



Norske
tog

Executive salary report

2023

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1. Introduction

The board of directors shall prepare a report in accordance with section 6-16 b of the Public Limited Liability Companies Act, as well as the regulation on guidelines and report on remuneration for senior executives, which provides a comprehensive overview of the salary and other remuneration paid and received by senior executives each year. In this context, senior executives are defined as Norske tog's board members, CEO and other directors.

To help achieve the state's goals as owner and the company's goals, it is necessary to attract highly skilled labour at all levels of the organisation. Norske tog needs expertise in a wide range of technical and administrative areas, and the company is dependent on attracting people who are attractive to other organisations, both

in terms of technical expertise in trains and expertise in public procurement in the industry. In order to achieve the owner's and the company's goals, it is therefore necessary for Norske tog to be able to offer competitive compensation packages. Norske tog shall emphasise moderation and not be a wage leader. The senior management's compensation programme consists only of fixed salary, in line with the expectations in the government's white paper on state ownership (Meld. St. 6 (2022-2023)).

When determining and adjusting salaries in senior positions in Norske tog, the development of other positions in the company shall also be emphasised. The salary level for all positions in Norske tog is determined through negotiations between the social partners.

2. Key events and results in 2023

Norske tog shall contribute to attractive passenger train services in Norway and the "green shift", by leasing a sufficient number of modern trains.

The company works towards the main goals of financial freedom of action, a competitive offering and satisfied customers, efficient and sustainable operations, and competent and satisfied employees.

Norske tog has major projects that span many years, in addition to some minor modifications that are carried out on an ongoing basis. The smaller modifications help to characterise the company's financial results.

The company is measured on return on equity, where the owner has set a target of a five per cent return. Return is affected by the number of modifications carried out in the course of a year and increased equity to handle major acquisitions, which in turn requires increased earnings from rental income. The company has a requirement in the loan facility for an equity ratio of more than 20 per cent. The equity ratio is affected by the major acquisitions and increased debt.

2.1. Health, safety and environment

Norske tog works continuously to avoid injuries to both its own employees and subcontractors. The company's goal is that no one should die as a result of Norske tog's

operations. In 2023, there were no fatal accidents related to Norske tog's operations, and no serious injuries were reported.

2.2. Organisation

It's important for Norske tog to have good access to skilled labour in all positions and functions in the company. Diversity in terms of background, expertise and gender is important to achieve this. The company aims to prioritise women in all new recruitment. The proportion of women in the company at the end of 2023 is 35 per cent.

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

The average increase in basic salary for the company's management was five per cent in 2023. The salary adjustment for other employees in 2023 was 5.2 per cent.

2.4. Changes in company management and Board of Directors

There have been no changes in the company management in 2023. A new shareholder-elected board member, Anita Meidell, was elected at the Annual General Meeting in June 2023. Jan Morten Ertsaas took over the role as Chairman of the Board. Two new employee-elected representatives joined the Board from January 2023, Vidar Larsen and Ole Høgtun. Berit Gjeruldsen replaced Ole Høgtun from October 2023.

3. Remuneration to the management team

Total remuneration is the sum of fixed salary, other benefits and pension schemes. 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		Base salary is determined after a job and market assessment, assessed against Norske tog's principle of offering competitive conditions, but not being a wage leader.
Pensions		The pension scheme in Norske tog is on equal terms for all employees, including management. The scheme has a contribution rate from the company of 5.5 per cent up to 7.1 G and 15 per cent between 7.1 and 12 G. The pension scheme includes private AFP and group life insurance of 20 G plus 2 x salary.
Other benefits	Insurance	Personal, health and travel insurance in accordance with the standard for other employees in Norske tog.
	Car allowance	Fixed car allowance for the CEO of NOK 120,000 Only the CEO has a car allowance.
	Other benefits	Other benefits include mobile phones and coverage of broadband communication in accordance with established standards and on equal terms for all employees. In addition, staff tickets for passenger trains in Norway are covered for management on an equal basis with all employees in Norske tog.
Severance pay		A special severance pay has been agreed for the CEO in the event of termination by the employer with shorter notice than the agreed notice period. The CEO is entitled to severance pay of up to six months' severance pay in excess of the agreed notice period.

The table below summarises the executive management team's remuneration for 2023, compared with the remuneration in the previous year.

Table 2 – Salary and other remuneration to senior executives for the financial year 2022 and 2023

Amounts in whole NOK 000	Fixed salary			Pension entitlement	Total remuneration
	Financial year	Basic salary	Other benefits		
Øystein Risan Chief Executive Officer	2023	2,319	136	134	2,455
	2022	2,207	132	129	2,339
Kjell-Arthur Abrahamsen Asset Director	2023	1,802	51	134	1,853
	2022	1,721	29	129	1,750
Luca Cuppari Technical Director	2023	1,658	21	134	1,679
	2022	1,584	14	128	1,598
Linda Marie Venbakken CFO	2023	1,691	14	134	1,705
	2022	1,614	11	134	1,625
Iren Marugg Chief Legal Officer	2023	1,459	13	134	1,472
	2022	1,395	11	131	1,406

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 and Sustainability Committee. The General Meeting determines the remuneration of the Board's shareholder-elected members. Employee-elected representatives on

the Board of Directors receive 50 per cent of the remuneration of the shareholder-elected Board members. Board members receive a fixed fee for board and committee work. Deputy members are remunerated per attendance. An overview of the Board of Directors' fees for the 2022 and 2023 financial years is shown in the table below.

Table 3 – Remuneration to the Board of Directors for the financial year 2022 and 2023

Amounts in whole NOK 000	Financial year	Fees, total	Board fees	Audit Committee fees
Jan Morten Ertsaas Board member/Chairman of the Board from June 2023	2023	302	302	-
	2022	90	90	-
Annette Malm Justad Chairman of the Board	2023	188	169	19
	2022	418	375	43
Espen Opedal Board member	2023	261	184	77
	2022	251	178	73
Marianne Abeler Board member	2023	90	90	-
	2022	177	177	-
Anita Meidell Board member	2023	131	106	25
	2022	-	-	-
Bjørn Erik Olsson Employee-elected board member	2023	29	29	-
	2022	89	89	-
Henriette Torgersen Employee-elected board member	2023	25	25	-
	2022	89	89	-
Vidar Larsen Employee-elected board member	2023	64	64	-
	2022	-	-	-
Ole Høgtun Employee-elected board member	2023	40	40	-
	2022	-	-	-
Berit Gjeruldsen Employee-elected board member	2023	24	24	-
	2022	-	-	-

3.2. Development in executive remuneration, board fees, financial key figures and other employees' salaries related to remuneration for the period 2019-2023 (5 years)

Table 4 shows annual changes in total remuneration for the CEO and current and former members of the management team, as well as the Board of Directors, for the last five years.

The number of employees is calculated as an average for the year. Compensation is reported labour costs with deductions for employees who are members of management.

The bonus programme for the CEO lapsed in 2019. This cancellation was compensated in 2018, in addition to the payment of the bonus for 2017, which was paid in 2018. This resulted in a salary reduction of 7,9 per cent for the CEO in 2019. The Chief Legal Officer was appointed on 1 January 2018 and her salary was adjusted upwards in 2019, resulting in a salary increase of 8,7 per cent in 2019 to bring Chief Legal Officer's salary in line with the rest of the management team.

In 2019, Norske tog switched from a defined benefit pension scheme to a defined contribution pension scheme. As a consequence of this, employees were

compensated with a salary adjustment. For employees who had several years of earnings in SPK, this meant a small increase in salary, including for management in 2019. The size of the compensation varied with age and earnings in SPK.

In June 2023, Norske tog got a new chairman.

There was a change of employee-elected board members in 2023. In 2023, the number of shareholder-elected board members was reduced from four to three.

Salary growth for all the company's employees, including management, has been in line with the frontline framework. Other employees have a salary close to the same level or just below the level of the company's management. It was therefore considered that a percentage increase in line with other employees was most appropriate. A monetary increase in line with other employees would eliminate the small gap between management and employees. The number of employees in the company has doubled during the period.

The growth in the Board of Directors' remuneration has been in line with general wage growth in Norway, but has had a lower percentage increase than the frontline wage framework during the period.

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

Base salary in whole NOK 1,000 and annual change in per cent	2019	2020	2021	2022	2023
Øystein Risan Chief Executive Officer	2,004	2,068	2,139	2,207	2,319
		3.19%	3.43%	3.18%	5.07%
Kjell-Arthur Abrahamsen Asset Director	1,578	1,609	1,671	1,721	1,802
		1.96%	3.85%	2.99%	4.71%
Luca Cuppari Chief Technical Officer	1,452	1,482	1,538	1,584	1,658
		2.07%	3.78%	2.99%	4.67%
Linda Marie Venbakken Chief Financial Officer	1,480	1,509	1,570	1,614	1,691
		1.96%	4.04%	2.80%	4.77%
Iren Marugg Chief Legal Officer	1,275	1,306	1,350	1,395	1,459
		2.43%	3.37%	3.33%	4.59%

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

Total fee in whole NOK 1,000 and annual change in % and whole NOK	2019	2020	2021	2022	2023
Annette Malm Justad Chairman of the Board until June 2023	394 44.85%	399 1.27%	425 6.51%	418 1.64%	188 -55.02%
Jan Morten Ertsaas Board member from June 2022, Chairman of the Board from June 2023	-	-	-	90	302 235.56%
Espen Opedal Board member	237 44.51%	239 0.84%	243 1.67%	252 3.70%	261 3.98%
Marianne Abeler Board member until June 2023	167 1.83%	169 1.2%	171 1.18%	177 3.51%	90 -49.15%
Anita Meidell Board member from June 2023	-	-	-	-	131 -
Vidar Larsen Employee elected board member From April 2017 to March 2021 and from January 2023	83 1,22%	85 2,41%	21 -75,3%	- -100%	64 -
Bjørn Erik Olsson Employee elected board member from March 2021 to January 2023	-	-	65	89 36.92%	29 -67.42%
Henriette Torgersen Employee elected board member from January 2022 to April 2023	-	-	-	89	25 -71.91%
Ole Høgtun Employee elected board member from April 2023 to October 2023	-	-	-	-	40 -
Berit Gjeruldsen Employee elected board member from October 2023	-	-	-	-	24 -

Table 6 – Norske tog's financial development for the last 5 years

Norske tog performance targets		2019	2020	2021	2022	2023
Equity ratio	KPI	23%	27%	25%	26%	26%
	% change	7.1%	21.3%	-7.3%	1.2%	1.2%
Return on equity	KPI	7.8%	3.2%	5.1%	3.2%	4.8%
	% change	-28.4%	-59.0%	59.4%	-37.3%	50.0%

Table 7 – Average annual remuneration for full-time employees

Remuneration		2019	2020	2021	2022	2023
Payroll expenses	% change	0,38%	5,1%	6,2%	-4,9%	1,3%
Average number of full-time equivalents	% change	10%	9,1%	30,6%	19,2%	8,9%

Adjustment on average number of employees compared to last year's report.

4. Decision-making process set out in the guidelines

At the general meeting 2023, cf. section 5 of the articles of association, Norske tog AS has adopted guidelines in accordance with section 6-16 a of the Public Limited Liability Companies Act.

5. Deviations from the guidelines

Salary growth for all the company's employees, including management, has been in line with the frontline wage framework. Other employees have a salary close to the same level or just below the level of the company's management. It was therefore considered that a percentage increase in line with other employees was most appropriate. A monetary increase in line with other employees would eliminate the small gap between management and employees.

6. Information about voting at the general meeting

The salary report for 2022 was approved at the AGM in 2023. The report for 2023 will be discussed at the AGM in June 2024.

7. Board statement

The Board of Directors has today considered and adopted the report on remuneration to senior executives in Norske tog AS for the financial year 2023. The report has been prepared in accordance with the company's articles of association, section 6-16 b of the Public Limited Liability Companies Act and the regulation on guidelines and report on remuneration for senior executives.

The report will be presented to the General Assembly in June 2024 for an advisory vote.

Oslo, 14 February 2024



Jan Morten Ertsaas
Chairperson



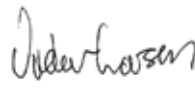
Espen Opedal
Board Member



Anita Meidell
Board Member



Razieh Nejati Fard
Board Member/Employee
Representative



Vidar Larsen
Board Member/Employee
Representative



Øystein Risan
CEO

8. Auditor's attestation opinion 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 2023 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 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.

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Oslo, 14 February 2024
PricewaterhouseCoopers AS

Marius Thorsrud
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.