

## OUR RESPONSIBILITY, CONTINUED

### ETHICAL GUIDELINES

Byggmax's employees must fulfill their undertakings in a manner that does not abuse the company's confidence. This means, for example, that employees must not abuse corporate information, act in matters in which they are partial, or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax.

In their capacity as employees of Byggmax, personnel must not offer, request or accept inappropriate gifts, payments or trips for themselves or for relatives. Under no circumstances are employees at Byggmax to participate in any cartel or act in a manner that improperly curtails free competition.

### ENVIRONMENTAL POLICY

Using active environmental programs, Byggmax promotes sustainable social development. Byggmax primarily impacts the environment through product transport, the environmentally hazardous content of packaging and products, printing and distribution of brochures, and through the energy consumption of business activities. The company takes environmental considerations into account in all decisions and at all levels of operations and endeavors to comply with applicable legislation and other environmental requirements.

Environmental programs are based on a life-cycle perspective and thus take into account the environmental impact throughout the product's entire value chain. The company pursues continuous dialog with suppliers and entrepreneurs and imposes relevant requirements. Byggmax also seeks to raise employee awareness of environmental issues and stimulates participation in environmental work. In addition, the share of green products will increase, supplemented by improvements in environmental information for customers. Environmental programs are based on an environmental policy with tangible objectives and measures for priority areas. The programs are assessed each year in an environmental report that measures the status and development in each area. The goal is to achieve improvement in priority areas from year to year.

### WORK ENVIRONMENT POLICY

The goals of Byggmax's systematic work environment programs are to prevent occupationally related illnesses and promote a good physical and psychosocial work environment. These efforts encompass the study of working conditions, risk assessment, implementation of preventive measures and the monitoring

of business activities. To facilitate these programs, considerable efforts are made to ensure that all the company's executives undergo training in work environment-related programs and fire safety.

The company endeavors to handle work environment issues locally in the organization and make them a natural part of day-to-day activities. The CEO has primary responsibility for work environment programs and fire safety in the organization. The regional managers are responsible for ensuring that store managers in their region have undergone training and that the established procedures are complied with. All store managers are responsible for safety, fire safety and the work environment at their facilities and must ensure that all employees have received basic training in these issues, as well as access to current legislation and regulations in addition to the opportunity to participate in work environment programs.

### EQUALITY POLICY

Byggmax seeks to create an environment in which women and men – both as groups and individuals – jointly and equally create range and totality in operations. The company endeavors to create an awareness of gender and equality that permeates the entire organization and which forms a natural part of internal and external recruitment, pay setting and pay negotiations. Women and men have equal rights, obligations and opportunities within the framework of their employment at Byggmax. This applies both to the physical and psychosocial work environment.

### BYGGMAX GRI PROFILE

The Byggmax GRI profile is available on page 88 with page references. Byggmax reports in line with the A+ level, which is the highest level under the GRI.



### BYGGMAX 2014 ENVIRONMENTAL REPORT

#### 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 were initiated to continuously achieve improvements to reduce the organization'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 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 2014, the performance of our own distribution centers stabilized and ordering procedures were fine tuned. Warehouse facilities were unchanged during

the year, but the loading schedule underwent a major review, which has opened up for considerably more consolidated shipments and more resource-efficient flows.

This has resulted in transport work per ton of goods transported decreasing for the third consecutive year. The quantity of CO<sub>2</sub> per ton of transported goods declined 19 percent compared with 2009. Given the improvements posted over the past few years, the target of a 25-percent reduction will be reached as early as 2016.

The proportion of marine freight increased slightly, which was partially attributable to excess inventory for certain product groups which are generally transported over long distances by ship. As these inventories declined, more needed to be ordered for the coming year, which is also reflected in the increased number of ton-kilometers of marine freight. As a consequence of the above, the proportion of road freight declined by a corresponding amount.



	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
Transported goods [thousand tons]	565.9	521.5	484.1	9%	43%
Freight [million ton-kilometers]	343.2	319.1	347.2	8%	26%
Of which marine [million ton-kilometers]	76.5	56.2	88.9	36%	63%
Share marine	22%	18%	26%	27%	29%
Of which rail [million ton-kilometers]	0.0	0.0	0.0	0%	0%
Share rail	0.0%	0.0%	0.0%	0%	0%
Of which road [million ton-kilometers]	266.7	262.1	258.4	2%	19%
Share road	78%	82%	74%	-5%	-6%
Freight per ton [ton-kilometers/ton]	606	612	717	-1%	-12%
CO <sub>2</sub> emissions per ton of goods transported [kg]	28.4	30.0	32.7	-6%	-19%
CO <sub>2</sub> per krona of sales [kg/SEK]	4.5	4.9	5.1	-7%	-20%
Absolute carbon emissions, CO <sub>2</sub> [ton]	16,046	15,662	15,816	2%	16%

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 (NOx), hydrocarbons (HC), carbon monoxide (CO) and small particles.

The emissions of other greenhouse gases per ton of goods transported is also declining over time. 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 112 over the corresponding period and to the stores' geographic spread now being substantially larger than it was five years ago.

	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
NOx [g/ton]	246	256	285	-4%	-17%
CO [g/ton]	63.7	66.3	71.2	-4%	-16%
HC [g/ton]	10.8	11.1	12.4	-3%	-16%
Particles [g/ton]	6.1	6.1	7.1	-1%	-14%
NOx [ton]	139.0	133.4	138.7	4%	18%
CO [ton]	36.0	34.6	34.6	4%	20%
HC [ton]	6.1	5.8	6.1	5%	20%
Particles [ton]	3.4	3.2	3.5	8%	23%

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.



The emissions calculations did not include online goods deliveries and home deliveries from stores. At present, such freight comprises a relatively small portion of the company's total goods freight. A constantly increasing proportion of online goods and home deliveries also reduces the amount of 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 required 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 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.

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

Byggmax 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, 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 handling 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 recycled as energy or new materials. The aim is to minimize the amount of waste that goes to landfill and achieve zero mixed waste.

Mixed waste has a declining trend when viewed between 2009 and 2014, but has leveled off at about 6 percent over the last few years. Total waste volumes are increasing per store, which is attributable to many of the items that have been included in the range being of the type that has more transport packaging than heavy building materials.

## “WE FOLLOW BYGGMAX’S INSTRUCTION VIDEOS TO THE LETTER”

For Gun and Lennart the good old days are part of daily life. But when it's time to lay roofing felt, they're not afraid to roll up their sleeves and surf in to [www.byggmax.se](http://www.byggmax.se).

**LENNART:** At the moment we're replacing our roof. We looked at Byggmax's instruction video about the right way to lay roofing felt and we've tried to follow that to the letter. It's important not to forget the safety harness when I go up on the roof – otherwise Gun gets angry.

**GUN:** The video gives excellent step-by-step instructions on needs to do. We normally go to Byggmax when we have a project – the last time was when we rebuilt the kitchen to what it looked like back in the 1700s. I'm extremely

interested in old things, it comes from parents and ancestors having lived in this house.

**LENNART:** I also like old things and, most of all, motor vehicles. The oldest car I have is a Model T Ford, which is almost a hundred years old. I got it because it needs a different technique for driving and is a challenge compared with modern cars. When we go out in the car we dress up as people used to when the car was new.

**GUN:** It's fun to drive around in period clothing. When would I otherwise get the chance to wear my grandmother's wedding dress from 1901?



The benefit of laying roofing felt: the view.

Byggmax advertising circular in Sweden, August 2014

Waste category	2014	2013	2012	Diff 2013-2014	Diff 2009-2014
Mixed waste	6.2%	6.7%	6.1%	-0.54%	-5.14%
To land-fill	7.1%	7.6%	7.0%	-0.51%	1.19%
Sorted	86.8%	85.7%	86.9%	1.05%	3.95%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

Table 3, division of waste by category 2012, 2013 and 2014.

Waste in tons	2014	2013	2012	Diff 2013-2014	Diff 2009-2014
Mixed waste	3.5	3.7	3.3	-6.1%	-31.5%
To land-fill	4.0	4.2	3.8	-4.0%	12.0%
Sorted	49.4	47.7	46.9	3.5%	8.6%
<b>Total</b>	<b>56.9</b>	<b>55.7</b>	<b>54.0</b>	<b>2.3%</b>	<b>5.0%</b>

Table 4, waste volumes by store in Sweden, 2012-2014.

#### Printed matter

The printed matter produced and distributed by the Group is an important part of its environmental impact. Over a six-year period – from 2009 to 2014 – Byggmax has reduced the volume of printed advertisements per store by about 46 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 has not changed appreciably between 2013 and 2014.

During the year, price signs have started to increasingly be produced in-store, instead of being produced and delivered from a central printing works.

Byggmax works together with a printing firm that is 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. The printing firm runs entirely on renewable electricity.

Printed matter	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
Printed, direct mail (ton)	1,097	1,105	950	-0.70%	-0.3%
Printed, direct mail (ton/store)	9.79	10.5	10.1	-8.50%	-46.6%

Table 5, total printed matter and per store for the 2009-2014 period.

#### Energy consumption

Byggmax endeavors to achieve energy efficiency and all new stores 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. New and renovated stores have 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)	2014	2013	2012
Diesel	10,142	9,772	9,429
Gasoline	0.3	49	172
<b>Total</b>	<b>10,142</b>	<b>9,821</b>	<b>9,501</b>
<b>Per store</b>	<b>91</b>	<b>94</b>	<b>101</b>

Table 6, direct energy use by energy source, 2012-2014.

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 75% 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. Tests will be conducted in 2015 of electric versions of the large forklifts used at stores.

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. Stores in Finland have a residual mix of electricity.

	Of which, renewable energy	Of which, nuclear power	Of which, fossil fuel
<b>Sweden</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>
<b>Norway</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>
<b>Finland</b>	<b>9.5%</b>	<b>35.4%</b>	<b>55.1%</b>

Table 7, indirect energy use by primary energy source in 2014 for stores where indirect use is possible to influence. The data for Finland pertains to 2013.

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 have undergone energy efficiency training and receive reports of energy use and power usage.

Total (TJ)	2014	2013	2012
<b>Sweden</b>	<b>23.2</b>	<b>23.4</b>	<b>22.9</b>
<b>Norway</b>	<b>17.8</b>	<b>18.8</b>	<b>17.6</b>
<b>Finland</b>	<b>3.8</b>	<b>1.7*</b>	<b>n/a</b>
Per store, Sweden	0.3	0.3	0.4
Per store, Norway	0.7	0.8	0.8
Per store, Finland	0.3	0.1*	n/a

Table 8, indirect energy in the 2012-2014 period for stores where indirect use is possible to influence. \* The low figures for Finland in 2013 were due to data only being available for part of the year.

#### 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). 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 re-

sources (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 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 operations 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 new products that are more environmentally-friendly than existing products.



Pictures from Byggmax's online exhibition at Ullstämman in Norway. The online showroom was built as part of the new Byggmax 2.0 concept.