

BYGGMAX 2015 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:

- the 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, and
- 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 2015, the performance of the distribution centers was in line with the previous year. Management, administration, IT systems, processes, etc. continued to run smoothly without any major deviations, improvements or deterioration.

Some fine-tuning and goal-oriented improvements have, however, resulted in a slightly improved perfor-

mance.

If we summarize all transport-related data for 2015, we can see that transport work per ton of goods transported has pleasingly fallen for the fourth year in a row, which means a reduction of about 22% compared with four years ago. If we look at the quantity of CO₂ per ton of transported goods, we can see a decline of over 20 percent compared with 2010.

Emissions are measured as direct emissions produced during the transportation of Byggmax's goods. Each individual route is assigned a method of transportation (different types of truck, boats, etc.) and a distance. The emission is defined using the method of transportation and distance as a basis. All reductions are solely direct Scope 1 reductions. The stated methods of transportation include all those that arrive at our stores from suppliers, regardless of whether Byggmax is responsible for them or not. It is notable that the report refers to carbon dioxide, however Byggmax intends to supplement the report next year by including carbon dioxide equivalents.



	2015	2014	2013	Trend 2014-2015	Trend 2009-2015
Transported goods [thousand tons]	648.0	565.9	521.5	15%	64%
Transport work [million ton-kilometers]	389.3	343.2	319.1	13%	43%
Of which marine [million ton-kilometers]	84.1	76.5	56.2	10%	79%
Share marine	22%	22%	18%	-3%	25%
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]	307.0	266.7	262.1	15%	37%
Share road	79%	78%	82%	1%	-5%
Transport work per ton [ton-kilometers/ton]	603	606	612	0%	-12%
CO ₂ emissions per ton of goods transported [kg]	28.4	28.4	30.0	0%	-18%
CO ₂ per krona of sales [kg/SEK]	4.5	4.5	4.9	1%	-19%
Absolute carbon emissions CO ₂ [ton]	18,422	16,046	15,662	15%	33%

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

Methods of transportation and overall purchase orders were unchanged during the year, which could also be seen in many of the key performance indicators which were extremely similar to the previous year's level. Looking to the future, we are investigating the possibility of using train transportation again, as this would lead to significant improvements in terms of emission levels.

The proportion of marine freight has declined slightly, which is in line with previous years' cycles with excess and insufficient inventory in alternate years. In the case of excess inventory of products that come in large quantities and do not sell well, purchases from Asia are generally lower, while the opposite is true in the case of insufficient inventory. If purchases from Asia decline, marine transport work is inevitably lower. This two-year cycle becomes all the more clear when it is compared with the previous year. Purchasing levels were lower in 2015, which explains the

reduced amount of marine freight. 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.

In the table below it is possible to see extremely small changes compared with the previous year. At times this entails a minor improvement, at others a minor deterioration, but all fall within the ±0.5% span when measured in g/ton km. 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 119 over the corresponding period and to the stores' geographic spread now being substantially larger than it was four years ago.

	2015	2014	2013	Trend 2014-2015	Trend 2009-2015
NO _x [g/ton]	246	246	256	0%	-17%
CO [g/ton]	63.9	63.7	66.3	0%	-16%
HC [g/ton]	10.8	10.8	11.1	0%	-16%
Particles [g/ton]	6.0	6.1	6.1	0%	-14%
NO _x [ton]	159.1	139.0	133.4	14%	35%
CO [ton]	41.4	36.0	34.6	15%	38%
HC [ton]	7.0	6.1	5.8	14%	37%
Particles [ton]	3.9	3.4	3.2	14%	40%

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



2015 advertising circulars - filled with loads of building products, tips and tricks and inspiration. Our own customers are often displayed on the front, and they also figure in our commercials.



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

Product and service labeling is important. Environmental labeling and other similar labeling makes it possible for our customers to make a personal choice about how much they want to influence the environment, for example. Byggmax's policy stipulates that all products must have a product description. Furthermore, society requires certain products, primarily of a chemical nature, to have a safety data sheet. This comprises about 15 percent of all products. The table below applies in cases where it is of use. Our agreements also require suppliers and/or producers to comply with national and EU laws regarding product content and labeling.

Product labeling	Yes	No
Components in product	X	
Contents, in particular substances which have environmental impact		
Safe usage of the product	X	
Disposal of products and environmental impact		X

Table 3 Product labeling

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 mainly from Nordic suppliers who produce in the Nordic region and in full loads directly from sawmills to minimize environmental impact.

The majority of parquet flooring 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 a low percentage 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 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.

Mixed waste has a declining trend when viewed between 2009 and 2015. Total waste volumes are increasing per store, which is attributable to many of the items that have been included in the product range being of the type that has more transport packaging than heavy building materials.

Waste category	2015	2014	2013	Diff 2014-2015	Diff 2009-2015
Mixed waste	4.8%	6.2%	6.7%	-1.36%	-6.5%
To land-fill	8.0%	7.1%	7.6%	0.92%	2.11%
Sorted	87.2%	86.8%	85.7%	0.44%	4.39%
Total	100%	100%	100%		

Table 4, division of waste by category 2013, 2014 and 2015.

Waste in tons	2015	2014	2013	Diff 2014-2015	Diff 2009-2015
Mixed waste	2.9	3.5	3.7	-6.1%	31.5%
To land-fill	4.9	4.0	4.2	-4.0%	12.0%
Sorted	53.4	49.4	47.7	3.5%	8.6%
Total	61.3	56.9	55.7	2.3%	5.0%

Table 5, waste volumes by store in Sweden, 2013-2015.

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 2015 – 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 2014 and 2015. 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	2015	2014	2013	Trend 2014-2015	Trend 2009-2015
Printed, direct mail (ton)	853	1097	1105	-22.2%	-22.4%
Printed, direct mail (ton/store)	7.17	9.79	10.5	-26.8%	-60.2%

Table 6, total printed matter and per store for the 2009-2015 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.

Byggmax is subject to the law regarding energy mapping by major companies.

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 and company cars.

Direct energy use (GJ)	2015	2014	2013
Diesel	11,631	10,142	9,772
Gasoline	0.0	0.3	49
Total	11,631	10,142	9,821
Per store	98	91	94
Per order	0.119	0.119	0.132

Table 7, direct energy use by energy source, 2013-2015.

In total, diesel consumption has increased as a result of Byggmax increasing the number of stores and an increase in orders at those stores. In the period between 2010 and 2015, the stores increased the number of received orders by about 43 percent while diesel consumption per received order reduced by about 31 percent.

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

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 90% 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. Stores in Finland have a residual mix of electricity.

	Of which, renewable energy	Of which, nuclear power	Of which, fossil fuel
Sweden	100%		
Norway	100%		
Finland	9.4%	46.4%	44.2%

Table 8, indirect energy use by primary energy source in 2015 for stores where indirect use is possible to influence. The data for Finland pertains to 2014.

Energy consumption is measured either via our own meters, when available, or is taken from the invoicing documents provided by the property's landlord who invoices Byggmax for energy consumption based on the rented surface area, if no separate meter is available.

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.

The table show an increase among stores in Sweden, which is due to the fact that in April 2015 we moved our customer service to larger premises with its own meter for reading consumption. We have also converted most stores in Sweden into 2.0 stores throughout 2014-2015, installing better store lighting which has increased consumption. Most of our stores are heated using electricity.

	2015	2014	2013
Total energy consumption (TJ)			
Sweden	28.06	23.2	23.4
Norway	19.79	17.8	18.8
Finland	3.67	3.8	1.7*
Per store, Sweden	0.37	0.3	0.3
Per store, Norway	0.66	0.7	0.8
Per store, Finland	0.28	0.3	0.1*

Table 9, total indirect energy use between 2013 and 2015 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.

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 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. Our assessment is that Byggmax stores do not have an impact on biological diversity to any notable extent.

Eight new stores opened in 2015, of which five were in Sweden and three in Norway. It is worth noting that the store in Vetlanda is near Emån, which is located within the municipality's protected waterway of national interest. The store in Halden is near the Unnerbergbekken waterway which represents an important biotope. However, none of these stores are located in such a way as to pose any direct threat to the waterways. The operations are not considered to pose any threat to the waterways. In connection with other new stores, there are areas of national interest involving paths, cultural heritage sites, archeological cultural sites and ancient monuments. The stores are not considered to pose any threat to these sites in their current design either.

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. Each of Byggmax's stores has a surface area of approximately 0.01 km² (kilometers squared). In total, five stores are named under this item, and their total surface area is approximately 0.05 square kilometers.

BYGGMAX + BUILDOR = TRUE!

In autumn 2015, Buildor became a part of the Byggmax Group. The net-based contender started up in 2013 and has grown at a tremendous pace since then. Jonatan Schwamberg is CEO at Buildor and has been involved since the start

"That we grew so quickly is not least a result of the fact that we focused a lot on the satisfaction of our customers combined with a very wide product range," explains Jonatan.

With its goal of making it easier and more pleasant to shop for building supplies, much of Buildor's corporate culture is in line with that of Byggmax. Furthermore, the two companies complement each other both in terms of product range and purchasing channels.

BUILDOR HAS ENORMOUS AMOUNTS TO LEARN FROM BYGGMAX, WHILE WE ARE ABLE TO HELP THEM ONLINE

"We have a slightly different profile than Byggmax as we sell a lot in the areas of furnishings, the home and gardens. Early on, when we looked at how Buildor would benefit from becoming a part of a larger group, we saw that there were a lot of synergies with Byggmax, particularly in terms of purchasing, cross-selling and sharing skills, all of which benefit both companies," says Jonatan.

The main areas of focus for both Buildor and Byggmax include customer satisfaction, efficiency and simplicity. This means that the companies suit each other very well.

"Now we are working together on a daily basis, we can see just how well it is actually working."

It remains to be seen what the future will bring. Right now the companies are working hard to expose the synergies that can be found between the companies. Jonatan feels positive about the collaboration and there are many ideas about how Buildor and Byggmax can help each other.

"Buildor has enormous amounts to learn from Byggmax in the areas of purchasing, traditional marketing, financial procedures and so forth. We, in the meantime, can help Byggmax online, or in other words increase the growth of Byggmax Online further. This way, the transaction means both Byggmax and Buildor are winners in a range of areas."



Buildor.se
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