

EU Taxonomy

The EU Taxonomy regulation, which came into force in 2020 is a mandatory classification system to determine which economic activities are considered 'environmentally sustainable'. Accordingly, to classify an activity as 'environmentally sustainable', a distinction between Taxonomy-eligibility and Taxonomy-alignment is required. If an activity meets the description in the Delegated Regulations, it is considered Taxonomy-eligible. Activities can be considered 'environmentally sustainable' if certain criteria are met (Taxonomy-alignment).

The EU Taxonomy regulation covers six environmental pillars, of which in 2021 the Delegated Act was adopted for the first two environmental pillars (Climate Change Mitigation and Climate Change Adaptation), to be followed by the other four in the coming years (sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems).

Our ambitions with regard to sustainability, such as our focus on circularity via the use of non-human-edible moist and liquid feeds, or our continued efforts to reduce energy consumption per tonne of feed are not yet covered under the first two environmental pillars of the EU taxonomy. As a result, the current eligibility of these activities of ForFarmers for revenues is still nil (2021: 0%). However, a part of our capex and operational expenses relates to

climate change mitigation and is eligible under the pillar of climate change mitigation in 2022, namely 7.0% of capex (2021: 7.4%) and 4.3% of operational expenses (2021: 2.8%).

In 2022 none of the activities of the EU Taxonomy are aligned. This is mainly the result of not performing human rights due diligence throughout the value chain. Nevertheless, ForFarmers considers human rights important and several measures, like the SEDEX code and supplier code of conduct, are in place to ensure human rights within the supply chain. Next to that, ForFarmers operates in North-Western Europe, complies with local regulations, has internal procedures against bribery and corruption and has a strategic objective to improve and ensure a safe working environment.

Furthermore, ForFarmers has currently no formal process regarding all the "Do no significant harm" (hereafter: DNSH) criteria in place and as a result is not yet able to evidence all detailed requirements. ForFarmers is currently implementing a task force to prepare for human rights due diligence and to evidence all DNSH criteria going forward. As no economic activities qualify as Taxonomy-aligned ForFarmers reports a condensed format of the tables for 2022, which are based on the standard tables as provided in the EU Taxonomy (Article 8 Delegated Act, Annex 2).

Turnover

Total turnover under the EU Taxonomy equals 'Revenue' as included in the Consolidated Financial Statements. The proportion of eligible Turnover is calculated by assessing which portion of total turnover derives from products or services associated with economic activities included in the EU Taxonomy. Under the first two pillars of the EU Taxonomy, there is no economic activity that clearly matches the business of ForFarmers. It is expected that this figure will increase once the other four pillars come into force, if the production of animal feed will be included in the EU Taxonomy as an economic activity.

Proportion of 2022 turnover from products or services associated with Taxonomy-eligible economic activities

Economic activities	Code(s)	Turnover (EURm)	Proportion of turnover (%)
Taxonomy eligible activities			
Environmentally sustainable activities (Taxonomy aligned)			
Total Taxonomy aligned		0.0	0.0%
Taxonomy eligible, but not aligned activities			
Total Taxonomy eligible, not aligned		0.0	0.0%
Total Taxonomy eligible		0.0	0.0%
Taxonomy non-eligible activities			
		3,315	100%
Total		3,315	100%

Capital expenditure

Total capital expenditure under the EU Taxonomy corresponds to the following Consolidated Financial Statements line items:

- Additions, new lease contracts and acquisitions through business combinations in property, plant and equipment and right of use assets (note 18)
- Additions and acquisitions through business combinations in intangible fixed assets (note 19)
- Purchases of poultry livestock, feed and nurture (note 24)

The proportion of eligible capital expenditure is calculated by assessing which portion of total capital expenditure of ForFarmers relates to assets or processes associated with economic activities included in the EU Taxonomy or measures which enables our activities to become low-carbon or lead to greenhouse gas reduction. The conclusion is that eligible capital expenditure is

limited to a small portion of total capital expenditure, and mainly relates to investments in trucks (6.6 – freight transport services by road), IFRS16 additions for lease cars (6.5 – Transport by passenger cars), and investments in energy efficient equipment (7.3 – installation, maintenance and repair of energy efficiency equipment). The decrease in eligibility from 7.4% to 7.0% is mainly caused by a decrease in additions relating to new electric lease cars.

Proportion of 2022 capital expenditure from products or services associated with Taxonomy-eligible economic activities

Economic activities	Code(s)	Capex (EURm)	Proportion of capex (%)
Taxonomy eligible activities			
Environmentally sustainable activities (Taxonomy aligned)			
Total Taxonomy aligned		0.0	0%
Taxonomy eligible, but not aligned activities			
Transport by passenger cars	6.5	2.2	2.6%
Freight transport services by road	6.6	1.2	1.4%
Installation, maintenance and repair of energy efficiency equipment	7.3	2.4	2.8%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.1	0.1%
Installation, maintenance and repair of renewable energy technologies, on-site.	7.6	0.1	0.1%
Total Taxonomy eligible, not aligned		6.0	7.0%
Total Taxonomy eligible		6.0	7.0%
Taxonomy non-eligible activities			
		79.0	93.0%
Total		85.0	100%

Operational expenses

Total operational expenses under the EU Taxonomy concerns includes the following categories of operational expenditure for ForFarmers: direct non-capitalized costs that relate to research and development, short-term leases and maintenance and repair. As an accounting policy choice, ForFarmers also included in the total operational expenses variable lease payments and low-value leases, refer to note 18 for the related amounts and to note 39 for the applied lease accounting policies.

The proportion of eligible operational expenses is calculated by assessing which portion of total operational expenses relates to assets or processes associated with economic activities included in the EU Taxonomy or measures which enables our activities to become low-carbon or lead to greenhouse gas reduction. The conclusion is that eligible operational expenses is limited to a small portion of total operational expenses, and mainly relates to variable and short-term lease payments for lease cars and the fuel and charging costs of the passenger cars (6.5 – Transport by passenger cars).

ForFarmers avoided double-counting in calculating the Taxonomy-eligible capital expenditure and operational expenses across economic activities by tracking capital expenditure and operational expenses items by their nature.

The increase in eligibility from 2.8% to 4.3% is mainly due to an increase in the variable and short-term lease payments for lease cars.

The innovation of ForFarmers mainly relates to reducing greenhouse gas emission in the production process and/or use of animal feed. As (the production of) animal feed is not included as an economic activity in the Delegated Act adopted for climate change mitigation ForFarmers does not expect to obtain alignment on innovation under the current EU Taxonomy regulations.

Proportion of 2022 operational expenses from products or services associated with Taxonomy-eligible economic activities

Economic activities	Code(s)	Opex (EURm)	Proportion of opex (%)
Taxonomy eligible activities			
Environmentally sustainable activities (Taxonomy aligned)			
Total Taxonomy aligned		0.0	0.0%
Taxonomy eligible, but not aligned activities			
Production of heat/cool from bioenergy	4.24	0.1	0.4%
Transport by passenger cars	6.5	1.3	3.5%
Close to market research, development and innovation	9.1	0.2	0.4%
Total Taxonomy eligible, not aligned		1.6	4.3%
Total Taxonomy eligible		1.6	4.3%
Taxonomy non-eligible activities			
		36.7	95.7%
Total		38.3	100.0%