

European Green Financing Framework



Important Notice

This document (the “Green Financing Framework” or “Framework”) contains information on Investment AB Latour (“Latour”) and its potential use of financing with added environmental criteria adhering to the proposed European Green Bond Standard and ICMA Green Bond Principles. The Framework directed at investors and third parties, provides additional non-binding information to the specific terms applicable in forthcoming financing, as detailed in the European Green Bond Factsheet (“Factsheet”). The Framework and included Factsheet have been aligned with the EU Taxonomy Regulation and the supplemental Delegated Act on Climate Change Mitigation and Climate Change Adaptation that entered into force on the first of January 2022 (the “Taxonomy” or the “Climate Delegated Act”) and structured according to the proposed European Green Bond Standard published by the European Commission (“European Green Bond Standard”) in July 2021. Investors and third parties are strongly advised that until such time an accreditation of the Factsheet has taken place any financing under the terms laid out in the Factsheet will not qualify as a European Green Bond.

FINANCING THAT INCLUDES the Factsheet in its associated financing documentation, by reference or inclusion, as detailed in this document or in future versions of this document, will be designated as Green Financing (“Green Financing”). Other labels may apply to the specific type of financing, for instance Green Bond (“Green Bond”), Green Commercial Paper (“Green Commercial Paper”) or Green Loan (“Green Loan”). If the Factsheet associated to any existing or future Green Financing is assessed as compliant with the European Green Bond Standard further labels could apply, such as European Green Bond (“EUGB”), European Green Loan (“EUGL”) or European Green Commercial Paper (“EGCP”). The Factsheet referenced or included in any Green Financing documentation may be translated into other languages, as required in the local jurisdiction and applicable regulations.

NEW GREEN FINANCING will include a reference to, or inclusion of, the most recently published Factsheet, which shall be publicly available in the Framework on Latour’s website. As long as any Green Financing is outstanding, the associated version of the Factsheet shall remain publicly available. At the time of any new Green

Financing the current Taxonomy requirements in force are used to determine the eligibility of assets and expenditure that are available for Green Financing, in addition to any further criteria specified by Latour in the Factsheet. Green Financing will be subject to the version of the Factsheet specified in the associated financing documentation and future changes to the Factsheet or relevant standards (for example, the Taxonomy or the European Green Bond Standard) will not apply to already outstanding Green Financing unless i) explicitly communicated by Latour and only if the intent of such changes were to align the Factsheet with the European Green Bond Standard, the Taxonomy or other relevant regulation with the purpose to fulfill the requirements of such legislation and achieve an accreditation of the Factsheet as a European Green Bond by an External Reviewer or ii) such changes are explicitly required by the relevant regulations (i.e. the Taxonomy or EUGBS).

INVESTORS AND THIRD PARTIES are advised to conduct an independent evaluation of the relevance and adequacy of the information in this Framework and Factsheet, and for making such other investigations considered necessary prior to entering into any of the types of transactions or arrangements where the Factsheet would be applicable, for instance regarding the adherence to current and future regulation, standards or market practices such as the Green Bond Principles, the Green Loan Principles, the European Green Bond Standard and the Taxonomy. Furthermore, all parties are advised to review the applicable risk factors and terms specific for the type of Green Financing used, for instance in the relevant financing documentation, issuance prospectus or information memorandum. Investors and third parties are advised that the accreditation mechanism for External Reviewers under the European Green Bond Standard is not yet in place nor is the standard adopted, meaning that at the time of publishing this Framework and Factsheet it was not technically possible to issue accredited European Green Bonds. Latour might seek such accreditation by an External Reviewer at a later date with a party that is registered with the European Securities and Markets Authority, but until such time investors and third parties must make their own assessment regarding the adherence of any Green Financing to such standards and regulation. ■

Table of content

Background	4
Green Terms	10
1. Use of Proceeds	10
ALLOCATION OF PROCEEDS	10
EXCLUSIONS	10
ELIGIBLE GREEN ACTIVITIES	11
2. Process for Project Evaluation and Selection	13
3. Management of Proceeds	13
4. Reporting and Transparency	14
ALLOCATION DISCLOSURE	14
IMPACT REPORTING & METRICS	14
CARBON FOOTPRINT CALCULATION METHODOLOGY	15
EXTERNAL REVIEW	16
DEDICATED WEBSITE	16
Policy documents that govern Latour's Environmental and Sustainability work	17
Appendices	18
Appendix 1: Overview and summary of main Taxonomy Criteria at the time of publication and alignment with the eligible green assets	18
Appendix 2: Key Characteristics of the EU Taxonomy and the proposed European Green Bond Standard	20
European Green Bonds	20
EU Taxonomy	20
Environmental Objectives	20
Technical Screening Criteria	21
Do no significant harm	21
Minimum Safeguards	21
European Green Bond Factsheet	22

Background

INTRODUCTION

The UN Agenda 2030 has increased the interest and understanding of sustainable issues globally and locally. The wider communities have become more sustainable in line with increasingly ambitious targets for reducing climate impact, as well as by consumers' growing awareness of the need to take responsibility for their choices. Combatting climate change requires action on a global and local level. In 2015, The Paris Agreement was adopted by 196 parties at COP 21 in Paris. It is a legally binding international treaty on climate change to limit global warming to well below 2 degrees, preferably to 1.5 degrees Celsius compared to pre-industrial levels. According to the Swedish Climate Law, Sweden is committed to significantly reducing greenhouse gas emissions and achieving net-zero greenhouse gas emissions by 2045.

The EU taxonomy is a tool to determine which economic activities are to be considered green within the European Union and hence a tool to promote climate and environmentally efficient development and increase the capital flow to green investments, assets and companies. As a sustainable investment company and an active owner in all holdings Latour has a great opportunity to contribute to capital aggregation towards environmentally sustainable investments. To further strengthen this commitment Latour is taking the next step by establishing this Financing Framework fully aligned with the EU Taxonomy and the proposed European Green Bond Standard.

About Latour

“Investment AB Latour is a sustainable investment company that believe in active ownership”

LATOUR MAKES LONG-TERM investments in companies that have proprietary products and brands, considerable growth potential supported by global megatrends, and good prospects for internationalisation.

Latour's operations are primarily carried out in two business lines: wholly-owned industrial operations and a portfolio of listed holdings. The wholly-owned operations consist of six different business areas and generated a turnover of SEK 18 billion in 2021. The listed portfolio consists of ten listed holdings with a market value of SEK 98 billion as of 31 December, 2021. In all holdings, Latour acts as an active principal owner, where the work of the Board is the most important platform for the sustainable creation of value.

A SUSTAINABLE STRATEGY

Latour has been creating long-term values by developing sustainable operations since 1985. Sustainability is, and has always been, a central concern and is embedded in the four core values of Latour, which are basically about consideration for people and the environment:

- ▶ Long-term perspective
- ▶ Businessmanship
- ▶ Trust & Accountability
- ▶ Development



SUSTAINABILITY IS FUNDAMENTAL to the existence as a successful long-term investment company and is integrated in the investment strategy. Latour has a set of clear investment criteria's, of which sustainable business with high ethical standards is one criterion, and sustainable products with high added value is another. When Latour is looking at new companies, the starting point is to only invest in sustainable companies. If a company should satisfy all the financial requirements but not the sustainability aspects, then it will be turned down.



VISION

Latour’s vision is to be a sustainable and attractive choice for long-term investors that want good returns. Latour creates added value in its holdings by being an active and steadfast owner that, with financial strength and solid industrial know-how, contributes to the sustainable development of the companies.



BUSINESS CONCEPT

Latour’s main business concept is to invest in sustainable companies with proprietary products, strong growth potential supported by global megatrends and good future prospects. Its long-term ambition is to create international growth and added value in these holdings by means of active ownership.



CORE VALUES

- Long-term perspective
- Businessmanship
- Trust & Accountability
- Development

Governance is characterized by a delegated decision-making structure, with each holding having a unique corporate culture and its own strategic process. However, Latour’s core values permeate all holdings.



A SUSTAINABLE STRATEGY

Sustainability is integrated in Latour’s investment strategy. Long-term values are created by developing sustainable operations. Latour has its greatest impact by being an active and responsible owner. Through the work of Boards, Latour places high expectations on and drives the sustainable development of the holdings.

AN ACTIVE OWNER

Latour has its greatest impact by carefully choosing which companies to invest in and then being an active and responsible owner in those companies. Latour is always represented in the Board, and through the Board work, Latour places high expectations on and drives the sustainable development of the holdings, regardless of whether it is a wholly-owned company or a listed holding.

The listed holdings have their own organizations that conduct their sustainability commitments. They have their own codes of conduct and other policies that satisfy Latour’s sustainability requirements. As the principal owner, Latour is involved in conducting the sustainable development by placing demands on the companies through the Board work.

In the wholly-owned operations, Latour works as an active owner, stipulates expectations and, at the same time, supports the operations in various ways. Sustainability is integrated in all the holdings’ operations, but as the companies operate in different sectors and geographical areas, they are faced with different opportunities and challenges. Latour has a clearly delegated structure which means that each holding has its own strategic process and sustainability commitments, but there are a few central key guidelines, frameworks and sustainability targets that applies to all holdings.

- ▶ The Latour Code of Conduct form the basis for the wholly-owned operations' sustainability commitments.
- ▶ Latour is a signatory of the UN Global Compact which confirms Latour's support of the ten principles on human rights, labour, environment, and anti-corruption – this permeates all holdings.
- ▶ Sustainability is a focus area in all holdings' strategies and risk analyses. In addition, Latour has implemented Task Force on Climate-related Financial Disclosures (TCFD) to put extra focus on the effects of the ongoing climate-change.
- ▶ Eight central key ratios measuring sustainability and related targets constitute minimum requirements for the wholly-owned business areas, which is reported on a regular basis to Latour and to the respective Board. Furthermore, all our companies are required to set additional relevant targets for their own operations which are followed up by the respective Board.

Eight central key ratios measuring sustainability in the wholly-owned companies (minimum requirements)



Energy consumption

The target is an annual relative decrease of at least 5 per cent in relation to net sales. This key ratio promotes a constant endeavour to achieve energy efficiency.



Energy mix

By 2030 at the latest, all operations within Latour should only purchase electricity that is renewable.



CO2 emissions

The target is an annual relative reduction of at least 5 per cent of CO2 emission in relation to net sales.



Environmental certified facilities

By 2025 at the latest, all production facilities in the wholly-owned industrial operations must be environmentally certified according to ISO 14001.



Gender ratio

The target is to achieve a 40–60 gender ratio at three different levels: Board of Directors, Senior Executives and Salary-setting Managers, by 2030 at the latest.



Workplace accidents

Latour has a zero vision when it comes to workplace accidents. This key ratio measures workplace accidents that have led to at least one day's sick leave.



Workplace incidents

To be transparent and report occurrences that could lead to injury is important in order to prevent future accidents from occurring.



Code of conduct

All business areas must have implemented Latour's Code of Conduct, or their own developed and more relevant Code of Conduct internally.

DRIVES THE SUSTAINABLE DEVELOPMENT

Latour promotes networking between all holdings, to facilitate transition of knowledge and create opportunities for cooperation and inspiration and drive the sustainability development even further. For an example, Latour arranges “Sustainability Day” for management team members and people with sustainability roles from our wholly-owned and listed holdings on an annual basis and arranges digital meetings every month for people working with sustainability called “Sustainability Forum”.

Sustainability has long been part of Latour’s investment criteria, which is why most of the companies offer products that contribute positively to the environment, compared to the use of competing alternatives. Apart from sustainability always represents an important part of product development, there is a consistent focus on improvements within the operations to reduce their environmental impact, developing and take good care of all employees and ensure that the highest ethical standards are complied.

Latour has a strong financial position and continuously invests in product development as well as production. The past years Latour has invested in several new production facilities, all with a high sustainability focus. In addition, Latour has established a sustainability fund that amounts to SEK 50 million per year and can be used by the wholly-owned operations for investments aimed at achieving one or more sustainability targets.

- ▶ Read more about the sustainability development in our wholly-owned operations in the sustainability report on the Group website (latour.se)

INVESTMENT AREA LATOUR FUTURE SOLUTIONS

During 2020 a new investment area was launched, Latour Future Solutions, that targets sustainability-focused growth companies. The goal is for the investments to create a sustainable society based on all dimensions; environmental, social and economic. Latour Future Solutions is actively looking for companies on the cusp of expansion in industrial sectors where a real positive difference can be made, such as resource production based on natural ecosystems, industrial solutions that reduce impact on the environment or circular solutions for products and materials. Latour can offer industrial expertise and its international network to accelerate the growth of the companies and is always an active owner through the work of the Board. It is important to drive the growth of the companies along with their founders, who understand the advantages of having a partner that opens new expansion and development opportunities. Latour Future Solutions is a great example demonstrating how Latour can contribute to a better world with its capital, networks and industrial expertise.

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Agenda 2030 and the Sustainable Development Goals (“SDG”) were adopted by the United Nations General Assembly on 25 September 2015. There are 17 global goals with 169 defined underlying targets, aimed at achieving long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, to reduce inequality and injustice in the world, and to fight climate change.

Latour has analysed the SDGs based on which Latour, as an investment company and an active owner can contribute the most. The analysis resulted in seven SDGs that Latour will mainly focus on.

At Latour's head office, fourteen people based in Gothenburg and Stockholm work, and the holdings employ more than 400,000 people worldwide. The head office's direct impact in the area of sustainability is thus limited compared with the holdings' total impact. But through active board work, Latour is a driving force in, and has high expectations of, the sustainable development of its holdings.

The SDGs that Latour mainly focuses on are thus mainly met by the holdings found in the portfolio, and Latour has a responsibility for what investments are made and how the active ownership drives the sustainable development further. For further information about how Latour works with the SDG's please visit our website.



Swegon – a good example



SWEGON IS LATOUR'S LARGEST wholly-owned business area and a good example of a holding that contribute significantly to the environmental objectives in the EU taxonomy. Today, buildings cover 40 percent of the energy consumption and 36 percent of the CO₂ emissions in the EU. The accelerating pace of global urbanization and the increasing number of megacities have resulted in several new and increasing challenges for cities, putting pressure on the ecosystem and surrounding functions. At the same time, technology development continues to advance faster than ever, creating new possibilities to tackle the challenges of the world. Smart cities try to adopt these technologies in order to improve life and services of its inhabitants and visitors. Building automation and metering are key elements in making the cities and the buildings of the future smart and energy efficient. Swegon contributes to making this development a reality.

SWEGON'S SUSTAINABLE SOLUTIONS

Swegon is a market leading supplier in the field of indoor environment, offering solutions for ventilation, heating, cooling and climate optimization, as well as connected services and expert technical support. The products are the most energy efficient on the market, resulting in lower energy consumption for users, which in turn lead to reduced emissions of greenhouse gases.

Swegon are implementing a consistent lifecycle perspective in their processes in order to meet the current and up-coming needs of mitigating climate emissions. By delivering measurable environmental impact data, via environmental product declarations, Swegon enable both their customers and themselves to reduce a project's carbon footprint and contribute to fighting climate change. To achieve this Swegon has set up a dedicated process and added resources to work with life cycle assessments for their products and systems. As a supplier, Swegon can make it easier for its customers to meet their environmental targets. Energy efficiency for every component and product is important. When focusing on a lifecycle perspective and an increasingly connected world, Swegon intend to enable their customers to achieve the highest energy efficiency levels for their projects. Swegon's expertise is often successfully applied in high-performing green building projects, reaching high scores in environmental building certifications such as LEED, BREEAM or WELL.

OPERATIONS KVÄNUM

Swegon's largest production site is situated in Kvänum, Sweden, 1.5-hour drive east from Gothenburg. The site is 40.000 m² and has approximately 350 employees. The premises includes everything from R&D and test center to a well invested and highly automatized production facility as well as a large storage and shipping centre. With 110 million Euro turnover and a production and delivery capacity of more than 9000 units/year, the Kvänum site is at top range in the industry.

The Kvänum site is responsible for the brands GOLD, SILVER and COMPACT air handling unit ranges. The site develops and produces a number of key components for ventilation units, such as fans, casings and rotary heat exchangers plus the development of control systems. This unique level of consolidated expertise is what guarantees the superior quality of the products and control system. The product range is extremely energy-efficient, but the value is not only in energy savings from running the unit itself, but also recovery of the energy in the air flow. Thanks to the comprehensive range of heat exchangers with intelligent functions, Swegon offers efficient solutions for air handling to different needs and different types of applications, whether you are fitting out energy-rated office premises or a residential high-rise. In spite of the high energy recovery performance and low energy use, the units have compact length, height and width dimensions to allow you to optimize the spaces required for your ventilation installation.

"Made in Kvänum" is also synonymous with robust support and service expertise underpinned by proven track record and comprehensive industry insights and know-how to assist at any stage of a design and build process and for many years beyond. The ambition is to think ahead and serve the customers over the long term to achieve the ultimate air quality and energy performance!

- For more information about Swegon and their sustainability work, please visit Swegon's website (swegon.com)

Sustainable Financing

TO FURTHER STRENGTHEN the connection between Latour's business and its sustainable ambitions Latour will raise green financing in line with this Financing Framework. Latour will monitor the development of Green Financing and strive to continually advance the Framework and the Green Terms. As such the Green Financing Framework may be updated from time to time to reflect current market practices. In establishing the terms in this Framework Latour has sought to comply with the European Green Bond Standard, the EU Taxonomy, the Green Bond Principles (June, 2021) and current market best practice.

Latour has worked together with Handelsbanken to develop the Green Financing Framework. Cicero Shades of Green has provided a second opinion on the Green Terms, which is publicly available on Latour website (latour.se).

Gothenburg, 30th of May 2022

Johan Hjertonsson
CEO

Anders Mörck
CFO

Katarina Rautenberg
Group Finance Director
Head of Sustainability

Green Financing Framework

THIS FRAMEWORK, with included Factsheet, has been developed to align with the EU Taxonomy Regulation and the adopted Delegated Act on Climate Change Mitigation and Climate Change Adaptation (December 2021) and structured according to the proposed European Green Bond Standard (“EUGBS”) published by the European Commission in July 2021. Moreover, this Framework complies with the voluntary guidelines by ICMA, the Green Bond Principles (2021). For transparency, details about the alignment of this Framework with the EU Taxonomy are further clarified in Appendix 1. Additional information on the EU Taxonomy and the proposed European Green Bond Standard can be found in Appendix 2. At the end of this document, the terms and conditions are summarized in a European Green Bond Factsheet as required by the proposed European Green Bond Standard.

Green Terms

1. Use of Proceeds

ALLOCATION OF PROCEEDS

An amount equivalent to the proceeds from Green Financing will exclusively be used by Latour to fully or partly finance or refinance investments and expenditures that promote the transition to low-carbon, climate resilient and sustainable economies. Such assets (“**Eligible Green Assets**” or “**Green Assets**” or “**Green Activities**”) must comply with the categories and criteria’s below, the Exclusion criteria, as well as with the Technical Screening Criteria (“**TSC**”) including the criteria for substantial contribution and the do no significant harm criteria (“**DNSH**”), and the Minimum Safeguards in accordance with the EU Taxonomy Regulation.

Both financing and refinancing of fixed assets, without age restriction, and operational expenditure incurred more recently than three years prior to any Green Financing which relate to R&D, education and training, renovation, maintenance and repair related to Green Assets that ensure the continued and effective functioning of such assets can qualify, at all times in compliance with, and as allowed, under the European Green Bond Standard and the ICMA Green Bond Principles. For fixed assets the amount eligible for refinancing is the acquisition value recognized in the financial reporting or an amount equal to 2.5 times the EBITDA generated by the asset, in line with Latour’s finance net debt cap. The values and calculation methodology will be reported in Latour’s annual Green Financing Reporting. The combined allocated amount to a specific Green Asset, by one or several sources of financing with specified use of proceeds, may not exceed its value. The majority of the proceeds are expected to be allocated to existing projects and assets and the proportion allocated to new financing and refinancing will be disclosed in the annual reporting.

At the time of any new Green Financing the current Taxonomy regulation in force, jointly with any further criteria specified by Latour in the Framework and Factsheet are used to determine the eligibility of Green Assets. For outstanding Green Financing the terms in the Framework and Factsheet (including TSC) applicable at the moment the financing was created will be used when allocating or reallocating the proceeds of such financing to eligible Green Assets, as allowed under the proposed European Green Bond Standard. An overview of the Taxonomy criteria applicable at the time of publication of this Framework and further information on how the green categories eligible for financing under this Framework aligns with the EU Taxonomy is available in Appendix 1.

EXCLUSIONS

Green Financing will not be allocated to activities that are not assessed as eligible according to the requirement of the EU Taxonomy or the proposed European Green Bond Standard. Furthermore, the net proceeds will not be allocated or linked to fossil based energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

ELIGIBLE GREEN ACTIVITIES

In the following section, the green activities eligible for financing under this Framework are described.

1 Manufacturing of Energy Efficient Products



DESCRIPTION USE OF PROCEEDS

The financing or refinancing of the manufacturing and/or assembling of products enabling energy efficient ventilation, cooling and space heating of buildings. This includes the production sites, machinery and equipment used in the process of the manufacturing and assembling as well as warehousing where components and final products are stored. Products sold are in the top two classes of energy efficiency according to the EU energy labelling scheme or similar energy efficiency schemes (when EU energy labelling scheme is not applicable).

SUBSTANTIAL CONTRIBUTION TO ENVIRONMENTAL OBJECTIVE

Climate change mitigation

The manufactured products and solutions contribute to mitigating climate emissions, reducing the carbon footprint of the global impact associated with the building industry, and hence contribute to combatting climate change.

ELIGIBLE TAXONOMY CATEGORIES

3.5 Manufacture of energy efficiency equipment for buildings

TAXONOMY COMPLIANT



2 Energy Efficiency



DESCRIPTION USE OF PROCEEDS

The financing or refinancing of investment in products that generate energy efficient cooling and heating production for all climates through electric heat pumps.

SUBSTANTIAL CONTRIBUTION TO ENVIRONMENTAL OBJECTIVE

Climate change mitigation

The manufactured products contribute to mitigating climate emissions, reducing the carbon footprint by energy efficient operation and using a refrigerant with low or zero climate impact, and hence contribute to combatting climate change.

ELIGIBLE TAXONOMY CATEGORIES

4.16 Installation and operation of electric heat pumps

TAXONOMY COMPLIANT



3 Construction and real estate activities



DESCRIPTION USE OF PROCEEDS	SUBSTANTIAL CONTRIBUTION TO ENVIRONMENTAL OBJECTIVE	ELIGIBLE TAXONOMY CATEGORIES	TAXONOMY COMPLIANT
Energy efficient equipment The financing or refinancing of investment in products enabling energy efficient ventilation, cooling and space heating of buildings.	Climate change mitigation Investments in energy efficient equipment in buildings contribute to mitigating climate emissions and reducing the climate footprint of buildings.	7.3 Installation, maintenance and repair of energy efficiency equipment	✓
Charging stations for electric vehicles The financing or refinancing of investments in charging stations for electric vehicles.	Climate change mitigation The transition of transport to low or zero-carbon intensity alternatives is important to combat climate change. Investments in supportive infrastructure such as charging stations for electric vehicles contribute to this transition.	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	✓
Renewable energy The financing or refinancing of investments in renewable energy production, such as on-site solar power installations.	Climate change mitigation Investments in renewable energy production such as on-site solar power installations at factories will contribute to reduced greenhouse gas emissions.	7.6 Installation, maintenance and repair of renewable energy technologies	✓

2. Process for Project Evaluation and Selection

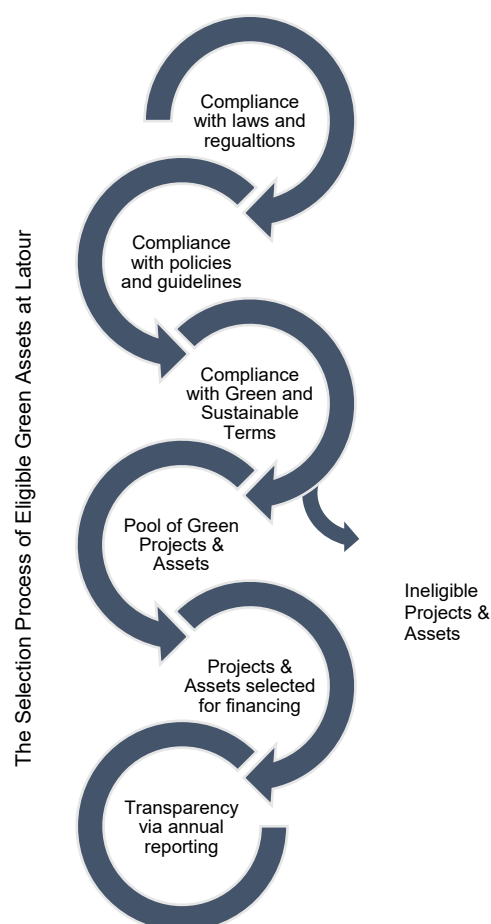
THE EVALUATION AND SELECTION process for Eligible Green Assets is a key process in ensuring that the net proceeds from Green financing are allocated to assets and activities which meet the criteria in this Framework and Factsheet. Identified projects and assets will be evaluated by the Green Business Council (“GBC”). The GBC consists of the following members:

- CEO
- CFO
- Head of Sustainability

The GBC will evaluate the identified assets and activities compliance with the terms established in the Framework and Factsheet. To this end it will evaluate their overall environmental impact and risk, which includes life cycle considerations, potential rebound effects, resilience to climate change and alignment with the Taxonomy and EUBGS. Assets and activities must also be compliant with applicable laws and regulations, as well as policies and guidelines at Latour.

The GBC holds the sole mandate to approve assets and activities by unanimous decision and decisions will be documented. The GBC is also responsible for signing off on the forthcoming reporting as detailed under the section Reporting and Transparency.

A list of Green Assets will be kept by the treasury department at Latour. If an asset or activity ceases to meet the Green Terms, it will be removed from the list (and the funds will be recycled).



3. Management of Proceeds

AN AMOUNT EQUAL TO the proceeds of any Green Financing, without deducting costs, will be tracked by Latour (the “Green Portfolio”). Deductions will be made from the Green Portfolio by an equivalent amount corresponding to the financing, refinancing, investment or expenditure of Eligible Green Assets or at repayment of any Green Financing.

If an Eligible Green Asset no longer qualifies or if the underlying asset or activity is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the Green Portfolio. Funds may be reallocated to other Green Assets during the term of any Green Financing (unless restricted by the terms in any loan documentation).

The treasury department will keep a record of the purpose of any change in the Green Portfolio and ensure that the combined funds directed towards a specific Green Asset, by one or several sources of Green Financing or other financing with specific use of proceeds, does not exceed its value.

While the Green Portfolio has a positive balance the proceeds may be invested or utilised by the treasury in accordance with Latour Finance Policy and investment criteria. Such unallocated funds may for instance be invested in short-term interest bearing securities, such as Swedish treasury bills (and related entities) or Swedish municipal notes (including related entities) while adhering to the exclusion criteria of the Framework and Factsheet.

4. Reporting and Transparency

In order to be fully transparent towards its stakeholders, Latour will publish an annual report in English on its website (latour.se) (the “**Green Website**” or “**Website for Green Financing**”) that will contain information about the allocation of funds adherence to the Green Terms and impact data for financed Green Assets and activities (the “**Allocation and Impact Report**”). The Allocation and Impact Report will be published annually, together with the post-issuance review, within three months after the end of the financial year, until such time that no Green Financing is outstanding.

The Allocation and Impact Report will contain information about the Green Assets and activities that have been financed with Green Financing, a summary of Latour’s Green Financing activities in the past year as well as information, including examples, of the financed Green Asset’s adherence to the relevant criteria. The format of the Allocation and Impact Report is outlined below, however the future format is subject to change f.e. due to regulatory requirements or an updated Framework and Factsheet.

ALLOCATION DISCLOSURE

Allocation of proceeds from Green Financing will be provided at activity level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, in which case the information will be provided at an aggregated level, with an explanation of why project-level information is not given. The reporting will disclose:

- ▶ The countries where proceeds have been allocated
- ▶ The sum of allocated proceeds to each asset or activity, the aggregated market value (or investment cost, as applicable) and the sum of other external debt financing such assets and activities (if applicable).
- ▶ Information about outstanding Green Financing (including the LEI-code of the borrower(s) and ISIN of any relevant financial instruments) and the Green Portfolio balance (including any short term investments).
- ▶ The amount and percentage of Green Financing allocated to Green Assets:
 - financed after any new Green Financing and
 - financed before any new Green Financing.
- ▶ Specified type and sectors of projects, NACE codes (when applicable), to which Environmental Objective(s) the Green Assets have a substantial contribution and an indication of which of the Delegated Acts that were used to determine the TSC including their application dates.
- ▶ Compliance with Minimum Safeguards.
- ▶ The total allocation of net proceeds to each wholly-owned subsidiary.
- ▶ All data shall be from the last of December in the previous year

IMPACT REPORTING & METRICS

The Allocation and Impact Report will contain a disclosure of asset level performance indicators. The report will strive to disclose the impact based on the financings share of the total investment. For financed Green Assets that are not yet operational, Latour will strive to provide estimates of future performance levels. The metrics below are examples of indicators that are likely to be used by Latour in the forthcoming Impact Report. Furthermore, Latour will specify the methodologies and main assumptions applied in the assessment of the environmental impacts.

GREEN CATEGORY	EXAMPLE OF IMPACT INDICATORS
Manufacturing of energy efficient products	<ul style="list-style-type: none"> ▶ Products sold are in the top two classes of energy efficiency according to the EU energy labelling scheme or similar energy efficiency schemes (No/year) ▶ Total energy savings from delivered products/systems compared to legislated base level in user stage (MWh/year) ▶ Total carbon emissions saved based on energy use from delivered products/systems compared to legislated base level in user stage (tCO₂/year)
Energy efficiency	<ul style="list-style-type: none"> ▶ Total energy savings from delivered products/systems compared to legislated base level in user stage (MWh/year) ▶ Total carbon emissions saved based on energy use from delivered products/systems compared to legislated base level in user stage (tCO₂/year) ▶ Average GWP of heating/cooling products sold ▶ No heating/cooling product sold exceeding 675 GWP (y/n) ▶ Energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met (y/n)
Construction and real estate activities	<ul style="list-style-type: none"> ▶ Products sold are in the top two classes of energy efficiency according to the EU energy labelling scheme or similar energy efficiency schemes (No/year) ▶ Renewable energy generation: annual production MWh ▶ The number of charging stations for electric vehicles installed

CARBON FOOTPRINT CALCULATION METHODOLOGY

Latour's climate emission calculations are guided by the Greenhouse Gas Protocol. The current emission reporting covers Scope 1 and Scope 2, but aims to gradually disclose Scope 3 emissions with regards to data availability and materiality.

The emissions factors are retrieved from recognized sources like DEFRA, AIB, IEA and IPCC databases and are continuously updated based on their availability.

LINKS:

- ▶ UK – DEFRA dataset:
<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>
- ▶ Emission factors for national electricity mixes (location and market-based):
https://www.carbonfootprint.com/international_electricity_factors.html

To assure consistency the emission factor(s) used in Latour's Green Bond reporting will equal the emission factor(s) used in the company's sustainability reporting and annual report (according to the method described above), although the sustainability reporting uses market-based emission factors. It should be noted that this grid emission factors Latour uses is considerably lower than what has been outlined in the "Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting" (2020), which currently states 319 grams CO₂e per kWh.

EXTERNAL REVIEW

Latour adheres to the requirement in the proposed European Green Bond Standard regarding transparency and verification of proceeds allocation through a post-issuance review. The external auditor of Latour, or a similar party appointed by Latour with the relevant expertise and experience, will investigate and report whether the disbursed proceeds have been allocated to the Eligible Projects and Assets that Latour has communicated in the Reporting. Their conclusions will be provided in a signed statement, which will be published on Latour website (latour.se), no later than required by the proposed European Green Bond Standard.

DEDICATED WEBSITE

Latour has a dedicated webpage for Green Financing at its website (latour.se) where investors can find information regarding Latour's Green and Transitional Financing, including:

- ▶ Details about outstanding Green Bonds and other market based Green Financing
- ▶ The Green Financing Framework
- ▶ Factsheet Pre-Issuance Review (Second Party Opinion)
- ▶ The Allocation and Impact Report
- ▶ Allocation Post-Issuance Review (Annual Review)
- ▶ Investor Presentations

Policy documents that govern Latour's Environmental and Sustainability work

Public Policies and Guidelines are available at latour.se

#	NAME	PUBLICLY AVAILABLE
1	Annual report 2021	Swedish, English
2	Sustainability report 2021	Swedish, English
3	Code of conduct	Swedish, English
4	Environmental policy	Swedish, English
5	Anti-corruption policy	Swedish, English
6	Tax policy	Swedish, English

Appendices

Appendix 1: Overview and summary of main Taxonomy Criteria at the time of publication and alignment with the eligible green assets

The table below summarizes and provides an overview of the relevant Technical Screening Criteria, including the criteria for substantial contribution and the criteria for do no significant harm, applicable at the time of publication of this Framework and how the green activities eligible for financing under this Framework aligns with the EU Taxonomy. External parties are advised that the regulatory requirements in effect at the time of any new Green Financing will be used to determine compliance.

Manufacturing – Climate Change Mitigation

Category	Criteria for substantial contribution	Criteria for do no significant harm	Potential NACE-codes	Additional info on alignment	Taxonomy alignment
3.5 Manufacture of energy efficiency equipment for buildings (i) Cooling and ventilation systems (m) Building automation and control systems (n) Zoned thermostats and devices for smart monitoring (o) Heat metering and thermostatic controls (q) Smart monitoring and regulating of heating systems	Prequalified measures such as cooling and ventilation systems, energy-efficient building automation and control systems, zoned thermostats and products for smart monitoring and regulating of heating system and sensing equipment	2. Identify material physical climate risks 3. Sustainable use and protection of water and marine resources 4. The activity assesses the availability of and, where feasible, adopts techniques that support: <ul style="list-style-type: none">• Reuse and use of secondary raw materials and reused components in products manufactured• design for high durability, recyclability, easy to disassembly and adaptability of products manufactured• waste management that prioritises recycling over disposal in the manufacturing process• information on and traceability of substances of concern throughout the life cycle of the manufactured products 5. Restrictions on hazardous materials 6. An EIA or screening has been completed	C25.21, C27.51, C28.13, C28.25	For category 3.5 (i) the selection of assets is based on Regulation (EU) 2017/1369 and delegated act as well as Eurovent Certita Certification “Certification manual of the Eurovent Certified Performance mark 18th Edition July 2021” and attachments For category 3.5 (m) the selection of assets are equipped with control systems according to this criteria	Aligned

Energy – Climate Change Mitigation

Category	Criteria for substantial contribution	Criteria for do no significant harm	Potential NACE-codes	Additional info on alignment	Taxonomy alignment
4.16 Installation and operation of electric heat pumps	<p>The installation and operation of electric heat pumps complies with the following criteria:</p> <ul style="list-style-type: none"> Refrigerant threshold: GWP does not exceed 675 Energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met 	<p>2. Identify material physical climate risks</p> <p>3. Sustainable use and protection of water and marine resources</p> <p>4. The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability, and that are easy to dismantle and refurbish</p> <p>4. A waste management plan is in place and ensures maximal reuse, remanufacturing or recycling at end of life</p> <p>5. For air to air heat pumps with rated capacity of 12 kW or below, indoor and outdoor sound power levels are below the threshold set out in Commission Regulation (EU) No 206/2012</p>	D35.30, F43.22	<p>The selection of assets are based on criteria: refrigerant threshold: Global Warming Potential does not exceed 675;</p> <p>and</p> <p>energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met</p>	Aligned

Construction and real estate activities – Climate Change Mitigation

Category	Criteria for substantial contribution	Criteria for do no significant harm	Potential NACE-codes	Additional info on alignment	Taxonomy alignment
<p>7.3 Installation, maintenance and repair of energy efficient equipment</p> <p>(e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning</p>	Prequalified measures such as added insulation, replacement of windows, energy efficient lightning and HVAC	<p>2. Identify material physical climate risks</p> <p>5. Restrictions on hazardous materials for the materials and components used</p>	F42, F43, M71, C16, C17, C22, C23, C28, S95.21, S95.22, C33.12	N/A	Aligned
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Individual measures to support electric vehicles	2. Identify material physical climate risks	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	N/A	Aligned
7.6 Installation, maintenance and repair of renewable energy technologies	Individual renewable energy measures on-site	2. Identify material physical climate risks	F42, F43, M71, C16, C17, C22, C23, C25, C28, S95.21, S95.22, C33.12	N/A	Aligned

Appendix 2: Key Characteristics of the EU Taxonomy and the proposed European Green Bond Standard

EUROPEAN GREEN BONDS

The European Commission proposed a joint European Green Bond Standard (“EUGBS”) in July 2021. The EUGBS requires the issuer to follow the EU Taxonomy meaning that the latter will determine what can be financed by a European Green Bond. With this standard the European Commission aims at further developing the market for high quality Green Bonds and reducing the risk of greenwashing, as well as allowing for additional private capital to be aggregated towards environmentally sustainable investments. The EUGBS also aims to establish a single supervisory authority to manage registration and supervision of external reviewers in the Union.

EU TAXONOMY

The Taxonomy Regulation (June, 2020) and associated legal frameworks contain six Environmental Objectives (“Environmental Objectives”). In December 2021, the Climate Delegated Act, covering the first two Environmental Objectives was formally adopted by the European Council and entered into force on the 1st of January 2022. Any eligible activity must substantially contribute towards one or more of these six Environmental Objectives, while at the same time not significantly harming any other Environmental Objective. These objectives are fairly aligned with, but expand upon, the five objectives in the Green Bond Principles. Furthermore, the EU Taxonomy defines sustainable economic activities through categorization, Technical Screening Criteria (“TSC”), including criteria for substantial contribution and criteria for do no significant harm (“DNSH”) and Minimum Safeguards (“Minimum Safeguards”), with the purpose of facilitating capital aggregation for a green and sustainable transition.

ENVIRONMENTAL OBJECTIVES

1. **Climate change mitigation:** Activities that contribute to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas removals.
2. **Climate change adaptation:** Activities that contribute to reducing the negative effects of the current and expected future climate or preventing an increase or shifting of negative effects of climate change on location and context specific economic activities or natural and built environments.
3. **Sustainable use and protection of water and marine resources:** Activities that contribute to the good status of waters by limiting water discharges, decontaminating drinking water, improving water efficiency and ensuring the sustainable use of marine ecosystems and the good status of marine waters.
4. **Transition to a circular economy:** Activities that contribute to the transition to a circular economy, aimed at minimising and correctly managing waste, hazardous substances and making the most of resources, focusing on areas like design, systems, sharing economy, product life extension and recycling.
5. **Pollution prevention and control:** Activities that contribute to a high level of environmental protection from pollutants other than greenhouse gasses affecting air, water or soil whilst minimizing negative impact on human health and the environment.
6. **Protection and restoration of biodiversity and ecosystems:** Activities that protect, conserve and enhance biodiversity and ecosystem services via nature conservation or sustainable land management, agricultural practices and forest management.

TECHNICAL SCREENING CRITERIA

The TSC shall determine the conditions under which a specific economic activity within the European Union qualifies as contributing substantially to an Environmental Objective, while not causing significant harm to one or more of those objectives (see DNSH). In the Taxonomy Regulation (June, 2020) the TSC are defined as being based on conclusive scientific evidence, taking a life cycle perspective and emphasizing quantitative thresholds whenever feasible.

DO NO SIGNIFICANT HARM

In order to avoid that investments qualify as sustainable in cases where the economic activities benefitting from those investments cause harm to the environment to an extent that outweighs their contribution to an Environmental Objective, the EU Taxonomy also requires that the economic activity demonstrates that it “do no significant harm” (“DNSH”) to the other Environmental Objectives. The EU Taxonomy therefore specifies the minimum requirements that need to be met to avoid significant harm, considering both the short- and long-term impact of a given economic activity.

MINIMUM SAFEGUARDS

For an economic activity to be considered environmentally sustainable, it must also comply with Minimum Safeguards. To be eligible under the EU Taxonomy the relevant activity must be aligned with the:

- i. OECD Guidelines for Multinational Enterprises
- ii. UN Guiding Principles on Business and Human Rights
- iii. International Labor Organization’s Fundamental Principles and Rights at Work (including the eight fundamental conventions of the ILO) and
- iv. the International Bill of Human Rights.

European Green Bond Factsheet

1. General Information

Date of the publication: 30th of May 2022

The Issuer: Investment AB Latour. LEI: 5493006GFB3Y0Y789. Website: latour.se. Telephone: +46 31 89 17 90

Bonds: In accordance with Article 8.2 in the proposed European Green Bond Standard (EUGBS) this Factsheet can be used for multiple bonds. The issuer will keep an updated list of all bonds adhering to this Factsheet on its website, where available including international securities identification numbers (ISIN).

External Reviewer: Cicero Shades of Green. Website: [CICERO Shades of Green](https://cicero.shadesofgreen.no). Address: Gaustadalléen 21, 0349 OSLO. Mail: info@cicero.green

Additional information: Please note that additional non-binding information about the issuers green bond financing is available in the public Green Financing Framework, located on the issuers website.

2. Adhesion to the requirements of the European Green Bonds Regulation

The issuer voluntarily adheres to the requirements of the proposed European Green Bond Standard. Investors and third parties are advised that the accreditation mechanism for External Reviewers under the European Green Bond Standard is not yet in place nor is the standard adopted, meaning that at the time of publishing this Factsheet it was not technically possible to issue accredited European Green Bonds. Latour might seek such accreditation by an External Reviewer at a later date with a party that is registered with the European Securities and Markets Authority, but until such time investors and third parties must make their own assessment regarding the adherence of any Green Bond to such standards and regulation. Green Bonds will be subject to the version of the Factsheet specified in the associated financing documentation and future changes to the Factsheet or relevant standards (for example, the EU Taxonomy or the European Green Bond Standard) will not apply to already outstanding Green Bonds unless explicitly communicated by Latour and only if the intent of such changes were to align the Factsheet with the European Green Bond Standard, the Taxonomy Regulation or other relevant regulation with the purpose to fulfill the requirements of such legislation and achieve an accreditation of the Factsheet as a European Green Bond by an External Reviewer.

3. Environmental strategy and rationale

Sustainability is fundamental to Latour's existence as a successful long-term investment company and is integrated into the investment strategy. Latour's greatest impact comes from carefully choosing which companies to invest in and by being an active and responsible owner in the holdings. Latour has a set of clear investment criteria, of which sustainable business with high ethical standards is one criteria, and sustainable products with high added value is another. When Latour is looking at new companies, the starting point is to only invest in sustainable companies. If a company should satisfy all the financial requirements but not the sustainability aspects, then it would be turned down. In the wholly-owned companies, Latour has established eight ways to measure sustainability. The Green Bonds will contribute to the projects and assets that allow Latour to achieve its sustainable ambitions, by allowing raising financing for Taxonomy aligned purposes. The environmental objectives pursued by the Green Bonds issued in accordance with this Factsheet are climate change mitigation

and climate change adaptation, to finance and refinance such assets and expenditures that are aligned with Latour's targets.

4. Intended allocation of bond proceeds

4.1 Estimated Time until full allocation of proceeds

The intention of the issuer is to allocate proceeds from any new green bond as soon as possible and typically within thirty business days from the receipt of proceeds. In the event of pre-financing the issuer estimates that the proceeds will be fully allocated within twelve months' time from the receipt of proceeds.

4.2 Process for selecting green projects and estimated environmental impact

Project selection: Projects and assets will be evaluated by Latour's Green Business Council to ensure compliance with this Factsheet. It will evaluate their overall environmental impact and risk, which includes life cycle considerations, potential rebound effects, resilience to climate change and alignment with the EU Taxonomy and EUGBS. Projects and assets must also be assessed as compliant with applicable laws and regulations as well as policies and guidelines at Latour. The council holds the sole mandate to approve projects and assets by unanimous decision and decisions will be documented. The council is also responsible for signing off on the forthcoming reporting.

Use of Proceeds: The applicable technical screening criteria are determined by Regulation (EU) 2020/852 article 10 climate change mitigation (CCM) and article 11 climate change adaptation (CCA). The eligible categories are specified below and may include additional voluntary criteria managed in the project selection.

CCM: 3. Manufacturing

- 3.5 Manufacture of energy efficiency equipment for buildings
 - *Additional criteria:*
- (i) The selection of assets belonging to this criteria is based on Regulation (EU) 2017/1369 and delegated act as well as Eurovent Certita Certification "Certification manual of the Eurovent Certified Performance mark 18th Edition July 2021" and attachments
- (m) The selections of assets based on above selection criteria's are equipped with control systems according to this criteria

CCM: 4. Energy

- 4.16 Installation and operation of electric heat pumps
 - *Additional criteria:*
- The selection of assets are based on criteria: refrigerant threshold: Global Warming Potential does not exceed 675; and
- energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met

CCM: 7. Construction and real estate activities

- 7.3 Installation, maintenance, and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.6 Installation, maintenance and repair of renewable energy technologies

Methodology and assumptions: In accordance with Article 8.2 in the proposed European Green Bond Standard this Factsheet can be used for multiple bonds. The annual allocation and impact report will detail, where available, the methodologies and main assumptions used to produce key impact metrics.

Environmental impact: In accordance with Article 8.2 in the proposed European Green Bond Standard this Factsheet can be used for multiple bonds. The environmental impact, where available, will be disclosed in the annual allocation and impact report.

4.3 Intended qualifying green projects

In accordance with Article 8.2 in the proposed European Green Bond Standard this Factsheet can be used for multiple bonds and information about specific projects cannot be disclosed in the Factsheet. Item 4.2 discloses eligible categories and criteria and item 5 the ongoing reporting requirements. Intended qualifying projects will adhere to the following requirements:

Environmental objectives: See 4.2.

Type, sectors and NACE codes: See 4.2. NACE codes, if applicable, will be disclosed in the reporting.

Location: Europe

Allocation to new/existing projects: Majority of proceeds are expected to be allocated to existing projects and assets. Proportions will be disclosed in the annual reporting.

Proportion of financing: Will be disclosed in the annual reporting.

Links to relevant public information: Public information about the issuers projects may be available at the issuers website (latour.se).

4.4 Unallocated proceeds

Temporary use of unallocated proceeds: The issuer will to the best of its ability ensure that the temporary use of unallocated proceeds will not harm the delivery of the environmental objectives. Unallocated proceeds may be invested in short-term interest bearing securities from entities that are not linked to fossil based energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth metals or fossil fuels), gambling or tobacco.

5. Information on reporting

Website for future reporting: latour.se

Allocation reporting: Allocation of proceeds from green bonds will be provided at project level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, in which case the information will be provided at an aggregated level, with an explanation of why project-level information is not given.

Allocation and Impact Reporting: Allocation and Impact reporting will be provided yearly until no Green Bonds are outstanding. The report will adhere to the requirements outlined in Annex II and III of the proposed European Green Bond Standard and may include additional voluntary data as outlined under item 6.

6. Other relevant information

Allocation and Impact Report: The metrics below are examples of indicators that are likely to be used by Latour in forthcoming Allocation and Impact Report.

- Products sold are in the top two classes of energy efficiency according to the EU energy labelling scheme or similar energy efficiency schemes (no/year)
- Total energy savings from delivered products/systems compared to legislated base level in user stage (MWh/year)
- Total carbon emissions saved based on energy use from delivered products/systems compared to legislated base level in user stage (tCO₂/year)
- Average GWP of heating/cooling products sold
- No heating/cooling products sold exceeding 675 GWP (y/n)
- Energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met (y/n)
- Renewable energy generation: annual production MWh
- The number of charging stations for electric vehicles installed

Investment AB Latour (publ)
Org.nr 556026–3237
J A Wettergrens gata 7, Box 336, SE-401 25 Göteborg
Tel +46 31 89 17 90
info@latour.se, www.latour.se