

Lantmännen Green Bond Framework

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About Lantmännen

Lantmännen is an agricultural cooperative founded on the knowledge and values acquired through generations of farmers. We are Northern Europe's leader in agriculture, machinery, bioenergy and food products. With innovative and responsible use of arable land resources, Lantmännen creates value and makes farming thrive.

Lantmännen is owned by 18,000 Swedish farmers and has an annual turnover of SEK 65 billion. Sweden is our base with the Baltic Sea area as our expanded domestic market. We have a strong international presence with operations in more than 20 countries.

Based on farmland and operations throughout the

grain value chain, we are there all the way – from sowing and harvest to the food on our table, feed for our animals and climate efficient biofuels.

We invest in research and innovation today for agriculture, bioenergy and foods of the future. Innovation is crucial for solving the challenges of today and tomorrow, which is why Lantmännen also has its own research foundation.

The Group is divided into three Sectors and two Business Areas: Agriculture Sector, Energy Sector, Food Sector, Swecon Business Area and Real Estate Business Area.

Updated Green Bond Framework 2024

With its updated Green Bond Framework, Lantmännen seeks to align with the latest market standard and to address the environmental challenges that Lantmännen is facing. Furthermore, the update seeks to increase the transparency of Lantmännen's sustainability work in relation to green bonds for both investors and other stakeholders.

To increase transparency, the project categories has been restructured to allow more clarity on what Lantmännen intends to finance with its green bonds. This means that, based on historic and estimated future allocation, certain projects have been taken out. For the remaining project categories, the update has meant that project descriptions have been modified based on potential green projects and the eligibility criteria have been

tightened and clarified to increase transparency around intended financing. At the same time, one new project category is introduced in the framework namely **Clean Transportation to promote fossil-free transportation**.

Lantmännen acknowledge the importance of the EU Taxonomy as a common definition of sustainable activities and follows the development of this regulation closely. At present, few of the sectors in which Lantmännen operates are covered by the EU Taxonomy. At the same time, it is important for Lantmännen that the framework facilitates the financing of a wide range of investments that are needed for Lantmännen to be able to meet its ambitious environmental goals and support a sustainable primary production with increased yields and climate neutrality by 2050.

Sustainable business

Lantmännen has an important role in meeting global challenges such as climate change and an increased demand for resources for a growing population. We drive development towards Farming of the Future and see the potential to significantly reduce the impact on the environment and natural resources and at the same time generate profitable growth. In this way, we can meet an increased need globally for responsibly produced food, bioenergy and bio-based materials – both today and in the future.

Lantmännen's strategy Field to Fork 2030 leads and accelerates the development of sustainable solutions throughout the value chain. With operations throughout the grain value chain, Lantmännen has a unique opportunity to pursue sustainable business development, which is the basis for Lantmännen's and our members' long-term profitability. Based on renewable raw materials from arable land, we develop businesses that optimize cultivation, increase resource efficiency, close cycles and minimize the impact on people and the environment.

Through business intelligence and stakeholder dialogues, Lantmännen has prioritized which sustainability issues are material for the business from an environmental, social and business ethics perspective. These contribute to sustainable development and sustainable business and form the basis of our framework.

The framework's sustainability areas, together with the ambitious goals, are central to how we work with strategic business planning and identify risks and opportunities. Lantmännen's

environmental responsibility includes issues such as reduced climate impact, adaptation to a changing climate and functioning ecosystems, but also resource efficiency and sustainable products for a growing population.

Lantmännen is a responsible actor and wants to be an attractive employer that offers a safe working environment, good leadership and an inclusive corporate culture. Therefore, issues such as health and safety, employee satisfaction and equal treatment are prioritized areas within Lantmännen's social responsibility. The responsibility for material sustainability issues extends along the entire value chain and we apply strict rules for ethical behaviour and good business practice.

Framework for sustainable business



Global challenges

Supplying food, energy and materials to an entire planet without exceeding the planet's capacity.



Lantmännen's role

Lantmännen drives development towards Farming of the Future. Based on renewable farmland raw materials, we drive development towards sustainable, profitable farming of the future, minimizing the impact on people and the environment.



Climate and ecosystems

Fossil-freedom and halved climate impact every ten years by 2050. Knowledge generation, innovation and research for climate adaptation and functioning ecosystems.

- E** Reduced climate impact and fossil-free value chain
- E** Climate adaptation
- E** Functioning ecosystems

Sustainable products and renewable raw materials

Contribute to food security for a growing population. Resource-efficient production of safe products and services with added value for sustainability. Increase volume of grain from sustainable cultivation programs. Innovation for sustainable business development. Sourcing with responsibility for people and the environment.

- E** Food Security, resource efficiency and circularity
- E S** Sustainable, healthy and safe products
- E S G** Responsible supply chain

Responsible employer and business partner

A responsible and attractive employer that offers a safe work environment, good leadership and an inclusive culture. We have a high level of integrity and apply strict rules of ethical conduct and good business practice.

- S** Employee satisfaction and leadership
- S** Equal treatment
- S** Health and safety
- G** Ethics and integrity

E = Environmental
S = Social
G = Governance

Governance

The Board is ultimately responsible for directing, monitoring and following up the Group's responsibility and sustainability work. Group management pursues responsibility issues and sustainable business development as part of strategic business planning. Divisions and business areas drive sustainability issues that are relevant to the business. Lantmännen's code of conduct describes how our operations and employees must behave and make decisions in order to take responsibility from an environmental, social and business ethical perspective.

Risk identification and assessment is part of the Group's existing risk processes. As we use raw materials with the potential to contribute negatively, we are committed to a deforestation-free supply chain and responsible production, with targets for high-risk raw materials, soy, oil palm, cocoa and wood. Lantmännen supports the recommendations for voluntary disclosures of climate-related risks and opportunities from a financial perspective, the Task Force on Climate-related Financial Disclosures and the Task Force on Nature-related Financial Disclosures.

Climate targets

Lantmännen's climate strategy is based on reducing emissions at the rate required by the Paris Agreement. This means halving emissions every decade to achieve climate neutrality by 2050. Lantmännen's climate target is divided into the primary production, our own production and purchased transport. The targets focus on fossil-free production and transport, continuous energy efficiency efforts and investments and measures

to reduce the carbon footprint throughout the value chain. To accelerate work in this area and demonstrate our high level of ambition, our food businesses have joined and set goals according to the Science Based Targets initiative.

2050

Target primary production

The target is to create conditions for a sustainable primary production with a halved climate impact every ten years to achieve climate neutrality by 2050.

-50%

Target for own production

Halve climate impact from our own production, in relations to net sales, by 2030, with 2019 as the base year.

2030

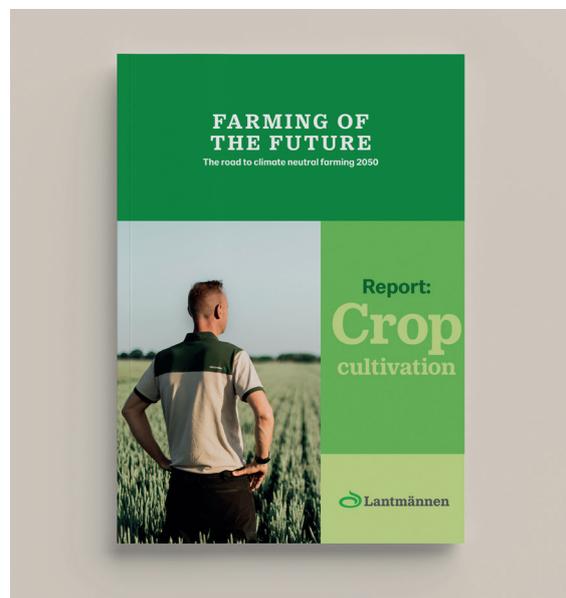
Target for purchased transports

Halve climate impact from purchased transports, in relations to net sales, by 2030, with 2019 as the base year.

Farming of the Future

Through our long-term work, we drive sustainable development in the value chain from field to fork to get closer to our goal: a more sustainable primary production with increased yields and climate neutrality by 2050. We work systematically to develop practical and economically feasible measures at farm level for a sustainable transition of agriculture.

In our report, Farming of the Future, we have identified significant opportunities to increase production while reducing climate and environmental impacts by scaling up already available technologies and cultivation methods. To do so we need to realize the potential offered by digitalization and precision farming in parallel with optimal management on the farm, including the introduction of sustainable crop rotation in the cultivation process. Continuous investments in plant breeding and intensified development of more sustainable plant protection are required. The effects of climate change on soil, water supply, crops and pests need to be monitored and managed. Not the least, the farmer's long-term profitability needs to be ensured in the transition to farming of the future. To achieve our long-term goal, we take an active role within all of the above areas.



Our cultivation program Climate & Nature

Through Climate & Nature, Lantmännens's cultivation program for Farming of the Future, grain is grown according to criteria that reduce climate impact and promote biodiversity. The program contains concrete measures for more sustainable cultivation in line with the Paris Agreement and the Science Based Targets initiative's goals for the agricultural sector. The farmers who grow according to the program use fossil-free fuels and fertilizer, precision farming and establish skylark plots, and flower zones on the fields. With the program's measures, the climate footprint from the cultivation of winter

wheat has been reduced by up to 45 percent compared to conventional cultivation since 2015, when the program started, and created more favourable conditions for both skylarks and insects. Oats, barley and rye are also grown within the program with the same positive results as for winter wheat. The program is dynamic and continuously developed to apply the latest knowledge and technology.



Collaboration throughout the value chain

Increasing production and at the same time reducing the impact on climate and the environment requires efforts from many different actors within the value chain. Among other things, access to sustainable inputs such as fuel, plant nutrition and plant protection is needed, as well as incentives and support to increase investments on the farms.

Investments in research and innovation are also required, and we work continuously to understand which areas need further development and

which measures are most effective and have the greatest impact. At our Farms of the Future, we translate theory into practice, apply our knowledge and invite our partners to find solutions for the future together with us. Our Farms of the Future provide a picture of how productivity, resource efficiency and environmental aspects all can be improved in order for us to reach a sustainable and profitable farming of the future.

Progress during 2023

The demand for sustainable products from Climate & Nature continues to grow with new partners, new markets and increased volumes. During 2023, fossil-free fertilizer was introduced as a possible measure within Climate & Nature, which enables a fossil-free value chain for food – something we are the first in the world with for large-scale food production. At the same time, there are investments in research and knowledge to develop new methods and technology in agriculture. One example is the collaboration with the University of Gothenburg, SLU and Yara, which

aims to investigate the extent to which nitrous oxide emissions from arable land can be minimized using different cultivation strategies and soil-improving additives. The field trials began during the year and measurements will continue until 2025. Also, our new plant breeding facility at Farm of the Future, Svalöv, has scaled up to full capacity with high-tech equipment and world-class expertise which will have a great impact on increasing productivity and securing food production in the future.

Research develops business

Lantmännen conducts research and development in the three main areas of Agriculture and machinery, Food and health, and Bioenergy and green materials. We are constantly developing our knowledge base in order to create even more sustainable business offerings.



Agriculture and machinery

Our research and innovation starts with arable land and the needs of the farm. Through our investments, we are constantly taking steps towards Farming of the Future – farming where we increase food production, while at the same time reduce our climate impact. The development of profitable and sustainable agriculture requires research in areas such as plant breeding, precision farming and biological pesticides.



Food and health

Through research and innovation on existing and new crops and development of the breeding chain, more sustainable foods are created from grains and legumes. One of Lantmännen's research areas is the development of food from grain and other plant-based raw materials. Examples of project areas include the health effects of grain and legume-based foods, improved bread quality and fractionation to produce new ingredients and foods. Research efforts on the health effects of fiber and whole grains are ongoing.



Bioenergy and green materials

A central part of Lantmännen's innovation work is to create more circular flows in the value chain from field to fork. Lantmännen conducts research projects that contribute to a more bio-based society based on grain and pulses. Research is underway to develop biochemicals such as bioplastics and other renewable materials. Through processing, raw materials from agriculture such as starch, protein, fiber and lignocellulose gain an increased value.



Green bond framework

Rational for issuing Green bonds

Food production accounts for a significant part of the world's greenhouse gas emissions. To curb climate change and ensure productive agriculture tomorrow, climate impacts need to be reduced, particularly in cultivation but also from food processing and transportation.

As a food producer and agricultural cooperative, Lantmännen has a responsibility to do what we can for a more climate efficient production of food. Lantmännen has worked to reduce carbon emissions from own production since 2009, and the reduction is over 70 percent.

Lantmännen's climate strategy is based on reducing emissions at the rate required by the Paris Agreement. This means halving emissions every decade to achieve climate neutrality by 2050. Furthermore, Lantmännen's Field to Fork 2030 strategy describes the opportunity and need to increase food production, taking into account

population growth and sustainability. The need is for increased availability of raw materials, energy and inputs, and more proximity to production. Lantmännen sees that the Swedish grain harvest can increase by one million tonnes per decade and seeks to enable this through active development initiatives to increase productivity. Work in the Farming of the Future program is based on the combination of managing a growing population and the climate issue by 2050.

As a Northern European leader in agriculture, machinery, bioenergy and food products, Lantmännen plays a major role in the transformation of the food system towards a climate neutral sustainable food system. Issuing green bonds enables Lantmännen to invest in sustainable projects to fulfil the climate strategy, and support a sustainable primary production with increased yields and climate neutrality by 2050.

Financing of Green Projects

The Green Bond Framework, aligned with the 2021 ICMA Green Bond Principles including the updated Appendix 1 of June 2022, defines the investments eligible for financing by green bonds issued by Lantmännen.

An amount equal to the net proceeds of the green bonds will finance or refinance, in whole or in part, investments undertaken by Lantmännen, its subsidiaries or by Lantmännen's share in joint ventures, in each case as determined by Lantmännen in accordance with the green project categories defined below (Green Projects). New financing is defined as allocated amounts to Green Projects financed within or after the reporting year of inclusion in the Green Register,

and refinancing is defined as allocated amounts to Green Projects financed prior to the reporting year of inclusion in the Green Register. Operating expenditures will qualify with a maximum three-year look-back period prior to the issuance of the green bond, except costs of sourcing sustainable raw material that qualify with a look-back period of maximum one year.

Green bond net proceeds will not be allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare earth elements or fossil fuels), gambling or tobacco.

Use of proceeds

Project categories

Eligibility criteria

Environmentally sustainable management of living natural resources and land use



Environmental objective

Climate change mitigation
Climate change adaptation
The protection and restoration of biodiversity and ecosystems

Sustainable cultivation

- Investment and expenditures related to research and development as well as the partnerships with farmers to develop cultivation in a more sustainable direction. This involves carrying out research and development in areas such as plant breeding, digitalization, precision farming, climate adaptation, carbon sequestration, biodiversity and biological plant protection. Procurement of wheat, rye, barley, oats and other grain that are grown under the Climate & Nature program by Lantmännen's farmers and have at least a 30 percent lower CO₂ impact than equivalent products.

Costs of sourcing sustainable raw material have a look-back period of maximum one year.

Eco-Efficient and Circular economy adapted products, production technologies and processes



Environmental objective

Climate change mitigation

Production

- Production facilities and production lines needed to produce food and feed products or crop production inputs, with at least at a 30 percent lower CO₂ impact than equivalent products, e.g. fossil free fertiliser, low-carbon grain, and legume-based products such as pea-based protein.
- Investments in non-chemically treated seed for organic and conventional cultivation.

Renewable energy



Environmental objective

Climate change mitigation

Solar and wind power

- Facilities that produce electricity using solar photovoltaic (PV) technology
- Facilities that produce electricity from wind power.

Bioenergy

- Production facilities, including drying facilities, and manufacturing of solid processed wood fuels based on waste products from the forestry and sawmill industries, such as shavings and sawdust.

Pollution prevention and control



Environmental objective

Pollution prevention and control

Recycling plants

- Investments in recycling plants, where residues from the food industry are processed into raw material in the plants for production of bioethanol.

Green and energy efficient buildings



Environmental objective

Climate change mitigation

Buildings and silos

- Buildings that have, or are designed to achieve, a certification in accordance with at least Miljöbyggnad 'Silver', combined with a primary energy number at least 20 percent lower than the level required by the national building regulation.
- Silos with fossil-free grain drying facilities that are at least 20 percent more energy efficient compared to standard drying facilities.

Clean transportation



Environmental objective

Climate change mitigation

Electrified transportation

- Purchase/lease of light- and heavy-duty electric vehicles.

Process for project evaluation and selection

Lantmännen's overall management of environmental, social, corporate governance and financial risks is a core component of our decision-making processes. Our risk management is stated in policies, guidelines and instructions. The annual Enterprise Risk Management process covers a broad scope of sustainability and responsibility risks. The process for evaluation and selection of Green Projects will follow the same standard decision-making process.

Lantmännen has established a Green Bond Committee (GBC) to evaluate and select eligible Green Projects and to allocate net proceeds to such assets. The GBC constitutes of 7 members including the Director Sustainable Development.

A list of the potential Projects is presented to the GBC, which is solely responsible for the decision to acknowledge the projects as an eligible Green Project. A decision to allocate net proceeds will require a consensus decision from the GBC.

The GBC will convene every 6 months or when otherwise considered necessary. The GBC holds the right to exclude any eligible Green Project already funded if the project no longer meets the eligibility criteria defined in the Framework.

If an eligible Green Project for any reason loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.

Management of proceeds

Lantmännen will use a register (Green Register) to monitor that an amount equal to the net proceeds from green bonds issued are allocated to eligible Green Projects. The purpose of the Green Register is to ensure that net proceeds only support the financing of relevant Green Projects or to repay any green bond outstanding. The Green Register will form the basis for the impact and allocation reporting.

In the event that the total outstanding net proceeds of the green bonds exceed the value of the Green Projects in the Green Register, such unallocated amount will temporarily be placed in the liquidity reserve and managed accordingly by Lantmännen.



Reporting

Lantmännen will annually until full allocation, and in the event of any material developments, provide investors with a Green Bond Report describing the allocation of proceeds and the environmental impact of the Green Projects.

Allocation reporting

Allocation reporting will include the following information:

- Nominal amount of outstanding green bonds.
- The balance of the Green Projects in the Green Register
- The total aggregated proportion of Green Bond net proceeds used per Green Project Category
- Distribution between new financing and refinancing
- The amount of unallocated proceeds, if any

In addition, Lantmännen may report on the EU Taxonomy alignment of the projects financed.

Impact reporting

The impact reporting section aims to disclose the environmental impact of the Green Projects financed under this Framework, based on Lantmännen's share of each project, where feasible and subject to data availability.

The impact assessment may, if applicable, be based on the impact indicators on next page.

External review

Second party opinion

S&P Global has provided a second-party opinion to this Framework, verifying its credibility, impact and alignment with the ICMA Green Bond Principles 2021.

Post-issuance review

An independent verifier, appointed by Lantmännen, will on an annual basis, until full allocation, verify the internal tracking method and the allocation of funds from the green bond proceeds.

Publicly available documents

The Green Bond Framework and the second-party opinion will be publicly available on Lantmännen's website, together with the Green Bond Report once published.

Environmentally sustainable management of living natural resources and land use



- As applicable, number or other quantitative measures
- GHG emissions reduced (tonnes of CO₂e emissions)

Eco-Efficient and Circular Economy Adapted Products, Production Technologies and Processes



- Number or other quantitative measure of products produced
- Any deliverables possible to quantify, as applicable
- GHG emissions reduced (tonnes of CO₂e emissions)

Renewable Energy



- Annual renewable energy generation (kWh and m³)
- GHG emissions reduced (tonnes of CO₂e emissions)

Pollution prevention and control



- Type of waste that is collected, prevented, or recycled before and after the project
- Quantity processed into raw material

Green and energy efficient buildings



- Building certification
- Annual energy use avoided (KWh)
- GHG emissions reduced (tonnes of CO₂e emissions)

Clean transportation



- Number of vehicles
- GHG emissions reduced (tonnes of CO₂e emissions)

