



Steps towards sustainability 2006



Lantmännen



# Steps towards sustainability

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# A meaningful task

The key to success is my ability and that of other managers to create a sense of commitment in our employees and owners, and to formulate a meaningful task. For Lantmännen, this task is based on our vision – we make the best of the soil and offer all options for a sounder life.

Sustainable development is often described as a three dimensional challenge – ecological, social and economic. This is a good description, although with one important additional reservation: ecological and social sustainability are objectives that we, together with others in society, are striving to achieve. Economic sustainability, on the other hand is something we just cannot wait for. We have to have that now.

The biggest threat to Lantmännen's ambitions and to its work on sustainable development is economically unsatisfactory operating results.

Turning around the profits trend, therefore, is our most important objective right now, for sustainable development too. We have initiated an improvements project with the objective of creating a cohesive group, and profits that will amount to SEK one billion by the year 2009.

## **Collective strategy**

Lantmännen is a company that runs its operations within a number of different business areas and has a decentralised organisation. For that reason, we need a clear, corporate strategy to satisfy the outside world's requirements for openness and a collective image of

objectives, strategies, action plans and effects.

The most important thing is for our sustainable development strategy to be used in business and product/service development, and that we make use of the opportunities within research:

- Sustainable energy systems – in which Lantmännen are involved in creating the vehicle and heating fuels of the future.
- Sustainable agriculture – in which we develop new concepts, new varieties and sustainable technology.
- The sound foods of the future – based on sustainable raw materials that taste good and convey wellbeing.

Along with other managers, I have the task of ensuring that Lantmännen takes responsibility from farmland to table. By getting employees involved we can construct a corporate Group and an ethical, environmentally-adapted brand.

*Jörgen Sallenbärg, Acting-President and Chief Executive Officer*





Sound, sustainable foods assume sustainable agricultural systems.

When customers choose our products they should know that Lantmännen is working on steps towards sustainability throughout the value chain, from plant breeding to our processing industries.





Lantmännens in brief  
**Business areas**



Lantmännen is one of the Nordic region's largest groups within food, energy and agriculture. In 2006, the Group had almost 13,000 employees and a turnover amounting to SEK 32 billion.

Lantmännen is owned by 44,000 Swedish farmers. Farmland and its possibilities are the starting point for Lantmännen's operations. Lantmännen is active throughout all areas of the value chain from farmland to table.

#### **Lantmännen Lantbruk**

Lantmännen Lantbruk is the Group's core business, working on development, production and marketing of animal feed and intermediate goods within plant cultivation. Added to that there is also the purchasing, processing and selling of grain.

#### **Svalöf Weibull**

Svalöf Weibull, jointly owned by BASF, works in the areas of plant breeding and seed production through SW Seed and in the marketing of horticultural products through Weibull Trädgård.

#### **Lantmännen Anläggnings- & Lantbruksmaskiner**

Lantmännen Anläggnings- och Lantbruksmaskiner operates in two units: Lantmännen Maskin, serving agriculture, and Swecon, in the area of construction machinery.

#### **Lantmännen Energi**

Lantmännen Energi unites Lantmännen's operations in the energy sector and develops, produces and markets energy products. Its four principal areas are liquid biofuels, solid biofuels, heating, and machinery and the environment. Lantmännen Energi is Sweden's leading producer of bioethanol fuel.

#### **Lantmännen Mills**

Lantmännen Mills is a Scandinavian market leader in flour and cereal products. 80 per cent of production is sold to bakeries and the food industry, while 20 per cent is sold through Lantmännen Axa to consumers.

#### **Lantmännen Axa**

Lantmännen Axa develops, manufactures and markets various products based on grain, including breakfast products, pasta, flours and ready-to-eat meals.

#### **Lantmännen Unibake**

Lantmännen Unibake is Europe's largest producer of frozen bread products and is Scandinavia's largest producer of fresh bread for the food service industry and retail trade.

#### **Lantmännen Kronfågel**

Lantmännen Kronfågel is the largest chicken producer in the Nordic countries with market-leading positions in Sweden and Denmark. Its production consists of fresh, frozen and processed chicken products.

#### **Lantmännen Grangården**

Lantmännen Grangården is Lantmännen's retail chain focusing on products for Agriculture & Forestry, Animals and Horticulture with supplemental product ranges in the areas of House & Home and Outdoor Leisure. Mail order sales and e-commerce are conducted through Lantmännen Nordpost.

#### **Lantmännen Invest**

Lantmännen Invest comprises companies with roots in various research projects and companies that conduct business related to arable land and its use.



# Responsibility from farmland to table

Grodden, the Lantmännen Sprout logo, is one of humanity's most ancient symbols. Hiranyagarbha – the origin of all things – has been found in Indian temple ruins which are over 8,000 years old. The symbolism surrounding the origins of life also make a natural link to Lantmännen's business today.

Lantmännen is playing a principal role in some of society's greatest challenges – the transition to a sustainable energy supply, the development of farming for the future, and the development of sound foods.

By owning and having an influence on the entire chain of operations that form and encompass the cultivation of the soil, Lantmännen is able uniquely to take responsibility for the origin, content and properties of its products.

Every day, and in many different ways, Lantmännen's employees take responsibility:

- Developing a new wheat variety that reduces the need for plant protection agents means taking responsibility.
- Giving good advice about nitrogen fertilisers means taking responsibility.
- Providing training in eco-driving means taking responsibility.
- Building an ethanol factory means taking responsibility.
- Launching the first wholegrain pasta means taking responsibility.

## Lantmännen is taking steps towards sustainability together with its customers

In their roles as citizens people often emphasise the importance of taking responsibility for the environment and sound raw ingredients, while in the role of consumer they choose their goods above all on the basis of taste and price. Lantmännen's responsibility, from farmland to table, together with its development investments in new interesting products and the advantages of scale in production makes it easier for Lantmännen's customers to associate these two roles.

In contrast to the increasingly anonymous origins of the raw materials, Lantmännen is working actively to increase traceability. That means that Lantmännen's customers know who is responsible for the product, sometimes right down to farm level.

All-in-all, the Group's work on sustainable development quite simply constitutes a natural part of the promise – Lantmännen takes responsibility for the entire chain from farmland to table.







# A beloved child has many names...

Most companies understand that future commercial successes depend largely on their ability to handle the threats and opportunities that follow from climate change and heightened requirements for social responsibility. New models and tools for integrating economic, ecological and social sustainability in the business are being developed constantly. The trend then also reinforces the financial institutions, and audit authorities are, to an increasing degree, emphasising the importance of 'non-financial reporting'.

Lantmännen's work on sustainable development is all about developing a business to satisfy customer requirements today without putting at risk the opportunities for future generations to satisfy theirs.

Working on sustainable development, as Lantmännen does, includes ecological sustainability and social sustainability – in other words, both 'environmental issues', and issues concerning the way the business affects people's opportunities to provide for their basic requirements. Social sustainability includes, in other words, Lantmännen's work for its employees, work environment, requirements for subcontractors, ethical business values etcetera.

A number of different terms and abbreviations have been created to describe the way in which organisations work on environmental and social issues. A description is given below of some of the most common of these.

## **Corporate Social Responsibility (CSR)**

CSR is a concept that is given a number of different meanings and implications by researchers, rule-makers, companies and the general public, since different players have different interests in CSR. CSR is therefore not a neutral concept, since each player or interested party views it from his or her own perspective and has his or her own subjective opinion, on what social responsibility means, depending on his or her particular interest.

Corporate Citizenship – is yet another term that is used. Another way of putting this is 'company citizenship' and this describes quite well what this is all about: the way companies choose to view their role in society, the rights and obligations which they have.

Corporate Responsibility (CR) – that is, CSR without the S, is also starting commonly to be used. The meaning is rather like Corporate Citizenship, that is to say, the responsibility which the company considers it ought to take in society.

## **Sustainable Development**

To create clarity and a concept to work on over a long period, Lantmännen only uses the term sustainable development and a clear neutral description of the long-term objective of the work – a sustainable business operation. See Lantmännen's policy, page 11.



# Policy and strategy for sustainable development

Lantmännen shall contribute to the development of a sustainable society. To steer this, one principal definition of a sustainable business operation is used, against which Lantmännen is able to evaluate its status in various issues.

## Policy - Sustainable Development

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

1

In the sustainable society nature is not subject to systematically increasing concentrations of substances from the Earth's crust.

For Lantmännen, among other things, this means reducing its dependency on fossil-based energy in its production processes, in its transportation of raw materials and products, and in its customers' use of machinery and tools for operation and maintenance. It also implies a challenge for Lantmännen to develop products and services that make it easier for society's transition to a sustainable energy system.

2

In the sustainable society nature is not subject to systematically increasing concentrations of substances produced by society.

For Lantmännen, the implications of this include developing its product range in a sustainable direction within areas such as plant protection, new crop development and influencing its customers' choice of products via information and advice.

3

In the sustainable society nature is not subject to systematically increasing degradation by physical means.

For Lantmännen, this implies, among other things, guaranteeing sustainable production that contributes to high quality, biologically diverse farmland and forested areas, and a cultivated landscape that is rich in natural and cultural values.

4

In the sustainable society nature is not subject to systematically undermine their capacity to meet their needs.

For Lantmännen, this implies, among other things, guaranteeing high specifications for product safety, good animal husbandry, safe and healthy products and services, good work environment and specifying requirements for suppliers with regard to taking social responsibility and working conditions.



# Cultivate the land!

As an administrator of the entire chain – from farmland to table – Lantmännen is responsible for explaining complex relationships to its partners and for leading development via renewal.

Lantmännen has taken some important steps towards sustainability in 2006. The decision to expand ethanol production and to invest in a plant for RME production (rape methyl ester), are investments that show that Lantmännen is a driving force in the necessary transformation of the energy sector.

## **A limited resource**

As the billboards are being filled with headlines about climate threats, more and more people are seeing the possibilities that farmland provides. But sceptics are also putting forward their opinions – “Swedish ethanol production is not worth it”.

Naturally enough, there is an understanding within Lantmännen that the farmland will be insufficient to replace all fossil fuels. The Group has a positive attitude to the developments within bio-energy and sees a huge potential within that field. The point of Lantmännen’s investment in ethanol, and also in RME, is to be able even now to meet increased customer demand for alternative fuels. Lantmännen is initiating the market that is a necessary precondition for the developmental and conversion processes that are required to transform the energy sector.

Viewed globally, farmland is an increasingly limited and valuable resource that is needed for food and energy production. Lantmännen’s information campaign in 2006, ‘Odlä marken’ (Cultivate the land), sums up the ambition of using farmland in a responsible manner.

## **Sound foods**

It is not just knowledge about the greenhouse effect that has recently become prevalent. In 2006, the

understanding that ‘we are what we eat’ has meant that large numbers of new concepts and products have been launched.

Lantmännen’s food products have a very clear healthy-eating profile. Its strength is that the Group has operations ranging from farmland to table and, via research and development, it is constantly launching new brands and products.

In 2006, all of the business area operations have been charted in relation to the policy for sustainable development. A summarising analysis has established that Lantmännen’s orientation towards healthy-eating products is a project that has to be well tended. At the same time, one challenge is to integrate in a better way other aspects of sustainability in product development. Among other things, it is a matter of working actively with the raw materials that are bought in and a larger proportion of environmentally labelled and environmentally adapted products.

## **Not just a climate threat**

Lantmännen is also deeply involved in a further two of the sustainability challenges facing society – the transition to using sustainable chemicals and to feeding back plant nutrients. These challenges are linked. Farmland’s long-term productivity assumes that plant nutrients and materials removed from the fields are recirculated. The challenge is to guarantee that this type of recirculation does not contribute to systematic increases in concentrations of metals and other undesired substances.

*Camilla Välimaa, Sustainable Development*



The farmland and the opportunities it provides are the starting point for Lantmännen's business operation. With the customer in focus, the agricultural resources is developed and processed in a responsible manner.



# Foods for a sounder life

As health problems are becoming widespread, interest is also increasing in living a healthier lifestyle. Along with physical activity, eating habits have a crucial effect on our health. When more and more people feel that they just do not have enough time, one of Lantmännen's most important tasks is to produce sound food that is accessible for people in their everyday lives.

The World Health Organisation (WHO) states that good eating habits are of crucial importance in reducing the risk of major widespread diseases such as obesity, cardio-vascular diseases and cancer. The individual's knowledge is an important precondition for promoting good eating habits and increased physical activity. Lantmännen has been contributing for many years to increasing knowledge about diet, exercise and health, and provides inspiration for a sound lifestyle.

Almost a third of Swedish households decide the same day what they are going to eat for dinner. They want to retain their eating habits and yet still be able to cook healthy and tasteful. It needs to become easier to eat healthily. Lantmännen is working on clearly labelled healthy-eating products and is thus trying to make things easier for the individual by developing simple, more wholesome products.

## Lifestyle

The HELENA study is a project at EU level that is investigating the lifestyle of young people, focusing on obesity. The study covers 3,000 young people in ten countries. All of the young people have to undergo a fitness test, keep a diet record, and answer a questionnaire covering a number of different issues. Lantmännen Food R&D is participating as a representative of the food industry and is making a contribution by developing a snack for young people based on their requirements and their own wishes.

The proposed product is a further development of the AXA Wholegrain Smoothie, with more fruit and berries because of their vitamin content, and with no added sugar.

## Feel well

Uppladdningen (Energising) is a project on which Lantmännen Food R&D has been working for 20 years, with specially customised dietary advice, recipes and nutritional science. It began as a collaborative venture with the Swedish national cross-country skiing team, but over the years has been developed and broadened to suit more activities. Lilla Uppladdningen (Junior Energising) and Uppladdningen Bygg (Energising for Builders) have been produced to help school children and building workers to feel well. Uppladdningen Hälsa (Energising for Health) was launched in 2006. It advises on a sound lifestyle for everyone.

### Dietary advice

- Eat lots of fruit and vegetables – preferably 500 g a day.
- Eat bread with every meal – preferably wholegrain.
- If possible choose Keyhole-labelled goods.
- Eat fish often – preferably 3 times a week.
- Change to liquid margarine or oil when you are cooking.
- Choose lean meat as part of a balanced diet.
- Try gradually to reduce salt (NaCl) in your food.
- Limit your intake of foods that contain a lot of saturated fats and added sugar.

*From Uppladdningen (Energising), [www.uppladdningen.nu](http://www.uppladdningen.nu)*





Lantmännen's product development and the customers' choice of healthy foods are having a significant impact on the possibilities of sustainable growing.

**Danpo**  
**Hickory Marinade**

**Smags Mesteren**

En nuanceret smagsoplevelse!  
Det er hverken svært eller tidskrævende at marinere kyllingekød. Hickory Marinade består af olie og rødvinseddike tilsat udvalgte urter og krydderier. Netop denne kombination tilfører kødet ekstra salt og gør serveringen til en ny og mere nuanceret smagsoplevelse.

**Ingredienser:** Vand, rødvinseddike, tomatpure, gærrestrakt, druesukker, salt, chilipeber, smagsforstærker (E621), løg (pulver), krydderier, konserveringsmiddel (E202, E211), fortykningsmiddel (E415), vegetabilsk olie (raps, kokos), lactose, maltodextrin, sukker, aroma, røgaroma.

**Opbevaring:** Uåbnet ved stuetemperatur. Åbnet ved max +5°C.

Marineret kylling på 30 minutter. Sæftigt kyllingekød er lækkert, men det bliver endnu bedre med en god marinerings.

Nettovægt: 2,7 Kg.

Sidste anvendelsesdato: Se bagsiden.  
Produceret i Sverige for: Lantmännen Danpo A/S, 7323 Givne, www.danpo.dk

Vi tager ansvar for hele kæden fra jord til bord. Danpo er en del af Lantmännen.

Lantmännen

### Ground-breaking foods research

For a long time now, Lantmännen has had a prominent position within foods research and, every year, there is a thorough renewal of Lantmännen's product range.

In recent years, a great deal of focus has been devoted to research into wholegrain. In a comprehensive research programme, introduced in 2004, researchers in Uppsala and Umeå were involved in investigating the mechanisms that are assumed to lie behind the health-enhancing effects of wholegrain. The research will be of significance to the development of new products with more clearly documented health properties and will contribute to allowing positive properties to be retained during processing, cooking and storage.

### New products

Lantmännen Axa was the first to develop and introduce wholegrain pasta onto the Swedish market. To start with, the typical consumer of wholegrain pasta was the health-aware female. Now it is a product bought by everyone – industries, restaurants, catering companies and all types of consumer. Wholegrain products are not just growing within the pasta range. Lantmännen Mills, whose primary production is flour mixes, has many customers who are choosing, to an increasing extent, to produce biscuits, bread, pizzas and breakfast cereals with

a wholegrain content.

Sales of wholegrain bread are also increasing strongly. Wholegrain bread doesn't need not be dark bread. Mild wholegrain – white wheat – grown in Denmark, is a variety of wheat in which the entire grain is white. Wholegrain bread baked using white wheat is therefore light in colour, despite the fact that the flour is milled from whole grains. Milling the whole grain means a high content of dietary fibre, vitamins and minerals as well as other biologically active substances that the body needs. For example, Schulstad has replaced its normal wheat with white wheat in several loaves within its Levebrød range.

### Glycaemic index

As early as 1987, Lantmännen's commitment via the Cerealia R&D Foundation initiated research into the way different grain products influence blood sugar levels. Today GI (the glycaemic index) is a generally familiar and well established term. GI is an expression for describing how quickly the carbohydrates in a food make blood sugar levels rise. A slower rise in blood sugar levels allows the body's insulin to deal with blood sugar levels gradually.

A diet with a low GI reduces the risk of cardio-vascular diseases and Type 2 diabetes. In 2004, Lantmännen Axa launched the first bread in Sweden that had a scientifically tested and proven low glycaemic index. Since then, more and more low-GI products have been brought out. GoGreen's ready-meals and snack yoghurt with muesli, Axa GI-Ruta bread and Kungsörnen's wholegrain lasagne sheets are a few examples.

### Traceability – a unique value chain

With operations covering everything from plant breeding, cultivation contracts, intermediate goods, mills for production and sales of foods, Lantmännen has unique opportunities to safeguard and guarantee quality. An example is the product called Ren havre (Pure Oats) which is aimed at people suffering from Coeliac disease (gluten intolerance). In other words, people who become ill from eating even small amounts of wheat, barley and rye, which all contain the protein called gluten. A 100 per cent assurance that the oats are pure, free from other cereal varieties is absolutely necessary. Accurate traceability and inspection have been the starting points for work on this product. Requirements for seed,



qualified growers, field inspections and special procedures at mills are a few of the steps in quality assurance. The oats can be traced right down to field level on the farm where they are grown.

Traceability is also crucial within chicken production, and goes several generations back. It provides guarantees concerning rearing, for example that the chicken has not been given growth antibiotics.

#### **Food and animal feed safety**

All food and animal feed production is covered by clear quality and hygiene requirements. The Group's operations carry out preventive work to eliminate food hygiene health hazards by means of inspection, management and traceability. For a long time, several recognised international standards have been applied, see page 34. An example of preventive work is an investment programme of SEK 20 million which Lantmännen Lantbruk is to implement in 2007 to improve product safety within the animal feed business.

#### **Safe grain**

The work on quality and hygiene starts right at farm level. For some time, there has been a rearrangement so that individual farms largely take over the handling and storage of grain. In conjunction with this development, Lantmännen Lantbruk introduced the project called 'Säker spannmål' (Safe Grain). Information materials and advice issued for the project cover drying, sampling, hygiene, vermin, storage and product safety.

#### **Salmonella-free chickens**

Internationally, Swedish salmonella controls are unique, based on meticulous hygiene with continual checking at all stages, from feed and rearing to the finished food product. The purpose is to detect immediately whether salmonella has entered the chain and, if so, rapidly to take action to stop the infection spreading. This prevents salmonella-infected flocks from getting into the abattoir and reaching the consumer. A new report shows that Swedish chicken is the best in the EU as regards freedom from salmonella.





# Animal husbandry and animal health

Actively working on animal health, livestock farming and the development of feed products form an important part of Lantmännen's work on sustainable development. Good animal health is a precondition for good economics for the farmer.

## Globally unique experimental and research operations

At Nötcenter Viken, Lantmännen runs a globally unique experimental and research operation, in which the cows play the lead role. The cows at Viken have helped Lantmännen assume a leading position as a feed developer. They test various kinds of forage plants, but also by-products from Lantmännen's production of ethanol, starch and RME (rape methyl ester), in a new experiment within feed production. The aim of the project is to create a broader base for using Swedish raw ingredients.

## Good animal husbandry for chickens

Lantmännen Kronfågel's rearing process adheres to animal welfare requirements that are among the strictest

in the world. Lantmännen Kronfågel works to ensure the ethically correct handling of live animals in compliance with its animal welfare programme and that of the Swedish Poultry Meat Association. Good care of the birds, meticulous checking in all areas and careful handling are the foundation of this work.

## Advice on feeding horses

Lantmännen Krafft markets and sells horse feed. The core of the business is made up of the company's advisors, who visit customers on a daily basis and pass on their knowledge about feed and feeding.

In 2007, Krafft is launching a product that contains SPC – specially processed cereal. SPC has for many years been used in pig feed and is also available for human consumption. SPC has a documented effect on the fluid balance and may also have anti-inflammatory properties. The new feed is primarily aimed at competition horses.

## Healthy dog and cat food

Lantmännen Doggy is the largest producer of dog and cat food in Sweden and has almost a century's experience in pet food manufacture. A considerable proportion of raw ingredients from agriculture are used in its production. As far as possible, the aim is to use raw materials produced in Sweden.

The trends within petfood manufacture adhere to the view people have of pets as members of their family. Lantmännen's product development follows what we are seeing within foods for people, including the development of 'diet' products. Today's pet-owners are interested in the fibre, sugar and fat contents of their petfood.



# Suppliers

Collaborating with and specifying requirements for suppliers is often crucial in how successful an organisation is within the field of sustainable development. Lantmännen is in a unique and challenging position in which a large proportion of the suppliers are also customers and, in many cases, also owners.

Locally-produced raw materials – foods and energy – are the foundation of the range and the farmer is Lantmännen's most important supplier. Lantmännen is the farmer's business partner and advisor, but also its requirements specifier, not least within the environmental field.

Several of Lantmännen's partners focus on issues concerning the way Lantmännen contributes to sustainable utilisation of ecosystems and natural resources. Stricter requirements for a good work environment both with suppliers and within in-house operations are other clear signals. Lantmännen is expected 'in situ' to scrutinise, evaluate and support its collaborative partners. Several of these are moving their production to developing countries where legislative requirements for environmental, healthy working conditions are often insufficient and sometimes missing altogether. The distance – physical, cultural and social – between Lantmännen and important business partners, creates challenges.

Lantmännen Mills assesses its suppliers on the basis of various aspects for guaranteeing their work on sustainable development. Before a supplier can be approved, the factors checked include hygiene, chemicals handling, storage conditions, personnel issues, traceability and the environmental impact. A supplier approval is valid for up to three years, but will cease or be re-assessed if circumstances change. Suppliers that are classed as environmentally critical must undergo a formal supplier assessment process in order to be approved.

## Code of Conduct

In 2006, a first analysis of how and whether a corporate code of conduct should be introduced was



commenced within Lantmännen. Some of Lantmännen's businesses have already started working on a code of conduct.

In 2006, Lantmännen Granngården established a code of conduct for its suppliers. Implementation has started with suppliers from which Lantmännen Granngården directly imports goods, primarily from Asia, where factory visits have begun to be carried out to follow up how well the various suppliers are adhering to the code of conduct. In 2007, continued implementation of the code of conduct is expected among other suppliers. Lantmännen Lantbruk's Crop Cultivation Division is to establish a code of conduct in 2007.

# Lantmännen's employees

Lantmännen's goal is to be characterised as having a healthy work environment that promotes development and as having employees who are proud to belong to the Group. A number of activities began in 2006 with the aim of encouraging all employees to participate in an improvement project at all levels within the organisation.

## Competence – leadership

2006 saw the start of the first coordinated project to ensure a good overview of the management resources in Lantmännen. Using interviews and workshops, Ledarskapets Ledstjärnor (Leadership's Guiding Lights) has been produced, a joint database of values for leadership within the Group. Lantmännen works in a targeted, systematic manner to ensure that the Group's employees find inspiring duties and good opportunities for personal development. The conditions are good, thanks to having many different operational areas. This means that managers can develop by moving between different business areas and companies without, for that reason, having to leave the sound business culture that Lantmännen represents.

In 2006, Lantmännen set up 'manager meetings'. The manager meetings provide an opportunity for skills development, networking and for honing the Group. These also act as the starting pistol for Group-wide manager development. In total 1,100 managers from all levels – business areas and staff functions – have gathered together to review the Group's new direction and share their experiences. To safeguard and support the work to bring about improvements, and the work on making action plans a reality, an ongoing Manager Training Programme was established during the autumn.

## Insikt

Insikt is Lantmännen's corporate survey and is a tool in the Group's improvement and development project. It is carried out every year.

Via extensive surveys in the spring and winter of 2006, customers, owners and employees have submitted feedback and awarded the business a score. The survey that involved all employees (13,000 people within Lantmännen) has provided solid knowledge about the way owners, employees and customers view Lantmännen's business and has provided a valuable picture of the current situation.

The survey is part of the improvement and development project aiming towards the long-term goal of 2009. One of the Wanted Positions by the year 2009 is to have a sound work environment that promotes development, and employees who are proud of belonging to the Group.

## Health

Part of Lantmännen's vision of sound development for society and the individual is that employees should have a sound work environment which enables them to develop. The unique competence that the company possesses after its many years of experience in research, dietary advice and collaboration with Nordic elite sport, should form the foundation for a corporate health programme for the entire Group. At the outset, the investment was based on the cornerstones of food, physical exercise, mental exercise and education. Now, a health-promoting management and the creation of the health-promoting workplace are central features. In 2006 a keep-fit policy was launched and the work on improved health is continuing, with keep-fit supervisors and fitness motivators throughout Lantmännen. The corporate function of Work Environment & Health has presented





inspirational materials based on the catchwords Eat – Exercise – Live and is progressing the development work with the goal of increasing a healthy presence and reducing absence due to sickness.

#### **Equality and diversity**

It is the Group's ambition to be perceived as an attractive employer which actively promotes diversity, and which focuses on employee commitment and competence. In turn, satisfied employees will give customers, owners and the general public a feeling of positive confidence.

Lantmännen's basic view is that all employees should be given the same conditions for development within the Group. This is reflected in long-term, Group-wide goals. Lantmännen has a corporate equality policy. One goal is for at least two of the under-represented sex to be represented on the management team for each business area. Lantmännen Lantbruk is one of the business areas that has made good progress in its work to bring about equality. In 2007, 52 measures are being implemented which will support Lantmännen Lantbruk's equality plan.

In early 2007, a working party was formed with the task of producing corporate goals and strategies for increasing Lantmännen's diversity. Diversity is to become a natural element of Lantmännen's internal processes, in areas such as recruitment, manning, management development and strategic work.

#### **Work environment**

In 2006, work was introduced to chart systematic work on the work environment within Swedish Lantmännen companies. The preliminary study is intended to highlight strengths and areas for improvement within work on the work environment and to form the basis for continued efforts concerning content, training and monitoring within the area.

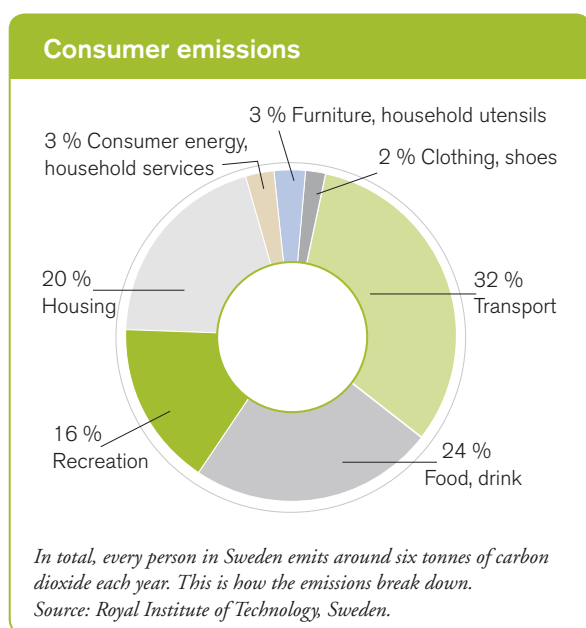
#### **Employees of the future**

To attract competence of interest, employers must be visible and project a clear message. As an employer, Lantmännen was given a great deal of attention in 2006, which also saw the start of the new trainee programme. A number of in-house 'ambassadors' have been engaged to talk about their work at careers fairs, lectures and other events. Lantmännen was nominated for Employer Branding Company of the Year by the Universum Award because of its targeted work on employer branding. Knowledge about and interest in Lantmännen as an employer has increased markedly.

Some of the questions that are coming up with increasing frequency involve 'high ethical and moral standards' and 'taking social responsibility'. This applies generally to students and in particular to those who are prioritising Lantmännen as a potential employer. Questions relating to sustainable development are very common when Lantmännen meets students at careers fairs.

# From talk to action on the climate issue

A quarter of all carbon dioxide emissions can be traced back to consumers' food consumption and now the British food giant, Tesco, is applying carbon footprint labelling to 70,000 of its goods. Major resources are being invested in research to develop a good system for measuring this.



Lantmännen has a goal of becoming a pioneer in transforming energy use. Intensive work is currently taking place to ensure more efficient energy use throughout the chain from farmland to table, and successively to increase the proportion of renewable fuel. This will happen by observing energy input in raw materials purchasing, developing efficient production processes and logistics solutions, and developing energy-efficient products and services.

Quantifiable targets and key figures have been prioritised as has observing energy costs when making investments. Joint action allows Lantmännen to exploit the advantages of scale when making new technology investments during procurements in conjunction with efficiency projects.

## Efficient energy usage

Lantmännen Agroetanol, Lantmännen Lantbruk, Lantmännen Reppe and Lantmännen Färskröd are participating in the Swedish Energy Agency's programme for energy efficiency (PFE). The programme specifies strict requirements for participants concerning certified energy management systems, energy analyses implemented and special procedures for purchasing electricity-hungry equipment.

The undertaking is to make a saving of around two per cent at least during the programme period from 2004 to 2009. Apart from reduced costs as a result of efficiencies, incentives are also given during participation in the form of tax relief of SEK 0.005/kWh.

As part of the energy management system, Lantmännen Lantbruk has implemented energy analyses in which the energy consumption of various items of process equipment has been studied. Using this as a basis, savings have been identified amounting to 15 per cent of the total electrical energy consumption of this business area. That is equivalent to the energy consumption of approx 1,000 electrically-heated private homes. Savings should be implemented before 2009.

## Renewable energy sources

At Lantmännen Mills, some of the business area's facilities have converted to using left-over oat husks as a source of energy. In 2002, Lantmännen Mills started to use the energy for supplying its in-house production system but the oat husks produce more energy than they needed themselves. The excess renewable energy has led to undertakings such as collaborative ventures with the Norwegian municipality of Moss and the energy company Bio Värme.





One inconvenient truth is that, in the summer of 2003 alone, ten per cent of Alpine glaciers disappeared. Throughout the world other reports are coming in about diminishing phenomena as regards flora and fauna.





In 2007, Lantmännen Kronfågel is continuing with its project 'Biobränsleförbränning' (Burning biofuel). Its purpose is to enable energy in waste products from the production process to be utilised. Today, feather waste (14 tonnes) is transported to North Jutland for destruction. New technologies are being developed to allow the feathers to replace oil at Lantmännen Kronfågel facilities.

### Logistics

It is lorries, and not saloon cars, that are responsible for the increase in carbon dioxide emissions. Since 1990, emissions from lorries have increased by 35 per cent in Sweden. During the same period, emissions from saloon cars have dropped by one per cent. Lantmännen is responsible for almost one per cent of Swedish diesel consumption.

Improved coordination, planning and checking can increase the fill level of all transports and the level of utilisation of return transports. Unnecessary transports can be avoided and 'last-minute deliveries' reduced. To achieve this, in 2006 Lantmännen implemented preliminary studies which, in 2007, will result in the implementation of necessary IT systems and an organisation that will control centrally the planning and coordination of transports.

Lantmännen is also working on reducing fuel consumption by means of stricter requirements for new vehicles and ecodriving, which involves drivers attending a course on environmentally friendly driving.

For its work on transferring more transports to rail, Lantmännen Mills' Swedish operation was once again awarded the 'Bra Miljövalsintyg' (Good Environmental

Choice certification) by Green Cargo in 2006.

Lantmännen Maskin and Swecon are noticing increasing interest in fuel-efficient machinery. For manufacturers, suppliers and distributors, this is a strong argument in 'saleability'. As a distributor, Lantmännen provides active information about fuel efficiency at customer meetings and machinery displays.

### Company vehicles

In its capacity as plant breeder and producer of the renewable vehicle fuels, ethanol and RME, based on biomass, Lantmännen is a leading player in phasing-out fossil fuels. Lantmännen employees who drive company vehicles are important ambassadors in this context and work is being carried out to change the stock of vehicles in accordance with the company vehicle policy. All company vehicles ordered by Lantmännen in Sweden in 2006 (around 200 of them) can be powered by ethanol (E85), by diesel with a low admixture of RME or by gas (biogas).

#### Examples of environmentally-positive transportation projects:

- Eliminating intermediate storage by instead directing the transport straight to the customer.
- Growing the 'right' goods in the vicinity of mills, ethanol factories and feed factories.
- Specify requirements for ensuring that combined services for rail, sea and road get better and more customer-focused.
- Increasing the use of renewable vehicle fuels.
- Improving the level of filling.
- Utilising return transports better.

### Biofuels

Lantmännen Agroetanol is Sweden's only large-scale producer and supplier of grain-based fuel ethanol. At the Norrköping facility, around 57 million litres of ethanol are produced a year, using 140,000 tonnes of grain as a raw material. In April 2006, it was decided to locate a new ethanol plant in Norrköping and in November an environmental permit was granted for expanded production. The new facility is to be brought into use in 2008. Lantmännen's collective vehicle fuel/ethanol production is then estimated to become 210 million litres a year based on 550,000 tonnes of grain. The raw

material is grain, but studies are taking place into other potential raw materials – sugar beet in particular. In 2008, the Swedish market for fuel ethanol is expected to increase from 270 million litres to 500 million litres.

Lantmännen Ecobränsle produces and markets biodiesel, RME (rape methyl ester), based on oilseed rape. Oil companies, transport companies, municipal authorities, industries and farmers are all customers. May 2006 saw the opening of Sweden's largest biodiesel plant in Karlshamn. The facility is to produce 45 million litres of biodiesel a year, equivalent to 100,000 tonnes of rape seed. In June, the Swedish Parliament took the decision to extend the admixture of RME into diesel from two per cent to five per cent. This led to an increase in interest in RME among several Swedish oil companies, which is going to increase the Swedish market from actual sales of 15 million litres to a potential of more than 200 million litres.

In August, Lantmännen Agrofuel introduced its new product, Agrodiesel 15, which contains 15 per cent renewable raw material. An extensive period of development and testing has been necessary to produce the fuel. Measurements have shown that particulate emissions reduce by 20 per cent when a bus is run on Agrodiesel 15 as compared to the emissions from running on traditional diesel. The plan is for Agrodiesel 15 to be launched during 2007.

### **Solid biofuels**

Sales of pellets, powder, briquettes, biomass logs and salix are handled via Lantmännen Agroenergi, which is also involved in refinement work. The products are manufactured in Sweden and Latvia and are sold to thermal power plants, local area heating centres, private home owners and for use in commercial and industrial properties. Since November 2006, all processed biofuels have been marketed under the Agrol brand.

Sweden is one of the most highly developed markets in the world for wood pellets and biofuel, which dominates in the Swedish district heating system. Lantmännen Agroenergi's international operation is continuing to grow.

The acreage planted with salix increased by around 30 per cent in 2006. In Sweden, 600 new hectares of salix were planted, which means that 14,600 hectares are now being cultivated. 700 hectares-worth of plants

were sold to the rest of Europe. The forecast for 2007 is a further total of 2,000 hectares.

### **Heating**

Lantmännen Agrovärme operates 28 heating plants for producing and distributing heating in southern and central Sweden. In the facilities, the amount of biofuel used is 93 per cent. In 2006, the facility in Loki Burn has been replaced with a larger pellet boiler in order to be able to reduce the use of oil. A conversion of the straw boiler at Skurup has resulted in reduced carbon dioxide emissions. In 2007, more district heating customers will be connected at Bjärnum and Skurup.

### **Machine and environment**

Under the Agrol brand, Lantmännen Energi manufactures and markets lubricants. A large proportion of the product range has been environmentally-adapted, and the latest product is the hydraulic oil, Mendo Longlife, which were launched in spring 2006.

Lantmännen Aspen is a market-leading distributor of alkylate petrol (generally called environmental-petrol) in Sweden as well as in 14 other European countries. The main product is environmental-petrol for use in items such as lawnmowers, power saws, scooters and boat engines. Environmental-petrol is free of benzene and aromatic hydrocarbons, substances that can cause serious health problems. There is a reduction in odour and in exhaust gases from engines, while a more efficient combustion system also means that the engine's working life is extended. Alkylate petrol is the purest and most environmentally-adapted petroleum product.



# Sustainable cultivation

Agriculture contributes to pollution by sending nutrients into the Baltic Sea. Collaboration to reduce the amount that flows in takes place via the Helsinki Convention. In Sweden the negative impact of agriculture on the environment has been reduced greatly over the last 20 years. According to Statistics Sweden, the Swedish target for reducing nitrogen leaching will be almost achieved by 2010.

## Examples of sustainable growing

- *When the growers only use chemicals that are easily biodegraded.*
- *When the farming methods do not systematically impair biodiversity.*
- *When the cultivation does not contribute to the greenhouse effect.*
- *When the nutrients are recycled.*
- *When heavy metals and undesirable organic substances do not accumulate in arable land.*
- *When good working conditions can be maintained by the growers.*

## Developing plant varieties and seed

Lantmännen's commitment to the development of more sustainable growing starts with the plant breeders at Svalöf Weibull. Plant breeding improves characteristics to ensure that varieties with features such as high yields and improved resistance to disease are available to farmers. Improved resistance to disease reduces the need for plant protection agents.

One challenge is the acceleration of climate change. Preparations have been made for this change, in the form of broad genetic variation in the plant breeders' material. A warmer climate with longer growing periods and better growing conditions could lead to more harvests during one and the same growing period. At the same time there is a risk that a warmer, more humid climate could benefit pathogens, such as fungi, thereby increasing the need for improved plant protection.

## Winter wheat with resistance characteristics

Altered methods of cultivation have intensified the problem of strawbreaker foot rot in winter wheat. This

disease of crop rotation is caused by the fungus *Pseudocercospora herpotrichoides* and leads to the farmer having to combat the pathogen by spraying the crop. Svalöf Weibull Seed has developed a winter wheat that possesses a resistance characteristic enabling it to resist the problem of strawbreaker foot rot while maintaining bake quality. Thanks to this built-in resistance characteristic, farmers do not need to use pesticides for this disease.

## Oats with resistance to crown rust

In older varieties of oats that possess a resistance to crown rust, caused by the fungus *Puccinia coronata*, the yield level has languished far below high-yield varieties. With the oat variety, Aveny, there has been success in combining, within the same crop, high yield and resistance to crown rust.

## Red clover with improved endurance

Red clover, a traditional component of forage mixtures, contributes to forage yield because of its nitrogen-fixing capacity without needing any added nitrogen. Its weakness is the overwintering and endurance to second and third year forage. The red clover variety, SW Ares, allows a further step toward overwintering and endurance to be taken.

## Genetic technology

Svalöf Weibull uses genetic technology in developing its varieties and considers the technology to be an efficient tool for plant breeding. This gives Lantmännen further opportunities to contribute to sustainable development. Lantmännen is taking consumer attitudes to the GMO issue very seriously, is applying the precautionary principle and respecting the pace at which the consumer will accept the technology.





Having operations within all areas, from plant breeding to machinery sales, Lantmännen is the farmer's partner in the transition to sustainable cultivation.



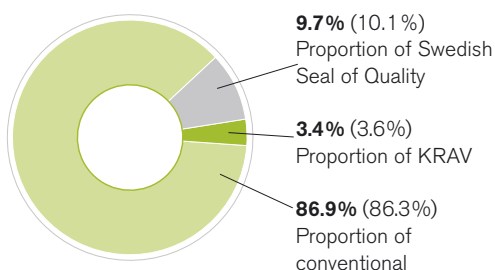
### Imports of GMO soya

Since the turn of the year 2005/2006, Lantmännen Foder has been importing GMO soya which is then sold on to farmers as a raw ingredient for animal feed. This attracted the attention of Greenpeace which took direct action at the feed factory in Norrköping. This resulted in Lantmännen's Group CEO meeting representatives of Greenpeace and presenting the way in which Lantmännen is working on the GMO issue.

### Cultivation systems

Lantmännen is therefore working on several different

#### Environmentally-adapted grain, Sweden



*Within Lantmännen Lantbruk a total of 1,851,000 tonnes of grain were weighed in during the year. KRAV defines the criteria for organic grain cultivation in Sweden. The Swedish Seal of Quality guarantees production that lives up to specific requirements for quality, environmental responsibility and the open Swedish countryside. Figures within parentheses indicate comparable estimates from 2005.*

concepts for contract cultivation systems that are oriented towards organic sustainability and quality. Examples of this in Sweden are KRAV and the Swedish Seal of Quality, and in Denmark Natur+ and in Norway Økologiskt Statskontrollert.

The Cereals Division's three new business concepts: Lantmännen Premium, Lantmännen Eko and Lantmännen Standard have been launched to meet the various specifications of the processing industry with regard to economics, quality and environment.

### Precision-growing via satellite

As much as 40 kg per hectare above or below the average yield is a common variation in the requirement for mineral fertiliser within one and the same field. That does not make it easy to fertilise the field correctly. But now with a new technology developed in Sweden, it is possible to pinpoint exactly the right volume of fertiliser for the right place. This is done via what is being called precision-growing, using technologies such as GPS. A satellite navigation system that exists for boats, aircraft, road vehicles – and now also for agricultural machinery. In recent years, Lantmännen has financed several research projects that have been developing precision-growing with the aim of reducing the required input of energy, plant nourishment and herbicides, while also increasing the quality of the crop.

### Eco-technology

A new method, called ThermoSeed, treats harmful attacks on seed which, after sowing, can infect the plants as they start growing. The method has been developed in a collaboration project involving Lantmännen, Sweden's University of Agricultural Sciences and the Seedgard company and has been awarded the EU Commission's award 'Best of the best' within the field of eco-technology. Traditionally seed has been pre-treated with chemical pesticides but with ThermoSeed hot moist air is used instead.

Cedomon and Cerall, products developed by Lantmännen BioAgri, use microorganisms as a basis for combating seed-borne diseases in grain. Cedemon, Cerall and ThermoSeed are all approved for organic cultivation.



### Returning plant nutrition

The long-term productivity of arable land is dependent on the recirculation of plant nutrients and organic material removed from the fields. The challenge is to guarantee that this type of recirculation does not contribute to systematic increases in concentrations of metals and other undesired substances. Even in the short term, returning product residues and sewage sludge involves challenges as regards decontamination and food safety. Phosphorus is an important, necessary nutrient for all cultivation. Current use of phosphorus in agriculture is based principally on mineral phosphorus which, in the longer term, is a limited resource. Mineral phosphorus which is extracted from mines also involves, almost by way of exception, a further spread of cadmium.

A substantial part of the phosphorus that exists in the food cycle is to be found in sludge from water treatment plants. In its environmental targets, the Swedish Parliament has stated that 60 per cent of the phosphorus in sludge should be returned to productive ground by the year 2015 at the latest, with at least half of that going to arable land.

Lantmännen Lantbruk is working on several projects for increasing the opportunities for recycling nutrients and organic material, and the use of sewage sludge in agriculture is growing. Not least in energy crop cultivation. However, Lantmännen does not permit sewage sludge to be used in the cultivation of raw ingredients destined for food production.

### Sustainable raw ingredients

For large sections of the chain from farmland to table, Lantmännen has close local contact with the business and a great majority of the raw ingredients used in Lantmännen's food production is locally grown. A few of the exceptions to this are soya and oil palm.

### Soya

The use of soya has increased rapidly throughout the world and as a result of the increased demand, forest areas are being cleared and other sensitive biotopes are being brought into cultivation, primarily in South America. There are two principal areas of use for soya

and soya-based products: as an ingredient in processed foods and as an ingredient in animal feed. The protein content and composition of amino acids in the soya bean mean that soya is currently very useful in animal feed rations. Lantmännen is participating in working towards the sustainable cultivation of soya.

### Oil palm

Cultivation of the oil palm is increasing rapidly in the world but that cultivation is linked to several ecological and social challenges, including issues of land rights and infringements of the rights of local and aboriginal populations.

There are two main areas of use for oil palm products. As an ingredient in foods (including margarine) and as an ingredient in animal feed (palm acids, palm kernel expeller etcetera). To ensure that current baking processes/technology functions to the optimum, Lantmännen is currently dependent on cooking fats containing palm oil. The requirements for phasing out transfats and hardened fats mean that there are currently few alternatives to palm oil.

Lantmännen is supporting international work to draw up criteria for sustainable oil palm cultivation.





# Research and sustainable products

Within Lantmännen, research is currently being carried out into the best way of developing the Earth's power to feed us and keep us warm. The research is providing opportunities that allow us to predict and adapt to the opportunities and threats that are arising via increasingly rapid changes in the world around us.

## Innovation book

Since their establishment 20 years ago, Lantmännen's three research foundations have made investments totalling more than SEK 200 million altogether, in a total of 551 scientific studies. The overall purpose of these projects is to provide options for a healthier life in which wholesome food and renewable energy are two integral elements. These research projects were introduced last year in a comprehensive Innovation Book.

## Product development

Product development and sustainable development are a matter of getting things right from the very beginning. It is important for product developers to have a knowledge of ecological and social challenges but often, unfortunately, the question of sustainable development is something that only appears late in the day.

Lantmännen is constantly launching new products and services that are making steps in the direction of sustainability. Despite that, product development has been analysed as an area of improvement for sustainable development – where an improvement should mean a major positive development. Over the year, therefore, product development supervisors within Lantmännen were brought together to discuss this challenge.

## Product range

Lantmännen Granngården is actively working to make things easier for its customers to choose eco-labelled products. For example, there are shelf wobblers indicating those products which are eco-labelled/environmentally adapted. One of the targets during 2007 is to market only environmentally adapted cleaning agents, laundry detergents and hygiene products.

## New pigfeed with environmental benefits

In areas with extensive pig production, over-fertilising due to phosphorus in the manure is a challenge. The effects can be minimised considerably by applying the correct composition of feed and a feed strategy. Lantmännen has developed new feeds that can reduce the amount of phosphorus in the manure by 30 per cent. It is very probable that action will also be required for reducing the contribution of pig production to nitrogen emissions. Here too Lantmännen has alternatives that could reduce emissions by up to 20 per cent.

### Examples of development towards more sustainable products and services

- Agrodiesel 15, a unique new fuel mixture, in which 15% of the fuel is based on oilseed rape and wheat.
- Harnessed micro-organisms that replace chemicals when it comes to preventing diseases in grain (Cedomon and Cerall).
- A new vegetarian food, Grain Tempeh, which has a clear healthy-eating profile because of characteristics such as its low GI value, high levels of dietary fibre and high content of vitamin and minerals.
- The replacement of fats in products such as sausages, hamburgers and liver pate with nutritious dietary fibre from vegetables, fruits or grain.
- Medical foods to combat conditions such as diarrhoea, dizziness, blocked milk ducts and diminished blood sugar levels.
- A new paint concept for coating sheet metal, in which the volatile solvents are replaced by RME.

# Handling chemicals

The fact that a chemical is not classified as toxic does not necessarily mean it is sustainable. A sustainable chemical is a substance that does not risk harming humans and accumulating in the natural world, in other words a chemical that can be rapidly and naturally biodegraded.

Historically, chemicals legislation has, in crucial areas, been based on a work environment/health perspective. The EU has decided on new chemicals legislation, REACH (Registration, Evaluation, Authorization of Chemicals). The purpose of this new legislation is to get to grips in a holistic manner with both health and environmental risks. REACH will replace 40 existing laws and will become a common law for all EU member states.

The long-term target for Lantmännen is to have sustainable chemicals handling. To achieve this work needs to be carried out actively in making efficiencies. Work is also necessary to replace chemical products and elements with more sustainable alternatives. Lantmännen is carrying out risk assessments and will produce handling instructions for work modules that involve contact with chemical products.

The handling of chemicals is a priority area within the Group. Among other things, Lantmännen provides a range of plant protection agents to agricultural customers and uses chemicals such as lubricating and hydraulic oils for operations and maintenance in production facilities. To manage the strict hygiene requirements that apply to the food industry, various types of cleaning agents are used.

Laboratory operations are also carried out within the Group. Lantmännen Analycen is constantly developing sensitive methods for identifying substances such as environmental toxins that disrupt hormone function, and offers analyses of environmentally damaging chemical substances in water, soil and air.

In Lantmännen Granngården, work continues to be done on improving knowledge and procedures about

chemical products, primarily via monitoring and training with the aid of internal auditors.

## Biological plant protection

Within Lantmännen Granngården, development has continued with more biological plant protection products for golf courses and professional growers.

## Injector testing

Preventive servicing of plant protection injectors is making it possible to lower the dose of pesticides, thus providing financial savings for the farmer and fewer risks to the work environment and the natural environment.

As from summer 2007, Lantmännen Maskin will be able to carry out testing of plant protection injectors. Around ten specially trained service technicians form the basis of this operation, which will become nationwide.



# Coordinated sustainability work from farmland to table

In comparison with similar groups, Lantmännen has, in terms of size and operation, very decentralised sustainable development work. The precondition for this is a clear and general strategy that all parts of the Group can adhere to.

## Organisational structure

Operational and tactical work takes place in the appropriate business area. Three people work on the corporate staff, with the head of staff reporting to Lantmännen's Director of Corporate Communication. Each business area has a coordinator for sustainable development. To prepare for Group-wide issues that are to be dealt with at corporate management level there is a

Sustainability Board which includes representatives from every business area.

Many issues within the sustainability field are common to the whole Group or parts of it. When a specific issue is to be coordinated, a working party is formed which is tasked with drawing up a proposal for a solution. It could be a matter of producing a common method of working or a corporate policy on some particular issue.

## Sustainability analyses

Lantmännen's operations have made varying progress in their work on sustainable development. To create a shared platform, and as a basis for the Group's strategies, sustainability analyses are being carried out for each business area. The work is picking up challenges and opportunities, within the business and in the outside world, that are of great significance in achieving the vision of a sustainable Lantmännen.

The analyses cover the entire chain from the suppliers' businesses to the customers' use of the products and services supplied. All in line with the value chain – from farmland to table. The sustainability analyses create foundations for balanced scorecards, targets, management systems and for prioritising actions. The work on the analyses does not just give a current status description and basic data for prioritisation but also acts as a tool for integrating issues concerning sustainable development in the business operation.

An assessment shows that the work on sustainability analyses creates participation and lays the foundation for a shared view of these issues within the Group.





# Management systems

Lantmännen's strategy (see page 11) is to approach sustainable operation step by step. The strategy involves the Group in charting, working on and following up important issues within sustainable development.

One important condition for ensuring that everyone within Lantmännen takes joint steps towards sustainable development is that good experience is spread, that opportunities for development of skills and solutions that make efficient use of resources are provided and developed. This assumes clarity concerning visions, policies, guidelines and the issues that are important to control and to adhere to at different levels within the Group.

Within certain areas, there are already established tools, such as management systems for environment, work environment, quality and food safety. Different management systems and standards are used within the Group. Certain of these have certification and others do not.

See the compilation of the Group's operations for which notification reports and permits are mandatory and certification, on page 34.

**ISO 14001 – an environmental management system.**

**ISO 9001 – a quality management system.**

**ISO 17025 – quality requirements for competence, measurement and calibration in laboratories.**

**ISO 22000 – a management system for food safety.**

**DS3027 – Danish standard for food safety based on HACCP.**

**BRC – British Retail Consortium, a technical standard for companies manufacturing branded goods for the retail trade. Among other things, it specifies the requirements for introducing HACCP.**

**IFS – International Food Standard, a German and French food safety standard for suppliers in the food chain. Among other things, it specifies the requirements for introducing HACCP.**

**GTP – European Code of Good Trading Practice, applicable to the trade in raw ingredients for food and animal feed production.**

**OHSAS 18001 – a management system for the work environment.**

**GLP – Good Laboratory Practice, a quality system for non-clinical safety testing on human and veterinary pharmaceuticals.**

**SS 627750 – Swedish energy management system.**

**HACCP – entails risk analysis and critical control points for removing food hygiene health hazards.**

# Mandatory certifiable operations requiring permits

Lantmännen operates businesses in Sweden and other countries. The table shows those parts of the Group that operate in Sweden and for which notification reports and permits are mandatory, in compliance with the regulation (1998:899) on environmentally hazardous

activities and health protection. The numbers of plants and countries are indicated for corresponding operations outside Sweden. The certifications (see page 33) cover the entire operation in Sweden and abroad, or parts thereof.

Operation	Operations with mandatory report notification (Sweden)	Operations with mandatory report permits (Sweden)	Corresponding operations outside Sweden	Operation concerned in Sweden and other countries	Certifications within entire operation or parts thereof
<b>Lantmännen Lantbruk</b>	44	22	0	Seed facilities (5), silo facilities (38+11), feed factories (1+9), logistics centres (0+2).	ISO 14001, ISO 9001, GTP, SS 627750
<b>Svalöf Weibull</b>	3	3	0	Silo facility (1), consumption of organic solvents (1), peat cutting (0+3), greenhouse (1).	Not certified
<b>Lantmännen Anläggnings- &amp; Lantbruksmaskiner</b>					
Lantmännen Maskin	6	0	0	Vehicle washing facilities.	Not certified
Swecon	20	0	0	Intermediate storage of waste oil.	ISO 14001, ISO 9001
<b>Lantmännen Energi</b>	27	6	0	Ponds for storing sludge (2), district heating plant (11), complete heating plant (8+1), fuel factory (6+1), ethanol production (0+1), RME production (0+1), storage of goods constituting an environmental and fire hazard (0+1), storage of bio-hazard goods (0+1).	ISO 14001, ISO 9001, SS 627750
<b>Lantmännen Mills</b>	0	4	8	Mills, pasta and breakfast cereal production in Sweden (4), Norway (3), Denmark (3) and Latvia (2).	ISO 14001, ISO 9001, BRC, DS 3027
<b>Lantmännen Axa*</b>	5	1	6	Bakeries in Sweden (5), Denmark (4) and Poland (1), food industries in Sweden (0+1) and Ukraine (1).	ISO 14001, ISO 9001, BRC, DS 3027, ISO 22000
<b>Lantmännen Unibake*</b>	2	0	15	Bakeries in Sweden (2), Denmark (7), Poland (1), Germany (2), Norway (1), Belgium (3) and Russia (1).	BRC, IFS, DS 3027,
<b>Lantmännen Kronfågel</b>	0	2	2	Poultry slaughtering with jointing operation in Sweden (2) and Denmark (1), processing operation in Denmark (1).	ISO 14001, BRC, OHSAS 18001
<b>Lantmännen Granngården</b>	0	0	0	Stores for farming, forestry, animals and horticulture. No requirement for public authority approval.	ISO 14001, ISO 9001
<b>Lantmännen Invest</b>					
Lantmännen Analycen	1	0	2	Laboratories in Sweden (1), Norway(1) and Denmark (1).	ISO 14001, ISO 9001, ISO 17025, GLP
Lantmännen Doggy	1	1	0	Animal feed production.	ISO 14001, ISO 9001
Lantmännen Solanum	0	1	0	Washing potatoes, handling the washing water.	Not certified
Lantmännen Reppe	0	2	0	Production of starch products, glucose syrup, gluten and ethanol.	ISO 14001, ISO 9001, SS 627750
Lantmännen SweChick	7	0	0	Broiler chicken rearing farm (2), hatching egg production (5).	Not certified
Lantmännen SweHatch	7	7	0	Broiler chicken rearing farm (6), hatching egg production (1+4), hatchery waste (0+3).	ISO 9001

\*) The bakeries that were transferred on 1 October 2006 from Lantmännen Axa to Lantmännen Unibake are reported here under Lantmännen Axa.

# Monitoring

Target management and monitoring need to be developed to ensure a uniform system throughout the organisation. The link between strategic targets, balanced scorecards and activities can be further developed.

The expectations of the outside world concerning openness and a collective picture of the objectives, strategies, action plans and impact of the companies' work on social and ecological issues has accelerated in recent years.

The following pages contain a report on the current balanced scorecards for sustainability work within the Group.

## Employees

In general, Lantmännen does not have high levels of absence due to sickness, but on the other hand, women take more sick leave than men and, on the whole, are under-represented among employees. Despite there being an increase within the Group's management teams. Continued, collective work on issues of equality are crucial to overcoming this imbalance.

## Sustainable cultivation

One positive thing is that the use of biologically treated seed has become established at a high level and is expected to increase even further in future. One reason for the products having a major impact is that they are used in both organic and other cultivation. In addition, sales to agriculture of environmentally adapted diesel, Agrolight, are continuing to increase – now with a five per cent admixture of RME.

## Sustainable raw ingredients and products

The proportion of environmentally-adapted\* grain raw material has reduced dramatically. Within Lantmännen Unibake this is mainly because new operations in Belgium and Russia are now being included in

the calculations. The demand for Swedish Seal of Quality cereal has also decreased. Granngården's long-term investment in increasing the proportion of environmentally-adapted products has been successful.

## Energy and transportation

Energy efficiencies and transport optimisations are projects that are showing good results within the Group. Example from Lantmännen Mills of carbon dioxide emissions show that these emissions have decreased strongly in comparison with 2004.

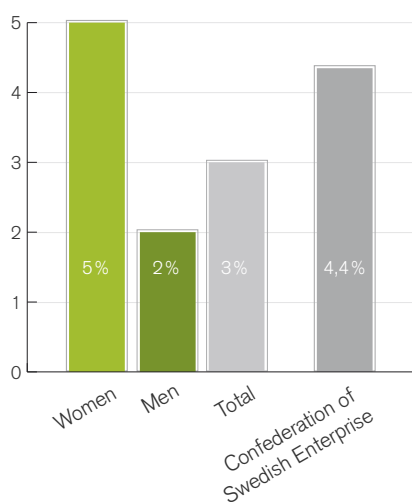


*\*) The proportion of environmentally-adapted grain raw material is defined here as raw material approved in compliance with the Swedish Seal of Quality, KRAV, Ökologiskt Statskontrollerat and Natur+ concepts.*



# Performance Indicators

Lantmännen has initiated a project with balanced scorecards within several areas apart from financial ones. These indicate that there are many areas within Lantmännen that could be improved, such as equality. Balanced scorecards within the HR field are indicators of future financial results.



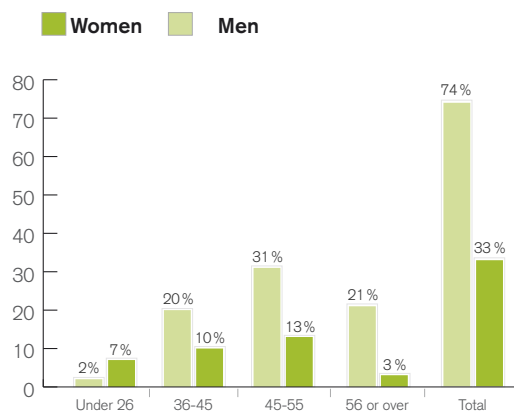
## Sick-leave

Sick leave relates to Swedish Lantmännen companies and is indicated as a per centage of ordinary working hours.

Total absence due to sickness amounted to 3 % over the year, for women, sick leave was 5 % and for men 2 %. Of total absence due to sickness, 50 % related to long-term absence, that is to say absence due to sickness of 60 days or over.

Long-term absence due to sickness for women: 2 % and for men: 1 %. The total absence due to sickness in the age-group up to 30 years was 3%, in the age-group 30-49 years 3 % and in the age-group over 49 years 3 %.

Total absence due to sickness in Sweden, according to data from the Confederation of Swedish Enterprise, in Quarter 3 of 2006, was 4.4 %.



## Sex and age distribution in the management teams

Age distribution varies naturally between the various business areas and so the business areas and staff functions have their own targets for maintaining or improving their age structure. Women are under-represented in all business areas.

The Group has therefore undertaken measures such as setting as one of its targets, that by 2009 each business area management team must have at least 2 members of the under-represented sex.

Extensive surveys held in the spring and winter of 2006, have enabled customers, owners and employees to submit feedback and they have also given the business a score. The survey, involving all employees within Lantmännen, has provided solid knowledge about the way owners, employees and customers view Lantmännen's business and has given a valuable picture of the current situation.

#### Employee appraisal interviews

The target is for all employees to have at least one employee interview each year. The figures for 2006 are not satisfactory, a total of 53 % with strong variations within the individual business areas. To improve both the figures and the quality of the interview, Lantmännen has produced corporate materials and training courses within the subject. The results come from the Insikt survey 2005/2006 and relate to proportions that have had employee interviews in the last 12 months.

#### Motivated workforce

The Motivated Employee Index differs between the various business areas but is viewed overall as unsatisfactory. Lantmännen's collective index is 63 (an index of above 70 is regarded as being good). Target figures have been set up within respective business areas and all managers have been involved in prioritising activities, increasing commitment and motivation among their subordinates. The result is from the Insikt survey 2005/2006.

#### Leadership

The Management Index differs greatly between and within the business areas, everything from 57 to 69 (an index above 70 is regarded as being good), but in general must be improved. Large numbers of activities have been initiated during the year, to improve management. Particular focus has been placed on managers with an index of less than 50. The results are from the Insikt survey 2005/2006.



# Performance indicators.

The following is a presentation of more parts of Lantmännen's work on performance indicators. A green symbol means a positive outcome, a yellow symbol unchanged and a red symbol a negative outcome in comparison with the previous year (sensitivity is three per cent).




Lantmännen Lantbruk			
Performance indicators	Comments	Results	Outcome
Proportion of alternatively treated seed	In 2006, the use of biological treatment agents was at the same level as during 2005. In 2007 it is expected that there will, not least, be an increase in the use of Cerall since the approval for this product arrived late in 2006.	2006: 42 % 2005: 42 % 2004: 35 %	
Cadmium in mineral fertiliser	The level of cadmium in in phosphate fertilisers has increased to a certain extent during the year, primarily due to an increased content of cadmium in the raw materials used for PK fertiliser. However, the levels are still well below the statutory level which is 100 ppm.	2006: 5.8 ppm 2005: 4.7 ppm 2004: 6.3 ppm	
Proportion of Swedish Seal of Quality grain	The demand for Swedish Seal of Quality grain has decreased. On the other hand, the Grain Division's customised Premium concept is increasing. A total of 1,851,000 tons of grain were weighed in.	2006: 9.7 % 2005: 10.1 % 2004: 13.3 %	
Proportion of KRAV grain	The proportion of KRAV-approved grain bought in has reduced somewhat in comparison with 2005. A total of 1,851,000 tons of grain was weighed in.	2006: 3.4 % 2005: 3.6 % 2004: 3.5 %	
Transportation efficiency – bulk feed	The reason for the considerable deterioration is that two factories had to close for a period in 2006, due to salmonella. During that period, feed had to be freighted in from other factories. Transports from yet another factory have been included in the calculations in 2006. These products are often sold in smaller batches, and therefore transported in small quantities, which impairs transport efficiency.	2006: 1.14 ton/10 km 2005: 1.22 ton/10 km 2004: 1.20 ton/10 km	
Origin of feed raw ingredients	Marginal change compared to previous year. In autumn 2006, grain has been somewhat more expensive, which has meant that other raw ingredients have been bought in instead. The proportion of Brazilian soya has reduced somewhat and been replaced with European rape. Apart from Sweden, the remaining volume comes from the EU (25 %) and from countries outside the EU (21 %).	2006: 54 % 2005: 55 % 2004: 54 %	
Energy efficiency seed facilities	The improved results are accounted for largely by the solid fuel. The solid fuel is made up of waste from the facilities, which is burnt for heating instead of being transported away. In 2006, 60,000 tonnes less were handled in the plants as compared to 2005, which created less solid fuel. Certain marginal actions have also been implemented within the framework of electrical certification, which is having a positive impact on energy efficiency.	2006: 80 kWh/ton 2005: 84 kWh/ton 2004: 106 kWh/ton	
Waste oil collection	The greatly reduced volume of gathered waste oil is due partly to a reduction in sales of lubrication oils and that oil changes increasingly take place in conjunction with machinery servicing and that the waste oil is therefore received by the Lantmännen Maskin workshops.	2006: 155 m <sup>3</sup> 2005: 421 m <sup>3</sup> 2004: 560 m <sup>3</sup>	
Energy efficiency – feed production	In 2006, the decision was made to heat treat all animal feed, which requires more energy and has a negative impact on the results. Rather reduced production volumes, leading to higher energy consumption per tonne, also affected the results for 2006.	Not stated.	







## Lantmännen Energi

Performance indicators	Comments	Results	Outcome
Production – ethanol	In 2005, production was limited by an environmental permit concerning a maximum of 55 million litres. In 2006, the permit was extended to cover 60 million litres and production was therefore able to increase.	2006: 56,411 m <sup>2</sup> 2005: 55,000 m <sup>2</sup> 2004: 50,000 m <sup>2</sup>	→
Proportion of environmentally adapted fuel	There has also been an increase in the proportion of environmentally-adapted diesel, AgroLight, sold during 2006. Continued focus on more environmentally-adapted products and information concerning amended legislation that permitted an increase in the proportion of RME from 2% to 5% August, 2006. The proportion of renewable fuel input has also increased over the year because of the change to the law.	2006: 83% 2005: 76.6% 2004: 70.1%	→
Supplied amount of heating from renewable biofuels	The increase during 2006 is due primarily to the straw-fired district heating plant at Skurup being included for the entire year. The proportion of renewable energy amounts to 92% of the total heating supplies in 2006.	2006: 201 GWh 2005: 200 GWh 2004: 188 GWh	→
Plantation – Europe	The plantation of salix is still small-scale abroad, but is steadily increasing. The forecast says that planting will continue to increase as new agriculture and energy policies make an impact.	2006: 1,500 ha 2005: 1,056 ha 2004: 580 ha	→
Harvested GWh salix chips	The seriously diminished result is because of the warm end to the year, which resulted in harvesting not being possible. This is because the ground has to be frozen to bear the weight of the harvesting machines.	2006: 50 GWh 2005: 148 GWh 2004: 129 GWh	↘
Proportion of environmentally adapted lubricants	The per centage shows the proportion of environmentally-adapted product within the product groups of hydraulic and chain oils, where opportunities exist for environmental adaptation. The market for lubricants in 2006 as compared to 2005 dropped by 6-7%. Comparison with 2005 will be imbalanced due to the Gudrun storm which meant greatly increased sales, which kept up throughout the year, of lubricants for machinery involved in the clear-up work. The market for environmentally-adapted products is expected to increase in future.	2006: 21% 2005: 25% 2004: 26%	↘
Internal transportation – efficiency	The investment taking place to reduce the proportion of diesel is producing results. However, the changes that have been made increase dependency on electricity somewhat, but overall are providing improved energy efficiency and environmental performance.	2006: 1.4 kWh/MWh 2005: 1.6 kWh/MWh 2004: 1.8 kWh/MWh	→
Supplementary energy	Pellet production has increased at the expense of briquette production. This results in greater consumption of electricity since pellets require more processing thus making production more energy-hungry.	2006: 24 kWh/MWh 2005: 23 kWh/MWh 2004: 23 kWh/MWh	↘





## Lantmännen Mills

Performance indicators	Comments	Results	Outcome
Environmentally-adapted grain raw material*	Unfortunately, some customers' volumes of Swedish Seal of Quality have diminished. On the other hand, there is currently an increase in demand for organic products, but this is not yet showing up in any larger volumes.	2006: 25 % 2005: 28 % 2004: 32 %	
Energy efficiency	There has been little increase in energy efficiency, but the deterioration is mainly due to the fact that one more plant has been included in the calculations.	2006: 0.21 MWh/ton 2005: 0.18 MWh/ton 2004: 0.19 MWh/ton	
CO <sub>2</sub> emissions – production	Due to full power from our biofuel boilers in Moss and Järna, the results have improved considerably, with lower CO <sub>2</sub> emissions for 2006 as compared to 2005.	2006: 9.4 kg/ton 2005: 16 kg/ton 2004: 32 kg/ton	

## Lantmännen Axa




Environmentally-adapted flour raw material*	The reduction is mainly because bakeries in Sweden have replaced some of the Swedish Seal of Quality flour with conventional baking flour and an additional facility has been included in the calculations.	2006: 74 % 2005: 77 % 2004: 75 %	
Energy efficiency	The deterioration that has taken place in the results is because one additional facility has been included in the calculations. Other plants have maintained approximately the same energy efficiency as in 2005.	2006: 0.98 MWh/ton 2005: 0.93 MWh/ton 2004: 0.90 MWh/ton	
CO <sub>2</sub> emissions – production	CO <sub>2</sub> emissions have increased in comparison with the previous year, due to the fact that one additional plant has been included in the calculations. Without the new plant, CO <sub>2</sub> emissions have reduced by 2.1 %, because of a reduction in total energy consumption and the closure of a less energy-efficient bakery in Sweden.	2006: 198 kg/ton 2005: 189 kg/ton 2004: 175 kg/ton	
CO <sub>2</sub> emissions – transport	The drop compared with the previous year results from the implementation of transport optimisation, fewer distribution trips to customers, rather less long-distance transport and, at the same time, higher fill levels in the vehicles, in the Swedish part of the business operation. Despite the fact that delivered tonnage only went down by 1.7 %, the number of km driven reduced by 9 %.	2006: 111 kg/ton 2005: 116 kg/ton 2004: 97 kg/ton	

## Lantmännen Unibake






Environmentally-adapted flour raw material*	The reduction is due largely to the fact that, in Denmark, only the Hatting brands and some own-brand items for COOP DK have been produced with Natur+ raw ingredients. Other products and individual Hatting brands in Denmark, have changed to production that uses conventional raw ingredients. Four facilities that only use conventional raw ingredients have been added to the calculations for this year, thus producing poorer results.	2006: 24 % 2005: 38 % 2004: 39 %	
Energy efficiency	The positive result is due to the fact that the facilities new to the balanced scorecard have extremely good energy efficiency. Other plants have maintained approximately the same energy efficiency as in 2005.	2005: 0.97 MWh/ton 2004: 1.02 MWh/ton 2004: 1.05 MWh/ton	
CO <sub>2</sub> emissions – production	The balanced scorecard's positive trend is due largely to the fact that the facilities that are new to the balanced scorecard have considerably lower emissions, while other plants have maintained approximately the same level as in 2005.	2006: 178 kg/ton 2005: 197 kg/ton 2004: 218 kg/ton	
CO <sub>2</sub> emissions – transport	Higher fill levels have increased the amount of tonnage delivered while the volume of carbon dioxide has also maintained approximately the same level as in the year 2005. This has given a positive result for 2006.	2006: 27 kg/ton 2005: 31 kg/ton 2004: 27 kg/ton	

\*) The proportion of environmentally-adapted grain/flour raw material is defined here as raw material approved in compliance with the Swedish Seal of Quality, KRAV, Ökologiskt Statskontrollerat and Natur+ concepts.

## Lantmännen Grangården

Performance indicators	Comments	Results	Outcome
Proportion of environmentally adapted lubricants	The proportion of lubricants consists of hydraulic oils and chainsaw oils. Biosåg, which is a vegetable-based chainsaw oil made from rape-seed oil, has had increased sales. On the other hand, sales of environmentally-adapted hydraulic oils have decreased, largely due to the fact that sales in 2005 were particularly high because of the Gudrun storm.	2006: 9.2% 2005: 15% 2004: 11%	
Proportion of MPG glycol	The change in the performance indicator indicates a reduction in MPG glycol sales of approx. 25 % in relation to the total volume of glycol. MPG is a glycol coolant based on propylene glycol. Because it has been adapted to be non-injurious to health there is no risk of serious poisoning if the product should end up in the wrong hands and be drunk, for example, by children.	2006: 8.3% 2005: 11% 2004: 12%	
The proportion of environmentally-adapted products within Horticulture and Hygiene	In relation to total turnover, the proportion of environmentally-adapted products increased by 8 % within Horticulture and Hygiene as compared to 2005, and now covers 25% of turnover. The increase is mainly within Hygiene, which will probably increase in 2007 when there is a target of only marketing environmentally-adapted hygiene products.	2006: 25% 2005: 23%	

## Lantmännen Invest

	Performance indicators	Comments	Results	Outcome
Lantmännen BioAgri	Use of biologically treated seed	The total usage of both Cedomon and Cerall is equivalent to an area of around 300,000 hectares, id est. the same as the previous year, 2005. Usage in Sweden has been equivalent, 42%. Unfortunately, sales on two other markets have dropped due to seed infection by a disease that the products do not control. However, this drop is compensated for by some new markets that have increased. The result gives a similar usage figure as for 2005.	2006: 300,000 ha 2005: 300,000 ha 2004: 275,000 ha	
Lantmännen Analyoer	No. of trials that concern sustainable development	The reasons for the increase are good sales activity and good economic conditions. The customers are attracted by the investment in product development that is focusing on sustainable development, resulting in more tests.	2006: 770,000 items 2005: 725,000 items 2004: 616,000 items	
Lantmännen Doggy	Energy efficiency	The factory has been run more efficiently, which produces more even take-up of production while energy losses have also been analysed. A new mill that is considerably more efficient has been brought into use and is beginning to have a positive impact on energy efficiency.	2006: 0.49 MWh/ton 2005: 0.50 MWh/ton 2004: 0.48 MWh/ton	
Lantmännen Reppe	Energy efficiency	Energy consumption per volume produced is dependent on the product mixture of starch syrup, wheat gluten flour, crude alcohol and agricultural alcohol. The lower specific energy consumption for 2006 as opposed to 2005, is due largely to improved capacity utilisation. In addition, consumption of steam and electricity in the gluten drier has reduced as a consequence of rather better dehydration prior to drying. The consumption of steam during final distillation (rectification) to agricultural alcohol has reduced after the method of operation was changed, producing fewer repeat rectifications.	2006: 1.8 MWh/ton 2005: 2.0 MWh/ton* 2004: 2.1 MWh/ton*	
	Utilised load capacity	The balanced scorecard relates to the transports that run with completely full tanks, and their cargo weight. This is contrasted with the total delivered weight. The improvement is largely due to a greater focus on logistics work with maximum co-transportation as an important area.	2006: 93.3% 2005: 89.3%	

\* Correction: for 2004 and 2005, an error in the calculation formulae has been discovered, because of which the figures for electricity, oil and steam consumption have been corrected from Steps towards Sustainability 2005.



# Performance indicators

Economics is an area to focus on within sustainable development. As an element of this, there follows a brief presentation of Lantmännen's economy. More detailed information can be found in Lantmännen's Annual Financial Report 2006.

## Business areas, key figures

	Lantmännen Lantbruk	Svalöf Weibull	Lantmännen Anläggnings- och Lantbruks- maskiner	Lantmännen Energi	Lantmännen Mills	Lantmännen Axa	Lantmännen Unibake	Lantmännen Kronfågel	Lantmännen Granngården	Lantmännen Invest
Net sales, SEK M *	8 057	983	7 689	2 622	2 447	4 100	3 255	2 242	2 650	2 020
Operating income, SEK M	78	-96	340	73	141	-47	189	-312	-15	41
Return on capital employed, %	5	-8	27	7	8	-2	7	-24	-4	17
Average number of employees	1 165	575	1 594	258	790	2 790	1 873	1 460	1 046	898

\* Including intra-Group sales.

## Six year financial summary

	2006	2005	2004	2003	2002	2001
Net sales, SEK M	32 256	29 807	28 197	28 038	24 469	24 820
<b>Income</b>						
Income before depreciation, SEK M	1 815	1 633	2 042	1 743	1 452	1 218
Depreciations and write-downs, SEK M	-1 632	-1 513	-1 264	-1 100	-807	-791
Operating income, SEK M	183	120	778	643	645	427
Financial income and expenses, SEK M	61	406	-58	-67	-75	56
Income after financial items, SEK M	244	526	720	576	570	483
<b>Income after tax, SEK M</b>	<b>332</b>	<b>511</b>	<b>383</b>	<b>333</b>	<b>342</b>	<b>239</b>
<b>Capital</b>						
Balance sheet total, SEK M	25 343	24 568	22 656	22 447	18 826	18 559
Equity, SEK M	9 038	8 872	8 337	7 998	7 805	7 521
Investment, SEK M	1 726	1 263	873	4 066	1 212	1 484
<b>Profitability and equity ratio</b>						
Return on equity, %	4	8	7	6	6	5
Return on capital employed, %	5	5	6	6	7	5
Equity ratio, %	37	38	38	37	43	42
<b>Dividends and contribution issue</b>						
Central refund/final price adjustment, SEK M	64	64	134	70	72	75
Local refund/final price adjustment, SEK M*	-	75	65	84	89	69
<b>Investment dividend, SEK M**</b>	<b>57</b>	<b>51</b>	<b>49</b>	<b>38</b>	<b>38</b>	<b>23</b>
Contribution issue, SEK M**	100	100	39	-	-	171
Total dividends and contribution issue, SEK M	221	289	287	192	199	338
<b>Other</b>						
Average number of employees, Group	12 833	12 230	11 387	12 178	10 268	10 402
Number of members	44 249	48 759	49 922	52 367	53 371	55 831

\* Local distribution will not occur after 2005.

\*\* Pursuant to the Board of Directors' proposal for 2006.

# Business areas

## **Lantmännen Lantbruk**

Lantmännen Lantbruk is the Group's core business, oriented towards farmers (cereals and livestock producers) and towards grain buyers in Sweden and abroad. The business area processes and markets grain and oilseed crops. Another important part of its business is developing, manufacturing and selling animal feed. In addition, a complete range of plant breeding products is available, including seed, lime, plant feed and plant protection, as well as specialist products. Lantmännen Lantbruk is the Swedish market leader within its business areas, with market shares of between 50 per cent and 90 per cent.

## **Svalöf Weibull**

Svalöf Weibull comprises two units – SW Seed which is involved in plant breeding and seed production on an international market focusing on Northern and Central Europe. Weibull Trädgård is the Nordic area's leading horticultural company, positioned strongly on the Swedish and Danish markets. SW Seed has its own plant breeding stations in Sweden, Germany and Holland. Svalöf Weibull is owned jointly by Lantmännen (60 per cent) and the German company BASF (40 per cent).

## **Lantmännen Anläggnings- & Lantbruksmaskiner**

Lantmännen Anläggnings- & Lantbruksmaskiner comprises the companies Lantmännen Maskin and Swecon Anläggningsmaskiner. Lantmännen Maskin imports, markets and sells tractors, equipment and combine harvesters. Servicing and spare parts sales are important features of the business. Anläggningsmaskiner is a dealer for Volvo construction machinery in Sweden. Both companies have market leading positions for tractors, combines and construction machinery. Swecon also has representation in the Baltic countries and in parts of Germany.

## **Lantmännen Energi**

Lantmännen Energi brings together Lantmännen's operations within the energy sector and develops, manufactures and markets energy products. The four principal areas are biofuel for vehicles, solid biofuel, heating, machinery and the environment. Lantmännen Energi is also responsible for Lantmännen's energy procurement and promotes energy issues and energy efficiencies throughout the Group. One of its important tasks is to contribute to energy systems that are more ecologically sustainable. Lantmännen Energi is Sweden's leading producer of fuel ethanol and leads the market in the fields of heating pellets and environmental petrol.

## **Lantmännen Mills**

Lantmännen Mills is the leading supplier of flours and grain products in Scandinavia with 12 production plants in Sweden, Denmark, Norway and Latvia. Lantmännen Mills also has strategically important partners in Finland and Germany through part-ownership of the milling companies Melia Oy (25 per cent) and VK Mühlen (18 per cent), which are leaders on their respective markets.

## **Lantmännen Axa**

Lantmännen Axa develops, produces and markets various products based primarily on grain. Its most important markets are in Sweden, Norway and Denmark. Production and sales take place in Ukraine and sales in Latvia. Production and sales of fresh bread which had taken place under Lantmännen Axa, were transferred to Lantmännen Unibake on 1 October 2006.

## **Lantmännen Unibake**

Lantmännen Unibake is Europe's biggest producer of frozen bread products, and Scandinavia's biggest producer of fresh bread for foodservice companies and the grocery trade. There are production units in Denmark, Norway, Sweden, Germany, Belgium, Poland and Russia, and there are sales units in Spain, the Czech Republic, the USA, Japan, Korea, Finland, the Baltic States and France.

## **Lantmännen Kronfågel**

Lantmännen Kronfågel Holding is the largest chicken producer in the Nordic region with strong market positions in Sweden and Denmark. Lantmännen Kronfågel produces and sells fresh, frozen and processed chicken products. Lantmännen Kronfågel's biggest customers are ICA, Coop Norden, Axfood, SuperGros, Servera and Menigo Foodservice.

## **Lantmännen Granngården**

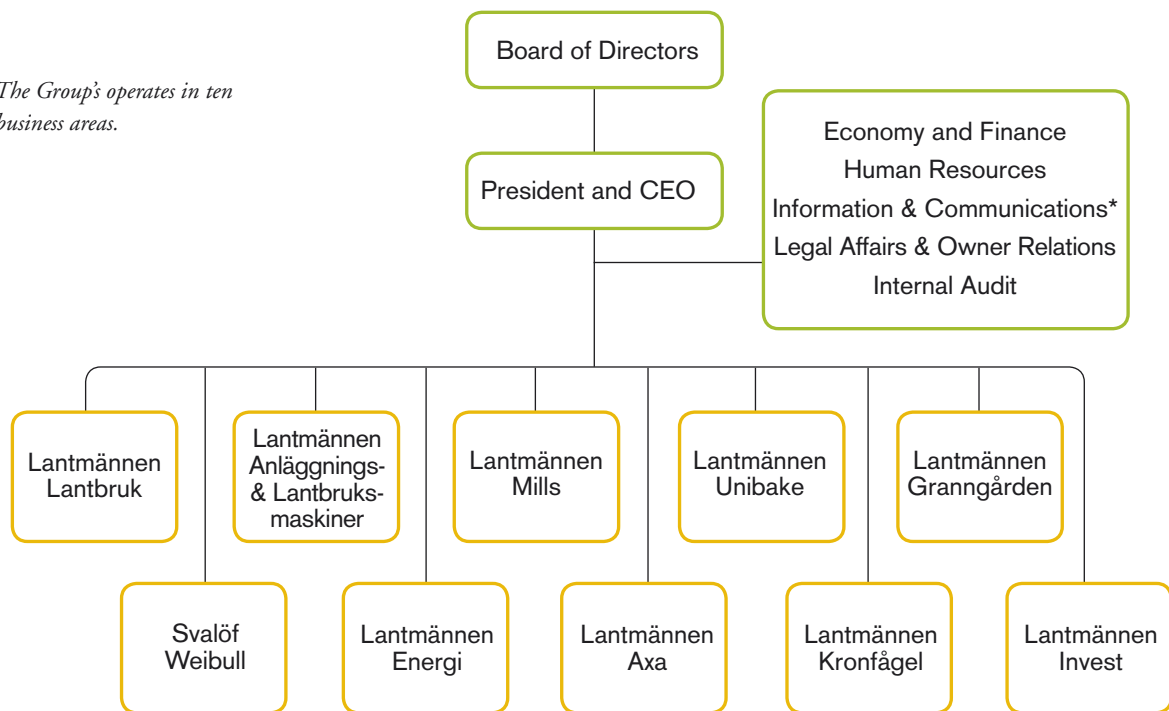
Lantmännen Granngården is Lantmännen's retail chain oriented towards products for Agriculture & Forestry, Animals and Horticulture with supplementary ranges within the areas of House & Home and Outdoor Leisure. Retail sales take place in 123 of the company's own shops and via 60 distributorships in Sweden. Lantmännen Granngården also has e-commerce and mail order sales via its subsidiary Lantmännen Nordpost.

## **Lantmännen Invest**

Lantmännen Invest encompasses two different types of company: companies originating in various research projects and companies that do not immediately belong in any of the other business areas, but which operate businesses that can, in various ways be related to farmland and its utilisation. Included in Lantmännen Invest are Lantmännen Bygglant, Lantmännen Analcen, Lantmännen SweHatch, Lantmännen SweChick, Lantmännen Krafft, Lantmännen Doggy, Lantmännen AS-Faktor, Lantmännen Solanum and Lantmännen Reppe. Lantmännen BioAgri was transferred to Lantmännen Lantbruk on 1 January 2007.

# Organisation

*The Group's operates in ten business areas.*



*\*Organisationally, the Sustainable Development Department belongs within the Information & Communications staff.*



# A selection of Lantmännen's product brands





Lantmännen

## Lantmännen

Box 301 92  
104 25 Stockholm, Sweden  
Tel: +46 8-657 42 00  
www.lantmannen.se

### Sustainable Development Department

Camilla Välimaa  
Tel: +46 8 657 43 68  
camilla.valimaa@lantmannen.com

Claes Johansson  
Tel: +46 8 657 43 83  
claes.johansson@lantmannen.com

Maria Carty (on parental leave up to and  
including October 2007)  
Tel: +46 8 657 43 67  
maria.carty@lantmannen.com

Johanna Jigmo (deputising for Maria Carty)  
Tel: +46 8 657 43 67  
johanna.jigmo@lantmannen.com

### Corporate logistics

Eva Brishammar  
Tel: +46 8 657 43 62  
eva.brishammar@lantmannen.com

Production: Upstairs Communication,  
Lantmännen Information & Corporate  
Communication  
Text/concept: Springtime

Photo: Annika Vannerus/Johnér, Bo Berg-  
man, Carina Gran/Folio, Lantmännen Analy-  
cen, Lantmännen Kronfågel, Lantmännen  
Lantbruk, Lantmännen Maskin, Lantmännen  
Unibake, Lars Dahlström, Weibulls, Nordic-  
Photos/Stockfood, Bill Frymire/Masterfile/  
SCANPIX, Peter Gerdehag/briljans.se, Pär  
K Olsson, IBL Bildbyrå,

### Business areas and contact persons for Sustainable Development

**Lantmännen Lantbruk**  
Gustav Kämppe  
Tel: +46 510 885 32  
gustav.kampe@lantmannen.com

**Svalöf Weibull**  
Gabriele Engqvist  
Tel: +46 418 66 71 25  
gabriele.engqvist@swseed.com

**Lantmännen Maskin**  
Håkan Bergqvist  
Tel: +46 510 888 20  
hakan.bergqvist@lantmannen.com

**Swecon Anläggningsmaskiner**  
Kjell Ivarsson  
Tel: +46 16 42 95 11  
kjell.ivarsson@swecon.com

**Lantmännen Energi**  
Lars Lindquist  
Tel: +46 36 38 78 74  
lars.lindquist@lantmannen.com

**Lantmännen Mills**  
Camilla Krook  
Tel: +46 40 660 88 34  
camilla.krook@lantmannen.com

**Lantmännen Axa**  
Ingmar Börjesson  
Tel: +46 8 519 789 60  
ingmar.borjesson@lantmannen.com

**Lantmännen Unibake**  
Mette Kann  
Tel: +45 762 850 00  
mette.kann@lantmannen.com

**Lantmännen Kronfågel**  
Kerstin Frodig  
Tel: +46 44 28 14 92  
kerstin.frodig@lantmannen.com

**Lantmännen Granngården**  
Eva Magnusson  
Tel: +46 522 65 30 26  
eva.magnusson@lantmannen.com

**Lantmännen Analycen**  
Lena Olsson  
Tel: +46 31 61 37 41  
lena.m.olsson@lantmannen.com

**Lantmännen Doggy**  
Margareta Larsson  
Tel: +46 322 66 65 31  
margareta.larsson@lantmannen.com

**Lantmännen Reppe**  
Gunilla Lindahl  
Tel: +46 470 70 41 12  
gunilla.lindahl@lantmannen.com







S:t Göransgatan 160 A • Box 301 92 • SE - 104 25 Stockholm • Sweden  
info@lantmannen.se • www.lantmannen.com  
Tel: +46 8 657 42 00 • Fax: +46 8 618 90 12



Lantmännen