



Lantmännen

Green Bond Report 2022

Lantmännen Green Bond Report

In April 2021 Lantmännen launched our Green Bond Framework and issued a Green Bond in the total amount of 1,000 MSEK for the purpose of financing projects that promote the transition towards a low-carbon, climate resilient and environmentally sustainable society (Green Projects). The Green Bond Framework was independently evaluated and rated by CICERO as Medium Green shading and received a governance score of Excellent. The Green Bond Framework supports Lantmännen's strategy Field to Fork 2030 and the Lantmännen climate targets.

Lantmännen's climate strategy is based on reducing emissions in line with the pace required by the Paris Agreement. This means halving emissions every decade to achieve climate neutrality by 2050. Lantmännen's climate targets are divided into primary production, own production and purchased transports. The development of the cultivation program Climate & Nature has taken important steps forward with the introduction of fossil free fertilizer. In 2023, Lantmännen will offer food products produced in a fossil-free value chain. Issuing a green bond enables us to invest in sustainable projects to fulfill our climate strategy.

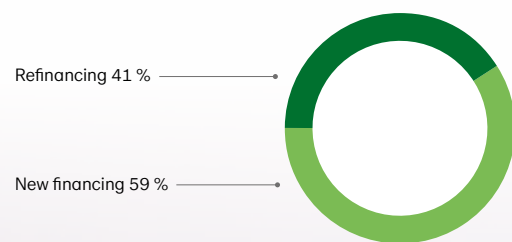


Allocation of proceeds

In 2022, Lantmännen's Green Bond Committee allocated 387 MSEK of the Green Bond net proceeds to Green Projects and thereby the full amount of the net proceeds of 1,000 MSEK have now been disbursed. There is no outstanding amount available for further financing through the Green Bond. As illustrated in the following chart, the allocation of proceeds is distributed between both new projects (59 percent) and refinancing of previous investments in eligible projects (41 percent).

Distribution between new financing and refinancing based on disbursed amount

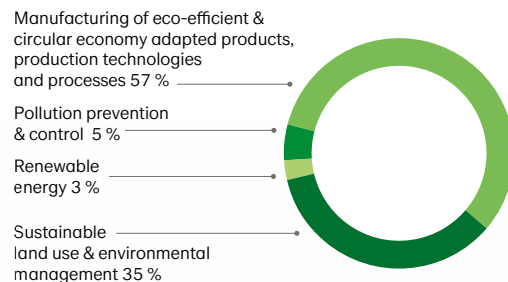
New financing is defined as Green Projects financed after the Green Bond has been issued, and refinancing is defined as Green Projects financed before the Green Bond issuance.



In total 10 Green Projects undertaken by Lantmännen or its subsidiaries have been financed through the Green Bond. The following chart shows the allocation of proceeds between the five green project categories defined in the Green Bond Framework.

Green Project Category portfolio distribution

The proportion of Green Bond disbursed amount, 1,000 MSEK, used per Green Project Category. No project was allocated to the category *Green and energy efficient buildings*.



The majority (72 percent) of the disbursed amount has been allocated to capital expenditures, where a significant part is focused on the development of the biorefinery in Norrköping, Sweden, for gluten protein production. An example of operational expenditure financed by the Green Bond is the operation of plant breeding in Svalöv, Sweden, to develop climate resilient crops and new types of crops for profitable farming.










Distribution between CapEx and OpEx based on disbursed amount

Operating expenditures qualify for refinancing with a maximum three-year look-back period before the issuance year of the Green Bond.



Impact report

The impact report discloses the environmental impact of the Green Projects financed during the reporting period. It is, when applicable, based on the Key Performance Indicators presented in the Green Bond Framework. For more information on reporting principles, please refer to the Green Bond Framework.

UN Global Goals	Green Project Category	Project	Description	Impact of Investments
	Renewable energy	Boiler Bjärnum, Agrovärme	New boiler resulting in capacity increase of renewable heat generation.	Capacity increase of 50 percent renewable heat generation annually when full capacity is used. During 2019-2020 the capacity use was 10 percent higher, resulting in avoided emissions of approximately 300 tonnes CO ₂ annually. The Agrovärme business was divested in September 2022.
		Rebuilding for transition to biogas, Agroetanol	Rebuilding of air cleaning equipment to enable use of biogas instead of propane as main fuel source, leading to a phase-out of fossil fuel in favor of renewable biogas.	Expected emission reduction of 2,150 tonnes of CO ₂ emissions annually by changing propane to biogas.
 	Manufacturing of eco-efficient and circular economy adapted products, production technologies and processes	Kiln oats production line, Oats	Increased capacity of Lantmännen's oat food production by approximately 25 percent. The new production line has technology for peeling and heat treatment. Production started in 2022 and is running according to plan.	Increased supply of sustainable healthy food products based on oats.
Gluten production, Agroetanol		New production line with increased capacity for production of Swedish-produced proteins for food and feed production. Expected start of production is 2023.	Use of Swedish-produced gluten protein instead of imported protein for use in feed, such as soy, would significantly lower the climate emissions from feed and further down the value chain to dairy and livestock production.	
  	Sustainable land use and environmental management	Lantmännen Research Foundation	Annual funding for research projects contributing to knowledge within Lantmännen businesses or farms. The Research Foundation awarded around 80 projects in 2019-2021. Read more: lantmannen.com/research-and-innovation/research-foundation/	The projects in this category develop methods and tools for sustainable cultivation. As a business partner to farmers, Lantmännen contributes expertise and resources to the development of sustainable production inputs and cultivation techniques.
Plant breeding and Svalöv Future Fit Breeding		Investment in research and development in plant breeding for a Nordic climate with crops resistant to climate change and new types of crops for a profitable farm.	In June 2022, Lantmännen's new Farm of the Future Svalöv was inaugurated. Here, new investments in infrastructure and robot technology for high throughput genotyping will significantly increase speed and precision for Lantmännen's plant breeding. Plant variety from the high efficiency breeding facilities will contribute to deliver solutions for increased, sustainable and profitable production despite challenges driven by the changing climate. The new facility will provide superior conditions for collaboration on research and will serve as an important place for visits.	
Dataväxt AB		Investment in the company Dataväxt that develops software for improving cultivation. The tools enable real data collection and, in combination with technical applications, the development of best practice in climate and environmental efficient farming.	Lantmännen's Farm of the Future Bjertorp developed into a demonstration farm for more sustainable cultivation methods with 800 visitors during 2022. Several research trials were initiated on the farm, in collaboration with academia, institutions and other companies.	
Bjertorp Farm of the Future		Investment in Bjertorp, Sweden, a test farm for sustainable techniques and methods for Farming of the Future with the aim of reaching a climate neutral farming by 2050. Read more: lantmannen.com/farming-of-the-future/farm-of-the-future/bjertorp-farm-of-the-future/	The seed treatment facility in Skänninge opened in 2021 with the potential to further increase the non-chemical seed treatment. The share of thermally treated seed increased from 27 percent of total seed production in 2020 to 40 percent in 2022.	
 	Pollution prevention and control	Recycling plants	Investment in new recycling plants in Kotka, Finland, and Fredericia, Denmark. Residues from the food industry are processed into raw material in the plants for production of bioethanol at the Norrköping Sweden bio-combine. The residues consist of products and ingredients rich in starch. Read more: lantmannen.se/forskning-och-innovation/bioenergi-och-grona-material/	The main product from the biorefinery is bioethanol. It has a high climate performance; in fact, Lantmännen's ethanol reduces the climate impact by more than 95 percent compared to petrol. The use of residues from the food industry increases resource efficiency and further reduces climate impact.
		Green and energy efficient buildings	No project within the category 2021 or 2022	

Quantified disclosures have been calculated by internal experts, based on data and metrics disclosed in the Annual Report with Sustainability Report.

Agreed-upon procedures report

To Lantmännen ek för., Corporate identity number 769605-2856

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting you to demonstrate to investors in determining whether the Portfolio of Eligible Projects exists as at 31 December 2022 and have been approved and may not be suitable for another purpose.

Responsibilities of the Engaging Party

You have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

You are responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor's responsibility

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with you, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional ethics and quality control

In performing the agreed-upon procedures engagement, we will comply with generally accepted professional ethics and are independent from Lantmännen ek för in accordance with these requirements.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and findings

We have performed the procedures described below, which were agreed upon with you in the terms of engagement dated 28 March 2023.

We have obtained, from management, the Lantmännen Green Bond Report for 2022, which is included as Appendix 1.

Procedures	Findings
1. We have for each Eligible Project in the respective Green Project Category on page 3 (Impact report) in the Lantmännen Green Bond report for 2022 agreed that the Eligible Project has been approved by the Lantmännen Green Bond Committee and that the minutes were duly approved.	We have no findings to report.
2. We have for each Green Project Category in the Portfolio Distribution per Green Project Category on page 2 (Allocation of proceeds) in the Lantmännen Green Bond report for 2022 agreed the following information to minutes from the Lantmännen Green Bond Committee and the underlying accounting records: a) the approved and allocated amount per Green Project Category in the Portfolio Distribution per Green Project Category. To arrive at the allocated amount per Green Project Category we have multiplied the Portfolio Distribution per Green Project Category to net proceeds out amount of 1.000 MSEK.	We have no findings to report.
3. We obtained written representation from the Head of Treasury at Lantmännen ek för that the proceeds from the Green Bond are to be applied solely to the Eligible Projects in the Portfolio of Eligible Projects and to no other projects.	We have no findings to report.

Stockholm 3 April 2023
Ernst & Young AB



Andreas Troberg
Authorized Public Accountant





**Together we take
responsibility
from field to fork**