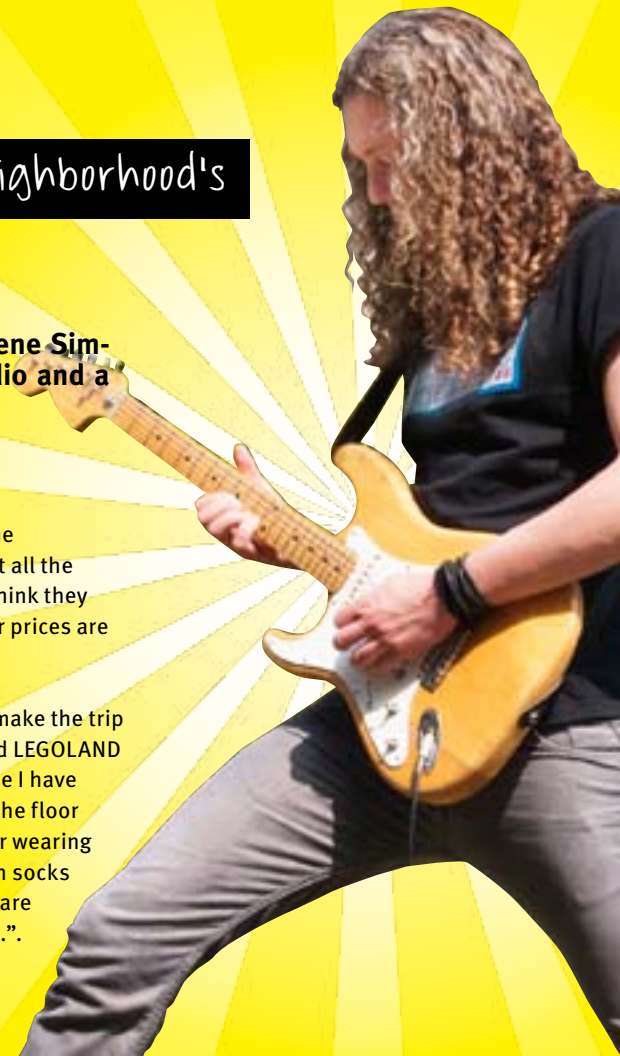
I HAVE ALWAYS dreamed about a having a studio close to home so that I can just put on my dressing gown and go downstairs and start recording songs. Hard rock has always been closest to my heart. When I was just a boy, I practically wore out my aunt's KISS records – they rocked!

**SO NOW I AM REALIZING** my dream by building a rehearsal studio in the garage.

The next job on my list is to install the insulation, ceiling and floor. I bought all the materials from Bygghmax because I think they have good quality products and their prices are fantastic.

**MY BUDDIES AND I** were supposed to make the trip to Sweden Rock, but now I've booked LEGOLAND with the family instead. And of course I have to finish off the studio. When I have the floor down, no one will be allowed to enter wearing shoes. They'll have to wear moccasin socks – moccasin socks and leather pants are the coolest there is.”.

*/ christian*



Bygghmax advertising circular in Sweden,

June 2012





The emissions calculations did not include the transport of online goods and home deliveries from stores. At present, such transportation comprises a relatively small portion of the company's total goods freight. An increasing element of online goods and home deliveries also reduces freight and emissions, in part through optimizing freight to end customers, and in part through customers ordering online and not utilizing their vehicles to go shopping.

#### **Products and packaging**

Products and packaging affect the environment directly and indirectly, for example, through the raw materials they contain, the energy they consume in their manufacture and in use, and to the extent to which they are recycled or reused at the end of their service life.

Byggmax works actively to promote the use of wood and thus reduce the use of less environmentally friendly material including concrete, cement and hard plastic. Byggmax only retails NTR-labeled pressure-treated wood that complies with the environmental goals set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council. Lumber is procured from Nordic suppliers and in full loads directly from sawmills to minimize environmental impact.

All parquet flooring and timber sold is labeled FSC, Forest Stewardship Council, the international environmental labeling that aims to promote sustainable forestry. During the year, the traditional Swedish distemper paint sold by Byggmax was substituted and is now based on a pigment that is free from lead and other harmful heavy metals.

Byggmax handles goods with a low proportion of packaging. Only about 10 percent of articles sold in stores are packaged, meaning the packaging material is sold together with the goods and taken home by the customer. Otherwise, products have varying types of transport packaging for protection. Transport packaging is recycled in partnership with recycling centers and pallets are reused in the pallet exchange system of the major freight forwarders and in the building pallet exchange system.

Through membership in REPA, the producer part of the Packaging and Newspaper Collection Service tasked with ensuring that packaging and newspapers in Sweden are collected and recycled, Byggmax shoulders its responsibility as a producer for packaging on all brought-in and imported goods. For goods manufactured in Sweden, it is the producer that bears the producer responsibility, meaning that Byggmax indirectly defrays the costs for the handling of these products.

In Sweden, Byggmax has a broad collaboration with Ragn-Sells to ensure that as much of the stores' waste as possible is recovered and converted into energy or new materials. The aim is to minimize the amount of waste that goes to landfill and achieve zero mixed waste.

From Table 3 below, it is possible to decipher a trend in the distribution of the types of waste of Byggmax, with a reduction in mixed waste and an increase of sorted waste and waste to landfill. The increase of waste to landfill can principally be attributed to a rise in the number of handling stages for gypsum plasterboard which, due to the fragile nature of the product, results in more damaged goods.

The most significant reductions of sorted waste were made in concrete, electronics, mixed metal scrap, petroleum-spirit-based paints and strip lights. The areas that have showed the greatest increase in waste include gypsum plasterboard, plastic sheeting, paper, timber and corrugated board.

Type of waste	2012	2011	2010	Difference 2011-2012
Mixed waste	6.1%	9.4%	10.9%	-3.3%
To landfill, unsorted	7.0%	6.5%	6.2%	+0.5%
Sorted	86.9%	84.1%	82.8%	+2.8%

Table 3, division of waste by type 2010, 2011 and 2012.

#### Printed matter

The printed matter produced and distributed by the Group is an important and often ignored part of its environmental impact. Over a four-year period – from 2009 to 2012 – Byggmax has reduced the total volume of printed advertisements by 13.6 percent. The reduction between 2011 and 2012 was just below 8 percent.

In addition to the change in total volume, new stores are being established in existing distribution areas, which has significantly cut the volume of advertisements distributed per store. The reduction between 2009 and 2012 was 44 percent, while it was 15.5 percent between 2011 and 2012.

Byggmax cooperates with a printing house that is certified in accordance with the Nordic Ecolabel, ISO 14001, EMAS and FSC, meaning that it minimizes the use of health-impairing chemicals in printing ink and paper and that it strives to promote socially and economically sustainable forestry.

Printed matter	2012	2011	2010	Difference 2011-2012
Printed, direct mail (tons)	950	1,028	1,212	-7.6%
Printed, direct mail (tons/store)	10.1	12.0	16.6	-15.5%

Table 4, weight of printed matter 2010, 2011 and 2012

#### Energy consumption

Byggmax endeavors to achieve energy efficiency and the new stores that are constructed surpass the building regulations imposed in the respective countries. Prefabricated insulating facades and thermopane glass in the buildings' windows contribute to favorable energy utilization. Newly built stores have heat recycling integrated in the ventilation system and do not just rely on direct heating.

Heating of stores	District heating	Air-source heat pump	Direct-acting electric heating
Sweden	55%	30%	15%
Norway	5%	10%	85%
Finland	90%	-	10%
Group (weighted)	47%	22%	31%

Table 5, heating methods for Byggmax stores 2012.

The direct energy used by Byggmax principally comprises fuel in the form of diesel and gasoline used in the organization's vehicles. These comprise diesel forklifts, company cars and private cars used for work.

Direct energy use (GJ)	2012	2011	2010
Diesel	9,429	9,241	8,643
Gasoline	172	198	216
Total	9,501	9,438	8,859

Table 6, direct energy use by energy source for 2011 and 2012.

The fleet of forklifts is gradually being renewed and all new forklift trucks that are procured are of environmental class III, in accordance with the European Parliament directive 97/68/EU, and electric/diesel hybrids. The possibility of changing to biodiesel has been examined but the volumes of diesel that Byggmax buys are too small for such a change to be financially viable at present.

The indirect energy used by Byggmax per primary energy source primarily comprises electricity and heat.

	Total (TJ)	Of which, renewable energy	Of which, nuclear power	Of which, fossil fuel
Sweden	22,856	100%	0%	0%
Norway	17,578	100%	0%	0%
Finland	i.n.	i.n.	i.n.	i.n.

Table 7, indirect energy used by Byggmax per primary energy source 2012.

In 2011, the electricity agreements were renegotiated in Sweden for the stores that do not have electricity included in rental agreements and the choice fell to guarantee-of-origin hydroelectricity from power stations in Ljusnan. As a result, emissions of carbon dioxide from the production of electricity have fallen from 635 tons to zero, according to Swedenenergy's environmental assessment. 100 percent of the energy for the Group's stores in Norway is also derived from renewable sources.

In addition to purchasing guarantee-of-origin hydroelectric power, a project was launched in collaboration with the electricity supplier to identify and eliminate unnecessary grid loads in Byggmax stores.

### Responsible establishment

A review was performed of Byggmax stores and their locations in relation to protected or valuable areas of nature. The county administrative boards' GIS-database was used to provide basic data including the layers of data available that applied to areas of valuable and protected nature. The supporting data differs between the various counties, but the most common types of nature protection are the same for all counties, areas of national interest and Natura 2000, nature reserves and national parks. In Norway, basic data has been collected from the Norwegian government site [www.environment.no](http://www.environment.no).

In terms of critical proximity to protected or valuable areas of nature, only one store was identified. This is the store in Karlstad, which is located in an area designated in the Swedish national wetland inventory for biological diversity and is located in the vicinity of valuable water resources (meriting protection for fish and birds, water catchment, Natura 2000 and natural environment of national interest).

Through its location, which is in a heavily developed area, the store has no impact on biological diversity in the area designated in the Swedish national wetland inventory.

### Risks and opportunities attributable to climate change

Senior management has taken climate change and the risks and opportunities this entails for the organization into consideration. The major risks to the operation comprise physical changes, such as seasonal variations and flooding, as well as climate-related regulations. The opportunities created through climate change include improved communication of the environmental efforts being made by Byggmax to create an environmental profile toward the customer and to launch products that have less of an impact on the environment than current products.

