



# Sustainability Report 2021

## Our business model

The JGA group supplies the market with renewable products in a world that is placing ever higher demands on sustainability. Our overarching goal is to refine raw materials from southern Sweden into climate-smart products in a long-term, sustainable way. As a group, we strive for a vibrant and dynamic rural community – after all this is where a large part of our operation is based and where we obtain our wood raw materials. We want to be a stable player that has the trust of its employees, suppliers and subcontractors and of the communities in which we operate. Our income is generated from sales of products manufactured in our processes.

The group's head office and largest production facility are located in Linneryd, southern Sweden, where it is one of the municipality's largest employers.

**O M Andersson AB** is the parent company of the group. Its employees are based in the office in Linneryd. O M Andersson AB is responsible for group-wide functions, such as finance, HR and IT.

**J G Anderssons Söner AB** is a sawmill and planing mill in Linneryd that focuses on producing construction timber. The finished products are sold to the construction industry or for further processing. Approximately 70% of the volume produced is exported, primarily to Denmark, the UK, the Netherlands and Poland. The company has an efficient process with a high timber yield, which means a high proportion of the tree is turned into long-lived products with significant carbon sequestration.

The by-products derived from the company's processes are sold for further processing in the pulp industry, heating plants and pellet production, etc.



**JGA Emballage AB** is the group's packaging producer and is based in Skruv. The company manufactures custom-made single-use wooden pallets. Most of the wood raw materials are purchased locally from sister company J G Anderssons Söner AB. The pallets are sold and delivered to customers in Sweden, mainly in the manufacturing sector.

**JGA Skog AB** and its subsidiary company **Skånetimmer AB** focus on raw materials. They procure wood primarily from private forest owners in Skåne, Blekinge and Småland. Buying local helps to reduce transport and has a positive impact on the local business community. Pine and spruce timber is sold to the group's sawmill, while other materials, such as pulpwood, are sold to external operators. Approximately 520,000 m<sup>3</sup>sub (solid under bark) is purchased for the group's own processing every year.

Our employees in the raw materials companies have extensive expertise in both silviculture and nature conservation. As a result, we can offer forest owners an overall forestry concept encompassing advice, certification and silviculture measures.

**Skånetimmer Bioenergi AB** is the group's biofuel company. It further processes and sells energy products. The main raw material is tree branches and tops together with wood for fuel, which are largely procured from Skånetimmer AB. The products are mainly delivered to heating plants in Skåne. The operation helps to create benefits for society by refining local raw materials, which helps to reduce fossil dependence in the energy system.

**Upcoming changes to the group structure** In order to further strengthen the procurement of local raw materials, the board decided during the year to merge Skånetimmer AB and Skånetimmer Bioenergi AB with JGA Skog AB. The aim of this is to strengthen what we can offer forest owners and, for example, optimise the logistics chain. Work on the merger began in the latter part of the year and will be completed in 2022.



## Our stakeholders

Based on a materiality analysis, we have identified the aspects of greatest importance to our stakeholders and where our impact is largest. The analysis was based on both risks and opportunities relating to sustainable enterprise. The key risks are that we do not achieve what we describe in the report; however, the goals and measures described will serve as a way for us to manage these risks. Priority sustainability aspects are reported in greater depth under 'Sustainability aspects in the business'. We engage in ongoing dialogue with our stakeholders with the aim of understanding their needs and their expectations of our business.

**Employees** It is important to us that we have committed, skilled staff who enjoy their work. We want to offer a safe workplace, fair conditions and an opportunity for employees to influence their work situation. In order to attract new employees, JGA must be a welcoming workplace where everyone shows and is shown respect regardless of age, gender, ethnicity, beliefs, disability or sexual orientation. As part of our work to ensure this is the case, all new employees sign a policy against workplace harassment/bullying. Dialogue with employees is conducted through our intranet, employee interviews, in trade union collaborations and at production meetings. Read more about the work we do under the sustainability aspect 'Decent work and economic growth'.

**Forest owners** The hundreds of forest owners who deliver raw materials to us are a cornerstone of our business. They are essential for us to be able to supply our processes with raw materials. To establish good relationships with the forest owners, we must be a competent, reliable business partner that can offer them an overall concept of the services relating to forest ownership. We ensure our competence through continuing professional education for our purchasing staff. For example, 17 employees took a refresher course in cultural and natural considerations during the year. We often meet our forest owners in person and we are sensitive to their needs and wishes. It has been more difficult to arrange large in-person meetings for forest owners during the pandemic, but this is something we are planning to organise again in 2022.



**Customers** We supply our customers with timber, packaging, round timber and biofuels. We constantly work on quality and delivery reliability. During the financial year, there have been periods of very high demand and low inventories, which has required dialogue and a solution-oriented approach in collaboration with our customers. We want to engage in close dialogue and acquire a good understanding of our customers' needs, which is often achieved through digital contact but also through physical meetings. Ahead of 2022, we are planning to produce a Satisfied Customer Index, as an indicator of how effective we are in this work. We will set more long-term goals for customer satisfaction on the basis of the results.

**Society** JGA's reputation is affected by our presence and commitment in civil society in the places where we operate. We always consider the public when we plan and monitor operations. At our production facilities, this involves minimising noise and other disturbances. When taking forestry measures, we consider how nature and recreation are affected. This is embedded through training and procedures. We communicate with local residents through advertisements, participation in trade fairs and markets, and through social media.

It is important that our values are reflected in our sponsorship activities. We would like to see as many people as possible benefit from what we give back to society. To ensure that the aims of our sponsorship activities and other contributions to society are in harmony, we have developed our own sponsorship policy. Throughout the year, we sponsored 21 organisations that conduct business in our immediate area.

**Suppliers** Many of our suppliers provide us with forestry and transport services. We primarily hire local contractors and seek long-term collaborations. We also purchase energy, machinery and vehicle services, for example. Before hiring a new supplier, we carry out an assessment that takes their environmental work into account. We require that all forest contractors are certified in accordance with PEFC. All significant purchase agreements are negotiated and decided on centrally by head office in order to achieve economies of scale and to ensure that the group's purchasing guidelines are always followed. We communicate with our suppliers through business talks, reviews and contractor meetings.



## Sustainability aspects in the operations

At the UN summit on 25 September 2015, city and government leaders adopted the 2030 Agenda, which comprises 17 global sustainable development goals. The goals aim to eradicate poverty and hunger, realise human rights, achieve equality and empowerment for all women and girls and ensure lasting protection for the planet and its natural resources.



Companies around the world have a central role to play in achieving these goals and here at JGA, we want to be involved and contribute to this, not least because it is vital for us to minimise the risk of the goals not being met and the negative consequences that would have for society and the business community in general. Based on the materiality analysis, four of these goals have been identified for which we are especially well placed to contribute to their fulfilment.



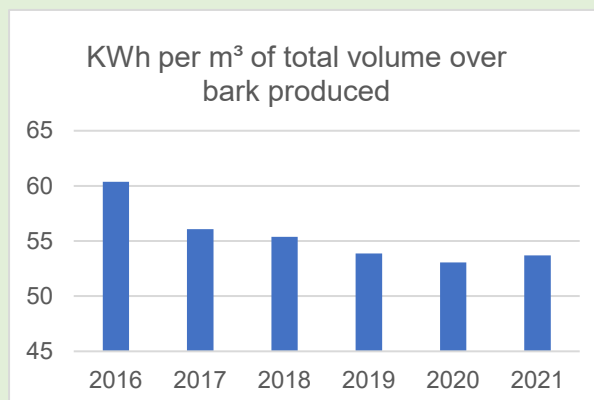


**Affordable and clean energy.** The JGA group delivers approximately 594 GWh of renewable energy a year in the form of various types of biofuel. Our aim is to be an innovative player that helps to develop the fuel industry. We make sure that all parts of the raw materials we purchase – bark, sawdust and cutter chips – are used as energy in our own plant or delivered to nearby heating plants. To further contribute to this goal, we purchase tree branches and tops and wood for fuel and process it for our customers.

We are also a major buyer of energy, in the form of electricity, and one way of contributing to the goal is to always choose renewable energy. We therefore see great value in our ability to help reduce the risk of a shortage of renewable energy. For a long time, we have also had the goal of reducing our electricity consumption and we can see a downward trend when we measure KWh used per m<sup>3</sup> of total volume over bark. We have achieved this reduction primarily by increasing production in

our existing plants in a more efficient way, while at the same time ensuring that we switch to more energy-efficient machines and processes in new investments. The less we consume, the more renewable energy is available to replace fossil energy in other parts of society.

To contribute to the transition towards sustainable energy in the transport industry, we have a charging point for electric vehicles at Skånetimmer's office in Hässleholm. During the financial year we decided to invest in a further four charging points at our office in Linneryd.





**Decent work and economic growth.** We want to contribute to the attractiveness of the local communities in which we operate. To achieve this, we must be a stable employer that can offer its employees good terms and conditions. The owners invest in the business, which lays the foundation for the local business community and economic growth in the geographical area in which we operate.

The health and well-being of our personnel is important for them to be able to do a good job and feel committed. The work environment is a natural part of our management system and it is reviewed annually. This helps us take a systematic approach to work environment management and ensures that all operational changes are implemented taking the work environment into account. Our goal in 2022 is to develop a satisfied employee index with the aim of better gauging employee satisfaction with us as an employer. In the longer term, this index will form the basis for formulating our goals in the future.

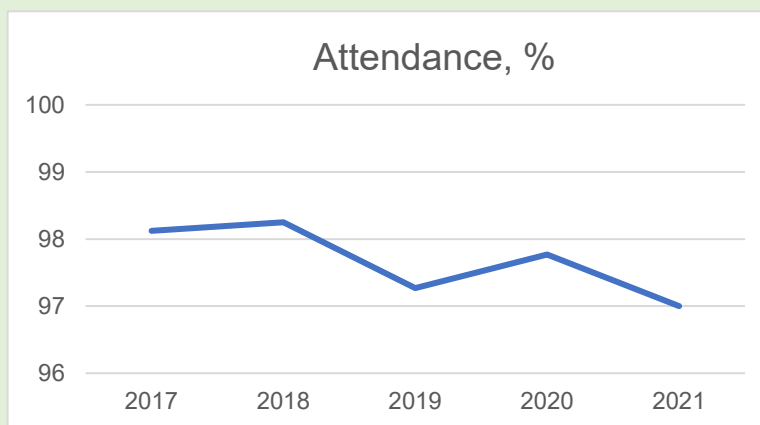
Since our suppliers' operations are located in Sweden and we generally have a good understanding of the companies we work with, we think there is a very low risk that there would be any violations of human rights in our value chain. In order to further ensure this, our goal is to draw up a code of conduct for our suppliers in 2022. We will also carry out a self-assessment to ensure that we meet all new requirements that the FSC places on working conditions and human rights.

Our goal is for attendance to be higher than 97%. During the year, attendance was 97%, which we consider to be good in light of the effects that the pandemic had throughout the year.

The sawmill industry faces an increased risk of work accidents. As part of our response to this, we have decided to introduce a system in order to streamline our systematic work environment

management. The system will handle deviations and risk management. It will also help us to develop action plans and evaluate the risks identified in the operation. In connection with this, we have decided on a goal for the group: all employees must report at least one risk observation or one proposal for improvement in 2022. This is one way of raising awareness among employees and encouraging them to think about their own work situation and the risks that exist.

JGA takes a vision zero approach to workplace accidents. In 2021, there were a total of 14 incidents and 13 accidents across the group's operations. This is an increase on 13 incidents and 8 accidents in 2020.

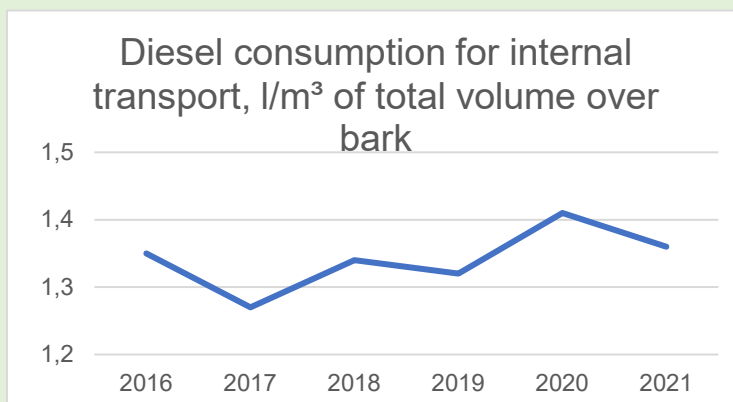




**Responsible consumption and production.** During the year, the JGA group delivered 244,000 m<sup>3</sup> of total volume over bark for construction purposes. The supply of these products to society is a prerequisite for consumers to be able to make sustainable choices when it comes to construction materials. It is important to us that our products have a good environmental performance. We have a robust system to ensure that we do not fell trees in forests deserving of protection and new procedures were developed during the year in connection with the general consideration we always take to tree-felling. We make sure

that the whole felled tree is used – what is not used for boards and planks is turned into cellulose chips (for pulp mills), biofuels, dunnage and chipboard, for example.

Over a long period of time, we have seen a trend of falling internal diesel consumption. This trend has been broken in recent years. In 2021, however, we once again saw a decrease to 1.36 l/m<sup>3</sup> of total volume over bark, which is 3.5% lower than the previous year. We have an ambitious goal of bringing this figure below 1.25 l/m<sup>3</sup> of total volume over bark by the year 2023, and we will draw up action plans to achieve this.



We have not achieved our goal of reducing the average external transport of round timber to the sawmill to below 120 kilometres for Skånetimmer. We have therefore strengthened our organisation for transport planning and we will set a new goal for 2022. We also have the goal of not using more than 100 different types of chemicals in our operations. At present, 99 different chemicals are used. Examples of such chemicals include paints, lubricants, engine oils and diesel.

Some of the work towards more sustainable end products now involves packing our wood packages in a plastic made from 55–65% recycled material. Although the protective plastic is a small part of the products we deliver, we think it is important to consider all aspects in order to contribute to more sustainable consumption.

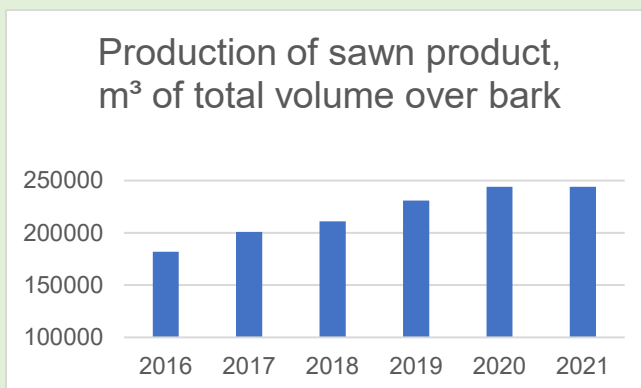




**Climate action.** The forestry industry plays a key role in the goal of climate action. This is a vital issue for the world's development in general and not least for us as an industry. From a forestry perspective, a warmer climate leads to more and larger insect infestations and a greater risk of forest fires and storm damage.

In addition to supplying society with fossil-free fuels, which you can read more about under the goal 'Affordable and clean energy', the JGA group helps combat climate change in other ways.

**The substitution effect** – this means that our fossil-free products replace other products with a large carbon footprint, such as steel and concrete. The more we produce, the greater this effect. Over the past five years, we have increased our volume by more than 26% and our strategy and long-term goal is to increase this volume further. During the year, an investment plan has been drawn up and work to apply for an extended environmental permit has begun.



**Carbon sequestration** – our products mainly consist of construction timber, which is termed a long-lived product. This means that when the timber is incorporated into buildings, the carbon stays there for the entire life of the building. One cubic metre of wood binds 0.9 tonnes of carbon dioxide, which means the production in Linneryd lays the foundation for our customers to store over 200,000 tonnes of atmospheric carbon dioxide simply by using our products.

**Carbon dioxide removal** – with the help of the sun's rays, growing forest removes carbon dioxide from the atmosphere. As the forest grows older, this effect diminishes and in the end, when the forest begins to die, the carbon is returned to the atmosphere. By managing the forest, we make sure that growth is constantly ongoing and thus the forest continuously captures atmospheric carbon dioxide. We help our landowners with land preparation and planting and by ensuring quick re-establishment we contribute further to this effect.



## Management system and policies

The JGA group's management system is a tool to ensure that operations are run in accordance with set guidelines. This largely entails involving the entire operation in fulfilling environmental requirements, stakeholders' needs and expectations, current legislation and systematic work environment management. The business system is constantly evolving as the operation develops. During the financial year, we have worked to involve more employees in the design and relevance of the management system with regard to their part of the operation. This work will continue in 2022. An example of a document everyone in the JGA group can access through the management system is JGA's environmental policy.

### ***The JGA environmental policy***

*JGA shall conduct its business in a way that complies with Swedish legislation and in accordance with PEFC and FSC® requirements. JGA shall, as far as possible, make sure that the raw materials used in the business do not come from illegal or unsanctioned logging, key biotopes, forest areas where established or civil rights are being violated, forests where extensive conservation values are under threat, genetically modified trees or natural forest felled for the purpose of exploiting the area for plantations or non-forest use, and make sure that ILO's core conventions are not violated.*

*JGA shall take good care of the local area's raw materials and strive to ensure that the highest possible proportion comes from sustainable forestry. JGA shall also work to develop its relationships with local forest owners and assist with silvicultural advice.*

*By working with transport companies and raw materials suppliers, JGA shall minimise the environmental impact of its transport. Forest contractors must be certified and meet requirements regarding the development of environmental management.*

*JGA's goal is to have satisfied raw materials suppliers so that it can establish long-standing relationships while striving to minimise the impact the day-to-day operation has on the environment.*



## Certification

The JGA group is certified in accordance with ISO 14001 and ISO 9001. This is to ensure that our work on quality and environmental management is effective. The certification means that we take a systematic approach to our work to always comply with environmental legislation and constantly reduce our environmental impact.

The group's purchasing company and sawmill are certified through PEFC and FSC. This is one way we can demonstrate that we are conducting responsible forestry. Within this context, we have established control systems to ensure that we never handle timber from controversial sources. We also offer our suppliers an opportunity to certify their forestry in collaboration with PanCert AB.



FSC licence number: FSC-C010895  
PEFC licence number: PEFC/05-32-194

## **Corruption and bribery**

The JGA group has zero tolerance for corruption and bribery. Our suppliers are also expected to take the same stand. Corruption can arise where individual employees within the group or among our stakeholders and business partners can be tempted to act in a way that is incompatible with the company's best interests, based on our goals and values. The operation is structured in a way that minimises the risk of individuals within or outside of the group being able to act without control in a way that promotes corruption. We deem the risk of corruption arising in our business to be relatively small and it mainly arises in connection with our purchases of raw materials and sales to certain customer segments. We act to ensure that such transactions are handled by more than one employee. Transactions are signed off by more than one employee and internal checks are continuously carried out.

## **About the sustainability report**

This sustainability report encompasses the parent company O M ANDERSSON AB (556663-6352) and all entities consolidated in the consolidated financial statements for the same period, as specified in note 12 of the consolidated financial statements. The group is called the JGA group in the report as this is an accepted name for the companies. The sustainability report has been prepared in accordance with the provisions in chapters 6 and 7 of Sweden's Annual Accounts Act. The sustainability report is available as a separate document on the company website [www.jga.se](http://www.jga.se)

The sustainability report must give the reader an understanding of the operation's consequences in the following areas:

- The environment
- Social conditions
- Personnel
- Respect for human rights
- Combatting corruption

There have been no significant changes to the application of reporting principles or the scope of reporting since last year.

The board of directors of O M ANDERSSON AB also approved the sustainability report when signing the annual and consolidated financial statements.

Prior to preparing the sustainability report, the company management conducted an analysis of which aspects of sustainable enterprise are of the greatest importance to the JGA group and where our impact can be considered to be the greatest. The analyses were based on both risks and opportunities relating to sustainable enterprise and the overall areas under consideration have been the environment, social conditions, HR issues, respect for human rights and anti-corruption. The results of the materiality analysis can be seen in the topics and performance indicators presented in this report. The aim is to give the reader an idea of how the company manages the risks identified in the materiality analysis.