

BYGGMAX 2016 ENVIRONMENTAL REPORT

Introduction

In 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.

This year's environmental report includes information from Buildor and Skånska Byggvaror as far as any was available. Work will be undertaken in 2017 to be able to fully report for the entire Group using a common framework.

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 annual 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

As a retailer of building materials, Byggmax has an

impact on the environment through the transport work that we, our subsidiaries and our suppliers carry out.

In terms of calculations, Byggmax limits its environmental impact to distribution in and out of distribution centers and transportation from suppliers to Byggmax stores in Sweden, Norway and Finland. Transportation to our sub-suppliers has not been counted as this should be reported by the respective sub-suppliers. The emissions calculations did not include online goods deliveries and home deliveries from stores either. At present, such freight comprises a relatively small portion of the Group's total transport work. Around one percent of sold weight in 2016 comprised orders that were delivered directly from suppliers or warehouses to customers' homes. Deliveries by crane trucks or delivery vans comprised 8 percent of sold weight in 2016, though significantly lower in terms of transport work as the deliveries from stores go to the immediate area. In 2015, seven percent of sold weight was transported by crane trucks or delivery vans. To an increasingly large extent, Byggmax is offering deliveries to delivery points as well as store deliveries that are co-distributed with store goods, thus representing a resource-efficient transport chain. In 2016, around four percent of goods sold online were co-distributed.

Since late 2015, Buildor and Skånska Byggvaror also formed part of the Byggmax Group. Buildor is an online retailer with relatively small goods volumes. Transport data for Buildor is not included in any calculations for the year. Skånska Byggvaror requires incoming transportation of materials for fitting sun rooms, incoming transportation of goods to distribution centers and outgoing transportation to end customers. The transport calculations only include outgoing transportation to end customers as a model for incoming transport calculations has not yet been put into place. The plan

	2016	2015	2014	Trend 2015-2016	Trend 2009-2016*
Transported goods [thousand tons]	695.9	661.9	576.7	5%	76%
Transport work [million ton-kilometers]	417.6	397.4	349.6	5%	54%
Of which marine [million ton-kilometers]	79.8	84.1	76.5	-5%	70%
Share marine	19%	21%	22%	-10%	11%
Of which rail [million ton-kilometers]	0.0	0.0	0.0	0%	0%
Share rail	0%	0%	0%	0%	0%
Of which road [million ton-kilometers]	337.8	315.1	273.2	7%	50%
Share road	81%	79%	78%	2%	-2%
Transport work per ton [ton-kilometers/ton]	600	600	606	0%	-13%
CO2 emissions per ton of goods transported [kg]	28.1	28.4	28.4	-1%	-19%
CO2 per krona of sales [kg/TSEK]	3.8	4.0	4.0	-3%	-32%
Absolute carbon emissions CO2 [ton]	19,652	18,935	16,452	4%	42%

Table 1, compilation of key freight ratios for the Byggmax Group. Emissions per ton-kilometer are based on emission data from ntmcalc.se. *The basis for comparison for 2009 is not pro forma for Skånska Byggvaror, rather it only includes data from Byggmax.

is to include this in the 2017 Annual Report. Data for the Group in 2015 and 2014 are pro forma and include transport work from Skånska Byggvaror as outlined above.

Transport work per ton of goods transported remains unchanged compared with last year, but has fallen 13 percent since 2009. The amount of CO₂ emissions per ton of goods transported has also fallen.

Byggmax's aim is to reduce that figure by 25 percent to the level seen in 2009. A reduction of 19 percent has been achieved so far today, even after the data for Skånska Byggvaror has been included in the figures for 2016.

Compared with the previous year, Byggmax has increased the number of suppliers who use marine freight, but the total amount of marine freight has declined due to fewer purchases of certain major product groups from Asia.

Furthermore, the transition from two to three Byggmax distribution centers, with the third facility located in Gävle in order to supply Mälardalen, Norrland and Finland, has led to opportunities to use marine freight over longer distances and to reduce transport work by road.

The proportion of products distributed via warehouses has increased, thus enabling more collective transportation, which is beneficial from an emissions perspective. The total amount of transport work and absolute emissions has increased, but not at the same rate as the amount of transported goods, which means the trend in terms of relative emissions continues to be favorable.

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 (PT).

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 128 over the corresponding

period and to the stores' geographic spread now being substantially larger than it was seven years ago.

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 use, and to the extent to which they are recycled or reused at the end of their service life.

Skånska Byggvaror carries out fitting and packing of sun room and wardrobe parts as well as packaging of accessories for produced goods in Bjuv, outside Helsingborg. Thanks to our choice of input materials and production sub-suppliers, we are able to change our environmental impact. Currently no guidance or monitoring aimed at promoting increased use of renewable raw materials is in place. Production involves the fitting of components and no input raw materials are used in the form of primary natural resources such as ore or timber. In addition to the materials used in the table below, a small amount of oil is used to lubricate machinery in the amount of 25 liters per

Material	Weight (tons)	Proportion of recycled/reused material
Glass	2,582.2	0%
Aluminum	1,102.4	60%
Rubber	694.2	0%
Wood	217.9	0%
Other material	125.0	n/a

Table 3, input material used in Skånska Byggvaror's production in 2016, with the percentage of material that comes from renewable sources.

All materials used in the manufacturing come from external suppliers and none are byproducts of internal processes. Information on the total weight per type of material comes from the business system and the proportion of materials from renewable sources comes from the material suppliers.

Manufactured modules are pre-packaged in corrugated board and plastic.

	2016	2015	2014	Trend 2015-2016	Trend 2009-2016*
NO _x [g/ton transported]	241	246	246	-2%	-19%
CO [g/ton transported]	63.1	63.9	63.7	-1%	-17%
HC [g/ton transported]	10.6	10.8	10.8	-2%	-18%
Particles [g/ton transported]	5.9	6.0	6.1	-3%	-17%
NO _x total [ton]	168.6	163.3	142.3	3%	43%
CO total [ton]	43.9	42.2	36.7	4%	46%
HC total [ton]	7.4	7.1	6.2	3%	45%
Particles total [ton]	4.1	4.0	3.5	2%	46%

Table 2, emissions of greenhouse gases and environmentally hazardous substances per ton of goods transported and in absolute measures for the Byggmax Group. Emissions per ton-kilometer are based on emission data from ntmcalc.se. *The basis for comparison for 2009 is not pro forma for Skånska Byggvaror, rather it only includes data from Byggmax.

Packaging material	Weight (tons)	Proportion of recycled/reused material
Corrugated board	112.5	66%
Plastic	9.7	0%

Table 4, packaging material used in Skånska Byggvaror's production in 2016, with the percentage of material that comes from renewable sources.

Product 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 affect 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 in the stores' range.

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	X	
Safe usage of the product	X	
Disposal of products and environmental impact	X	

Table 5, product labeling

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 saw-mills to minimize environmental impact.

Of the lumber we purchased in 2016, 70 percent was FSC or PEFC-labeled and came from sustainably managed forests. The Forest Stewardship Council organization is an independent, international member organization that uses its FSC certification system to strive for environmentally sound, economically robust and socially responsible management of the world's forests. PEFC is a similar certification that is more adapted to North European forest management.

	2016
Sweden	66.3%
Norway	82.1%
Finland	97.9%
Total	69.6%

Table 6, proportion of purchases that are FSC or PEFC labeled lumber per country to Byggmax in m3. Total volume is not displayed for strategic business reasons.

Certified producers, regardless of whether they are FSC or PEFC, comply with established rules regarding forest management and product traceability. The labeling helps consumers and companies choose lumber-based products that are produced by responsible forest management — forest management that takes people and the environment into consideration.

The total proportion is lower than we would like, which is due to high demand for certified lumber but too few certified producers.

The majority of parquet flooring sold is FSC-labeled (Forest Stewardship Council).

Byggmax handles goods with a low proportion of packaging. Only a low proportion 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 FTI, the Packaging and Newspaper Collection Service in Sweden and Grønt Punkt in Norway, 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.

Waste category	2016	2015	2014	Diff. 2015–2016	Diff. 2009–2016
Mixed waste	8.1%	4.8%	6.2%	3.3%	-1.3%
Landfill, unsorted	6.2%	8.0%	7.1%	-1.8%	-0.5%
Sorted	85.7%	87.2%	86.8%	-1.5%	1.8%

Table 7, division of waste by category for 2014-2016 for Byggmax stores in Sweden.

Waste category	2016	2015	2014	Diff. 2015–2016	Diff. 2009–2016
Mixed waste (tons)	4.9	2.9	3.5	67.7%	-3.8%
Landfill, unsorted (tons)	3.8	4.9	4.0	-23.6%	4.1%
Sorted (tons)	52.0	53.4	49.4	-2.7%	14.3%
Total [tons]	60.7	61.3	56.9	-1.0%	11.9%

Table 8, waste volumes by Byggmax store in Sweden, 2014–2016

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.

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. The average store produced 54.2 tons of waste in 2011, compared with today's 60.7 tons. The proportion of landfill waste is falling slightly, but mixed waste is unfortunately up to its second-highest level since 2011.

Printed matter

The printed matter produced and distributed by the Group represents a large part of its environmental impact. Over a seven-year period — from 2009 to 2016 — Byggmax has reduced the volume of printed materials by about 64 percent per store and around 24 percent overall. This change was attributable to new stores being established in existing distribution areas, which has significantly cut the average volume of advertisements distributed per store, but also to different distribution patterns and alterations to the types of paper.

Printed store materials are also included in the figure for 2016, for example in the form of informational signs, with a total weight of 155 tons. Despite this, the total weight of printed material has fallen by around two percent from the previous year, which is due to fewer printed direct mail flyers. Smaller price signs have been produced directly in-store since 2015, instead of being produced and delivered from a central printing works.

The printing firms are certified in accordance with PEFC and FSC, and in the case of the advertising printing firm, in accordance with the Nordic Ecolabel and EU Ecolabel. The store material printing firm produces on material other than paper and is therefore unable to be covered by the Nordic Ecolabel. The printing firms take care of the destruction of excess ink, work to minimize use of toxic chemicals in printing ink and carry out regular health checks on their employees.

Printed matter Byggmax	2016*	2015	2014	Trend 2015–2016*	Trend 2009–2016*
Printed matter	834	853	1,097	-2.3%	-24.2%
Printer matter per store (tons)	6.51	7.17	9.79	-9.1%	-63.9%

Table 9, total printed matter and per average Byggmax store for the 2014–2016 period. * Printed store materials are also included in the calculations for 2016.

Printed matter Skånska Byggvaror	2016
Printed matter	377.17
Printer matter per store (tons)	34.2282

Table 10, printed matter for Skånska Byggvaror in 2016

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 of a non-renewable nature used by Byggmax's stores largely comprises fuel in the form of diesel and gasoline used by the diesel forklifts and company vehicles in service.

Energy source	2016	2015	2014	Diff 2015–2016	Diff 2009–2015
Diesel (GJ)	10,061	11,631	10,142	-14%	16%
Gasoline (GJ)	0	0	0.3	0%	-100%
Total (GJ)	10,061	11,631	10,142	-14%	14%
Energy/store (GJ)	79	98	91	-20%	-35%
Energy/received order (GJ)	0.093	0.119	0.119	-22%	-40%

Table 11, direct energy consumption per each renewable energy source in 2014–2016 for Byggmax stores

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 percent of the forklift fleet is 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 electricity used to charge the trucks has not been separated from the total energy consumption of the stores and is instead included under indirect energy consumption below.

Included in the Byggmax Group's total direct energy consumption is fuel for trucks and forklifts and the electricity consumed by the production and warehouse operations, machinery and forklifts at Skånska Byggvaror. Fuel is not reported separately at Skånska Byggvaror and cannot therefore be included in this year's reporting.

Energy source	2016	Percentage of renewable energy
Diesel (GJ)	n/a	0%
Gasoline (GJ)	n/a	0%
Electricity (GJ)	2,598	n/a

Table 7, direct consumption per energy source for 2016 for the Group

The indirect energy used by Byggmax per primary energy source mainly comprises electricity and heat. Most of our stores are heated using electricity. In 2011, the electricity agreements were renegotiated in Sweden for the Byggmax 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 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%	0%	0%
Norway	100%	0%	0%
Finland*	11.3%	45.8%	42.9%

Table 7, indirect energy consumption per primary energy source in 2016 for stores where indirect use is possible to influence. *Residual mix data for Finland is for 2015.

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 increase seen in 2014–2015 in Sweden was due to the fact our customer service moved to larger premises with their own meters for reading consumption. The reduction in Norway in 2016 is largely due to an extremely warm winter. The change has not been adjusted in line with a normal year.

Energy consumption (TJ)	2016	2015	2014	Diff 2015–2016	Diff 2009–2015
Sweden	28.78	28.06	23.24	3%	25%
Norway	17.12	19.79	17.75	-13%	-3%
Finland	4.01	3.67	3.75	9%	7%*
Per store SE	0.35	0.37	0.32	-5%	4%
Per store NO	0.52	0.66	0.66	-21%	-35%
Per store FI	0.31	0.28	0.29	9%	7%*

Table 9, indirect energy in the 2014–2016 period for stores where indirect use is possible to influence. *Finland is compared for the period 2014–2016 as data up to 2013 was incomplete.

Responsible establishment

A review is performed annually of Byggmax's newly established stores and their locations in relation to protected or valuable areas of nature, in accordance with the GRI indicator G4 EN11 on biodiversity. Each of Byggmax's stores has a surface area of approximately 0.01 km². In total, nine stores are named under this item, and their total surface area is approximately 0.09 km². The establishments potentially affect biodiversity through the actual construction of the premises and the transportation to and from stores.

The county administrative boards' and Swedish Environmental Protection Agency's GIS databases were used to provide basic data for the review, 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.

Nine new stores opened in 2016, of which six were in Sweden and three in Norway. This report only comments on these new stores. None of the Swedish stores are located in the immediate vicinity of areas of highly valuable biodiversity.

The Norwegian store in Bergen Midtun is directly connected to an important nature area in terms of biodiversity. There are also habitat areas for endangered ("red-listed") species within 500 meters of the establishment. The store in Sandnes is located within 150 meters of a nature area of highly valuable biodiversity. The habitat areas for red-listed species are located within 150m of the establishment.

Both establishments are connected to other similar businesses and do not therefore constitute use of unexploited land. However, there may be grounds to further assess whether the Byggmax stores in Bergen Midtun and Sandnes represent a particular risk for the surrounding nature.

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.

BYGGMAX MAKES A DIFFERENCE

THROUGH ITS COLLABORATION WITH THE ORGANIZATIONS FUTEBOL DÂ FORÇA AND ACTIONAID, BYGGMAX HAS EXPANDED ITS WORK IN THE AREAS OF SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY OVER THE PAST YEAR.

FUTEBOL DÂ FORÇA

Futebol dâ força (FDF) means “football gives strength,” and is the name of an organization that supports young girls using volunteer coaches. Alongside football training, FDF’s goal is to reinforce the self-confidence and self-image of young girls. They also actively work to give



young girls concrete tools to improve their future prospects themselves.

In Mozambique, the organization runs the national football league Mutola Cup, which is played in 30 districts across the country. In this league, young girls get the chance to play football matches every weekend.



Before the matches, they are educated about human rights, sexual and reproductive health and how violence and sexual exploitation can be prevented.

“Through football the leaders can reach out to a large group of young people and society as a whole, without being frightening or provocative. During the matches, we educate the crowds in the same topics as the girls. This year alone we expect to reach out to about 300,000 people in Mozambique,” explains founder Cecilia André Nyström.

The team that wins the Mutola Cup gets the chance to travel to Sweden to take part in the Gothia Cup. A new aspect this year was that a team from Zambia also got the chance to travel to Sweden. For the third year in a row, Byggmax joined in and sponsored the flight tickets for the girls to go abroad.

“The work that Cecilia and all of the leaders are doing through Futebol dâ força is unbelievably important and we obviously want to be a part of it and ensure the girls are able to come to Sweden,” says Emelie Gessner, Marketing Manager at Byggmax.

BYGGMAX FRIENDSHIP VILLAGE

Byggmax Friendship Village is a project whereby Byggmax supports ethnic minorities in the town of Nam Chua, Vietnam, in collaboration with ActionAid. We also participate in projects in line with our core operation — construction. In total, the project will contribute to a better school environment for 400 students. 428 households will be given better living standards. Nam Chua is currently characterized by extensive poverty and a lack of educational opportunities.

In addition to financial support, a group of Byggmax employees travel there each year to help on location. The first such trip took place in March 2016. Five enthusiastic Byggmax employees from Norway, Finland and Sweden were able to help build an entirely new school building. In close collaboration with local craftsmen, the Byggmax employees were able to get stuck in and work for a whole week — with good results. Furthermore, they took the opportunity to give lessons on the Nordic region to the students and travel around the area to visit the local population.

“Sustainability issues have long been a natural part of our operations. ActionAid is an organization that works side by side with people in the countries in which they work. We believe this is a key factor for bringing about long-term change and is in line with our values concerning social responsibility. The fact that we also get the chance to travel there, help out and see what needs people have adds extra value to the entire collaboration,” says Daniel Juhlin, CEO of Byggmax AB.

The next trip took place in January 2017.

