MOODY'S RATINGS

ASSESSMENT
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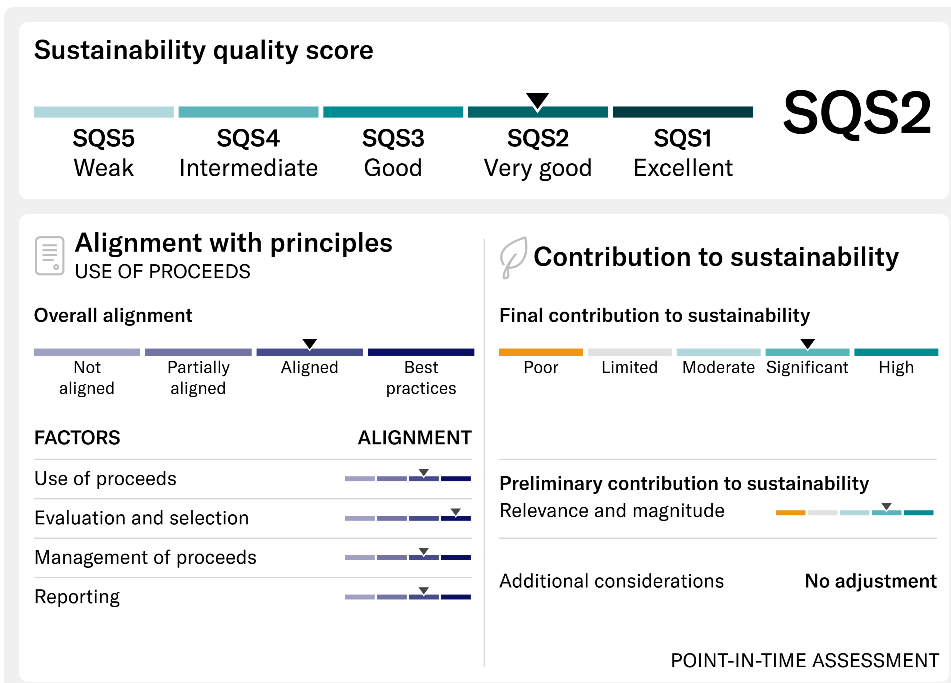
Munters Group AB

Second Party Opinion – Green Bond Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (Very Good) to Munters Group AB's (Munters) green bond framework dated May 2025. Munters has established its use-of-proceeds framework to finance two eligible green categories, covering climate change mitigation and circular economy. The framework is aligned with the four components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1). The framework demonstrates a significant contribution to sustainability.



Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Munters' green bond framework, including the framework's alignment with the ICMA's GBP 2021 (with June 2022 Appendix 1). Under its framework, the issuer plans to issue use-of-proceeds green bonds to finance projects in two green categories, which include climate change mitigation and circular economy, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 8 May 2025, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in March 2025.

Issuer profile

Munters, established in 1955 and headquartered in Stockholm, Sweden, is operating in the climate control solutions industry. Munters offers industrial and commercial dehumidification and climate control products to be applied in a wide range of industries, such as automotive, construction and infrastructure, food and agriculture, among others.

With around 5,400 employees Munters carries out manufacturing and sales in more than 40 countries. In 2024, Munters Group AB reported annual net sales exceeding SEK 15 billion and is publicly listed on Nasdaq Stockholm. The company's shares are held by a diverse group of shareholders, primarily institutional, with individual shareholders representing 5.34%. FAM AB, a Swedish asset management firm, is the largest shareholder, owning 28.03% of the shares.

Munters, operating within the manufacturing sector, faces moderate environmental risks, particularly concerning waste, pollution, and water management, potentially incurring cleanup costs. To address these risks, Munters has advanced its environmental sustainability initiatives by optimizing resource usage, implementing circular design principles, and conducting life-cycle analyses to evaluate the carbon footprint of its products. On the social front, the manufacturing sector generally encounters moderate social risks. To tackle these, Munters is dedicated to maintaining local employment policies and practices that ensure secure and fair working conditions for its global workforce.

Strengths

» Eligible projects target key sustainability challenges for the manufacturing sector by increasing energy efficiency, decreasing carbon emissions and promoting circular design principles.

» Investing in the repair, refurbishment, or upgrading of climate control products and clean technologies tackles globally critical issues of value retention and recovery.

» A clear, structured and detailed process for project evaluation and selection.

Challenges

» The ultimate impact of several projects on sustainability objectives is contingent on how end-users implement and utilize the solutions, beyond the issuer's control.

» Some impact indicators have room for further clarification and refinement.

» There is no independent verification of the impact reporting on environmental benefits associated with the financed projects.

Alignment with principles

Munters' green bond framework is aligned with the four core components of the ICMA's GBP 2021 (including the June 2022 Appendix 1). For a summary alignment with principles scorecard, please see Appendix 1.

- [x] Green Bond Principles (GBP)
- [ ] Green Loan Principles (GLP)
- [ ] Social Bond Principles (SBP)
- [ ] Social Loan Principles (SLP)
- [ ] Sustainability-Linked Bond Principles (SLBP)
- [ ] Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned | Partially aligned | **Aligned** | Best practices

Clarity of the eligible categories – ALIGNED

Munters has clearly communicated the nature of expenditures for the two eligible categories, along with the exclusion criteria for fossil fuel-related activities. The framework outlines the eligibility criteria for project categories in broad terms, with most proceeds earmarked for EU Taxonomy-aligned or eligible economic activities. However, it does not comprehensively detail the specific technologies financed or their potential end-use applications. The issuer intends to implement the framework across approximately 40 countries where it operates.

Clarity of the environmental objectives – BEST PRACTICES

The company has clearly outlined climate change mitigation and transition to a circular economy as environmental objectives associated with its eligible categories. They are relevant for the eligible projects and coherent with recognized international standards, including the United Nations' (UN) Sustainable Development Goals (SDGs) and the EU Taxonomy.

Clarity of expected benefits – ALIGNED

Munters has clearly identified relevant environmental benefits for the two eligible categories. The benefits of the climate change mitigation category are measurable; while the circular economy category primarily includes descriptions of selected projects focusing on product life cycles. Although the company has not committed to always reporting environmental benefits using quantitative indicators, it has provided examples of potential metrics it may employ. Additionally, the company plans to consistently use case studies, particularly for the circular economy-related category, to illustrate the environmental benefits of eligible investments.

The issuer has chosen not to apply a look-back period for refinancing capital expenditures, but will limit it to three years for operational expenditures. Unlike standard market practices, which typically involve providing these estimates prior to a bond issuance, the issuer will disclose the refinancing share to investors only after each bond issuance.

Process for project evaluation and selection

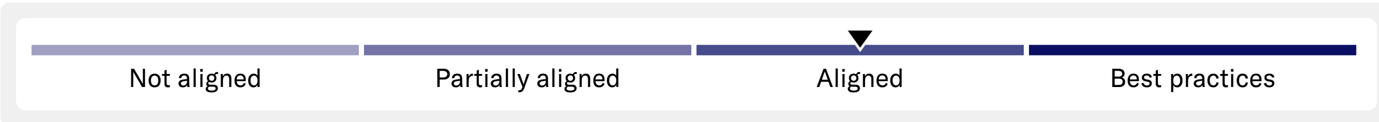
Not aligned | Partially aligned | Aligned | **Best practices**

Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

The issuer's decision-making process for determining and evaluating the eligibility of projects is well structured and clearly outlined in its publicly available framework. Munters' Green Bond Committee, consisting of the CFO, VP Group Strategy and Business Control, Head of Treasury, and VP of Sustainability, oversees the process. The committee is responsible not only for the final approval of eligible projects but also for ongoing monitoring of existing projects. It will convene at least annually to ensure the so-called Green Debt Register of eligible assets is up to date. Should the committee determine that certain assets and expenditures do not meet the eligibility criteria, they will be reallocated in accordance with the framework's criteria.

The processes for mitigating environmental and social (E&S) risks are based on the Group's overarching corporate E&S procedures, which are publicly accessible as detailed in the issuer's sustainability reporting.

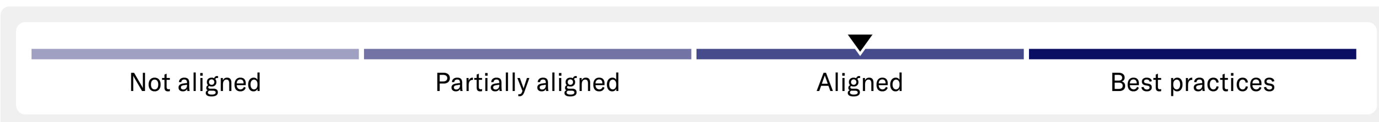
Management of proceeds



Allocation and tracking of proceeds – ALIGNED
Munters has clearly defined the process for allocating and tracking proceeds within its publicly available framework, incorporating all key recommended elements. The proceeds will be held in the general treasury and tracked by means of the Green Debt Register, with annual adjustments to align with allocations to eligible projects during that year. The company has committed to fully allocate the proceeds within 36 months from the date of issuance, surpassing the market best practice of 24 months.

Any unallocated proceeds will be invested in cash or cash equivalents and managed in line with the company's liquidity management policies.

Reporting



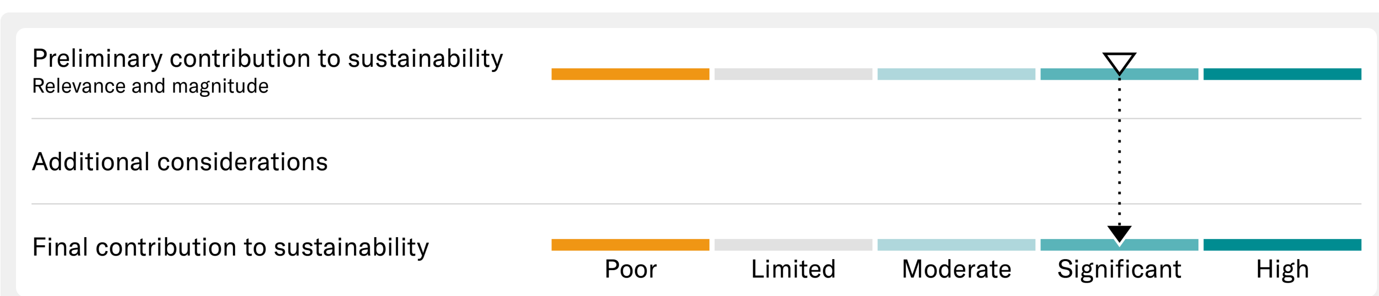
Reporting transparency – ALIGNED
The issuer has committed to providing annual allocation and impact reports until full allocation, and in the event of material developments, while the instruments remain outstanding. These reports will be publicly available on the Munters' website and will cover comprehensive details on the allocation of proceeds and the expected environmental benefits of the eligible categories.

The indicators identified for the eligible projects have some room for further clarification and refinement. For instance, in the circular economy category, benefits will be demonstrated through case studies that highlight life cycle gains and other metric examples. While the ICMA recommends quantitative performance measures where feasible, we acknowledge the challenges of establishing universal metrics that can span multiple types of product and services categories. The impact report will include the calculation methodologies and assumptions used for these impact indicators.

An independent external audit will be conducted on the tracking and allocation of proceeds; however, it will not cover the environmental benefits and externalities related to the financed projects, which deviates from established market best practices.

Contribution to sustainability

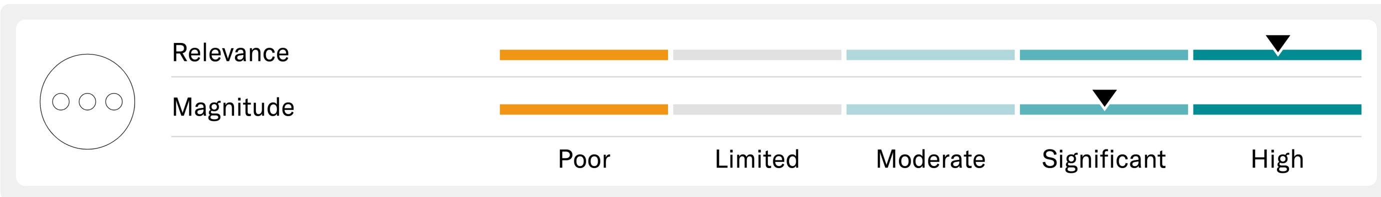
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. The issuer has provided an estimated distribution of proceeds across the two eligible categories, with the vast majority of funding allocated to climate change mitigation projects. A detailed assessment by eligible category has been provided below.

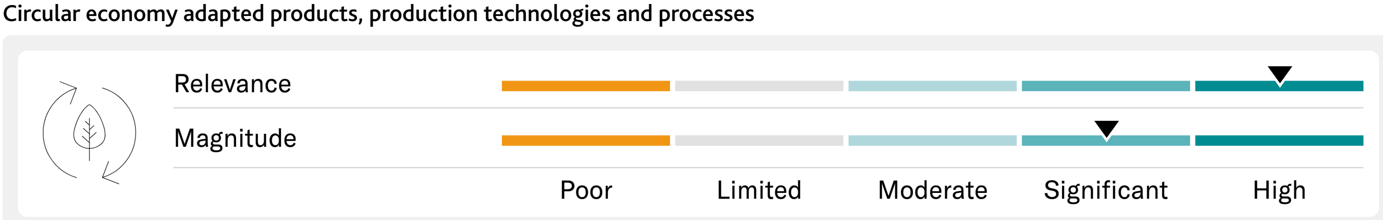
Climate change mitigation



The relevance of this category is high, reflecting the critical importance of reducing GHG emissions through enhanced energy efficiency and environmental performance. Increasing energy efficiency is vital for global decarbonization, aligning with the International Energy Agency's target of limiting warming to 1.5°C by 2050. The need to substantially reduce emissions from buildings, which account for 30% of global energy consumption, underscores the relevance of Munters' efforts. In the geographic context where Munters operates, including countries heavily reliant on coal and oil like India, China, and the US, their advanced climate control solutions play an essential role in transitioning to cleaner energy practices. As a player in managing humidity, temperature, and air quality, Munters addresses sustainability challenges by enhancing energy efficiency in its sector.

The category holds significant magnitude to reduce greenhouse gas (GHG) emissions and enhance energy efficiency, supported by a robust set of criteria for various technologies. Within the sub-category 3.6 for the manufacture of low carbon technologies, which receives a large share of the funding, Munters invests in dehumidification for industrial applications and cooling systems for data centers, achieving notable reductions in GHG emissions, and water consumption, with their performance benchmarked internally against alternative technologies in the market. Furthermore, Munters finances controllers classified under EU Taxonomy criteria 3.5 - Manufacture of energy efficiency equipment for buildings. While the technology itself has no negative environmental externalities, these controllers are predominantly used in the livestock industry, potentially amplifying their impact in sectors with inherent negative externalities. Although Munters does not control the end-use of these products within Foodtech, the extent of the potential improvements they might provide remains unclear. Munters' data-driven solutions, following the EU Taxonomy criteria 8.2 for reducing GHG emissions, are designed to optimize operations and lower emissions. Nonetheless, specifics regarding their implementation, ultimate applications, and overall impact are not fully disclosed. In addition, Munters demonstrates its commitment to reducing carbon footprints through investments in renewable technologies, such as solar photovoltaic systems at their manufacturing sites and the electrification of fossil-based processes within their facilities. Yet, uncertainties remain about the complete renewable sourcing of electricity due to limited transparency concerning renewable energy certificates.

Circular economy adapted products, production technologies and processes



The high relevance of this category underscores the critical role of financed projects in tackling sustainability challenges by extending product lifespans and improving resource efficiency. Globally, adopting circular economy practices is crucial for preserving the utility and value of resources such as energy, water, and land, as emphasized in the UN Environment Programme's "Global Waste Management Outlook 2024." There is a worldwide pressure to curtail resource-intensive consumption and waste production. For Munters, operating in a sector that generates substantial waste, applying circular design principles and conducting lifecycle analyses are vital strategies to reduce waste and boost recycling efforts.

The magnitude of this category is significant, reflecting its potential to extend product lifespans and enhance resource efficiency through adherence to EU Taxonomy criteria 5.1 for repair, refurbishment, and remanufacturing. This category focuses on the enduring effects of circular economy practices, with investments aimed at prolonging products' life via repair, scheduled maintenance and service contracts. Munters' offerings include the replacement of components to maintain efficiency and optimal performance at different points of unit's life-cycle - from air filters every few months to seals and rotors up to ten years - delivering substantial benefits over both short and long terms. In addition, the issuer informs clients on proper disposal and recycling of replaced components, demonstrating its commitment to the “reduce, reuse, recycle” hierarchy and implementing robust risk mitigation measures to ensure well-managed end-of-life impacts and environmental externalities. Nevertheless, the descriptive nature of EU Taxonomy criteria 5.1, combined with the absence of quantified benefits, is perceived as less stringent and transparent.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

We consider that Munters has allocated appropriate resources to identify and manage E&S risks. Munters requires each project to comply with its E&S requirements, emphasizing its commitment to sustainability through initiatives focused on climate change mitigation and the circular economy. Specific procedures, instructions, and guidelines are detailed in policies like the Munters' Code of Conduct, Sustainability Policy, Health and Safety Policy, and other internal documents. Further, most Munters sites hold ISO 14001 certification, and the company aims to achieve triple certification in ISO 9001, 14001, and 45001 for all production sites by 2026, starting from a 2020 baseline.

Regarding Munters' global sustainability strategy, the categories financed under the company's framework are coherent with its commitment to sustainability and circular design principles. By focusing on climate change mitigation and circular economy initiatives, Munters supports global efforts to reduce the environmental footprint and enhance resource efficiency across the 40 countries in which it operates.

Appendix 1 - Alignment with principles scorecard for Munters' green bond framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	**Aligned**
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	No		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	Yes		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	No		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	**Best practices**
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Aligned	**Aligned**
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	No		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	**Aligned**
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	No		
				Overall alignment with principles score:	**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The two eligible categories included in Munters' green bond framework are likely to contribute to three of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals		SDG Targets
GOAL 7: Affordable and Clean Energy	*Climate change mitigation*	7.3: Double the global rate of improvement in energy efficiency
GOAL 12: Responsible Consumption and Production	*Circular economy adapted products, production technologies and processes*	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	*Climate change mitigation* *Circular economy adapted products, production technologies and processes*	13.3: Improve awareness and human and institutional capacity on climate change mitigation, adaptation and impact reduction

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's green bond framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in Munters' green bond framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Climate change mitigation	*1. Capital and operating expenditures related to activities fully aligned with the Technical Screening Criteria defined in the Climate Delegated Act of EU Taxonomy, such as:* • 3.5 Manufacture of energy efficiency equipment for buildings • 3.6 Manufacture of low carbon technologies • 8.2 Data-driven solutions for GHG emissions reductions *2. Other capital and operating expenditures related to eligible activities for the Technical Screening Criteria defined in the Climate Delegated Act of the EU Taxonomy, which fulfil substantial contribution criteria linked to:* • 3.5 Manufacture of energy efficiency equipment for buildings, • 3.6 Manufacture of low carbon technologies, • 8.2 Data-driven solutions for GHG emissions reductions *3. Assets, capital and operating expenditures in relation to:* • Installation of renewable energy technologies in the form of solar photovoltaic systems for the purpose of self-generated electricity • Electrification of fossil-driven processes within Munters' operations with the requirement of 100% renewable electricity sourcing	Climate change mitigation	• EU Taxonomy reporting • Environmental impacts through solutions and products provided, such as estimated CO_2 emission reductions or energy efficiency improvements
Circular economy adapted products, production technologies and processes	*1. Capital and operating expenditure related to activities fully aligned with the Technical Screening Criteria defined in the Climate Delegated Act of EU Taxonomy, such as:* • 5.1 Repair, refurbishment and remanufacturing *2. Capital and operating expenditures related to eligible activities for the Technical Screening Criteria defined in the Climate Delegated Act of the EU Taxonomy, which fulfil substantial contribution criteria linked to:* • 5.1 Repair, refurbishment and remanufacturing	Circular economy	• EU Taxonomy reporting • Descriptions of selected projects in which life cycle of customers products have been extended • Descriptions of gained life cycle benefits

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

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