



Norske
tog

Executive salary report

2022

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1. Introduction

The Board must compile a report in accordance with Article 6-16 b of the Norwegian Public Limited Liability Companies Act, as well as the regulations on guidelines and report on remuneration for senior executives, which provides a comprehensive overview of salaries paid and outstanding salaries and other remuneration to senior executives every year. Senior executives are defined in this context as Norske tog's Board members, the CEO and other directors.

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 the company is dependent on attracting individuals who are attractive to other enterprises in

terms of their technical expertise in respect of trains and public procurement procedures in the industry. That is why it is necessary for Norske tog to be able to offer competitive conditions in order to achieve the overall long-term goals of the company. Norske tog must place emphasis on moderation and not be a pace-setter in salary settlements. That is why the senior executive's compensation scheme involves fixed salaries only, in line with the expectations in the State's ownership notice (White Paper 6 (2022–2023)).

Emphasis must also be placed on the development of other positions in the company when determining and adjusting salaries for senior positions at Norske tog. The salary level for all positions at Norske tog is determined by means of negotiations between working partners.

2. Important events and results in 2022

Norske tog must help to implement attractive rail passenger transport in Norway and contribute to the "green shift" by renting a sufficient number of trains that run on time.

The company is working towards its main goals of financial freedom, competitive offerings and satisfied customers, efficient and sustainable operations, and talented employees who are happy at work.

Norske tog runs major projects that continue over many years, as well as a few minor modifications that are carried out continuously. These minor modifications help to influence the company's financial results.

The company is measured by its return on equity, where the owner has set a target of a 5 per cent return. Returns are impacted by the number of modifications taking place during a year and increased equity in order to deal with major acquisitions that in turn require increased earnings from rental income. The company has a requirement in its loan facility for an equity ratio of more than 20 per cent. The equity ratio is impacted by the major acquisitions and increased debt.

2.1. Health, safety and environment

Norske tog is always working to prevent injuries to its own employees and subcontractors alike. The company's

goal is for nobody to die as a result of Norske tog's operations. There were no fatal accidents related to Norske tog operations in 2022, nor have any serious injuries been reported.

2.2. Organisation

It is important for Norske tog to have good access to competent workers in all positions and functions within the company. Diversity in respect of background, competence and gender is important in order to achieve this. The company's goal is for women to be prioritised for all new appointments, and women accounted for 35 per cent of employees in the company by the end of 2022.

2.3. Developments in remuneration to the Board of Directors and senior executives

The average increase in basic salary for the company executive was 3 per cent in 2022. The budget for salary adjustment of other employees in 2022 was 3.7 per cent.

2.4. Changes in corporate governance and the Board of Directors

There were no changes in the company executive in 2022. A new employee representative, Henriette Torgersen, joined the Board in January 2022. A new Board member, Jan Morten Ertsaas, was also elected by shareholders at the Annual General Meeting held in June 2022.

3. Remuneration to the executive team

The sum of the fixed salary, other benefits and pension schemes define the total remuneration. The main elements of the remuneration scheme are summarised in the table below:

Table 1 – Main elements of the remuneration scheme

Remuneration		Comments
Basic salary		Basic 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.
Pensions		The Norske tog pension scheme applies to all employees and executives on equal terms. 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.
Other benefits	Insurance	Personal, health and travel insurance according to the standard for other Norske tog employees.
	Car allowance	Fixed car allowance of NOK 120,000 for the CEO Only the CEO receives this car allowance.
	Other benefits	Other benefits include mobile phones and broadband coverage in accordance with established standards. Staff tickets for passenger trains in Norway are also covered on an equal footing with all Norske tog employees.
Severance pay		For the CEO, special pay after termination of employment has been agreed upon by the employer when the CEO's position is terminated by the employer over a time shorter than the specified notice periods. The CEO is entitled to severance pay of up to six months' pay beyond the agreed notice period.

The table below summarises remuneration to the executive team for 2022, compared to their remuneration for the previous year.

Table 2 – Salaries and other remuneration to senior executives for the 2021 and 2022 financial years

Amounts in whole NOK 000	Fixed salary			Pension entitlement	Total remuneration
	Financial year	Basic salary	Other benefits		
Øystein Risan CEO	2022	2,207	132	129	2,339
	2021	2,139	132	127	2,271
Kjell-Arthur Abrahamsen Director of Rolling Stock	2022	1,721	29	129	1,750
	2021	1,671	16	125	1,687
Luca Cuppari Technical Director	2022	1,584	14	128	1,598
	2021	1,538	11	123	1,549
Linda Marie Venbakken CFO	2022	1,614	11	134	1,625
	2021	1,570	11	127	1,581
Iren Marugg Legal Director	2022	1,395	11	131	1,405
	2021	1,350	11	122	1,361

3.1. Remuneration to the Board of Directors

The members of the Board of Directors have no agreements on remuneration other than directors' fees and remuneration for participation in the Audit Committee. The remuneration of the members of the Board of Directors elected by shareholders is determined annually by the Annual General Meeting on the recommendation

of the Nomination Committee. Employee representatives on the Board of Directors receive 50 per cent of the fees paid to Board members elected by shareholders. Board members are paid a fixed fee for Board positions and committee work. Deputies are reimbursed for each meeting. An overview of the Board's fees for the 2021 and 2022 financial years is shown in the table below.

Table 3 – Remuneration to the Board of Directors for the 2021 and 2022 financial years

Amounts in whole NOK 000	Financial year	Fees, total	Board fees	Audit Committee fees
Annette Malm Justad Chair of the Board	2022	418	375	43
	2021	425	363	42
Espen Opedal Board member	2022	251	178	73
	2021	277	172	71
Marianne Abeler Board member	2022	177	177	-
	2021	171	171	-
Jan Morten Ertsaas Board member	2022	90	90	-
	2021	-	-	-
Bjørn Erik Olsson Employee-elected Board member	2022	89	89	-
	2021	65	65	-
Henriette Torgersen Employee-elected Board member	2022	89	89	-
	2021	-	-	-
Vidar Larsen Employee-elected Board member	2022	-	-	-
	2021	21	21	-

3.2. Developments in executive salaries, directors' fees, financial ratios and other employees' salaries related to remuneration for the period 2018–2022 (5 years)

Table 4 shows annual changes in total remuneration to the CEO and current and former members of the executive team and the Board of Directors for the last 5 years.

The number of employees is calculated as an average for the year, and compensation is reported salary costs with deductions for executive employees.

The bonus scheme for the CEO lapsed in 2019. This loss was compensated in 2018 in addition to the payment of a bonus for 2017, which was paid in 2018. This reduced the CEO's salary by 7.9 per cent in 2019. The Legal Director was appointed on 1 January 2018 and the salary was adjusted upwards in 2019, giving a salary increase of 8.7 per cent in 2019 in order to bring the Legal Director's salary to the same level as the rest of the executive.

Norske tog switched to a defined contribution pension from a defined benefit pension in 2019, and employees were compensated in their salary as a result. This meant

a small increase in salary for employees who had several years of earnings in the Norwegian Public Service Pension Fund (SPK), including the executive in 2019. The amount of compensation varied according to age and Norwegian Public Service Pension Fund earnings.

A new Chair of the Board was appointed for Norske tog in April 2018. Moreover, an Audit Committee was established in 2019, and committee members were compensated for being part of it.

The employee-elected Board member was changed in 2021, and in 2022 Norske tog increased from one to two employee-elected Board members. The number of shareholder-elected Board members also increased from 3 to 4 in 2022.

Salary growth for all of the company's employees, including the executive, has been in line with the front line framework. The number of company employees has doubled during the period.

The Board of Directors has seen a lower percentage increase in fees than the front line framework during the period.

Table 4 – Comparison table showing remuneration for the executive in the last 5 years. Percentage absolute change in total remuneration, annualised figures.

Annual change in % and whole NOK	2018	2019	2020	2021	2022
Øystein Risan CEO	2,108	2,004	2,068	2,139	2,207
		-4.93%	3.19%	3.43%	3.18%
Kjell-Arthur Abrahamsen Director of Rolling Stock	1,499	1,578	1,609	1,671	1,721
		5.27%	1.96%	3.85%	2.99%
Luca Cuppari Technical Director	1,385	1,452	1,482	1,538	1,584
		4.84%	2.07%	3.78%	2.99%
Linda Marie Venbakken CFO	1,385	1,480	1,509	1,570	1,614
		6.86%	1.96%	4.04%	2.80%
Iren Marugg Legal Director	1,173	1,275	1,306	1,350	1,395
		8.70%	2.43%	3.37%	3.33%

Table 5 – Comparison table showing remuneration for the Board of Directors in the last 5 years. Percentage absolute increase in total remuneration, annualised figures.

Annual change in % and whole NOK	2018	2019	2020	2021	2022
Rolf Bergstrand Chair of the Board until 24.4.18	113	-	-	-	-
	-	-	-	-	-
Anette Malm Justad Chair of the Board from 24.4.18	272	394	399	425	418
	-	44.85%	1.27%	6.51%	1.64%
Espen Opedal Board member	164	237	239	243	252
	-	44.51%	0.84%	1.67%	3.70%
Marianne Abeler Board member	164	167	169	171	177
	-	1.83%	1.2%	1.18%	3.51%
Jan Morten Ertsaas Board member from June 2022	-	-	-	-	90
	-	-	-	-	-
Vidar Larsen Employee-elected Board member from April 2017 to March 2021	82	83	85	21	-
	-	1.22%	2.41%	-75.3%	-
Bjørn Erik Olsson Employee-elected Board member from March 2021	-	-	-	65	89
	-	-	-	-	36.92%
Henriette Torgersen Employee-elected Board member from January 2022	-	-	-	-	89
	-	-	-	-	-

Table 6 – Financial performance for Norske tog for the last 5 years

Norske tog performance targets		2018	2019	2020	2021	2022
Equity ratio	KPI	21%	23%	27%	25%	26%
	% ending	-8.7%	7.1%	21.3%	-7.3%	1.2%
Return on equity	KPI	10.9%	7.8%	3.2%	5.1%	3.2%
	% ending	73.0%	-28.4%	-59.0%	59.4%	-37.3%

Table 7 – Average annual remuneration for full-time employees

Remuneration		2018	2019	2020	2021	2022
Payroll expenses	% change	8.89%	13.3%	9.94%	38.75%	13.8%
Average number of full-time equivalents	% change	0%	10%	9.09%	22.22%	4.55%

4. Decision-making process set out in the guidelines

Norske tog AS has adopted guidelines in accordance with section 5 of the Articles of Association in accordance with Article 6-16 (a) of the Norwegian Public Limited Liability Companies Act at the 2022 General Meeting.

5. Deviations from the guidelines

There have been no deviations from the guidelines.

6. Information on voting at the Annual General Meeting

The salary report will be presented for the first time in 2023, so the information about voting at the Annual General Meeting will be relevant for the first time in 2024.

7. Statement of the Board of Directors

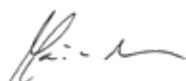
The Board of Directors has today considered and adopted the report on remuneration to senior executives at Norske tog AS for the 2022 financial year. The report has been prepared in accordance with the company's Articles of Association, Article 6-16 b of the Norwegian Public Limited Liability Companies Act and regulations on guidelines and the report on remuneration for senior executives.

The report will be presented to the Annual General Meeting on 9 June 2023 for an advisory vote.

Oslo, 16 February 2023



Annette Malm Justad
Chair of the Board



Marianne Abeler
Board member



Espen Opedal
Board member



Jan Morten Ertsaas
Board member



Bjørn Erik Olsson
Board member



Henriette Torgersen
Board member



Øystein Risan
CEO

8. Auditor's assurance statement on the report on remuneration to senior executives



To the General Meeting of Norske tog AS

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Norske tog AS report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but

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not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 21 February 2023
PricewaterhouseCoopers

Marius Thorsrud
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.