



## GREEN BOND FRAMEWORK

November 2022





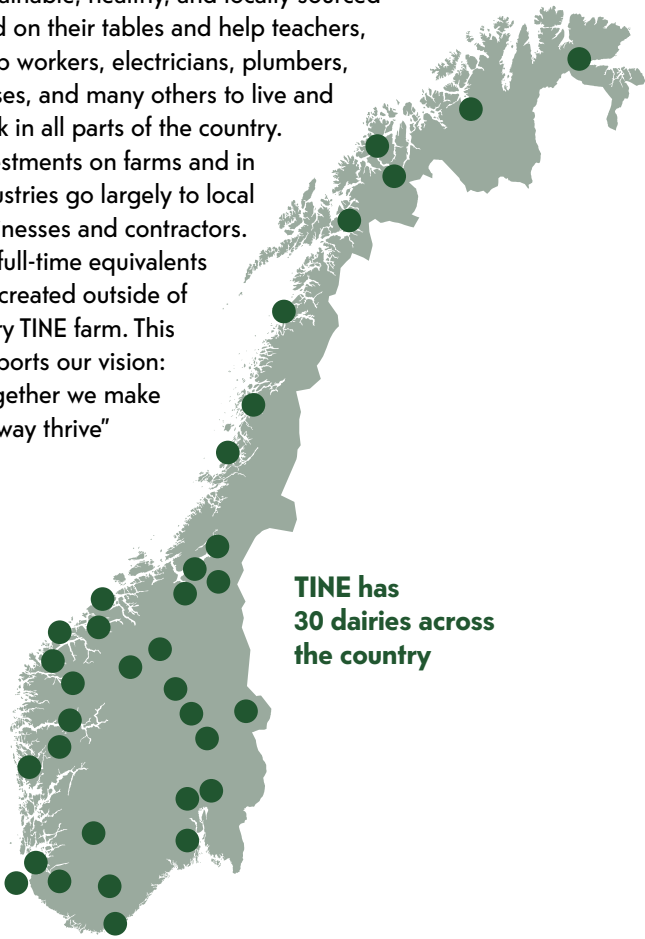
# About TINE

TINE is a leading Norwegian brand supplier that daily delivers products all over Norway. Every day we make products with passion and love for traditions built over many years at our dairies across the nation. We also take responsibility for promoting small-scale production and diversity. Our aim is to be a leading and sustainable supplier of brands in the food and beverage industry, with focus on dairy products. We will achieve this by listening and delivering according to our consumers' needs and preferences. We believe that the winners of the future are those who develop and produce products and services in a way that combines global social and environmental responsibility with economic growth.

### Ripple effects

Based on good Norwegian food production with deep roots, we lay the foundation for our rich cultural landscape and vibrant villages and towns in our country. We work long-term to contribute to a well-functioning Norway, based on our culture and way of life. TINE's business means a lot to local communities through-out the country. Not only does the farmer invest in its own farm with the knock-on effects of milk productions, but TINE as a company also invests heavily in district Norway.

As a cooperative owned by farmers, we help the population in Norway to put sustainable, healthy, and locally sourced food on their tables and help teachers, shop workers, electricians, plumbers, nurses, and many others to live and work in all parts of the country. Investments on farms and in industries go largely to local businesses and contractors. 2.4 full-time equivalents are created outside of every TINE farm. This supports our vision: "Together we make Norway thrive"



## Group structure

The TINE Group as of 01.01.2022




This chart shows the biggest subsidiaries. For complete list, see the most recent annual report.





# Sustainable value creation at TINE

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

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


TINE takes responsibility for ensuring that milk is produced throughout Norway so that local resources are used to produce good and safe food. We contribute with local value creation where the cultural landscape is nurtured and cultivated, an important common good for the entire population. Healthy animals leading happy lives is another prerequisite for sustainable milk production. Both dairy farmers and TINE have a responsibility to ensure our cows and goats are strong, healthy, and treated well.

 **We make optimal and sustainable use of our resources.**

A lot of resources are required for what we do, which also has an impact on our environment. The environment is impacted by transport activities, and the production of milk and dairy products requires energy. We use large quantities of packaging such as plastic and cardboard. Not least, we process more than a billion litres of milk annually that we must safeguard. That is why it is crucial that we choose renewable resources and make optimum use of our commodities and input factors.

 **We take care of our employees and want their working day to be meaningful and provide motivation. We provide equal development opportunities to all.**

TINE has over 5,000 employees at over 30 different dairies and terminals. We collect milk from farmers and put goods on the market to the consumers. We give advice to the farmers on environmental aspects and animal welfare. TINE is present throughout Norway. Our employees are the most important asset we have, that is why we focus on safety and the work environment every single day.

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

TINE is part of the day-to-day lives of Norwegians. This gives us a huge responsibility and a great opportunity to make a positive contribution to public health in Norway. A varied and healthy diet will provide the essential nutrients needed. This, together with daily physical activity, lays a good foundation for a healthy life.



## Clear goals towards 2030



TINE will contribute to achieve the commitment of the agriculture sector to reduce greenhouse gas emissions with 5 million tonnes of CO<sub>2</sub> equivalents in the period 2021 to 2030.



In 2030, TINE's packaging will be of renewable and/or recycled material, and must be able to be recycled.



With innovative packaging, labelling and consumer dialogue, TINE will help consumers reduce their own food waste.



By 2030, TINE will reduce food waste in its own value chain with 50 per cent compared to the 2015 level.



TINE will contribute to a healthy, varied, and balanced diet. We reduce saturated fat, salt and added sugar, and contribute with the milk's good nutrients.



In 2030, TINE will only use renewable energy and fuel in its production and transport.



# Sustainability on the farm

The UN's Intergovernmental Panel on Climate Change (IPCC) points out that all countries must make use of all cultivated farmland and grass and grazing resources to keep global warming below the 1.5 °C target and ensure adequate global food production

TINE's close to 9,000 owners, dairy farmers throughout the country, manage nature on behalf of the rest of us. Our animals, farms and farmers help to bring about thriving cultural landscapes, providing healthy and nutritious food based on sustainable food production using local resources only ruminants can make us of. We live off the land every single day and work all the time to improve animal welfare and the climate through more and more insight, information, and new technology.

## Sustainability high on the Agenda

At the UN Climate Action Summit in Glasgow, countries agreed that global warming should stop at 1.5 °C. A system for quota trading will be established, coal-fired power will be scaled back and subsidies to the fossil fuel industry will be cut.

A number of important agreements were entered into between individual countries as well. Among other things, more than a hundred countries – including Norway – agreed to cut their methane emissions by 30 per cent.

Between 1990-2020, emissions from agriculture went down by 6.4 per cent in Norway. In total, agriculture accounts for 9 per cent of the Norwegian greenhouse gas emissions, of which milk production accounts for 2 per cent.

The emissions from milk production are lower in Norway compared to most other countries in the world. Greenhouse gas emissions per litre of Norwegian milk are calculated to be 1.1 kilos of CO<sub>2</sub> equivalents[1].

## The climate calculator calculates emissions

There is uncertainty about the emission of greenhouse gases from the cow. TINE has therefore helped to develop the climate calculator. This tool calculates greenhouse gas emissions for the farm's various productions. TINE's advisors guide dairy farmers on how milk production can be changed to reduce greenhouse gas emissions. The aim is for all milk producers to have conducted climate calculations by 2025.

## Dairy farmers are rewarded for sustainability

TINE has decided to grant a sustainability supplement to the milk producers from 2023. To get the supplement, which is 2 øre per litres, the dairy farmers must use the agriculture's climate calculator and TINE's animal welfare indicator. Knowledge of the current situation on your own farm is important in the improvement work, therefore we begin cautiously and reward the use of the climate calculator and animal welfare indicator so that data can be registered, and improvement work started.

## Sustainable agriculture

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

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

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

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

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

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





# Animal welfare

For TINE, good animal welfare is about the animals being healthy, thrive, and have the opportunity to exercise natural behaviour. Customers and consumers must have confidence in the fact that the animals kept by our dairy farmers live good lives. Norwegian dairy cows and goats are among the healthiest in the world.

**TINE's advisors**

We have 185 advisors who advise farmers on various aspects of production. These advisors occupy a key position in animal welfare initiatives. All farmers who supply milk to TINE must complete an annual cattle inspection with an advisor. The cattle are reviewed to ensure that the animals are living in good conditions and that they are well. Certain procedures are implemented if conditions are detected that need to be corrected.

**Animal welfare indicator**

TINE developed an animal welfare indicator in 2019, a tool providing individual farmers with important information on how animal welfare is progressing and how it can be improved. This indicator is made up of ten sub-indicators. These are based on

production data recorded by 'Kukontrollen' and use the World Organisation for Animal Health (OIE) standard for assessment of animal welfare.

The indicator has seen positive development throughout 2020 and 2021. However, the indicator shows that there are still areas of improvements, and these will receive special attention going forward.

**Low level of antibiotic use**

Antibiotic consumption in Norwegian animal husbandry is very low compared to other European countries. TINE's policy is that medical treatment should only be used curatively and where medically justified. Growth hormones or other treatments designed to promote growth are not used in Norwegian milk production.



# Sustainability in the supply chain

## Renewable energy

TINE's objective is to use only renewable energy and fuel for production and transport by 20230. TINE's business is energy intensive and a lot of energy is used in the efforts of processing milk and turning it into fresh milk, cheese and butter. The milk is collected from the farmers and transported to the dairies and then onwards to the customers as finished products. Currently, diesel is mainly used as fuel for the vehicles. However, 70 per cent of the total energy consumption is renewable. That said, production and transport still contribute to greenhouse gas emissions that must be reduced

## Direct distribution

The products are transported directly from the dairies to local shops. We believe this is the best solution for the environment, customers, and consumers alike as the shortest possible route from producer to dairy and on to the consumers will reduce CO<sub>2</sub> emissions, and consumers can benefit from being able to enjoy locally sourced products and the freshest milk possible.

## KUKRAFT – biogas from cow manure

There are currently few real alternatives to heavy vehicles with a view to reducing greenhouse gas emissions. This is why

biogas is a very good and sustainable alternative for heavy vehicles. For TINE, biogas made from manure will provide an important part of the solution that will help us to achieve our goal of 100 per cent renewable energy.

By the end of 2021, TINE had 22 vehicles running on biogas; or KUKRAFT – cow power – as we call it at TINE. By the end of 2022, TINE will have 51 vehicles on biogas.

## District heating in Ålesund

A major project at the dairy in Ålesund has recently been completed, which introduced the use of district heating for critical processes at washing stations and milk pasteurisers. Fossil-based gas has been replaced by district heating, thereby reducing emissions by almost 500 tonnes of CO<sub>2</sub> equivalents.

## Bioenergy at Jæren dairy

TINE and Norsk Bioenergi has entered into an agreement regarding bioenergy. By using bioenergy from wood chips instead of natural gas, the emissions of CO<sub>2</sub> from the dairy will be reduced by 6-7,000 tonnes per year. This means that total emissions from TINE's production will be reduced by 40 per cent.



# Reduced food waste and less packaging

## Take care of the milk

Food waste is not only an environmental problem, it is also about ethics. We must take care of all our milk to avoid unnecessary use of resources and greenhouse gas emissions. Wastage can occur along the entire value chain – from the time the milk is collected on the farm until the product is delivered to the store. The goal is that as little milk as possible goes to waste. Here, everyone involved, from tanker drivers to dairy operators and product distributors, must work to reduce food waste in their part of the value chain.

In 2017, a collective food industry signed a declaration in accordance with the authorities' goal of halving food waste in Norway by 2030 (compared to 2015 levels).

## Sustainable packaging

Packaging that is not collected by return systems and ends up in nature is a major and serious environmental problem. As a large consumer of packaging, TINE is concerned with good packaging solutions and well-functioning return schemes.

Our packaging should not burden the climate or pollute nature. We will contribute through innovative packaging, labelling and consumer dialogue to reduce consumer food waste. We have strengthened our work with environmental smart packaging. Our ambitious goal stands solid.

By 2030, TINE's packaging will be made from renewable or recycled materials, and must be able to be recycled.



# Green Bond Framework

Green Bonds issuance is a way for TINE to connect its sustainable logistics and production initiatives with its funding strategy. It encourages further stakeholder engagement and dialogue with investors, shareholders, customers and suppliers alike on how sustainability is integrated into TINE's business model.

TINE recognises that the company has an important role in developing more efficient use of resources. TINE is expected to play its part in achieving the national climate target by reducing its own emissions. It is also clear that TINE customers, employees and owners are increasingly expecting TINE to operate sustainably and help to care for the environment.

By establishing this Green Bond Framework (the "Framework"), TINE enables financing of green projects and assets, while supporting the company's commitments to its sustainability strategy and agenda. This Framework has been developed in alignment with the International Capital Market Association (ICMA) Green Bond Principles. The framework outlines the process used to identify, select and report on eligible projects and the mechanisms for managing the Green Bond proceeds.

TINE will use the net proceeds raised by green bonds to finance or refinance, in whole or in part, investments undertaken by TINE or its subsidiaries that meet the eligibility criteria stipulated in this Framework (eligible Green Projects), promoting sustainable operation and help to care for the environment, as determined by TINE. TINE SA is the financing entity, and eligible projects undertaken by its subsidiaries will be financed by internal loans between TINE SA and the subsidiary. Investments can also be in the form of equity participations in entities where at least 90 per cent of the revenues can be attributed to one or more of the eligible Green Projects under this framework.











New financing is defined as the financing of Green Projects that will be completed or taken into use during or after the reporting period. Refinancing is defined as the financing of Green Projects completed or taken into use prior to the reporting period.





1.

# Use of proceeds

| PROJECT CATEGORY   | ELIGIBILITY CRITERIA  | PROJECT CATEGORY  | ELIGIBILITY CRITERIA   |
|--|---|---|--|
| <b>Energy efficiency</b><br>         | <b>Production</b><br>New or upgraded production facilities needed to produce, store, and distribute products, where it can be proven a 30% lower energy usage per litre of milk compared to pre investment situation.<br><b>Energy improvements</b><br>Energy efficiency in production lines and operations, such as heat recovery and exchange systems, frequency converters, upgrading production units. Investments should improve energy efficiency in the respective area by at least 30%.<br><b>Heat pumps</b><br>Electric heat pumps<br><b>Cooling display cases and cold rooms</b><br>Cooling display cases and cold rooms needed to store and distribute products where it can be proven that a) the system is rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 or; b) result in an energy efficiency improvement of 30% compared to the system replaced, or; c) the system recycles 50% of the excess heat. | <b>Sustainable water and wastewater management</b><br>  | <b>Wastewater facilities</b><br>New or upgraded wastewater facilities and rinsing equipment with an aim of reducing water consumption, energy use as well as discharges into water, and/or utilizing sludge for biogas production.   |
| <b>Renewable energy</b><br>      | <b>Solar power</b><br>Electricity generation using solar, such as on-site solar rooftop panels<br><b>Waste heat</b><br>Production of heat/cool using waste heat<br><b>District heating</b><br>Pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger.<br><b>Biogas</b><br>Production of biogas utilizing anaerobic digestion of organic material and manure sourced from the local farms. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry. Residual material is returned to the farmers to be used as fertilizer or soil improver.<br><b>Biomass</b><br>Biomass facility that run primarily on locally sourced residual material such as wood pellets, as well as associated infrastructure.   | <b>Circular economy adapted products, production technologies and processes</b><br>  | <b>Packaging</b><br>Packaging machinery and equipment needed to optimise the use of resources, use renewable or recycle materials, and adapt packaging for recycling, where one of the following can be proven:<br>a) Reduction in food loss, food waste and/or material use with 30 %;<br>b) Packaging is 100% recyclable or; the raw material is 100% renewable and/or recycled.<br><br><b>Raw material and food waste</b><br>Machinery equipment, measures and tooling related to tackling food waste in the production line and/or value chain, which leads to a reduction of food waste of at least 15% compared to pre-investment situation. |
| <b>Clean transportation</b><br>  | <b>Light and heavy vehicles</b><br>Light and heavy vehicles powered by electricity, hydrogen or biogas (such as KUKRAFT – cow power), as well as associated infrastructure including electrical charging points and hydrogen or biogas fuel stations.   | <b>Environmentally sustainable management of living natural resources and land use</b><br>   | <b>Sustainability on the farm</b><br>Measures, processes, and techniques that support sustainability on the farm leading to a reduction of the overall environmental impact. Such investments can be related to carrying out the Climate-Calculator for all TINEs farmers, which will be an important tool in how milk production can be altered to reduce greenhouse gas emissions.<br><br>Research and development related to new technologies, processes, concepts, manure management and raw materials aimed at reducing climate impact of farms, with particular focus on reducing CO <sub>2</sub> and methane emissions.                     |



2.

## Project Evaluation and Selection

Investments eligible for green financing will be identified and prepared for evaluation. TINE's investment committee and a senior representative from the Sustainability department will be evaluating the compliance of the proposed projects with the eligibility criteria outlined in this framework as well as policies and guidelines.

The investment committee is chaired by the Chief Financial Officer and consist of senior representatives from TINE. The integration of sustainability in the investment process is a core component of TINE's decision making.

The Investment Committee is solely responsible for the decision to acknowledge the projects as an eligible Green Project. A decision to allocate net proceeds will require a majority vote in the investment committee. The decisions will be documented and filed.

If an eligible Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects. The Investment Committee holds the right to exclude any eligible Green Project already funded if the project no longer meets the eligibility criteria defined in the Framework.

3.

## Management of proceeds

TINE will use a register ("Green Register") to monitor that an amount equal to the net proceeds from green bonds issued is allocated to eligible Green Projects. In the event that the total outstanding net

proceeds of the green bonds exceed the value of the eligible Green Projects in the Green Register, such unallocated amount will temporarily be placed in the liquidity reserve and managed accordingly by TINE.





4.

Reporting

To enable the monitoring of performance and provide insight into prioritised areas, TINE will annually publish an allocation and impact report (“Green Bond Report”) until full allocation of the net proceeds, and in the event of any material changes until the relevant maturity date of the green bond issued.

The Green Bond Report will, to the extent feasible, include methodology, baselines and assumptions used in the impact calculations.

Impact reporting

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. The impact reporting can to some extent be aggregated, and based on TINE’s share of each project, where feasible and subject to data availability.

Allocation reporting

The allocation reporting will include

- A list of projects financed, including project descriptions and allocated amount on project level and project category level
- Distribution between new financing and refinancing,
- The amount of unallocated proceeds, if any.

Impact reporting

|   |   |
|---|---|
| Energy efficiency   | <ul style="list-style-type: none"><li>• Annual energy savings (MWh)</li><li>• Annual GHG emissions avoided (tonnes CO<sub>2</sub>e)</li></ul>                             |
| Renewable energy  | <ul style="list-style-type: none"><li>• Annual renewable energy generation, MWh</li><li>• Annual GHG emissions reduced/avoided</li></ul>                                  |
| Clean transportation  | <ul style="list-style-type: none"><li>• Number and type og vehicles</li><li>• Annual GHG emissions reduced/avoided</li></ul>  |
| Sustainable water and wastewater management                                     | <ul style="list-style-type: none"><li>• Annual volume of wastewater treated or avoided (m3)</li><li>• Project description and environmental benefit</li></ul>             |
| Circular economy adapted products, production technologies and processes        | <ul style="list-style-type: none"><li>• Environmental impact by improved sustainable packaging</li><li>• Reduction in food loss, food waste and/or material use</li></ul> |
| Environmentally sustainable management of living natural resources and land use | <ul style="list-style-type: none"><li>• Project description</li><li>• Number of dairy farmers that have carried out climate calculations</li></ul>                        |



5.

External review

Second party opinion

CICERO Shades of Green has provided a second opinion to this Framework verifying its credibility, impact and alignment with ICMA’s Green Bond Principles.

Post-issuance review

An independent verifier, appointed by TINE will on an annual basis, until full allocation, or in case of material developments, verify

the internal tracking method and the allocation of funds from the Green Bond proceeds.

Publicly available documents

The Green Bond Framework and the second party opinion will be publicly available on TINE’s website, together with the post-issuance review and the Green Bond Report once published.



