



Annual Report 2022

Together we make
Norway thrive

Board of Directors' report

Financial statements

Other information

Sustainability

Contents



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and capital structure



Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics



Further information

Elected representatives

Production cooperative managers

The TINE map

TINE Group

A word from the CEO

The future starts now

2022 is the tale of a year in which a pandemic was followed by a senseless war, coupled with an energy crisis, spiralling prices and new climate disasters worldwide. Tales, fates and impressions remain. The year has left a lasting impression on many people – and on all of us.

We have spent this unusual year demonstrating an enormous ability to deliver in spite everything going on around us. Times are more demanding now, with dedicated owners and employees who go to work every day with their TINE hearts on their sleeves and a desire to be a little better tomorrow than we were yesterday. We have succeeded together in providing our customers with much-loved brands of outstanding quality and delighted millions of consumers every single day in 2022.

Customers and consumers should lead the way for us, as an ambitious brand company. That is why we have made some big changes this year and set ourselves up for growth by consolidating our commercial areas into a single entity. It is also critical for us to ensure that the whole supply chain – from grass to glass – interacts closely with the commercial side of things. This is allowing us to reach out to consumers with their favourite brands in the right places, using the right packaging and offering the quality we are renowned for. That is why we have merged our operational forces into a single supply organisation to simplify, standardise and digitalise our operations going forward. This future will bear the impact of Ukraine war, with the energy crisis, spiralling inflation and reduced purchasing power are creating uncertainty in all markets. Beyond national borders, dairy farmers have received no government support to help them cope with cost inflation. As a result, we are seeing an exceptional year of milk prices that no analyses predicted, where prices are increasing at a pace that no dairy operator was able to fully compensate for in the market. The high price of milk in Ireland has weakened the profitability of our international operations. Our sales companies are being as proactive as possible, and we have tested the pain threshold to see what consumers are willing to pay for our brands. We are adopting a long-term perspective,

and the temporary high price of milk does not alter our view that the plant in Ireland is still important to our international business going forward.

In any case, our increased costs significantly impair our results. The good work being done within the Group to bring down costs and strengthen our own competitiveness is all the more important. The studies that aim to assess our whole facility structure are an important part of this work. We need to adapt if we are to develop an efficient, innovative and forward-looking cooperative. By placing the needs of customers and consumers first, we will ensure value creation, secure the dairy farmers' financial situation, develop industrial jobs and deliver on our social mission; to make Norway thrive. Furthermore, if the authorities want dairy production across the country, our competitors can no longer receive NOK 200 million annually in centralising subsidies.

The value of agriculture across Norway is clearer than ever. The UN's call for every country to produce as much food as possible for its own population has rarely been stronger. Sustainability has taken on a new dimension for the majority of people. Besides climate change, we need to ensure food security for customers and secure the economy for dairy farmers – and, not least, ensure consumers have access to healthy nutrition. Recycled plastics in cream cartons, methane inhibitors in cattle feed and a new woodchip incineration plant in Jæren supplying us with renewable energy are other examples that are paving the way towards world-class dairy operations – and all in the name of sustainability.

We have created substantial results for the company thanks to tireless efforts and outstanding work throughout the value chain. That is why the subsequent payment to TINE's

owners for 2022 is the third biggest payment in the history of TINE. This is well-deserved and a valuable contribution to a challenging financial situation for our owners. In spite of a significant decline in profit, we are doing well and continuing to work to ensure our owners have the best finances possible. The key? Understanding consumers and ensuring commercial success going forward.

The plans, efforts and results we have created together throughout this turbulent year give me great confidence we will achieve our goals in the future, both in Norway and elsewhere. We have been working together since 1856. Our mission has always been to ensure that customers and consumers choose our brands so that our owners can safely invest in both their own farms and the cooperative – for generations to come. We have a good starting point from which to face tomorrow – with strong brands and an efficient value chain, and with owners and employees at TINE who are willing and able to help make Norway thrive.

This will provide us with an extremely important foundation as we embark upon our new future.



Gunnar Hovland
CEO

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Board of Directors' report

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Statement from the Chair of the Board

The value of the cooperative

A year ago, I envisioned that 2022 would normalise following two years of pandemic. But that was by no means what happened. 2022 has been an unusual and challenging year, affected by instability, uncertainty and higher costs for all. The strength of our cooperative is particularly important at times like these, and it feels good to be able to sum things up by saying that TINE is in good shape, in spite of everything.

We have built a solid, market-focused company over generations, making us capable of responding to the changes happening around us. We are identifying opportunities in challenges; and now more than ever, it is important for us all to pull in the same direction – towards the same goal. In spite of the pandemic, war and crises, we have delivered 1,370 million litres of top-quality milk in this unusual year. Our company's employees have processed, transported, sold, marketed and handled this milk as effectively as possible. This has resulted in high delivery efficiency and a result that has to be respected. Quite simply, we do a better job when we all work together. This helps to ensure security of provision for our owners, and a good subsequent payment for 2022 as well.

We can help make Norway thrive, but only if we continue to work together. Dairy farming is the mainstay of Norwegian agriculture, contributing to major ripple effects in local communities all over the country. A long-term, robust cooperative focusing on commercial matters is a must for future operations and investments in milk production on farms of all sizes all over Norway.

That said, many of our owners – dairy farmers – are facing financial pressures and need major investment both now and the years to come. We find that costs increase more than revenues do, so a robust subsequent payment is extremely important. In total, this will give a subsequent payment of NOK 0.685 per litre of milk delivered in 2022. This means that NOK 940 million will be paid to the owners this spring. This is a much-needed contribution to the difficult situation in which many producers find themselves, but it does not resolve the challenges all on its own. That is why we have to continue investing in our company. We have to create growth,

develop our brands and expand our markets, improve our plants and – not least – have a strong focus on sustainability. TINE will be working hard in 2023 on future capital requirements linked with growth and investments. We will also be looking at equity and funding needs while ensuring future returns to farmers.

However, TINE and its brands is the dairy farmers' most vital tool for securing sales of their milk, and we are doing everything in our power to sell as much milk as possible at the highest price possible on the market. But that is not enough. Dairy farmers must be given priority in this year's agricultural negotiations. We are entirely reliant on the political desire to spend budget funds on Norwegian dairy production. But there is fierce competition from other operators, imports and other food and drink products. And to make matters worse, our Norwegian competitors receive subsidies relating to competition policy. We would like to see competition, but it must be on a level playing field. That is why it is high time to eliminate these subsidies.

And of course, TINE has to be efficient in the industry and do whatever we can to succeed in the market, while also safeguarding our social mission. We own one of Norway's most important companies, offering some of Norway's best-known brands. Our milk is turned into products that really matter to people's day-to-day lives, and is part of the habits of millions of Norwegian people all over the country. TINE's employees go to work every day to ensure that our brands end up in people's shopping trolleys. This is a really good starting point. That said, both customers and consumers are increasingly expecting our products to be produced responsibly and sustainably. We will continue our good work on packaging, emissions and

transport. But we have to work on the farms, too. That is why it is so important for us all to help document and improve greenhouse gas emissions and animal welfare on our farms. That way, we will be a little better tomorrow than we were yesterday – in terms of sustainability, too.

We took another step closer to becoming a world-class dairy in 2022. Interest in Brunost cheese is growing in Asia, and this year we have also added Brunost cheese to the menu in Hong Kong. Although these are still tiny volumes in the great scheme of things, they are an important part of the foundation for the international success of Norwegian dairy products.

Given what has happened this year, I am cautious about making too many predictions for the year ahead. But what I know and what I am very confident about is that together, we will be able to deal with whatever we face in 2023, too. Because I believe in our community, and in us.



Marit Haugen
Chair of the Board

What the numbers say

Annual
Report 2022

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

24,866 MNOK

Sales revenue
(24,045)

1,257 MNOK

Operating income
(1,725)

5,169

Number of employees
(5,240)

760 GWh

Gross energy consumption
(794)

8,291

Number of owners
(8,711)

68.5 øre/litre

Subsequent payment from TINE SA
(98)

Delivered to TINE in 2022 (2021)

1351.1 million litres

Cow's milk
(1,423.8)

18.4 million litres

Goat's milk
(18.9)

Consumption per inhabitant in 2022 (2021)¹

73.8 litres

Milk
(78.9)

10.7 kg

Yoghurt incl. imports
(10.9)

19.5 kg

Cheese incl. imports
(20.3)

9.0 kg

Cream and sour cream
(9.5)

3.4 kg

Butter incl. imports
(3.6)

¹⁾ Source: Norwegian Dairy Council ([Melk.no](https://www.melk.no)),
February 2023

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

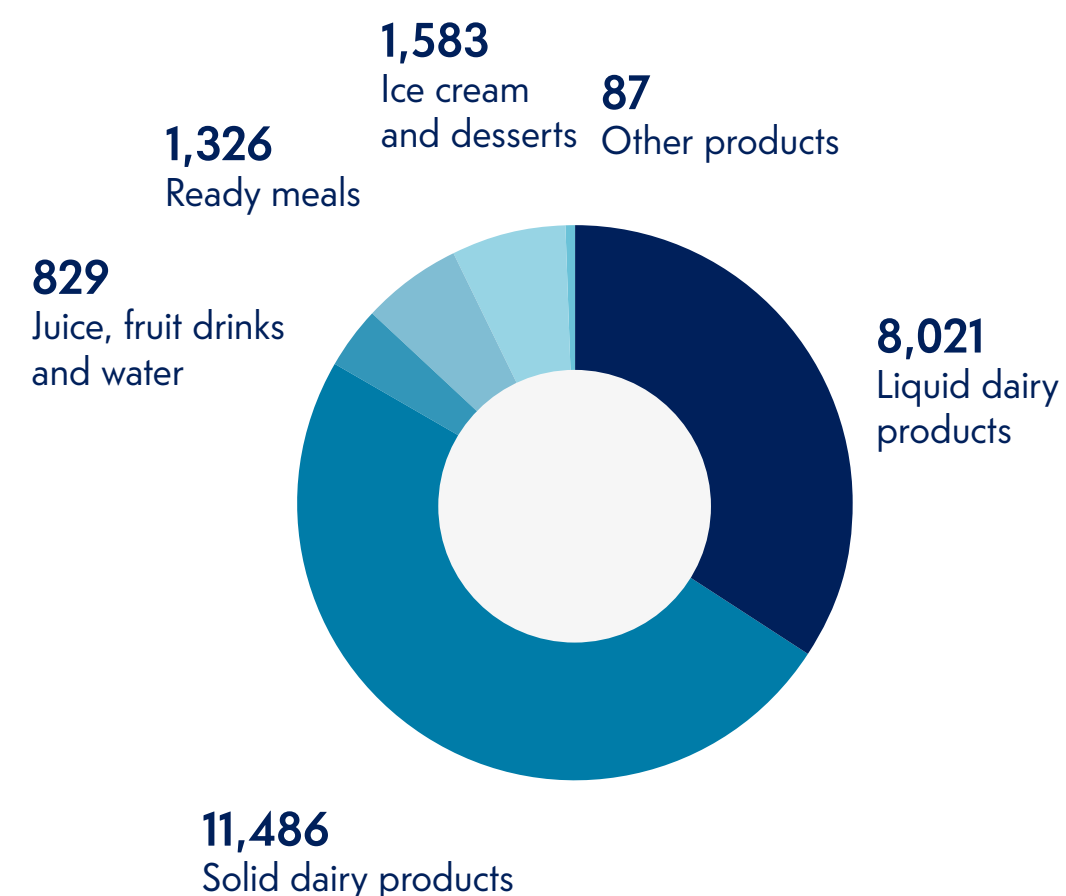
Other information

Sustainability

Increased revenues, weaker profits

Despite increased sales revenues, the TINE Group showed a weaker profit development in 2022, following higher costs. Price increases affect both the income and the expense side. Sales revenues are positively affected by higher activity in catering operations and price increases in all business areas. Significantly higher prices for input factors, energy and transport, as well as lower activity in the retail sector in the wake of the pandemic, are causing operating income to decline. Price increases from the TINE Group do not compensate for price increases to the TINE Group.

Sales revenue – ready-made products
Per segment TINE Group/NOK million



1) Source: NielsenIQ ScanTrack, Total Norway DVH, Tine AS, MAT TY, MAT YA, YTD TY, YTD YA, W 33-52, Volume % Chg. YA, +/- Volume Sales'000 YA, Volume % Chg YA, Volume % Share, +/- Volume % Share YA, Value Sales'000, +/- Value Sales'000 YA, Value % Chg YA, Value % Share, +/- Value % Share YA 2022 52. (Copyright © NielsenIQ.)

Sales revenues for the TINE Group for 2022 amounted to NOK 24,866 million, representing an increase of 3.4 per cent on 2021. This growth is being driven by price increases in all business areas, higher prices on byproducts and positive currency effects for International. These effects more than compensate for lower volumes leaving the TINE Group. Adjusted for currency exchange rates, this growth amounted to 2.2 per cent.

Volume development in the Norwegian dairy business – which represents the largest turnover in the TINE Group – is affected by a declining retail market. According to Nielsen statistics, the volume decline in the dairy category in retail was 6.3 per cent in 2022, and TINE SA fell a further one percentage point¹. That said, catering operations have seen good volume growth in 2022. TINE SA's sales revenues are also positively affected by the Agricultural Agreement, price increases and higher prices for byproducts on the world market.

Operating income for the TINE Group and the individual business areas are affected by higher prices for commodities and other input factors, as well as significant price increases for energy and transport in all our markets. In Ireland, the price of milk has risen to Norwegian levels in the second half of 2022: this is adversely affecting the profitability of International. In 2022, TINE has continued its efforts to implement cost savings in order to strengthen its competitiveness.

Operating income for the TINE Group amounted to NOK 1,257 million. This is a reduction of NOK 468 million compared with 2021. The operating income margin was reduced by 2 percentage points from 7 per cent in 2021 to 5 per cent in 2022.

Business areas and presence

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 consist of the subsidiaries Norseland Inc (US), Norseland Ltd (UK), Wernersson Ost AB (Sweden) and Wernersson Ost Danmark A/S, TINE Ireland Ltd and the Cheese Export department. Other operations consist mainly of the subsidiaries Fjordland AS, Diplom-Is AS and MIMIRO AS.

TINE's business is represented throughout Norway. The majority of the company's international sales activities take place in the US, Sweden, Denmark and the UK, as well as Jøllsberg production for the international market in Ireland.

Sales revenues (NOK million)	2022	2021
TINE SA	18,281	17,984
TINE International	4,356	3,786
Other operations	3,209	3,186
Group eliminations	-980	-912
TINE Group	24,866	24,045
Operating income (NOK million)	2022	2021
TINE SA	1,339	1,784
TINE International	-118	-135
Other operations	34	82
Group eliminations	2	-7
TINE Group	1,257	1,725

Key figures 2022

Annual Report 2022

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and capital structure

Financial statements

Other information

Sustainability

Financial

TINE Group		2022	2021
Sales revenue	NOK million	24,866	24,045
Total revenues and other income	NOK million	25,293	24,479
Operating income (EBIT)	NOK million	1,257	1,725
Operating income margin	Operating income/ operating income	5.0%	7.0%
Income before tax	NOK million	1,197	1,682
Net income	NOK million	1,130	1,557
Assets	NOK million	19,643	19,843
Equity ratio (%)	Equity/total assets	50.6%	49.1%
Net interest-bearing debt		3,265	2,536
Net interest-bearing debt/EBITDA		1.19	0.81
Net cash flow to investment activities	NOK million	-983	-958

Employees and HSE

Employees	2022	2021
Number of employees as at 31.12, TINE SA	3,844	3,902
Number of employees as at 31.12, TINE Group	5,169	5,240
LTIs per million hours worked, TINE Group	5.1	6.4
Absence due to illness, TINE Group	6.9%	6.2%

Sustainability¹

Environment	2022	2021
Gross energy consumption (GWh)	760	794
Packaging consumption (tonnes) ²	27,694	27,526
Packaging consumption relative to total revenues and other income (tonnes/ NOK million) ²	1.9	1.8
Emissions of CO ₂ e, total (tonnes)	61,721	62,308
Emissions of CO ₂ e from dairies (tonnes)	20,588	18,526
Emissions of CO ₂ e from transport (tonnes)	38,676	41,148
Transport (km/1000 litres raw ingredients)	36	35
Safe food ²		
Number of recalls	3	5
Animal welfare ²		
Animal welfare indicator (value)	107.9	107.1

1) Figures for TINE Group

2) Figures for TINE SA, Diplom-IS AS, Fjordland AS (75 per cent of Fjordland products are produced at TINE dairy plants. This percentage is included)

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Our strategic direction



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

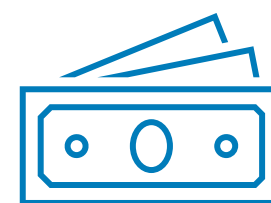
Strategy towards 2025

Between 2020 and 2022, TINE – like everyone else – has undergone stress testing of its strategy and organisation. A pandemic superseded by a transport and energy crisis, compounded by the Ukraine war, is affecting us. The TINE 2025 strategy defines the direction, and the organisation has faced up to challenges as they have arisen. The strategy and TINE are in good shape – and ready for new growth. We have four clear priorities for the period:



Norway is our most important market – our first job is to deliver on growth and competitiveness in Norway

TINE has reorganised its business to be better able to create growth and value for our owners. On the commercial side we have established a single commercial entity, which is making comprehensive plans to encounter consumers in relevant meal situations. Similarly, on the operational side, we have established a single supply entity for secure and efficient supply. The future plant structure for an efficient and innovative TINE is now being evaluated in order to deliver in the best possible way at a commercial level.



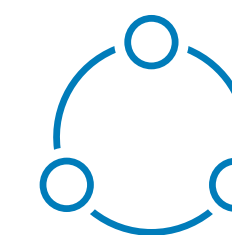
Strengthening the profitability of international operations

TINE has extensive international operations, which have moved from a volume-based strategy to a value-based strategy since 2019. The primary focus of the strategy period is to reinforce profitability. With greater control over profitability, the businesses are better equipped to generate growth. Profitable growth will once more be on the agenda in TINE's international operations in the second half of the strategy period.



International breakthrough based on Norwegian milk

The TINE 2025 strategy indicated a long-term need for new income streams, and also to compensate for reduced domestic milk use – an international breakthrough based on Norwegian milk. TINE has already established initiatives to establish and develop positions in selected Asian markets. That said, we are looking at opportunities to reach out to the Nordic markets with TINE brands produced in Norway.



Greater competitiveness throughout the value chain

Efficiency improvements at all levels to ensure long-term competitiveness are key to the strategy. We defined a target in 2019: to improve efficiency by NOK 1 billion during the strategy period. We reached that target as early as 2022. We have defined a new efficiency target of NOK 0.7 billion to further increase our competitiveness.

Our aim is to be a world-class dairy. To achieve this, we have to practise, improve and adapt every single day. We view sustainability as an increasingly important cornerstone for success both in Norway and on an international level. Sustainability will be even higher on the agenda in 2023.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Sustainable value creation at TINE

We must create the greatest value possible from our owners' milk production, while also looking after people, the climate and the environment.
Our sustainability strategy was revised in 2022 and now includes the following areas, with associated issues and objectives:



CLOSENESS

Sustainable farming all over Norway

We help to bring about thriving local communities and significant value creation, nurturing and cultivating the cultural landscape. TINE safeguards food production all over Norway, and ensures that local grasslands are used to feed grazing livestock. Both TINE and dairy farmers are responsible for good animal health and welfare. Greenhouse gas emissions from TINE activities are largely due to methane gas from the digestive process in cattle. That said, cattle help to store carbon in pastures and maintain biodiversity in the fields where they graze. Research into feed additives and good agronomy is important in order to reduce emissions.

TINE's objectives:

- We must help agriculture to reduce greenhouse gas emissions by 5 million tonnes between 2021 and 2030.
- Continuous improvement of animal welfare at TINE.



RESOURCES

Packaging, food waste, energy in production and transport

Our business requires a lot of resources. The environment is impacted by transport activities, and production of dairy products requires energy. 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 NOK 1.1 billion litres of milk annually that we have to safeguard. That is why it is crucial for us to choose renewable resources and use commodities and input factors responsibly and efficiently.

TINE's objectives:

- By the end of 2030, we will only use packaging that can be recycled, made from renewable and/or recycled materials.
- By the end of 2030, we will use only renewable energy and fuels for our production and transport.
- We will have reduced our waste by 50 per cent by 2030.



PUBLIC HEALTH

Nutrition and diet for a healthy population

Milk and dairy products are a vital source of lots of positive nutrients in the Norwegian diet. That said, dairy products account for some 40 per cent of all the saturated fat we eat. An unhealthy diet is the primary risk factor for poor health and premature death. Maintaining a good balance between what we eat and how much we eat is crucial for a long, healthy life. That is why TINE holds huge responsibility, and has a great opportunity to make a positive contribution to public health in Norway.

TINE's objectives:

- We must reduce the saturated fat and sugar content of our products.
- We must help to ensure that dairy products are highlighted as a sustainable food choice in national dietary guidelines.



PEOPLE

A good, safe working environment and happy employees

TINE has lots of employees all over Norway. Everyone who works with us should have a safe and secure working day. We want their working day to be meaningful and provide motivation. Our working environment must be characterised by equality, respect and consideration. We include and involve one another, pave the way for diversity and provide equal opportunities for all.

TINE's objectives:

- No injuries.
- Minimum absence due to illness.
- Responses to the annual TINE Puls employees survey in excess of 90 per cent.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

At the farm

TINE is the farmers' own company, and on the farm is where it all begins. Farmers create ripple effects throughout society and help make Norway thrive. There is political will in Norway for agriculture and settlement throughout the country. TINE wishes to contribute to this social mission, but will alone is not enough unless specific means are in place as well. Revenues must increase, investments must be supported and the framework conditions for the industry must be secured.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

It all starts with the farmers

TINE collects milk from farms all over Norway. As a cooperative owned by farmers, we do not just help to ensure that Norwegians can buy sustainable, healthy, locally sourced food. We also help teachers, shop workers, electricians, plumbers, nurses and lots of other people to live and work all over the country.

The Grytten Committee presented a report (NOU) on income measurement in agriculture in the autumn of 2022. This report emphasises the need for targeted formulation of agricultural policy instruments. Dairy farming incomes need to increase. The most important thing now is to look at how we can secure incomes that will encourage more farmers to carry on with dairy farming, and dissuade fewer from leaving. Agriculture needs clear, binding promises of increased income. Agriculture will be unable to fulfil the objectives related to food security, sustainability and settlement if weak income development continues in dairy production. For TINE, it is vital to ensure that the documentation from the Grytten Committee triggers a clear, obvious political will to reinforce income and investment in milk production.

Increased costs throughout the supply chain: 2022 is characterised by increased costs – for both dairy farmers and TINE's operations. The target price increased by NOK 0.36 per litre from July 2022. High diesel prices are leading to higher transportation costs for TINE Milk Supplies. A cost increase of NOK 0.03 per litre meant that the basic price increased by NOK 0.33 per litre from July. The basic price had to be reduced by a further NOK 0.02 per litre from October due to the continued increase in the price of fuel. The accounts for TINE Milk Supplies must balance over time.

Challenging economic situation on the agenda: The challenging economic situation for dairy farmers characterises the work of the Board all year round. The Board would like to have seen a significant increase in the target price. However, the increased target price must also be able to cope with competition from imports and other alternative drinks. We may lose market share and volume if the target price is too high, resulting in lower ratios. The Board has to look at the big picture, and this has been a challenging task in 2022.



Awards for good milk quality: 86 dairy farmers received the Sølvтина award and 29 received the Mjølkespannet award in 2022 for supplying elite milk for 15 and 25 consecutive years respectively. Everyone got together in Lillestrøm in September to receive their well-deserved awards. From left: Randi Stave Dalsbø and Arne Dalsbø, Stadlandet, Vestland. Tove Egra and Øystein Gilja, Lista, Agder. Anne Utstumo Elgshøen and Per Jon Elgshøen, Trysil, Innlandet. Back: Agnete Hansen and Ole Henry Larsen, Svanvik, Finnmark. Front: Chair Marit Haugen, Cabinet Minister Sandra Borch and CEO Gunnar Hovland.

Increasing sales tax: The Ministry of Agriculture and Food has adopted a sales tax of NOK 0.07 per litre for 2023. TINE recommended a sales tax of NOK 0.05 per litre, but the Ministry of Agriculture and Food overruled the Sales and Marketing Council.

Competition on equal terms

The Board is working extensively on issues relating to framework conditions for both dairy farmers and the industry. Opinions on the Grytten Committee report, input for the agricultural negotiations and input for the setting of quotas are examples of this.

In 2022, we have focused in particular on the special price equalisation subsidy scheme with our competitors. The price equalisation scheme is complex, which is why we have made training measures within the owner organisation a priority. The government platform indicates that the government will be phasing out competition policy subsidies, but little has happened to date. The Norwegian Agriculture Agency delivered its evaluation report in December. Essentially, this concludes that subsidies work. The government has spent more than NOK 2 billion in total on supporting TINE's competitors over the past two decades. This has caused large market shares to shift, and the competitive situation is very different now. A final decision is expected after the consultation period in winter 2023. The full [report can be viewed here](#)¹.

Close contact between the Board and the production cooperatives

Directly after each Board meeting, the managers and working committees of the production cooperatives are invited to a digital meeting where the Chair provides information about the issues brought up at the Board meeting, as well as other relevant issues. This is an important measure to shorten the gap between the Board and the production cooperatives. We have also set up dedicated Teams groups for owner-elected representatives. Plenty of information on current affairs is exchanged here, in both directions. The Board must ensure that the company has good member governance and corporate management, and has previously decided to follow the recommendations of the Norwegian Code of Practice for Corporate Governance (NUES, Norsk utvalg for eierstyring og selskapsledelse). More information can be viewed at [tine.no](#)².

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

¹ <https://www.landbruksdirektoratet.no/nb/nyhetsrom/nyhetsarkiv/rapport-om-konkurransefremmende-tiltak-i-meierisektoren>

² <https://www.tine.no/om-tine/organisasjon/eierstyring-og-selskapsledelse>

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Sustainability on the farm

Almost 80 per cent of our greenhouse gas emissions come from farms. Both TINE and individual dairy farmers have a responsibility to reduce these emissions.

The Climate Calculator: TINE is playing a key part in efforts to develop the agricultural Climate Calculator, and we have worked in parallel on developing skills requirements and courses for our advisers in 2022. We have worked together with the Norwegian Agricultural Extension Service to establish a comprehensive advisory service entitled “Klima Førsteråd melk og grovfôr” (Climate First Council, Milk and Coarse Feed). TINE is aiming for 85 per cent of our dairy farmers to register and give consent in the Climate Calculator by the end of 2023. The 2022 target was for 2,000 dairy farmers to have completed a climate calculation. At the end of the year, 2,942 dairy farmers had carried out climate calculations for their farms.

Rewarding dairy farmers: The Group Board decided in 2022 to introduce a sustainability premium from 1 January 2023 in order to encourage even more sustainable milk production. This sustainability premium amounts to NOK 0.02 per litre for dairy farmers who have consented in the Climate Calculator and have used the Animal Welfare Indicator to perform a calculation.

Research into methane inhibitors: TINE has contributed to a number of research projects relating to feed. We are researching coarse feed types and various feed additives that affect the methane emissions in cattle. A research project is in progress at Kjos farm in Jessheim which involves adding red algae from Portugal to cattle feed. This is a collaborative project involving TINE, Geno and the Norwegian Farmers’ Union. The red algae contains bromoform, which helps to reduce methane production in the rumen. The methane inhibitor 3-NOP feed ingredient has been most effective in trials over time. Previous trials in other countries indicate 20 to 30 per cent reductions in methane gas emissions. Our feeding regime in Norway is different and mainly involves coarse feed. That is why we will be investigating whether the same effects occur under Norwegian conditions.

Happy, healthy animals

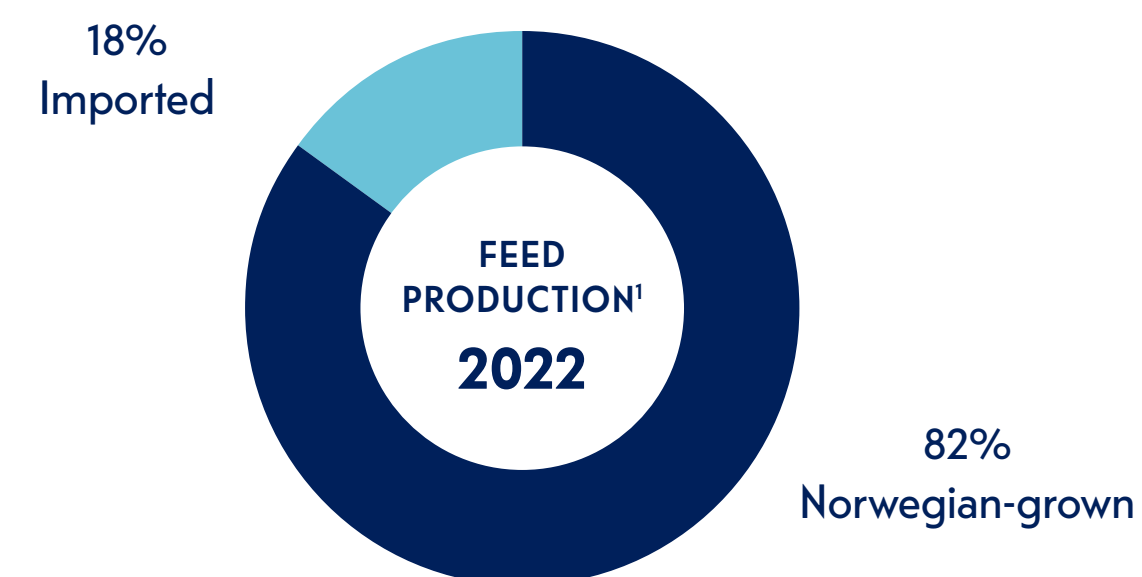
Both dairy farmers and TINE have a responsibility to ensure our cows and goats are healthy and treated well. That is why we need to be aware of how to guarantee good animal welfare in modern Norwegian livestock farming.

Animal welfare indicator heading in the right direction:

We are pleased to see that the animal welfare indicator is continuing to rise in 2022. The indicator value is 107.9 at the end of 2022, compared with 107.1 in 2021. Minimum requirements have been defined for the data on farms so that the animal welfare indicator can be calculated. We focused in particular on calf health in 2022, as this trend has not changed for the better in the calf health sub-indicator. Efforts to safeguard calf health will carry on into 2023.

New animal welfare programme: January 2022 saw the launch of a new animal welfare programme in the cattle industry. This was implemented by TINE, where private vets meet dairy farmers at least once every 16 months. The programme is applicable to all farms with more than ten cattle, so almost all herds in Norway. Farmers will receive specific advice here on how they can improve animal welfare.

TINE has a long-term objective for all feed for Norwegian dairy cows to be produced in Norway.



1) 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. The remaining 37 per cent of feed is made up of imported carbohydrate and protein commodities such as beet pulp, corn gluten, molasses, soya, rapeseed and fat, as well as vitamins and minerals. In total, around 82 per cent of what our animals eat is made up of Norwegian ingredients.

Less need for milk in 2023

TINE provides advice on milk requirements, also known as the ratio, on the basis of market forecasts. This ratio is defined by the Ministry of Agriculture and Food (LMD, Landbruks- og matdepartementet) in consultation with farmers’ organisations. TINE recommended reducing cow’s milk production by four percentage points, from a ratio of 0.99 in 2022 to 0.95 in 2023. This has been adopted by the Ministry of Agriculture and Food. The ratio for goat’s milk will continue at 0.95 in 2023, in line with TINE’s recommendation.



Animal welfare award: Tilde

Sæther and Benjamin Eliassen from Overhalla, Trøndelag received the TINE animal welfare award in 2022. The judges highlighted how the winners made lots of changes to the barn that benefit their livestock. These changes included creating a flexible solution for the animals, providing ready access to fresh air and grazing. Both cows and young animals have a long grazing season and access to fresh air all year round.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Among our employees

TINE employees are crucial to the running of the business, and the workplace is a place where our employees spend a lot of their time. That is why we are working systematically to create a good working environment, ensure well-being and address HSE issues. We want people's working days to be meaningful and safe and provide motivation, and lots of people are proud to help make Norway thrive.



Annual Report 2022

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

High level of employee engagement

We conduct TINE Puls every year to measure developments in areas that we know are of strategic importance. We have implemented a number of organisational changes at TINE during 2022, and these have affected a lot of employees. No less than 91.5 per cent of the employees responded to TINE Puls in 2022, and we are maintaining our good results overall. The results show that many people feel that working at TINE is meaningful, and that there is good cooperation within departments. Cooperation across the TINE organisation could be improved, and we perceive major potential in this regard. 22 per cent of respondents say they often or very often experience unwanted stress at work. This is slightly down on last year, and not abnormally high. Even so, we will be emphasising this when managers and employees work together on the outcome of the Puls survey.

TINE is continuing its implementation of PRO, a employees monitoring and development method. PRO represents a performance review and development process, and involves all employees defining targets and development plans with their managers. Management development is high on the agenda, and TINE's management development programme resumed in 2022. Its primary purpose is to understand TINE's strategic direction, practise leadership skills and promote cooperation throughout the value chain.



Work organisation and psychosocial working environment

In 2022, we have endeavoured to strike a good balance between working from home and being physically attendant at the office. We conducted a survey in order to find out how employees feel that the hybrid working day is working – for TINE, and for each individual. Employees responded that the most important thing about being physically attendant is being able to meet up with other colleagues, especially those that they work most closely with. TINE aims to be an attractive employer, which means that we want to pave the way for flexibility. That said, we recognise that attending business premises fosters a sense of belonging and a shared culture, and we would like to build on that in 2023.

Expertise going forward

TINE regards its apprenticeship scheme as an important cornerstone for the training of future critical professional experts. Our ambition is to be an attractive apprenticeship company that creates a safe, stimulating and motivating environment for apprentices. By the end of 2022, TINE will have around 80 apprentices in fields such as industrial food production, production technology, chemical process technology and laboratory subjects, logistics, transport, industrial mechanics and automation. We also have a number of experienced employees who are taking apprenticeship certificates alongside their day-to-day work.

Recruiting and retaining critical expertise

A number of external analyses support the fact that there is a fierce battle among employers to attract and retain critical skills. We identified various reasons for employees turnover on 2022, and devised measures to reduce it. Greater emphasis on mobility in-house is recognised as a key area for improvement going forward. One specific measure involves making in-house career opportunities more obvious. We have also introduced an anonymous online survey to identify the reasons why people leave. This is all part of a framework for exit interviews, as well as the structuring of reasons for leaving

in the HR system. We must use these insights going forward to ensure that we have the right measures in place to retain and attract employees.

The Graduate Programme is also essential for TINE in order to provide access to new talent and new perspectives that can help to bring about improvement and development. A 12-month programme gets graduate careers off to a great start. There were nine graduates at TINE in 2022. Markus Sjøli of Long-term Innovation and Digitalisation, one of the participants, is pleased to have this opportunity at TINE.



"I get to work with exciting combinations of marketing, finance and innovation at TINE! I really love working for a company that everyone in Norway can relate to. You're given responsibility right from day one and allowed to influence decisions on behalf of the whole company. Essentially, TINE gives you confidence – and you'll find it fun to talk to other people about your job!"

Markus Sjøli

Junior Concept Developer | TINE

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability



Diversity and inclusion

The working environment at TINE must be characterised by wellbeing, inclusion, trust and commitment. No form of inappropriate behaviour, bullying, harassment or discrimination is acceptable here. 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. The Sustainability appendix provides more information on TINE’s reporting obligation.

Updated Code of Conduct

TINE must be an open, honest and responsible enterprise. That is why we have devised a Code of Conduct that clarifies the attitudes and conduct we expect from our employees. TINE’s Code of Conduct was revised in 2022 in order to meet new requirements in the Norwegian Transparency Act. The Code is now more holistic and value-based and includes fundamental human and labour rights and key aspects of responsible business practices. The Code of Conduct is available to view here¹.

Norwegian Transparency Act

The Norwegian Transparency Act, which came into force on 1 July 2022, has resulted in greater emphasis on openness

and transparency in the business community this year, which includes TINE. Our initiatives have included working to standardise our due diligence procedures so that we have as much control as possible over the risk profile in our value chain. TINE’s report on its work on the Norwegian Transparency Act is available to view here².

A safe place to work

We must create a culture where HSE forms a natural part of everything we do. Healthy employees and a robust workforce 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 psychological strain, and that no one is injured or falls ill as a result of their work.

Recording and processing of unwanted HSE incidents and suggestions for improvement are important tools when it comes to reducing occupational accidents at all companies that form part of the TINE Group. We have a separate tool that all employees must use to record unwanted HSE incidents, near-misses and suggestions for improvement. A total of 8,004 such incidents were recorded in 2022. These help to bring about transfer of experience, while also helping us to learn lessons and prevent accidents across the organisation.

TINE SA		
Key figures	2022	2021
Percentage of women in total	35%	35%
Percentage of women on the Group executive	57%	44%
Percentage of women on TINE’s Board (including employee representatives)	36%	36%
Percentage of female employees at TINE who are part time	10%	13%
Percentage of male employees at TINE who are part time	4%	6%
Percentage of female employees at TINE who are temporary	17%	17%
Percentage of male employees at TINE who are temporary	18%	17%
Average number of weeks of parental leave for women	21.0	18.1
Average number of weeks of parental leave for men	13.5	9.0
HSE and employees		
Number of employees	3,844	3,902
Absence due to illness	6.8%	6.5%
H1 value	3.5	3.5

Few lost-time injuries, but high absence due to illness

TINE’s long-term goal is to achieve zero injuries. TINE recorded 24 lost-time injuries among its own employees in 2022, compared with 25 in the previous year. The TINE Group has worked over the past year to reinforce efforts to improve personal safety at the company.

Total absence due to illness for the TINE Group stood at 6.9 per cent for 2022, compared with 6.2 per cent in 2021. The level of absence due to illness at TINE SA was 6.8 per cent in 2022. We are working purposefully in this regard, implementing measures such as management training related to prevention/follow-up of absence due to illness, ergonomic workplace assessment and workload/occupational hygiene mapping in a constructive partnership with the Occupational Health Services. Entities with high levels of absence due to illness are followed up in a separate Group area.

1) https://www.tine.no/om-tine/baerekraftig-forretningsvirksomhet-apenhetsloven/Tine_Etiske_retningslinjer_EKSTERN.pdf
2) <https://www.tine.no/om-tine/baerekraftig-forretningsvirksomhet-apenhetsloven>

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Operations

TINE has completed yet another year with very high delivery efficiency to customers. This value chain works. The target that we see flashing up ahead is a world-class dairy. We are on our way to achieving that and we have made some progress in 2022, but we still have a way to go.



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

98.5 per cent delivery efficiency in 2022

Delivery efficiency relates to what TINE has actually delivered in relation to orders from customers. The feedback we receive from customers is that TINE offers a high level of delivery efficiency: these results do not just happen all on their own. This is the result when all the gears in the value chain run smoothly.

TINE Supply Chain equipping us for the future

A decision was made in early 2022 to merge logistics and production to form a single business area: TINE Supply Chain. These were previously organised as two performance areas, both of which promoted HSE work, ensured very high levels of delivery efficiency, maintained high levels of quality and worked purposefully on improvements. Both production and logistics are closely interlinked and have optimised operations in their own respective fields, so we are now able to build on that and take the next step. These changes involve so much more than just merging

It involves preparing for future growth and competitiveness.

departments. It involves preparing for future growth and competitiveness.

The aim is to capitalise on synergies from production and logistics and clarify responsibilities and powers. That said, a new commercial entity has been built, and one important aim of the new entities is to reduce the gap between commercial and operational concerns.

Industry streamlining

The next step on our journey towards a world-class dairy is to ensure that we have an ideal dairy structure. The Board of Directors made a decision in June 2022 to phase out production at Voss and close the plant from January 2023. The future for the Voss dairy has

been uncertain for many years. But they went on producing cheese of good quality even with this uncertainty. This has been absolutely crucial for TINE during its remodelling period for Elnesvågen and establishment of production in Ireland.

In November, the CEO announced that the company will review its dairy structure in Norway as falling milk consumption, increased imports and subsidies to TINE's competitors lead to lower milk volumes and hence lower activity at the plants.

98.5%

Delivery efficiency



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

The whole plant structure must be reviewed, and five projects will be implemented:



Supply Chain North-Western Norway: The Board has already made a decision to discontinue fresh milk production in Ålesund, including the picking warehouse. The market in North-Western Norway will be supplied from Tunga, Trondheim. This plant will not be closed. Production of long-life products at the plant will be reinforced



Optimise Northern Norway: Distances in Northern Norway are vast, and transportation costs are high as a result. TINE has terminals in Tromsø and Bodø in addition to the warehouse at the Harstad dairy. The terminal structure in particular is to be assessed.



Milk powder: Drying of milk is one of the regulatory measures implemented to utilise milk as a commodity when more milk is available than is needed on the market. TINE has two plants that dry milk to produce milk powder: Brumunddal and Sandnessjøen. The drying equipment at both plants is old and in need of refurbishment. This project must analyse the future site for new drying equipment.



Optimise South directly: TINE is experiencing strong competition in this area, with an associated decline in volume. Production has been halved over the last decade. It is necessary to assess the optimal structure for fresh milk, cream and soured milk, storage and distribution in Southern Norway. Five plants are involved: Frya, Oslo, Sem, Kristiansand and Sola.



Sliced/in blocks/grated: Heimdal and Klepp are the primary plants, handling lots of cheeses and types of processing, such as production of cheese sliced, grated and in blocks. These plants receive huge blocks of cheese from the cheese processing plants so that they can produce consumer packs. Byrkjelo packs its own cheese in blocks. The first step will be to consider short-term opportunities for improvement within the current structure, followed by assessment of the future operational structure.

Streamlining the industry is a continuous endeavour, regardless of the dairy structure. The DRIV production system, which is our primary driver in this initiative, has now been introduced at all plants. There is major emphasis on employee involvement and management development in order to establish a culture of best practice standardisation and continuous improvement in all respects, in processes of all sizes.



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Heading for a renewable society

TINE's objective is to use only renewable energy and fuel for production and transportation by 2030. The amount of renewable energy used in dairies stood at 82 per cent by the end of 2022. This is less than in 2021. We faced major challenges in 2022 that were related to electricity prices, forcing us to phase in oil firing at some of our production plants on a temporary basis. A system has been established whereby use of fuel oil is terminated in favour of electricity at stated price levels.



Construction of a major woodchip incineration plant at TINE Meieriet Jæren has commenced. This will be completed in 2023. Using bioenergy from woodchips in place of natural gas will reduce CO₂ emissions by 6,000–7,000 tonnes per year. This means that total emissions from TINE production at Jæren will be reduced by no less than 40 per cent.

Transport for the future

Engine technology, increased availability, more filling stations and better economy make biogas more appropriate for TINE transportation. Biogas made from manure will be a vital part of the solution if we are to achieve our zero emissions target. TINE has 31 biogas vehicles at the end of 2022, and that number is increasing. Major investments in new fossil-free vehicles will be needed in years to come if we are to achieve our target of 100 per cent renewable energy by 2030. We are currently working on a new sustainability strategy for our transportation fleet. This will indicate which renewable solutions TINE will be focusing on, as well as the pace at which they will be phased in. 29 per cent of fuel used for transportation was renewable at the end of 2022.

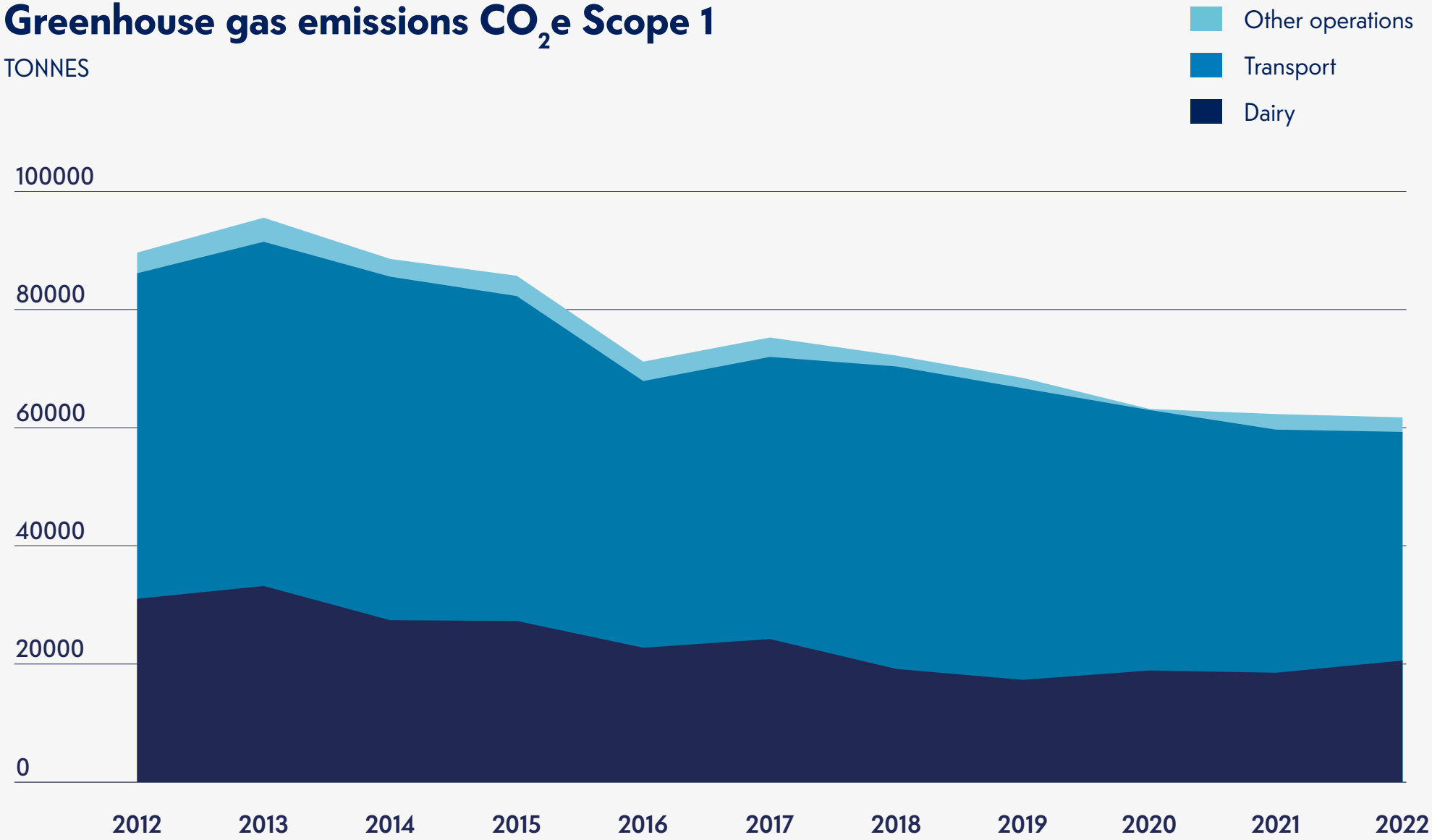
Some goods are already transported using modular heavy goods vehicles. These are vehicles with a maximum gross weight of 60 tonnes and a maximum combined vehicle length of 25.25 metres. We have been using modular heavy goods vehicles between Tunga and Namsos in 2022. Such transport is also planned for the route between Tunga and Ålesund when the new supply model is implemented following the closure of the consumer milk bottling plant and the picking warehouse in Ålesund. Using such HGVs reduces greenhouse gas emissions, while also improving safety by reducing the number of HGVs on the roads.

Shelf life increased to 22 days

Research and improvement at all levels at the Sandnessjøen dairy enabled us to increase the shelf life of milk to no fewer than 22 days in 2022. And more plants have followed suit in their development work. Having a longer shelf life reduces waste and is a positive aspect for our customers and consumers.

Greenhouse gas emissions CO₂e Scope 1

TONNES



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Commercial market

TINE is one of the biggest brand companies in Norway. Our much-loved products make us part of the day-to-day lives and habits of millions of Norwegians – every single day. The year we are leaving behind is characterised by price inflation and greater economic uncertainty in a number of respects, which also affects what we put in our shopping trolleys.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Sales revenue

Sales revenues for TINE SA for 2022, excluding cheese exports, amounted to NOK 18,281 million, representing an increase of 1.7 per cent on 2021. The growth in sales revenue is driven by price increases on dairy products from 1 July, as well as higher sales revenue from whey and powder to markets outside Norway. The trend of lower activity and volumes in retail, compensated in part by higher sales in the catering operations channel, is continuing in 2022 on account of post-pandemic normalisation.

Negative development in food retail, kiosks and petrol stations

In 2022, TINE retail product categories saw a total volume decline of 6.3 per cent and a value decline of 0.9 per cent compared with 2021¹. This is largely due to a general decline in retail sales following the pandemic. TINE is following the overall trend for dairy products, but is lagging behind slightly and losing shares in terms of volume and value. The decrease in value is due mainly to developments in cheese. The development in volume is driven primarily by fresh milk, which is continuing to show a downward trend overall.

Positive development share development for fresh milk

Although consumption of fresh milk is continuing to fall overall, TINE has succeeded in gaining share in fresh milk in 2022, in terms of both value and volume (+0.1 percentage point in value and +0.4 percentage point in volume)¹. Good shelf life is crucial if TINE milk is to be competitive on the shelves in shops. Systematic efforts at all stages of the value chain have allowed us to increase the shelf life of our milk from 14 to 22 days at a number of our plants. Decent results, we think you will agree! Longer shelf life reduces wastage and is attractive to customers and consumers alike.

Strong Norwegian brands

TINE is yet again ranked among the top three companies in Norway with the best reputation – in the [RepTrak](#) reputation survey and by [Ipsos](#). This is largely due to the fact that our brands have strong positions among consumers, with high levels of awareness. A number of our well-known brands, such as Jarlsberg, Norvegia, Litago,

Go'morgen, Biola, YT, Sunniva and TINE iced coffee are some of the most preferred brands in their respective categories. The most significant reasons why consumers choose TINE are that we “have products that taste nice”, “high quality” and the fact that people have a high level of confidence in the company².

Still major potential for cheese

The cheese category fell in 2022, and TINE's development is slightly weaker than for the category as a whole. Cheese sales in supermarkets declined in the wake of the pandemic, and this trend is reinforced by increased cross-border trade. That said, imports have an adverse impact. Growth in catering operations is not compensating for the decline. On the other hand, we see a positive trend in sales of light cheese. Reducing the amount of saturated fat in products has been an important focus area for TINE, in line with the Letter of Intent we have with the health authorities. In spite of the decline in the cheese category over the last couple of years, we believe there is major potential to increase the consumption of Norwegian cheese in various situations and dishes.

A powerhouse collection of world-class Norwegian cheeses

In 2022, we brought together our speciality cheeses under a completely new brand by the name of “TINE Ysteriene” to encourage more people to choose Norwegian cheeses; and also to take a greater share of the growth in speciality cheeses. The fact our cheeses are world-class was confirmed at the 2022 World Cheese Awards in Wales, where TINE won no fewer than six medals. Norwegian Chevre from Haukeli and Norvegia Reserve from Elnesvågen won gold, and bronze medals were awarded to TINE Julebrunost (Christmas brown cheese), Jarlsberg rindless, Norwegian Sveitser Matured (9 months) and Norwegian Alpeost (7 months), thereby demonstrating that we deliver world-class craftsmanship, flavour and quality.

1) Source: NielsenIQ ScanTrack, Total Norway DVH, Tine AS, MAT TY, MAT YA, YTD TY, YTD YA, W 33-52, Volume % Chg. YA, +/- Volume Sales'000 YA, Volume % Chg YA, Volume % Share, +/- Volume % Share YA, Value Sales'000, +/- Value Sales'000 YA, Value % Chg YA, Value % Share, +/- Value % Share YA 2022 52. (Copyright © NielsenIQ.)
2) Source: Reptrak, Apeland 2022 and TINE Tracker as at 19.12.22 (=T3 – 2022/August to December 2022).



Cheese imports down

Cheese imports fell for the first time in a number of years in 2022. As much as 97 per cent of cheese imported into Norway last year came from the EU. This reduction in imports is due to the abnormally high prices for milk and dairy products in the EU in 2022. Price growth in Norway has not been as strong as in the EU, and thus Norwegian cheese has improved its competitiveness against imports (Source: Statistics Norway).

New commercial strategy in place

TINE decided in 2022 to merge the commercial areas and logistics and production in order to increase efficiency and ensure good cooperation throughout the organisation. That is why the commercial areas of TINE were combined in 2022 to form a single entity known as the Commercial entity. Production and Logistics were also brought together to form a common area known as Supply Chain. A new commercial strategy for TINE SA's branding activities has been developed as an extension of this. This strategy focuses on consumers and meal situations and emphasises building on TINE's existing strengths, developing these further to meet the needs of tomorrow.

The course for creating profitable growth towards 2026 and 2030 is now set, and implementation is in progress.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Good year for catering operations and industry

TINE's product categories in catering operations overall saw both growth in volume and value in 2022 compared with 2021, due to increased activity following the pandemic. The COVID-19 pandemic characterised the start of the year, but catering operations saw significant growth in spring and summer. Retaining customer contracts and the customer base throughout the period has also been successful for catering operations.

TINE Industry has continued to grow thanks to both new and existing customer agreements in 2022. Work is being done across the whole food market to increase the dairy share as an ingredient. The industry, including cheese and cooking ingredients, is growing from 2021 to 2022 in terms of turnover. There was also good growth in milk powder exports in 2022 thanks to the more



Sour cream: 50 per cent recycled plastic in the carton. 85.5 tonnes of new fossil-based plastics have now been replaced with recycled plastic.

competitive price of milk in Norway. We spent 2022 laying the foundations for a good 2023.

Positive development in online sales

Online shopping at TINE currently involves tinehandel.no, skolelyst.no and tinematogdrikke.no. TINE's online stores saw positive development in 2022, tinehandel.no seeing a value increase of 11 per cent, skolelyst.no an increase of 9 per cent and tinematogdrikke.no an increase of more than 40 per cent compared with 2021. Some of this growth is due to increased activity following the pandemic.

Food Banks Norway – making a positive contribution

Food waste is both a social and an environmental problem. Fortunately, TINE is able to make a difference for the better by cooperating with Food Banks Norway. Food

industry stakeholders gives the organisation completely edible food that cannot be sold for a variety of reasons. The food banks then distribute this food to charitable organisations that provide the food to those in need. TINE delivered 809 tonnes of food to the various food banks in 2022.

Eco-smart packaging

TINE's aim is to develop packaging that creates a profitable circular economy and preserves food, helping to reduce food waste. TINE adopted its revised strategy for eco-smart packaging at the end of 2022. All TINE packaging will be suitable for recycling by 2030, and will consist of either recycled material or renewable material.



TINE Lettmelk in North Sámi: One thing that has created a lot of positive interest in 2022 is the news that TINE's milk in Troms and Finnmark will come with both Norwegian and North Sámi on cartons from January 2023. The Sámi languages are a vital and living part of Sámi and Norwegian cultural heritage. Providing these cartons with both Sámi and Norwegian in Troms and Finnmark will also help to clarify TINE's distinctive nature and identity.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Other operations

Other operations consist of the Norwegian subsidiaries in the TINE Group: the wholly owned Diplom-Is and partly owned Fjordland and MIMIRO.

Good development in Fjordland, more demanding conditions for Diplom-Is

Sales revenue for Other operations was NOK 3,209 million, an increase of 0.7 per cent compared with 2021. Other operations represent 13.8 per cent of total sales revenues for the Group. Operating income totalled NOK 34 million. All in all, the results in 2022 are characterised by price inflation on both the revenue and expense side.

Fjordland saw sales growth in a retail market that was declining overall and increased its market shares in several of its product categories¹. The reopening of society after the pandemic also helped to bring about solid sales growth in the catering and hospitality sector. Measures


to strengthen profitability helped to bring about a good operating income for the year.

Diplom-Is took category share² in an ice cream category that is declining overall after the pandemic, and that was also impacted by poor summer weather in 2022. It has been a challenging year given the rise in prices for input factors, energy and transport, and Diplom-Is has seen an overall decline in turnover and operating income compared with 2021.

MIMIRO is still in its start-up phase and is seeing weak underlying positive development compared with 2022.


Diplom-Is

Diplom-Is AS and its subsidiaries Laguna Produkter AS, Isdalen AS and Kulinaris AS (51 per cent stake) are brand companies that develop, produce, market and sell ice cream and frozen desserts. Diplom-Is also owns Plug-In Service AS, which offers servicing and maintenance of plug-in refrigerators and freezers for the food retail sector, convenience stores, petrol and service stations and catering operations.

	Key figures (NOK million)	2022	2021
	Sales revenue	1,201	1,254
	Operating income	-48	26
	Number of employees	461	483


Fjordland

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

	Key figures (NOK million)	2022	2021
	Sales revenue	2,006	1,929
	Operating income	123	116
	Number of employees	172	189

MIMIRO

MIMIRO is owned by TINE, Felleskjøpet and Gjensidige. MIMIRO is in its start-up phase and develops digital solutions for farmers to provide insights regarding 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 agricultural industry, for analysis and insights for both farmers and agricultural partners.

	Key figures (NOK million)	2022	2021
	Total revenues and other income	44	40
	Operating income	-46	-110
	Number of employees	28	26



1) Source: NielsenIQ ScanTrack, Total Norway DVH, Fjordland, Value Sales '000, Value % Shares, Value % Chg. W 2022 52. (Copyright © NielsenIQ.)

2) Source: NielsenIQ ScanTrack, Total Norge DVH, Diplom-Is, Value Sales '000, Value % Shares, Value % Chg. W 2022 52. (Copyright © NielsenIQ.)

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

TINE globally

TINE has international ambitions and has built up operations outside the borders of Norway. We have three companies that sell our brands: Norseland Inc. in the US, Norseland Ltd. in the UK and Wernersson in Sweden and Denmark. We also have two production companies, TINE Ireland and Alpine Cheese Co. in Ohio, US. These companies together with the TINE SA Cheese Export department make up TINE International.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Increased sales revenues do not compensate
for price increases on costs

In 2022, TINE International had NOK 4,356 million in sales revenues, an increase of 15.1 per cent from 2021. Much of the increase is explained by currency effects. Adjusted for currency, growth was 8.1 per cent, driven by developments in the US market, which accounts for 61 per cent of sales revenue. TINE International's turnover corresponds to 18.7 per cent of total sales revenue in the TINE Group

Operating income for TINE International stood at NOK -118 million in 2022, and the operating income margin ended up at -2.7 per cent. Price increases do not fully compensate for increases in the price of energy, transport and input factors on an international level, including higher prices for Irish milk entering the plant in Ireland.

Jarlsberg for the international market

Jarlsberg is TINE's biggest brand internationally, with total sales of 15,360 tonnes in 2022. By way of comparison, TINE sold 8,700 tonnes of Jarlsberg in Norway. In other words, significantly more of this cheese is sold abroad than at home. Total international sales of Jarlsberg fell by 1 per cent in 2022 compared with 2021, which was expected as a consequence of increased prices.

Most Jarlsberg for the international market is produced by TINE Ireland and Alpine Cheese Co. in Ohio in the US. TINE Ireland now supplies the US, the UK, Sweden, Germany, Australia and Canada. Ireland has also been in a start-up phase in 2022, meaning TINE still produces Jarlsberg wheels at Elnesvågen for export.

TINE's international programme taking shape

The autumn of 2022 saw the launch of TINE's new common brand platform for its Asian initiative, which will span across countries and segments. The design has a strategic foundation, based on studies in local markets, and aims to ensure relevance and positioning in markets where we compete against the best producers in the world. This platform is based on the distinctive characteristics of

Norwegian milk: Norwegian origin, flavour and quality. The design is intended to boost the target of an international breakthrough for Norwegian milk in Asia.

First pallet of Brunost cheese to Hong Kong

61.5 tonnes of Brunost cheese were exported to South Korea in 2022, and Hong Kong received its first pallet of Brunost cheese this summer. The aim is for Brunost cheese to showcase other products that are to be launched on the market. For instance, both Norvegia and Jarlsberg were exported to South Korea in 2022. Although export volumes are still modest, this development in Asia may provide major opportunities for exports of Norwegian dairy products going forward.

Brand exports and sales for TINE International

Figures (tonnes)	Brand exports*		Total sales*	
	2022	2021	2022	2021
US	1,585	1,996	24,285	24,909
Australia	98	184	2,048	2,308
Canada	186	114	1,805	1,878
UK	0	274	5,920	6,268
Sweden/Denmark	1,066	536	13,251	14,029
Other markets	268	292	1,155	1,265
Total	3,203	3,395	48,463	50,657

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

* Total sales are total sales of cheese in the international markets, both own and other brands. Total sales are adjusted for inter-company transactions between TINE SA and subsidiaries, as well as between subsidiaries.



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

International subsidiaries



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	2022		2021	
	NOK million	USD million	NOK million	USD million
Sales revenue	2,669	278	2,213	258
Operating income	-1	0	23	3
Number of employees		258		253



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	2022		2021	
	NOK million	SEK million	NOK million	SEK million
Sales revenue	879	925	785	784
Operating income	15	15	5	5
Number of employees		133		126

Norseland Ltd.

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

Key figures	2022		2021	
	NOK million	GBP million	NOK million	GBP million
Sales revenue	621	52	570	48
Operating income	5	0	17	1
Number of employees		217		190



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	2022		2021	
	NOK million	EUR million	NOK million	EUR million
Sales revenue	407	40	343	34
Operating income	30	3	14	1
Number of employees		56		69



Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Financial performance and capital structure

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

Financial performance and capital structure

Financial income and expenses: Net financial costs for the TINE Group amounted to NOK 60 million in 2022, an increase of NOK 17 million on 2021.

Net interest expenses increased from NOK 77 million in 2021 to NOK 86 million in 2022. In spite of a lower interest-bearing debt in 2022, interest expenses increased because of an increase in market interest rates. Other financial expenses amounted to NOK 15 million in 2022, against financial income of NOK 5 million in 2021.

Income on investments in jointly controlled business and affiliated companies amounted to NOK 12 million in 2022, down from NOK 14 million in 2021. Gains on foreign exchange of NOK 29 million helped to limit the increase in total financial expenses in 2022.

Tax: The tax expense for the TINE Group in 2022 was NOK 68 million, corresponding to an effective tax rate of 5.7 per cent. The corresponding figure for 2021 was 7.4 per cent. The effective tax rate is lower than the standard tax rate, mainly because of a high deductible subsequent payment to the owners.

Result: The net income for the TINE Group was NOK 1,130 million, down NOK 428 million on 2021. Minority holdings in 2022 amounted to NOK 29 million, and majority holdings were NOK 1,101 million.

Balance sheet and cash position: The balance sheet for the TINE Group as at 31.12.22 was NOK 19,643 million, a reduction of NOK 200 million since 31.12.21. Fixed assets decreased by NOK 120 million in 2022, mainly due to depreciation and impairment of property, plant and equipment. Current assets decreased by NOK 80 million, with increases in inventories and accounts receivable of NOK 383 million and NOK 379 million respectively, largely accounting for the NOK 849 million decrease in bank deposits, cash and money market securities.

The TINE Group is in a stable financial position. Its equity ratio stands at 50.6 per cent, which provides sufficient flexibility

towards the lower equity ratio limits of 45 per cent internally and 40 per cent in financial agreements. The increase in equity ratio is driven by a good operating income and a reduced balance sheet.

Net interest-bearing debt as at 31.12.2022 for the TINE Group amounted to NOK 3,265 million, up NOK 729 million since the end of 2021. The interest coverage ratio measured by NIBD/EBITDA has seen negative development in 2022 due to increased net interest-bearing debt and lower EBITDA than in the previous year. A ratio of 1.19, up from 0.81 in 2021, is still well within the maximum target of 2.0 and significantly lower than for most comparable companies.

Liquidity for the TINE Group is deemed to be good. Please see notes 12 and 24 for an assessment of financial risk and funding structure.

Cash flow: Net cash flow from operating activities for the TINE Group in 2022 amounted to NOK 1,950 million, a decrease of NOK 591 million from 2021. The deviation between operating income and cash flow from operational activities for 2022, besides depreciation, is mainly driven by the increase in working capital.

The net cash flow for investment activities amounted to NOK 983 million in 2022, an increase of NOK 26 million from 2021. Payments from the purchase of tangible fixed assets 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 and Brumunddal.

The net cash flow for financing activities amounted to NOK 1,829 million in 2022, an increase of NOK 31 million compared to 2021. The subsequent payment to milk producers increased by NOK 327 million in 2022, to NOK 1,410 million. Cash flow to financing activities, other than subsequent payment, amounted to NOK 419 million, which is NOK 296 million lower than in 2021, mainly due to lower repayments of interest-bearing debt in 2022.



Bank deposits, cash and money market securities fell from NOK 1,496 million to NOK 647 million in 2022.

Allocation: TINE's Board has adopted a subsequent payment policy where the objective is that between 50 and 75 per cent of the Group's net income must be set aside for subsequent payments to the 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 2022, NOK 940 million has been set aside for subsequent payments to the owners and is allocated by TINE SA. This includes an allocation of NOK 117 million from the subsequent payment fund, of which NOK 87 million is an extraordinary allocation of a previously allocated amount. This amount will be allocated in 2022 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 0.685 per litre of settled raw cow's and goat's milk, a total of 85.4 per cent of the 2022 result adjusted for minority interests. Regular allocation accounts for 74.7 per cent of the net income.

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

5.398

Price of milk from TINE Milk Supplies
NOK/Litre

0.685

Subsequent payments from TINE SA
NOK/Litre

6.083

Total milk price
NOK/Litre

Allocation of profit

Million NOK	2022	2021
Subsequent payments to owners	940	1,410
Transferred from/to the subsequent payment fund	-117	-283
Allocated to other equity	245	470
Total allocated	1,068	1,597

Milk price

NOK/Litre	2022	2021	2020	2019	2018
Price of milk from TINE Milk Supplies	5.40	5.28	5.19	5.16	5.16
Subsequent payments from TINE SA	0.69	0.98	0.76	0.43	0.57
Total price of milk	6.08	6.26	5.95	5.59	5.73

The average delivery to TINE in 2022 amounted to approx. 202,000 litres of milk. The average producer thus receives a subsequent payment of approx. NOK 138,000 for 2022, compared with NOK 202,000 in 2021.

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. TINE has Board-approved guidelines ensuring that financial risk is managed.

Financial risk is defined as interest rate risk, currency risk, financing risk, liquidity risk, credit risk and commodity risk. TINE's risk approach involves securing some of the future cash flows and balance sheet items in order to reduce future uncertainty and ensure stability. Nevertheless, the financial position indicates that TINE can assume moderate risk assessed against the costs associated with hedging risk.

TINE uses financial instruments to hedge exposure to interest rates and foreign exchange. TINE SA enters into foreign exchange contracts, mainly in the form of forwards, options and interest rate and currency swaps in order to limit the Group's interest and currency risk. Board-approved guidelines for liquidity and financing risk limit the maturity of debt over the next 12 months, and there are also clear limits on duration, maximum maturity, equity ratio, interest coverage ratio, free cash flow and subsequent payments to owners. Similarly, credit risk is limited with limits on maximum exposure to an individual counterparty, in the form of ratings, nominal amounts, maturities and share of funds. Financial risk in the Group is described in detail in note 12.

Commodity prices: TINE is vulnerable to changes in energy prices for production and transport. There has been a sharp increase in energy and fuel prices throughout 2022, which has resulted in significantly increased costs for TINE. Partial hedging of the price of electricity during the period has helped to mitigate this increase in operating costs.

TINE is indirectly exposed to market prices for raw materials used to produce packaging, particularly plastic and fibre. Market prices increased significantly in 2021, and this trend

continued into 2022. TINE is also exposed to prices for other input factors for production; such as fruit, berries, coffee, sugar and orange and apple concentrates. The prices of these commodities increased significantly in 2022, driven by weaker crops and high demand. Increased prices for commodities and input factors contributed to a significant rise in the cost of goods sold in 2022.

Credit risk, customers: TINE works actively to continually monitor credit status for all its customers. Their ability to pay is considered good, as is apparent from the low level of losses on receivables over many years. There has been an increase in defaults throughout 2022, but bad debt losses remain relatively low. Credit risk within the Group is described further in note 12.

A robust TINE will cope with a challenging outlook
Continued geopolitical unrest, high inflation and interest rate increases are among the headlines heading into 2023, with consequences for consumers, customers, owners and TINE. TINE must ensure secure production and distribution of dairy products. We are expecting to see a stable milk intake in the future as well, to meet demand in spite of a challenging situation for the primary sector.

High price and wage inflation: Price increases are hitting TINE particularly hard when it comes to energy, transport, ingredients, packaging and personnel. TINE has to charge higher prices in order to compensate for some of this. Part of the increase in prices to TINE is driven by limited access to goods and services. This has not affected TINE's delivery efficiency to date.

The competitive relationship in the dairy market: Special subsidies to TINE's national competitors through the price equalisation scheme are continuing to help shift segment shares between stakeholders. These schemes were evaluated by the Norwegian Agriculture Agency in autumn 2022. The evaluation is currently being analysed, and proposals for changes are expected to be issued in spring 2023. Any changes to the schemes may affect the competitive relationship between national stakeholders in the dairy category. Imports of dairy products have levelled off

Board of Directors' report

Statement from the Chairman

What the numbers say

Our strategic direction

At the farm

Among our employees

Operations

Commercial market

TINE globally

Financial performance and
capital structure

Financial statements

Other information

Sustainability

throughout 2022. Further developments will depend on the relationship between national and international price developments and demand for dairy products in Norway.

Challenging international relations: Most Jarlsberg produced by TINE for markets outside Norway is made in Ireland. The price of milk in Ireland has risen sharply throughout 2022, and is on par with the price of Norwegian milk by the end of 2022. Geopolitical turmoil and higher cost levels combined with poor crop yields are driving this trend. TINE is of the opinion that this relatively high price level is temporary, but expects to see high price levels for Irish milk in 2023 as well, and hence continued weaker profitability in international operations. TINE has increased prices in markets outside Norway and regularly considers further price adjustments.

Sustainability affects financial matters

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 on TINE’s financial conditions. TINE is focusing on dealing with these changes, thereby ensuring the ability to deliver long-term good earnings to owners. The level of investment going forward will probably be affected by changes related to the attainment of TINE’s sustainability goals. A green framework has been established in 2022 to fund these investments by issuing green bonds.

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 the separate sustainability appendix for more information on TINE’s sustainability efforts.

Stable 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.

Criterion for continued operation: The annual accounts for 2022 are prepared on the assumption that the Group is a going concern. It is hereby confirmed that the going concern assumption is met. No matters have arisen since the end of the financial year that are material to the assessment of the accounts.



From left: Tor Arne Johansen (Board member, employee), Eivind Mehl (Chair), Helge Arne Espeland (Board member), Jeffrey Thomas (Board member, employee), Elin Aarvik (Board member, employee), Gunnar Hovland (CEO), Anne Berit Løset (Board member), Solveig B. Rønning (Board member), Marit Haugen (Chair), Bjørnar Gjerde (Board member), Ottar Råd (Board member, employee), Asgeir Pollestad (Board member), Rolf Øyvind Thune (Deputy Chair).

Oslo, 14 February 2023

 Marit Haugen Chair of the Board	 Rolf Øyvind Thune Deputy Chair	 Anne Berit Løset
 Solveig B. Rønning	 Bjørnar Gjerde	 Asgeir Pollestad
 Helge Arne Espeland	 Tor Arne Johansen	 Elin Aarvik
 Jeffrey Thomas	 Ottar Råd	 Gunnar Hovland CEO

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Financial statements

Annual accounts 2022

Annual Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

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 2018 to 2022.

TINE GROUP						Figures in NOK million					
	2022	2021	2020 ¹⁾	2019	2018		2022	2021	2020 ¹⁾	2019	2018
From income statement:						Equity					
Total revenues and other income	25,293	24,479	24,708	23,812	23,001	Long-term interest-bearing liabilities	3,233	3,548	4,548	4,456	4,402
Cost of materials and changes in inventory	14,028	13,538	13,714	13,434	12,927	Provisions for liabilities	1,046	1,126	1,171	1,092	1,094
Payroll expenses	4,513	4,401	4,321	4,313	4,058	Accounts payable	2,114	1,969	1,871	1,819	1,873
Depreciation and impairment	1,476	1,405	1,382	1,223	1,104	Short-term interest-bearing debt	679	484	197	201	57
Other operating expenses	4,019	3,410	3,299	3,654	3,375	Other current debt	2,625	2,979	2,730	2,169	2,244
Total operating expenses	24,036	22,755	22,716	22,623	21,464	Total debt and equity	19,643	19,843	20,114	18,657	18,103
Operating income	1,257	1,725	1,992	1,189	1,537	From net cash flow:					
Financial income and expenses	-60	-43	-57	-86	-72	From operating activities	1,950	2,541	2,916	2,194	2,285
Profit before tax	1,197	1,682	1,935	1,103	1,465	To investment activities	-983	-958	-1,249	-2,426	-1,807
Tax expense	68	125	163	123	117	To/from financing activities	-1,829	-1,798	-600	-501	434
Net income	1,130	1,557	1,772	980	1,348	Net change in bank deposits, cash and money market securities	-863	-215	1,067	-733	911
From balance sheet:						Note information:					
Intangible assets	773	829	727	628	217	Average number of employees calculated as full-time equivalents	5,155	4,946	4,834 ²⁾	5,347	5,279
Fixed assets	9,274	9,378	9,874	9,929	8,909	Allocated for subsequent payments from TINE SA	940	1,410	1,083	608	829
Financial assets	3,074	3,034	3,144	2,919	2,998	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.					
Inventory	3,388	3,005	2,580	2,594	2,579	2) The number of full-time equivalents has been updated in accordance with the Annual Report for 2020.					
Short-term receivables	2,486	2,100	2,078	1,933	2,019						
Bank deposits, cash, money market securities	647	1,496	1,710	654	1,380						
Total assets	19,643	19,843	20,113	18,657	18,103						

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.

Income statement

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

TINE GROUP

	Note	2022	2021
TOTAL REVENUES AND OTHER INCOME			
Sales revenue, ready-made products	1.2	23,331,051	22,558,318
Sales revenue, commodities	1	1,535,402	1,486,598
Other operating income	3	426,546	434,559
Total revenues and other income		25,292,999	24,479,475
OPERATING EXPENSES			
Cost of materials and changes in inventory	6	14,027,606	13,538,477
Payroll expenses	7,8,26	4,513,406	4,401,012
Depreciation of intangible assets and fixed assets	14,15	1,369,990	1,358,330
Impairment of intangible assets and fixed assets	14,15	106,020	46,924
Other operating expenses	9,10	4,018,845	3,409,774
Total operating expenses		24,035,867	22,754,517
Operating income		1,257,132	1,724,958

Amounts in NOK 1000

	Note	2022	2021
FINANCIAL INCOME AND EXPENSES			
Income on investments in joint ventures and associated companies	16	11,976	14,191
Net interest income and expenses	12	-86,078	-77,328
Net realised and unrealised currency gain and loss	12	28,893	14,979
Net other financial income and expenses	11	-14,520	5,470
Total financial income and expenses		-59,729	-42,688
Profit before tax		1,197,403	1,682,270
Tax expense	13	67,874	124,853
Net income		1,129,529	1,557,417
Minority share of equity	21	28,613	-15,900
Majority share of profits	21	1,100,916	1,573,317

Contd. on next page

Income statement contd.

TINE SA

	Note	2022	2021
TOTAL REVENUES AND OTHER INCOME			
Sales revenue, ready-made products	1.2	17,361,514	17,158,685
Sales revenue, commodities	1	1,535,402	1,486,598
Other operating income	3	658,566	628,498
Total revenues and other income		19,555,482	19,273,781
OPERATING EXPENSES			
Cost of materials and changes in inventory	6	10,650,835	10,651,918
Payroll expenses	7,8,26	3,398,092	3,297,670
Depreciation of intangible assets and tangible fixed assets	14,15	1,072,903	1,064,094
Impairment of intangible assets and fixed assets	14,15	90,893	40,424
Other operating expenses	9,10	3,184,734	2,622,890
Total operating expenses		18,397,457	17,676,996
Operating income		1,158,025	1,596,785

Amounts in NOK 1000

	Note	2022	2021
FINANCIAL INCOME AND EXPENSES			
Income from investments in subsidiaries	16	34,790	54,730
Income on investments in joint ventures and associated companies	16	4,226	28,456
Net interest income and expenses	12	-72,854	-71,267
Net realised and unrealised currency gain and loss	12	-23,023	80,875
Net other financial income and expenses	11	-3,923	-31,386
Total financial income and expenses		-60,784	61,408
Profit before tax		1,097,241	1,658,193
Tax expense	13	29,692	60,980
Net income		1,067,549	1,597,213
Allocations:			
Subsequent payments made to dairy farmers	21	-939,762	-1,410,107
Subsequent payments transferred to/from the subsequent payment fund	21	117,000	283,000
Allocated to other equity	21	-244,788	-470,106
Total allocations		-1,067,549	-1,597,213
Net group contribution to subsidiaries		18	15,634

Balance sheet

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

TINE GROUP

	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	13	42,090	51,682
Goodwill	14	122,323	140,000
Other intangible assets	14	608,803	637,730
Total intangible assets		773,216	829,412
Fixed assets			
Land, buildings and other property	15	4,582,278	4,520,522
Machinery, equipment and means of transport	15	4,691,530	4,857,397
Total fixed assets		9,273,808	9,377,919
Financial assets			
Investments in joint ventures and associated companies	16	107,874	98,245
Investments in shares and ownership interests		1,275	1,306
Pension assets	8	2,784,221	2,774,404
Other long-term receivables	12	180,975	159,621
Total non-current financial assets		3,074,345	3,033,576
Total non-current assets		13,121,369	13,240,907

Amounts in NOK 1000

	Note	2022	2021
CURRENT ASSETS			
Products	17	3,387,962	3,004,686
Short-term receivables			
Accounts receivables	18	2,286,958	1,907,540
Other short-term receivables	19, 27	199,069	192,897
Total short-term receivables		2,486,027	2,100,437
Bank deposits, cash and money market securities	20	647,142	1,496,492
Total current assets		6,521,131	6,601,615
Total assets		19,642,500	19,842,522

Contd. on next page

Annual Report 2022
Board of Directors' report
Financial statements
Annual accounts 2022
Auditor's report
TINE Milk Supplies
Statistics
Other information
Sustainability

Balance sheet contd.

TINE GROUP		
	Note	
	2022	2021
debt AND EQUITY		
EQUITY		
Paid-in equity		
Share capital	21	
Total paid-in equity	4,895	5,040
Retained earnings		
Subsequent payment fund	21	
Other equity	12, 21	
Total retained earnings	9,625,460	9,382,111
Minority share of equity	21	
Total equity	9,945,724	9,735,648
LONG-TERM debt		
Provisions for liabilities		
Pension liabilities	8	
Other provisions	23	
Deferred tax	13	
Total provisions	1,045,914	1,126,063
Other long-term debt		
Bond loans		
Long-term debt to financial institutions		
Other longterm liabilities		
Total other long-term liabilities	24	
Total long term liabilities	4,278,787	4,674,542

Amounts in NOK 1000		
	Note	
	2022	2021
SHORT-TERM debt		
Trade payables		
Liabilities to milk producers	19	
Accounts payable	19	
Total accounts payable	2,113,982	1,969,477
Other current liabilities		
Short term interest-bearing liabilities	22	
Allocated for subsequent payments to dairy farmers	21	
Tax payable	13	
Public duties payable		
Other current liabilities	23	
Total other current liabilities	3,304,007	3,462,855
Total short-term liabilities	5,417,989	5,432,332
Total debt and equity	19,642,500	19,842,522

Contd. on next page

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Balance sheet contd.

TINE SA			
	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Other intangible assets	14	327,186	337,955
Total intangible assets		327,186	337,955
Fixed assets			
Land, buildings and other property	15	3,596,301	3,766,370
Machinery, equipment and means of transport	15	3,725,091	3,870,660
Total tangible fixed assets		7,321,392	7,637,030
Financial assets			
Investments in subsidiaries	16	2,213,083	2,171,401
Investments in joint ventures and associated companies	16	12,662	12,662
Investments in shares and ownership interests		1,201	1,231
Pension assets	8	2,613,465	2,599,545
Other long-term receivables	12	165,984	141,709
Total non-current financial assets		5,006,395	4,926,548
Total non-current assets		12,654,973	12,901,533

Amounts in NOK 1000			
	Note	2022	2021
CURRENT ASSETS			
Products	17	2,377,730	2,150,482
Short-term receivables			
Accounts receivables	18	1,657,765	1,384,499
Current receivables from Group companies	19	944,745	907,358
Other short-term receivables	19.27	168,018	139,982
Total short-term receivables		2,770,528	2,431,839
Bank deposits, cash and money market securities			
	20	556,725	1,384,645
Total current assets		5,704,983	5,966,966
Total assets		18,359,956	18,868,499

Contd. on next page

Balance sheet contd.

TINE SA			
	Note	2022	2021
debt AND EQUITY			
EQUITY			
Paid-in equity			
Share capital	21	4,895	5,040
Total paid-in equity		4,895	5,040
Retained earnings			
Subsequent payment fund	21	60,000	177,000
Other equity	12.21	9,226,044	8,889,452
Total retained earnings		9,286,044	9,066,452
Total equity		9,290,939	9,071,492
LONG-TERM debt			
Provisions for liabilities			
Pension liabilities	8	235,369	221,612
Other provisions	23	1,889	45,881
Deferred tax	13	665,145	679,912
Total provisions		902,403	947,405
Other long-term debt			
Bond loans		1,755,000	2,205,000
Long-term debt to financial institutions		1,206,545	1,266,912
Other long-term liabilities		59,422	31,838
Total other long-term debt	24	3,020,967	3,503,750
Total long-term debt		3,923,370	4,451,155

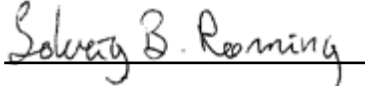
Amounts in NOK 1000			
	Note	2022	2021
SHORT-TERM debt			
Trade payables			
debt to dairy farmers	19	731,276	778,615
Trade payables to Group companies	19	699,673	603,535
Trade payables	19	897,341	830,206
Total accounts payable		2,328,290	2,212,356
Other current liabilities			
Short-term interest-bearing liabilities	22	450,000	340,000
Allocated for subsequent payment to milk producers	21	939,762	1,410,107
Tax payable	13	81,782	96,362
Public duties payable		179,037	173,613
Other short-term debt to Group companies	19	10,731	104,084
Current liabilities	23	1,156,045	1,009,330
Total other current liabilities		2,817,357	3,133,496
Total short-term liabilities		5,145,647	5,345,852
Total debt and equity		18,359,956	18,868,499

Oslo, 14 February 2023


Marit Haugen
Chair of the Board


Rolf Øyvind Thune
Deputy Chair


Anne Berit Løset

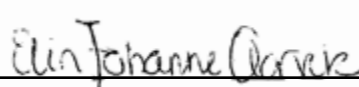

Solveig B. Rønning


Bjørnar Gjerde

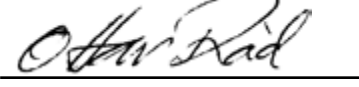

Asgeir Pollestad


Helge Arne Espeland


Tor Arne Johansen


Elin Aarvik


Jeffrey Thomas


Ottar Råd


Gunnar Hovland
CEO

Statement of cash flows

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

TINE GROUP

Amounts in NOK 1000

	2022	2021
Cash flow from operating activities		
Income before tax	1,197,404	1,682,269
Tax paid for the period	-136,538	-136,254
Profit (-) and loss on sale of tangible fixed assets	-36,374	-25,545
Depreciation, amortisation and impairment	1,476,010	1,405,254
Profit (-) and loss on sale of non-current financial assets	240	341
Unrealised change in value of financial items	15,747	38,132
Difference between expensed pension and payments in/out of pension schemes	-10,388	39,639
Difference between recognised and received dividend from joint ventures and associated companies	-7,750	-231
Effect of exchange rate changes and unrealised currency gain	-66,093	-41,486
Change in inventories	-383,276	-424,198
Change in accounts receivables and other short-term receivables	-385,589	-18,260
Change in accounts payable	144,504	98,242
Change in other short-term debt	141,995	-76,814
Net cash flow from operating activities	1,949,892	2,541,089
Cash flow to investment activities		
Payment from sale of fixed assets	66,539	37,332
Payments for purchase of fixed assets	-1,034,862	-1,045,391
Changes in long-term receivables	29,800	53,773
Payments from sale of non-current financial assets	-	24,315
Payments for purchase of subsidiaries	-44,876	-27,897
Net cash flow to investment activities	-983,399	-957,868

	2022	2021
Cash flow to/from financing activities		
Repayment of long-term borrowing	-534,898	-957,541
Payments for new short-term borrowing	110,000	340,000
Payments to minorities	-79,499	-44,528
Net change in overdraft facility	85,256	-53,316
Payments and disbursements of share capital	-145	-149
Subsequent payments to dairy farmers	-1,410,107	-1,082,756
Net cash flow to/from financing activities	-1,829,393	-1,798,290
Net change in bank deposits, cash and money market securities	-862,900	-215,069
Bank deposits, cash and money market securities at 01.01	1,496,492	1,710,087
Currency effect on cash and cash equivalents	13,550	1,474
Bank deposits, cash and money market securities at 31.12	647,142	1,496,492

Contd. on next page

Annual Report 2022
Board of Directors' report
Financial statements
Annual accounts 2022
Auditor's report
TINE Milk Supplies
Statistics
Other information
Sustainability

Cash flow statement contd.

TINE SA			Amounts in NOK 1000		
	2022	2021		2022	2021
Cash flow from operating activities			Cash flow to/from financing activities		
Income before tax	1,097,241	1,658,193	Repayment of long-term borrowing	-544,609	-935,383
Tax paid for the period	-106,603	-96,743	Payments for new short-term borrowing	110,000	340,000
Profit (-) and loss on sale of fixed assets	-34,625	-22,377	Payments and disbursements of share capital	-145	-149
Depreciation, amortisation and impairment	1,163,796	1,104,518	Change in net group contributions	4,386	29,583
Profit (-) and loss on sale of non-current financial assets	240	19,788	Subsequent payments to dairy farmers	-1,410,107	-1,082,756
Unrealised change in value of financial items	68,860	-31,332	Net cash flow to/from financing activities	-1,840,475	-1,648,705
Dividend received from subsidiaries	-34,790	-34,722	Net change in bank deposits, cash and money market securities	-827,920	-174,779
Difference between expensed pension and payments in/out of pension schemes	-163	26,501	Bank deposits, cash and money market securities at 01.01	1,384,645	1,559,424
Change in inventories	-227,248	-360,084			
Change in accounts receivables and other short-term receivables	-301,302	7,929	Bank deposits, cash and money market securities at 31.12	556,725	1,384,645
Change in accounts payable	19,796	135,065			
Change in other short-term debt	175,790	-81,101			
Change in inter-company balances from operating activities	-38,987	-71,723			
Net cash flow from operating activities	1,782,005	2,253,912			
Cash flow to investment activities					
Payments from sale of fixed assets	54,997	28,762			
Payments for purchase of fixed assets	-857,761	-902,777			
Changes in long-term receivables	40,410	52,266			
Payments from sale of non-current financial assets	-	7,691			
Payments for purchase of non-current financial assets	-41,874	-650			
Net cash inflow on inter-company long-term receivables	34,778	34,722			
Net cash flow to investment activities	-769,450	-779,986			

Annual Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Accounting policies

Accounting policies

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 2022.

New accounting standards

No new accounting standards have been adopted in 2022 that are of consequence to TINE.

Subtotals and totals in some of the tables may not necessarily equal to the sum of the amounts shown due to rounding.

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

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Accounting principles contd.

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.

Evaluations and principles
for classification

Total revenues and other income

Total revenues and other income are 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 charged to income as they are provided.

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 costs for the purchase of the enterprise and the fair value of the group's share of net identifiable assets in the enterprise 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.

Fixed assets

Fixed assets

Investments in 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 fixed assets under construction is entered in the balance sheet as part of the cost price. The acquisition cost of 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

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Accounting principles contd.

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 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. 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 from subsidiaries are entered in the same year as the subsidiary allocates the amount. Dividend income from subsidiaries and 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

Accounts 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 dairy farmers who have a milk quota.

Allocated subsequent payment to milk producers

Allocation of subsequent payments is regulated by Article 27 of the Cooperatives Act. Subsequent payments are decided upon and allocated by the Annual General

Meeting. It is based on the net profit for the year. 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

Non-current 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

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. The overfunding is limited to the present value of the expected net pension contributions over the next decade or the estimated assets available from the premium fund to cover future pension contributions, whichever is the lower.

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

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Accounting principles contd.

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.

Tax

The tax expense consists of tax payable on taxable income, capital and any changes to deferred tax. The tax expense is compared with the income 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 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.

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 2022, 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

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

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 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.

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 income 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.

Statement of cash flows

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

Notes list

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Income statement

Note 1	Segment information	50
Note 2	Sales revenue for ready-made products, by geographical area	51
Note 3	Other total revenues and other income	51
Note 4	Public subsidies	52
Note 5	Significant individual transactions	52
Note 6	Cost of materials and changes in inventory	53
Note 7	Payroll expenses and key personnel	53
Note 8	Pensions and pension liabilities	57
Note 9	Auditor's fees	62
Note 10	Other operating expenses	62
Note 11	Net other financial income and expenses	63
Note 12	Effects on results, interest and currency, hedging instruments and risk	64
Note 13	Taxes	68

Balance

Note 14	Intangible assets and goodwill	71
Note 15	Fixed assets	73
Note 16	Subsidiaries, joint ventures and associated companies	75
Note 17	Products	77
Note 18	Accounts receivable	78
Note 19	Outstanding accounts payable to Group companies	78
Note 20	Bank deposits, cash and money market securities	79
Note 21	Equity	80
Note 22	Short-term interest-bearing debt	82
Note 23	Balance sheet provisions for liabilities	82
Note 24	Other long-term debt	83

Other information

Note 25	Off-balance sheet lease commitments	85
Note 26	Transactions with related parties	86
Note 27	Guarantees	86
Note 28	Mortgages	87
Note 29	Outstanding accounts with the Norwegian Agriculture Agency – market regulation and the price equalisation scheme	88

Income statement and balance sheet

The TINE Group's business is divided into three operating segments. 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 1000

			2022			2021				
	TINE SA excl. Cheese export	TINE International incl. Cheese export	Other operations	Other activities and eliminations	TINE Group	TINE SA excl. Cheese export	TINE International incl. Cheese export	Other operations	Other activities and eliminations	TINE Group
Sales revenue/profit										
Liquid dairy products	7,869,842	-	151,418	-	8,021,260	7,945,009	-	161,259	-	8,106,268
Solid dairy products	6,669,165	4,332,061	484,797	-	11,486,022	6,462,787	3,762,585	462,793	-	10,688,165
Juice, fruit drinks and water	828,958	-	-	-	828,958	800,816	-	-	-	800,816
Ready meals	16,996	-	1,308,658	-	1,325,654	18,146	-	1,245,430	-	1,263,577
Ice cream and desserts	318,025	-	1,264,569	-	1,582,594	307,978	-	1,316,961	-	1,624,940
Other products	86,562	-	-	-	86,562	74,552	-	-	-	74,552
Sales revenue, ready-made products external	15,789,549	4,332,061	3,209,442	-	23,331,051	15,609,289	3,762,585	3,186,444	-	22,558,318
Sales revenue, ready-made products external	15,789,548	4,332,061	3,209,442	-	23,331,051	15,609,289	3,762,585	3,186,444	-	22,558,999
Sales revenue, ready-made products internal	956,365	23,521	-	-979,886	-	888,457	23,068	-	-911,526	-
Sales revenue, ready-made products total	16,745,914	4,355,581	3,209,442	-979,886	23,331,051	16,497,747	3,785,653	3,186,444	-911,526	22,558,318
Sales revenue, commodities	1,535,402	-	-	-	1,535,402	1,486,598	-	-	-	1,486,598
Other income	638,422	2,522	114,405	-328,802	426,546	612,350	12,072	111,794	-301,658	434,559
Total revenues and other income	18,919,738	4,358,103	3,323,847	-1,308,688	25,293,000	18,596,695	3,797,725	3,298,238	-1,213,183	24,479,475
Product costs	-9,904,199	-3,308,742	-1,797,274	982,609	-14,027,606	-9,849,819	-2,862,393	-1,731,436	905,171	-13,538,477
Personnel costs	-3,388,451	-520,302	-604,653	-	-4,513,406	-3,286,389	-478,725	-637,628	1,730	-4,401,012
Other operating expenses	-3,123,997	-491,984	-731,374	328,509	-4,018,845	-2,571,869	-445,557	-691,871	299,523	-3,409,774
Depreciation and impairment	-1,163,796	-155,509	-156,705	-	-1,476,010	-1,104,518	-145,756	-154,981	-	-1,405,254
Operating income	1,339,295	-118,434	33,842	2,429	1,257,132	1,784,099	-134,705	82,322	-6,759	1,724,958

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 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 16). 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 1000

TINE GROUP			TINE SA	
2022	2021	Geographical area	2022	2021
18,795,501	18,828,702	Norway	16,128,055	16,247,253
1,761,002	1,328,476	Rest of Europe	749,300	378,640
-	1,084	Africa	-	-
2,667,857	2,257,948	America	377,468	415,285
6,190	2,466	Asia	6,190	939
100,501	139,642	Oceania	100,501	116,568
23,331,051	22,558,318	Total sales revenue, ready-made products	17,361,514	17,158,685

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

Note 3 Other total revenues and other income

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Income groups	2022	2021
118,484	104,450	Transport income	151,639	137,077
69,597	72,691	Analysis and consultancy income	70,732	74,673
32,988	48,401	Rental income	11,273	8,069
54,860	27,392	Sales of plants	53,095	24,199
81,133	109,995	Market regulation activities ¹⁾	81,133	109,995
18,833	25,160	Other state and municipal subsidies ²⁾	13,644	19,865
-	-	Other inter-company revenues ³⁾	248,636	242,919
50,651	46,470	Other income	28,414	11,701
426,546	434,559	Total other revenues and other income	658,566	628,498

1) Please see note 29 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 1000

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 2022, TINE SA has one active tax relief project running from 2019 to 2022. Other state and municipal subsidies consist of support from the Norwegian Agriculture Agency (NOK 5.5 million) and the Research Council of Norway (NOK 1.7 million), as well as NOK 7 million from other state and municipal organisations.

TINE GROUP			TINE SA	
2022	2021	Type of income	2022	2021
3,091	3,990	Tax relief	549	82
18,833	25,160	Other state and municipal subsidies	13,644	19,865
21,924	29,150	Total public subsidies	14,193	19,947

Note 5 Significant individual transactions

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Income statement items	2022	2021
-	47,000	Deferred tax assets/liabilities recognised in the balance sheet, Mimi	-	-
Balance sheet				
44,876	26,597	Acquisition of Lotito Foods Holding LLC		
-	-	Investment in subsidiaries	-	-

Acquisition of Lotito Foods Holding LLC, 2022 and 2021

In 2021, Norseland Inc. increased its ownership interest in Lotito Foods Holding LLC by 4.33 per cent to 80 per cent for USD 3,141,297 (NOK 27 million). In January 2022, the ownership interest was increased from 80 per cent to 87 per cent on the purchase of a 7 per cent ownership interest at USD 5,049,812 (NOK 45 million). This incremental purchase represents changes in the majority owner's and minority owner's ownership interest. According to the agreement, Norseland Inc will gradually acquire up to a 90% stake in 2023. They also have an option to purchase the last 10% in 2024.

Deferred tax assets/liabilities not entered in the balance sheet, Mimi

Mimi 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 recognised in the balance sheet.

Note 6 Cost of materials and changes in inventory

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Type of cost	2022	2021
14,248,777	13,957,893	Consumption of commodities and purchased goods for resale	10,801,854	10,987,774
-221,171	-419,416	Change in inventory of work in progress and ready-made products	-151,019	-335,857
14,027,606	13,538,477	Total cost of materials and changes in inventory	10,650,835	10,651,918

Note 7 Payroll expenses and key personnel

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Type of cost	2022	2021
3,678,464	3,572,269	Pay, holiday pay and costs for temporary employees	2,785,675	2,704,697
466,927	461,676	Employers' national insurance contributions	366,082	358,465
141,054	152,564	Pensions costs including national insurance contributions, ref. note 8	103,786	109,249
226,961	214,503	Other benefits	142,549	125,259
4,513,406	4,401,012	Total payroll expenses	3,398,092	3,297,670
5,155	4,946	Average number of employees calculated as full-time equivalents	3,794	3,704

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.

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 nomination committee. The Board determines remuneration for the CEO. The CEO determines remuneration for the Group executive.

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 7 contd.

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.

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 whole 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 1000			
Board of Directors	Role	Director’s fees	Other remuneration
Marit Haugen	Chair of the Board	589	489
Rolf Øyvind Thune	Deputy Chair	295	123
Bjørnar Gjerde	Board member	207	126
Helge Arne Espeland	Board member	207	134
Solveig Bratteng Rønning	Board member	207	106
Asgeir Pollestad	Board member	207	126
Anne Berit Løset ¹⁾	Board member	156	43
Hege Persen ²⁾	Board member	51	49
Elin Johanne Aarvik	Board member elected by employees	207	-
Tor Arne Johansen	Board member elected by employees	207	-
Ottar Råd	Board member elected by employees	207	-
Jeffrey Elliot Thomas	Board member elected by employees	207	-

1) Joined 08.04.2022.

2) Left 08.04.2022.

Note 7 contd.

Amounts in NOK 1000			
Deputy members	Role	Fees	Other remuneration
Hans M. Ulberg	Deputy members	85	41
Hans Olav Minsås ¹⁾	Deputy members	79	27
Elise Unander Mjøhus ¹⁾	Deputy members	79	33
Anne Berit Løset ²⁾	Deputy members	21	-
Ole Henrik Rindli ²⁾	Deputy members	79	56
Randi Einarsen	Member elected by employees	59	-
Dag Rune Herting	Member elected by employees	59	-
Kurt I. Haugeland ¹⁾	Member elected by employees	44	-
Siri Margrethe Byberg ²⁾	Member elected by employees	14	-
Annual General Meeting and council meeting	Role	Fees	Other remuneration
Eivind Mehl ¹⁾	Chair	129	77
Odd Einar Hjortnæs ²⁾	Chair	111	42
Nina Vangen Ranøien	Vice-chairman	109	47
Control committee	Role	Fees	Other remuneration
Petter Arne Ekroll	Chair	86	19
Bjørn Lende	Deputy Chair	62	8
Sigrun Bakken Lerhol		62	35

1) Joined 08.04.2022.

2) Left 08.04.2022.

Note 7 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 7 contd.

CEO	Amounts in NOK 1000	
	2022	2021
Payroll	4,049	4,049
Director's fees from subsidiaries	86	-
Pension (earned, not paid)	1,605	1,886
Benefits in kind/Other remuneration	168	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 elements and is not entitled to other profit sharing. Basic pay must be determined on the basis of job content, level of responsibility and expertise. 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. As of 2022, the CEO is not entitled to special remuneration for Board positions in Group companies. The note is based on disbursement in the financial year, with the exception of pensions, which are based on accrued pension entitlement calculated by an actuary for the year.

Other Group executive	Amounts in NOK 1000	
	2022	2021
Payroll	15,298	20,352
Variable pay	1,713	-
Director's fees from subsidiaries	53	-
Pension (earned, not paid)	6,992	8,742
Benefits in kind/Other remuneration	1,627	1,940

The number of members of the Group executive has been reduced in 2022 as a result of the optimal structure project. The Group executive is made up of 6 members at the end of 2022 and 9 members at the end of 2021.

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.

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 dependent'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.
Dependent's pension – spouse/ cohabitee	Calculated retirement pension	55% of the calculated retirement pension.
Dependent'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.

For the TINE Group and TINE SA, the various schemes covered the following number of persons as at 31.12.22:

TINE GROUP			TINE SA	
Employees	Pensioners	Type of cost	Employees	Pensioners
5,086	4,002	Defined benefit schemes from MP Pensjon	4,490	3,677
60	27	Uninsured schemes ¹⁾	52	25
758	-	Deposit schemes ²⁾	-	-
5,623	-	AFP	4,630	-

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.

²⁾ Deposit schemes are established in foreign subsidiaries and some Norwegian subsidiaries. Norwegian subsidiaries have 117 employees with a defined contribution scheme

Amounts in NOK 1000				
TINE GROUP			TINE SA	
2022	2021	Pension costs	2022	2021
436,833	446,379	Present value of accrued pension entitlements for the year	378,750	391,812
247,502	228,863	Interest expense on pension liabilities	230,738	210,573
-581,615	-545,122	Net return on pension assets	-536,005	-499,531
-943	-24,045	Recognised estimate differences	1,981	-20,433
-18,052	-	Curtailment/settlement	-860	-
-56,637	-55,041	Employee contributions	-50,178	-49,253
14,669	12,105	Accrued employer's national insurance contributions	11,515	8,806
99,296	89,426	Other pension costs (including AFP premium and defined contribution schemes)	67,845	67,276
141,054	152,564	Net pension costs	103,786	109,249

Note 8 contd.

Note 8 contd.

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

Amounts in NOK 1000				
TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Pension liabilities and assets	31.12.2022	31.12.2021
-15,482,505	-16,484,363	Accrued pension liabilities	-14,472,348	-15,395,067
18,002,210	19,735,154	Pension assets	16,712,984	18,416,479
2,519,705	3,250,791	Net pension assets excluding employer's national insurance contributions and estimate differences	2,240,636	3,021,412
264,516	-476,386	Non-recognised effect of estimate differences (pension accrual)	372,829	-421,867
2,784,221	2,774,404	Net pension assets, over-funded scheme	2,613,465	2,599,545
31.12.2022	31.12.2021	Pension liabilities and assets	31.12.2022	31.12.2021
-182,643	-325,397	Accrued pension liabilities	-150,160	-186,905
-	105,472	Pension assets	-	-
-182,643	-219,925	Net pension liabilities excluding employer's national insurance contributions and estimate differences	-150,160	-186,905
-80,881	-37,951	Non-recognised effect of estimate differences (pension accrual)	-64,036	-8,353
-25,753	-31,971	Employers' national insurance contributions	-21,173	-26,354
-289,277	-289,847	Net pension liabilities, under-funded scheme	-235,369	-221,612

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

Economic assumptions	31.12.2022	31.12.2021
Discount rate	3.20%	1.50%
Expected wage growth	3.75%	3.00%
Anticipated adjustment to National Insurance Scheme's basic amount (G)	3.50%	2.25%
Anticipated pension adjustment	3.50%	2.00%
Expected return on pension plan assets	4.90%	3.60%
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

Note 8 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 8 contd.

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.

The occupational pension scheme that the TINE Group has in MP Pensjon is overfunded as the value of the pension assets exceeds the present value of the accrued pension liabilities. 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. The overfunding is limited to the present value of the expected net pension contributions over the next decade or the estimated assets available from the premium fund to cover future pension contributions, whichever is the lower.

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Pension assets	31.12.2022	31.12.2021
25,016,474	26,275,517	Pension assets (at market value)	23,334,447	24,495,310
-7,014,264	-6,540,364	Unrecognised pension funds	-6,621,462	-6,078,830
18,002,210	19,735,154	Pension funds used in the calculation	16,712,984	18,416,479

TINE GROUP			TINE SA	
2022	2021	Actual return on combined pension assets	2022	2021
-2.6%	12.4%	Net return on pension assets in the group pension scheme	-2.6%	12.4%
31.12.2022	31.12.2021	Pension assets in the group pension scheme with MP Pensjon comprise the following	31.12.2022	31.12.2021
47%	51%	Shares	47%	51%
47%	43%	Fixed income securities	47%	43%
5%	4%	Property	5%	4%
1%	1%	Other assets	1%	1%

Note 8 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 8 contd.

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		Expected salary inflation		Anticipated pension adjustment	
	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Change in (NOK million)						
Accrued pension liabilities entered in the balance sheet	-1,345	1,551	450	-368	1,243	-1,107
Expensed present value of accrued entitlements for the year	-43	51	40	-32	22	-20

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 732 million as at 31.12.22.

The analysis specified above was carried out by an actuary and is based on circumstances as at 31.12.22. 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

Amounts in NOK 1000

TINE GROUP			TINE SA		
2022	2021	Fees to elected auditor – Ernst & Young AS	2022	2021	
13,297	7,444	Statutory audit services	4,355	4,750	
1,441	961	Fees for attestation services	1,277	806	
356	260	Fees for tax advice	-	-	
1,153	823	Fees for other services	1,108	667	
16,247	9,488	Total fees to elected auditor – Ernst & Young AS	6,740	6,223	

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, tax findings and certification of the corporate social responsibility report.

TINE GROUP		
Fees for other auditors	2022	2021
Statutory audit services	1,106	2,208
Fees for attestation services		
Fees for tax advice	649	610
Fees for other services	1,976	1,528
Total fees for other auditors	3,731	4,346

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

Note 10 Other operating expenses

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Type of cost	2022	2021
1,675,597	1,351,118	Indirect costs related to production and operations	1,352,372	1,056,927
1,280,520	1,215,045	Transport costs	1,146,447	1,086,826
-448,488	-471,394	Freight revenue (freight and distribution surcharge) 1)	-448,488	-471,394
1,511,216	1,315,005	Sales, marketing and other operating expenses	1,134,403	950,531
4,018,845	3,409,774	Total other operating expenses	3,184,734	2,622,890

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

Note 11 Net other financial income and expenses

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021		2022	2021
-	-	Impairment of investments in subsidiaries	-	-30,000
-240	-	Impairment of investments in other companies	-240	-
1,889	3,664	Change in value of market-based financial current assets	1,889	3,664
3,441	21,536	Other financial income	2,726	3,492
-19,610	-19,730	Other financial expenses	-8,298	-8,542
-14,520	5,470	Net other financial income and expenses	-3,923	-31,386

The impairment of investments in subsidiaries in 2021 relates to an investment in Mimiro Holding AS, which has been impaired by NOK 30 million.

Other financial revenues in 2021 include COVID-19 compensation of NOK 14 million for the Norseland Inc. Group.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 12 Effects on results, interest and currency, hedging instruments and risk

Amounts in NOK 1000

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 in the form of profit 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 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	
2022	2021	Realised and unrealised gain and loss on FX	2022	2021
-63,907	-3,559	Realised gain/loss on FX	6,436	56,973
92,800	18,538	Unrealised gain/loss on FX	-29,459	23,902
28,893	14,979	Net realised and unrealised FX gain and loss	-23,023	80,875

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Market value of FX derivatives, excluding accrued interest	31.12.2022	31.12.2021
35,037	-172	FX derivatives valued at fair value in the balance sheet FX-forward, options (Cash flow hedging)	35,037	-172
-52,812	-24,857	FX derivatives valued at fair value in the balance sheet Basis swap (equity hedging)	-52,812	-24,857
-17,775	-25,029	Total market value of FX derivatives ¹⁾	-17,775	-25,029

¹⁾ The total carrying amount of foreign exchange derivatives is classified as long-term debt or long-term receivables.

Hedge accounting of FX derivatives is employed. Changes in the value of FX derivatives used for hedging of investment in foreign subsidiaries are entered against equity in the TINE Group. FX 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.

Note 12 contd.

Hedge accounting against equity

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Realised gain/loss on foreign exchange derivatives	2022	2021
-5,383	-54,687	Realised gain/loss on derivatives – EURNOK	-5,383	-54,687
7,895	2,543	Realised Gain/Loss on Derivatives – USDNOK	7,895	2,543
-15,968	-1,050	Realised gain/loss on derivatives – EURUSD	-15,968	-1,050
-13,456	-53,194	Net realised gain/loss on foreign exchange derivatives ²⁾	-13,456	-53,194

²⁾ Unrealised FX exposure related to cash flow hedging follows the principles of hedge accounting. Realised currency effects relating to cash flow hedging is recognised in operating income. 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.

TINE SA uses interest rate hedging instruments to reduce risks associated with future interest payments, as a result of fluctuations in market rates. The interest rate hedges currently have a residual maturity of up to 9 years. The degree of hedging varies, but is limited to 50 per cent of expected future net interest-bearing debt. Besides the use of interest rate hedging instruments, the issuance of fixed rate bonds also helps to reduce interest rate risk exposure.

TINE GROUP			TINE SA	
2022	2021	Interest income and expenses	2022	2021
-	-	Interest income from companies in the same group	19,828	9,171
5,992	4,614	External interest income	5,489	4,203
-92,070	-81,942	External interest expenses	-98,171	-84,641
-86,078	-77,328	Net interest income and expenses	-72,854	-71,267

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Market value of interest rate derivatives excluding accrued interest	31.12.2022	31.12.2021
29,661	-43,808	Interest rate derivatives where change in value is entered against equity (cash flow hedging)	29,661	-43,808
29,661	-43,808	Total market value of interest rate derivatives excluding accrued interest ³⁾	29,661	-43,808

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Realised interest rate derivatives	31.12.2022	31.12.2021
-102,875	-109,909	Realised balance sheet values, interest rate derivatives (cash flow hedging)	-102,875	-109,909
-102,875	-109,909	Total market value of interest rate derivatives excluding accrued interest ⁴⁾	-102,875	-109,909

³⁾ The total carrying amount of interest rate derivatives is included in the balance sheet item long-term financial liabilities or other long-term receivables.

⁴⁾ The total carrying amount of realised interest rate derivatives is included in the accounting item other equity.

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 2022. 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 8.1 years at 31.12.22. 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 12 contd.

Note 12 contd.

Amounts in NOK 1000

TINE GROUP				TINE SA		
31.12.2022	31.12.2021	Value change ⁵⁾	Value of cash flow hedging after tax	31.12.2022	31.12.2021	Value change
23,136	-172		Market value, cash flow hedging, currency derivatives	23,136	-172	
27,328	-34,133		Market value, cash flow hedging, interest rate derivatives	27,328	-34,133	
-102,875	-109,910		Realised interest rate swaps	-102,875	-109,910	
-52,411	-144,215	91,804	Total value of cash flow hedging after tax	-52,411	-144,215	91,804

TINE GROUP			
31.12.2022	31.12.2021	Value change ⁵⁾	Value of equity hedging after tax
-41,193	-19,388		Market value of basis swap, equity hedging
-76,579	-74,489		Market value of debt, equity hedging
-57,313	-39,780		Realised equity hedging
-175,085	-133,657	-41,428	Total value of equity hedging after tax

⁵⁾ Entered against Other equity, see note 21

Hedge accounting of currency and interest rate derivatives is employed. Changes in the value of currency and interest rate derivatives and debt 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.

Note 12 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 12 contd.

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 dairy farmers, by investing 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 ongoing 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. Developments in the Norwegian macroeconomy have led to intensified follow-up of vulnerable customer groups in the TINE Group. There has been an increase in debt collection and bankruptcies in the B2B market throughout 2022. This is also the case among TINE's customers, where there has been an increase in defaults and losses on receivables.

Financing risk and liquidity risk

Financing risk is the risk that TINE will be unable to obtain financing when required; while liquidity risk is the risk that there will be insufficient liquidity to cover current obligations. Financing risk and liquidity risk are dealt with in TINE's financial guidelines. Regarding financing risk, the Board-approved limits define requirements in terms of duration, spread of debt maturities, outstanding volume of certificate loans, maximum maturity of debt, minimum equity

ratio, NIBD/EBITDA and debt/FCF.

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 debt in the balance sheet. Liquidity for the TINE Group is deemed to be good. As of 31.12.22 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 24 for a more detailed description of the credit facilities and financing structure.

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 is reduced by the existence of clear procedures and processes and a clear authorisation structure.

Commodity risk:

Purchases

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 franchise production. TINE also secures itself by maintaining stock in hand on commodities appropriate for this.

Commodity risk is normally considered predictable. That said, 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. World market prices for the most vital bulk products, large generic commodity groups that are produced almost equally across borders, followed a rising trend curve from the second half of 2021 onwards, as milk imports fell during 2020 and demand remained high as we emerged out of the pandemic. This persisted in 2022 and prices continued to rise until late autumn 2022, driven by the limited supply. The prices of butter, Cheddar and Gouda, WMP (Whole Milk Powder) and SMP (Skimmed Milk Powder) have developed in a similar fashion.

The changing economic outlook, with lower disposable income hitting consumers, means that there appears to be a reduction in world market demand into 2023 that will affect the dairy market. Prices fell towards the end of 2022, and it is estimated that they will move in the same direction in 2023.

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 2023. In the EU, the volume of milk is estimated to be approximately the same as 2022, with some countries continuing the downward trend and others showing a rise, thus balancing out the total for the region. The EU, US and Oceania look set to maintain supply at about the same level for 2022. The estimate is still a higher price than before the pandemic, until the market normalises slightly over time.

Note 13 Taxes

Amounts in NOK 1000

TINE GROUP			TINE SA	
2022	2021	Reconciliation from nominal to actual tax rate	2022	2021
1,197,404	1,682,270	Income before tax	1,097,241	1,658,193
263,429	370,099	Expected income tax as per nominal tax rate in Norway	241,393	364,802
Tax effect of the following items				
348	7,450	Non-deductible costs	3,191	3,109
-2,331	-6,144	Non-taxable income	-8,447	-18,775
-2,806	-562	Foreign tax rate differences	-	-
-206,748	-310,224	Payment to milk producers	-206,748	-310,224
5,498	8,541	Amortisation of goodwill	-	-
11,188	47,114	Effect of change in deferred tax assets	-	-
-2,089	-4,065	Income from joint ventures and associated companies	-	-
-	-	Impairment of non-current financial assets	-	6,600
1,112	-	Effect of amended tax rate	-	-
11,700	11,422	Wealth tax	11,700	11,422
-3,508	-139	Tax for previous years	-3,508	-139
-7,919	1,361	Other items	-7,889	4,185
67,874	124,853	Total tax expense	29,692	60,980
5.7%	7.4%	Effective tax rate	2.7%	3.7%

The effect of the change in deferred tax assets in the TINE Group relates to deferred tax assets in Mimiro AS that are not recognised in the balance sheet.

TINE GROUP			TINE SA	
2022	2021	Deferred tax effect from items entered against equity	2022	2021
-23,909	-10,689	Hedging of future cash flows	-23,909	-10,689
-11,685	15,282	Hedging of net investment in foreign subsidiaries	-	-
-35,594	4,593	Deferred tax effect from items entered against equity	-23,909	-10,689

TINE GROUP/NORWAY			TINE GROUP/OVERSEAS	
2022	2021	Distribution of tax expense in Norway and overseas	2022	2021
59,054	110,793	Tax expense	8,820	14,060

Note 13 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 13 contd.

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Payable taxes in the balance sheet	31.12.2022	31.12.2021
94,745	109,213	Income tax	70,087	84,947
-	-	Tax effect of group contribution paid	-5	-7
11,700	11,422	Wealth tax	11,700	11,422
106,445	120,635	Payable taxes in the balance sheet	81,782	96,362

TINE GROUP			31.12.2021	
31.12.2022				
Receivables	Liabilities	Specification of tax effect of temporary differences and loss to carry forward	Receivables	Liabilities
-	157,444	Fixed assets	-	183,549
-	59,559	Added value on acquisition	-	44,771
-69	-	Long-term liabilities/receivables	2,796	-
-	43,339	Financial derivatives	-	21,689
-	622,769	Pension assets	-	622,021
-	35,863	Inventories	-	38,673
66,168	-	Short-term receivables	59,652	-
48,707	-	Short-term liabilities	30,565	-
74,021	-	Pension liabilities	75,511	-
-	33,609	Profit and loss account	-	35,293
9,026	-	Loss to carry forward	38,353	-
197,853	952,583	Total before offsetting	206,877	945,996
-179,002	-179,002	Offset tax assets/liabilities	-149,702	-149,702
18,851	773,581	Deferred tax assets/liabilities	57,175	796,294
23,239	-30,502	Deferred tax assets/liabilities not entered in the balance sheet	-5,493	-31,161
42,090	743,079	Deferred tax assets/liabilities in the balance sheet	51,682	765,133

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 recognised on the basis of future income, and are expected to be utilisable. 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. A tax loss to carry forward from operations at MIMIRO resulting in a total tax reduction of NOK 264 million as at 31.12.22 and corresponding to a deferred tax asset of NOK 58 million has not been recognised in the balance sheet.

Note 13 contd.

Note 13 contd.

Amounts in NOK 1000

TINE SA			31.12.2021	
31.12.2022		Specification of tax effect of temporary differences and loss to carry forward	Receivables	Liabilities
Receivables	Liabilities			
-	125,911	Tangible fixed assets	-	149,499
-	43,339	Financial derivatives	-	21,689
-	574,954	Pension assets	-	571,897
-	32,655	Inventories	-	36,120
62,591	-	Short-term receivables	52,415	-
51,781	-	Pension liabilities	48,755	-
-	31,800	Profit and loss account	-	33,038
114,372	808,659	Total before offsetting	101,170	812,243
-114,372	-114,372	Offset tax assets/liabilities	-101,170	-101,170
-	694,287	Deferred tax assets/liabilities	-	711,073
-	-29,142	Deferred tax assets/liabilities not entered in the balance sheet	-	-31,161
-	665,145	Deferred tax assets/liabilities in the balance sheet	-	679,912

Deferred tax not recognised in the balance sheet in TINE SA relates to realised interest rate swaps that are accrued in the accounts over the original term.

TINE GROUP			TINE SA	
2022	2021	Specification of tax expense	2022	2021
-29,550	67,159	Change in deferred tax	-14,769	-21,143
94,750	109,220	Income tax payable	70,087	84,947
11,700	11,422	Wealth tax payable	11,700	11,422
-9,026	-62,948	Other effects	-37,326	-14,246
67,874	124,853	Total tax expense	29,692	60,980

Balance sheet

Note 14 Intangible assets and goodwill

Amounts in NOK 1000

TINE GROUP	Patents	Trademarks	Customer contracts	Software and other rights	Goodwill	Total 2022	Total 2021
Acquisition cost as at 01.01	102,863	54,301	18,500	761,608	358,555	1,295,827	1,002,207
Additions (+) for the year ¹⁾	-	508	-	119,446	-	119,954	283,829
Disposals (-) for the year	-472	-	-	-1,800	-	-2,272	-3,398
Currency effects	12,093	974	-	16,021	17,505	46,593	13,189
Acquisition cost as at 31.12	114,484	55,783	18,500	895,275	376,060	1,460,102	1,295,827
Accumulated depreciation and impairment as at 31.12	-21,290	-33,195	-11,608	-409,146	-253,737	-728,976	-518,097
Book value at 31.12	93,194	22,588	6,892	486,129	122,323	731,126	777,730
Depreciation for the year	-5,191	-3,350	-1,850	-115,337	-25,017	-150,745	-129,986
Impairment for the year	-	-	-	-50,946	-	-50,946	-26,815
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 of other rights for the TINE Group totalled NOK 119 million. Additions for the year are customised software. This is treated as an intangible asset and is classified under other rights.

Goodwill is associated with:	Economic life	31.12.2022	31.12.2021
Diplom-Is Group	5 years	1,679	3,365
Fjordland Group	5 years	253	1,772
Mimiro AS	10 years	42,900	51,050
Norseland Inc. Group	10 years	77,491	83,813
Total goodwill		122,323	140,000
Added value associated with the acquisition of other intangible assets relates to:			
Diplom-Is Group		9,727	12,408
Fjordland Group		1,632	2,112
Norseland Inc. Group		186,517	178,058
Norseland Ltd. Group		9,384	11,023
Total added value associated with the acquisition of other intangible assets		207,260	203,601

Note 14 contd.

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 14 contd.

Amounts in NOK 1000			
TINE SA	Software	Total 2022	Total 2021
Acquisition cost as at 01.01	426,067	426,067	148,241
Additions (+) for the year ¹⁾	104,028	104,028	277,826
Disposals (-) for the year	-	-	-
Acquisition cost as at 31.12	530,095	530,095	426,067
Accumulated depreciation and impairment as at 31.12	-202,909	-202,909	-88,112
Book value as at 31.12	327,186	327,186	337,955
Depreciation for the year	-71,524	-71,524	-47,229
Impairment for the year	-50,946	-50,946	-20,315
Economic life	3-10 years		
Depreciation plan	Linear		

¹⁾ Additions, software:
Customised software is classified under other rights. Additions for the year of customised software amount to NOK 104 million. 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 2022, TINE SA has impaired software by NOK 50.9 million.

Amounts in NOK 1000					
TINE GROUP			TINE SA		
2022	2021	Expensed research and product development	2022	2021	
28,561	28,315	Research	28,561	28,315	
79,983	79,802	Product development	66,643	65,312	
108,544	108,117	Total expensed research and product development	95,204	93,627	

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

Amounts in NOK 1000					
TINE GROUP			TINE SA		
2022	2021	Intangible assets in preparation	2022	2021	
57,521	123,575	Software	31,200	109,525	
57,521	123,575	Total intangible assets in preparation	31,200	109,525	

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

Note 15 Fixed assets

Amounts in NOK 1000

TINE GROUP	Land	Buildings/property	Machinery/equipment	Means of transport	Total 2022	Total 2021
Acquisition cost as at 01.01	377,952	8,217,426	13,003,517	1,178,621	22,777,516	22,332,723
Additions (+) for the year	58,940	320,577	589,140	153,642	1,122,299	791,646
Disposals (-) for the year	-879	-90,554	-90,317	-61,351	-243,101	-327,733
Currency effects	447	41,319	76,084	688	118,538	-19,120
Acquisition cost as at 31.12	436,460	8,488,768	13,578,424	1,271,600	23,775,252	22,777,516
Accumulated depreciation and impairment as at 31.12	-78,295	-4,264,655	-9,355,342	-803,152	-14,501,444	-13,399,597
Book value as at 31.12	358,165	4,224,113	4,223,082	468,448	9,273,808	9,377,919
Depreciation for the year	-6,946	-377,497	-703,097	-131,705	-1,219,245	-1,228,344
Impairment for the year	-27	-150	-54,897	-	-55,074	-20,109
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	-	32,370	31	19,736	52,137	23,285

TINE SA	Land	Buildings/property	Machinery/equipment	Means of transport	Total 2022	Total 2021
Acquisition cost as at 01.01	338,346	7,205,223	11,001,617	989,005	19,534,191	19,165,943
Additions (+) for the year	10,736	121,769	485,856	135,372	753,733	627,108
Disposals (-) for the year	-879	-90,554	-85,891	-57,810	-235,134	-258,860
Acquisition cost as at 31.12	348,203	7,236,438	11,401,582	1,066,567	20,052,790	19,534,191
Accumulated depreciation and impairment as at 31.12	-52,562	-3,935,778	-8,081,311	-661,747	-12,731,398	-11,897,161
Book value as at 31.12	295,641	3,300,660	3,320,271	404,820	7,321,392	7,637,030
Depreciation for the year	-6,901	-279,947	-606,352	-108,179	-1,001,379	-1,016,865
Impairment for the year	-	-150	-39,797	-	-39,947	-20,109
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	-	32,370	-588	19,147	50,929	9,733

Note 15 contd.

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 15 contd.

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.

Amounts in NOK 1000					
TINE GROUP			TINE SA		
2022	2021	Assets under construction	2022	2021	
34,529	31,394	Buildings	31,142	29,679	
22,028	38,376	Technical installations	18,965	38,307	
243,307	266,964	Machinery	223,938	250,901	
299,864	336,734	Total assets under construction	274,045	318,887	

Note 16 Subsidiaries, joint ventures and associated companies

Amounts in NOK 1000

TINE GROUP	Registered office	Acquisition date	Parent company TINE SA Ownership/voting share	Sub-group/subsidiary Ownership/voting share	Share of equity in the company at 31.12.2022	Book value in TINE SA at 31.12.2022	Book value in TINE SA at 31.12.2021
Bunes Fryselager AS ¹⁾	Porsgrunn	1975	19%	40%	7,898	95	95
Diplom-Is AS	Nittedal	1991	100%		402,397	491,758	491,758
<i>Norsk Iskrem AS</i>	Nittedal	1989		100%			
<i>Laguna Produkter AS</i>	Holmestrand	2016		100%			
<i>Isdalen AS</i>	Oslo	2016		100%			
<i>Kulinaris AS</i>	Trollåsen	2017		51%			
<i>Plug-in Service AS</i>	Hagan	2019		100%			
Fjordland AS	Oslo	1985	51%		134,971	18,333	18,333
<i>Matvarehuset AS</i>	Bergen	2014		100%			
<i>Safari Næringsmidler AS</i>	Bergen	2016		65%			
<i>Hallheimslien 12 AS</i>	Bergen	2018		100%			
Kukraft AS	Oslo	2018	100%		250	314	296
Mimiro Holding AS	Ås	2018	57%		93,221	118,974	118,974
<i>Mimiro AS</i>	Ås	2018		100%			
Norseland Holdings Ltd.	Ilchester, UK	2004	100%		157,451	119,999	119,999
<i>Norseland Ltd.</i>	Ilchester, UK	2008		100%			
<i>Phonefood Ltd.</i>	Ilchester, UK	2008		100%			
<i>Ridgebrick Ltd.</i>	Ilchester, UK	2013		100%			
Norseland Inc.	Stamford, US	1978	100%		542,149	193,517	193,517
<i>Alpine Dairy LLC</i>	Winesburg, US	2012		100%			
<i>Lotito Foods Holding LLC</i>	Edison, US	2019		87%			
Næringsmiddelproduksjon AS	Oslo	2001	100%		1,000	1,103	1,103
GVN 16 AS	Oslo	2022	100%		81	41,664	-
TINE Holding AB	Ulricehamn, Sweden	2007	100%		874,124	751,395	751,395
<i>Wernersson Glass AB</i>	Ulricehamn, Sweden	2007		100%			
<i>Wernersson Ost AB</i>	Ulricehamn, Sweden	2007		100%			
<i>Wernersson Ost Danmark A/S</i>	Roskilde, Denmark	2007		100%			
TINE Holding Ireland Ltd.	Dublin, Ireland	2016	100%		446,081	475,930	475,930
<i>TINE Ireland Ltd.</i>	Dublin, Ireland	2016		100%			
Total					2,659,624	2,213,083	2,171,401

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).

Note 16 contd.

Amounts in NOK 1000										
JOINT VENTURES (JV) AND ASSOCIATED COMPANIES (AS)					TINE GROUP				TINE SA	
	Registered office	Acquisition date	Ownership/ voting share	Number ofshares/ ownership shares	Share of profit (loss) 2022	Share of equity at 31.12.2022	Share of profit (loss) 2021	Share of equity at 31.12.2021	Value in balance sheet at 31.12.2022	Value in balance sheet at 31.12.2021
Fjordkjøkken AS	Varhaug	1996	23.46%	6,100	3,482	44,029	5,594	42,893	9,700	9,700
Skala Gruppen AS	Oslo	1948	44.00%	11,000	7,587	56,923	18,763	49,336	866	866
TUN Media AS ¹⁾	Oslo	2000	0.00%	0	-	-	-11,568	-	-	-
Other JV and AS					907	6,922	1,402	6,016	2,096	2,096
Total JV and AS					11,976	107,874	14,191	98,245	12,662	12,662
1) Tun Media sold in 2021										

INCOME FROM INVESTMENTS IN SUBSIDIARIES		Amounts in NOK 1000	
Type of financial income	TINE SA		
	2022	2021	
Diplom-Is AS	0	20,000	
Næringsmiddelproduksjon AS	12	8	
Group contributions	12	20,008	
Fjordland AS ¹⁾	34,492	26,731	
Norseland Ltd	0	7,725	
Bunes Fryselager AS ¹⁾	285	266	
Dividend	34,777	34,722	
Total income from investments in subsidiaries	34,790	54,730	

1) Fjordland AS and Bunes Fryselager paid dividends to TINE SA of NOK 34 million and NOK 0.3 million respectively in 2022.

COMPANY CHANGES

New businesses:

Norseland Inc. increased its ownership interest in Lotito Foods Holding by 7 per cent in January 2022, from 80 per cent to 87 per cent.
GVN 16 AS, wholly owned as of October 2022.

Note 17 Products

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Specification	31.12.2022	31.12.2021
621,382	515,871	Commodities	400,794	329,296
336,373	240,736	Goods in production	121,856	136,919
1,798,523	1,672,989	Self-manufactured ready-made products	1,672,468	1,506,386
445,707	405,642	Goods for resale	13,328	17,161
185,977	169,448	Spare parts stock	169,284	160,720
3,387,962	3,004,686	Total products	2,377,730	2,150,482

Inventories are recognised at cost. Obsolete goods are written down to fair value (selling price less necessary costs of completion, sale and distribution).

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Estimated value	31.12.2022	31.12.2021
3,212,810	2,735,553	Valued at acquisition cost	2,206,637	2,032,328
175,152	269,133	Valued at fair value	171,093	118,154
3,387,962	3,004,686	Total products	2,377,730	2,150,482

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Specification	31.12.2022	31.12.2021
3,240,625	2,873,081	Stock at face value	2,233,263	2,110,596
61,170	59,995	Provision for obsolete stocks	58,300	39,886
86,167	71,610	Provision for obsolete spare parts stocks	86,167	71,610
3,387,962	3,004,686	Total inventories	2,377,730	2,150,482

The Group's inventories were written down by a total of NOK 147 million as at 31.12.2022. The corresponding figure for 2021 was NOK 132 million. This impairment relates mainly to obsolescence and impairment due to changes in market conditions, mainly for milk powder, butter and cheese internationally.

Note 18 Accounts receivable

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Specification	31.12.2022	31.12.2021
2,303,151	1,923,372	Accounts receivables at face value	1,672,365	1,399,299
16,193	15,832	Provision for losses on accounts receivable	14,600	14,800
2,286,958	1,907,540	Total receivables	1,657,765	1,384,499

Note 19 Outstanding accounts payable to Group companies

Amounts in NOK 1000

		TINE SA	
Outstanding accounts payable to Group subsidiaries		31.12.2022	31.12.2021
Current receivables from Group companies		944,745	907,358
Trade payables to Group companies		699,673	603,535
Other short-term debt to Group companies		10,731	104,084

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Inter-company balances with joint ventures and associated companies	31.12.2022	31.12.2021
1,933	2,279	Short-term receivables for joint ventures and associated companies	1,933	2,279
37,544	37,999	Accounts payable to joint ventures and associated companies	37,544	37,999

Collateral, guarantees and other security for the benefit of Group companies are stated in notes 27 and 28.

Note 20 Bank deposits, cash and money market securities

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Bank deposits, cash and money market securities	31.12.2022	31.12.2021
95,869	312,275	Bank deposits and cash	5,452	200,428
551,273	683,736	Bank deposits, group account scheme	551,273	683,736
-	500,481	Fixed income fund	-	500,481
647,142	1,496,492	Total bank deposits, cash and money market securities	556,725	1,384,645
2,692	2,743	of which: Non-distributable bank deposits	-	-

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

Unused portions of overdraft facilities and credit facilities are stated in notes 22 and 24.

Note 21 Equity

Amounts in NOK 1000

TINE GROUP					31.12.2022	31.12.2021				
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
5,040	177,000	9,205,111	348,497	9,735,648	Equity at 01.01	5,188	460,000	8,717,464	412,863	9,595,515
					Change in equity for the year					
-	-	1,100,916	28,613	1,129,529	Net income: majority and minority share	-	-	1,573,317	-15,900	1,557,417
-	-	-939,762	-	-939,762	Subsequent payments to dairy farmers	-	-	-1,410,107	-	-1,410,107
-	-117,000	117,000	-	-	Transferred to/from the subsequent payment fund	-	-283,000	283,000	-	-
-145	-	-	-	-145	Net payments and disbursements of share capital	-148	-	-	-	-148
-	-	91,804	-	91,804	Hedging of future cash flows	-	-	49,031	-	49,031
-	-	-41,428	-	-41,428	Hedging of net investment in foreign subsidiaries	-	-	54,182	-	54,182
-	-	-18,363	-27,229	-45,592	Change in minority	-	-	3,940	-21,507	-17,567
-	-	-	-34,513	-34,513	Minority share of paid dividend	-	-	-	-26,959	-26,959
-	-	60,774	-	60,774	Translation difference	-	-	-57,379	-	-57,379
-	-	-10,592	-	-10,591	Other items	-	-	-8,337	-	-8,337
4,895	60,000	9,565,460	315,369	9,945,724	Equity at 31.12	5,040	177,000	9,205,111	348,497	9,735,648

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 dairy farmers who have a milk quota

Minorities represent external ownership interests in subsidiaries

The minorities' share of equity is divided as follows.

	TINE GROUP	
	31.12.2022	31.12.2021
Fjordland Group	162,347	147,885
Diplom-Is Group	6,911	6,431
Norseland Inc. Group	69,592	96,788
Mimiro AS	71,030	90,930
Bunes Fryselager AS	5,489	6,463
Total minority share of equity	315,369	348,497

Note 21 contd.

Note 21 contd.

TINE SA

Amounts in NOK 1000

31.12.2022				31.12.2021				
Share capital	Subsequent payment fund	Other equity	Total equity		Share capital	Subsequent payment fund	Other equity	Total equity
5,040	177,000	8,889,452	9,071,492	Equity at 01.01	5,188	460,000	8,370,315	8,835,503
				Change in equity for the year				
-	-	1,067,549	1,067,549	Net income	-	-	1,597,213	1,597,213
-	-	-939,762	-939,762	Subsequent payments to dairy farmers	-	-	-1,410,107	-1,410,107
-	-117,000	117,000	-	Transferred to/from the subsequent payment fund	-	-283,000	283,000	-
-145	-	-	-145	Net payments and disbursements of share capital	-148	-	-	-148
-	-	91,804	91,804	Hedging of future cash flows	-	-	49,031	49,031
4,895	60,000	9,226,044	9,290,939	Equity at 31.12	5,040	177,000	8,889,452	9,071,492

Subsequent payment to dairy farmers

The profit for the year after tax provides the framework for the subsequent payment, and this payment is decided by the annual meeting. 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 net income to be set aside for subsequent payment 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 22 Short-term interest-bearing debt

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Short-term interest-bearing debt	31.12.2022	31.12.2021
450,000	340,000	Bonds, short-term	450,000	340,000
228,916	143,660	Credit, outside group account scheme	-	-
678,916	483,660	Total short-term interest-bearing debt	450,000	340,000
807,572	858,105	Unused portion of overdraft facility	700,000	700,000

TINE SA has a group cashpool 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 4.0 million, of which USD 1.6 million is a short-term loan as at 31.12.22.

Note 23 Balance sheet provisions for liabilities

Amounts in NOK 1000

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

TINE GROUP			TINE SA	
31.12.2022	31.12.2021		31.12.2022	31.12.2021
129,764	104,011	Provisions for liabilities	146,748	99,899

Provisions concern costs related to reorganisation measures, severance payments and provisions in accordance with generally accepted accounting policies.

Note 24 Other long-term debt

Amounts in NOK million

The table below shows other long-term debt:

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Type of loan	31.12.2022	31.12.2021
1,755	2,205	Bonds	1,755	2,205
400	400	Debt to financial institutions, NOK	400	400
442	483	Debt to financial institutions, EUR	442	483
389	383	Multi-currency revolving credit facility	365	383
1,230	1,267	Long-term debt to financial institutions	1,207	1,267
53	25	Financial derivatives – currency swap	53	25
195	52	Various long-term debt	7	7
247	77	Other long-term debt	59	32
3,233	3,548	Total other long-term debt	3,021	3,504

Bonds (short-term and long-term)	TINE SA				
	Book value		Fair value*		Currency
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	
Tine SA 21/26 FRN (NO0011151904)	500	500	490	500	NOK
Tine SA 19/29 2.80% (NO0010856768)	150	150	135	151	NOK
Tine SA 19/24 FRN (NO0010856727)	400	400	399	404	NOK
Tine SA 18/28 3.09% (NO0010816838)	205	205	191	211	NOK
Tine SA 18/23 FRN (NO0010816309)	450	450	450	452	NOK
Tine SA 17/24 2.50% (NO0010782667)	500	500	490	506	NOK
Tine SA 17/22 FRN (NO0010793250)	-	340	-	342	NOK

*Fair value is based on Bloomberg rates as at 31.12

Note 24 contd.

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

TINE GROUP						TINE SA				
Maturity and instalments:						Maturity and instalments:				
2023	2024	2025	2026	2027 and later	Type of loan	2023	2024	2025	2026	2027 and later
-	900	-	500	355	Bonds (long-term)	-	900	-	500	355
67	145	506	131	380	Long-term debt to financial institutions	67	131	496	131	380
67	1,045	506	631	735	Total maturity and instalments	67	1,031	496	631	735

The table below shows net interest-bearing debt:

TINE GROUP			TINE SA	
31.12.2022	31.12.2021	Type of loan	31.12.2022	31.12.2021
3,233	3,548	Total other long-term debt	3,021	3,504
679	484	Short-term interest-bearing debt ¹⁾	450	340
3,912	4,032	Interest-bearing debt	3,471	3,844
-647	-1,496	Bank deposits, cash and money market securities ²⁾	-557	-1,385
3,265	2,536	Net interest-bearing debt	2,914	2,459
2,733	3,130	12 mth EBITDA	2,322	2,701
1.19	0.81	NIBD/EBITDA	1.26	0.91

1) Please see note 22

2) Please see note 20

Bonds

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

Long-term debt to financial institutions

TINE SA's debt to credit institutions consists of one loan from KfW IPEX-Bank (EUR 42 million) and one from Nordic Investment Bank (NOK 400 million).

TINE SA has an agreement with Danske Bank and DNB for a long-term multi-currency revolving credit facility of NOK 1,200 million. The 3+1+1-year overdraft facility was signed in July 2021.

It matures in July 2025, with an option for a further extension by one year. This facility is primarily used as a backstop for short-term financing. The current drawings are linked to the hedging of net investment in foreign subsidiaries. See note 12 for further details. A sustainability element was also introduced to the agreement by adding three KPIs for waste, animal welfare and emissions. The margin on the loan may be modified depending on the extent to which the objectives defined for the contractual period are achieved.

Loan terms

The average interest rate for bonds and long-term debt to credit institutions has been 2.2 per cent for 2022. This figure is not adjusted for active interest rate swaps. The corresponding average interest rate for 2021 was 1.3 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.

Debt maturity structure

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 debt, excluding commercial papers.

Additional information

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Note 25 Off-balance sheet lease commitments

Amounts in NOK 1000

TINE SA and its subsidiaries in the TINE Group have leases and lease contracts relating to rental of office premises, warehouses, cold storage, 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	
2022	2021	Lease	Duration of lease agreement	2022	2021
102,853	86,345	Office premises	3-10 years	62,166	52,095
20,599	27,115	Warehouse and cold storage facilities	1-10 years	-	-
21,185	23,039	Production machinery	3-7 years	3,993	4,539
9,293	8,298	Means of transport	2-5 years	1,034	731
2,901	1,395	Computers and office equipment	3 years	744	513
-	25	Freezers	4-5 years	-	-
156,831	146,217	Total off-balance sheet lease commitments		67,937	57,878

Note 26 Transactions with related parties

Amounts in NOK 1000

	TINE SA	
	2022	2021
Transactions with subsidiaries		
Sales of goods and services	1,793,525	1,669,935
Purchases of goods and services	529,822	469,634
Transactions with joint ventures and associated companies		
Sales of goods and services	26,590	21,458
Purchases of goods and services	692,334	736,862

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 dairy farmers. 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 7.

Inter-company balances with Group companies are specified on separate lines in the balance sheet and covered in note 19, while inter-company balances with joint ventures and associated companies are covered in note 19. For TINE SA's ownership interests in subsidiaries, joint ventures and associated companies, refer to note 16.

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 Guarantees

Guaranties:

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 31.12.2022, this commitment amounted to NOK 209 million. In other respects, TINE SA covers a maximum of 50 per cent of the current operating credit facilities held by the dairy farmers under the scheme of Short-term credit for agriculture. Please refer also to note 12, section on credit risk.

Note 28 Mortgages

Amounts in NOK 1000

	TINE GROUP	
	31.12.2022	31.12.2021
Balance sheet value of debt secured by mortgage	151,429	60,398
Balance sheet value of assets pledged as collateral for these debt		
Inventories	238,180	215,082
Accounts receivables	225,666	167,761
Total pledged assets	463,846	382,843

Mortgage security has been provided for a limited portion of the short-term debt at Group level. These debt 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.

Note 29 Outstanding accounts with the Norwegian Agriculture Agency – market regulation and the price equalisation scheme

The market organisations for milk include:

- 1. Market regulation, handled by TINE SA on behalf of all dairy farmers in the country
- 2. The price equalisation scheme that balances out differences in use of milk and geographical location of dairy farmers

The outstanding accounts in this note cover these schemes:

Market regulation

The Sales and Marketing Council is responsible for the regulations that lay down the conditions for implementation of market regulation. Market regulation is funded by sales tax and overproduction tax paid by all dairy farmers in the country through deductions from settlements for milk.

The Sales and Marketing Council governs the use of the funds. The Norwegian Agriculture Agency is secretariat for the Sales and Marketing Council and processes applications and proposals from the market regulator and presents recommendations on decisions to the council.

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

- Dairy farmers 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 2022 amounted to NOK 88.0 million. Funds used for regulatory measures under the direction of TINE SA in 2022 amounted to NOK 82.4 million. The corresponding figures for 2021 were NOK 115.8 million and NOK 110.6 million respectively.

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 1000	
FUNDS AVAILABLE FOR MARKET REGULATION	2022	2021
Outstanding accounts as at 01.01	5,218	2,658
Correction for previous year	1,283	592
Settled with the Norwegian Agriculture Agency for previous year	-6,501	-3,251
Funds for regulatory measures under the direction of TINE SA	87,992	115,805
Received for specialist measures and information activities	36,965	36,526
Total funds available for market regulation	124,957	152,331
UTILISED MARKET REGULATION FUNDS		
Domestic price reduction, excluding school milk	12,698	17,785
School milk scheme	6,175	6,242
Others measures, excluding administration	54,855	77,580
Administration of market regulation scheme at TINE SA	8,689	8,980
Specialist measures and information activities	36,965	36,526
Total utilised market regulation funds	119,381	147,113
Outstanding accounts with the Norwegian Agriculture Agency relating to market regulation as at 31.12	5,576	5,218

Note 29 contd.

The rates of sales tax collected from milk producers in 2022 were NOK 0.08 per litre in January and NOK 0.03 per litre for the rest of the year. The tax for 2021 was NOK 0.10 per litre in the first six months of the year and NOK 0.09 per litre in the second six months. 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 dairy farmers 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 1000	
Equalisation fees/subsidies	2022	2021
Main milk and byproduct use	-495,681	-509,920
Settlement for main milk and byproduct use for previous years	-2,577	-8,425
Net equalisation fees and subsidies	-498,259	-518,346
Freight supplement	442,176	464,743
Distribution supplement	6,312	6,651
Total freight and distribution supplement	448,488	471,394
Net fees and subsidies relating to price equalisation scheme	-49,771	-46,951

Main milk and byproduct 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 1000	
	31.12.2022	31.12.2021
Outstanding accounts with the Norwegian Agriculture Agency relating to the price equalisation scheme	-51,246	-33,789

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

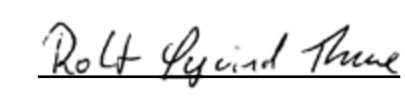
Declaration by the Board of Directors and President and CEO

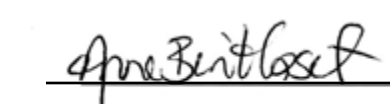
The Board of Directors and the Chief Executive Officer have today reviewed and accepted the Annual Accounts for TINE SA and the TINE Group for the period 1 January to 31 December 2022. We confirm that to the best of our knowledge:

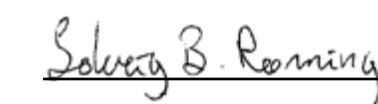
- The Annual Accounts for 2022 have been prepared in accordance with current, applicable accounting standards.
- The information in the accounts gives a true and fair view of the company's and the Group's assets, debt, financial position and profit or loss as a whole.
- The Annual Report provides a true 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, Norway, 14 February 2023


Marit Haugen
Chair of the Board


Rolf Øyvind Thune


Anne Berit Løset

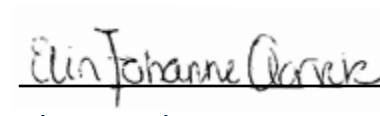

Solveig B. Rønning


Bjørnar Gjerde

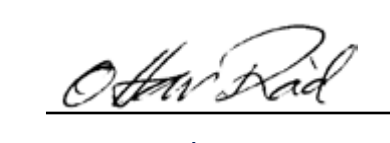

Asgeir Pollestad

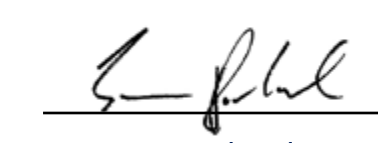

Helge Arne Espeland


Tor Arne Johansen


Elin Aarvik


Jeffrey Thomas


Ottar Råd


Gunnar Hovland
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

UAVHENGIG REVISORS BERETNING

Til årsmøtet i TINE SA

Konklusjon

Vi har revidert årsregnskapet for TINE SA som består av selskapsregnskapet og konsernregnskapet. Selskapsregnskapet og konsernregnskapet består av balanse per 31. desember 2022, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfyller årsregnskapet gjeldende lovkrav og gir et rettviseende bilde av selskapets og konsernets finansielle stilling per 31. desember 2022 og av deres resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjon

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet i samsvar med kravene i relevante lover og forskrifter i Norge og *International Code of Ethics for Professional Accountants* (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår konklusjon om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere om årsberetningen inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav og hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon eller ikke inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav, er vi pålagt å rapportere det.

Vi har ingenting å rapportere i så henseende, og vi mener at årsberetningen er konsistent med årsregnskapet og inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability



Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets og konsernets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvike selskapet, konsernet eller virksomheten, eller ikke har noe annet realistisk alternativ.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimater og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om konsernregnskapet. Vi er ansvarlige for å fastsette strategien for, samt å følge opp og gjennomføre konsernrevisjonen, og vi har et udelt ansvar for konklusjonen på revisjonen av konsernregnskapet.



Vi kommuniserer med styret blant annet om det planlagte omfanget av og tidspunktet for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom revisjonen.

Oslo, 14. februar 2023
ERNST & YOUNG AS

Asbjørn Ler
statsautorisert revisor

TINE Milk Supplies

Results

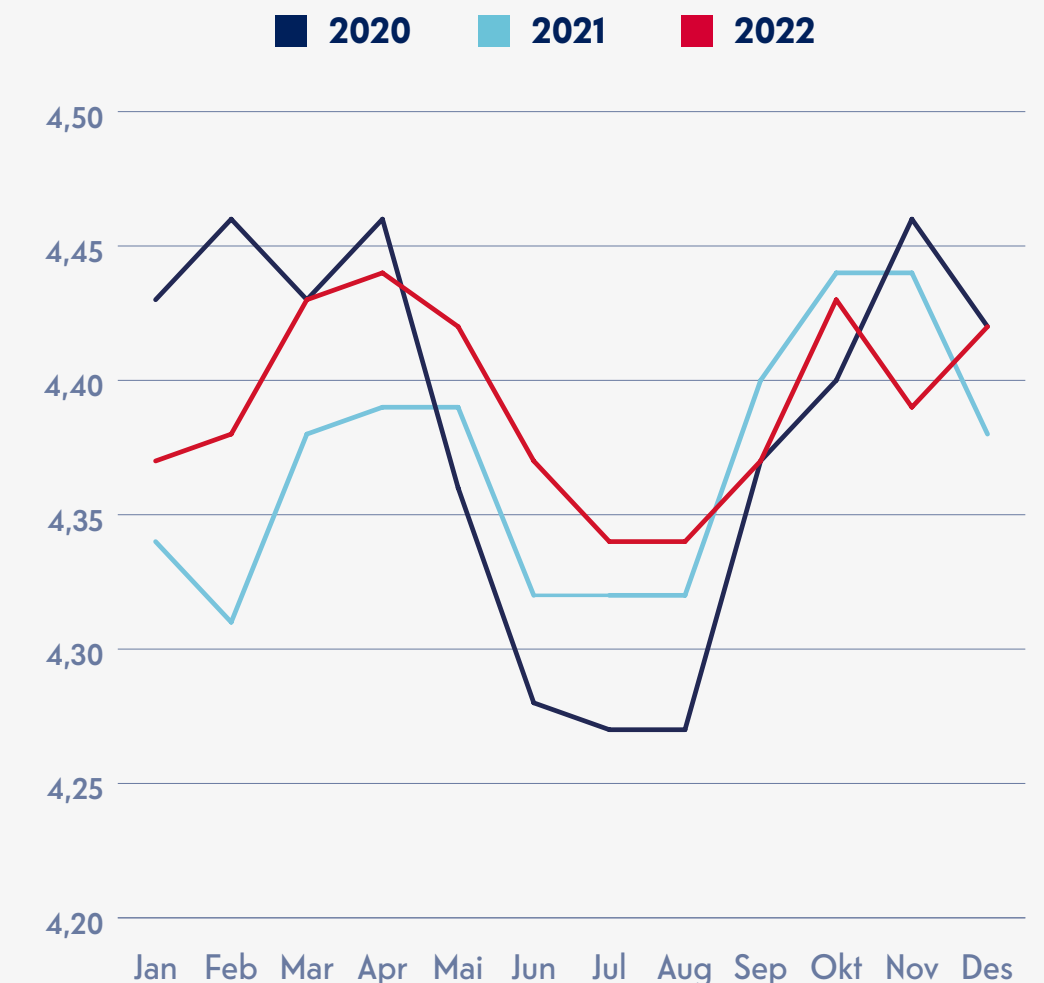
TINE Milk Supplies was established in 2004 as a separate administrative and accounting organisation within TINE SA, with responsibility for commodities handling. TINE Milk Supplies fulfils the obligation to receive and supply goods in the milk sector.

The accounts for TINE Milk Supplies include sales of dairy commodities and costs associated with commodities handling. Income and expenditure are balanced against dairy farmers in the form of milk settlements. TINE Milk Supplies reports price withdrawals in relation to the target price on an ongoing basis to the Norwegian Agricultural Agency, and submits its own audited annual accounts with a separate annual report. 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. Details of TINE Milk Supplies' activities and key figures can be found in its annual report.

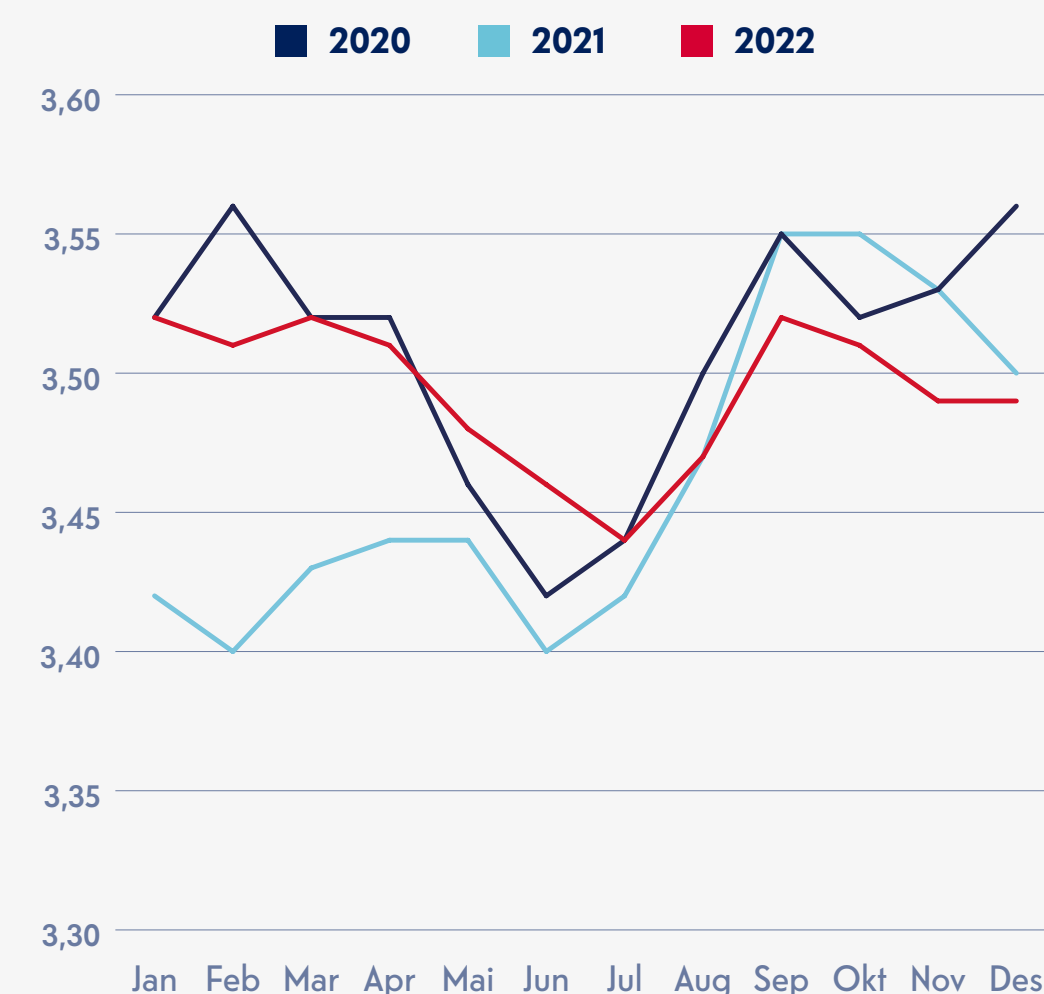
The target price for milk is fixed by the contracting parties to the Agricultural Agreement. The annual term for the agreement is from 1 July to 30 June of the following year. The target price for the first six months of 2022 was NOK 5.55, and NOK 5.91 per litre for the second six months of the year. TINE Milk Supplies achieved the target price for its sales to stakeholders 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 Sales and Marketing Council, as well as providing regular information to stakeholders regarding the market situation and the market outlook for milk and dairy 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



Annual Report 2022
Board of Directors' report
Financial statements
Annual accounts 2022
Auditor's report
TINE Milk Supplies
Statistics
Other information
Sustainability

Annual accounts – TINE Milk Supplies

	Amounts in NOK 1000	
	2022	2021
Annual accounts – TINE Milk Supplies		
Sale of raw cow's and goat's milk	7,893,829	7,996,553
Cost of raw cow's and goat's milk	-7,439,345	-7,652,401
Gross profit	454,484	344,152
Producer functions	67,155	70,343
Farm tanks	125,543	133,908
Raw milk control	71,843	70,130
Collection and internal transport (net)	154,134	85,088
Own costs at TINE Milk Supplies	8,575	8,228
Administration and infrastructure	22,561	15,358
Other income and expenses	2,651	4,253
Interest on working capital	-8,002	-3,855
Total expenses	444,460	383,454
Result for TINE Milk Supplies before transfer of profit/loss from previous year	10,025	-39,302
Profit/loss transferred from previous year	-12,498	26,804
Profit/loss for TINE Milk Supplies to carry forward	-2,473	-12,498

	Amounts in NOK 1000	
	2022	2021
Annual accounts – TINE Milk Supplies contd.		
Specification of purchase of raw cow's and goat's milk from dairy farmers		
Purchase of raw cow's milk including quality	7,293,135	7,465,451
Purchase of raw goat's milk including quality	118,533	119,762
Total purchase of raw cow's and goat's milk	7,411,668	7,585,213
Profit/loss allocation – TINE Milk Supplies		
Profit/loss transferred from previous year	-12,498	26,804
Profit/loss for TINE Milk Supplies to be carried forward to next year	2,473	12,498
Total paid to dairy farmers from TINE Milk Supplies	7,401,643	7,624,515
Settled raw cow's and goat's milk in 1000 litres		
Cow's milk, including organic milk	1,352,774	1,425,547
Goat's milk	18,496	19,047
Total settled raw cow's and goat's milk	1,371,270	1,444,593
Average total price paid to dairy farmers from TINE Milk Supplies, expressed as NOK/litre	5.40	5.28

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

Annual accounts – TINE Milk Supplies contd.

The annual accounts for TINE Milk Supplies for 2022 show a surplus of NOK 10.0 million before profit/loss transferred from previous year. Carry-forward profit/loss as at 31.12.22 shows a deficit of NOK 2.5 million, which will be offset against the dairy farmers in the following year. That is why this amount is included in the basis for determining payment price to producers (base price) for 2023.

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

LEVIED CHARGES	Amounts in NOK 1000	
	2022	2021
Sales tax collected	47,411	137,448
Over-production tax collected	51,221	36,520
R&D tax collected	27,393	27,761

Grant schemes

TINE Milk Supplies pays basic and district subsidies to dairy farmers 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 1000	
	2022	2021
Basic subsidy	63,423	63,311
District subsidy	594,777	626,559

BASIC AND DISTRICT SUBSIDIES	Amounts in NOK 1000	
	31.12.2022	31.12.2021
Outstanding accounts with the Norwegian Agriculture Agency relating to charges and subsidies payable	-54,458	-40,584



Results

Statistics

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

OWNER AREAS	Total cow milk		Of which organic		Goat milk		Total cow and goat milk		Members, 2022			
	2022	2021	2022	2021	2022	2021	2022	2021	Cow	Goat	Cow and goat	Total
East	356.3	368.1	24.2	26.2	4.3	4.2	360.6	372.3	2,119	61	9	2,189
South-west	407.0	435.1	1.5	1.7	5.2	5.4	412.2	440.5	2,670	87	2	2,759
Central Norway	443.1	467.8	17.7	18.7	2.5	2.6	445.6	470.3	2,425	27		2,452
North	144.7	152.8	1.4	1.6	6.4	6.7	151.1	159.5	812	78	1	891
Total	1,351.1	1,423.8	44.7	48.1	18.4	18.9	1,369.5	1,442.7	8,026	253	12	8,291

2 Settled cow 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 2022	
	Million litres		% of total milk quantity		Million litres		Million litres		Number	
	2022	2021	2022	2021	2022	2021	2022	2021	Cow	Cow and goat
East	356.7	368.6	26.4%	25.9%	387.7	412.5	3.3	1.8	1,754	7
South-west	407.5	435.5	30.1%	30.6%	440.4	483.8	3.4	2.8	2,179	2
Central Norway	443.6	468.2	32.8%	32.8%	482.7	520.7	3.0	2.4	1,904	
North	145.0	153.2	10.7%	10.7%	167.0	178.7	0.7	0.5	699	1
Total	1,352.8	1,425.5	100.0%	100.0%	1,477.9	1,595.7	10.4	7.4	6,536	10

3 Settled goat 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 2022	
	Million litres		% of total milk quantity		Million litres		Million litres		Number	
	2022	2021	2022	2021	2022	2021	2022	2021	Goat	Cow and goat
East	4.4	4.3	23.5%	22.5%	4.8	4.6	0.007	0.006	61	7
South-west	5.2	5.4	28.1%	28.6%	5.9	5.9	0.013	0.026	80	2
Central Norway	2.5	2.6	13.7%	13.7%	2.8	2.9	0.005	0.015	26	
North	6.4	6.7	34.7%	35.3%	8.1	8.0	0.021	0.001	73	1
Total	18.5	19.0	100.0%	100.0%	21.5	21.4	0.046	0.049	240	10

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

Includes companies with allocated quotas.

DELIVERY GROUPS	2022 Deliveries				2021 Deliveries			
	Whole of 2022	Quota	Delivered as percentage of quota	Delivered as percentage of total milk volume	Whole of 2021	Quota	Delivered as percentage of quota	Delivered as percentage of total milk volume
1: 0-60	28.2	48.8	57.9%	2.1%	26.4	54.2	48.6%	1.8%
2: 60-80	36.8	44.8	82.0%	2.7%	34.3	43.5	78.9%	2.4%
3: 80-100	53.3	61.0	87.3%	3.9%	53.4	62.5	85.5%	3.7%
4: 100-120	60.7	68.3	88.8%	4.5%	64.2	73.4	87.4%	4.5%
5: 120-160	126.7	140.0	90.5%	9.4%	133.5	150.9	88.5%	9.4%
6: 160-200	107.8	119.6	90.1%	8.0%	119.9	134.9	88.9%	8.4%
7: 200-300	254.3	276.1	92.1%	18.8%	241.7	269.4	89.7%	17.0%
8: 300-400	282.2	299.8	94.1%	20.9%	268.1	292.3	91.7%	18.8%
9: Over 400	402.8	419.4	96.0%	29.8%	484.2	514.7	94.1%	34.0%
Total	1,352.8	1,477.9	91.5%	100.0%	1,425.5	1,595.7	89.3%	100.0%

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

Includes companies with allocated quotas.

DELIVERY GROUPS	Whole of 2022	2022 Deliveries			2021 Deliveries			
		Quota	Delivered as percentage of quota	Delivered as percentage of total milk volume	Whole of 2021	Quota	Delivered as percentage of quota	Delivered as percentage of total milk volume
1: 0-20	0.3	0.6	41.1%	1.4%	0.2	0.3	73.6%	1.2%
2: 20-25	0.2	0.4	56.2%	1.3%	0.2	0.2	72.5%	0.8%
3: 25-30	0.2	0.3	63.5%	0.9%	0.3	0.5	62.2%	1.7%
4: 30-40	1.0	1.3	79.2%	5.6%	0.9	1.1	82.1%	4.9%
5: 40-60	2.4	2.8	86.5%	13.2%	2.6	3.0	86.3%	13.6%
6: 60-80	3.8	4.4	87.2%	20.7%	3.7	4.1	90.1%	19.6%
7: 80-120	4.3	5.1	85.0%	23.5%	5.1	5.7	90.8%	27.0%
8: Over 120	6.2	6.6	93.3%	33.3%	5.9	6.4	92.7%	31.2%
Total	18.5	21.6	85.7%	100.0%	19.0	21.4	89.0%	100.0%

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

6 Development of quality of supplier milk – cow milk

	2022	2021		2022	2021
COW MILK			Anaerobic traces (% of deliveries)		
Elite milk (%) of deliveries	95.41	95.47	Elite milk	99.91	99.72
Elite milk (%) of volume	96.40	96.42	1st class	0.04	0.11
			2nd class	0.03	0.10
Bacteria (% of deliveries)			3rd class	0.01	0.06
Elite	99.31	99.33			
1st class	0.56	0.55	Anaerobic traces (% of deliveries)		
2nd class	0.05	0.05	Elite milk	99.94	99.95
3rd class	0.07	0.07	1st class	0.04	0.03
			2nd class	0.01	0.00
Free fatty acids (% of deliveries)			3rd class	0.01	0.01
Elite	99.57	99.63	Freezing point (°C)	-0.540	-0.540
1st class	0.27	0.25			
2nd class	0.13	0.11	Number of recalls		
3rd class	0.03	0.01	Bacteria	52	34
Abnormal milk (no. of deliveries)	169	216	Cell count	121	73
			Free fatty acids	7	0
Cell count (% of deliveries)			Traces	0	0
Elite	96.7	96.91	Abnormal milk/smell/taste	6	3
1st class	2.73	2.58	Freezing point	4	5
2nd class	0.41	0.37	Total number of recalls	190	115
3rd class	0.16	0.14			
Unweighted arithmetic average	137	136			
Chemical content (% in milk)					
Protein	3.49	3.50			
Fat	4.39	4.38			
Lactose	4.68	4.72			
Total chemical content	12.56	12.60			

Annual
Report 2022

Board of Directors' report

Financial statements

Annual accounts 2022

Auditor's report

TINE Milk Supplies

Statistics

Other information

Sustainability

7 Development of quality of supplier milk – goat milk

	2022	2021		2022	2021
GOAT MILK			Cell count (% of deliveries)		
Elite milk (%) of deliveries	88.32	89.30	Elite milk	93.36	95.74
Elite milk (%) of volume	89.53	91.09	1st class	3.85	3.15
Bacteria (% of deliveries)			2nd class	2.66	0.90
Elite	95.31	93.88	3rd class	0.13	0.20
1st class	3.91	4.46	Unweighted arithmetic average	1,057	974
2nd class	0.40	0.86	Chemical content (% in milk)		
3rd class	0.38	1.39	Protein	3.39	3.36
Free fatty acids (% of deliveries)			Fat	4.52	4.50
Elite	99.85	99.75	Lactose	4.47	4.50
1st class	0.13	0.16	Total chemical content	12.38	12.36
2nd class	0.01	0.08	Freezing point (°C)	-0.580	-0.580
3rd class	0.00	0.00	Number of recalls		
Free fatty acids with premium (<1.0)	99.89	99.62	Bacteria	4	16
Free fatty acids without premium (<1.0)	0.11	0.38	Cell count	1	1
			Free fatty acids	0	1
			Abnormal milk/smell/taste	0	1
			Freezing point	0	1
			Total number of recalls	5	20

8 Development of joint operation at TINE

OWNER AREAS	Number of members in joint operations		Number of joint operations	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
East	404	409	128	131
South-west	561	582	186	196
Central Norway	643	665	217	226
North	122	125	41	42
Total	1,730	1,781	572	595

9 Price to owners

NOK PER LITRE SUPPLIED	2022	2021
Price of milk from TINE Milk Supplies	5.40	5.28
Subsequent payments from TINE SA	0.69	0.98
Total price to owners	6.08	6.26

10 Indication of milk usage

FIGURES IN MILLIONS OF LITRES	2022	2021
Domestic		
Liquid products	373.4	394.7
Fresh cheese	36.2	34.9
White cheese/whey cheese	535.3	593.7
Goat milk products	15.6	15.0
Liquid for industrial production	29.8	32.1
Powder	95.0	90.2
Total domestic	1085.2	1,160.6
Export		
White cheese and whey cheese	24.8	31.1
Total	1,110.0	1,191.7

11 Production of solid products

FIGURES (TONNES)	2022	2021
White cheese	54,300	58,876
Brunost cheese/prim	7,702	9,895
Processed cheese	1,295	1,588
Butter	15,520	14,197
Powder	31,960	33,087
Total	110,777	117,643

The biggest product groups.

12 Production of liquid products

FIGURES IN 1000 LITRES	2022	2021
TINE Milk	324,438	326,314
Yoghurt	40,663	41,508
TINE Cream	25,816	27,301
TINE Sour cream	13,406	14,333
Juice, fruit drinks and water	38,635	47,928
Desserts and ice cream	41,912	30,212
Total	484,870	487,596

The biggest product groups.

13 Facility structure

TYPE OF FACILITY	31.12.2022	31.12.2021
Dairies	29	30
Central warehouses	2	2
Distribution terminals	2	2
Total	33	34

14 Sales in Norway

FIGURES IN 1000 LITRES	2022	2021
TINE Milk	308,936	326,314
TINE Cream	26,002	27,301
Juice, fruit drinks and water	48,163	47,928
Desserts and ice cream	37,451	39,839

FIGURES (TONNES)	2022	2021
TINE Sour cream	13,441	14,333
Yoghurt	40,427	41,508
White cheese	53,300	55,596
Brunost cheese	7,455	8,030
Butter	11,813	11,837
Fresh ready meals	9,878	9,751

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	2022	2021
Milk/litre	73.8	78.9
Yoghurt incl. imports/kg	10.7	10.9
Cream and sour cream/kg	9.0	9.5
Cheese incl. imports/kg	19.5	20.3
Butter incl. imports/kg	3.4	3.6

Source: Norwegian Dairy Council (www.melk.no), February 2023.

16 Brand exports and sales for Meieri Internasjonalt | per country

COUNTRY	Brand exports in tonnes		Total sales in tonnes	
	2022	2021	2022	2021
US	1585	1,996	24,285	24,909
Australia	98	184	2,048	2,308
Canada	186	114	1,805	1,878
UK	0	274	5,920	6,268
Sweden/Denmark	1066	536	13,251	14,029
Other markets	268	292	1,155	1,265
Total	3,203	3,395	48,463	50,657

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

* Total sales are total sales of cheese in the international markets, both own and other brands.

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	
	2022	2021	2022	2021
Jarlsberg	2,015	2,403	15,360	15,458
Other TINE brands	1,188	992	1,359	1,582
Other brands	0	0	31,744	33,617
Total	3,203	3,395	48,463	50,657

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.

Board of Directors' report

Financial statements

Further information

Elected representatives

Production cooperative
managers

The TINE map

TINE Group

Sustainability

Further information

Corporate Management

As at 1 January 2023

Annual
Report 2022

Board of Directors' report

Financial statements

Further information

Elected representatives

Production cooperative
managers

The TINE map

TINE Group

Sustainability



Gunnar Hovland
CEO



Ann-Beth Freuchen
Vice President with commercial
responsibility



Kristin Muri Møller
Executive Vice President, CFO



Tina Hermansson Berg
Executive Vice President for
Human Resources, Communication,
Sustainability, Policy and Public Affairs



Christian Granlund
Executive Vice President, Supply Chain



Johnny Ødegård
Executive Vice President, Consultancy
and Membership Services



Elisabeth Tapper
Executive Vice President, Long-term
Innovation and Digitalisation

Board of Directors' report

Financial statements

Further information

Elected representatives

Production cooperative
managers

The TINE map

TINE Group

Sustainability

Elected representatives

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. Board and Council members are also part of the Annual General Meeting

Council

Eivind Mehl, Chair
Nina Vangen Ranøien, Deputy Chair

Other members elected by the owners

Allan Falkmo Hansen
Veronica Berntsen Hjelle
Einar Åbergsgjord
Agnete Hansen
Trond Hodne
Jannicke Tafjord
Elise Unander Mjølhus
Rolf-Daniel Midthun
Morten Malmin
Andreas W. Wiese
Hans Mathias Ulberg
Ole Henrik Rindli
Cathinka Jerkø
Odd-Einar Hjortnæs

Control Committee

Petter Arne Ekroll, Chair
Sigrun Bakken Lerhol
Bjørn Lende, Deputy Chair

Board of Directors

Members elected by the owners

Marit Haugen, Chair
Rolf Øyvind Thune, Deputy Chair
Solveig Bratteng Rønning
Anne Berit Løset
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

Hans Olav Minsåst, 1st deputy
Hans Mathias Ulberg, 2nd deputy
Elise Unander Mjølhus, 3rd deputy

**Deputy members elected by
the employees**

Dag Rune Herting (NNN), 1st deputy
Randi Einarsen (NML), 1st deputy
Kurt I. Haukeland, 1st deputy (second)

Central election committee

Øyvind Skarstad, Chair
Sonja Herikstad Skårland, Deputy Chair
Hege Sæter Hass
Marianne Rønning
Rune Håkstad
Boye Olav Skøre
Jorunn Gunnerød
Per Jarle Myklebust



Production cooperative managers

An overview of all production cooperatives and production cooperative managers at TINE is presented below.

Annual
Report 2022

Board of Directors' report

Financial statements

Further information

Elected representatives

Production cooperative
managers

The TINE map

TINE Group

Sustainability

Prod. team	Name of production cooperative	Name of manager
1	Kålfjord	Even Steinlien
2	Nordreisa, Kvæningen and Langfjorden	Widar Marvik
4	Alta and Kautokeino	Jørn Suhr
7	Midt-Finnmark	Peder Jenssen
8	Tana – Varanger	Britt Mari Andersen
10	Sør-Varanger	Ivar Øverli
50	Ullsfjord	Jon Arne Johansen
53	Balsfjord	Camilla Heimro
56	Midt-Troms	Line Mari Ryvoll
57	Bardu og Astafjord production cooperative	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	Arild Johansen
91	Salten	Per Arne Joakimsen
92	Beiarn and Skjerstad	Andrè Kristoffersen
96	Sør-Salten	Christine Jonassen
98	Nord-Salten	Marita Helskog
111	Sømna	Daniel Davidsen
112	Velfjord	Gro Estensen
113	Vevelstad	Stig Roar Olsen
114	Vega	Ingebjørg Grindhaug

Prod. team	Name of production cooperative	Name of manager
115	Brønnøy	Margrethe Moe
119	Hemnes	Allan Falkmo Hansen
120	Hattfjelldal	Anne Tove E. Lie
121	Vefsn and Grane	Dagfinn Mosheim
125	Ytre Helgeland	John-Erik Skjellnes Johansen
201	Vestnes	Grete Skar Misfjord
202	Rauma	Anders Øverbø
203	Neset	Børge Rød
204	Molde	Jorunn Gunnerød
208	Fræna nord	Ole Håkon Farstad
209	Hustadvika	Ole Per Nøsen
210	Averøy	Kari Raanes
212	Gjemnes	Jens Marius Harstad
213	Sunndal	Ragnhild Nes
214	Tingvoll	Marita Lervik
215	Surnadal og Halså	Stine Rangnes
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	Kristine Ek Brattset
230	Oppdal	Stein Richard Outzen

Prod. team	Name of production cooperative	Name of manager
231	Røros	Stian Greni
233	Midtre Gauldal	Anne Sundli
235	Melhus	Odd Erik Gåsbakk
237	Skaun	Ole Otterstad
238	Trondheim and Environs	Ingunn Dretvik
240	Leksvik	Nils Tronstad
242	Rissa	Vegard Aune
243	Ørland og Bjugn	Arne Hernes
245	Åfjord	Erling Iversen
248	Osen	Mildrid Einmo
249	Tydal/Selbu	Jo Vegard Hilmo
250	Stjørdal and Meråker	Mona Raaen
253	Levanger and Frostå	Torbjørn Støre
255	Verdal	Hans Olav Minsås
256	Inderøy/Sparbu	Åge Morten Stavran
258	Steinkjer	Erland Kjesbu
260	Snåsa	Jo Ivar Husås
261	Beitstad/Verran	Johan Kristian Daling
262	Namdalseid and Flatanger	Sol Hege Elden Urtegård
264	Namsos	Trine Skjærvik
265	Midtre Namdal	Lene Elise Mevassvik
267	Indre Namdal	Knut Magne Trones
272	Ytre Namdal	Jacob Sandvik
400	Nordvest	Per Berge
401	Eid & Bremanger	Cecilie Bjørlo

Production cooperative managers, contd.

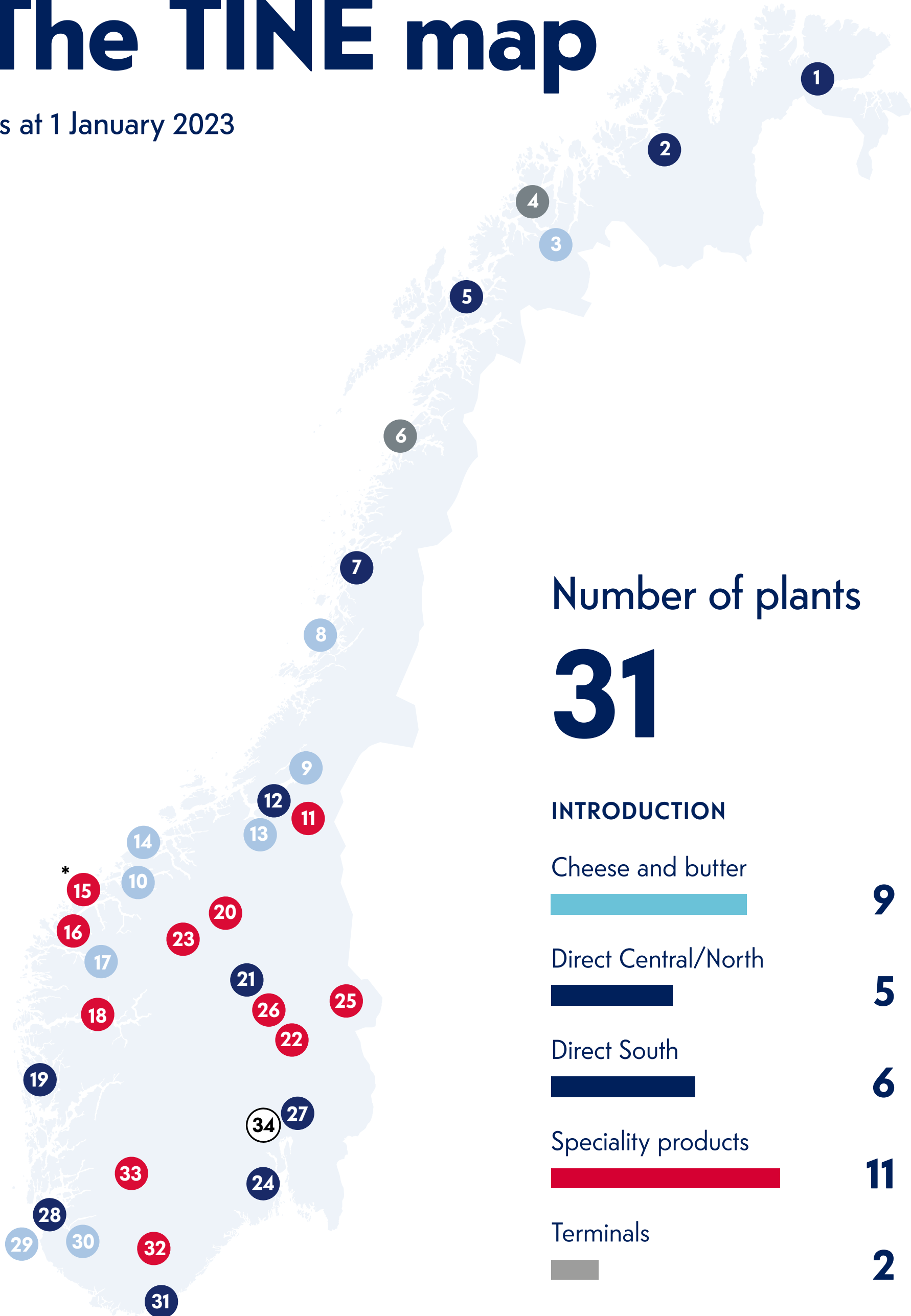
Prod. team	Name of production cooperative	Name of manager
402	Hornindal and Stryn	Silje Åsnes Skarstein
403	Gloppen	Per Jarle Myklebust
405	Flora	Beate Steindal
406	Naustdal	Tor Arne Herstad
407	Førde and Kvammen	Terje Hagen
408	Jølster	Inger Birgitte Flatjord Kjøsnæs
409	Vik and Balestrand	Asbjørn Grindedal
410	Indre Sogn	Per Hilleren
411	Luster	Tomas Kjørlaug
414	Nordre Sunnmøre	Ann Mari Bjørnøy
420	Indre Sunnmøre	Karl Inge Lilleås
422	Sunnylven, Stranda and Sykkylven	Per Kristian Gjerde
424	Søre Sunnmøre	Kristine Godø
451	Sand/Vikedal	Sigrid Bakka
452	Etne/Vindafjord	Bård Oliver Gjellestad
452	Etne/Vindafjord	Kristian Nordgård
454	Sunnhordland	Randi Dalen
456	Folgefonn	Knut Flatebø
457	Hardanger	Nils Neteland
460	Voss and Indre Hardanger	Ove Neteland
462	Vossestrand	Leif Arne Lirhus
463	Vaksdal & Modalen	Magnar Nese
467	Midthordaland	Eivind Myrdal
469	Nordhordland	Kari Heggnes 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

Prod. team	Name of production cooperative	Name of manager
611	Skjold/Vik	Norleif Fjeldheim
612	Bokn/Tysvær	Louis Medhaug
615	Finnøy	Njål Meling
616	Rennesøy	Ivar Finnesand
617	Hjelmeland	Gunnar Bø
618	Strand/Forsand	Geir Johan Heggheim
620	Nord-Jæren	Trond Vistnes
621	Sandnes	Marianne Haga
623	Gjesdal	Torben Gilje
625	Klepp	Jan Arild Anda
626	Time	Øystein Susort
628	Nærbø	Trond Lode
629	Varhaug	Geir Egil Ånestad
630	Vigrestad/Ogna	Elling Aarsland
631	Bjerkreim	Tor Gaute Eikeland
633	Dalane	May Sissel Nodland
634	Lund	Øyvind Steinnes
651	Hauklid Aust Geit	Kirsti Sandland
654	Vest-Telemark	Aasmund Nordstoga
657	Gaustafjell	Olav Nordbø
659	Nedre Telemark	Kim E. Ellingsen
665	Østre Agder	Kåre Gunnar Fløystad
667	Setesdal	Tom Løland
673	Kristiansand og Lindesnes production cooperative	Torstein Kaddan
675	Midtre Vest-Agder	Audun Meland
678	Lists	Ole Helle
701	Ringsaker	Ole Morten Lier
704	Midt-Hedmark	Thomas C.M. French
708	Trysil and Engerdal	Halvor Hansson

Prod. team	Name of production cooperative	Name of manager
711	Alvdal	Ingar Moldstad
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	Hans Jørgen Bøye
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	Kristian Kjenseth Lundteigen
763	Rollag/Nore/Uvdal	Anne Beate Rye Teigen
765	Vestfold	Andreas Botne
770	Nedre Hallingdal	Oskar Renslo
772	Hemsedal	Ove Yrstad Vøllo
773	Ål og Hol	Liv Marit Hamarsbøen
775	Sør Valdres	Knut-Harald Bergum
777	Vestre Slidre	Marianne Aastad
778	Øystre Slidre	Guri Hegge Skrindsrud
779	Vang	Jon Lerhol
780	Hadeland	Jon Tøfte
781	Gjøvik	Margunn Nummedal
782	Toten	Johannes Stikbakke
783	Land/Etnedal	Arne Goplen
850	Indre Østfold	Randi Liverud
851	Søndre Østfold	Lars Håkon Wennersberg
852	Søndre Akershus	Jon Ansten Johansen
853	Øvre Romerike	Ole Kristian Skallerud
855	Glåmdal	Hans Kristian Bakken

The TINE map

As at 1 January 2023



- TINE Tana** Fresh milk, Kesam®, cream, fermented cream, protein yoghurt, butter, cultured milk, storage and distribution
- TINE Alta** Fresh milk, cream, storage and distribution
- TINE Storsteinnes** Norvegia®, Norvegia® Nøkkel, Brunost, Snøfrisk® White goat's cheese
- TINE Tromsø** Storage, transshipment and distribution
- TINE Harstad** Fresh milk, sour cream, cream, juice, storage and distribution
- TINE Bodø** Warehouse, transshipment and distribution
- TINE Sandnessjøen** Fresh milk, powdered milk, butter, cream, storage, transshipment and distribution
- TINE Sømna** Norvegia®: Original and light cheese, Østavind®, Norwegian Gräddost
- TINE Verdal** Norvegia®: Original and Organic, Jarlsberg®, Norwegian Gräddost, Norwegian Cheddar, butter, Bremykt®, dried whey products
- TINE Tresfjord** Ridder® and Norwegian Port Salut
- TINE Selbu** Normanna®, Selbu Blå®, Norzola®, KYBOS®, diced marinated Jarlsberg®
- TINE Tunga** Fresh and soured milk, Biola®, Go'morgen® Yoghurt, organic kefir and milk, storage and distribution
- TINE Heimdal** Grated and sliced cheese and cheese portions, packaging, storage and exports
- TINE Elnesvågen** Jarlsberg®, Norsk Sveitser, Norsk Alpeost, Norvegia®
- TINE Ålesund** Sweet and sour milk, cream, YT®, iced coffee, Piano® desserts, creams and sauces, Chocolate Milk *Storage and distribution come under Direct Central/North
- TINE Ørsta** Norwegian Edam, Kvitlin, TINE® Kremgo®, Snøfrisk®, cream cheese base and franchise production
- TINE Byrkjelo** Norvegia® production packs and packs in portions, Brunost, franchise production
- TINE Vik** Gamalost, Mylsa, raspberry juice
- TINE Bergen** Fresh milk, cream, juice, storage and distribution
- TINE Dovre** Norwegian Brie and Norwegian Camembert, Dovre Hvitmuggost with cow's and goat's milk
- TINE Frya** Fresh and soured milk, sour cream, cottage cheese, Yoplait® and TINE® Yoghurt, Greek style yoghurt, cream, storage and distribution
- TINE Brumunddal** Lactose-free products, long shelf-life dairy products, flavoured milk, juice, desserts, YT® Protein, GRYR®, E+®, ingredients and powdered dairy products, milk concentrates
- TINE Lom & Skjåk** Brunost, caramel and cheese spread products
- TINE Sem** Fresh milk, cream, storage and distribution
- TINE Trysil** Pultost – Løiten, Hedemark and Lillehammer
- TINE Tretten** Processed cheese, porridge, desserts, honey
- TINE Oslo** Fresh and soured milk, organic milk, organic kefir, cream, yoghurt, sour cream, juice, iced tea, storage and distribution
- TINE Sola** Fresh and soured milk, organic milk, cream, storage and distribution
- TINE Klepp** Grated and sliced cheese and cheese portions, packaging, storage, imports and exports
- TINE Jæren** Norvegia®: Original, Smaksrik, light cheese, Jarlsberg®, Norwegian Mozzarella, prim, pizza topping, butter, Brelett®, butter oil, dried whey products
- TINE Kristiansand** Fresh and soured milk, cream, storage and distribution
- TINE Setesdal** Rømmegrøt, Ryfylkegome. Butter: organic, lactose-free, portions, Kviteseidsmør, Setesdalssmør
- TINE Haukeli** Norwegian Chevre, frozen curd
- TINE SA Head Office, Oslo**

TINE Group

Annual
Report 2022

Board of Directors' report

Financial statements

Further information

Elected representatives

Production cooperative
managers

The TINE map

TINE Group

Sustainability



Head Office

TINE SA

Postboks 113 Kalbakken, 0902 Oslo

www.tine.no

Tel.: 03080

firmapost@tine.no

Wholly owned subsidiaries

Diplom-Is AS

Postboks 23, 1483 Hagan

Tel.: 02001

Wernersson Ost AB

Industrivägen 5

523 90 Ulricehamn, Sweden

Tel: +46(0)10-1615600

Norseland Inc.

1250 East Main Street

Stamford, CT 06902, United States

Tel: +1 203 324 5620

Norseland Ltd.

Somerton Road, Ilchester

Somerset, BA22 8JU, UK

Tel: +44(0)1935 842800

TINE Ireland Ltd.

Mogeely, Co. Cork, P25R7W6

Ireland

Tel: +353(87)4348079

Partly owned subsidiaries

Fjordland AS

Brynsengeveien 10, 0667 Oslo

Tel.: +47 22 97 49 00

Mimiro AS

Postboks 57, 1431 Ås

Tel.: 48 16 89 89



Design

Tania Goffredo Design
TINE Design

Pictures

Torstein Kiserud
TINE Media Base

Sustainability

2022

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

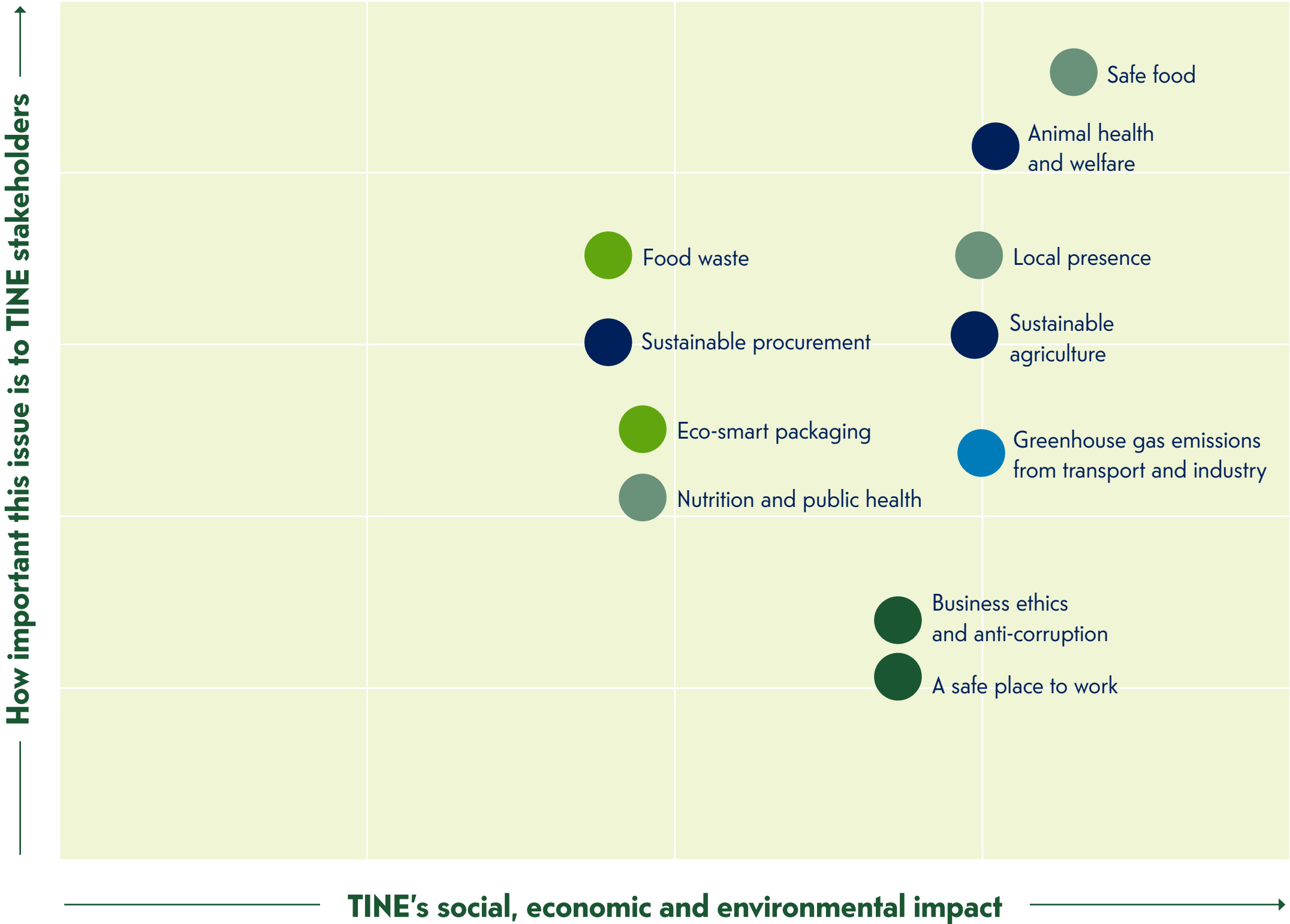
Significant aspects

Creating sustainable food production together
As one of Norway`s largest food producers, we contribute both positively and negatively to the environment and the society. Our stakeholders have a variety of expectations to us on how we must address our corporate responsibility towards the global common goals for a sustainable development. This is why we have compiled a materiality analysis that emphasises TINE`s significant sustainability aspects.

Background to the materiality analysis
This analysis is based on ongoing discussions with stakeholders, insight initiatives and gathering of intelligence from key stakeholders. We emphasise how TINE affects the society – the climate, the environment, animals and humans. We also analyse what stakeholders expect and demand from our organization. We have compiled a list of significant areas based on these assessments.

We prioritise our significant areas according to the extent of TINE’s negative or positive impacts, the severity of adverse impacts on climate, environment and society and the possibility of these impacts to actually occur. These are approved by the Group executive and are well embedded throughout the organisation, with Group areas working on their own respective issues.

- Our significant areas**
- Safe food
 - Sustainable agriculture
 - Nutrition and public health
 - Local presence
 - A safe place to work
 - Animal health and welfare
 - Food waste
 - Greenhouse gas emissions from transport and production
 - Business ethics and anti-corruption
 - Eco-smart packaging
 - Sustainable procurement
 - Day-to-day lives of employees (introduced in 2022)



This analysis was performed in 2018. We updated our significant areas in 2022 to include the topic “Day-to-day lives of employees”. The analysis as a whole will be updated in 2023.

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report



Our areas – why are they essential?

Safe food. Food safety and product quality are of the utmost importance to TINE, and consumers must be aware that this is something TINE takes extremely seriously.

Animal health and welfare. Farmers, cows and goats form the very foundation of TINE’s business. That is why TINE’s dairy farmers have a clear responsibility to ensure that their animals are treated well and enjoy good health.

Local presence. TINE sources and supplies quality products based on Norwegian commodities, every single day, all over our vast country. TINE is close at hand, close to the whole value chain, from farm to fork. Our presence assists with significant local value creation and local jobs. Together we make Norway thrive – and we must protect our country.

Sustainable agriculture. Doing something that is absolutely essential – food production – has an impact on our climate. Methane emissions from cattle have an impact, but so do their pastures. The pasturelands where cattle and goats graze help to bring about carbon sequestration and solar reflection (albedo effect) – and this is positive for our climate. We have to work with nature, because we are dependent on one another. Major changes in nature and our climate will affect TINE’s supplies of milk and other commodities. That said, we can see that people are concerned about the climate impact of various foods. That is why TINE is very concerned about sustainable utilisation of the earth’s resources.

Greenhouse gas emissions from transport and production. Our stakeholders expect us to help achieve Norway’s target of cutting greenhouse gas emissions by 50 per cent by 2050. The impact on nature and our society could potentially be catastrophic unless we all play our part.

Business ethics and anti-corruption. TINE has many roles and is an employer, customer, supplier, partner and owner. Having clear guidelines on ethical behaviour is essential if we are to create positive ripple effects. At TINE, we are reliant on our employees, owners, customers, consumers and suppliers having confidence in our ethical behaviour.

Good, safe working environment. Healthy employees with a good working environment are a must if TINE is to achieve operation and quality at all levels. TINE employs many thousands of people, and so bears responsibility for their day-to-day working lives. Employees must not be subjected to adverse physical or psychological stress, and no one should be injured or become ill because of their work.

Day-to-day lives of employees. TINE must safeguard its employees’ needs for a purposeful working day, facilitate interaction between humans and technology and look to the future. TINE’s culture is characterised by a high level of integrity. We have many committed employees who would like to get involved. We are proud to work for TINE and are pleased to be part of something bigger. People working for TINE should be able to go to work and be the best

version of themselves. Our working environment must be characterised by equality, respect and consideration. We include and involve one another, pave the way for diversity and provide equal opportunities for all.

Food waste. Not only does food waste affect the economy, it also has a significant impact on the environment and social issues. Food production emits greenhouse gases, places pressure on nature and biodiversity and requires significant resources. Throwing away food affects us on a financial, environmental and ethical level, because food production causes greenhouse gas emissions and generally requires a lot of resources. That is why it is extremely important for TINE to minimise food waste; this has a positive impact on the major climate and environmental accounts; and moreover, it is ethically and socially irresponsible to throw away food that someone could eat.

Nutrition and public health. Milk and dairy products are a source of many essential nutrients, but also contribute saturated fat. Maintaining a varied and healthy diet in combination with physical activity will reduce the burden of disease in Norway. This will allow TINE to make a positive contribution to human health thanks to our nutritious products.

Eco-smart packaging As a major packaging consumer, TINE is keen to minimise the adverse impact that packaging has on the climate and environment. Packaging that is not collected by recycling systems and ends up being dropped presents a major environmental problem. That said, packaging production also emits greenhouse gases. TINE is committed to using eco-smart packaging and efficient return systems.

Sustainable procurement. We rely on lots of commodities and input factors besides milk. We have an opportunity to exert a positive impact on social conditions, as well as on climate-related and environmental aspects, when we select suppliers and forms of cooperation.

Sustainability at the farm

TINE processes milk from its almost 7000 farms to create a variety of dairy products. Our corporate social responsibility, our very mission, is to provide the people of Norway with safe, high-quality products. That said, we know that almost 80 per cent of TINE’s greenhouse gas emissions come from the farms that supply milk.

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Impacts on climate and nature

Your milk has undergone a long journey. The cows are fed and watered, then the milk has to be transported from the farm to the dairy where it is refined into dairy products before being transported out to the shops. The value chain of milk 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. That said, cattle are ruminants, which means they emit methane, a greenhouse gas.

Major changes in nature and climate – such as extreme weather, torrential rain, and either very dry or very wet summer months – will affect us in the future. That is why we are keen to contribute to sustainable use of the Earth’s resources and limit climate and environmental change. At the same time, the public society, interest organisations and authorities are increasingly concerned with the effects various foods have on our climate. Sustainable products with a low carbon footprint will strengthen our competitiveness.

Efforts to create more sustainable milk production start on farms. TINE has 166 advisors who are in close contact with our 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. Greenhouse gas emissions on dairy farms, such as methane emissions from cattle, CO₂ from agricultural machinery and nitrous oxide from fertiliser, are not something that TINE alone is responsible: we share this responsibility with individual dairy farmers.

Targets and vision

Agriculture in Norway is responsible for 9.4 per cent of Norway’s total greenhouse gas emissions. Emissions were reduced by 4.7 per cent between 1990 and 2021¹. This decrease can be attributed to factors such as the reduction in the number of cows while maintaining milk production. An average taken from various research reports shows emissions of 1.15 kilos of CO₂e per kilo of milk produced in Norway, while the global average is 2.60 kilos of CO₂e. This covers emissions throughout the value chain from farm to consumer².

In an agreement with the authorities, agriculture has committed to reducing greenhouse gas emissions by 5 million tonnes of CO₂e from 2021 to 2030. TINE clearly states that we will contribute to achieve this target. Key areas of this work include improving feeding and ensuring sustainable feed ingredients, animal health and breeding, better fertiliser management and good agronomy using the soil as a carbon store.



1) <https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/klimagasser-utslipp-fra-jordbruk/>
And: <https://www.ssb.no/natur-og-miljo/forurensning-og-klima/statistikk/utslipp-til-luft>

2) CICERO. Report 2016:04. Climate footprints of Norwegian Dairy and Meat – a synthesis
And: Tackling climate change through livestock, Food and Agriculture Organization of the United Nations. Rome, 2013

Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Sustainable feed

What and how our cows eat impact the amount of methane produced in their digestive system. TINE spends a lot of resources on research and advice to our dairy farmers on the optimal feed.

Almost 60 per cent of the feed given to dairy cows is grass, while the remaining 40 per cent is concentrated feed.⁵ Of the concentrated feed, over 60 per cent of the commodities are produced in Norway, such as barley, oats and wheat. The remaining 37 per cent of concentrated feed is made up of imported carbohydrates and proteins, such as beet pulp, corn, molasses, soy, rapeseed and palm fat, as well as vitamins and minerals. In total, around 82 per cent of what our animals eat is made up of Norwegian ingredients. 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.

Norway primarily has three producers of feed concentrate for livestock, and dairy farmers buy their feed concentrate from them. The composition of feed concentrate is determined by the manufacturer in question, but there are a number of policy guidelines at a national level. As a recipient of milk, TINE has the opportunity to influence both feed and dairy farmers to make changes to ensure their production and use of feed concentrates is more sustainable. TINE’s long-term objective is for all feed for Norwegian dairy cows to be produced in Norway. One constraint is that dairy farmers decide which feeds they give to their animals on the basis of on their farm’s dairy production targets.



Soya and palm fat

The use of vegetable fats in the form of palm-based fatty acids has been consistent and low since the implementation of the industry agreement a few years ago. This industry standard requires certification for sustainable production of palm oil, as well as defining a 3 per cent upper limit for the amount of palm oil in feed. The feed industry signed the Soya Declaration⁴ in 2015, which provides a clear direction in order to limit the environmental impact from soya. At present, all soybean meal of Brazilian origin for use in ruminant feeds in Norway is certified in accordance with either ProTerra or RTRS.

5) <https://www.animalia.no/no/samfunn/hva-spiser-husdyra/>

4) THE NORWEGIAN COMMITMENTS ON SUSTAINABLE SOY AND FORESTS 2015

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Healthy and happy animals

TINE and individual dairy farmers are responsible for ensuring that their animals are treated well and are healthy. That is why we need to be aware of how to guarantee good animal welfare in modern Norwegian livestock farming. The well-being and health of animals is a prerequisite for sustainable dairy farming and ethical responsibility.

Animal welfare heading in the right direction

The animal welfare indicator is TINEs own tool that provides each farmer with important information on how the animal welfare is developing on their farm and how they can take action to continuously improve. Our target is to see continuous year-on-year improvement in the index value.

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).

We are pleased to see that the animal welfare indicator is continuing to rise in 2022. The value at the end of last year was 107.1. The indicator value at the end of 2022 is 107.9. Minimum requirements have been defined for the data on farms so that the animal welfare indicator can be calculated. There are still areas in which we need to improve. We are focusing in particular on calf health in 2022 as this trend has not changed for the better in the calf health sub-indicator.

Animal health and welfare

	2022	2021	2020
Animal welfare indicator	107.9	107.1	106.0

TINE’s advisors are in attendance on the farm

The animal welfare indicator, our new animal welfare programme and farm inspections involving our advisors are all ensuring that dairy farmers receive the follow-up they need in order to maintain good animal welfare and animal health. Dairy farmers directly influence the day-to-day lives of their livestock. Good animal welfare is not something that just happens by itself: it requires a lot of hard work, good practices and preventive measures. To be successful, cows must be properly fed, kept clean and milked hygienically. This – as well as many other indicators – is what our advisors work with farmers to improve. With targeted efforts, we have succeeded over the years in reducing several diseases in cattle which still occur in other European countries. This is important in order to keep use of antibiotics at a consistently lower level.

TINE has 166 advisors who provide farmers with advice and guidance on a number of aspects such as animal health, climate and other production elements. Work is ongoing on several fronts, including disease and better and more coarse feed (grass). Calves that are well fed and have received plenty of colostrum enjoy better protection against infection and disease than calves that have not received good care from birth. Specific procedures are followed if any conditions are identified at the farm that need to be corrected. Any reports submitted by outsiders have to be dealt with according to the same procedure. We also have a duty to notify the Norwegian Food Safety Authority in the event of any major discrepancies. There are opportunities to impose economic sanctions unless conditions pointed out are corrected.



Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

In everyone’s interest to ensure animals are healthy
TINE stakeholders demand that milk is produced in conditions that are good for the animals. This clearly shows in our stakeholder engagement and consumer surveys. This motivates and drives us to go on working towards continuous improvement in the animal welfare indicator. Remaining closer to the day-to-day lives of dairy farmers thanks to farm inspections and our animal welfare programme means we are responding to our own responsibilities and the expectations of our stakeholders. Dairy farmers are a crucial stakeholder in this regard, and receive lots of information on the subject on an ongoing basis. TINE has a clear objective: to be the best food producer in Norway in terms of animal welfare. The animal welfare indicator is one way of documenting this and communicating it to our stakeholders.

Low consumption of antibiotics in Norwegian livestock farming
According to our monitoring, antibiotic use in Norwegian livestock farming remains very low compared to other European countries. TINE’s attitude is that medical treatment should only be used curatively and where medically justified. 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 2022, 46 deliveries (46 cow’s milk and 0 goat’s milk) contained traces of penicillin antibiotics. This is an increase from 42 deliveries in 2021. Any such milk is discarded and recorded as food waste in order to avoid possible transfer of antibiotics to products.



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Local presence

TINE sources milk from just under 7000 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 also help teachers, shop workers, electricians, plumbers, nurses and many important social functions to live and work in all parts of the country.

Proud history

Since it all began in 1856, when 40 farmers pooled their dairy cattle in Rausjødalen, TINE has refined milk, one of Norway's most important natural resources. TINE takes responsibility for ensuring that milk production is possible all over Norway, assisting with ensuring that important resources are used for Norwegian food production.

We have a responsibility

TINE has created traditions, and we are responsible for safeguarding them. We have a hands-on approach throughout our value chain, which yields safe, wholesome food based on Norwegian commodities. We represent the many small contributions helping rural Norway to thrive, where the cultural landscape – an important asset shared by the entire population – is cared for and cultivated. These are considerable contributions to Norwegian value creation.

Significant ripple effects

TINE prepared a corporate social responsibility report in 2020 showing that the company contributed 26,000 jobs and NOK 23 billion in value creation in Norway that year. It also 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.

We have prepared a slightly simplified corporate social responsibility report for 2022 that shows how important payments from TINE are distributed relatively evenly over the various regions in Norway. This provides a good view of how TINE is an important contributor to local value creation and presence. It shows that Norwegian food production makes a difference.

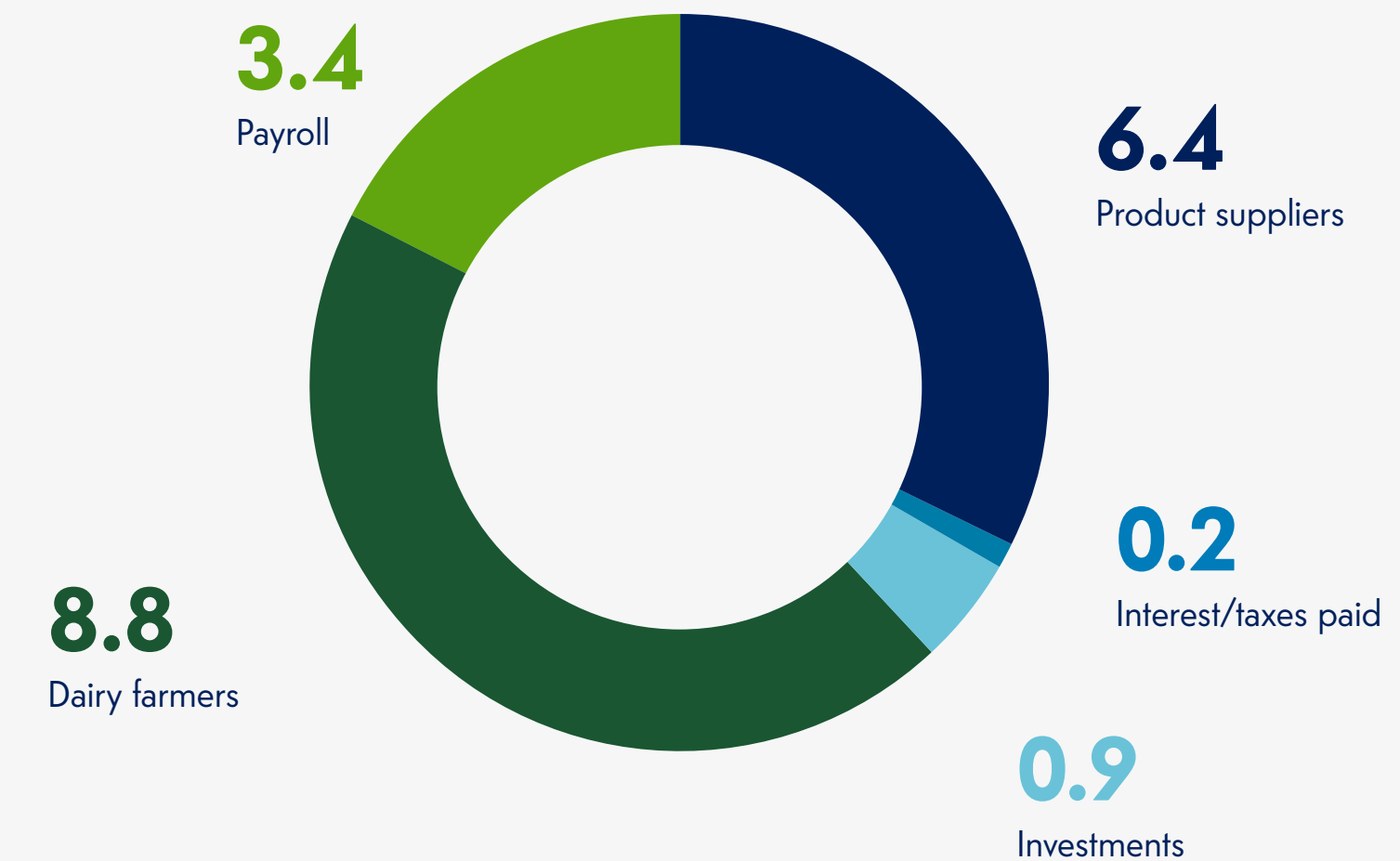
A great deal of mainland industry has closed down or moved abroad, but TINE has invested around NOK 13 billion in our dairy plants and other operating assets between 2011 and 2022; often in rural areas where there is little industry of any other kind. NOK 50 million has been invested at the Dovre dairy and 230 million at the Storsteinnes dairy in the last two years alone. These

are vital investments that safeguard the production of both hvitmuggost cheese and various goat cheeses, and not least local jobs and milk production in rural areas.

“Together we make Norway thrive” is our vision. The ripple effects created by dairy farmers and TINE are a good example of just how we are realising our vision.

Community accounts 2022

Disbursements / NOK billion



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Day-to-day lives of employees

Our employees’ work must be safe and provide them with purpose, motivation and stimulation. The workplace is a place where employees spend a lot of their time, and which greatly influences their day-to-day lives. That is why we are working systematically to create a good, inclusive working environment.

Employees survey

We are pleased to see that our senior-level employees find their work as meaningful in 2022 as they did in 2021. Their pride in helping to realise TINE’s vision of making Norway thrive has also been maintained. This is true of employees throughout TINE, regardless of their position or work area. 91.5 per cent of employees responded to this year’s employees survey. Our target is to achieve a response rate above 90 per cent.

The result remains at broadly the same level as last year, in spite of significant changes and reorganisation. We note a slight decline in the factors for cooperation, meaning and task significance, training and development and the desire to continue working for TINE. Specific measures are now being implemented into 2023 in order to respond to the challenges. We are maintaining our good results at a general level. TINE’s results are generally good when it comes to key factors such as self-determination, clarification of roles and expectations, support from colleagues, form of cooperation with managers, and sense of coping.

We are seeing variations within different entities in spite of good results overall, and good follow-up is important regardless of the results. Follow-up is performed by the line manager for each entity as part of the systematic improvement work.

Day-to-day lives of our employees

The working environment at TINE is characterised by wellbeing, inclusion, trust and commitment. Any form of inappropriate behaviour, such as bullying, harassment or discrimination on grounds of gender, sexual orientation, age, ethnicity or religious belief is unacceptable to us.

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 bears overall responsibility for the company’s ethics and working environment initiatives. Our values are set out in the steering document for the TINE Code of Conduct, which can be viewed here¹.

Equal opportunities and discrimination

The management teams in TINE’s two largest function areas, Supply Chain and Commercial entity, show an even gender balance. 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.

1) https://www.tine.no/om-tine/baerekraftig-forretningsvirksomhet-apenhetsloven/Tine_Etiske_retningslinjer_EKSTERN.pdf



Measures to reduce the risk of discrimination are as follows:

- Work on common values and attitudes towards the working environment and equality
- Work to combat unconscious bias in recruitment processes
- 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 working environment and equality. Separate gender-themed dilemma training programmes have been devised. This aims to ensure a similar attitude to equality as far as possible no matter where people work within TINE.

Mapping of pay and non-voluntary part-time work

Last year, TINE SA conducted a survey of pay differences between men and women overall and at different job levels. This survey showed that gender is not taken into account when determining pay levels. TINE is bound by various collective agreements that partly govern both pay setting and pay adjustments. In cases where pay is not governed by collective agreements, the assessment of pay will be based on a combination of pay levels in the industry and comparable positions at TINE. Our analysis has revealed no evidence indicating that gender affects pay. This survey was conducted in cooperation with elected representatives and covered eight employee groupings. We are required by law in Norway to repeat this survey in 2023 in order to monitor further developments. TINE also analysed non-voluntary part-time work in a employees survey last year. The results showed that 72 per cent of respondents are happy working part-time. This survey will also be updated in 2023.

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

A safe and secure workplace

Our employees are our most vital asset, which is why safety always comes first; whether you are working in production, distributing goods, analysing samples in the lab or handling animals on the farm.

Why we focus on HSE

Healthy employees and a robust workforce in a working environment that promotes health are prerequisites if TINE is to achieve efficient operation and quality at all levels. HSE work is also motivated by regulatory requirements, including those laid down in the Norwegian Working Environment Act and the Internal Control Regulation, and by the expectations of various internal and external stakeholders such as employees, customers and consumers. Systematic HSE work throughout the organisation can help prevent physical and psychological harm to employees, damage to material assets and the environment, and greater financial costs on account of increased sick leave and more demanding recruitment processes, for example.

HSE throughout the value chain

HSE work takes place at all stages of the TINE value chain. In TINE's own production and distribution, nobody should be subjected to adverse physical or psychological strain that could result in health problems. TINE is responsible for ensuring decent working conditions among our suppliers. When establishing contracts, TINE requires suppliers to comply with our conditions in respect of HSE, including human rights, a zero tolerance approach to discrimination, prohibition of child labour and proper pay for work done. We also work with HSE in respect of our dairy farmers and customers: by ensuring that roads to farms are good and that goods are delivered safely.

HSE work in the supply chain

TINE is responsible for internal processes, procedures, instructions, systems and tools that ensure compliance with the requirements set out in the Norwegian Working Environment Act and the Regulation relating to systematic health, environmental and safety activities in enterprises

(Internal Control Regulation). We primarily follow up our HSE work in-house within the company, but also contribute by providing experience transfer and dialogue on best practices to a number of our suppliers to help reinforce their HSE performance. TINE does not have direct access to matters relating to HSE among our suppliers on a day-to-day basis, but reporting and supplier audits provide us with the opportunity to gain knowledge and insights into HSE conditions at our suppliers' premises

How we work

Constant efforts to reduce absence due to illness are one of TINE's sustainability goals. Targeted efforts are made on the basis of analyses and status reports from the entities to both reduce and prevent absence due to illness. Health, safety, well-being, motivation, coping, ergonomics, workload and participation are all factors that we focus on. The status of established HSE target figures is followed up on a monthly basis and shared with the Group executive and employees in the monthly report, on the intranet and at various meetings. Developments and measures implemented are reported at regular performance review meetings with the management. How the various entities work to achieve defined targets is controlled and verified by means of internal audits (HSE) and inspections by the Norwegian Labour Inspection Authority.

We must improve

We are constantly improving. TINE has been working in 2022 to improve personal safety within the company. The HSE management system has been revised to include new versions of HSE steering documents and processes. We have also worked to reduce absence due to illness within the company by means of management training on following up absence due to illness, a thorough review

Our objective and vision

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. Nobody should be injured while working for TINE. TINE's guidelines for health, safety and the working environment state that:

- We believe that all accidents can be prevented. That is why our long-term 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 working environment must be characterised by wellbeing, inclusion, trust and commitment.

of the process for following up absence due to illness, and efforts to introduce a new TINE Human Capital Management system. We have organised a number of HSE days at various plants throughout the year. "Attendance" has been a theme at a number of these. We have focused in general on preventive HSE efforts through training, information sharing and establishment of professional networks in respect of human resources.



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Business ethics and the working environment

The ripple effects caused by TINE extend beyond our own value chain and premises, and have both direct and indirect impacts. That is why TINE has a clear vision: zero breaches of our Code of Conduct.

If TINE is to achieve its vision and business objectives, we are reliant on employees, owners, customers, consumers and other stakeholders having confidence in us. Failure to conduct ourselves in line with our Code of Conduct may have an adverse impact on people in the community and our partners. A large employee organisation like TINE maintains constant emphasis on preventing abuse of power, corruption, discrimination and other breaches of our Code of Conduct.

Code of Conduct

The TINE Code of Conduct applies 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. This will be important next year so that we can embed the new Code of Conduct in the organisation. Breaches of the TINE Code of Conduct must be reported to the line manager or TINE’s whistleblowing representative. Breaches may impact on the individual’s employment or position.

Anti-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 offered, given or received.

Notifications

TINE must have a good climate in which people can express opinions, including on unacceptable conditions. Unacceptable conditions could occur in a large organisation like TINE; and as an employer, TINE is obliged to facilitate internal whistleblowing. We aim to have zero cases of corruption or legal proceedings linked to breaches of our Code of Conduct.

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 the TINE Code of Conduct. 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 2022. 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.



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Heading for zero emissions

Providing the Norwegian population with food based on Norwegian commodities is an energy-intensive business. TINE collects milk from farmers all over Norway and transports it all the way to customers – also all over Norway. A lot of the energy we consume is already renewable, but there is still more we could do.

Our production and transportation cause greenhous gas emissions that contribute to the climate change the world faces We are already seeing an impact on nature and society in the form of increased flooding, landslides and extreme weather in many parts of the world. That is why it is necessary for TINE to reduce its greenhouse gas emissions; our goal is to achieve 100 per cent renewable production and transportation by 2030.

The road to renewable dairy production

Greenhouse gas emissions from production in 2022 amounted to 20,588 tonnes of CO₂e. This is an increase of slightly more than 2,000 tonnes on the previous year, mainly due to increased use of fossil fuel oil. The share of renewable energy by the end of 2022 was 82 per cent – down from 2021.

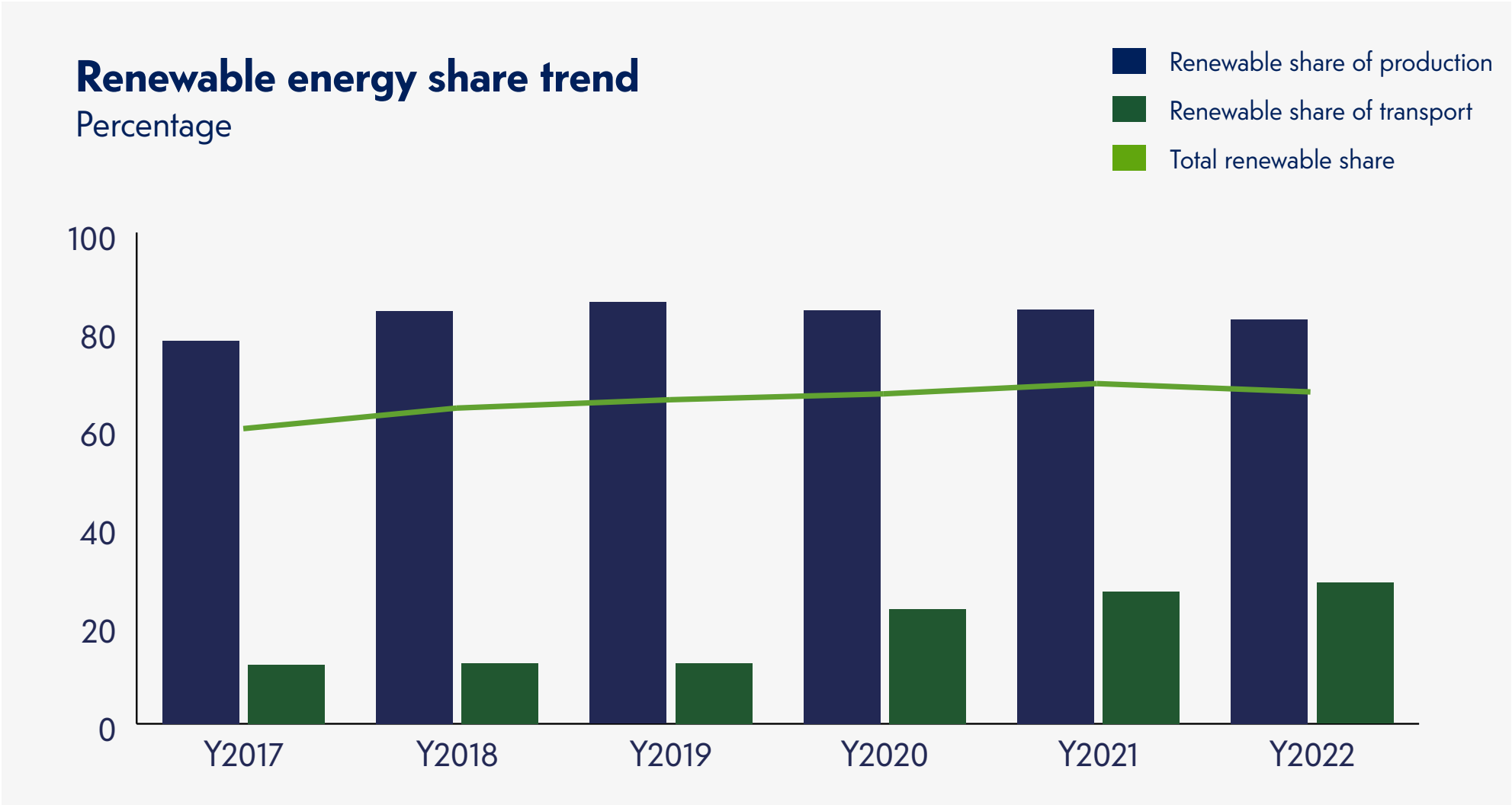
Energy costs, especially for electricity, were up in the second half of 2022. To reduce high energy costs, the use of fossil fuel oil was allowed to increase at some plants in the south of Norway – for a given period – until prices drop.

The Ålesund dairy has started using district heating for critical processes at washing stations and milk pasteurisers, which has significantly reduced CO₂ emissions. Construction of a major woodchip incineration plant at TINE Meieriet Jæren has commenced. This will be completed in 2023. Using bioenergy from woodchips in place of natural gas will reduce CO₂ emissions by 6,000–7,000 tonnes per year. This project alone means that total emissions from TINE production will be reduced by as much as 43 per cent.

Transportation target more challenging

We still have some way to go to reach our target in this regard. Adequately reducing greenhouse gas emissions from transportation presents a challenge and will require relatively major investments in new and fossil-free vehicles in years to come. We are currently working on a new sustainability strategy for our transportation fleet. This will indicate which renewable solutions TINE will be focusing on, as well as the pace at which they will be phased in as we head towards 2030. 29 per cent of fuel used for TINE transportation will be renewable by the end of 2022.

Greenhouse gas emissions from TINE’s transportation operations in 2022 amounted to 38,676 tonnes, down 2,500 tonnes. This decrease is mainly due to an increased percentage of biodiesel in the fuel. There has also been a decrease in the number of kilometres travelled.



Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Electric milk pumping and 60-tonne HGVs
We are reducing the number of kilometres we travel by introducing (larger) 60-tonne tankers on appropriate routes. As well as reducing the number of kilometres travelled per litre of milk, fuel consumption is also being reduced. Electric milk pumps are also being introduced on all new tankers so that the driver can switch off the vehicle’s diesel engine when pumping milk.

TINE increases focus on biogas for transport
Electric and hydrogen-fuelled vehicles are still expensive and technically difficult to access. The situation as regards biogas is far better. Biogas appears to be a good, sustainable alternative for TINE thanks to increased availability, more filling stations and better economy. Moreover, biogas based on manure will form an important part of the solution.

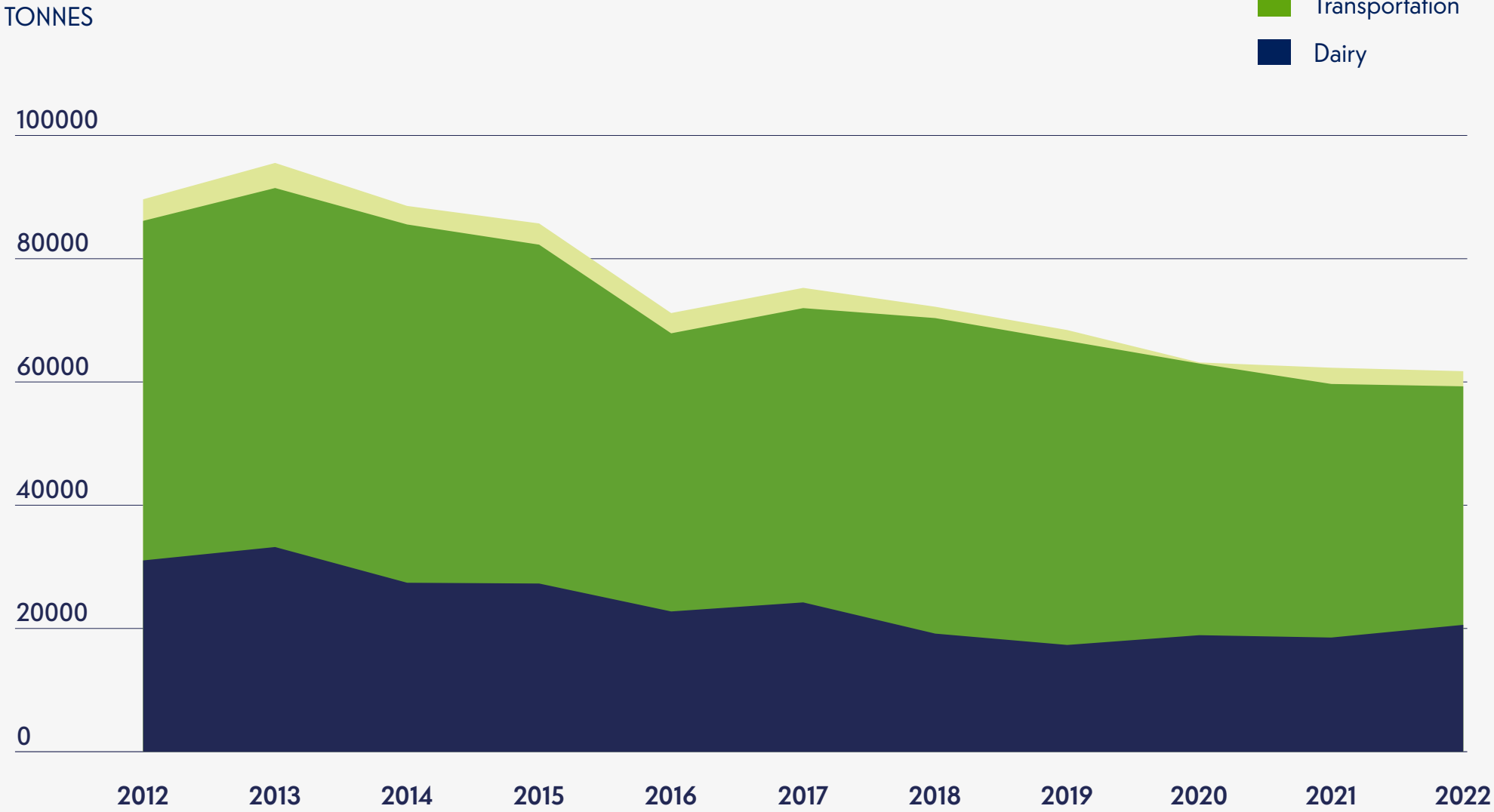
By the end of 2022, TINE had 33 vehicles running on biogas; or KUKRAFT – cow power – as we call it. Additional biogas vehicles will be delivered in 2023.

Reliant on partners and stakeholders
Much of TINE’s transportation is carried out by external transportation companies. TINE’s share of greenhouse gas emissions from these transportation companies is included in the overall climate accounts, which is why it is important to maintain a clear zero emissions target for our partners.

The government decides on the framework conditions for such targets, such as the important toll exemption for vehicles that run on biogas. Good framework conditions and instruments for electric heavy goods transportation are also essential so that TINE can establish a fleet of electric vehicles more quickly.

Energy	2022	2021	2020
Gross energy consumption (GWh)	760	794	775
Total revenues and other income in relation to Gross energy consumption (NOK million/GWh)	33.3	30.8	31.0
Percentage of renewable energy	68%	70%	67%

Greenhouse gas emissions CO₂e Scope 1



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Sustainable procurement

TINE’s suppliers are an important part of the overall value chain. We rely on good cooperation to ensure quality, food safety, ability to deliver and TINE’s indirect impact on the climate, environment and humans.

TINE Procurement

TINE uses many input factors in its products. The biggest and most important being milk from the company’s dairy farms. TINE is also reliant on a variety of commodities and ingredients produced both within and outside Norway, such as fruit, berries, sugar, rice and orange juice. The aim of sustainable procurement is to reduce and prevent TINE’s potential adverse impact on human rights, decent working conditions, the environment and corruption in our procurement work and among our suppliers.

TINE is also reliant on other non-food input factors, including production machinery, IT systems, trucks for temporary services, and cleaning and rental of production capacity from various subcontractors.

TINE’s procurement procedures affect the economy directly – and the climate, environment and social conditions indirectly. TINE affects the environment by choosing which countries to buy from and how goods are transported to our plants. Similarly, social issues are impacted through supplier relationships – and indirectly through our suppliers’ supply chains. We also have an impact downstream – on both environmental and social challenges – in the suppliers’ value chain. This is particularly true of goods and services created exclusively for TINE.

Supplier requirements

TINE Procurement is responsible for ensuring that our Code of Conduct for suppliers is in place and that sustainability forms part of TINE’s standard procurement process. The person responsible for the implementation of a procurement procedure at TINE is also responsible for ensuring that the purchase is in accordance with our Code of Conduct. This will largely be TINE Procurement in practice, but the individual dairy or logistics department may also have a responsibility here. We have established guidelines for suppliers, which can be viewed [here](#)¹.

The size of TINE and the scope of its activities mean that we are covered by the provisions of the Norwegian Transparency Act. TINE conducts due diligence assessments to identify potential and actual adverse impacts on fundamental human rights and decent working conditions.

TINE has sustainability profiles in its category strategies for procurement. These category strategies include plans and activities for a specific category for the next three to five years, e.g. for the purchase of drinks cartons. A due diligence assessment is conducted to identify potential adverse impacts in the category, and measures for addressing these are devised. Due diligence is carried out at the start of the procurement project when entering into contracts without



1) <https://www.tine.no/om-tine/baerekraftig-forretningsvirksomhet-apenhetsloven/TINE%20Ethical%20tra-ding%20guidelines%20for%20suppliers%20and%20other%20business%20partners.pdf>

Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

the support of Procurement. This affects the information we gather throughout the subsequent procurement process and the choices we make when awarding contracts.

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”. Sustainability is also included in this survey when this is deemed necessary on the basis of a risk assessment.

Developing and improving systems internally

The Norwegian Transparency Act, which entered into force in 2022, focuses on transparency and openness in supply chains. The Norwegian Transparency Act means that TINE and other companies have to be more open and transparent about how their activities affect our world.

This new act aims to reduce the risk of businesses causing or contributing to human rights abuses. It helps us to ensure decent working conditions for our suppliers, our owners and ourselves. A report on our work with the Norwegian Transparency Act can be viewed here¹.

In 2023, due diligence assessments will be included in TINE’s procurement process, the standard process that everyone must follow when entering into new contracts. This will allow

any adverse consequences or significant risk of violations of fundamental human rights and decent working conditions among TINE suppliers or partners to be proactively identified as new contracts are entered into. Going forward, these due diligence assessments – with outcomes and possible actions – will be documented together with the procurement contracts in our central contract archive.

TINE uses Ecovadis for following up sustainability among strategic suppliers. At the end of 2022, TINE had 52 of its strategic suppliers and partners for follow-up in EcoVadis. TINE has not taken on any new strategic suppliers or partners in 2022.



Clear responsibility

TINE bears a clear responsibility at several points in the value chain, but the primary emphasis is on purchasing input factors for the manufacture of products and purchasing services for transporting goods between plants and warehouses.

TINE has a large number of suppliers, so priority is given to areas where TINE makes annual purchases in excess of NOK 300 million and where we have influence. This is a scoping exercise in order to highlight the things we can do to promote sustainable procurement. The due diligence assessments performed in 2022 have identified no significant risk of adverse impacts on or consequences for fundamental human rights or decent working conditions.

1) <https://www.tine.no/om-tine/baerekraftig-forretningsvirksomhet-apenhetsloven>

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Making the most of milk

Milk is our most important resource. Producing food with high nutritional value for the people of Norway is a resource-intensive job. Therefore, we work continuously to make the most of the milk our farmers produce.

Producing and processing milk is resource-intensive. There are also greenhouse gas emissions from cattle, production and transport. Agriculture places pressure on nature and biodiversity, and large amounts of fresh water is also required; a limited resource in many parts of the world. That is why it is important to make the best possible use of all milk in order to avoid unnecessary greenhouse gas emissions and use of resources that adversely impacts nature and our climate and carbon footprint.

The UN recognises that reducing food waste is fundamental if we are to create a sustainable society and ensure food security in all countries, particularly for vulnerable people. Awareness of the adverse impacts of food waste is high among our stakeholders. TINE’s stakeholders such as customers, authorities, employees and owners are expecting TINE, one of Norway’s biggest major food producers, to take responsibility for reducing food wastage in our own operations, and to help consumers to do the same at home.

Where is food wasted?
We process 1.1 billion litres of milk each year. TINE’s goals, in brief: As little milk as possible should be wasted. Wastage can occur throughout the value chain in TINE’s complex production of various foods. That is why it is important for everyone involved – from tanker drivers and dairy operators to distributors of goods – to have clear responsibilities and work actively to reduce waste.

There are a number of reasons why milk is wasted. Shelf life and product quality can determine whether the milk is turned into food for humans, for instance. All the reasons are summarised in what we call TINE’s quality costs, which are reported annually. Our goal is to reduce food waste by 50 per cent in line with the industry agreement to cut food waste.

Targeted efforts to reduce waste
Quality costs have a positive trend in 2022 and ended up at NOK 183 million – and a further decrease is expected in 2023. A combination of better system support at plants, longer product shelf life, targeted focus throughout the value chain and prioritisation by management has paid off. Quality costs at TINE are monitored as a separate monthly target figure, and methods are in place to cope with the challenges if action is required.

The causes of wastage are often related to single incidents that are rectified quickly and not repeated, but some defects are systematic and the cause is more difficult to identify. TINE has introduced a production and improvement system (DRIV) that ensures standardised processes and reduces the risk of defects in the value chain. DRIV involves a separate team at the heart of TINE that follows up incorporation of the DRIV methodology at the plants and ensures that everyone is familiar with it. A number of improvement projects (Styrk) have been conducted at plants, allowing us to resolve challenges of all kinds.



Quality costs for the TINE Group

	2022	2021	2020
Quality index (NOK million)	183	204	184

Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm

Healthy and happy animals

Local presence

Among the employees

Day-to-day lives of employees

A safe and secure workplace

Business ethics and the working environment

Supply

Heading for zero emissions

Sustainable purchasing

Making the most of milk

In the market

Better public health

Eco-smart packaging

Safe food we can trust

What is to be included in the climate accounts?

How we report

Food wastage among consumers

454,350 tonnes of food was thrown away in Norway in 2021, according to Matvett. This corresponds to 84.7 kg per capita. Households are responsible for around 48 per cent of this food waste, while the food industry is responsible for around 19 per cent. Foods passing the end of their shelf life is just one of the causes of food waste. TINE writes "best before - often good after" on all our products. The aim of this is to encourage consumers to look at, smell and taste the food before throwing it away. Increasing the shelf life of milk is also essential in this regard, as we have done at the Sandnessjøen dairy. Consumers throw away less food when shelf lives are longer.

Other waste at TINE

TINE's ambition is for waste to be used as a raw material to make new products if materials are recycled and reused. This allows us to limit stray waste that ends up in nature, and eventually in humans in the form of microparticles. This is why requirements are also imposed on waste disposal at TINE.

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 2022 amounted to 21,335 tonnes. Of this, 91 per cent was sorted. This is a decrease from 24,468 tonnes in 2021. The largest waste fraction, at 12,674 tonnes, is organic waste. These are fats and sludge from production that cannot be converted into edible food. Much of our organic waste is sent to make animal feed. Other waste fractions are metal (1,286 tonnes), paper/ cardboard (899 tonnes) and plastics (331 tonnes).



Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?

How we report



Better public health and healthier diets

TINE is a major part of people's day to day eating habits. That is why TINE has a responsibility to promote better public health and healthier diets.

The "National Action Plan for Better Nutrition" aims to encourage healthy diets and healthy eating in order to promote health and prevent diet-related diseases. According to the evidence base for the applicable public health communication¹, particular attention should be paid to reducing people's intake of saturated fat, salt and sugar. There are also concerns about low intakes of some nutrients (in particular vitamin D, iodine, iron and folate) in some groups of the population.

Too much saturated fat and salt

Norwegians consume far more saturated fat than is recommended. According to food supply statistics, saturated fat contributes 14 per cent of dietary calories, compared with the recommended maximum intake of 10 per cent². This is down from 2019, when the intake was 15 per cent. Consumption of cheese in particular has increased significantly over time, while consumption of cream, butter and sour cream has remained fairly stable. Milk consumption has decreased significantly, even though there has been a shift from full-fat to low-fat types of milk over time, so this has little impact on the overall intake of saturated fat from dairy products.

The salt intake among the Norwegian people is also significantly higher than recommended, and previous surveys suggest that the average Norwegian consumes about 10 grams a day. It is a long-term aim of Norwegian public health policy to gradually reduce intake to 5 grams per day. Among dairy products, cheese

contributes the most to salt intake (around 7 per cent), while around 5 per cent comes from the group made up of butter, margarine, oils, mayonnaise and dressings³.

Added sugar decreasing

It is recommended that added sugar intake should not exceed 10 per cent of dietary calories. Intake has been declining for some time, but has levelled off and now stands at around 12 per cent of dietary calories². Sugar and sweets, sugary drinks and cakes are the main sources of added sugar in the Norwegian diet. Milk, yoghurt and cream products account for 11 per cent of added sugar intake³.

Our objective

TINE is committed to the "Letter of Intent for a healthier diet", an agreement between the food industry and the health authorities with the aim of making it easier for consumers to make healthier choices. As of September 2022, 86 stakeholders have signed up to the Letter of Intent for a healthier diet, including all three major retail stakeholders and a number of TINE's customers and partners⁴.

We have defined our own nutrition targets for 2025 to reduce the demand for saturated fat and added sugar by 1,800 and 2,000 tonnes respectively by adjusting recipes and making a shift towards a greater percentage of lighter/less sugary products.

1) Status and challenges in respect of nutrition, both in the general population, in various population groups and in relation to social inequalities)

2) [Development in Norwegian diet, 2022](#)

3) Norkost 3

4) [Letter of Intent, signatory partners](#)

NNR) <https://www.helsedirektoratet.no/english/nordic-nutrition-recommendations-2022>

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

TINE is also monitoring developments in the salt content of cheese, compared with indicative salt targets for various product categories defined under the Letter of Intent. In 2022, we have stepped up our efforts to make it easier to make healthier choices. One ambition is to increase the percentage of light cheese from 3 per cent to 10 per cent of sales (Nielsen) by 2025. TINE has also defined an overall target of increasing the value share of retail products bearing the Keyhole symbol by 20 per cent by 2025.

Nordic Nutrition Recommendations (NNR)
The Nordic Nutrition Recommendations (NNR) provide a scientific basis for food-based dietary guidelines in the Nordic countries, including Norway. The NNR are currently being revised, and a new feature of this edition is that the dietary guidelines will also be assessed from a sustainability perspective. Norwegian authorities will then prepare new Norwegian dietary guidelines based on the recommendations set out in the NNR. The Norwegian dietary guidelines are an important framework for the marketing and sale of our products in guidelines for public tenders, national recommendations for food and meals in schools and nurseries and the public debate on sustainable diets, for instance.

Nutrition and sustainability throughout the value chain
Nutrition and sustainability are becoming increasingly intertwined, and the sustainability perspective will form an integral part of the new Nordic Nutrition Recommendations. This means that the impact of production and the value chain for milk and dairy products on the ability of future generations to meet their needs (based on the Brundtland Commission’s statement on sustainable development) will be crucial when it comes to advising governments on the role of milk in the diet.

TINE is the market regulator for milk and has to ensure that all the milk is utilised. This means responding to market demand, including for milk fat. Farmers are incentivised to increase the fat content of their milk in periods when the demand for milk fat is higher than the forecast supply.

TINE’s work on nutrition and dietary advice
TINE has a responsibility to develop and offer products that help to encourage healthier diets, but sales outlets are what decide what is offered to consumers, and at what price. That said, we have a responsibility to our owners to process the milk into relevant and attractive products that consumers want to buy. The latter is also important when it comes to reducing food waste.

TINE can help to reduce demand for milk fat by adjusting the milk fat content in its products and taking action to shift consumption towards lighter varieties. Price is a key driver in the choice of light variants, along with formats, in-store placement and promotion. TINE does not set prices to consumers.

The Farm to Fork programme is part of the European Green Deal framework, which aims to ensure that food systems in Europe become more sustainable. Mandatory front-of-package nutrition labelling is one of the measures intended to promote healthier food choices. How the labelling scheme will be designed is unclear, but it is likely that the content of saturated fat, sugars and salt will form the basis for a health score. Nordic health authorities have indicated in the process that they want the Keyhole symbol to continue as the labelling scheme for the Nordic region.

Specific measures in 2022
TINE has reduced the fat content of several products in 2022. Reduction of fat in low-fat sour cream, iced coffee, natural yoghurt, grated cheese and flavoured milk are the biggest drivers of saturated fat reduction by making changes to recipes. The reduction in cream cheese has also helped to ensure that TINE achieved its target of reducing demand for saturated fat by 150 tonnes by the end of the year by making changes to recipes.

Of all the dairy products, cheese is the single biggest source of saturated fat. Light cheese has been on the market for a long time, but the barriers to choosing light options have been set too high. Norway has focused on breaking



Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

down the barriers for light cheese in 2022. Co-display of Original and Light with Norvegia activities.

Continuous improvements to recipes have added more flavour to light cheese and given it a smoother texture, and it now scores as highly as the original in taste tests. The light cheese share has increased from 3 per cent in 2021 (Nielsen) to more than 6 per cent by the end of 2022. This corresponds to a reduction of about 60 tonnes in demand for saturated fat. However, the effect of a positive shift towards more light cheese is offset by relatively lower reduction in sales of whole milk compared with lighter varieties. Our failure to achieve the targeted shift in sales towards lighter varieties of cooking products meant that we fell short of our ambition of making a 120-tonne reduction in demand for saturated fat through mix shifting, in spite of some excellent results in our endeavours to move more people to lighter cheeses.

All in all, TINE has delivered far less saturated fat to the market in 2022 than in 2021, the “year of COVID-19”. This was due to lower sales than in previous years, including sales of all types of cheese, cream and fresh milk. As regards added sugars, reduction of sugars in the basis for our Go’morgen yoghurts has had the greatest impact when it comes to recipe changes. There is still a shift in the market towards products containing sweeteners that do not contain added sugar, particularly with regard to iced tea, iced coffee and yoghurt. This is helping to bring about a significant reduction in demand.

Our assessment of the work
We finished the year well in excess of our demand reduction target for added sugar (264 tonnes versus our target of 160 tonnes), mainly due to a greater product mix effect than anticipated. By the end of the year, we also reached our target of reducing demand for saturated fat by 150 tonnes by making changes to recipes.

The value share of the Keyhole portfolio for TINE SA (all TINE products) has increased by 0.5 percentage point, from 11.8 per cent to 12.3 per cent compared with 2021¹. Otherwise, the Keyhole portfolio is following the trend

in terms of volume, where we are seeing a decrease. The price increases we have seen over the past year outweigh a potentially greater decline in value. In contrast to TINE (total), the Keyhole portfolio has a positive value development of 2 per cent, performing 3 percentage points better than TINE (total) and 4 percentage points better than the market. This positive development in value is driven primarily by the recent launches of Norvegia lett 16 per cent, but also TINE Junior Klemmepose 90g and Gryr. Fresh milk has seen the biggest decline in value, and is slowing positive growth.

TINE has 20 products bearing the Keyhole symbol on sale directly to consumers at the end of the year; 16 of which are on retail sale and four are sold through other channels such as the SkoleLyst scheme and vending. One new product bearing the Keyhole symbol (plant-based light margarine) has been developed by the end of the year for retail sale, and this has been accepted for launch in 2023.

TINE’s new objective of reducing demand for saturated fat and added sugar by making recipe changes and through the product mix effect, respectively, is working well as isolating the impact of measures is easier when changes in sales volumes do not interfere. Even so, we can see that changes in consumption patterns (such as declining consumption of milk) are unintentionally affecting the product mix effect, as described for saturated fat.

In 2022, we are particularly pleased with the efforts that have been made to persuade more consumers to choose light cheese, and where the whole policy framework has been mobilised. As a result, we are well on the way to achieving our ambition: to increase the light cheese share in the category to 10 per cent.



Nutrition

	2022	2021	2020
Number of Keyhole products	20	20	20
Saturated fat, total in products (tonnes)	28,353	30,153	30,928
Added sugar, total in products (tonnes)	7,207	9,208	9,591
Salt, total in products (tonnes) ²⁾	877	954	958

1). Source: NielsenIQ ScanTrack, Total Norway DVH, Tine AS, MAT TY, MAT YA, YTD TY, YTD YA, W 33-52, Volume % Chg. YA, +/- Volume Sales'000 YA, Volume % Chg YA, Volume % Share, +/- Volume % Share YA, Value Sales'000, +/- Value Sales'000 YA, Value % Chg YA, Value % Share, +/- Value % Share YA 2022 52. (Copyright © NielsenIQ.)
2) Figures for TINE SA only

Eco-smart packaging

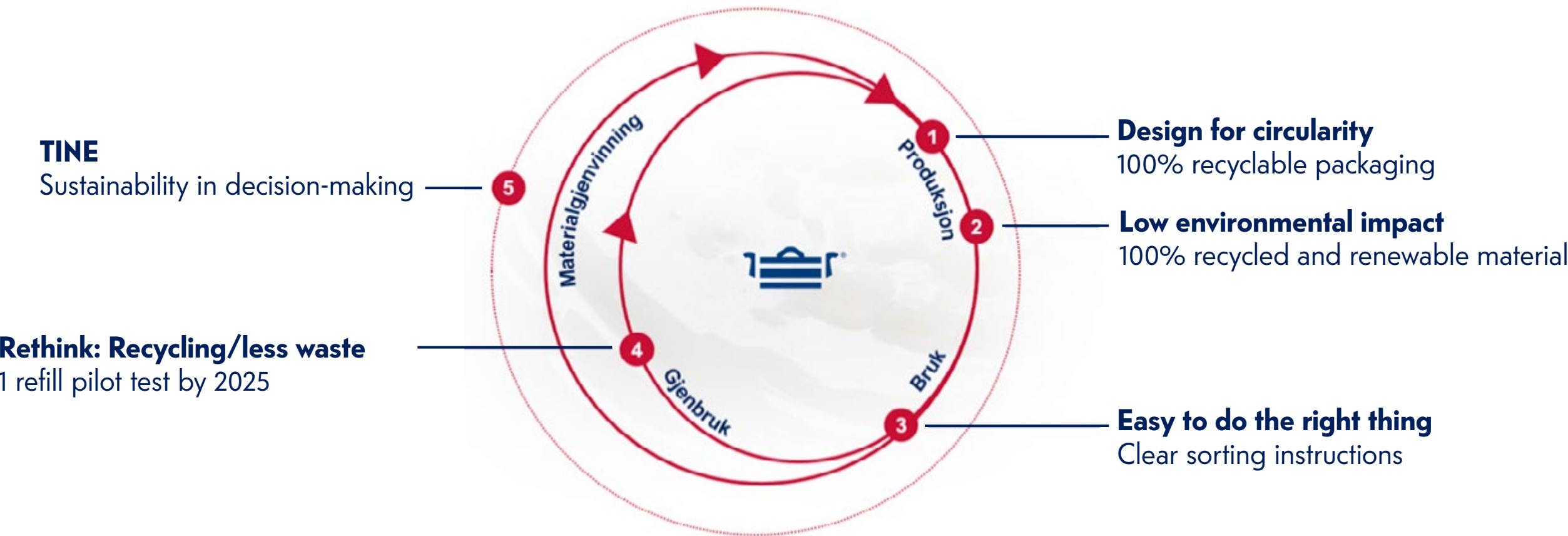
TINE uses just under 28,000 tonnes of packaging each year. Production of this amount of packaging is resource-intensive – and used packaging turns into waste that might be lost in nature. This means we bear a significant responsibility that requires a new packaging strategy.

The main purpose of food packaging is to preserve food safety and maintain shelf life. Greenhouse gases are emitted to varying degrees when packaging is produced, depending on the type of material used. Packaging that is not collected by recycling systems and ends up being dropped presents a major and serious environmental problem. As one of Norway’s biggest users of packaging, TINE is keen to develop optimised, eco-smart packaging that is collected as part of an efficient return system and reused.

New packaging strategy
TINE compiled its “Miljøsmart emballasjestrategi i TINE” (Eco-smart TINE packaging strategy) at the end of 2022. We have defined ambitious targets here that we are aiming to achieve by 2030. Our top priority is our goal to achieve 100 per cent recyclable materials in TINE packaging. It will also be important to work towards using only recycled or renewable materials, and for packaging to have less of an impact on our environment by being lighter. We must also help

consumers to sort their used packaging properly at source. That is why all TINE packaging must have clear instructions on how to sort it.

Several measures implemented in 2022
New packaging and new materials are being developed in close cooperation between TINE and our packaging suppliers. We have reduced the negative climate and carbon footprint of our packaging in 2022 by reducing the amount of materials we use, and by using recycled material and more plant-based material. We have reduced the weight of our packaging for TINE Grated Cheese, Sunniva Iced Tea and Go’morgen, which has reduced our plastic consumption by 160.2 tonnes per annum. We have introduced 50 per cent recycled plastic for TINE Sour Cream and Crème Fraîche. We have replaced fossil-based plastic with plant-based plastic for our Chocolate Milk drink cartons and Piano desserts. Eliminating the “carbon black” colour has allowed us to make the plastic KOS pudding cartons recyclable.



73

Tonnes of fossil-based plastics saved
TINE Chocolate Milk and Piano puddings:
110 tonnes of fossil-based plastics in cartons have been replaced by plant-based plastics.

26

Tonnes of plastic saved
GoMorgen yoghurt: 6%
material reduction in cartons.



Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm

Healthy and happy animals

Local presence

Among the employees

Day-to-day lives of employees

A safe and secure workplace

Business ethics and the working environment

Supply

Heading for zero emissions

Sustainable purchasing

Making the most of milk

In the market

Better public health

Eco-smart packaging

Safe food we can trust

What is to be included in the climate accounts?

How we report

105.2

Tonnes of plastic per year

By switching from cartons to bags for grated cheese

50%

Recycled plastic

Sour Cream and Crème Fraîche: 85 tonnes of new fossil-based plastics have been replaced with recycled plastics

84

Tonnes of plastic per year

Sunniva Iced Tea: Material reduction in bottles. (The estimate for 2022 is 42 tonnes)

Consumption of packaging at TINE

Most of TINE’s packaging is made from renewable sources, mainly paperboard and cardboard. Packaging materials used for TINE products for 2022 are 78 per cent paperboard/paper, 21 per cent plastic and 1 per cent metal. It is still clear to us that the supply of recycled plastics is limited, and we expect to find it harder to obtain sufficient quantities of recycled plastics in years to come. That said, we hope that more plastics will be recycled thanks to the new regulation on waste, and that the supply of recycled plastics will be able to increase.

Return percentage

TINE is a member of Grønt Punkt and cooperates with the scheme regarding the collection of packaging all over Norway. The return rate for drinks cartons for 2022 stands at 94 per cent. The return rate for school milk is 97.6 per cent.

Packaging

	2022	2021	2020
Packaging consumption – cardboard/paperboard (tonnes)	21,301	20,921	22,032
Packaging consumption – plastic (tonnes)	6,197	6,409	7,265
Packaging consumption – other (tonnes)	196	196	186
Packaging consumption – total (tonnes)	27,694	27,526	29,483
Packaging consumption relative to total revenues and other income (tonnes/NOK million)	1.91	1.82	1.87
Percentage of drinks cartons with bioplastic (% of total volume)	73%	68%	68%



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Safe food we can trust

The last few years have been challenging for the food industry and its value chains. The geopolitical situation, with its multiple crises, has impacted upon supply chains, prices, security of supply and preparedness. This is also affecting food safety and makes the food industry more vulnerable.

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. That is our current objective. Delivering on it will involve ensuring that labelling, marketing and product documentation are compliant with applicable regulations. This means that TINE has to be transparent about how we work with safe food and acknowledge the link between safe food and its significance to sustainable development.

2022 has seen three recalls of potentially hazardous products from the market via the TINE Group’s emergency preparedness scheme (discovery of foreign objects). TINE’s monitoring of food-borne pathogenic microorganisms in products (e.g. Listeria bacteria) has presented no findings in 2022. There have been two recalls at DiplomIs in 2022; Häagen Daas Vanilla (ethylene oxide in an ingredient) and Royal Trippel chocolate (foreign object).

Confidence throughout the value chain

A 2021 survey commissioned by the Norwegian Food Foundation¹ shows that Norwegian consumers are concerned about preserving jobs in agriculture and the food industry, and that safe food is an important argument in favour of choosing Norwegian agricultural products.

Confidence – among consumers, customers and the authorities – that our products are safe is a fundamental principle for TINE. This means ensuring a safe value chain for our milk; that our milk comes from healthy animals and is stored, transported and produced under safe and hygienic conditions, and that other commodities and input factors from our suppliers are safe. Checking all milk arriving at the dairy for antibiotic residues and pasteurising the milk, which eliminates any bacteria that are hazardous to health, are two significant examples of measures used to ensure that TINE products are safe.

Certification to food safety standards also helps to ensure confidence in our products. TINE’s Norwegian production plants and subsidiaries hold certification according to GFSI-recognised food safety standards (FSSC 22000 or BRC) and are therefore subject to regular audits. Supervision by the Norwegian Food Safety Authority and TINE’s own internal audits are vital instruments for ensuring compliance with guidelines and requirements.

Food safety, consumer trends and food scams

The Norwegian Food Safety Authority’s inspection and examination of the Norwegian market shows that there have been some incidents and recalls in 2022. There have been a number of outbreaks of Salmonella, for instance, with a chocolate product linked to cases in Belgium and France, while watermelon led to infection of at least 18 people in Norway². Salmonella has declined enormously in Norway during and after the pandemic; which can be explained by a reduction in travel to countries where infection is more rife³. Pasteurised dairy products are unlikely to be a source of Salmonella bacteria.

The image of Norwegian dairy products as a safe product group is continuing⁴. Listeria remains a major cause of recalls of dairy products throughout the rest of Europe, in particular cheese made from unpasteurised milk⁵.

Many consumers are concerned about chemical contaminants in food, including additives⁶. One of the additives that has attracted attention is carrageenan (E407). Carrageenan is an approved food additive, but recent research suggests that it impacts on gut microflora. These findings are currently being evaluated by the EFSA (European Food Safety Authority), but TINE has chosen to take a precautionary approach and is phasing out carrageenan in its products.

Food producers are becoming more vulnerable to food scams on account of rising prices and dwindling supplies of commodities on the world market. TINE is paying close attention to this by participating in professional networks, monitoring incidents and assessing the risk of food scams in our commodities.

Evolving regulatory framework

We are seeing growing awareness of the link between food safety and sustainability. One good example of this is the European Commission’s “Farm to Fork” strategy, which is aiming to achieve a sustainable food system. Many of the strategy’s objectives will also have implications for food safety⁷. One example of this is the use of pesticides, where the EU is aiming to reduce use by 50 per cent by 2030. We are closely monitoring developments in the relevant regulatory framework.

Safe food	2022	2021	2020
Number of recalls	3	5	2

1) Berg-Hansen, C. 2021. Forbrukerne vil ha norsk matproduksjon (Consumers want Norwegian food production). URL: <https://norskmat.no/no/nyt-norge/artikler/forbrukerne-vil-ha-norsk-matproduksjon>

2) Norwegian Institute of Public Health <https://www.fhi.no/nyheter/2022/utbrudd-av-salmonella-i-norge-trolig-knyttet-til-vannmelon/> and Matportalen https://www.matportalen.no/verktoy/tilbaketrekkinger/ferrero_kinder_surprise_og_andre_kinderprodukter_trekkes_fra_markedet

3) Notification system for communicable diseases. Statistics. URL: <http://www.msis.no/>

4) Matportalen. Withdrawn products. URL: <https://www.matportalen.no/verktoy/tilbaketrekkinger/>

5) Rapid Alert System for food and feed. Food and feed safety alerts. URL: https://food.ec.europa.eu/safety/rasff-food-and-feed-safety-alerts_en#rasff-portal

6) European Food Safety Authority. 2022. Special Eurobarometer Wave EB97.2 Food safety in the EU Report. URL: https://www.efsa.europa.eu/sites/default/files/2022-09/EB97.2-food-safety-in-the-EU_report.pdf

7) European Commission. 2020. Farm to fork (factsheet). URL: https://ec.europa.eu/commission/presscorner/api/files/attachment/865559/factsheet-farm-fork_en.pdf

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

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 recognised standard and 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’s dairy farmers, 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 dairy farmers to reduce emissions of greenhouse gases from milk production out on their farms. This will reduce TINE’s indirect emissions, scope 3.

1) The GHG Protocol “A Corporate Accounting and Reporting Standard” (ghg-protocol.org/standards)
2) Source emission factors: (1) Fossil-based oil and natural gas: Statistics Norway. (2) Fuel: UK Government GHG Conversion Factors for Company Reporting (Defra). (3) Refrigerants: The engineering toolbox
3) As a percentage of kilometres travelled

Scope 1

Of TINE’s total transport operations, around 19 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.

The diesel used in 2022 had an average content of renewable biodiesel of 28.7 per cent.

TINE’s greenhouse gas emissions for 2022 amounted to 61,721 tonnes of CO₂ equivalents. 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. These also release CO₂ on combustion, but these emissions are not included in TINE’s climate accounts as the commodities are renewable. Emissions of CO₂ outside scope 1 on combustion of these renewable sources amounted to a total of 50,428 tonnes of CO₂ equivalents for TINE in 2022.



Sustainability 2022

Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?

How we report

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 2021⁴. Here, the proportion of fossil-fuel power and nuclear power totals 85 per cent, although more than 99 per cent of Norwegian power production was based on renewable energy that same year. NVE has calculated a factor of 405 g of CO₂ per kWh for 2021. This is an increase from 402 g of CO₂ per kWh for 2020.

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 11 g of CO₂ per kWh for 2021⁵.

As 63 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 1.1 billion 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.

In 2022, the LiveStock research project⁶ published its report on emissions from Norwegian dairy farming, showing emissions of 1.11 kg of CO₂ equivalents per kg of milk produced in Norway. We have chosen to use this as a basis in our calculation.

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. 75 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. That is why energy and fuel consumption linked to production and transport of the aforementioned products have also been included in TINE's climate accounts.

4) Source: <https://www.nve.no/energi/virkemidler/opprinnelsesgarantier-og-varedeklarasjon-for-stroemleverandoerer/varedeklarasjon-for-stroemleverandoerer/>

5) Source: <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-s-trommen-fra/>

6) The calculations for FPCM milk are part of the LIVESTOCK project (NFR 295189). The data for milk production is taken from Kukontrollen and TINE Mjølkonometri[®] 2017, and the results are being published. Reference must be made to the LIVESTOCK project when the results for milk production are used externally.

Figures and statistics

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Sustainability and the environment – Key figures

PEOPLE	2022	2021	2020	2019	2018
Working environment and employees¹					
Number of employees (as at 31.12.22)	5,169	5,240	5,018	5,232	5,355
Absence due to illness	6.9%	6.2%	5.8%	5.4%	5.4%
LTI rate	5.1	6.4	4.2	6.6	7.2
Percentage of women	37%	37%	37%	37%	36%
Percentage of women in senior positions (up to and including level five)	40%	38%	40%	37%	36%
RESOURCES					
Renewable transport and production¹					
Energy					
Gross energy consumption (GWh)	760	794	775	781	786
Total revenues and other income in relation to Gross energy consumption (NOK million/GWh)	33.3	30.8	31.0	30.5	29.3
Transport (km/1000 litres raw ingredients) ³	36	35	37	37	36
Percentage of renewable energy	68%	70%	67%	66%	64%
Greenhouse gas emissions, Scope 1¹					
Emissions of CO ₂ e from dairies (tonnes)	20,588	18,526	18,908	17,323	19,164
Emissions of CO ₂ e from transport (tonnes)	38,676	41,148	44,085	49,349	51,201
Emissions of CO ₂ e from other operations (tonnes)	2,457	2,634	1,750	1,752	1,842
Emissions of CO ₂ e, total (tonnes)	61,721	62,308	64,743	68,424	72,207
Emissions of CO ₂ e, total in relation to operating income (tonnes/NOK million)	49.1	36.1	32.5	57.5	47.0
Emissions of CO ₂ e from dairies (tonnes) ⁴	17,583	15,571	16,337	14,977	16,365
Emissions of CO ₂ e from transport (tonnes) ⁴	36,299	38,606	41,582	46,070	47,861

1) Figures for TINE Group
2) Figures for TINE SA, Diplom-Is AS, Fjordland AS: 75 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
5) Drinks cartons are reported as fibre. Around 20 per cent of the carton is plastic. We use bioplastic based on renewable raw materials in 73 per cent of our drinks cartons
6) 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

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Sustainability and the environment – key figures contd.

	2022	2021	2020	2019	2018
Greenhouse gas emissions, Scope 2¹					
Emissions of CO ₂ e from dairies, market-based electricity (tonnes)	144,810	152,842	146,924	193,653	195,095
Emissions of CO ₂ e from dairies, site-based electricity (tonnes)	16,885	12,128	12,896	11,139	10,492
Emissions of CO ₂ e from dairies, district heating (tonnes)	786	603	217	865	472
Greenhouse gas emissions, Scope 3					
Emissions of CO ₂ e from fuel (Well-to-tank) ¹	10,138	11,347	11,950	11,650	12,602
Emissions of CO ₂ e from employee flights (tonnes) ³	749	267	268	1,492	1,292
Local emissions⁴					
Emissions of NOx (tonnes)	39.8	41.9	49.9	58.7	78.6
Food waste					
Quality index (NOK million) ²	183	204	184	199	196
Quality index (NOK million) ⁴	142	158	138	160	161
Packaging²					
Packaging consumption – cardboard/paperboard (tonnes) ⁵	21,301	20,921	22,032	22,296	23,450
Packaging consumption – plastic (tonnes)	6,197	6,409	7,265	6,911	6,983
Packaging consumption – other (tonnes)	196	196	186	156	233
Packaging consumption – total (tonnes)	27,694	27,526	29,483	29,363	30,666
Packaging consumption relative to total revenues and other income (tonnes/NOK million)	1.91	1.82	1.87	1.91	2.02
Percentage of drinks cartons with bioplastic (% of total volume)	73%	68%	68%	61%	57%
Sustainability on the farm					
Greenhouse gas emissions, scope 3					
Emissions of CO ₂ e from TINE dairy farms (tonnes) ²	1,225,062	1,309,800	1,280,940	1,290,930	1,336,440
Animal health and welfare^{2, 6}					
Animal welfare indicator	107.9	107.1	106.0	103.2	101.1
PUBLIC HEALTH					
Nutrition and diet					
Number of products bearing the Keyhole symbol ⁴	20	20	20	16	14
Saturated fat, total in products (tonnes) ³	28,353	29,478	30,269	28,693	28,802
Added sugar, total in products (tonnes) ³	7,207	7,729	8,050	5,662	5,766
Salt, total in products (tonnes) ⁴	877	912	915	827	816
Safe food²					
Number of recalls	3	5	2	1	0

1) Figures for TINE Group
2) Figures for TINE SA, Diplom-Is AS, Fjordland AS: 75 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
5) Drinks cartons are reported as fibre. Around 20 per cent of the carton is plastic. We use bioplastic based on renewable raw materials in 73 per cent of our drinks cartons
6) 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

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

How we report

For TINE, sustainability forms an integral part of the company’s overall activities. All Group areas report on their areas of responsibility among TINE’s significant sustainability issues as part of their annual reporting initiatives.

The purpose of our sustainability report is to provide customers, owners, employees and consumers with a general and balanced overview of how TINE is living up to its responsibilities in terms of sustainability.

Our reporting takes place in accordance with the GRI standard. One of the basic principles of the standard is that companies have to report on the issues that are most material to the company. Materiality in this context is determined by the extent of the economic, environmental and social impact of the company on its surroundings. The full materiality analysis can be read on page 2.

Reporting and accounting policies
The sustainability report covers the TINE Group, unless stated otherwise. The issues covered by this report are largely based on the TINE sustainability strategy, as well as other significant issues. This also includes issues in parts of the value chain that go beyond TINE’s direct area of responsibility.

As before, emissions from the Fjordland AS subsidiary are only partly included. 76 per cent of Fjordland’s products are produced at TINE’s dairy plants. These products are also transported using TINE lorries. The greenhouse gas emissions associated with this production and transport are included in our climate accounts.

GRI Report for 2022
[External link](#)



Sustainability

Significant aspects

At the farm

Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees

Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply

Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market

Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Declaration by the Board of Directors and President and CEO

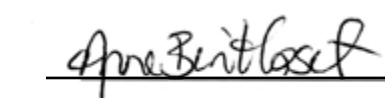
The Board of Directors and the CEO have today reviewed the sustainability report for the TINE Group's significant sustainability issues for the period 1 January to 31 December 2022.

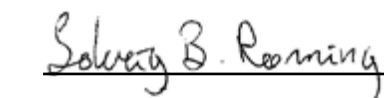
We confirm to the best of our knowledge that the information reported is compliant with the established reporting standard, which is the Global Reporting Initiative (GRI) standard; and that the sustainability report – which applies to the TINE Group – provides the Group with a true and fair description and overview of the Group's development and performance on the most significant issues facing the Group in terms of sustainability.

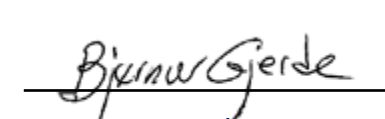
Oslo, Norway, 14 February 2023


Marit Haugen
Chair of the Board


Rolf Øyvind Thune


Anne Berit Løset


Solveig B. Rønning


Bjørnar Gjerde


Asgeir Pollestad

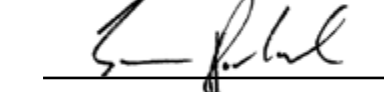

Helge Arne Espeland


Tor Arne Johansen


Elin Aarvik


Jeffrey Thomas


Ottar Råd


Gunnar Hovland
CEO

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report

Auditor's statement

Page 1/2



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

UAVHENGIG REVISORS ATTESTASJONSUTTAELSE OM FORETAKETS
BÆREKRAFTSRAPPORTERING

Til styret i TINE SA

Omfang

Vi er engasjert av TINE SA for å utføre et attestasjonsoppdrag, som skal gi moderat sikkerhet slik det er definert i de internasjonale standardene for attestasjonsoppdrag, for å avgi en uttalelse om TINE SAs bærekraftsrapportering som definert i TINE SAs GRI-indeks (se dokument «GRI-Rapport for 2022» på <https://www.tine.no/om-tine/bærekraft/TINE-GRI-tabell-2022.pdf>) ("Saksforholdet") pr. 31. desember 2022 for perioden fra 1. januar til 31. desember 2022.

Vi har ikke utført andre attestasjonshandlinger enn det som er nevnt i avsnittet over og som beskriver omfanget av vårt oppdrag, og vi uttaler oss følgelig ikke om øvrig informasjon inkludert i årsrapporten.

Kriterier brukt av TINE SA

I utarbeidelsen av bærekraftsrapporteringen har TINE SA brukt relevante kriterier fra rapporteringsstandardene for bærekraft utgitt av Global Reporting Initiative (GRI) ("Kriteriene"). Kriteriene ligger på globalreporting.org og er offentlig tilgjengelige. Disse kriteriene ble spesifikt utformet for selskaper og andre organisasjoner som ønsker å rapportere om sin bærekraft på en konsistent og troverdig måte, og denne informasjonen egner seg derfor trolig ikke for andre formål.

TINE SAs ansvar

Ledelsen er ansvarlig for valget av Kriteriene og for at Saksforholdet i det alt vesentlige er presentert i henhold til disse kriteriene. Dette ansvaret omfatter det å etablere og vedlikeholde interne kontroller, opprettholde tilstrekkelige journaler og lage estimater som er relevante for utarbeidelsen av Saksforholdet, slik at det ikke inneholder vesentlig feilinformasjon, verken som resultat av misligheter eller feil.

EYs ansvar

Vårt ansvar er å avgi en uttalelse om Saksforholdet basert på de bevisene vi har innhentet.

Vi har utført vårt arbeid i samsvar med ISAE 3000 - "Attestasjonsoppdrag som ikke er revisjon eller begrenset revisjon av historisk finansiell informasjon". Standarden krever at vi planlegger og utfører handlinger for å oppnå moderat sikkerhet for at Saksforholdet i det vesentlige er presentert i henhold til kriteriene, og utarbeider en rapport. Type, tidspunkt for og omfang av handlingene er valgt ut fra vårt skjønn, herunder en vurdering av risikoen for vesentlig feilinformasjon, enten som resultat av misligheter eller feil.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår attestasjonsuttalelse.

Vår uavhengighet og kvalitetskontroll

Vi er uavhengige av selskapet og bekrefter at vi tilfredsstiller kravene i det internasjonale etiske regelverket for revisorer utgitt av the International Ethics Standards Board for Accountants. EY følger også ISQC 1 *Kvalitetskontroll for revisjonsfirmaer som utfører revisjon og forenklet revisorkontroll av regnskaper samt andre attestasjonsoppdrag og beslektede tjenester*, og har følgelig et omfattende system av

Sustainability 2022

Sustainability
Significant aspects

At the farm
Sustainability at the farm
Healthy and happy animals
Local presence

Among the employees
Day-to-day lives of employees
A safe and secure workplace
Business ethics and the working environment

Supply
Heading for zero emissions
Sustainable purchasing
Making the most of milk

In the market
Better public health
Eco-smart packaging
Safe food we can trust

What is to be included in the climate accounts?
How we report



kvalitetskontroll inkludert dokumenterte retningslinjer og prosedyrer for å overholde etiske krav, profesjonelle standarder og relevante lover og regler.

Beskrivelse av utførte handlinger

Handlingene som utføres på et attestasjonsoppdrag med moderat sikkerhet varierer med hensyn til type og tidspunkt og er mindre omfattende enn for et tilsvarende oppdrag som skal gi betryggende sikkerhet. Sikkerheten i et attestasjonsoppdrag med moderat sikkerhet er derfor vesentlige lavere enn hva som ville ha vært oppnådd i et oppdrag med betryggende sikkerhet. Våre handlinger ble utformet for å gi moderat sikkerhet som vi baserer vår uttalelse på og gir ikke alle de bevisene som påkreves for å gi en betryggende grad av sikkerhet.

Selv om vi har vurdert effektiviteten i ledelsens interne kontroller når vi har bestemt type og omfang av våre handlinger, er vårt attestasjonsoppdrag ikke utformet for å avgi sikkerhet for interne kontroller. Våre handlinger omfattet ikke tester av kontroller eller prosedyrer for å kontrollere korrekte summer eller beregninger av data i IT-systemer.

Et attestasjonsoppdrag som skal gi moderat sikkerhet omfatter forespørsler, primært til personer som er ansvarlige for å utarbeide Saksforholdet og relatert informasjon, og å bruke analyser og andre relevante handlinger.

Våre handlinger inkluderte:

- Gjennomførte intervjuer for å forstå virksomheten og rapporteringsprosessen
- Gjennomførte intervjuer med nøkkelpersoner for å forstå prosessen for å samle, utarbeide og rapportere Saksforholdet i rapporteringsperioden
- Kontrollerte at beregningskriteriene er anvendt i samsvar med metodene skissert i Kriteriene
- Foretok analytiske handlinger for å støtte opp under rimeligheten til dataene
- Identifiserte og testet forutsetninger som støtter beregninger
- Testet, på prøvebasis, underliggende kildedata for å kontrollere nøyaktigheten til dataene
- Kontrollerte at presentasjonskravene som er skissert i Kriteriene er anvendt

Etter vår mening gir våre handlinger tilstrekkelig grunnlag for vår uttalelse. Vi har også utført andre handlinger vi vurderte som nødvendige etter forholdene.

Uttalelse

Basert på utførte handlinger og innhentet bevis kjenner vi ikke til vesentlige endringer som burde gjøres i Saksforholdet pr. 31. desember 2022 for perioden fra 1. januar til 31. desember 2022 for at det skal være i henhold til kriteriene.

Oslo, 14. februar 2023
ERNST & YOUNG AS

Asbjørn Ler
statsautorisert revisor



Design

Tania Goffredo Design
TINE Design

Pictures

Torstein Kiserud
Katrine Lunke
TINE Media Base