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One of Sweden's most important companies

The Green Sector, the primary production of forestry and agriculture, processing and its subcontractors, is the basis for one third of Sweden's industrial production and accounts for 140 MSEK in export each year. The Green Sector is therefore of decisive importance to Sweden's economic development and the upholding of a living countryside, a valuable cultural landscape, and biodiversity. Approximately 650,000 people work, directly or indirectly, in forestry (40 per cent) and food production (60 per cent). The Green Sector is responsible for every third employee in nearly one of ten municipalities.

The basis for food production, be it bread, meat or dairy products, is the farmland. Lantmännen's close to 50,000 owners/members cultivate approximately 75 per cent of Sweden's total farmland and we are the company that employs most people in the Green Sector.

It is Lantmännen's ambition to inspire and lead the development within the Green Sector. To produce the food of the future, develop our agriculture and transform the energy sector are some of the major challenges we face in order to create a sustainable society. Lantmännen operates throughout the entire value chain, from farmer to consumer. By supplying competence in research and development of future crops and by looking for innovative solutions and products throughout the food chain we create possibilities to contribute to a sustainable development.

Lantmännen's aim is to provide conditions for profitable arable farming and livestock production. We shall also process the resources of the farmland into feed, food, energy and improved quality of life in a responsible manner. I am convinced that there is a strong connection between satisfied employees, satisfied customers and a good financial result. We are therefore implementing a reorganisation of our corporate group, among other things aimed at promoting the wellbeing, health and influence of our employees.

Lantmännen is a corporate group comprising many different sorts of companies. I believe in a strong local organisation close to the customers, combined with centralisation of resources creating synergies and providing common strategies. Sustainable Development is one such area. This is the first report that comprehensively outlines the operations of the whole corporate group.

Taking responsibility for the farmland requires a long-term commitment. To me, this is exactly what the co-operative form of ownership stands for. It has a lot to do with values, ethics and sustainable development.

Welcome to an important company. Birgitta Johansson-Hedberg CEO and Managing Director
The responsibility for our future

The current development of society is not sustainable. Globally our life-sustaining resources (for example farmland, air, water) are destroyed as we pollute and physically degrade nature in various ways. At the same time the global population is growing and the gap between rich and poor is increasing. These developments all contribute to undermine the capacity for coming generations to meet their needs.

The challenge to turn this downward spiral around, or at least make sure that the situation does not deteriorate further, is called “working with a Sustainable Development”. Some companies use terms like Good Citizenship and Corporate Social Responsibility (CSR). All these concepts are part of the framework for Lantmännen’s work with Sustainable Development – a financially sound and responsible effort to reach ecological and social sustainability.

Working for a sustainable development is like turning an oil tanker – it takes time. In order to succeed we need a common overall strategy and direction – a common rudder. No one can with any certainty describe how the future will unfold, or definitely tell how a sustainable production of food and energy will be practised. Therefore Lantmännen works with a principle definition of sustainability – four principles for sustainability. See pages 36-37.

In short, Lantmännen’s strategy is to introduce measures step by step which improve profitability, are possible to further develop and guide our business in a sustainable direction. This strategy, with its clear definition and direction, is built on a decentralised way of working and provides the tool for prioritising profitable actions at the operative level. In the business areas Cerealia Mills, Cerealia Foods & Bread, and Cerealia Bakeries a work to create a Code of Conduct, a tool that clarifies guidelines and attitudes, has been started. This work will be used and developed to fit the corporate group for future work.

In Lantmännens new organisation certain strategic functions are centralised, among them Sustainable Development. This will enable us to coordinate and utilise our various competencies even more efficiently.

Our work in the area of social sustainability has to do with the way Lantmännen influences people’s capacity to meet basic needs. It may concern good health, influence on the workplace, safe products and healthy food. The employee issue is another area that is being centralized in a Human Resources function. A comprehensive account of these issues with statistics will be presented in next year’s report of Lantmännen’s work with sustainable development. See page 45.

This year’s report, the first one covering our whole corporate group, explains how the farmland forms the basis for all our different operations. We have divided the operations into Farm & Agriculture, Food, Home & leisure, and Energy. Several of Lantmännen’s business areas and companies operate internationally. This year’s report most of our examples come from operations in Sweden, future reports will also illustrate other countries.

Sustainable Development means challenges and opportunities for Lantmännen – to carry on the mission of earlier generations of farmers to preserve and develop the farmland.

Camilla Välimaa
Sustainable Development
Lantmännen’s business idea is to evolve and refine arable lands resources in a responsible way – with good finances approaching ecological and social sustainability. The core business within Lantmännen Landbruk and the eight business areas, and companies within these, produce products and services in a comprehensive added value chain. Lantmännen conducts operations from the farm over the processing industries and all the way to the consumers.

FARM & AGRICULTURE describes research, biotechnology and the development of seed. Plant breeding and product development are described, together with all that Lantmännen has to offer for cultivation and animal production. Deliveries to and from the farm demand advanced logistics planning. The entire chain from the field to food and feed production forms a unified whole.

FOOD describes how our industry meets more and more complex demands and increased awareness among consumers of the relationship between diet, physical exercise and health. How Lantmännen’s business areas and companies, several with expanding international operations, can add new values and properties to products through research and development.

HOME & LEISURE describes how Lantmännen meets the new green wave and how it affects society. People make higher priority on their living environment and a qualitative leisure close to nature. Granngården’s 120 shops around Sweden and feed producers with strong brands for cats, dogs and horses meet the demands of this expanding market.

ENERGY is one of the major issues of the future and Lantmännen has a key role in the ongoing energy transformation. Bio-energy and renewable fuels from the farmland have great development potential, as society’s dependence on fossil fuels will gradually reduce. Through the diversified operations of energy companies Lantmännen has great opportunities to lead the way and to contribute to a sustainable development.
Responsibility for arable land...
A successful farmer is a jack-of-all-trades; amongst other things a biologist, a businessman, a technician and nowadays even a computer expert. Lantmännen is the farmer’s partner, with operations ranging from plant breeding to the sale of machines.

The number of agricultural businesses in Sweden decreased by 57 per cent between 1970 and 2003. The only category that has increased is that of businesses with more than 100 hectares of farmland. There are no indications that the structural development will slow down in the future – if anything, the other way around. The average age of the farmers is on the rise and the age group 50-65 is increasing rapidly. This in combination with intensified international competition – the EU’s agricultural area increased by 40 per cent last year – speaks for an accelerating structural development.

In the future Lantmännen’s customers will be more clearly segmented than today. The first group consists of large farms, for animal production as well as crop production, where agriculture is the main income source for the owners. The second consists of part-time farmers managing smaller units, primarily with crop production, in combination with external incomes. However, these farms can be as large as 150 hectares. A third customer group constitutes the leisure and hobby farms.

Lantmännen takes responsibility for the farmland. In order to continue to be a partner to agriculture and to meet a growing differentiation of the market, we are developing our business organisation. Large farms demand individual advice and more market information. Part-time farms look for rational solutions. Lantmännen’s developed e-business will become a specifically important tool for this group.

The demands for environmental improvements and animal welfare are in many respects more ambitious in Sweden than in other countries. Lantmännen works with several projects, for example “Greppa Näringsen”, in order to help our customers and owners transform these demands into added value that can be conveyed to the consumers as well as into production advantages.

Lantmännen started to work with organic farming as early as 1984 and is a member of KRAV. During 1995 Lantmännen introduced Svenskt Sigill which today is owned by LRF and contains a number of product groups in addition to grain. Svenskt Sigill is primarily a quality concept but also includes a number of other rules that benefit ecologic sustainability and animal welfare.
The first important link
Svalöf Weibull (SW) and Lantmännen Invest’s subsidiaries BioAgri and Aconova are Lantmännen’s spearheads. Their competence in basic research, biotechnology and development of seed are decisive factors for the entire production chain’s development towards a more sustainable agriculture. Successful plant breeding and product development create added value at all stages, from grower to consumer.

Variety development for sustainable agriculture
An important area of operation for SW is the development of new varieties for a more sustainable agriculture, for example developing resistance against diseases, so that the use of non-sustainable plant protection agents can be reduced. The partly owned subsidiary BASF Plant Science has the same focus, among other things using genetic engineering for creating broad resistance against fungal diseases and more efficient use of water and plant nutrition. Another example is the development of varieties contributing to diminishing eutrophication. In 2004 a new variety of winter wheat was introduced, SW Harnesk with improved nitrogen utilization.

Sustainable plant protection
BioAgri develops and markets products with naturally occurring organisms and substances for growth stimulation and control of plant diseases. Two products based on a commonly occurring soil microbe have been developed for treating seed against diseases; Cedomon and Cerall. Both products are easily biologically degradable. Seed treated with these products yields equally strong harvests and controls seed-borne diseases just as effectively as seed treated with comparable chemical agents.

The products give advantages for the working environment and are approved for organic farming. Cedomon and Cerall are the result of more than ten years’ of research and a number of field trials in different countries. The most important event for BioAgri during the year was the EU approval of the active organism in Cedomon and Cerall, the so-called Annex 1 approval.

Aconova develops methods for sanitation/treatment of seeds resulting in functionally adapted properties, so-called “functional seeds”. ThermoSeed is a new method using thermal treatment to sanitize seed from contamination without any chemicals. The method’s effectiveness in terms of sanitation and harvest is equivalent to that achieved with chemical agents, and at a very competitive price. A full-scale plant for ThermoSeed is being projected in Skara.

Everything for crop cultivation and animal production
Lantmännen Lantbruk supplies what the farm needs for crop cultivation and livestock production through the Divisions Arable Commodities, Grain, Feed and Logistics. The strategy for sustainable development has been integrated in the business plan and the management system within Lantmännen Lantbruk. More information on Lantmännen Lantbruk’s work with sustainable development can be found at www.lantmannen.se.

Every day, large agricultural businesses must make decisions regarding increasingly complex issues that can be of decisive importance to the company’s finances, and to the environment. In the regional markets these farmers rely on good partners in Lantmännen’s well-educated sales representatives.
Logistics
Lantmännen Lantbruk is one of Sweden’s largest transport companies. A total of 1,400,000 tons of feed, 2,500,000 tons of grain, 500,000 tons of fertilizer products and 130,000 tons of seed products are transported to and from the farmers. Fewer and larger farms have made it possible to improve the efficiency, as measured in products per kilometre, through more bulk transports, among other things.

In 2004 an evaluation of the environmental performance of the transportation firms was carried out. The contracts with the haulage contractors who deliver feed in bulk now require that all drivers must undergo training in Heavy EcoDriving in 2005. EcoDriving means driving to achieve good fuel economy.

Machines and animal stables
Lantmännen sells modern high capacity machines. Machines continuously demand service and maintenance in order to function effectively, not least with regard to the environment. Lantmännen Maskin’s service personnel are continuously trained and are decisive for combining high productivity with taking responsibility for a sustainable development. Lantmännen’s subsidiary Swecon Anläggningsmaskiner works in the same way with sales and service of its product range.

The company Bygglant works with construction planning and sales of buildings and building materials, and with sales and service of in-farm equipment. When constructing stables, Bygglant follows the environment manual issued by Miljöstiftelsen for Byggsektorn (The Environment Foundation for the Construction Sector).

From the field to food production
The Grain Division purchases grain, peas and oil plants. Thereafter the goods are cleaned, classified, dried, processed and stored, before they are delivered to mills, feed factories, malting houses and distilleries. Approximately 1 million tons of grain is exported annually. In order to ensure quality and sustainability issues, cultivation contracts are signed with the farmers. These can for instance concern cultivation according to KRAV, Svenskt Sigill or specific demands for traceability from baby food producers.

Svenskt Sigill
In 2004 708 farmers were contracted, who produce 305,000 tons of Svenskt Sigill grain. The basis for the business of Svenskt Sigill is to make five promises to the consumer – safe and traceable food, responsibility for the environment, a vivid and diverse landscape, animal welfare and independent inspections.

KRAV
Through the company Eco Trade the Grain Division increased its purchases of organic grain to approximately 80,000 tons, an improvement by approximately 25 per cent compared to 2003. This makes Lantmännen one of the world’s major players in the organic grain market. A large part of the organic grain, approximately 50 per cent, is exported. The rest is used primarily in Lantmännen’s own food production.
Safe drying
In order to ensure high quality and safe food, the grain must be dried with warm air so that mould cannot develop. Drying consumes much energy and the Grain Division decided to start two projects in 2005: “Safe drying” and the introduction of a certifiable energy management system aimed at decreasing the energy consumption.

Our animals need feed
Animal production is the engine in Swedish agriculture, as half of Sweden’s grain is used as feed. Lantmännen’s Feed Division has a key role in strengthening competitiveness and sustainable development in the animal sector.

Feed raw materials
For the most part Lantmännen uses Swedish raw materials in the production of concentrated feed. Approximately 45 per cent of the raw materials are imported, primarily protein feed material, sugar beet by-products, vitamins and minerals. The soy that is imported originates from selected companies in Brazil that comply with our demands for GMO-free cultivation. The subsidiary Lactamin has mineral feed and milk replacers as its major product areas and works with life cycle analyses to find opportunities to make improvements in the selection of raw materials.

Feed development
The health and wellbeing of the animals is of central importance. The product development of feed is therefore based on the concept of nutrition supply based on the animals’ genetic potential. This among other things makes it possible to use the knowledge of the animals’ demands for protein quality to limit the excess nitrogen, which in its turn means reduced eutrophication. Eco-labelling of the products with regard to the major environment impacting factors is another project run by the Feed Division.

The systems for a more sustainable agricultural production, for example Svenskt Sigill, are becoming increasingly sophisticated. In addition we need an overall development, new technologies, products and know-how that can be adapted to local conditions. Several of Lantmännen’s suppliers, for example of plant protection, machines and fertilizer are large multinational companies. How well we succeed in our dialogue with them is of key importance to the development of a sustainable agriculture.
Tell me what you eat and I will tell you who you are. Lantmännen’s food production is to a large extent influenced by new life styles bringing new consumption patterns and eating habits. The number of single-person households is rising and the number of meals eaten at home is decreasing. A snack or a quick bite on the way to or during an activity is for many people more and more common.

The international food influences are becoming more numerous and the interest in food safety, local products, production quality and broader value issues is increasing. In recent years the consumers’ knowledge of the links between food and health has also resulted in increased demands for information on the products’ contents, origin and ecological status.

As a result of customs tariffs and import duties, Swedish food industry has historically been protected from international competition. Other countries’ trade barriers also meant that few products were exported. This all changed when Sweden joined the EU in 1995. At the same time as the food industry gained access to new markets, the competition stiffened considerably, at home as well as in the export markets. A rapid internationalisation is in progress in the food industry as well as in the retail business. From 1995 Sweden’s food export has increased by an average of 11 per cent per year, compared to a little more than 5 per cent for the total export of products. Today Lantmännen is one of the largest food producers in Northern Europe with a number of well-known brands, for example Kungsörnen, Asa, Start, Schulstad, Haring and Bageri Skogsholm.

Food is of decisive importance to social sustainability and health. In a global perspective undernourishment remains a gigantic public health problem. In more and more countries, Sweden including, overweight is instead becoming the dominating problem. A pattern can clearly be seen, where persons in socially exposed positions are most severely afflicted.

Since many years Lantmännen has been working to increase the knowledge among consumers in issues of diet, physical exercise and health. The company is also highly committed to the creative cooperation between nutritional and medical research and food industry operations. This work has resulted in a number of high quality products in the medical food sector.
Lantmännen’s business areas Cerealia Mills, Cerealia Foods & Bread and Cerealia Bakeries develop, produce and market food based on grain. Everything from basic products like flour, processed grain, cereals, müsli, pasta and bread to ready-made meals. The customers are found throughout the food chain, from bakeries and other food industries to wholesalers, institutional households and service and retail traders.

The business areas are expanding international operations, with production factories in a number of countries and brands that are being established in new markets. The following description illustrates a number of Swedish examples. Our intention is to showcase operations in other countries in future reports.

Raw materials of major importance

The growing interest in health and sustainability issues among consumers puts increasing demands on the food industry to supply information concerning its products. Lantmännen has long experience of cultivation according to various requirement specifications from the market. This can for instance concern raw materials for baby food, bread or malt for beer production. This work includes the development of sustainable cultivation systems and in some cases the ability to trace the raw material all the way back to the field where it was grown. In order to give the consumers the possibility to make active choices for steps towards sustainability, Lantmännen uses Swedish and Danish eco-labelling. Lantmännen’s bakeries today use more than 60 per cent eco-labelled raw materials. The share has increased continuously since the second half of the nineties.

Research and product development

Lantmännen’s scientists and experts on food technology, nutrition and microbiology provide the basis for product development and food safety. The business areas have also long been funding research in the areas of diet and health. In the summer of 2004 a research program was started, focusing on the mechanisms believed to affect the health promoting properties of wholemeal.

Products with focus on health

Axa Sports Club and Uppladdningen promote the interest in various groups in society for how you should eat in order to achieve more. In 2004 new wholemeal products were introduced; pasta, bread and pancakes mixes, among others.

The GI, Glycaemic Index, is a measure of how fast and how much a food raises the glucose level in the blood after a meal. Yoghurt bread from Axa is the first Swedish product to report its GI on the package. A low GI gives a more prolonged feeling of satisfaction and also appears to be able to lower the glucose and cholesterol levels.

GoGreen is the name of a new series of healthy vegetarian products that is being introduced in the Nordic market. The fat content of these products is low and added sugar is used very sparingly. All the products are labelled as low-fat/fibre-rich foods.

Oatly from Ceba Foods, one of Lantmännen’s interest companies, is a group of dairy products made from oats instead of milk. The oat fibres put the intestines to work and give a feeling of inner wellbeing. Oats are also good for the heart, lower the cholesterol and...
level in the blood and is an asset for allergic persons. The products do not contain milk and soya. They are based on Swedish oats, approximately half of which are organically produced.

100% Havre is a product from AS-Faktor that exemplifies the use of the broad competence within Lantmännen’s organisation. The oats are produced according to special rules similar to those for seed from Svalöf Weibull, and are then transported to Lantmännen’s mill in Järna, where they are specially treated in order not to come into contact with any grain containing gluten. In the production of the oatmeal the grain is analysed by AnalyCen in order to ensure that it is free of gluten. 100% Havre can be eaten by persons not tolerating gluten and is available in retail shops. The product is also an ingredient in crispbread and cookies from Semper.

Medical food
An increasing problem now in focus concerns pharmaceutical substances that are not degraded in nature. Using foods with drug-like effects can reduce the need for synthetic pharmaceuticals. The above mentioned company AS-Faktor operates in the area of medically oriented research and development. The products are based on protein AF, Antisecretory Factor, which has an effect in diseases characterised by a disturbed transport of fluids, for example gastrointestinal diseases and dizziness.

The company has established three medical food products in the market: SPC Flakes, the Magiform line and Salovum. These products emanate from research and development in the eighties when antibiotics given to piglets with stomach problems were replaced with specially processed grain that stimulates the production of protein AF. Today more than half of the feed eaten by Swedish pigs after weaning contains the equivalent of SPC flakes.

Renewable energy sources
Food production has an influence on sustainability primarily in the production of raw materials, but also through energy consumption, transportation, use of water, waste products, and through noise and dust from the factories. Prioritised areas include rendering the use of energy more effective, creating effective transport and logistics solutions and making increased investments in factories run on energy from renewable sources. The production plant in Järna is one such example. In the spring of 2005 a new boiler is put on line, using the rest product of the oat skin as fuel. The steam generated is used to drive the process in the plant, and also for district heating in Järna. As a result some 3,200 cubic metres of oil will be saved annually, corresponding to heating approximately 1,000 houses of normal size.

Competence
Nord Mills, a part of Cerealia Mills, has taken part in a project funded within the framework of the Swedish government’s billion investment in the Baltic region. The project included exchange of knowledge between the Rigas Dzirnavnieks mill, Latvian farmers, Latvian bakers and Nord Mills. Lantmännen has contributed with project management, human resources development, agricultural education, ecological and financial steering, job placement and language education at the Rigas Dzirnavnieks mill. The results
were very good and led to improvements throughout the whole value chain, from farmer to final product.

**Management systems for quality and control**

All food production is safeguarded by strict requirements relating to quality and hygiene. Our goal is that all applicable operations within the corporate group shall be performed in compliance with international standards for food safety, for example BRC’s global standard (British Retail Consortium) and according to an efficient HACCP system (Hazard Analysis Critical Control Point). In April 2004 Lantmännen opened Sweden’s newest and most modern bakery in Umeå. The bakery has very high hygiene requirements and employs approximately 100 persons.

The development is rapid and the requirements for quality control are continuously becoming more stringent. Lantmännen’s subsidiary Solanum works with the collection and processing of fresh and refrigerated potato products. From 2005 there is a requirement that all cultivation in Solanum’s own refinement production, approximately 20 per cent of the total volume, shall be IP certified (integrated production). This will lead to Svenskt Sigill-labelled products.

AnalyCen Nordic supplies chemical and microbiological laboratory services in the areas of agriculture, food and environment. Many of the analyses that can be performed at AnalyCen have a direct or indirect effect on sustainability.

There are close links between food on the one hand and feed, the cultivation of plants and environmental analyses on the other. Government authorities, industries and consumers all have a growing need to know about the nutritional value and the presence of trace elements in food, and about the presence of foreign and toxic substances, among other things. More than two thirds of AnalyCen’s services are sold externally.

The challenge is to increase the share of raw materials from cultivation systems that are taking steps towards a sustainable production, at the same time as we develop safe products for good health that are attractive in terms of price and design. We must combine the long-term commitment that the responsibility for the farmland entails with fast actions in order to remain successful in the consumer market.
We know the most about animals and gardening… If you travelled around the Swedish countryside in the seventies and eighties you could see many deserted farms as a consequence of the transformation and depopulation of the countryside. Large numbers of people moved from the rural and sparsely populated areas to the central municipalities, which increasingly developed into local and regional service centres. Today the picture is a bit different. It is no longer the countryside but the small and middle-sized population centres that are suffering from “the population crisis”, with an increasing number of empty flats as a result.

Information technology makes it possible for people to move away from the city without leaving their jobs. The demands for a high quality spare time are increasing and the price of real estate in attractive living environments in the countryside is higher than ever. Also the common agricultural policy of the EU, which to a lesser extent concerns the production of agricultural products and more and more deals with the development of the environment and the countryside, contributes to this.

The new green wave affects more than just the countryside. Never before have so many spent so much time and money on their homes and gardens. There are almost as many do-it-yourself and gardening programs on TV as there are channels.

The number of family farms, traditionally the basis for Lantmännen’s business, is decreasing. At the same time part-time and hobby farming is increasing, but contributing less and less to food production and focusing more on other activities. The horse industry is also increasing.

Business based on Sweden’s 270,000 horses is a big and growing operation in the agricultural companies. Breeding and raising, letting of stable space, horseback riding, trotting and horses as a hobby together constitute the major business of more than 2,000 farms.

Lantmännen’s subsidiary Granngården is a chain store with national coverage. It has more than 120 shops and the vision to be the leading source of inspiration for all who want to live a little closer to their origins. All kinds of equipment and feed for animals are sold, including cat and dog food as well as horse feed from Lantmännen’s subsidiaries Doggy and KRAFFT Hästfoder.

Granngården also has a wide range of products for house and garden, an example is Weibull Trädgård’s wide product range for hobby gardeners as well as for professionals.

The expensive knowledge in agriculture and animal care found within the corporate group is also offered to the hobby customers through new comprehensive websites hosted by, for example, Granngården and KRAFFT Hästfoder.
Lantmännen’s challenge is to share our knowledge from professional cultivation and animal care with all hobby growers and pet owners. This means that we must become even better at developing a sustainable product range and at providing advice in our shops and on our websites. Then we will also be contributing to better animal welfare and improved care for our pets.

For more information on Lantmännen Lantbruk and the business areas Granngården and Invest, see pp. 38-39.

Doggy

Sales: 371 MSEK

Employees: 140

KRAFFT Hästfoder

Sales: 120 MSEK

Employees: 18

High quality animal feed contributes to better health for our pets. Their masters and mistresses often take ethical and environmental aspects into account when they choose the food for their pet. Swedish quality is Doggy’s primary competitive advantage. In the production special care is taken to use Swedish raw materials, for example fresh meat and wheat. During 2005 Doggy will introduce a complete new type of canned product including a number of ecological advantages.

The positive view of Swedish animal welfare and environmental work has led to great successes in Germany. The Swedish Chamber of Commerce and the Confederation of Swedish Enterprise gave Doggy’s German subsidiary Bozita GmbH the award as the Export Company of the year 2004. Swedish raw materials are also the basis for Sweden’s largest supplier of horse feed, Lantmännen’s subsidiary KRAFFT Hästfoder. In 2004 the oats in the product “KRAFFT Havre” were cultivated according to Svenskt Sigill. The goal for 2006 is that all products shall use oats that are Svenskt Sigill-labelled. KRAFFT’s products have met great success and are among other things given to horses competing at top international level.

Animal welfare and concern for the environment often go hand in hand. If the feed is easily absorbed by the animals’ digestive system only a small amount of the nutrients will end up in the manure, diminishing the transfer of trace substances like copper to the soil. The product development has resulted in a milder energy supply and lower amounts of sugar and starch.
Renewable energy from the field. ....In order to avoid serious climate changes we must cut down the global emissions of carbon dioxide by 50 per cent within a period of one hundred years, or maybe, as some research suggests, eliminate them totally. This is not an easy task, as 80 per cent of the global energy supply comes from fossil fuels, such as coal, oil and natural gas.

Lantmännen and the Green Sector have a key role in the conversion of the energy production. Bio-energy is probably the only possible alternative for a fast changeover to heating and electricity that is not fossil-based and thus largely climate neutral.

In Sweden the fossil fuels account for 50 per cent of the total energy consumption, including transportation. Bio-energy (including biological waste and peat) is number two, with 20 per cent. This corresponds to 100 TWh, a doubling of the figure 20 years ago. Bio-energy is thus larger than both hydroelectricity and nuclear power, which are each accounting for a little more than 15 per cent of our energy supply. Most population centres in Sweden are today heated by bio-energy. Other European countries are far behind in this respect, with an average of just 6-7 per cent bio-energy.

In spite of the relatively large use of biofuels in Sweden there is a large potential for increased production. The estimates of how much biofuels could contribute to the Swedish energy supply vary. The Swedish Energy Agency mentions a possible use of 160 TWh in 2010. According to the Swedish Bio-energy Association, today’s consumption can be more than doubled to exceed 200 TWh in a slightly longer perspective. Even the lower figure would mean an increase corresponding to the energy production from the total Swedish nuclear power program.

Lantmännen’s investments in the energy area have in recent years contributed significantly to make biofuels from the farmland an important complement to the wood-based biofuels. This business is still at an early stage and Lantmännen leads the accelerating development of competence in the area – all the way from plant breeding and cultivation techniques to logistics and technology. It is estimated that the use of field-based bio-energy (for example salix, grain and straw) has the potential to increase by 500 per cent in the next five years.

Also renewable fuels based on biomass in the form of ethanol, RME (rapeseed methyl ester) and heavy alcohols are an important part of the new, sustainable fuels of the future. Renewable fuels based on grain have great potential. Today Lantmännen, through the company Agroetanol, produces 50,000 cubic metres of ethanol, corresponding to approximately 20 per cent of the Swedish consumption.
The future development in the energy and fuel area is heavily influenced by politically factors, not least by taxes. Also control instruments relating to agricultural policy can be more extensively used to stimulate agricultural production for this purpose. Lantmännen Energi (LEA) works to make economic policy promote biofuel. LEA also supplies business support to other parts of the group and runs internal projects for improved energy efficiency.

The increased use of farmland for the production of biofuel not only offers the farmers an economic alternative, it also contributes to a sustainable development. Energy forests and energy grass keep the land covered all year round. The roots of the plants retain nutrients in the soil and the leakage of nutrients to watercourses diminishes. Energy forests can also provide variation in the large-scale flat country and provide shelter for birds and other animals.

Fuels and oils
Carbon dioxide-neutral fuels, including ethanol, are exempt from carbon dioxide tax as well as energy tax for a five-year period starting in 2004. In addition, cars subject to tax imposed on fringe benefits using environmentally adapted fuel are given tax reductions.

The Swedish government has decided that, with some exceptions, 50 per cent of all government-owned cars bought in 2005, should be “green” cars. Many municipalities offer investment contributions in connection with purchase of these kinds of vehicles, and the owners are often offered free parking spaces in city centres.

In addition to use in ethanol-fueled cars, ethanol is also admixed into ordinary petrol. This is the most common use for ethanol.

Currently the highest admixture is 5 per cent. When it becomes possible to mix 10 per cent ethanol in petrol, which is likely to happen within the next few years, the demand will increase by some 200,000 cubic meters.

The by-products from Agroetanol’s plant is called stillage. This is dewatered, dried and pressed to pellets. This is a high quality feed raw material rich in protein content. It is used by Lanmännen, among others, for feed production.

AgroOil has developed a diesel fuel, AgroLight, with an admixture of RME (rapeseed methyl ester). The AgroLight sales currently account for 70 per cent of Lantmännen’s total diesel sales.

In 2005 a new type of diesel, Agrodiesel 15, with no less than 15 per cent content of renewable raw materials, will be introduced. The company is also the market leader in the development of ecological lubricants.

Bio-energy for heating
The energy crop salix, Latin for sallow, willow and osier, constitutes the basis for the subsidiary Agrobränsle. The company works

For information on the business area Energy, see pp. 38-39.

Lantmännen Energi (LEA)
Sales: 12 MSEK Employees: 7
Agroetanol
Sales: 466 MSEK Employees: 37
AgroOil
Sales: 852 MSEK Employees: 16
Agrobränsle
Sales: 40 MSEK Employees: 11
SBE Svensk BrikettEnergi
Sales: 440 MSEK Employees: 71
SBE Svensk BrikettEnergi/Värme
Sales: 90 MSEK Employees: 15

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with the planting and sales of salix and supplies advisory services in this connection. Sludge is conveyed to farmers from municipal sewage treatment plants for use as plant nutrition. Agrobränsle then buys salix as standing crop and organises the harvest, transport and sales of chips to thermal power stations, in most cases close to the place of growth.

Salix is the dominating field fuel in Sweden and is currently grown on some 16,000 hectares. Agrobränsle is a world leader in the processing of salix and has started a subsidiary in the UK, where the interest in renewable fuel from farmlands is increasing significantly.

SBE Svensk BriketEnergi sells fuel in the form of pellets, briquettes, "logs" and powder produced of by-products from sawmills. In 2004 the company invested in new storage facilities as a part of more effective logistics solutions. The subsidiary SBE Svensk BriketEnerji Värme owns and runs biofuel-based district heating plants (boiler and distribution net) and ready heat (boiler only) in 26 places in Sweden. The company also provides services to boiler factories.

ENERGY WOOD consists of fast-growing willow species, called salix, which is the dominating farmland fuel.

STRAW FUELS is another word for energy grass and straw. Reed canarygrass is the grass that is best suited for Swedish conditions.

OIL PLANTS for example rape seed, can be processed into fuels as a substitute for diesel oil.

GRAIN can be fermented to ethanol for mixing in petrol, or for use as a fuel to replace petrol and diesel oil. The use of grain as a solid fuel is also growing. Among others, an increasing number of farmers are using this form of energy.

PASTURE CROPS AND MANURE can be digested to biogas and used for heating, electricity or as a fuel. The rest products can be brought back to the farmland and used as manure. Lucerne and reed canarygrass are examples of past-ure crops that are suitable for digestion.

"THE USE OF FIELD-BASED BIO-ENERGY HAS THE POTENTIAL TO INCREASE BY 500 PER CENT IN THE NEXT FIVE YEARS"
Lantmännen’s strategy for work with sustainable development

Lantmännen’s aim is to provide conditions for profitable arable farming and livestock production. We shall also process the resources of the farmland in a responsible manner into feed, food, energy and improved quality of life. Taking responsibility for the farmland requires long-term commitment. This is exactly what characterises the co-operative form of ownership, which stands for a lot that is linked to values, ethics and a sustainable development.

Lantmännen’s strategy for the work with sustainable development is to “plan assuming success” in all stages of the business planning, that is to say let a “sustainable Lantmännen” be the starting point.

As no one can predict the future with certainty or tell exactly which solutions that will be utilised in a sustainable society we use a principal definition of sustainability – four sustainability principles. In step one of the business planning, the current status phase, the business is mapped in relation to the sustainability principles. We call the tool, which identifies the major aspects, sustainability analysis.

Step two is the vision phase, where the unit, without being restrained by the current situation, list various sustainable solutions and visions. Finally, step three consists of analysing these proposals and establishing a priority list in order to find those solutions that are profitable, have development potential and can be implemented by the operating units the coming year. These steps are developed into actions and goals in the business plan. The prioritisation is based on the following questions:

1. Is the action a step towards sustainability?
2. Is the action a flexible platform for further improvement?
3. Is the action financially sound?
4. Is participation by others required, or can the action be implemented by our unit alone?

The follow-up of actions and goals is an important part of the business planning. Important issues that for some reason lack actions and goals in the current business plan are also followed up. The follow-up is carried out by means of check lists and key ratios that are integrated in the companies’ various accounting systems. A selection of the material is presented in this annual report.

Lantmännen Steps towards sustainability 2004

Policy for sustainable development

The policy contains our strategy and the principles for sustainability. It describes our attitudes and values concerning sustainable development within Lantmännen.

Policy for sustainable development

Lantmännen shall actively contribute to the development of a sustainable society by creating the best possible conditions for a sustainable operation. Our strategy is to step by step carry out actions that improve profitability, have development potential and guide our operations in a sustainable direction, based on four principles for a sustainable society.

In the sustainable society nature is not subject to systematically…..

1. increasing concentrations of substances from the Earth’s crust. This, among other things, means that we as a part of our development gradually will decrease our dependence on fossil fuels and develop products and services that facilitate society’s conversion to a sustainable energy system.

2. increasing concentrations of substances produced by society. This, among other things, means that we as a part of our development will phase out substances that are difficult to degrade, for example certain chemicals, and replace them with substances that are commonly occurring in nature, (for example soil microbe in the Cedomon preparation) or substances that are rapidly degraded.

3. increasing degradation by physical means. This, among other things, means that we as a part of our development will work to ensure that raw materials originate from well-managed eco systems, for example a sustainable production of grain contributing to a farmland of good quality, biodiversity and a cultural landscape rich in natural and cultural values.

And, in the sustainable society people are not subject to conditions that systematically….

4. undermine their capacity to meet their needs. This, among other things, means that we as a part of our development will contribute to improving the health and working environment of our employees, and develop products and services that are safe and support an improved public health.
Effective 1 March 2005 Lantmännen streamlines its organisation in order to become a more clear and customer oriented corporation. Lantmännen Lantbruk’s operations are emphasised as the core business of the parent company (Svenska Lantmännen ekonomisk förening). The other operations are divided into eight business areas. The purpose of the reorganisation is to increase the customer focus by creating a corporate group with a simple structure, with fewer management levels and clear business areas. This is one step towards achieving our corporate goal: to create favourable conditions for profitable arable farming and livestock production and for processing the resources of the farm land in a responsible manner. In the new organisation the administrative functions are also centralised, in order to decrease the amount of parallel work within the corporation.

Lantmännen Lantbruk
Purchases and sells grain, sells the supplies needed for growing plants (primarily plant nutrition, seed and plant protection) and produces and sells feed products. The operations are carried out in four divisions: Arable Commodities, Grain, Feed and Logistics. 13 market areas are responsible for sales and advisory services concerning supplies to farmer customers. The market areas also handle the local contacts with our owners/members.

Business Area Svalöf Weibull
An international plant breeding and feed corporation that develops, produces and sells new varieties and seed for areas with a cold, temperate climate. The corporation has its major customers in the Nordic countries, in Northern Europe and North America. It produces operations in agriculture as well as horticulture. The subsidiary Weibull Trädgård is the leading gardening company in Sweden. It develops, manufactures and markets gardening equipment and plants (primarily plant nutrition, seed and plant protection) and produces and sells feed products. The operations are carried out in four divisions: Arable Commodities, Grain, Feed and Logistics. 13 market areas are responsible for sales and advisory services concerning supplies to farmer customers. The market areas also handle the local contacts with our owners/members.

Business Area Granngården
Have 122 shops and some 50 retailers with consumer products for home, animals and garden. Farming supplies, professional products for farmers and woodmen, Granngården Park&Mark and the mail-order firm Nordpost.

Business Area Machines
Imports, markets and sells tractors, equipment, combines and construction machines, new as well as used. Service, repair of machines and sales of spare parts.

Business Area Grangärden
Have 122 shops and some 50 retailers with consumer products for home, animals and garden. Farming supplies, professional products for farmers and woodmen, Granngården Park&Mark and the mail-order firm Nordpost.

Business Area Energy
The mission is to supply farmers with various energy products, and also to develop a business primarily based on renewable raw materials from agriculture.

Business Area Invest
Includes a number of companies with various types of operations. The common denominator is direct or indirect links to the production in the agricultural businesses, for example laboratory and biotech companies like AnalyGen and BioAgit. AnalyGen has operations in Sweden, Finland, Norway, Denmark and has operations also in Poland, the Baltic countries and the Ukraine.
### Key ratios and management systems

This presentation gives an overview of Lantmännen's work with management systems and key ratios. In some units this work is in its initial stages, while others have progressed further and can present more information. Lantmännen Landbruk refers to its web page www.lantmannen.se and Granngården to www.granngarden.se.

#### FARM & AGRICULTURE

<table>
<thead>
<tr>
<th>UNIT</th>
<th>MANAGEMENT SYSTEMS</th>
<th>KEY RATIOS</th>
<th>COMMENTS</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIOGRI</td>
<td>ISO 9001 and ISO 14001</td>
<td>The use of Cadamom and Carvi</td>
<td>The total use of biologically treated seed increased by 14 % in 2004. The increase is attributable both to increased volumes in established markets and to the approval of use of the product in additional countries.</td>
<td><strong>RESULT</strong></td>
</tr>
<tr>
<td>ARABLE COMMODITIES DIVISION</td>
<td>Certificated according to ISO 9001 and ISO 14001. Supplier evaluations</td>
<td>The share alternately treated used Cadamom in mineral fertilizer</td>
<td>During the year the conscious effort to use biological treatment with Cadamom whereas pastime has continued, affecting an increase from 25 % in 2003 to 35 % within Lantmännen's operations. The cadamom is currently used in phosphorus fertilizer continued to decrease also in 2004. The cadamom is currently used in phosphorus fertilizer continued to decrease also in 2004. The cadamom is currently used in phosphorus fertilizer continued to decrease also in 2004. The cadamom is currently used in phosphorus fertilizer continued to decrease also in 2004.</td>
<td><strong>RESULT</strong></td>
</tr>
<tr>
<td>LOGISTICS DIVISION</td>
<td>ISO 9001 and ISO 14001 are being implemented.</td>
<td>Ecological fuel for trucks Supplier evaluations</td>
<td>During the year a synthetic fuel for trucks has successfully been tested at two of our logistics centres. This made it possible to run no less than 85 % of the trucks on electricity or ecological fuel, compared to 35 % in 2003.</td>
<td><strong>RESULT</strong></td>
</tr>
<tr>
<td>GRAIN DIVISION</td>
<td>ISO 9001 and GTP</td>
<td>Share Svenskt Sigill grain Share KRAV grain</td>
<td>The share of Svenskt Sigill grain remains largely the same. In 2004 approx. 15 % of the total volume of received grain was Svenskt Sigill grain. The reception of KRAV grain continues to develop positively. In 2004 the volume increased by approx. 25 % and accounts for approx. 35 % of the total grain volume.</td>
<td><strong>RESULT</strong></td>
</tr>
<tr>
<td>FEED DIVISION</td>
<td>Certified according to ISO 9001 and ISO 14001. HACCP is being implemented. GTP is traded with raw materials</td>
<td>Energy efficiency The improvement for the higher quality feed has led to a higher usage, consumption in the pelleting process. In addition, the produced volume decreased during the year. These factors have contributed to increasing the ERP value by approx. 4 %.</td>
<td>The share of Svenskt Sigill raw materials remained unchanged compared to 2003. 50 % of the feed raw materials are of Swedish origin. 28 % of the remaining volume comes from other EU countries and 28 % from countries outside the EU.</td>
<td><strong>RESULT</strong></td>
</tr>
</tbody>
</table>

#### DIVISIONS

- **FEED DIVISION**
- **ARABLE COMMODITIES DIVISION**
- **LOGISTICS DIVISION**
- **GRAIN DIVISION**
- **FEED DIVISION**
- **FARM & AGRICULTURE**

### BIOGRI

- **The use of Cadamom and Carvi**
  - The total use of biologically treated seed increased by 14 % in 2004. The increase is attributable both to increased volumes in established markets and to the approval of use of the product in additional countries.

### ARABLE COMMODITIES DIVISION

- **The share alternately treated used Cadamom in mineral fertilizer**
  - During the year the conscious effort to use biological treatment with Cadamom whereas pastime has continued, affecting an increase from 25 % in 2003 to 35 % within Lantmännen's operations.

### LOGISTICS DIVISION

- **Ecological fuel for trucks Supplier evaluations**
  - During the year a synthetic fuel for trucks has successfully been tested at two of our logistics centres. This made it possible to run no less than 85 % of the trucks on electricity or ecological fuel, compared to 35 % in 2003.

### GRAIN DIVISION

- **Share Svenskt Sigill grain Share KRAV grain**
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### FEED DIVISION

- **Energy efficiency**
  - The improvement for the higher quality feed has led to a higher usage, consumption in the pelleting process. In addition, the produced volume decreased during the year. These factors have contributed to increasing the ERP value by approx. 4 %.

#### OPERATIONS

- **CERELIA BAKERY OPERATIONS (includes Fruits & Bread and Bakeries)**
  - **HACCP or BRC in effect or being implemented at all plants.**
  - **Energy efficiency**
  - **CO2 emissions from production**

- **MARKET AREAS**
  - **Collection of waste oil**
  - **Collection of plastics**

#### FOOD

- **Energy efficiency**
- **CO2 emissions from production**
- **Waste to deposit**
- **Organisation, competence**
- **Amount of waste**
- **Waste to deposit increased somewhat, due to improved efficiency in the operations, leading to the scrapping of standard production equipment.**
- **The amount of waste to deposit increased due to a non-recurring event, compared to 2003, when the need for education was high due to certification of operations.**
- **The number of hours spent on education and training decreased somewhat compared to 2003, when the need for education was high due to certification of operations.**
- **The share of eco-labelled raw materials in the bakery is 64 %, the same level as last year. Eco-labelled is here defined as raw materials approved according to the concepts Svenskt Sigill, KRAV, Økologiskt Statskontrollert and Natur+.”
- **Several of the bakeries have focused on energy-saving measures, which has led to a 6 % decrease in the energy consumption per ton produced.**
- **During the year the energy consumption per ton produced decreased by 6 % as a result of measures to improve energy efficiency.**
- **The amount of waste to deposit increased by approx. 8 %. In the Norwegian operations the work with waste procedures and sorting out waste contributed to this result.**
- **The amount of waste to deposit decreased somewhat, due to improved efficiency in the operations, leading to the scrapping of standard production equipment.**
- **The number of hours spent on education and training decreased somewhat compared to 2003, when the need for education was high due to certification of operations.**

#### RESULTS

- **LACTAMIN**
  - **Waste to deposit**
  - **Collection of waste oil**
  - **Collection of plastics**

- **MARKET AREAS**
  - **Collection of waste oil**
  - **Collection of plastics**

#### COMMENTS

- **MARKET AREAS**
  - At the beginning of 2005 there was a pope-up need for the collection service, at it was then now in its present form. Together with certain capacity problems at the contractor the feed to a 15 % lower collection in 2004.

- **MARKET AREAS**
  - The volume of collected plants decreased by approx. 4 % in 2004. The decrease is related to somewhat lower sales of plants the year before, however. 80 % of the plants were recycled.

- **MARKET AREAS**
  - **Collection of plastics**
  - **Waste to deposit**
  - **Organisation, competence**
  - **Amount of waste**
  - **Waste to deposit increased somewhat, due to improved efficiency in the operations, leading to the scrapping of standard production equipment.**
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#### UNIT MANAGEMENT SYSTEMS KEY RATIOS COMMENTS RESULT

<table>
<thead>
<tr>
<th>UNIT</th>
<th>MANUFACTURING SYSTEMS</th>
<th>KEY RATIOS</th>
<th>COMMENTS</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>LACTAMIN</td>
<td>Certified according to ISO 9001 and ISO 14001. HACCP being implemented.</td>
<td>Waste to deposit</td>
<td>The amount of waste to deposit increased by 6 % due to a non-recurring event, where a supplier delivered contaminated raw material, leading to large spoliation of finished products.</td>
<td><strong>RESULT</strong></td>
</tr>
<tr>
<td>MARKET AREAS</td>
<td>Collection of waste oil</td>
<td>Collection of plastics</td>
<td>At the beginning of 2003 there was a pope-up need for the collection service, at it was then now in its present form. Together with certain capacity problems at the contractor the feed to a 15 % lower collection in 2004. The volume of collected plants decreased by approx. 4 % in 2004. The decrease is related to somewhat lower sales of plants the year before, however. 80 % of the plants were recycled.</td>
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#### COMMENTS

- **MARKET AREAS**
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  - **Collection of plastics**

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- **MARKET AREAS**
  - The volume of collected plants decreased by approx. 4 % in 2004. The decrease is related to somewhat lower sales of plants the year before, however. 80 % of the plants were recycled.
**Cerealia Bakery Operations** (includes Foods & Bread and Bakersies)

- **HAACP or BRC is in effect or being implemented at all plants.**
- **Total amount of waste**
  - The total amount of waste increased by 11%. This was due to various reasons including increased production, lower average sales volumes and different heat recovery at certain plants. The focus on quality has increased, leading to more waste production.
- **Waste to deposit**
  - The adaptation to the new legislation prohibiting the depositing of organic waste material both in Sweden and in Denmark has made the operating units look for new solutions for the organic waste. One part of it is now used as animal feed. The total amount of waste to deposit has decreased by 75%.
- **Transportation**
  - During the year logistics has been co-ordinated between various parts of the operations, reducing the carbon dioxide emissions in connection with transportation by approx. 15%.

**Analycen**

- **Certified according to ISO 9001 and ISO 14001.**
- **Use of solvents**
  - There is a long-term trend towards a decreased use of solvents, due to method and instrument development. During the year the consumption of solvents in relation to sales increased by 3.6%, however, primarily due to changes in the price of our services. The key rate applies only to one operation in Lidköping.

**Manufaktur Häst & Doggy**

- **Operational management systems**
  - Certified according to ISO 9001 and ISO 14001.
- **Internal energy consumption**
  - The market is saturated. The forest companies use ecological oil in practically all of their machines. In the construction sector some progress has been made, but there is still a long way to go. Other markets are still marginal. The share of ecological hydrol oil remains constant at 21%.
- **Share ecological hydraulic oil**
  - The market is saturated. The forest companies use ecological oil in practically all of their machines. In the construction sector some progress has been made, but there is still a long way to go. Other markets are still marginal. The share of ecological hydraulic oil remains constant at 21%.
- **Share ecological saw chain oil**
  - The market for saw chain oil has been relatively stable in recent years. It is primarily the forest companies and their contractors who use ecological oil. The share of ecological saw chain oil was 93% in 2004.
- **Share ecological degrading agents**
  - During the year a new ecological degrading agent was successfully launched. This led to an increase from 23% to 34% of the share of sales of ecological degrading agents.
- **Share ecological fuels**
  - In a generally more nature-minded society than in 2003, the share of AgroLight in 2004 increased from 68% to 70% of AgroOil’s total diesel sales. The market for saw chain oil has been relatively stable in recent years. It is primarily the forest companies and their contractors who use ecological oil. The share of ecological saw chain oil was 93% in 2004.

**Granngården**

- **Certified according to ISO 9001 and ISO 14001.**
- **Share MPG glycol**
  - MPG is a modern antifreeze based on propylene glycol. As it is health adapted, there is no risk for serious poisoning if the product should fall into the wrong hands and for instance be drunk by children. MPG DRI has the same ratios from 11% to 14%.
- **Share biodegradable hydraulic oil**
  - Biocyl is a vegetable saw chain oil based on rapeseed oil. There is great potential for increasing our sales to genuine customers. In 2004 the share of sales decreased from 12% to approx. 9% of the total volume of hydraulic oil.
- **Share BioSåg**
  - BioSåg is a vegetable saw chain oil based on rapeseed oil. There is great potential for increasing our sales to genuine customers. In 2004 the share of sales decreased from 12% to approx. 9% of the total volume of hydraulic oil.
- **Waste costs**
  - The waste costs decreased somewhat in relation to sales. Many shops have lowened their fixed costs through a better optimization of the size of the disposal vessels and the collection frequency.
- **Waste to deposit**
  - By better sorting of the waste material the volume of mixed waste to deposit has decreased by more than 50%.
- **Environmental sanction charges**
  - Through education and co-operation with our suppliers we improve the knowledge of the environmental legislation that applies to shops. The supervision and instrument development has decreased by more than 50%.
- **Added energy**
  - Also this key rate was affected by the slight decrease in production. Electricity-saving measures carried out have resulted in a constant key rate despite the fact that the production decreased 25%. In the future, we will probably increase year by year in the future, as new agricultural and energy policies take effect.

**Dogg**

- **Certified according to ISO 9001 and ISO 14001.**
- **Emission to water**
  - Emission to water was reduced by approx. 12% in 2004. This was due to decreased use of solvents, increased degrading activity and lower handling costs.
- **Sludge**
  - By treatment in a new wastewater treatment plant and improved washing processes we have diminished the load on the municipal wastewater treatment plant. The emissions (BOD +) decreased by close to 40% in 2004.
- **Raw materials**
  - In 2004 Svenskt Signif. grain started to be used as raw material in our home food products. Approx. 12.5% of the total raw material volume is Svenskt Signif.
Operations requiring control reports or authorisation

In various parts of the corporate group Lantmännen are conducting operations that require control reports or authorisation according to the ordinance (1998:899) concerning ecologically harmful operations and health protection. The table below applies only to the parts of the operations subject to Swedish environmental legislation.

<table>
<thead>
<tr>
<th>UNIT</th>
<th>NO. OF OPERATIONS REQUIRING REPORTING</th>
<th>NO. OF OPERATIONS REQUIRING AUTHORISATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm &amp; Agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Svalöf/Weibull</td>
<td>3</td>
<td></td>
<td>Greenhouses, laboratories and silos</td>
</tr>
<tr>
<td>Arable Commodities</td>
<td>5</td>
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<td>Seed cleaning</td>
</tr>
<tr>
<td>Division</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Logistics Division</td>
<td>4</td>
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<td>Logistics centres</td>
</tr>
<tr>
<td>Lantmännen Maskin</td>
<td>7</td>
<td></td>
<td>Vehicle washing</td>
</tr>
<tr>
<td>Grain Division</td>
<td>56</td>
<td>12</td>
<td>Grain plants</td>
</tr>
<tr>
<td>Feed Division</td>
<td>1</td>
<td>8</td>
<td>Feed factories</td>
</tr>
<tr>
<td>Lactamin</td>
<td>2</td>
<td>2</td>
<td>Feed factories</td>
</tr>
<tr>
<td>Food</td>
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<td></td>
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</tr>
<tr>
<td>Pearls Mills</td>
<td>4</td>
<td></td>
<td>Mills, pasta and cereals factories</td>
</tr>
<tr>
<td>Cornella bakery</td>
<td>6</td>
<td></td>
<td>Bakeries</td>
</tr>
<tr>
<td>operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solarum</td>
<td>1</td>
<td></td>
<td>Factory for washing, packaging and refrigeration of potatoes</td>
</tr>
<tr>
<td>AnalyCen</td>
<td>1</td>
<td></td>
<td>Laboratory operations</td>
</tr>
<tr>
<td>Home &amp; Leisure</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Diggy</td>
<td>1</td>
<td></td>
<td>Manufacturing of animal feed</td>
</tr>
<tr>
<td>Energy</td>
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<td></td>
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<tr>
<td>Agroetanol</td>
<td>1</td>
<td></td>
<td>Edanol factory</td>
</tr>
<tr>
<td>Agrobränsle</td>
<td>2</td>
<td></td>
<td>Dams for storage of sludge water</td>
</tr>
<tr>
<td>SBE Svensk Bio-energi</td>
<td>6</td>
<td>1</td>
<td>Bio-energy fuel factories</td>
</tr>
<tr>
<td>SBE Svensk Bio-energi Varma</td>
<td>16</td>
<td></td>
<td>Boiler factories</td>
</tr>
</tbody>
</table>

Employees, leadership and competence development

It is Lantmännen’s ambition to lead the change and development in the Green Sector. In this process the work with sustainable development and human resources issues is of prime importance, with a clear leadership that motivates and attracts employees with the right competence.

Human resources issues lifted to the corporate level

It is central that the employees have the right competence and experience for their tasks, and also that there is a common ground to use as a starting point for leadership.

Lantmännen’s new corporate structure with fewer management levels and clearer areas of responsibility creates favourable conditions for higher commitment among the employees. We strive for decentralised decision-making and an honest and open leadership that inspires confidence in the immediate superior, pride in the company and security in the organisation.

The group executive includes a newly established position as human resources director, with an overall responsibility for the human resources issues in the whole Lantmännen group. KompetensForum, previously a separate headquarters function, is now a part of the new human resources organisation. The work here is focused on four areas: programs, contract education, consultations and networking. The ongoing programs cover a large number of areas, from business development and personal development to truck driving. The contract education builds on programs tailor-made for organisations and working groups.

The direct consultations have primarily concerned boards and management groups and dealt with analyses of the current situation and the world around us, with focus on the group’s own ability to manage conflicts and communication. The networking primarily takes place among persons with similar positions, often in co-operation with other Swedish companies.

Many of Lantmännen’s operations are highly specialised, employing a small number of people at a small number of factories. Internal education is therefore used extensively. In addition, several subsidiaries have their own leadership programs.

As we have not handled the human resources issues at the corporate level before, overall employee statistics will be reported next year. It can be noted, however, that the figure for absence due to illness, 3.3 per cent in Lantmännen Lantbruk, is considerably lower than the official figure reported by the Confederation of Swedish Enterprise, which is 5.5 – 6 per cent. In this connection it should also be mentioned that Lantmännen has a successful rehabilitation program for long-term illness.

In most of Lantmännen’s operations employee surveys are regularly carried out and the results used to implement changes that meet the needs and expectations of the employees.

Lantmännen strives to take advantage of the varying experiences of men and women. A more equal distribution of men and women makes for more efficient working groups and a better working climate.