



Norske
tog

Guidelines for remuneration to senior executives at Norske tog AS

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Norske tog AS (hereinafter Norske tog) is not subject to Article 6-16a of the Norwegian Public Limited Liability Companies Act regarding guidelines on the determination of salaries and other remuneration to senior executives at listed companies..

The guidelines for remuneration to senior executives have been drawn up by the Board in accordance with section 5 of the company's Articles of Association – see Article 6-16 a of the Norwegian Public Limited Liability Companies Act – and are based on the regulations relating to “Guidelines and reports on remuneration to senior executives” (laid down by the Ministry of Trade, Industry and Fisheries and effective 12 December 2022).

These guidelines must be revised and discussed at the annual general meeting of Norske tog AS, and must apply until the Annual General Meeting revokes them or adopts new guidelines. The guidelines must be discussed and approved by the Annual General Meeting in the event of any significant amendments, and at least every four years.

Senior executives covered by these guidelines are Board members, the CEO of Norske tog AS and other members of the executive team.

About Norske tog

Norske tog is wholly owned by the State through the Ministry of Transport, and the company also acts as a consultant to the ministry. The company is a Category 2 company, which means that the State has public policy grounds for its ownership.

The purpose of the company is to procure, own and manage rolling stock that is to be used mainly for the provision of rail passenger transport as a public service obligation. The company's rolling stock is to be offered on non-competitive terms. The company's operations must be efficient.

General policies for defining salaries

It is necessary to attract highly skilled labour at all levels of the organisation in order to achieve the State's overall objective of ownership. Norske tog is in need of expertise in a wide range of both technical and administrative

areas, and is dependent on attracting individuals who are attractive to other enterprises. There has been an increase in the industry in the need for technical train expertise and expertise in the field of public procurement in recent years. Norske tog has to be able to offer competitive terms in order to achieve the company's overall objectives, but it is not necessary for the remuneration to be a pace-setter in salary settlements and moderation is taken into account.

Fixed salaries must form the primary element in the remuneration scheme.

Remuneration to the Board of Directors

The remuneration paid to Board members is set by the Annual General Meeting each year. Board members are paid a fixed fee for the various positions and committees. Deputies are reimbursed for each meeting. Employee representatives to the Board of Directors receive a fee of 50% of that received by Board members elected by shareholders.

Components included in remuneration to senior executives

The CEO and other executive directors receive a fixed salary. There are also pension plans and other benefits. The fixed salary must always form the primary element of the remuneration.

The executive salary must be competitive, but Norske tog must not be a pace-setter in salary settlements compared to similar companies and is based on a framework that ensures moderation in salary developments. An assessment of salaries for key executive positions at comparable companies is conducted in order to ensure moderation.

Norske tog must attract and retain talented executives. The total remuneration for senior executives at Norske tog will reflect the responsibility for governance, results and developments, as well as taking into account the size and complexity of the company. The remuneration must not be of such nature or extent that it may have an adverse impact on Norske tog, be unreasonable or impair the reputation of Norske tog.

Bonuses are not awarded at Norske tog AS.

The senior executive salary scheme will be transparent and in line with the government's principles for proper corporate governance, as well as the government's guidelines for senior executive salaries.

The salary system will be understandable and acceptable internally, as well as externally. The salary system will be sufficiently flexible for adjustments to be made in line with changed requirements.

Fixed salaries

Fixed salaries are determined on the basis of a position and market assessment assessed against the Norske tog policy of offering competitive terms, but not being a pace-setter in salary settlements.

Upon appointment of managers, the "grandfather principle" will be used, which means that the manager determining the salary needs to consult their manager before the salary is determined. The CEO must consult the Chair of the Board when appointing and determining the salaries of members of the executive team.

Reference is made to annual salary growth for other company employees and moderation is taken into account when determining the annual adjustment.

Pensions

The pension conditions for senior executives is in line with those of other employees. No former senior executives earn an occupational pension after leaving Norske tog.

All employees are members of a collective pension scheme. This scheme has a company contribution rate of 5.5 per cent up to 7.1 G (the National Insurance base amount), and 15 per cent between 7.1 and 12 G.

The pension scheme includes private AFP (contractual pension scheme), and has a group life insurance of 20 G plus 2 x salary.

The CEO has the same conditions as other employees, with a retirement age of 67 years and a collective defined contribution scheme. This scheme provides pension entitlements up to 12 G.

State guidelines for executive salaries are followed when appointing executives, in which the pension conditions

for senior executives are in line with those of other employees.

Other benefits

Executives are awarded benefits in kind that are customary for comparable positions and other company employees, such as free telephones and free broadband. The car scheme is available to the CEO only.

Notice period

The agreed mutual notice period for the CEO is six months. Other directors are employed on the same terms as other company employees, with a mutual notice period of three months.

The employer's notice period is six months when the employee has been employed for more than two years. These provisions are reflected in all employment contracts and collective agreements for Norske tog.

Severance pay

The CEO has an agreement concerning pay after termination of employment. The scheme relating to pay after termination of employment is an agreement on special pay after termination of employment when the CEO's position is terminated by the employer over a time shorter than the specified notice periods. Upon termination on the part of the company, the CEO shall be entitled to six months' severance pay pursuant to their contract, in addition to salary and benefits during the six-month notice period. Any other salary during the severance pay period will be reduced NOK for NOK on the basis of other income.

The entitlement to pay after termination of employment will not apply if the CEO has committed acts that fulfil the material terms for dismissal pursuant to the provisions of the Norwegian Working Environment Act.

Decision on the establishment, approval and implementation of the guidelines

The Board of Directors at Norske tog is obliged to develop policies for remuneration to senior executives and to improve guidelines for remuneration to senior executives in accordance with Article 6-16 a of the Norwegian Public Limited Liability Companies Act. Decision-making guidelines must remain in force until new guidelines have been adopted by the Annual General Meeting.

Determination of remuneration for senior executives

Remuneration to the CEO must be decided by the Board of Directors. Remuneration to other senior executives must be decided by the CEO following consultation with the Board. The CEO does not participate in the Board's determination of the remuneration to the CEO.

Deviations from the guidelines

The Board of Directors may decide to temporarily deviate from these guidelines, in whole or in part, if there are special reasons for doing so in a specific case and such deviation is necessary in order to safeguard the company's long-term interests and sustainability, or to ensure the company's financial viability.

If the Board of Directors decides to deviate from the guidelines, the decision must be reported in the salary report for the following general meeting.