



ANNUAL REPORT 2019

Together we make Norway thrive



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How to use this Annual Report?

This report is created as an interactive PDF, which means that there are a number of functions to help you as users navigate. The following is a guide illustrating how to use the various functions.

← THE MENU

The menu on the left is available on every page. Here you have the option to click on the various chapters. When you are in a chapter, you can click on the various articles within the chapter you have selected:

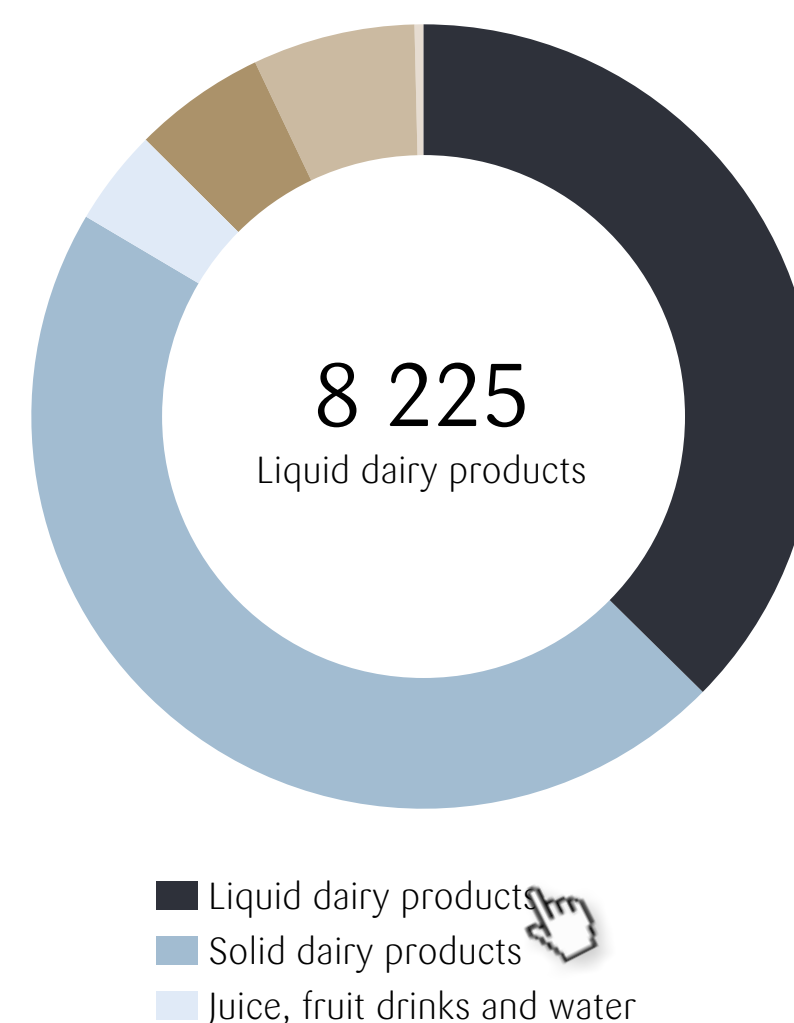


CONTENT LIST

HYPERLINKED
ELEMENTS

GRAPHS/DIAGRAMS

Some of the graphs and diagrams have “hidden content” which you can view by hovering your cursor over the various elements.



ACCOUNTS

In the Annual Accounts, you can click on the Notes in the Notes Overview to go to that note. It is also possible to click on the notes in, for example, the Balance Sheet, to go to the specific note.

THE TINE GROUP		Note
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Deferred tax asset	11	2
Goodwill	12	21
Other intangible assets	12	38
Total intangible assets		62
Tangible fixed assets		
Land, buildings and other real property	12,13	45

INCOME STATEMENT	
NOTE 1	Segment information
NOTE 2	Sales income on finished goods divided in to geographic
NOTE 3	Other operating income
NOTE 4	Public grants
NOTE 5	Significant larger transactions
NOTE 6	Goods consumption and changes in stock
NOTE 7	Personnel costs and number of man years
NOTE 8	Pensions and pension liabilities
NOTE 9	Auditors Fees
NOTE 10	Other operating costs
NOTE 11	Taxes

LINKS

We differentiate between two types of links. In some places we have links to external sources, which are websites that are located outside of this document. The links will open in your internet browser. Other links are to specific pages in the document, these are internal links.

External links look like this

Internal links look like this

NB! Exceptions to this are in the menu and accounts – all elements are hyperlinked but are formatted differently.

TEXTBOXES

There is a number of light blue texboxes in this report. They open and close with this button:



If you click on the TINE logo you will return to the Content list which is on the next page.

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FROM THE CEO

A new beginning

The past year has been demanding, exciting, challenging and rewarding. All at once and often simultaneously, for both TINE and for myself. There has been a lot of analysis and planning. We have turned every stone and set a course from a to z. We have also mapped our course for the next years in the strategy we call “TINE 2025”. If 2019 was all about analysis and planning then 2020 is the year for action. And it is urgent!

I am incredibly proud of the thousands of good employees we have. It is they who ensure we are in a position to establish a culture that thrives on change. They see the need to increase our competitiveness and create new growth and not least, a culture which is identifiable and is proud of our new vision. **Together we make Norway thrive.** There is a lot for us to do, but it all boils down to this.

Our mission is actually something which is much bigger than ourselves.

Increased competition and a change in dietary habits is something which has brought about significant upheaval in parts of our organisation. We must prioritise harder, cut costs and reduce our headcount. All this is a process

which will continue in times to come. The down-manning process has been hard for many and it is not over. I know that I speak for myself, the Board and Management when I say that this is the toughest part of our job. It is however necessary that these tough choices must be made to ensure increased competitiveness and growth for TINE in the years to come.

We have muscles and the capacity to implement our ambitious goals with our new strategy and to drive good processes, which is exactly why we are taking measures before it is too late. Some of the measures we have introduced are already showing improved ratios for our owners and on our results. In particular, we have done especially well with cheese and we also see that flavoured milk is showing good numbers. These are all positive trends which I hope and believe will continue in times to come and I am excited about how we can manage to stabilise the sale of fresh milk. It is actually the drop in the sale of fresh milk which is the catalyst for why we must think more about implementing our plans quickly rather than being content with improved effectivity and growth.

In this work, our relationships with our consumers is very important. It is therefore very pleasing to see that TINE continues to hold a clear position amongst Norwegians and has a place in many hearts. We do well in our rep-



GUNNAR HOVLAND
Chief Executive Officer

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utation surveys and when John Doe was asked who he thought was Norway's most sustainable company, he replied TINE. This is a pleasant reminder that we are doing a lot of things right in terms of sustainability and that it is also being noticed, but I promise that we cannot rest on our laurels. We are better today than we were yesterday but not as good as we will be tomorrow. In the DNA of a dairy farmer and in TINE there is the fundamental thought that we should leave the company, farm and not least our globe in a better state than when we received it. With this in mind we can never give up. One example of this thought process in practice is at our new dairy in Bergen – our greenest and most technologically advanced plant ever. I believe the innovation and environmental measures which have been made here will be an inspiration and a learning curve for the industry way beyond our borders.

Our untiring focus on quality pays off both in taste tests and competitions. It is great fun to see that in 2019, we won the Norwegian Cheese Championship with a mature Norvegia® and that a mature Jarlsberg® took a prestigious super gold medal at the World Cheese Championships. A number of our other cheeses also received medals in the same championships. This indicates that we have done very well with quality and handiwork throughout our whole supply chain.

An important part of our strategy going forward is to work together. This is not limited to improving cooperation internally but we must be even better at cooperating with our customers and consumers to give them what they want, when they need it – and in a way that suits them best. This involves cooperation with those that make the bigger decisions for our country. Our vision to make Norway thrive is not one we can manage alone. We need long-term focus and we need visibility. We must think of both our short and long-term goals simultaneously in order to succeed.

When John Doe was asked who he thought was Norway's most sustainable company, he replied TINE.

The analysis is complete and we have made plans for how we will face the many challenges we anticipate in conjunction with our owners. These are plans I believe in and which now need to be put into practice. Safely, well and quickly. There is no time to lose. We are actually laying the foundations for a TINE which will last much longer than we ourselves will. Together with our surroundings, in line

with nature and not least, in close cooperation with both customers and consumers, we deliver community engagement through both a healthy and strong brand, sustainable solutions and being a part of peoples' lives – wherever they are. In this way we are contributors to a widely-spread Norway with living communities, a rich cultural heritage and not least, an agricultural heritage which is based on only producing nutritious, safe and good food for future generations.

Stop a minute and think about this. Our mission is actually something which is much greater than ourselves. It gives me the energy and motivation to achieve our goals. I hope and believe that this also applies to you too; whether you are an owner, employee or a partner.

I am looking forward to the continuation of our story. The future starts now.



GUNNAR HOVLAND
Chief Executive Officer

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23 812

Operating income
MNOK

1 189

Operating result
MNOK

5 408

Number of employees

574

Gross energy consumption
GWh

Delivered to TINE in 2019
MILL. LITRES



1 393.8

COWS MILK
2018: 1 434,9



20.0

GOATS MILK
2018: 20,1

Consumption per inhabitant in 2019
KG/LITRE (SOURCE: MELK.NO)



80.2 L

MILK
2018: 82,1



18.9 KG

CHEESE INCL. IMPORT
2018: 18,9



3.7 KG

BUTTER INCL. IMPORT
2018: 3,7



10.4 KG

YOGHURT INCL. IMPORT
2018: 10,4



9.3 KG

CREAM AND SOUR CREAM
2018: 9,3

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TINE GROUP		2019	2018	2017	2016*	2015
Operating income	MNOK	23 812	23 001	22 525	22 583	22 204
Operating result (EBIT)	MNOK	1 189	1 537	1 537	1 962	1 678
Operating margin	Operating result/operating income	5.0 %	6.7 %	6.8 %	8.7 %	7.6 %
Result before tax	MNOK	1 103	1 465	1 414	1 862	1 579
Profit/loss	MNOK	980	1 348	1 304	1 634	1 424
Assets		MNOK	18 657	18 103	16 087	16 029
Equity ratio (%)	Equity/total assets	47.8 %	46.6 %	48.7 %	45.4 %	44.0 %
Net interest-bearing debt/EBITDA		1.66	1.17	1.09	0.96	1.11
Investments	MNOK	2 518	1 865	1 203	1 131	1 038
Operational cash flow	MNOK	2 194	2 285	2 170	2 187	1 780

* 2016 includes a positive one-off effect from changes to the Income protection plan. For the TINE Group this equates to NOK 245 million.

EMPLOYEES	2019	2018	2017	2016	2015
Number of employees, TINE SA	4176	4346	4 496	4 506	4 543
Number of employees, TINE Group	5408	5355	5 476	5 418	5 362
LTIs per million hours worked, TINE Group	6.6	7.2	7.1	7.5	8.1
Sick leave, TINE Group	5.4 %	5.4 %	5.7 %	5.9 %	6.2 %
ENVIRONMENT ¹⁾					
Gross energy consumption (GWh)	574	573	536	531	531
Packaging consumption (tonnes) ²⁾	29 363	30 666	28 683	28 455	28 684
Packaging consumption relative to operating income (tonnes/MNOK) ²⁾	1.91	2.02	2.31	2.24	2.21
Emissions CO ₂ -equiv. total (tonnes) ³⁾	68 424	72 207	75 268	71 180	85 720
Emissions CO ₂ -equiv. from dairies (tonnes) ³⁾	17 323	19 164	24 228	22 759	27 291
Emissions CO ₂ -equiv. from transport (tonnes) ³⁾	49 349	51 201	47 755	45 135	54 988
Transport (km/1000 litres raw materials) ²⁾	37	36	36	38	37
SAFE FOOD ²⁾					
Control of pathogenic bacteria, number of negative tests	6 633	5 253	4 648	4 435	2 830
Control of pathogenic bacteria, number of positive tests	2	8	0	2	1
Number of recalls	1	0	1	2	2

¹⁾ The figures for 2019 include TINE Group excluding Lotito Foods unless stated. Historical figures are from 2017 and previously included TINE SA.

²⁾ The figures for 2019 include the TINE Group excluding subsidiaries Norseland Ltd., Norseland Inc., and Lotito Foods.

³⁾ Emissions of CO₂ equivalent covers Scope 1. Refer to the description on [page 132](#).

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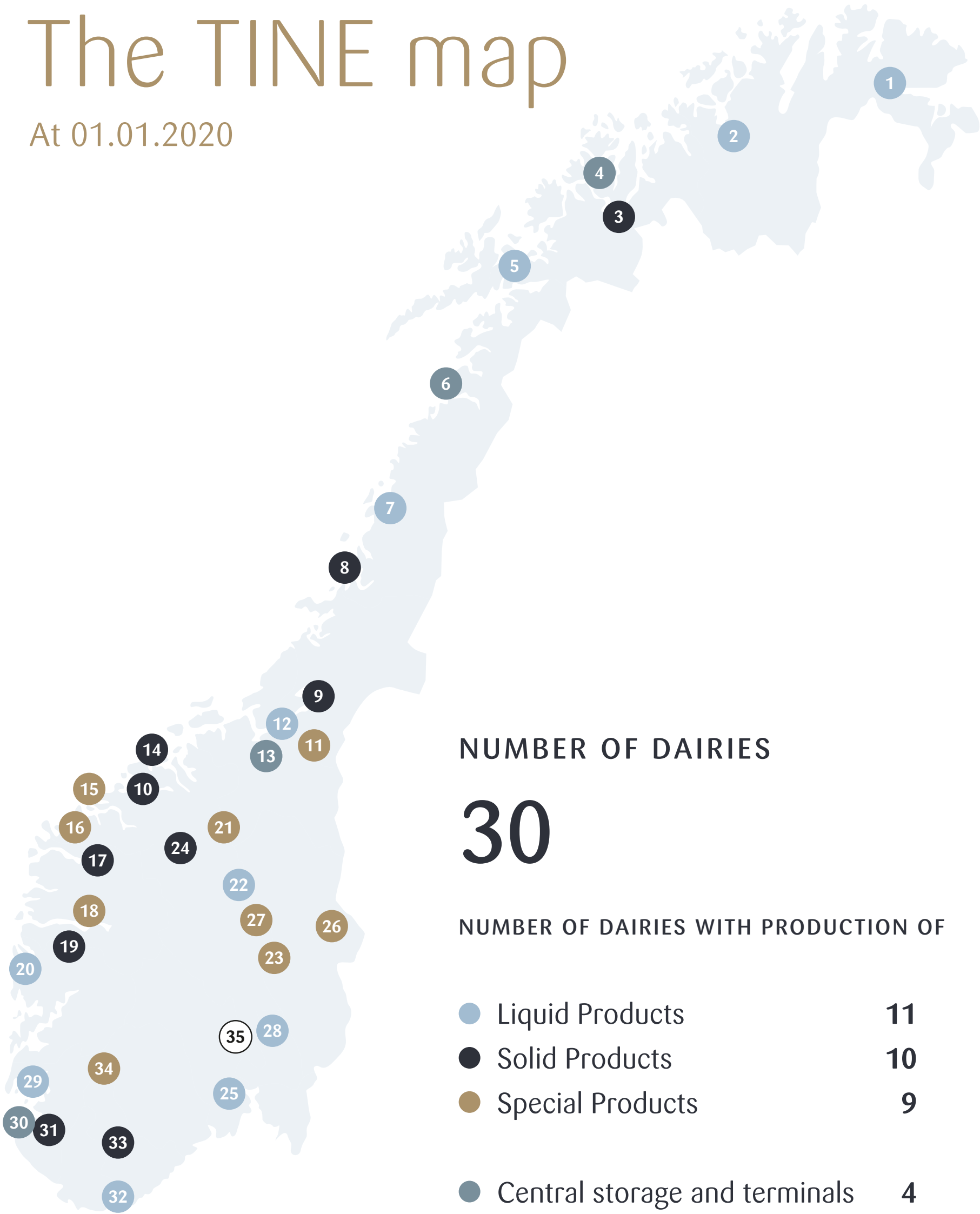
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At 01.01.2020



- 1. TINE Meieriet Tana**
Fresh milk, Kesam®, cream, milk rings, sour cream, protein yoghurt, butter, cultured milk, skimmed cultured milk

2. TINE Meieriet Alta
Fresh milk, cream

3. TINE Meieriet Storsteinnes
Norvegia®, brown cheese, Nøkkel, Balsfjord, Ekte Hvit Geitost, Kvit Geitost lagra, rental production

4. TINE Terminal Tromsø
Storage and distribution

5. TINE Meieriet Harstad
Fresh milk, sour cream, cream, juice, organic milk

6. TINE Terminal Bodø
Storage and distribution

7. TINE Meieriet Sandnessjøen
Fresh milk, powdered milk, butter, cream

8. TINE Meieriet Sømna
Norvegia®: Original, Fyldig and Lettost, Østavind®, gräddost

9. TINE Meieriet Verdal
Norvegia®: Original and Økologisk, Jarlsberg®, gräddost, butter, Bremykt®, cheddar, dried whey products

10. TINE Meieriet Tresfjord
Ridder®, Port Salut, Kvit Geitost Raudkittmodna

11. TINE Meieriet Selbu
Normanna®, Selbu Blå – all varieties, Selbu Norzola®, Fryd® Royal Blue, Kybos, cubed marinated Jarlsberg®

12. TINE Meieriet Tunga
Fresh and cultured milk, cream, Go’morgen®, Biola®, organic kefir, Cultura®, organic milk

13. TINE Sentrallager Heimdal
Grated, sliced and cubed cheese, packing, storage, import

14. TINE Meieriet Elnesvågen
Jarlsberg®, Sveitser, Nøkkelost, Alpeost, Norvegia®

15. TINE Meieriet Ålesund
Fresh and cultured milk, cream, Piano® desserts, creams and sauces, iced coffee, YT®, Sjøkomelk

16. TINE Meieriet Ørsta
Edamer, Norvegia®, Kremgo’®, Snøfrisk®, Kvitlin, TINE Kremost, cream cheese base

17. TINE Meieriet Byrkjelo
Norvegia®, brown cheese, Edam, Norvegia® portions

18. TINE Meieriet Vik
Gamalost, Mylsa, raspberry juice

19. TINE Meieriet Voss
Norvegia®, Dravle, rental production

20. TINE Meieriet Bergen
Fresh and cultured milk, cream, juice

21. TINE Meieriet Dovre
Dovre Ysteri: brie and camembert, Snøhetta

22. TINE Meieriet Frya
Fresh and cultured milk, yoghurt, sour cream, cottage cheese, Greek yoghurt, cream

23. TINE Meieriet Brumunddal
Lactose-free products, long-life consumer products, flavoured milk, juice, desserts, ingredients and powdered milk products, milk concentrated, YT® Protein

24. TINE Meieriet Lom & Skjåk
Brown cheese, caramel and cheese spread products

- 25. TINE Meieriet Sem**
Fresh milk, cream, organic milk

26. TINE Meieriet Trysil
Pultost

27. TINE Meieriet Tretten
Processed cheese, porridge, desserts, honey

28. TINE Meieriet Oslo
Fresh and cultured milk, yoghurt, sour cream, juice, iced tea, cream, organic kefir, organic milk

29. TINE Meieriet Sola
Fresh and cultured milk, cream, organic milk

30. TINE Sentrallager Klepp
Grated, sliced and cubed cheese, packing, storage, import

31. TINE Meieriet Jæren
Jarlsberg®, Norvegia®, mozzarella, pizza topping, butter, Brelett®, prim, butter oil, dried whey products

32. TINE Meieriet Kristiansand
Fresh and cultured milk, cream

33. TINE Meieriet Setesdal
Rømmegrøt, Kviteseidsmør, Ryfylkegome. organic, lactose-free, seasoned and portioned butter

34. TINE Meieriet Haukeli
Frozen Curd, chèvre

35. TINE SA Headquarters Oslo

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TINE – the brand supplier

TINE Group is a brand supplier of well-known and loved brands such as Norvegia®, Tinemelk®, Go'morgen®, Sunniva® and Rislunsj® to mention just a few.

Most of them are dairy products made from Norwegian milk, but there are also juice products, ice cream, ready-made meals, margarines and desserts in the Norwegian range. As a cooperative, one of TINE's most important tasks is to develop tasty dairy products based on Norwegian milk and by this, contribute in creating a living Norway with dairy farmers all over the country.

During the last ten years, production of milk has decreased. TINE is therefore constantly looking for new uses for raw materials and to adapt our range of products to the consumers' needs and wishes. Even though the consumption of fresh milk has decreased, flavoured milk has shown a very positive growth and TINE is constantly developing new products in this segment.

During 2019, consumers have put Tinemelk® Vanilla, Tinemelk® Coffee and Cacao and Tinemelk® Chocolate, in their shopping baskets.



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Norvegia®

VOTED BRAND OF THE YEAR

The recipe for the popularity of Norvegia® is easy to understand. It is all about the good taste, traditional methodology and access to fresh milk from Norwegian dairy cows. In October, Norvegia® was voted brand of the year by the Grocery Supplier Association. The reason was that Norvegia®, despite being in a category with increasing competition, has had a steady growth in the last ten years and has been an important contributor to the growth of this category.

In 2019, Norvegia® launched cheese in different sized packages such as 1.3 kilos: and in 2020, Norvegia® cheese spread is being launched.



Lactose-free Cottage Cheese

NORWAY'S FIRST

There is a great demand for lactose-free products and cottage cheese is a product which is high in the wish list of the Norwegian people. We have therefore expanded our lactose-free selection and launched lactose-free cottage cheese to the delight of our consumers. The whole of the lactose-free portfolio has also been re-branded.



Go'morgen®

ENJOY ON THE GO

Go'morgen® is an important brand for TINE and in 2019, the portfolio was expanded to include two types of porridge. Go'morgen® delivers well on the consumers' continued need for small, healthy meals that can be eaten on the go.



Sunniva®

IMPORTANT TO TINE

Sunniva® is one of the strongest brands in the TINE Group and in 2019, it has continued its important work to actualize Sunniva® Juice. Sunniva® is dependent on nature and the bees to find the best, most flavoursome fruit so that people can have a tasteful juice of high quality. In collaboration with the Environmental Agencies, Sunniva® has this year, as last, stood behind a national voluntary exercise to encourage everyone to set up bee hives so that bees have as many places as possible to live and breed. This campaign was a great success in the trade and people over the whole of Norway set up Sunniva® bee hives in gardens, forest groves and on balconies.

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DOMESTIC DAIRY OPERATIONS



OsteCompagniet AS

OsteCompagniet AS develops, markets and sells speciality cheese products primarily from the small-scale plants in TINE. OsteCompagniet also has sales and marketing responsibility for small-scale producers and, in addition, the company imports cheese which compliment TINE's cheese production.

KEY EVENTS IN 2019

- 2019 was a good year for OsteCompagniet which achieved its highest turnover in the company's history. There was a particularly positive development for Selbu Blå, Snøfrisk® and Brie produced at Dovre cheese factory
- Increased focus and resource allocation to the retail channel has also resulted in good growth in this channel
- OsteCompagniet also performed well this year in the World Cheese Awards, "Oste-VM" and brought home five medals. Silver for Brie Pepper from

Dovre, Selbu Blå, Chevre Haukeli ramsløk and Ridder Classic, as well as a bronze for Snøhetta

KEY FIGURES

Key figures	2019	2018
Operating income MNOK	319	303
Operating result MNOK	10	13
Number of employees	9	8



Mimiro AS

Mimiro AS is a Norwegian technology company which collates agricultural data in a common platform so that current and future solutions for agriculture talk together and to a greater extent can be adapted to the farmers requirements. Mimiro develops products and services based on optimisation and analysis of the farmers data, provides solutions that are simple to use everyday on the farm and at the same time provides digital advice to the farmer.

HOVEDPUNKTER FOR 2019

- The company is well-established and during the course of 2019 has gone over into an operating phase. The administration consists mainly of sub-contracted resources from TINE and Felleskjøpet Agri. From 1 July, the company was located in new, rented premises in Ås centre
- In the Summer of 2019, Mimiro launched its first product EANA Ku, which is a further development of Kukontrollen

- Mimiro has, in 2019, developed a management tool for plant production which will be launched in 2020 under the name EANA Skifte

KEY FIGURES

Key figures	2019	2018
Operating income MNOK	23	0
Operating result MNOK	-50	-1
Number of employees	2	0

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INTERNATIONAL DAIRY OPERATIONS



Norseland Inc.

Norseland Inc. and its subsidiaries Alpine Dairy LLC and Lotito Foods LLC produces, refines, markets and distributes specialist cheeses from TINE and other producers to the retail and catering market in the USA.

KEY EVENTS IN 2019

- Norseland Inc., increased its shares in Lotito Foods Holding LLC from 1/3 to 2/3 and the operating profit from this subsidiary is therefore consolidated in the accounts. There is a positive development in the sales of Lotito Foods in the growing retail market
- There is a decrease in Jarlsberg® sales as a result of a change in strategy, with more focus on profitability than volume

KEY FIGURES

Key figures		2019		2018	
Operating income	MNOK /MUSD	2 125	241	1 446	178
Operating result	MNOK /MUSD	31	3	19	2
Number of employees		260		79	



Norseland Ltd.

Norseland Ltd. refines, markets and distributed premium cheddar cheese and speciality cheeses from TINE to the retail marked in the UK.

KEY EVENTS IN 2019

- Reduction in sales, but improved profitability due to price and product mix
- Jarlsberg® has maintained its position in the market

KEY FIGURES

Key figures		2019		2018	
Operating income	MNOK /MGBP	554	49	568	52
Operating result	MNOK /MGBP	14	1	13	1
Number of employees		212		228	



Wernersson Ost AB

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

KEY EVENTS IN 2019

- Increased operating profit but pressure on profitability which is partly the consequence of a weak Swedish Kroner throughout the year.
- A new Managing Director was appointed from 1 September.

KEY FIGURES

Key figures		2019		2018	
Operating income	MNOK /MSEK	913	979	888	947
Operating result	MNOK /MSEK	-9	-9	16	17
Number of employees		129		118	

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Fjordland AS

Fjordland is made up of the companies Fjordland AS, Matvarehuset AS, Safari Næringsmidler AS 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 for the Norwegian market.

KEY EVENTS IN 2019

- 2019 has again been a good year for Fjordland. With a significant level of activity, the company has succeeded in maintain a solid position in a demanding market
- Fjordland continues its focus on product development and marketing and will strengthen its market in the future

KEY FIGURES

Key figures		2019	2018
Operating income	MNOK	1 832	1 806
Operating result	MNOK	96	82
Number of employees		189	188



Diplom-Is AS

Diplom-Is AS and its subsidiaries Laguna Produkter AS, Isdalen AS and Kulinaris AS are brand companies that produce and market ice cream, sweet snacks and frozen desserts. In 2019 Diplom-Is acquired the company Plug-In Service AS which develops services for cooling and freezer equipment.

KEY EVENTS IN 2019

- In 2019, the ice cream category experienced increased competition from both national and international actors
- A cold and wet summer resulted in reduced operating profit in the ice cream category compared to record results in the summer of 2018
- Acquisition of Plug-In Service AS which develops services for cooling and freezer equipment

KEY FIGURES

Key figures		2019	2018
Operating income	MNOK	1 112	1 204
Operating result	MNOK	-11	97
Number of employees		412	384

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FROM THE CHAIR OF THE BOARD

Making sure dairy farms are running – today and tomorrow

First and foremost: my goal, the Board's goal – yes TINE's goal is to ensure sustainable Norwegian milk production across the country.

This is what I am working towards; indeed, this is what we are all working for. Not just for today but for the future. In fact, primarily for our future. We want to keep the light on for the dairy cows for 10, 20 and 30 years. On Vestvågøy, Hedmarken, in Gloppen, Lierne or Forsand. South, east, west and in the north of the country.

In April 2019, I was offered the opportunity to be the Chair of the Board for TINE. Representing the owners and our joint interests at a time when we know there are many challenges. But it was not a difficult decision. I believe in the dairy farmers. I believe in our employees in TINE and I believe in the longevity of our operations. I believe that together we will turn around the negative trend we are seeing right now. I said yes to the Board because I wanted to be part of something that is much greater than myself.

What we do in TINE is about developing Norwegian society by producing good, healthy and safe food in Norway which lays the foundation for growth and development in many local communities across the country. It's about us wanting to make Norway thrive. At the same time, I am glad that we have used 2019 well and there is already a significant

improvement in both our culture and working practices. We have developed a plan for how we can grow and how we can increase our competitiveness in the years to come. We can see challenges but we also see that we are in a good position to resolve them and come out stronger on the other side.

What we do in TINE is about developing Norwegian society by producing good, healthy and safe food in Norway

In order to do this, we must make brave decisions today. It's now that we have muscles, room to manoeuvre, and time to do it. Do it in a good way; And we have to act based on where we are now and on circumstances' we can do something about. I promise to fight for every litre of Norwegian milk but part of that fight is to look at our reality and make some decisions which will pay off in the long-term but are difficult right now.

Large volumes will end this year with the inevitable end of export subsidies. This will be demanding for both the dairy farmer and for TINE. It is nevertheless important that we keep in mind that we cannot continue unprofitable exports



MARIT HAUGEN
Chair of the Board

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from Norway. This year, we therefore started a new dairy in Ireland. It is an important piece of a larger puzzle. Through our international subsidiaries we have laid the foundation to create profitability in our international operations so that the milk we sell in Norway does not bear the cost for unprofitable exports. It will be a difficult transition.

One of the things we will always underpin at TINE is the focus on quality, animal welfare and the environment. The farmer goes into the barn and takes care of the animals every single day. That they are doing well is a matter of course for us. We work with nature and the land. That is our livelihood. We are therefore completely dependent on looking after this resource for ourselves and future generations. This not only applies to the farms but also the entire value chain right up to the consumers. If we can do this, we also know that we deliver healthy, sustainable and good milk of the highest quality to the Norwegian people.

I hope that we all have the same goals and desires for the milk producers and for TINE. It is not about us and them, but about us all. This means that all proposals and decisions are taken to ensure what I started with: to ensure a sustainable Norwegian milk production across the country. Now and in the future. This is always our goal. It's our guiding light.

MARIT HAUGEN
Chair of the Board

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Key highlights from 2019



RESULT

Operating profit for 2019 was NOK 1189 million, NOK 348 million lower than the previous year. →



GROWTH

Increased sales of cheese, flavoured milk, cream and yoghurt but a decreased in fresh milk and ice cream. →



CHALLENGES

A steady increase in imports and lower milk consumption creates challenges. →



NEW ESTABLISHMENTS

TINE established a new dairy farm in Bergen and also began to produce cheddar in Verdal using Norwegian milk. →



USA

Stronger position in USA through the previous acquisition and stake in Lotito Foods. →



ANIMAL WELFARE

Great commitment to animal welfare from our producers. →



REPUTATION

Voted Supplier of The Year by a number of customers and Norway's most sustainable company. →



PACKAGING

Cardboard for sour cream is tested and marks an important step towards 100 per cent renewable packaging by 2023. →



EXPORT

TINE is preparing for the cancellation of export subsidies. →



EMISSIONS

TINE has made a political breakthrough to use larger tankers which will contribute to lowering emissions. →

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Results 2019

Operating income for the TINE Group was NOK 23.8 billion, a growth of NOK 0.8 billion, which represents a 3.5 per cent growth since 2018 (2.6 per cent growth adjusted for exchange rate fluctuations). Some of this growth is a result of the previous acquisition of a stake in Lotito Foods in the USA, which became a subsidiary of the TINE Group in 2019. After adjustment for exchange rate fluctuations and Lotito, the TINE Group showed a growth in operating income of 0.8 per cent.

In 2019, there was a value growth in the Norwegian dairy business but there was a negative volume development compared with 2018. The ice cream sector had weak sales and result compared to the record year in 2018 and this significantly reduced the operating profit of the TINE Group. Furthermore, operating profit was negatively affected by particularly high one-off costs and start up costs in the company Mimi* and the company in Ireland, increased fuel prices and increased maintenance costs. In addition, the high milk intake in the first half of 2019 contributed to increased costs. TINE Group's operating profit ended at NOK 1189 million, a reduction of NOK 348 million from 2018.

TINE continuously works to adapt and improve our operations and organisation. Throughout 2019, NOK 310 million was realised as a result of improvements. This positive impact was due to procurement, improvements to internal operations and processes and development within the organisation.

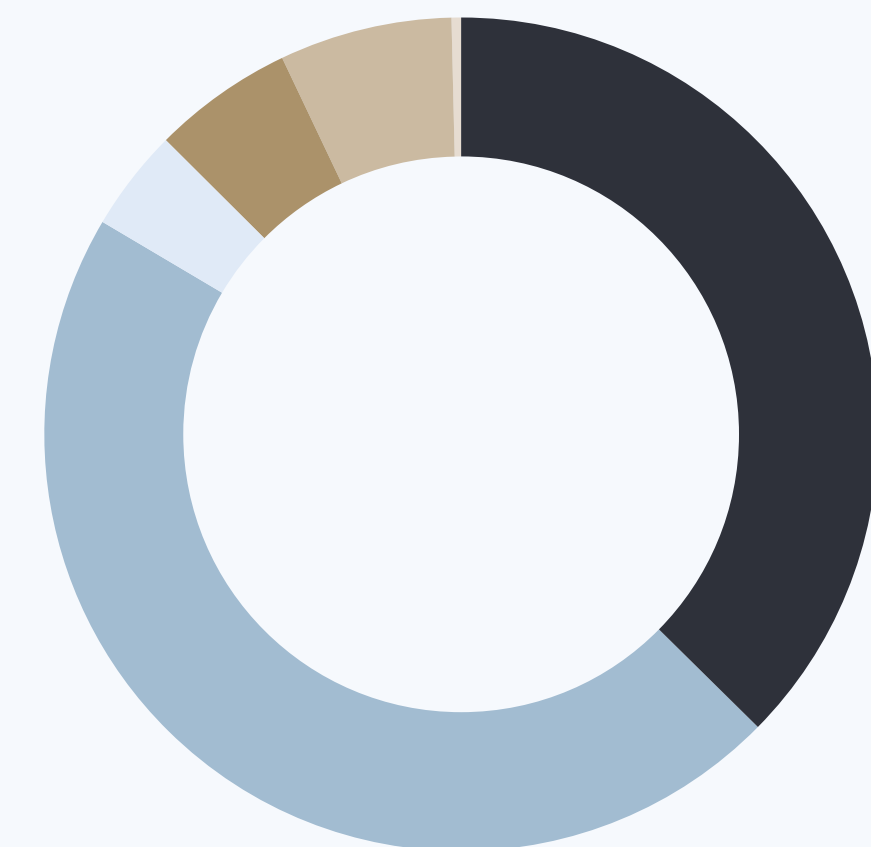
The 2019 financial statements were charged with a total of NOK 124 million in one-off effects. TINE is establishing a new head office in Kalbakken in Oslo and relocation will take place in the first half of 2020. It was in 2016, that the Board of Directors decided to relocate TINE's head office from the centre of Oslo to TINE Dairy Oslo, Kalbakken. The project consists of both upgrading and extraordinary maintenance. The maintenance and other related costs amounted to NOK 86 million and were treated as a one-off cost in 2019. Other one-off costs amounted to NOK 38 million. This consisted of restructuring costs in connection with strategy and structural changes, impairment of fixed assets and net gains from the sale of other operating assets. The accounts for 2018 were charged with a net NOK 23 million in one-off effects.

TINE's operations consist of Dairy Norway, Dairy International and Other Operations.

TINE's operations are represented throughout Norway. Most of the international activities take place in the USA, Sweden and the UK. In 2019, construction work on the new dairy in Ireland was completed and the production of Jarlsberg® in Ireland is scheduled to start as planned during 2020.

*See [page 12](#).

Sales revenue ready-made goods
PER SEGMENT TINE GROUP / MILL. NOK



Operating profit per business area

MILL. NOK	2019	2018
Dairy Norway	1 106	1 324
Dairy International	12	49
Other activities	71	165
Group eliminations	-1	-1
TINE Group	1 189	1 537

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Sustainable value creation

TINE's ambition is to leave both agriculture, cooperation and Norway in a better place than when we took over. It is therefore in our DNA that TINE is to be the most sustainable food producer in Norway. TINE processes milk for various dairy products and major changes in nature and the climate will have a big impact. Our focus is to contribute to the sustainable use of the earth's resources. Work on sustainability should be a natural and integrated part of TINE whether it is to produce healthier products or reduce greenhouse gas emissions throughout our value chain.

TINE's goal is economic value creation where TINE contributes positively to the environment and social surroundings. This is what we call sustainable value creation. Since 2010, we have reported our work on sustainability in accordance with the Global Reporting Initiative's Framework. From 2018, TINE switched from GRI-4 to GRI Standards. Refer to TINE's full Sustainability Report from [page 109](#) of the Annual Report.

NORWEGIAN AGRICULTURE IS BEING CHALLENGED

Climate and environmental considerations are increasingly included in dietary and nutrition recommendations. It is no longer just about the nutritional needs of the individual but also about what is sustainable for our planet. Dairy products are increasingly included in the argument. A significant amount of emissions associated with milk relates to activ-

ities on the farm. TINE therefore engages in a number of areas of research and development to secure dairy products a place in the future.

NO-ONE IS SO CLOSE AND LOCAL AS TINE

TINE is close to the entire value chain. It provides good safe food with input from Norwegian factors. We are one of the many small who contribute to vibrant communities where the cultural landscape is nurtured and cultivated, an important job for our entire population. Our owners produce milk all over the country. They manage and utilise important natural resources to produce food, resources which otherwise would not be used – an important contribution to Norwegian value creation. We are seeing an increased interest in preserving our food traditions but at the same time we are experiencing increased competition from European dairy operations and Norwegian suppliers of milk and dairy products on foreign raw materials. TINE as a cooperative and with our well-rooted history should be well equipped to face this competition. TINE distributes milk and other fresh products directly from the dairy to shops, schools, kindergartens and other customers. TINE will continue to do this because it ensures our consumers the freshest products and the best quality at the lowest cost. TINE has dairies throughout the country. The shortest milk route comes from TINE.

Sustainability goals

We will be the best at sustainability in the Norwegian food industry



GREENHOUSE GAS EMISSIONS
TINE's goal is for agriculture to cut 20 per cent of greenhouse gas emissions by 2030.



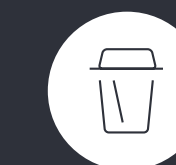
PACKAGING
By 2023, TINE's packaging will be made from renewable or recyclable raw materials.



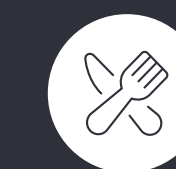
RENEWABLE ENERGY
By 2025, TINE will only use renewable energy and fuel. TINE will then become a business that does not emit greenhouse gasses.



VALUE CHAIN
By 2030, TINE should have reduced our own value chain loss by 50 per cent by utilizing our own raw materials optimally.



FOOD WASTE
By 2030, through innovative packaging, labelling and consumer dialogue, TINE will help reduce consumer food waste by 50 per cent.



DIET
TINE aims to contribute to a healthy, varied and balanced diet for the Norwegian population.

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GREENHOUSE GAS EMISSIONS HAVE BEEN REDUCED BY 5,2 PER CENT IN 2019

TINE aims to reduce Norway's greenhouse gas emissions by reducing our own emissions. Through continuous improvement, we shall maximise energy utilisation and prevent pollution. TINE's goal is to use only renewable energy and fuel in the company's production and transport by 2025. From 2018, greenhouse gas emissions from subsidiaries were included in the climate accounts without the correction of historical figures. In 2019, TINE Group's direct emission of greenhouse gasses was reduced by 5.2 per cent whilst direct emissions of greenhouse gasses from TINE SA were reduced by 4.9 per cent. TINE Group has reduced their emissions by 25 per cent since 2007.

We continued our transitions to new cars with Euro VI engines and reduced NOx by 25 per cent in 2019.

#KUKRAFT REDUCES EMISSIONS IN TRANSPORT AND FOOD PRODUCTION

In 2017, TINE launched the concept #Kukraft, an environmental program to use biogas from livestock manure as fuel. By using manure as a raw material in biogas production, a triple environmental effect is achieved – an emission reduction of more than 100 per cent. The biogas is used for fuel and replaces fossil fuel and energy. What is left after biogas production is returned to agriculture as bio fertilizer and replaces artificial fertilizers. It also means that emissions of methane and nitrous oxide from fertilizer stock and on spreading on the soil are reduced. TINE works with various actors to increase the use of livestock manure for the production of biogas. Furthermore, the focus is on using biogas in TINE's transport. TINE's goal is that by 2025, only renewable fuel will be used in their transport.

RENEWABLE PACKAGING BY 2023

Our ambition is that all packaging in TINE will be based on

renewable or recyclable raw materials by 2023. Furthermore, we will ensure that used packaging is collected and used for new material. In the autumn of 2019, TINE teamed together with KIWI to test cardboard cartons for TINE Light sour cream in all KIWI stores in the country. One important innovation that has provided important learning and experience where the goal is to launch cardboard cartons for all cooking products which are currently using plastic containers.

OUR MILK PRODUCERS DELIVER GOOD QUALITY

Throughout 2019, 95.5 per cent of TINE's milk producers have been categorized as elite milk. Elite milk is the highest quality milk a milk producer can have amongst its delivery of raw materials. The assessment is based on objective and measurable criteria. Easy access to quality raw materials is due to the long-term and targeted work for good animal health and welfare throughout TINE's advisory services and good work with the producers. The quality of goats' milk has improved further in 2019. Over 93 per cent of the milk is classified as elite milk, an increase of 1.6 per cent.

SAFE FOOD IS A RESULT OF GOOD WORK ACROSS THE ENTIRE VALUE CHAIN

The prerequisite for trust in TINE's products is a value chain in which healthy and safe raw materials and processes are ensured and issues relating to food safety are communicated openly. In 2019, TINE has had one recall from the market due to a possible dangerous product. This related to a metal-filings found in cheese.

STRONG ANTIBIOTIC CONTROL PROMOTES GOOD HEALTHY ANIMALS

Norway's cattle and goat health are world-class with no serious infectious diseases. The frequency of the use of antibiotics in milk production is an indication of animal health. The work to reduce the use of antibiotics in animals is also an important contribution to the work to prevent

antibiotic-resistant bacteria in humans. All milk delivered in tankers to TINE's plant is checked for antibiotic content. In 2019, there were 66 deliveries of milk with traces of antibiotics. This represents 0.07 per millilitre of TINE's deliveries. Any milk with traces of antibiotics is destroyed.

TINE WILL CONTRIBUTE TO BETTER PUBLIC HEALTH IN NORWAY

As a food producer, TINE is responsible for contributing to improve public health in Norway. For many years, TINE has gradually reduced the use of sugar in several of our products. In addition, a number of sugar-free products have been launched, for example the Litago® range. The result is far less sugar for consumers. During 2019, we have calibrated our measuring equipment so that in the future we can document the content of saturated and unsaturated fat in milk. This work will ensure that milk, in the future, will have an even better composition.



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TINE’s goals
and strategy

TINE’s mission is to sell the most Norwegian milk from owners at the highest possible price and to ensure sustainable Norwegian milk production throughout the country.

To achieve this goal, the Board has worked closely with the administration to develop the company’s new strategy, TINE 2025, where the focus is on increased growth, strengthened competitiveness, better and more long-term framework agreements and a culture which permeates throughout TINE.

SIGNIFICANT CHANGE IS AHEAD OF US

Over the next few years, TINE is facing major challenges to ensure the profitability of Norwegian milk production and the future of our owners. The loss of export subsidies, tough competition, challenging framework conditions and changes in consumer behaviour require us to restructure. TINE aims to create growth whilst at the same time streamline our operations and improve framework conditions.

Lower production and payment in arrears will mean that TINE’s dairy farmers will see a significant reduction in income over the next few years. Without strong measures, both profitability and volume will disappear within a few years. This is what our strategy needs to find the answers to.

TINE 2025

HOVER YOUR CURSOR OVER THE MILK FLOWER TO READ MORE ABOUT OUR FOUR STRATEGIC AREAS. CLICK TO GO DIRECTLY TO THE TOPIC.

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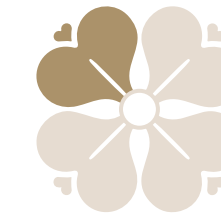
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Growth

TINE Group continues the long-term efforts to create brands that our customers and consumers prefer. Through innovation and product development, TINE will develop products and solutions to meet their needs.

DOMESTIC DAIRY OPERATIONS

Domestic dairy operations in Norway includes TINE SA, OsteCompagniet AS and Mimiro AS. Sales revenues from domestic dairy operations in 2019 was NOK 18.3 billion, a growth of 1.5 per cent. Operating profit from domestic dairy operations in Norway was NOK 1 106 million, a reduction of NOK 218 million from 2018.

REDUCED VOLUME AND LESS SEGMENT SHARE

The total volume in segments where TINE is present continues to have a negative development. In addition, TINE has a more negative trend than that within the segment. In 2019, the total segment saw a drop of 1¹ per cent volume, compared to 2018. TINE's drop was 2.2¹ per cent. In terms of total value, the total segment increased by 1.4¹ per cent whilst TINE saw growth of 0.7¹ per cent. This increase in value

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110 000

TINE Relay race 25 years

NUMBER OF PARTICIPANTS IN 2019

comes from the following segments: solid white cheeses, butter, crème fraîche and iced coffee where the first three are explained by high price growth and the growth in iced coffee is driven by volume.

CONTINUED DECREASE IN FRESH MILK

The negative development in this segment is mainly due to fresh and soured milk where there is an impact on both value and volume. The total fresh milk segment has seen a decline in volume of 2.6¹ per cent, whilst TINE is down 5.2¹ per cent. This results in a reduction in volume share in the segment by 1.9 per cent, down to 70.7¹ per cent. In central regions, TINE's segment share is below 50 per cent. For soured milk, the segment has a total decline in volume of 5.2¹ per cent in volume whilst TINE's reduction is 5.1¹ per cent. This means a flat trend for volume share in the segment. It should be mentioned that flavoured milk drinks have shown a positive development with 8.5¹ per cent volume increase for the total category and 9.5¹ per cent volume increase for TINE.

LOWER SEGMENT SHARE FOR SOUR CREAM, INCREASED SEGMENT SHARE FOR CREAM

The segment for sour cream and crème fraîche has a total volume growth of 1.5¹ per cent whilst TINE has a decrease of 1.7¹ per cent. This means that TINE loses volume shares in the segment. In the cream segment, TINE has a volume growth of 4.8¹ per cent, driven by the 7.5 dl of cream.

The total segment remained stable and we increased our volume share in 2019. TINE also had volume growth in yoghurt of 1.3¹ per cent. This was in line with the volume trend in the total yoghurt segment.

FLAVOURED MILK DRINKS INCREASE AND NORVEGIA® LAUNCHES HAVE BEEN A SUCCESS

To counteract the negative trend in 2019, measures have been implemented to increase sales of, amongst others, flavoured milk drinks, cheese and sour cream. TINE launched a 1.75 litre skimmed milk to counteract the negative trend in the segment. In respect to flavoured milk drinks, activities have been carried out which resulted in the total segment for flavoured milk drinks achieving volume growth; particularly for Litago®, TINE chocolate milk and flavoured fresh milk. Within the cheese segment, several variants of Norvegia® were introduced during the year. This has contributed to growth.

TINE'S CHEESE RECEIVES INTERNATIONAL RECOGNITION

In the Cheese World Cup in Italy, TINE and OsteCompagniet received a total of 7 medals. Jarlsberg® Special Reserve five years from Elnesvågen ended up in the top category, Super Golds, whilst Selbu Blå recieved silver. Ekte Geitost, produced at Storsteinnes, was awarded a gold medal. OsteCompagniet has had positive sales development in 2019 compared to 2018; especially Selbu Blå, Snøfrisk®

and Brie produced at the Dovre cheese factory which both contributed to growth.

TINE RELAY WITH ENVIRONMENTAL GOALS

The TINE Relay and TINE Football School are still going strong. In 2019, the TINE Relay celebrated 25 years with 110 000 children participating. Focusing on the environment and sustainability, TINE collaborated with the Environmental Agency to set environmental goals under TINE Relay. The football school was organised for the 22nd consecutive year and had a special focus on healthy and varied food.

OUR NEW COMMERCIAL STRATEGY SHOULD GIVE GROWTH

Increased focus on our core business and dairy-based products is starting to produce results in some categories, whilst the challenges remain with fresh milk. Increased customer orientation and shared value creation with our customers is important in both grocery and kiosk, petrol and service stations. The focus on our dairy based core business is important when it comes to

¹ Source: Nielsen ScanTrack, NorgeTotaltDVH, Bakekomponenter, Desserter Kjølte, Desserter Tørre/Våte, Desserttilbehør, Iste/Iskaffe, Juice/Nektar/Lemonade, Matfett, Melk, Ost, Rømme/Fløte, Sport/Energidrikker, Sportsprodukter, Yoghurt, Value % Change YA, Volume % Change YA, 2019. Last available period week 52 2019 (Copyright © Nielsen.) Ref.no.01763352, Date: 04.02.2020

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product development and the launch of new concepts and categories.

GREAT CONFIDENCE FROM OUR CUSTOMERS

In 2019, TINE was named supplier of the year at four of the COOP's five chains as well as by REMA 1000. For the first time, TINE is also on the podium, with third place, in the annual Re-Mark; a survey of our customers evaluation of grocery suppliers. Norvegia® also won the brand prize during DLF's autumn meeting. In January 2019, we received the award as this year's supplier to Narvesen and 7-Eleven.

In 2019, TINE Partner was again voted this year's best direct supplier of the year by the Student Society and voted this year's food supplier at Thon Hotels. The award for Matgledebedrift 2019 went for the very first time to a kindergarten. The winner was Drømmehagen kindergarten at Frekhaug in Hordaland. It was gratifying that FUS kindergartens also chose TINE as a supplier of food and beverages, because they felt that TINE thinks about sustainability at all levels in addition to providing healthy products of good quality.

CLOSER COOPERATION WITH KBS CUSTOMERS

In the KBS channel we have focussed on profitable growth with our customers. After the record-breaking summer of 2018, the wet summer of 2019 was a major cause of challenging numbers, even with strong brand names such as TINE Iced Coffee, Litago®, Sunniva® Iced Tea and Isklar®. Food is becoming an increasingly important part of sale in kiosks and petrol stations and TINE is working towards closer cooperation with our customers in this area.

POSITIVE SALES DEVELOPMENTS FOR TINE PARTNER

TINE Partner serves a wide range of customers in the retail, food and consumer markets. There was a positive sales development in 2019 in most business areas. In our

strategy period through to 2025, TINE will implement measures to ensure increased competitiveness and growth both for our customers and for TINE.

INCREASING INTEREST IN NORWEGIAN RAW MATERIALS

There is a growing interest in Norwegian raw materials and we are particularly seeing a growing trend in the production of ready-made Norwegian foods in the food industry market in Norway. We have already begun preparing the launch of a Norwegian cheddar produced with Norwegian milk. In 2020, we will launch Norwegian cheddar in collaboration with Orkla, who will start to use Norwegian cheddar on its pizza.



TINE IS FOCUSING ON SKOLELYST.NO

TINE continues to work to provide good food and beverages to our consumers through several channels including schools. At SKOLELYST.NO, TINE offers good and healthy food and drink options throughout the school day. Parents can order products for their children with a great degree of flexibility and, in addition to milk, the selection includes yoghurt, porridge, fruit drinks, smoothies and fruit pieces.

MIMIRO WON THE AGRICULTURAL INNOVATION PRIZE IN 2019

Together with the joint venture Agri SA, TINE SA established the company Mimiro AS in July 2018. This new company, which was launched on 1 January 2019, will

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Brand Exports and sales International Dairy Sales

FIGURES IN TONNES	Brand exports		Total sales*	
	2019	2018	2019	2018
USA	6 122	6 328	25 959	16 535
Australia	1 271	1 023	2 322	2 464
Canada	0	1 426	2 108	1 815
Great Britain	750	589	6 417	7 117
Sweden/Denmark	941	502	16 865	17 325
Other markets	292	303	1 020	941
Total	9 376	10 171	54 692	46 198

*Brand exports are sales out of Norway. Total sales are sales to the consumer/end user of all brands

use agricultural data to increase farmers’ productivity and profitability. The 2019 accounts reflect that the company is in its start-up phase. The company’s goal is to manage the farmers’ data and to develop new and relevant agricultural management tools. The company has international ambitions. Mimiro won the Agriculture Innovation Award in 2019 for its contribution to improving the competitiveness of the industry.

INTERNATIONAL DAIRY SALES

In 2019, International Dairy Sales had sales revenue of NOK 3.6 billion, a growth of 24 per cent from 2018 (17 per cent growth adjusted for exchange rate fluctuations). This growth was a result of Lotito becoming an integral part of Norseland Inc. Adjusted for Lotito, growth was 7 per cent. Adjusted for both Lotito and currency fluctuations, growth was 2.5 per cent.

Operating profit in 2019, was NOK 12 million, a reduction

of NOK 36 million from 2018. The main reason for the reduction in operating profit was significantly weaker profitability in Sweden, together with the establishment costs associated with activity in Ireland.

In 2019, International Dairy Products made up 15 per cent of the Group’s sales revenue, compared to 13 per cent in 2018 and is based on sales of brands from TINE and other cheese producers. TINE has subsidiaries in Sweden, Denmark, the UK, USA and Ireland. Wernersson Ost AB distributes and sells goods in Sweden, Denmark and Finland. Norseland Ltd. Is our British subsidiary, and Norseland Inc. operates in the USA and Canada. In other markets, sales of TINE’s speciality cheeses are through selected distributors.

DECREASED SALES OF JARLSBERG® INTERNATIONAL

Jarlsberg® is currently TINE’s largest international brand and is sold in 16 countries including Norway. Jarlsberg® is produced at our Norwegian plants, at our own Alpine Cheese Co.,

in Ohio, USA as well as at Dairygold Ltd., In Ireland. Total international sales of Jarlsberg® decreased by 1.8 per cent compared to 2018, due to increased focus on profitability.

TINE’s subsidiary in the USA, Norseland Inc. has, despite strong competition, managed to maintain its position as the leading supplier of speciality cheeses in its category. Sales of Jarlsberg® are somewhat weakened in the USA as a result of a change in strategy with more focus on profitability than volume. In addition, to selling TINE’s brands, Norseland Inc., also sells brands on behalf of other manufacturers (partners).

FURTHER ACQUISITIONS OF LOTITO IN THE USA STRENGTHENS OUR MARKET POSITION

In 2019, TINE increased the shares in Lotito Foods Holding LLC from 1/3 to 2/3. TINE has also committed to buy up to 90 per cent by 2023 and has an option on the remaining 10 per cent that can be exercised by 2024. The acquisition was made through Norseland Inc. who has just completed



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2.9

Sales revenue NOK billion

FJORDLAND AND DIPLOM-IS



its first year as the majority owner of Lotito Foods Holding LLC in New Jersey. Norseland Inc. has collaborated with Lotito Foods since 2007 on the shipping and packaging of Jarlsberg®.

Through its investment in Lotito Foods, Norseland Inc., has gained a strengthened market position in the retail market. Furthermore, the collaboration has also strengthened innovation for Jarlsberg®. This has resulted in new product areas in supporting categories in the trade.

STABLE RESULTS FOR NORSELAND IN THE UK

In 2019, Norseland Ltd. in the UK, delivered profit which was in line with 2018. Sales revenue decreased but higher prices and an advantageous turn in the product mix to higher value goods meant that the result remained the same. Brands such as lchester®, Applewood® and Mexicana® all held their position in the British market. Jarlsberg® strengthened its position despite fierce competition in this category. Exports from Norseland Ltd., have been stable throughout the year.

CHALLENGES AT WERNERSSON IN SWEDEN

Wernersson Ost AB in Sweden saw no growth in sales revenue in 2019 and a deterioration in operating profit. This was mainly due to unprofitable campaigns and high costs relating to inventory write-downs. In addition, Wernersson had challenges relating to the weakening Swedish Kroner which significantly impacted its margins. This was only partially offset by price increases. Sweden was also the largest international market for brown cheese.

OTHER ACTIVITIES

Other activities include production and sale of food products such as ice cream and frozen desserts, margarines,

porridge, and fresh ready-meals. The business is primarily conducted through the wholly and partly owned subsidiaries Diplom-Is AS and Fjordland AS.

Sales revenue in Other Activities was NOK 2.9 billion, a reduction of NOK 73 million from 2018. Operating profit for Other Activities was NOK 71 million, a reduction of NOK 94 million from 2018. There is a lower demand for ice cream in Diplom-Is which explains the decline under Other Activities.

CONTINUED SALES GROWTH IN FJORDLAND

Fjordland and its subsidiaries increased sales revenue in 2019, and improved operating profit as a result of growth and increased focus on cost. In the grocery market which is characterized by fierce competition and declining growth, Fjordland has through good product launches, solid market activities and strong brands, still succeeded to generate growth in 2019, particularly within ready-meals, porridge and Bremykt®. Fjordland also strengthened its investment in other sales channels in 2019, and saw a growth in the retail market and KBS through its own product portfolio and those of its subsidiaries.

INCREASED COMPETITION AND A COLD SUMMER CAUSED A REDUCTION IN ICE CREAM SALES

In 2019, Diplom-Is AS experienced increased competition at the ice cream counter and had far lower sales than in its bumper year in 2018. Early summer was both cold and wet and contributed to reduced sales compared to 2018. A lower volume through the production line together with the logistics chain resulted in an increase in fixed costs measured against sales revenue and resulted in a negative operating result in 2019. Diplom-Is working to improve efficiency, improve customer collaboration, improve operational stability, strengthen the brand and further develop the "Diplom-Is-Bilen". The company expects to see the results of this in the coming years.

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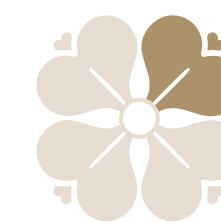
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Competitive advantage

In order to strengthen competitiveness, TINE works continuously with streamlining operations and cost improvements throughout our value chain.

INDUSTRY AND STRUCTURE

In 2019, TINE continued to work on the implementation of future production streams for brown cheese and cream cheese. Brown cheese production has been moved from TINE Dairy at Elnesvågen and TINE Dairy at Ørsta to TINE Dairy at Byrkjelo and TINE Dairy, Lom & Skjåk. TINE Dairy at Ørsta took over the production of cream cheese from the TINE Dairy in Hardanger in the spring of 2019. The equipment at the TINE Dairy in Hardanger was dismantled and the plant in Øystese was purchased by local actors and transferred in September. This provides the basis for a more efficient production of cream cheese and brown cheese. At the same time, this means change for some employees.



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DAIRIES IN ELNESVÅGEN AND STORSTEINNES ARE BEING REBUILT

In September 2019, TINE's Board decide to convert the TINE Dairy in Elnesvågen to a flexible plant that can produce both 10kg blocks of cheese and rind cheese. The plant is due to be built in the autumn of 2020. The expansion of the TINE Dairy Storsteinnes with its new cheese factory and warehouse are underway. This plant will be of great importance to goats' milk producers in Northern Norway. In 2019, TINE received an order from the USA for the delivery of pure white goats' cheese produced at Storsteinnes. Exports will start in the spring of 2020.

NEW DAIRY IN BERGEN IS IN OPERATION

The new TINE Bergen started up in the summer of 2019. The vision for the new TINE Bergen is that it will be the Nordic region's most efficient, forward-thinking and profitable plant for the production of milk, juice and cream as well as preparation for distribution to the customers. The plant will supply Hordaland and Sogn and Fjordane with dairy products. The old plant at Minde is sold and will be transferred to its new owner in February 2020.

DAIRY IN IRELAND IS READY FOR TEST PRODUCTION

The construction project in Ireland is completed and ready for test production. A complete operating organisation has been established where all functions are staffed at the same time as the necessary production, quality and maintenance systems have been implemented. The operators have been on extensive training at the plants at Jæren, Elnesvågen and Sømna, in addition to receiving local training on the process equipment and have participated in the testing at the new plant. The production start which was originally scheduled in the spring of 2020 has been postponed until local authorities have approved the emissions permit. Production is unlikely to start until the summer of 2020.

NEW IMPROVEMENT PROGRAM TO INCREASE COMPETITIVE ADVANTAGE

Several projects to increase competitiveness have been initiated which will result in significant cost savings. The TINE structure has been evaluated in terms of milk intake, farming structure, transport and a number of other factors. The improvement program Styrk 4.0 will be implemented at ten plants to streamline operations and reduce costs; laboratory operations will also be reviewed as well as maintenance at the facilities. These improvements will be realised by the end of 2022.

INTERNATIONAL RECOGNITION FOR HEAT PUMPS

TINE Production has continued to work on continuous improvement of waste and energy consumption. 2019 was a particularly rewarding year. Not only did TINE win the 2019 Heat Pump Award from the Norwegian Heat Pump Association for the many years it has focussed on heat pumps, TINE also won the international award for Heat Pump City of the Year 2019 for our innovative energy system at our new dairy in Bergen. The new dairy in Bergen will be the first to have all its heat and cold delivered by cooling machines and heat pumps in collaboration. It will also be the first dairy in Norway without fossil fuel or direct electric heating and energy consumption will be reduced by 40 per cent.

In 2019, the TINE Dairy in Tana has commissioned a new full purification plant for wastewater. The dairy's waste water used to go to the municipal wastewater treatment plant. This is the first dairy to have a full purification plant.

LOGISTICS

TINE Logistics includes tanker transport, distribution, intermediate transport and warehousing. After the recent

organisational change, all transport is gathered under TINE Logistikk. In 2019, TINE had a delivery rate of all products to customers of 97.2 per cent. At the same time, the disposal of finished products due to shelf life has reduced by 24 per cent compared to 2018. Consumers are given a better shelf-life, something which leads to less food waste. This is positive for both the environment and the economy.

SALE OF DISTRIBUTION SERVICES IS DEVELOPED

In 2019, several improvement projects have been completed by TINE Logistikk. Our goal is 5 per cent increase in efficiency each year. The streamlining comes from two types of initiatives: local initiatives where employees and managers work on continuous improvement and major central projects starting with digitalisation. TINE offers nationwide distribution services to other actors with particular focus on fresh food and assists around 100 farm producers.

EFFICIENCY THROUGH INCREASED DIGITALISATION

The Technology Lab is a catalyst for knowledge and use of new technology. Learning is the focus and the Technology Lab works actively to enable everyone who works at TINE to develop and increase competence. The Technology Lab considers opportunities that are available in the near future and that will strengthen TINE in future. One important part of what the Technology Lab does are pilot projects. These are based on new technology that may have an impact on TINE, our customers or owners. The Technology Lab has also developed a competency program in TINE where employees across the organisation can become subject matter specialists and immerse themselves in a technology area.

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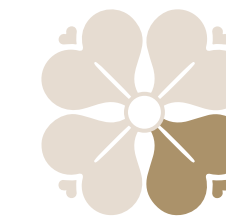
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Framework

Improved and longer-term framework agreements are a key focus area in our new strategy, TINE 2025. Good framework agreements are crucial to both TINE and our owners.

DOWNSCALING OF MILK PRODUCTION IS A BIG CHALLENGE

In spring, the agricultural agreement allowed a moderate increase in the target price for milk. One topic of discussion ahead of this agreement was the question of possible changes to the regulations for renting milk quotas and down-scaling of milk production to adjust the volume after export subsidies expire. Export subsidies for cheese will cease on 1 July 2020. The parties to the agricultural settlement agreed that the down-scaling of milk production should be carried out by adjusting the milk quotas based on estimates and supplemented by extraordinary purchase financed by tax on turnover. On October 16, 2019, an agreement was reached between the State and the Norwegian Farmers Union which was aimed at the extraordinary purchase of cow milk quotas corresponding to 40 million litres during 2020.

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The State will contribute NOK 200 million to part-finance the purchase. For 2020, the quota for cows’ milk was reduced by two percent to 0.96.

AGREEMENT ON CLIMATE MEASURES

In June, a letter of intention was agreed between the Agriculture Agency and the Government on the reduction of greenhouse gas emissions and increased absorption of carbon from agriculture in the period 2021 to 2030. This agreement will form the framework for climate policy development in agriculture.

THE REGULATIONS FOR MARKET-BALANCING ARE REVIEWED

The review of the Turnover Council’s regulations for market-balancing was finalised in the spring of 2019, and proposals for amendments were submitted for consultation in the autumn of 2019. In addition, the Government has submitted the framework for the council’s exercise of authority, with proposals for possible changes to the consultation. The deadline for the hearing for both cases is 1 March 2020.

MILK PRICE COMPENSATION SCHEME

In the period 1 January to 30 June 2019, a guideline price for milk was introduced which, in effect, is a reduced list price from the market regulator to the dairy industry. This

is in order to increase fees and grants in the scheme as an extraordinary measure to ensure adequate liquidity. On October 16, the State and the Norwegian Farmers’ Association agreed on measures to scale down Norwegian milk production. The agreement refers to the price equalisation scheme. The agreement on this point states that funds released as a result of the cessation of export subsidies shall be used to improve the competitiveness of Norwegian milk through changes in the price groups in the scheme.

INTERNATIONAL CONDITIONS

In the area of trade politics, Norway has, through the EFTA, entered into a free trade agreement with MERCOSUR. We

do not expect this to have an impact on Norwegian dairy operations. Norway is also negotiating a free trade agreement with China. The election of a new parliament in the UK has provided important clarifications regarding the BREXIT process and the UK will resign from the EU based on an agreement regulating trade policy conditions until a new, more permanent solution is agreed. It is further noted that the USA has imposed penalties on certain goods from the EU as a result of the “Airbus Case”. Dairy products are on the list of products from the EU that are subject to customs duties. This impacts our production in Ireland.



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CHEESE IMPORTS CONTINUE TO INCREASE

From 1 January 2019, we saw the full impact of the Article 19 extension on the cheese quota with the EU. Total duty-free imports from the EU have now increased from 7200 to 8400 tonnes annually. In addition, there is the EFTA quota which is also duty-free. In 2019, trade statistics show that 16 295 tonnes of cheese were imported. In comparison, cheese imports were 8719 tonnes in 2009. Imports of flavoured milks are also increasing.

CHALLENGING FRAMEWORK AGREEMENT FOR THE GOODS INDUSTRY

TINE's transport conditions account for around 71 per cent of TINE's greenhouse gas emissions. Biodiesel is the only fuel that currently allows heavy transport to reduce its environmental impact in the short-term. From June 2020, road tax of around NOK 4 per litre will be introduced on biofuel. This means that biodiesel will most likely not be traded out with the turnover requirements for 2020 as the price per litre will increase correspondingly with the road tax. Biofuel will therefore be far more expensive than fossil fuels. We must therefore not expect greenhouse gas emissions from TINE's transport to change significantly in 2020.

BIGGEST CHANGE IN GOODS TRANSPORT IN 40 YEARS

Together with NHO, TINE has had a breakthrough with the Ministry of Transport to use longer and heavier tankers on

par with those transporting timber. New regulations are expected to be submitted for consultation in the first half of 2020. According to the NHO, this is the most significant change in freight transport in Norway in 40 years. This means that TINE can use roads already approved for timber transport for transport of a 60 tonnes truck or a truck which is 24 meters long. In the long-term, these measures have the potential to reduce costs in the order of NOK 30 to 50 million per year, a 10 per cent reduction in green house gas emissions when collecting milk and about 30 fewer tankers on the road each day.

TINE EXPECTS INCREASED ACCESS TO BIOGAS

We feel, however, that there is still a long way to go until good framework conditions and technology solutions for the transport of heavy goods are available. We expect increased access to biogas. Biogas is exempt from road tax. Biogas based on manure (#Kukraft) thus strengthens its competitiveness and appears to be the preferred choice for the green conversion of heavy transport. TINE has ordered a further 10 biogas lorries for delivery in 2020, and is considering an increase in the investment in biogas in 2021.

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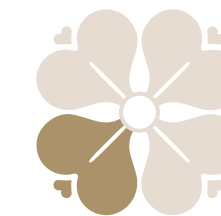
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Foundation

In order to realise our new vision “Together we make Norway thrive” and our strategy “TINE 2025”, several initiatives have been introduced to create the right foundation in TINE.

The work encompasses all managers and employees and involves effective collaboration across the organisation. An improved decision-making structure will contribute to higher implementation capacity. Each employee must be motivated by TINE's goals and everyone must have a good career path and opportunities. The development of competent and committed employees in a flexible organisation must be supported by a good management culture.

HEALTH, SAFETY AND ENVIROMENT

Healthy employees and a stable work force in a good working environment contribute to increased competitiveness and the quality that TINE needs to succeed to become a leading actor in the industry. Work must be organised so employees are not exposed to undue physical or mental strain and ensure that no one is injured or ill as a result of their work.



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Number of employees women/men

2019	Employees			Management		
	Women	Men	Total	Women	Men	Total
TINE SA	1 476	2 700	4 176	74	124	198
Subsidiaries	512	720	1 232	24	46	70
TINE Group	1 988	3 420	5 408	98	170	268

Sick leave, turnover and LTI's** per million hours worked

2019	Sick leave	Turnover*	LTI's** per million hours worked
TINE SA	5.7 %	5.3 %	4.5
Subsidiaries	4.4 %	9.8 %	14.2
TINE Group	5.4 %	6.3 %	6.6

* Relocation/downsizing is not included in the figures.

**LTI: Lost Time Injuries

STABLE SICK LEAVE

Sick leave in TINE SA was 5.7 per cent in 2019. Compared to the previous year this is somewhat lower (5.8 per cent). The poor start to the year meant that TINE SA did not achieve the goal of 5.4 per cent. TINE is working systematically to improve this result by leadership training and good cooperation with the Occupational Health Service and NAV. Divisions with a high level of sick leave will be followed up within their own organisation. In the TINE Group, overall sick leave is 5.4 per cent.

RECORD LOW NUMBER OF LTI'S

In TINE SA, the number of LTI's has decreased by 38 per cent from the previous year. This equates to 34 LTI's in 2019, compared to 56 in 2018. This gives an LTI per million hours worked of 4.5 in 2019, compared to 7.2 in 2018. The goal for 2019 was 4.5 and was achieved. In 2019, there were five serious injuries to personnel throughout the company. Two of these were head injuries, two were relating to falls and one was a burn injury (hot water). In 2019, TINE SA had 99 injuries to persons without any LTI. This is 14 fewer than 2018 (113). For the TINE Group, 64 incidents were

registered in 2019 with absences (LTI's per million hours worked: 6.6) compared to 70 registered absences in 2018 (LTI's per million hours worked: 7.2).

ADDITIONAL HSE ACTIONS

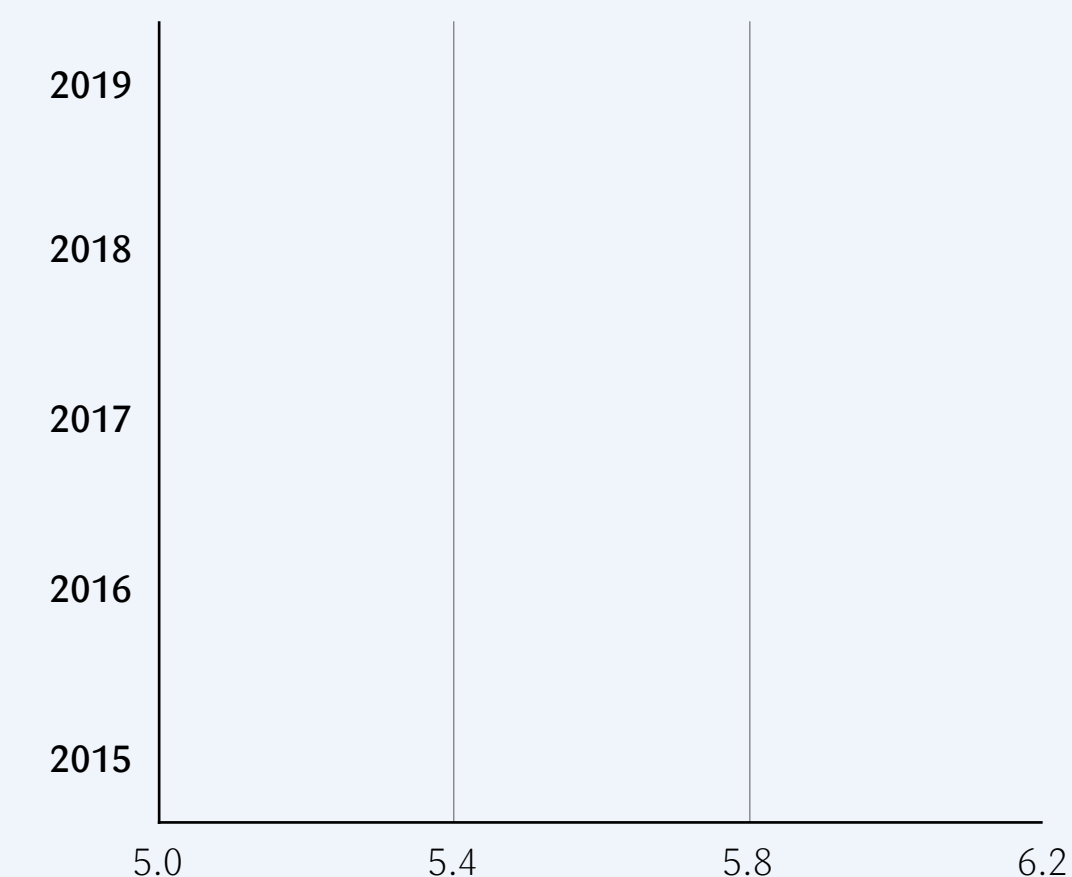
HSE reporting has been tightened up and detailed tracking of underlying causes has been introduced. In addition, there is increased focus on sharing incidents and proactive learning and support throughout the organisation from a central control. A digital HSE course has been developed which all employees and subcontractors must complete. The course will be implemented in 2020.

REGISTRATION OF HSE EVENTS IS AN IMPORTANT TOOL

The registration and processing of undesirable incidents, inflow and improvement proposals is an important prerequisite and means for reducing work accidents through good improvement work. In 2019, a total of 9295 such events were registered, compared to 8062 the previous year. Thus, TINE reached the target of 8000.

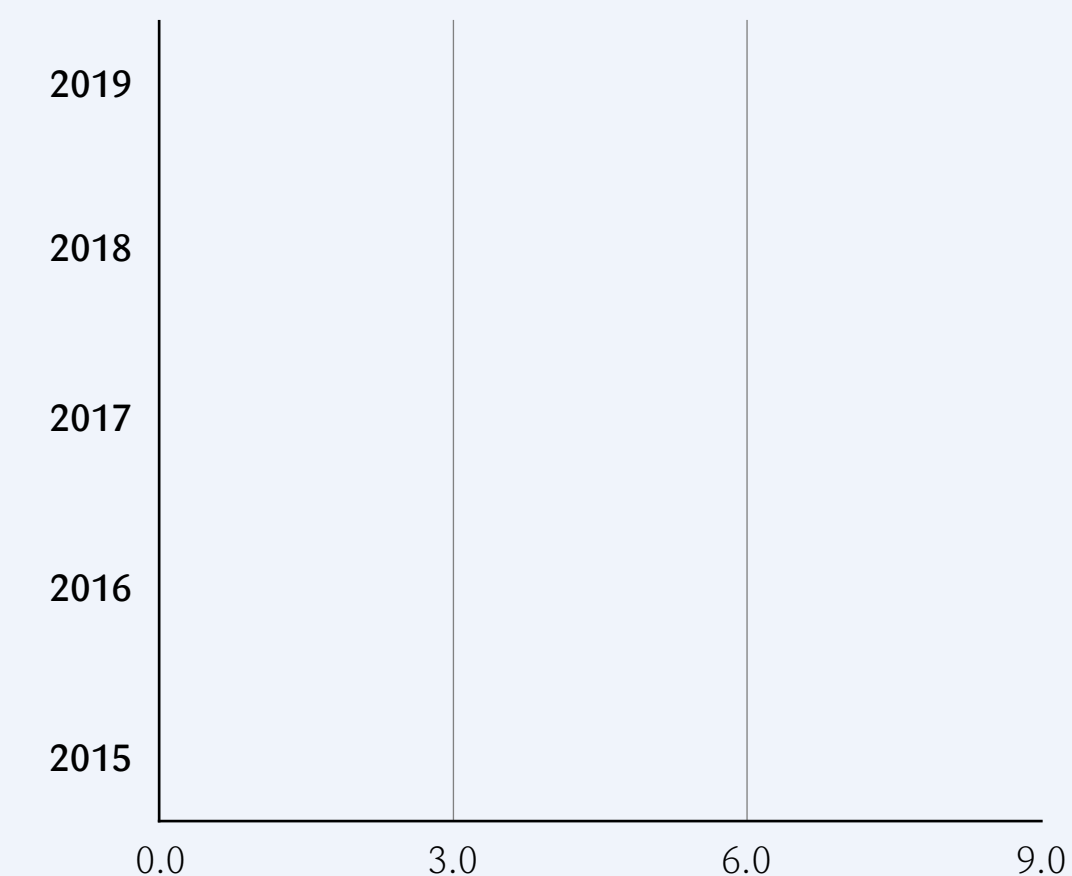
Development of sick leave

TINE GROUP/ PER CENT



LTI's* per million hours worked

TINE GROUP



*LTI: Lost Time Injuries

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ORGANISATION AND PEOPLE

At the end of 2019, TINE Group had 5408 employees (5355 in 2018) of which 4176 were employed by TINE SA (4346 in 2018). TINE's annual employee survey indicated that in 2019, the good results from 2018 had either been maintained or had slightly improved.

MOBILITY AND RESTRUCTURING

To ensure an improved implementation capacity and to simplify and streamline the organisation, TINE has introduced several organisational development programs in recent years. Departments and individuals both have clearer responsibilities relating to competence requirements. The restructuring work in TINE is carried out with respect for the individual employee and in line with employment law. An overall goal is to find new durable solutions for employees who are affected, both inside and out with TINE. The framework for this work is regulated by separate guidelines for restructuring. TINE focuses on assisting mobility to those who want it.

DIVERSITY IN TINE

TINE practises equal pay and gender equality. Of TINE SA's employees, the proportion of women was 35 per cent in 2019. At the end of the year, the proportion of women in corporate management was 30 per cent. The proportion of women on TINE's Board, including employee representatives, was 43 per cent.

COOPERATION BETWEEN MANAGEMENT AND EMPLOYEES

TINE has a comprehensive and engaging dialogue with employees and employee organisations. The management in TINE meets with employee representatives, amongst others, in the Group's Collaborative Committee (KSU) and other fora. Around 65 per cent of the employees in TINE SA are members of a Trade Union. TINE is bound by 5 main agreements, 11 agreements and in addition, special agreements centrally and at their facilities. The dialogue with employees and the employees is well expressed through any necessary changes and adjustments as well as annual wage negotiations. In 2019, TINE also conducted a wage settlement in line with the key guidelines from NHO, LO and other employee organisations.

ETHICS

TINE has a good reputation which means that the outside world has great confidence in us. TINE is wholly dependent on this trust in order to achieve our business goals. We must be open and honest and demonstrate that we are acting in an ethical manner, both toward each other, our customers, consumers and partners and that we are taking care of our animals and the environment.

TINE IS RATED HIGHLY IN SEVERAL REPUTATION SURVEYS

TINE topped the reputation survey by the Marketing Company Apeland (RepTrak) in 2019 for the first time in 15 years. We scored the highest score ever and scored highly on good products and quality. In addition, people are concerned about nature and the farmers as owners. In the Ipsos reputation survey, TINE came in second place, only to be beaten by the COOP. In the Sustainable Brand Index consumers rated TINE as Norway's most sustainable company in 2019.

In the Sustainable Brand Index, TINE was ranked by consumers as Norway's most sustainable company in 2019.

TRAINING ON ETHICAL DILEMMAS

TINE's Code of Ethics defines the attitudes and behaviour TINE expects from each and every employee with regard to respect, integrity and loyalty. TINE's Code of Ethics aims to support employees in making the correct choices when faced with an ethical dilemma. The Management in TINE is responsible for familiarising their employees with the Code of Ethics as well as reflecting on and training in dealing with ethical dilemmas. Annual dilemma training is conducted for all employees.

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169

Organised producer teams

TINE



CORPORATE GOVERNANCE AND MANAGEMENT

TINE's Board attaches importance to the company being managed and guided according to good overall principles. TINE shall maintain the trust of various stakeholders and ensure that the Board of Directors receives adequate and accurate information about the business. An important part of corporate governance is to establish and maintain systems and procedures that ensure that law, standards and the company's own policies are adhered to.

The Norwegian Corporate Governance Committee (NUES) publishes the Norwegian Code of Practice for Corporate Governance consisting of principles and guidelines that clarify responsibility and authority in larger organisations. The recommendation is actually made for companies listed in Norway but the Group's Board of Directors decided in 2010 that TINE should still follow the principles in this recommendation in as far as they match TINE's corporate structure and ownership.

AUDIT COMMITTEE AND COMPENSATION COMMITTEE

In accordance with the recommendation from NUES, the Board has an Audit Committee and a Compensation Committee. The Audit Committee is a preparatory and advisory committee for the overall Board of Directors in their work of overseeing the company's financial reporting and control systems. The Compensation Committee is a preparatory and advisory committee for the Board of Directors regarding employment and terms of employment of TINE SA's CEO and main principles for compensation and succession planning for the central management of TINE SA. A more detailed account of how TINE complies with the principles and guidelines in NUES is found on www.tine.no.

TINE'S OWNER ORGANIZATION

TINE is a cooperative, owned by our milk suppliers. At the end of 2019, there were 9567 owners in TINE. This is a reduction of 553 from the previous year. Milk was delivered from 7728 enterprises which is a reduction of 329 from the previous year. During the year, TINE held 12 Board Meetings. Representatives are called to the meetings when due.

Over 600 branch meetings were conducted with almost 4500 participants in total.

The owners are organized in 169 producer teams. Active producer teams are important for good corporate governance and high member satisfaction. In 2019, 42 per cent of members attended the annual meetings. The producer teams have an important role in facilitating corporate governance, professional and social fellowship and as an interest organisation for the members. In order to ensure good contact between key union representatives and the producer teams, each producer team has a contact person on the council (Owner Committee Contact). In addition, board members attend various producer team meetings throughout the year.

173 MEETINGS AND 600 BRANCH MEETINGS FOR BETTER ANIMAL WELFARE

Animal welfare has always been high on the agenda and the producer teams have conducted approximately 800 meetings on this topic. 4000 members attended 173 trade meetings scattered all over the country. The branch meetings were smaller meetings with 5-10 participants where the agenda was a posted discussion booklet. The aim of the branch meetings was to discuss animal welfare and share their own experiences with good practical solutions. Over 600 branch meetings were conducted with almost 4500 participants in total.

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GOOD CONTACT BETWEEN THE BOARD AND SUPPLIERS

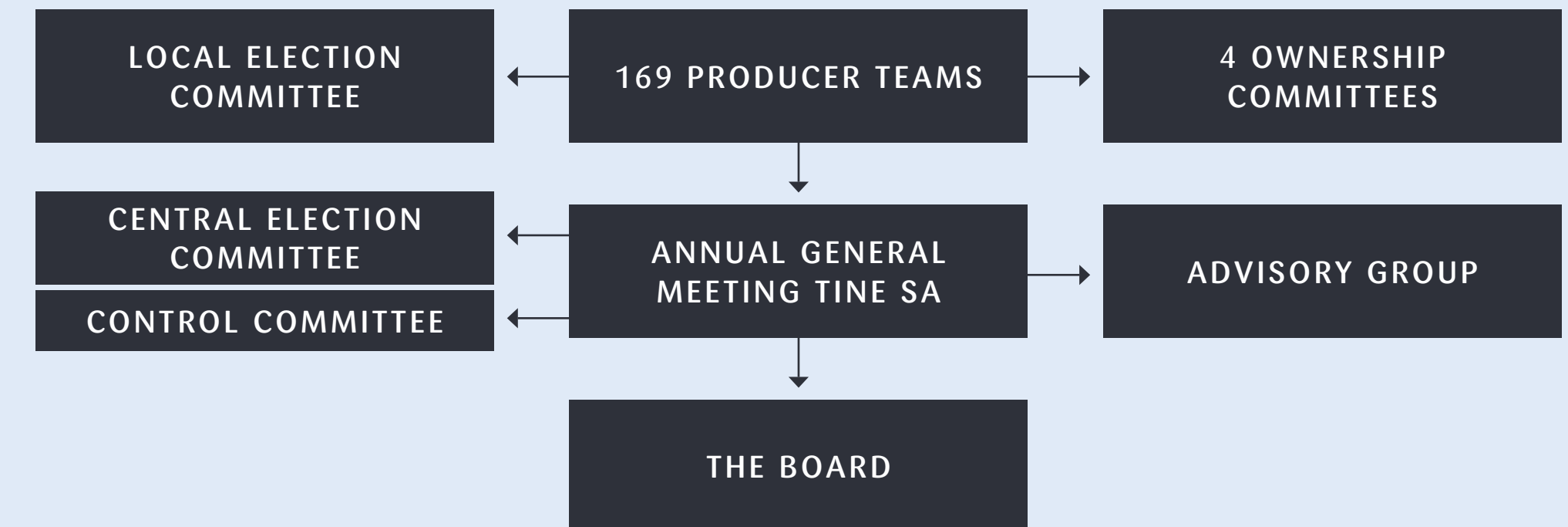
In all ownership areas, training has been carried out for new union representatives. New Producer Team Leaders have also been offered a central course this year, with particular emphasis on reviewing TINE business conditions and the role of Producer Team Manager. In 2019, a joint meeting was held for all Producer Team Leaders. In addition, district-wide work committee meetings have been held. Communication between the Board and the Producer Team Leaders was strengthened in 2019 by the fact that several skype/telephone meetings were held between the Chair and the Producer Team Leaders. In addition, the Board also aims to participate in at least 50 per cent of the annual meetings. These are important arenas for competence building, exchange of experience and information about TINE. The main themes for discussion in 2019 have been TINE's strategy, the need for downscaling of volumes in relation to expiry of export subsidies and animal welfare.

TINE is a cooperative, owned by our milk suppliers. At the end of 2019, there were 9567 owners of TINE.

The member managers follow the producer teams in the district. It must be emphasized that the producer team meetings are an active academic and social meeting place for the members.

TINE conducted a member satisfaction survey in January 2019. Satisfaction is high and increased from 77 in 2018 to 78 in 2019. Systematic efforts are being made to improve member satisfaction.

TINE'S OWNER ORGANIZATION



PRODUCER TEAMS Producer teams are composed of TINE members in more defined areas and constitute TINE's local organizational units.

ANNUAL GENERAL MEETING TINE SA The Annual General Meeting is TINE's highest authority and consists of 110 owner-selected members. In addition, are the Board and Board Members.

THE BOARD The Board consists of 14 members, 10 of whom are elected at the Annual General Meeting. At the Annual General Meeting, three representatives are elected in numerical order.

LOCAL ELECTION COMMITTEE The elections at the Annual Production Meeting of the Producer Team are made by a local election committee. Members and representatives as well as the chair and deputy chair of the nomination committee are elected at the Annual General Meeting of the Producer Team.

CONTROL COMMITTEE supervises the activities of TINE, in accordance with the instructions in force at any given time, adopted at the Annual General Meeting.

Members of the Control Committee are elected at the Annual General Meeting for a period of three years.

CENTRAL ELECTION COMMITTEE TINE has a Central Election Committee of eight members with three deputy members, elected in numerical order at the Annual General Meeting. The Central Election Committee presents proposals to the Annual General Meeting on, among other things, members of the TINE Board and Council.

ADVISORY GROUP The Advisory Group is a strategy forum and advisory body to the Board. The council consists of up to 24 owner-elected members, distributed with an equal number from each ownership area, and advisory members elected by the staff with 2/3 of the number of owner-elected advisory members. The Chair and Deputy Chair of the Council are elected at the Annual Meeting of TINE SA.

OWNERSHIP COMMITTEE Each ownership committee consists of owner-elected committee members and at least one corporate board member.

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BOARD OF DIRECTORS' REPORT

Financial conditions and capital structure

The annual result for the TINE Group was NOK 980 million, a reduction of NOK 368 million from 2018. Shares in minorities in 2019 accounted for NOK 32 million, and shares in majorities was NOK 948 million.

FINANCIAL RESULTS AND TAX

Net finance costs in TINE Group were NOK 86 million in 2019, an increase of NOK 13 million from 2018. Finance costs in 2018 were abnormally low due to an extraordinary gain on the sale of shares.

Net interest expenses increased from NOK 96 million in 2018 to NOK 106 million in 2019. This was mainly due to the fact that net interest-bearing debt increased from the previous year. Interest rates were somewhat higher in 2019, but a lower average margin led to a lower average interest rate overall compared with 2018.

In 2019, TINE Group had a net currency loss of NOK 1 million, against a corresponding gain in 2018. Other financial expenses in 2019, amounted to a cost of NOK 16 million, against income of NOK 10 million in 2018. The income in 2018 was mainly due to gains from sale of the shares in Landkreditt Forsikring AS, former Landbruksforsikring AS.

The tax expense for TINE Group in 2019 was NOK 123 million. The effective tax rate was 11.2 per cent in 2019. The corresponding figure for 2018 was 8 per cent.

INCREASE IN PROFIT FROM ASSOCIATED COMPANIES

The result from associated companies in 2019 was NOK 37 million, an increase from NOK 13 million to NOK 37 million compared to 2018. The relatively large increase in profit is mainly due to a one-off effect relating to further acquisitions in Lotito Foods Holding LLC. Skala AS continued the positive trend with an improvement from a positive profit share of NOK 1 million in 2018 to NOK 4 million in 2019. Fjordkjøkken AS results were unchanged from 2018 with a positive profit of NOK 5 million, whilst TUN Media AS had a slight increase compared to 2018.

HEDGING AGREEMENTS

TINE is exposed to foreign currency fluctuations, mainly through purchases in euros (EUR) and sales in US dollars (USD). The Norwegian Kroner weakened further in 2019. The trade-weighted Kroner exchange rate (I-44) has on average depreciated by 2.9 per cent in 2019 compared to 2018, due to a strong weakening in the second half of the year. The Norwegian Kroner was on average 2.5 per cent weaker against the Euro and 8.1 per cent weaker against USD in 2019 when compared to 2018. The first mentioned has, in isolation, a negative impact for TINE, whilst the last

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mentioned is positive. This exposure is, however, partly secured by use of hedging agreements. The hedging portfolio led to a realized loss of NOK 18 million for EUR and USD in 2019 compared with a gain of NOK 15 million in 2018. Hedge accounting of foreign exchange contracts was also introduced in 2016. See [note 19](#).

BALANCE

The Balance Sheet as at 31 December 2019 for TINE Group was NOK 18.7 billion, an increase of NOK 0.6 billion from the corresponding period in 2018. The investment level increased significantly in 2018 and continued in 2019. Higher investments than depreciation resulted in an increase in fixed assets of NOK one billion. The TINE Group had at 31.12.2019, bank deposits and money market securities totalling NOK 654 million, a reduction of NOK 726 million compared to 2018. Bank deposits were particularly high at the end of 2018 due to new financing of planned investments in 2019.

NET INTEREST-BEARING DEBT

Net interest-bearing debt for TINE Group at December 31, 2019 was NOK 4002 million, an increase of NOK 924 million since the end of 2018. Interest-bearing debt increased by NOK 198 million, while bank deposits and money market securities, as mentioned, were reduced by NOK 726 million compared to the year before. The equity ratio in the group was 47.8 per cent at the end of 2019.

CASH FLOW

Net cash flow for TINE Group from operating activities contributed NOK 2194 million, a reduction of NOK 92 million from 2018. Profit before tax showed a reduction of NOK 362 million. In 2019, working capital increased by NOK 77 million. Inventories increased by NOK 15 million, accounts receivable by NOK 8 million, while debt to milk producers was reduced by NOK 146 million. Increased trade debt by NOK 92 million partly offset this tied-up capital.

Net cash flow for investing activities was NOK 2426 million, an increase of NOK 618 million from 2018. This is mainly explained by the completion of structural investments in Bergen and Mogeely in Ireland, as well as a new head office in Kalbakken. In addition, TINE has increased the stake in Lotito Foods Holding LLC.

Net cash flow from financial activities was NOK 500 million in 2019, compared to NOK 434 million in 2018. The movement is mainly due to an increase in long-term interest-bearing debt in 2018. Dividend paid to owners in 2019 amounted to NOK 829 million Kroner, an increase of NOK 12 million compared to 2018.

Higher investment than depreciation has resulted in an increase in fixed assets of NOK one billion.

ESTIMATES AND CONTINUED OPERATIONS

The estimates in the consolidated and company accounts for 2019, are based on expectations of future earnings and the business structure in place at the time of preparation of the accounts. Changes in these expectations could mean that the value of estimates and evaluations used must be adjusted. After the end of the financial year, no events have occurred that are of significance for the assessment of TINE SA or TINE Group beyond what appears in the Annual Report and accompanying notes. The Board of Directors of TINE confirms that continued operations are assumed as the basis of the annual accounts and that the conditions to do so are present.

FINANCIAL RISK IN 2019 AND IN THE FUTURE

TINE’s financial risk is related to changes in interest rates, exchange rates, energy prices and the credit market.

18 657

Total assets (NOK million)
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Milk price from TINE Milk Supplier
KR/LITRE

0.43

Dividend from TINE SA
KR/LITRE

5.59

Total milk price
KR/LITRE



The objective is to limit financial risk and thus contribute to the stability and predictability in TINE's results over time. Financial guidelines have been prepared for TINE that provide guidance on how to handle this type of risk. TINE SA takes care of this task for the whole Group.

THE GROUP'S DEBT SECURED

In order to limit exposure to interest rate fluctuations, some of the Group's debt is hedged through the use of various interest rate hedging agreements in accordance with adopted financial guidelines. The level of hedging has been stable over the past year. Market rates continued to increase in 2019, from a historically low level at the end of 2017. In future, the market expects fairly stable interest rates which is illustrated by a fairly flat interest curve. We do not expect the European Central Bank to reduce its investment in the bonds market which would have been a driver for increased credit spreads. Financial costs are therefore likely to remain at the same level in the coming year.

In TINE's accounts there is a receivable posted for pension funds through the pension fund MP Pension. The assets in the pension fund are invested in shares, bonds and property. TINE's accounts are, therefore, also exposed to the risk of fluctuations in these classes of asset.

FLUCTUATIONS IN EXCHANGE RATES AND ENERGY PRICES AFFECT TINE

As mentioned earlier, TINE is exposed to fluctuations in exchange rates, mainly EUR and USD but also SEK, DKK, GBP, CAD and CHF. Through its international operations, TINE has net payments in USD, whilst imports of various input factors and purchases of machinery and equipment are net payments in EUR. A weaker Kroner contributes to increased costs related to the input factors, machinery and equipment being mainly purchased in EUR. At the same time, a weaker Kroner contributes positively to the value of exported goods and international operations. TINE SA enters in to hedging agreements, mainly in the form of FX forwards and options, to limit the Group's currency risk. TINE also has assets in SEK, USD, GBP and EUR. These values are fully hedged using currency derivatives or deductibles.

TINE is exposed to changes in energy prices. This follows both energy-intensive production and, not least, extensive distribution. In 2019, energy prices were overall slightly higher than in 2018. The price of electricity was higher while the price of oil and gas on average was lower in 2019. TINE partially hedges the price of electricity ahead of time, up to a maximum of 50 per cent of expected consumption. Total energy costs in the future will largely be driven by the composition and consumption of various energy sources as well as larger movements in the market.

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GOOD LIQUIDITY

TINE finances ongoing liquidity requirements in the certificates market and other short-term loans. A long-term loan facility has been established with reputable banks to reduce refinancing risk. The loan limit is NOK 1.2 billion. The facility matures in 2022 and covers the maturities in short-term financing within a year. Liquidity in TINE is considered good.

LOW LOSS ON RECEIVABLES

TINE's customers are wholesalers and individual customers covering all customer segments. Their ability to pay is considered good, which is visible through low bad debts on receivables over many years. TINE works actively to monitor credit limits on all our customers. In addition, credit checks are carried out on all new customers. TINE has not found it necessary to take out credit insurance against losses on bad debts. Overall, TINE's financial risk is considered to be moderate.

ALLOCATION OF PROFIT FOR 2019

TINE's Board has adopted a dividend policy where the aim is that between 50 and 65 per cent of the Group's annual profit is set aside for payment to the owners. The annual allocation is affected by the level of investment in the coming year, but the aim of at least 45 per cent equity takes priority over payment of dividend.

In 2019, 64 per cent of the Group's annual profit is set aside for dividend to the owners. This equates to a payment of 43 øre per litre of milk received and an equity ratio for the Group of 47.8 per cent at the end of 2019.

TINE SA is the parent company in the TINE Group. TINE SA delivered an annual profit of NOK 972 million. Total assets at the end of 2019 were NOK 17 516 million and the equity ratio was 47.4 per cent.



Allocation of profit

MILL. NOK	2019	2018
Dividends to owners	608	829
Allocation to dividend	0	-42
Allocation to other share capital	364	449
Total allocations	972	1 237

Milk price

KR/LITRE	2019	2018	2017	2016	2015
Milk price from TINE Milk Supplies	5.16	5.16	5.05	5.03	5.02
Dividend from TINE SA	0.43	0.57	0.57	0.66	0.59
Total milk price	5.59	5.73	5.62	5.69	5.61

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The cash flow for TINE SA generally follows the same trend as TINE Group. Reference is made to the TINE Group's cash flow on [page 39](#), and the Cash Flow Statement on [page 54](#).

FUTURE PROSPECTS

TINE's operations are mainly based on the Norwegian market. Developments in the Norwegian economy are therefore of great importance. In the National Budget for 2020, the Government assumes falling unemployment, rising wage growth and increased growth in private consumption. The Norwegian Krone is still weak. A strengthening of the Norwegian Kroner may strengthen import competition.

CLOSER COOPERATION WITH CUSTOMERS AND CONTINUED STRONG BRANDS

The grocery sector consists of three purchasing groups that continue their efforts to differentiate different store concepts. Suppliers are expected to participate in this development. The chains and groups' own brands will also become a bigger competitor to traditional brands than before. TINE's ambition is to combat this development by strengthening our own brands and to be able to respond more quickly to consumer needs. We have made significant organisational efforts and strengthened our competence to succeed with this.

NEW SALES CHANNELS AND TECHNOLOGICAL CHANGES

Norwegian consumers are gradually changing their behaviour. We see this both in terms of consumer development in certain segments, and in the fact that grocery shopping has increased. New sales channels create new challenges, but also new opportunities. Technological changes throughout the value chain will help TINE master the challenges and exploit opportunities.

NEW GROWTH AREAS FOR NORWEGIAN MILK

Norway is obliged to cease all subsidies on the export of agricultural products from 2021. The change will mean that the need for milk in Norway will fall in 2020 and 2021. TINE is actively working to find new growth areas that can increase the demand for milk and therefore compensate for some of the loss of export volume. This work is a high priority. To succeed in such an ambitious project, various conditions must be in place to create growth for Norwegian milk. This includes increasing the competitiveness of Norwegian milk to ensure all actors in dairy operations are successful.

ANIMAL WELFARE AND SUSTAINABILITY

Climate and environmental issues have been high on the agenda and will have a significant impact on agricultural

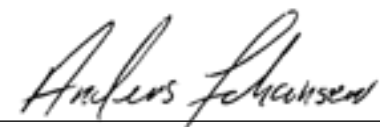
framework conditions in the years to come. The Letter of Intent between the Agricultural Agency and the Government on reduced greenhouse emissions and an increased absorption of carbon from agriculture in the period 2021-2030, will form the framework for climate policy development in agriculture. TINE and our suppliers work with sustainability and animal welfare to make Norwegian milk attractive as a raw material.

INTERNATIONAL CONDITIONS

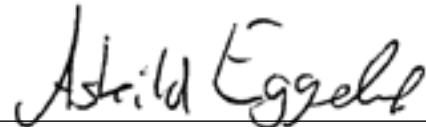
Tensions and uncertainty still dominate the international situation. This is reflected in trade disruptions and conflicts. There are still ambiguities surrounding Britain's exit from the EU. TINE has operations in the UK and manufacturing in Ireland. We assume that acceptable trade policy solutions will be found between the EU and the UK. We also assume that there will be a solution between the UK and Norway, either bilaterally or through EFTA.

TINE also has operations in North America. We assume that any changes in international trade agreements will not have a negative impact on our business. Our ambitions in international markets will be continued by our foreign subsidiaries and our focus on selected international markets.

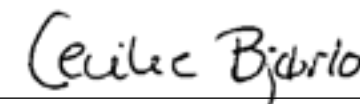
OSLO, 12. FEBRUARY 2020



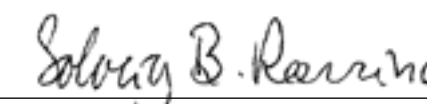
ANDERS JOHANSEN



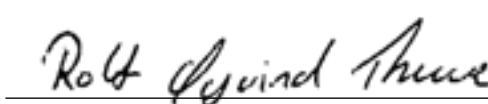
ASKILD EGGEØ



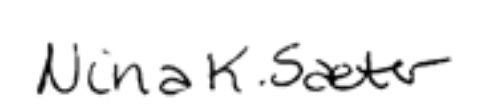
CECILIE BJØRLO



SOLVEIG B. RØNNING



ROLF ØYVIND THUNE



NINA K. SÆTER



ELISABETH I. HOKSTAD



HELGE ARNE ESPELAND



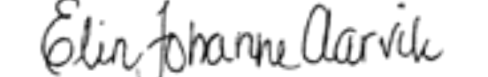
TOR ARNE JOHANSEN



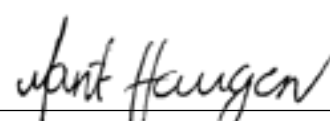
JEFFREY THOMAS



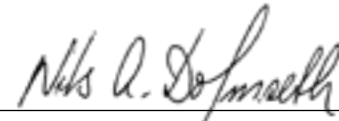
OTTAR RÅD



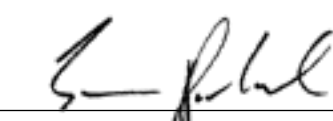
ELIN JOHANNE AARVIK



MARIT HAUGEN
Chair of the Board



NILS A. DØLMSETH
Deputy Chair



GUNNAR HOVLAND
Chief Executive Officer

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Marit Haugen
Chair of the Board



Nils A. Dolmseth
Deputy Chair



Anders Johansen



Helge Arne Espeland



Askild Eggebø



Cecilie Bjørlo



Nina K. Sæter



Elisabeth I. Hokstad



Rolf Øyvind Thune



Solveig B. Rønning



Tor Arne Johansen



Elin Johanne Aarvik



Jeffrey Thomas



Ottar Råd



Gunnar Hovland
Chief Executive Officer



Odd-Einar Hjortnæs
Chair of Advisory Group

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Gunnar Hovland
Chief Executive Officer

EXPERIENCE Has held several management positions in TINE from 1996-2008. CEO of Trondheim Kraft 2008-2011 and after a merger with Fjordkraft in 2010, also Vice CEO in Fjordkraft. CEO of BN Bank ASA from 2011.

EDUCATION Degree in Agriculture from Norwegian Agricultural College (now NMBU), MBA from NHH, Executive Management Program from Insead and Artificial Intelligence: Implications on business Strategy from MIT Management Sloan School.

OTHER Board Member, NHO Food and Drinks.



Jørn Spakrud
Group Director CFO

EXPERIENCE Various positions within economy and finance, such as Yara International ASA, Norsk Hydro ASA and Deloitte.

EDUCATION MBA and State Authorised Auditor from Norges Handelshøyskole.

OTHER Chair of the Board for TINE's Pension Fund, MP Pensjon, and in the subsidiary Fjordland AS, as well as a Board Member in Skala AS.



Lise Falkfjell
Group Director HR and HSE

EXPERIENCE 18 years' experience in TINE and has held roles such as acting CEO for Sunniva Drikker AS and Director for Group Development, in addition to Project Manager with responsibility for several strategic projects.

EDUCATION Graduate in Psychology (cand. polit.) from NTNU and a Masters in Economics, Administration and Management from ESCP/EAP and Handelshøyskolen BI.

OTHER Chair of the Board in Diplom-Is AS and Board Member in MP Pensjon.



Per Ivar Berg
Group Director Production

EXPERIENCE Over 25 years as a manager for both Norwegian and international industrial production for companies such as Norske Skogindustrier SA, Norske Skog Parenco BV in The Netherlands and Skala AS.

EDUCATION Civil Engineer from the Institute for Chemical Process at NTNU in Trondheim.



Elisabeth Tapper
Group Director Long-term Innovation and Digitalisation

EXPERIENCE 16 years' experience within marketing and innovation work with Orkla and L'Oréal. Has been Marketing Director for the Pierre Robert Group and Chief Digital Officer in Orkla Health. Furthermore, played a central role in Orklas acquisition of the Finnish Nanso Group and worked one year in London at Your.MD, one of the world's leading start-up environments within health technology.

EDUCATION Masters in Industrial Economics and Technology Management (MBA) from NTNU and HEC Lausanne.

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CORPORATE MANAGEMENT CONT.



Richard Lawrence

Group Director Market and International

EXPERIENCE 20 years global Food & Drinks FMCG Marketing experience across companies including Unilever, Heineken and Mondelez. Most recently leading Mondelez Biscuits Business Unit in South East Asia.

EDUCATION BA Hons, University of Durham, England



Aniola Gjøs

Group Director Logistics

EXPERIENCE Has been involved in logistics as a subject specialist throughout her working life, working for Ontime Logistics AS, Ringnes AS and in Posten Norge AS.

EDUCATION Civil Engineer from Silesian University of Technology, Economics from BI and post-graduate at Stanford University and Insead.



Terje Døsrønningen

Group Director TINE Partner

EXPERIENCE Worked with food and food production as a Cook and Head Chef. Døsrønningen joined TINE in 1997 and has held various roles in FoU, Fjordland AS and Salg such as Product Developer, KAM, Sales Manager and Sales Director.

EDUCATION Cook, Cost Economist

OTHER Chair of the Board of Oste-Compagniet AS.



Vegard Gillebo

Group Director Sales Groceries and KBS

EXPERIENCE 15 years’ experience with Coca-Cola European Partners Norway and has held roles in KAM in DV and KBS. Channel Director in KBS and Director in DV and KBS. In addition, he has held important roles in several change management projects during his time with Coca-Cola European Partners Norway.

EDUCATION M.Sc. in Business Administration and Economics (MBA) From the Business School at Umeå University and University of Seville.



Johnny Ødegård

Group Director Consulting, Members’ Services and Communications

EXPERIENCE Worked in industry politics for companies such as Norske Felleskjøp SA and Norsk Bonde og Småbrukarlag.

EDUCATION Norway’s Agricultural College (now NMBU), specialising in Agricultural Economics.

OTHER Board Member in Mimiro AS.

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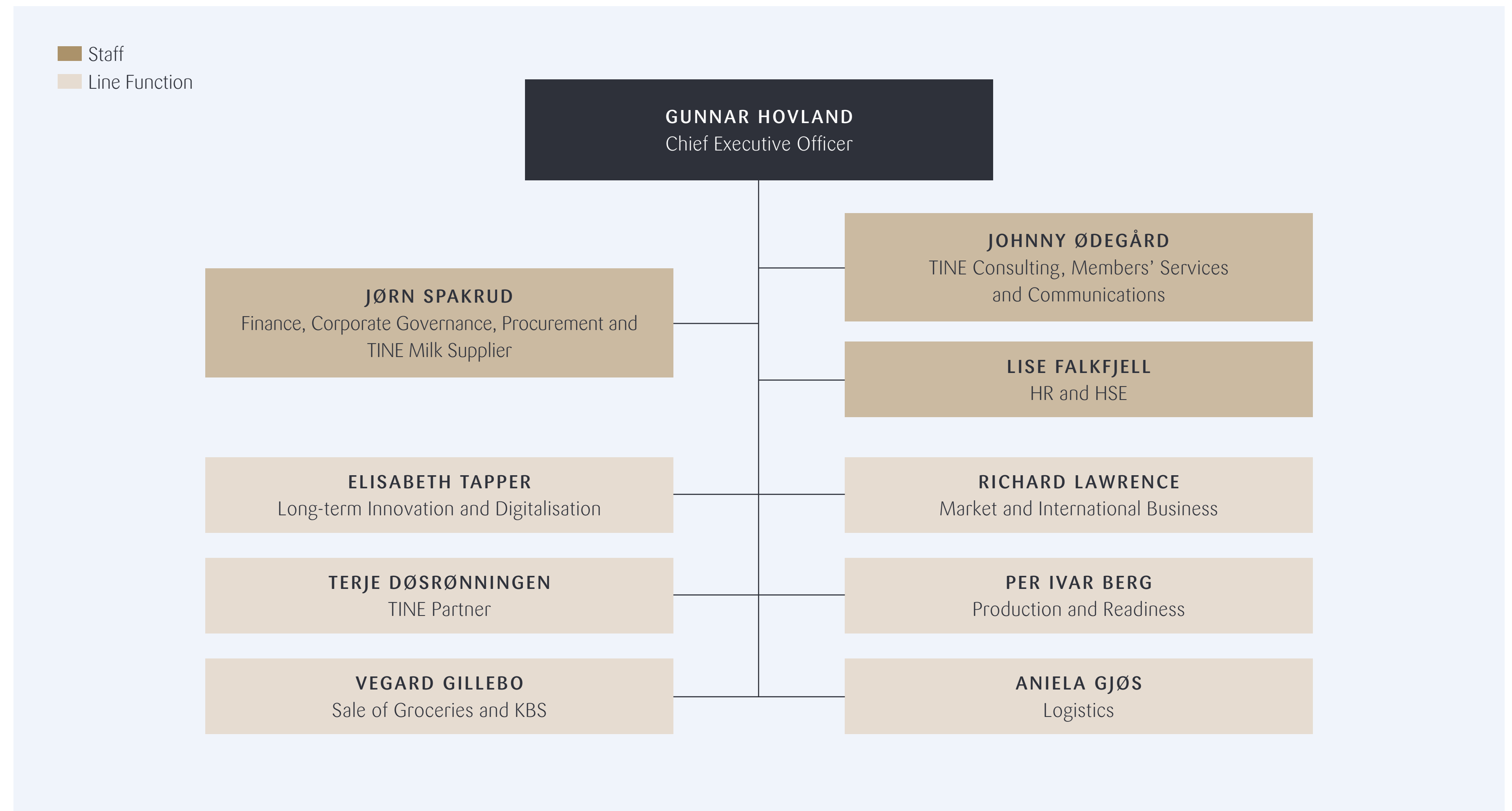
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The table below shows some key elements of income, balance sheet, cash flow and notes for the TINE Group for the period from 2015 to 2019.

TINE GROUP

	2019	2018	2017	2016	2015
From income statement:					
Revenues and other operating income	23 812	23 001	22 525	22 583	22 204
Cost of materials and changes in inventory	13 434	12 927	12 586	12 605	12 486
Personel expenses ¹⁾	4 313	4 058	4 027	3 710	3 887
Depreciation, amortisation and impairment	1 223	1 103	1 057	989	950
Other operating expenses	3 654	3 375	3 317	3 317	3 203
Total operating expenses	22 623	21 464	20 988	20 622	20 526
Operating profit	1 189	1 537	1 537	1 962	1 678
Financial income and expenses	-86	-72	-123	-99	-99
Profit before tax	1 103	1 465	1 414	1 862	1 579
Tax expense	123	117	110	229	155
Net profit for the year	980	1 348	1 304	1 634	1 424

From balance sheet:

Intangible assets	628	217	143	163	131
Tangible fixed assets	9 929	8 909	8 219	8 053	7 927
Non-current financial assets	2 919	2 998	2 935	2 842	2 362
Inventories	2 594	2 579	2 263	2 118	2 058
Short-term receivables	1 933	2 019	2 062	2 052	2 080
Bank deposits, cash and money market securities	654	1 380	466	801	559
Total assets	18 657	18 103	16 087	16 029	15 117

Amounts in MNOK

	2019	2018	2017	2016	2015
Equity	8 920	8 433	7 828	7 289	6 649
Long-term interest bearing liabilities	4 456	4 402	3 249	3 604	2 858
Other long-term liabilities	1 092	1 094	1 053	1 028	943
Trade and other payables	1 819	1 873	1 674	1 693	1 784
Short-term interest bearing liabilities	201	57	44	41	619
Other short-term liabilities	2 169	2 244	2 239	2 375	2 264
Total liabilities and equity	18 657	18 103	16 087	16 029	15 117

Net cash flow:

From operating activities	2 194	2 285	2 170	2 187	1 780
To investment activities	-2 426	-1 807	-1 185	-1 260	-988
To / from financing activities	-501	434	-1 320	-682	-821
Net change in bank deposits, cash and money market securities	-733	911	-335	245	-30

Note information:

Average number of employees calculated in full-time equivalents	5 347	5 279	5 319	5 275	5 272
Allocated payment from TINE SA to the milk producers in MNOK	608	829	817	963	870

¹⁾ 2016 is included in an amortization plan of amendment effect on MNOK 245 for the TINE Group.

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TINE GROUP

	Note	2019	2018
REVENUES AND OTHER OPERATING INCOME			
Sales revenues convenience products	1, 2	21 997 157	21 183 682
Sales revenues raw materials		1 383 529	1 380 476
Other operating income	3	431 463	436 881
Total revenues and other operating income		23 812 149	23 001 039
OPERATING EXPENSES			
Cost of materials and changes in inventory	6	13 433 548	12 927 405
Personnel expenses	7, 8, 25	4 312 908	4 058 101
Depreciation and amortisation	12, 13	1 208 426	1 062 026
Impairment property, plant and equipment and intangible assets	12, 13	14 141	41 086
Other operating expenses	9, 10	3 654 224	3 374 930
Total operating expenses		22 623 247	21 463 548
Operating profit		1 188 902	1 537 491

	Note	2019	2018
FINANCIAL INCOME AND EXPENSES			
Result of investments in joint ventures and associated companies	14	37 466	12 507
Net interest income and expenses	19	-106 196	-96 233
Net realised and unrealised currency gain and loss	19	-1 471	1 456
Net other financial income and expenses	20	-15 561	9 794
Total financial income and expenses		-85 762	-72 476
Profit before tax		1 103 140	1 465 015
Tax expense	11	123 345	116 724
Net profit for the year		979 795	1 348 291
Minority share of profits	17	32 173	32 457
Majority share of profits	17	947 622	1 315 834

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TINE SA				Amounts in NOK 1000			
	Note	2019	2018		Note	2019	2018
REVENUES AND OTHER OPERATING INCOME				FINANCIAL INCOME AND EXPENSES			
Sales revenues convenience products	1, 2	16 785 480	16 528 530	Income from investments in subsidiaries	14	32 144	78 934
Sales revenues raw materials		1 383 529	1 380 476	Result of investments in joint ventures and associated companies	14	4 460	5 584
Other operating income	3	649 959	665 697	Net interest income and expenses	19	-94 833	-84 808
Total revenues and other operating income		18 818 968	18 574 703	Net realised and unrealised currency gain and loss	19	15 425	-15 408
OPERATING EXPENSES				Net other financial income and expenses	20	-10 820	13 386
Cost of materials and changes in inventory	6	10 460 783	10 297 882	Total financial income and expenses		-53 624	-2 312
Personnel expenses	7, 8, 25	3 328 727	3 276 147	Profit before tax		1 082 488	1 318 908
Depreciation and amortisation	12, 13	995 036	919 632	Tax expense	11	110 205	82 321
Impairment property, plant and equipment and intangible assets	12, 13	14 114	36 159	Net profit for the year		972 283	1 236 587
Other operating expenses	9, 10	2 884 196	2 723 663	Allocations:			
Total operating expenses		17 682 856	17 253 483	Payments to milk producers	17	-607 936	-829 415
Operating profit		1 136 112	1 321 220	Allocated from subsequent payment fund	17	-	42 000
				Allocated to other equity	17	-364 346	-449 170
				Total allocations		-972 283	-1 236 587
				Net group contributions to subsidiaries		14 455	3 218

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Balance sheet

TINE GROUP				Amounts in NOK 1000			
	Note	2019	2018		Note	2019	2018
ASSETS				CURRENT ASSETS			
NON-CURRENT ASSETS				Inventories			
Intangible assets					15	2 594 189	2 578 787
Deferred tax asset	11	27 715	10 713	Short-term receivables			
Goodwill	12	211 314	40 616	Trade receivables	16	1 771 344	1 763 042
Other intangible assets	12	388 947	166 121	Other short-term receivables	21	161 570	256 159
Total intangible assets		627 976	217 450	Total short-term receivables		1 932 914	2 019 201
Tangible fixed assets				Bank deposits, cash and money market securities	22	654 186	1 380 383
Land, buildings and other real property	12,13	4 534 413	4 443 046	Total current assets		5 181 289	5 978 371
Machines, fixtures and fittings and means of transport	13	5 394 174	4 465 484	Total assets		18 656 822	18 102 699
Total tangible fixed assets		9 928 587	8 908 530				
Non-current financial assets							
Investments in joint ventures and associated companies	14	107 105	238 589				
Other shares and ownership interests		1 434	4 410				
Pension plan assets	8	2 766 915	2 728 963				
Other long-term receivables		43 516	26 386				
Total non-current financial assets		2 918 970	2 998 348				
Total non-current assets		13 475 533	12 124 328				

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TINE GROUP

	Note	2019	2018
LIABILITIES AND EQUITY			
EQUITY			
Paid-in equity			
Cooperative share capital	17	5 403	5 674
Total paid-in equity		5 403	5 674
Retained earnings			
Subsequent payment fund	17	340 000	340 000
Other equity	17	8 149 070	7 829 609
Total retained earnings		8 489 070	8 169 609
Minorities share of equity	17	425 825	257 367
Total equity		8 920 298	8 432 650
LONG-TERM LIABILITIES			
Provisions			
Pension liabilities	8	255 263	230 521
Long-term financial liabilities		130 094	162 899
Deferred tax liabilities	11	706 275	700 533
Total provisions		1 091 632	1 093 953
Other long-term liabilities			
Long-term interest-bearing liabilities		1 800 821	1 797 215
Bond issues		2 655 000	2 605 000
Total other long-term liabilities	23	4 455 821	4 402 215
Total long-term liabilities		5 547 453	5 496 168

Amounts in NOK 1000

	Note	2019	2018
SHORT-TERM LIABILITIES			
Trade and other payables			
Short-term liabilities to milk producers		687 911	833 569
Trade and other payables	16	1 131 467	1 039 441
Total trade and other payables		1 819 378	1 873 010
Other short-term liabilities			
Short-term interest-bearing liabilities	24	200 788	56 731
Allocated to subsequent payment to milk producers		607 936	829 415
Taxes payable	11	122 974	125 323
Public duties payable		201 509	202 815
Other short-term liabilities		1 236 486	1 086 587
Total other short-term liabilities		2 369 693	2 300 871
Total short-term liabilities		4 189 071	4 173 881
Total liabilities and equity		18 656 822	18 102 699

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TINE SA

	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	–	4 200
Other intangible assets	12	12 749	14 013
Total intangible assets		12 749	18 213
Tangible fixed assets			
Land, buildings and other real property	12,13	3 843 787	3 875 336
Machines, fixtures and fittings and means of transport	13	4 343 826	3 983 192
Total tangible fixed assets		8 187 613	7 858 528
Non-current financial assets			
Investments in subsidiaries	14	2 181 842	2 287 656
Investments in joint ventures and associated companies	14	22 942	22 942
Other shares and ownership interests		1 360	4 335
Pension plan assets	8	2 584 152	2 548 762
Other long-term receivables		4 231	4 433
Total non-current financial assets		4 794 527	4 868 128
Total non-current assets		12 994 889	12 744 869

Amounts in NOK 1000

	Note	2019	2018
CURRENT ASSETS			
Inventories	15	1 804 837	1 987 377
Short-term receivables			
Trade receivables	16	1 300 714	1 271 310
Accounts receivable from group companies		745 823	438 664
Other short-term receivables	21	75 574	170 203
Total short-term receivables		2 122 111	1 880 177
Bank deposits, cash and money market securities	22	594 063	976 856
Total current assets		4 521 011	4 844 410
Total assets		17 515 900	17 589 279

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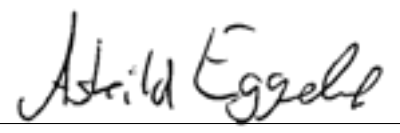
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Balance sheet contd.

TINE SA

	Note	2019	2018
LIABILITIES AND EQUITY			
EQUITY			
Paid-in equity			
Cooperative share capital	17	5 403	5 674
Total paid-in equity		5 403	5 674
Retained earnings			
Subsequent payment fund	17	340 000	340 000
Other equity	17	7 965 266	7 620 207
Total retained earnings		8 305 266	7 960 207
Total equity		8 310 669	7 965 881
LONG-TERM LIABILITIES			
Provisions			
Pension liabilities	8	193 198	174 986
Long-term financial liabilities		100 155	143 128
Deferred tax liabilities	11	653 527	632 706
Total provisions		946 880	950 820
Other long-term liabilities			
Long-term interest-bearing liabilities		1 780 052	1 794 950
Bond issues		2 655 000	2 605 000
Total other long-term liabilities	23	4 435 052	4 399 950
Total long-term liabilities		5 381 932	5 350 770

 ANDERS JOHANSEN	 ASKILD EGGEBO	 CECILIE BJØRLO	 SOLVEIG B. RØNNING
 ROLF ØYVIND THUNE	 NINA K. SÆTER	 ELISABETH I. HOKSTAD	 HELGE ARNE ESPELAND

	Note	2019	2018
SHORT-TERM LIABILITIES			
Trade and other payables			
Short-term liabilities to milk producers		687 911	833 569
Trade and other payables to group companies		458 792	696 815
Trade and other payables	16	743 633	740 094
Total trade and other payables		1 890 336	2 270 478
Other short-term liabilities			
Allocated to subsequent payment to milk producers		607 936	829 415
Taxes payable	11	107 067	101 670
Public duties payable		174 964	174 117
Other short-term liabilities to group companies		18 532	5 287
Other short-term liabilities		1 024 464	891 661
Total other short-term liabilities		1 932 963	2 002 150
Total short-term liabilities		3 823 299	4 272 628
Total liabilities and equity		17 515 900	17 589 279

OSLO, 12. FEBRUARY 2020

 TOR ARNE JOHANSEN	 JEFFREY THOMAS	 OTTAR RÅD	 ELIN JOHANNE AARVIK
 MARIT HAUGEN Chair of the Board	 NILS A. DØLMSETH Deputy Chair	 GUNNAR HOVLAND Chief Executive Officer	

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Cash Flow

TINE GROUP

	2019	2018
Cash flows from operating activities		
Profit before tax	1 103 141	1 465 016
Taxes paid for the period	-149 438	-102 981
Profit (-) and loss on sale of fixed assets	-12 140	-27 832
Depreciation, amortisation and impairments	1 222 566	1 103 111
Profit (-) and loss on sales of financial fixed assets	5 975	-16 108
Unrealised change in value of financial items	-53 108	30 522
Difference between pension charged as an expense and payments/ disbursements in pension plans	-13 211	-28 714
Difference between recognised and received dividend from joint ventures and associated companies	-33 006	-6 924
Effect of changes in foreign currency rates and unrealised exchange gains	-15 792	-13 137
Change in inventories	117 342	-316 206
Change in trade receivables and other short-term receivables	129 689	42 622
Change in accounts payable	-196 959	198 948
Change in other short-term liabilities	88 466	-43 002
Net cash flow from operating activities	2 193 525	2 285 315
Cash flows to investment activities		
Payments from the sale of tangible fixed assets	103 981	46 650
Disbursements from purchase of tangible fixed assets	-2 518 336	-1 864 968
Change in long-term receivables and liabilities	-6 916	-7 721
Payments from the sale of financial current assets	167 465	21 420
Payments by purchase of business	-172 049	-2 850
Net cash flow to investment activities	-2 425 856	-1 807 469

Amounts in NOK 1000

	2019	2018
Cash flows to / from financing activities		
New long-term borrowing	551 076	1 540 045
Repayment of long-term borrowing	-503 568	-429 992
Payments from minorities	160 705	151 200
Disbursed to minorities	-23 293	-22 767
Net change in bank overdraft	144 056	12 618
Net payments and disbursements of cooperative share capital	-271	-210
Disbursed subsequent payment and credit to milk producers	-829 415	-817 253
Net cash flow to/ from financing activities	-500 710	433 641
Net change in bank deposits, cash and money market securities	-733 041	911 487
Bank deposits, cash and money market securities at 01.01	1 380 383	466 442
Currency effect on bank deposits, cash and money market securities	-707	2 454
Access to bank deposits on purchase of business	7 551	-
Bank deposits, cash and money market securities at 31.12	654 186	1 380 383

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Cash Flow contd.

TINE SA

	2019	2018
Cash flows from operating activities		
Profit before tax	1 082 487	1 318 906
Taxes paid for the period	-93 451	-75 083
Profit (-) and loss on sale of fixed assets	-10 117	-26 150
Depreciation, amortisation and impairments	1 009 150	955 791
Profit (-) and loss on sales of financial fixed assets	10 789	-16 108
Unrealised change in value of financial items	-66 282	50 903
Group contributions received form subsidiaries	-23 702	-32 297
Difference between pension charged as an expense and payments/ disbursements in pension plans	-17 179	-39 747
Change in inventories	182 540	-244 111
Change in trade receivables and other short-term receivables	65 226	68 127
Change in accounts payable	-142 121	175 830
Change in other short-term liabilities	133 097	-41 222
Change in intercompany balances from operational activities	-543 370	278 001
Net cash flow from operating activities	1 587 067	2 372 840
Cash flows to investment activities		
Payments from the sale of tangible fixed assets	100 774	43 018
Disbursements from purchase of tangible fixed assets	-1 423 426	-1 347 395
Change in long-term receivables and liabilities	248	-2 422
Payments from the sale of financial current assets	98 826	21 420
Payments received from the sale of financial current assets	-	-827 284
Net cash inflow on intercompany long-term receivables	23 702	32 297
Net cash flow to investment activities	-1 199 876	-2 080 366

Amounts in NOK 1000

	2019	2018
Cash flows to / from financing activities		
New long-term borrowing	50 000	1 553 690
Repayment of long-term borrowing	-1 732	-424 791
Net payments and disbursements of cooperative share capital	-271	-210
Change of net group contributions	11 434	-38 600
Disbursed subsequent payment and credit to milk producers	-829 415	-817 253
Net cash flow to/ from financing activities	-769 984	272 836
Net change in bank deposits, cash and money market securities	-382 793	565 310
Bank deposits, cash and money market securities at 01.01	976 856	411 546
Bank deposits, cash and money market securities at 31.12	594 063	976 856

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ACCOUNTING PRINCIPLES

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

CONSOLIDATION

The consolidated financial statements present the overall financial position, the result of the year's operations and cash flow for the parent company, TINE SA, and subsidiaries. Subsidiaries include those companies controlled directly or indirectly either by legal or actual control. Controlling interest exists where a direct or indirect owner has more than 50% of the voting capital. Consistent accounting principles are applied to all companies in the Group. All transactions between companies in the Group, any balances and unrealised group profit are eliminated in the consolidated financial statements.

Ownership interests in subsidiaries are incorporated in the consolidated financial statements according to the acquisition method. The difference between the cost of ownership 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. Costs that exceed the fair value of net identifiable assets are capitalized as goodwill and amortized in the income statement in line with any underlying conditions and anticipated economic life. In respect of acquisitions, the nominal tax rate is applied to excess value excluding goodwill.

Minority shares are included in the Group's equity. A change in ownership in the shares in subsidiaries is treated as a capital transaction in the Group and therefore

gain or loss is not recognised in the consolidated financial statements.

A Joint Venture is 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 in place where the Group has a 50% ownership interest.

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 exists where the Group has a 20% to 50% stake.

Joint ventures and associated companies are included in the consolidated financial statements using the equity method. Costs exceeding the acquired share of book equity are recognized in the balance sheet as added value and depreciated in line with the underlying conditions and anticipated economic life. The Group's profit is the share of profit after tax in its associated and joint venture entities less any amortization of additional value as well as any gains and losses on the realisation of assets. In the income statement, a proportion of the profit is posted in the financial result. In the balance sheet, ownership interests in joint ventures and associated companies are classified as financial fixed assets. A share of loss is not recognized if this results in the value of the investment being negative, unless the Group has made a commitment or given a guarantee for that company.

When including investments in subsidiaries, joint ventures and associated companies, where the annual accounts are prepared in foreign currency, the balance sheet

items are translated in to Norwegian kroner using the exchange rate at the balance sheet date. Income posts are translated to Norwegian kroner using the average exchange rate for the financial year. 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.

OPERATING INCOME AND OTHER REVENUE

Operating revenue is measured at fair value of the transaction, net of Value Added Tax, any returns, discounts or other public taxes due. Revenue from the sale of goods is recognized in the income statement when the products have been delivered to the customer and there are no further obligations that would result in the customer not accepting delivery. Delivery is not deemed to be made until the products have been shipped to the agreed location when the risk of loss or reduction in value is transferred to the customer. Individual evaluations based on agreements are used to estimate and post provisions for quantum discounts and goods returned at the point of sale. Services are recognised as income at the point of execution.

OPERATING EXPENSES

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

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MAIN RULES FOR CLASSIFICATION OF ASSETS AND LIABILITIES

Assets intended for permanent ownership or use are classified as fixed assets. Receivables are considered as being repaid within one year, together with other assets in the goods chain are classified as current assets. The classification of short and long-term debt is posted using similar criteria. Current assets are valued at the lower of cost and fair value. Fixed assets are valued at cost less accumulated depreciation and write-downs. Long and short-term debt is assessed at face value.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the acquisition cost of a business and the fair value of the Group's share of the net identifiable assets in the business at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as intangible assets. Goodwill on the acquisition of a share in a joint venture or associated company is included in the posted value of the investment. Goodwill is tested for impairment and recognised in the balance sheet at acquisition cost less accumulated depreciation and write-downs. The amortization period for goodwill is five years unless a longer period is justified.

Other Intangible Assets

Expenses for other intangible assets are recognised in the balance sheet to the extent that a future economic benefit relating to the development of an identifiable intangible asset can be reliably identified and measured. Otherwise, this type of expense is posted as it is incurred. Intangible assets with a limited economic life are posted according to plan. Intangible assets are written down to fair value if the recoverable amount is less than the sum of the balan-

ce sheet value and any remaining manufacturing costs.

Research and product development costs

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

FIXED ASSETS

Fixed Assets

Investment in production facilities and other tangible fixed assets are measured at cost less accumulated depreciation and write-downs. The interest relating to the construction period for significant tangible fixed assets under construction is recognised in the balance sheet in the cost price. The 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 posted when incurred. The costs of major improvements and upgrades that significantly increase the useful life of the fixed asset, are capitalized and depreciated in line with the life time of the fixed asset. If the recoverable amount of the fixed asset is lower than the balance sheet value and the impairment is not temporary, then the fixed 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 current value of future cash flow generated by the asset.

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 on certain terms where TINE SA mainly holds the financial risk and ownership control are classified as financial leases. Tangible fixed assets under financial lease agreements are capitalized and associated

lease obligations are included in the balance sheet post for other long-term debt at the current value of the lease payments. Fixed assets are depreciated according to plan and liability is reduced by the rent paid after deduction of the calculated interest due.

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

Shares and ownership in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are assessed in the company accounts using the cost method. Investments are valued at cost less any write-offs. Write-down to fair value is carried out if the impairment 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 change in ownership are posted under other financial income. Group contributions from subsidiaries are posted in the same year as the subsidiary allocates the amount. Dividend income is posted when the dividend is declared.

Other shares and ownership classified as fixed assets

Investment in fixed assets and other assets where the company has no significant influence are posted in the balance sheet at cost. Investments are written down to fair value for any impairment that is not considered to be temporary.

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Dividends from companies which represent a reduction in ownership are posted under other financial income when the dividend is declared.

Long-term receivables

Long-term receivables are stated at face value after deduction for expected losses. Provision for loss is made after individual assessment. Interest income is posted when earned.

CURRENT ASSETS

Stock

Stocks of goods are valued at the lower value of cost using the ”first in - first out” principle and fair value. The acquisition cost for self-manufactured goods and goods in production includes direct materials, direct wages and indirect manufacturing costs (based on normal production). The acquisition cost is adjusted for equalisation fees and grants. The acquisition cost for raw materials and commodities is the net purchase price. The fair value is the sales price less any necessary costs for completion, sales and distribution.

Purchase of essential spare parts is posted under stock in the balance sheet. Any parts are posted on withdrawal.

Receivables

Trade receivables and other receivables are stated at face value after deduction of expected losses. Provisions for losses are made on the basis of individual assessment of each of the receivables.

Equity Funds and shares listed on the Stock Exchange

Market-based financial instruments including mutual funds and listed shares which are part of a trading port-

folio, are valued at fair value at the balance sheet date. Other short- term investments are valued at the lower of the average acquisition cost and fair value at the balance sheet date.

Bank deposits, cash and securities

The accounting line for bank deposits, cash and 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 total number of shares held by the members of TINE SA. Each member has a share. The face value of the share is NOK 500. Membership in TINE SA is open to milk producers who have a milk quota.

Provisional Dividend

Provisional dividend is regulated by § 27 of the Law on Cooperative Enterprises. Dividend is determined at the Annual General Meeting and allocated accordingly. The limit is the profit for the year after tax. Distribution is made on the basis of milk supply during the calendar year. It cannot exceed what is in line with good and prudent business practices.

In the accounts, dividend is treated as an allocation of profit [equity transaction] where the proposed dividend is posted as a debt in the corresponding financial year. The tax effect of payment of dividend is included in the company’s tax expense in the income statement.

Dividend Fund

At the recommendation of the Board, and within the fra-

mework proposed by the Board, profit can be allocated as dividend and dividend paid on the basis of milk delivered throughout the year. In the Annual General Meeting, a resolution is passed on the distribution of dividend. Dividend is paid to those members who were members when the resolution was passed and based on the supply of milk during the previous calendar year.

DEBT

Long-term debt

Long-term debt is recognised in the balance sheet as a nominal sum. Start-up costs are posted at the point of start- up.

Unsecured Liabilities

Unsecured liabilities are accounted for if there is a probability that they will be settled. Best estimate is used to calculate any settlement value.

Provision for Re-structuring

When a decision is made to restructure, an allocation is made for any anticipated expenses relating to the implementation of this measure. The provision is based on the best estimate and reassessed at the end of each period. Expenses incurred during the restructuring are recognized continuously against this provision.

PENSION SCHEME - BENEFIT SCHEME

TINE has pension schemes that entitle the employees to agreed future pension benefits. This liability is expensed over the period of pensionable service and in accordance to the plan’s formula for calculating benefit. The method of allocation corresponds to the plan’s formula for calculating allocation unless the allocation is made during the end of the pensionable service. Linear earning will then be used.

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Pension liabilities are calculated on the basis of assumptions made about the number of accrued years, discount rate, the future return on the pension fund, future regulation of salaries and pensions and the base rate for National Insurance calculations together with actuarial assumptions about mortality, voluntary retirement and disability pension. Pension assets are valued at fair value. Net pension liabilities includes the gross pension liability less the fair value of the pension fund. Net pension liabilities on under-funded schemes are capitalised as a long-term financial liability, while net pension funds on over-funded schemes are capitalised as financial fixed assets if it is likely that this over-funding can be utilised. The employers contribution is included in the book value of under-funded schemes.

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 amortized on a straight-line basis over the period until the benefit is unconditional. Changes in liabilities and pension assets due to changes to, and deviations from, calculated assumptions are distributed over the estimated average period of pensionable service for the proportion of the deviation that exceeds 10 % of the higher or gross pension obligations and gross pension funds, respectively.

As it participates in defined benefit multi-enterprise schemes, the enterprise posts its share of defined benefit pension liabilities, pension funds and related costs under the pension scheme. When there is insufficient information to post a multi-enterprise scheme as a defined benefit scheme. The scheme is posted as if it were a defined contribution plan.

There are liabilities within the new Trade Union Agreement with the AFP which is a defined benefit multi-enterprise scheme but this is booked as a defined contribution scheme as it is currently not measurable and allocable between the participating companies.

Net pension cost, which is gross pension cost less estimated return on pension assets, adjusted for distributed effect of estimated deviations and changes in pension plans, are classified as ordinary operating expenses and presented together with salaries and other benefits under personnel costs in the income statement. Employee contributions are included under net pension costs.

PENSION SCHEMES - DEPOSIT SCHEMES

The pension scheme is a contribution-based pension plan into which TINE pays an annual pension contribution for each member. The pension contribution is paid to a trustee and TINE has no liabilities to this scheme once the contribution has been paid. It is therefore difficult to determine the size of the future pension contribution. Contributions are accrued according to the comparison principle. The year's contribution to the defined contribution plan is expenses as a personnel cost when incurred. For defined contribution plans, any liabilities or assets are not capitalised.

DISABILITY PENSION

The National Insurance benefits for the disabled have changed as part of the pension reform. The change in national insurance means that the disability pension offered by TINE SA to its employees was also amended from 1 January 2017. The new disability scheme is a risk scheme where the members have full disability coverage regardless of their length of service. The change from an accu-

al-based scheme to a risk-based scheme means that the company no longer has to make provision for pension liabilities relating to disability pension. This has resulted in a reduction in pension liability and is recognised in the actuarial calculations as a change to the plan. The reduction was recognised in the 2016 accounts.

TAXES

Tax costs consist of tax payable on taxable income and assets and any changes to deferred tax. The tax burden is compared to the company's result before tax. Taxes relating to equity transactions are recognised 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 rate for tax is used in this 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. In the Group, deferred tax is posted as net of the tax position for associated 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 recognised in the balance sheet if it is likely that the can be utilised in future years.

CURRENCY

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

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FINANCIAL DERIVATIVES AND SECURITIES

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

Interest Rate Derivatives

TINE uses interest rate hedging agreements to hedge against large fluctuations in interest rates. The recognition of gains and losses depends on whether the interest rate derivative is designated as a hedging agreement and if applicable, the type of hedging. Interest rate derivatives that are not hedging agreements are valued in accordance with the lowest value principle and unrealised losses are expensed as finance costs.

Currency Derivatives

To secure against currency rate fluctuations, TINE has entered currency derivatives in line with adopted financial guidelines. Accounting for gains and losses depends on whether the currency derivative is designated as a hedging agreement and gives any type of hedging. Currency derivatives which are not hedging agreements are measured at fair value and changes in the value are recognised in the income statement as financial income or financial expense.

Hedge Agreements

The accounting treatment of financial derivatives used as hedging agreements is recognized in accordance with the principles for hedging for hedging types such as cash flow hedging or hedging of net investment in foreign enterprises. In the case of value hedging of recognised assets or liabilities, the derivative is recognised at fair value.

When hedging future cash flows, the derivatives are posted at fair value. Both unrealised and realised gains or losses on derivatives after tax is posted directly to equity until the hedged cash flow affects the income statement.

Hedging of net investment in foreign currency is done at group level. The hedging agreements are recognised at fair value as for cash flow hedging. Unrealised gains and losses on hedging agreements are posted directly as equity until the foreign enterprise is sold or the hedging agreement is cancelled.

In line with adopted financial guidelines for 2019, TINE secures a share 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 accounting hedging agreements in the annual accounts.

USE OF ESTIMATES AND INFORMATION ON SIGNIFICANT ESTIMATES

The accounting principles described mean that the management of TINE has used estimates and assumptions that affect items in the income statement and balance sheet. These estimates are based on experience and an assessment of underlying factors. Future events and changes in framework conditions may cause estimates and assumptions to change. Changes in accounting estimates are posted in the income statement in the period the estimates are changed, unless deferred income is recognised by good accounting practices. Assessments, estimates and assumptions that have a material effect on the financial statements are summarised below.

Depreciation

Depreciation of tangible fixed assets and intangible fixed assets is based on their estimated useful life. Any changes to market conditions and future investment decisions will affect existing production capacity and expected useful life. This may provide the basis for changed depreciation profiles which will impact future results.

Impairment

TINE has significant investments in property, plant and equipment, intangible assets including goodwill, subsidiaries, joint ventures and associated companies. These fixed assets are tested for impairment when there are indicators of possible impairment. Such indicators may include changes in market prices, contract structures, adverse events or other operating conditions. When calculating the recoverable amount, a number of estimates have to be made regarding future cash flows where price, volume of sales and life span 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 changes in the assumptions will affect the value of the calculated liability. Refer to note 8 for a more detailed outline of the assumptions and the basis of the pension assets.

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Fair value of financial instruments

The principles for estimating fair value are based on market prices and various valuation methods. The fair value of fixed exchange contracts is determined using the exchange rate at the balance sheet date. The fair value of currency swaps is calculated at the current 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 at the current value of estimated future cash flow based on a tracked market interest rate curve. For all the above mentioned derivatives, fair value is confirmed by the financial institution with which the company has entered an agreement.

Deferred Tax Assets

Deferred tax assets are only posted in the balance sheet to the extent that it is likely there will be a future tax overpayment which is large enough to take advantage of the tax benefit, either by the company posting a recent profit or by identifying assets with additional value.

Provisions

For certain profit and loss items in the accounts, provisions are made for anticipated future costs based on the estimates and information available at the time the accounts are presented. These provisions may differ from actual future costs. Provisions include, for example, losses on customers, uncertainty over the provision of goods, provisions for restructuring, restructuring and contingent losses that are likely and quantifiable, including disputes and litigation.

SEGMENTS

Operating segments are reported in the same way as internal reporting to the company’s key decision-maker. The company’s key decision-maker is responsible for allocating resources and assessing earnings in the operating segments which is defined as corporate management.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method.

PRESENTATION CURRENCY

All amounts are in TNOK 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 in principle have been carried out in 2019.

NEW ACCOUNTING STANDARDS

No new accounting standards have been adopted in 2019 that are of consequence to TINE.

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Income Statement

The Group's activities are divided in to three operating segments. The segments are based on product and geography, and corresponds to the classification used in the Group's internal performance measurement and resource allocation. The dairy industries are divided between Norwegian and international operations.

NOTE 1 Segment information

Amounts in NOK 1000

	2019					2018				
SALES INCOME/ RESULT	Dairy Norway	Dairy International	Other industry	Other activities and eliminations	Total	Dairy Norway	Dairy International	Other industry	Other activities and eliminations	Total
Liquid dairy products	8 071 216	-	153 392	-	8 224 608	8 041 068	-	165 849	-	8 206 917
Firm dairy products	6 165 918	3 531 863	447 313	-	10 145 094	6 014 866	2 844 855	431 741	-	9 291 462
Juice, fruit drinks and water	870 786	-	-	-	870 786	927 425	-	-	-	927 425
Ready goods	26 067	-	1 176 304	-	1 202 371	15 034	-	1 148 594	-	1 163 627
Ice cream and desserts	358 556	-	1 114 268	-	1 472 824	339 073	-	1 217 768	-	1 556 842
Other products	81 475	-	-	-	81 475	37 408	-	-	-	37 408
Sales income ready goods external	15 574 017	3 531 863	2 891 277	-	21 997 157	15 374 875	2 844 855	2 963 952	-	21 183 682
Sales income ready goods external	15 574 017	3 531 863	2 891 277	-	21 997 157	15 374 875	2 844 855	2 963 952	-	21 183 682
Sales income ready goods internal	1 360 511	25 923	-	-1 386 434	-	1 286 499	22 285	-	-1 308 785	-
Sales income ready goods total	16 934 528	3 557 786	2 891 277	-1 386 434	21 997 157	16 661 374	2 867 141	2 963 952	-1 308 785	21 183 682
Sales income raw materials	1 383 529	-	-	-	1 383 529	1 380 476	-	-	-	1 380 476
Other income	624 886	17 228	62 400	-273 052	431 463	627 614	21 394	55 114	-267 239	436 882
Total operating income	18 942 943	3 575 014	2 953 677	-1 659 485	23 812 149	18 669 463	2 888 534	3 019 066	-1 576 023	23 001 039
Write down and depreciation	-1 037 060	-79 722	-105 785	-	-1 222 567	-951 592	-45 122	-106 398	-	-1 103 112
Other operating costs	-16 799 531	-3 482 854	-2 777 236	1 658 942	-21 400 680	-16 393 542	-2 794 545	-2 747 736	1 575 387	-20 360 436
Operating result	1 106 351	12 438	70 656	-544	1 188 902	1 324 329	48 867	164 931	-636	1 537 491
BALANCE										
Equity	17 133 299	2 222 835	1 393 348	-2 092 660	18 656 822	17 568 707	1 789 332	1 266 591	-2 521 930	18 102 699
Debt, non-interest bearing	4 030 078	942 464	579 548	-472 176	5 079 915	4 814 364	814 992	577 567	-995 819	5 211 103
Investments	1 589 858	990 479	144 881	-	2 725 218	1 428 895	225 022	209 917	-	1 863 834

Description of segments: The segment Dairy Norway mainly consists of TINE SA, Mimi AS and OsteCompagniet AS. Dairy International consists of the sub groups Wernersson Ost AB (Sverige), Norseland Inc. (USA), Norseland Ltd. (UK) and TINE Holding Ireland Ltd. Other enterprises consist of sub groups Diplom-Is AS and Fjordland AS, as well as TINE SA's subsidiaries, (see note 14). TINE Holding AB is included in Other Activities and Eliminations.

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NOTE 2 Sales income on finished goods divided into geographic area

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Geographic area	2019	2018
18 079 978	17 949 942	Norway	15 865 820	15 678 151
1 665 935	1 586 865	Rest of Europe	427 000	311 420
1 100	1 338	Africa	–	–
2 123 532	1 514 076	America	387 728	439 201
1 429	1 623	Asia	758	797
125 183	129 837	Oceania	104 174	98 960
21 997 157	21 183 682	Total sales income on finished goods	16 785 480	16 528 530

Refer to the statement in the Board of Directors’ report.

NOTE 3 Other operating income

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Income groups	2019	2018
86 316	79 497	Transport income	115 988	108 536
329 092	327 314	Other income	519 964	529 147
16 055	30 070	Gain on sale of fixed assets	14 007	28 014
431 463	436 881	Total other operating income	649 959	665 697

Other income consist of any requirements from the Directorate of Agriculture for market regulation, sale of services and other income.

NOTE 4 Public grants

Amounts in NOK 1000

Tax relief and other state and municipal grants have been received in accordance with the table below:

TINE GROUP			TINE SA	
2019	2018	Income Type	2019	2018
6 447	9 013	Tax relief	2 160	4 500
16 415	21 832	Other state and municipal grants	16 415	21 832
22 862	30 845	Total public grants	18 575	26 332

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NOTE 5 Significant larger transactions

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Income statement	2019	2018
74 148	8 450	Maintenance of Kalbakken	74 148	8 450
		Balance		
721 297	504 392	Investment in larger new facilities	289 125	290 607
165 249	-	Acquisition of Lotito Foods Holding LLC	-	-
-	-	Investment in subsidiaries	98 926	-

TINE SA established a new head office in Kalbakken in Oslo. The project consisted of both renovation and extra-ordinary maintenance. The cost of maintenance is treated as a one-off cost in 2019.

Investment in larger new plants in 2019 related to the construction of new dairy plants in Bergen and Ireland.

In January 2019, Norseland Inc., acquired a 1/3 share in Lotito Foods Holding LLC. After this acquisition, they now own a 2/3 ownership interest in the company.

On 30 August 2019, TINE SA transferred the business to TINE Bedriftsstyring (TBS) and associated solutions to its subsidiary Mimiro AS. The transaction is continuous in TINE SA as the transaction is between a company in the same group.

NOTE 6 Goods consumption and changes in stock levels

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Type of cost	2019	2018
13 268 608	13 140 377	Consumption of raw materials and purchased goods	10 310 575	10 490 642
164 940	-212 972	Changes in stock levels in work and finished goods	150 208	-192 760
13 433 548	12 927 405	Total goods consumption and changes in stock	10 460 783	10 297 882

NOTE 7 Personnel costs and number of man years

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Type of cost	2019	2018
3 561 375	3 351 163	Wages, holiday pay and cost of temporary staff	2 786 701	2 742 114
454 005	437 957	National Insurance	366 447	360 832
73 260	59 720	Pensions cost including national insurance, ref. note 8	43 159	37 256
224 268	209 261	Other personnel costs	132 420	135 945
4 312 908	4 058 101	Total personnel costs	3 328 727	3 276 147
5 347	5 279	Average number of employees counted in man years	4 025	4 196

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NOTE 8 Pensions and pension liabilities

TINE SA and its Norwegian subsidiaries has a group pension scheme with MP Pensjon in accordance with the Company Pensions Act. The plan satisfies the regulations for compulsory occupational pensions (OTP). The group pension scheme is defined benefit and the scheme is accounted for as a defined benefit scheme. The benefits are mainly dependent on the number of years of pensionable service and salary level at pension age.

Pension	Basis for calculation	Pension benefit
Old Age pension	Up to 6 G	16 % of final salary.
	From 6 G to 12 G	44 % of final salary.
Dependents pension spouse/cohabitant	Calculated retirement pension	55 % of estimated old age pension.
Dependents pension child	Final Salary	50 % of calculated old age pension for youngest child and 25% for other children under 21 years. Total child pension is divided equally between the children.
Disability pension	Current salary	3 % of salary up to 12G. Additional 25% of G, limited to 6% of salary. Additional 66% of salary between 6G and 12G. 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 operating pension scheme for employees with salaries in excess of 12 G. The pension benefit in this scheme constitutes 66 % of salaries in excess of 12 G and comes in to effect from age 67.

The occupational pension is in addition to national insurance and is independent of national insurance benefits. The Group's subsidiaries have established pension arrangements in accordance with local laws.

MP Pensjon is a self-owned foundation that includes employees of TINE SA and its Norwegian Subsidiaries. The purpose of MP Pensjon is to provide retirement and di-

sability pensions to members and widows(er) pension to spouses or registered partners, cohabitants and children. MP Pensjon's funds are kept separate from the company's funds. MP Pensjon is under the supervision of the Financial Services Authority and has a license to operate as a pension fund. The pension scheme in MP Pensjon provides the following benefits at full pensionable service (30 years or more):

TINE SA and most of its Norwegian subsidiaries are in the LO-NHO agreement area. Based on this, the employees in the companies have the opportunity to apply for AFP from age 62. The current AFP scheme is a defined benefit multi-enterprise scheme. The companies in the agre-

ement area in the LO-NHO have a real financial obligation as a result of the agreement on AFP. However, there is insufficient information to recognise the liability in the annual accounts. This means that no obligation for the current AFP scheme is recognised in the balance sheet.

For the TINE Group and TINE SA the various plans have the following number of persons at 31.12.2019

TINE GROUP			TINE SA	
Employees	Pensioners		Employees	Pensioners
4 880	3 949	Defined benefit scheme in MP Pensjon	4 357	3 633
74	23	Uninsured schemes ¹⁾	59	23
791	-	Deposits	-	-
6 166	-	AFP	5 224	-

1) Uninsured schemes that mainly applies to operating pensions for employees with salaries above 12 G and gifted pensions for employees who have previously fallen out with the group pension scheme with MP Pensjon.

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NOTE 8 contd.

TINE GROUP			TINE SA	
2019	2018	Pension costs	2019	2018
384 383	364 471	Current value of annual accrued pension	336 257	318 386
358 460	290 183	Interest charges on pension liability	330 594	267 839
-686 249	-554 626	Net return on pension assets	-627 209	-507 509
-25 462	-86 465	Posted deviation on estimated profit	-17 630	-72 793
-3 237	5 247	Posted plan changes	-3 237	5 247
-54 691	-54 246	Employee contributions	-48 903	-48 734
10 427	12 001	Accrued Employers National Insurance	7 076	10 109
89 629	83 155	Other pensions costs (including AFP premium and defined-contribution schemes)	66 211	64 711
73 260	59 720	Net pension costs	43 159	37 256

Reconciliation of the pension schemes financial status at 31.12 to posted balance sheet amount:

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Pension liabilities and assets	31.12.2019	31.12.2018
-13 955 292	-13 265 741	Accrued pension liabilities	-12 992 635	-12 371 790
18 693 642	17 713 518	Pension funds (at market value)	17 340 749	16 410 366
4 738 350	4 447 777	Net pension assets excluding national insurance and estimated-deviations	4 348 114	4 038 576
-1 969 235	-1 717 831	Unrealised effect of estimated deviation	-1 763 962	-1 489 814
-2 200	-983	Employers National Insurance	-	-
2 766 915	2 728 963	Net pension assets for over-funded scheme	2 584 152	2 548 762
-300 968	-278 192	Accrued pension liabilities	-178 610	-174 580
95 298	80 638	Pension assets (at market value)	-	-
-205 670	-197 554	Net pension liabilities excluding national insurance and estimated deviation	-178 610	-174 580
-20 035	-4 467	Unrealised impact of estimated deviation	10 596	24 209
-29 558	-28 500	Employers National Insurance	-25 184	-24 615
-255 263	-230 521	Net pension liability for under-funded scheme	-193 198	-174 986

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NOTE 8 contd.

The following assumptions are used in Norway for TINE Group and TINE SA:

Economic assumptions	31.12.2019	31.12.2018
Discounted interest rate	2.30 %	2.60 %
Anticipated salary adjustment	3.00 %	3.25 %
Anticipated adjustment of base social security amount (G)	2.50 %	2.75 %
Anticipated pension adjustment	2.50 %	2.75 %
Anticipated return on pension funds ¹⁾	4.00 %	4.30 %
Demographic assumptions		
Applied mortality table	K2013	K2013
Applied disability tariff	Enhanced KU	Enhanced KU
Voluntary retirement (all ages)	Average 3-5 % per year	Average 3-5 % per year

¹⁾ When calculating this year’s pension cost, an expected return on pension assets is based on historical and anticipated return from MP Pensjon.

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

TINE GROUP			TINE SA	
2019	2018	Actual return on combined pension assets	2019	2018
14.13 %	1.45 %	Actual return on pension assets in the Group pension Scheme	14.13 %	1.45 %
31.12.2019	31.12.2018	Pension assets in the group scheme in MP Pensjon comprise of the following:	31.12.2019	31.12.2018
47.10 %	45.90 %	Shares	47.10 %	45.90 %
43.50 %	46.70 %	Bonds	43.50 %	46.70 %
4.30 %	3.46 %	Property	4.30 %	3.46 %
5.10 %	3.94 %	Other assets	5.10 %	3.94 %

Note 8 contd.

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NOTE 8 contd.

Sensitivity analysis for changes in assumptions

Measurement of defined benefit scheme liabilities and pension costs is based on several economic and demographic as-
 sumptions. The table below indicates the estimated sensitivity for the mot significant financial conditions in the TINE Group.
 Sensitivity is defined as the impact on pension costs and gross pension liabilities relating to the group pension scheme in MP
 Pensjon as a result of a reasonable increase or reduction in one of the assumptions applied.

	Discounted Interest Rate		Anticipated salary regulation		Anticipated pension regulation	
	0.5 %	-0.5 %	0.5 %	-0.5 %	0.5 %	-0.5 %
Changes in (MNOK)						
Capitalised accrued pension liabilities	-1 333	1 551	386	-356	578	-531
Expected current value of annual inform for the year	-59	72	32	-28	22	-20

The most important demographic assumption is the mortality. A one-year increase in life expectancy will result in an increase
 in gross pension liabilities of MNOK 625 at 31.12.2019.

The analysis specified above was carried out by an actuary and based on conditions at 31.12.2019. The calculations are ba-
 sed 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 Auditors Fees

TINE GROUP			TINE SA		TINE GROUP	
2019	2018	Fee for elected auditor – Ernst & Young AS	2019	2018	2019	2018
3 490	3 656	Statutory audit services	1 665	1 630	1 725	1 505
1 160	772	Fee for attestation services	1 160	767	815	498
443	261	Fee for tax advice	146	12	251	313
455	291	Fee for other services	379	177		
5 548	4 980	Total fee to elected auditor – Ernst & Young AS	3 350	2 586	2 791	2 315

The table shows the fees charged by the auditor, excluding value added tax. Fees for attestation services mainly relate to
 attestation services required by the Directorate of Agriculture and the attestation of a report on corporate social respon-
 sibility. The fee for other services mainly relates to the cost of acquisition of a company.

Amounts in NOK 1000

The fees to other auditors relates to the companies
 Norseland Inc., Alpine Dairy LLC, Lotito Foods Holding
 LLC and Plug-in Service AS.

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NOTE 10 Other operating costs

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Type of cost	2019	2018
1 363 664	1 166 705	Indirect costs related to production and operations	1 147 144	989 001
1 125 913	1 074 569	Transport costs	1 016 108	981 352
-457 517	-465 093	Freight revenue (freight and distribution surcharge) 1)	-457 517	-465 093
1 593 750	1 575 959	Sales, marketing and other operating expenses	1 154 873	1 198 451
14 075	13 902	Property tax	12 302	12 288
9 886	1 109	Loss on sale of tangible fixed assets	8 300	992
4 453	7 779	Loss on receivables and contracts	2 986	6 672
3 654 224	3 374 930	Total other operating costs	2 884 196	2 723 663

1) Reimbursement from the price equalisation scheme for transport costs of raw milk for transport from the milk producer to the delivery point, refer to the chapter on TINE Milk Supplies.

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NOTE 11 Taxes

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018	Reconciliation from nominal to actual tax rate	2019	2018
1 103 141	1 465 016	Result before tax	1 082 487	1 318 907
242 691	336 954	Expected income tax after nominal tax rate in Norway	238 147	303 349
Tax effect of the following items				
7 699	7 550	Non-deductible costs	6 425	5 464
-4 916	-13 173	Non-taxable income	-8 383	-13 711
4 108	-286	Tax rate differences abroad	-	-
-133 746	-190 765	Payments to milk producers	-133 747	-190 765
7 289	4 328	Amortization of goodwill	-	-
-3 313	-6 787	Changes in depreciation of deferred tax assets	-	-
-1 719	-927	Income from joint ventures and associated companies	-	-
-1 059	-	Impairment of financial assets	-	-
-292	-29 985	Amended tax rate	-	-30 658
8 779	9 294	Wealth tax	8 779	9 294
-466	-292	Tax for previous years	-439	-652
-1 710	813	Other posts	-577	-
123 345	116 724	Total tax costs	110 205	82 321
11.2 %	8.0 %	Effective tax rate	10.2 %	6.2 %

TINE GROUP			TINE SA	
2019	2018	Deferred tax effect on items posted to equity	2019	2018
-9 464	10 918	Hedging of future cash flows	-9 464	10 918
2 616	-2 717	Hedging of net investment in foreign subsidiaries	-	-
-6 848	8 201	Deferred tax effect on items posted to equity	-9 464	10 918

Note 11 contd.

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NOTE 11 contd.

TINE GROUP / NORWAY

2019	2018
116 900	113 400

Distribution of tax costs in Norway and abroad

Tax costs

TINE GROUP / ABROAD

2019	2018
6 445	3 324

TINE GROUP

31.12.2019	31.12.2018
114 195	116 029
-	-
8 779	9 294
122 974	125 323

Payable taxes in the balance sheet

Income tax

Tax effect of Group contribution

Wealth tax

Payable tax in the balance sheet

TINE SA

31.12.2019	31.12.2018
102 365	93 337
-4 077	-961
8 779	9 294
107 067	101 670

TINE GROUP

31.12.2019		31.12.2018	
Receivables	Liabilities	Specification of tax effect of temporary differences and loss to carry forward	
-	211 098	Tangible fixed assets	156 205
-	38 400	Goodwill on acquisition	15 880
3 907	-	Long-term liabilities / receivables	4 547
21 617	-	Financial derivatives	31 081
-	616 672	Pension assets	-
-	30 246	Stock	600 372
29 286	-	Short-term receivables	32 310
80 422	-	Short-term liabilities	1 579
64 979	-	Pension liabilities	33 806
-	7 672	Profit and Loss Account	50 715
62 518	-	Deficit to carry forward	-
262 729	904 088	Total before offsetting	9 561
-197 813	-197 813	Offset tax benefit / tax liability	45 821
64 916	706 275	Deferred tax benefit / tax liability	167 549
-37 201	-	Deferred tax asset not recognised in the balance sheet	814 328
27 715	706 275	Net deferred tax benefit / tax liability in balance sheet	-113 795
			53 754
			700 533
			-
			10 713
			700 533

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NOTE 11 contd.

Deferred tax assets are recognised based on future income and are expected to be utilised. Most of the tax benefits are related to activities carried out by partly owned subsidiaries in Norway. The transferable deficit has

no time limitations. TNOK 37 201 of the tax effect of loss carried forward to 31.12.2019 relates to TINE's Swedish operations. The corresponding figure at 31.12.2018 was TNOK 44 461.

TINE SA

Amounts in NOK 1000

31.12.2019		Specification of tax effect of temporary differences and loss to carry forward	31.12.2018	
Receivables	Liabilities		Receivables	Liabilities
-	163 455	Tangible fixed assets	-	125 955
21 617	-	Financial derivatives	31 081	-
-	568 519	Pension assets	-	560 728
-	29 696	Stock	-	29 924
641	-	Short-term receivables	627	-
49 203	-	Short-term liabilities	20 946	-
42 504	-	Pension liabilities	38 497	-
-	5 822	Profit and Loss Account	-	7 250
113 965	767 492	Total before offsetting	91 151	723 857
-113 965	-113 965	Deferred tax assets not recognised in balance sheet	-91 151	-91 151
-	-	Net effect of direct balance sheet posts	-	-
-	653 527	Deferred tax asset / tax liability in the balance sheet	-	632 706

TINE GROUP

TINE SA

2019	2018	Specification of tax costs	2019	2018
-11 185	-15 237	Change in deferred tax	-2 884	-15 157
114 195	116 990	Payable income tax	102 365	93 337
8 779	9 294	Payable wealth tax	8 779	9 294
11 556	5 677	Other effects	1 945	-5 153
123 345	116 724	Total tax costs	110 205	82 321

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NOTE 12 Intangible assets and goodwill

Amounts in NOK 1000

TINE GROUP	Patents	Trade marks	Customers	Other rights	Goodwill	Total 2019	Total 2018
Acquisition cost 01.01	7 145	43 707	18 500	160 897	98 318	328 567	474 715
Increase (+) in the year ¹⁾	95 194	7 920	-	163 433	205 384	471 931	97 459
Decrease (-) in the year	-	-424	-	-	-5 923	-6 347	-232 997
Currency effects	-141	1 264	-	266	116	1 505	-10 601
Acquisition cost 31.12	102 198	52 467	18 500	324 596	297 895	795 655	328 567
Accumulated write-downs & depreciation 31.12	-4 741	-22 665	-6 058	-75 349	-86 581	-195 394	-121 831
Book value 31.12	97 457	29 802	12 442	249 247	211 314	600 261	206 737
Annual depreciation	-4 752	-3 231	-1 850	-34 391	-34 566	-78 790	-25 808
Annual write-downs	-	-	-	-	-	-	-
Economic life time	20 years-forever	10-20 years	10 years	5-10 years	5-10 years		
Depreciation plan	Linear	Linear	Linear	Linear	Linear		

1) The assets mainly relate to the transfer of business from Felleskjøpet SA to TINE's subsidiary Mimirol Holding AS, and that Lotito Foods Holding LLC became a new subsidiary in 2019, refer to note 14 for further information.

Goodwill is associated with:	31.12.2019	31.12.2018
Fjordland Group	11 187	17 550
Diplom-Is Group	13 714	12 286
Norseland Inc. Group	113 063	10 780
Mimiro AS	73 350	-
Total goodwill	211 314	40 616

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NOTE 12 contd.

TINE SA	Other rights	Goodwill	Total 2019	Total 2018
Acquisition cost 01.01	15 779	21 000	36 779	29 951
Increase (+) in the year	344	-	344	6 829
Decrease (-) in the year	-	-	-	-
Acquisition cost 31.12	16 124	21 000	37 124	36 779
Accumulated write-down & depreciation 31.12	-3 375	-21 000	-24 375	-18 565
Book value 31.12	12 749	-	12 749	18 213
Annual write-downs	-1 609	-4 200	-5 809	-5 667
Annual depreciation	-	-	-	-
Economic lifetime	5 years	5 years		
Depreciation plan	Linear	Linear		

Goodwill in TINE SA relates to the operations of Sunniva Drikker AS. Refer to note 14.

The requirement for impairment on goodwill and other intangible assets has been assessed. Indications of impairment are calculated by taking the recoverable amount based on the discounting of future cash flows. Cash flows are based on budget and other available information at the time of evaluation. No indication of impairment has been identified for 2019.

TINE GROUP			TINE SA	
2019	2018	Posted research and product development	2019	2018
15 068	16 345	Research	15 068	16 345
90 305	100 280	Product development	83 321	92 558
105 373	116 625	Total posted research and product development	98 389	108 903

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

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NOTE 13 Tangible Fixed Assets

Amounts in NOK 1000

TINE GROUP	Plots/dwellings/cabins	Buildings/ building fixtures	Machines/inventory	Transport	Total 2019	Total 2018
Acquisition cost 01.01	317 565	7 392 978	10 856 277	998 736	19 565 557	18 011 101
Increase (+) in the year	29 905	339 794	1 704 671	178 917	2 253 286	1 766 375
Decrease (-) in the year	-429	-12 350	-307 615	-83 316	-403 710	-236 889
Currency effects	375	-177	6 803	14	7 015	24 970
Acquisition cost 31.12	347 415	7 720 245	12 260 136	1 094 351	21 422 148	19 565 557
Accumulated write-down & depreciation 31.12	-27 542	-3 505 705	-7 341 408	-618 906	-11 493 561	-10 657 027
Book value 31.12	319 873	4 214 540	4 918 728	475 445	9 928 587	8 908 530
Annual write-down	-5 817	-266 060	-740 052	-117 708	-1 129 636	-1 036 219
Annual depreciation	-	-16 295	2 155	-	-14 141	-41 086
Economic depreciation period	10 years-forever	20-30 years	3-15 years	5-10 years		
Depreciation plan	Linear	Linear	Linear	Linear		
Accounting gain (+) / loss (-) sold operating assets	-1 017	-80	-4 220	17 677	12 360	28 701

TINE SA	Plots/dwellings/cabins	Buildings/ building fixtures	Machines/inventory	Transport	Total 2019	Total 2018
Acquisition cost 01.01	283 295	6 647 047	9 659 525	848 280	17 432 148	16 286 498
Increase (+) in the year	29 629	187 985	1 061 268	143 739	1 422 621	1 340 566
Decrease (-) in the year	-429	-12 350	-305 541	-68 016	-386 336	-188 917
Acquisition cost 31.12	312 495	6 822 682	10 415 252	924 003	18 474 434	17 432 148
Accumulated write-down & depreciation 31.12	-24 964	-3 266 427	-6 477 706	-517 724	-10 286 821	-9 579 619
Book value 31.12	287 531	3 556 255	3 937 546	406 279	8 187 613	7 858 528
Annual write-down	-5 382	-246 416	-639 669	-97 760	-989 227	-913 965
Annual depreciation	-	-16 295	2 181	-	-14 114	-36 159
Economic depreciation period	10 years-forever	20–30 years	3–15 years	5–10 years		
Depreciation plan	Linear	Linear	Linear	Linear		
Accounting gain (+) / loss (-) sold operating assets	-1 017	-80	-4 390	16 067	10 580	26 149

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Buildings and building inventory consists of own production premises, warehouses and administrative buildings for use in the company’s dairy operations and for ice-cream production. Rents to external lessees are insignificant. Tangible fixed assets where there is an indication of decre-

ase in value are assessed for impairment. Write-down of the recoverable amount of tangible fixed assets has been done as a result of decisions on future closures of plants and restructuring of operations and projects that have become less profitable than anticipated.

The table below shows the book value of buildings, technical installations and machines under construction. Plant under construction is recorded under tangible fixed asserts, but not depreciated until they are put into use.

			Amounts in NOK 1000	
TINE GROUP			TINE SA	
2019	2018	Premises under construction	2019	2018
352 280	874 879	Buildings	54 462	642 330
35 653	19 195	Technical installations	35 152	19 195
922 639	490 853	Machines	532 571	467 741
1 310 572	1 384 927	Total premises under construction	622 185	1 129 266

Refer to investment in larger new premises in note 5.

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NOTE 14 Subsidiaries, joint-ventures and associated companies

Amounts in NOK 1000

Subsidiaries	Business premises	Time of Acquisition	Parent Company TINE SA Ownership/voting share	Sub division/subsidiary Ownership/voting share	Share of equity in the company 31.12.2019	Book value in TINE SA 31.12.2019	Book value in TINE SA 31.12.2018
Bunes Fryselager AS ¹⁾	Porsgrunn	1975	19 %	40 %	9 485	95	95
Diplom-Is AS	Nittedal	1991	100 %		383 008	476 158	471 394
<i>Norsk Iskrem AS</i>	<i>Nittedal</i>	<i>1989</i>		<i>100 %</i>			
<i>Laguna Produkter AS</i>	<i>Holmestrand</i>	<i>2016</i>		<i>100 %</i>			
<i>Isdalen AS</i>	<i>Oslo</i>	<i>2016</i>		<i>100 %</i>			
<i>Kulinaris AS</i>	<i>Trollåsen</i>	<i>2017</i>		<i>51 %</i>			
<i>Plug-in Service AS</i>	<i>Hagan</i>	<i>2019</i>		<i>100 %</i>			
Fjordland AS	Oslo	1985	51 %		101 061	18 333	18 333
<i>Matvarehuset AS</i>	<i>Bergen</i>	<i>2014</i>		<i>100 %</i>			
<i>Safari Næringsmidler AS</i>	<i>Bergen</i>	<i>2016</i>		<i>65 %</i>			
<i>Hallheimslien 12 AS</i>	<i>Bergen</i>	<i>2018</i>		<i>100 %</i>			
Kulkraft AS	Oslo	2018	100 %		250	261	254
LL Voss Handverksmerieri AS	Oslo	1994	100 %		347	424	417
Maritex AS ²⁾	Oslo	2001	100 %		–	–	8 624
Heimatt AS	Oslo	2002	100 %		1 261	1 171	4 314
Mimiro Holding AS	Ås	2018	60 %		340 826	127 974	226 800
<i>Mimiro AS</i>	<i>Ås</i>	<i>2018</i>		<i>100 %</i>			
Norseland Holdings Ltd.	Ilchester, UK	2004	100 %		133 469	119 999	119 999
<i>Norseland Ltd.</i>	<i>Ilchester, UK</i>	<i>2008</i>		<i>100 %</i>			
<i>Phonefood Ltd.</i>	<i>Ilchester, UK</i>	<i>2008</i>		<i>100 %</i>			
<i>Ridgebrick Ltd.</i>	<i>Ilchester, UK</i>	<i>2013</i>		<i>100 %</i>			
Norseland Inc.	Stamford, USA	1978	100 %		432 848	193 517	193 517
<i>Alpine Dairy LLC</i>	<i>Winesburg, USA</i>	<i>2012</i>		<i>100 %</i>			
<i>Lotito Foods Holding LLC</i>	<i>Edison, USA</i>	<i>2019</i>		<i>67 %</i>			
Næringsmiddelproduksjon AS	Oslo	2001	100 %		1 000	1 103	1 103
OsteCompagniet AS	Oslo	2001	100 %		18 297	3 053	3 053
Sunniva Drikker AS	Oslo	2002	100 %		18 809	12 427	12 427
TINE Holding AB	Ulricehamn, Sverige	2007	100 %		767 189	751 395	751 395
<i>Wernersson Glass AB</i>	<i>Ulricehamn, Sverige</i>	<i>2003/04/06</i>		<i>100 %</i>			
<i>Wernersson Ost AB</i>	<i>Ulricehamn, Sverige</i>	<i>2007</i>		<i>100 %</i>			
<i>Wernersson Ost Danmark AS</i>	<i>Roskilde, Danmark</i>	<i>2007/08/11</i>		<i>100 %</i>			
TINE Holding Ireland Ltd.	Dublin, Irland	2016		100 %	447 641	475 930	475 930
<i>TINE Ireland Ltd.</i>	<i>Dublin, Irland</i>	<i>2016</i>		<i>100 %</i>			
Total					2 655 493	2 181 842	2 287 656

1) The TINE Group’s ownership in Bunes Fryselager AS is 59 % (TINE SA 19 % and Diplom-Is AS 40 %). 2) Refer to comments under company changes.

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JOINT-VENTURES (JV) AND ASSOCIATED COMPANIES (AS)					TINE GROUP				TINE SA	
	Office location	Time of Acquisition	Ownership/ voting share	Number of shares/units	Share of Profit 2019	Share of equity 31.12.2019	Share of Profit 2018	Share of equity 31.12.2018	Value in Balance sheet 31.12.2019	Value in Balance sheet 31.12.2018
Fjordkjøkken AS	Varhaug	1996	23.46 %	6 100	5 155	33 317	5 136	31 212	9 700	9 700
Skala AS	Oslo	1948	50.00 %	12 500	4 125	44 472	646	40 348	984	984
TUN Media AS	Oslo	2000	25.50 %	23 523 807	2 647	23 713	2 143	21 066	10 212	10 212
Lotito Foods Holding LLC 1)	Edison, USA	2016			25 688	-	2 892	138 801	-	-
Other FKV and TS					-149	5 603	1 690	7 162	2 046	2 046
Total FKV and TS					37 466	107 105	12 507	238 589	22 942	22 942

1) A gain of 25.7 MNOK has been posted for the first-time investment in Lotito Foods Holding LLC.

INCOME FROM INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1000

Financial income type	TINE SA	
	2019	2018
Group contribution	8 442	46 637
Dividend	23 702	32 297
Total income from investments in subsidiaries	32 144	78 934

COMPANY CHANGES

Business Merger:

Maritex AS was merged into TINE SA with accounting effect from 1 January 2019.

New Businesses:

Norseland Inc. increased its share in Lotito Foods Holding LLC from 1/3 to 2/3 in January 2019 and is a subsidiary of Norseland Inc. In March 2019, Diplom-Is AS acquired all the shares in the company Plug-in Service

Business Acquisition:

Mimiro AS was founded in 2018 by TINE SA and Felleskjøpet SA with shares of 60 % and 40 % respectively. The aim of the company is to develop digital solutions for more efficient and environmentally-friendly food production. In 2019, TINE SA elected to transfer the business TINE Bedriftsstyring (TBS) and related solutions to its subsidiary Mimiro AS.

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NOTE 15 Stock Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Specification	31.12.2019	31.12.2018
489 113	315 811	Raw materials	276 510	268 464
201 929	236 779	Goods under construction	133 539	178 509
1 317 268	1 447 360	Self-produced finished goods	1 220 085	1 325 324
585 879	578 837	Merchandise	174 703	215 080
2 594 189	2 578 787	Total stock	1 804 837	1 987 377

31.12.2019	31.12.2018	Estimated value	31.12.2019	31.12.2018
2 406 956	2 336 914	Estimated at acquisition cost	1 685 322	1 822 063
187 233	241 873	Estimated at fair value	119 515	165 314
2 594 189	2 578 787	Total stock	1 804 837	1 987 377

Spare parts are included under merchandise. In 2019, this amounts to MNOK 216.3 for TINE Group and MNOK 205.7 for TINE SA. The Group’s stock is written-down in total by MNOK 30.8 at 31.12.2019. The comparable figure for 2018 was MNOK 53.8. The write-downs relate to obsolete goods and depreciation as a result of changed market conditions for mainly powdered milk and cheese.

NOTE 16 Balances with joint-ventures and associated companies Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Balances with joint-ventures and associated companies	31.12.2019	31.12.2018
2 825	2 331	Short-term receivables from joint-ventures and associated companies	2 825	2 308
48 800	37 663	Short-term debt to joint-ventures and associated companies	48 800	37 663

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NOTE 17 Equity

Amounts in NOK 1000

TINE GROUP					31.12.2019	31.12.2018				
Share capital	Post-payment fund	Other equity	Minority share	Total equity		Share capital	Post-payment fund	Other equity	Minority share	Total equity
5 674	340 000	7 829 609	257 367	8 432 650	Equity 01.01	5 884	382 000	7 347 136	93 039	7 828 059
					Change in equity in the year					
-	-	947 622	32 173	979 795	Annual result: share of majority and minority	-	-	1 315 834	32 457	1 348 291
-	-	-607 936	-	-607 936	Post-payment to milk producers	-	-	-829 415	-	-829 415
-	-	-	-	-	Transferred from post-payment fund	-	-42 000	42 000	-	-
-271	-	-	-	-271	Net in and out payments of share capital	-210	-	-	-	-210
-	-	-19 561	-	-19 561	Hedging of future cash flows	-	-	-30 066	-	-30 066
-	-	10 276	-	10 276	Hedging of net investment in foreign subsidiaries	-	-	-15 693	-	-15 693
-	-	1 128	159 577	160 705	Change in minorities	-	-	-3 438	154 638	151 200
-	-	-	-23 292	-23 292	Minority share of paid dividend	-	-	-	-22 767	-22 767
-	-	-14 243	-	-14 243	Translation difference	-	-	16 648	-	16 648
-	-	2 175	-	2 175	Minor items	-	-	-13 397	-	-13 397
5 403	340 000	8 149 070	425 825	8 920 298	Equity 31.12	5 674	340 000	7 829 609	257 367	8 432 650

Minorities represent external ownership in subsidiaries.

Minorities share of equity is distributed as follows:

	TINE GROUP	
	31.12.2019	31.12.2018
Fjordland Group	113 883	95 301
Diplom-Is Group	4 619	4 643
Norseland Inc. Group	164 402	-
Mimiro AS	136 330	151 066
Bunes Fryselager AS	6 591	6 357
Total minority share of equity	425 825	257 367

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TINE SA

Amounts in NOK 1000

31.12.2019				31.12.2018				
Equity	Post-payment fund	Other equity	Total equity		Equity	Post-payment fund	Other equity	Total equity
5 674	340 000	7 620 207	7 965 881	Equity 01.01	5 884	382 000	7 201 103	7 588 987
				Change of equity in the year				
-	-	972 283	972 283	Annual Result	-	-	1 236 587	1 236 587
-	-	-607 936	-607 936	Post-payment to milk producers	-	-	-829 415	-829 415
-	-	-	-	Transfer from post-payment fund	-	-42 000	42 000	-
-271	-	-	-271	Net in and out payment of share capital	-210	-	-	-210
-	-	-19 561	-19 561	Hedging of future cash flows	-	-	-30 066	-30 066
-	-	273	273	Minor items	-	-	-	-
5 403	340 000	7 965 266	8 310 669	Equity 31.12	5 674	340 000	7 620 207	7 965 881

Post-payment to milk producers

The basis for post-payment is the annual result after tax and is determined at the Annual General Meeting. Payment is based on the delivery of milk during the calendar year. This payment cannot be more than is prudent and good business practice.

NOTE 18 Posted provision for liabilities

Amounts in NOK 1000

The following provision for liabilities are posted as debt:

TINE GROUP			TINE SA	
31.12.2019	31.12.2018		31.12.2019	31.12.2018
102 849	97 606	Costs relating to restructuring	99 349	97 606

Provision for costs relating to restructuring and severance pay in TINE SA and Diplom-Is AS. Provisions are posted as other short-term debt in the balance sheet.

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NOTE 19 Financial risk and hedging agreements

Amounts in NOK 1000

TINE SA has a holistic approach to the Group 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 the management of the Group's currency and interest rate exposure. Interest rate derivatives, forward exchange contracts and currency options are entered into to achieve the desired interest rate structure on the loan portfolio and to secure cash flows in foreign currency.

CURRENCY RISK

TINE SA has currency risk related to transaction 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 United Kingdom, Ireland and the USA with functional currency different from NOK.

To reduce the risk associated with foreign currency trading transactions, TINE SA has entered into forward exchange contracts and currency options for the currencies USD and EUR where TINE SA has the greatest exposure. Currency derivatives are assessed in accordance with § 5-9 of the Accounting Act for fair value in the balance sheet. Unrealised changes in fair value are posted under equity. The TINE Group uses current hedging of its net investment in foreign subsidiaries.

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Market value of currency derivatives	31.12.2019	31.12.2018
-69 272	-76 073	Currency derivatives that are measured at fair value in the balance sheet	-69 272	-76 073
-69 272	-76 073	Total markets value of currency derivatives 1)	-69 272	-76 073

In 2019, changes in unrealised value of currency derivatives in TINE SA amount to MNOK 7. Hedging accounting of currency derivatives is used. Value changes on currency derivatives that relate to the hedging of investments in foreign subsidiaries is posted to equity in the TINE Group accounts. Currency hedging relating to the securing of cash flows is posted against equity in TINE SA.

TINE GROUP			TINE SA	
2019	2018	Realised and unrealised gain and loss on currency	2019	2018
-2 118	-2 442	Realised gain and loss on currency	1 158	27 514
647	3 898	Unrealised gain and loss on currency	14 267	-42 922
-1 471	1 456	Net realised and unrealised gain and loss on currency 2)	15 425	-15 408

1) The total posted value of currency derivatives is classified as long-term debt.

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

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TINE SA has hedged 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 agreements. The change in value of the hedging agreements are posted as equity in the TINE Group. At 31.12.2019, the accumulated value of hedging of net investments was MNOK -108 after tax compared to MNOK -118 at 31.12.2018. The amount is included in the balance sheet under other equity in the TINE Group.

INTEREST RISK

The most significant interest risk exposure for TINE SA is linked to its loan portfolio. TINE's financial guidelines for managing interest rate risk ensure that the Group has the most cost-effective financing possible as well as a certain stability and predictability in financial costs. To reduce the risk associated with future interest payments, as a result of fluctuations in market rates, TINE SA opted to enter interest hedging agreements. Currently, interest rate hedges

have a maturity of up to 10 years. The degree of hedging varies but is normally limited to 50 % of expected future net interest-bearing debt.

TINE GROUP			TINE SA	
2019	2018	Interest income and costs	2019	2018
-2 190	-	Interest income from entities in the same Group	11 123	12 264
17 316	17 363	External income on interest	15 393	15 907
-121 322	-113 596	External interest cost	-121 349	-112 979
-106 196	-96 233	Net interest income and -cost	-94 833	-84 808

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Market value on interest derivatives excluding accrued interest	31.12.2019	31.12.2018
-46 399	-98 679	Total interest derivatives where value changes are posted to equity	-46 399	-98 679
-46 399	-98 679	Total market value of interest derivatives excluding accrued interest ¹⁾	-46 399	-98 679

1) The total carrying value of interest rate derivatives is included in the balance sheet's long-term financial liabilities

Interest rate derivatives relate to cash flow hedging of future interest payments and changes in value are posted to equity. In 2019, four interest rate derivatives were re-alised with a market value of MNOK -96, while in 2018 an interest rate derivative with a market value of MNOK 21 was realised.

The realised interest rate derivatives were included in cash flow hedging of future interest payments. The re-alisation amount is included in other equity and is recognised in the income statement in line with interest payments which the derivatives originally secured. At 31.12.2019, accumulated unrealised and realised value

changes in cash flow hedging of interest payments was MNOK -170 after tax compared with MNOK -156 at 31.12.2018. This amount is included in the balance sheet item other equity for both TINE Group and TINE SA.

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INTEREST SENSITIVITY ANALYSIS

The analysis illustrates the interest risk associated with the Group's interest-bearing debt at 31.12.2019. It is shown here how an interest rate change of 2 per cent is

expected to impact the result for the coming financial year (amounts in MNOK). The Group has entered several interest derivatives. Four interest rate swaps will be

active in 2019. In addition, fixed-rate bonds amount to MNOK 855. Non-interest-rate swaps are not included in the analysis. The nominal tax rate of 22% has been used.

Amounts in NOK 1000

TINE GROUP			TINE SA		
	Net interest-bearing debt	Effect on result after tax		Net interest-bearing debt	Effect on result after tax
	4 002	-29	Net effect of positive change in interest (+2 %)	3 841	-26
	4 002	29	Net effect of negative change in interest (-2 %)	3 841	26

CREDIT RISK

Credit risk is the risk that a party will inflict a financial loss on another party by failing to meet its obligations. TINE Group mitigates third-party risk when selling goods through the operating guarantee scheme for milk producers by placing surplus liquidity and by entering financial derivatives.

TINE Group has established procedures for credit assessment of customers and credit limits are determined in accordance with the company's credit policy. These guidelines include a requirement for a settlement form which is given as security for payment of the goods delivered. Customers of TINE are wholesalers and individual customers within multiple customer segments. Their ability to pay is considered good and losses on receivables are historically low in the TINE Group. Changed prospects for Norwegian macro-economics has meant that the follow-up of vulnerable customer groups has been strengthened in the TINE Group.

TINE SA has also entered an operating guarantee scheme where TINE SA guarantees a maximum of 50 % of the

outstanding credit which the milk producers have in the Operating Credit Agreement for agriculture. Historically, there have been low payments in this scheme. Third-party risk for financial derivatives and the placement of surplus liquidity is reduced by selecting third-parties with high credit ratings as well as diversification.

LIQUIDITY RISK

Liquidity risk is the risk that the TINE Group will not be able to service its financial liabilities as they mature. The TINE Group manages its liquidity risk by having sufficient liquidity reserves and credit facilities on agreed credit lines with banks and by continuously monitoring future cash flows related to financial assets and liabilities in the balance sheet. Liquidity in the TINE group is considered as good. On 31.12.2019, the TINE Group has available limits within loan facilities that will be able to meet short-term refinancing needs and available limits indicate that liquidity risk can be considered very low.

Refer to note 23 for a more detailed description of the credit facilities and financing situation.

COMMODITY RISK

Prices on the world market for the most important bulk products took a somewhat different development in 2019.

Butter continued to fall in price throughout 2019 but the prognosis for 2020 is that the price seems to have stabilised and can therefore see an increase in demand at a more competitive price. In addition, there is growing demand for bakery and chocolate products in the market that uses butter.

Cheddar and Gouda experienced a rise in price throughout 2019 and continued the trend from 2018. There has been a general increase in the demand for cheese in 2019, and but whether this trend will continue in 2020 is somewhat uncertain.

First and foremost, the increase appeared to stagnate in the second half of 2019 combined with future increased production and potential trade policy changes that could affect this market.

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Throughout 2019, WMP (Whole Milk Powder) has seen a rise in price and it does not appear this will change in 2020. SMP (Skimmed Milk Powder) has also risen sharply in price throughout 2019 and is approaching the price levels of 2011-2013. But SMP can be affected by the development of the cheese market, where a lower demand can change the focus of the larger manufactu-

urers that can provide greater access to SMP through a change in production. This in turn can affect the price of butter as we can gain more access to cream through increased production of SMP.

The US is said it will see a slight increase in weighted milk volumes in 2020. In the EU, it is estimated to be ap-

proximately the same as 2019 and in Oceania, an expected decline is reported. The weather's impact on supply of feed together with greater uncertainty in the market are the most likely factors to affect the figures in 2020. To summarise, it appears that the raw material price of milk has stabilised throughout 2019 and this will continue into 2020.

NOTE 20 Net other financial income and costs

Amounts in NOK 1000

TINE GROUP			TINE SA	
2019	2018		2019	2018
-	-	Write-down on investments in subsidiaries	-4 814	-
-5 975	-	Write-down on investments in other companies	-5 975	-
7 449	3 968	Value change in market-based financial derivatives	7 449	3 968
506	16 233	Other financial income	487	16 204
-17 541	-10 407	Other financial costs	-7 967	-6 786
-15 561	9 794	Net other financial income and costs	-10 820	13 386

Other financial income in 2018 includes sale of shares in Landkreditt AS (previously Landbruksforsikring AS) for a value of MNOK 16.1.

NOTE 21 Guarantees

GUARANTEES:

Bank guarantees

TINE Group has a guarantee framework of MNOK 250 at its disposal with Handelsbanken Norge. Guarantee liability mainly covers tax deduction guarantees for TINE SA and its subsidiaries as well as transport license guarantees for TINE SA.

Guarantees provided by TINE

TINE SA is jointly and severally responsible to Handelsbanken Norge for guarantees provided on behalf of subsidiaries. At 31.12.2019, this commitment amounted to MNOK 200. TINE SA covers a maximum of 50 % of the current operating credit the milk producers have in the

Operating Credit Scheme for agriculture. Refer to note 19, the section on credit risk.

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NOTE 22 Bank deposits, cash and shares

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Bank deposits, cash and shares	31.12.2019	31.12.2018
64 276	507 713	Bank deposits and cash	493 029	475 184
488 875	370 998	Bank deposits corporate bank account	-	-
101 035	501 672	Fixed income fund	101 034	501 672
654 186	1 380 383	Total bank deposits, cash and shares	594 063	976 856
		of which:		
2 830	2 970	Tied bank deposits	-	-

NOTE 23 Other long-term debt

Amounts in NOK 1000

The table below shows other long-term debt:

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Type of loan	31.12.2019	31.12.2018
2 655	2 605	Bond loan	2 655	2 605
1 364	1 369	Other long-term interest-bearing debt	1 364	1 369
379	372	Multi-currency deductibles	379	372
41	37	Other loans	20	35
17	19	Leasing	17	19
4 456	4 402	Total other long-term debt	4 435	4 400

The table below shows contractual obligations and installments per loan type for the year:

TINE GROUP					TINE SA					
Due date & installment in 2020	2021	2022	2023	2024 & later	Type of loan	Due date & installment in 2020	2021	2022	2023	2024 & later
-	450	500	450	1 255	Bond loan	-	450	500	450	1 255
-	487	63	63	751	Other long-term interest-bearing debt	-	487	63	63	751
-	-	379	-	-	Multi-currency deductibles	-	-	379	-	-
29	7	3	2	-	Other loans	20	-	-	-	-
2	2	2	2	9	Leasing	2	2	2	2	9
31	946	947	517	2 015	Total installments for contractual obligations	22	939	944	515	2 015

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In 2019, the average interest rate for long-term interest bearing debt was 1.9 %. This figure included interest rate swaps. The corresponding average interest rate for 2018 was 2.0 %. Market interest rates were around 0.5 % higher in 2019 than in 2018. Interest rate swaps and new loans in Euro at the end of 2018 ensured that the average margin premium was reduced with resultant lower average interest rates overall.

Bond loans

TINE SA has seven bond loans listed on ABM (Alternative Bond Market) with a total outstanding of MNOK 2 655 at 31.12.2019. For all bond loans, TINE SA has entered into a loan agreement with Norsk Tillitsmann ASA.The loans

have a negative pledge clause and are pari passu to other interest-bearing loans.

Other long-term interest-bearing debt

TINE SA’s other long-term interest-bearing debt at 31.12.2019 amounts to MNOK 1 364 and consists of two loans from KfW IPEX-Bank and one from Nordic Investment Bank.

Multi-currency overdraft

TINE SA has an agreement with four banks for a long-term multi-currency revolving credit facility (RCF) of MNOK 1 200. The facility was entered into in June 2015 and matures in June 2022. The facility is primarily used

as a back-stop for short-term financing. At 31.12.2019, MNOK 379 was drawn on the loan agreement, relating to hedging of net investment in foreign subsidiaries. See note 19 for further details.

Loan terms

The agreements limit the possibility of raising new loans with collateral without the approval of the lenders. Important loan terms and conditions are the requirement for the TINE Group’s equity ratio to be at least 40 %, restriction of access to use financial leasing and the sale of assets that constitute a significant part of the business must be approved by the lender. TINE SA satisfies all loan conditions.

NOTE 24 Short-term interest-bearing debt

Amounts in NOK 1000

TINE GROUP			TINE SA	
31.12.2019	31.12.2018	Short-term interest-bearing debt	31.12.2019	31.12.2018
200 788	56 731	Cash credit, out with corporate account	-	-
200 788	56 731	Total short-term interest-bearing debt	-	-
771 322	973 597	Unused amount of overdraft facility	700 000	900 000

TINE SA has a group account agreement with Danske Bank A/S with a total cash credit for the entire group of MNOK 700. The exception is Norseland Inc. with its subsidiaries. This company has a separate bank agreement and overdraft facility with DNB ASA of MUSD 15. Furthermore, Norseland Inc.’s subsidiary Lotito Foods Holding LLC has an overdraft facility of MUSD 5 and a RCF of MUSD 11, both from American banks. The latter subsidiary is only included in the figures for 2019 as it was an associated company in 2018.

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Other information

NOTE 25 Related parties and key personnel

Amounts in NOK

The Board, council, control committee and Group management are defined as related parties and key personnel in TINE.

The Board	Board Fees TINE SA ¹⁾	Other remuneration
Marit Haugen (<i>Chair of the Board</i>) ²⁾	483 325	379 257
Trond Reierstad (<i>Chair of the Board</i>) ³⁾	139 700	319 362
Nils Asle Dolmseth (<i>Vice Chair of the Board</i>)	286 750	154 180
Anders Johansen	203 275	204 577
Rolf Øyvind Thune	203 275	119 045
Cecilie Bjørlo	203 275	160 480
Askild Eggebø	203 275	117 869
Helge Arne Espeland	203 275	142 825
Elisabeth Irgens Hokstad	203 275	120 023
Solveig Bratteng Rønning	203 275	164 543
Nina Kolltveit Sæter ²⁾	323 000	74 407
Elin Johanne Aarvik (<i>elected</i>)	203 275	–
Tor Arne Johansen (<i>elected</i>)	203 275	–
Ottar Råd (<i>elected</i>)	203 275	–
Jeffrey Elliot Thomas (<i>elected</i>)	203 275	–

Deputies		
Asgeir Pollestad ²⁾	109 975	165 606
Anne Saltrø Polden ³⁾	31 750	26 911
Randi Einersen (<i>elected employee</i>)	59 800	–
Knut Ivan Haukeland (<i>elected employee</i>)	80 900	–
Dag Rune Herting (<i>elected employee</i>)	80 900	–

¹⁾ Inclusive of fee from internal ownership committee. No board remuneration has been paid by subsidiaries of TINE SA.

²⁾ Started 11.04.2019.

³⁾ Ended 11.04.2019.

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NOTE 25 contd.

Annual General Meeting & Council Meeting	Fee TINE SA	Other remuneration
Odd Einar Hjortnæs (<i>spokesperson</i>) 1)	147 325	72 874
Jarle Bogen (<i>spokesperson</i>) 2)	43 100	81 087
Einar Åbergsjord (<i>deputy spokesperson</i>) 1)	70 600	115 646

Kontrollkomite		
Per Amb (<i>Manager</i>)	75 150	28 636
Sigrun Bakken Lerhol (<i>Deputy Manager</i>)	53 650	61 369
Petter Arne Ekroll	53 650	27 092

Group Management	Total wage expenses	Board Fee from subsidiaries	Pension costs	Other remuneration
Employees in TINE SA				
Gunnar Hovland (<i>Chief Executive Officer</i>) 3)	4 001 140	–	1 867 084	138 313
Johnny Ødegård	1 578 278	–	642 237	137 172
Lise Falkfjell	1 671 479	86 000	555 754	137 846
Jørn Spakrud	2 290 400	86 000	1 117 801	133 519
Lars Galtung 4)	1 513 400	–	569 396	124 808
Per Ivar Berg	2 190 929	–	1 034 237	173 219
Aniela Gjøs	2 115 434	–	1 034 101	121 774
Kathrine Mo 5)	2 484 475	37 500	1 095 759	154 246
Atle Kjøl Jacobsen 6)	1 626 766	209 400	801 686	25 482
Terje Døsrønningen	1 805 219	–	551 678	199 740
Vegard Gillebo	2 164 460	–	1 416 904	241 332
Richard Lawrence 7)	2 218 892	–	525 365	276 975
Elisabeth Tapper 8)	166 666	–	116 016	11 442

1) Started 11.04.2019. 2) Ended 11.04.2019. 3) Started 01.01.2019. 4) Ended 30.09.2019. 5) Ended 31.10.2019.
6) Moved to new position in TINE SA 30.06.2019. 7) Started 11.07.2019. 8) Started 01.12.2019.

Neither the Chair of the Board, other board members, the CEO or other group management receive bonuses, options or have agreements on profit sharing. There is a payout that is used in the notes with the exception on

pensioners where this year’s pension accruali is used. None of the key executives have a loan or guarantee from TINE. Gunnar Hovland is a member of the occupational pension scheme for employees with salaries above

12G. The pension benefit under this scheme constitutes 66 % of salary in excess of 12G and comes into effect at the age of 67 years. Other members of Group Management are included in the same operating scheme.

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NOTE 26 Unrealised lease obligations

Amounts in NOK 1000

TINE SA and its subsidiaries in the TINE Group have leases and lease agreements relating to the rental of office premises, warehouses, stores, freezing facilities, production machines, transport, computer and office machines and freezers.

The table below states the annual lease amount and the term of the leases:

TINE GROUP				TINE SA	
2019	2018	Lease Agreements	Duration of the Lease	2019	2018
107 898	92 824	Office premises	3-10 years	75 333	60 223
11 651	10 721	Storage and freezer facilities	1-10 years	-	-
19 921	22 027	Production machines	3-7 years	16 483	17 525
10 912	10 403	Transport	2-5 years	1 301	1 515
12 326	12 616	Data and office machines	3 years	11 590	12 289
544	203	Freezers	4-5 years	-	-
163 252	148 794	Total unrealised lease obligations		104 707	91 552

NOTE 27 Transactions with associated parties

Amounts in NOK 1000

	TINE SA	
	2019	2018
Transactions with subsidiaries		
Sale of goods and services	2 388 975	2 329 304
Purchase of goods and services	2 465 378	2 502 881
Transactions with joint-ventures and associated companies		
Sale of goods and services	21 727	21 556
Purchase of goods and services	669 122	660 656

We define associated parties as our owners, key employees, all subsidiaries, joint-ventures and associated companies of TINE SA, as well as MP Pensjon.

For transactions with our owners, please refer to the separate chapter on TINE Milk Supplies which specifies

transactions relating to post-payment and purchase of raw milk from the milk producers. For information on transactions with MP Pensjon refer to the information on paid pension premiums in note 8 on pensions and pensionliabilities. Remuneration to senior executive is stated in note 25.

Note 27 contd.

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NOTE 27 contd.

Inter-company balances within the Group are specified on separate lines in the balance sheet and stated in note 14 and balances with joint-ventures and associated companies are stated in note 16. For TINE SA's ownership interests in subsidiaries joint-ventures and associated companies, refer to note 14.

Goods to subsidiaries, joint-ventures and associated companies are sold at the same price used for external third-parties. Services to the same related parties are sold at cost price with the addition of estimated profit at market conditions depending on the type of service.

NOTE 28 Mortgages

Amounts in NOK 1000

	TINE GROUP	
	31.12.2019	31.12.2018
Balance sheet value of debt secured by mortgage	74 873	56 731
Book value of assets pledged as collateral for this debt		
Stock	234 008	210 685
Accounts receivable	147 000	159 458
Total mortgaged assets	381 008	370 143

Mortgage security has been provided for a limited amount of the short-term debt at Group level. This debt was taken up by TINE's subsidiary before TINE Group established its current loans. TINE has undertaken not to take out new mortgages in the Group's assets without the lender's consent.

NOTE 29 Environmental conditions

TINE has adopted environmental goals in the areas of green house gas emissions (CO₂), waste, energy consumption, fuel consumption and emissions to water and waste. There are both operating expenses, labour costs and investments relating to achieving this. We have fees relating to discharges to water and the disposal of various types of waste. There are environmental charges on several types of packaging. Investments have been made to reduce TINE's environmental impact on, for example,

construction and upgrading waste water treatment plants, energy-saving equipment, fuel and water and waste sorting equipment. Furthermore, it invests in technology that contributes to reduce waste and enables increased use of renewable resources relating to production and transport.

For further information, refer to our statement in this annual report and the company's digital annual report at www.tine.no.

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NOTE 30 Balance with the Directorate for Agriculture – market regulation and price equalisation scheme

THE MARKET REGULATION FOR MILK CONSIST OF:

- 1) Quota system which aims to adapt milk production to demand.
- 2) Market regulation which TINE SA safeguard on behalf of all the country's milk producers.
- 3) Subsidy schemes for milk producers in the form of basic and district grants.
- 4) Price equalisation scheme that balances milk uses and geographical differences.
- 5) Import protection.

The balances in this note include market regulation (2) and the equalisation scheme (4).

MARKET REGULATION

The Sales Council is responsible for the regulations that set the premise for implementation of the market regulations. Market regulation is financed buy turnover tax and over production tax paid by all the country's milk producers by deduction of the milk settlement. The Board of Trade con-

trols the use of the funds, The Directorate of Agriculture is the Trade Council Secretariat and processes applications and proposals from the market regulator and promotes recommendations on decisions to the Council.

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

- Milk producers are secured sales for their product up to the agreed target price.
- TINE Milk Supplies can safeguard the satisfactory supply of raw milk on the same terms to all players in the milk scheme.
- The consumer market is ensured sufficient and smooth access on milk-based foods.

Allocated funds for regulatory measures under TINE SA were MNOK 119.1 in 2019. In 2019, funds for regulatory measures in TINE SA were MNOK 132.3. The corresponding figure for 2018 was MNOK 105.7 and MNOK 109.8 respectively.

The provisions in the market regulation consist of write-down of exports, domestic write-downs and other measures. In addition, funds are used for the school milk scheme. Professional measures aimed at quality and breeding work in the livestock industry. And information work under the auspices of the Dairy Information Office (melk.no) and Matmerk, Administrative costs are also incurred by managing the scheme in the Directorate of Agriculture and Council of Trade.

The data on market regulation and cost recovery applications will not be processed by the Sales Council until April of the following year. This means that changes may occur after the turn of the year. Final settlement between the Directorate of Agriculture and TINE SA is therefore made in the following financial year.

Amounts in NOK 1000		
	2019	2018
MEANS AT THE DISPOSAL FOR MARKET REGULATION		
Inter-company balances 01.01	-4 026	-958
Adjustment from prior year	1 121	-1 063
Reconciled with Directorate for Agriculture in the previous year	2 905	2 021
Funds for regulatory measures under TINE SA	119 136	105 737
Receipt for technical training and information activities	33 350	33 310
Total funds available for market regulation	152 486	139 047

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	Amounts in NOK 1000	
	2019	2018
CONSUMER MARKET ADJUSTMENTS		
Price write-down domestic, excluding school milk	31 344	21 559
School milk scheme	8 839	9 728
Other measures, excluding administration	82 969	69 247
Administration of the market regulation scheme in TINE SA	9 113	9 228
Professional measures excluding administration	33 350	33 310
Total consumer market adjustments	165 615	143 073
Balance with Directorate for Agriculture relating to market regulation per share at 31.12	-13 129	-4 026

Costs related to price write-downs and the school milk scheme are charged to the market regulator and credited against costs of goods in the relevant sales channel. Costs relating to other measures are credited to the functional division, while technical and information activities are paid to the relevant interest organisation. Monthly on account payments from the Directorate of Agriculture are capitalised and settled on a continuous basis, whilst final settlement only happens after all applications have been processed.

The rates for demanded turnover tax from the milk producers has been 12 øre per litre in the first six months

of 2019, and 22 øre per litre in the second half of 2019. Comparable figures for 2018 were 5 øre per litre for the first six months of 2018 and 6 øre per litre for the remaining six months. Production tax was NOK 4.80 per litre throughout 2019, which is unchanged since 2018. In addition, research fees are also charged on raw milk delivered to TINE SA and other stakeholders. TINE Milk Supplies collects fees on behalf of the Directorate of Agriculture.

PRICE EQUALISATION

The price equalisation scheme for milk aims to regulate the price differentiation for milk as a raw material for

various uses under the terms of the agricultural agreement by ensuring a higher overall market outlay and at the same give milk producers the chance of equal milk prices and localisation of production. Furthermore, it is an important condition that the scheme ensures equality of conditions for competition between the players covered by the scheme. The scheme is based on the regulations of the price equalisation scheme for milk determined by the Ministry of Agriculture on December 18, 2007.

	Amounts in NOK 1000	
	2019	2018
Price equalisation scheme and grants		
Main milk and by-product use	-554 211	-498 248
Settlement of main milk and by-product use in previous years	-	-11 957
Net equalisation fee and subsidy	-554 211	-510 205
Freight allowance	450 325	457 225
Distribution allowance	7 192	7 868
Total freight and distribution allowance	457 517	465 093
Net fees and subsidies relating to the price equalisation scheme	-96 694	-45 112

The main milk and by-product use is charged to cost of goods. Shipping and distribution costs are recognised as a cost reduction below Other operating costs, refer to note 10.

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Price equalisation support for branded products, which mainly applies to Jarlsberg® exports will be discontinued from 1 July 2020. The subsidies will be reduced by 23 øre/litre of milk on 1 July 2016. The Ministry of Agriculture and food decided on a corresponding reduction from 1 July 2017 but after that support shall remain fixed until until the full disclosure from 1 July 2020.

	Amounts in NOK 1000	
	2019	2018
Balance with the Directorate for Agriculture Price Equalisation Scheme at 31.12	-53 363	-25 782

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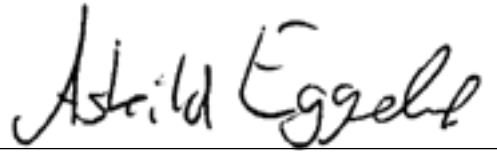
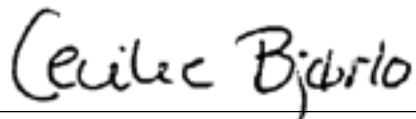
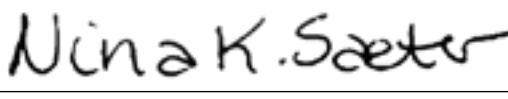


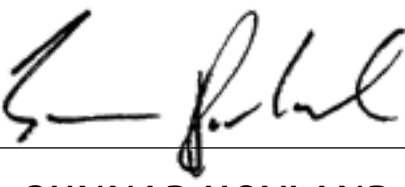
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Statement from the Board and CEO

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 2019. We confirm that to the best of our knowledge that:

- The Annual Accounts for 2019 are prepared in accordance with current accounting standards.
- The information in the accounts gives a true view of the company’s and the Group’s financial assets, liabilities, financial result and profit.
- The Annual Report provides a true and fair view of the development, results and position within the company and the Group.
- The Annual Report gives a description of the most important risks and uncertainties faced by the company and the Group.

OSLO, 12. FEBRUARY 2020

 ANDERS JOHANSEN	 ASKILD EGGEBØ	 CECILIE BJØRLO	 SOLVEIG B. RØNNING	 ROLF ØYVIND THUNE	 NINA K. SÆTER
 ELISABETH I. HOKSTAD	 HELGE ARNE ESPELAND	 TOR ARNE JOHANSEN	 JEFFREY THOMAS	 OTTAR RÅD	 ELIN JOHANNE AARVIK
 MARIT HAUGEN Chair of the Board	 NILS A. DOLMSETH Deputy Chair of the Board	 GUNNAR HOVLAND Chief Executive Officer			

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INDEPENDENT AUDITOR'S REPORT

To the Annual General Meeting of TINE SA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TINE SA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors’ report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors’ report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 12 February 2020
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

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

Independent auditor's report - TINE SA

A member firm of Ernst & Young Global Limited

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TINE Milk Supplies was established on 1 January 2004, as a separate administrative and accounting entity within TINE SA, based on an agreement signed on 19 December 2003, between the State and TINE SA to have a clear financial separation between raw materials handling and industrial processing in TINE SA.

TINE Milk Supplies presents its own audited annual accounts with its own Annual Report, which is submitted to the Directorate of Agriculture by June 1 of each year. This includes documenting that TINE fulfils its obligations under the agreement. Auditing of TINE Milk Supplies is performed by the same audit company that carries out the audit of the annual accounts and consolidated accounts of TINE SA.

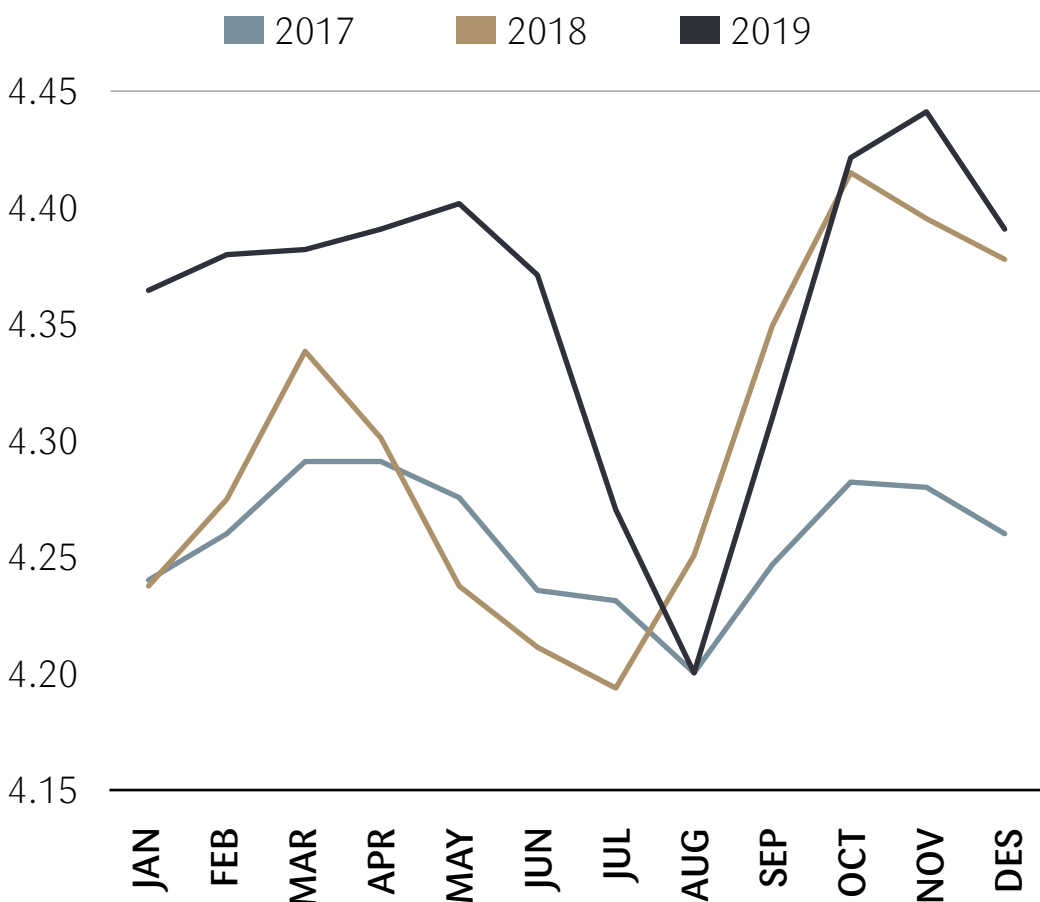
The various income, cost and balance sheet items for TINE Milk Supplies are also included in the respective accounting and balance sheet items in the company accounts for TINE SA. Only the profit element in TINE Milk Supplies is eliminated from the result in TINE SA. Any surplus or deficit in TINE Milk Supplies is offset against the producer

either by dividends or upon transfer to the next financial year so that it is included in the basis for calculating the base price the following year.

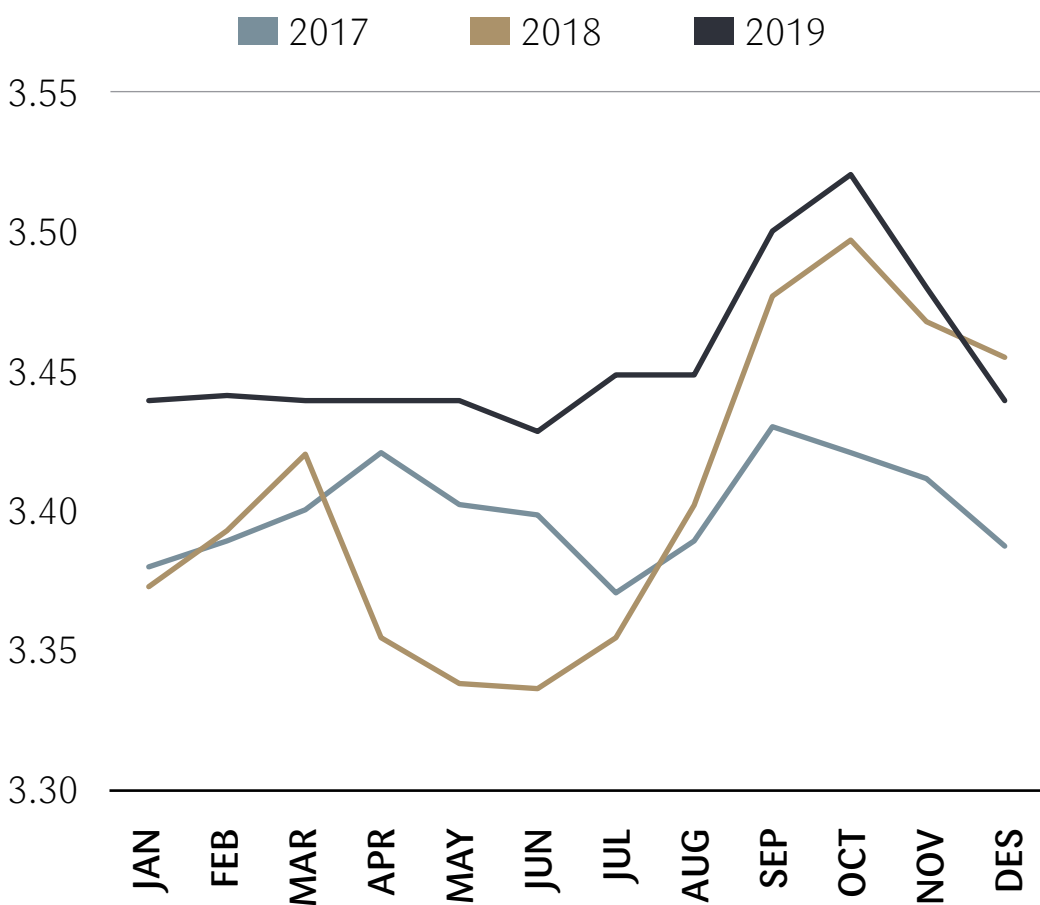
TINE Milk Supplies handles all activities related to the handling of milk as a raw material from the milk producers and until the milk is delivered and invoiced to the individual players in the milk marketing scheme. All operators, including TINE as a processing industry, buy raw milk at the current quotation price at the time the milk is delivered from TINE Milk Supplies. This is reported to, and monitored by, the Directorate of Agriculture.

In order to fulfil its obligations, TINE Milk Supplies purchases services from the various functional areas in TINE SA based on clearly defined service instructions. Regular reviews are made by the service providers to verify the independence and independent role of TINE Milk Supplies and ensure that implementation is carried out in accordance with adopted plans and goals. At this point in time, it has established service instructions within the following functional areas: TINE Consulting and Member Services, TINE Logistics and TINE Economics & Finance. These instructions are based on an agreement set up and quality assured by the Norwegian Institute of Bioeconomy (NIBIO), and are approved by the Directorate of Agricul-

Percentage of fat in cow's milk
PERCENTAGE



Percentage of protein in cow's milk
PERCENTAGE



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ture. All changes to the service instructions must be approved by the Corporate Management of TINE SA, before being submitted to the Directorate of Agriculture.

In 2019, TINE Milk Supplies received 1 414 million litres (1 455 million litres in 2018) of cow and goats milk distributed with 1 394 million litres of cow and 20 million litres of goats' milk. Of the cow's milk, 49 million litres were organic (50 litres in 2018). The rate of use of organic milk was 58.5% (58.0% in 2018). Of the total volume of cow and goats' milk, 251 million litres (as in 2018) were sold to external players. The dried solid content of milk

has increased in 2019 compared to 2018, particularly the percentage of fat in cow's milk in the second half of 2019.

The target price for milk is fixed by the contracting parties in the agricultural settlement and for the first half of 2019 was NOK 5.44 per litre, whilst for the second half of 2019 it increased by 3 øre to NOK 5.47 per litre. TINE Milk Supplies has achieved the target price in the agreement for milk sales to the players for both halves of the year, but due to the need for liquidity build-up in the price equalization scheme, the Norwegian Directorate of Agriculture, in a letter of 19 December 2018, set a new limit for total price withdrawals

within the agricultural agreement year 2018/2019 at NOK 5.42 per litre. As a result, the control price for raw milk was reduced by 4 øre per litre for the last six months within the contract period. (01.01.-30.06.19)

TINE's responsibility as a market regulator is organizationally attributed to TINE Milk Supplies. This entails regular reporting to the Directorate of Agriculture and the Marketing Board, as well as providing information to the players about the market situation and the market outlook for milk and milk products on TINE's websites. For more information, see this link: <https://www.tine.no/markedregulator>.

Accounts — TINE Milk Supplies

	Amounts in NOK 1000	
ACCOUNTS TINE MILK SUPPLIES	2019	2018
Sale of raw cows and goats milk	7 710 665	7 926 034
Cost of sales of raw cows and goats milk	-7 326 555	-7 539 308
Gross profit	384 110	386 726
Producer functions	82 163	110 627
Coordination with farmers	-	19 662
Farm tanks	136 929	140 687
Raw milk control	64 462	56 818
Collection and internal transport (net)	87 702	89 529
Own costs in TINE Milk Supplies	11 487	12 260
Administration and infrastructure	21 132	25 978
Other revenue and costs	-34 181	934
Interest on working capital	-4 738	-5 908
Total costs	364 956	450 588
Result TINE Milk Supplies before transfer of profit/loss from previous year	19 154	-63 862
Transferred profit/Loss from previous year	-19 521	44 341
Profit/loss in TINE Milk Supplies to carry forward	-367	-19 521

Accounts TINE Milk Supplies cont.	Amounts in NOK 1000	
Specification of purchase of raw cows and goats milk from milk producers	2019	2018
Purchase of raw cows milk incl quality	7 191 558	7 318 327
Purchase of raw goats milk incl quality	124 293	128 582
Total purchase of raw cows and goats milk	7 315 850	7 446 909
Profit/loss allocation TINE Milk Supplies		
Transfer profit/loss from previous year	-19 521	44 341
Loss TINE Raw Materials to be deducted next year	367	19 521
Total paid to milk producers from TINE Milk Supplies	7 296 696	7 510 771
Offset raw cows and goatsmilk in 1000 litres		
Cows milk including organic milk	1 393 830	1 434 852
Goatsmilk	19 975	20 120
Total offset raw cows and goats milk	1 413 804	1 454 972
Average total price paid to milk producers from TINE Milk Supplies expressed in NOK/ litres	5.16	5.16

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ACCOUNTS — TINE MILK SUPPLIES CONT.

The accounts for TINE Milk Supplies for 2019, show a profit of MNOK 19.2 before the transferred result from the previous year. Carry-forward profit per share at 31.12.2019 amounts to MNOK 0.4, which will be offset against the milk producers in the following year. The amount is thus included in the basis for determining the payment price to the producer (the base price) for 2020.

CHARGES COLLECTED BY THE MILK PRODUCERS AND ACTORS

The table below specifies the accumulated fees charged by TINE Milk Supplies:

PAYABLE TAXES/DUTIES	Amounts in NOK 1000	
	2019	2018
Payable sales tax	233 748	79 629
Payable overproduction tax	52 055	24 686
Payable Research & Development tax	26 894	27 534

THE GRANT SCHEME

These are basic and district grants that TINE Milk Supplies pays to the milk producers on behalf of the Directorate of Agriculture. The size of the subsidy is negotiated in the agricultural agreement and varies by production size and geographic location. The grants are transferred from the Directorate of Agriculture to TINE Milk Supplies and paid to the producers over and above the producer settlement.

The table below specifies grants paid by TINE Milk Supplies:

BASIC AND DISTRICT GRANTS	Amounts in NOK 1000	
	2019	2018
Basic grant	66 021	66 776
District grant	583 283	545 697

	Amounts in NOK 1000	
	2019	2018
Balance with Agricultural Directorate relating to payable taxes and grants at 31.12	-51 789	-45 656



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1 Cow and goats milk delivered to TINE, per owner area MILLION LITRES

OWNER AREAS	Total cows milk		Of which organic		Goats milk		Total cows and goats milk		Members 2019			
	2019	2018	2019	2018	2019	2018	2019	2018	Cow	Goat	Cow & goat	Total
East	355.3	367.5	26.0	26.6	4.7	4.8	360.0	372.3	2 406	68	10	2 484
South-West	426.4	444.8	2.1	2.2	5.5	5.5	432.0	450.3	3 088	89	1	3 178
Mid-Norway	463.3	470.8	19.3	19.8	2.9	3.0	466.2	473.7	2 839	30	0	2 869
North	148.8	151.7	1.6	1.6	6.8	6.9	155.6	158.7	942	93	1	1 036
Total	1 393.8	1 434.9	49.0	50.1	19.9	20.1	1 413.8	1 455.0	9 275	280	12	9 567

2 Settled cows’ milk from enterprises that supplied milk to TINE, per owner area MILLION LITRES

OWNER AREAS	Deliveries				Available quota		Overproduction charge		Enterprises that delivered milk in 2019	
	Mill. litres		% of total milk quantity		Mill. litres		Mill. litres		Number	
	2019	2018	2019	2018	2019	2018	2019	2018	Cow	Cow & goat
East	355.3	367.5	25.5 %	25.6 %	390.4	411.8	2.1	1.0	1 967	9
South-West	426.4	444.8	30.6 %	31.0 %	461.1	491.6	3.5	2.1	2 509	1
Mid-Norway	463.3	470.8	33.2 %	32.8 %	492.3	521.4	4.3	1.7	2 186	0
North	148.8	151.7	10.7 %	10.6 %	169.1	177.2	0.8	0.3	796	1
Total	1 393.8	1 434.9	100.0 %	100.0 %	1 513.0	1 602.0	10.7	5.0	7 458	11

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3 Settled goats’ milk from enterprises that supplied milk to TINE, per owner area MILLION LITRES

OWNER AREAS	Deliveries				Available quota		Overproduction charge		Enterprises that delivered milk in 2019	
	Mill. litres		% of total milk quantity		Mill. litres		Mill. litres		Number	
	2019	2018	2019	2018	2019	2018	2019	2018	Goat	Cow & goat
East	4.7	4.8	23.6 %	23.6 %	5.0	5.0	0.04	0.01	68	9
South-West	5.5	5.5	27.6 %	27.2 %	5.8	5.9	0.03	0.03	85	1
Mid-Norway	2.9	3.0	14.6 %	14.7 %	3.0	3.1	0.03	0.02	25	0
North	6.8	6.9	34.2 %	34.5 %	8.1	8.3	0.05	0.04	81	1
Total	19.9	20.1	100.0 %	100.0 %	21.8	22.2	0.15	0.10	259	11

4 Supplier structure, quotas and deliveries – cows’ milk MILLION LITRES

Includes enterprises that have allocated quota.

DELIVERY GROUPS	2019 Deliveries				2018 Deliveries			
	Whole of 2019	Quota	Delivered as % of quota	Delivered as % of total milk quantity	Whole of 2018	Quota	Delivered as % of quota	Delivered as % of total milk quantity
1: 0-60	36.4	62.4	58.3 %	2.6 %	37.4	56.8	65.8 %	2.6 %
2: 60-80	46.4	54.5	85.1 %	3.3 %	47.0	57.6	81.6 %	3.3 %
3: 80-100	69.6	79.6	87.5 %	5.0 %	76.0	87.6	86.7 %	5.3 %
4: 100-120	80.9	87.8	92.2 %	5.8 %	86.5	98.1	88.2 %	6.0 %
5: 120-160	162.2	176.6	91.8 %	11.6 %	173.9	194.4	89.5 %	12.1 %
6: 160-200	125.2	135.8	92.2 %	9.0 %	136.3	151.2	90.2 %	9.5 %
7: 200-300	248.9	266.5	93.4 %	17.9 %	255.2	284.0	89.9 %	17.8 %
8: 300-400	253.3	266.7	95.0 %	18.2 %	257.1	281.6	91.3 %	17.9 %
9: Over 400	370.8	383.0	96.8 %	26.6 %	365.5	390.6	93.6 %	25.5 %
Total	1 393.8	1 513.0	92.1 %	100.0 %	1 434.9	1 602.0	89.6 %	100.0 %

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5 Supplier structure, quotas and deliveries - goats milk MILLION LITRES

Includes enterprises that have allocated quota.

DELIVERY GROUPS	2019 Deliveries				2018 Deliveries			
	Whole of 2019	Quota	Delivered as % of quota	Delivered as % of total milk quantity	Whole of 2018	Quota	Delivered as % of quota	Delivered as % of total milk quantity
1: 0-20	0.2	0.6	35.7 %	1.1 %	0.2	0.4	59.8 %	1.1 %
2: 20-25	0.1	0.1	76.5 %	0.5 %	0.2	0.3	75.3 %	1.0 %
3: 25-30	0.2	0.3	76.6 %	1.1 %	0.2	0.3	70.8 %	1.0 %
4: 30-40	1.1	1.3	84.1 %	5.3 %	0.9	1.0	84.4 %	4.4 %
5: 40-60	3.2	3.4	93.7 %	15.8 %	3.6	4.0	89.4 %	17.9 %
6: 60-80	4.1	4.4	92.9 %	20.3 %	4.2	4.7	90.0 %	20.8 %
7: 80-120	4.3	4.6	93.1 %	21.5 %	4.6	5.0	92.1 %	23.1 %
8: Over 120	6.9	7.1	96.4 %	34.4 %	6.2	6.6	94.3 %	30.7 %
Total	20.0	21.8	91.8 %	100.0 %	20.1	22.2	90.5 %	100.0 %

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6 Development of quality of supplier milk – cows’ milk

COWS MILK	2019	2018
Elite milk (%) of deliveries	94.61	94.79
Elite milk (%) of volume	95.52	95.46
Bacteria (% of deliveries)		
Elite	99.24	99.38
1. class	0.62	0.51
2. class	0.06	0.05
3. class	0.07	0.06
Free Fatty Acids (% of deliveries)		
Elite	99.55	99.67
1. class	0.24	0.16
2. class	0.17	0.14
3. class	0.04	0.03
Abnormal milk (no. of deliveries)	317	315
Cell count (% of deliveries)		
Elite	96.25	96.02
1. class	3.11	3.30
2. class	0.48	0.50
3. class	0.16	0.18
Unweighted arithmetic means	136	139
Chemical content (% in milk)		
Protein	3.46	3.40
Fat	4.36	4.29
Lactose	4.70	4.68
Total chemical content	12.52	12.37

	2019	2018
Anaerobic traces (% of deliveries)		
Elite milk	99.67	99.93
1. class	0.13	0.03
2. class	0.15	0.04
3. class	0.04	0.00
Aerobic traces (% of deliveries)		
Elitemelk	99.98	99.98
1. class	0.01	0.01
2. class	0.01	0.01
3. class	0.00	0.01
Freezing Point (deg. Celsius)	-0.527	-0.526
Number of recalls		
Bacteria	85	78
Cell count	168	203
Free fatty acids	8	4
Traces	0	0
Abnormal milk/smell/taste	12	6
Freezing point	6	17
Total no. recalls	279	308

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7 Development of quality of supplier milk – goats’ milk

GOATS MILK	2019	2018
Elite milk (%) of deliveries	92.58	91.87
Elite milk (%) of volume	93.28	91.69
Bacteria (% of deliveries)		
Elite	96.00	96.20
1. class	3.05	2.96
2. class	0.41	0.30
3. class	0.54	0.55
Free Fatty acids (% of deliveries)		
Elite	99.71	99.74
1. class	0.29	0.18
2. class	0.00	0.04
3. class	0.00	0.04
Free fatty acids with price incr. (<1,0)	99.61	99.70
Free fatty acids without price incr. (>1,0)	0.39	0.30

	2019	2018
Cell count (% of deliveries)		
Elite	96.62	96.20
1. class	2.64	3.32
2. class	0.49	0.41
3. class	0.25	0.07
Unweighted arithmetic means	944	959
Chemical content (% in milk)		
Protein	3.31	3.23
Fat	4.49	4.43
Lactose	4.49	4.51
Total chemical content	12.29	12.17
Freezing point (deg. Celsius)	-0.561	-0.565
Number of recalls		
Bacteria	16	18
Cell count	1	0
Free fatty acids	0	2
Abnormal milk/smell/taste	0	0
Freezing point	0	1
Total number of recalls	17	21

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8 Co-development in TINE

OWNER AREAS	No. of members in cooperatives 2019	No. of cooperatives	
		2019	2018
East	503	164	171
South-West	673	224	235
Mid-Norway	789	262	282
North	143	49	60
Total	2 108	699	748

9 Price to the owners

NOK PER LITRES DELIVERED	2019	2018
Milk price from TINE Milk Supplies	5.16	5.16
Dividend from TINE SA	0.43	0.57
Total price to owners	5.59	5.73

10 Overview of milk usage

FIGURES IN MILL. LITRES	2019	2018
Domestic		
Liquid products	405.7	415.8
Fresh cheese	33.8	36.9
White cheese/soft cheese	517.9	546.9
Goats milk products	14.6	16.2
Liquids for industry production	32.8	32.2
Powder	72.1	45.6
Total domestic	1 076.8	1 093.6
Export		
White cheese and soft cheese	80.5	105.7
Total	1 157.3	1 199.3

11 Production of solid products

FIGURES IN TONNES	2019	2018
White cheese	56 280	62 385
Brown cheese/prim	8 482	8 763
Melting cheese	1 319	797
Butter	12 873	12 004
Powder	32 545	32 239
Total	111 499	116 188

12 Production of liquid products

FIGURES IN 1000 LITRES	2019	2018
TINE Milk	335 397	347 714
Yoghurt	42 147	42 052
TINE Cream	27 223	26 729
TINE Sour cream	14 520	14 588
Juice, fruit drinks and water	50 487	51 575
Desserts and ice cream	42 369	45 954
Total	512 144	528 613

13 Plant structure

TYPE OF PLANT	2019	2018
Diaries	30	31
Central storage	2	2
Distribution terminals	2	2
Total	34	35

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14 Sales in Norway

FIGURES IN 1000 LITRES	2019	2018
TINE Milk	335 397	347 714
TINE Cream	27 223	26 728
Juice, fruit drinks and water	50 487	51 575
Desserts and ice cream	42 369	46 258

FIGURES IN TONNES	2019	2018
TINE Sour cream	14 520	14 585
Yoghurt	42 147	42 052
White cheese	65 529	66 983
Brown cheese	9 258	8 763
Butter	11 970	12 380
Fresh ready meals	8 626	8 509

There is close to a 1:1 relationship between production and sale of liquid products.

15 Consumption per capita SALES DOMESTIC

NUMBER KG/LITER	2019	2018
Milk/litres	80.2	82.1
Yoghurt incl import/kg	10.4	10.4
Cream and sour cream/kg	9.3	9.3
Cheese incl. import/kg	18.9	18.9
Butter incl. import/kg	3.7	3.7

Source: www.melk.no, January 2020

16 Brand exports and sales Dairy International PER COUNTRY

COUNTRY	Brand export in tonnes		Total sales in tonnes*	
	2019	2018	2019	2018
USA	6 122	6 328	25 959	16 535
Australia	1 271	1 023	2 322	2 464
Canada	0	1 426	2 108	1 815
Great Britain	750	589	6 417	7 117
Sweden/Denmark	941	502	16 865	17 325
Other markets	292	303	1 020	941
Total	9 376	10 171	54 692	46 198

*Brand sales exports are sales out of Norway. Total sales are sales to consumer/end user of all brand products.

17 Brand exports and sales Dairy International PER BRAND

BRAND	Brand export in tonnes		Total sales in tonnes*	
	2019	2018	2019	2018
Jarlsberg	8 524	9 326	17 526	17 851
Other TINE brands	853	845	1 267	1 201
Other brands	0	0	35 899	27 146
Total	9 376	10 171	54 692	46 198

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A natural part of TINE

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TINE's ambition is to be the best at sustainability in the Norwegian food industry. We are committed to what we call sustainable value creation. It is possible to have several thoughts in mind at the same time. It is possible to combine ecology and economics.

2019 has been a year where sustainability, the environment and climate have been high on the agenda. Greta Thunberg was named "Person of the Year" by TIME Magazine. Children and young people around the world have been striking to draw attention to our climate issues. They are calling for more and faster measures to save our planet. At the same time, we see that it is very challenging to unite the world to take the necessary steps. There are too many and very difficult considerations to make.

It is possible to have several thoughts in your head at the same time. It is possible to combine ecology and economy.

We at TINE believe that climate change has become so severe and close to many peoples' hearts that changes for a better climate will be driven forward. Behavioural

patterns, consumption and political framework conditions will help to move our society in a more sustainable direction.

We also believe that people are concerned about their future and how to create a more sustainable society. Consumers and customers are placing increasing demands on goods and services to be produced in a responsible manner.

CLIMATE RISK

After two years characterized by both unusually high rainfall and extreme drought; climate risk has seriously appeared on the map. Consumers, customers and authorities are increasingly questioning society's ability to deal with climate change. TINE lives by processing milk for various dairy products, and major changes in nature and climate will hit us hard. We, therefore, have a strong self-interest in contributing to the sustainable use of the earth's resources and to limit climate change.

SUSTAINABLE VALUE CREATION

TINE's goal is to create the greatest possible value from the owners' milk production, now and in the future. We believe that the winners of the future will be those who develop and supply products and services in a way that combines social and environmental responsibility with



BJØRN MALM
Sustainability Manager

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their own profitability. Our goal is therefore an economic and sustainable value creation where we contribute positively to our environmental and social environment. This is what we at TINE call sustainable value creation.

THE MOST SUSTAINABLE FOOD PRODUCER

The community around us has different expectations for TINE and the responsibilities we have for contributing to sustainable development. Based on these expectations, we concentrate our sustainability efforts in these three areas:

Resources. As one of Norway's largest companies, TINE uses a significant number of resources in our operations, which affects our surroundings. The environment is impacted by our transport, and both the production of milk and dairy products requires energy.

TINE must be the best at sustainability in the Norwegian food industry. We reduce our greenhouse gas emissions and local environmental impact by choosing renewable energy sources for both production and transport, and by using new and optimal technology. We utilize our resources of water, energy and fuel optimally and use the right amount. TINE's packaging takes into account climate and the environment, and helps to reduce TINE's carbon footprint.

A significant part of the greenhouse gas emissions from the production of dairy products is tied to what happens on the dairy farms. TINE has strong brands and the dairy farmers' work is an important part of TINE's branding. We are, therefore, also working to ensure that agriculture achieves its goal of reducing greenhouse gas emissions from dairy farms.

Food waste is a major problem in our part of the world. It is both an environmental and ethical concern that about 20 per cent of the food we buy is discarded. Through good resource utilization, we will utilize our own raw materials optimally.

Proximity. TINE is the company of dairy farmers and having a long-term vision is one of the things Norwegian farmers are good at. Since the slow beginning in 1856, when 25 enterprising farmers gathered their dairy cows in Rausjødalen, TINE has processed milk for various dairy products. TINE takes responsibility for ensuring the milk production throughout the country, and in this way contributes to the utilization of important resources for Norwegian food production.

Balance. TINE is part of a Norwegians' everyday life, whether we are at the breakfast table, on packed lunches, the Friday taco, or with a bag in hand on the way to training.

This gives us a great responsibility, but also a great opportunity to contribute positively to Norwegian public health. Being overweight and obesity are significant problems in our society. In general, we eat too much saturated fat, sugar and salt. In addition, we do not get enough physical activity during the day. TINE will contribute to a healthy, varied and balanced diet for the Norwegian population.

A NATURAL PART

Sustainability is to be a natural part of TINE and well-integrated into our operations, whether it is with new and healthy products or measures to reduce greenhouse gas emissions throughout the value chain.

In this Sustainability Report, you can read more about how TINE works every day to make our society a little more sustainable and the results we achieve.


BJØRN MALM
Sustainability Manager

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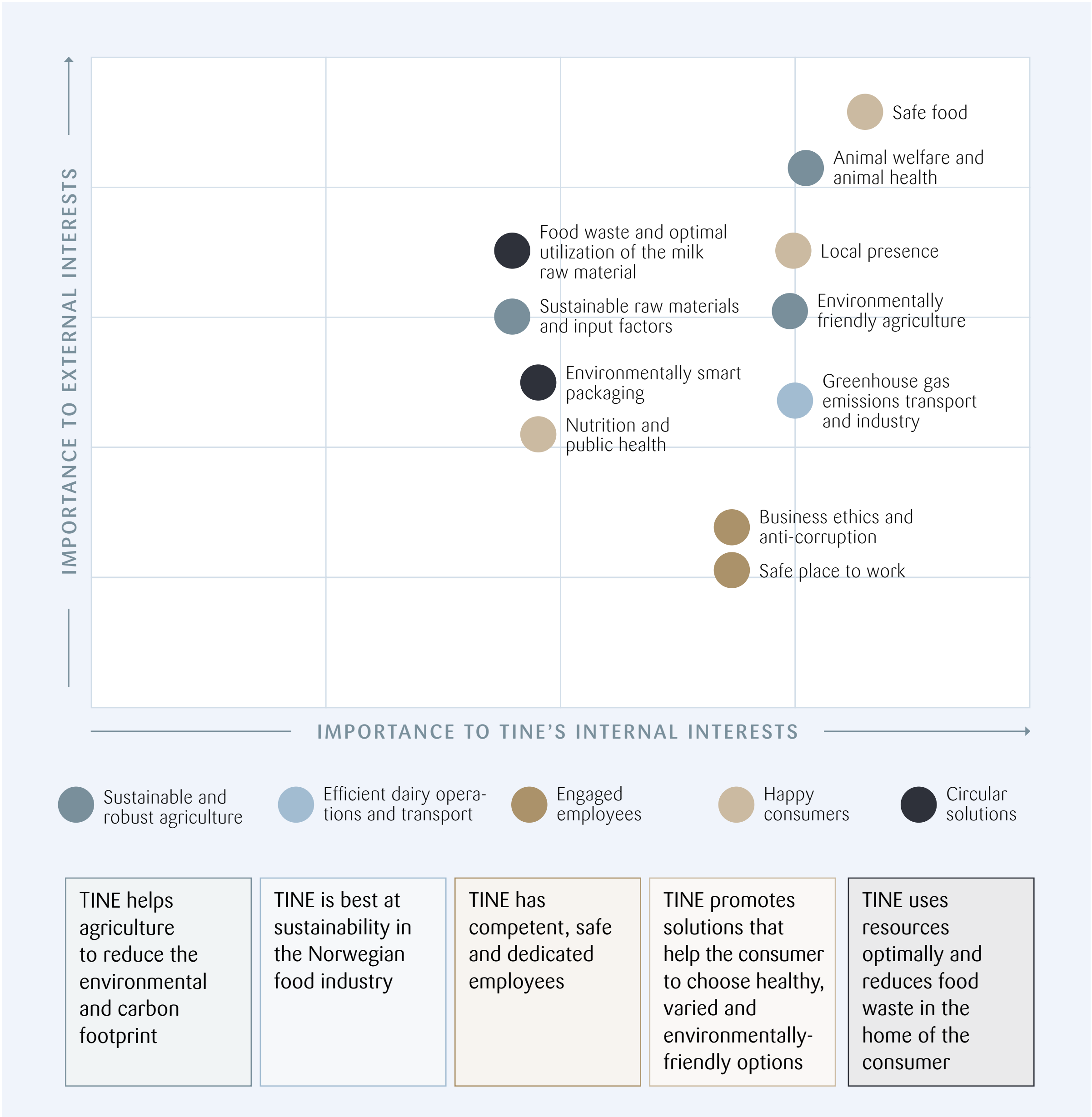
The essentials

TINE’s goal is to create the greatest possible value from the owners’ milk production, now and in the future. We believe that the winners of the future will be the ones who develop and produce products and services in a way that unites global social and environmental responsibility through their own profitability.

Our goal is therefore an economic and sustainable value creation where we contribute positively to our environmental and social environment. This is what we at TINE call sustainable value creation.

THE MOST SUSTAINABLE FOOD PRODUCER

The community around us has different expectations for TINE and what responsibilities we have for contributing to sustainable development. The combination of these expectations, and the fact that some of them are strategically important to TINE, means that we concentrate our sustainability efforts on *(1) using our resources optimally and sustainably, (2) contributing to a thriving Norway and local value creation and (3) making Norway healthier.*



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BACKGROUND

The field of sustainability is developing rapidly, not only for stakeholders such as customers and authorities, but also for TINE itself.

In 2018, a materiality analysis was carried out in accordance with the Global Reporting Initiative (GRI) Reporting Standard. Here we examined how our environment is approaching sustainability, how this is affecting our value chain and what expectations TINE’s stakeholders have for the business. This materiality analysis highlighted 18 different aspects that were reported and verified by the auditor.

SIMPLIFICATION

I 2019, a clearer picture has been drawn of which aspects are absolutely essential for TINE and TINE’s owners. This is reflected in various insights reports from e.g.,

Ipsos and Zynk. This means that the number of significant aspects for 2019 has been reduced, and in 2019 TINE reports in the following areas:

Safe food. It is TINE’s very foundation that the products are healthy and safe to eat. Our consumers, customers, authorities and owners must have full confidence in TINE as a food manufacturer in order for us to deliver economic and sustainable value creation over time.

Local presence. TINE has created traditions and a history that we have a responsibility to preserve. We are close to our entire value chain providing good and safe food using Norwegian goods. We are the many small who become one big; contributing to vibrant districts in Norway where the cultural landscape is nurtured and cultivated, an important common good for the entire population. This is a

significant contribution to Norwegian value creation and “the peoples’ soul”.

Animal welfare and animal health. TINE’s 10 000 owners, with their approximately 200 000 dairy cows and 30 000 goats producing milk, form the very foundation of TINE’s business. Therefore, both TINE and the company’s owners have a responsibility and a strong interest in ensuring that the animals are robust, healthy and treated well. We now experience a growing expectation that TINE’s owners treat all their animals with respect and care.

Food waste and optimal utilization of the milk raw material. Food disposal is not only an environmental problem, but also ethically problematic. Large resources and land are needed to produce food. From the production and cultivation of food, we experience greenhouse gas emissions and pressure on nature and biological diversity. The attention to food waste is increasing. TINE’s stakeholders such as customers, authorities, employees and owners expect TINE as a major food producer to take responsibility for reducing food waste in their own business and helping consumers to do the same.

Environmentally friendly agriculture. Climate and environmental considerations are increasingly included in dietary and nutrition recommendations. It is no longer just about the nutritional needs of the individual and the population, but also about what is sustainable for the planet. From several groups, it is argued that meat consumption must be significantly reduced. TINE also feels that dairy products are increasingly included in this argument. Comprehensive measures both globally and locally must be taken to reach the two-degree target set in the Paris Agreement. Norway has committed to follow the EU’s targets to cut emissions in the non-quota sector by 45 per cent by the year 2030. In particular, the focus

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on cuts in greenhouse gas emissions from agriculture is impacting TINE.

Sustainable raw materials and input factors. TINE produces around 500 different brands annually. Of course, the most important input factor is milk from the company's 10 000 owners. In addition, we depend on a wide variety of raw materials and ingredients that are often produced outside Norway. Stakeholders request more information about the sustainability of the company's value chain, with particular focus on input factors such as soya and palm fat in animal feed that may have been grown in conflict with the rainforest.

Greenhouse gas emissions from industry and transport. Norway has set an ambitious target of cutting emissions by 45 per cent by 2030. It is expected that we contribute to achieving the national climate target by reducing our own emissions. Emissions from transport (non-quota sector) in particular, will affect TINE.

Nutrition and public health. Improper diet is the leading cause of premature death in Norway. A varied and healthy diet meets the need for important nutrients. This, together with daily physical activity, lays a solid foundation for good health. Milk and dairy products are a source of many important nutrients in the Norwegian diet, such as high-quality protein, calcium, iodine and several B vitamins, but milk and dairy products also contain a lot of saturated fat. Our environment as customers, consumers and authorities expect TINE as a major food actor, to contribute to the Norwegian population having a healthy, varied and balanced diet.

Environmentally smart packaging. As a major consumer of packaging, it is important for TINE to optimize the use of packaging throughout the value chain and encourage new technology to become available. Most of TINE's

packaging is fiber-based, but we also use a lot of plastic. In many instances, plastic is the preferred packaging material, both to preserve product quality and to minimize the overall environmental footprint of products. At the same time, it is necessary to reduce the use of plastic. Various studies show that the consumer is very concerned about plastic packaging and it has become one of the biggest negative drivers in a brand's reputation.

Safe place to work. Healthy employees and stable workforce in a good working environment are a prerequisite for TINE to achieve efficient operations and quality at all levels. The work shall be organized so that the employees are not exposed to undue physical or mental strain and ensure that no one is injured or ill as a result of their work. TINE works continuously to reduce the number of injuries, achieve a low sickness absence and create a good working environment.

It is expected that we contribute to achieving national climate targets by reducing our own emissions.

Business ethics and anti-corruption. In order for TINE to be a leading brand in the supply of food and beverages, TINE depends on employees, owners, customers, consumers and others to trust us. Confidence is essential for TINE to achieve our vision and business goals. TINE has many roles and acts at all times as an employer, customer, supplier, partner and owner. In all these roles, ethical conduct is important, both for business and on a personal level.

TINE DAIRY JÆREN
KVIAMARKA



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We are present

Since the early days in 1856, when 25 enterprising farmers gathered their dairy cows in Rausjødalen, TINE has processed milk, one of Norway's most important natural resources. TINE wants to take responsibility for ensuring milk production throughout the country and with that, contribute to the utilisation of important resources for Norwegian food production.

WE HAVE A RESPONSIBILITY

TINE has created traditions and history that we have a responsibility to look after. We are close to our entire value chain which provides good and safe food using Norwegian goods. Many small streams make one big river, and we contribute to bring vibrancy to rural Norway where the cultural landscape is cultivated and nurtured, an important common good for the entire population. These are significant contributions to Norwegian value creation and “the peoples’ soul”.

We are experiencing increased interest amongst our stakeholders in preserving food traditions and local food but at

the same time we are experiencing increased competition from European dairy farmers and Norwegian suppliers of milk and dairy products based on foreign raw materials. TINE cooperates well and with our well-established history should be well-equipped to face this type of competition.

Since 2009, TINE has invested around NOK 6 billion in Norwegian dairy plants

SIGNIFICANT RIPPLE EFFECTS

Back in 2016, TINE prepared social accounts¹ that show that the company contributed to 25 000 jobs and NOK 20 billion in value creation for Norway that year. In 2019, we have prepared simplified social accounts which show how important payments from TINE are relatively equally divided throughout the various regions in Norway. This gives a good picture of how TINE is an important contributor to local value creation and as a local presence.

This also demonstrates that Norwegian food production makes a difference. A large part of the mainland industry has been closed down or moved abroad, but in the period 2011-2019, TINE has invested over NOK ten billion in Norwegian dairies and other operating assets.

INVESTING IN NORTHERN AND WESTERN NORWAY

TINE is now investing NOK 200 million in a dairy at Storsteinnes. We will therefore have a modern plant for the production of various goats’ milk products which means a lot to the 85 goat farmers in Northern Norway. This development is also important for the 50 employees at the dairy who will have secure places to work and it will have a major impact on the local community and municipality of Balsfjord.

TINE also invests NOK 120 million in the dairy at Elnesvågen. This will now produce Jarlsberg, both in 10kg blocks and as a 10kg round cheese. It is assumed that production volume will be around the same as today which is approximately 6000 tons. This will give a good utilisation of milk in a milk-rich area. This development is important for the 65 employees at the facility who will secure their jobs. At Storsteinnes, there will be the same ripple effect for the local community and the municipality.

¹ Carried out by Samfunnsøkonomisk analyse AS, commissioned by TINE

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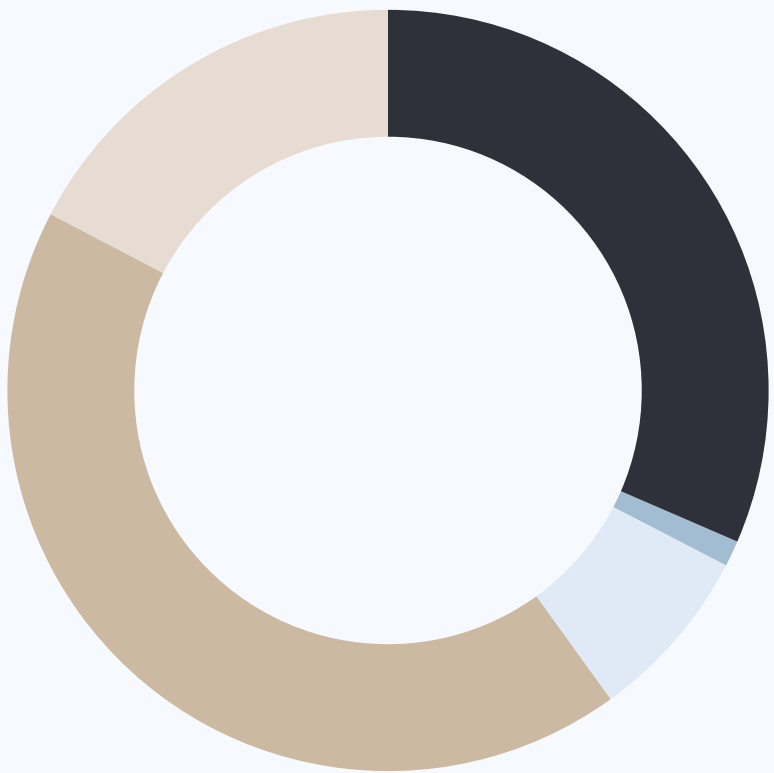
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Social accounts 2019
PAYMENTS / BILL. NOK



Social accounts 2019

TINE SA / BILL. NOK

Region	Salary to employees	Payment to owners	Total
Nordland, Troms, Finnmark	0.2	0.9	1.1
Trøndelag	0.6	1.9	2.5
Møre and Romsdal, Vestland	0.6	1.8	2.4
Agder, Rogaland	0.5	1.4	1.9
Oppland, Hedmark (Innlandet)	0.5	1.4	1.9
Buskerud, Akershus, Østfold (Viken), Oslo	0.8	0.5	1.4
Vestfold, Telemark	0.1	0.2	0.3
Total	3.3	8.1	11.4

One agricultural workplace and its associated industries generates two to three jobs in total². This mean that the total 115 dairy employees potentially contribute to between 230 and 350 jobs in the regions.

RESEARCH ON RIPPLE EFFECT

Professor Håvard Teigen at Lillehammer College has researched the impact of the ripple effect of various companies on the local community. The results indicate that the ripples depend on the purchase of various goods and services. For TINE, the purchase of milk has a relatively greater impact on the local community than other products and services. Where the ripple effects come depends on where the dairy farmers are located. Furthermore, it depends on how much and where the milk is processed.

If the milk is used to produce relatively expensive products, the ripple effect is much greater than if it is put into cartons and transported out of the region. The ripple effect will be even greater when the people working in the dairy can use their income locally.

SUBSIDIARIES

Until 2017, TINE’s sustainability report included the parent company (TINE SA). As of 2018, subsidiaries are fully or partially included in the report. TINE’s contribution to local presence in Norway comes from TINE’s subsidiaries as their need for milk to use in the production of their different products is covered by TINE’s milk producers. Furthermore, these subsidiaries contribute with work places and value creation in the regions in which they operate.

² «Value creation in agriculture and agricultural-based activities in Buskerud» Study conducted by Østland Research and Norwegian institute of Agricultural Economics Research. Published 2013.

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SUSTAINABILITY — ON THE FARM

Sustainable raw materials and responsible purchasing

Milk and yoghurt are not just milk. We are dependent on many different raw materials which are often produced outside of Norway. We must ensure that these goods are produced in an environmentally-friendly manner.

TINE has around 500 different brands which it produces in large quantities. The most important input factor is milk from the company's 10 000 owners. In addition, TINE is dependent on various raw materials and ingredients that are often produced outside of Norway.

Stakeholders are requesting more information on the sustainability of the company's value chain. Stakeholders are becoming steadily more confident that our goods and services are produced in a fair and proper manner. In order to document sustainability in the value chain, it is important to have a system which covers and has the possibility to follow up on any breach in ethical guidelines in respect to the environment and society.

RESPONSIBLE AND FAIR

The manufacture of our goods or services shall, in no area of the value chain, have an impact on TINE's environmental or social responsibilities. In the hunt for profits, we cannot allow ourselves to let our production harm the

environment or let people do their jobs without fair and safe working conditions.

LONG VALUE CHAIN

TINE procures many different goods. When purchasing the various input factors, the delivery chain can be long and difficult to monitor, with many middle-men before it reaches the final receiver.

In the individual markets, TINE is a relatively small player and has limited opportunity to impact any trade in a positive direction. At present, it is not realistic for imports from all countries to be able to occur without the risk of direct or indirect participation in breaches of international principles. TINE sets out requirements for ethical trading principles in all types of procurement.

DIFFERENT RISK TYPES

In addition to the purchase of milk from TINE's owners, TINE makes significant purchases of machinery and equip-



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Number of producers including contractors who supply to TINE

ment as well as various packaging. TINE also purchases rental production of certain products that are not produced at TINE's own facilities. The risk of breach of TINE's ethical trade guidelines related to the aforementioned product groups is considered to be small.

TINE's purchase of ingredients such as berries, vegetable oils, sugar, cocoa and coffee has traditionally entailed a greater risk of violating international ethical trade principles. These ingredients are produced in countries such as China, Indonesia, Ivory Coast, Ghana, Brazil and Turkey. The risk of breach of TINE's ethical guidelines is considered highest in these countries.

Furthermore, there is a risk of breach of ethical trade principles associated with TINE's purchase of work clothes and various profile articles. These articles are mostly produced in Asia.

TINE is also a major buyer of transport services, mainly related to our import of milk from the farms, transport of products between the various dairy plants and distribution of finished goods to stores etc. Breach of ethical requirements related to this transport is considered small.

However, TINE considers the risk of breach of ethical requirements to be greater in the import of other input factors where TINE is not the contractor of the transport, and the goods are delivered from manufacturers outside Norway.

DEMANDS

All TINE's suppliers are an important part of TINE's value chain. They have a great impact on TINE's products, and a good, professional and trusting relationship is needed. The suppliers must, therefore, live up to the same standards set by TINE for their own business. Today, TINE sets written requirements for all suppliers who must complete and confirm they agree with TINE's sustainability requirements.

TINE's ethical trade guidelines cover the areas of employment, human rights, the environment and anti-corruption and are incorporated into the company's purchase terms. Furthermore, we require from our suppliers to have transparent systems that must be demonstrated to TINE upon request. TINE is mainly working to influence our suppliers to take responsibility for ethical trade further back in the supply chain.

TINE has established systems and routines for a safe and high-quality production of our products. Suppliers of input factors are regularly surveyed and followed up to ensure "safe food". Ethical trade is included in the survey where, based on a risk assessment, it is considered necessary.

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IMPROVEMENTS

A better and more systematic risk assessment of suppliers with regard to ethical trading is an important part of the improvement work that is now being carried out in TINE. In 2018, work began to prepare for TINE for the future to follow up our suppliers on 21 different criteria within the four areas of environment, human rights, ethics and sustainable procurement. Based on this insight, the suppliers will be assessed and given a recommendation on any improvement measures. In early 2019, TINE entered into an agreement with EcoVadis¹. EcoVadis will carry out the quality assurance and scoring of each supplier within the areas mentioned, and propose measures for improvements for each supplier.

The Norwegian feed concentrate industry now has a common Industry standard for the use of palm-based fat.

In 2019, 88 of TINE's suppliers were assessed in Eco-Vadis, which is a relatively small number compared to the total number of suppliers in TINE. However, it was important to start assessing the largest and most important suppliers. In 2020, EcoVadis assessments will continue and the goal is for minimum TINE's strategic suppliers and partners to be assessed for sustainability in the years to come. In 2020, 80 new suppliers will be assessed for sustainability.

In 2019, TINE also focused on emissions related to the transport of goods from our suppliers, and in this connection several deliveries moved home to Norway to reduce CO₂ in the value chain. In addition, in the years to come, TINE will begin work on a HUB solution to combine input factors for the individual dairy plants.

LEARN MORE ABOUT
USE MORE NORWEGIAN FEED



ANIMAL FEED

TINE has strong brands and the company's owners, the dairy farmers, are an important part of the brand building around our products. TINE will therefore take our share of responsibility and contribute to reduced environmental and climate impact in this part of the value chain as well.

TINE's owners have over 220 000 cows and goats who are in dire need of good and nutritious feed. Nearly 60 percent of the feed is Norwegian-grown grass, while the remaining 40 percent is feed concentrate. In the feed concentrate, there are on average 60 per cent of Norwegian-produced raw materials such as barley, oats and wheat.

In total, about 85 per cent of what animals eat is Norwegian raw materials. The remaining 15 percent of the feed is imported carbohydrate and protein raw materials such as soy, rapeseed and palm fat.

High demand for soy and palm oil worldwide has led to large areas of rainforest being cut down and transformed into plantations. It is not a sustainable solution in a global context and affects the environment in a wider sense with increased greenhouse gas emissions, increased erosion

¹ <https://www.ecovadis.com/>

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² RSPO certification completed, “RSPO smallholder certificates”

³ “Report from the Norwegian power feed industry 2018” Joint Purchase Feed Development

⁴ Norwegian commitments on sustainable soy and forests

⁵ The ProTerra Foundation (<http://www.proterrafoundation.org/>)

⁶ Table on Responsible Soy

(<http://www.responsiblesoy.org/?lang=en>)

and this harvesting can destroy the indigenous peoples’ livelihoods.

LESS PALM FAT IN FEED

In Norway, there are mainly three producers of feed concentrate for livestock. Feed concentrate purchases are made directly from these producers by the individual dairy farmer. As a recipient of milk, TINE has the opportunity to influence both feed and milk producers to change the production and use of concentrates in a more sustainable direction.

In 2015, TINE finalized a recommendation to limit the use of palm-based fat in feed to ruminants. The Norwegian feed concentrate industry now has a common industry standard for the use of palm-based fat. The standard sets certification requirements² for the sustainable production of palm fat. Furthermore, an upper limit on the percentage of palm fat in the feed has been set at 3 per cent. Between 2013 and 2018, consumption of palm fat in feed has been reduced by 28 per cent³. From 2017 to 2018, consumption of palm fat increased by 15 percent. The increase was mainly needed as a compensation for a dry summer that provided the Norwegian grain crops with low energy content. The feed concentrate industry has covered 100 per cent of the consumption of oil palm products in 2018, through the purchase of RSPO-certified production.

In 2015, the feed industry signed its soya declaration⁴. This gives a clear direction and goals on how to limit the environmental impact of using soya. Today, all soya milk for ruminant feed in Norway, with Brazilian origin, is certified according to ProTerra⁵ or RTRS⁶. Canadian soya bean does not have equivalent certification. However, Canada’s legislation is so strict that it covers important criteria that lie in ProTerra and RTRS.

In 2018, Norwegian cereals had a high protein content. This helped reduce the consumption of soya in Norwegian feed by one percent.

The soya used today in the feed concentrate has a limited direct environmental impact. However, the indirect consequence is greater. The increased consumption of soya for animal feed may contribute to increased harvesting of rain forest for growing soya for other products. Efforts are being made to increase the proportion of Norwegian raw materials in the feed so that in the long term, the use of soya as a protein source can be reduced.

SUBSIDIARIES

Until 2017, TINE’s sustainability report included the parent company (TINE SA). As of 2018, subsidiaries are fully or partially included in the report.

The work to ensure a responsible value chain includes all products produced at TINE’s plant as well as TINE’s products that are produced by partners. As previously, the subsidiaries Fjordland AS and OsteCompagniet AS are only partially included. Around 77 per cent of Fjordland’s products and approximately 79 per cent of OsteCompagniet’s products are manufactured at TINE’s dairy plant. The work to ensure a sustainable value chain on these products is therefore included in this report.

The work on the production of sustainable feed for the dairy cows includes all TINE’s Norwegian subsidiaries, as the need for milk for the production of their various products is met by milk from TINE’s milk producers. TINE’s foreign subsidiaries, where the raw milk is sourced from other than TINE’s own milk producers, are not included in this report. These companies are subject to national regulatory requirements.

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Sustainable agriculture

Share of renewable energy

ENERGY CONSUMPTION / PER CENT

100 %

0

2015 2016 2017 2018 2019

TINE lives by processing milk for various dairy products. Big changes in nature and the climate will hit us hard. We therefore have a strong self-interest in contributing to the sustainable use of the earth's resources and limiting climate change.

MORE OF BOTH RAIN AND DROUGHT

The farmers who live from cultivating the land and producing food are among the first to notice climate change. We have already experienced that there will be more extreme weather; much of our rainfall in autumn combined with either very wet or very dry summers. Both provide challenging harvesting conditions for grass and grain.

Climate change leads to changes in the weather and all agriculture must adapt and work to limit these changed conditions on food production.

Comprehensive measures both globally and locally are required to reach the 1.5 degrees target set in the Paris Agreement. Norway has committed to follow the EU's targets to cut emissions in the non-quota sector by 45 per cent by the year 2030. In particular, the requirement for

cuts in greenhouse gas emissions from transport and agriculture affects TINE's operations. Agriculture has agreed with the authorities to commit to greenhouse gas cuts of 5 million tonnes of CO₂ in the period 2021 to 2030.

CHANGED DIET

Climate and environmental considerations are increasingly included in dietary and nutrition recommendations. It is no longer just about the nutritional needs of the individual and the population, but also about what is sustainable for the planet. During the year, several reports came out with a recommendation for a more sustainable diet, which means increased intake of vegetable products and reduced consumption of animal products, particularly red meat.

Agriculture in Norway represents over eight per cent of Norway's total emissions of greenhouse gasses.

In fact, increased attention has been paid to meat production and issues relating to the import of ingredients into the cattle feed for cattle, for example soya from Brazil. Furthermore, questions are being raised about water, land

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use, animal health and greenhouse gas emissions related to the production of animal products. TINE experience that dairy products are increasingly impacted by this challenge.

STATUS OF GREENHOUSE GAS EMISSIONS

Agriculture in Norway accounts for just over eight per cent of Norway's total greenhouse gas emissions. Emissions were reduced by 5.3 per cent between 1990 to 2018, and decreased by 1.2 per cent from 2017 to 2018¹. The main reason for the decrease in emissions is that milk production per cow has increased while the number of cows has decreased. At the same time, increased imports of food products have resulted in parts of the emissions as a result of Norwegian food consumption appearing in the production country's emissions accounts.

GETTING THE MOST FROM OUR COWS

Norway has an efficient and relatively environmentally friendly milk production compared to the rest of the world. But if we are to meet the increased competition from, among other things, vegetable alternatives, we must continue the good work.

An average of various research reports² shows emissions of 1.15 kg CO₂ equiv. per kilo of milk produced in Norway, while the world average³ is 2.60 kg CO₂ equiv. This includes emissions throughout the value chain from farm to consumer. A significant part of the emissions, almost 80 per cent, is related to the activity that takes place on the farms.

¹ Environmental status. <https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/klimagassutslipp-fra-jordbruk/>

² CICERO. Report 2016:04. Climate footprints of Norwegian Dairy and Meat – a synthesis

³ Tackling climate change through livestock, Food and Agriculture Organization of the United Nations. Rome, 2013



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Emissions on the farm are mainly related to methane gas and nitrous oxide, with methane gas accounting for 47 per cent of agriculture's total emission⁴. Methane gas is formed by digestion of feed in rumen for ruminants (enteric methane) and from the storage of animal manure. Nitrous oxide is produced by the use of mineral fertilizers and livestock manure as well as by the storage of manure. That said, one should be aware that the cultivation of food and animal husbandry is part of the so-called short carbon cycle. Animal feed such as plants and grass adsorb and binds carbon as part of photosynthesis. When the animal eats and digests the feed, carbon dioxide is released and then taken up again by plants and grass. We get a perpetual cycle that must be kept in balance.

Wastewater from agricultural land to watercourses leads to loss of nutrients, nitrogen and phosphorus, with adverse effects on the environment.

CLOSE TO THE MILK PRODUCER

TINE has a large consulting apparatus, approximately 300 people, who are in daily contact with the company's milk producers. Here they can get advice and expertise on areas such as feeding, milk quality, animal welfare and climate. This consultancy is an important resource in the work of organizing and anchoring the work to reduce greenhouse gas emissions from milk production.

CLIMATE SMART AGRICULTURE

Climate work must start in our back yard. That is why TINE plays a central role in the project "Climate Smart Agriculture", a collaboration between several players in agriculture. Here, a climate calculator has been developed for calculating greenhouse gas emissions per farm. In 2018, the calculator was tested at 17 dairy farmers. With close follow-up from consultants in both TINE and the Norwegian Agricultural Advisory Council, the results were as-

1 393.8

Cows' milk delivered to TINE in 2019
MILLION LITRES

sessed and laid the foundation for measures to reduce the greenhouse gas emissions from the farm's milk production. In 2019, the test was extended to a further 100 dairy farms. These pilots give TINE and the dairy farmers' an important insight into the factors that have an impact on the greenhouse gas emissions, and consequently a solid basis for the measures that must be taken to reduce the emissions on individual farms.

RESEARCH ON REDUCED EMISSIONS

Methane is the most important greenhouse gas from animal husbandry. TINE is now working with the Norwegian University of the Environment and Life Sciences (NMBU) on a feed additive that has been shown to reduce methane

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

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TINE FARM ASLAK SNARTELAND • FYRESDAL



gas emissions by as much as 40 per cent during animal studies in Canada. It is about blocking the enzymes that produce methane gas in the cows' gut.

TINE is also working with NMBU to evaluate how optimal harvesting of the grass can help reduce methane emissions from a cow's digestion. It appears that a somewhat earlier harvest than normal can result in reduced emissions of between 10 to 15 per cent.

New research shows that there is considerable carbon bonding in uncultivated land. Ruminants on uncultivated land are a decisive factor for this carbon bond. The Climate Panel (IPCC) states that all countries must use all cultivated agricultural land and utilize grass and pasture resources optimally, in order to reach the 1.5 degrees target and to ensure sufficient food in the world. It will therefore be important to facilitate increased grazing on uncultivated land, and not least, carbon binding must be taken into account in the climate accounts for meat and milk.

CLEAR OBJECTIVES

Greenhouse gas emissions from the activities on the dairy farms such as methane emissions from the cow and CO₂ from agricultural machinery are not a responsibility that rests with TINE, but with the individual dairy farm. Consequently, this emission is not included in TINE's Climate

Accounts (Scope 1). TINE has strong brands. Customers, consumers, authorities and owners are increasingly concerned about climate change and the effect different foods have on the climate. This will affect the competitiveness of the various TINE products, and consequently the company's profitability. TINE will therefore help agriculture to fulfil the agreement with the authorities on cuts in greenhouse gas emissions by 5 million tonnes of CO₂ in the period 2021 to 2030.

SUBSIDIARIES

Until 2017, TINE's sustainability report included the parent company (TINE SA). As of 2018, subsidiaries are fully or partially included in the report.

Work on sustainable agriculture includes all TINE's Norwegian subsidiaries as the need for milk for production their various different products is supplied by milk from TINE's milk producers. TINE's foreign subsidiaries, where raw milk is produced from other than TINE's own milk producers is not included in this report. These companies are regulated by national regulatory requirements.

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Sustainable milk production requires healthy and robust animals



TINE's around 10 000 owners, with their herds of around 200 000 dairy cows and 30 000 goats producing milk, form the very foundation of TINE's business. Therefore, TINE and the company's owners have both a responsibility and a strong interest in ensuring that the animals are robust, healthy and treated well.

We also see that other stakeholders such as consumers, customers and authorities believe that animal welfare is important when asked what TINE should pay special attention to. The animals must be treated well.

The dairy farmers and TINE both have a responsibility for the cows and goats being strong, healthy and treated well. Sustainable milk production is about the good health and welfare of the animals. Furthermore, it is important to focus on the animals and how they experience their own existence and allow them the opportunity to practice natural behaviour.

MILK OF TOP QUALITY

Norway is one of the world's top countries for good milk

quality. Good milk quality depends on many different factors. On the farms, the hygiene before, during and after milking must be a priority amongst TINE's 10 000 owners with their 200 000 dairy cows and 30 000 goats. TINE and the company owners therefore both have a responsibility to ensure the animals are robust, healthy and are treated well. Optimal washing, the correct milking techniques and a well-functioning milking plant are the foundations for success. Furthermore, it is very important to have the correct and good-quality food as well as good animal health and welfare.

HEALTHY ANIMALS, GOOD ANIMAL WELFARE

Norway has very good cattle and goat health with the absence of many serious infectious diseases that still exist in other European countries¹.

Norway is free, for example, of Bovine virus, diarrhoea (BVD), Salmonella and Infectious Bovine Rhinotracheitis (IBR). With regard to our goats we are free from paratuberculosis, CEAV (Infectious meningitis and arthritis) and Caseous lymphadenitis (CLA).

It is important that the bacteria that cause these diseases, do not enter the cattle and goat herds in Norway. If we

¹Source: Veterinary Institute

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75 %

Decline in antibiotic use

1994 – 2019

can avoid this, we will also minimise the use of antibiotics and maintain good animal health.

The disease Bovine Digital Dermatitis (BDD) causes many animals to become lame. This disease is in Norway. We are now trying to limit this disease as far as possible through prevention of infection and more control of transported animals.

It is important for TINE to be able to document that is has a healthy stock of cattle and goats that are free from serious infectious diseases. The cow and goat control at TINE's Mastitis Laboratory, and the Animal Health Portal have key roles in monitoring, controlling and reporting infectious diseases in Norway.

Growth hormones or other growth-promoting treatments are not used in Norwegian milk production.

ANIMALS, LOW CLIMATE GAS EMISSIONS

Sick animals that "work" to fight disease, consume a lot of energy, which also leads to lower milk production. Sick animals therefore have a higher greenhouse gas emission per unit produced than healthy animals². Healthy animals are therefore very important for efficient milk production and low greenhouse gas emissions.



LOW USE OF ANTIBIOTICS

A comprehensive agricultural industry is working hard to reduce and optimize the use of antibiotics. In Norway, there has been a significant reduction in the use of antibiotics. In the period 1994 to 2019, the reduction was around 75 per cent.

Efforts are being made to significantly reduce the use of antibiotics. One important step is to revise the therapeutic recommendations for the use of antibacterial agents in cattle. There is now a close collaboration between several stakeholders who is to develop recommendations for change. It is expected that these recommendations will reduce antibiotic use by another 20 to 30 percent.

BIG CHANGES

During the period from 2007 to 2019, major changes in Norwegian milk production took place. The average number of dairy cows per farm has almost doubled, from

just over 14 cows to almost 28. At the same time, the number of dairy farms has been drastically reduced, to about 8 000. In 2019, more than 50 per cent of Norwegian-produced milk came from a farm with a milking robot, and this proportion is increasing. Milk production is based on advanced technology, which allows the producer to spend more time among the animals and thus better animal welfare.

MORE IN DRY LOTS

The two most common types of operation in Norwegian milk production are so-called free stall cattle and dry lot farming. Free stall cattle are the traditional form where the cows stand on the stall during the winter months and are grazing in the summer. When in dry lot, the animals move freely in the barn and are grazing in the summer.

² Kvidera et al., 2017

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Larger herds are usually organized as dry lot. The number of dry lot farms has increased from 11 per cent in 2007 to 40 per cent in 2019. The proportion of cows in dry lot farming at TINE's farms is now 60 per cent.

In Norway there is a requirement that all barns should be dry lot farming by 2034. In recent years, TINE has provided input to the agricultural negotiations on the need for increased financial support for conversion to drylot farming. This is to ensure a good and faster rescheduling.



SYSTEMATIC WORKING FOR BETTER ANIMAL WELFARE

It is not necessarily the case that healthy animals are the same as happy animals. There are conditions in animal husbandry that we cannot see directly from the health of the animal. In 2016, we started work on developing an indicator to document and improve animal welfare. In 2019, TINE launched the animal welfare indicator, a tool that will provide the individual farmer with important information on how animal welfare has evolved and how it can be improved. The indicator is based on production data registered in the Cow Control and uses the World Animal Health Organization (OIE) standard for animal welfare assessment. The reference year is set as 2015. In the long term, the indicator will be used to work according to the new ISO standard for "Animal Welfare Management" (ISO/TS 34700), possibly as part of ISO 9001.

GOOD DEVELOPMENT

The animal welfare indicator has improved and showed a value of 103.2 points at the end of 2019, an increase of 3.2 points from 2015. This shows that animal welfare in general, and assessed on a broad basis, has improved in recent years. 2019 in particular was a good year with an increase of 2.1 points. This can be attributed to TINE's work with increased focus on animal welfare towards TINE's owners through producer and group meetings.

From the sub-indicators, a slight negative development for calves and fertility is seen, a stable development for young animals and return, while there is the greatest improvement for hoof, metabolism and dehorning. In the partial indicator on calf health, the number of stillborn and dead calves is constant in recent years. There is a goal to reduce this percentage. We see that calf health and contagion containment are bigger challenges in larger dry lots. Important measures to improve calf health are

good birth routines, enough raw milk at the right time of good quality and good access to hygienic milk and feed.

For a partial indicator such as dead cows, the proportion of self-deceased is reduced, while the proportion of killed and emergency slaughter is constant. It is a good development that the number of self-dead is reduced. Sick animals should not suffer unnecessarily and should be killed when this is the last and only resort. The mortality rate for dairy cows in Norway is among the lowest in the world. Other countries we can be compared with is known to have more than twice the mortality rate.

GOOD CONTROL OF ANTIBIOTIC TRACES IN MILK

All milk that comes on tankers to TINE's plant is checked for antibiotic content. In 2019, there were 66 deliveries (65 of cow's milk and 1 of goats' milk) of cow and goat's milk with traces of penicillin antibiotics. In order to avoid possible transfer of antibiotics to the products, this milk is destroyed.

SUBSIDIARIES

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Greenhouse gas emissions from transport and industry

SUBSIDIARIES

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Norway's climate policy is based on various agreements reached by the Government between 2008 and 2019. The signing of the Paris Agreement in 2015 marks a divide in international climate policy, and is a leader in Norway's environmental strategy. The basis for the climate settlement in 2008 was the Stoltenberg Government's Climate Report (St. Report no. 24. 2006-2007). Based on the climate change report and the fact that 2007 was the first year in which TINE presented a complete climate report, 2007 has been chosen as the baseline year for the environmental target.

TOWARDS A RENEWABLE SOCIETY

In 2019, Norway and Iceland agreed with the EU on a new climate agreement. Norway and Iceland will cooperate with the EU on emission cuts until 2030, with a target of at least 40 per cent reduction. Norway itself has set a somewhat higher target of reducing emissions from Norway by 45 per

cent by 2030, compared with the 1990 level. The agreement means that Norway will participate in the EU's climate regulations for 2030 on equal terms with the EU countries. It is expected that TINE will contribute to achieving the national climate target by reducing our own emissions.

We also see that TINE's customers, employees and owners increasingly want their partners and place to work to be sustainable, and help to preserve the environment. This is reflected, among other things, in the fact that our customers now want closer cooperation so that both their and our ambitions for sustainability can be achieved.

EXPANDING THE CLIMATE ACCOUNTS

Until 2017, TINE's climate accounts have included emissions from the parent company's (TINE SA) production and transport. From 2018, we have included greenhouse gas emissions from the subsidiaries Diplom-Is, Norseland Ltd. and Norseland Inc.

Emissions from the subsidiaries Fjordland AS and OsteCompagniet AS are, as previously, only partially included. About 77 per cent of Fjordland's products and approx. 79 percent of OsteCompagniet's products are manufactured at TINE's dairy plant. These products are also shipped out to customers on TINE's lorries. The greenhouse gas emissions associated with the production and transport of said products are therefore also included in TINE's climate accounts.

LEARN MORE ABOUT
**GREENHOUSE GAS EMISSIONS
OUTSIDE SCOPE 1**

¹ TINE's greenhouse gas emissions per 2007:
83 841 tonnes CO₂ equiv.

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WHAT IS TO BE INCLUDED IN THE CLIMATE ACCOUNTS?



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TOWARDS ZERO EMISSIONS IN 2025

TINE has already decided to implement environmental measures that will significantly reduce greenhouse gas emissions. We expect increased access to renewable energy in the form of district heating, electricity, and bioenergy for our dairy production. However, it is more uncertain to what extent and when renewable fuel will be available for our transport.

As a result of our planned environmental measures and the rapid development of technology, we has set ourselves the target that by 2025 we will only use energy and fuel based on renewable raw materials.

SIGNIFICANT REDUCTION

We now see that our long-term climate work is delivering results. Greenhouse gas emissions from dairy operations in Norway have been reduced by 7782 tonnes CO₂ equiv., corresponding to 34 per cent since 2016. In 2019, emissions were reduced by 1388 tonnes CO₂ equiv. However, there are specific plans that will reduce emissions down to 6000 tonnes by the end of 2021. TINE’s dairy operations are on track to reach the goal of zero emissions by the end of 2023.

Diplom-Is’ plant at Gjelleråsen outside Oslo, as well as the plants at TINE’s subsidiaries abroad, use natural gas as an energy source, which contributed to emissions of 2347 tonnes of CO₂-equiv. Of the energy we use in production, 1.3 per cent comes from fossil heating oil and 13.4 per cent from natural gas. TINE will increase the proportion of district heating and bioenergy as a source of energy. By the end of 2020, TINE aims to phase out heating oil at the dairies where this is the primary energy source.

#KUKRAFT — BIOGAS ON FERTILIZER

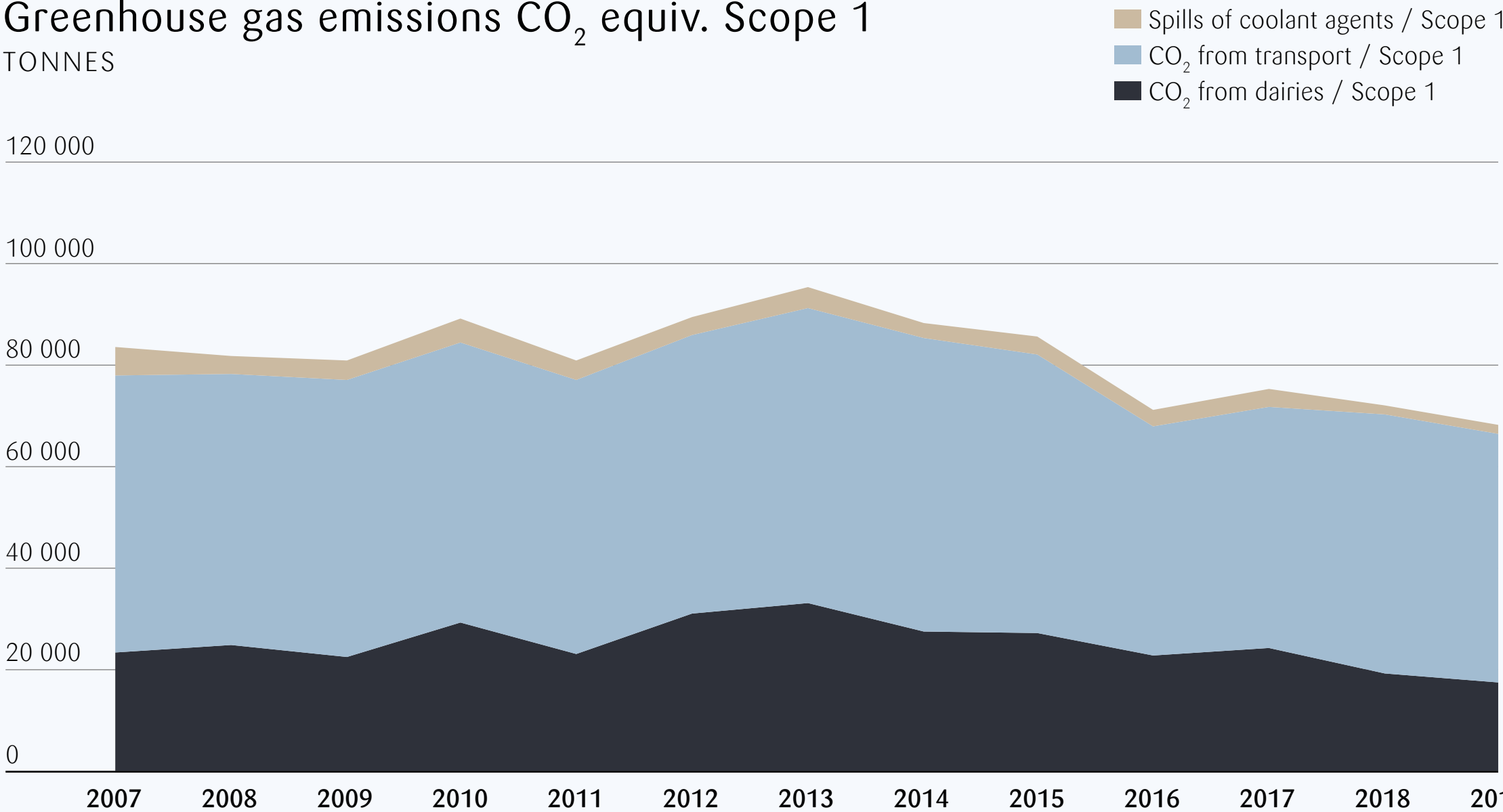
In 2017, TINE launched the #Kukraft concept on the transport side, an exciting environmental program for using biogas based on livestock manure. The development of #Kukraft is in collaboration with Air Liquide Skagerak and Greve Biogas. The 200 000 Norwegian cows that supply milk to TINE become important contributors to achieving this goal.

By using the manure as a raw material in biogas production where the biogas goes to fuel and the bio fertilizer is returned to agriculture, this gives a triple climate effect where biogas replaces fossil fuel, bio fertilizer replaces artificial fertilizer, and emissions of methane and nitrous oxide from fertilizer stocks and by spreading are avoided.

The use of bio fertilizers also brings more essential nutrients back into agriculture, in a circular economy for agriculture. Some nutrients, such as phosphorus, are not renewable, and it is crucial that future agriculture can recycle these important nutrients.

At the end of 2019, TINE has ten lorries using biogas. In 2020, we expect to take delivery of another ten lorries using biogas. #Kukraft and biogas from livestock manure are an important measure for TINE to reach the goal of using only renewable energy and fuel by 2025. #Kukraft is also an important contribution for agriculture to reduce its greenhouse gas emissions.

Greenhouse gas emissions CO₂ equiv. Scope 1
TONNES



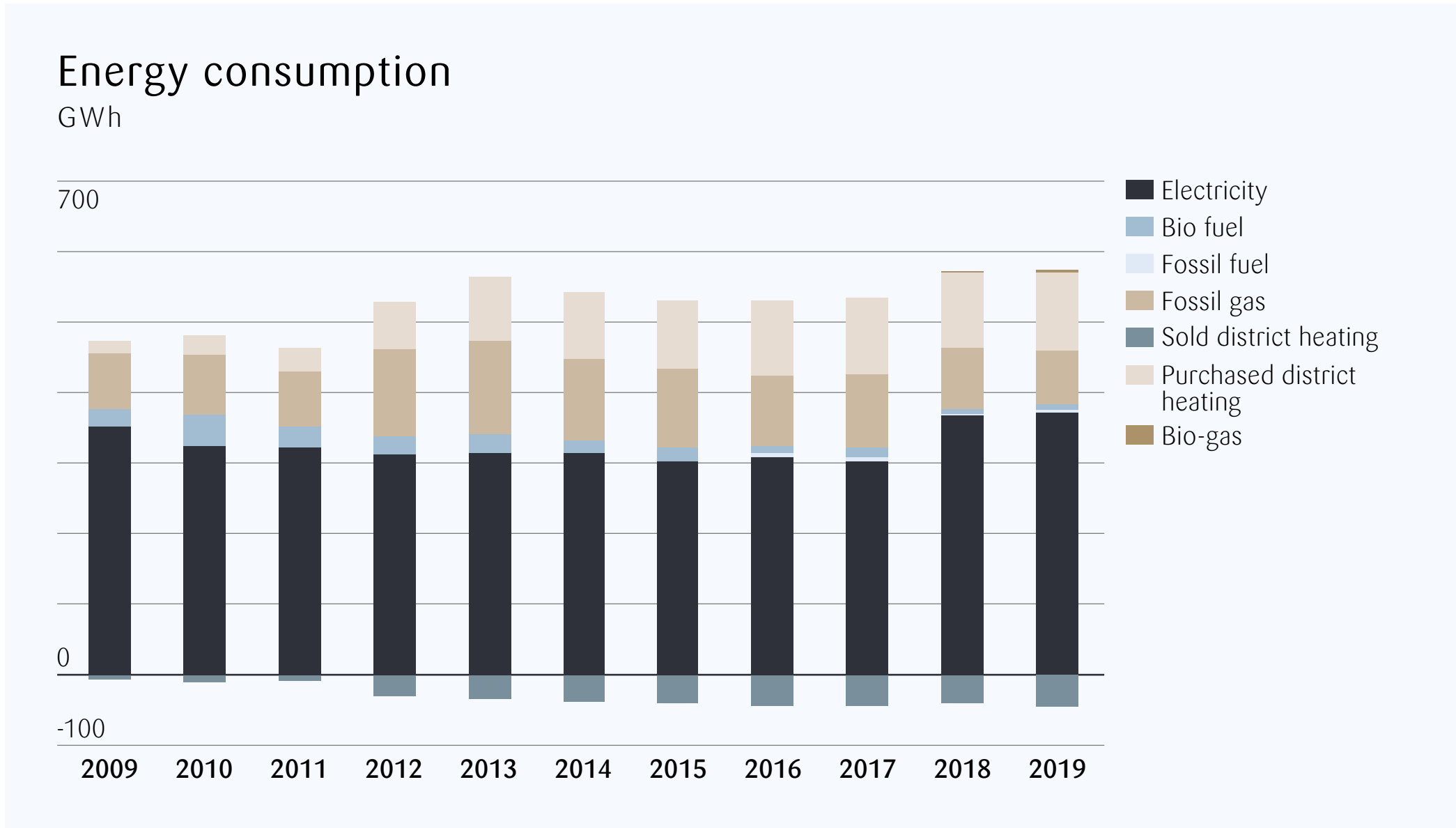
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INCREASED BIODIESEL MIX

We find it more challenging to reduce greenhouse gas emissions from transport. The availability of biodiesel based on waste (HVO)² is limited and expensive. Good technical solutions for the use of renewable fuel such as electricity and hydrogen in heavy transport is still in short supply and far more expensive.

Nearly 50 per cent of TINE’s transport is carried out by external transport companies on long-term contracts. These lorries only drive for TINE, and the emissions from this transport are also included in TINE’s climate accounts. Furthermore, we have finished goods transport between the various plants. These lorries are mainly loaded up with TINE products, but also transport other goods. TINE’s share of greenhouse gas emissions from this transport is included in TINE’s climate accounts. We are therefore totally dependent on the environmental goals of our hired

carriers for emissions-free transport if TINE is to achieve our climate goals.

In 2019, greenhouse gas emissions from TINE’s transport were reduced by 1791 tonnes of CO₂ equiv. The reduction in emissions is mainly due to an increased mixing ratio of renewable diesel in 2019. Emissions from Diplom-Is’ transport in 2019 amounted to 3279 tonnes CO₂ equiv.

Technology development on biogas for heavier lorries is now taking place at a rapid pace. In 2018, Volvo launched a lorry that uses liquid biogas (LBG) as fuel. This satisfies TINE’s technical requirements with regard to engine size and range, but is approximately 40 per cent more expensive than today’s lorries.

²Biodiesel HVO. Advanced biodiesel, called “Hydrotreated Vegetable Oil”. TINE uses only HVO produced from biological waste fractions such as offal and used frying oil.

LEARN MORE ABOUT
TOWARDS ZERO

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TINE delivered the first biogas lorries using liquefied gas (LBG) in 2019. These have worked very well, which means that TINE has ordered an additional 10 lorries for delivery in 2020. We have faith that liquid biogas (LBG) can be TINE’s predominant fuel in the future.

LESS LOCAL EMISSIONS

In early 2016, TINE began a comprehensive effort to reduce local emissions from our transport operations. By the end of 2020, TINE will have replaced all the lorries with the most modern engine technology based on EURO-VI or newer. The initiative is an important contributor in reducing local pollution. By the end of 2019, TINE had 663 lorries with engine technology EURO-VI, an increase of 108 lorries from 2018. This means that by the end of 2019, 73 per cent of TINE’s lorries were EURO-VI or newer.

The transition to EURO-VI is important in efforts to reduce emissions of particles and NOx. During 2019, NOx emissions from TINE’s transport were reduced by 27 per cent.

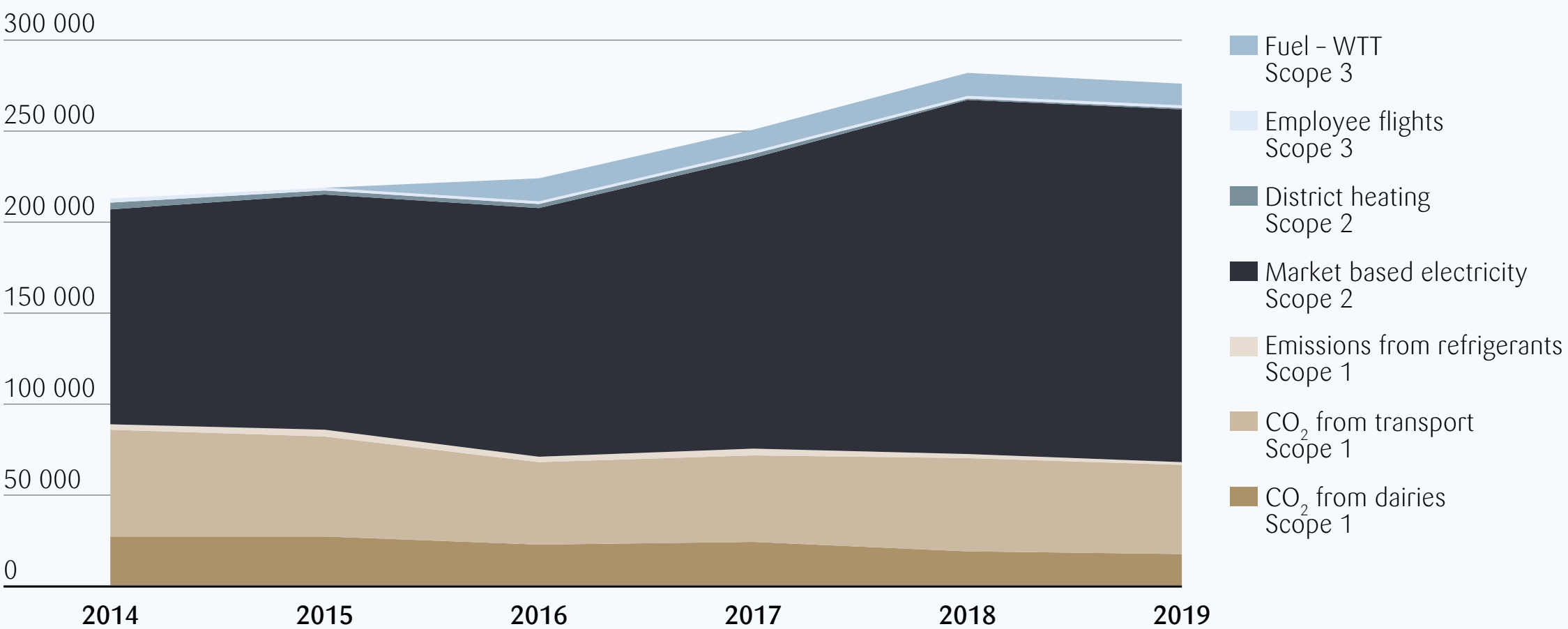
GRADUAL IMPLEMENTATION

By 2025, TINE will only use renewable fuel in our transport. TINE wants a gradual implementation of various fuel alternatives with emphasis on biodiesel and biogas. However, this may be challenging as road tax on biofuels is due to be introduced from 1 July 2020. This means that biodiesel will be very expensive compared to fossil diesel, and too expensive to use in larger volumes. We therefore expect modest consumption of biodiesel in 2020.

Emissions from Diplom-Is’ transport in 2019 was 3279 tonnes of CO₂-equiv.

Greenhouse gas emissions CO₂-equiv. Scope 1, 2 and 3

MARKET BASED ELECTRICITY / TONNES



However, biogas will still remain exempt from road usage tax, which makes #Kukraft and biogas even more interesting. We can therefore expect biogas to play a key role in TINE’s efforts to reach our goal of using only renewable fuel by 2025.

GOOD FRAMEWORK CONDITIONS MUST BE IN PLACE

The government wants the transport sector to help achieve the national climate targets. Good framework conditions and measures, such as for electric cars, are not in place for heavy transport.

Toll road exemptions for biogas along the same lines as with electric and hydrogen cars will be a powerful tool. Experience shows that TINE’s lorries have a significant an-

nual toll road cost. A toll road exemption can therefore be a decisive contribution to TINE’s decision of selecting to use liquid biogas to any significant extent.

The support schemes from Enova must continue at today’s level for both electric, biogas and hydrogen electric transport. Incentives must be given to production facilities for biogas based on livestock manure. In this, there must also be incentives both to supply livestock manure for biogas production and to deliver bio-residue back to agriculture.

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SUSTAINABILITY — IN THE INDUSTRY

Ethics and diversity



In order for TINE to be a leading supplier of food and beverage brands, TINE depends on employees, owners, customers, consumers and others to trust us. Confidence is essential for TINE to achieve our vision and business goals.

TINE has many roles and acts at all times as an employer, customer, supplier, partner and owner. In all these roles, ethical conduct is important, both in business and personally.

ETHICAL GUIDELINES

All of TINE's employees are representatives of the business through their various roles. It is the decisions and actions we make every day that build on TINE's reputation and ensure trust in the company. TINE has therefore prepared ethical guidelines that clarify the attitudes and behavior we expect from our employees in respect, integrity and loyalty. The guidelines create a common platform for reflection and awareness of ethical issues and help employees make the right choices. In addition, we at TINE actively and regularly train with ethical questions and dilemmas. Here, the digital learning tool is used where employees are exposed to various dilemmas. The individual is then asked to describe how to solve the challenge.

The proposed solution is evaluated against the company's ethical guidelines.

Food safety

All TINE products must be procured, manufactured and handled in accordance with adopted quality standards in the Group.

Fairtrade

We must adhere to accepted principles of ethical trade and demand that our suppliers do the same.

Environmental

Through our work, we must continue to focus on the external environment and the impact on nature.

Corruption

We shall never offer, give, claim or receive any kind of gift or other benefit that may affect the undertaking of one's or another's position or office.

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Events

TINE’s events must always be professional or professionally rooted. Social programs at events should be of moderate value and have limited scope and frequency.

Communication

Our communication should be characterized by openness, honesty and credibility.

Impartiality

We will inform our immediate superior if questions can be raised about our impartiality (conflict of interest) when acting on behalf of TINE.

Confidentiality

We should never talk to outsiders about matters in or about TINE or our customers, suppliers or partners unless the information is already publicly known.

In order to ensure compliance and continuous improvement, TINE has established various measures. The measures consist of various activities related to, among others, guidelines, business planning, process descriptions and training.

WORK ENVIRONMENT

The working environment in TINE must be characterized by well-being, inclusion, trust and commitment. We do not accept any form of inappropriate behaviour, bullying, harassment or discrimination.

All employees and contractors shall contribute to improving the HSE results in TINE by adhering to rules and instructions, reporting hazardous conditions and near-accidents, contributing to improvement work and stopping dangerous / unsafe action by their own employees or contractors.

WHISTLEBLOWING

TINE has established guidelines for whistleblowing and appointed an internal ombudsman. Important points included in the whistleblowing rules are discrimination, corruption, business ethics, as well as the duty and right to report offenses and violations of TINE’s ethical guidelines. New this year is that whistleblowing relating to quality and safety of food are also included in the scheme. The individual employee should feel secure and have the opportunity to notify someone if they notice irregularities.

In 2019, TINE has not registered any cases of corruption through our whistleblowing channel or through the company’s legal department. There have not been any concrete cases of corruption throughout the year.

TINE FARM
 STÅLE HUSTOFT • TYSVÆR



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SUSTAINABILITY — IN THE INDUSTRY

TINE, a good place to work

Healthy employees and stable workforce in a good working environment are a prerequisite for TINE to carry out efficient operations and quality at all levels. The work shall be organized so that the employees are not exposed to undue physical or mental strain and that no one is injured or ill as a result of the work undertaken.

We care about our employees, and therefore work purposefully with safety and the working environment at the forefront of our mind every single day. This means that in TINE safety comes first, irrespectively of whether an employee is in the production, maintenance department or handling cows outside on farm visits.

We should look forward to going to work in TINE. Because we know that a good working environment contributes to inclusion, well-being, greater impact and lower sick leave

RECORD LOW NUMBER OF LOST TIME INCIDENTS

TINE has made a big promise to increase safety in the workplace. This has contributed to a record low number of lost time injuries in 2019. Behind our good result lies better reporting, clearer expectations throughout the organi-

zation as well as increased expertise and understanding of HSE work. TINE's overall goal is zero lost time incidents. In 2019, TINE SA had 34 incidents of absence, which gave an LTI¹ per million hours worked of 4.5. This is a significant decrease from 2018 (LTI per million hours worked: 7.2. Absence: 55) and the target this year is the same, an LTI per million hours worked of 4.5.

INCREASE IN RECORDED HSE INCIDENTS AND IMPROVEMENTS

In 2019, approx. 9300 incidents and improvements were reported in TINE SA, compared to 8071 cases in 2018. Recording and processing of both undesirable and preventable incidents is an important way to reduce work accidents. Good tracking of such incidents makes it easier to put in place good and targeted improvement work.

¹Definition of LTI: Lost Time Injuries

TINES POLICY ON HEALTH, SAFETY AND THE WORKING ENVIRONMENT

- We believe that all accidents can be prevented. Therefore, our goal is zero personal injury to employees, contractors and third parties
- We are all responsible for our own and others' safety, and report hazardous situations when observed
- We follow the current instructions for the business at all times to prevent accidents at work and material damage
- Our working environment must be characterized by well-being, inclusion, trust and commitment

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ABSENCE

The start of 2019 was challenging with a high sick leave. This means that we have not reached our target of a maximum sickness absence of a maximum of 5.4 per cent in 2019. However, the last six months have been good with a reduction in sick leave. In TINE SA, absence due to illness was 5.7 per cent in 2019.

Efforts are being made to reduce absenteeism even further, and to continue the positive trend. New training material has been prepared for TINE executives. In addition, we want an even closer collaboration with the occupational health service and NAV.

CEO’S HSE PRIZE

Good HSE work is important to TINE. We have therefore established an HSE prize to promote examples of good work. The criteria to win the prize are based on the actual results achieved and involvement in HSE. In 2018, the winner was TINE Dairy Sømna.

TINE has made significant changes to increase safety in the work place

REPORTING ON A COMPANY LEVEL

TINE reports on three main areas of HSE: sickness absence, number of injuries with and without absence and recorded adverse events. Sickness absence is not reported by gender. TINE does not tend to split sickness absence between occupational absence or not. Currently, TINE does not record how long an injured person is away from work. This means that there are no figures (F-value) for lost working time relating to such injuries.

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Looking after our milk and cheese

A minimum of 390 000 tonnes of edible food was thrown away in Norway in 2018.¹ This corresponds to approx. 73 kg per inhabitant, an economic loss of around NOK 22 billion and emissions of 1.3 million tonnes of CO₂ equiv.

The household sector accounts for more than half of the recorded food waste which is 58 per cent. Food waste in the food industry and the grocery trade account for 20 per cent and 16 per cent, respectively. The food industry and grocery retailers have reduced food waste by 12 per cent from 2015 to 2018.

EXPECTATIONS AND RESPONSIBILITIES

Disposing of food is not only an environmental problem, but also ethically problematic. Large resources and land are needed to produce food. From the production and cultivation of food we experience greenhouse gas emissions and pressure on nature and biodiversity. Large quantities of fresh water are also required, a limited resource in many parts of the world.

Awareness of food waste is increasing. TINE's stakeholders such as customers, authorities, employees and owners expect TINE, as a major food producer, to take responsibility for reducing food waste in their own business and helping consumers to do the same.

DOMESTIC FOOD WASTE

Most of the food waste takes place at the consumer's home. One important reason is that the food has gone out of date. In other words, we are uncertain whether food that is out of the "Best before" date can still be eaten, which it often can be. To give consumers confidence that dairy products may still be eaten after the "best before" date, we have now labelled our products with the additional information "Best before, often good after". We believe that this will help the consumer "look, smell, taste" the product before it is discarded.

LESS GREENHOUSE GAS EMISSIONS

Milk is TINE's most important resource, and spilt milk is lost revenue. The motivation to reduce the waste is not solely based on financial reasons.

A significant part of the greenhouse gas emissions associated with 1 litre of milk is tied to the milk production that takes place on the farms. Here, emissions of greenhouse gases methane from cow and nitrous oxide from manure are the major sources of emissions.

LEARN MORE ABOUT
WELL UNDERWAY

¹Østfold Research, Food waste in Norway Reporting of key figures 2015-2018

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LEARN MORE ABOUT FOOD BANKS



A global search of existing research reports and articles² shows an average emission of 1.15 kg CO₂ equiv. per kilo of milk produced in Norway. This includes emissions throughout the value chain from farm to consumer

From an environmental perspective, it is therefore very important to take care of the milk so that we avoid “unnecessary” greenhouse gas emissions and use of resources.

TARGETED WORK

We spend considerable resources on our business. We must utilize these resources optimally and sustainably. Through continuous improvement, we will increase the utilization of our resources and prevent wastage and waste.

We aim to make our business a part of a natural cycle of sustainable utilization of input factors, including our most important resource, our milk.

LOTS OF MILK

TINE makes milk, cheese, yogurt and other products of over 1 billion litres of milk every year. It is our responsibility to ensure that all cows' milk is turned into various dairy products that can be purchased in the store.

The goal is to have as little milk wasted as possible from the cow to the store. However, there is some waste along the entire value chain from the time the milk is collected on the farm until the product is delivered to the store.

-18%

Waste in TINE SA

CHANGE 2015-2019

Here it becomes important that everyone involved from tanker driver, dairy operator to commodity distributor has responsibility and works to reduce food waste in their part of the value chain.

The largest part of the waste occurs in the production process. A dairy produces a variety of products. Amongst other things, when the dairy changes from one product to another, wastage will occur. The production plant shall carry out a thorough clean and a certain buffer production both before and after the change of product. Waste should be reduced by, among other things, better planning of production and a closer follow-up of the cleaning process

CLEAR GOALS

In 2017, the entire food industry, including TINE, signed a statement in which the industry agreed with the authorities' goal of halving food waste in Norway by 2030 (compared to 2015 levels). TINE has also committed to helping consumers reduce their food waste.

During 2019, food waste in the TINE SA value chain increased by one per cent. This is significantly weaker than the target for the year, which was a 10 per cent reduction.

²Carbon foot print of Norwegian Dairy and Meat - a synthesis.
CICERO 04/2016

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Since 2015, food waste has been reduced by 18 per cent. There has been a varying trend in 2019. There have been particular challenges associated with maintaining a sterile production at one of our plants. Furthermore, there have been some problems related to butyric acid and salt level as well as a slightly higher disposal of white cheese than expected.

However, we can see very good results related to the reduction of food waste in finished products. Improved durability helps reduce waste in this area by 24 per cent compared to 2018. Despite good results related to finished products, food waste was higher than our target for the year.

NEW LIFE TO CHEESE

When the cheese is cut in the dairy vessels at the dairy, “cheese dust” is formed, small pieces of cheese that previously ended up in the purification plant. We are working to reduce the cheese dust, or to collect it so that this can also become cheese. At our Tretten Dairy, we use a melting technology that allows us to transform the cheese dust into pizza topping and burger cheese. In 2019 we have used 90 tons of cheese dust for the production of pizza topping and hamburger cheese. This is 90 tons of cheese that is saved from the drainage and purification plant.

SUBSIDIARIES

Until 2017, TINE’s climate accounts have included food waste from the parent company (TINE SA). From 2018, we have included the wholly owned subsidiary Diplom-Is in this report.

Food wastage in the subsidiaries Fjordland AS and OsteCompagniet AS is only partially included as before. Around 77 per cent of Fjordland’s products and approx. 79 per cent of OsteCompagniet’s products are manufactured at TINE’s dairy plant. Food waste associated with this production is therefore also included in TINE’s climate accounts.

TINE’s foreign subsidiaries are not included in this report. These companies are subject to national regulatory requirements.

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SUSTAINABILITY — IN THE MARKET

From plastic cups to cardboard cups

WE MUST ACT

What started in the autumn of 2017 when a stranded whale with its belly full of plastic has led to a paradigm shift towards a more environmentally-friendly world. The focus on smaller and circular plastic use has intensified. Climate change is perceived to be one of the biggest challenges we face today. This in accordance to 49 per cent of the Norwegian population in this year's climate barometer from Kantar¹. It is especially the younger people under 30 who drive the climate commitment.

TINE's packaging must take into account the climate and the environment and help to reduce TINE's carbon footprint. Through innovative packaging, labelling and consumer dialogue we will contribute to the reduction of waste amongst consumers.

NEW AND AMBITIOUS PACKAGING STRATEGY

In 2019, implementation of TINE began a new and ambitious packaging strategy. Our ambition is that all packaging in TINE will be based on renewable or recycled raw materials by 2023. The packaging strategy focuses on the following three working areas, we call it the packaging triangle:

- **Consumer and customer. We will offer functional packaging solutions that fit into many everyday situations**

- **Reduced food waste. Our packaging will limit food waste, both at TINE and at the consumer**

- **Good material choices. We will optimize the use of resources, use renewable materials and develop our packaging for recycling**

SIGNIFICANT VOLUME

In 2019, TINE used 29 363 tonnes of packaging, a reduction of 1303 tonnes from 2018. Since 2018, the packaging volume of the subsidiary Diplom-Is has been included in the reported volume. Historical figures before 2018 have not been adjusted accordingly.

Of various packaging materials in TINE, fibre for, among other things, beverage cartons² constitutes by far the largest proportion with 76 per cent, followed by plastic for various cups and plastic films with 24 per cent. In 2018, we achieved the goal of 100 percent renewable material in all our milk cartons. In 2019, the packaging of Biola is 100 percent renewable.

¹ Kantar Climate Barometer 2019

² Drinking cartons are reported as fibre. About 20% of the carton is plastic. In 61% of the drinks' boxes, we use bioplastics based on renewable raw materials.

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ON THE GO PRODUCTS

Consumer trends indicate increased demand for products we can eat while on the move. TINE is also experiencing an increase in sales of these so-called on-the-go products (“on-the go”). At the same time, we see that the packaging of these products more often ends up in nature or in the waste, than other products. TINE will therefore devote even more resources to informing the consumer on how to recycle this packaging, and also to facilitate this to be done.

“PAKAGING TRIANGLE”

Packaging must fulfil many different functions and it is important not to look at packaging purely as waste. First and foremost, packaging needs to protect the product so that consumers receive a product of good and expected quality. Packaging is also an important tool for reducing food waste. Without proper and optimal packaging, we are not able to provide the products with the necessary longevity. The products would also, to an extent be damaged on the road from dairy to the refrigerator.

A packaging solution that scores highly on all parameters in our packaging triangle and manages to combine these (consumer and customer, reduced food waste, good material choice) is optimal and most sustainable over time.

TRIAL OF LIGHT SOUR CREAM IN A CARDBOARD CARTON

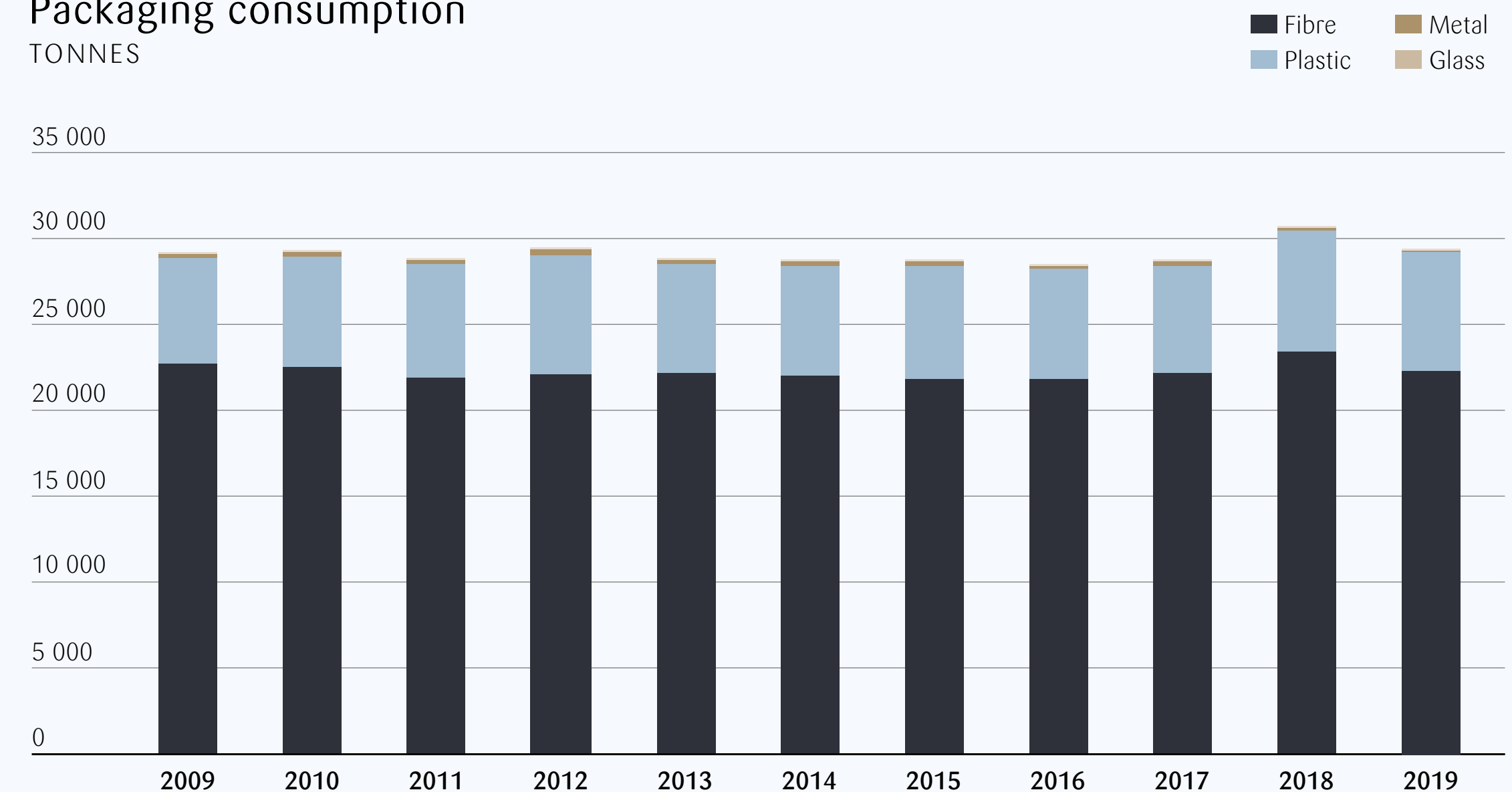
During 2019, we have tried to find a more functional and sustainable container and lid for our cooking products. Our consumers and customers have been our focus and they have been involved before and after the launch of the new cardboard carton, in the autumn of 2019. Close collaboration with Kiwi has made it possible to launch and test TINE Light Sour cream in cardboard cartons on a large scale. In order to prevent a deteriorating product quality and food waste, a cardboard with a

light barrier has been selected. A good choice of materials was important to this project and the overall use of resources was considered when it was decided to use cardboard. Furthermore, a closer look at material recycling of plastic-coated cardboard and climate footprint for various cup solutions have been considered.

We experience both positive and critical feedback from customers and consumers. The carton may seem unstable and the tag may be difficult to remove. However, sales demonstrate that our consumers welcome such an environmentally friendly solution. With the test launch of 18 per cent of Light Sour cream in cardboard cartons, TINE has taken an important step towards more fibre-based packaging for cooking products and yogurt. Our ambition is to

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be able to reduce TINE's plastic consumption by 400 to 500 tonnes of plastic annually by getting these products into cardboard cartons.

RECYCLED RAW MATERIALS

The use of recycled raw materials in packaging materials is still limited to solutions that are not in direct contact with food. We see, however, that there is a rapid development in the plastic type PET where there is a larger number of circular and closed recycling systems. This provides opportunities for recycled plastic for the bottle for Sunniva® IsTe and plastic wrapping for cheese.

RECYCLING DESIGN

It is important that the packaging is designed to be recyclable for new use. In this way, it is possible to save large quantities of new material and resources in manufacturing. In 2018, TINE was a leader in the process of simplifying and making the plastic wrapping for grated cheese into recyclable material. In 2019, we have worked on applying the same solution to all sliced cheese, where the bottom of the packaging is now fully recyclable.

REMOVAL OF SINGLE-USE PLASTICS

In a very short time, the EU has approved a new directive for plastic packaging, the so-called SUP Directive³. This Directive aims to reduce marine pollution and includes preventives, reduction targets and requirements for recycling. Specific prohibitions on specific articles, including disposable cutlery, spoons and straws, have been under scrutiny. The Directive will enter into force in the EU from 3 July 2021. Guidelines in Norway are being drafted and are expected to be published around the end of the year 2019/2020. TINE's products with plastic corks, straws and plastic spoons could be affected by both the ban and the reduction targets.

SUBSIDIARIES

Until 2017, TINE's sustainability report includes its parent company (TINE SA). From 2018, subsidiaries are fully or partially included in the report. The work to ensure efficient and environmentally smart packaging includes all products manufactured at TINE's plant in Norway. The subsidiaries Fjordland AS and OsteCompagniet AS are only partially included as previously. About 77 per cent of Fjordland's products and approx. 79 per cent of OsteCompagniet's products are manufactured at TINE's dairy plant. The work on efficient and environmentally smart packaging for these products is therefore included in this report.

Our ambition stands firm to reduce TINE's use of plastics by 400 to 500 tonnes of plastic annually.

TINE's packaging strategy applies to the TINE group. Consequently, awareness of efficient and environmentally smart packaging will increase in all parts of the business.

³ SUP: Single-use plastics

For a better diet and nutrition

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TINE has products for most occasions, both every day and for parties. This gives us a great responsibility, but also a great opportunity to contribute positively to Norwegian public health.

An unhealthy diet is the most important risk factor that can affect the burden of disease in Norway, along with smoking and high blood pressure. A varied and healthy diet will meet the need for important nutrients. This, together with daily physical activity, forms a good foundation for good health.

Our environment as customers, consumers and authorities, expect TINE, as a major food player, to contribute to the Norwegian population having a healthy, varied and balanced diet.

IMPORTANT SOURCE

Milk and dairy products are a source of many important nutrients in the Norwegian diet, such as high-quality protein, calcium, iodine, and several B vitamins, but milk and dairy products also contain a lot of saturated fat.

The Directorate of Health recommends “letting lean dairy products be part of the daily diet”. Specifically, this means

three servings per day, two of which should be milk or yogurt for iodine intake.

With declining milk consumption, the intake of iodine in the population has decreased, and iodine deficiency has become widespread in groups that drink little milk such as women, the elderly, pregnant and allergy sufferers. To meet the need for iodine, milk, sour milk or yogurt should be an important part of what we eat from dairy products.

The consumption of cheese has increased significantly over time, and each of us now eats about 50 grams per day¹. We eat more cheese and high-fat cheese than recommended by the health authorities’ diet.

Norwegians eat more saturated fat than recommended, and when we know at the same time that 40 per cent of the saturated fat we eat comes from dairy products, TINE has a responsibility to help reduce their intake.

CHALLENGING

There are particular challenges associated with reducing saturated fat in dairy products. Unlike the salt and sugar that is usually added to the raw material in the production process, the fat is a natural part of the milk’s raw mate-

¹ Developments in the Norwegian Diet, 2019

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rial. The work of reducing saturated fat in the milk therefore requires a long time and is particularly challenging. Changes in both the breeding and feeding of cows are required, in addition to research and development of new technological solutions and increased knowledge about the health effects of saturated fat. In order to reduce the intake of saturated fat, TINE will help to turn demand towards “lighter” products. Important measures include adjusting the content of fat in familiar everyday products, creating new and tasty alternatives with less fat and facilitating the choice for consumers.

The goal of any commercial business is to create the best possible financial result for its owners. For TINE this means that we must utilize the milk optimally. To meet expectations of reducing saturated fat, we will face a situation where TINE has an excess of fat. The challenge will then be to be able to use this in a way that does not challenge the goal of a total reduction in saturated fat in the Norwegian diet.

IMPORTANT CONTRIBUTION

In 2019, TINE reduced the amount of saturated fat in several products. Amongst other things, we have reduced the fat content of Tinemelk® 1.0 per cent fat and Tine-melk® 0.5 per cent fat by 0.2 per cent. We have launched a Lighter Jarlsberg® in 450 g packaging and a new lean lactose-free cottage cheese came on the market.

We see an increase in demand for “lighter” products, but this is still relatively modest in volume compared to the increase in sales of fatter products. During 2019, TINE reduced the amount of saturated fat delivered to the market by 109 tonnes.

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CLEAR OBJECTIVES



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LESS ADDED SUGAR

TINE has worked well to reduce the content of added sugar in our products over a long period of time. In addition, we have launched several products without added sugar. During 2019, TINE reduced the amount of added sugar we supply to the market by 104 tonnes.

TINE is very pleased to have met the long-term goal of reducing sugar already at the end of 2019. Work on reducing sugar consumption is ongoing, driven by a demand in the market for products with little or no added sugar.

CHEESE IS GOOD

Recent research clearly shows that the effect of a food on health is complex and cannot be evaluated on the basis of what it contributes to nutrients. This is particularly relevant for cheese, which appears to have a more beneficial effect on health than would be expected from the contribution of cholesterol-raising fatty acids.

The authorities in the Nordic countries are now working on new Nordic dietary advice. TINE has been active in the consultation process for this dietary advice so that we can ensure that new and up-to-date knowledge about the importance of milk and milk products for health is used as a basis for revision of the dietary recommendations, and later Norwegian dietary recommendations.

RIGHT TO INFORMATION

TINE wants to make it possible for consumers to make healthy and informed food choices. Currently, it is difficult to provide consumers with good information on the nutritional importance of the products. Here, TINE must comply with the EU’s “brand regulation”. In essence, TINE is in favour of a strict regulatory framework that protects consumers against misleading marketing and exaggeration of health effects. However, today’s regulations make it difficult for consumers to provide the information we believe they are entitled to.

SUBSIDIARIES

Until 2017, TINE’s sustainability report includes the parent company (TINE SA). From 2018, subsidiaries are fully or partially included in the report.

Work on nutrition and public health includes all TINE’s brands and products produced at TINE’s facilities in Norway. The subsidiaries Fjordland AS and OsteCompagniet AS are only partially included as previously. Around 77 per cent of Fjordland’s products and approx. 79 per cent of OsteCompagniet’s products are manufactured at TINE’s dairy plant. The work on nutrition and public health on these products is thus included in this report.

TINE’s foreign subsidiaries are not included in this report. These companies are subject to national regulatory requirements.



LEARN MORE
A SLIGHTLY HEALTHIER ALTERNATIVE

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SUSTAINABILITY — IN THE MARKET

Safe food instils confidence

TINE takes the consumers seriously. We ensure that the products on the shelves are safe to eat by complying with requirements set by regulations and food safety standards, and we are continuously working to ensure safe food and hygiene in our value chain.

SAFE PRODUCTS — OPEN COMMUNICATION

It is fundamental for TINE that our products are health-wise safe to eat. Consumers, customers, authorities and owners must have confidence in TINE as a food producer in order to deliver economic and sustainable value creation over time. Long-term work with animal health and hygiene throughout the value chain from booth to table makes Norwegian milk very safe. Through audits and certification requirements, we will demonstrate that we are complying with regulatory, industry and food safety standards. Open communication about safe food internally and externally is an important tool for building trust.

SAFE FOOD IS NOT A GIVEN

A news item that was followed in Norway in the summer of 2019 was the *Campylobacter* outbreak on Ask where

the source of infection was drinking water. Several thousand became ill, more than 70 were hospitalised and two deaths were suspected of being associated with unclean drinking water (NRK, 2019)¹. This shows that we are vulnerable when systems and routines fail. Increased international trade in food products, longer value chains with poor transparency, higher demands for efficient production and climate change have all been highlighted as factors that increase the risk of food waste and the spread of infectious agents and chemical contaminants. For TINE, safe products are not just about safe milk. Strict requirements for other raw materials, ingredients and packaging also help ensure health-safe products.

For TINE, safe products is not just about safe milk.

COMPETENCE AND CULTURE PROVIDE SAFE FOOD

The aim of a value chain of healthy cows with high-quality milk without contaminants and production according to the HACCP principles requires knowledge of hazards and

¹ NRK Hordaland. URL: <https://www.nrk.no/vestland/sykdomsutbruddet-pa-askoy -dette-er-saken-1.14587221>

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risks. Competence raising, training and technical days play an important part in building and maintaining a good culture. TINE's employees should that what they contribute to complies with requirements and ensures safe food at all stages of our value chain.

NEW IN 2019

In 2018, all TINE's production facilities were certified according to FSSC 22000 or equivalent and will be upgraded to the latest version of this standard in 2020. During 2019, all TINE production facilities were upgraded according to FSSC 22000 or equivalent both by internal and external audits, to ensure improvements and compliance with regulations. FSSC 22000 is based on the ISO-22000 standard and will document that businesses have a robust and good food safety system.

In 2019, ESA conducted audits by the Norwegian Food Safety Authority, where one of TINE's facilities was visited to map out the Norwegian Food Safety Authority's enforcement of the regulations on milk.

TINE has key targets for safe food that include "no recalls from the market" and "no detection of disease-inducing microorganisms in products" (in compliance with microbiological regulatory requirements). In 2019, there was the recall of one product from the market (TINE Taffel Tomatost) after the discovery of metal filings². During 2019, 6633 products have been analyzed for disease-causing microorganisms³. Two detections of *S. Aureus* were recorded in skimmed powdered milk. These results are satisfactory even if we did not meet our goal of zero cases of these indicators. However, our controls indicate that products that can cause illness and damage are unlikely to reach the consumer.

SUBSIDIARIES

Until 2017, TINE's sustainability report includes the parent company (TINE SA). From 2018, subsidiaries are fully or partially included in the report.

The work to ensure safe and good quality milk includes all TINE's subsidiaries, as the need for milk for the production of their various products is met by milk from TINE's milk producers.

The work to ensure safe production includes all products produced at TINE's plant. As previously, the subsidiaries Fjordland AS and OsteCompagniet AS are only partially included. Around 77 per cent of Fjordland's products

and approximately 79 per cent of OsteCompagniet's products are manufactured at TINE's dairy plant. The work to ensure safe production of these products is therefore included in this report.

TINE's foreign subsidiaries, as well as when production takes place at facilities out with TINE, are not included in this report. These companies and plants are subject to national and local government regulations.

² TINE CIM. Emergency Log

³ LabVantage Express/TINE Innsikt og Eurofins



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Figures and statistics

Sustainability and enviroment — Key figures

In 2018, subsidiaries were included in the figures for sustainability and environment. Historical figures have not been corrected accordingly.

TINE GROUP	2019	2018	2017	2016	2015
HSE and employees					
Number of employees	5 408	5 355	5 476	5 418	5 362
Sick leave	5.4 %	5.4 %	5.7 %	5.9 %	6.2 %
LTIs per million hours worked	6.6	7.2	7.1	7.5	8.1
Percentage of women	37 %	36 %	37 %	37 %	36 %
Percentage of women in management	37 %	36 %	35 %	35 %	35 %
Environment ¹⁾					
Gross energy consumption (GWh)	574	573	536	531	531
Operating income rel to. gross energy consumption (MNOK/GWh)	41.5	40.1	34.1	34.7	34.3
Percentage of renewable energy ²⁾	85 %	85 %	78 %	79 %	75 %
Packaging consumption - cartons/paper (tonnes) ^{2), 3)}	22 296	23 450	22 230	21 815	21 839
Packaging consumption - plastic (tonnes) ²⁾	6 911	6 983	6 232	6 410	6 575
Packaging consumption - other (tonnes) ²⁾	156	233	221	230	270
Packaging consumption - total (tonnes) ²⁾	29 363	30 666	28 683	28 455	28 684
Packaging consumption rel. to operating income (tonnes/MNOK) ²⁾	1.91	2.02	2.31	2.24	2.21
Share of drinking cartons with bio-plastic (% of total volume) ²⁾	61 %	57 %	31 %	NA	NA
Quality index (MNOK) ²⁾	199	196	211	242	227
Transport (km/1000 litres raw materials) ²⁾	37	36	36	38	37

1) Figures for 2019 include TINE Group excluding Lotito Foods unless stated. Historic figures from 2017 and earlier include TINE SA

2) Figures for 2019 include TINE Group excluding the subsidiaries Norseland Ltd., Norseland Inc. and Lotito Foods

3) Drink cartons are reported as fibre. Around 20% of cartons are plastic. In 61% of our drink cartons we use bio plastic based upon renewable raw materials.

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TINE GROUP	2019	2018	2017	2016	2015
Greenhouse gas emissions Scope 1					
Emissions CO ₂ equiv. from dairies (tonnes)	17 323	19 164	24 228	22 759	27 291
Emissions CO ₂ equiv. from transport (tonnes)	49 349	51 201	47 755	45 135	54 988
Emissions CO ₂ equiv. from other activites (tonnes)	1 752	1 842	3 285	3 286	3 441
Emissions CO ₂ equiv. total (tonnes)	68 424	72 207	75 268	71 180	85 720
Emissions CO ₂ equiv. total rel. to operating result (tonnes/ MNOK)	57.5	47.0	53.3	41.3	57.5
Greenhouse gas emissions Scope 2					
Emissions CO ₂ equiv. from dairies, market based electricity	193 653	195 095	160 112	136 560	129 469
Emissions CO ₂ equiv. from dairies, local based electricity	11 139	10 492	4 834	4 440	2 542
Emissions CO ₂ equiv. from dairies, remote heat	865	472	2 329	2 157	1 997
Greenhouse gas emissions Scope 3					
Fuel (Well-to-tank)	11 650	12 602	11 870	12 134	NA
Employee flights ²⁾	1 492	1 292	1 200	1 813	2 015
Local emissions ¹⁾					
Emissions NOx (tonnes)	58.7	78.6	NA	NA	NA
Nutrition (TINE SA) ³⁾					
Number of “Nøkkelhull” -products ³⁾	16	14	13	13	12
Participants in TINE Relay (number) ³⁾	110 000	110 210	108 410	106 020	104 000
Saturated fat, total in products (tonnes) ³⁾	28 693	28 802	29 082	29 452	29 166
Added sugar, total in products (tonnes) ³⁾	5 662	5 766	6 022	6 315	6 652
Salt, total in products (tonnes) ³⁾	827	816	817	802	828
Animal health and animal welfare					
Animal welfare indicator ⁴⁾	103.2	101.1	100.7	99.7	100.0
Safe food ²⁾					
Pathogenic bacteria, number of negative tests	6 633	5 253	4 648	4 435	2 830
Pathogenic bacteria number of positive tests	2	8	0	2	1
Number of recalls	1	0	1	2	2

1) Figures for 2019 include TINE Group excluding Lotito Foods unless stated. Historic figures from 2017 and earlier include TINE SA

2) Figures for 2019 include TINE Group excluding the subsidiaries Norseland Ltd., Norseland Inc. and Lotito Foods

3) Figures for 2019 include TINE SA

4) The animal welfare indicator is based on production data from #Kukontrollen and uses the World Animal Health Organisation's (OIE) standard for animal welfare. A positive change in the indicator value indicates a positive change in animal health and animal welfare.

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How we report

TINE sees sustainability as an integral part of the company's overall operations and we report on our work on sustainability as a part of the annual report.

The purpose of this report is to give our stakeholders as owners, employees, customers and consumers, a complete and balanced overview of how TINE follows up on our sustainability responsibilities within the areas we consider to be the most central to TINE's business.

In 2018, a materiality analysis was performed in accordance with the Global Reporting Initiative (GRI) reporting standard. Here we looked closely at how we, within our own environment, approach sustainability, how this affects our value chain and what expectations TINE's stakeholders have for the business. In 2019, we have a clearer picture of which aspects are absolutely essential for TINE and TINE's owners. This means that the number of significant aspects for 2019 has been reduced. This analysis is described in more detail in the The essentials chapter.

REPORTING AND ACCOUNTING PRINCIPLES

Sustainability reporting includes the TINE Group unless otherwise specified. The areas covered by the report are mainly based on TINE's strategy for sustainability and also include relevant factors along the value chain for milk that are beyond the company's direct area of responsibility.

Up until 2017, TINE's sustainability report and climate accounts have included the parent company TINE SA. From 2018 onwards, we have included the wholly owned subsidiaries Diplom-Is AS, Norseland Ltd. and Norseland Inc. unless otherwise stated.

Emissions from the subsidiaries Fjordland AS and OsteCompagniet AS are only partially included as stated previously. Around 77 per cent of Fjordland's products and approximately 79 per cent of OsteCompagniet's products are manufactured at TINE's dairy plant. These products are also transported to customers in TINE's lorries. Therefore, the greenhouse gas emissions associated with the production and transport of these products are also included in TINE's climate accounts.

TINE GRI TABLE 2019

TINE continues the company's reporting on sustainability in accordance with the guidelines from the Global Reporting Initiative (GRI). Sustainability reporting for 2019 is based on GRI Standards. TINE's sustainability report for 2019 is included in TINE's Annual Report 2019 and published on the company website. Our external auditor EY, has verified that

GRI table for 2019
EXTERNAL LINK

the reporting is in accordance with GRIS reporting principles and that the report satisfies the "Core" level in accordance with the guidelines; refer to the [Auditor's statement on the next page](#).

In 2018, a materiality analysis was performed in accordance with the reporting standards published by the Global Reporting Initiative (GRI). In this analysis, we assessed how sustainable our surroundings were, how this affected our value chain and what expectations TINE's stakeholders had for the business. This materiality analysis highlighted 18 different aspects that were reported and verified by our auditor in 2018.

In 2019, we have a clearer picture of which of these aspects are absolutely essential to TINE and TINE's owners. On this basis, it has been decided to reduce the number of aspects to 11 in 2019.

The attached link to the GRI table shows which GRI aspects TINE reports on based on the materiality analysis. This table has references to where the individual elements and indicators can be found in TINE's 2019 Annual Report, and whether it provides a full or partial answer in relation to the GRI guidelines.

The GRI table is verified by an external third party and also provides an overview of verified aspects as well as "omissions" where they occur. For a full description of the individual indicators, refer to the GRI website, www.globalreporting.org.

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ANNUAL GENERAL MEETING

The Annual General Meeting consists of 110 owner-elected members. The members are distributed proportionately between each ownership area on the basis of the number of members in the year before the annual reporting year. In addition, there is the Board and Council Members.

ADVISORY GROUP

Odd-Einar Hjortnæs, Chair
Einar Åbergsgjord, Deputy Chair

Other owner-elected members

Einar Johansen Meisfjord
Veronica Berntsen Hjelle
Odd-Arne Stormo
Einar Åbergsgjord
Magnhild Johanne Nymo
Agnete Hansen
Nina Vangen Ranøien
Vegard Smenes
Birgit Oline Kjerstad
Trond Hodne
Jørn Magne Vaag
Heidi Aarsheim Bøe
Kjell Paulen

Rolf-Daniel Midthun
Arthur Salte
Asgeir Pollestad
Andreas Wollnick Wiese
Gjertrud Svartveit Osmundsen
Kari Lise Breivik
Gunn Randi Finstad
Hans Mathias Ulberg
Even Solhaug
Ole Paulsen

Employee elected members

Bjørn Lande
Frank Kjærnes
Mona Berntsen
Ingunn H. Skauen Ruud
Paal Wanvik
Kjell Inge Robberstad
Hilde Kraggerud
Rune Heggem
Inger Marie Tayuzak
Egil Torland
Hilde Fismen
Kåre Pedersen
Lars Olav Iversen
Dag Rune Herting
Mohammed Malik
Kurt Haukland

CONTROL COMMITTEE

Per Amb, Chair
Sigrun Bakken Lerhol, Deputy Chair
Petter Arne Ekroll

BOARD OF DIRECTORS

Owner-elected members

Marit Haugen, Chair
Nils Asle Dolmseth, Deputy Chair
Solveig Bratteng Rønning
Anders Johansen
Nina Kolltveit Sæter
Rolf Øyvind Thune
Askild Eggebø
Helge Arne Espeland
Cecilie Bjørlo
Elisabeth Irgens Hokstad

Employee elected members

Tor Arne Johansen
Ottar Råd
Elin Aarvik
Jeffrey Thomas

Owner-elected deputies

Asgeir Pollestad, 1st deputy
Gjertrud Svartveit Osmundsen, 2nd deputy
Ole Paulsen, 3rd deputy

Employee elected deputies

Dag Rune Herting (NNN), 1st deputy
Randi Einarsen (NML), 1st deputy
Kurt Haukland (Negotia), 1st deputy

CENTRAL ELECTION COMMITTEE

Bodil Mannsverk, Chair
Jan Olav Tømmerås, Deputy Chair
Barbro Braastad
Ola Andreas Byrkjedal
Anne Helene Burdahl
Nils Neteland
Knut Johnny Enoksen
Grethe Skar Misfjord

THIS IS TINE

RESULTS

SUSTAINABILITY

FURTHER INFORMATION

Our representatives

Our locations

FURTHER INFORMATION

Our locations



HEADQUARTERS

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WHOLLY OWNED SUBSIDIARIES

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Phone: 02001

OsteCompagniet AS

P.O. Box 113 Kalbakken

0902 Oslo

Phone: 03080

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Phone: 22 97 49 00

