

BYGGMAX ENVIRONMENTAL REPORT 2013

Introduction

During 2009, Byggmax initiated its environmental program by creating an environmental policy with environmental goals. As a consequence of this policy, an environmental report has been produced and efforts were initiated to continuously achieve improvements 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 where possible. The ambition is to improve every year in the areas specified above. The goal is a 25-percent reduction, per ton of goods transported, in emissions of 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

In spring 2013, parts of the warehouse operations in Lysekil were relocated to a new warehouse in the Port

of Gothenburg, to separate freight that requires different forms of handling. In addition, some of the new flows were consolidated into Gothenburg in autumn 2013.

The relocation of parts of the warehouse operations resulted in more efficient flows with expanded potential for direct deliveries compared with the warehouse operations in 2012. This can be seen in the statistics in Table 1 below. While total freight operations increased year-on-year, when measured per ton of transported goods, it decreased 15 percent. In parallel, carbon (CO₂) emissions per ton of transported goods declined for the third successive year.

Compared with the year-earlier period, volumes of goods transported by sea from Asia declined significantly, which is clearly reflected in the reduction in marine freight. While it is true that intra-European marine freight increased, since this pertains to significantly lighter goods and far shorter distances, the total impact on freight was negative.



| | 2013 | 2012 | 2011 | Trend 2012-2013 | Trend 2009-2013 |
|---|--------|--------|--------|--------------------|--------------------|
| Transported goods [thousand tons] | 521.5 | 484.1 | 467.0 | 8% | 32% |
| Freight [million ton-kilometers] | 319.1 | 347.2 | 360.6 | -8% | 17% |
| Of which marine [million ton-kilometers] | 56.2 | 88.9 | 90.4 | -37% | 19% |
| Share marine | 18% | 26% | 25% | 31% | 2% |
| Of which rail [million ton-kilometers] | 0.0 | 0.0 | 3.8 | 0% | 0% |
| Share rail | 0.0% | 0.0% | 1.1% | 0% | 0% |
| Of which road [million ton-kilometers] | 262.1 | 258.4 | 266.3 | 1% | 1% |
| Share road | 82% | 74% | 74% | 10% | -1% |
| Freight per ton [ton-kilometers/ton] | 612 | 717 | 772 | -15% | -11% |
| CO ₂ emissions per ton of goods transported [kg] | 30.0 | 32.7 | 35.2 | -8% | -14% |
| Absolute carbon emissions, CO ₂ [ton] | 15,662 | 15,816 | 16,426 | -1% | 13% |

Table 1, compilation of key freight ratios. Emissions per ton-kilometer are based on emission data from ntmcalc.se.

Emissions of other greenhouse gases and environmentally hazardous substances, per ton transported and in absolute figures, are presented in table 2 below. This category includes nitrogen oxides (NO_x), hydrocarbons (HC), carbon monoxide (CO) and small particles.

| | 2013 | 2012 | 2011 | Trend 2012-2013 | Trend 2009-2013 |
|-------------------------|-------|-------|-------|-----------------|-----------------|
| NO _x [g/ton] | 256 | 285 | 286 | -11% | -14% |
| CO [g/ton] | 66.3 | 71.2 | 68.5 | -7% | -12% |
| HC [g/ton] | 11.1 | 12.4 | 12.4 | -11% | -13% |
| Particles [g/ton] | 6.1 | 7.1 | 7.2 | -15% | -13% |
| NO _x [ton] | 133.4 | 138.7 | 133.4 | -4% | 14% |
| CO [ton] | 34.6 | 34.6 | 32.0 | 0% | 15% |
| HC [ton] | 5.8 | 6.1 | 5.8 | -4% | 14% |
| Particles [ton] | 3.2 | 3.5 | 3.4 | -8% | 14% |

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.

AMONG BOARDS, BARRIERS AND BUDGETS

Building your first house is not for the faint hearted

For many, building their first house is a far distant memory but, for Jonas and Hanna, this is everyday life. This includes all the things that planning, strong-willed relatives and compromises mean.

HANNA: "Originally, the house was a holiday home, so I was quick to draw up an extension. Now, it's become a bit of a social thing where both our families work together. Our dads would rather build from a purely functional viewpoint so if we want any sort of design aspect incorporated we have to negotiate. But with a little bit of charm we get our way."

JONAS: "It's been an intensive six months. We have always tried to do as much as possible and, as it's a big project, there are always things to do. We chose Byggmax, first and foremost because it is as cheap as it is and because we get good quality building material."

HANNA: "We have been to Byggmax more often than the grocery store. Now we need to prioritize where to spend the last of the money. I think it's important that we save money to get a nice kitchen, but Jonas wants a quad bike."

JONAS: "I suppose this could be a bit of a sticking point. Speed or a nice kitchen."

HANNA: "I know what it's going to be."

/ Hanna and Jonas





Clear improvements were posted compared with the year earlier and, again, a consistent positive trend was noted. The fact that total emissions of greenhouse gases and environmentally hazardous substances have increased since 2009 was attributable to the number of stores increasing from 61 to 105 over the corresponding period and to the stores' geographic spread now being substantially larger than it was four years ago.

The emissions calculations did not include online goods deliveries and home deliveries from stores. At present, such freight transportation comprises a relatively small portion of the company's total goods freight. An increasing proportion 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 consumed in their manufacture and in use, and to the extent to which they are recycled or reused at the end of their service life.

Bygghmax works actively to promote the use of wood and thus reduce the use of less environmentally friendly material including concrete, cement and hard plastic. Bygghmax only retails NTR-labeled pressure-treated lumber 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. The proportion of primed wood interior and exterior cladding products has doubled compared with 2011. Interior and exterior cladding are, essentially, always painted when they are used and carrying this out in



a controlled industrial environment has a smaller impact than painting on site at the consumer.

All parquet flooring and timber sold is labeled FSC, Forest Stewardship Council, the international environmental labeling that aims to promote sustainable forestry.

Bygghmax handles goods with a low proportion of packaging. Only about 10 percent of articles sold in stores have consumer packaging, meaning packaging that 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, Bygghmax 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 Bygghmax indirectly defrays the costs for handling these products.

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

The distribution of waste by category for Byggmax is shown in table 3 below. Overall, mixed waste has a declining trend, though an upward deviation was reported for the last year. In 2014, a system will be implemented to provide stores with faster and enhanced feedback regarding the distribution of waste by category.

| Waste category | 2013 | 2012 | 2011 | Diff 2012-2013 | Diff 2009-2013 |
|----------------|-------------|-------------|-------------|----------------|----------------|
| Mixed waste | 6.7% | 6.1% | 9.4% | 0.6% | -4.6% |
| To landfill | 7.6% | 7.0% | 6.5% | 0.6% | 1.7% |
| Sorted | 85.7% | 86.9% | 84.1% | -1.2% | 2.9% |
| Total | 100% | 100% | 100% | | |

Table 3, division of waste by category 2011, 2012 and 2013.

Printed matter

The printed matter produced and distributed by the Group is an important part of its environmental impact. Over a five-year period – from 2009 to 2013 – Byggmax has reduced the volume of printed advertisements per store by almost 42 percent. This change was primarily attributable to new stores being established in existing distribution areas, which has significantly cut the average volume of advertisements distributed per store.

The total weight of printed direct mail increased from 2012 to 2013. This was attributable, in part, to extra issues compared with previous years and, in part, to new stores in areas in Norway and Finland where we previously had no stores – for example, Bergen, Espoo and Tampere.

During the year, the printing partner for store material was changed to a partner with a better geographical and logistical location. Gift voucher cards have also been changed to wood-based versions.

Byggmax works together with printing firms that are certified in line with the Nordic Ecolabel, EU Ecolabel, PEFC and FSC. Among other measures, this means minimizing the use of health-impairing chemicals in printing ink and paper and striving to promote socially and economically sustainable forestry.

| Printed matter | 2013 | 2012 | 2011 | Trend 2012-2013 | Trend 2009-2013 |
|-----------------------------|-------|------|-------|-----------------|-----------------|
| Printed, direct mail (tons) | 1,105 | 950 | 1,028 | 16.3% | 0.5% |
| Printed, direct mail (tons) | 10.5 | 10.1 | 12.0 | 4.1% | -41.7% |

Table 4, printed matter by weight 2011, 2012 and 2013 as well as the trend since 2009.

Energy consumption

Byggmax endeavors to achieve energy efficiency and all new stores constructed surpass the building regulations imposed in the respective countries. Prefabricated insulated 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. In addition, new stores are built with LED lighting installed as the light source.

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) | 2013 | 2012 | 2011 |
|------------------------|--------------|--------------|--------------|
| Diesel | 9,772 | 9,429 | 9,241 |
| Gasoline | 49 | 172 | 198 |
| Total | 9,821 | 9,501 | 9,438 |
| Per store | 94 | 101 | 110 |

Table 5, direct energy use by energy source, 2011-2013.

The fleet of forklifts is gradually being renewed and all new forklifts procured are of environmental class III, in accordance with the European Parliament directive 97/68/EU, and electric/diesel hybrids. About 65% of the forklift fleet are now either hybrid or electric. 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 mainly comprises electricity and heat.

In 2011, the electricity agreements were renegotiated in Sweden for the stores that do not have electricity included in lease agreements and the choice fell to guarantee-of-origin hydroelectricity from power stations in Ljusnan from 2012. In addition, 100 percent of the energy for the stores in Norway is also derived from renewable sources. In Finland, essentially, all stores have electricity included in their lease agreements and we are, accordingly, unable to

influence the source.

In collaboration with the electricity supplier, an initiative was carried out to identify and eliminate unnecessary grid loads in Byggmax stores in Sweden. All store managers were given energy efficiency training and receive reports of energy use and power usage.

| | Total (TJ) | Of which, renewable energy | Of which, nuclear power | Of which, fossil fuel |
|----------------|------------|----------------------------|-------------------------|-----------------------|
| Sweden | 23.4 | 100% | 0% | 0% |
| Norway | 18.8 | 100% | 0% | 0% |
| Finland | 1.7 | i.n. | i.n. | i.n. |

Table 6, indirect energy use in total and by primary energy source in 2013 for stores where indirect use is possible to influence

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 wetland inventory. The Torslanda store is located relatively close to an embankment protected inlet and known bird habitat. The store in Larvik, Norway, is located in the vicinity of important coastal biotopes. In general, stores located near the coast can be assumed to be more exposed to climate change.

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 (seasonal variations and flooding) as well as regulatory changes. The opportunities include better communication of Byggmax’s environmental initiatives to create an environmental profile toward customers and to launch products that are more environmentally-friendly than current products.

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.

The store in Karlstad 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

