



Annual Report
2021

**Together we make
Norway thrive**



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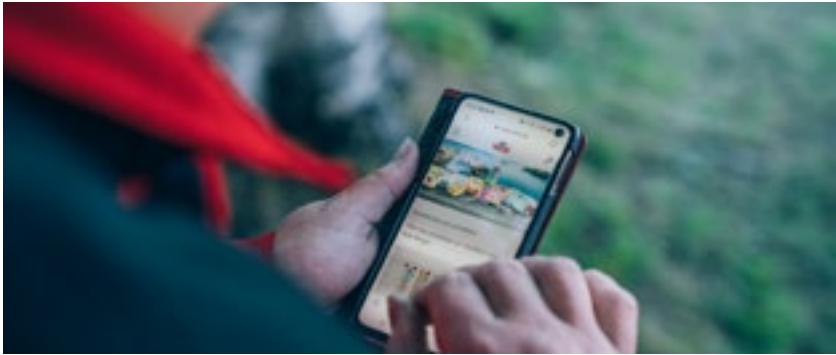
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A word from the CEO

Setting our sights on the next stage

It was 18 February 2021, and I was glued to the TV watching the live broadcast from NASA in California. The year before, a small but very advanced vehicle had been launched and was heading for our undiscovered neighbouring planet. Its mission: to search for signs of life on Mars.

Just before 10 that Thursday night, an enthusiastic voice came over the airwaves: "Touchdown confirmed", followed soon after by "ready to begin seeking the signs of past life." The staff in the control room immediately erupted in cheers, applause and congratulations. The tears came easily, as did the embrace among the people who had worked for this very moment for so many years. Goosebumps!

The Mars team at NASA had very much earned their cheering and celebrations that day. And then it was back to work, setting their sights on the future.

Perseverance: But while what is happening 54 million miles away is absolutely fascinating, we are going to keep our feet firmly on the ground and turn the spotlight onto what is going on at TINE. But there is a clear parallel here, I promise. The NASA expedition is named "Perseverance". This describes our mission just as well as theirs. Because results are not achieved overnight: we will eventually get it right with good, clear, long-term plans in mind and a dedicated team of people who are always on the lookout for improvements and opportunities.

We have seen the outline of our own successful expedition, the initial stage, over the past few years. But that is just the beginning. Our goal going forward is clear; to ensure the long-term future and finances of dairy farmers, and to work together with our customers and our community to ensure we maintain rich rural areas, food safety and sustainable use

of resources in our country. We have seen and proven what we can achieve, but we also have to achieve it without the "pandemic effect". This will be our way forward.

Security: Subsequent payments to TINE's owners for 2021 will be at a record high, based on substantial financial results for the company. This is because of tireless efforts throughout the entire value chain, and because we have managed to meet increased demand and face up to new challenge after new challenge.

Quality on farms has never been better, and I am very proud of how we are all working together to help ensure security for the majority of people and provide good, nutritious Norwegian food for people who are forced to spend more time at home, who are doing less shopping over the border and who have honed their culinary skills to perfection over the last couple of years. Consumers have also drawn TINE closer throughout this period.

The owners' financial situation: That said, many of our owners are finding things difficult. We are all aware that the price of electricity has shot up this winter; and farmers are affected even more than the rest of us. The price of synthetic fertiliser is rising too – as are the prices of fuel and feed concentrate. This calculation is pretty unattractive for many of TINE's owners, particularly when you bear in mind that this has come about on top of a genuine need to increase income among farmers.

Milk producers are supplying 1.6 per cent more milk than in 2020, and 2.2 per cent more than in 2019. Coupled with subsequent payments at a record level, this provides welcome and well-deserved income that will come in handy now. Going forward into 2022, we will go on working to achieve as much volume as possible at the best price possible for owners, and it is important for farmers to receive their share of that price growth, too. If we are to succeed in this, we need a sensible pricing policy while also ensuring our commercial success.



Gunnar Hovland
CEO

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TINE 2025: Our own plan for achieving the major goals can be found in our strategy. This annual report provides an insight into this, what the numbers say and the statuses and assessments of several of our initiatives. We are achieving a great deal of efficiency in the value chain. We are cooperating more effectively in-house, we are focusing more on digitisation, and we have been clear about the need for better framework conditions for maintaining thriving agriculture all over Norway. As you will see in the pages that follow, sustainability at TINE is becoming even more closely integrated into everything we do. As I have said before; sustainability is not an option for us, it is a must.

But not everything has been as successful. Growth may be the most important area of all in our strategy, but we have not yet achieved the goals we have set ourselves in this regard. This work will be stepped up considerably going forward, and we will muster our commercial forces. We are gathering together the operational fields of logistics and production, both with the simple and important aim of simplifying, standardising and digitising, thereby facilitating cooperation and more efficient use of resources in order to achieve our goals.

Outside national borders: And finally, our subsidiaries – both in Norway and internationally – will be further reinforced going forward and be united in a single group area. This will help to make us a better owner and allow us to monitor progress more closely. We have already increased international operations to a significant extent in recent years, but much remains to be done. The most important thing is to achieve stability and a long-term future in Ireland. Achieving success abroad is demanding, opening a new plant is demanding. We are constantly facing new challenges

that we have to resolve, but it all takes time. The success of Norwegian milk and Norwegian prices outside national borders are also high on our agenda. We are a very tiny fish in a gigantic international sea, but we have some unique advantages and the world will open its eyes to these with our tremendous long-term efforts in years to come: the world's best raw material, products of outstanding quality, sustainable production, the world's lowest use of antibiotics and recognition of a number of our products in international competitions.

A thriving Norway: All of this boils down to our major long-term goal: to create value for our owners. And for those of you reading this who have no direct links with TINE: value for dairy farmers means value for you. We are investing more than NOK 1 billion in local and new plants each year, and this result means that subsequent payments totalling NOK 1.4 billion will be made to dairy farmers all over the country.

All of this boils down to our major long-term goal: to create value for our owners. And for those of you reading this who have no direct links with TINE: value for dairy farmers means value for you.

Why is this important to you? Because dairy farmers have a significant impact on their local communities. In 2021, Samfunnsøkonomisk analyse mapped out the ripple effects of TINE and its owners: almost 26,000 jobs and almost NOK 23

billion in value creation. Moreover, 2.4 full-time equivalents are created for every TINE farm besides its own operations. Funds earmarked for farms and industry are largely invested in local stakeholders; and all this relates to our community, not just the occasional farm. That is why we must also be clear about the framework conditions for dairy farmers in 2022, but also about TINE's competitive opportunities. Going forward, a number of our competitors receive subsidies of many øre per litre as part of a scheme that has long since had its day, which moves ownership interests from cooperatives to limited companies and directly contributes to centralisation. We will link Norway together and stand as a guarantor of scattered settlement and the local food production that we have at present, but there must also be a political will and desire to achieve this.

In the future, when we rejoice that our own efforts with perseverance have been a success, when staff have delivered at sky-high levels in cooperation with our customers – well, this will not just mean that the livelihoods of 8,711 dairy farmers have been secured. It is bigger than that. Because local communities will also have a right to live the way they want to, there will be lights shining from windows all over the country, and Kari and Ola can work and live wherever they please. All this, and much more, will then turn TINE's vision and mission into reality:

Together we make Norway thrive

A handwritten signature in black ink, appearing to read 'Gunnar Hovland'.

Gunnar Hovland
CEO

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NOK 1,410,107,200 for a thriving Norway

I felt the strength in our cooperation when the Board determined the status for the past year and came to make some important choices for the year ahead. That there has been a clear boost in discussion and cooperation in the owner organisation, and that we are more united than ever before when it comes to the opportunities available to us and the challenges we face. We are definitely on the right track.

This strength involves a number of aspects, and this year in particular finance has a major part to play. As you will see in this report, we are lucky to have a robust company with good equity, and it has invested heavily over the last few years. We have set aside funds in a subsequent payment fund, and are in a good financial position for the situation we face.

This means that we can now deal with the challenging situation faced by owners by making a substantial payout. We will use all our scope for manoeuvre to make subsequent payments, and we will also make a real dent in our subsequent payment fund, of NOK 283 million.

In total, this gives a very important subsequent payment of NOK 0.98 per litre of milk. More than NOK 1.4 billion will be paid to the owners this spring, an absolutely crucial contribution to many farmers' strained finances and a measure that will help meet major needs for investment in milk production.

There have been many appraisals in this regard; should we save the fund for years with more normal results than we have seen during the pandemic so that we can help flatten the curve to a degree, or is this the right time to take advantage of these one-off measures, knowing that we will not have the same opportunity again?

The producer team leaders who are the beating heart of TINE's democracy among its owners, together with the Council, have been constructive partners and advisors over the last year. The signal is clear; this is an extraordinary situation that requires extraordinary solutions. This has weighed heavily on the Board.

From little acorns...

The subsequent payment is just one of the factors that make up the milk producers' finances. It assumes that we are capable of being competitive and delivering attractive brands that respond to the needs of our customers and consumers. Our milk is not paid for until it is in the shopping basket.

My concern first and foremost is not that we will be unable to produce enough milk over the next few years, but where and how we produce it. We want to see farmland all over Norway, make the most of the grassland all over the country and continue to be cornerstone businesses and a guarantor of thriving local communities. For that, we must have budget funds and investment support.

There must be a political desire to our agriculture thrives. The price of milk alone cannot achieve this.

We have indicated the need to reduce quota costs, and the need to reduce the price of feed concentrate. We believe that the competition policy subsidies in the price equalisation scheme should be discontinued and the money should be used to increase the price of milk. This alone could have yielded an extra NOK 0.12 per litre of milk.

And last but by no means least, we believe that the target price of milk should be increased. We have to balance things so that we retain our competitiveness in relation to imports



Marit Haugen
Chair of the Board

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and greater competition in the market. We have to be able to retain volumes and succeed in the market in the future. This is how we will safeguard our finances going forward.

And of course, we have to work every single day to make sure we are better than we were yesterday. We must constantly remain on the lookout for cost reductions in the value chain, and ensure that as much as possible of the price of milk goes back to farmers. Our strategy includes clear targets for cost reductions in production, and there is plenty of momentum behind that. We are changing the organisation now as well, with a view to increasing efficiency and growth in the company.

It all begins on our farms

There are a number of things we have to contribute to each farm, too, if we are to achieve our goals of higher price and stable volume. Our animal welfare and sustainability efforts are one of the aspects affecting our reputation and sales. In the TINE strategy, sustainability is becoming even more closely integrated into everything we do, and that is how things should be.

Not least, animal welfare is one of our concerns. I know we are very aware of this and that our concern is quite natural, but I also know that consumers are now becoming more aware of this aspect too. It is important to ensure good welfare for our animals, and it is important for our farmers to thrive too. We should be proud of the job we do, we should show it off and communicate with anyone wishing to talk to us. We should not just respond to what people expect from us, we must be at the forefront. This will make us the obvious choice for customers in shops and canteens, allowing them to make purchases with a clear conscience.

Larger market

We have spent the last two years delivering more milk as required to meet demand. This has resulted in increased revenues, but it has been important on a number of levels too. We have provided high quality Norwegian products to the people of Norway, manufacturing them on the basis of sustainable principles and our own resources. And this has had a psychological effect, particularly at the start of the pandemic. There was a great deal of uncertainty and fear, and many shelves in shops were empty. We stocked up shops all over the country, day after day, with very few exceptions. This required a Herculean effort from both farmers and industry, but we supplied a sense of security and normality in a completely abnormal situation. That is something we should be proud of.

Historically, the market – and not our own ability to produce and deliver – has restricted our production. We are doing everything in our power not to shrink the market already available to us. We need to develop our brands, several of which are the biggest and best known in Norway, so that our products are the first choice for our customers and consumers. Our selling points are everything from flavour, quality and innovation, sustainability and packaging to animal welfare and production using Norwegian resources.

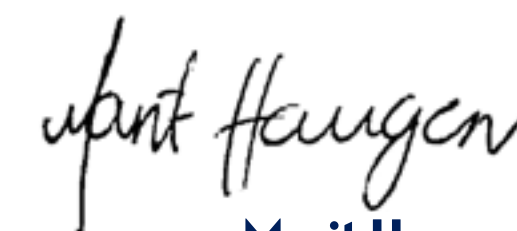
We also have clear ambitions to expand our market. 100 tonnes of brown cheese sold to South Korea in 2021 is not the be-all and end-all, but it is a good start. We are looking for a market for our milk where we can charge Norwegian milk prices, but with low risk and not too much investment. This will help us to maintain volume out on the farms and at the plants, and with this we will also help to maintain competitiveness for our milk here in Norway.

The factory in Ireland has been up and running for a whole year now, and although it takes time and costs money to really get started, this plant is one of a number of elements that needs to be in place if we are to succeed internationally. We are in the process of shifting to a new strategy, and the profitability of our international business is being reinforced. At the moment, we sell more Jarlsberg in other countries than in Norway, and I think this says something about the perceived potential in this regard.

Looking to the future

As things begin to return to normal, we have to work on two fronts. We have to look at what is happening today and over the next few months, and at the same time we have to consider how to strengthen TINE for 10, 20, 30 years ahead.

I have so much faith in our cooperative, in our company, in you.



Marit Haugen
Chair of the Board

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24,045

Sales revenue
NOK millions

1,725

Operating income
NOK millions

5,240

Number of employees

794

Gross energy consumption
GWh

8,711

Number of owners

0.98

Subsequent payment from TINE SA
NOK/Litre

Delivered to TINE in 2021 (2020)

1,423.8 million litres

Cow's milk
(1,401.1)

18.9 million litres

Goat's milk
(19.8)

Consumption per inhabitant in 2021 (2020)¹

78.9 litres

Milk
(81.3)

10.9 Kg

Yoghurt incl. imports
(10.8)

20.3 Kg

Cheese incl. imports
(20.3)

9.5 Kg

Cream and sour cream
(9.6)

3.6 Kg

Butter incl. imports
(3.8)

¹⁾ Source: Norwegian Dairy Council ([Melk.no](https://www.melk.no)),
February 2022

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The TINE Group – another strong year

Operating income for 2021 is still positively influenced by high but declining home consumption due to the coronavirus situation, in parallel with higher activity in catering operations.

Sales revenues for the TINE Group in 2021 amounted to NOK 24,045 million, a reduction of 0.1 per cent compared to 2020, which was also positively affected by the coronavirus situation and high activity in the food retail sector. Adjusted for currency exchange rates, this growth amounted to 0.9 per cent.

Partial easing of lockdown, combined with changes in the infection situation and coronavirus measures throughout 2021, have affected development of the TINE Group's performance. Activity in food retail remains high, but we are seeing a shift from high sales of goods for home consumption to higher sales in the catering segment as lockdown is eased.

According to statistics from Nielsen, TINE food retail – in Norwegian dairy operations, representing the most significant part of the TINE Group – had a stable volume share compared to other stakeholders in the categories in which TINE has a presence. The value share fell by 0.6 percentage point¹.

The TINE Group's operating income for 2021 is affected positively by improved profitability on goods sold, but is reduced by higher prices for energy and transport, as well as increased pension costs. Underlying cost development is good, driven by efforts to reduce costs and strengthen TINE's competitiveness.

Furthermore, our operating profit is positively influenced by the production and sale of Jarlsberg

wheels from Ireland to our international operations. That said, the plant in Ireland is still in a start-up phase and this has a negative impact on the income.

There were no significant non-recurring items beyond regular operation for TINE in 2021. However, the operating income in 2020 was credited with NOK 217 million related to the profit from the sale of property in Bergen.

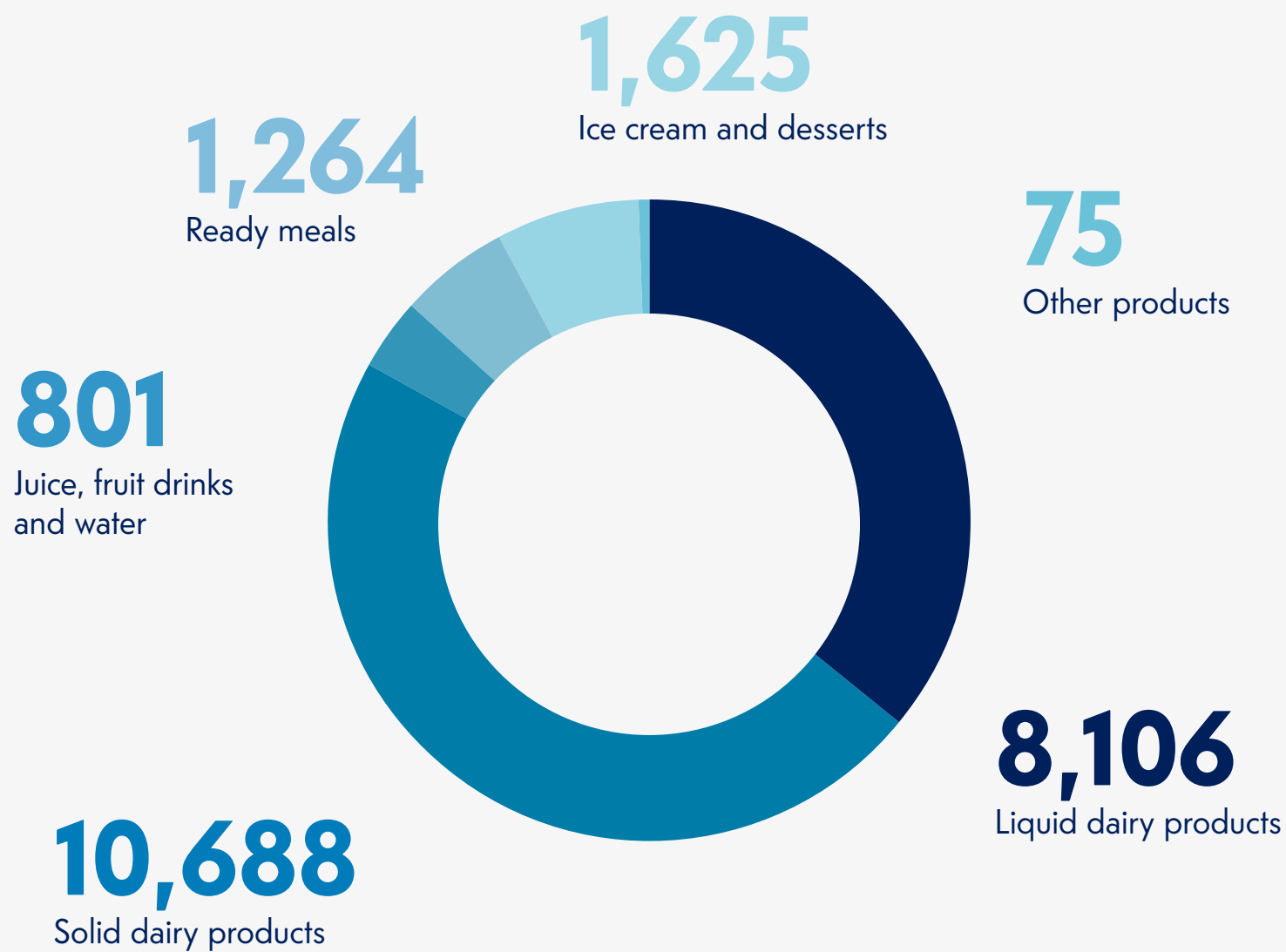
Operating income for the TINE Group amounted to NOK 1,725 million. This is a reduction of NOK 267 million compared to 2020. The operating income margin was reduced by 1.1 percentage points from 8.1 per cent in 2020 to 7.0 per cent in 2021. Operating income is NOK 50 million less in 2021 compared to 2020, excluding the profit from dairy sales in Bergen.

The TINE Group's business areas and where they are represented
The Group's business areas are TINE SA, TINE International and Other operations. Exports out of Norway are reported as part of TINE International. TINE International consists of the subsidiaries Norseland Inc (US), Norseland Ltd (UK), Wernersson Ost AB (Sweden) and Wernersson Ost Danmark A/S, as well as TINE Ireland Ltd and the Cheese Export department. Other operations consist mainly of the subsidiaries Fjordland, Diplom-Is and MIMIRO.

TINE's business is represented throughout Norway. The majority of the company's international sales activities take place in the US, Sweden and the UK, and production of Jarlsberg in Ireland and the US.

Sales revenue – ready-made products

Per segment TINE Group/NOK millions



Operating income per business area

Million NOK	2021	2020	2019
TINE SA excl. Cheese export	1,784	1,869	1,323
TINE International incl. Cheese export	-135	-212	-171
Other operations	82	119	38
Group eliminations	-7	-1	-1
TINE Group excl. profit from dairy sales in Bergen	1,725	1,775	1,189
Profit from dairy sales in Bergen	-	217	-
TINE Group	1,725	1,992	1,189

1) Source: NielsenIQ ScanTrack, NorgeTotaltDVH, Total milk: Other dairy products, Fresh milk, Soured milk, Flavoured milk drinks, Flavoured milk drinks incl. Iced coffee, Total Cooking: Crème fraîche, Sour cream, Cream, Fresh cheeses, Total Shortening: Butter, Total cheese: Solid white cheeses, Total juice: Juice/nectar/lemonade, Total yoghurt. Not in accordance with NielsenIQ's product group hierarchies. Value Sales '000, Volume Sales '000, Value % Share, Value % Change YA, +/- Value % Share YA, Volume % Change, Volume % Change YA, +/-Volume % Share YA. (Copyright © NielsenIQ.). Period: 2021, 2020, 2019

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TINE Group		2021	2020*
Sales revenue	NOK millions	24,045	24,070
Total revenues and other income*	NOK millions	24,479	24,708
Operating income (EBIT)	NOK millions	1,725	1,992
Operating income margin	Operating income/ total revenues and other income	7.0%	8.1%
Income before tax	NOK millions	1,682	1,935
Net income	NOK millions	1,557	1,772
* 2020 includes profit of NOK 217 million from sales at the Bergen plant			
Assets	NOK millions	19,843	20,114
Equity ratio (%)	Equity/total assets	49.1%	47.7%
Net interest-bearing liabilities		2,536	3,035
Net interest-bearing liabilities/EBITDA		0.81	0.90
Net cash flow to investment activities	NOK millions	-958	- 1,248

Employees and HSE

Employees	2021	2020
Number of employees, TINE SA	3,902	3,769 ¹
Number of employees, TINE Group	5,240	5,018 ¹
LTIs per million hours worked, TINE Group	6.4	4.2
Absence due to illness, TINE Group	6.2%	5.8%

¹⁾ The number of employees has been updated in accordance with the Annual Report for 2020.

Sustainability

Environment ¹⁾	2021	2020
Gross energy consumption (GWh)	794	775
Packaging consumption (tonnes) ²⁾	27,525	29,483
Packaging consumption relative to operating income (tonnes/NOK million) ²⁾	2.19	1.87
Emissions of CO ₂ equivalents, total (tonnes)	62,308	64,743
Emissions of CO ₂ equivalents from dairies (tonnes)	18,526	18,908
Emissions of CO ₂ equivalents from transport (tonnes)	41,148	44,085
Transport (km/1000 litres raw ingredients)	35	37
Safe food ¹		
Pathogenic bacteria, number of negative samples	9,965	5,941
Pathogenic bacteria, number of positive samples	5	18
Number of recalls ²	5	2

¹⁾ Figures for the TINE Group (Figures for the TINE Group for 2020 have been updated in accordance with the Annual Report for 2020).

²⁾ Figures for TINE SA, Diplom-Is AS, Fjordland AS: 76 per cent of Fjordland's products are produced at TINE's dairy plants. This percentage is included.

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TINE's strategy for 2025

The basis for TINE's 2025 strategy was simple. To clean things up, establish TINE on a new level and aim for ambitious further investment. Our efforts so far have resulted in success with cleaning things up. We have changed our forms of cooperation, structures and culture for the better and have become better at prioritising and optimising.

A new phase: Now we are at the point where we have to identify the most important initiatives for the next few years. These have to be planned and implemented, based on what we have learned in the first phase. We are also in the middle of a demanding period. Our core business is facing tough competition, and this is peaking with every passing day. We have to deliver on expectations from customers and consumers if we are to succeed in such a market. We have not succeeded with our growth ambitions to the extent that we would have liked in the strategy period to date. We will therefore be intensifying these efforts in years to come, we will become even more consumer-centric and we will focus even more on exports. We also believe there are opportunities to invest more strategically and create completely new revenue streams.

Competitiveness: The good work that has been done on streamlining the value chain has been a key factor so far, and this will continue at full strength going forward in order to ensure our competitiveness in all markets and arenas. We are well on our way to achieving our targets for cost reductions in production, but there is still unexploited potential, and the effects we can extract from our measures will be particularly important as a way of compensating for a growth curve that is flatter than we envisaged.

Evaluation: Over the past year, we have carried out an evaluation of the strategy and the four areas into which TINE 2025 is divided; growth, competitiveness, framework conditions and foundation. It has been important to take a step back and see ourselves from the outside; where do we stand at a time when everything is different, when the world is affected by a pandemic? Several measures,

including intensifying growth efforts and tightening up both the commercial and operational environments, are already in progress. The main features and goals will be the same, but adjustments to the strategy will emerge and be implemented and communicated in 2022. We need the very best instruments if we are to achieve the long-term plans and ambitions for TINE.

Growth: A good foundation has been laid for creating growth in our core business, and we are working to provide value and volume together with our customers in order to create profitability for owners and customers by providing the best products that reach consumers when they want them, in the places where they expect to find us.

We have to look for new revenue streams if we are to achieve our long-term growth targets. In this regard, TINE has three important initiatives focusing on adjacent categories in current channels, new initiatives in new channels and an international breakthrough based on Norwegian milk. The latter is an important but demanding measure with a view to maintaining the use of milk in Norway.

Regulatory framework: Agriculture, milk producers and TINE all depend on good framework conditions. In 2021, we have highlighted and talked further about the challenges presented by the competition policy subsidies in the price equalisation scheme. TINE is committed to good competition on equal terms, and we also believe that we have the most important role for success in the market and secure farmers' income, but centralising subsidies that distort competition must be discontinued if we are to achieve this. There has also been more attention paid to farmers' income than has been

Sustainability high on the agenda

At the UN Climate Action Summit in Glasgow, countries agreed that global warming should stop at 1.5 degrees. A system for quota trading will be established, coal-fired power will be scaled back and subsidies to the fossil fuel industry will be cut. A number of important agreements were entered into between individual countries as well. Among other things, more than a hundred countries – including Norway – agreed to cut their methane emissions by 30 per cent.

The challenges we face in terms of our climate and environment have become so serious that more and more people are demonstrating their commitment. How we live our lives, what food and clothing we buy and how the authorities set laws and regulations are all helping society to move towards a more sustainable direction.



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the case for a long time, and efforts to put TINE farmers' case to politicians, trade unions and decision-makers has rarely been more important. All this and much more is systematised through the framework conditions stream in our strategy.

Sustainability: TINE's owners can in many ways be viewed as environmental managers working on behalf of the rest of us. Our animals, farms and farmers help to bring about thriving cultural landscapes, providing healthy and nutritious food based on sustainable food production using local



resources that only ruminants can make use of. We live in our environment, on our planet, every single day of our lives, and we are constantly working to improve animal welfare and our climate by means of increasing insight and information, as well as better tools. In 2022, sustainability is being given even greater weighting in our strategy work.

Digitisation: Staff surveys are indicating a greater understanding of and insight into how important farmers are to our country, our vision and farmers' own financial situations. This has resulted from the foundation work in our strategy, and we have also established a number of important tools to create the culture and professionalism that we are aiming for in our efforts to be a world-class dairy. Comprehensive joint development and follow-up of employees and managers (PRO) has been established, the Manager 2025 programme and TINE's project college are well under way and long-term development is safeguarded by means of a newly established Management and Organisational Development Process (Ledelses- og organisasjonsutviklingsprosess, LOUP). All this aims to ensure there is a common theme running from the TINE 2025 strategy, through business plans and down to individual employees' development plans. As with framework conditions, we perceive a need to make digitisation a clearer part of our strategy. Digitisation of TINE will be given priority in 2022, providing an important cornerstone to help realise new growth and ensure further streamlining going forward.

Sustainable value creation at TINE

At TINE, we have to create the greatest possible value from our owners' milk production while also safeguarding our environment. This is what we call sustainable value creation here at TINE. In practice, this means that:

1. We make optimal, sustainable use of our resources.

A lot of resources are required for what we do, which also impacts on our environment. The environment is impacted by transport activities, and the production of milk and dairy products requires energy. TINE uses commodities that are produced or cultivated using a variety of resources. We use large quantities of packaging such as plastic and cardboard. Used plastic packaging that ends up being dropped as litter is a major environmental problem. Not least, we process more than a billion litres of milk annually that we have to safeguard. That is why it is crucial that we choose renewable resources and make optimum use of our commodities and input factors.

2. We are committed and close at hand, and we contribute to local value creation. We have healthy animals, and we are reinforcing the sustainability of dairy farmers.

TINE has created traditions and history, and we are responsible for safeguarding them. We have a hands-on approach throughout our value chain, which yields safe, wholesome food made using Norwegian milk. TINE takes responsibility for ensuring that milk is produced throughout Norway so that important resources are used to produce food. We represent many small contributions coming together to form a greater whole, helping to add value on a local level and ensuring that the cultural landscape is nurtured and cultivated to provide an important asset shared by the entire population. Healthy animals leading happy lives is another prerequisite for sustainable milk production. Both dairy farmers and TINE have a responsibility to ensure our cows and goats are strong, healthy and treated well.

3. We help to ensure that Norwegians have a healthy, varied and balanced diet.

TINE is part of the day-to-day lives of Norwegians. This gives us a huge responsibility and a great opportunity to make a positive contribution to public health in Norway. An unhealthy diet is the most significant risk factor that can affect levels of disease in Norway, together with smoking and high blood pressure. A varied and healthy diet will provide the essential nutrients needed. This, together with daily physical activity, lays a good foundation for a healthy life.

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On the farm

TINE is farmers' own company, and this is where it all begins. At farms all over the country. It's not just about the milk, it's about ripple effects throughout society – it's about a thriving Norway. It's about the farmers who take care of our countryside and manage it. It begins with us, but we are also dependent on a political desire to ensure thriving agriculture all over the country.

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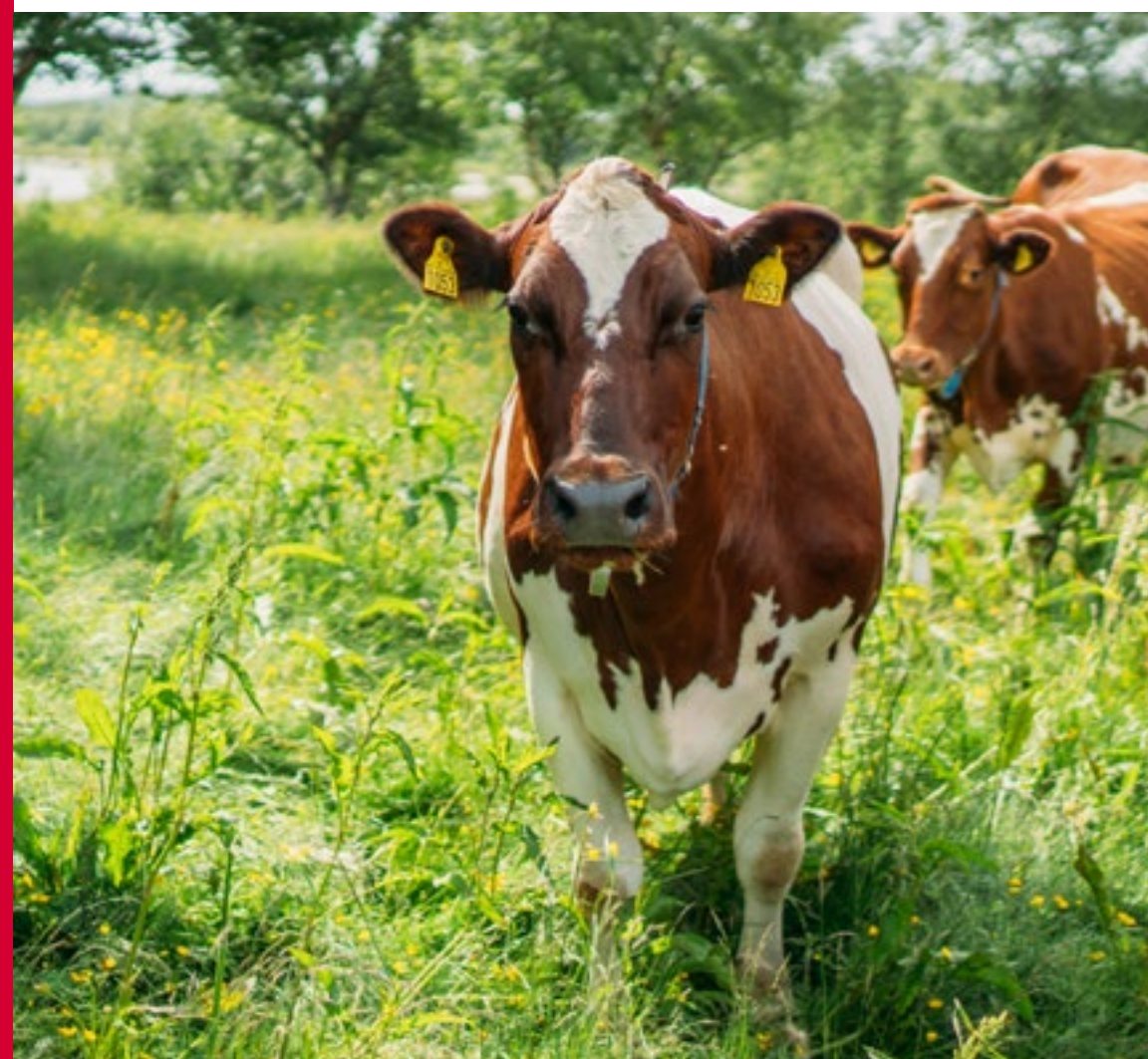
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Lots of milk and record subsequent payments

TINE farmers delivered 1,424 million litres of cow's milk in 2021. This is 1.6 per cent more than in 2020 and 2.2 per cent more than in 2019. Coupled with subsequent payments at a record level, this provides welcome income for owners facing tough times.

Demanding financial situation

Rarely have farmers' everyday lives and financial situations been highlighted so clearly in the public discourse as in 2021. The situation has deteriorated throughout the winter, despite agreement during extraordinary agricultural negotiations in the autumn to pay compensation of NOK 754 million to help meet increased costs. Since then, the prices of fuel, feed concentrate, fertiliser and – not least – electricity have continued to rise.



On the agenda every day

This particular issue is at the top of the agenda every single day for the TINE Board, and the owner organisation in general; not just during the extraordinary situation we are facing at the time of writing, but at other times as well. Besides four committed members elected by employees, the Group Board consists of seven owners who carry out milk production on a full-time basis. They are experiencing the same challenges as the rest of the industry and take pride in representing their colleagues and their collective needs in a good way.

Less need for milk in 2022

When TINE is advising on ratios, it focuses on the balance between value and volume, because getting things wrong is costly – in both directions. Based on forecasts, the anticipated need for cow's milk in 2022 is 1,470 million litres, giving an estimated ratio of 0.98. In comparison, the ratio for 2021 was 1.07 and 0.96 for 2020 – later revised upwards to 1.05 when the pandemic massively affected the market. For goat's milk, the ratio in 2021 was 0.94 and TINE recommended an increase of one percentage point to 0.95 for 2022. The government and the agricultural trade unions have adopted ratios of 0.99 for cow's milk and 0.95 for goat's milk for 2022.

Sustainable agriculture

TINE processes milk from its 8,711 producers to create a variety of dairy products. Major climate change will have a severe impact on food production. We have already experienced more extreme weather and torrential rain, combined with either very wet or very dry summers. Both of these present a challenge for both springtime tasks and harvesting of grass and grain. That is why we are particularly keen to contribute to sustainable use of the Earth's resources and limit climate and environmental change. People are increasingly concerned with the effects various foods have on our climate. Sustainable products with a low carbon footprint will strengthen competitiveness.



Sustainability on the farm

The milk on your breakfast table has undergone a long journey. The cows have to be fed and watered, then the milk has to be transported from the farm to the dairy where it is refined and placed in cartons before being transported out to the shops. This value chain affects the environment both positively and negatively.

The cows eat grass that cannot be used to feed humans. Cows on summer pastures help to preserve biodiversity and increase carbon stocks in the soil. Grass makes up 60 per cent of what cows eat. The rest is feed concentrate, mainly various grain and plant varieties. Cows are ruminants, which means they emit greenhouse gases.

Almost 80 per cent of the emissions from milk production relate to what happens on farms, and mainly concern the discharge of methane and nitrous oxide from cows and manure¹.

¹) CICERO Report 2016:04. "Climate footprints of Norwegian Dairy and Meat – a synthesis", p. 52

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Target price must be increased

The Board would like to see the target price increase a lot, but we need to look at the big picture. A higher target price will mean higher costs for production, which will have to be recovered in the form of higher prices for products. We are already struggling with a sharp increase in imports of cheese, and milk is competing with other options for drinking. Too hefty an increase in the target price may therefore result in lower sales, which in turn will lead to lower ratios for milk producers. Indeed, the target price must go up; but we need to think carefully about the consequences.

Sales tax reduced

In 2020, sales tax stood at NOK 0.30 per litre in order to fund the extraordinary purchase of quotas. The tax then fell to NOK 0.10 per litre for the first half of 2021, and to NOK 0.09 for the second half of 2021. From 1 February 2022, the tax has been further reduced to NOK 0.03 per litre as per to TINE's recommendation. This reduction has come about due to the Sales and Marketing Council's new and updated estimates of revenues and costs for 2021 and 2022.

TINE working actively to influence framework conditions

Besides the clear goal of achieving a sensible balancing act between price and volume, the Board is also working actively to promote TINE farmers' framework conditions in discussions and suggestions to trade associations, agricultural negotiations, politicians, FoodDrinkNorway, et al. The entire owner organisation is activated at regular intervals so as to obtain advice and suggestions in a number of arenas. We are proud of our extensive corporate social responsibility, of the value our owners and production bring to Norway, and of our role as a market regulator. Primary responsibility for our success rests with ourselves, and we focus on that every single day. From farm through the entire value chain and out to consumers. That said, we are aware that predictable framework conditions are required if both companies and farmers are to be successful. For instance, we are working to ensure that

small farms in need of funding to help them make the transition to free-stall barns receive such funding, the extraordinary cost challenges we are facing at the moment; and efforts are ongoing to end the competition policy subsidies in the price equalisation scheme, which work against the original intent of the scheme and cause direct centralisation while distorting competition. We have faith in the negotiation institute when it comes to the Agricultural Agreement and ratios have to be set, but the whole organisation is working on reporting our suggestions and requirements clearly.

Many of our owners met politicians during meetings or visits to farms throughout the election campaign. Such relationships and activities are important as a way of explaining how things are in reality and influencing our framework conditions.



Ruminants doing an important climate job

Nowadays, ruminants are often highlighted as a problem in the climate debate as these animals produce methane as they convert grass into milk and meat. But far fewer people know that ruminants are also doing an important climate job. When cows, goats and sheep graze, they tug and pull on the grass and vegetation. This then forms deep root systems that bind carbon. This means that while our livestock emit greenhouse gases, they also help greenhouse gases to be absorbed and stored by grazing. These circular processes are not currently part of the official climate accounts, but many believe that grazing should be used as a climate measure. Not just because of carbon binding, but also because open landscape reflects more sunlight – which is also good for our climate. In winter, when there is snow on the ground throughout much of Norway, pastures or other open areas can reflect as much as 60 to 90 per cent of the sunlight¹. This helps to cool the atmosphere.

1) Anders Bryn. Researcher at the University of Oslo and NIBIO

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Glory and honour to talented skilled milk producers

111 dairy farmers received the Sølvтина award and 20 received the Mjølkespannet award for 2020. On 4 October, most of them gathered together in Lillestrøm to receive this tangible proof of the top quality of their milk. The Sølvтина award is presented to farmers who manage to supply elite milk without a single slip-up for 5,500 consecutive days – 15 years, that is. For the Mjølkespannet award, farmers have to manage flawless delivery for 9,100 consecutive days – 25 years.

"I am very proud of my professional brothers and sisters, not to mention impressed. They have worked hard every single day for so many years to produce milk of the highest quality for the people of Norway. This quality provides us with our very best advantage in competition with foreign stakeholders. I daresay nobody can beat us in this regard," said Marit Haugen when she presented the awards.



Changed rules mean more glory

Milk producers who changed their form of ownership between 2004 and 2016 – entering into or breaking free of joint operations, for example – have had to start again on "earning" time towards the Sølvтина and Mjølkespannet awards, even though they met the requirements for top quality. The Board of TINE realised that this implementation of the rules during this period helped to shift focus away from performance in the barn. That was why the Board decided that milk producers could apply for exemption from this section of the regulations for the period 2004 to 2016. 79 dairy farmers have been granted this exemption and will receive their well-deserved Sølvтина and Mjølkespannet awards.

Lil and Trond Kroken received the Sølvтина autumn this autumn for delivering flawless quality milk every day for 15 years.

Research into feed and climate calculator

Efforts to create more sustainable milk production start on farms. TINE has 185 advisors who are in close contact with dairy farmers. They provide advice and guidance on feeding, milk quality, breeding, health, animal welfare and climate. TINE's advisors play a key role in efforts to provide guidance to farmers on reducing greenhouse gas emissions from milk production.

TINE has also started the company Klimasmart Landbruk together with 16 organisations. This company has developed the Climate Calculator, which calculates greenhouse gas emissions for the various goods produced on the farm. The Climate Calculator for cow's milk was launched in October 2020, and in 2021 no fewer than 80 TINE advisors have received training on the Climate Calculator and how different areas affect greenhouse gas emissions in milk production. These advisors now provide guidance to dairy farmers in the Climate Calculator and give advice on how milk production can be altered to reduce greenhouse gas emissions. At the end of December, 940¹ dairy farmers have carried out climate calculations for their farms. The aim is for all milk producers to have conducted climate calculations by 2025.



Difference between methane and CO₂

Although methane in the climate accounts is converted to CO₂ equivalents, there are actually differences between these gases. Methane decomposes in the atmosphere within 12 years, while CO₂ remains in the atmosphere for thousands of years. This is discussed in the UN's latest climate report, in which researchers such as Professor Myles Allen of Oxford University discuss how the impact of methane emissions on the Earth's temperature may be overestimated using the current calculation method². Therefore, methane is not necessarily as great a threat to our climate as emissions of fossil CO₂. In Norway, the number of dairy cows has fallen from around 600,000 in 1960 to just over 200,000 today. This has resulted in an estimated methane reduction from Norwegian milk production of 51 per cent in the same period³.

¹ Completed climate calculations for December are estimated on the basis of the number as at November 2021

² IPCC Climate change 2021 – The Physical Science Basis

³ Dr. Agric, Professor II Harald Volden. Norwegian University of Life Sciences

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Focusing on democracy among owners

The producer teams are the founding members of TINE's

owner organisation: The 163 producer teams are made up of TINE members in more closely defined areas. The producer teams have a formal role to play in TINE's owner organisation, including the election of delegates to the Annual General Meeting, as well as a professional and social meeting place for the owners, milk producers. The annual meetings in February/March and the professional meetings have taken place on Teams. Face-to-face meetings were arranged from the autumn onwards, for as long as that opportunity was available. All the leaders of the producer teams got together in Lillestrøm in October.

Close contact between the Chair and the producer teams:

After each Board meeting, the leaders are asked to attend an information meeting at which the Chair provides information. This is an important measure to shorten the gap between the Board and the producer teams. Various Teams groups have also been established for the leaders of the producer teams and for the Council. These are useful tools for achieving active democracy among owners, with short distances.

Smaller Board and Council, but larger Annual General

Meeting: As in 2020, the Annual General Meeting was held on Teams in 2021 as well. The Annual General Meeting in 2021 adopted several amendments to the Articles of Association. The size of the Board has been reduced from 14 to 11, with seven Board members elected by the owners and four Board members elected by employees. Besides the four elected Board members, employees have no statutory representation on the Council or at the Annual General Meeting. The size of the Council has been reduced from 24 to 16 members elected by the owners. The Council now constitutes the owners committee at TINE. The number of owner-elected delegates to the Annual General Meeting has increased from 110 to 125. There were no changes to the size of the working committees in the producer teams.

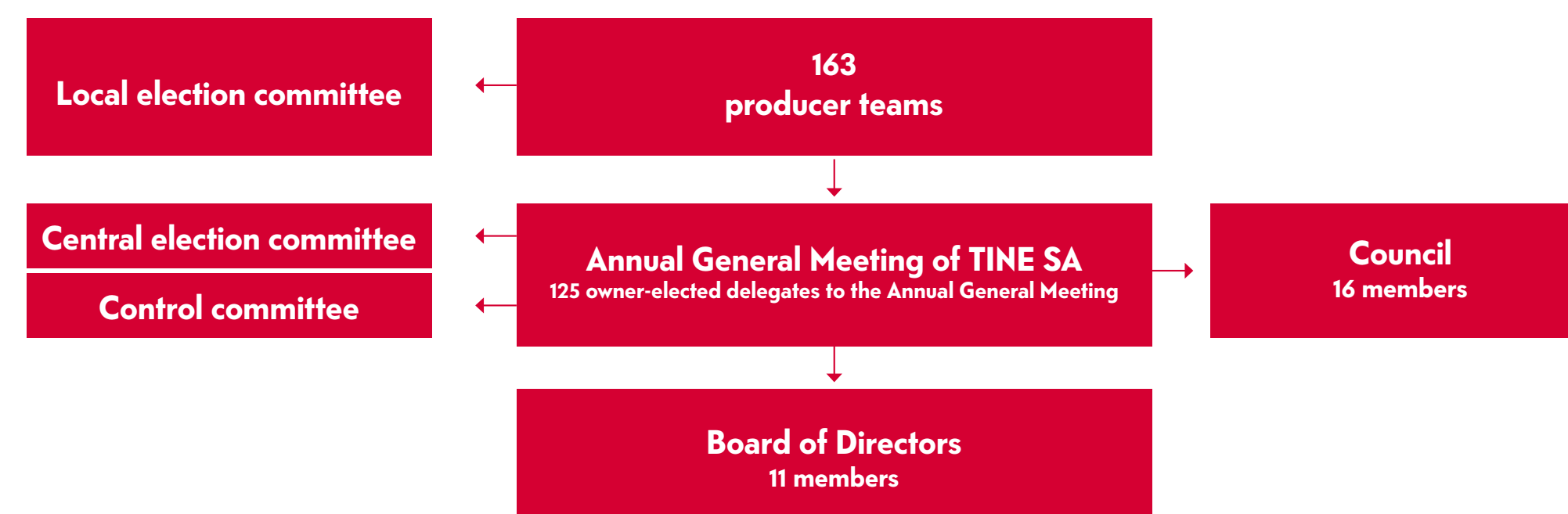
A stronger owner organisation: The aim of the changes to the owner organisation is to develop an even stronger and more active owner organisation going forward. Effective producer teams are the bedrock of the owner organisation. The Annual General Meeting also wants to streamline the work of the Board by reducing the number of Board members and the size of the Council. The fact that the Council and the Board are getting smaller allows for an increase in the number of delegates to the Annual General Meeting. Amendments to the Articles of Association, together with the digital meeting points that have been established, make a contribution to activity and intelligence in the organisation.

Audit committee and remuneration committee: The Norwegian Code of Practice for Corporate Governance (NUES) issues the Norwegian recommendation for corporate governance in order to clarify responsibilities and authorisations at major corporations. TINE has previously decided to follow the recommendation insofar as it suits company forms and ownership. The Board has an audit committee and a remuneration committee in line with the recommendation of NUES. The audit committee is preparatory and advisory committee for the Board as a whole in its work on exerting control of the company's financial reporting and control systems. The remuneration committee is a preparatory and advisory committee to the Board with regard to employment and terms of employment for TINE SA's CEO and main principles for compensation and succession planning for central management at TINE SA. A more detailed explanation of how TINE complies with the NUES principles and guidelines can be found at tine.no.

Insurance: TINE SA holds Board liability insurance. This insurance covers liability for loss of assets for claims made against insured parties during the term of the insurance as a result of a liable act or omission by insured parties in the capacity of the general manager, Board member, member of the executive or equivalent governing body of the Group. The policy does not cover injuries to persons or damage to property. The main maturity of the insurance contract is 1 July, and it runs for 12 months. It is confirmed that the company has Board liability insurance with a cap typical for the industry, adapted to TINE's size and turnover.

Control committee: The TINE Annual General Meeting elects a control committee with three members. The job is this committee is to oversee the activities of TINE in accordance with the instructions adopted by the Annual General Meeting. The control committee must submit a written report to the Annual General Meeting with an account of its activities and assessments.

TINE's owner organisation



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Research into reduced emissions and binding of carbon

We are dependent on finding out more about how milk production can become more sustainable. We are working with the Norwegian University of Life Sciences and others to determine how new intelligence on correct production and harvesting of grass can help to reduce methane emissions from cows. Experiments carried out previously both in Norway and abroad show that methane production in dairy cows can be reduced by between 25 and 30 per cent¹. The UN's Intergovernmental Panel on Climate Change (IPCC) points out that all countries must make use of all cultivated farmland and grass and grazing resources in order to keep global warming below the 1.5 °C target and ensure adequate global food production. New research shows significant carbon binding in grazing land². TINE has initiated a research project that will provide greater insight into how carbon is bound in pastureland and how this can be taken into account when calculating greenhouse gas emissions from milk production.



Healthy animals that lead happy lives

Both dairy farmers and TINE have a responsibility to ensure our cows and goats are strong, healthy and treated well, and that is why we need to know a lot about how to ensure good animal welfare in modern Norwegian animal husbandry. Healthy animals leading happy lives is another prerequisite for sustainable milk production. Customers and consumers must have confidence in the fact that the animals kept by our dairy farmers live good lives.

TINE's advisors

We have 185 advisors who advise farmers on various aspects of production. These advisors occupy a key position in animal welfare initiatives. All farmers who supply milk to TINE have to complete an annual cattle inspection with an advisor. The cattle are reviewed here to ensure that the animals are living in good conditions and that they are well. Certain procedures are implemented if conditions are detected that need to be corrected. The duty to notify the Norwegian Food Safety Authority in the event of major and serious nonconformities is regulated in this regard. Any reports and alerts from outsiders of suspected poor animal welfare must be dealt with according to the same procedures.

Animal welfare indicator

In 2019, we launched the animal welfare indicator, a tool providing individual farmers with important information on how animal welfare is progressing and how it can be improved.

This indicator is made up of ten sub-indicators. These are based on production data recorded by Kukontrollen and use the World Organisation for Animal Health (OIE) standard for assessment of animal welfare. The data is updated on a monthly basis, and the result for the last 12-month period is assessed against the reference year 2015 (indicator value = 100).

At national level, the indicator has seen positive development throughout 2021. The value at the end of the year is 107.1, compared with 106.2 at the same time in 2020. Minimum requirements have been defined for the data on farms so that the animal welfare indicator can be calculated. 5,768 producers had an indicator value calculated by the end of 2021.

We consider this result to be good, with a rising indicator value. However, we are not happy with the negative developments we have seen in respect of the calf health sub-indicator. The trend has been negative following a slight increase in the first six months of the year. Calf health is therefore now given high priority, with emphasis

107.1

Animal welfare indicator

Increase from 106.2 in 2020.

1) Nes, S.K., Garmo, T. H., Chaves, A. V., Harstad, O. M., Krizsan, S. J., Beauchemin, K. A., McAllister, T. A., Norell, L., Thuen, E., & Volden, H. 2011. Effekt av høstetid av grassurför på metanemisjon fra melkekyr.

2) Agri analyse – beitemarka, et ukjent karbonlager. Report 5-2019

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skills development among farmers, advisors and veterinary surgeons. TINE is also taking part in the “Norwegian airways” research project, which is mapping the causes of respiratory infection in Norwegian calves.

Low level of antibiotic use

Antibiotic consumption in Norwegian animal husbandry is very low compared to other European countries. TINE’s policy is that medical treatment should only be used curatively and where medically justified. Growth hormones or other treatments designed to promote growth are not used in Norwegian milk production. Painkillers and anti-inflammatory medications are used as support therapy for painful conditions. Acutely ill animals may need antibiotics to help them recover.



All milk arriving at TINE plants in tankers is checked for traces of antibiotics. In 2021, 42 deliveries of milk (42 cow’s milk and 0 goat’s milk) contained traces of penicillin antibiotics. This is a decrease from 49 deliveries in 2020. In order to avoid possible transfer of antibiotics to products, any such milk is discarded.

Free-stall barns and tie-stall barns

The two most common housing systems for cattle in Norwegian milk production are what are known as free-stall barns and tie-stall barns. Tie-stall barns are the traditional form, where cows are kept in the tie-stall barn for the winter. With free-stall barns, the cows can move freely in the barn, and in both instances the cows go out grazing in summer. The proportion of herds in free-stall barns is steadily increasing. 46 per cent of farms¹ had free-stall barns by the end of 2021. 67 per cent of cows are kept in free-stall barns² as these herds are often larger than those kept in tie-stall barns. Current regulations mean that all cattle must be kept in free-stall barns by 2034. TINE’s advisors are working with farmers on good solutions to help them make the transition from tie-stall barns to free-stall barns.

TINE’s advisors are working with farmers on good solutions to help them make the transition from tie-stall barns to free-stall barns.

The transition to free-stall barns will be positive for animal welfare, but it will also require major investments from dairy farmers. The Norwegian Institute of Bioeconomy Research (NIBIO) estimates that a total investment of NOK 18–23 billion will be needed until 2034. That is why it is important for the government to provide extensive investment support.

1) Percentage of milk producers in Kukontrollen who had registered free-stall barns as of 3 January 2022.

2) Percentage of lactating cows in Kukontrollen who had registered free-stall barns as of 3 January 2022.

Animal welfare award

Marianne Rønning and Vidar Nybu at Kvikne in the municipality of Tynset were presented with TINE’s animal welfare award for 2021. In their reasons for their decision, the judges state that they show a great deal of love, respect and concern for their animals. TINE wishes to use this award to pay tribute to skilled producers who place particular emphasis on good animal welfare in sustainable livestock production.



Marianne and Vidar receive their animal welfare award from TINE Chair Marit Haugen.

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In society

TINE sources milk from just under 7,000 farms from north to south. As a cooperative owned by farmers, we help Norwegians to put sustainable, healthy and locally sourced food on their tables and help teachers, shop workers, electricians, plumbers, nurses and many others to live and work in all parts of the country.

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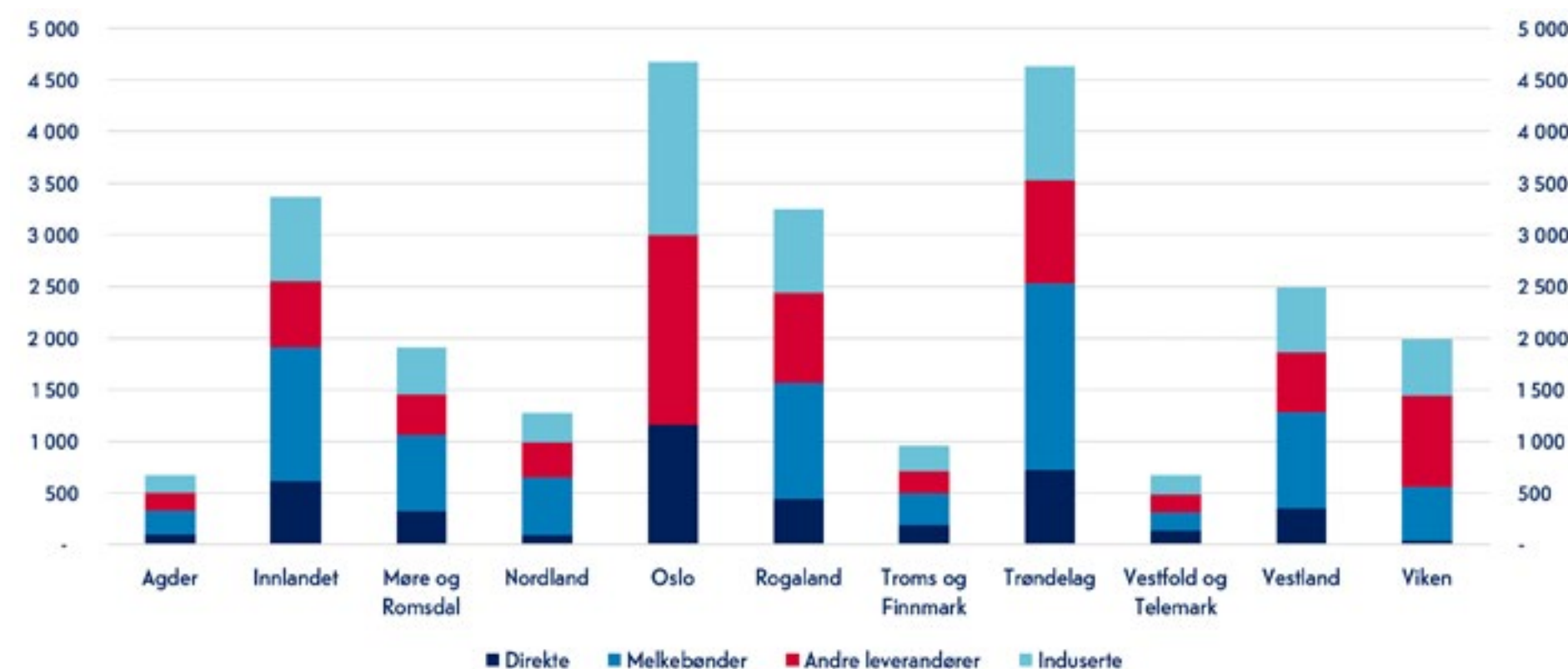
Ripple effects
billion NOK

The milk from each producer creates 2.4 new full-time equivalents away from the farm

TINE is more than milk and cheese. On behalf of TINE, Samfunnsøkonomisk Analyse has created a CSR report on the company's activities in 2020, measuring TINE's footprint in the Norwegian economy by means of employment and value creation. "Together we make Norway thrive", according to our vision. This ripple effect analysis provides a good view of how we are fulfilling our vision.

The analysis shows that TINE's activities have major ripple effects. In total, TINE contributes to the employment of around 26,000 full-time equivalents all over the country. The report shows that every single Norwegian milk producer creates 2.4 full-time equivalents away from the farms where they produce milk. There are also ripple effects from meat production and other production on the farm.

The ripple effects from TINE's activities, divided into direct, indirect and induced effects Number of full-time equivalents

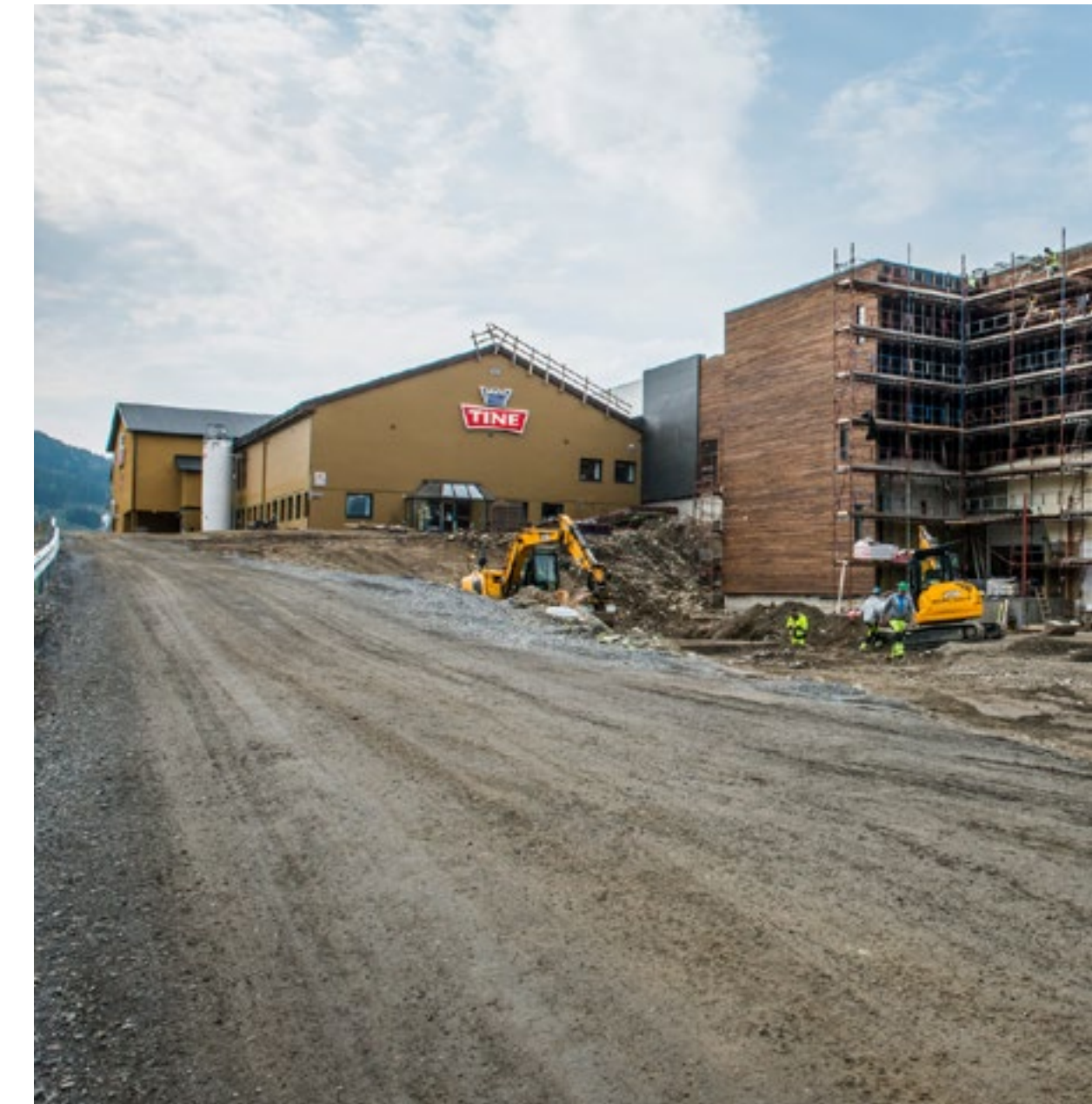


2.4

Full-time equivalents
Created outside of every TINE farm business

Besides the 4,170 full-time equivalents working at TINE and the 7,690* full-time equivalents that supply their milk to TINE, TINE's activities contribute to 7,080 full-time equivalents in other industries, mainly through the purchase of goods and services. Moreover, TINE's value creation provides earned income to workers and income to business owners that is spent on consumption with other companies. This induced effect is estimated to create 6,950 full-time equivalents. In total, this amounts to almost 26,000 full-time equivalents.

*) The number of full-time equivalents for farmers is based on the payments from TINE to farmers in 2020 and connections in the National Accounts from Statistics Norway between production and the number of full-time equivalents among farmers.



Massive investment in the districts

TINE has invested an average of more than NOK 1 billion annually at its various plants in Norway over the past decade. And often in rural areas where there is little in the way of other industry. TINE has invested over NOK 700 million in the dairies in Frya and Tretten in Gudbrandsdalen in recent years; NOK 120 million in Elnesvågen and NOK 26 million in Tresfjord in Romsdalen, to name but a few examples. These investments are having major ripple effects on local businesses and contractors. These are major expansion initiatives. There are also investments in maintenance.

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Milk price from TINE Milk Supplies
NOK/Litre

The difference between a cooperative and a limited company

As a cooperative, TINE is owned by milk producers, from Lindesnes to Tana. TINE's task is to ensure the greatest possible volume of milk at the highest possible price, and the profit goes to the owners themselves as subsequent payment for the milk. This is in stark contrast to our competitors, which are organised as limited companies. The goal for them is to keep costs as low as possible and achieve the lowest possible milk price, so that the profit – which goes to shareholders – is as high as possible. The goal for shareholders is primarily to achieve the best possible dividends on deposited capital.

TINE supplies fresh dairy products to 20,000 shops, schools, nursery schools and other customers all over Norway

All producers have their milk delivered at a set price

As a market regulator, TINE is required to accept milk from all milk producers in Norway. This means all dairy farmers, no matter where they live, are able to deliver the milk they produce at a set price (target price).

Supplying other stakeholders with milk at the same price

As a market regulator, TINE is also required to supply other industry stakeholders with milk. This duty to supply means that TINE has a duty to supply all dairy companies that are stakeholders in the milk market scheme with milk commodities at the same price at the same time. For milk used in industrial products, such as cheese, TINE's duty to supply to other dairy companies is such that these are placed on a par with TINE's own production dairies.

Providing market balance

The need for regulatory measures arises when there is an imbalance between the supply of milk and the demand for milk. Milk is a fresh product that has to be refined immediately. Measures such as the production and storage of butter, cheese and/or milk powder are implemented if there is surplus milk available.

All Norwegian milk producers fund market regulation through a sales tax. This is set at NOK 0.03 per litre of milk as of 1 February.

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Jon Evald Hætta, dairy farmer

Interaction between animals, humans and nature

Dairy farmer Jon Evald Hætta runs Luoktagáddi farm in Kautokeino with his wife and two children.

"We Sami people have been working with nature for thousands of years, and we have a long history we can be proud of. Both reindeer herding and milk production involve interaction between animals, humans and nature. As far as I'm concerned, it's important for the next generation to take over the farm and our story. I want milk production to continue in Finnmark, and very much hope that this will be the case. I'm an optimist," says Hætta.

Making things work together

"The oil industry has been with us for 50 years. Agriculture and animal husbandry have been with us for 4,000 years. And we'll be here long after the oil age is over," smiles Asgeir Pollestad, dairy farmer in Nærbø in Jæren, as he gazes out over the animals grazing in the typical Jæren landscape. He has a good view of the landscape around him from a hillside.

"From here I can see almost the entire TINE value chain. Over there is the dairy where I deliver my milk," he points out. "I guess the distances travelled don't get any shorter than that. And it's great to think about what we actually contribute to the society in which we live. Food for people. Jobs in production, management and the service industry. We make things work together," he says.



Asgeir Pollestad, dairy farmer and Board member

A thriving Norway

The effect of what Norwegian farmers do is much greater than you may think. Farmers make sure they maintain the foundations for many tradesmen and local trade, and not least tourism considers how farmers shape the cultural landscape to be a key factor.



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Our employees are the most important asset we have. That is why we work systematically with the work environment, well-being and HSE. We want their working day to be meaningful and provide motivation, and we want to provide development opportunities. These are also important messages to impart when we recruit new staff to ensure that we have the right expertise in place and enough staff to get the job done.

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One-off payment to all

TINE's financial results for 2020 meant that we had a rare opportunity to give all our employees a one-off payment to thank them for their outstanding efforts and implementation during the extraordinary pandemic. The amount was calculated on the basis of the number of hours worked from July to December 2020, and was paid out in April 2021. Both the Board and the owners were pleased to be able to thank them for their efforts in this way in a demanding year.

A safe and healthy workplace

HSE is an integral part of everyone's work at TINE. We must create a culture where HSE forms a natural part of everything we do.

Healthy employees and a robust workforce in a work environment that promotes health are prerequisites if TINE is to achieve efficient operation and quality at all levels. Work must be organised in a manner that ensures our employees are not subjected to undue physical or mental strain, and that no one is injured or falls ill as a result of their work.

We care about our employees. That is why we focus on safety and the work environment every single day. Safety always comes first at TINE, no matter what employees are doing: working in production, distributing TINE products, analysing samples at the laboratory or dealing with cattle at farms. At TINE, HSE responsibility rests with the line management. HSE work can be delegated down the line, but the top line manager for the area of responsibility in question is always responsible for both HSE conditions and HSE outcomes.

HSE and employees

	2021	2020	2019
Number of employees	5,240	5,018	5,232
Absence due to illness	6.2%	5.8%	5.4%
H1 value	6.4	4.2	6.6

Our HSE policy

- We believe that all accidents can be prevented. Therefore our goal is zero injuries to employees, contractors and third parties.
- We are all responsible for our own safety and the safety of others, and we point out hazardous situations when observed.
- We comply with current instructions for the business at all times in order to prevent occupational accidents and material damage.
- Our work environment must be characterised by wellbeing, inclusion, trust and commitment.

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Greater commitment

We conduct the TINE Puls staff survey every year to measure developments in areas that we know are of strategic importance. The survey for 2021 included new questions about cooperation, training, development and the extent to which people perceive direction, goals and meaning in their own work. These are important factors for gauging well-being, motivation and engagement, and they also have a major impact on our vision and strategy.

91.5 per cent of employees responded to our staff survey in 2021. We are maintaining our good results at a general level. We are also seeing progress on the factor relating to

91.5
per cent response rate



cooperation with managers. It is also gratifying to see that TINE employees view their jobs as meaningful. Although we have no previous figures to compare with here, this result indicates a widespread pride in helping to create a thriving Norway. This is true of employees throughout TINE, regardless of their position or work area.

The results also show that there is good in-house interaction at most units, but there is considerable potential when it comes to sharing skills and information throughout the organisation. We will work systematically on this in years to come.

For HSE, two new questions were included about unwanted stress and work-life balance. 23 per cent of respondents said they often or very often experience unwanted stress at work. This is not abnormally high, but we are taking this extremely seriously.

Recording of HSE incidents and proposals for improvement

8,845 incidents and suggestions for improvement were reported at TINE SA in 2021, compared with 9,270 such cases in 2020. This means that TINE was 570 records (6.1 per cent) away from achieving its target of 9,415 HSE records in 2021. The decline from 2020 may be partly due to the fact that the organisation's main focus throughout the year has been on managing the pandemic as effectively as possible. Recording and processing of both unwanted HSE incidents and suggestions for improvement are important tools when it comes to reducing the number of occupational accidents and their consequences at all companies that form part of the TINE Group. There is a separate tool that all employees can use to report and manage unwanted HSE incidents, near-misses and suggestions for improvement. The use of the tool is regulated in internal steering documents which stipulate a requirement for root cause analysis. The results of such an analysis are used for transfer of experience, learning and accident prevention throughout the organisation.



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Lost-time injuries on a par with 2020

TINE's overall and long-term goal is to achieve zero injuries. TINE recorded 25 lost-time injuries among its own employees in 2021, compared with 27 such incidents in 2020. This resulted in an H1 value of 3.5, which represents a slight improvement compared to the result of 3.8 the year before. This meant that TINE did not achieve its target for 2021, which was set at 3.5.

The number of lost-time injuries has risen from 40 in 2020 to 62 in 2021 for the entire TINE Group as a whole. This means an increase in H1 value from 4.2 in 2020 to 6.4 in 2021.

TINE SA and its subsidiaries record and manage all HSE incidents involving external parties in the same way as for their own employees. 13 lost-time injuries were reported among external personnel at TINE SA in 2021. This is on a par with 2020. Lost-time injuries among external parties are not included in the company's H1 value.

The TINE Group has worked over the past year to reinforce efforts to improve personal safety at the company. At TINE SA, the HSE management system has been revised to include new versions of steering documents. An e-learning course ("TINE Safety") has also been set up, and all employees, contractors, temporary workers and managers must complete this. To date, around half of the workforce at TINE SA has completed this basic HSE course. As in 2020, TINE SA achieved a milestone in its preventive HSE work in 2021 as zero lost-time injuries were recorded among its employees for October.

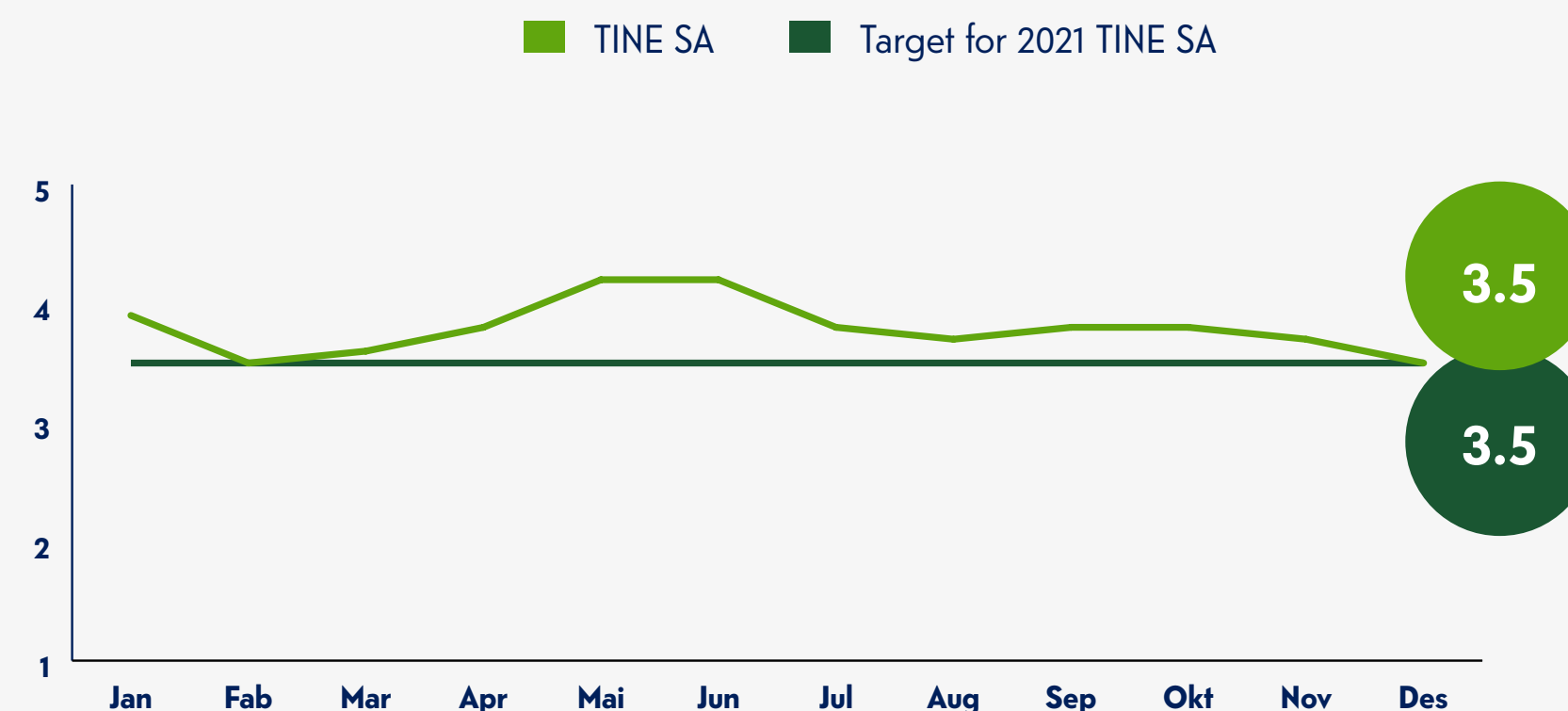
Absence due to illness stable but high at TINE SA

Total absence due to illness for the TINE Group stood at 6.2 per cent for 2021, compared with 5.8 per cent in 2020. The level of absence due to illness at TINE SA was 6.5 per cent in 2021. This is an increase of 0.6 percentage point compared with the previous year (5.9 per cent in 2020). Absence due to illness at TINE SA has remained stable at a high level throughout 2021, but targeted efforts are being made to improve this result. This is being achieved through management training, ergonomic workplace assessment and workload/occupational hygiene mapping in a constructive cooperation with Occupational Health Services. Units with high levels of absence due to illness are followed up in a separate group area. New training materials related to absence due to illness prevention/follow-up for managers have also been launched.

TINE SA logs absence due to illness related to COVID-19. In 2021, this has stood at around 0.5 per cent. There has been constant focus on infection prevention throughout the pandemic. The aim of this is to ensure the lowest possible levels of absence due to illness in all group areas, enabling TINE to maintain stable production and deliveries of goods to customers and consumers.

Development in H1 value R12 towards target

H1 value (lost-time injury rate): Number of injuries resulting in absence per million hours worked).



Trend in absence due to illness 2021

Absence due to illness per month as a percentage



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Coronavirus effects, working from home and the psychosocial work environment

We are constantly working to investigate and map, analyse causes, take action and assess results so as to ensure the best possible work environment and well-being for all. In 2020, a survey was conducted in which 600 TINE employees working from home answered questions about perceived efficiency, well-being and cooperation, and the need for office equipment or other facilitation of work.

The results show that most people generally enjoy working from home. The most positive aspects are the perception of efficient meetings and the opportunity to concentrate on work. That said, social needs are not met adequately, and many people express a desire and a need to be able to meet up with colleagues. Some people do not enjoy working from home at all, and one in three employees say that they feel more lonely than they used to.

Action:

- **Psychosocial work environment:** To enhance well-being, staff working from home have been offered free workouts via a digital exercise programme. All staff also have access to psychology services via the occupational health service and TINE's insurance schemes.
- **Physical work environment:** There was a major need to facilitate employees' physical work environment at home. This is why we opted to allow employees to order office chairs, desks and monitors if they needed them. Employees up talk to their managers if they need anything else.
- **Cooperation:** The use of digital interaction tools has worked really well, partly because we already had a well-established digital workplace and accessible training materials.

Further way of working

Since the survey in 2020, we have been concerned about the "new normal" – how we will work after the coronavirus.

In the spring of 2021, a number of working meetings were held where managers, elected representatives, safety representatives and the Group executive discussed these topics. This resulted in three key principles for employees working at offices at TINE:

- Employees must be linked to a primary site. Employees must attend this site when requested to do so by TINE.
- Employees who wish to do so should have the opportunity to attend their primary site every day.
- Employees with core hours of 9am to 3pm before the coronavirus will have these core hours after the coronavirus as well.

Employees working in operating environments in production, warehousing and logistics will continue as before.

Since the key principles were established, all Group managers and departmental managers have involved their employees in finding out how their own particular unit or department can get their jobs done most effectively together. Some departments want a lot of physical presence, while others would like more flexibility.

"The aim is to balance the needs and wishes of each individual with the community's needs, wishes and objectives. I am keen for us to facilitate interaction and value enhancement between ourselves, and for us to enjoy our work and our private lives. In return, we have seen that increasing the degree of flexibility and confidence in each individual has resulted in greater flexibility and an ability to get the job done. There is no doubt that employees do the work expected of them even if they are not at the office, so we are trying to come up with a win-win solution here."

– Gunnar Hovland



Staff involvement

Employees are invited to express their views and opinions about HSE work and status by means of an annual staff survey ("TINE PULS"). Our employees are also represented on work environment committees established at various levels in the company.

Elected representatives, safety representatives and managers undergo mandatory HSE training when they start working in such positions and roles. They act as robust ambassadors for our systematic HSE efforts by monitoring the situation and taking action if there is a need to improve the ways in which TINE works.

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Equality and diversity at TINE

We must give all employees the right and the opportunity to develop their abilities regardless of gender, beliefs, skin colour, nationality or ethnic origin, sexual orientation, disability or age. We aim to offer a work environment suitable for everyone. We encourage female job applicants in order to balance gender distribution within the company, particularly in respect of executive positions at all levels of the company. TINE aims to ensure men and women receive equal pay for equal work. The management teams in TINE’s two largest function areas, Production and Logistics, show an even gender balance.

Organisation

Equality work is an integral part of operations at TINE and is implemented throughout the organisation. TINE has a long value chain, and in some settings the workforce is predominantly female, while in others it is predominantly male. This is why our efforts take local circumstances into account. Besides local bodies, equality may also be handled by the Group’s Collaborative Committee (KSU) and the Group’s Work Environment Committee (KAMU). KSU is made up of elected representatives of the trade unions that have agreements with TINE, while KAMU is made up of the centrally elected safety representatives from TINE’s safety team. TINE’s senior management participate in the meetings.

Action

- In order to reduce the risk of discrimination, TINE has been working on the following measures to promote equality in 2021:
- Work on common values and attitudes towards the work environment and equality.
 - Work to combat unconscious bias in recruitment.
 - Active use of job advertisements to improve the gender balance.

With TINE’s widespread geographical locations and differing professional environments it is both challenging and essential to ensure common values and attitudes towards the work environment and equality. Unique dilemmas with a gender theme have been devised for use in the annual ethical guidelines dilemma training. This aims to ensure a similar attitude to equality as far as possible no matter where people work within TINE.

Results

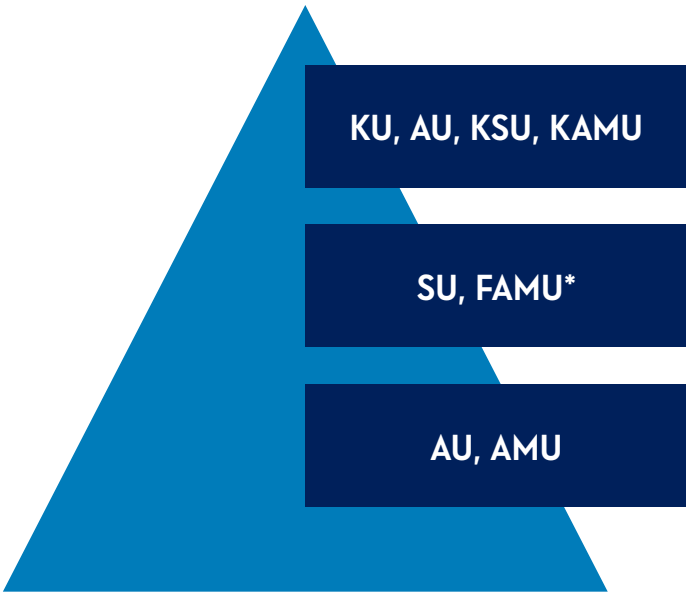
TINE has shown a positive trend for several key figures relating to equality in recent years, namely the percentage of women in total, the percentage of women in management positions, in part-time positions, on the Board, on the Group executive team and the percentage of female managers.

Key figures	TINE SA	
	2021	2020
Percentage of women in total	35%	35%
Percentage of women on the Group executive	44%	40%
Percentage of women on TINE’s Board (including employee representatives)	36%	43%
Percentage of female employees at TINE who are part time	13%	12%
Percentage of male employees at TINE who are part time	6%	6%
Percentage of female employees at TINE who are temporary	17%	12%
Percentage of male employees at TINE who are temporary	17%	11%
Average number of weeks of parental leave for women	18.1	13.4
Average number of weeks of parental leave for men	9.0	9.6

The percentages stated relate to permanent employees of TINE SA

Cooperation between management and employees

TINE conducts comprehensive, inclusive dialogue with employees and employee organisations. TINE’s management meets with employee representatives through several forums, including the Group’s Collaborative Committee (KSU) in order to ensure good information and participation in accordance with the main agreements by which TINE is bound and the Group’s Work Environment Committee (KAMU) for health, environment and safety issues. Dialogue with employees and employee organisations is reflected well in the form of necessary changes and adjustments, as well as in annual pay negotiations.



* Logistics, Production and TRM

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Mapping of pay and non-voluntary part-time work

TINE SA has mapped pay differences between men and women overall and pay differences and gender distribution between men and women at different levels as described below. The analysis is based on agreed pay and fixed supplements. This survey was conducted in cooperation with elected representatives.

The survey shows that pay at TINE is set without regard to gender. TINE is bound by various collective agreements, and both determination and adjustment of pay are partly governed by these. In cases where pay is not governed by collective agreements when joining the company, the assessment of pay will be based on a combination of pay levels in the industry and comparable positions at TINE. In cases where pay is not amended via central collective settlements, a pay framework will be negotiated locally with the elected representatives, and individual pay will be adjusted within agreed limits/criteria.



TINE SA

Group	Number	Women	Men	Women's pay in a percentage of men's pay
1.1	62	29	33	91%
1.2	179	56	123	91%
1.3	276	85	191	110%
2.1	29	17	12	103%
2.2	178	95	83	99%
2.3	227	139	88	91%
3.1	77	36	41	92%
3.2	40	19	21	90%
3.3/7.3	307	193	114	91%
4.1/4.2	139	96	43	94%
4.3/5.3	175	106	69	91%
7.1/8.1	1,363	261	1,102	96%
7.2/8.2	1,174	355	819	99%
Total	4,226	1,487	2,739	104%

These figures include permanent staff, personal temporary workers, trainees and apprentices at TINE SA.

- Group 1:** Management jobs, administrative managers with responsibility for personnel (1.1 director, 1.2 head, 1.3 manager)
- Group 2:** Academic jobs requiring a Master's degree or higher, without responsibility for personnel (2.1 strategic role, 2.2 analytical role, 2.3 operational professional role)
- Group 3:** University-level jobs requiring a Bachelor's degree or higher, without responsibility for personnel (3.1 strategic professional role, 3.2 analytical professional role and 3.3 operational professional role (incl. customers and sales))
- Group 4:** Office jobs requiring upper secondary level qualifications (4.1 administrative, 4.2 accounting/economics and 4.3 operational service position)
- Group 5:** Sales and service jobs requiring upper secondary level qualifications (5.3 canteen employee)
- Group 7:** Tradesmen requiring upper secondary level, apprenticeship certificate and vocational college qualifications. (7.1 Maintenance worker without apprenticeship certificate, 7.2 maintenance worker with apprenticeship certificate, 7.3 technical vocational college)
- Group 8:** Operators, drivers, warehouse workers, requiring upper secondary level and apprenticeship certificate qualifications. (8.1 Employee without apprenticeship certificate, 8.2 Employee with apprenticeship certificate)

Mapping of non-voluntary part-time work

TINE SA has mapped non-voluntary part-time work in an staff survey. This was prepared in cooperation with an elected representative. The survey included 284 employees (45 per cent male and 55 per cent female). The response rate was 69.4 per cent. The results showed that:

- 71 per cent are happy with working part-time.
- 14.9 per cent would like to work more hours
- 24.6 per cent would like to work full-time

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Recruitment of strategically important skills

TINE is always on the hunt for talented staff. Of almost 400 applicants for our Graduate Programme, eight talented new staff were appointed in 2021. Our Graduate Programme aims to help participants get started quickly on value creation work, and is encouraged for a further career at TINE.

One of the participants, Hedda Sofie Borgen at Marketing and TINE International, had this to say about why she chose TINE:

"I get to combine my interest in food with my skills in food retail, marketing and economics. Moreover, I think TINE's values suit me well, and I think this is a very meaningful job. Moreover, it was really great to join a Graduate Programme that focuses particularly closely on personal and professional development, getting your professional career off to a flying start."

– Hedda Sofie Borgen

Promise to new employees

A major employer branding project was initiated in 2021, where we conducted a number of internal and external surveys with the aim of finding a promise to employees that is credible, attractive, distinct and lasting.

This is what representatives from the entire value chain highlight when describing TINE as a place of work, as well as what potential employees highlight as being important to them when choosing an employer:

- Social commitment is considered very important and meaningful: securing thriving towns and villages, securing farmers' livelihoods and securing food supplies.
- Cooperation – both within and across departments – is highlighted in a number of contexts. Respondents paint a picture of a large collective working towards a higher goal – a little like bees or ants.
- The TINE brand is highlighted as being very important. TINE is in many ways a national treasure that people are helping to manage on behalf of the people/the company's customers.



Hedda Sofie Borgen

The CEO's HSE award

Good HSE work is important to TINE. That is why a "CEO's HSE award" was established in 2019 that is awarded annually. This helps to highlight examples of effective measures and initiatives related to HSE. To win this award, entrants need to demonstrate actual results achieved and a clear commitment to creating a safe, zero-injury workplace. The winner of the award in 2021 was TINE Meieriet Voss.



Reporting at company level

TINE reports on three measurement parameters regarding HSE performance among its own employees: 1) Absence due to illness, 2) Number of lost-time injuries (H1 value), and 3) Recorded undesirable events and suggestions for improvement.

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TINE has a very high delivery efficiency level to customers, and customers are very pleased with us. This good delivery efficiency level involves more than just logistics; it involves an effective value chain as well. Developments and investments have taken place at several of our dairies in order to increase market revenues and improve competitiveness.



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TINE making massive investment in districts

TINE has made major investments in the dairy at Dovre so as to ensure delivery capacity and handle competition from imported cheese. Today, more than 90 per cent of white mould cheeses are imported. TINE is now addressing this challenge with the development project in Dovre. Dovre won Gold for its Camembert at the 2021 World Cheese Awards, so we hope Norwegian consumers will really have their eyes opened to Camembert from Dovre. There is no reason to choose foreign cheeses.

TINE has invested in new cheese processing plant and warehouse in Storsteinnes in Troms. This is the largest TINE investment in Northern Norway in recent times. It guarantees jobs and receipt of goat's milk and thereby also ensures production of goat's milk in Northern Norway.

TINE Meieriet Elnesvågen has been converted into a block and washed rind cheese plant. Jarlsberg for the Norwegian market will to be produced in Elnesvågen.



More eco-friendly tanker transport

TINE is in the process of reviewing its inbound transport of milk to make it as efficient as possible. Projects have previously been implemented in several parts of the country, and new projects will be forthcoming.

As a result of several years of work with the authorities, in 2021 TINE has been able to start rolling out heavy goods vehicles for shipping tonnage up to 60 tonnes. This will provide opportunities for effects for both inbound transport and goods transport in years to come. And if we can transport more, emissions will be reduced as well. This weight change will allow us to reduce our carbon footprint by almost 30 per cent.

30%

Reduction

A weight change will allow us to reduce our carbon footprint by almost 30 per cent.

Renewable energy

TINE's business is energy-intensive. We use a lot of energy in our efforts to process milk and turn it into fresh milk, cheese and butter. We also collect milk from our farmers and transport it to the dairy before then transporting products to customers. We mainly use diesel for our vehicles at present. 70 per cent of our total energy consumption is renewable. That said, production and transport are still contributing greenhouse gas emissions that we have to reduce. TINE's objective is to use only renewable energy and fuel for production and transport by 2030.



Cooperation with Fjordline

Tanker transport also includes transporting whey from the major cheese processing plants to the dairies in Verdal and Jæren, which process and dry the whey. Towards the end of 2021, TINE switched to transportation by sea as an alternative to transportation of liquid bulk by road between Bergen and Stavanger. Close cooperation with Fjordline will result in an anticipated annual environmental impact of around 300,000 fewer kilometres driven and a decrease of just under 300 tonnes of CO₂.

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Making production more efficient

Since the Board decided in 2020 to maintain both production and logistics at TINE Meieriet Sem, a number of projects have been initiated at the dairy in order to reduce operating costs. The same methodology has been applied at the dairies in Alta and Tana in order to reduce costs after the Board decided in 2021 not to shut down any of these dairies.

TINE has initiated a development project in respect of the dairies in Vik and Trysil, where we will be looking to make improvements together with local management and employees. At the same time, TINE will also be investigating new development opportunities and business models in

order to ensure robust operation. The dairy in Vik produces Gamalost and Mylsa and presses raspberries for juice and inclusion in red sauces. The dairy in Trysil produces different varieties of Pultost. Both Gamalost and Pultost are struggling with declining sales, a trend that has been continuing for some time.

TINE believes that increased digitisation may provide a basis for further streamlining. Several projects have been initiated to measure both efficiency and tools for managing production.

Reduced energy consumption

The measures implemented in connection with the construction of TINE Meieriet Bergen have reduced energy consumption by as much as 54 per cent compared to a conventional solution in Bergen. TINE Production is now looking at how we can implement a similar solution at TINE Meieriet Oslo.



Reduced emissions

TINE Meieriet Ålesund has recently completed a major project where they have started using district heating for critical processes at washing stations and milk pasteurisers. Fossil-based gas has been replaced by district heating, thereby reducing emissions by almost 500 tonnes of CO₂ equivalents. That means moving approx. 2.4 GWh from gas to district heating.

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98.3%

Delivery efficiency level in 2021

High delivery efficiency level

TINE measures its delivery efficiency level from week to week. The delivery efficiency level is what TINE has actually delivered in relation to what customers have ordered, and on time. The delivery efficiency level for all products averaged 98.3 per cent in 2021. The delivery efficiency level for directly distributed products stood at 98.4 per cent. This is probably the best result among Norwegian suppliers, and surveys show that customers are really pleased with us. This good delivery efficiency level involves more than just logistics; it involves an effective value chain as well.

Digitising logistics

TINE is constantly working with new digital tools in order to plan and manage operations more effectively at a tactical and operational level throughout our value chain; from planning of production and product movements to managing warehouse operations and distribution. We are also making major investments in streamlining logistics. TINE invested in its first picking robot in 2021. This will pick individual products for the Skolelyst scheme. This is a major and important investment in automation for us, which will help to ensure more cost-effective logistics in the warehouse and form the basis for further investment in logistics automation.

Making the most of milk

Throwing food away is not just an environmental problem, it's an ethical problem as well. Major resources and large tracts of land are required in order to produce food, and production results in greenhouse gas emissions and pressure on nature and biodiversity. Large amounts of fresh water are also required, a limited resource in many parts of the world. The UN refers to the reduction of food waste as fundamental to creating a sustainable society.

We must make the most of all milk so as to avoid unnecessary greenhouse gas emissions and use of resources. Waste is generated along the entire value chain, from the time the milk is collected from the farm until the product is delivered to shops. Our goal is to ensure that as little milk as possible is wasted. In this respect, all parties involved – from tanker drivers to dairy operators and product distributors – to work to reduce food waste in their part of the value chain.

The overall food industry signed a declaration in 2017 in which we adopt the authorities' target of halving food wastage in Norway by 2030 (compared with 2015 levels). TINE SA has also committed to helping consumers to reduce their food wastage.

Food waste in the value chain for TINE SA increased by 11 per cent in 2021. This is far lower than the target for the year, which was to keep waste unchanged. Overall, food wastage has been reduced by 21 per cent since 2015. This is partly due to the coronavirus pandemic and the production of skimmed milk powder.



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18,000

Tonnes

TINE transports more than 18,000 tonnes of goods for other suppliers each year



Direct distribution

TINE even transports fresh dairy products directly from dairy to shops. We want to continue to do this, because we are confident that this is the best solution for the environment, customers and consumers alike. We source the milk from farms of all sizes, from north to south, and supply all of Norway with our well-known brands. Taking that as our starting point, it is important to ensure that we transport the milk via the shortest possible route from producer to dairy and on to our consumers.

Direct distribution is best for the environment, customers and consumers

This is achieved thanks to our decentralised dairy structure and direct distribution to shops, schools and nursery schools. This is the most efficient solution for the entire value chain. And besides saving lots of kilometres and tonnes of CO₂, direct distribution also ensures that all our consumers benefit from being able to enjoy locally sourced products and the freshest milk possible.

More than dairy products on our milk trucks

We want to carry as much as possible when we are heading out to our customers. TINE has an efficient nationwide distribution system offering a high level of service, and we sell spare capacity to other stakeholders. This helps to keep unit costs down and thus improve competitiveness for all dairy products. For many customers, TINE's distribution provides crucial access to the market and so helps them to increase their sales. TINE now has agreements with over 140 customers and transports more than 18,000 tonnes of goods for others each year. This is almost double the amount four years ago.

Less waste from ready-made products

Waste from ready-made products due to passing the use-by date stood at 0.2 per cent of turnover in 2021. There is significantly less waste than in 2020, which was a demanding year due to the pandemic. Waste in 2021 stands at just over 2019 levels. Waste in 2019 amounted to 0.18 per cent of turnover.



New life for cheese

When cheese is cut in the cheese vats at the dairy, this creates "cheese dust" – tiny pieces of cheese that used to end up in the purification plant. We are working to reduce this cheese dust, or collect the "dust" so that we can turn it into cheese. We use a melting technology at the dairy in Tretten that allows us to transform the cheese dust into pizza toppings and hamburger cheese. In 2021, we used 98 tonnes of cheese dust to produce pizza toppings and hamburger cheese. This is cheese that is saved from the drain and purification plant.

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Norway has become a cheese nation to be reckoned with. TINE has made its mark in the wider world, and all of Norway has been identified as a cheese-producing nation.

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58.6%

Volume share¹

On a par with 2020

Sales revenue

Sales revenue for TINE SA excluding cheese exports in 2021 amounted to NOK 17,984 million, down 0.7 per cent (0.6 per cent reduction adjusted for currency effects) on 2020.

Operating income amounted to NOK 1,784 million, down NOK 85 million on 2020 and adjusted for profit on the sale of a plant in Bergen in 2020. The operating income margin was down 0.4 percentage point, from 10.0 per cent in 2020 to 9.6 per cent in 2021.

Development in food retail, kiosks and petrol stations¹

In 2020, TINE's product categories in the food retail sector saw a volume growth of 7.8 per cent on 2019 as a result of the pandemic. Activity in respect of food retail has declined in 2021. We are seeing a volume decrease for shop-based sales of 2.1 per cent compared to 2020, in line with developments in the categories in which TINE has a presence. The volume share is stable, and the value share is down 0.6 percentage point. There was weaker development of both volume and value share compared to other stakeholders, mainly in respect of yoghurt and cheese, but the fresh milk share was strengthened.

1) Source: NielsenIQ ScanTrack, NorgeTotaltDVH, Total milk: Other dairy products, Fresh milk, Soured milk, Flavoured milk drinks, Flavoured milk drinks incl. Iced coffee, Total Cooking: Crème fraîche, Sour cream, Cream, Fresh cheeses, Total Shortening: Butter, Total cheese: Solid white cheeses, Total juice: Juice/nectar/lemonade, Total yoghurt. Not in accordance with NielsenIQ's product group hierarchies. Value Sales '000, Volume Sales '000, Value % Share, Value % Change YA, +/- Value % Share YA, Volume % Change, Volume % Change YA, +/-Volume % Share YA. (Copyright © NielsenIQ.). Period: 2021, 2020, 2019

56.2%

Value share¹

- 0.6 percentage point compared to 2020

Major potential for cheese

Cheese sales in 2021 are slightly lower than in 2020, and we are seeing weaker development than the category. This means that we are losing shares¹. We are experiencing very strong growth for Østavind, partly because distribution and thus availability have improved. Although there is strong competition in the cheese category, TINE believes there is major potential for an increase in cheese consumption by using cheese in various situations and dishes. We aim to persuade Norwegians to use more flavoursome cheeses.

Decline in fresh milk

Consumption of fresh milk is continuing to fall¹, although consumer insights show that Norwegians still feel that milk is healthy. Following our exceptional 2020, where we experienced growth, we are back to where we were before the pandemic. Reversing this long-term trend presents a challenge, but TINE will manage to maintain its shares in the market even if the consumption of fresh milk falls¹. Date is a strong driving force when it comes to choosing fresh milk in shops. Consumers associate TineMelk with "the freshest milk". Shelf life is thus one of the most important measures for increased competitiveness for fresh milk. Systematic efforts have been made in the value chain to increase residual shelf life. This is paying off! In November, we increased the shelf life in shops from 10 to 12 days.

Eco-smart packaging

Greenhouse gases are emitted when producing packaging, particularly plastic. Packaging that is not collected by recycling systems and ends up being dropped as litter presents a major and serious environmental problem. As a major consumer of packaging, TINE is keen to implement good packaging solutions and effective recycling schemes. Our packaging must not impact on our climate or result in littering.



Less packaging

TINE's packaging aims to take both the climate and the environment into account and to help reduce TINE's carbon footprint. We must also help consumers reduce their food waste through innovative packaging and labelling solutions and through dialogue with our consumers.

In 2021, we strengthened our efforts with regard to eco-smart packaging. Our ambitious goal still stands. By 2025, TINE's packaging solutions will be made from recyclable materials and will come from renewable or recycled commodities.

TINE used 27,525 tonnes of packaging in 2021, compared with 29,483 tonnes in 2020. This reduction is mainly due to reduced sales of drinking milk and a certain degree of transition to larger packaging units. Of the various packaging materials used at TINE, paperboard and cardboard from drinks cartons, among other items, are by far the largest proportion at 76 per cent, followed by plastic from various cartons and plastic film (23 per cent).

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Norway – a cheese nation

The quality journey for Norwegian cheese is continuing. Norway has become a cheese nation to be reckoned with, with world-class cheeses in its range. TINE has made its mark in the wider world, and all of Norway has been identified as a cheese-producing nation. If you are planning to enjoy some really tasty cheese, choose Norwegian! TINE was presented with five new awards at the 2021 World Cheese Awards. Gold for Dovre Ysteri for its Norwegian Camembert, silver for Ridder, bronze for the well-made Norwegian Alpeost, bronze for Selbu Blå Kraftig and bronze for Gudbrandsdalsost. TINE now has a total of 21 awards from the World Cheese Awards. The “Spesialitet Unik Smak” – Unique Flavour Speciality –

label was awarded to Selbu Blå Kraftig in October 2021. TINE’s specialist cheeses, with classics such as TINE Norsk Edamer and Edamer Vellagret, have enjoyed a decent sales boost in 2021. TINE Ekte Hvit Geitost has grown significantly, compensating for Balsfjordost, which was discontinued. Efforts to boost our specialist cheeses will continue.

Unfortunately, we are seeing a long-term decline in brown cheese, partly because the people who enjoy brown cheese are getting on in years. TINE will be using various methods to persuade younger consumers to eat brown cheese.

Flavoured milk is continuing to grow, and we are seeing positive development for all brands and channels¹.

1) Source: NielsenIQ ScanTrack, NorgeTotaltDVH, Total milk: Other dairy products, Fresh milk, Soured milk, Flavoured milk drinks, Flavoured milk drinks incl. Iced coffee, Total Cooking: Crème fraîche, Sour cream, Cream, Fresh cheeses, Total Shortening: Butter, Total cheese: Solid white cheeses, Total juice: Juice/nectar/lemonade, Total yoghurt. Not in accordance with NielsenIQ’s product group hierarchies. Value Sales '000, Volume Sales '000, Value % Share, Value % Change YA, +/- Value % Share YA, Volume % Change, Volume % Change YA, +/-Volume % Share YA. (Copyright © NielsenIQ.). Period: 2021, 2020, 2019



Many good measures

TINE is constantly working to improve its packaging solutions. We have worked on many projects throughout the year, and this has also been noticed by the wider world. TINE was awarded the 2021 Plastløfteprisen award for its reduction of unnecessary plastic. It was pointed out that TINE has been reducing the amount of material used for packaging on a number of products for several years now. Over the last year, we have reduced the thickness of the packaging on sliced cheese by 12 per cent, saving 72 tonnes of plastic annually. This material can also be recycled, and it is made from 60 per cent recycled plastic. We are now trying to use recycled plastic where possible. In 2021, we have adopted new maturing boxes for cheese and “blue trays” for milk cartons using 60 to 80 per cent recycled plastic.

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Top results in ReMark

The ReMark survey is a relationship survey that maps what the various food retail groups think of their suppliers. In 2021, TINE came in fourth place overall. TINE comes out on top in this survey when it comes to the in-store salesforce and how TINE helps and supports shops with marketing and activities.

Close to customers

TINE's long-term strategy defines the direction for customer work. TINE can improve still further by formulating joint plans and priorities for looking after customers and consumers in the best way possible; good contact with customers, where we consider joint value creation and aim for growth in all channels. In this regard, we must also consider category growth together with customers. TINE is continuing to use the five growth platforms established in 2020 to define the framework for its efforts in respect of customers, from strategy to in-store implementation.

Major opportunities, but also a few challenges

Consumption of dairy products is declining, and imports are growing and presenting us with challenges, particularly with regard to cheese. Competition is fierce, and we have some strong competitors who are undergoing growth. TINE must have a cost-effective value chain. We also believe that this increase in competition will place demands on our range going forward. We are seeing a transition towards more online shopping, and in the last two years we have found it difficult to predict future consumer patterns.

A healthier diet – better public health

Milk is a basic food in the Norwegian diet, offers high-quality protein and is particularly important to ensure absorption of calcium, iodine and vitamin B12. The Norwegian Directorate of Health recommends including three servings of lean dairy products in our daily diet. To ensure we get enough iodine, two of these three servings should include milk, soured milk or yoghurt.

Cheese and butter are significant sources of saturated fat. Norwegians consume almost 50 per cent more saturated fat than recommended¹, and more than 40 per cent of the saturated fat they consume comes from dairy products. Cheese alone contributes more than 20 per cent of the saturated fat in our diet. While there has been a shift from fatty to lean milk types since the 1980s, consumption of cheese has increased over time, particularly during 2020, the year of the coronavirus².

An unhealthy diet is the most significant risk factor that can affect levels of disease in Norway, together with smoking and high blood pressure. A varied and healthy diet will provide the essential nutrients needed. This, together with daily physical activity, lays a good foundation for a healthy life. The customers, consumers and authorities around us expect TINE, as a major food stakeholder, to help ensure that the population of Norway has a healthy, varied and sustainable diet.

The objective of any commercial business is to generate the best possible financial result for its owners. Market development is expected to move towards an increased need for milk fat, and as a market regulator TINE has a duty to deliver on demand for milk fat. TINE can work to reduce demand for milk fat, particularly by reducing the saturated fat content in its portfolio and encouraging more people to choose products containing less fat more often.

1) Recommended maximum amount of saturated fat: 10 per cent of total energy intake. Amount of saturated fat in 2020: 15 per cent of total energy intake

2) Development in Norwegian diet, 2021

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Developments in Partner

Partner mainly refers to sales in the catering operations, industry and consumer sales channels. While food retail experienced a decline from 2020 to 2021 due to the easing of lockdown, Partner experienced significant growth. The Partner market was almost back to 2019 levels in summer and autumn. Overall, growth stood at 8.3 per cent compared to 2020, and sales to the hospitality market in particular drove this growth because people ate more outside. Growth for catering operations was not large enough to offset the decline in food retail and KBS.

Build strong relationships with customers

Customers working with catering operations seek long-term partnerships with suppliers in order to create growth. TINE has enjoyed good success in the hospitality market by working with customers to offer customer solutions that go beyond product, price and discount. TINE succeeds in inspiring customers and filling them with enthusiasm thanks to outstanding professional expertise, thereby helping people to enjoy food more. This means giving customers more than they expect through strong customer relationships and value-added cooperation. Production is the channel experiencing the greatest growth. There is major potential for continuing to grow in production, and specific projects are being worked on that could generate significant growth as early as 2022. TINE is working more closely with production customers than ever before. We are doing this by increasing our knowledge of dairy operations and contributing insights from the market and global trends.

More than just dairy

TINE has established the FREMAT concept. This is one of TINE's biggest growth initiatives up to 2025. This means developing sales and delivery of goods other than dairy to our partner customers. FREMAT offers a good, high-quality range in addition to dairy thanks to cooperation with well-known brand suppliers, and TINE will be developing the concept further.

What are consumers concerned about?

TINE's customer centre maintains constant dialogue with consumers and is closely monitoring developments in consumer enquiries. What have consumers been most concerned about in 2021?

- Consumers are positive about reducing consumption of plastic, but they are unhappy with the disposable wooden spoon on the carton products.
- They do not want more additives in our products than necessary, and they are very concerned about the health risks relating to the additives.
- There is a great deal of interest in sweeteners and alternative sweeteners in products. Some people want sugar-free alternatives and have positive attitudes towards artificial sweeteners. Others would prefer a little sugar and have very negative attitudes towards artificial sweeteners. Many people are seeking something that is as "natural" as possible.
- Consumers are concerned about animal welfare and want to be confident that the animals producing the milk lead happy lives.

Cooperation for healthier choices

TINE has worked with other food producers, the food retail sector, the service industry and the authorities through the "Letter of Intent for a Healthier Diet 2016-2021" to make it easier for consumers to make healthier choices. The goal was to increase the percentage of the population eating a balanced diet in line with the authorities' dietary advice¹. Reducing the intake of added sugars has been a success while the letter of intent has been in force, while developments for saturated fat have gone in the wrong direction. Dairy products play a minor role as regards salt. Nevertheless, it is important for TINE to work to keep levels of salt in cheese and butter down.

1) <https://www.helsenorge.no/kosthold-og-ernaring/kostrad/helsedirektoratets-kostrad>



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Improvement in Skolelyst offering

The Skolelyst offering is highly appreciated. The 2021 customer survey for schools and guardians ended up with a particularly good score. This is the result of outstanding cooperation throughout the value chain. Skolelyst offers two solutions; a class pack solution and tray delivery. The class pack solution involves pre-packed paper bags that are delivered to the school refrigerator, then class monitors hand them out in class. The class pack solution simplifies administration for schools and provides a broader range for students. TINE offers a far wider range now than it used to, and this will be developed further. Up to now, the class pack solution has only been available in the areas around Oslo and parts of Viken. One measure in the autumn of 2021 has been to roll out class pack solution offerings to Trondheim and Stavanger as well. Tray delivery to the school refrigerator is the traditional option. The person responsible for school milk distributes the milk to each class in a crate and delivers it to the classes.



Positive development for online sales

Digitisation is no longer just part of what we imagine the future to look like. Annual growth of 15 per cent is predicted for food retail and food via online shopping up to 2030. Online shopping at TINE currently involves tinehandel.no, skolelyst.no and tinematogdrikke.no, online stores for business customers and directly to consumers, respectively. Tinehandel.no is used by business customers, skolelyst.no is used by parents/guardians of primary and secondary school students, and tinematogdrikke.no is used by students in secondary school. TINE's online stores saw positive development in 2021, tinehandel.no seeing a value increase of 10 per cent, skolelyst.no an increase of 20 per cent and tinematogdrikke.no an increase of more than 30 per cent compared to 2020. It is important for TINE to lead the way in digital development, and as part of this initiative we launched TINE Trade with a whole new look in 2021.

Three a day

The Nordic countries have started work on updating "Nordic dietary advice" (NNR 2022), which will be completed in 2022. TINE is working with the Norwegian Dairy Council (melk.no) to ensure that the recommendation for three servings of dairy products every day is retained as part of a healthy and sustainable diet. We also see that research indicates that fermented dairy products such as cheese and yoghurt have a more beneficial effect on health, and we would like this to be taken into account in the dietary advice¹.

In the autumn of 2021, TINE signed up for a new 2021-2025 term for the Letter of Intent and is committed to further work on reducing the amount of saturated fat, added sugar and salt in our products, as well as helping to increase sales of products bearing the Keyhole symbol.

1) Weaver CM Nutrition Reviews, Volume 79, Issue Supplement_2, December 2021, Pages 4-15.



Persuade more people to choose light options

TINE has been very successful in its reduction of consumption of added sugar and had already achieved its in-house target for 2021 by the end of 2019. However, we are not happy with the trend in saturated fat. We will be intensifying our efforts to shift cheese consumption onto lighter varieties by increasing marketing pressure and activation in shops, for instance. We will also be continuing our ongoing efforts to optimise the content of saturated fat, added sugar and salt in our portfolio, as well as offering healthier alternatives to our original products.

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Other operations

Other operations consist of the Norwegian subsidiaries in the TINE Group. Other operations include production and sales of food products such as ice cream and frozen desserts, margarines, porridge and fresh ready meals. This part of our operations is mainly conducted through our wholly and partly owned subsidiaries Diplom-Is AS and Fjordland AS. MIMIRO AS, which is partly owned, is also developing a comprehensive new digital solution for Norwegian cattle farmers.



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Sales revenue for Other operations was NOK 3,186 million, an increase of 1.1 per cent compared with 2020. This corresponds to approx. 13 per cent of total sales revenues in the Group.

Sales are affected by the easing of lockdown, with slightly lower sales in food retail and increased sales in catering operations for both Diplom-Is and Fjordland. Moreover, we saw a strong summer period with good ice cream sales for Diplom-Is. There is good margin and profit growth for Fjordland in 2021, but higher cost levels reduce the operating income for Diplom-Is.

The operating income amounted to NOK 82 million, down NOK 37 million on 2020. The operating income margin was 2.5 per cent, down 1.1 percentage points on 2020.

Fjordland

TINE owns 51 per cent of Fjordland AS. Sales revenues for Fjordland stood at NOK 1,929 million, 0.4 per cent growth on 2020.

Fjordland and its subsidiaries found that 2021 was affected by changing market conditions in the wake of the coronavirus pandemic. With the declining impact of the pandemic, growth in the food retail market slowed in the second half of the year, resulting in a decline in sales revenues for several of Fjordland's product categories. Unpredictability in market access also affected the catering operations market in 2021, but sales developments were positive within this segment and returned to a normalised level during the period when lockdown was eased in the third interim period. Growth in food retail sales continued due to online shopping. Increased sales revenues, profitability improvements and emphasis on costs helped to improve operating income in 2021.

Operating income for the Fjordland Group amounted to NOK 116 million, NOK 21 million higher than in 2020. The operating profit margin was 6.0 per cent, up 1.1 percentage points on 2020.



Diplom-Is

Sales revenues for Diplom-Is group stood at NOK 1,254 million, representing 2.3 per cent growth compared to 2020.

The strong growth experienced by Diplom-Is in 2020, largely driven by the pandemic and increased sales in the food retail sector, levelled off. Diplom-Is was affected by the shift throughout 2021, with an increase in sales in the food retail sector and from our Diplom-Is vans in the first six months of the year, to declining sales development as lockdown was eased. Higher production costs and inventory costs together with a reduction in sales revenues in the second six months of 2021 mean that profit will be considerably weaker than in 2020, which was a record year. The accounts are also affected by pension effects and higher energy costs.

Operating income for the Diplom-Is Group stood at NOK 26 million, NOK 66 million less than in 2020. The operating income margin was 2.0 per cent, down 5.2 percentage points on 2020.

MIMIRO

The company's total revenues and other income amounted to NOK 40 million in 2021, up 3.7 per cent on 2020. This income is mainly licensing revenues and sales of digital services. MIMIRO, which is undergoing a transformation phase, is developing new digital solutions for cattle farmers and an efficient data platform for agriculture while also operating and managing old solutions at the same time.

MIMIRO has a positive operating income of NOK 0.7 million for 2021 before depreciation and impairment, representing an improvement of NOK 9 million from 2020.

Intangible assets have been written down by a total of NOK 49 million due to lower expectations of future revenues from the original technology solutions and the need for faster development of new solutions.

The operating income for MIMIRO showed a deficit of NOK 110 million for 2021, NOK 39 million less than for 2020.

For the TINE Group, this impairment will have an effect of NOK 6.5 million. Please see note 12 to the annual accounts.

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TINE also has business outside Norway. We have three companies that sell our brands. Norseland Inc. is our subsidiary in the US, Norseland Ltd. in the UK and Wernersson in Sweden and Denmark. TINE International also includes two production companies, TINE Ireland and Alpine Cheese Ca. in Ohio, US. There is still some export production from Norway. All this constitutes TINE International.

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The US is the biggest market

In 2021, TINE had NOK 3,786 million in non-Norway revenues, an increase of 2.6 per cent from 2020. The growth amounted to 8.6 per cent (adjusted for currency exchange rates). This corresponds to approx. 16 per cent of the Group’s total revenues. All companies report positive sales developments. International sales are also affected by the pandemic. Sales revenues increased throughout the year as a result of easing of the infection situation and increased activity in catering operations. In 2021, a total of approx. 50,600 tonnes was sold internationally. The US is the biggest market with approx. 25,000 tonnes, followed by Sweden/Denmark with approx. 14,000 tonnes. The UK, Canada and Australia are also important markets for TINE, with a total volume of just over 10,000 tonnes.



Brand exports and sales for TINE International

Figures (tonnes)	Brand exports*		Total sales*	
	2021	2020	2021	2020
US	1,996	4,078	24,909	22,272
Australia	184	1,097	2,308	2,344
Canada	114	436	1,878	2,064
UK	274	538	6,268	5,873
Sweden/Denmark	536	523	14,029	14,054
Other markets	292	316	1,265	988
Total	3,395	6,988	50,657	47,594

* Brand exports are brands manufactured in and exported from Norway, such as Jarlsberg, Brunost, Snøfrisk, Alpeost, Ridder, etc.
* Total sales are all sales to the markets, including Irish and American Jarlsberg, but also other brands and products in the various subsidiaries’ portfolios (Ilchester, Applewood, Lotito, Garcia Baquero, Wernersson, etc.)
Total sales are adjusted for inter-company transactions between TINE SA and subsidiaries, as well as between subsidiaries.

TINE International improves profit

The operating income for TINE International was NOK -135 million in 2021, an improvement of NOK 77 million compared to 2020, and the operating income margin was -3.5 per cent, 2.2 percentage points better than in 2020. Ireland is in the start-up phase, and hence some Jarlsberg wheels are produced in Elnesvågen so as to ensure that we can deliver to our international customers. The production and sale of cheese from Ireland has a positive impact on profit for both the interim period and the year, but is more than offset by costs associated with the start-up.

Acquisition of further shares in Lotito in the US strengthens market position

TINE increased its ownership interest in Lotito Foods Holding LLC from 75 to 80 per cent in January 2021. TINE has committed to an ownership interest of 90 per cent by 2023, and has an option for the remaining 10 per cent in 2024. Investing in Lotito Foods has strengthened Norseland Inc.’s market position in the catering market. This cooperation has also strengthened innovation for Jarlsberg. It has provided entry into new product areas in adjacent categories in the trade.

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Selling more Jarlsberg abroad than at home

Jarlsberg is the biggest brand internationally, with total sales of just over 15,400 tonnes. In comparison, we sold 8,870 tonnes of Jarlsberg in Norway. This means that we sell significantly more abroad than at home.

Total international sales of Jarlsberg were down 3 per cent in 2021 compared with 2020. The reduction in international sales was as expected in light of increased focus on profitability.

Export of Jarlsberg from Norway

As a result of start-up challenges in Ireland, we have been producing Jarlsberg wheels in Elnesvågen in order build up adequate stock in hand, ensure security of supply and to comply with our obligations to customers internationally. Approx. 2,400 tonnes were produced for export in 2021, and we are expecting some export in 2022 as well. We are in the process of trialling production of Jarlsberg in blocks in Ireland, and eventually we will produce all Jarlsberg – both block cheese and wheels – for the international market from TINE Ireland and Alpine Cheese Co. in Ohio in the US. Jarlsberg for the Norwegian market will continue to be produced at TINE Meieriet Elnesvågen in Norway.

Continued uncertainty surrounding Irish emissions permits

There is still some uncertainty associated with the emissions permits awarded to TINE by the authorities in Ireland for production at the plant in Mogeely. Atlantic Shellfish, a local producer of mussels, has appealed to the court regarding both permits. The authorities acknowledge procedural errors on their part for one of the two permits that we need and use at present. This is due to be considered in court, and a verdict is expected to be handed down before summer 2022. Measures are planned to adapt production if the verdict does not go in TINE's favour. In such a case, this could result in higher costs.

Demanding initial phase in Ireland

2021 marks the first full year of operation for TINE Ireland. Jarlsberg wheels have been in production at the plant since autumn 2020, and we expect to continue this initial phase and optimisation of production in 2022 as well. Our experience of building new plants in Norway means we know that efforts to fine-tune all operations and deliver at the anticipated level, cost and quality take time, as this is a demanding process.

Jarlsberg is perhaps TINE's best-known brand and is well established in a number of markets and among a range of customers, including customers outside Norway. This means that a lot is expected of the quality of Jarlsberg, and we must meet these expectations.

Following several periods in which we faced quality challenges leading to several batches being rejected, the quality is now good and achieves high scores in in-house assessments. We produced 4,200 tonnes of Jarlsberg for the international market in 2021, which was received well by customers and consumers and led to some positive feedback.

Besides the increased costs associated with rejection, the start-up process has also required higher levels of staffing than normal operation. Production is fully automated, and the need for staffing will be reduced after the initial phase.

To ensure that we are capable of supplying products to our customers internationally and able to fill all orders, we will also be producing Jarlsberg wheels for export from Norway in 2022 until we have ensured stability and security of supply from Ireland.

Jarlsberg is still produced by the block by our Dairygold partner. This production is scheduled to be transferred to our own plant in 2022.

We have yet to benefit from moving production from Norway to Ireland on account of the start-up phase.

Top-class treatment plant

TINE and Dairygold have worked together to build a state-of-the-art treatment plant in Ireland. Irish Water has also laid a closed pipeline for wastewater from the treatment plant and out into the port of Cork. Irish Water is a company that provides water and wastewater services. This is a huge environmental improvement, including Dairygold.



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Gudbrandsdalsost to South Korea

The first full container of Gudbrandsdalsost was sent to South Korea in November 2020. We sold 18 tonnes there in 2020. The forecast for 2021 was originally 28 tonnes, but in the end we sold over 100 tonnes! Most of this was produced at TINE Meieriet Lom & Skjåk. TINE has been granted an import licence by South Korea for speciality cheeses from Norway, and has begun cooperation with a cooperative domiciled in Seoul. This cooperative has national distribution. TINE's brown cheese is distributed to the market via a major supermarket chain offering both in-store and online shopping, and efforts are being made to enter more chains. Brown cheese is mainly used as a topping on desserts and cakes, but we can see that the Koreans are also trying out the product on new dishes such as salads, pizza toppings and snacks. TINE International has received a number of enquiries about brown cheese from other countries in Asia. This is interesting, but Asia is a demanding market.

Develop a joint brand platform

TINE's ambition is to develop one brand platform as part of its efforts to achieve an international breakthrough for Norwegian milk. Its goal is for this brand platform to be based on the distinctive qualities of Norwegian milk such as flavour, quality, food safety, animal health, animal welfare and Norwegian origin, and to be aimed at premium positions across the dairy portfolio and all markets. If we are to succeed in this goal, we must adopt a long-term approach and work in a structured manner over the next few years. We have to work along new lines, adopting a different approach that requires the building of new expertise.

International breakthrough for Norwegian milk

A global market survey carried out has identified interesting opportunities in Asia, the Middle East and Africa. These are regions with large dairy deficits and an increasing interest in dairy products. East Asia has been singled out as the region offering the greatest potential for TINE due to its population size, the growing middle class and its increasing purchasing power. Nevertheless, exports to Asia introduce new uncertainties for TINE. These are markets with different consumer needs and preferences than what we are used to and have experienced in Norway. The stakeholder pattern is unknown, and we need to familiarise ourselves with a different market dynamic with local authorities and regulations. This means we have to seek support from political policy instruments.

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49.1%

Equity ratio

Financial income and expenses

Net financial costs for the TINE Group amounted to NOK 43 million in 2021, a reduction of NOK 14 million from 2020.

Net interest expenses were reduced from NOK 97 million in 2020 to NOK 77 million in 2021. This was due to slightly lower interest rates and a considerably lower level of interest-bearing liabilities in 2021 compared with 2020.

Revenues on investments in joint ventures and associated companies of NOK 14 million, as well as gains on foreign exchange of NOK 15 million and other financial revenues of NOK 5 million, contribute to low total net financial costs in 2021. In total, these items amount to NOK 35 million in 2021, compared with NOK 39 million in 2020.

Tax

The tax expense for the TINE Group in 2021 amounted to NOK 125 million. The effective tax rate was 7.4 per cent in 2021. This was lower than the standard tax rate, mainly due to subsequent payment to the owners, which results in tax deductions and therefore reduces the effective tax rate. The corresponding figure for 2020 was 8.4 per cent.

Result

The annual result for the TINE Group was NOK 1,557 million, down NOK 214 million on 2020. In 2021, the minority share amounted to NOK -16 million, and the majority share was NOK 1,573 million.

Balance and liquidity

The balance for the TINE Group as of 31.12.2021 was NOK 19,843 million, a reduction of NOK 271 million since 31.12.2020. This is mainly due to a reduction in tangible fixed

0.81

Net interest-bearing debt/EBITDA

assets of NOK 497 million and a change in bank deposits, cash and money market securities of NOK 214 million from NOK 1,710 million at the end of 2020 to NOK 1,496 million at the end of 2021. Inventories increased by NOK 424 million in 2021.

The TINE Group is in a stable financial position. Its equity ratio stands at 49.1 per cent, which provides sufficient flexibility towards the lower limit of 45 per cent equity ratio (min. 40 per cent in financial covenants). The increase in equity ratio is driven by a good operating profit and a reduced balance sheet. TINE's financial leverage measured by NIBD/EBITDA has seen positive development in 2021, and a ratio of 0.81 is well below the target of 2 and considerably lower than most comparable enterprises. Net interest-bearing debt at 31.12.2021 for the TINE Group was NOK 2,536 million, down NOK 500 million since the end of 2020, where interest-bearing liabilities were reduced by NOK 713 million and liquidity was reduced by NOK 214 million.

The debt maturity structure is balanced and follows financial guidelines, where maturity over the next 12 months can account for a maximum of 25 per cent of total outstanding liabilities, excluding commercial papers. Please see note 23.

TINE's liquidity is deemed to be good. TINE funds ongoing liquidity needs by drawing on the overdraft facility in the group cash pool and using the commercial paper market. A long-term revolving credit facility of NOK 1.2 billion has been established and was refinanced in July. It serves as a backstop facility covering maturity on short-term funding. KPIs related to sustainability were also introduced for this facility in connection with the refinancing.

Focus on sustainability in financing

The NOK 1.2 billion credit facility is linked to sustainability with the following KPIs:

- Reduced food waste
- Enhanced animal welfare
- Reduced emissions from production and transport

The KPIs have annual targets, and to which extent these have been achieved affects the final interest margin on the facility.

Cash flow

Net cash flow from operating activities for the TINE Group amounted to NOK 2,541 million, a decrease of NOK 375 million from 2020. Profit before tax fell by NOK 253 million. The deviation between operating profit and cash flow from operational activities for 2021, besides depreciation, is mainly driven by increased working capital, particularly related to the increase in inventories.

The net cash flow to investment activities amounted to NOK 958 million in 2021, a reduction of NOK 290 million from 2020. Payments for the purchase of tangible fixed assets amounted to NOK 1,045 million in 2021, and are largely driven by investments in order to maintain capacity at existing production plants in Norway, in addition to IT investments. The largest individual investments are related to capacity expansion at Storsteinnes, Elnesvågen and Dovre.

The net cash flow for financing activities amounted to NOK 1,798 million in 2021, an increase of NOK 1,198 million compared to 2020. Major financial transactions during 2021, which had a cash flow effect, include repayment of a bilateral loan of NOK 471 million and repurchases of bonds maturing in 2022 amounting to NOK 160 million. Maturity of a NOK 500 million bond was refinanced with a new issue of the same amount and thus had net no cash flow effect.

Subsequent payments and loans to milk producers increased from NOK 608 million in 2020 to NOK 1,083 million in 2021.

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Allocation

TINE's Board has adopted a subsequent payment policy where the aim is for between 50 and 75 per cent of the Group's annual profit to be set aside for subsequent payments to owners. The annual allocation is affected by future investment level, financial key figures and tax position. The requirement for at least 45 per cent equity should take priority over the subsequent payment policy.

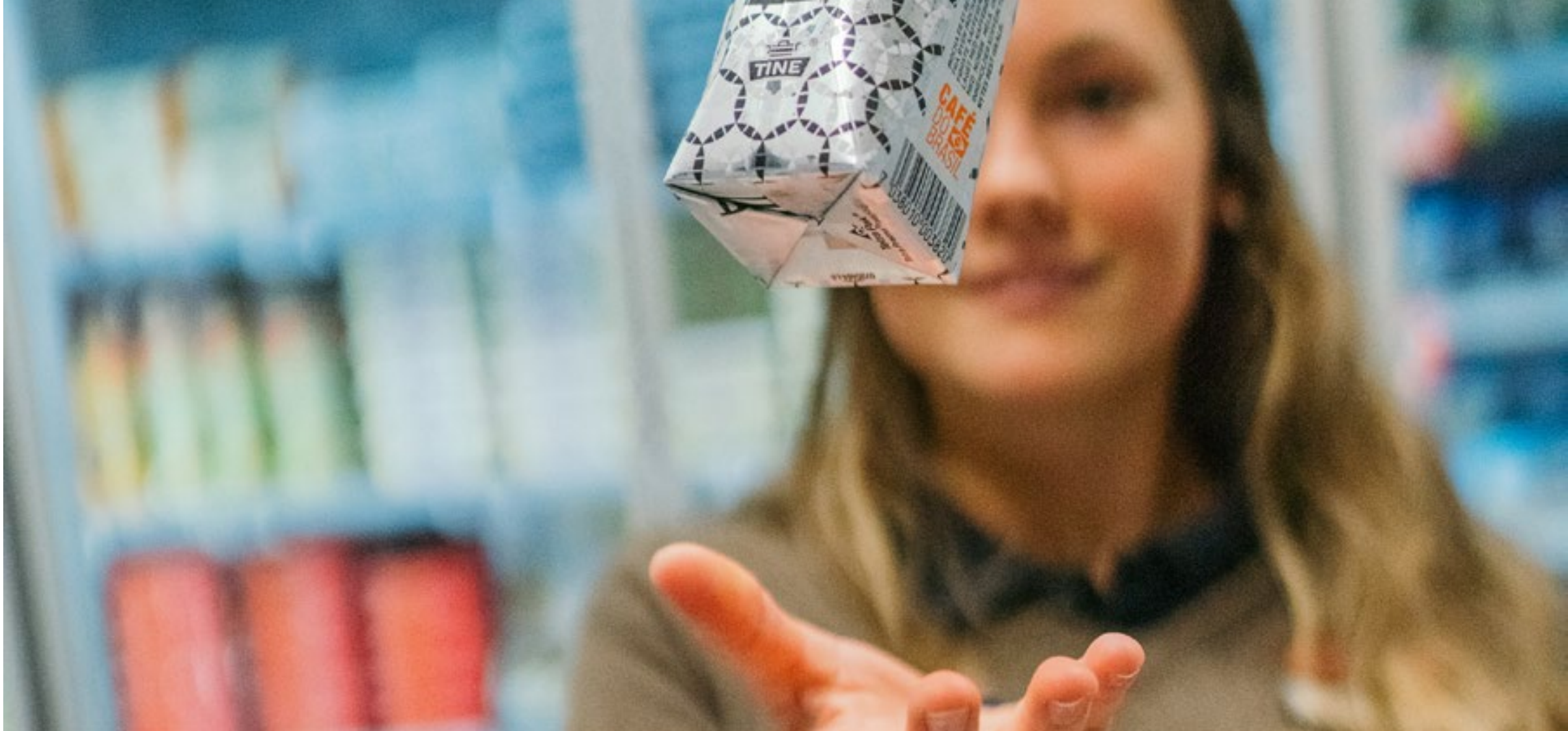
For 2021, NOK 1,410 million has been set aside for subsequent payments to the owners and is allocated by TINE SA. This includes an allocation of NOK 283 million from the subsequent payment fund, of which NOK 253 million is an extraordinary allocation of a previously allocated amount. This amount will be allocated in 2021 due to TINE's stable financial position and strong key figures. The subsequent payment, including the allocation from the subsequent payment fund, amounts to NOK 0.98 per litre of settled raw cow's and goat's milk, a total of 89.6 per cent of the 2021 result adjusted for minority interests. Regular allocation accounts for 75 per cent of the annual result.

The subsequent payment for 2021 is a total of NOK 0.22 higher than the subsequent payment for 2020. The average delivery to TINE in 2021 amounted to approx. 206,000 litres of milk. The average producer thus receives a subsequent payment of approx. NOK 202,000 for 2021, compared with NOK 147,000 in 2020.

Financial risk

The TINE Group is exposed to financial risk to such an extent that it is important to actively manage risk in order to reduce uncertainty and fluctuations in profits. Nevertheless, stable business and financial strength indicate that TINE can assume moderate risk in an assessment against the costs associated with managing and hedging risk.

Financial risk is defined as currency risk, interest rate risk, financing risk, liquidity risk and credit/counterparty risk, as well as commodity risk. The financial risk that may adversely affect TINE's future cash flows must be reduced.



Allocation of net income

Million NOK	2021	2020
Subsequent payment to owners	1,410	1,083
Transferred from/to subsequent payment fund	-283	120
Allocated to other equity	470	388
Total allocated	1,597	1,591

Milk price

NOK/Litre	2021	2020	2019	2018	2017
Milk price from TINE Milk Supplies	5.28	5.19	5.16	5.16	5.05
Subsequent payments from TINE SA	0.98	0.76	0.43	0.57	0.57
Total milk price	6.26	5.95	5.59	5.73	5.62

5.28

Milk price from
TINE Milk Supplies
NOK/Litre

0.98

Subsequent payments
from TINE SA
NOK/Litre

6.26

Total milk price
NOK/Litre

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TINE's risk policy is therefore characterized by securing a proportion of the future cash flows in order to reduce future uncertainty and contribute to stability.

TINE uses financial instruments to hedge exposure to interest rates and foreign exchange. In order to limit exposure to interest rate fluctuations, some of the Group's debt is hedged through the use of interest rate hedging instruments in accordance with adopted financial guidelines. Moreover, a proportion of outstanding bonds have a fixed interest rate. TINE is vulnerable to changes in currency exchange rates due to the purchase of input factors and international sales. TINE SA enters into foreign exchange contracts, mainly in the form of forwards and options, in order to limit the Group's currency risk. TINE also holds assets in international companies. These values are fully hedged using currency swaps or drawing rights. Financial risk exposure to the Group is described in detail in note 19.

Liquidity and financing risk are taken into account in our financial guidelines. Board-approved limits including maximum maturity over the next 12 months, limit on certificate loans, duration, maximum maturity, equity ratio, interest coverage ratio, free cash flow and subsequent payment all reduce risk. Similarly, credit and counterparty risk is limited with limits on maximum exposure to individual counterparties, ratings, nominal amounts, maturities and share of funds.

Commodity prices

TINE is vulnerable to changes in energy prices for production and transport. There has been an increase in energy and fuel prices. This has led to higher costs for TINE in 2021, but partial hedging of the price of electricity in the period has helped to curb this cost increase to an extent.

TINE is indirectly exposed to an increase in market prices for commodities used to produce the packaging that TINE uses



for its products, particularly various types of plastic and fibre. This also includes ingredients that TINE buys directly as input factors for its production, such as fruit and berries, coffee, sugar, orange juice and apple juice. There has been a larger price increase through 2021 than for packaging.

Credit risk – Increased risk of loss on receivables

TINE's customers include wholesalers and individual customers within all customer segments. TINE works actively to continually monitor credit status for all its customers. A comprehensive credit check is carried out for all new customers. Their ability to pay is considered good, as is apparent from the low level of losses on receivables over many years.

The ongoing pandemic is continuing to affect credit risk for TINE, and additional measures have been put in place to reduce the risk of losses. There has not been a major increase in losses on receivables compared to the years before the pandemic, but there is still some uncertainty as to whether there may be an increase in bankruptcies when the financial support measures are phased out.

Criterion for continued operation

The evaluations in the consolidated and company accounts for 2021 are based on expectations of future earnings and the business structure in place at the time of presentation of the accounts. Changes in these expectations could mean that value estimates and evaluations used as a basis must be adjusted.

No events have occurred after the end of the financial year that are of significance to the assessment of TINE SA or the TINE Group beyond what appears in the annual accounts and accompanying notes.

The Board of Directors of TINE confirms that the annual accounts have been prepared on the assumption that the company is a going concern, and that it is appropriate to make that assumption.

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Prospects

The outlook for the rest of 2022 is still affected by the coronavirus both in Norway and internationally, and TINE is primarily focusing on ensuring safe production and distribution of dairy products.

Coronavirus and the infection situation: Developments in the coronavirus situation, with the gradual easing of lockdown throughout the year and the impact on changing demand and activity levels in food retail, catering operations and production, will also influence TINE's results going forward. The food retail industry experienced a continued high level of activity in 2021 and is TINE's largest sales area, while at the same time we are seeing a slight decrease in activity as we leave 2021, and TINE expects activity in the food retail sector to normalise in 2022 as a consequence of the national measures.

Price and profitability growth: Commodity prices have risen over the past year and will also influence TINE's commodity costs, particularly with regard to energy, ingredients and packaging. The rise in prices for international commodities is expected to persist until the supply of commodities is on par with demand. This, in addition to bottlenecks in international trade and increased shipping rates, may also affect TINE in the future.

Competitive conditions in the dairy category: Special subsidies to TINE's national competitors are continuing to shift segment shares between national stakeholders.

Applications by TINE's competitors for distribution subsidies were rejected in the autumn of 2021. This decision has been appealed. There will be further changes and a review of the schemes in 2022. Any changes to the schemes may affect the competitive relationship between national stakeholders in the dairy category.

2021 has seen significant growth in imports in several categories of goods that are important for TINE. Further developments in 2022 will be dependent on the relationship between price developments nationally and internationally.

International business: The new production facility in Ireland is still in its start-up phase. We are planning to produce some cheese in Norway as well in 2022 to ensure that we meet demand in international markets.

Atlantic Shellfish, a local producer of mussels, has appealed to the court regarding two emissions permits related to TINE operations in Ireland. The first case has not yet been heard, and when the final decision will be available is uncertain. The

second case will be heard by the court on 1 March 2022, and a verdict is expected to be available before the summer of 2022. TINE has requested deferred implementation of the judgment if the emissions permit is found by the court to be invalid.

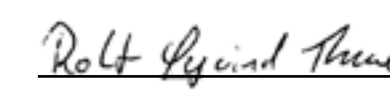
Sustainability: Climate, the environment and other sustainability issues are increasingly affecting society. This will have an impact on agricultural conditions, affect consumers when they select their goods and services, and thus also impact TINE's activities. TINE is focusing on these changes and turning them to the company's advantage, thereby ensuring the ability to deliver long-term good earnings to owners. Sustainability is important in all areas of TINE and will influence dialogue and pricing in respect of financing to an even greater extent in the future. See also the section entitled [More about sustainability](#).

Financial conditions: The TINE Group is deemed to be in a stable financial position to meet future capital requirements.

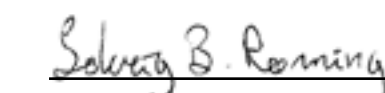
The Board emphasises that there is normally considerable uncertainty associated with assessments of future conditions.

Oslo, 15 February 2022



Marit Haugen
Chair of the Board


Rolf Øyvind Thune


Hege Persen

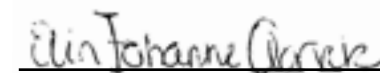

Solveig B. Rønning



Bjørnar Gjerde


Asgeir Pollestad


Helge Arne Espeland


Tor Arne Johansen


Elin Aarvik


Jeffrey Thomas


Ottar Råd


Gunnar Hovland
CEO

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The table below shows some key elements from the income statement, balance sheet, cash flow statement and notes for the TINE Group for the period from 2017 to 2021.

TINE GROUP						Amounts in NOK millions				
	2021	2020 ¹⁾	2019	2018	2017	2021	2020 ¹⁾	2019	2018	2017
From income statement:										
Total revenues and other income	24,479	24,708	23,812	23,001	22,525					
Cost of materials and changes in inventory	13,538	13,714	13,434	12,927	12,586					
Payroll expenses	4,401	4,321	4,313	4,058	4,027					
Depreciation and impairment	1,405	1,382	1,223	1,103	1,057					
Other operating expenses	3,410	3,299	3,654	3,375	3,317					
Total operating expenses	22,755	22,716	22,623	21,464	20,988					
Operating income	1,725	1,992	1,189	1,537	1,537					
Financial income and expenses	-43	-57	-86	-72	-123					
Income before tax	1,682	1,935	1,103	1,465	1,414					
Tax expense	125	163	123	117	110					
Net income	1,557	1,772	980	1,348	1,304					
From balance sheet:										
Intangible assets	829	727	628	217	143					
Tangible fixed assets	9,378	9,874	9,929	8,909	8,219					
Non-current financial assets	3,034	3,144	2,919	2,998	2,935					
Products	3,005	2,580	2,594	2,579	2,263					
Short-term receivables	2,100	2,078	1,933	2,019	2,062					
Bank deposits, cash, money market securities	1,496	1,710	654	1,380	466					
Total assets	19,843	20,114	18,657	18,103	16,087					
Equity	9,736	9,596	8,920	8,433	7,828					
Long-term interest-bearing liabilities	3,548	4,548	4,456	4,402	3,249					
Other long-term liabilities	1,126	1,171	1,092	1,094	1,053					
Accounts payable	1,969	1,871	1,819	1,873	1,674					
Short-term interest-bearing liabilities	484	197	201	57	44					
Other short-term liabilities	2,979	2,730	2,169	2,244	2,239					
Total liabilities and equity	19,843	20,114	18,657	18,103	16,087					
From net cash flow:										
From operating activities	2,541	2,916	2,194	2,285	2,170					
To investment activities	-958	-1,248	-2,426	-1,807	-1,185					
To/from financing activities	-1,798	-600	-501	434	-1,320					
Net change in bank deposits, cash and money market securities	-215	1,067	-733	911	-335					
Note information:										
Average number of employees calculated as full-time equivalents	4,946	4,834 ²⁾	5,347	5,279	5,319					
Allocated for subsequent payments from TINE SA	1,410	1,083	608	829	817					

¹⁾ 2020 included a positive non-recurring effect from profit from the sale of a plant at Minde, Bergen. Amounts to NOK 217 million for the TINE Group.

²⁾ The number of full-time equivalents has been updated in accordance with the Annual Report for 2020.

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	Note	2021	2020
REVENUES AND OTHER INCOME			
Sales revenue, ready-made products	1.2	22,558,318	22,567,808
Sales revenue, commodities	1	1,486,598	1,501,799
Other operating income	3	434,559	638,339
Total revenues and other income		24,479,475	24,707,946
OPERATING EXPENSES			
Cost of materials and changes in inventory	6	13,538,477	13,713,561
Payroll expenses	7.8	4,401,012	4,320,922
Depreciation of intangible assets and tangible fixed assets	12.13	1,358,330	1,287,775
Impairment of intangible assets and tangible fixed assets	12.13	46,924	94,636
Other operating expenses	9.10	3,409,774	3,298,868
Total operating expenses		22,754,517	22,715,762
Operating income		1,724,958	1,992,184

Amounts in NOK thousands

	Note	2021	2020
FINANCIAL INCOME AND EXPENSES			
Income on investments in joint ventures and associated companies	14	14,191	29,576
Net interest income and expenses	19	-77,328	-96,589
Net realised and unrealised currency gain and loss	19	14,979	-156
Net other financial income and expenses	20	5,470	10,036
Total financial income and expenses		-42,688	-57,133
Income before tax		1,682,270	1,935,051
Tax expense	11	124,853	163,426
Net income		1,557,417	1,771,625
Minority share of equity	17	-15,900	13,258
Majority share of profits	17	1,573,317	1,758,367

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TINE SA			
	Note	2021	2020
REVENUES AND OTHER INCOME			
Sales revenue, ready-made products	1.2	17,158,685	17,104,436
Sales revenue, commodities	1	1,486,598	1,501,799
Other income	3	628,498	847,066
Total revenues and other income		19,273,781	19,453,301
OPERATING EXPENSES			
Cost of materials and changes in inventory	6	10,651,918	10,696,852
Payroll expenses	7.8	3,297,670	3,292,618
Depreciation of intangible assets and tangible fixed assets	12.13	1,064,094	1,020,807
Impairment of intangible assets and tangible fixed assets	12.13	40,424	93,208
Other operating expenses	9.10	2,622,890	2,497,563
Total operating expenses		17,676,996	17,601,048
Operating profit		1,596,785	1,852,253

Amounts in NOK thousands			
	Note	2021	2020
FINANCIAL INCOME AND EXPENSES			
Income from investments in subsidiaries	14	54,730	45,755
Income on investments in joint ventures and associated companies	14	28,456	8,674
Net interest income and expenses	19	-71,267	-87,477
Net realised and unrealised currency gain and loss	19	80,875	-103,707
Net other financial income and expenses	20	-31,386	14,152
Total financial income and expenses		61,408	-122,603
Income before tax		1,658,193	1,729,650
Tax expense	11	60,980	139,042
Net income		1,597,213	1,590,608
Allocations:			
Subsequent payments made to milk producers	17	-1,410,107	-1,082,756
Subsequent payments transferred to/from subsequent payment fund	17	283,000	-120,000
Allocated to other equity	17	-470,106	-387,852
Total allocations		-1,597,213	-1,590,608
Net group contribution to subsidiaries		15,634	1,298

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	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	11	51,682	83,860
Goodwill	12	140,000	173,736
Other intangible assets	12	637,730	469,253
Total intangible assets		829,412	726,849
Tangible fixed assets			
Land, buildings and other property	13	4,520,522	4,682,003
Machinery, equipment and means of transport	13	4,857,397	5,192,490
Total tangible fixed assets		9,377,919	9,874,493
Non-current financial assets			
Investments in joint ventures and associated companies	14	98,245	122,671
Investments in shares and ownership interests		1,306	709
Pension assets	8	2,774,404	2,799,298
Other long-term receivables		159,621	220,863
Total non-current financial assets		3,033,576	3,143,541
Total non-current assets		13,240,907	13,744,883

Amounts in NOK thousands

	Note	2021	2020
CURRENT ASSETS			
Products	15	3,004,686	2,580,487
Short-term receivables			
Trade receivables		1,907,540	1,893,186
Other short-term receivables	16.21	192,897	184,965
Total short-term receivables		2,100,437	2,078,151
Bank deposits, cash and money market securities	22	1,496,492	1,710,087
Total current assets		6,601,615	6,368,725
Total assets		19,842,522	20,113,608

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Balance sheet contd.

TINE GROUP

	Note	2021	2020
LIABILITIES AND EQUITY			
EQUITY			
Paid-in equity			
Share capital	17	5,040	5,188
Total paid-in equity		5,040	5,188
Retained earnings			
Subsequent payment fund	17	177,000	460,000
Other equity	17, 19	9,205,111	8,717,464
Total retained earnings		9,382,111	9,177,464
Minority share of equity	17	348,497	412,863
Total equity		9,735,648	9,595,515
LONG-TERM LIABILITIES			
Provisions			
Pension liabilities	8	289,847	275,103
Other provisions	19	71,083	127,138
Deferred tax	11	765,133	769,223
Total provisions		1,126,063	1,171,464
Other long-term liabilities			
Bond loans		2,205,000	2,655,000
Long-term liabilities to financial institutions		1,266,912	1,766,415
Other long-term liabilities	19	76,567	127,071
Total other long-term liabilities	23	3,548,479	4,548,486
Total long-term liabilities		4,674,542	5,719,950

Amounts in NOK thousands

	Note	2021	2020
SHORT-TERM LIABILITIES			
Accounts payable			
Liabilities to milk producers	16	778,615	736,411
Accounts payable	16	1,190,862	1,134,825
Total accounts payable		1,969,477	1,871,236
Other short-term liabilities			
Short-term interest-bearing liabilities	24	483,660	196,976
Allocated for subsequent payments to milk producers	17	1,410,107	1,082,756
Tax payable	11	120,635	141,741
Public duties payable		209,382	202,880
Other short-term liabilities	18	1,239,071	1,302,554
Total other short-term liabilities		3,462,855	2,926,907
Total short-term liabilities		5,432,332	4,798,143
Total liabilities and equity		19,842,522	20,113,608

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TINE SA			
	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Other intangible assets	12	337,955	127,673
Total intangible assets		337,955	127,673
Tangible fixed assets			
Land, buildings and other property	13	3,766,370	3,875,749
Machinery, equipment and means of transport	13	3,870,660	4,183,649
Total tangible fixed assets		7,637,030	8,059,398
Non-current financial assets			
Investments in subsidiaries	14	2,171,401	2,188,675
Investments in joint ventures and associated companies	14	12,662	22,824
Investments in shares and ownership interests		1,231	631
Pension assets	8	2,599,545	2,615,416
Other long-term receivables		141,709	197,103
Total non-current financial assets		4,926,548	5,024,649
Total non-current assets		12,901,533	13,211,720

Amounts in NOK thousands			
	Note	2021	2020
CURRENT ASSETS			
Products	15	2,150,482	1,790,398
Short-term receivables			
Trade receivables		1,384,499	1,418,806
Current receivables from Group companies	16	907,358	744,148
Other short-term receivables	16.21	139,982	109,644
Total short-term receivables		2,431,839	2,272,598
Bank deposits, cash and money market securities	22	1,384,645	1,559,424
Total current assets		5,966,966	5,622,420
Total assets		18,868,499	18,834,140

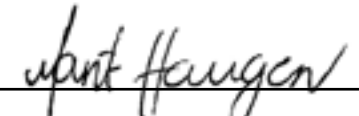
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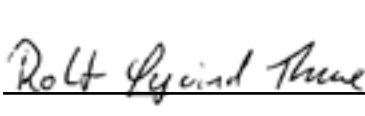
Balance sheet contd.

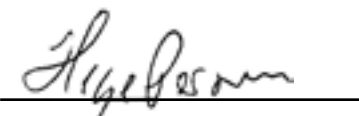
TINE SA			
	Note	2021	2020
LIABILITIES AND EQUITY			
EQUITY			
Paid-in equity			
Share capital	17	5,040	5,188
Total paid-in equity		5,040	5,188
Retained earnings			
Subsequent payment fund	17	177,000	460,000
Other equity	17, 19	8,889,452	8,370,315
Total retained earnings		9,066,452	8,830,315
Total equity		9,071,492	8,835,503
LONG-TERM LIABILITIES			
Provisions			
Pension liabilities	8	221,612	210,981
Other provisions	19	45,881	97,595
Deferred tax	11	679,912	701,054
Total provisions		947,405	1,009,630
Other long-term liabilities			
Bond loans		2,205,000	2,655,000
Long-term liabilities to financial institutions		1,266,912	1,766,415
Other long-term liabilities	19	31,838	60,185
Total other long-term liabilities	23	3,503,750	4,481,600
Total long-term liabilities		4,451,155	5,491,230

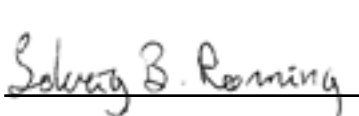
Amounts in NOK thousands			
	Note	2021	2020
SHORT-TERM LIABILITIES			
Accounts payable			
Liabilities to milk producers		778,615	736,411
Accounts payable to Group companies	16	603,535	573,294
Accounts payable	16	830,206	737,346
Total accounts payable		2,212,356	2,047,051
Other short-term liabilities			
Short-term interest-bearing liabilities	24	340,000	-
Allocated for subsequent payments to milk producers	17	1,410,107	1,082,756
Tax payable	11	96,362	106,742
Public duties payable		173,613	167,765
Other short-term liabilities to Group companies	16	104,084	13,254
Other short-term liabilities	18	1,009,330	1,089,839
Total other short-term liabilities		3,133,496	2,460,356
Total short-term liabilities		5,345,852	4,507,407
Total liabilities and equity		18,868,499	18,834,140

Oslo, 15 February 2022


Marit Haugen
Chair of the Board


Rolf Øyvind Thune


Hege Persen

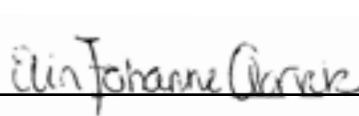

Solveig B. Rønning

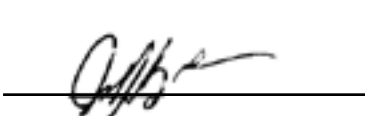

Bjørnar Gjerde

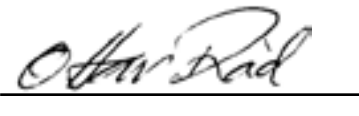

Asgeir Pollestad

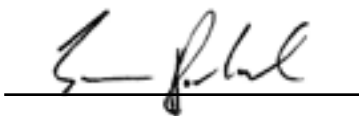

Helge Arne Espeland


Tor Arne Johansen


Elin Aarvik


Jeffrey Thomas


Ottar Råd


Gunnar Hovland
CEO

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Amounts in NOK thousands

	2021	2020
Cash flow from operating activities		
Income before tax	1,682,269	1,935,050
Tax paid for the period	-136,254	-118,976
Profit (-) and loss on sale of tangible fixed assets	-25,545	-250,880
Depreciation, amortisation and impairment	1,405,254	1,382,412
Profit (-) and loss on sale of non-current financial assets	341	-16,443
Unrealised change in value of financial items	38,132	-31,613
Difference between expensed pension and payments in/out of pension schemes	39,639	-12,543
Difference between recognised and received dividend from joint ventures and associated companies	-231	-20,902
Effect of exchange rate changes and unrealised currency gain	-41,486	75,393
Change in inventories	-424,198	13,701
Change in trade receivables and other short-term receivables	-18,260	-145,238
Change in accounts payable	98,242	51,858
Change in other short-term liabilities	-76,814	54,225
Net cash flow from operating activities	2,541,089	2,916,044
Cash flow to investment activities		
Payments from sale of tangible fixed assets	37,332	276,239
Payments for purchase of tangible fixed assets	-1,045,391	-1,299,193
Change in long-term receivables and liabilities	53,773	-174,610
Payments from sale of non-current financial assets	24,315	22,569
Payments for purchase of business	-27,897	-73,098
Net cash flow to investment activities	-957,868	-1,248,093

Cash flow to/from financing activities

	2021	2020
Payments for new long-term borrowing	-	34,812
Repayment of long-term borrowing	-957,541	-31
Payments for new short-term borrowing	340,000	-
Payments to minorities	-44,528	-23,313
Net change in overdraft facility	-53,316	-3,812
Payments and disbursements of share capital	-149	-214
Subsequent payments to milk producers	-1,082,756	-607,936
Net cash flow to/from financing activities	-1,798,290	-600,494
Net change in bank deposits, cash and money market securities	-215,069	1,067,457
Bank deposits, cash and money market securities at 01.01	1,710,087	654,186
Currency effect on cash and cash equivalents	1,474	-11,556
Bank deposits, cash and money market securities at 31.12	1,496,492	1,710,087

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Cash flow statement contd.

TINE SA			Amounts in NOK thousands		
	2021	2020		2021	2020
Cash flow from operating activities			Cash flow to/from financing activities		
Income before tax	1,658,193	1,729,650	Repayment of long-term borrowing	-935,383	-11,336
Tax paid for the period	-96,743	-96,117	Payments for new short-term borrowing	340,000	-
Profit (-) and loss on sale of tangible fixed assets	-22,377	-238,535	Payments and disbursements of share capital	-149	-215
Depreciation, amortisation and impairment	1,104,518	1,114,014	Change in net group contributions	29,583	-542
Profit (-) and loss on sale of non-current financial assets	19,788	-21,754	Subsequent payments to milk producers	-1,082,756	-607,936
Unrealised change in value of financial items	-31,332	70,640	Net cash flow to/from financing activities	-1,648,705	-620,029
Dividend received from subsidiaries	-34,722	-24,000	Net change in bank deposits, cash and money market securities	-174,779	965,361
Difference between expensed pension and payments in/out of pension schemes	26,501	-13,480	Bank deposits, cash and money market securities at 01.01	1,559,424	594,063
Change in inventories	-360,084	14,439			
Change in trade receivables and other short-term receivables	7,929	-152,162	Bank deposits, cash and money market securities at 31.12	1,384,645	1,559,424
Change in accounts payable	135,065	42,212			
Change in other short-term liabilities	-81,101	61,203			
Change in inter-company balances from operating activities	-71,723	111,441			
Net cash flow from operating activities	2,253,912	2,597,551			
Cash flow to investment activities					
Payments from sale of tangible fixed assets	28,762	262,640			
Payments for purchase of tangible fixed assets	-902,777	-1,124,830			
Change in long-term receivables and liabilities	52,266	-189,738			
Payments from sale of non-current financial assets	7,691	36,767			
Payments for purchase of non-current financial assets	-650	-21,000			
Net cash inflow on inter-company long-term receivables	34,722	24,000			
Net cash flow to investment activities	-779,986	-1,012,161			

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Accounting principles

The annual accounts have been prepared in accordance with the Accounting Act and generally accepted accounting practices in Norway for other companies.

Presentation currency

All amounts are in NOK thousands unless otherwise stated. The functional currency of the parent company TINE SA and the group's presentation currency is NOK.

Modification of accounting principles and comparative figures

Comparative figures have been prepared using the same principles as for the figures in the current accounting period.

No significant reclassifications or changes to principles have been implemented in 2021.

New accounting standards

No new accounting standards have been adopted in 2021 that are of consequence to TINE.

Consolidation principles

The consolidated accounts present the overall financial position, the results from the year's operations and cash flow for the parent company, TINE SA and subsidiaries. Subsidiaries include those companies where TINE SA has a direct or indirect controlling influence, through either legal or actual control. Controlling interest normally exists when the Group owns more than 50 per cent of the shares

in the company, and can exercise actual control over the company. This is done through representation on the Board. Consistent accounting principles are applied to all companies in the Group. Subsidiaries are consolidated from the time at which control is achieved in the Group to the time when control ceases. Outstanding accounts and transactions with consolidated companies, as well as unrealised internal profits, have been eliminated in the consolidated accounts.

Ownership interests in subsidiaries are included in the consolidated accounts according to the acquisition method. The difference between the cost price of the ownership interests and the book value of net assets at the time of acquisition is analysed and posted to the individual balance sheet items according to fair value. Cost prices that exceed the fair value of net identifiable assets are capitalised as goodwill and amortised in the income statement in line with any underlying conditions and anticipated economic life. See separate section on goodwill.

Minority interests are entered in the balance sheet as the minority's share of net ownership interests and liabilities, and the minority share is included in the Group's equity. No gain or loss is recognised in the consolidated accounts.

A joint venture is a company where TINE has joint control with one or more owners and where the share is of a long-term strategic nature. Joint control is normally applicable when the Group holds an ownership interest of 50 per cent. Joint control also means unanimity is required between stakeholders in decision-making.

Associated companies are companies where the Group has significant influence, but not control, and where the share is of a long-term strategic nature. Significant influence normally exists when the Group holds an ownership interest of between 20 and 50 per cent.

Joint ventures and associated companies are included in the consolidated accounts using the equity method. Cost prices exceeding the acquired share of book equity are entered in the balance sheet as added value and amortised in line with the underlying conditions and anticipated economic life. The Group's profit is made up of the share of profit for the year after tax in its associated and joint venture entities less any amortisation of added value, elimination of proportional internal profit/loss, associated deferred tax as well as any gain and loss from realisation of ownership shares. The share of profit is presented in the income statement as part of the financial result. Ownership interests in joint ventures and associated companies are classified in the balance sheet as non-current financial assets. A share in a deficit is not entered in the income statement if this results in the balance sheet value of the investment being negative, unless the Group has assumed an obligation or given a guarantee for that company.

When including investments in subsidiaries, joint ventures and associated companies, where the annual accounts are prepared in a foreign currency, the balance sheet items are translated into Norwegian kroner using the exchange rate at the balance sheet date. Income statement items are translated into Norwegian kroner using the average exchange rate for the period. Any translation difference occurring due to the company's incoming equity and annual profit being translated at a rate other than that used for outgoing equity, is included in the equity for the Group.

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Evaluations and principles for classification

Operating income

Operating income is measured at fair value of the transaction, net of VAT, any returns, discounts or other public duties. Income from the sale of goods is entered in the income statement when the products have been delivered to the customer and there are no unfulfilled obligations that may affect the customer's acceptance of the delivery. Delivery is not deemed to have been made until the products have been shipped to the agreed location and the risk of loss or obsolescence has transferred to the customer. The earned income principle is used as a basis for estimating and entering provisions for volume discounts and goods returns at the time of sale. Services are recognised as income at the point of execution.

Operating expenses

Expenses are entered in the income statement in the same period as related income.

Assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Receivables due for repayment within one year, together with other assets linked to the goods cycle, are classified as current assets. Short and long-term liabilities are classified using similar criteria. Current assets are valued at the lower of cost or fair value. Fixed assets are valued at cost less accumulated depreciation and impairment. Long and short-term liabilities are assessed at face value.

Intangible assets

Goodwill

Goodwill is the difference between the acquisition cost of a business and the fair value of the Group's share of net identifiable assets in the business at the time of acquisition.

Goodwill is listed with both majority and minority share, i.e. 100 per cent. Goodwill is then calculated as the difference between the sum of acquisition cost and fair value of the minority interests (cf. NRS 17.6.1.10) and fair value of acquired identified net assets measured at the time of acquisition.

Goodwill from acquisition of subsidiaries is classified as an intangible asset. Goodwill from the purchase of a share in a joint venture or associated company is included in the balance sheet value of the investment. Goodwill is tested for impairment in value and entered in the balance sheet at cost less accumulated amortisation and impairment. The amortisation period for goodwill is five years unless a longer period is justified.

Deferred tax on added value is calculated. Goodwill is entered as a net figure after tax. Added value is entered as a gross figure with provision for deferred tax on added value.

The subsidiary's balance sheet and income statement items are fully included in the consolidated accounts according to the unit principle depending on whether the subsidiary is wholly owned or partly owned. Any change in ownership interest in a subsidiary is therefore, whatever form it takes, deemed an equity transaction for the Group. No gain or loss is recognised in the consolidated accounts.

In the event of an increase in the majority ownership interest in a subsidiary, this is entered as an equity transaction. The difference between cost price of the new ownership share and the purchased minority share's recorded value is entered against the majority's equity (other equity).

If the majority ownership interest in a subsidiary is reduced, compensation that exceeds the majority share of net assets in the subsidiary will accrue directly to the majority's equity. A reduced ownership interest does not cause any change to goodwill. This means that the minority gains a proportionate share of goodwill and amortisation is thereby subsequently applied.

Other intangible assets

Expenses for other intangible assets in the form of patents, trademarks, customers, software and other rights are entered in the balance sheet to the extent that a future economic benefit relating to development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise, this type of expense is entered as it is incurred. Intangible assets with a limited economic life are amortised according to plan. Intangible assets are written down to fair value if the recoverable amount is less than the sum of the balance sheet value and any remaining manufacturing costs.

Research and product development costs

Expenses relating to the company's own research and development are entered as they are incurred.

Non-current assets

Tangible fixed assets

Investments in tangible fixed assets in the form of land, buildings/property, machinery/equipment and means of transport are measured at cost less accumulated depreciation and impairment. Interest relating to the construction period for significant tangible fixed assets under construction is entered in the balance sheet as part of the cost price. The acquisition cost of tangible fixed assets with a limited economic life is depreciated on a straight-line basis over the economic life of the asset. Costs relating to normal maintenance and repairs are expensed as they are incurred. Costs for major improvements and upgrades that significantly increase the useful life of fixed assets are capitalised and depreciated in line with the useful life of the asset. If the recoverable amount for the fixed asset is lower than the balance sheet value and the impairment in value is not expected to be temporary, then the asset is written down to the recoverable amount. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flow expected to be generated

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by the asset. Capitalised spare parts are included as non-current assets.

Lease agreements
Lease agreements are classified as either financial or operating leases after a thorough evaluation of each individual agreement. Lease agreements relating to assets that are leased under specific terms where TINE SA essentially holds the financial risk and ownership control are classified as financial lease agreements. Tangible fixed assets under financial lease agreements are entered in the balance sheet, and associated lease commitments are included in the balance sheet item for other long-term liabilities at the present value of the lease payments. The fixed asset is depreciated according to plan, and the commitment is reduced by the rent paid less calculated interest expense.

Lease agreements where a significant portion of the risk and return associated with ownership remains with the lessor are classified as operating lease agreements. Rental amounts relating to operating lease agreements are expensed on a straight-line basis over the lease period.

Shares and ownership interests in subsidiaries, joint ventures and associated companies
Investments in subsidiaries, joint ventures and associated companies are valued in the company accounts using the cost method. The investments are valued at acquisition cost less any impairment. Impairment to fair value is implemented if the impairment in value is not temporary. Impairment is reversed to the extent that the basis for impairment is no longer present. Dividends and group contributions received from subsidiaries which represent a return for the ownership period are entered as other financial income. Group contributions and dividends from subsidiaries are entered in the same year as the subsidiary allocates the amount. Dividend income from other investments is entered when the dividend is approved.

Other shares and ownership interests classified as fixed assets
Investments in long-term shares and ownership interests where the company has no significant influence are entered in the balance sheet at cost. The investments are written down to fair value if the impairment in value is not expected to be temporary. Dividends received from companies which represent a return for the ownership period are entered as other financial income when the dividend is approved.

Long-term receivables
Long-term receivables are listed at face value after deduction for expected losses. Provision is made for losses on the basis of individual evaluations. Interest income is entered as it is earned.

Current assets
Inventories
Stocks of goods are valued at the lower of cost using the “first in-first out” principle and/or fair value. The acquisition cost for self-manufactured goods and goods in production includes direct materials, direct pay and other direct and indirect manufacturing costs (based on normal production). The acquisition cost is adjusted for equalisation fees and subsidies. The acquisition cost for commodities and goods for resale is the net purchase price. Fair value is the sales price less any necessary expenses for completion, sale and distribution.

Spare parts
Purchased spare parts classified as inventories include maintenance equipment included in the production of goods, including spare parts for machinery and equipment, as well as spare parts for farm tanks. Spare parts are expensed on withdrawal.

Receivables
Trade receivables and other receivables are listed at face value after deduction for expected losses. Provision is made

for losses on the basis of individual evaluations of each of the receivables.

Equity funds and shares listed on the stock exchange
Market-based financial instruments, including equity funds and listed shares which are part of a trading portfolio, are valued at fair value at the balance sheet date. Other short-term investments are valued at the lower of average acquisition cost and fair value at the balance sheet date.

Bank deposits, cash and money market securities
The accounting item for bank deposits, cash and money market securities includes cash, bank deposits and other means of payment that have a maturity of less than three months from the date of acquisition.

Equity
Share capital
The share capital in TINE SA is the sum of the shares held by the members of TINE SA. Each member owns one share with a face value of NOK 500. Membership of TINE SA is open to milk producers who have a milk quota.

Allocated subsequent payment
Allocation of subsequent payment is regulated by § 27 of The Cooperatives Act. Subsequent payment is determined and allocated by the Annual General Meeting. It is based on the net income. They are distributed on the basis of the quantity of milk supplied during the calendar year. It cannot exceed what is consistent with good and prudent business practice.

The subsequent payment is treated as an allocation of profits (equity transaction) in the accounts, with the proposed subsequent payment being allocated as a liability in the corresponding financial year. The tax effect from the subsequent payment is included in the company’s tax expense in the income statement.

Subsequent payment fund

Upon the recommendation of the Board and within an overall limit proposed by the Board, profit can be allocated to the subsequent payment fund and as subsequent payment for milk delivered during the year. The Annual General Meeting votes on any distribution from the subsequent payment fund. Payments are distributed to members at the time of the decision and are based on the quantity of milk delivered in the previous calendar year.

Liabilities

Long-term liabilities

Long-term liabilities are entered in the balance sheet as a nominal sum. Transaction costs are expensed at the time of establishing new liabilities.

Contingent liabilities

Contingent liabilities are recognised if settlement is more likely than not. Settlement value is calculated based on best estimate.

Provision for restructuring

When any decision is made regarding adaptation or restructuring, provision is made for any anticipated expenses relating to implementation. This provision is based on best estimate and is reassessed at the end of each period. Expenses incurred during the restructuring process are entered on an ongoing basis against this provision, with correction for any difference relative to the original provision.

Pension schemes

The TINE Group has pension schemes, both defined benefit plans and defined contribution plans, that entitle employees to agreed future pension benefits. Fund-based defined benefit plans are funded through payments and returns in the MP Pensjon pension fund. Defined benefit plans and defined benefit multi-company schemes (AFP) that are funded directly through operations have not earmarked special assets for financing and hedging the pension obligations (uncovered scheme through operations).

Defined benefit plans

A defined benefit plan is a pension scheme that defines a pension payment to be received by an employee upon retirement. Pension payments are normally dependent on a number of factors, such as age, number of years in the company and pay.

The pension obligation is calculated annually by an independent actuary using a linear earning method. The calculation is performed using demographic assumptions about mortality, voluntary retirement and disability tariff. The calculation is also carried out using financial assumptions about the discount rate, expected pay regulation, pension regulation, g-regulation and the expected return on pension funds.

The obligation entered in the balance sheet relating to fund-based defined benefit plans is the present value of the defined benefits on the balance sheet date minus the fair value of the pension funds. There is overfunding if the value of the pension assets exceeds the present value of the accrued pension obligations. A future financial benefit must be substantiated by the excess pension funds so as to enter the overfunding in the balance sheet as a benefit, in whole or in part. If it is not possible to substantiate future use of overfunding, the benefit entered in the balance sheet must be reduced accordingly.

Net pension liabilities from under-funded defined benefit schemes and defined benefit schemes funded through operations are entered in the balance sheet as long-term financial liabilities, while net pension assets from over-funded defined benefit schemes are entered in the balance sheet as non-current financial assets.

The cumulative effect of estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) of less than 10 per cent of the pension obligations and pension assets at the beginning of the year, whichever is the greater, is not recognised. When the cumulative impact is above the 10 per cent limit at the beginning of the year, the

excess above the estimated average remaining earning time is entered in the income statement.

Changes to liabilities due to changes to the pension plan are expensed immediately if the changes to the plan are unconditional at the time of change. Any changes to the plan that are contingent on future employment are amortised on a straight-line basis over the period until the benefit is unconditional.

The cost of pension earnings for the period is recognised as payroll expenses. This cost includes the increase in the pension liability as a result of earnings in the current year, changes, curtailment and settlement. Net interest expense is calculated using the discount rate on the net pension liability and the fair value of pension funds. The net pension cost for the period is classified as payroll expenses.

Performance-based multi-company schemes

The Contractual Early Retirement Pension scheme (AFP) is a defined benefit multi-company scheme. There is insufficient information to treat the AFP scheme as a defined benefit scheme with the associated calculation of obligations in the balance sheet. The scheme is therefore treated as a defined contribution scheme with the recognition of pension premiums when it is incurred.

Deposit plan

A defined contribution pension scheme is a pension plan into which TINE pays an annual pension contribution for each member. The pension contribution is paid to a fund manager and TINE has no liabilities to the scheme once the contribution has been paid. Consequently it is difficult to determine in advance the size of future pension benefits. No liabilities or assets are entered in the balance sheet for defined contribution plans. Annual contributions to defined contribution pension schemes are expensed as payroll expenses as incurred.

Disability pension

The disability scheme is a risk-based scheme where members have full disability cover irrespective of their length of service.

Taxes

The tax expense consists of tax payable on taxable income, capital and any changes to deferred tax. The tax expense is compared to the profit before tax in the income statement. Tax relating to equity transactions, including the tax effect of revised settlement, is entered against equity. Deferred tax is calculated on the basis of temporary differences between accounting and tax values at the end of the financial year, as well as any tax loss to carry forward. The nominal tax rate is used for calculation. Positive and negative differences that reverse in the same period are offset. Deferred tax and deferred tax assets are shown as a net value in the balance sheet. The Group presents deferred tax as net of the tax position of companies that are part of the same tax group. Deferred tax assets arise if there are temporary differences that give rise to tax deductions in the future. Deferred tax assets are entered in the balance sheet if it is likely that they can be utilised in future years.

Currency

Transactions in foreign currency are translated using the exchange rate at the time of the transaction. Any monetary items in foreign currency that are not included in hedging arrangements are valued at the daily exchange rate. Realised and unrealised gains and losses on currency are presented as a net value in the income statement as a financial item.

Financial derivatives and hedging

Accounting treatment of financial derivatives follows the intention behind entering into these agreements. Derivatives are classified as non-current financial assets or long-term financial liabilities if the remaining maturity is longer than one year.

Interest rate derivatives

TINE uses interest rate hedging instruments to hedge against large fluctuations in interest expenses. Accounting for gains and losses depends on whether the interest rate derivative is designated as a hedging instrument and the type of hedging. Interest rate derivatives that are not hedging instruments are valued in accordance with the lowest value principle, and unrealised losses are expensed as financial costs.

Currency derivatives

To hedge against fluctuations in exchange rates, TINE invests in currency derivatives in line with adopted financial guidelines. Accounting for gains and losses depends on whether the currency derivative is designated as a hedging instrument and the type of hedging. Currency derivatives that are not hedging instruments are valued at fair value, and any changes in value are entered in the income statement as financial income or financial costs.

Hedging

Accounting treatment of financial derivatives designated as hedging instruments is entered in accordance with the principles for hedging types such as value hedging, cash flow hedging or hedging of net investment in foreign enterprises. In the case of value hedging of assets or liabilities entered in the balance sheet, the derivative is entered in the balance sheet at fair value. The balance sheet value of the hedged asset or liability is adjusted for any change in value of the financial derivative related to hedged risk.

When hedging future cash flows, the derivatives are entered in the balance sheet at fair value. Both unrealised and realised gains or losses on the derivatives after tax are entered directly against equity until the hedged cash flow affects the income statement.

Hedging of net investment in foreign currency is undertaken at group level. The hedging instruments are entered in the balance sheet at fair value as for cash flow hedging. Both

unrealised and realised gains or losses on the hedging instruments after tax are entered directly against equity until the foreign enterprise is sold or the hedging arrangement comes to an end.

In line with adopted financial guidelines for 2021, TINE hedges a portion of the company's and the Group's purchases and sales in foreign currency through the use of financial instruments. These transactions are treated as hedge accounting in the annual accounts.

Use of estimates and information on significant estimates

The accounting principles described mean that the management of TINE has used estimates and assumptions that affect items in the income statement and balance sheet. These estimates are based on experience and an evaluation of underlying factors. Future events and changes in framework conditions may cause estimates and assumptions to change. Changes in accounting estimates are entered in the income statement in the period the estimates are changed, unless deferred recognition in the income statement follows from good accounting practice. Evaluations, estimates and assumptions that have a material effect on the accounts are summarised below.

Depreciation/amortisation

Depreciation/amortisation of tangible fixed assets and intangible assets is based on their estimated useful life. Any changes in market conditions and future investment decisions will affect existing production capacity and expected useful life. This may give rise to changed depreciation/amortisation profiles, which will impact future results.

Impairment

TINE holds significant investments in tangible fixed assets, intangible assets including goodwill, subsidiaries, joint ventures and associated companies. These fixed assets

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are tested for impairment when there are indicators of possible impairment in value. Such indicators may include changes in market prices, agreement structures, adverse events or other operating conditions. When calculating the recoverable amount, a number of estimates have to be made regarding future cash flows, for which price, sales volume and useful life are the most important factors.

Pensions

Calculation of the fair value of pension liabilities is based on several economic and demographic assumptions and estimates. Any change in the assumptions applied will affect the calculated value of the liability. Refer to note 8 for a more detailed outline of the assumptions applied and the composition of the pension assets.

Fair value of financial instruments

The principles for estimating fair value are based on market prices and various valuation methods. The fair value of forward exchange contracts is determined using the exchange rate at the balance sheet date. The fair value of currency swaps is calculated at the present value of future cash flows. The fair value of options is determined using option pricing models. The fair value of interest rate derivatives is calculated as the present value of estimated future cash flow based on observable market interest rate curve. For all the aforementioned derivatives, fair value is confirmed by the financial institution with which the company has entered into the agreements.

Deferred tax assets

Deferred tax assets are only entered in the balance sheet to the extent that it is likely there will be a future taxable profit that is large enough to make use of the tax asset, either by the unit having shown a recent profit or by means of identified assets with added value.

Provisions

For certain income statement items in the accounts, provision is made for anticipated future costs based on estimates and information available at the time the accounts are presented. These provisions may differ from actual future costs. Provisions relate to, for example, losses on customers, discounts, obsolescence of goods, provisions for restructuring, adaptation and contingent losses that are likely and quantifiable, including disputes and legal proceedings.

Segments

Sales revenue, operating profit and capital employed are specified per business area. Sales revenue is specified per geographical market. Business area is defined based on TINE's natural focus areas.

Operating segments are reported in the same way as internal reporting to the company's key decision-makers. The company's key decision-makers, who are responsible for allocating resources and assessing earnings in the operating segments, are defined as the Group executive.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and money market securities.

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Income statement and balance sheet

The TINE Group's activities are divided into three operating segments and were amended as of 2021. Segment division is based on products and geography, and corresponds to the classification used for the Group's internal performance measurement and resource allocation.

Note 1 Segment information

Amounts in NOK thousands

	2021					2020				
	TINE excl. Cheese export	TINE International incl. Cheese export	Other operations	Other activities and eliminations	TINE Group	TINE excl. Cheese export	TINE International incl. Cheese export	Other operations	Other activities and eliminations*	TINE Group
Sales revenue and operating profit										
Liquid dairy products	7,945,009	-	161,259	-	8,106,268	8,068,553	-	173,121	-	8,241,674
Solid dairy products	6,462,787	3,762,585	462,793	-	10,688,165	6,433,234	3,687,324	469,528	-	10,590,086
Juice, fruit drinks and water	800,816	-	-	-	800,816	820,813	-	-	-	820,813
Ready meals	18,146	-	1,245,430	-	1,263,577	21,887	-	1,222,313	-	1,244,200
Ice cream and desserts	307,978	-	1,316,961	-	1,624,940	312,893	-	1,286,183	-	1,599,076
Other products	74,552	-	-	-	74,552	71,959	-	-	-	71,959
Sales revenue, ready-made products external	15,609,289	3,762,585	3,186,444	-	22,558,318	15,729,339	3,687,324	3,151,145	-	22,567,808
Sales revenue, ready-made products external	15,609,289	3,762,585	3,186,444	-	22,558,318	15,729,339	3,687,324	3,151,145	-	22,567,808
Sales revenue, ready-made products internal	888,457	23,068	-	-911,526	-	885,885	2,532	-	-888,417	-
Sales revenue, ready-made products total	16,497,747	3,785,653	3,186,444	-911,526	22,558,318	16,615,224	3,689,857	3,151,145	-888,417	22,567,808
Sales revenue, commodities	1,486,598	-	-	-	1,486,598	1,501,799	-	-	-	1,501,799
Other income	612,350	12,072	111,794	-301,658	434,559	608,905	-2,200	121,475	-89,841	638,339
Total revenues and other income	18,596,695	3,797,725	3,298,238	-1,213,183	24,479,475	18,725,928	3,687,656	3,272,620	-978,258	24,707,946
Product costs	-9,849,819	-2,862,393	-1,731,436	905,171	-13,538,477	-10,009,574	-2,834,197	-1,758,208	888,417	-13,713,561
Personnel costs	-3,286,389	-478,725	-637,628	1,730	-4,401,012	-3,292,726	-476,863	-551,334	-	-4,320,922
Other operating expenses	-2,571,869	-445,557	-691,871	299,523	-3,409,774	-2,440,936	-471,661	-692,511	306,239	-3,298,868
Depreciation and impairment	-1,104,518	-145,756	-154,981	0	-1,405,254	-1,114,014	-116,844	-151,553	-	-1,382,411
Operating income	1,784,099	-134,705	82,322	-6,759	1,724,958	1,868,678	-211,908	119,015	216,398	1,992,184

* Profit on the sale of a plant in Minde, Bergen in 2020 amounting to NOK 217 million is placed under "Other activities and eliminations"

Description of segments: The TINE SA excluding Cheese Export segment consists of TINE SA excluding the cheese export departments at TINE SA. TINE International consists of the sub-groups Wernersson Ost AB (Sweden), Norseland Inc. (US), Norseland Ltd. (UK) and TINE Holding Ireland Ltd, and includes the cheese export departments at TINE SA. Other operations consists of the sub-groups Diplom-Is AS and Fjordland AS, along with MIMIRO AS's and TINE SA's other subsidiaries (see note 14). TINE Holding AB is included in Other activities and eliminations.

Sales revenue, commodities: Sales revenue from commodities consists of sales of raw milk to other stakeholders. Please refer to separate section in this annual report on TINE Milk Supplies.

Note 2 Sales revenue for ready-made products, by geographical area

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Geographical area	2021	2020
18,828,702	18,650,816	Norway	16,247,253	16,290,167
1,328,476	1,480,098	Rest of Europe	378,640	360,170
1,084	1,209	Africa	-	-
2,257,948	2,298,945	America	415,285	335,366
2,466	1,590	Asia	939	771
139,642	135,150	Oceania	116,568	117,962
22,558,318	22,567,808	Total sales revenue, ready-made products	17,158,685	17,104,436

Please refer to the statement in the Board of Directors' report.

Note 3 Other operating income

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Income groups	2021	2020
104,450	85,549	Transport income	137,077	118,414
72,691	82,933	Analysis and consultancy income	74,673	86,283
48,401	49,270	Rental income	8,069	9,254
27,392	238,900	Sales of plants	24,199	225,881
109,995	110,986	Market regulation activities ¹⁾	109,995	110,986
25,160	25,516	Other state and municipal subsidies ²⁾	19,865	21,860
-	-	Other inter-company revenues ³⁾	242,919	267,008
46,470	45,185	Other income	11,701	7,380
434,559	638,339	Total other operating income	628,498	847,066

1) Please see note 28 regarding Market regulation activities.

2) Please see note 4, Public subsidies.

3) Other inter-company revenues consist of joint costs, royalties and internal services.

Note 4 Public subsidies

Amounts in NOK thousands

Tax relief and other state and municipal subsidies have been received as per the table below. Market regulation activities are not included in subsidies.

In 2021, TINE SA has one active tax relief project running from 2019 to 2021. Other state and municipal subsidies consist of support from the Norwegian Agriculture Agency (NOK 6.1 million) and the Research Council of Norway (NOK 7.5 million), as well as NOK 6.3 million from other state and municipal organisations.

TINE GROUP			TINE SA	
2021	2020	Type of income	2021	2020
3,990	4,906	Tax relief	82	626
25,160	25,516	Other state and municipal subsidies	19,865	21,860
29,150	30,422	Total public subsidies	19,947	22,486

Note 5 Significant individual transactions

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Income statement items	2021	2020
-	216,930	Profit from the sale of a plant in Minde, Bergen	-	216,930
47,000	-	Deferred tax assets/liabilities not entered in the balance sheet, Mimiro	-	-
		Balance sheet		
26,597	52,098	Acquisition of Lotito Foods Holding LLC		
-	-	Investment in subsidiaries	-	21,000

Deferred tax assets/liabilities not entered in the balance sheet, Mimiro AS, 2021

Mimiro has a tax loss to carry forward as at 31.12.21, resulting in a total tax reduction of NOK 212,000,000. This corresponds to a deferred tax asset of NOK 47,000,000. Deferred tax assets are not entered in the balance sheet.

Acquisition of Lotito Foods Holding LLC, 2021 and 2020

In 2020, Norseland Inc. increased its ownership interest in Lotito Foods Holding LLC by 9 per cent to 75.67 per cent for USD 5,933,553 (NOK 52,098,000). In 2021, the ownership interest was increased from 75.67 per cent to 80 per cent on the purchase of a 4.33 per cent ownership interest at USD 3,141,297 (NOK 26,597,000). This incremental purchase represents changes in the majority owner's and minority owner's ownership interest in equity. In accordance with an

agreement, Norseland Inc. will gradually acquire up to a 90 per cent interest in 2023, and also has an option to purchase the remaining 10 per cent in 2024.

Sale of Minde Bergen in 2020

In February 2020, TINE SA sold its production facility at Minde, Bergen.

Mimiro AS share issue in 2020

Mimiro Holding AS conducted a share issue worth a total of NOK 60,000,000 in 2020. TINE SA's share was NOK 21,000,000. Following the share issue, TINE SA's ownership interest in Mimiro Holding AS has been reduced from 60 per cent to 57 per cent. Through the share issue, Gjensidige Forsikring ASA gained a 6 per cent ownership interest in Mimiro Holding AS.

Note 6 Cost of materials and changes in inventory

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Type of cost	2021	2020
13,957,893	13,691,457	Consumption of commodities and purchased goods for resale	10,987,775	10,650,676
-419,416	22,104	Change in inventory of work in progress and ready-made products	-335,857	46,176
13,538,477	13,713,561	Total cost of materials and changes in inventory	10,651,918	10,696,852

Note 7 Payroll expenses and key personnel

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Type of cost	2021	2020
3,572,269	3,611,559	Pay, holiday pay and costs for temporary staff	2,704,697	2,796,517
461,676	426,889	Employer's national insurance contributions	358,465	337,866
152,564	85,133	Pensions costs including national insurance contributions, ref. note 8	109,249	52,740
214,503	197,341	Other benefits	125,259	105,495
4,401,012	4,320,922	Total payroll expenses	3,297,670	3,292,618
4,946	4,834¹⁾	Average number of employees calculated as full-time equivalents	3,704	3,640¹⁾

¹⁾ The number of employees has been updated in accordance with the Annual Report for 2020.

Guidelines for remuneration to senior executives

Introduction

The Board, council, control committee, CEO and Group executive are defined as senior executives in the TINE Group. The guidelines for remuneration to senior executives are discussed and approved by the Annual General Meeting as part of the discussion of the annual accounts.

Decision-making authority

The Board of Directors at TINE has a separate remuneration committee. The remuneration committee is intended to be a preparatory and advisory body for the Board of Directors in its work on the main principles for remuneration for senior executives. The Annual General Meeting determines the remuneration for the Board, the council and the control committee based on the recommendation of the Board and the remuneration committee. The Board determines remuneration for the CEO. The CEO determines remuneration for the Group executive.

Guidelines for remuneration to the Board

Board members receive fixed annual Director's fees. Separate remuneration has been defined for the Chair and Deputy Chair of the Board. Remuneration to the Board must reflect the Board's responsibilities, expertise and time spent and the complexity of the business. Remuneration to the Board must not be dependent on performance.

Note 7 contd.

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Board members, or companies to which they are affiliated, should not undertake special duties for TINE in addition to their Board positions. If they do, however, the entire Board must be informed. Remuneration for such tasks must be approved by the Board. If remuneration has been granted beyond the usual Board remuneration, this must be specified in the annual report.

Guidelines for remuneration to the CEO
 Remuneration to the CEO follows the same guidelines as for other employees. The remuneration committee must advise the Board on all matters relating to the company’s remuneration to the CEO and Group executive.

Guidelines for remuneration to the Group executive
 Remuneration to the Group executive follows the same guidelines as for other employees. Some members of the Group executive have a variable pay element in addition to their fixed pay. The set of conditions must be the driving factor for deliveries that are important to the Group. The remuneration committee must advise the CEO on all matters relating to the company’s remuneration to the Group executive.

REMUNERATION TO SENIOR EXECUTIVES

Amounts in NOK thousands			
Board of Directors	Role	Director's fees	Other remuneration
Marit Haugen	Chair of the Board	578	496
Rolf Øyvind Thune	Deputy Chair	289	76
Hege Persen	Board member	205	75
Bjørnar Gjerde	Board member	205	77
Helge Arne Espeland	Board member	205	84
Solveig Bratteng Rønning	Board member	205	70
Asgeir Pollestad ¹⁾	Board member	154	85
Askild Eggebø ²⁾	Board member	51	38
Anne Berit Løset ²⁾	Board member	51	15
Einar Meisfjord ²⁾	Board member	52	40
Nina Kolltveit Sæter ²⁾	Board member	51	22
Elin Johanne Aarvik	Board member elected by employees	205	3
Tor Arne Johansen	Board member elected by employees	205	5
Ottar Råd	Board member elected by employees	205	5
Jeffrey Elliot Thomas	Board member elected by employees	205	5

1) Joined 15.04.2021.
 2) Left 15.04.2021.

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Amounts in NOK thousands			
Deputy members	Role	Fees	Other remuneration
Anne Berit Løset ¹⁾	Deputy members	63	37
Hans M. Ulberg ¹⁾	Deputy members	80	50
Ole Henrik Rindli ¹⁾	Deputy members	47	37
Asgeir Pollestad ²⁾	Deputy members	33	11
Randi Holien Bartnes ²⁾	Deputy members	24	13
Thomas C. Meyer French ²⁾	Deputy members	24	46
Anne Saltrø Polden ²⁾	Deputy members	-	-
Randi Einarsen	Member elected by employees	58	-
Dag Rune Herting	Member elected by employees	67	5
Siri Margrethe Byberg	Member elected by employees	58	3
Annual General Meeting and council meeting	Role	Fees	Other remuneration
Odd Einar Hjortnæs	Chair	178	42
Nina Vangen Ranøien	Vice-chairman	79	43
Control committee	Role	Fees	Other remuneration
Petter Arne Ekroll ¹⁾	Chair	70	26
Per Amb ²⁾	Deputy Chair	19	13
Sigrun Bakken Lerhol	Deputy Chair	54	59
Bjørn Lende ¹⁾		43	2

1) Joined 15.04.2021.

2) Left 15.04.2021.

Note 7 contd.

Note 7 contd.

	Amounts in NOK thousands	
CEO	2021	2020
Pay	4,049	4,095
Pension (earned, not paid)	1,886	1,867
Benefits in kind/Other remuneration	138	138

CEO

Remuneration to the CEO follows the same guidelines as for other employees. Remuneration to the CEO must not be dependent on performance. The CEO has no variable pay element and is not entitled to other profit sharing. Basic pay must be determined on the basis of job content, level of responsibility, expertise and time with the company. The CEO is part of the current company car scheme and the scheme for coverage of newspaper subscriptions, mobile phone and broadband. The CEO is a member and part of the Group's collective pension and insurance schemes at all times. The CEO is also included in the Group's occupational pension scheme for employees with salaries in excess of 12 G. The pension benefit in this scheme constitutes 66 per cent of pay in excess of 12 G and comes into effect from the age of 67.

The mutual notice period is 6 months, and the CEO has the right to receive termination payments for 18 months if the employment is terminated by TINE SA. The last 12 months of termination payments are curtailed for all other income accumulated by the CEO during this period.

No loans or collateral have been provided in favour of the CEO. The CEO is not entitled to special remuneration for Board positions in Group companies. The note is based on disbursement, with the exception of pensions, which are based on accrued pension entitlement calculated by an actuary for the year.

	Amounts in NOK thousands	
Other Group executive	2021	2020
Pay	20,352	18,778
Director's fees from subsidiaries	-	252
Pension (earned, not paid)	8,742	9,526
Benefits in kind/Other remuneration	1,940	1,901

Other Group executive

Remuneration to senior executives follows the same guidelines as for other employees. Basic pay must be determined on the basis of job content, level of responsibility, expertise and time with the company. Some members of the Group executive have a variable pay element in addition to their fixed pay that is paid at the time of disbursement. Remuneration to other members of the Group executive has no variable pay element. Members of the Group executive are not entitled to other profit sharing. Members of the Group executive are part of the current company car scheme and the scheme for coverage of newspaper subscriptions, mobile phone and broadband. Members of the Group executive are members and part of the Group's collective pension and insurance schemes at all times. The Group executive is also included in the Group's occupational pension scheme for employees with salaries in excess of 12 G. The pension benefit from this scheme constitutes 66 per cent of pay in excess of 12 G and comes into effect from the age of 67.

No loans or collateral have been provided in favour of members of the Group executive. The note is based on disbursement, with the exception of pensions, which are based on accrued pension entitlement calculated by an actuary for the year.

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Note 8 Pensions and pension liabilities

TINE SA and its Norwegian subsidiaries have a group pension scheme with MP Pensjon in accordance with the Company Pensions Act. The scheme satisfies the regulations for compulsory occupational pensions (OTP). The group pension scheme is a defined benefit scheme and is included in the accounts as a defined benefit plan. The benefits are mainly dependent on the number of years of pensionable service and the pay level at retirement age. The occupational pension is in addition to the national insurance scheme and is independent of benefits from the national insurance scheme. The Group’s subsidiaries outside Norway have established pension schemes in accordance with local legislation.

MP Pensjon is an independent foundation that covers employees of TINE SA and its Norwegian Subsidiaries. The purpose of MP Pensjon is to provide retirement and disability pensions to members and dependant’s pensions to surviving spouses, registered partners, cohabitees and children. MP Pensjon’s assets are kept separate from the company’s assets. MP Pensjon is under the supervision of the Financial Supervisory Authority of Norway and has a licence to operate as a pension fund.

The pension scheme under MP Pensjon provides the following benefits in the case of full pensionable service (30 years or more):

Pension	Basis for calculation	Pension benefit
Retirement pension	Up to 6 G	16% of final pay.
	From 6 G to 12 G	44% of final pay.
Dependant’s pension – spouse/ cohabitee	Calculated retirement pension	55% of the calculated retirement pension
Dependant’s pension – child	Final pay	50% of the calculated retirement pension for the youngest child and 25% for other children under the age of 21. The total child’s pension is divided equally between the children.
Disability pension	Current pay	3% of pay up to 12 G. Additional 25% of G, limited to 6% of pay. Additional 66 per cent of pay between 6 G and 12 G. Saved rights from private and public occupational pensions are deducted from the calculation.

In addition to the group pension scheme, TINE SA and its Norwegian subsidiaries have an occupational pension scheme for employees with salaries in excess of 12 G. The pension benefit from this scheme constitutes 66 per cent of pay in excess of 12 G and comes into effect from the age of 67.

TINE SA and most of its Norwegian subsidiaries are within the LO-NHO agreement area. Based on this, the employees of the companies have the opportunity to apply for AFP from age 62. The current AFP scheme is a defined benefit multi-company scheme. The companies within the LO-NHO agreement area have a real financial liability as a result of the agreement regarding AFP. There is insufficient information to treat the AFP scheme as a defined benefit scheme with the associated calculation of obligations in the balance sheet. The scheme is therefore recognised as a deposit plan and funded through annual premiums.

Note 8 contd.

Note 8 contd.

For the TINE Group and TINE SA, the various schemes covered the following number of persons at 31.12.2021:

TINE GROUP			TINE SA	
Employees	Pensioners	Type of cost	Employees	Pensioners
4,881	4,024	Defined benefit schemes from MP Pensjon	4,310	3,692
72	22	Uninsured schemes ¹⁾	58	21
790	-	Defined contribution schemes	-	-
5,891	-	AFP	4,731	-

¹⁾ Uninsured schemes mainly applies to occupational pensions for employees with salaries above 12 G and gratuity pensions for employees who have previously fallen outside the group pension scheme with MP Pensjon.

Amounts in NOK thousands					
TINE GROUP			TINE SA		
2021	2020	Pension costs	2021	2020	
446,379	417,380	Present value of accrued pension entitlements for the year	391,812	369,293	
228,863	334,214	Interest expense on pension liabilities	210,573	307,860	
-545,122	-670,768	Net return on pension assets	-499,531	-614,548	
-24,045	-38,525	Recognised estimate differences	-20,433	-32,526	
-55,041	-53,236	Employee contributions	-49,253	-48,128	
12,105	10,443	Accrued employer's national insurance contributions	8,806	7,595	
89,426	85,625	Other pension costs (including AFP premium and defined contribution schemes)	67,276	63,193	
152,564	85,133	Net pension costs	109,249	52,740	

Note 8 contd.

Note 8 contd.

Reconciliation of pensions schemes' financial status as of 31.12 against amount in balance sheet:

			Amounts in NOK thousands	
TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Pension liabilities and assets	31.12.2021	31.12.2020
-16,492,070	-15,091,793	Accrued pension liabilities	-15,388,617	-14,055,255
19,735,141	19,695,429	Pension assets (at market value)	18,416,479	18,303,189
3,250,790	4,603,637	Net pension assets excluding employer's national insurance contributions and estimate differences	3,021,412	4,247,934
-476,386	-1,799,993	Non-recognised effect of estimate differences (pension accrual)	-421,867	-1,632,518
-7,719	-4,345	Employer's national insurance contributions	-6,450	
2,774,404	2,799,298	Net pension assets, over-funded scheme	2,599,545	2,615,416
-325,397	-325,401	Accrued pension liabilities	-186,905	-187,268
105,472	105,188	Pension assets (at market value)	-	-
-219,925	-220,213	Net pension liabilities excluding employer's national insurance contributions and estimate differences	-186,905	-187,268
-37,951	-23,463	Non-recognised effect of estimate differences (pension accrual)	-8,353	2,692
-31,971	-31,426	Employer's national insurance contributions	-26,354	-26,405
-289,847	-275,103	Net pension liabilities, under-funded scheme	-221,612	-210,981

The following assumptions have been applied in Norway for the TINE Group and TINE SA:

Economic assumptions	31.12.2021	31.12.2021
Discount rate	1.50%	1.50%
Anticipated pay adjustment	3.00%	2.50%
Anticipated adjustment to National Insurance Scheme's basic amount (G)	2.25%	2.00%
Anticipated pension adjustment	2.00%	2.00%
Anticipated return on pension assets ¹⁾	3.60%	3.20%
Demographic assumptions		
Applied mortality table	K2013	K2013
Applied disability tariff	Strengthened KU	Strengthened KU
Voluntary retirement (all ages)	Average 3-5% per year	Average 3-5% per year

¹⁾ When calculating pension cost for the year, anticipated return on the pension assets is based on historical and anticipated return from MP Pensjon.

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The economic and demographic assumptions used for calculating and accounting for pensions is based on expectations regarding actual membership, conditions for the MP Pensjon pension scheme and TINE’s assumptions on future economic development.

TINE GROUP			TINE SA	
2021	2020	Actual return on combined pension assets	2021	2020
12.4%	15.9%	Net return on pension assets in the group pension scheme	12.4%	15.9%
31.12.2021	31.12.2020	Pension assets in the group pension scheme with MP Pensjon comprise the following:	31.12.2021	31.12.2020
51%	51%	Shares	51%	51%
43%	41%	Fixed income securities	43%	41%
4%	5%	Property	4%	5%
1%	3%	Other assets	1%	3%

Sensitivity analysis for changes in assumptions

Measurement of defined benefit scheme pension liabilities and pension costs is based on several economic and demographic assumptions The table below shows estimated sensitivity for the most significant economic assumptions in the TINE Group. Sensitivity specifies the amount-related effect on pension costs and gross pension liabilities relating to the group pension schemes with MP Pensjon as a result of a reasonable increase or reduction in one of the assumptions applied.

	Discount rate		Anticipated pay adjustment		Anticipated pension adjustment	
	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Change in (NOK millions)						
Accrued pension liabilities entered in the balance sheet	-1,550	1,803	613	-489	1,403	-1,243
Expensed present value of accrued entitlements for the year	-53	63	55	-43	27	-24

The most significant demographic assumption is the mortality table. A one-year increase in life expectancy will result in an increase in gross pension liabilities of NOK 805 million at 31.12.2021.

The analysis specified above was carried out by an actuary and is based on circumstances at 31.12.2021. The calculations are based on the assumption that all other assumptions remain unchanged. Keeping the other assumptions unchanged represents a limitation to the analysis, as there may be a correlation between some of the changes.

Note 9 Auditor's fees

TINE GROUP			TINE SA	
2021	2020	Fees to elected auditor – Ernst & Young AS	2021	2020
7,444	4,375	Statutory audit services	4,750	1,847
961	1,016	Fees for attestation services	806	913
260	461	Fees for tax advice	-	100
823	486	Fees for other services	667	406
9,488	6,338	Total fees to elected auditor – Ernst & Young AS	6,223	3,266

The table shows expensed fees for the auditor, excluding VAT. Fees for attestation services mainly relate to attestation services required by the Norwegian Agriculture Agency and certification of a sustainability report. Fees for other services mainly relates to costs for winding up companies.

Note 10 Other operating expenses

TINE GROUP			TINE SA	
2021	2020	Type of cost	2021	2020
1,351,118	1,261,382	Indirect costs related to production and operations	1,056,927	998,981
1,215,045	1,165,763	Transport costs	1,086,826	1,052,211
-471,394	-460,372	Freight revenue (freight and distribution surcharge) 1)	-471,394	-460,372
1,315,005	1,332,095	Sales, marketing and other operating expenses	950,531	906,743
3,409,774	3,298,868	Total other operating expenses	2,622,890	2,497,563

¹⁾ Reimbursement from the price equalisation scheme for transport costs for raw milk for transport from the milk producer to the delivery point, see separate section on TINE Milk Supplies.

Amounts in NOK thousands		
Fees for other auditors	2021	2020
Statutory audit services	2,208	3,074
Fees for attestation services	-	-
Fees for tax advice	610	520
Fees for other services	1,528	2,314
Total fees for other auditors	4,346	5,908

Fees to other auditors relates to the companies Norseland Inc., Alpine Dairy LLC and Lotito Foods Holding LLC.

Note 11 Taxes

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020	Reconciliation from nominal to actual tax rate	2021	2020
1,682,270	1,935,050	Income before tax	1,658,193	1,729,650
370,099	425,711	Expected income tax as per nominal tax rate in Norway	364,802	380,523
Tax effect of the following items				
7,450	5,109	Non-deductible costs	3,109	2,807
-6,144	-8,263	Non-taxable income	-18,775	-15,968
-562	4,880	Tax rate differences overseas	-	-
-310,224	-238,206	Payments to milk producers	-310,224	-238,206
8,541	5,578	Amortisation of goodwill	-	-
47,114	-40,899	Effect of change in deferred tax assets	-	-
-4,065	-4,599	Income from joint ventures and associated companies	-	-
-	-258	Impairment of non-current financial assets	6,600	-
-	-338	Effect of amended tax rate	-	-
11,422	10,001	Wealth tax	11,422	10,001
-139	1,105	Tax for previous years	-139	496
1,361	3,605	Other items	4,185	-611
124,853	163,426	Total tax expense	60,980	139,042
7.4%	8.4%	Effective tax rate	3.7%	8.0%

As an effect of changes in deferred tax assets for the TINE Group, impairment of deferred tax assets in Mimi AS of NOK 26 million and NOK 21 million in accrued deferred tax assets in 2021 have been included that were recognised previously in the balance sheet. This change is due to a tax loss to carry forward from operations at Mimi AS as at 31.12.21, resulting in a total tax reduction of NOK 212 million. This corresponds to a deferred tax asset of NOK 47 million that has not been recognised in the balance sheet.

TINE GROUP			TINE SA	
2021	2020	Deferred tax effect from items entered against equity	2021	2020
-10,689	-1,253	Hedging of future cash flows	-10,689	-1,253
15,282	-22,496	Hedging of net investment in foreign subsidiaries	-	-
4,593	-23,749	Deferred tax effect from items entered against equity	-10,689	-1,253

TINE GROUP/NORWAY			TINE GROUP/OVERSEAS	
2021	2020	Distribution of tax expense in Norway and overseas	2021	2020
110,793	187,420	Tax expense	14,060	-23,994

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TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Payable taxes in the balance sheet	31.12.2021	31.12.2020
109,213	131,740	Income tax	84,947	97,107
-	-	Tax effect of group contribution paid	-7	-366
11,422	10,001	Wealth tax	11,422	10,001
120,635	141,741	Payable taxes in the balance sheet	96,362	106,742

TINE GROUP			31.12.2020	
31.12.2021				
Receivables	Liabilities	Specification of tax effect of temporary differences and loss to carry forward	Receivables	Liabilities
-	183,549	Tangible fixed assets	-	208,160
-	44,771	Added value on acquisition	-	40,356
2,796	-	Long-term liabilities/receivables	3,221	-
-	21,689	Financial derivatives	-	14,531
-	622,021	Pension assets	-	634,137
-	38,673	Inventories	-	37,262
59,652	-	Short-term receivables	75,486	-
30,565	-	Short-term liabilities	26,560	-
75,511	-	Pension liabilities	78,735	-
-	35,293	Profit and loss account	-	43,946
38,353	-	Loss to carry forward	74,664	-
206,877	945,996	Total before offsetting	258,666	978,392
-149,702	-149,702	Offset tax assets/liabilities	-174,806	-174,806
57,175	796,294	Deferred tax assets/liabilities	83,860	803,586
-5,493	-31,161	Deferred tax assets/liabilities not entered in the balance sheet	-	-34,363
51,682	765,133	Deferred tax assets/liabilities in the balance sheet	83,860	769,223

The Group presents deferred tax as net of the tax position of companies that are part of the same tax group. Deferred tax assets are entered based on future income and are expected to be utilised. Most of the tax assets are related to activities carried out by partly owned subsidiaries in Norway and wholly owned subsidiaries in other countries. The loss to carry forward has no time limitation. Previously impaired deferred

tax assets from Swedish operations were reversed in full in 2020, as it is felt that this can be exploited in the future. A tax loss to carry forward from operations at Mimirol resulting in a total tax reduction of NOK 212 million as at 31.12.21 and corresponding to a deferred tax asset of NOK 47 million has not been recognised in the balance sheet.

Note 11 contd.

Note 11 contd.

Amounts in NOK thousands

TINE SA			31.12.2020	
31.12.2021			31.12.2020	
Receivables	Liabilities	Specification of tax effect of temporary differences and loss to carry forward	Receivables	Liabilities
-	149,499	Tangible fixed assets	-	168,689
-	21,689	Financial derivatives	-	14,531
-	571,897	Pension assets	-	575,391
-	36,120	Inventories	-	35,022
52,415	-	Short-term receivables	52,641	-
48,755	-	Pension liabilities	46,416	-
-	33,038	Profit and loss account	-	40,841
101,170	812,243	Total before offsetting	99,057	834,474
-101,170	-101,170	Offset tax assets/liabilities	-99,057	-99,057
-	711,073	Deferred tax assets/liabilities	-	735,417
-	-31,161	Deferred tax assets/liabilities not entered in the balance sheet	-	-34,363
-	679,912	Deferred tax assets/liabilities in the balance sheet	-	701,054

TINE GROUP			TINE SA	
2021	2020	Specification of tax expense	2021	2020
67,159	6,803	Change in deferred tax	-21,143	47,527
109,220	131,739	Income tax payable	84,947	97,107
11,422	10,001	Wealth tax payable	11,422	10,001
-62,948	14,883	Other effects	-14,246	-15,593
124,853	163,426	Total tax expense	60,980	139,042

Note 12 Intangible assets and goodwill

Amounts in NOK thousands

TINE GROUP	Patents	Trademarks	Customers	Software and other rights	Goodwill	Total 2021	Total 2020
Acquisition cost at 01.01	100,312	52,386	18,500	477,292	353,717	1,002,207	855,655
Additions (+) for the year ¹⁾	-	976	-	282,853	-	283,829	157,248
Disposals (-) for the year	-799	-	-	-2,599	-	-3,398	-
Currency effects	3,350	939	-	4,062	4,838	13,189	-10,695
Acquisition cost at 31.12	102,863	54,301	18,500	761,608	358,555	1,295,827	1,002,207
Accumulated depreciation and impairment at 31.12	-14,287	-29,751	-9,758	-245,746	-218,555	-518,097	-359,218
Book value at 31.12	88,576	24,550	8,742	515,862	140,000	777,730	642,989
Depreciation for the year	-4,639	-3,300	-1,850	-90,137	-30,060	-129,986	-99,272
Impairment for the year	-	-	-	-20,315	-6,500	-26,815	-6,843
Economic life	20 years-perpetual	10-20 years	10 years	5-10 years	5-10 years		
Depreciation plan	Linear	Linear	Linear	Linear	Linear		

¹⁾ Additions, software and other rights.
Additions for the year in the form of other rights for the TINE Group total NOK 282 million. Additions for the year are made up of custom-designed software. This is treated as an intangible asset and is classified under other rights.

Goodwill is associated with:	Economic life	31.12.2021	31.12.2020
Diplom-Is Group	5 years	3,365	7,640
Fjordland Group	5 years	1,772	5,415
Mimiro AS	10 years	51,050	65,200
Norseland Inc. Group	10 years	83,813	95,481
Total goodwill		140,000	173,736
Added value associated with the acquisition of other intangible assets relates to:			
Diplom-Is Group		12,408	15,387
Fjordland Group		2,112	2,592
Norseland Inc. Group		178,058	182,059
Norseland Ltd. Group		11,023	12,380
Total added value associated with the acquisition of other intangible assets		203,601	212,418

Note 12 contd.

Note 12 contd.

Amounts in NOK thousands			
TINE SA	Software	Total 2021	Total 2020
Acquisition cost at 01.01	148,241	148,241	37,124
Additions (+) for the year ¹⁾	277,826	277,826	132,117
Disposals (-) for the year	-	-	-21,000
Acquisition cost at 31.12	426,067	426,067	148,241
Accumulated depreciation and impairment at 31.12	-88,112	-88,112	-20,568
Book value at 31.12	337,955	337,955	127,673
Depreciation for the year	-47,229	-47,229	-10,352
Impairment for the year	-20,315	-20,315	-6,843
Economic life	3-10 years		
Depreciation plan	Linear		

¹⁾ Additions, software:
Custom-designed software is classified under other rights.
Additions for the year of NOK 277 million relate to custom-designed software. Additions are amortised over 3, 5 or 10 years. The majority of the additions for the year will be amortised over 5 years.

The need for impairment of goodwill and other intangible assets has been evaluated. For indications of impairment in value, the recoverable amount is calculated based on discounting of future cash flows. The cash flows are based on budget and other available information at the time of evaluation.

In 2021, TINE SA has impaired software solutions by NOK 20.3 million.

A need for impairment of intangible assets at MIMIRO AS has also been identified. The TINE Group processed the transfer of assets from TINE SA to MIMIRO in 2019 according to the continuity principle. In 2021, MIMIRO AS has impaired goodwill by NOK 49 million, the effect for TINE SA being NOK 6.5 million in the TINE Group due to historical processing of the transaction according to the continuity principle

Note 12 contd.

Note 12 contd.

Amounts in NOK thousands				
TINE GROUP			TINE SA	
2021	2020	Expensed research and product development	2021	2020
28,315	14,994	Research	28,315	14,994
79,802	81,385	Product development	65,312	74,434
108,117	96,379	Total expensed research and product development	93,627	89,428

Significant ongoing research and development work is linked to our focus on the dairy sector, specifically within health and wellbeing.

Amounts in NOK thousands				
TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Intangible assets in preparation	31.12.2021	31.12.2020
123,575	-	Software	109,525	-
123,575	-	Total intangible assets in preparation	109,525	-

Intangible assets in progress at the TINE Group relate to custom-designed software in TINE SA and Mimi AS.

Note 13 Tangible fixed assets

Amounts in NOK thousands

TINE GROUP	Land	Buildings/property	Machinery/equipment	Means of transport	Total 2021	Total 2020
Acquisition cost at 01.01	376,208	8,075,845	12,750,780	1,129,890	22,332,723	21,422,148
Additions (+) for the year	5,807	198,298	465,705	121,836	791,646	1,252,331
Disposals (-) for the year	-3,680	-40,426	-210,987	-72,640	-327,733	-369,965
Currency effects	-383	-16,291	-1,981	-465	-19,120	28,208
Acquisition cost at 31.12	377,952	8,217,426	13,003,517	1,178,621	22,777,516	22,332,722
Accumulated depreciation and impairment at 31.12	-49,069	-4,025,787	-8,593,536	-731,205	-13,399,597	-12,458,229
Book value at 31.12	328,883	4,191,639	4,409,981	447,416	9,377,919	9,874,493
Depreciation for the year	-6,941	-325,800	-761,413	-134,190	-1,228,344	-1,188,503
Impairment for the year	-	-	-20,109	-	-20,109	-87,793
Economic depreciation period	10 years-perpetual	20-30 years	3-15 years	5-10 years		
Depreciation plan	Linear	Linear	Linear	Linear		
Accounting gain (+) / loss (-) on sold operating assets	8,344	786	10,420	3,735	23,285	249,250

TINE SA	Land	Buildings/property	Machinery/equipment	Means of transport	Total 2021	Total 2020
Acquisition cost at 01.01	333,020	7,039,551	10,838,039	955,332	19,165,942	18,474,434
Additions (+) for the year	5,414	181,452	340,091	100,151	627,108	986,352
Disposals (-) for the year	-88	-15,780	-176,513	-66,478	-258,859	-294,843
Acquisition cost at 31.12	338,346	7,205,223	11,001,617	989,005	19,534,191	19,165,943
Accumulated depreciation and impairment at 31.12	-45,662	-3,731,537	-7,510,205	-609,757	-11,897,161	-11,106,545
Book value at 31.12	292,684	3,473,686	3,491,412	379,248	7,637,030	8,059,398
Depreciation for the year	-6,471	-277,983	-621,687	-110,724	-1,016,865	-1,010,455
Impairment for the year	-	-	-20,109	-	-20,109	-86,365
Economic depreciation period	10 years-perpetual	20-30 years	3-15 years	5-10 years		
Depreciation plan	Linear	Linear	Linear	Linear		
Accounting gain (+) / loss (-) on sold operating assets	8,344	786	24	579	9,733	238,534

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Buildings and other property consist of own production premises, warehouses and administrative buildings for use in the company’s dairy operations and for ice-cream production. Renting to external lessees is insignificant. The need for impairment is evaluated where there are indications of impairment in value of tangible fixed assets. Tangible fixed assets are written down to the recoverable amount as a result of decisions on future closure of plants, restructuring of operations and projects that have proved less profitable than anticipated. Capitalised spare parts are included as non-current assets.

The table below shows the book value of buildings, technical installations and machinery under construction. Plants under construction are entered as tangible fixed assets, but are not depreciated until they are taken into use.

The Ireland investment was valued in the autumn of 2021. The company is in a start-up phase, and the assessment is based on the predominant probability that production can continue with measures pending clarifications linked with emissions permits.

Amounts in NOK thousands					
TINE GROUP			TINE SA		
2021	2020	Premises under construction	2021	2020	
31,394	98,812	Buildings	29,679	97,713	
38,376	32,922	Technical installations	38,307	32,087	
266,964	462,600	Machinery	250,901	454,705	
336,734	594,334	Total premises under construction	318,887	584,505	

Note 14 Subsidiaries, joint ventures and associated companies

Amounts in NOK thousands

TINE GROUP	Registered office	Date of acquisition	Parent company TINE SA Ownership/voting share	Sub-group/subsidiary Ownership/voting share	Share of equity in the company at 31.12.2021	Book value in TINE SA at 31.12.2021	Book value in TINE SA at 31.12.2020
Bunes Fryselager AS ¹⁾	Porsgrunn	1975	19%	40%	9,301	95	95
Diplom-Is AS ³⁾	Nittedal	1991	100%		454,466	491,758	476,158
Norsk Iskrem AS	Nittedal	1989		100%			
Laguna Produkter AS	Holmestrand	2016		100%			
Isdalen AS	Oslo	2016		100%			
Kulinaris AS	Trollåsen	2017		51%			
Plug-in Service AS	Hagan	2019		100%			
Fjordland AS	Oslo	1985	51%		123,451	18,333	18,333
Matvarehuset AS	Bergen	2014		100%			
Safari Næringsmidler AS	Bergen	2016		65%			
Hallheimslien 12 AS	Bergen	2018		100%			
Heimatt AS ²⁾	Oslo	2002	0%		-	-	900
Kukraft AS	Oslo	2018	100%		250	296	270
Mimiro Holding AS ⁴⁾	Ås	2018	57%		209,363	118,974	148,974
Mimiro AS	Ås	2018		100%			
Norseland Holdings Ltd.	Ilchester, UK	2004	100%		154,760	119,999	119,999
Norseland Ltd.	Ilchester, UK	2008		100%			
Phonefood Ltd.	Ilchester, UK	2008		100%			
Ridgebrick Ltd.	Ilchester, UK	2013		100%			
Norseland Inc.	Stamford, US	1978	100%		463,609	193,517	193,517
Alpine Dairy LLC	Winesburg, US	2012		100%			
Lotito Foods Holding LLC	Edison, US	2019		80%			
Næringsmiddelproduksjon AS	Oslo	2001	100%		1,000	1,103	1,103
OsteCompagniet AS ²⁾	Oslo	2001	100%		-	-	1,000
Sunniva Drikker AS ²⁾	Oslo	2002	100%		-	-	1,000
TINE Holding AB	Ulricehamn, Sweden	2007	100%		869,000	751,395	751,395
Wernersson Glass AB	Ulricehamn, Sweden	06/04/2003		100%			
Wernersson Ost AB	Ulricehamn, Sweden	2007		100%			
Wernersson Ost Danmark A/S	Roskilde, Denmark	11/08/2007		100%			
TINE Holding Ireland Ltd.	Dublin, Ireland	2016	100%		409,495	475,930	475,930
TINE Ireland Ltd.	Dublin, Ireland	2016		100%			
Total					2,694,696	2,171,401	2,188,675

1) Total ownership interest in Bunes Fryselager AS for the TINE Group constitutes 59 per cent (TINE SA 19 per cent and Diplom-Is AS 40 per cent).
2) Sunniva Drikker AS, Heimatt AS and Ostekompaniet AS have been wound up in 2021. The companies' receivables and liabilities have been settled as of 31.12.21 and the profit up to the time of winding up are included in the consolidated accounts.
3) An increase in Diplom-Is AS relates to Group contributions of NOK 15.6 million paid by TINE SA to Diplom-Is AS.
4) Reduction in Mimiro Holding AS is an impairment of investment. The investment reflects TINE's share of equity in the company following this impairment.

Note 14 contd.

JOINT VENTURES (JV) AND ASSOCIATED COMPANIES (AS)					TINE GROUP		TINE SA			
	Registered office	Date of acquisition	Ownership/ voting share	Number of shares/ ownership shares	Share of profit 2021	Share of equity at 31.12.2021	Share of profit 2020	Share of equity at 31.12.2020	Value in balance sheet at 31.12.2021	Value in balance sheet at 31.12.2020
Fjordkjøkken AS	Varhaug	1996	23.46%	6,100	5,594	42,893	7,502	39,646	9,700	9,700
Skala AS	Oslo	1948	44.00%	11,000	18,763	49,336	16,932	49,585	866	866
TUN Media AS ¹⁾	Oslo	2000	0.00%	-	-11,568	-	3,495	27,208	-	10,212
Other JV and AS					1,402	6,016	1,647	6,232	2,096	2,046
Total JV and AS					14,191	98,245	29,576	122,671	12,662	22,824

1) Tun Media sold in 2021

INCOME FROM INVESTMENTS IN SUBSIDIARIES		Amounts in NOK thousands	
Type of financial income	TINE SA		
	2021	2020	
Diplom-Is AS ¹⁾	20,000	-	
OsteCompagniet AS	-	15,059	
Sunniva Drikker AS	-	6,667	
Næringsmiddelproduksjon AS ²⁾	8	28	
Group contribution	20,008	21,754	
Fjordland AS ³⁾	26,731	24,000	
Norseland Ltd ³⁾	7,725	-	
Bunes Fryselager AS ³⁾	266	-	
Dividend	34,722	24,000	
Total income from investments in subsidiaries	54,730	45,754	

1) Diplom-Is AS has paid Group contributions of NOK 20 million to TINE SA.
2) Næringsmiddelproduksjon has paid Group contributions of NOK 8,000 to TINE SA.
3) Fjordland AS, Norseland Ltd and Bunes Fryselager have paid dividends to TINE SA of NOK 26 million, NOK 8 million and NOK 0.3 million respectively.

COMPANY CHANGES

New businesses: Norseland Inc. increased its ownership interest in Lotito Foods Holding by 4.3 per cent in January 2021, from 75.7 per cent to 80 per cent.
Winding up of company: Sunniva Drikker AS, Heimatt AS and Ostekompaniet AS have been wound up in 2021. The companies' receivables and liabilities have been settled as of 31.12.21 and the profit up to the time of winding up are included in the consolidated accounts.

Note 15 Products

Amounts in NOK thousands

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Specification	31.12.2021	31.12.2020
515,871	514,165	Commodities	329,296	313,680
240,736	200,461	Goods in production	136,919	108,177
1,672,989	1,293,848	Self-manufactured ready-made products	1,506,386	1,199,271
405,642	414,771	Goods for resale	17,161	20,804
169,448	157,242	Spare parts stock	160,720	148,466
3,004,686	2,580,487	Total products	2,150,482	1,790,398

31.12.2021	31.12.2020	Estimated value	31.12.2021	31.12.2020
2,735,553	2,357,915	Valued at acquisition cost	2,032,328	1,675,562
269,133	222,572	Valued at fair value	118,154	114,836
3,004,686	2,580,487	Total products	2,150,482	1,790,398

The Group's inventories were written down by a total of NOK 60 million as of 31.12.2021. The corresponding figure for 2020 was NOK 64 million. The impairment reflects obsolescence and devaluation as a result of changed market conditions, mainly for powdered milk and cheese in Norway and stock adjustment of cheese in Ireland.

Note 16 Outstanding accounts payable to Group companies

Amounts in NOK thousands

		TINE SA	
Outstanding accounts payable to Group subsidiaries		31.12.2021	31.12.2020
Current receivables from Group companies		907,358	744,148
Accounts payable to Group companies		603,535	573,294
Other short-term liabilities to Group companies		104,084	13,254

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Inter-company balances with joint ventures and associated companies	31.12.2021	31.12.2020
2,279	2,346	Short-term receivables for joint ventures and associated companies	2,279	2,321
37,999	35,388	Accounts payable to joint ventures and associated companies	37,999	35,288

Collateral, guarantees and other security for the benefit of Group companies are stated in [notes 21](#) and [27](#).

Note 17 Equity

Amounts in NOK thousands

TINE GROUP					31.12.2021	31.12.2020				
Share capital	Subsequent payment fund	Other equity	Minority share of equity	Total equity		Share capital	Subsequent payment fund	Other equity	Minority share of equity	Total equity
5,188	460,000	8,717,464	412,863	9,595,515	Equity at 01.01	5,403	340,000	8,149,070	425,825	8,920,298
					Change in equity for the year					
-	-	1,573,317	-15,900	1,557,417	Profit for the year: majority and minority share	-	-	1,758,367	13,258	1,771,625
-	-	-1,410,107	-	-1,410,107	Subsequent payments to milk producers	-	-	-1,082,756	-	-1,082,756
-	-283,000	283,000	-	-	Transferred to subsequent payment fund	-	120,000	-120,000	-	-
-148	-	-	-	-148	Net payments and disbursements of share capital	-215	-	-	-	-215
-	-	49,031	-	49,031	Hedging of future cash flows	-	-	17,197	-	17,197
-	-	54,182	-	54,182	Hedging of net investment in foreign subsidiaries	-	-	-79,757	-	-79,757
-	-	3,940	-21,507	-17,567	Change in minority	-	-	-2,690	-2,907	-5,597
-	-	-	-26,959	-26,959	Minority share of paid dividend	-	-	-	-23,313	-23,313
-	-	-57,379	-	-57,379	Translation difference	-	-	90,988	-	90,988
-	-	-8,339	-	-8,339	Other items	-	-	-12,955	-	-12,955
5,040	177,000	9,205,111	348,497	9,735,648	Equity at 31.12	5,188	460,000	8,717,464	412,863	9,595,515

Net payments and disbursements of share capital

The share capital in TINE SA is the sum of the shares held by the members of TINE SA. Each member owns one share with a face value of NOK 500. Membership of TINE SA is open to milk producers who have a milk quota.

Minorities represent external ownership interests in subsidiaries

The minorities' share of equity is divided as follows.

	TINE GROUP	
	31.12.2021	31.12.2020
Fjordland Group	147,885	133,406
Diplom-Is Group	6,431	5,744
Norseland Inc. Group	96,788	116,894
Mimiro AS	90,930	150,032
Bunes Fryselager AS	6,463	6,787
Total minority share of equity	348,497	412,863

Note 17 contd.

Note 17 contd.

TINE SA

Amounts in NOK thousands

31.12.2021					31.12.2020			
Share capital	Subsequent payment fund	Other equity	Total equity		Share capital	Subsequent payment fund	Other equity	Total equity
5,188	460,000	8,370,315	8,835,503	Equity at 01.01	5,403	340,000	7,965,266	8,310,669
				Change in equity for the year				
-	-	1,597,213	1,597,213	Net income	-	-	1,590,608	1,590,608
-	-	-1,410,107	-1,410,107	Subsequent payments to milk producers	-	-	-1,082,756	-1,082,756
-	-283,000	283,000	-	Transferred to subsequent payment fund	-	120,000	-120,000	-
-148	-	-	-148	Net payments and disbursements of share capital	-215	-	-	-215
-	-	49,031	49,031	Hedging of future cash flows	-	-	17,197	17,197
-	-	-	-	Other items	-	-	-	-
5,040	177,000	8,889,452	9,071,492	Equity at 31.12	5,188	460,000	8,370,315	8,835,503

Subsequent payments to milk producers

TINE's Board has adopted a subsequent payment policy where the aim is for between 50 and 75 per cent of the Group's annual profit after tax to be set aside for subsequent payments to owners. The annual allocation is affected by future investment level, financial key figures and tax position. The requirement for at least 45 per cent equity should take priority over the subsequent payment policy.

They are distributed on the basis of the quantity of milk supplied during the calendar year. Payment cannot exceed what is consistent with good and prudent business practice.

Note 18 Balance sheet provisions for liabilities

Amounts in NOK thousands

The following provisions for liabilities are entered in the balance sheet as liabilities.

TINE GROUP			TINE SA	
31.12.2021	31.12.2020		31.12.2021	31.12.2020
104,011	102,667	Costs relating to restructuring	99,899	100,987

Provisions for costs relating to restructuring measures and severance pay at TINE SA and Diplom-Is AS. Provisions are included in other short-term liabilities in the balance sheet.

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Note 19 Effects on results, interest and currency, hedging instruments and risk

Amounts in NOK thousands

TINE SA takes a holistic approach to the Group’s financial risks. The overall objective of TINE’s financial guidelines is to contribute to a stable result. TINE SA uses interest rate derivatives as part of management of the Group’s currency and interest rate exposure. Interest rate derivatives are entered into to achieve the desired interest rate structure for the loan portfolio. Forward exchange contracts, currency options and currency swaps are entered into to hedge cash flows in foreign currency and equity in foreign subsidiaries.

Currency risk

TINE SA is subject to currency risk, which is mainly related to the sale of goods and purchase of input factors, as well as investments in and dividends from subsidiaries outside Norway. Balance risk is related to ownership interests in foreign subsidiaries in Sweden, Denmark, the UK, Ireland and the US, with functional currencies other than NOK.

In order to reduce the risk associated with commercial transactions in foreign currency, TINE SA has entered into forward exchange contracts and currency options for USD and EUR where TINE SA is subject to the greatest exposure. Currency derivatives are valued in accordance with § 5-9 of the Accounting Act at fair value in the balance sheet. Unrealised changes in fair value are entered against equity.

The TINE Group applies currency hedging of net investment in foreign subsidiaries. TINE SA has implemented currency hedging for most of its net investments in TINE Holding AB, Wernersson Ost AB, Norseland Ltd., TINE Ireland Holding Ltd. and Norseland Inc. Currency loans and currency derivatives are used as hedging instruments. The changes in value of the hedging instruments are entered against equity in the TINE Group.

TINE GROUP			TINE SA		
	2021	2020		2021	2020
	-3,559	66,747	Realised and unrealised gain and loss on foreign exchange	56,973	-24,446
	18,537	-66,903	Realised gain/loss on foreign exchange	23,902	-79,261
	14,978	-156	Unrealised gain/loss on foreign exchange	80,875	-103,707
			Net realised and unrealised currency gain and loss		
TINE GROUP			TINE SA		
	31.12.2021	31.12.2020		31.12.2021	31.12.2020
	-172	3,107	Market value of currency derivatives, excluding accrued interest	-172	3,107
	-24,857	-54,553	Currency derivatives valued at fair value in the balance sheet FX-forward, options (Cash flow hedging)	-24,857	-54,553
	-25,029	-51,446	Currency derivatives valued at fair value in the balance sheet Basis swap (equity hedging)	-25,029	-51,446
			Total market value of currency derivatives ¹⁾		

¹⁾ The total value of currency derivatives entered in the balance sheet is classified as long-term liabilities.

Hedge accounting of currency derivatives is employed. Changes in the value of currency derivatives used for hedging of investment in foreign subsidiaries are entered against equity in the TINE Group. Currency changes relating to hedging of cash flows are entered against equity in TINE SA.

The market value report for foreign exchange derivatives is sent from the relevant banks each month and the valuation is checked against the Bloomberg value estimate.

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TINE GROUP			TINE SA	
2021	2020	Realised gain/loss on foreign exchange derivatives	2021	2020
-41,371	31,761	Realised gain/loss on derivatives – EURNOK	-41,371	31,761
1,247	-74,643	Realised Gain/Loss on Derivatives – USDNOK	1,247	-74,643
1,247	-74,643	Realised gain/loss on derivatives – AUDNOK	1,247	-74,643
-75	595	Realised gain/loss on derivatives – EURUSD	-75	595
-40,199	-42,287	Net realised gain/loss on foreign exchange derivatives ¹⁾	-40,199	-42,287

¹⁾ Unrealised currency effects relating to cash flow hedging are entered as hedged. Realised currency effects relating to cash flow hedging is recognised in operating profit. Gain and loss related to currency hedging of net investment in foreign subsidiaries is recognised in the income statement in TINE SA, but reversed in the TINE Group.

Interest rate risk

The most significant interest rate risk exposure for TINE SA is linked to its loan portfolio. TINE's financial guidelines for managing interest rate risk aim to ensure that the Group has the most cost-effective financing possible as well as a certain degree of stability and predictability in financial costs. In order to reduce risks associated with future interest payments, as a result of fluctuations in market rates, TINE SA opted to employ interest rate hedging instruments. The interest rate hedging instruments currently have a maturity of up to 10 years, some with a future start date. The degree of hedging varies, but is limited to 50 per cent of expected future net interest-bearing liabilities.

TINE GROUP			TINE SA	
2021	2020	Interest income and expenses	2021	2020
2,880	-1,451	Interest income from companies in the same group	9,171	6,648
4,614	4,993	External interest income	4,203	4,796
-84,822	-100,131	External interest expenses	-84,640	-98,921
-77,328	-96,589	Net interest income and expenses	-71,267	-87,477

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Market value of interest rate derivatives excluding accrued interest	31.12.2021	31.12.2020
-43,808	-95,673	Interest rate derivatives where change in value is entered against equity (cash flow hedging)	-43,808	-95,673
-43,808	-95,673	Total market value of interest rate derivatives excluding accrued interest ¹⁾	-43,808	-95,673

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Realised interest rate derivatives	31.12.2021	31.12.2020
-109,909	-121,044	Realised balance sheet values, interest rate derivatives (cash flow hedging)	-109,909	-121,044
-109,909	-121,044	Total market value of interest rate derivatives excluding accrued interest ¹⁾	-109,909	-121,044

¹⁾ Total value of interest rate derivatives entered in the balance sheet is included in the balance sheet item for long-term financial liabilities.

Interest rate derivatives relate to cash flow hedging of future interest payments and changes in value are entered against equity. No new interest rate derivatives were realised in either 2021 or 2020. Interest rate derivatives are included in the cash flow hedging of future interest payments. The realisation amount is included in other equity and is entered in the income statement in line with the interest payments originally hedged by the derivatives. The amount is included in the balance sheet item Other equity for both the TINE Group and TINE SA. The portfolio of interest rate derivatives has a weighted maturity of 7.4 years at 31.12.21. According to the financial guidelines, an interest rate derivative can have a maximum maturity of 10 years. The market value report for interest rate derivatives is sent from the relevant banks each month and the valuation is checked against the Bloomberg value estimate.

Note 19 contd.

Note 19 contd.

Amounts in NOK thousands

TINE GROUP				TINE SA		
31.12.2021	31.12.2020	Value change ¹⁾	Value of cash flow hedging after tax	31.12.2021	31.12.2020	Value change
-172	3,107		Market value, cash flow hedging, currency derivatives	-172	3,107	
-34,133	-75,309		Market value, cash flow hedging, interest rate derivatives	-34,133	-75,309	
-109,910	-121,044		Realised interest rate swaps	-109,910	-121,044	
-144,215	-193,246	49,031	Total value of cash flow hedging after tax	-144,215	-193,246	49,031

TINE GROUP			
31.12.2021	31.12.2020	Value change ¹⁾	Value of equity hedging after tax
-19,388	-42,551		Market value of basis swap, equity hedging
-74,489	-114,124		Market value of liabilities, equity hedging
-39,780	-31,164		Realised equity hedging
-133,657	-187,839	54,182	Total value of equity hedging after tax

¹⁾ Entered against Other equity, see note 17

Hedge accounting of currency and interest rate derivatives is employed. Changes in the value of currency and interest rate derivatives and liabilities that are used for hedging of investment in foreign subsidiaries (equity hedging) are entered against equity in the TINE Group. The change in value of currency and interest rate derivatives relating to hedging of cash flows is entered against equity in TINE SA. The table above specifies changes in value of equity hedging and cash flow.

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Credit risk

Credit risk is the risk that a party will inflict a financial loss on another party by failing to meet its obligations. The TINE Group assumes counterparty risk for sales of goods, through the operating guarantee scheme for milk producers, by investing in surplus liquidity and through trading in financial derivatives. Credit risk on financial counterparties is limited by clear limits under financial guidelines.

The TINE Group has established procedures for credit assessment of customers and credit limits are determined in accordance with the company's guidelines. These guidelines include a requirement for terms of settlement that provide a guarantee of payment for the goods delivered. TINE's customers include wholesalers and individual customers within multiple customer segments. Their ability to pay is considered good and losses on receivables have historically been low in the TINE Group. A changed outlook for Norwegian macroeconomics has meant that follow-up on vulnerable customer groups has been strengthened in the TINE Group.

TINE SA has also entered into an operating guarantee scheme where TINE SA guarantees a maximum of 50 per cent of the outstanding credit held by the milk producers under the scheme of Short-term credit for agriculture. Payments from this scheme have historically been low. Counterparty risk for financial derivatives and investment in surplus liquidity is reduced by selecting counterparties with a high credit rating, and by means of diversification.

Liquidity risk

Liquidity risk is the risk that the TINE Group will not be able to service its financial liabilities as they mature. The TINE Group manages its liquidity risk by having sufficient liquidity reserves and credit facilities with agreed credit limits with banks and by continuously monitoring future cash flows related to financial assets and liabilities in the balance sheet. Liquidity for the TINE Group is deemed to be good. As of 31.12.2021 the TINE Group has available limits within loan facilities that would be able to cover short-term refinancing needs, and available limits indicate that the liquidity risk can be considered very low.

Please refer to [note 23](#) for a more detailed description of the credit facilities and financing situation.

Operational risk

Operational risk is the risk of financial loss or loss of reputation as a result of failures in internal processes, human errors or system failures, or other losses due to external factors that are not a consequence of the financial market risk at TINE. Operational risk must be reduced by the existence of clear procedures and processes and a clear authorisation structure.

Commodity risk:

Purchasing

Commodity risk is the risk of lack of access and/or increased costs for TINE to manufacture products in line with its customers' orders. TINE manages this risk by securing commodity prices going forward, either directly through purchase agreements on commodities or indirectly through purchase agreements on packaging or rental production. TINE also secures itself by maintaining stock in hand on commodities appropriate for this.

Commodity risk is normally considered predictable. At the same time, major changes in markets may affect availability, particularly in the event of unforeseen shortages of commodities. Furthermore, large price increases on commodities will affect TINE's finances in the short term in that it will take time for the price increase to reach customers.

The international dairy market

Developments in the international dairy market affect TINE directly through imports into Norway. Despite developments with the ongoing pandemic in 2021, the international dairy market has been relatively stable and the outlook indicates that this will continue into 2022. Prices on the world market for the most important bulk products, large generic product groups that are produced almost equally across national borders, had a normal trend in 2021 as prices rose considerably during the second half of the year.

Butter showed a fall in price over the first half of the year like all other bulk products in the dairy market, but the price stabilised and showed a steady increase to the end of the year. Prices for Cheddar and Gouda were stable in the first six months of 2021 and increased towards the end of the year, with cheese production virtually unchanged.

WMP (Whole Milk Powder) and SMP (Skimmed Milk Powder) are following the same trend as the other products and stabilising at a high historical price.

Global prices for raw milk affect the international subsidiaries of the TINE Group. In the US, it is estimated that we will see a limited increase in weighed milk volume for 2021, equivalent to 2020. In the EU, the volume of milk is estimated to be approximately the same as 2020, with some countries continuing the downward trend and others showing a rise, thus balancing out the total for the region. Oceania reports an expected slight decline. This trend continues into 2022, and it appears that demand in the market is greater than supply. The EU, the US and Oceania look set to maintain supply at about the same level for 2022, which means that prices are likely to continue to remain at a high level.

Note 20 Net other financial income and expenses

Amounts in NOK thousands

TINE GROUP			TINE SA	
2021	2020		2021	2020
-	-	Impairment of investments in subsidiaries	-30,000	-1,171
-	-60	Impairment of investments in other companies	-	-60
3,664	3,473	Change in value of market-based financial current assets	3,664	3,473
21,536	18,336	Other financial income	3,492	16,761
-19,730	-11,713	Other financial expenses	-8,542	-4,851
5,470	10,036	Net other financial income and expenses	-31,386	14,152

The impairment of investments in subsidiaries in 2021 relates to an investment in Mimirol Holding AS, which has been impaired by NOK 30 million. The investment following this impairment reflects TINE's share of the company's equity.

Other financial revenues in 2021 include COVID-19 compensation of NOK 14 million for the Norseland Inc. Group. Other financial income for 2020 includes a gain of NOK 16 million from sale of TINE's shares in Rørosmeieriet.

Note 21 Guarantees

Guarantees:

Bank guarantees

The TINE Group has a guarantee limit of NOK 250 million at its disposal with Handelsbanken Norge. The guarantee liability mainly covers tax deduction guarantees and transport licence guarantees for TINE SA and its subsidiaries.

Guarantees provided by TINE

TINE SA is jointly and severally liable to Handelsbanken Norge for guarantees provided on behalf of subsidiaries. At 31.12.2021, this commitment amounted to NOK 208 million. In other respects, TINE SA covers a maximum of 50 per cent of the current operating credit facilities held by the milk producers under the scheme of Short-term credit for agriculture. Please refer also to note 19, section on credit risk.

Note 22 Bank deposits, cash and money market securities

Amounts in NOK thousands

TINE GROUP			TINE SA		
31.12.2021	31.12.2020	Bank deposits, cash and money market securities	31.12.2021	31.12.2020	
312,275	355,194	Bank deposits and cash	200,428	204,531	
683,736	750,533	Bank deposits, group account scheme	683,736	750,533	
500,481	604,360	Fixed income fund	500,481	604,360	
1,496,492	1,710,087	Total bank deposits, cash and money market securities	1,384,645	1,559,424	
2,743	2,590	of which: Tied bank deposits	-	-	

Tied bank deposits consist mainly of tax deduction accounts for TINE SA subsidiaries.

Unused portions of overdraft facilities and other drawing rights are stated in notes 23 and 24.

Note 23 Other long-term liabilities

Figures in NOK millions

The table below shows other long-term liabilities:

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Type of loan	31.12.2021	31.12.2020
2,205	2,655	Bonds	2,205	2,655
400	871	Liabilities to financial institutions, NOK	400	871
483	524	Liabilities to financial institutions, EUR	483	524
383	372	Multi-currency drawing right	383	372
1,267	1,766	Long-term liabilities to financial institutions	1,267	1,766
25	55	Financial derivatives – currency swap	25	55
52	73	Various long-term liabilities	7	6
77	127	Other long-term liabilities	32	60
3,548	4,548	Total other long-term liabilities	3,504	4,482

Bonds	TINE SA				
	Book value		Fair value*		Currency
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
Tine SA 21/26 FRN (NO0011151904)	500	-	500	-	NOK
Tine SA 19/29 2.80% (NO0010856768)	150	150	151	159	NOK
Tine SA 19/24 FRN (NO0010856727)	400	400	404	404	NOK
Tine SA 18/28 3.09% (NO0010816838)	205	205	211	222	NOK
Tine SA 18/23 FRN (NO0010816309)	450	450	452	453	NOK
Tine SA 17/24 2.50% (NO0010782667)	500	500	506	521	NOK
Tine SA 17/22 FRN (NO0010793250)	340	500	342	503	NOK
Tine SA 16/21 FRN (NO0010777741)	-	450	-	452	NOK

*Fair value is based on Bloomberg rates as of 31.12

Note 23 contd.

The table shows maturity and instalments per year for long-term liabilities:

TINE GROUP						TINE SA				
Maturity and instalments: 2022	2023	2024	2025	2026 and later	Type of loan	Maturity and instalments: 2022	2023	2024	2025	2026 and later
	450	900	-	855	Bonds (long-term)		450	900	-	855
64	64	128	128	883	Long-term liabilities to financial institutions	64	64	128	128	882
64	514	1,028	128	1,738	Total maturity and instalments	64	514	1,028	128	1,737

The table below shows net interest-bearing liabilities:

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Type of loan	31.12.2021	31.12.2020
3,548	4,548	Total other long-term liabilities	3,504	4,482
484	197	Short-term interest-bearing liabilities ¹⁾	340	-
4,032	4,745	Interest-bearing liabilities	3,844	4,482
-1,496	-1,710	Bank deposits, cash and money market securities ²⁾	-1,385	-1,559
2,536	3,035	Net interest-bearing liabilities	2,459	2,922
3,130	3,375	12 mth EBITDA	2,701	2,966
0.81	0.90	NIBD/EBITDA	0.91	0.99

1) Please see note 24

2) Please see note 22

Bonds

TINE SA has seven bonds listed on ABM (Alternative Bond Market). For all bonds, a loan agreement has been entered into with Norsk Tillitsmann ASA. The loans have a negative pledge clause and are pari passu with other interest-bearing loans.

Long-term liabilities to financial institutions

TINE SA's liabilities to credit institutions consists of one loan from KfW IPEX-Bank (EUR 48.4 million) and one from Nordic Investment Bank (NOK 400 million).

TINE SA has an agreement with Danske Bank and DNB for a long-term multicurrency revolving credit facility of NOK 1,200 million. The facility was entered into in July 2021 and matures in July 2024 (3+1+1 year). The facility is primarily used as a back-stop for short-term financing. The current drawings are linked to hedging of net investments in foreign subsidiaries. See note 19 for further detail.

Loan terms

In 2021, the average interest rate for long-term interest-bearing liabilities was 1.30 per cent. This figure includes non-active interest rate swaps. The corresponding average interest rate for 2020 was 1.75 per cent.

The agreements limit the possibility of raising new loans with collateral without the approval of the lenders. Other important loan terms and conditions include the requirement for the TINE Group's equity ratio to be at least 40 per cent, restriction of access to use of financial leasing and that sales of assets that constitute a significant element of the business must be approved by the lenders. TINE SA satisfies all loan terms.

Note 24 Short-term interest-bearing liabilities

Amounts in NOK thousands

TINE GROUP			TINE SA	
31.12.2021	31.12.2020	Short-term interest-bearing liabilities	31.12.2021	31.12.2020
340,000	-	Bond loans, short-term	340,000	-
143,660	196,976	Credit, outside group account scheme	-	-
483,660	196,976	Total short-term interest-bearing liabilities	340,000	-
858,105	822,997	Unused portion of overdraft facility	700,000	700,000

TINE SA has a group account agreement with Danske Bank A/S with a total overdraft facility for the entire group of NOK 700 million. The exception is Norseland Inc. and its subsidiaries. This company has a separate bank agreement and overdraft facility with DNB ASA of USD 20 million. Norseland Inc.’s subsidiary Lotito Foods Holding LLC also has an overdraft facility of USD 12.5 million from an American bank, as well as term loans totalling USD 5.7 million, of which USD 1.7 million is a short-term loan as at 31.12.21.

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Note 25 Off-balance sheet lease commitments

Amounts in NOK thousands

TINE SA and its subsidiaries in the TINE Group have leases and lease contracts relating to rental of office premises, warehouses, cold stores, production machinery, means of transport, computers and office equipment and freezers.

The table below shows annual rent and duration of lease agreements:

TINE GROUP				TINE SA	
2021	2020	Lease	Duration of lease agreement	2021	2020
86,345	95,213	Office premises	3-10 years	52,095	60,439
27,115	13,042	Warehouse and cold storage facilities	1-10 years	-	-
23,039	33,208	Production machinery	3-7 years	4,539	13,574
8,298	8,279	Means of transport	2-5 years	731	761
1,395	2,120	Computers and office equipment	3 years	513	1,466
25	447	Freezers	4-5 years	-	-
146,217	152,309	Total off-balance sheet lease commitments		57,878	76,240

Note 26 Transactions with related parties

Amounts in NOK thousands

	TINE SA	
	2021	2020
Transactions with subsidiaries		
Sales of goods and services	1,669,935	1,687,656
Purchases of goods and services	469,634	154,215
Transactions with joint ventures and associated companies		
Sales of goods and services	21,458	27,203
Purchases of goods and services	736,862	872,126

We define related parties as our owners, key personnel, all subsidiaries, joint ventures and associated companies of TINE SA.

For transactions with our owners, please refer to the separate section on TINE Milk Supplies, which specifies transactions relating to subsequent payments and purchase of raw milk from milk producers. For transactions with MP Pensjon, please refer to information on paid pension premiums in [note 8](#) regarding pensions and pension liabilities. Payments to key personnel are covered in [note 25](#).

Inter-company balances with Group companies are specified on separate lines in the balance sheet and covered in [note 14](#), while inter-company balances with joint ventures and associated companies are covered in [note 16](#). For TINE SA's ownership interests in subsidiaries, joint ventures and associated companies, refer to [note 14](#).

Goods to subsidiaries, joint ventures and associated companies are sold at the same prices and under the same terms as applied for external third parties. Services to the same related parties are sold at cost price plus estimated profit under market conditions depending on the type of service.

Note 27 Mortgages

Amounts in NOK thousands

	TINE GROUP	
	31.12.2021	31.12.2020
Balance sheet value of liabilities secured by mortgage	60,398	80,181
Balance sheet value of assets pledged as collateral for these liabilities		
Inventories	215,082	181,208
Trade receivables	167,761	139,387
Total pledged assets	382,843	320,595

Mortgage security has been provided for a limited portion of the short-term liabilities at Group level. These liabilities were taken up by TINE's subsidiary before the TINE Group established its current loans. TINE has undertaken not to take out new mortgage loans on the Group's assets without the lender's consent.

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Note 28 Balance with the Norwegian Agriculture Agency – market regulation and the price equalisation scheme

The market schemes for milk consist of:

- 1. The quota scheme, which aims to adapt milk production to market demand
- 2. Market regulation, handled by TINE SA on behalf of all milk producers in the country
- 3. Subsidy schemes for milk producers in the form of basic and district subsidies
- 4. The price equalisation scheme that balances out differences in use of milk and geographical location of milk producers
- 5. Import protection

The outstanding accounts in this note cover market regulation (2) and the price equalisation scheme (4).

Market regulation

The Agricultural Marketing Board is responsible for the regulations that lay down the conditions for implementation of market regulation. Market regulation is funded by sales tax and over-production tax paid by all milk producers in the country through deductions from settlements for milk. The Agricultural Marketing Board governs the use of the

funds. The Norwegian Agriculture Agency is secretariat for the The Agricultural Marketing Board and processes applications and proposals from the market regulator and presents recommendations on decisions to the Agricultural Marketing Board.

The purpose of market regulation is to implement various measures so that:

- The milk producers are guaranteed sales of their output up to agreed target price.
- TINE Milk Supplies can ensure satisfactory supply of raw milk on the same terms to all stakeholders in the market scheme for milk.
- The consumer market is guaranteed adequate and constant access to milk-based foods.

Funds allocated for regulatory measures under the direction of TINE SA in 2021 amounted to NOK 115.8 million. Funds used for regulatory measures under the direction of TINE SA in 2021 amounted to NOK 110.6 million. The corresponding figures for 2020 were NOK 112.2 million and NOK 109.6 million respectively.

The provision measures within the market regulation scheme consist of various schemes established within the regulations, including domestic price reduction, regulated storage levels and regulated capacity. In addition, funds are used for the school milk scheme, specialist measures aimed at quality and breeding work in the livestock industry and information work under the direction of the Norwegian Dairy Council (Opplysningskontoret for Meieriprodukter (melk.no)) and The Foundation of Norwegian Food. Administrative costs are also incurred at TINE SA and costs for managing the scheme at the Norwegian Agriculture Agency and the Agricultural Marketing Board. Detailed accounts can be found in the Agricultural Marketing Board’s annual report.

The data on market regulation and applications for cost recovery are not processed by the Sales and Marketing Council until April of the following year. This means that changes may arise after the turn of the year. Final settlement between the Norwegian Agriculture Agency and TINE SA is therefore undertaken in the following financial year.

	Amounts in NOK thousands	
	2021	2020
FUNDS AVAILABLE FOR MARKET REGULATION		
Outstanding accounts as of 01.01	2,658	-13,129
Correction for previous year	592	-1,458
Settled with the Norwegian Agriculture Agency for previous year	-3,251	14,587
Funds for regulatory measures under the direction of TINE SA	115,805	112,186
Received for specialist measures and information activities	36,526	36,650
Total funds available for market regulation	152,331	148,836
UTILISED MARKET REGULATION FUNDS		
Domestic price reduction, excluding school milk	17,785	25,562
School milk scheme	6,242	5,744
Others measures, excluding administration	77,580	69,055
Administration of market regulation scheme at TINE SA	8,980	9,166
Specialist measures and information activities	36,526	36,650
Total utilised market regulation funds	147,113	146,177
Outstanding accounts with the Norwegian Agriculture Agency relating to market regulation as of 31.12	5,218	2,658

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Costs related to price reduction measures and the school milk scheme are charged to the market regulator and credited against costs of goods for the relevant sales channel. Costs relating to other measures are credited to the functional area, while specialist measures and information activities are paid to the relevant organisation. Monthly payments on account from the Norwegian Agriculture Agency are entered in the balance sheet and settled on an ongoing basis, while final settlement only happens after all applications have been processed.

The rates for sales tax collected from milk producers was NOK 0.10 per litre in the first six months of 2021 and NOK 0.09 per litre in the second six months of 2021. The corresponding figure for 2020 was NOK 0.30 per litre. Over-production tax was NOK 4.90 per litre for both years. In addition, research fees are charged on raw milk delivered to TINE SA and other stakeholders. TINE Milk Supplies collects the fees on behalf of the Norwegian Agriculture Agency.

The price equalisation scheme

The price equalisation scheme for milk aims to regulate the price differentiation for milk as a raw ingredient for various uses under the terms of the Agricultural Agreement by ensuring a higher overall level of market uptake and at the same giving milk producers the chance of equal milk prices regardless of what the milk is used for and location of production. Another important prerequisite for the scheme is to ensure equal conditions of competition for the stakeholders covered by the scheme. The scheme is based on the regulations relating to the price equalisation scheme for milk established by the Ministry of Agriculture and Food on 18 December 2007.

	Amounts in NOK thousands	
Equalisation fees/subsidies	2021	2020
Main milk and by-product use	-509,920	-621,129
Settlement for main milk and by-product use for previous years	-8,425	14,425
Net equalisation fees and subsidies	-518,346	-606,704
Freight supplement	464,743	453,566
Distribution supplement	6,651	6,806
Total freight and distribution supplement	471,394	460,372
Net fees and subsidies relating to price equalisation scheme	-46,951	-146,332

Main milk and by-product use is charged to cost of goods. Freight supplement and distribution supplement are entered as a cost reduction under Other operating expenses, refer to [note 10](#).

	Amounts in NOK thousands	
	31.12.2021	31.12.2020
Outstanding accounts with the Norwegian Agriculture Agency relating to the price equalisation scheme	-33,789	-37,780

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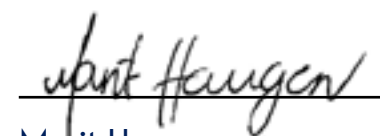
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Statement from the Board of Directors and Chief Executive Officer

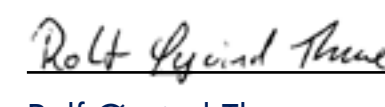
The Board of Directors and the Chief Executive Officer have today reviewed and accepted the Annual Accounts for TINE SA and the TINE Group for the period 1 January to 31 December 2021. We confirm that to the best of our knowledge:

- The Annual Accounts for 2021 have been prepared in accordance with current, applicable accounting standards.
- The information in the accounts gives a true and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole.
- The Annual Report provides a true and fair view of the development, results and position of the company and the Group.
- The Annual Report gives a description of the most important risk and uncertainty factors faced by the company and the Group.

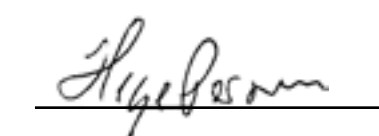
Oslo, 15 February 2022



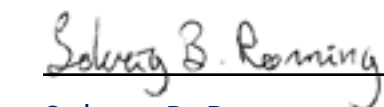
Marit Haugen
Chair of the Board



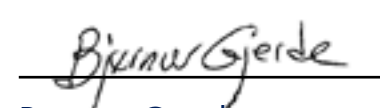
Rolf Øyvind Thune



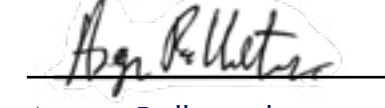
Hege Persen



Solveig B. Rønning



Bjørnar Gjerde



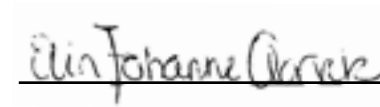
Asgeir Pollestad



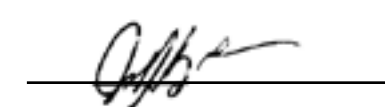
Helge Arne Espeland



Tor Arne Johansen



Elin Aarvik



Jeffrey Thomas



Ottar Råd



Gunnar Hovland
CEO

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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of TINE SA

Opinion

We have audited the financial statements of TINE SA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 15 February 2022
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Subsidiaries



Diplom-Is AS

Diplom-Is AS and its subsidiaries Laguna Produkter AS, Isdalen AS and Kulinaris AS are brand companies that develop, market, produce and sell ice cream and frozen desserts. Diplom-Is also owns Plug-In Service AS, which deals with servicing and maintenance of plug-in equipment in the food retail sector, convenience stores, petrol and service stations and catering operations.

Key figures		2021	2020
Total revenues and other income	NOK millions	1,312	1,294
Operating income	NOK millions	26	93
Number of employees		483	421



Fjordland AS

Fjordland AS is made up of the companies Fjordland AS, Matvarehuset AS, Safari Næringsmidler AS (65 per cent) and Hallheimslien 12 AS. Fjordland AS is a brand company that develops, markets and sells fresh ready meals, ready-to-eat snacks, margarines, yoghurts and desserts in the Norwegian market.

Key figures		2021	2020
Total revenues and other income	NOK millions	1,934	1,925
Operating income	NOK millions	116	94
Number of employees		189	157



MIMIRO AS

MIMIRO is owned by TINE, Felleskjøpet and Gjen-sidige. MIMIRO is in its start-up phase and develops digital solutions for farmers to provide insights regard-ing potential improvements and making production more efficient. MIMIRO owns Kukontrollen, Eana Ku, Eana Skifte and Storfedatabasen. The company is also building a digital platform to reduce the complexity and costs of sharing and using high-quality data in the agri-cultural industry, for analysis and insights for both farm-ers and agricultural partners.

Key figures		2021	2020
Total revenues and other income	NOK millions	40	39
Operating income	NOK millions	-110	-71
Number of employees		26	15

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Norseland Inc.

Norseland Inc. and its subsidiaries Alpine Dairy LLC and Lotito Foods LLC produce, refine, market and distribute speciality cheeses from TINE and other producers for the food retail and catering market in the US.

Key figures

Key figures	2021		2020	
	NOK millions	USD millions	NOK millions	USD millions
Total revenues and other income	2,222	259	2,293	244
Operating income	23	3	44	5
Number of employees		253		289



Wernersson Ost AB

Wernersson Ost AB and its subsidiary Wernersson Ost Danmark A/S refine, market and distribute a broad and international range of cheeses to the food retail and catering market in the Nordic region.

Key figures

Key figures	2021		2020	
	NOK millions	SEK millions	NOK millions	SEK millions
Total revenues and other income	784	783	793	775
Operating income	5	5	7	7
Number of employees		126		130

Norseland Ltd.

Norseland Ltd. refines, markets and distributes premium cheddar-style cheeses and speciality cheeses from TINE, chiefly to the food retail market in the UK.



Key figures

Key figures	2021		2020	
	NOK millions	GBP millions	NOK millions	GBP millions
Total revenues and other income	570	48	547	45
Operating income	17	1	18	1
Number of employees		190		194

TINE Ireland Ltd.

TINE Ireland Ltd. produces Jarlsberg wheels and block cheese for the food retail and catering market for export to the US, Canada, Australia and several European countries.



Key figures

Key figures	2021		2020	
	NOK millions	EUR millions	NOK millions	EUR millions
Total revenues and other income	483	47	107	10
Operating income	14	1	-45	-4
Number of employees		69		43

TINE Milk Supplies

TINE Milk Supplies (TINE Råvare) was established on 1 January 2004 as a separate administrative and accounting entity at TINE SA pursuant to an agreement concluded on 19 December 2003 between the government and TINE SA concerning clear financial separation between management of commodities and industrial processing at TINE SA. The current agreement is dated 1 February 2012.

TINE Milk Supplies submits its own audited annual accounts with a separate annual report to the Norwegian Agriculture Agency by 1 June each year, partly so that it is possible to document the fact that TINE is complying with its obligations pursuant to the agreement. The auditing of TINE Milk Supplies is carried out by the same audit company that carries out auditing of the annual accounts and consolidated accounts for TINE SA.

The various income, expense and balance sheet items for TINE Milk Supplies are also included in the relevant accounting and balance sheet items in the company accounts for TINE SA. Only the actual profit/loss element for TINE Milk Supplies is eliminated from the profit at TINE SA. Any surplus or deficit at TINE Milk Supplies is offset against the milk producer by means of carrying across to a new financial year so that this is included in the basis for determining the base price in the following year.

TINE Milk Supplies deals with all activities relating to the handling of milk as a raw ingredient from milk producers until the milk has been delivered and invoiced to the dairycompanies in the marked scheme for milk. Dairycompanies, including TINE as a processing business, purchase raw milk at the applicable quoted price at the time the milk is supplied by TINE Milk Supplies. This is reported to and monitored by the Norwegian Agriculture Agency.

In order to fulfil its role, TINE Milk Supplies purchases services from various function areas at TINE SA on the basis of clearly defined service instructions. At present service instructions have been established within the following function areas:

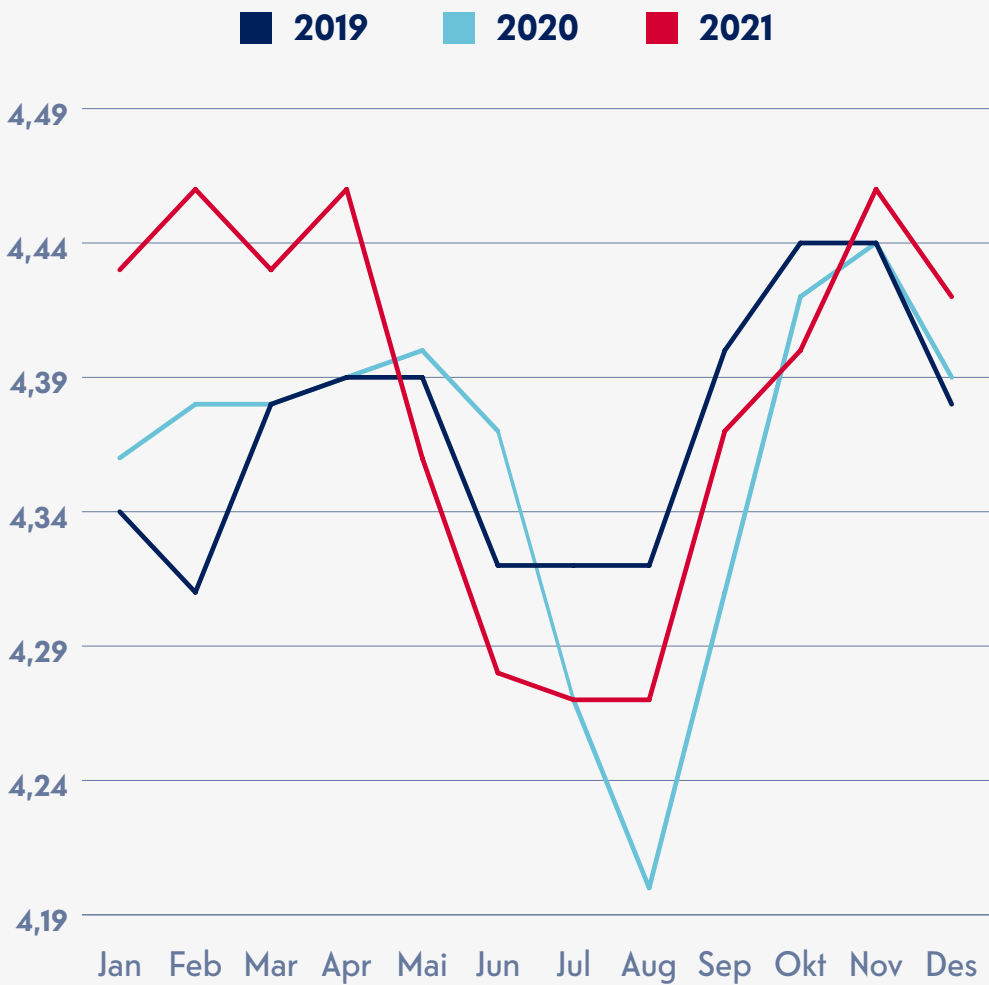
TINE Consultancy and Membership Serviceship, TINE Logistics and TINE Economy & Finance. The instructions are based on TINE SA's agreement with the government via the Norwegian Agriculture Agency and are founded on the Agricultural Agreement.

In 2021, TINE Milk Supplies paid for 1,445 million litres (1,423 million litres in 2020) of cow's and goat's milk: 1,426 million litres of cow's milk and 19.1 million litres of goat's milk. 48.1 million litres of the cow's milk was organic (49.7 million litres in 2020). The usage level for organic milk was 54.4 per cent (57.5 per cent in 2020). Of the total volume of cow's and goat's milk, 265 million litres (269 million litres in 2020) were sold to external dairycompanies member of the market scheme for milk.

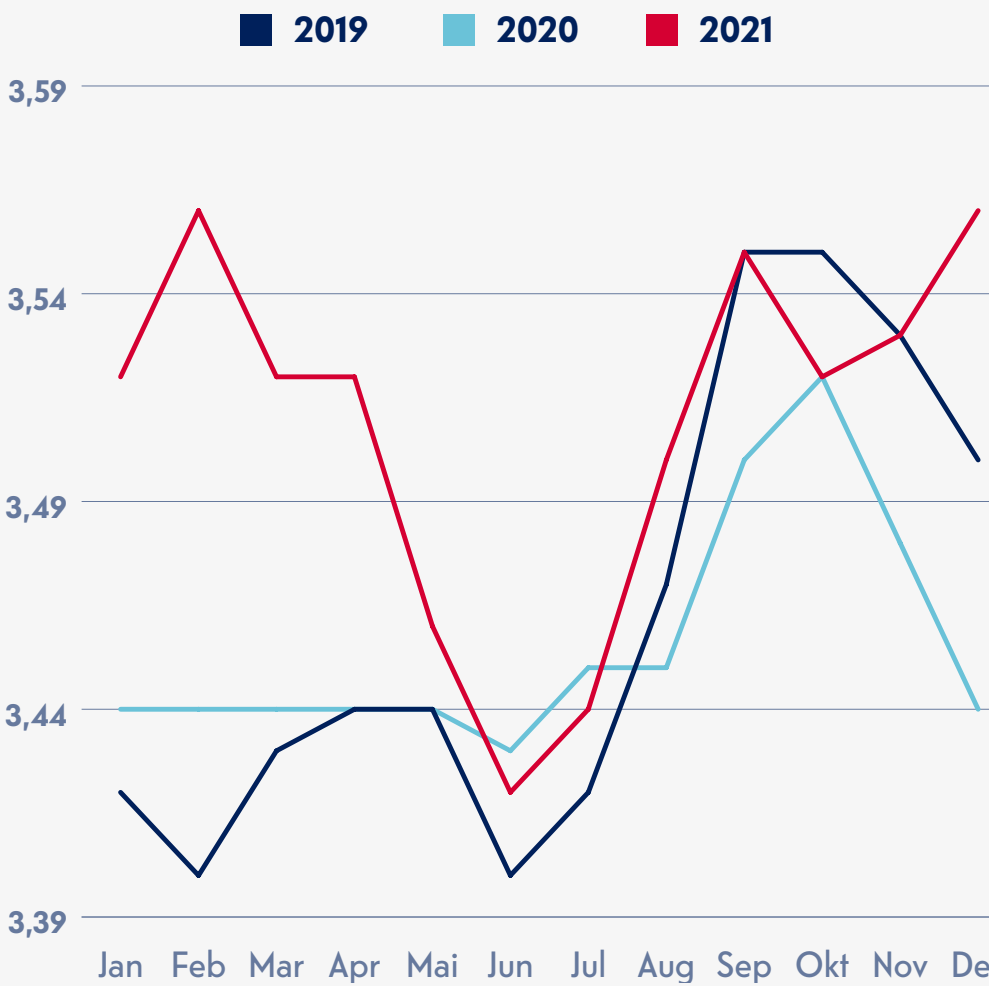
The target price for milk is fixed by the contracting parties to the Agricultural Agreement. The annual term for the agreement is from 1 July to 30 June of the following year. The target price for the first six months of 2021 was NOK 5.47, and NOK 5.55 per litre for the second half of the year. TINE Milk Supplies achieved the target price for its sales to dairycompanies member in the market scheme for milk.

TINE's responsibilities as a market regulator are assigned in organisational terms to TINE Milk Supplies. This involves reporting at regular intervals to the Norwegian Agriculture Agency and the Agricultural Marketing Board, as well as providing regular information to stakeholders regarding the market situation and the market outlook for milk and milk products on the TINE website. Information letters can be found via this link: <https://www.tine.no/markedregulator>

Percentage of fat in cow's milk
Percentage



Percentage of protein in cow's milk
Percentage



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Annual accounts – TINE Milk Supplies

	Amounts in NOK thousands	
	2021	2020
Annual accounts – TINE Milk Supplies		
Sale of raw cow's and goat's milk	7,996,553	7,825,778
Cost of raw cow's and goat's milk	-7,652,401	-7,412,032
Gross profit	344,152	413,746
Producer functions	70,343	72,857
Farm tanks	133,908	134,846
Raw milk control	70,130	64,310
Collection and internal transport (net)	85,088	85,263
Own costs at TINE Milk Supplies	8,228	11,822
Administration and infrastructure	15,358	15,670
Other income and expenses	4,253	5,827
Interest on working capital	-3,855	-4,021
Total expenses	383,454	386,575
Result for TINE Milk Supplies before transfer of profit/loss from previous year	-39,302	27,171
Net income/loss transferred from previous year	26,804	-367
Net income/loss for TINE Milk Supplies to carry forward	-12,498	26,804

Annual accounts – TINE Milk Supplies contd.	Amounts in NOK thousands	
	2021	2020
Specification of purchase of raw cow's and goat's milk from milk producers		
Purchase of raw cow's milk including quality	7,465,451	7,288,699
Purchase of raw goat's milk including quality	119,762	121,826
Total purchase of raw cow's and goat's milk	7,585,213	7,410,526
Net income/loss allocation – TINE Milk Supplies		
Net income/loss transferred from previous year	26,804	-367
Net income/loss for TINE Milk Supplies to be carried forward to next year	12,498	-26,804
Total paid to milk producers from TINE Milk Supplies	7,624,515	7,383,355
Settled raw cow's and goat's milk in 1000 litres		
Cow's milk, including organic milk	1,425,547	1,402,726
Goat's milk	19,047	19,917
Total settled raw cow's and goat's milk	1,444,593	1,422,643
Average total price paid to milk producers from TINE Milk Supplies, expressed as NOK/litre	5.28	5.19

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The annual accounts for TINE Milk Supplies for 2021 show a deficit of NOK 39.3 million before net income/loss transferred from previous year. Carry-forward net income/loss as of 31.12.2021 shows a deficit of NOK 12.5 million, which will be offset against the milk producers in the following year. Therefore, this amount is included in the basis for determining payment price to producers (base price) for 2022.

The table below specifies accumulated charges levied by TINE Milk Supplies:

LEVIED CHARGES	Amounts in NOK thousands	
	2021	2020
Sales tax collected	137,448	426,253
Over-production tax collected	36,520	23,911
R&D tax collected	27,761	27,138

Subsidy schemes

TINE Milk Supplies pays basic and district subsidies to milk producers on behalf of the Norwegian Agriculture Agency. The size of the subsidy is negotiated in the Agricultural Agreement and varies based on production volume and geographical location. The subsidies are transferred from the Norwegian Agriculture Agency to TINE Milk Supplies and are paid to the producers via the producer settlement.

The table below specifies subsidies paid by TINE Milk Supplies:

BASIC AND DISTRICT SUBSIDIES	Amounts in NOK thousands	
	2021	2020
Basic subsidy	63,311	66,086
District subsidy	626,559	618,634

BASIC AND DISTRICT SUBSIDIES	Amounts in NOK thousands	
	31.12.2021	31.12.2020
Outstanding accounts with the Norwegian Agriculture Agency relating to charges and subsidies payable	-40,584	-24,644



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1 Cow's and goat's milk supplied to TINE, per owner area | millions of litres

OWNER AREAS	Total cow's milk		Of which organic		Goat's milk		Total cow's and goat's milk		Members, 2021			
	2021	2020	2021	2020	2021	2020	2021	2020	Cow	Goat	Cow and goat	Total
East	368.1	360.5	26.2	27.4	4.2	4.4	372.3	365.0	2,216	66	7	2,289
South-west	435.1	428.3	1.7	2.0	5.4	5.4	440.5	433.7	2,806	90	2	2,898
Central Norway	467.8	460.4	18.7	18.6	2.6	2.7	470.3	463.0	2,565	31	-	2,596
North	152.8	151.9	1.6	1.6	6.7	7.3	159.5	159.1	847	80	1	928
Total	1,423.8	1,401.1	48.1	49.7	18.9	19.8	1,442.7	1,420.8	8,434	267	10	8,711

2 Settled cow's milk from companies that supplied milk to TINE, per owner area | millions of litres

OWNER AREAS	Deliveries				Available quota		Over-production tax		Companies that supplied milk in 2021	
	Million litres		% of total milk quantity		Million litres		Million litres		Number	
	2021	2020	2021	2020	2021	2020	2021	2020	Cow	Cow and goat
East	368.6	361.0	26.3%	25.7%	412.5	416.0	1.8	1.2	1,781	7
South-west	435.5	428.7	30.6%	30.6%	483.8	487.0	2.8	1.7	2,267	2
Central Norway	468.2	460.8	32.8%	32.9%	520.7	522.0	2.4	1.5	1,973	-
North	153.2	152.2	10.7%	10.9%	178.7	180.0	0.5	0.4	720	1
Total	1,425.5	1,402.7	100.0%	100.0%	1,595.7	1,605.0	7.4	4.8	6,741	10

3 Settled goat’s milk from companies that supplied milk to TINE, per owner area | millions of litres

OWNER AREAS	Deliveries				Available quota		Over-production tax		Companies that supplied milk in 2021	
	Million litres		% of total milk quantity		Million litres		Million litres		Number	
	2021	2020	2021	2020	2021	2020	2021	2020	Goat	Cow and goat
East	4.3	4.5	22.5%	22.8%	4.6	5.0	0.006	0.040	62	7
South-west	5.4	5.4	28.6%	27.2%	5.9	5.9	0.026	0.030	83	2
Central Norway	2.6	2.7	13.7%	13.5%	2.9	2.9	0.015	0.030	27	-
North	6.7	7.3	35.3%	36.5%	8.0	8.1	0.001	0.050	75	1
Total	19.0	19.9	100.0%	100.0%	21.4	21.8	0.049	0.150	247	10

4 Supplier structure, quotas and deliveries – cow’s milk | million litres

Includes companies with allocated quotas.

DELIVERY GROUPS	2021 Deliveries				2020 Deliveries			
	Whole of 2021	Quota	Delivered as percentage of quota	Delivered as percentage of total milk quantity	Whole of 2020	Quota	Delivered as percentage of quota	Delivered as percentage of total milk quantity
1: 0-60	26.4	54.2	48.6%	1.9%	32.1	58.8	54.6%	2.3%
2: 60-80	34.3	43.5	78.9%	2.4%	41.6	53.5	77.7%	3.0%
3: 80-100	53.4	62.5	85.5%	3.7%	60.9	74.3	82.0%	4.3%
4: 100-120	64.2	73.4	87.4%	4.5%	73.8	84.8	87.0%	5.3%
5: 120-160	133.5	150.9	88.5%	9.4%	146.6	168.9	86.8%	10.5%
6: 160-200	119.9	134.9	88.9%	8.4%	119.3	136.9	87.1%	8.5%
7: 200-300	241.7	269.4	89.7%	17.0%	252.5	287.5	87.8%	18.0%
8: 300-400	268.1	292.3	91.7%	18.8%	251.1	277.9	90.4%	17.9%
9: Over 400	484.2	514.7	94.1%	34.0%	424.8	462.6	91.8%	30.3%
Total	1,425.5	1,595.7	89.3%	100.0%	1,402.7	1,605.1	87.4%	100.0%

5 Supplier structure, quotas and deliveries – goat’s milk | million litres

Includes companies with allocated quotas.

DELIVERY GROUPS	2021 Deliveries				2020 Deliveries			
	Whole of 2021	Quota	Delivered as percentage of quota	Delivered as percentage of total milk quantity	Whole of 2020	Quota	Delivered as percentage of quota	Delivered as percentage of total milk quantity
1: 0-20	0.2	0.3	73.6%	1.2%	0.2	0.6	37.0%	1.1%
2: 20-25	0.2	0.2	72.5%	0.8%	0.1	0.2	84.0%	0.7%
3: 25-30	0.3	0.5	62.2%	1.7%	0.3	0.4	77.4%	1.6%
4: 30-40	0.9	1.1	82.1%	4.9%	0.9	1.1	83.6%	4.5%
5: 40-60	2.6	3.0	86.3%	13.6%	2.7	2.9	91.9%	13.6%
6: 60-80	3.7	4.1	90.1%	19.6%	4.1	4.5	92.2%	20.8%
7: 80-120	5.1	5.7	90.8%	27.0%	5.0	5.4	93.0%	25.1%
8: Over 120	5.9	6.4	92.7%	31.2%	6.5	6.8	96.4%	32.7%
Total	19.0	21.4	89.0%	100.0%	19.9	21.8	91.3%	100.0%

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6 Development of quality of supplier milk – cow's milk

	2021	2020		2021	2020
COW'S MILK			Anaerobic traces (% of deliveries)		
Elite milk (%) of deliveries	95.47	95.27	Elite milk	99.72	99.89
Elite milk (%) of volume	96.42	96.40	1st class	0.11	0.05
			2nd class	0.10	0.05
Bacteria (% of deliveries)			3rd class	0.06	0.02
Elite	99.33	99.62			
1st class	0.55	0.32	Anaerobic traces (% of deliveries)		
2nd class	0.05	0.04	Elite milk	99.95	99.99
3rd class	0.07	0.02	1st class	0.03	0.00
			2nd class	0.00	0.00
Free fatty acids (% of deliveries)			3rd class	0.01	0.01
Elite	99.63	99.81	Freezing point (°C)	-0.540	-0.530
1st class	0.25	0.14			
2nd class	0.11	0.05	Number of recalls		
3rd class	0.01	0.01	Bacteria	34	51
Abnormal milk (no. of deliveries)	216	267	Cell count	73	120
			Free fatty acids	0	6
Cell count (% of deliveries)			Traces	0	0
Elite	96.91	97.44	Abnormal milk/smell/taste	3	10
1st class	2.58	2.23	Freezing point	5	11
2nd class	0.37	0.27	Total number of recalls	115	198
3rd class	0.14	0.06			
Unweighted arithmetic average	136	139			
Chemical content (% in milk)					
Protein	3.50	3.46			
Fat	4.38	4.37			
Lactose	4.72	4.69			
Total chemical content	12.60	12.53			

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7 Development of quality of supplier milk – goat’s milk

	2021	2020		2021	2020
GOAT’S MILK			Cell count (% of deliveries)		
Elite milk (%) of deliveries	89.30	91.04	Elite milk	95.74	95.37
Elite milk (%) of volume	91.09	92.02	1st class	3.15	3.45
Bacteria (% of deliveries)			2nd class	0.90	0.97
Elite	93.88	96.43	3rd class	0.20	0.21
1st class	4.46	2.90	Unweighted arithmetic average	974	1,023
2nd class	0.86	0.31	Chemical content (% in milk)		
3rd class	1.39	0.35	Protein	3.36	3.32
Free fatty acids (% of deliveries)			Fat	4.50	4.45
Elite	99.75	99.81	Lactose	4.50	4.41
1st class	0.16	0.17	Total chemical content	12.36	12.18
2nd class	0.08	0.01	Freezing point (°C)	-0.580	-0.564
3rd class	0.00	0.00	Number of recalls		
Free fatty acids with premium (<1.0)	99.62	99.67	Bacteria	16	11
Free fatty acids without premium (<1.0)	0.38	0.33	Cell count	1	3
			Free fatty acids	1	1
			Abnormal milk/smell/taste	1	0
			Freezing point	1	0
			Total number of recalls	20	15

8 Development of joint operation at TINE

OWNER AREAS	Number of members in joint operations		Number of joint operations	
	2021	2020	2021	2020
East	409	456	131	146
South-west	582	611	196	205
Central Norway	665	744	226	250
North	125	133	42	45
Total	1,781	1,944	595	646

9 Price to owners

NOK PER LITRE SUPPLIED	2021	2020
Milk price from TINE Milk Supplies	5.28	5.19
Subsequent payments from TINE SA	0.98	0.76
Total price to owners	6.26	5.95

10 Indication of milk usage

FIGURES IN MILLIONS OF LITRES	2021	2020
Domestic		
Liquid products	394.7	399.7
Fresh cheese	34.9	35.1
White cheese/whey cheese	593.7	579.4
Goat’s milk products	15.0	16.2
Liquid for industrial production	32.1	32.2
Powder	90.2	38.5
Total domestic	1,160.6	1,101.2
Export		
White cheese and whey cheese	31.1	56.6
Total	1,191.7	1,157.8

11 Production of solid products

FIGURES (TONNES)	2021	2020
White cheese	58,876	59,957
Brown cheese/prim	9,895	10,074
Processed cheese	1,588	1,599
Butter	14,197	17,028
Powder	33,087	29,826
Total	117,643	118,484

The biggest product groups.

12 Production of liquid products

FIGURES IN 1000 LITRES	2021	2020
TINE Milk	326,314	330,150
Yoghurt	41,508	43,310
TINE Cream	27,301	27,339
TINE Sour cream	14,333	14,813
Juice, fruit drinks and water	47,928	49,102
Desserts and ice cream	30,212	25,311
Total	487,596	490,025

The biggest product groups.

13 Facility structure

TYPE OF FACILITY	2021	2020
Dairies	30	30
Central warehouses	2	2
Distribution terminals	2	2
Total	34	34

14 Sales in Norway

FIGURES IN 1000 LITRES	2021	2020
TINE Milk	326,314	330,150
TINE Cream	27,301	27,339
Juice, fruit drinks and water	47,928	49,102
Desserts and ice cream	39,839	40,759

FIGURES (TONNES)	2021	2020
TINE Sour cream	14,333	14,813
Yoghurt	41,508	43,310
White cheese	55,596	56,475
Brown cheese	8,030	8,653
Butter	11,837	12,176
Fresh ready meals	9,751	9,686

There is virtually a 1-1 ratio between production and sales of liquid products.

The biggest product groups.

15 Consumption per capita | domestic sales

NUMBER OF KG/LITRES	2021	2020
Milk/litre	78.9	81.3
Yoghurt incl. imports/kg	10.9	10.8
Cream and sour cream/kg	9.5	9.6
Cheese incl. imports/kg	20.3	20.3
Butter incl. imports/kg	3.6	3.8

Source: Norwegian Dairy Council (www.melk.no), February 2022

16 Brand exports and sales for Meieri Internasjonalt | per country

COUNTRY	Brand exports in tonnes		Total sales in tonnes	
	2021	2020	2021	2020
US	1,996	4,078	24,909	22,272
Australia	184	1,097	2,308	2,344
Canada	114	436	1,878	2,064
UK	274	538	6,268	5,873
Sweden/Denmark	536	523	14,029	14,054
Other markets	292	316	1,265	988
Total	3,395	6,988	50,657	47,594

Brand exports are brands manufactured in and exported from Norway, such as Jarlsberg, Brunost, Snøfrisk, Alpeost, Ridder, etc.

Total sales are all sales to the markets, including Irish and American Jarlsberg, but also other brands and products in the various subsidiaries’ portfolios (Ilchester, Applewood, Lotito, Garcia Baquero, Wernersson, etc.).

Total sales are adjusted for inter-company transactions between TINE SA and subsidiaries, as well as between subsidiaries.

17 Brand exports and sales for Meieri Internasjonalt | per brand

BRAND	Brand exports in tonnes		Total sales in tonnes	
	2021	2020	2021	2020
Jarlsberg	2,403	6,090	15,458	15,964
Other TINE brands	992	897	1,582	1,243
Other brands	0	0	33,617	30,386
Total	3,395	6,988	50,657	47,594

Brand exports are brands manufactured in and exported from Norway. Total sales are all sales to the markets, including Irish and American Jarlsberg, but also other brands and products in the various subsidiaries’ portfolios.

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TINE shall become the most sustainable food producer in Norway.

The community around us has a variety of expectations of TINE and our responsibility to contribute to sustainable development. The combination of these expectations, along with the fact that some of them are strategically important to TINE, means that we are concentrating our sustainability efforts on (1) selecting renewable resources and ensuring optimum and sustainable use, (2) contributing to thriving local communities in Norway and ensuring that our animals are healthy and lead happy lives, and (3) making a positive contribution to a healthy, varied and balanced diet among the population

Background

The GRI Standards show that companies must formulate their sustainability reporting based on the sustainability areas most relevant to the company. One important topic is defined as “an issue where the company’s activities significantly influence the economy, the environment and people around us”. Dialogue with our various stakeholders has been an important part of our efforts to determine the topics.

- The diagram shows the most important and essential aspects for our stakeholders with regard to our impact on the wider world.
- The scope of the company’s economic, environmental and social impact, shown on the horizontal axis.
 - The factors that will significantly affect the evaluations and choices of the company’s stakeholders are shown on the vertical axis



Sustainable and robust agriculture

TINE is helping the agricultural sector to reduce its environmental impact and carbon footprint

Efficient dairy operations and transport

TINE is the best in terms of sustainability in the Norwegian food industry

Committed employees

TINE has competent, safe and committed employees

Satisfied consumers

TINE promotes solutions that help consumers to make healthy, varied and eco-friendly choices

Circular solutions

TINE makes optimum use of its resources and reduces food waste among consumers

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Our topics – why are they essential?

Local presence. TINE has created traditions and history, and we are responsible for safeguarding them. We have a hands-on approach throughout our value chain, which yields safe, wholesome food using Norwegian input factors. Our presence assists with significant local value creation and local jobs. This is discussed in more detail in the Board’s report, including the chapter entitled [Society on page 21](#).

A safe place to work. Healthy employees and a robust workforce in a good work environment are a must if TINE is to achieve efficient operation and quality at all levels. Work must be organised in a manner that ensures our employees are not subjected to undue physical or mental strain, and that no one is injured or falls ill as a result of their work. This is discussed in more detail in the Board’s report in the chapter entitled [Among our employees on page 25](#).

Animal health and welfare. TINE’s almost 9,000+ owners, with their herds of dairy cows and goats producing milk, are the very foundation of TINE’s business. Therefore, TINE and the company’s owners have a responsibility to ensure that these animals are strong, healthy and well treated, and a vested interest in doing so.

Sustainable agriculture. Major climate change will have a severe impact on food production. That is why we are particularly keen to contribute to sustainable use of the Earth’s resources and limit climate and environmental change. People are increasingly concerned with the effects various foods have on our climate.

Sustainable raw ingredients and input factors. Besides milk, we are dependent on a wide variety of commodities and ingredients that are often produced outside Norway. TINE’s owners and customers, as well as consumers and authorities, have high expectations that our various purchases take place in a fair and responsible manner.

Greenhouse gas emissions from industry and transport. Norway has set an ambitious target of cutting emissions by 55 per cent by 2030. TINE is expected to play its part in achieving the national climate target by reducing its own emissions. Customers, consumers, employees and owners are also expecting TINE to operate sustainably and help to care for the environment.

Food waste. Throwing food away is not just an environmental problem, it’s an ethical problem as well. Major resources and large tracts of land are required in order to produce food. We see greenhouse gas emissions and pressure on nature and biodiversity resulting from the production and cultivation of food.

Safe food. For TINE, ensuring that its products are healthy and safe to eat is absolutely fundamental. Consumers, customers, authorities and owners must have complete confidence in TINE as a food producer if we are to be capable of delivering cost-effective and sustainable value creation over time.

Nutrition and public health. Milk and dairy products are a source of many essential nutrients, but also contribute a lot of saturated fat. An unhealthy diet is the most significant risk factor that can affect levels of disease in Norway. A varied and healthy diet will provide the essential nutrients needed. This, together with daily physical activity, lays a good foundation for a healthy life.

Packaging. Greenhouse gases are emitted when we produce packaging, and particularly plastic. Packaging that is not collected by recycling systems and ends up being dropped as litter presents a major and serious environmental problem. As a major consumer of packaging, TINE is keen to implement good packaging solutions and effective recycling schemes.

Business ethics and anti-corruption. At TINE, we are dependent on our employees, owners, customers, consumers and others trusting us. TINE has many roles and at any one time acts as employer, customer, supplier, partner, owner and more. Ethical conduct, both personally and in business contexts, is important in all these roles.

Sustainability and funding. In 2021, TINE entered into a credit facility of NOK 1,200 million where the margin is linked to TINE’s sustainability goals. The margin of this credit facility is dependent on the targets set to reduce food waste through the value chain at TINE SA, enhancing animal welfare and reducing emissions from production and transport at TINE SA.

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Healthy animals that lead happy lives

New animal welfare programme

A joint animal welfare programme will be launched for all Norwegian cattle in 2022. With this, farms with more than 10 animals have to be visited by a veterinary surgeon at least every 16 months. Farmers will receive advice here on how they can improve animal welfare. At the same time, there are opportunities to impose economic sanctions unless conditions pointed out are corrected. These visits are in addition to TINE's own cattle inspections.

Healthy animals produce top quality

The quality of Norwegian milk is world class. This does not come about all by itself, but is the result of hard work, good procedures and preventive measures. To succeed in this, we need to ensure that the cows are fed properly, they have to be kept clean, hygiene must be good during milking and the milking machine must be kept in good condition. All of these aspects are prerequisites for the health of the animals.

Norway has few cases of serious infectious diseases in cattle compared to other countries in Europe. We have succeeded in eradicating several diseases that still occur in other European countries thanks to targeted efforts in the cattle and goat industry. Avoiding "import infection" is an important part of efforts to keep animals healthy and antibiotic consumption to a minimum.

TINE's animal welfare efforts are organised under the company's group area TINE Consultancy and Membership Services.

New diseases for Norway

We are concerned to see that digital dermatitis (which causes lameness in cattle) is spreading to new herds after entering the country. TINE is involved in research projects in order to find out about how the disease can be managed under Norwegian conditions. It is possible to reduce the spread of the disease by means of infection control and managed live animal trade, factors that are also key to the ongoing control programme for the RS virus and coronavirus in cattle. TINE's own mastitis laboratory in Molde plays a key part in monitoring and preventing diseases.

Subsidiaries

Animal welfare efforts include all of TINE's Norwegian subsidiaries, as the milk for production of their various products is supplied by TINE's milk producers. TINE's foreign subsidiaries, where the raw milk is obtained from parties other than TINE's own milk producers, are not covered by this report. These companies are subject to national regulatory requirements.

Animal health and welfare

	2021	2020	2019
Animal welfare indicator	107.1	106.0	103.2



Sustainability on the farm

Together, we must reduce

An average taken from various research reports¹ shows emissions of 1.15 kilos of CO₂ equivalents per kilo of milk produced in Norway, while the global average² is 2.60 kilos of CO₂ equivalents. This covers emissions throughout the value chain from farm to consumer. Greenhouse gas emissions on our dairy farms such as methane emissions from cows and CO₂ from farm machinery are not a responsibility that rests with TINE alone, but with individual dairy farmers as well. TINE will help dairy farmers to reduce their greenhouse gas emissions while also increasing biodiversity related to the farm.

Climate obligation for agriculture

In 2020 the EU agreed to further expand its ambitions. The member countries pledged to reduce greenhouse gas emissions by 55 per cent by 2030, and to be climate neutral by 2050. Norway is following suit and increasing its aims in line with the EU.

In an agreement with the authorities, agriculture has committed to reducing greenhouse gas emissions by 5 million tonnes of CO₂ equivalents from 2021 to 2030. TINE and its dairy farmers must help to attain this target. Important elements in this work will be to phase out fossil energy, improve feeding, health and breeding, ensure sustainable feed ingredients, improve fertiliser management and good agronomy with the soil as a carbon store.

Sustainable livestock farming

Milk and meat production and use of imported ingredients in feed concentrate, such as soya from Brazil, are in the spotlight. Around 85 per cent³ of what the animals eat are Norwegian commodities. The remaining 15 per cent of feed is made up of imported carbohydrate and protein commodities such as beet pulp, corn gluten, molasses, soya, rapeseed and palm fat, as well as vitamins and minerals. TINE is concerned that Norwegian milk production should be based on Norwegian resources. This is why we have a long-term objective for all feed for Norwegian dairy cows to be produced in Norway.

Status of greenhouse gas emissions

Agriculture in Norway is responsible for 9 per cent of Norway's total greenhouse gas emissions. Emissions were reduced by 6.4 per cent between 1990 and 2020⁴. This decrease can be attributed to factors such as the reduction in the number of cows while maintaining milk production. Our dairy herds are far more productive and climate-efficient nowadays thanks to long-term and targeted initiatives in respect of breeding, feeding, health and animal welfare.

We are on our way

TINE has laid a good foundation for improving the sustainability of dairy farms. Our climate calculator will be important when we report developments in greenhouse gas emissions, and not least as a tool in our efforts to find the best areas for improvement related to climate and the environment. This is why it is also important for us to increase the number of dairy farmers actively using the calculator. We have also initiated a number of important measures to increase the percentage of Norwegian products in feed and reduce methane emissions.

TINE Consultancy and Membership Services is a separate group area at TINE. This group area is responsible for ensuring that the company's goals related to sustainability and activities on the farm are achieved. TINE's advisors are organised in this area and report to the Director of Consultancy.

Subsidiaries

Work on sustainable agriculture includes all of TINE's Norwegian subsidiaries, as the milk for production of their various products is supplied by TINE's milk producers. TINE's foreign subsidiaries, where the raw milk is obtained from parties other than TINE's own milk producers, are not covered by this report. These companies are subject to national regulatory requirements.

1) CICERO. Report 2016:04. Climate footprints of Norwegian Dairy and Meat – a synthesis

2) Tackling climate change through livestock, Food and Agriculture Organization of the United Nations. Rome, 2013

3) TINE SA

4) Miljøstatus. <https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/klimagassutslipp-fra-jordbruk/>

8,711

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Sustainable feed for animals

TINE has strong brands and the owners of the company, our dairy farmers, play an important part in brand-building for our products. Therefore, TINE wants to accept its share of responsibility and help to reduce environmental and climate impact in this part of the value chain too.

TINE's many dairy farmers have cows and goats who need large quantities of good, nutritious feed. Almost 60 per cent of their feed is Norwegian-grown grass, while the remaining 40 per cent is feed concentrate. This feed concentrate contains 60 per cent Norwegian-produced ingredients such as barley, oats and wheat. In total, around 85 per cent of what our animals eat is made up of Norwegian ingredients. The remaining 15 per cent of feed is made up of imported carbohydrate and protein commodities such as beet pulp, corn gluten, molasses, soya, rapeseed and palm fat, as well as vitamins and minerals.

Soya and palm fat

High demand for soya and palm oil worldwide has resulted in large areas of rainforest being chopped down and turned into plantations. This is not a sustainable solution in a global context and affects the environment in a wider sense in the form of increased greenhouse gas emissions and increased erosion, while chopping down the rainforest can also destroy the livelihoods of indigenous peoples.

This is why TINE also has a responsibility to contribute to reduced harvesting of rainforests. The competitiveness of Norwegian milk production is also reinforced by placing even greater emphasis on the use of Norwegian feed resources. TINE has therefore defined a goal: for feed for TINE's dairy cattle to be grown in Norway.

Exciting development

Good feed advice from TINE's advisors, combined with high coarse feed quality, new protein sources and the correct harvesting time, should increase the proportion of Norwegian-produced feed.

The spotlight now being shone by TINE's advisors on the quality of coarse feed provides significant potential for better productivity and economy for milk producers. This will also give us better milk quality, a higher percentage of Norwegian products in feed and a lower carbon footprint on the farm. Closer cooperation will ensure access to new expertise and new digital tools. TINE's role in NorFor (the Nordic Feed Evaluation System) gives us access to new and important intelligence on how we can increase the percentage of Norwegian feed ingredients.

Limiting the use of palm fat

Norway primarily has three producers of feed concentrate for livestock. Feed concentrate is purchased direct from these producers by the individual milk producer. As a recipient of milk, TINE has the opportunity to influence both feed and milk producers to make changes to ensure their production and use of feed concentrates is more sustainable.

TINE has recommended since 2015 that its dairy farmers limit the use of palm-based fat in feed for their animals. The Norwegian feed concentrate industry now has a common industry standard for the use of palm-based fat. This standard defines requirements for certification for sustainable palm fat production. Furthermore, an upper limit of 3 per cent has been set for the percentage of palm fat in feed. Consumption of palm fat in feed fell by 24 per cent between 2013 and 2021. From 2020 to 2021, consumption of palm fat fell by 4 per cent. Consumption saw a peak in 2019 because low energy content in grain crops owing to the dry summer in 2018 resulted in a need to add more energy to the feed concentrate. Consumption went down slightly in 2021, while a high level of milk production kept up demand for energy-rich feed concentrate.



The feed concentrate industry must ensure that consumption of palm oil products can be traced back to associations of independent smallholders in order to generate direct positive effects for local communities. Around 98 per cent of purchased palm oil in 2021 was covered by certificates of origin (RSPO certification – independent smallholders) from independent smallholders. The remaining volume of palm oil was purchased as segregated and sustainably produced.

Sustainable soya

The feed industry signed its soya declaration in 2015. This provides a clear direction and goals regarding how to limit the environmental impact of using soya. At present, all soybean meal of Brazilian origin for use in ruminant feeds in Norway is certified in accordance with ProTerra or RTRS. There is no corresponding certification for soybean meal of Canadian origin. However, the legislation in Canada is so strict that it covers important criteria included in ProTerra and RTRS ¹⁾.

We can see that an increase in the use of rapeseed extract (rapeseed expeller) has contributed to a 3 per cent reduction in the consumption of soya in Norwegian feed compared to 2019. The soya currently used in the feed concentrate has a limited direct environmental impact. However, its indirect impact is greater. Increased consumption of soya for animal feed may contribute to increased destruction of rainforest for cultivation of soya for other products. Specific efforts are being made to increase the proportion of Norwegian ingredients in feed so that it will be possible to reduce the use of soya as a protein source in the long term.

1) Denofa: <http://www.denofa.no/?CatID=1192>

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Sustainable purchasing

TINE uses many input factors in its products. The biggest and most important input factor is milk from the company's owners, more than 9,000 of them. In addition, TINE is dependent on a variety of commodities and ingredients produced both within and outside Norway, such as fruit, berries, sugar, rice and orange juice.

TINE also relies on other resources and services that are not food, but are equally important if TINE is to be able to produce and deliver top-quality dairy products. This includes everything from packaging and various production machines, IT systems, trucks and fuel to temporary staff, cleaning and leasing of production capacity from various subcontractors.

Goals and status

TINE aims to be a leading and sustainable supplier of branded food and drink products, focusing on dairy products. TINE's owners and customers, as well as consumers and authorities, also have high expectations that our various purchases take place in a fair and responsible manner.

TINE's suppliers must live up to the same standards set by TINE for its own operations. TINE has worked systematically with sustainability in procurement in 2021. We have set up sustainability profiles for procurement categories that have been used in turn to identify requirements and measures in competitive bidding procedures and contracts. This is now standardised and has been included in internal processes and tools. TINE has run more than 20 competitive bidding procedures according to this methodology. We are pleased with the results and carry across the lessons learned from this work into 2022.

Risk scenario

TINE considers the risk of breaches of our ethical procurement guidelines to be acceptable within current procurement practices. At the same time, TINE has to improve its guidelines and procedures with regard to how what is known as due diligence is carried out. The goal is to map our suppliers more effectively, assessing the risk of breaches

of TINE's ethical standards. Necessary due diligence will take place in the period until the new Norwegian Transparency Act enters into force on 1 July 2022.

Of TINE's total purchases besides milk, more than 80 per cent of purchases are from companies in Norway under Norwegian contracts. TINE's purchases take place mainly in Norway, the Nordic countries and Europe. We deem the risk of breach of TINE's ethical guidelines linked with these purchases to be low. TINE also makes substantial purchases of fruit juices, vegetable oils, sugar, cocoa and coffee, which are produced in countries such as China, Indonesia, Ivory Coast, Ghana, Brazil and Turkey. The risk of breach of TINE's ethical guidelines is deemed to be highest in these countries. Furthermore, there is a risk of breach of ethical trading principles associated with TINE's purchasing of workwear and various promotional items. These items are mostly produced in Asia.

Transport

TINE is also a major purchaser of transport services, linked primarily with our inbound transportation of milk from farms and transportation of products between the various dairy plants. The risk of breach of ethical guidelines related to these transport activities is considered small as this transport takes place in close cooperation with TINE and is carried out by Norwegian stakeholders. The risk of breach of ethical guidelines is deemed to be greater for inbound transportation of input factors from TINE's suppliers where TINE does not arrange the transport itself and the products are being supplied by producers outside Norway. International carriers are used here, which is common practice for imports into Norway.



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Setting requirements for suppliers

TINE’s suppliers are an important part of TINE’s value chain. They have a major impact on TINE’s products and delivery capacity. TINE is a member of Ethical trade Norway (EHN). TINE’s suppliers are obliged to comply with TINE’s guidelines for ethical trading, based on EHN guidelines. These guidelines cover working conditions, human rights, the environment and anti-corruption.

TINE works on the principle that the suppliers are responsible for ensuring ethical trading back through their supply chains in accordance with TINE’s guidelines. TINE also requires its suppliers to have traceability systems, and they must be able to produce documentation on their supply chains on request. Any breach of TINE’s requirements and guidelines may impact on the contractual relationship.

For the purchase of goods such as cocoa, where we consider the risk of violations of TINE’s ethical guidelines to be significant, we will use suppliers approved by major international companies with significant purchases of the same goods. In this way, TINE will be able to take advantage of these companies’ systems for following up suppliers’ ability to ensure a sound ethical supply chain.

Clear responsibility

TINE Purchasing is responsible for ensuring that ethical guidelines for suppliers are in place and that sustainability forms part of TINE’s standard procurement process. The person responsible for the implementation of a procurement process at TINE is also responsible for ensuring that the purchase is in accordance with our ethical guidelines. In practice, this will largely be TINE Purchasing, but the individual dairy or logistics department may also have a responsibility here.



TINE has also established systems and procedures for safe and high-quality production of its products. Suppliers of input factors are surveyed regularly and followed up with a view to ensuring “safe food”. Ethical trading is included in this survey when this is deemed necessary on the basis of a risk assessment.

Development and improvements

TINE is shining an additional spotlight on sustainability among its strategic suppliers and partners. These make up around 70 suppliers as at the end of 2021, and collectively they account for approx. NOK 2.1 billion of TINE’s purchasing costs. TINE has concluded a contract with EcoVadis, which will carry out quality assurance and scoring of these suppliers with regard to sustainability according to ISO26000. At the end of 2021, TINE had 50 of its strategic suppliers and partners for follow-up in EcoVadis. TINE has not taken on any new strategic suppliers or partners in 2021.

TINE will be adopting a new Supplier Relationship Management system (SRM) in 2022. TINE will use this

system to improve the procurement process and establish more systematic efforts to ensure ethical and sustainable purchasing. In particular, activities linked with supplier approval, setting requirements for competition, signing of a contract and follow-up of suppliers after concluding contracts will be improved. The system is primarily designed to assist TINE Purchasing, but it will also be used for supplier approval by others at TINE and as an archive for purchase agreements.

TINE has not established a separate complaints mechanism for sustainability to date. Any complaints are passed on via TINE’s customer centre.

Subsidiaries

Efforts to ensure a responsible value chain include all products produced at TINE’s plants. The Fjordland AS subsidiary is only partly included. Approx. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. Therefore efforts to ensure a sustainable value chain for these products are included in this report.

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Towards a renewable society

In 2020 the EU agreed to further expand its ambitions. The member countries pledged to reduce greenhouse gas emissions by 55 per cent by 2030, and to be climate neutral by 2050. Norway is following suit and increasing its aims in line with the EU. TINE is expected to play its part in achieving the national climate target by reducing its own emissions. It is also clear that TINE customers, employees and owners are increasingly expecting TINE to operate sustainably and help to care for the environment.

We are on our way

We are now seeing that our long-term climate work is yielding results. Greenhouse gas emissions from TINE amounted to 62,308 tonnes of CO₂ eq. in 2021, a reduction of 2,435 tonnes CO₂ eq. from 2020. Greenhouse gas emissions from production have been reduced by 5,700 tonnes of CO₂ equivalents, which equates to 24 per cent since 2017. Emissions were reduced by 380 tonnes of CO₂ equivalents in 2021. TINE’s dairy in Jæren currently uses a substantial proportion of natural gas. The dairy has the company’s biggest single-site source of CO₂ emissions. Specific plans are now in place to replace some of the natural gas with energy from biomass combustion. This could potentially reduce greenhouse gas emissions from the plant by 6,500 tonnes. At the end of 2021, the share of renewable energy in TINE’s production stands at 85 per cent.

We are very pleased to see that the reduction in greenhouse gas emissions is continuing, and that we now have specific plans in place to reduce emissions further.

TINE Production is a separate group area at TINE and is headed by the Group Director of Production. It is responsible for achieving the company’s sustainability and production goals.

Ambitious goal has to be postponed

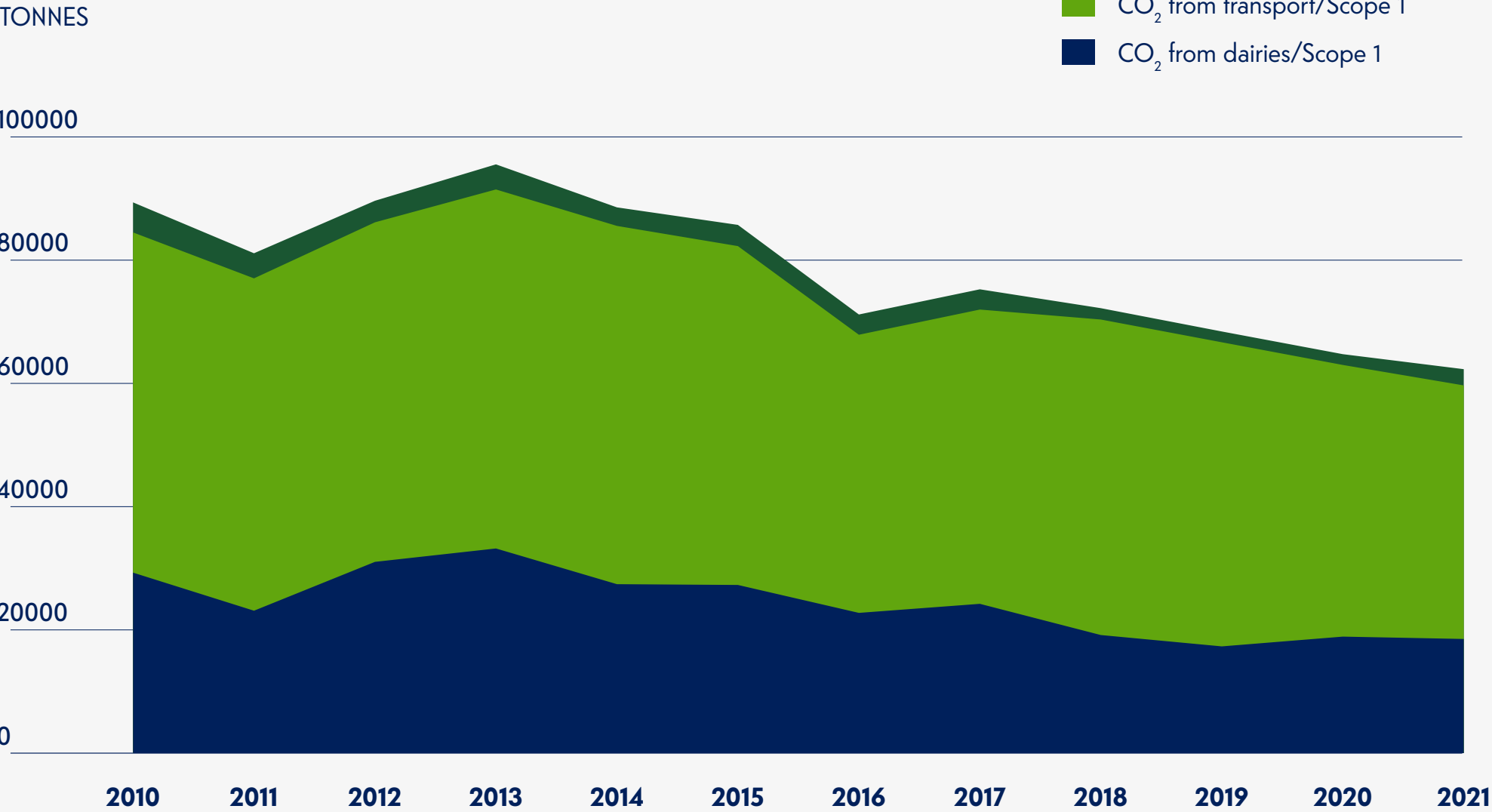
We are finding it challenging to reduce greenhouse gas emissions from transport at a pace we would prefer. Access to biodiesel based on waste (HVO) was very limited and costly in 2021. This was mainly due to a decision by the authorities to introduce road tax on biodiesel from July 2020.

Furthermore, we have focused on ensuring that the authorities place biogas on a par with electricity and hydrogen. This means that biogas has to be exempt from tolls. We believe this is a key measure if biogas is to have an impact as a genuine renewable alternative. In May 2021, the Storting decided that an exemption should be introduced.

This decision was rejected in the national budget for 2022 when the Norwegian Public Roads Administration decided that it could not be implemented in practice. Fortunately, the new government has now taken the initiative to introduce an exemption for biogas. Delayed technological development, high costs and uncertain framework conditions mean that we have had to postpone the year in which we will switch to using only renewable fuels, from 2025 to 2030.

TINE Logistics is a separate group area at TINE and is headed by the Group Director of Logistics. It is responsible for achieving the company’s sustainability and transport goals.

Greenhouse gas emissions CO₂ equivalents Scope 1



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KUKRAFT – biogas from cow manure

There are currently few real alternatives to heavy vehicles with a view to reducing greenhouse gas emissions. This is why biogas is a very good and sustainable alternative for heavy vehicles. For TINE, biogas made from manure will provide an important part of the solution that will help us to achieve our goal of zero emissions.

By the end of 2021, TINE had 22 vehicles running on biogas; or KUKRAFT – cow power – as we call it at TINE. During 2022 we expect to add to our fleet of vehicle that will run on biogas.

Dependent on partners

Over 55 per cent of TINE’s transport operations are carried out by external transport companies on long-term contracts. These vehicles only operate on behalf of TINE, and the emissions from these transport operations are also included in TINE’s climate accounts.

We also transport ready-made products between our different sites. These vehicles are mainly loaded with TINE products, but may also have other goods on board. TINE’s share of greenhouse gas emissions from these transport operations are also included in TINE’s climate accounts for transport.

We are therefore totally dependent on the environmental aims of our hired carriers for emission-free transport if TINE is to achieve its climate targets.

Reduced emissions from transport as well

In 2021, greenhouse gas emissions from transport operations were reduced by 2,900 tonnes of CO₂ equivalents. This is mainly due to an increased mix ratio of renewable diesel in

2021. We are pleased to see that emissions from transport are continuing to fall. However, we have to increase the pace at which we phase in renewable solutions such as biogas and electricity if we are to achieve our goal. This requires relatively major investments, but it is currently difficult to see how these will increase TINE’s profitability. Customers and consumers are currently unwilling to absorb part of this additional cost in the form of higher prices.

Lower local emissions

In recent years, TINE has implemented a comprehensive initiative to reduce local pollution from our transport. By the end of 2021, 94 per cent of TINE’s vehicles were EURO-VI.

The transition to EURO-VI is an important element in efforts to reduce emissions of particles and NOx. Emissions of NOx from TINE’s transport operations were reduced by 21 per cent in 2021. Emissions of NOx from TINE transport and production operations have been reduced by 75 per cent since 2017.

Good framework conditions must be in place

The authorities want the transport sector to help achieve the national climate targets. We have seen positive technological development related to cars and light goods vehicles. Electric cars are making up an increasing share of new car sales, and emissions from cars in Norway are being reduced. There is little doubt that the government’s aggressive tax policy has been an important reason for the positive developments we are now seeing.

Good framework conditions and systems, such as we have seen for electric cars, must be put in place, even for heavier vehicles.

Greenhouse gas emissions outside scope 1

At the end of 2021, TINE’s greenhouse gas emissions amounted to 62,308 tonnes of CO₂ equivalents¹. Dairy operations and transport use both renewable and non-renewable energy sources. Bio-oil, district heating from wood chips, bioethanol, biodiesel and biogas are all renewable sources based on various biomaterials. In actual fact, these also release CO₂ on combustion, but these emissions are not included in TINE’s climate accounts as the raw materials are renewable. Emissions of CO₂ on combustion of these renewable sources amounted to a total of 54,590 tonnes of CO₂ equivalents for TINE in 2021.

Subsidiaries

Emissions from the subsidiary Fjordland AS is only partly included. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. These products are also transported out to customers using TINE’s vehicles. Therefore, greenhouse gas emissions associated with production and transport of these products have also been included in TINE’s climate accounts.

Environment

	2021	2020	2019
Gross energy consumption (GWh)	794	775	781
Operating income in relation to Gross energy consumption (NOK million/GWh)	30.8	31.0	30.5
Percentage of renewable energy	70%	67%	66%

1) Emissions, Scope 1

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Too much is thrown away

A great deal of attention is paid to food waste. The UN refers to the reduction of food waste as absolutely fundamental if we are to create a sustainable society. TINE's stakeholders such as customers, authorities, employees and owners are expecting TINE, as a major food producer, to take responsibility for reducing food wastage in its own operations and to help consumers to do the same.

454,350 tonnes of food was thrown away in Norway in 2020¹. This corresponds to 84.7 kg per capita. Households are responsible for approx. 48 per cent of this food waste, while the food industry is responsible for approx. 19 per cent.

Lots of milk

Milk is TINE's most important resource, and wasted milk equals lost revenue. Our motivation for reducing waste is not solely financial now. Producing milk is resource-intensive, and cows, production and transport all produce greenhouse gas emissions. This is why it is important to make the most of milk so that we avoid "unnecessary" greenhouse gas emissions and use of resources.

Waste is generated along the entire value chain, from the time the milk is collected from the farm until the product is delivered to shops. Our goal is to ensure that as little milk as possible is wasted. In this respect, it is important for all parties involved – from tanker drivers and dairy operators

to product distributors – to take responsibility and work to reduce food waste in their part of the value chain.

Targeted efforts

Most food waste occurs in the production process. A dairy produces a variety of products. Waste occurs when the dairy switches over from one product to another, for instance. The production equipment has to be washed and a certain amount of buffer production has to take place both before and after switching products. This waste must be reduced by means of better production planning, closer monitoring of washing processes and ongoing discussion with customers to enable formulation of appropriate production forecasts. Milk is a fresh product that has to be refined immediately. Measures such as the production and storage of butter, cheese and milk powder are implemented if there is surplus milk available.

By continuously improving, we can ensure better utilisation of our resources and prevent waste. We must strive to ensure that our business forms part of a natural cycle of sustainable utilisation of input factors, including our most important resource – milk.

Challenging year

2021 has been a challenging year. The coronavirus pandemic has resulted in major changes in patterns of demand and thus also in production. We have seen strong growth in production of products for the consumer market, while the level for products for catering such as hotels and restaurants has declined considerably. Furthermore, the coronavirus restrictions have been altered several times during the

-21%

Food waste at TINE SA

Change 2015-2021



¹) Source: The industry agreement on reduction of food waste: Main report 2020

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year, leading to major changes in demand. We have also seen increasing waste in parts of production, particularly in respect of the production of skimmed milk powder. So 2021 appears to be a weak year in which food waste increased by 11 per cent. So we cannot say that we are satisfied with the development.

Matsentralen food banks

The food banks are organised by Matsentralen Norge, a partnership of organisations, food producers and authorities. Producers and the trade supply perfectly good food that cannot be sold through traditional channels for various reasons. The products are distributed to charity organisations that then pass the food on to people who really need it. 4,000 tonnes of food was saved from ending up in the bin in 2021. This is equivalent to 8.2 million meals for people in difficulties.

TINE is one of the biggest food suppliers here in Norway. As a major food producer, it is important for us to take responsibility for reducing and dealing with our own food waste and to make it possible for customers and consumers to do the same.

Since the first food bank began in Oslo in 2013, TINE has been an important partner to the various food banks and helps by providing both funding and products.

In 2021, TINE supplied a total of 790 tonnes of food to the various food banks. This makes TINE the biggest supplier to the food banks.

Waste

Waste is not refuse, first and foremost. Waste can be used as a raw material to make new products if materials are recycled and reused. This will allow us to limit the damage caused to nature and humans if waste goes astray. This is why requirements are also imposed on waste disposal.

At TINE, we work in accordance with what is known as the waste hierarchy, which defines an order of priority in terms of how we should limit waste volumes. The main aim is to prevent waste being generated at all. We must be aware of the choices we make so that no unnecessary waste is created. We then have to make sure that our waste is suitable for reuse and recycling in order to produce new resources. And we have to ensure that any waste that ends up becoming waste is disposed of properly.

Based on figures from the recycling companies, the total waste generated by TINE in 2021 amounted to 24,468 tonnes. Of this, 88 per cent was sorted. The largest waste fractions are organic waste (13,115 tonnes), paper and cardboard (1,643 tonnes) and plastics (997 tonnes). Residual waste, including waste sorted for incineration, amounted to 4,893 tonnes. Total hazardous waste amounted to 411 tonnes.

Subsidiaries

As before, food waste at subsidiary Fjordland AS is only partly included. Approx. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. Food waste associated with this production is therefore also included in TINE’s figures for food waste. TINE’s foreign subsidiaries are not covered by this report. These companies are subject to national regulatory requirements.

Figures for waste include TINE SA and Diplom-Is.



Quality index

	2021	2020	2019
Quality index (NOK millions)	204	184	199

Safe food we can trust

TINE products must be safe to eat and our customers and consumers must have confidence that safe food is a fundamental principle at TINE.

TINE has a great responsibility to ensure that the products we supply are safe to eat. Consumers, customers and authorities must be able to trust our milk and products to be of the best quality, and that there is no risk of people falling ill due to eating our cheese and drinking our milk. TINE's vision of creating a thriving Norway also involves creating and maintaining a safe value chain for our milk. It is important to recognise the link between safe food and the long-term importance of this for humans, animals and the environment.

Safe food is important for all

Poor water and food are a significant cause of disease, and particularly affect young children and people in low-income countries. Luckily, the food we eat in Norway is very safe. Nevertheless, many cases of infection caused by food and water are recorded even here¹. The number of recorded cases of illness caused by food almost halved during the coronavirus pandemic. This decrease is partly due to less travel to countries with higher infection rates than Norway².

Control and overview

TINE's most important commodity, of course, is milk. Many people work to ensure that it comes from healthy animals and is stored, transported and produced in a good, safe way. Safe food at TINE also involves controlling other commodities, ingredients and input factors. A lot of resources and good systems are needed if we are to maintain control and overview in these occasionally complex value chains that often extend beyond Norway's borders. There can be major consequences here in the event of an accident.

In 2021, a great deal of attention was paid to the discovery of ethylene oxide, a banned substance, in some commodities and ingredients, and there were consequences for the food industry throughout Europe, including Norway, with a high number of product recalls³. Ethylene oxide is a gas used to sterilise medical devices, but it is also used in some countries to control microbiological growth in some dry products, such as nuts, seeds, spices and herbs, as well as some additives. This substance can cause serious damage to health and must not be found in food. TINE has followed up its suppliers, but no ethylene oxide has been found in the commodities reviewed.

¹ Norwegian Institute of Public Health. Food and waterborne diseases. <https://www.fhi.no/nettpub/hin/smitte/mat-og-vannbarne-infek/>

² MSIS statistics and "Current news from MSIS during the COVID-19 pandemic." <https://www.fhi.no/contentassets/8357c2bc-cdab4f4489f43d9d5d57ab37/vedlegg/2021.03.16---msis-covid-19-responsrapport.pdf>

³ Norwegian Food Safety Authority (2021). Recall of products containing additives that include illegal pesticide (ethylene oxide). https://www.mattilsynet.no/mat_og_vann/tilsatte_stoffer/tilsetningsstoffer/tilbaketrekking_av_produkter_som_inneholder_tilsetningsstoffer_med_ulovlig_plantevernmiddel_etylenoksid.43923



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Vision and goals for safe food

Customers and consumers should have confidence that TINE will deliver safe, high-quality products and recall any unsafe products. This also includes compliance of labels, marketing and product documentation with applicable regulations. Open communication about how TINE is working with safe food is key to creating trust.

TINE’s goal is not to have to recall products from the market. Moreover, we should not be able to detect pathogens in our products. There was one recall of a TINE product from customers in 2021 (brown cheese containing possible foreign bodies). TINE has also dealt with two recalls from Fjordland (unlabelled allergens). Diplom-Is has dealt with two recalls in 2021. During 2021, a total of 7,073 product samples from TINE’s Norwegian plants were analysed for pathogenic microorganisms or indicator organisms.

A total of 2,892 product samples from TINE’s Norwegian and international subsidiaries Diplom-Is, TINE Ireland, Alpine Dairy LCC (US), Norseland Ltd. (UK) and Wernersson Ost (SE) have also been analysed in 2021. There were no detections of *L. monocytogenes* or *Salmonella spp.*, and 5 detections of *S. aureus* (hygiene indicator) above the regulatory limit in 5 samples of skimmed milk powder. Given on the large number of samples, these results are deemed very satisfactory.

Responsibilities for everyone

Long-term efforts on hygiene and control throughout the entire value chain, from dairy farm to kitchen table, are absolutely crucial to whether Norwegian dairy products will remain safe and tasty in the future. For TINE, supervision from the Norwegian Food Safety Authority and certification in line with GFSI-recognised food safety standards are examples of important instruments for ensuring the goals and principles of quality and safe food.

The Department of Quality and Safe Food, which is part of the TINE Production group area, is responsible for overall guidelines and procedures related to safe food, and in turn this is followed up by the individual unit or production plant.

All our production plants are certified in accordance with the food safety standard FSSC 22000. In addition, all plants are subject to regular inspection by the Norwegian Food Safety Authority. In 2021, the Norwegian Food Safety Authority and others have carried out inspections at all our production plants regarding the management of microbiological criteria.

TINE’s own internal audits are also a useful tool for ensuring compliance with guidelines and requirements. We have had to establish new methods and procedures for conducting internal audits on account of travel restrictions during the pandemic. However, this has worked well and so programmes and audits have been carried out as planned.

Subsidiaries

Work to ensure good, safe milk quality includes all of TINE’s Norwegian subsidiaries, as the milk for production of their various products is supplied by TINE’s milk producers.

Work to ensure safe production includes all products produced at TINE’s plants. The Fjordland AS subsidiary is only partly included. Approx. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants.

TINE’s foreign subsidiaries and any production that takes place at plants outside TINE are not covered by this report. These companies and plants are subject to national and local regulatory requirements. Recalls and the number of product samples and analyses carried out by TINE’s foreign companies are included in this report.

Safe food

	2021	2020	2019
Pathogenic bacteria, number of negative samples	9,965	5,941	6,307
Pathogenic bacteria, number of positive samples	5	18	2
Number of recalls	5	2	1

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A healthier diet for better public health

Minor changes pay off

TINE will primarily help to reduce the intake of saturated fat and added sugar by making small and incremental changes to saturated fat and sugar in its large volume products. Increased marketing and communication will also help more people to make easier and healthier choices. In purely specific terms, we will be aiming to ensure that there is always a light variant of the original product in shops, for example. Our goal must be to increase the light variants' share of the category. This will allow us to ensure continued profitable growth while also helping to improve public health. Here, however, we are completely dependent on the food retail sector also wanting to play its part, so that the light variants are visible and available, at the right price.

Positive development

Lower sales of butter, brown cheese and Norvegia have helped to reduce the amount of saturated fat delivered to the market in 2021 compared with 2020. TINE has also reduced saturated fat in its TINE Kulturmjlk, Piano vanilla cream, TINE Yoghurt Naturell and cream products for the catering market. The amount of added sugar has also been reduced compared to 2020, despite an increase in sales of products containing sugar. The amount of added sugar has been reduced in all the original Go' Morgen yoghurts, and a clear shift among consumers towards sugar-free varieties of Litago and TINE Iced Coffee also makes a positive contribution. The total amount of salt has been reduced slightly, partly as a result of reduced sales of Norvegia and reduced salt in Selbu Bl Mykere.

In 2021, 646 tonnes less saturated fat were delivered to the market from TINE products than in 2020. The corresponding figure for added sugar was minus 214 tonnes, and for salt minus 3 tonnes. In relation to 2015, the volume of saturated fat and salt increased by 180 tonnes and 84 tonnes respectively. For added sugar, the volume was reduced by 1,497 tonnes.

In 2021, 1,708 tonnes of saturated fat were delivered to the market from Diplom-Is products, down by 108 tonnes from 2020. The corresponding figure for added sugar was 4,052 tonnes, minus 170 tonnes, and for salt 42 tonnes, minus 1 tonne.

Clear goals

TINE has signed up to the letter of intent with a view to making it easier for people to eat more healthily. This involves food organisations, food and drink producers and the trade (food industry), as well as the Norwegian Ministry of Health and Care Services. This letter of intent sets specific targets for reduction of added sugar, salt and saturated fat. The changes are compared to 2015 levels. TINE's aim has been to assist with the proportionate share of the reduction as laid down in the letter of intent. This agreement was concluded at the end of 2021.

	Target for 2021 (change in tonnes)	Actual 2021 (change in tonnes)	Difference
Saturated fat	-2050	+180	-2,230
Added sugar	-830	-1,497	+667
Salt	-165	+84	-249

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TINE has been very successful in its reduction of consumption of added sugar. We have gone way beyond our target by the end of 2021. However, we are not happy with the trend in saturated fat and salt. We have not succeeded in reducing consumption of saturated fat as we would have liked. There are specific challenges involved in reducing saturated fat in dairy products. Unlike salt and sugar, which are added to the product, the fat is a natural part of the milk. Moreover, consumers prefers products that contain fat. This is what provides the flavour. We have high expectations for forthcoming launches of products containing less saturated fat. Looking further ahead, changes in both breeding and feeding of cattle may help to cut down the amount of saturated fat in the milk.

New Letter of Intent
In the autumn of 2021, TINE signed up for a new 2021-2025 term for the Letter of Intent and is committed to further work on reducing the amount of saturated fat, added sugar and salt in our products, as well as helping to increase sales of products bearing the Keyhole symbol.

The TINE Marketing group area is responsible for TINE’s strategy relating to nutrition and diet. The Nutrition department is part of the Marketing group area. The head of the Nutrition department reports to the head of Market Insights and Operations.

New labelling scheme
The EU is currently working on a labelling scheme on nutrition which will also be introduced in Norway. TINE is actively working with the Norwegian authorities to ensure that the labelling scheme is based on Norwegian dietary advice, and safeguards the role of dairy products in the Norwegian diet.

A slightly healthier alternative
According to the health authorities’ recommendations, we eat too much saturated fat, added sugar and salt and not enough fibre¹⁾. The Keyhole symbol is a labelling scheme devised by the authorities that is designed to make it easy to choose foods containing more fibre and wholegrain and less saturated fat, sugar and salt.

TINE had 21 products on sale bearing the Keyhole symbol at the end of 2021, of which three are loan products not produced at TINE plants. This is an increase of one product compared with the previous year. TINE also developed three varieties of yoghurt bearing the Keyhole symbol in 2021, two of which were distributed in food retail at the turn of the year. The protein-rich grated light cheese bearing the Keyhole symbol will be removed from food retail from the start of 2022, and will then only be available to buy via catering operations.

TINE has decided that all products that meet Keyhole criteria must be labelled, and all new products in development are assessed against these requirements. This is part of our initiative to make it easier for consumers to make healthy and informed food choices.

Subsidiaries
Nutrition and public health work includes all of TINE’s brands and products produced at TINE plants in Norway. The Diplom-Is subsidiary and its brands are included in this report. The Fjordland AS subsidiary is only partly included. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants.



Nutrition (TINE SA)

	2021	2020	2019
Number of Keyhole products	21	20	16
Saturated fat, total in products (tonnes)	30,153	30,928	28,693
Added sugar, total in products (tonnes)	9,208	9,591	5,662
Salt, total in products (tonnes) ³⁾	954	958	827

1) <https://www.helsenorge.no/kosthold-og-er-naering/kostrad/helsedirektoratets-kostrad>

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The Climate Action Summit in Glasgow attracted a great deal of attention in 2021. The 197 countries that participated stated that they base their climate policies and climate action on science, referring to the dramatic report presented by the UN Intergovernmental Panel on Climate Change (IPCC) before the summer.

2021, the year of the coronavirus

After a demanding 2020 that was heavily affected by the coronavirus pandemic, 2021 seemed for a long time to be a little more normal. There was an increase in infection rates towards the end of the year, and restrictions were introduced once again.

Although many lockdown measures were eased in 2021, working from home, fewer visits to restaurants and more home-cooked food remained part of people's lives. For TINE, this meant continuation of high sales of consumer packs in relatively small portions, and fewer sales to catering customers.

2020 was a demanding year for the waste and recycling industry. More household waste, a high euro rate and low demand for waste fractions resulted in increased costs for both material companies and packaging consumers. The cost of disposing of waste remained high in 2021, but there is now a better balance in the market. There are now plans afoot to build a national plastics screening plant so as to make Norway less dependent on exporting plastic for recycling. TINE is supporting this initiative.

Three areas of the packaging strategy

Consumers and customers. We offer functional packaging solutions that help to ensure that retailers and consumers prefer products from TINE

Reducing food waste. Our packaging will limit food waste at TINE, in the value chain and among consumers

Good material choices. We must optimise our use of resources, use renewable or recycled materials and adapt our packaging for recycling

TINE's packaging department is responsible for the strategy and ensuring that its goals are achieved. The packaging department is part of the Marketing area. The management of the packaging department reports to the head of design.

Plastic from renewable sources

TINE would like to reduce its use of fossil-based plastics (raw material – natural gas). One alternative is to use plastic from renewable sources (raw material – molasses). Among other initiatives, we have conducted experiments involving brown cheese packaging made of renewable plastic. We would like to deploy this solution as soon as the material becomes available in larger volumes. Increased demand for plastic from renewable resources has led to challenges involving both higher prices and reduced availability. Despite this, we have managed to start using this plastic for several of our dessert products and long-life drinks.



87

Tonnes of plastic per year

Our consumption of plastic has been reduced by 87 tonnes of plastic per year thanks to our switch to paper straws and bamboo spoons

From plastic spoons to bamboo

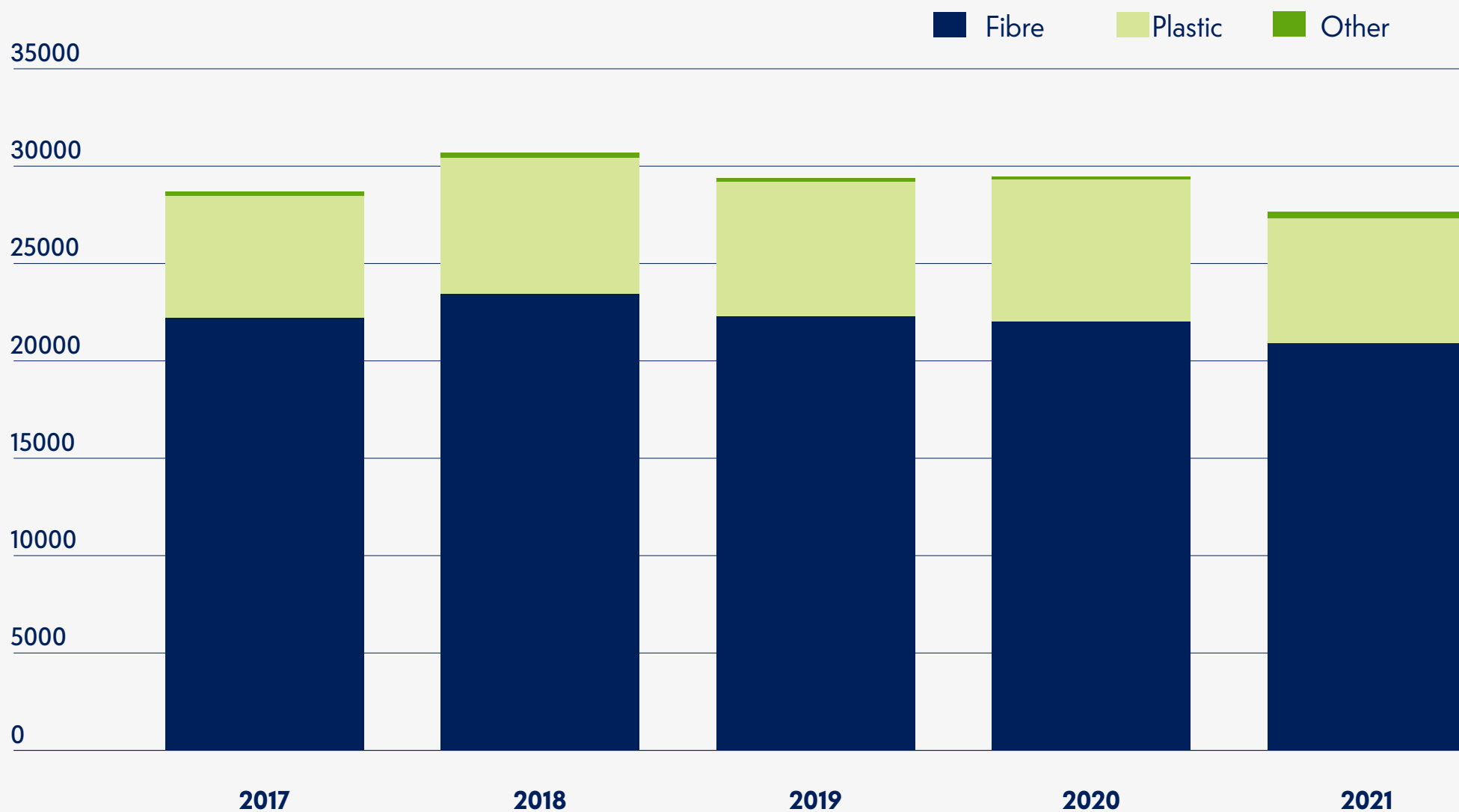
The EU directive for single-use plastics, known as the SUP Directive, came into force in Norway on 3 July 2021. The objective is to reduce litter in the seas and includes bans, obligations to reduce packaging and requirements for recycling packaging. This is why TINE has replaced its plastic spoons and straws with bamboo spoons and cardboard straws. Extensive efforts are required to make this kind of change. The challenge has been to identify good solutions that also work with our production equipment. Among other things, we had to use a short wooden spoon as a temporary solution for our yoghurt. Many consumers reacted negatively to this. We began working on our final solution, a two-part bamboo spoon, in November 2021. This spoon has been well received. Our consumption of plastic has been reduced by 87 tonnes of plastic per year thanks to our switch to paper straws and bamboo spoons.

Sour cream in cardboard cartons

TINE launched sour cream in cardboard cartons in autumn 2020, and this was received well by the market. However, Grønt Punkt Norge issued new guidelines for packaging labels in early 2021. It was stated here that packaging to be labelled “To be sorted as cardboard” must contain a minimum of 80 per cent cardboard. Our new cardboard cup contained 78 per cent cardboard, and therefore had to be labelled “To be disposed of in non-recyclable waste”. In practice, this meant that our cup would not be recycled anywhere; which goes against TINE’s packaging strategy. For now, only small volumes of our cardboard cup are available in the market. Although our cardboard cup was not a commercial success, this project has provided TINE with valuable intelligence and insight that will benefit new packaging solutions.

Packaging consumption

Tonnes



High return levels

TINE is a member and partner of Grønt Punkt Norge (GPN) for collection of packaging. For 2021¹⁾, the level of approved returns for drinks cartons was 93 per cent, of which 61 per cent was suitable for material recycling. Return levels for milk containers for schools and nurseries was 97 per cent, of which 82 per cent was suitable for material recycling.

Subsidiaries

Efforts to ensure effective, eco-smart packaging includes all products produced at TINE’s plants in Norway. As before, subsidiary Fjordland AS is only partly included. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. These products are therefore also included in this report.

1) The return figure is based on deviating years, July – June.
(<https://www.grontpunkt.no/om-oss/fakta-og-tall/>)

Packaging

	2021	2020	2019
Packaging consumption – cardboard/paperboard (tonnes)	20,921	22,032	22,296
Packaging consumption – plastic (tonnes)	6,409	7,265	6,911
Packaging consumption – other (tonnes)	196	186	156
Packaging consumption – total (tonnes)	27,526	29,483	29,363
Packaging consumption in rel. to operating revenues (tonnes/NOK millions)	1.82	1.87	1.91
Percentage of drinks cartons with bioplastic (% of total volume)	68%	68%	61%

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Ethics and diversity for fairness

In order for TINE to be a leading supplier of food and drink brands, we are dependent on our employees, owners, customers, consumers and other stakeholders trusting us. Trust is crucial if TINE is to be able to achieve its vision and business goals.

Ethical guidelines

All TINE employees are representatives of the business in their various roles. The decisions we make and the actions we take every day are what build TINE's reputation and ensure that people trust the company and our brands. TINE has therefore prepared ethical guidelines that clarify the attitudes and behaviour that we expect from our staff in terms of respect, integrity and loyalty, and that can promote an organisational culture that reflects TINE's vision.

TINE must be a transparent, honest and responsible company where everyone behaves politely and professionally. The guidelines apply to Board members, permanent employees, temporary employees and contractors. Everyone bears personal responsibility for compliance. TINE actively conducts training on dealing with ethical issues and dilemmas on a regular basis.

Breaches of TINE's ethical guidelines must be reported to the line manager or TINE's whistleblowing representative. Breaches may impact on the individual's employment or position.

Food safety

All TINE products must be procured, manufactured and handled in accordance with accepted group quality standards. By means of inspections and certification audits, we aim to demonstrate that we are complying with regulatory, industry and food safety standards.

Ethical trading

We must adhere to accepted principles for ethical trading and demand that our suppliers do the same. Delivering a product or service should not be at the expense of TINE's

environmental or social responsibility at any point along the value chain. TINE is a member of Ethical trade Norway.

External environment

We must focus constantly on the external environment and our impact on nature in our work. Norway has set itself an ambitious target for reducing emissions, and TINE is expected to play its part in achieving the national climate target by reducing its own emissions. It is clear that TINE customers, employees and owners are increasingly requiring their partners and places of work to operate sustainably.

Corruption

We must never offer, give, demand or accept any form of gift or other benefit that could influence performance of our own or other's position or duties. This is why we have devised clear rules on gifts to be offered, given or received.

Events

TINE's events must always be based on professional or commercial considerations. The social programme at events must be of moderate value and limited scope and frequency. We have devised clear principles that apply to TINE's employees who attend events arranged by suppliers and other partners.

Communication

Our communication must be characterised by openness, honesty and credibility. At TINE, we know that being well informed is essential if we are to be good managers and employees. Helping to ensure that employees are well informed about conditions of relevance to their work performance and well-being is also a special management responsibility.



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Impartiality

We must inform our immediate manager if questions could be raised about our impartiality (conflict of interest) when acting on behalf of TINE. Conflicts of interest may arise as a result of secondary employment, ownership interests or close personal ties, for example.

Confidentiality

We should never talk to outsiders about matters at or relating to TINE or our customers, suppliers or partners, unless this information is already publicly known. Various measures and activities linked to guidelines, business planning, process descriptions and training have been established at TINE to ensure compliance and continuous improvement.

Work environment

The work environment at TINE must be characterised by wellbeing, inclusion, trust and commitment. Any form of inappropriate behaviour, bullying, harassment or discrimination, for example, on grounds of gender, sexual orientation, age, ethnicity or religious belief is unacceptable to us. We must never purchase services, attend events or visit places that may be perceived as objectionable or offensive. TINE is a drug-free workplace.

We must comply with both TINE’s internal guidelines and the legislation in the countries in which TINE operates. All employees and contractors must help to improve HSE outcomes at TINE by adhering to rules and instructions, reporting hazardous conditions and near-misses, assisting with improvements and preventing hazardous and unsafe actions on the part of our own employees or contractors.

TINE Human Resources, Communication and Sustainability is a separate group area at TINE. The head of this group area is responsible for the company’s efforts in respect of ethics and the work environment.



Whistleblowing

TINE’s objective is an open culture and freedom of expression, even with regard to unacceptable conditions, so there is less need for whistleblowing. Unacceptable conditions could occur in a large organisation like TINE; and as an employer, TINE is obliged to facilitate internal whistleblowing.

TINE has established guidelines for whistleblowing and has appointed an internal “whistleblowing representative”. Important points included are discrimination, corruption, business ethics including

anti-competitive conduct and the duty and right to speak up about breaches of the law and of TINE’s ethical guidelines. Whistleblowing concerning quality, safe food and privacy are included in the scheme.

TINE has not registered any reports of corruption via its whistleblowing channel or to the company’s legal department in 2021. Nor have there been any specific cases of corruption or legal cases linked to anti-competitive conduct or misuse of a dominant position during the year

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What is to be included in the climate accounts?

The *Greenhouse Gas Protocol* ¹⁾ (GHG Protocol) has been used as a basis for preparing TINE's climate accounts. The consolidation method in accordance with the GHG Protocol is "organisational control". The GHG Protocol is the most widely recognised climate accounts standard. The GHG

Protocol divides climate accounts into three levels: scope 1, 2 and 3, depending on the point in the value chain where emissions occur.

Scope 1² relates to direct sources of emissions, and for TINE this includes oil, natural gas, diesel and refrigerants. Greenhouse gases included in TINE's climate accounts in scope 1 are carbon dioxide (CO₂) and hydrofluorocarbons HFCs (R134A).

Scope 2 relates to indirect emissions, taking into account the various commodities used when producing the electricity and district heating purchased by TINE. In other words, whether the electricity is produced using power from Europe or Norwegian hydropower will be of major significance to scope 2 emissions.

Scope 3 relates to indirect emissions for which the company is responsible when purchasing and using various services and input factors such as milk from TINE, packaging or business travel.

TINE's environmental targets are related to the company's greenhouse gas emissions, which includes emissions in accordance with scope 1 in the value chain, from farm

tanks until the finished product is delivered to customers (sales outlet). TINE must also help milk producers to reduce emissions of greenhouse gases from milk production out on their farms. This will reduce TINE's indirect emissions, scope 3.

Scope 1

Of TINE's total transport operations, approx. 17 per cent is made up of what is known as intermediate transport³⁾. This involves transportation of products between the company's different dairy plants, and capacity is hired from external carriers.

The transport capacity offered by these carriers on individual routes is mainly filled by TINE's requirements. However, smaller volumes will also be transported using the same trucks, but for other customers of the carrier. Greenhouse gas emissions from intermediate transport are corrected for freight volume linked to these customers. Emissions from intermediate transport are reported under scope 1, as this transport is essentially provided for TINE.

TINE has not used any pure biodiesel, such as HVO100, in 2021. The diesel used had an average content of renewable biodiesel of 26.9 per cent.

1) [The GHG Protocol "A Corporate Accounting and Reporting Standard"](https://ghgprotocol.org/standards) (ghgprotocol.org/standards)

2) [Source emission factors: \(1\) Fossil-based oil and natural gas: SSB. \(2\) Fuel: UK Government GHG Conversion Factors for Company Reporting \(Defra\). \(3\) Refrigerants: The engineering toolbox](#)

3) [As a percentage of kilometres travelled](#)



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Scope 2

Many foreign stakeholders in the common European energy market choose to buy guarantees of origin from power produced in Norway, either voluntarily or due to requirements with regard to proportion of green power. This reduces the renewable share of unspecified power on the Norwegian market. Consumers choosing unspecified origin will therefore largely receive a product covered by European fossil-fuel energy and nuclear power.

The last available product declaration from NVE for unspecified power is for 2020¹⁾. Here, the proportion of fossil-fuel power and nuclear power totals 89 per cent, although more than 98 per cent of Norwegian power production was based on renewable energy that same year. NVE has calculated a factor of 402 g of CO₂ per kWh for 2020. This is an increase from 396 g of CO₂ per kWh for 2019.

The calculation of the product declaration for electricity suppliers is based on electricity sales in Norway that are not covered by the purchase of guarantees of origin over the course of a year. Power generation in Norway is mainly renewable, so guarantees of origin are issued for almost all production. This part of the product declaration must therefore be replaced with the European Attribute Mix calculation, determined annually by the Association of Issuing Bodies (AIB), which administers the scheme. The European Attribute Mix is an estimate of the composition of European power generation that is not documented with guarantees of origin, and therefore consists of a high proportion of fossil-based thermal power.

The emission factor for Norwegian electricity, not including the sale of guarantees of origin, is calculated to be 8 g of CO₂ per kWh for 2020²⁾.

As 65 per cent of TINE's energy consumption at our dairies is based on electricity, it is important for us to also maintain an overview of greenhouse gas emissions linked to this energy source. This is why TINE has been preparing climate accounts including scope 2 since 2014. In accordance with the GHG Protocol, we present climate accounts including scope 2, both with and without product declarations.



Scope 3

TINE processes 1.45 litres of milk at its dairy plants. A significant proportion of greenhouse gas emissions associated with TINE products is linked with activities on dairy farms. These greenhouse gas emissions are reported within Scope 3.

Determining the emission factor for the production of Norwegian milk with certainty presents a challenge. We are still in an early phase, where relatively few research reports are available that we can use as a basis. There is a big gap in the estimates here, as the assumptions and data in the reports are quite different.

The LiveStock³⁾ research project will be publishing its report on emissions from Norwegian milk production in the first quarter of 2022. Preliminary figures show that emissions in 2017 amounted to 1.11 kg. CO₂ equivalents per kg of milk. We have chosen to use this as a basis in our calculation. The introduction of a climate calculator on TINE farms will provide a useful foundation for the factors we will be using as a basis in years to come. We are expecting figures from the climate calculator to potentially be usable in the sustainability report for 2022.

TINE reports greenhouse gas emissions associated with employee flights and emissions from fuel relating to the fuel's value chain, which covers "from source to tank" ("Tank-to-wheel"), within scope 3.

Subsidiaries

Energy and fuel consumption from production and transport at the Fjordland AS subsidiaries are only partly included. 76 per cent of Fjordland's products are produced at TINE's dairy plants. These products are also transported out to customers using TINE's vehicles. Therefore, energy and fuel consumption linked to production and transport of the aforementioned products have also been included in TINE's climate accounts.

1) Source: <https://nve.no/nytt-fra-nve/nyheter-energi/varedeklarasjon-for-stromleverandorer-2020>

2) Source: <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/>

3) The calculations for FPCM milk are part of the LIVESTOCK project (NFR 295189). The data for milk production is taken from from Kukontrollen and TINE Mjølkonomi® 2017, and the results are being published. Reference must be made to the LIVESTOCK project when the results for milk production are used externally.

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Sustainability and the environment – Key figures

In 2018, subsidiaries were included in the figures for sustainability and the environment. Historical figures have not been corrected accordingly.

TINE Group	2021	2020	2019	2018	2017
HSE and employees ¹⁾					
Number of employees	5,240	5,018	5,232	5,355	5,476
Absence due to illness	6.2%	5.8%	5.4%	5.4%	5.7%
LTI rate	6.4	4.2	6.6	7.2	7.1
Percentage of women	37%	37%	37%	36%	37%
Percentage of women in management positions	38%	40%	37%	36%	35%
Environment ¹⁾					
Gross energy consumption (GWh)	794	775	781	786	733
Operating income in relation to Gross energy consumption (NOK million/GWh)	30.8	31.0	30.5	29.3	25.0
Percentage of renewable energy	70%	67%	66%	64%	60%
Packaging ²⁾					
Packaging consumption – cardboard/paperboard (tonnes) ⁷⁾	20,921	22,032	22,296	23,450	22,230
Packaging consumption – plastic (tonnes)	6,409	7,265	6,911	6,983	6,232
Packaging consumption – other (tonnes)	196	186	156	233	221
Packaging consumption – total (tonnes)	27,526	29,483	29,363	30,666	28,683
Packaging consumption in rel. to operating revenues (tonnes/NOK millions)	1.82	1.87	1.91	2.02	2.31
Percentage of drinks cartons with bioplastic (% of total volume)	68%	68%	61%	57%	31%
Resource utilisation – waste ²⁾					
Quality index (NOK millions)	204	184	199	196	211
Quality index (NOK millions) ⁶⁾	158	138	160	161	192
Transport (km/1000 litres raw ingredients)	35	37	37	36	36

1) Figures for the TINE Group (Figures for the TINE Group for 2020 have been updated in accordance with the Annual Report for 2020).
2) Figures for TINE SA, Diplom-Is AS, Fjordland AS: 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. This percentage is included.
3) Figures for TINE SA and Diplom-Is AS.
4) Figures for TINE SA and Diplom-Is AS without transport.
5) Figures for TINE SA.
6) Figures for TINE SA without TINE Råvare
7) Drinks cartons are reported as fibre. Around 20 per cent of the carton is plastic. We use bioplastic based on renewable raw materials in 68 per cent of our drinks cartons.
8) The animal welfare indicator is based on production data from Kukontrollen and uses the World Organisation for Animal Health (OIE) standard for animal welfare. A positive change in the indicator value indicates a positive change in animal health and welfare.

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Sustainability and the environment – key figures contd.

TINE Group	2021	2020	2019	2018	2017
Greenhouse gas emissions, Scope 1 ¹⁾					
Emissions of CO ₂ equivalents from dairies (tonnes)	18,526	18,908	17,323	19,164	24,228
Emissions of CO ₂ equivalents from transport (tonnes)	41,148	44,085	49,349	51,201	47,755
Emissions of CO ₂ equivalents from other operations (tonnes)	2,634	1,750	1,752	1,842	3,285
Emissions of CO ₂ equivalents, total (tonnes)	62,308	64,743	68,424	72,207	75,268
Emissions of CO ₂ equivalents, total in relation to operating profit (tonnes/NOK million)	36.1	32.5	57.5	47.0	53.3
Emissions of CO ₂ equivalents from dairies (tonnes) ⁵⁾	15,571	16,337	14,977	16,365	24,228
Emissions of CO ₂ equivalents from transport (tonnes) ⁵⁾	38,606	41,582	46,070	47,861	47,755
Greenhouse gas emissions, Scope 2 ¹⁾					
Emissions of CO ₂ equivalents from dairies, market-based electricity (tonnes)	152,842	146,924	193,653	195,095	160,112
Emissions of CO ₂ equivalents from dairies, site-based electricity (tonnes)	12,128	12,896	11,139	10,492	4,834
Emissions of CO ₂ equivalents from dairies, district heating (tonnes)	603	217	865	472	2,329
Greenhouse gas emissions, Scope 3					
Emissions of CO ₂ equivalents from fuel (Well-to-tank) ¹⁾	11,347	11,950	11,650	12,602	11,870
Emissions of CO ₂ equivalents from employee flights (tonnes) ³⁾	267	268	1,492	1,292	1,200
Emissions of CO ₂ equivalents from TINE dairy farms (tonnes) ²⁾	1,309,800	1,280,940	1,290,930	1,336,440	1,335,330
Local emissions ⁴⁾					
Emissions of NOx (tonnes)	41.9	49.9	58.7	78.6	na
Nutrition (TINE SA) ³⁾					
Number of Keyhole products ⁵⁾	21	20	16	14	13
Saturated fat, total in products (tonnes)	30,153	30,928	28,693	28,802	29,082
Added sugar, total in products (tonnes)	9,208	9,591	5,662	5,766	6,022
Salt, total in products (tonnes)	954	958	827	816	817
Animal health and welfare ^{2), 8)}					
Animal welfare indicator	107.1	106.0	103.2	101.1	100.7
Safe food ¹⁾					
Pathogenic bacteria, number of negative samples	9,965	5,941	6,307	4,927	4,648
Pathogenic bacteria, number of positive samples	5	18	2	4	0
Number of recalls ²⁾	5	2	1	0	1

1) Figures for the TINE Group (Figures for the TINE Group for 2020 have been updated in accordance with the Annual Report for 2020).
2) Figures for TINE SA, Diplom-Is AS, Fjordland AS: 76 per cent of Fjordland's products are produced at TINE's dairy plants. This percentage is included.
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8) The animal welfare indicator is based on production data from Kukontrollen and uses the World Organisation for Animal Health (OIE) standard for animal welfare. A positive change in the indicator value indicates a positive change in animal health and welfare.

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How we report

TINE regards sustainability as an integral part of the company's overall operations, so we report our sustainability work as part of our annual report.

The purpose of this report is to provide our stakeholders – owners, employees, customers and consumers – with a complete and balanced overview of how TINE is following up on its sustainability responsibilities within the areas we consider to be most central to TINE's operations.

One of the basic principles of the GRI Standards is that companies must formulate their sustainability reporting based on the sustainability areas most relevant to the company. Relevance in this context is determined by:

- The scope of the company's economic, environmental and social impact
- The factors that will significantly affect the evaluations and choices of the company's stakeholders

A materiality analysis was conducted in 2019 that forms the basis for the sustainability report for 2021. Based on this, we have chosen to report on 11 different aspects for 2021. This analysis is described in greater detail in the section entitled *Relevant aspects*.

Reporting and accounting principles

Reporting on sustainability essentially relates to the TINE Group unless otherwise stated. The areas covered by the report are largely based on TINE's strategy for sustainability and also include relevant factors along the value chain for milk that are beyond the company's direct area of responsibility.

As before, emissions from the Fjordland AS subsidiaries are only partly included. 76 per cent of Fjordland's products are produced at TINE's dairy plants. These products are also transported out to customers using TINE's vehicles. Therefore, greenhouse gas emissions associated with production and transport of these products have also been included in TINE's climate accounts.

GRI Report for 2021
External link

TINE GRI table 2021

TINE is continuing the company's sustainability reporting in accordance with the guidelines of the Global Reporting Initiative (GRI). Reporting for 2021 is based on GRI Standards.

TINE's sustainability reporting for 2021 is incorporated into the TINE Annual Report for 2021 and published on the TINE website. Our external auditor, EY, has verified that our reporting is essentially compliant with the GRI reporting policies and that our reporting is compliant with "Core" level in accordance with the guidelines: see the Auditor's statement.

The accompanying table shows which GRI aspects TINE reports on based on the materiality analysis. The table provides references to where information on the individual elements and indicators can be found in TINE's 2021 annual report, giving either a complete or partial response in relation to the GRI guidelines.

The GRI table has been verified by an external third party and also provides an overview of verified aspects, as well as "omissions", where applicable. Please see the GRI website, www.globalreporting.org, for a full description of the individual indicators.

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Statsautoriserte revisorer
Ernst & Young AS

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www.ey.no
Medlemmer av Den norske Revisorforening

To the Board of Directors of TINE SA

INDEPENDENT ACCOUNTANT’S ASSURANCE REPORT

We have been engaged by TINE SA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on TINE's sustainability reporting, (the "Report") as of 31. December 2021 for the period from 1. January 2021 to 31. December 2021. This comprise a review of TINE SA's 11 most material sustainability aspects, presented in the company's materiality matrix for sustainability reporting and is shown in the company's overview of reporting on GRI indicators (see the document GRI Index 2021 on <https://www.tine.no/om-tine/baerekraft/TINE-GRI-tabell-2021.pdf>) (the "Subject Matter").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by TINE SA

In preparing the Subject Matter, TINE SA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards, "Core" option (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the subject matter information may not be suitable for another purpose. We consider these reporting criteria to be relevant and appropriate to review the sustainability reporting.

TINE SA’s responsibilities

Management is responsible for the selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Review of TINE’s process for preparation and presentation of the sustainability report to develop an understanding of how the reporting is conducted within the business
- ▶ Interviewed those in charge of sustainability reporting to develop an understanding of the process for the preparation of the sustainability reporting
- ▶ Verified on a sample basis the information in the sustainability reporting against source data and other information prepared by TINE
- ▶ Assessed the overall presentation of sustainability reporting against the criteria in the GRI Standards including a review of the consistency of information against the GRI index.

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter for the year ended 31. December 2021 for the period from 1. January 2021 to 31. December 2021 in order for the sustainability reporting to be in accordance with the Criteria.

Oslo, 15 February 2022
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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Marit Haugen
Chair of the Board



Rolf Øyvind Thune
Deputy Chair



Solveig B. Rønning
Board member



Bjørnar Gjerde
Board member



Hege Persen
Board member



Helge Arne Espeland
Board member



Asgeir Pollestad
Board member



Tor Arne Johansen
Board member (employee)



Elin Aarvik
Board member (employee)



Jeffrey Thomas
Board member (employee)



Ottar Råd
Board member (employee)



Gunnar Hovland
CEO

Group executive

As of 01.02.2022



Gunnar Hovland
CEO

Experience Gunnar Hovland joined TINE as Head of Department in 1996. Was subsequently Managing Director at TINE Biomarin before becoming Director of TINE Ingrediens, and going on to be Group Director of TINE with responsibility for sales, exports and marine operations up until 2008. He was CEO of Trondheim Kraft from 2008 to 2011. Following a merger with Fjordkraft he was also deputy CEO of Fjordkraft. Has been CEO of BN Bank since 2011 and has been one of the pioneers within digitalisation and robotic automation at the bank. Broad experience from Board positions in various sectors.

Education Masters in agricultural science from the Norwegian University of Life Sciences (NMBU), has an MBA from the Norwegian School of Economics (NHH), Executive Management Programme from Insead and Artificial Intelligence: Implications for Business Strategy from MIT Management Sloan School.



Ann-Beth Freuchen
Vice President with commercial responsibility

Professional experience Ann-Beth Freuchen has 25 years of experience of the FMCG industry and has worked in a number of commercial management jobs, and she has helped to develop several of the country's best-known brands within the portfolios of Nidar, Lilleborg, KiMs and Orkla Foods. She has headed Orkla Foods Nordics & Baltics, Orkla's largest business area, working as Group Director. Freuchen has operational and strategic experience from several major change projects in complex value chains.

Education MSc in Business from BI Norwegian Business School



Kristin Muri Møller
Group Director, CFO

Experience Kristin Muri Møller is TINE's CFO and has over 20 years of experience in the Telenor system and brings solid expertise from an equivalent position at Telenor Norge. She has worked in both Telenor's Norwegian and international operations and has been closely involved in the development process that the telecomms giant has been through in the past few years, and can also show good results in cost efficiency, modernisation and development of strong teams.

Education MSc in Business from BI Norwegian Business School.



Tina Hermansson Berg
Group Director, Human Resources, Communication and Sustainability

Experience Tina Hermansson Berg is Swedish by origin and has broad experience from management positions within both HR and communication from companies such as Volvo Cars, Mölnlycke Health Care, Peab and Bring Frigo.

Education BSc in Business Administration/Human Resource Development and Labour Relations from the University of Gothenburg.



Christian Granlund
Group Director, Production

Professional experience Christian Granlund started working for TINE on 1 November 2021. He joins us from his position as VP Integrated Supply Chain at Carlsberg Bryggerier's Danish operations, where he was responsible for production and logistics. In addition to experience from Vectura AS, where he was the CEO, he also worked for Ringnes for almost a decade. At Ringnes, Granlund held various roles as both director of logistics and director of sales, outdoor, as well as standing responsible for production at the water plants, Farris & Imsdal. Prior to this, he spent 5 years at TINE with roles in the management of both the planning and forecasting departments.

Education MSc in Business from BI Norwegian Business School in Sandvika. He also holds an Executive MBA from Copenhagen Business School.

Group executive, contd.



Aniela Gjøs
Group Director, Logistics

Experience Aniela joined TINE in December 2013. She has specialised in logistics throughout her working life, and she joined the company after working as the CEO of Ontime Logistics AS. She held a number of management positions prior to that, including Logistics Manager at Ringnes AS and Group Director for Distribution Networks at Posten. She sits on the Board of MG Mestergruppen AS.

Education MSc in Industrial Organization and management from the Silesian University of Technology. She also studied business economics at BI Norwegian Business School. She has also attended several postgraduate programmes at international universities such as Stanford, Insead and Oxford.



Johnny Ødegård
Group Director, Consultancy and Membership Services

Experience Johnny has worked for TINE since 2011. He joined the company from Felleskjøpet, where he worked on business policy. He also has experience from the Norwegian Farmers and Smallholders Union. He is a Board member of TUN Media AS.

Education Norges Landbrukshøgskole (now the Norwegian University of Life Sciences), specialising in agricultural economics.



Elisabeth Tapper
Group Director, Long-term Innovation and Digitalisation

Experience Elisabeth has 16 years of experience in marketing and innovation work at Orkla and L'Oréal. She has also served as Marketing Director for the Pierre Robert Group and Chief Digital Officer at Orkla Health. She also played a central role in Orkla's acquisition of the Finnish Nanso Group and spent one year working in London at Your.MD, one of the world's leading start-up environments within health technology.

Education MSc in Industrial Economics and Technology Management (Siv.ing) from NTNU and HEC Lausanne.



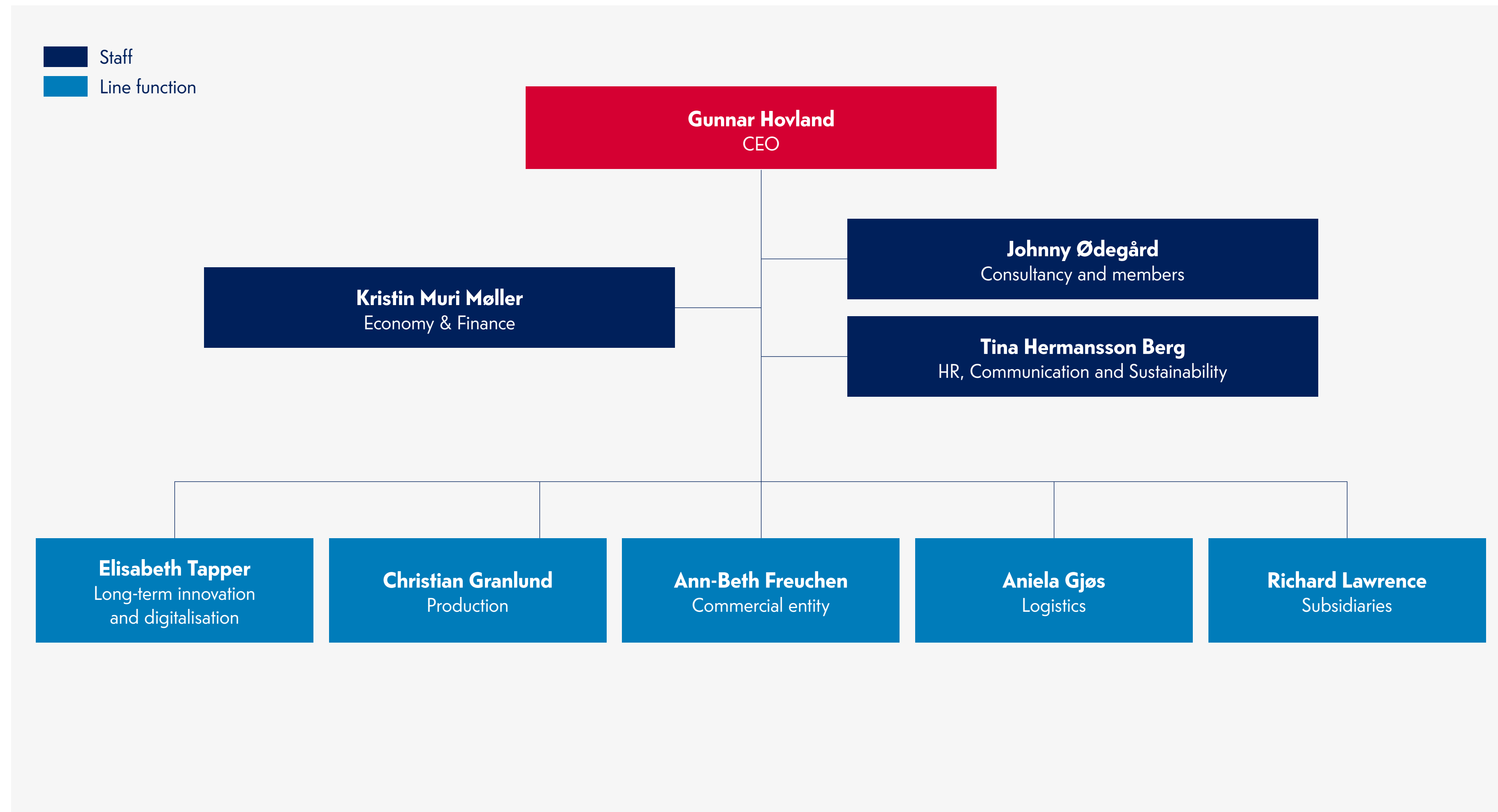
Richard Lawrence
Group Director, Subsidiaries

Experience Richard Lawrence has 20 years of experience from international marketing of food and beverages, at companies including Unilever, Heineken and Mondelez. He comes from a position as Category Director Biscuits for Mondelez in south-east Asia.

Education BA Hons, University of Durham, United Kingdom.

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Annual General Meeting

The Annual General Meeting comprises 125 delegates elected by owners. The delegates are distributed proportionately between each owner area based on the number of members in the year prior to the annual report year. There are also members of the Board and the council.

Council

Odd Einar Hjortnæs, Chair
Nina Vangen Ranøien, Deputy Chair

Other members elected by the owners

Allan Falkmo Hansen
Veronica Berntsen Hjelle
Einar Åbergsjord
Magnhild Johanne Nymo
Trond Hodne
Jannicke Tafjord
Elise Unander Mjølhus
Rolf-Daniel Midthun
Kari Lise Breivik
Hans Mathias Ulberg
Ole Henrik Rindli
Cathinka Jerkø
Morten Maling
Harald Olav Lie-Nielsen

Control committee

Petter Arne Ekroll, Chair
Sigrun Bakken Lerhol, Deputy Chair
Bjørn Lende

Board of Directors

Members elected by the owners

Marit Haugen, Chair
Rolf Øyvind Thune, Deputy Chair
Solveig Bratteng Rønning
Hege Persen
Bjørnar Gjerde
Helge Arne Espeland
Asgeir Pollestad

Members elected by the employees

Tor Arne Johansen
Ottar Råd
Elin J. Aarvik
Jeffrey Thomas

Deputy members elected by the owners

Anne Berit Løset, 1st deputy
Hans Mathias. Ulberg, 2nd deputy
Ole Henrik Rindli, 3rd deputy

Deputy members elected by the employees

Dag Rune Herting (NNN), 1st deputy
Randi Einarsen (NML), 1st deputy
Siri Margrethe Byberg, 1st deputy (other)

Central election committee

Nils Neteland, Chair
Sonja Herikstad Skårland, Deputy Chair
Grete Skar Misfjord
Hege Sæter Hass
Øyvind Skarstad
Marianne Rønning
Rune Håkstad
Boye Olav Skøre

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Producer team leaders

An overview of all producer teams and producer team managers at TINE is presented below.

Prod. team	Name of producer team	Name of manager
1	Kålfjord	Even Steinlien
2	Nordreisa, Kvæningen and Langfjorden	Widar Marvik
4	Alta and Kautokeino	Benjamin Hykkerud
7	Midt-Finnmark	Peder Jenssen
8	Tana – Varanger	Britt Mari Andersen
10	Sør-Varanger	Ivar Øverli
50	Ullsfjord	Magna Nordgård-Melander
53	Balsfjord	Camilla Heimro
56	Midt-Troms	Magnhild Johanne Nymo
57	Bardu and Astafjord	Anne Britt Hanstad
73	Harstad/Kvæfjord	Stine Krogh Johnsen
77	Ofoten	Roger Jakobsen
80	Andøy	Eirik Solvoll
81	Vesterålen	Veronica Hjelle
83	Bø	Rolf-Hugo Eriksen
88	Lofoten	Marielle De Roos
91	Salten	Per Arne Joakimsen
92	Beiarn and Skjerstad	Andrè Kristoffersen
96	Sør-Salten	Lene Sofie Handeland
98	Nord-Salten	Marita Helskog
111	Sømna	Daniel Davidsen
112	Velfjord	Endre Estensen
113	Vevelstad	Stig Roar Olsen
114	Vega	Ingebjørg Grindhaug
115	Brønnøy	Margrethe Moe

Prod. team	Name of producer team	Name of manager
117	Polarsirkelen	Geir Håkon Pettersen
119	Hemnes	Allan Falkmo Hansen
120	Hattfjelldal	Anne Tove E. Lie
121	Vefsn and Grane	Dagfinn Mosheim
125	Ytre Helgeland	Øyvind Knapstad
201	Vestnes	Søren Johan Øveraas
202	Rauma	Anders Øverbø
203	Neset	Ole Henrik Rindli
204	Molde	Jorunn Gunnerød
208	Fræna nord	Ole Håkon Farstad
209	Hustadvika	Ole Per Nøsen
210	Averøy	Vegard Smenes
212	Gjemnes	Jens Marius Harstad
213	Sunndal	Ragnhild Nes
214	Tingvoll	Vidar Aasen
215	Surnadal og Halså	Lars Bæverfjord jr
216	Rindal	Ivar Myklegard
220	Aure and Smøla	Arve Johan Goa
222	Hemne	Trine Reinfjell Engdal
223	Snillfjord, Hitra and Frøya	Torbjørn Flenstad
225	Agdenes	Olav Sterten
226	Orkdal	Inger Karin Dyndal
228	Meldal	Ole Johan Svartbekk
229	Rennebu	Solveig Løvø Kvam
230	Oppdal	Stein Outzen
231	Røros	Trond Langen

Prod. team	Name of producer team	Name of manager
232	Holtålen	Stian Greni
233	Midtre Gauldal	Anne Sundli
235	Melhus	Odd Erik Gåsbakk
237	Skaun	Ole Otterstad
238	Trondheim and Environs	Sissel Langørgen
240	Leksvik	Nils Tronstad
242	Rissa	Vegard Aune
243	Ørland and Bjugn	Arne Hernes
245	Åfjord	Erling Iversen
248	Osen	Stig Elden
249	Tydal/Selbu	Jo Vegard Hilmo
250	Stjørdal and Meråker	Mona Raaen
253	Levanger and Frosta	Torbjørn Støre
255	Verdal	Terje Grønn
256	Inderøy/Sparbu	Åge Morten Stavran
258	Steinkjer	Otto Erlend Gregersen
260	Snåsa	Jo Ivar Husås
261	Beitstad/Verran	Randi Holien Bartnes
262	Namdalseid and Flatanger	Sol Hege Elden Urtegård
264	Namsos	Trine Skjærvik
265	Midtre Namdal	Lene Elise Mevassvik
267	Indre Namdal	Einar Otto Ingulfsvann
272	Ytre Namdal	Kåre Peder Aakre
400	Nordvest	Per Berge
401	Eid & Bremanger	Roy Andre Høyenes Bruvoll

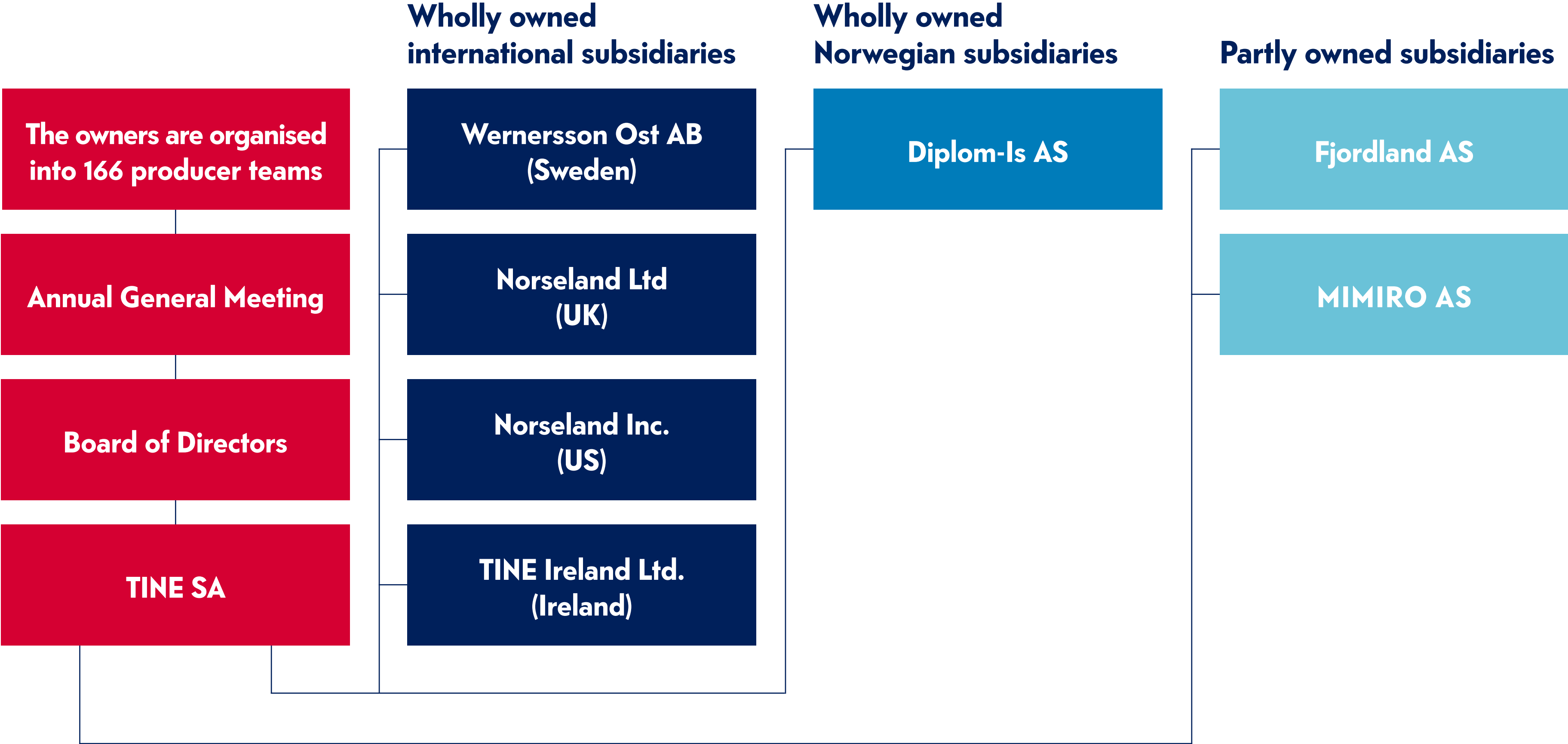
Prod. team	Name of producer team	Name of manager
402	Hornindal and Stryn	Silje Åsnes Skarstein
403	Gloppen	Per Jarle Myklebust
405	Flora	Beate Steindal
406	Naustdal	Tor Arne Herstad
407	Førde and Kvammen	Terje Hagen
408	Jølster	Inger Birgitte Flatjord Kjøsnes
409	Vik and Balestrand	Marita Langeland Tistel
410	Indre Sogn	Per Hilleren
411	Luster	Tomas Kjørlaug
414	Nordre Sunnmøre	Ann Mari Bjørnøy
420	Indre Sunnmøre	Karl Inge Lilleås
422	Sykkylven, Sunnylvn and Stranda	Per Kristian Gjerde
424	Søre Sunnmøre	Kristine Godø
451	Sand/Vikedal	Sigrid Bakka
452	Etne/Vindafjord	Reidar Berge
454	Sunnhordland	Øystein Huglen
456	Folgefonn	Knut Flatebø
457	Hardanger	Anders Sæleset
460	Voss and Indre Hardanger	Ove Neteland
462	Vossestrand	Trond Olav Neteland
463	Vaksdal & Modalen	Magnar Nese
467	Midthordaland	Eivind Myrdal
469	Nordhordland	Kari Heggenes Kvammen
470	Masfjorden nord, Gulen, Høyanger sør	Eldfrid Førde
473	HAFS	Arnt Inge Hjelmeland
474	Gaular and Høyanger Nord	Margun Myrmel Øren
610	Haugaland	Lisa R. Langåker, took over as tenant after Frode Handeland resigned.

Prod. team	Name of producer team	Name of manager
611	Skjold/Vik	Norleif Fjeldheim
612	Bokn/Tysvær	Louis Medhaug
615	Finnøy	Njål Meling
616	Rennesøy	Ivar Finnesand
617	Hjelmeland	Elise Unander Mjølhus
618	Strand/Forsand	Geir Johan Heggheim
620	Nord-Jæren	Arne Rege
621	Sandnes	Marianne Haga
623	Gjesdal	Gudmund Edland
625	Klepp	Jan Arild Anda
626	Time	Rune Haugland
628	Nærbø	Trond Lode
629	Varhaug	Magnhild Aanestad
630	Vigrestad/Ogna	Alf Magne Haarr
631	Bjerkreim	Stein Pettersen
633	Dalane	May Sissel Nodland
634	Lund	Øyvind Steinnes
651	Hauklid Aust Geit	Kirsti Sandland
654	Vest-Telemark	Turid Opsund
657	Gaustafjell	Olav Nordbø
659	Nedre Telemark	Anne Birgitte Riis-Johansen
665	Østre Agder	Marianne Goderstad
667	Setesdal	Tom Løland
673	Kristiansand and Lindesnes	Kari Lauvdal
675	Midtre Vest-Agder	Gunn Elise Helle
678	Lists	Ole Helle
701	Ringsaker	Ole Morten Lier
704	Midt-Hedmark	Thomas C.M. French
708	Trysil and Engerdal	Halvor Hansson
711	Alvdal	Ingar Moldstad

Prod. team	Name of producer team	Name of manager
712	Folldal	Erik Stuedal
713	Tynset and Rendalen	Eivind Langberg Vangen
715	Tolga	Ole Oscar Kleven
716	Os	Aina Eggen
730	Lesja/Dovre	Pål-Lasse Torstad
733	Lom & Skjåk	Ragnhild Sjurgard
734	Sel and Vågå	Roger Pladsen
743	Fron	Wenche Kvebu Bjørli
744	Ringebu/Fåvang	Mari Holen Berge
745	Gausdal	Jon Fjeldet
746	Lillehammer	Lars Høvren
761	Nedre Buskerud	Torunn Hovde
763	Rollag/Nore/Uvdal	Anne Beate Rye Teigen
765	Vestfold	Andreas Botne
770	Nedre Hallingdal	Oskar Renslo
772	Hemsedal	Torgunn Huso
773	Ål and Hol	Torleif T Dalseide
775	Sør Valdres	Knut-Harald Bergum
777	Vestre Slidre	Marianne Aastad
778	Øystre Slidre	Guri Hegge Skrindsrud
779	Vang	Jon Lerhol
780	Hadeland	Tormod Hval
781	Gjøvik	Margunn Nummedal
782	Toten	Christian D. Meyer
783	Land/Etnedal	Arne Goplen
850	Indre Østfold	Randi Liverud
851	Søndre Østfold	Lars Håkon Wennersberg
852	Søndre Akershus	Anne Marie Oddlien
853	Øvre Romerike	Ole Martin Mobæk
855	Glåmdal	Eivind Mehl

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The TINE Group as of 01.01.2022



This chart shows the biggest subsidiaries. For a complete list, see [note 14](#) on page 92 of the Annual Accounts section.

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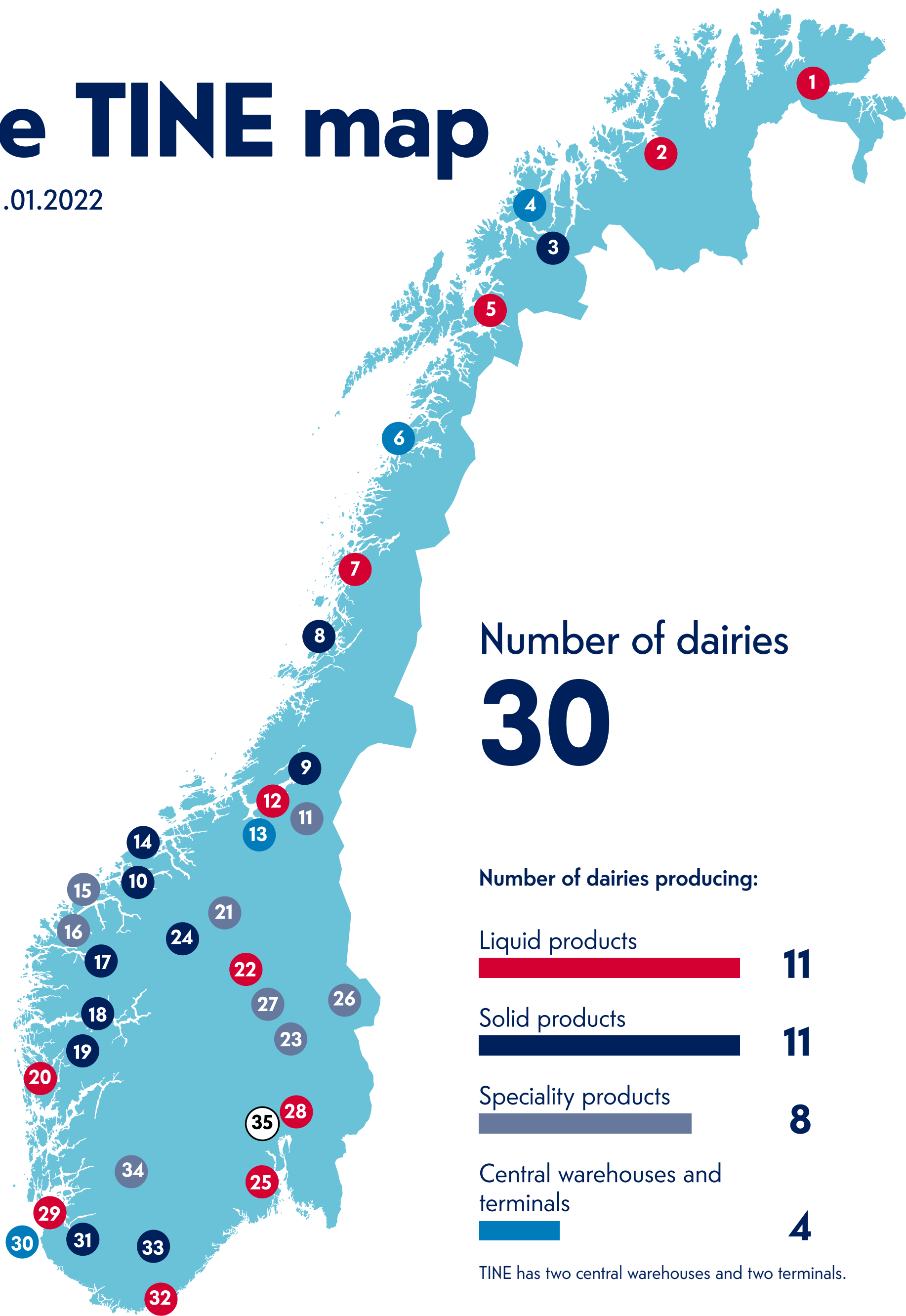
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- TINE Meieriet Tana**
Fresh milk, Kesam®, cream, fermented cream, protein yoghurt, butter, cultured milk, skimmed cultured milk, storage and distribution
- TINE Meieriet Alta**
Fresh milk, cream, storage and distribution
- TINE Meieriet Storsteinnes**
Norvegia®, brown cheese, Nøkkelost, Ekte Hvit Geitost, contract production
- TINE Terminal Tromsø**
Storage and transshipment
- TINE Meieriet Harstad**
Fresh milk, organic milk, sour cream, cream, juice, storage and distribution
- TINE Terminal Bodø**
Storage and transshipment
- TINE Meieriet Sandnessjøen**
Fresh milk, powdered milk, butter, cream, storage, transshipment and distribution
- TINE Meieriet Sømna**
Norvegia®: Original, Fyltig and Lettost. Østavind®, Norwegian Gräddost
- TINE Meieriet Verdal**
Norvegia®: original and organic, Jarlsberg®, Norwegian Gräddost, butter, Bremykt®, Norwegian cheddar, dried whey products
- TINE Meieriet Tresfjord**
Ridder® and Norwegian Port Salut
- TINE Meieriet Selbu**
Normanna®, Selbu Blå® – all varieties, Selbu Norzola®, Kybos, cubed, marinated Jarlsberg®
- TINE Meieriet Tunga**
Fresh and soured milk, cream, Biola®, Go'morgen® Yoghurt, organic kefir, breakfast yoghurt, organic milk, storage and distribution
- TINE Sentrallager Heimdal**
Grated and sliced cheese and cheese portions, packaging, storage, exports
- TINE Meieriet Elnesvågen**
Jarlsberg®, Norwegian Sveitser, Nøkkelost, Norsk Alpeost, Norvegia®
- TINE Meieriet Ålesund**
Fresh and soured milk, cream, Piano® desserts, creams and sauces, iced coffee, YT®, Sjokolademelk, storage and distribution
- TINE Meieriet Ørsta**
Norsk Edamer, TINE® Kremgo®, Snøfrisk®, cream cheese, cream cheese base and contract production
- TINE Meieriet Byrkjelo**
Norvegia®, brown cheese, Norsk Edamer, Norvegia® portions
- TINE Meieriet Vik**
Gamalost, Mylsa, raspberry juice
- TINE Meieriet Voss**
Norvegia®, Dravle, contract production
- TINE Meieriet Bergen**
Fresh milk, cream, juice, storage and distribution
- TINE Meieriet Dovre**
Dovre Ysteri: Norwegian brie and Norwegian camembert, Snøhetta
- TINE Meieriet Frya**
Fresh and soured milk, sour cream, cottage cheese, Yoplait® and TINE® Yoghurt, Greek yoghurt, cream, storage and distribution
- TINE Meieriet Brumunddal**
Lactose-free products, long-life consumer milk products, flavoured milk, juice, desserts, YT® Protein, Gyr®, E+®, ingredients and powdered milk products, milk concentrates
- TINE Meieriet Lom & Skjåk**
Brown cheese, caramel and cheese spread products
- TINE Meieriet Sem**
Fresh milk, organic milk, cream, storage and distribution
- TINE Meieriet Trysil**
Pultost – Løiten, Hedemark and Lillehammer
- TINE Meieriet Tretten**
Processed cheese, porridge, desserts, honey
- TINE Meieriet Oslo**
Fresh and soured milk, organic milk, organic kefir, cream, yoghurt, sour cream, juice, iced tea, storage and distribution
- TINE Meieriet Sola**
Fresh and soured milk, organic milk, cream, storage and distribution
- TINE Sentrallager Klepp**
Grated and sliced cheese and cheese portions, packaging, storage, imports
- TINE Meieriet Jæren**
Jarlsberg®, Norvegia®, Norwegian mozzarella, pizza topping, butter, Brelett®, butter oil, Prim, dried whey products
- TINE Meieriet Kristiansand**
Fresh and soured milk, cream, storage and distribution
- TINE Meieriet Setesdal**
Rømmegrøt, Ryfylkegome. Butter: organic, lactose-free, spiced butter and butter portions, Kvitesidsmør, extra salted Setesdalssmør
- TINE Meieriet Haukeli**
Frozen Curd, Norwegian Chevre
- TINE SA Head Office, Oslo**

TINE Group

Annual Report
2021

Board of Directors' report

Financial accounts

More about sustainability

Further information

Board of Directors

Group executive

Organisational chart

Elected representatives

Producer team leaders

Group structure

The TINE map

TINE Group



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TINE SA

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www.tine.no

Tel: 03080

firmapost@tine.no

Wholly owned subsidiaries

Diplom-Is AS

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Tel: 02001

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Norseland Inc.

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Stamford, CT 06902, United States

Tel: +1 203 324 5620

Norseland Ltd.

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Somerset, BA22 8JU, UK

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