



NSB GROUP / ANNUAL REPORT 2015

**The will
to succeed**

2015

05

NSB GROUP

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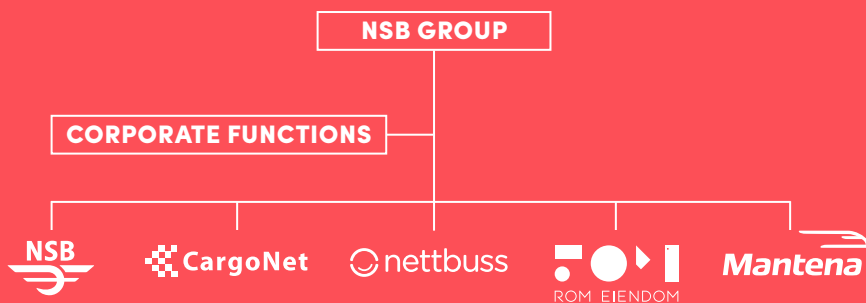
FACTS AND FIGURES

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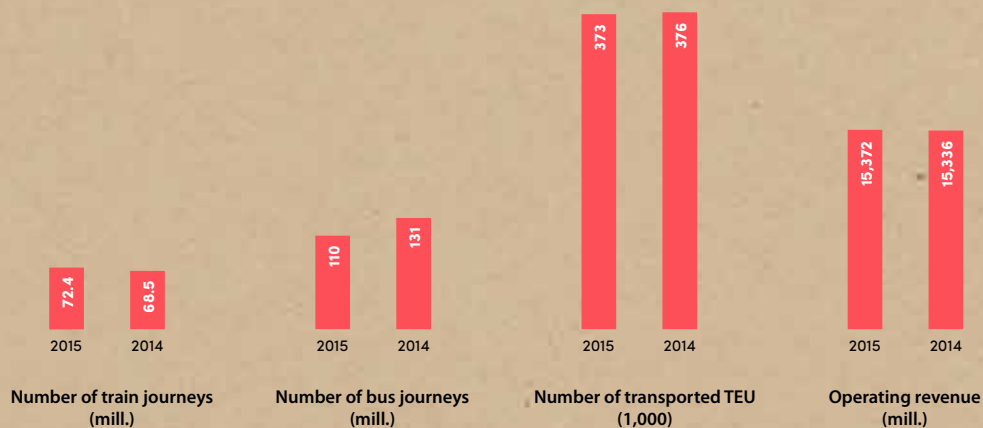
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About

The NSB Group is a Nordic transport group where passenger transport by train and bus, freight by rail, property and hub development as well as train maintenance constitutes the main business.



OPERATIONAL KEY FIGURES	2015	2014
Passenger train		
Number of train journeys – (mill.)	72.4	68.5
Punctuality – passenger trains in Norway	88.6 %	88.3 %
Customer satisfaction – pass. train (index 0-100)	73	70
Bus		
Number of bus journeys (mill.)	110	131
Customer satisfaction express bus (index 0-100)	80	81
Freight		
Number of transported TEU – freight train (1,000)	373	376
Punctuality – freight train	91.9 %	90 %
KEY FINANCIAL FIGURES (MNOK)		
Group profit		
Operating revenue	15,372	15,336
Operating profit	2,814	2,001
Profit for the year	2,158	1,509
Group cash flow		
Net cash flow from operations	2,233	1,338
Group balance sheet		
Net interest bearing debt (NIBD)	7,312	7,359
Equity		
Return on equity (ROE)	23.5 %	19.2 %
Equity ratio	34.1 %	30.2 %



Determined to succeed

The NSB Group is facing extensive changes in the near future, but even if NSB's role changes, the social mission will remain the same. Ability and willingness to meet customers needs will be our prime priority in years to come.

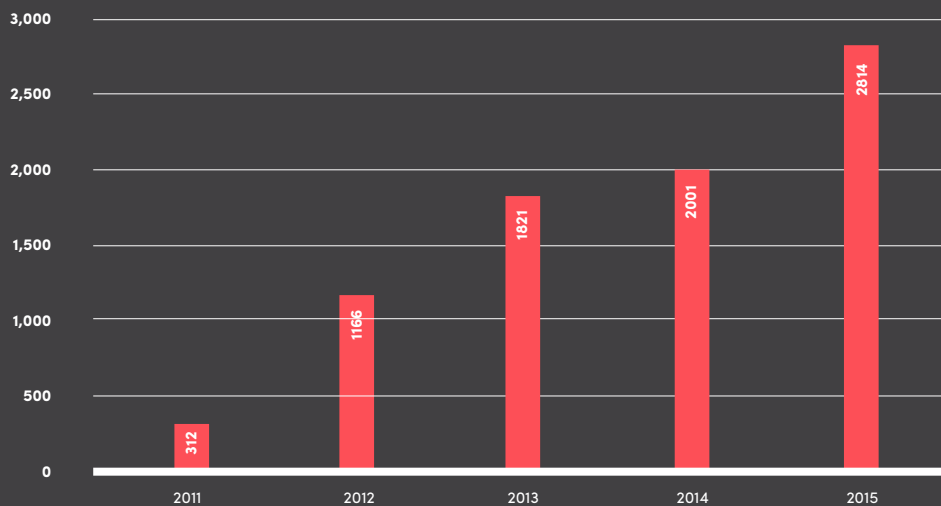
A community partner that adds value

Our main goal is to create value for our owner and society, through ensuring effective, accessible, safe and environmentally friendly transport of people and goods.

NUMBER OF EMPLOYEES AS AT 31.12.15

12,668

OPERATING PROFIT (MNOK)



NUMBER OF TRAIN JOURNEYS

72.4 million

67.1 million NSB passengers in Norway (including NSB Gjøvikbanen and Flåmsbanen) and 5.3 million in Sweden (Svenska Tågkompaniet AB)

NUMBER OF BUS JOURNEYS

109.6 million

Norway: 75.3 million / Sweden: 34.2 million

AREA PROPERTY MANAGEMENT

730,000 m²

CONTAINER TRANSPORT BY TRAIN

372,748

ENVIRONMENTAL CONTRIBUTION

504,000* tonnes CO₂

The NSB Group saves society 504.000 tonnes of CO₂ annually. This is the equivalent to the greenhouse gas emissions from 9 per cent of all cars in Norway.

**Increase in CO₂ emissions if the transport provided by NSB Group had instead been provided by cars and lorries.*

Pride, sadness and determination

Geir Isaksen, CEO, The NSB Group

It is with pride we present our financial results for 2015.

Pride from the NSB Group achieving an operating profit of over 2,800 million Norwegian kroner in 2015. This is the best result in the history of the company.

Pride because this is the fourth year in a row with record results for NSB.

Pride because, since 2012, NSB has improved the service offered, has brought 71 new train-sets into service and has increased the number of journeys by 26 % the last four years.

Pride because CargoNet has turned eight years of losses into a healthy surplus, and made freight by rail a profitable operation.

Pride because ROM Eiendom builds attractive housing, offices and industrial buildings, and redesigns old railway property, making improved urban spaces where people like to meet.

Pride because Nettbuss has strengthened its position in the bus market in both Norway and Sweden, and continues to deliver improved results.

Pride because Mantena improves the maintenance of our trains continually, so that trains

run much further between each unplanned stoppage.

It is with sadness we acknowledge that the end of the NSB Group in its current form is approaching. After the railway reform NSB will no longer own passenger trains, decide route planning or purchase new rolling stock. Neither will we maintain trains. ROM Eiendom will no longer be part of the Group. Ticket- and sales systems for train travel will not be run by us. We are to compete with other train operators from other countries for contracts to run trains on Norwegian tracks. The government expects this reorganization will create a better and more efficient train operation. We hope that the reorganization succeeds, and that improvements in the future will be at least as great as in preceding years.

It is with a determination to succeed that we embark upon our new role. We realize what is at stake, although the adjustments, especially as regards passenger train operations, are quite extensive. We will do everything possible to ensure that our current customers and all new customers receive an increasingly improved range of services.





Important events in 2015

NSB Group

Changes in the railway sector

In Spring 2015 the Norwegian parliament passed the government's proposal for significant changes to the railway sector in Norway. This railway reform will have major consequences for the NSB Group.

The main changes consist of:

- // a railway directorate will be established
- // an infrastructure company will be established
- // ROM Eiendom will be transferred to the infrastructure company
- // Mantena will be transferred to the Ministry of Transport and Communications
- // all rolling stock is to be transferred either to the infrastructure company or to the Ministry of Transport and Communications
- // current passenger train operations run by NSB AS will be put out to tender in six to eight traffic packages

Passenger train operations

The positive trend, with an annual growth rate of about 6 per cent in passenger volume, has continued in 2015. NSB has laid the basis for increased passenger volume in Eastern

Norway with new trains and a new route model that better covers passenger needs. On long distance routes, Oslo-Trondheim (Dovrebanen) and Oslo-Bergen (Bergensbanen) show a particularly positive development in passengers carried, with daytime departures showing 6.8 and 7.2 per cent growth respectively.

Satisfied customers

Customers regularly express satisfaction with the services provided by NSB. The customer satisfaction index (CSI) supports this and showed a welcome increase of 3 percentage points, up from the previous year's figure of 70 to 73.

New trains

In the Norwegian state budget for 2016 NSB was given a residual value guarantee for the purchase of 44 new trains. Delivery is planned starting from 2018 and until 2020 and will ensure rolling stock renewal both in and outside Eastern Norway. These trains are planned to replace those running on the Bergen-Voss (Vossabanen) and the Oslo-Gjøvik (Gjøvikbanen) lines. Furthermore, some of the new trains will be allocated to Eastern Norway to ensure more double trainsets running during rush hour.

A new contract won by Svenska Tågkompaniet AB

NSB's subsidiary in Sweden, Svenska Tågkompaniet, is to run regional rail traffic in northern

Sweden for the next nine years. Start-up will be 20th August 2016. Svenska Tågkompaniet has selected Euromaint as supplier and partner for the maintenance of these trains – an integral part of this contract.

Every fourth ticket sold by our app

Ticket purchase and e-ticketing using the NSB app are increasingly popular. Today every fourth ticket is sold using the app. More NSB passengers now also choose to use NSB's entertainment app during their journey, giving them access to audio books, electronic newspapers, podcasts and music.

Bus operations

Nettbuss has secured several important contracts in Sweden and Norway, starting in 2016.

Contracts in Sweden

The county transport authority, Länstrafiken, has awarded Nettbuss the contract to operate bus traffic in Östersund (mid Sweden). The contract is valid for five years from 13th June 2016. The Gothenburg area transport authority, Västtrafik, awarded Nettbuss two contracts, one for local traffic in Fyrbodalen and another for two express services in the Gothenburg area (the Red and Purple lines). The contracts run for 10 years commencing on 1st July 2016.

Contracts in Norway

The county transport authority, Hedmark Trafikk, has awarded Nettbuss the Glåmdalen contract. This contract is for ten years from 1st July 2016. Nettbuss also won back bus services in a large part of Sunnmøre (mid Norway) based on two nine-year contracts commencing on 1st January 2016. In addition, Nettbuss were awarded a 10 year contract commencing on 10th October 2016 for Indre Nordmøre (mid Norway), and a seven-year contract commencing on 1st July 2016 for Grenland in southern Norway was recaptured.

Moreover Brakar (Buskerud county) awarded Nettbuss the contract for the bus service between Oslo and Hønefoss. The contract commences on the 1st August 2016 and lasts for six years. Nettbuss was also successful in Jæren and in Dalane, both contracts commencing on 1st July 2016 and lasting for eight years.

Decreasing passenger volume between Sandnes/Stavanger and Bergen resulted in Nettbuss shutting down the route from autumn 2015. The route made a loss initially and passenger growth did not meet expectations. The decline in traffic followed the downturn in oil-related activities worsening during the autumn.

Streamlining

Over a period the business has been through major restructuring to improve results and streamline operations. This has given good results so far and efficiency measures are to continue.

Freight operations

Reorganisation measures

Major changes and restructuring in freight operations have been introduced giving positive financial and operational effects. Streamlining of operations continues in 2016.

New freight services

CargoNet has established new freight services in 2015. A direct service between Trondheim and Mosjøen to the north has been established, creating transit opportunities to and from the other terminals in CargoNet's network. In cooperation with DFDS Seaways and North Sea Terminal a direct transport connection has been established between Brevik (on the south coast) and both Bergen and Oslo, with direct links to the Continent and Britain.

Train maintenance

Realignment and reorganisation

Mantena has reorganised its operations to meet increased demands to deliver cost-effective services in a competitive market.

New contracts

Mantena has won contracts with Svenska Jernbanen (SJ) in Sweden for maintenance of SJs own rolling stock starting in 2016, but lost the contract with Botnietåg on the Baltic coast.

Real estate

A new agreement for urban development in Drammen

The Drammen municipality, ROM Eiendom and Jernbaneverket (the railway Infrastructure manager) have agreed to ensure positive urban development on railway properties in Drammen, and have signed a new cooperation agreement for the development of these properties. This means specifically that ROM Eiendom can now go ahead with its hotel plans at Drammen station.

More places to park bicycles

ROM Eiendom has finalised plans for new bicycle parking at Oslo S. This will make an important contribution to facilitate cycling which the

city of Oslo emphasises and promotes. Initially, 250 new cycle parking spaces can be built using existing buildings at Oslo S.

Buildings sold

In 2015 the office building in Munkedamsveien 62 in Oslo was completed and sold. The sales agreement for this building was signed even before construction started. The buyer was a consortium of RS Platou and Fabritius AS. Alf Bjerckes vei 30 at Alna in Oslo, which was developed together with Aspelin Ramm Eiendom AS, was sold to Braathen Eiendom. ROM Eiendom AS and Aspelin Ramm Eiendom AS owned 50 % each of this building.

Bestselling housing projects

The apartments at the Grefsen station transport hub in Oslo are Norway's bestselling housing project. Almost 1,200 apartments will be built here altogether, jointly developed with JM Norge. In 2015 155 apartments were sold in this project.

Housing project in Bjørvika

Through Oslo S Utvikling AS, ROM Eiendom participates in developing Bjørvika. Both residential property and commercial properties are being developed. In 2015 the development of residential properties was the main focus, and 57 apartments were sold last year.

Sale of land in Bjørvika

ROM Eiendom has sold its remaining properties in Bjørvika to the part-owned joint venture Oslo S Utvikling AS. In total approximately 100,000 sq m is to be constructed on the relevant sites, of which about 25 % is commercial and 75 % residential.

The sales price for the land option was 543 MNOK. Estimated net profit for the NSB Group amounts to 285 MNOK.



12,328

NSB Group
turnover in MNOK
2011

13,199

NSB Group
turnover in MNOK
2012

14,145

NSB Group
turnover in MNOK
2013



15,336

NSB Group
turnover in MNOK
2014

15,372

NSB Group
turnover in MNOK
2015

Population growth and centralisation are two mega trends that will influence and shape public transport in the future.





TOM ERIK JULSRUD
The Norwegian Institute of
Transport Economics

The Norwegian Institute of Transport Economics (TOI) has recently carried out a futures study where 300 experts have given their views on public transport in the years to come.

“In short, there is agreement that public transport will take over more passenger transport, especially in cities. They also believe that mobile communications technology will change people’s travel habits significantly”, says senior research analyst Tom Erik Julsrud at TOI.

The travel experience itself becomes more important

Young people increasingly postpone taking their driving test or reject driving altogether.

An increasing number wish to travel in an environmentally friendly manner. As the incidence of traffic jams increases in line with population growth, the bus and train become more attractive modes of transport. On the bus and train you are free to do other things, like surfing the net, reading for exams or working.

“Our studies show that the most ardent users of public transport today are teenagers and women in cities. These groups are quick to adopt new communications technologies,” says Julsrud. He believes that now is the time for NSB to ensure its competitiveness by developing services that make choosing public transport even more attractive.

“Soon, every Norwegian will have a smartphone. This provides new possibilities for how people organise their journeys.”

Must meet the customer’s needs

Soon, every Norwegian will have a smartphone.

“This provides new possibilities for how people organise their journeys. Individual mobility is growing quickly; people plan and organise their journeys themselves. If delays occur, they are quick to find alternative solutions. People want real time information, and public transport providers need to be on the ball”, says Julsrud.

He believes the NSB app is a good example of improved service, eg by enabling you to check whether the train is on time.

Another general social trend is that long distance commuting is on the increase. This favors the train, both because many work-related journeys are into and out of cities where the train has a good service, and because many wish to work during the journey.

“It is therefore important that NSB meet these long distance commuters’ needs”, says Julsrud. Similarly, those who live outside urban areas should have a practical alternative to the car.

Freight will go by rail

Transport is not just about moving people, but also moving goods.

“The railway is a cost efficient service for freight transport between large cities in the south of Norway and between southern and northern Norway. Many customers want to load their goods in the evening for arrival early the next morning. Offering such a service the railway is competitive provided everything works as it should”, says head of research for industry and transportation, Inger Beate Hovi at TOI.

Growth in population and centralization are also two strong driving forces working in favour of rail-freight.

“We also see that business is increasingly concerned about cost efficiency at all levels, promoting rail-freight which is so much cheaper than road transport between terminals”, says Hovi.

Increased focus on the environment is obviously no disadvantage for the train, and some of the larger buyers of transport services are now taking the initiative by showing social responsibility through choosing a more environmentally-friendly mode of transport. Hovi points out trends such as increased shopping on the internet and express delivery. Delivering directly to the end customer will also become more important for future rail-freight •

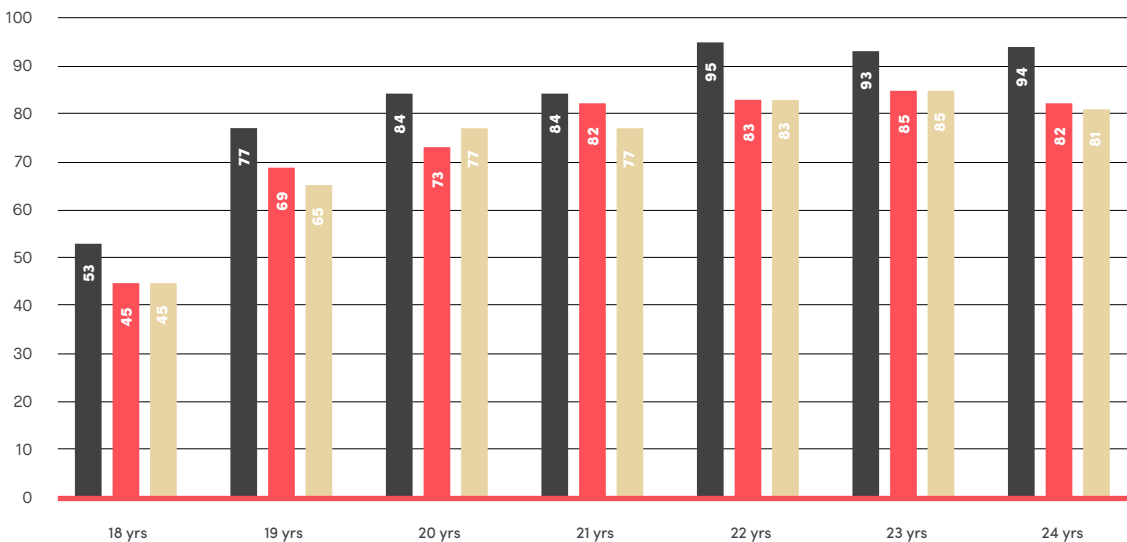


INGER BEATE HOVI
Head of research
The Norwegian Institute of
Transport Economics

DRIVING LICENSE TRENDS AMONGST NORWEGIAN TEENAGERS

■ 1992 ■ 2001 ■ 2009

Figures show the percentage with drivers license in 1992, 2001 og 2009
National travel survey/TØI (Institute of Transport Economics Norwegian Centre for Transport research)

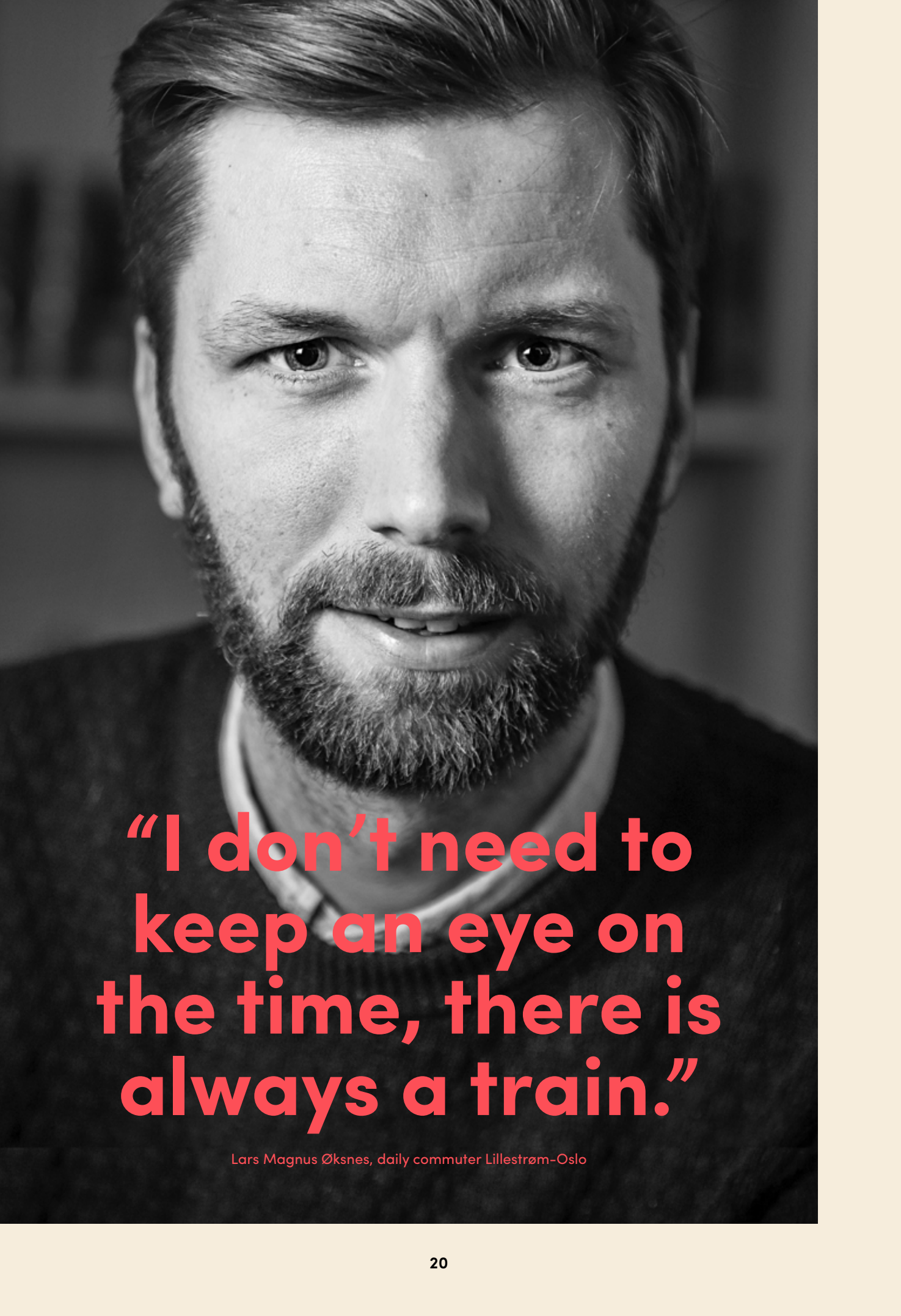




Busy people need more than a station.

Trains are increasingly more frequent, with an influx of customers, the result of long term planning.





**“I don't need to
keep an eye on
the time, there is
always a train.”**

Lars Magnus Øksnes, daily commuter Lillestrøm-Oslo

In 2015 72.4 million journeys were made with the NSB Group's passenger trains. In Norway the number of journeys has increased by 26 per cent in the last four years. Why so many more people choose to use the train, especially to and from work, can be traced back to planned improvements that started in 2005.

"We saw that population growth over the coming years would be very high, especially in Eastern Norway. We had to change our way of thinking. How do we ensure that as many as possible choose environmentally friendly trains? The solution we proposed, a ten-minute frequency between Asker and Lillestrøm, either side of Oslo, was proclaimed wishful thinking", remembers Executive Vice President for NSB passenger train operations Tom Ingulstad.

"Our planners did not give up, ignoring the sceptics. With a new double track under construction in the western corridor out of Oslo, this frequency could be achieved with some small adjustments. But there was one clear requirement: we needed new trains. Many new trains", states Ingulstad.



TOM INGULSTAD
Executive Vice President
for NSB Passenger train
operations

The vision became a reality

We got trains. In 2007 NSB ordered the first new trains of type 74/75, better known as the Swiss Flirt trains. Reliable, comfortable, environmentally friendly and quiet, these trains have room for many new train passengers.

Then, in 2012, the new timetable was ready for roll-out. Train passengers in the Oslo region were offered more frequent train departures, and every third week a new train was put into operation. The culmination of planned improvements was reached when Høvik station opened in December 2015. Finally the vision of train departures every ten minutes between Asker and Lillestrøm was a reality.

"You no longer have to look at your watch before going to the station. The trains run all the time", says Ingulstad.

Also Sørlandsbanen, the south coast line, and Trønderbanen, serving Trondheim, have increased departure frequencies. When Follobanen, running south out of Oslo, opens in 2021, increased train services will be possible there too.

"More capacity is absolutely necessary. We know that an increasing number of people will travel by train in the years to come. That is why we continue to purchase new trains. Late last year we received the go-ahead to purchase much needed trains for both the Bergen – Voss line (Vossebanen) and the Oslo – Gjøvik line (Gjøvikbanen)", says Ingulstad.



KRISTIN KJØGE JANSSON
Leader for sales and
business development,
NSB passenger rail operations

Digital services

If as many people as possible are to choose to travel by train, it must be simple. NSB's app has been downloaded 1.4 million times. One in four customers purchases their ticket using the app.

"Most of us have our mobile with us at all times, and now customers can use their phone both to plan their journey, to purchase their ticket and check if the train is on time. Additional services like free newspapers, audiobooks, music and podcasts are also available on the app", says the leader for sales and business development, NSB passenger rail operations, Kristin Kjøge Jansson.

NSB continuously develop new digital solutions based on customer trends and in-depth knowledge of customer requirements. During autumn 2015 the new national travel planner Tidr.no was launched. Here you get an overview of all the country's public transport services, irrespective of mode of transport.

"Many train passengers use other modes of transport on their way to and from their destination. We need to make it easy for them to plan their entire trip, which is why we launched Tidr.no", says Kjøge Jansson. →

More satisfied customers

So the question is: do digital solutions and more frequent departures mean anything to the customer? The answer is definitely yes. The increased number of train journeys speaks for itself, but customer satisfaction is also on the increase, albeit from a fairly low level. Five years ago customer satisfaction was at 65 points.

“This result was too low, and showed that NSB had a lot of work to do. The customer satisfaction survey shows that customer satisfaction is now at 73 points for 2015, and we’re aiming for further improvements. There is still a lot to work with, but the figures show that it pays to invest in customer-friendly solutions”, says Ingulstad.

Tackling train disruptions

Not surprisingly, customers are most dissatisfied with NSB when disruptions occur.

“They want better information and they want us to come up with alternatives quickly, so that they can get where they are going as quickly as possible”, says director in NSB East Øivind Leet.

The railway is to undergo major developments for many years to come. Good for the customers in the long term, but it also means that train services are suspended for certain periods while the work is being done. NSB therefore cooperates closely with Jernbaneverket (the Norwegian National Rail Administration), Statens vegvesen (Norwegian Public Roads Administration), Ruter (Oslo region tram, bus and metro) and other transport organisations to ensure practical alternatives when the trains are not running.

“Unfortunately we experience too often that trains are hindered because of signalling problems, power outages, track breakages or technical faults on the trains. We work hard to provide information to customers on alternative transport to help get them to their destination. Our efforts will intensify further in the years to come”, says Leet.



ØIVIND LEET
Director NSB East

“We understand that it is annoying when the train is not punctual. We will continue to look for better solutions for our customers.”

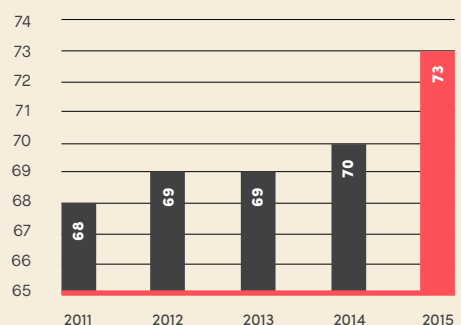
At peak hour 10 000 customers take the train from Oslo S. As bus capacity at Oslo S is 40 buses an hour – i.e. 2,000 passengers – it is an enormous challenge when faults occur unexpectedly on the railway.

“We understand that it is annoying when the train is not punctual. We will continue to look for better solutions for our customers”, confirms Leet.

When the train runs on time and customers are well informed, then the train is a success.

“We know we succeed when we listen to the customers. We need to purchase more trains, to run these more frequently, ensure relevant information is available to customers and make it easier to find travel information and purchase tickets. If we manage this, then we know that it is an easy choice to leave the car at home and take the train instead”, says passenger rail director Tom Ingulstad. ●

CUSTOMER SATISFACTION PASSENGER RAIL



**Simplicity,
flexibility and
accessibility
are the recipe
for success.**

Nettbuss Bus4You has Sweden's most
satisfied customers – five years running.

Bus drivers are known for their good humour, or so says the Norwegian nursery rhyme. Based on the Swedish quality index survey, this is not just a cliché: Nettbuss Bus4You in Sweden is the public transport customer's favourite for the fifth consecutive year. Neither metro, trains nor planes have beaten the bus.

According to the survey, simplicity, flexibility and accessibility are the recipe for success. This does not only apply to the actual journey, but the whole experience, such as being able to purchase tickets without fuss, and then get to and from the station and terminal quickly and easily. Transport companies must think about the entire journey as experienced by the customer, concludes Swedish quality index.

Guests, not just customers

Nettbuss Bus4You runs commercial express routes in both Sweden and between Sweden, Norway and Denmark. How do they themselves explain why customers are so satisfied?

"We emphasize that our customers are taken care of and treated as guests. A bus driver is not only a driver, but also a host who ensures his customers have a pleasant experience while on the bus", says Mats Johansson, CEO of Nettbuss Express AB.

This also means that Nettbuss Bus4You offers the most pleasurable journey on the market. The buses are spacious and have comfortable leather seats. Large windows give good views of the countryside. Power sockets at each seat and wireless Wi-Fi are givens.



MATS JOHANSSON
CEO of
Nettbuss Express AB



ESPEN HOEL
Bus driver Gjøvik

A pleasant driving style

Nettbuss has systematically instilled throughout the organisation how to ensure passengers a pleasant journey whether in Norway or Sweden. It is no coincidence that our bus drivers have an agreeable driving style, with controlled acceleration and deceleration. Buses are equipped to analyse both the technical condition of the bus, its environmental impact and the driver's way of driving.

The system provides continuous feedback on the driver's style through an indicator on the dashboard, and logs each individual driver. The data is collected in a report showing how driving may be improved.

Bus driver Espen Hoel from Gjøvik has driven buses for about ten years now. He uses the system actively to ensure that he drives the way customers prefer. "Customers notice the smoother driving style. They should not really notice that I brake at all. There are many who have come and thanked me for a very comfortable bus journey. It is especially nice when people fall asleep in the bus, because then you know that they feel safe with you behind the wheel", he says.

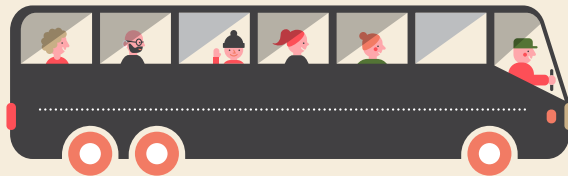
When the system was adopted in Gjøvik about two years ago, each driver had approximately 17 alerts in the system each month. This has now been reduced to 4-5 alerts. Espen Hoel drove 11 out of 12 months in 2015 without a single alert.

"It is not only our customers who appreciate a calmer driving pattern, clean and pleasant buses and service-minded drivers. In 2015 Nettbuss received bonuses from several of the contracting municipalities around Norway on these specific points", says Arne Veggeland, CEO in Nettbuss. Contracting entities in many municipalities conduct such surveys and it is most motivating to see that Nettbuss time and time again beats our competitors and delivers a better product for our customers.

Moreover, it is environmentally friendly to drive in the manner preferred by our customers. Buses use less fuel which in turn reduces emissions. Calmer driving is also safer and reduces the risk of accidents. This is good for everybody. →

Growth of passenger rail traffic in Norway was 26 % over the last four years - due to route restructuring, more trains and increased demand.

26%



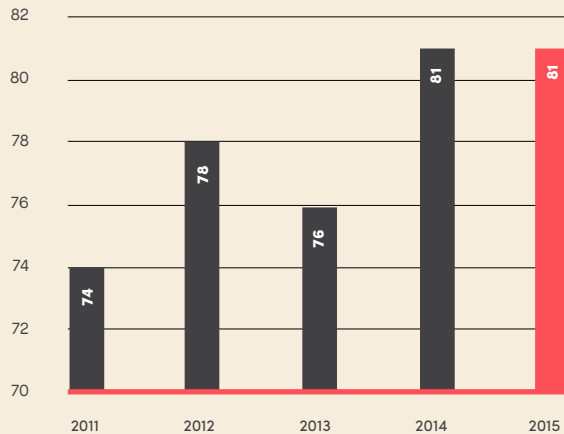
Did you know that a full buss substitutes 50 cars and one kilometer with queues?

1 km

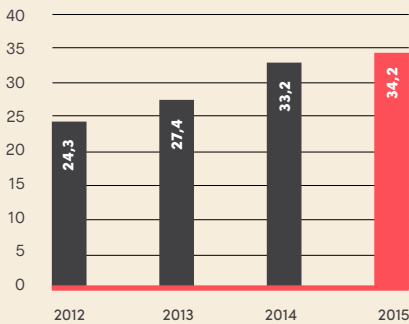


Out of the 3,359 buses we have in service, 576 of these run on alternative fuel such as natural gas, biogas and biodiesel instead of diesel.

CUSTOMER SATISFACTION BUS4YOU IN SWEDEN



NUMBER OG JOURNEYS BY NETTBUSS IN SWEDEN (MILL.)



Bus beats car

When enough people choose the bus, this helps prevent disruption caused by traffic jams in steadily growing cities. The Swedish university city of Lund is a very good example of this. Lund has well over 115 000 inhabitants, and the population has grown steadily in recent years. Yet they have managed what many other cities have not, namely to get people to leave the car at home. This is largely down to the Nettbuss Stadsbussarna (city buses).

With over 10 million journeys on city buses in 2015 and a growth of 13 per cent, the bus sets new records each year. Traffic counts show that there is a reduction in car usage. The figures are so outstanding that elected officials and public employees from throughout the Nordic countries visit Lund to learn what it takes to reduce car use.

“Working with our client Skånetrafiken we have increased bus services. On some routes, there is now a seven-minute frequency and here the number of journeys increased by 36 per cent”, says Gustav Jansson, head of Nettbuss Stadsbussarna.

“We have achieved a fantastic result in a very short time”, agrees Fredrik Schell, senior traffic developer at Skånetrafiken. “A sharp increase in both service provision and marketing has paid off, to the envy of other cities.”



GUSTAV JANSSON
head of
Nettbuss Stadsbussarna

“Considering customers’ needs, both in long-term planning and in daily operations, produces results, whether by bus or by train.”

Customer orientation is paying off

Ultimately, it’s about seeing the customer. In Lund, the customer is often travelling to the centre, where the streets are narrow, and car parking is costly. When the bus is so frequent, the choice is simple.

This way of thinking is reciprocated by Nettbuss and their Norwegian contracting authorities. Current experience shows: frequent bus services result in more passengers.

Customer orientation in both long-term planning and daily operations produces results, whether we drive a bus or a train. Customers become more and more satisfied. “This contributes to more people choosing to travel in a more environmentally friendly manner by leaving the car at home”, says CEO in Nettbuss Arne Veggeland. ●



ARNE VEGGELAND
CEO
Nettbuss



KLAS GRINELL

Commuter Goteborg-Oslo by bus and train

Actually I prefer trains to buses, but Bus4You works very well and the departures suit me perfectly. There is ample room, the double decker is very comfortable allowing me to work throughout the journey.



KRISTINE LETÉN

Commuter Oslo-Lillehammer, student

I always sit in the quiet carriage. Here I read a book or listen to podcasts. It's a comfortable way to travel, it is as if time stands still. The train services suit me, and I use the ticket app to book my tickets. It makes everything much easier.



XRQUAN LIU

Commuter Oslo-Ås, student

I find it comfortable to read both on the train and at the station. I find the new trains much better than the previous trains. I use my mobile phone a lot, so internet and power socket on the trains make travelling much easier.



76 per cent of our customers were very pleased with their last train journey. Compared to 2013 there were 3.8 million more journeys where customers were satisfied.

76%



Good interchanges make life easier.

A station is a place you go to, to catch a bus or a train.
A hub is something much, much more.

There is no one typical bus or train passenger. One might be a commuter who is in a hurry to get to work or be in time for the kindergarten. Another is a student going home for the holidays. “Diversity between travellers is considerable, but one thing is important to them all – time. They all have appointments to keep, and no one wants to spend too long a time on their journey,” says CEO Petter Eiken in ROM Eiendom, NSB Group’s real estate operation.

This is why time is especially important when one is developing stations – or hubs, as ROM Eiendom likes to call them.

“We know many people change mode of transport during their journey. At transportation hubs we connect bus, metro, trams, taxi and ferries in one and the same place, making it easier to travel”, says Eiken.

One example of a hub is at Lillehammer, eastern Norway. Here ROM Eiendom has built what is heralded as Norway’s most modern hub, with stops for train, bus and taxi.

“In addition travellers can get a bite to eat, they can stop by the tourist office and they can stay the night at the hostel. Everything is situated in the station building”, says Eiken.



PETTER EIKEN
CEO
ROM Eiendom

“We know that commuters collecting children from kindergarten only have a few minutes leeway between office and platform. So it is important then to be able to manage a few errands.”

All-in-one-hubs

Trondheim has a slightly different basis to Lillehammer. It is the «capital» of the Trøndelag region, with all that that entails for journeys to work, to the hospital or for other errands. Modes of travel are many. Ferry-boats are one alternative for quite a few of the passengers.

“That is the reason why we have linked the ferry dock with Trondheim S using a bridge over the railway tracks. Buses and taxis stop right outside the station. Here we have brought together all modes of transport within walking distance of each other. This makes it easy to travel by public transport”, says Eiken.

Rom Eiendom is now building a four storey commercial building with space for shops, service- and commercial units over the tracks. This will become a workplace for many people – in close proximity to many modes of public transport.

Norway’s most important hub

Nowhere is diversity greater than at Oslo S. 150 000 people pass through Norway’s busiest meeting place every day. That’s almost three times as many as through Norway’s second busiest, Oslo Airport Gardermoen.

And «busy» is the key word when developing a hub like Oslo S. ROM Eiendom knows that commuters collecting children from kindergarten on their way home only have a few minutes leeway between office and platform. To be able to fix a few errands while passing through. To shop, for instance. At Oslo S you will find both chemists, florists, grocery shops, post office, hair dressers and liquor store – just to mention a few. →



TORSTEIN HELDAL
Centre director at Oslo S,
ROM Eiendom

A black and white close-up portrait of a woman with long, light-colored hair, smiling broadly. She is looking slightly to the right of the camera. The background is blurred, suggesting an indoor setting.

**“We are
superbly placed
for the traffic
we get here.”**

Meri Carina Hammer, shop proprietor at Eidsvoll station

“A commuter has normally little time to wait in long queues, and in that case will shop somewhere else. An important hub like Oslo S must have the shops people need, organized in an efficient manner. We see that people tend to choose familiar chains and brands when they are in a hurry”, says centre director at Oslo S, Torstein Heldal in ROM Eiendom.

Heldal mentions the example of the coffee bar at Oslo S, which had a skilled barista who served good coffee. But the name was unfamiliar and there were few customers.

“Then we got one of the best known coffee chains in the world in, and presto, sales increased by 450 per cent!

“The traveller’s decision-making process is so short that he is drawn towards brands he knows well.”

This increase is not due to the coffee bar being four and a half times better. The traveller’s decision making process is so short that he is drawn towards brands he knows well”, says Heldal.

When the new Østbanehallen was completed in February 2015, it was to give passengers an alternative experience. This is the closest Oslo comes to an Italian piazza. Ten restaurants and shops offer the guests a welcoming atmosphere.

The shop staff in Østbanehallen realised quickly that time is of the essence for the customer here too. They offered wonderful delicacies which customers could prepare at home. It did not take off. But when they offered ready-to-eat meals, it became a success.

Not only a station

Eidsvoll station is a junction where three railway lines, Gardermobanen, Hovedbanen and Dovrebanen, meet, with bus- and taxi stops situated right by the station building. Between Eidsvoll and Oslo trains run almost non-stop. This is good news for many who commute to work in the capital. It may also be one of the reasons why the municipality has experienced strong population growth.

Inside the station passengers can buy a newspaper and purchase kiosk articles. Recently ROM Eiendom installed a new, exciting service: Bellas Emne is an interior designer and lifestyle shop that also sells coffee and home baked pastries for travellers on the move. “Our location is fantastic due to all the traffic we get here. Many pop in if they have time to spare, leading to some impulse shopping. We also have visitors who are not travelling, says the owner Meri Carina Hammer. She moved the shop from a large shopping complex in Strømmen to Eidsvoll station in December 2015.

“The shop has been very well received”, says Hammer, and adds that the Eidsvoll station locality has been a success.

A station is not only a station. It has taken on a new function. The station is the hub where work meets leisure, where people meet and where daily tasks may be carried out efficiently, coupled with a seamless journey.

“To achieve seamless journeys is important to us in ROM Eiendom. It is all about rethinking and innovation, and keeping the customer’s needs in focus. The goal is to create good, vibrant urban spaces that make it easy to choose to leave the car at home”, says Petter Eiken in ROM Eiendom. ●

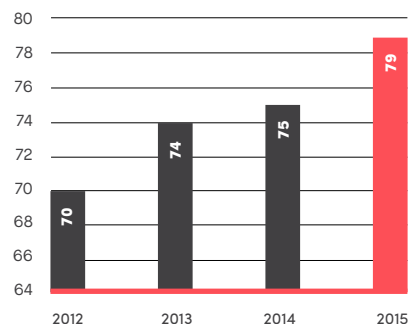
Did you know that more than 150,000 people daily pass through Oslo S?

150,000

Did you know that the tenant index for ROM Eiendom is at 79 points which is amongst the best in the country?

79

CUSTOMER SATISFACTION TENANTS OF PROPERTY





MARTINA KALDAHL
General Manager at Flavours Food Market in Østbanehallen

It is fantastic to work in Østbanehallen! It has become so nice, at the same time it's always quiet and has a good atmosphere, even when it is busy. People take their time and many who travel, purchase local food with them as a souvenir. It is very important for us to offer passengers fast service and an effective meal.



LEIF MØEN
Commuter Voss-Oslo Airport

There is no doubt that the services offered have improved lately. I always travel NSB 'Komfort' and am happy with that, and I am interested in the same comfort on the stations too. I use the cafes at Oslo S and and would rather wait here than at Oslo Airport. Here I can shop at the supermarket when the refrigerator at home is empty.



MARTYNAS LOZORIS
Commuter from Vestby to school at Lysaker

Daily I change trains at Oslo S, because there is no direct connection between Vestby and Lysaker. I usually only need to wait a few minutes between each train, so it works out really well and makes it easy to be a commuter. Sometimes I wait for my stepmother at Oslo S, and then we buy food.



Our customers purchase goods and services for 2.35 MNOK each day at Oslo S.

**2.35
million**

Each day this amounts to:

- // 2,100 cups of coffee
- // 850 hot dogs
- // 900 baguettes



 CargoNet

Groceries take the train again.

Many transport customers are concerned about the environment, and would certainly choose the train whenever they can. The reliability of, and trust in freight trains has increased considerably.

For many years, there has been a clear political ambition to move the transport of goods from road to rail. However, the proportion of goods transported by road increased, while freight trains have struggled to keep their customers.

Now the situation is about to change. Additional funding for the maintenance of the railways recently helped produce a clear improvement in CargoNet's punctuality and its service to its customers. In fact, punctuality for CargoNet trains in 2015 was better than for many years: 92 per cent of freight was delivered on time. And customers notice.

Customer oriented

An increasing number of transport customers want to make green choices. NorgesGruppen (one of Norway's largest grocery chains), with stores like Meny, Kiwi, Joker and Spar, now books even more space on CargoNet trains through its wholesale company ASKO Transport. Environmentally friendly distribution means two things to them: containers must have maximum utilisation and as many as possible should be transferred from lorries to trains.

"We are very concerned about the environment, and over longer transport distances the railway is a more environmentally friendly option than transport by road. We have a very good dialogue with CargoNet. They have become more market- and customer-oriented, so the railway will get a large percentage of our volume of goods this year," said Asko Transport director Kjell Kirkeby.



KJELL KIRKEBY
Asko Transport director

"Environmentally friendly distribution means two things to customers: containers must have maximum utilisation and as many as possible should be transferred from lorries to trains."

Our main customers appreciate the effort CargoNet makes to get freight delivered on time. This means that fruit, vegetables and meat – both chilled products and frozen goods – now travel by freight train. Much is transported by ARE-train (Arctic Rail Express) from Oslo to Narvik, via Sweden. In Narvik the trains are reloaded with fresh fish which is transported south.

Upgrading docks

The town of Mosjøen (mid Norway) saw its last freight train in early 2000. This resulted in far more trailers on the roads from this industrial hub in the south of Nordland county. Mosjøen harbour was at that time being refurbished to increase the shipping of goods by sea.

An upgraded port should also accommodate transport by rail, said the local Enterprise Board and Mosjøen harbour authority. They contacted CargoNet and Mosjøen has now become a permanent stop for freight trains. This means that industry in Mosjøen and Mosjøen harbour are now connected to CargoNet's transport routes around Norway and on into Europe. Aluminium from the Alcoa plant and plastic waste for recycling are now carried by CargoNet trains. →



“The business community is showing an interest in adopting rail freight.”

Jon Einar Skarding, Logistics Director in Grenland Havn

“This is only the start for us. This collaboration started during the spring of 2015, and led to us moving 750 tons of aluminium every month from trailer to train. Environmentally this is important for us and in addition loading and unloading is easier. Currently we only transport to Sweden, but we see great opportunities going forward to use rail instead of sea transport to other countries in Northern Europe,” says managing director of Alcoa Mosjøen, Kathrine Næss.

Great opportunities

Further south more and more transport entities saw the possibility of combining freight transport by sea with rail. Grenland harbour is located in the industrial belt in Telemark county. 11 million tons of goods spread between 2 700 boat arrivals makes Brevik one of the country’s main ports, with ties to the Continent and Britain.

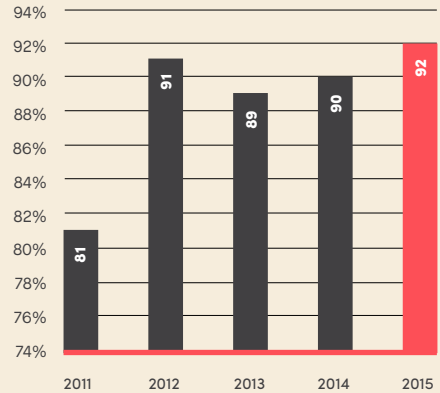
“Grenland harbour has long been working towards CargoNet enabling a connection to Brevik terminals. DFDS and CargoNet embraced the idea in 2013, and have brought it to fruition”, says the marketing and logistic director for Grenland harbour, Jan Einar Skarding.

In 2015 train freight started up – once a week between both Brevik and Bergen and Brevik and Oslo. The service soon became a success, and was immediately doubled: yet another weekly departure has been set up.

“We believe this can be developed further, and see the possibility of establishing a railway terminal for handling goods. Businesses in the region who currently use trucks for distribution, are showing interest in adopting this railway service,” says Skarding.

2015 showed a slight decline in the volume transported by CargoNet, but, for the first time in seven years, the company finally delivered positive financial results. Customers’ appetite for more environmentally friendly transport, combined with increased demand due to population growth in urban areas, means that CargoNet is well positioned to contribute to increased transport by rail. ●

PUNCTUALITY FREIGHT TRAINS



The distance by rail between Oslo-Narvik is 2,000 kilometres – the distance by air between Oslo and Rome. Freight trains use 27 hours on the journey, and run this route ten times a week, round trip.

If everything CargoNet transports by train had been transported by road this would have constituted 186,000 lorry loads per year on Norwegian roads.

186,000

If every customer who used CargoNet had used trucks instead, this would have increased CO₂ emissions in Norway by 147,000 tonnes. This corresponds to over 1,078 round trips by car to the moon.

1,078 round trips



87.1

Punctuality
passenger trains
2011



89.7

Punctuality
passenger trains
2012



88.4

Punctuality
passenger trains
2013

88.3

Punctuality
passenger trains
2014

88.6

Punctuality
passenger trains
2015

The best result ever



Passenger train operations

The best result ever. NSB passenger rail operations delivered its best result ever in 2015. A good result provides the financial leeway to continue investing and to increase services.

Growth in traffic. Strong growth in traffic in 2015 lay the foundation for the excellent financial outcome. The reason for the growth in traffic is twofold. A good year for tourism resulted in an increase in the number of passengers travelling on our regional trains. In addition, an extended train service, primarily in the eastern region of Norway, has resulted in many more passengers. NSB has worked for several years to achieve a 10-minute departure frequency between Asker and Lillestrøm and 2015 was the first full year with such a service. Sørlandsbanen, the south coast service, and the extended Trønderbanen through Trondheim to Melhus are other examples of lines with more frequent departures during 2015. Increased services have resulted in more passengers here as well.

More trains Especially in eastern Norway, the influx of customers during rush hour is so great that the trains get crowded, despite more trains put in service and longer trains. We are therefore pleased that NSB has received residual value for purchasing 44 new trains. Up until 2020, a new train set will be put in service each month. These train sets will replace ageing trains on the Voss and Gjøvik lines, as well as several other lines in eastern Norway.

Better alternative journey. Upgrading by Jernbaneverket, the infrastructure owner, affects the predictability of the train service supplied by NSB, due to both planned and unplanned disruptions. When surveyed our customers single out this type of disruption as most problematic. Providing alternative transport as soon as the need occurs has therefore a high priority. For the customer this entails getting information early and personnel available to answer questions properly and suggest a good alternative route to their final destination, ideally by train if that is possible. It is nevertheless encouraging that customer feedback was noticeably more positive after the planned summer closure in 2015, compared to 2014.

National travel planner. Development of digital services is a major component in NSB passenger rail operations. The NSB app has become the preferred method of payment for most passengers, with improvements and additional services introduced regularly. In 2015 a pilot version of a new service "tidr.no" was rolled out in Østfold, south-east Norway. This national route planner helps users find route information for the train, bus, tram and metro all over Norway.

Improved train service. NSB's goal for 2016 is an even better train service for our passengers. A more seamless connection from the south-east (Østfoldbanen) through Oslo to the west (Bærum and Asker) and additional departures during peak hours from Hamar was introduced in December 2015, ready for the new year.



Economy

5-7%

growth in number of journeys

NSB passenger train operations had its best result ever in 2015. The increase in profit was mainly due to increased traffic revenue. 2015 is the third year in a row with a growth in number of journeys of between 5 and 7 per cent. The operating profit was 1,208 MNOK.

Environment



The new digital tool «My Energy» makes it easier for the train driver to reduce electrical energy consumption and improve punctuality. Through this app, train drivers can also send tips to each other, discuss driving techniques and become more aware of their own performance.

Innovation

1.4 mill.

passengers downloaded the NSB app

1.4 million passengers have downloaded the NSB app, and many are using the app to purchase train tickets. In a separate entertainment app, NSB offers useful extras such as complimentary newspapers, podcast and audiobooks.

With the "tindr.no" service customers are offered a national travel planner for all public transport. The pilot is in use in Østfold county, and will eventually be rolled out throughout Norway.

HSE

Union representatives and dedicated safety employees cooperate well in important areas such as working environment, rehabilitation and drug prevention.

HR

72

out of a possible 100 points

The employee satisfaction index in NSB is in general high compared with other Norwegian transport companies. Employees consider NSB to be an attractive place to work, are satisfied with their job content and their immediate supervisor. Short-term absenteeism is low. NSB Passenger Rail operations sets strict health requirements for our employees and this leads to long-term absence being slightly higher than the national average.

Customer satisfaction

73

out of a possible 100 points

The customer satisfaction index was 73. This is a historically high result but there is still room for improvement. Customers are least satisfied with help concerning alternative routes when trains are cancelled. Better information, better implementation of alternative journeys and increased capacity on the trains during rush hour, are three areas NSB will concentrate on in 2016. The goal is to improve the customer satisfaction index by three points in 2016.

The new structure gave results



Freight

Positive result. For the first time in eight years, NSB's own freight company has achieved a positive result. The improvement is due to cost reductions and heightened operational performance. The sale of freight wagons has also contributed.

Restructuring programme. CargoNet has implemented a comprehensive restructuring programme, with considerable downsizing and other cost reductions. Despite a 20 percent reduction in employees during the last two years, the organisation has managed to keep up the same level of production as in 2014. Just as many trains ran, with regularity maintained at a respectable level, and punctual delivery increased to 92 percent.

Reduced costs CargoNet put maintenance of rolling stock out to tender in 2015 and renegotiated a series of agreements with suppliers to reduce costs.

High employee satisfaction. Employee satisfaction is improving despite the reorganisation of the company and fewer employees producing the same service. Employee satisfaction, surveyed during autumn 2015, shows an increase in job satisfaction and contentment. Employees are more motivated in 2015 compared to 2014.

Improved punctuality. Major investments in the upgrading of the railway network have led to extensive construction work, with disruptions as a consequence. Adapting freight traffic to avoid closed routes has been a challenge at times. Despite this, CargoNet has still managed to increase regularity and punctuality. This flexibility bodes well for the future as the volume of network construction is planned to increase.

New transport services. Mosjøen and Brevik were new terminals offered in 2015. These new services came about by cooperating with local stakeholders and major customers. This initiative has worked according to plan. Traffic has met expectations.

Green transport Rema and NorgesGruppen are examples of major food distributors who transport increasing amounts by rail. Grocery wholesalers are taking the environment into consideration by looking for more environmentally friendly forms of transport in the short- and longer term. For CargoNet it is essential to maintain the quality of delivery, and to have good, alternative plans when disruptions occur.

Restructuring programme. In 2016 CargoNet's restructuring programme will be completed. CargoNet aims to strengthen its position in the market as a supplier which is both punctual and has a clear environmental profile.



Economy

89

MNOK in operating result

Operating profit for 2015 was 89 MNOK. This is the first time since 2007 that CargoNet has managed a positive result, the consequence of a good strategy, major restructuring and hard work.

Environment



Freight transport by CargoNet's trains reduces environmental pollution from road transport, and annually replaces 186,000 truck trips. Finding environmentally friendly solutions permeates all our work at CargoNet. Adoption of electrically powered vehicles at the freight terminal at Alnabru in Oslo is one example.

Innovation

Concurrent with the readjustments within CargoNet, customer services were also improved. New freight lines have started up from Brevik to Bergen and from Brevik to Oslo and between Mosjøen and Trondheim.

HSE

20%

reduction in number of employees

The number of employees in CargoNet was reduced by 20 per cent over two years. In such a situation it is essential to maintain a high level of HSE, which the organization has managed.

HR

7.2%

sick leave

Despite the restructuring of the company, CargoNet has a stable level of sick leave. CargoNet started recruiting new train drivers in 2015, to fill vacancies left by drivers approaching retirement age. We had numerous applicants, indicating that CargoNet is regarded as an attractive workplace.

Customer satisfaction



In 2015 punctuality for CargoNet trains was higher than for several years. The number of train cancellations fell by two thirds from 2013, giving improved service quality delivered to customers. Customer satisfaction has increased considerably.

Successful development



Real estate

Good year. 2015 was a very good year for the NSB Group's property operations. ROM Eiendom sold an office building in Munkedamsveien 62 and a logistic property in Alf Bjerkes vei 30, both in Oslo and the Saga Centre shopping centre in Jessheim, while a large plot in Oslo at Bjørvika was purchased.

Attractive area. ROM Eiendom develops residential and commercial buildings in and around public transportation nodes. The growth in population in Eastern Norway is strong, and good railway links have ensured that towns like Drammen, Ski, Moss, Fredrikstad and Jessheim are especially attractive. These are areas in which ROM Eiendom has a significant presence today and where we will continue to develop property.

Low risk. ROM Eiendom has a low risk profile, and is aware of the downturn in the Norwegian economy, in particular in the Stavanger region. ROM Eiendom will therefore be cautious when initiating projects that do not have a high pre-sales index or a high level of occupancy.

Østbanehallen is well received. The rehabilitation of Østbanehallen in Oslo was completed in February 2015. The heritage building from 1884 has now emerged as a culinary «cathedral». Rehabilitation was especially demanding due to difficult ground conditions in addition to preservation orders, both internally and externally. Cooperation with the city and cultural heritage authorities, however, has been good. The public have also welcomed the variety of choice in Østbanehallen. Both travellers to the city and residents in Oslo use the good shopping possibilities and restaurants.

High environmental standard. ROM Eiendom's new buildings are classified according to the BREEAM-NOR environmental standard. This international standard safeguards environmental aspects throughout the life of the building. The choice of BREEAM-NOR contributes to good, environmentally friendly and cost effective solutions, making projects more attractive to foreign buyers. ROM Eiendom's ambition is to achieve the «Excellent» certification in all our projects, where possible.



Economy

1,307

MNOK in operating profit

We achieved an operating profit of 1,307 MNOK in 2015. This is an improvement of 61 MNOK compared to 2014, and is our best ever operating profit. Revenues amounted to 1,187 MNOK in 2015.

Environment



ROM Eiendom achieved the BREEAM-NOR «Excellent» level for Munkedamsveien 62, and all current projects will be classified as «Excellent» or energy class A. ROM Eiendom have established “green” leases with several of its tenants. These are agreements concerning investments in environmental measures where the benefit will be split in the form of lower operating costs. Several of these measures are supported by Enova, the government building agency.

Innovation

Innovation is one of the most important parameters in BREEAM-NOR, which emphasises new and innovative solutions for energy and energy sources throughout the project.

HSE

3.9%

sick leave

Sick leave in 2015 was at 3.9 %, an increase from 2.9 % in 2014.

HR

81

out of a possible 100 points

Low turnover and a high retirement age indicate that our employees thrive, confirmed through high employee satisfaction measurements. Many are proud of ROM Eiendom’s social mission – to develop modern cities where people choose to travel by public transport.

Customer satisfaction



Both among ROM Eiendom’s tenants and among passengers who use public transportation hubs, customer satisfaction is high.

Improved bus services, more passengers



Bus

Norway's largest. Nettbuss is Norway's largest bus company, and the second largest in Scandinavia. In 2015 there were 110 million journeys delivered by Nettbuss, encompassing both local-, school- and express buses.

Good customer surveys. Currently Nettbuss has operations in both Norway and Sweden, and has improved results in both countries, despite strong competition and low margins in the bus market. This is partly due to a special programme to improve company profitability. Service-minded bus drivers who perform in a customer friendly manner are appreciated. The company has done well in customer satisfaction surveys in 2015, both in Norway and in Sweden.

Bus tenders won. During 2015 Nettbuss was successful in numerous bus tenders in Norway. The contracts in both Møre, Glåmdalen, Grenland and inner Nordmøre were won back, and from the 1st July the company will be back in Rogaland after winning the tender in Jæren and Dalane. Nettbuss lost the tender in Kvinesdal. In Sweden Nettbuss won tenders in Lerum and Østersund, whilst the tender in Orust was lost. The contract for driving the red and purple express routes for Västtrafik was recaptured by Nettbuss, as well as the new Fyrbodal tender for the same customer.

Increased efficiency. For several years, express bus operations have struggled to make a reasonable profit. Bus4You between Bergen and Stavanger was closed down in August 2015 due to weak financial performance. Elsewhere, increased efficiency in production, modifications to express bus services as well as high load factors during the summer of 2015 meant that Nettbuss Express improved its financial performance.

Good profitability. In Sweden the express bus business is still growing, and profitability is good. Nettbuss is the market leader on the Oslo – Gothenberg – Malmö route. During the summer of 2015 Nettbuss Express started a new direct service between Västerås and Arlanda airport, as a further development to the Oslo – Stockholm route.

Anniversary. In November 2015 Nettbuss celebrated 90 years since its first bus route, Selburuta, came into operation. Nettbuss considers the 9th November 1925 as the company's inauguration date. In 2016 Nettbuss will amalgamate all the separate Norwegian route operations into one company. Nettbuss will continue efficiency programmes to improve results throughout the Norwegian and Swedish operations. Additionally the company will continue to create new service solutions that make it easier and more attractive to travel by bus.



Economy

172

MNOK in operating profit

Operating profit for 2015 was 172 MNOK, an improvement of 52 MNOK compared to 2014. This improvement is mainly due to profit-enhancing measures implemented in 2015. Revenues for 2015 totaled 5,583 MNOK. This is a reduction of 324 MNOK compared to 2014, mainly due to Nettbus selling off parts of the Danish operations in 2014.

Environment



The entire Norwegian operation apart from Nettbus Express is environmentally certified according to the ISO 14001 standard. Two of the companies are road-safety certified to the ISO 39001 standard, while one of the companies is certified to the quality management system ISO 9001. From 2016 Nettbus AS will be certified in all three areas as the new combined company, though introduction of the new standards in regions that previously did not have these certifications, will be gradual. All employees complete environment awareness courses. In 2015 Nettbus arranged a Nettbus competition in customer- and environment-friendly driving, to be repeated in 2016.

Innovation

45%

sales on the internet

Nettbus has made considerable efforts to move away from cash sales in express bus operations. Internet sales are on the increase, and now account for 45 percent of the revenues for TIMEkspresen and Nettbus Express. In Sweden Nettbus Express has established a new route between Västerås and Arlanda, and in Norway a new express bus service has been started between Ulsteinvik and Oslo with double-decker buses.

HSE

Common basic training for new drivers has been introduced throughout the company. We have also implemented new skill development measures for managers.

HR

72

out of a possible 100 points

Nettbus scored 72 points out of a possible 100 for both employee satisfaction and attractiveness as an employer, in our annual survey. This is higher than average for the Norwegian transport industry. Other areas with a high score amongst our employees are dedication and loyalty. Sick leave was at 8.3 percent.

Customer satisfaction



In Sweden Nettbus Bus4You has won the Swedish Quality Index for passenger transport for five consecutive years. In Norway customer satisfaction levels have resulted in bonus pay-outs for several contracts that Nettbus operate. The company has adopted its own system to ensure a safe, environmentally friendly and customer friendly performance on all the routes Nettbus operates, both in Norway and in Sweden.

Ready for increased competition



Train maintenance

High expectations. Mantena maintains rolling stock in Norway and Sweden, and aims to become the best supplier of train maintenance in Europe.

New contracts. In Sweden Mantena has won two new contracts with SJ, the Swedish Railway, commencing in 2016. The contracts cover rolling stock of the types X40 and X55, are based in two locations involving around 50 employees. Mantena's operation in Sweden also includes maintenance of the trains for the Stockholm Metro, performed by TBT, a company jointly owned by Mantena and Hong-Kong-based MTR.

Putting out for tender. Mantena was also selected in three out of four tenders when CargoNet put their train maintenance out for tender in 2015. We expect that an increasing proportion of Mantena's train maintenance assignments will be put out for tender.

Large customers. The largest customers in Norway are NSB, the Airport Express train, CargoNet and NSB Gjøvikbanen. In Sweden Skånetrafiken, SL and SJ are major customers.

Increased competition. In 2015 our Norwegian operations were characterized by significant change in order to meet new demands and increased competition for railway vehicle maintenance. The company has reorganised and adjusted both production lines and staffing, continuing on into 2016.

Improved quality. During 2015 Mantena worked on specific goals in close collaboration with the train operators to ensure timely delivery. This has also resulted in a clear progression in the quality of maintenance.

Developing competence. Mantena builds the workforce through skill development, to ensure that we have competent professionals, familiar with the different types of rolling stock used by customers. In addition Mantena puts emphasis on management development during the process of restructuring the company. Innovation and development are important to ensure that we remain market leader in train maintenance in a European market that is rapidly evolving.

Active contributor. We intend Mantena to be characterized by high quality, efficient deliveries and processes to meet increased international competition. At the same time Mantena aims to be an active contributor in the development of trains as both socially important and an effective transport option.



Economy

51

MNOK in operating profit

The operating profit for 2015 was 51 MNOK. This is an improvement of 4 MNOK compared to 2014. Operating revenues for 2015 were 1,367 MNOK

Environment



Mantena is environmentally certified according to ISO 14001 and were recertified in 2015. No serious environmental emissions have been registered during the year. Mantena works continuously to reduce the use of environmentally harmful chemicals.

Innovation

Mantena focus on strengthening our technical expertise and working with innovative ideas in the development of maintenance of rolling stock.

HSE

7.9%

sick leave

Sick leave in 2015 was 7.9 percent, and the "Inclusive working life (IW)" is to continue. The number of injuries is at the same level as 2014. Work has begun on a new certification - OHSAS 18001 (ISO 45001). Risk analyses are conducted regularly as well as job-safety analysis to prevent serious incidents.

HR

69

out of a possible 100 points

The employee satisfaction survey in 2015 gave 69 out of a possible 100 points for work satisfaction, where 70 points is considered high. Considering the reorganisation Mantena has been through over the past few years, this is a good result. Mantena is working actively to recruit new expertise and has at any given time between 20 and 25 apprentices.

Customer satisfaction



As a maintenance provider Mantena has contributed to a considerable increase in the mean distance between failures for passenger trains in Norway over the year.



75.1%

Capacity utilisation
freight trains
2011



75.2%

Capacity utilisation
freight trains
2012



78.9%

Capacity utilisation
freight trains
2013



86.6%

Capacity utilisation
freight trains
2014

89.7%

Capacity utilisation
freight trains
2015

Report of the board of directors 2015

(Previous year's figures in brackets)

Summary of the results and development of the NSB Group for 2015

- // Operating profit for 2015 was 2,814 MNOK (2,001 MNOK)

- // Profit before tax was 2,664 MNOK (1,597 MNOK)

- // Return on equity was 23.5 % (19.1 %)

- // Increased traffic volume and operating income from passenger train operations

- // Improved results from bus operations

- // Positive development in freight operations due to efficiency measures

- // Considerable gains from the development and sale of property

- // Punctuality in the passenger train operations somewhat lower than target

Summary of results and development for the business areas

Passenger train operations

Passenger train operations are run by NSB AS and its subsidiaries NSB Gjøvikbanen AS and (in Sweden) Svenska Tågkompaniet AB.

Operating income from passenger train operations was 7,534 MNOK (7,087 MNOK), an increase of 6.3 % compared to the previous year. A significant part of the change stems from an increase in journeys by 5.7 % to 72.4 million. This is primarily due to increased train capacity and expanded services in Eastern Norway.

Operating profit was 1,208 MNOK (659 MNOK), an increase of 549 MNOK, due mainly to increased revenue. Operations in Sweden gave a profit of 9 MNOK (0 MNOK).

An adjusted and improved timetable was introduced in December 2015, building further on the major changes introduced in 2012. All these improvements have given customers in the eastern part of Norway and, from 2014, also around Trondheim and along the south coast, a better train service in terms of more departures, new trains and more seats. These changes have led to a 26 % increase in traffic volume over the last four years.

The procurement of new regional and local trains is going according to plan - 28 regional trains (type 74) and 43 local trains (type 75) are now in service in Eastern Norway. 81 new trains in total will have been delivered by the end of 2016.

Passenger train operations in Norway achieved a punctuality of 88.6 %, somewhat better than in 2014 but below the target of 90 %.

Bus operations

Bus operations are run by the parent company Nettbuss AS, 10 wholly owned subsidiaries and 8 partly owned companies. The Nettbuss Group operates in most counties in southern and mid-Norway. The Swedish operations are located mainly in the south west of Sweden. Both in Norway and in Sweden bus services are mainly on contract to municipal county authorities, but the group also offers express bus routes, tourist services and workshop maintenance.

The operating result was 172 MNOK (120 MNOK). The Nettbuss Group's operating income for 2015 was 5,583 MNOK (5,907 MNOK), a decrease of 5.5 % from the previous year. The change in operating income was mainly due to a reduced stake in the Danish operations and changes in tender traffic during 2015.

The Scandinavian market for long distance express bus travel is characterized by strong competition from air and train services and from other bus companies. Even though development is fairly stable, there are large regional variations.

The Norwegian market for long distance express bus travel has changed in recent years. To address this, the Group has established and developed Nettbuss Ekspress as a separate brand for the company's regional routes in Norway and Sweden, and thereby established Scandinavia's largest express bus network. In 2015 production was adapted extensively to meet competition in this market.

Express bus operations in Sweden are growing and market share is increasing. Profitability is good, and the company is now the market leader for Oslo - Gothenburg - Malmö. In 2015 a new express route was started between Vesterås and Arlanda (Stockholm airport).

The company has taken part in several tenders in 2015. In Norway contracts in Aust-Agder and Elverum were not renewed, and the same will apply in Kvinesdal from 2016. Contracts for Sunnmøre, Glåmdalen, Grenland, Hønefoss - Oslo and Indre Nordmøre were won back while new tenders were won for Dalane and Jæren starting up in 2016.

In Sweden two tenders were won in the VästTrafik (Gothenburg) region, as well as in Østersund, both with start-up in 2016. In addition, operations in Lerum will start from July, delayed due to complaints from other bidders. Operations in Orust will be wound up.

The Nettbuss Group transported 110 (131) million passengers and drove 174 (190) million km in 2015.

Freight operations

Freight operations are run by the CargoNet Group. The largest share of the business is operating shuttle freight trains for containers and other intermodal platforms. CargoNet also operates dedicated customer train services for the transport of fuel and timber.

Container terminal operations are run by wholly owned subsidiaries, Rail Combi AS and Terminaldrift AS.

Operating income was 1,096 MNOK (1,032 MNOK) in 2015, giving an operating result of 89 MNOK (-90 MNOK). The improvement in operating profit came mainly from the positive impact of the restructuring program. This entailed both reductions in staffing, introducing competitive tendering in rolling stock maintenance, as well as sales of fixed assets.

The quality of railway infrastructure has again affected operations during 2015. Several lines have been closed for shorter or longer periods due to floods, landslides and other extreme weather conditions. In total 155 (128) trains had to be cancelled due to unforeseen problems with infrastructure. Operations in Norway have also been affected by increased competition from road haulage and other suppliers of cargo transport by rail.

Punctuality in Norway was 92 % (90 %) measured on delivery within 15 minutes, equalling our goal.

Train maintenance

Train maintenance is operated by Mantena AS, which is the largest supplier of maintenance services to train operators in Norway. The main activity is maintaining locomotives, wagons and passenger trainsets. In addition Mantena runs workshops for the maintenance of parts and components. The company also maintains and repairs equipment used on railway infrastructure in Norway. Mantena runs workshops in Oslo, Trondheim, Drammen, Skien, Bergen, Stavanger, Narvik and Bodø.

Mantena runs maintenance operations in Sweden through Mantena Sverige AB, and is an important partner in the company maintaining the Stockholm underground trains.

Mantena intends to meet future competition through efficient and reliable maintenance operations. The company's competitiveness is a critical factor and over several years has introduced measures to meet ever increasing demands for efficiency and reliability. During 2015 Mantena won tenders for maintenance of heavy freight locomotives and wagons for CargoNet AS.

Operating income was 1,367 MNOK (1,367 MNOK) resulting in an operating profit of 51 MNOK (47 MNOK). This increase is mainly due to improved operations in both Norway and Sweden.

Real estate

The group strategy for real estate operations is to optimize development of real estate asset value with a view to sale of non-operational property, taking market opportunities and Group finance into account. Real estate operations should also develop and manage real estate properties to strengthen the transport business of the NSB Group. The NSB Group, by means of its real estate operations, aims to be the leading developer of transport hubs for public transport and freight transport by rail.

ROM Eiendom completed and sold an office building at Filipstad in Oslo in the spring of 2015, and a large plot of land has been sold in Bjørvika in Oslo. The Special Purpose companies are highly active and profitable. Real estate operations, which comprise just under 1 000 buildings and a property

development potential of about 2 million square meters, achieved an operating profit of 1 307 MNOK (1 246 MNOK) in 2015. This positive result stems mainly from gains on property sales and unrealized gains from investment property.

About the NSB Group

Corporate governance

The Board of Directors has discussed and approved the statement regarding Corporate Governance that is included in the annual report.

Ownership

The NSB Group is one of Norway's largest transportation groups. The parent company NSB AS is owned by the State of Norway, represented by the Ministry of Transport and Communications. The Group's headquarters is in Oslo, while operations are spread throughout most of Norway, and in parts of Sweden and Denmark.

The organisation

The Group consists of the following businesses

// Passenger train: Passenger train operations and common group services

// Bus: Bus operations

// Freight: Freight train operations

// Train maintenance: Maintenance and repair of passenger and cargo trains

// Real estate operations: Operation and development of real estate

Goals and strategies

The NSB Group core business is passenger traffic by train and bus in the Nordic countries, freight transport by rail within and to/from the Nordic countries, development of transport hubs and ownership of strategic property close to stations and freight terminals. In addition, the NSB Group carries out operations closely connected to the core business.

The NSB Group aims to add value through developing, producing, marketing and selling safe and competitive passenger and freight transport in the Nordic countries and, based on group-owned property, to support urban development facilitating public transport.

The NSB Group shall

// avoid injuries to people and damage to the environment

// be the leading land-based transport company in the Nordic region

// generate profit

// satisfy customers

// employ highly qualified and motivated employees

// maintain financial freedom of action

Internal control

The NSB Group has adopted a framework for internal control, and has established a control-environment that consists of values, ethical guidelines, organisational structure, authorisation structure and governing documents. The Board of Directors evaluates the Group's business idea, values, strategies and plans on an annual basis. Risk analysis is performed annually for the business as a whole as well as for each operation. Risk pertaining to financial reporting is evaluated through risk analysis of specific areas and periodic follow-up meetings with the business segments.

The internal control system is revised periodically, resulting in changes and improvements to governing documents, procedures and key controls.

Economic development of the NSB Group and of the parent company NSB AS

The NSB Group had a profit after tax for 2015 of 2,158 MNOK (1,509 MNOK), an improvement of 649 MNOK. The operating profit was 2,814 MNOK (2,001 MNOK), an improvement of 813 MNOK. This improvement accrued from increased volume and income from passenger train operations, gains from the development and sale of real estate, improved operations in all business segments, and one-time effects from changes in pension costs.

The parent company NSB AS showed a profit after tax for the year amounting to 1,723 MNOK (947 MNOK). Group contributions and dividends from subsidiaries of 901 MNOK (720 MNOK) are included in this result. Operating profit for the parent company was 1,084 MNOK (541 MNOK), due mainly to increased volume and income as well as one-time effects from changes in pension costs.

The Group's net cash flow from operations was 2,233 MNOK (1,338 MNOK). Net cash flow employed in investment was 1,429 MNOK (637 MNOK). This includes 2,148 MNOK (2,302 MNOK) in acquisition of property, plant and equipment as well as investment property, and the sale of assets, including real estate, of 319 MNOK (1,755 MNOK). Investments were directed primarily towards increased capacity and profitability within the Group's business segments. A dividend of 753 MNOK was paid to the company shareholder in 2015.

After this year's profit, total equity for the parent company amounted to 6,849 MNOK (5,961 MNOK), an equity ratio of 29.2 % (25 %). Parent company retained earnings were 1,705 MNOK. For the NSB Group, total equity was 9,838 MNOK (8,400 MNOK), giving an equity ratio of 34.1 % (30.2 %).

Group return on equity was 23.5 % (19.2 %).

Group working capital was 4,259 MNOK (2,740), a change of 1,519 MNOK.

The owner, represented by the Ministry of Transport and Communication, normally expects a dividend equal to 50 % of Group profit after tax. The Board proposes the following allocation from parent company (NSB AS) profit:

Dividend	1,074 MNOK
Allocated to retained earnings	649 MNOK
Sum allocated	1,723 MNOK

The accounts have been submitted under the assumption of a going concern, and the board confirms that this is the case.

Risk

Financial risk

Group activities expose the Group to a variety of financial risks: market risk (including currency exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Group financial performance. The Group utilizes derivative financial instruments to reduce some risk exposures. NSB Group financial risk management is described in note 14.

NSB borrows money in the markets in the currency that offers the most favourable terms. Borrowings in foreign currencies are converted to Norwegian currency through currency swap agreements. NSB aims to minimise currency risk in its financial management. NSB has some exposure to currency risks in its daily operations related to bank and cash deposits for business units abroad, but otherwise to a minimal degree as its income and expenses primarily occur in NOK. For agreements entailing a considerable outlay in foreign currency, the currency risk is covered almost 100 % for the course of the agreement.

NSB is exposed to changes in interest rates. The parent company uses financial instruments to reduce interest rate risk and to achieve its desired interest rate structure. Guidelines have been established, regulating what portion of total outstanding debt is to be subjected to interest rate protection during any 12 month period, and for the duration of the loan portfolio.

Surplus liquidity is invested in short-term Norwegian bonds and commercial papers. Changes in interest rates can affect the value of the portfolio, but the papers are normally held until maturity. Limits to exposure within certain sectors and institutions are established based on credit evaluations.

Current guidelines state that funding needs during the next twelve months should be covered through excess liquidity and committed credit facilities. The NSB Group aims to have free liquidity of at least 500 MNOK.

NSB has covered its borrowing needs for 2015 satisfactorily through several short-term loans in the domestic commercial paper market during the year. Unrest in financial markets has lessened somewhat, but there is still uncertainty related to the development of interest rates. At the end of the year there was a general increase in loan margins. NSB has a strong focus on counterparty risk in financial transactions.

Operational risk

Analysis of operational risks is done systematically, for example for traffic safety and the achievement of financial goals. Based on this risk analysis, control activities reduce identified risks through automatic controls, audits and analysis of specific risk areas.

Social responsibility

The Ministry of Transport and Communication through the articles of association has directed the board to ensure that the company remains socially responsible. The company reports on this theme annually to the owner by means of the annual planning document (§ 10-plan).

The NSB Group's most significant contribution to society is to ensure that transportation needs are covered in an efficient, accessible, safe and environmentally friendly manner. This is to be achieved by planning and implementing measures for increasing the capacity of public transport to/from home and work, developing both public transportation hubs and residential and commercial buildings in close proximity to these hubs, and offering sustainable freight transport by rail.

The NSB Group reports on social responsibility in accordance with Norwegian accounting law (§ 3-3 a and c) by publishing a social responsibility report as part of the annual report. This CSR report covers information i.e. on the working environment, absence due to illness, on equality and discrimination, the impact on external environment and how corruption is prevented.

Future challenges

Railway reform will bring about major changes in the NSB Group in years to come. Competitive tendering will be introduced for passenger train traffic, grouped in bid packages. Group passenger train rolling stock, real estate operations, maintenance operations and ticketing systems will be transferred to a separate state-owned body to promote competition. The Ministry of Transport and Communications published on February 4th two competitive tenders for passenger rail services as part of the Norwegian rail reform, scheduled traffic starting from December 2018. Tender number 1 consists of the railway routes that serve the southern coast of Norway (Sørlandet Line, Jær Line and Arendal Line). Tender number 2 consists of the Dovre Line, Røros Line, Nordland Line, Rauma Line and Meråker line. This constitutes about 25 % of the revenue of the Norwegian passenger train operations. Further changes are not yet scheduled, pending both concretization and clarification.

To meet the railway reform the NSB Group has initiated a change program that will help build a strong and viable NSB Group, both competitive and highly competent. For the passenger train operations four different projects have been started to adapt to the reform and to ensure a competitive future: to customize operations to new parameters, the sale of rolling stock, retail solutions and the customization of staff and support functions.

The Board is committed to helping implement railway reform and has in the annual § 10 plan provided input to the government's work with this. The Board emphasizes among other things that customers are dependent on a public transport system with sufficient capacity and quality. Timetables for the longer term and all organizational changes must be clarified before initiating tendering processes, and NSB should be given the opportunity to compete on equal terms with other companies.

The Paris Agreement on climate change was adopted on 12 December 2015, and the Norwegian government has set a target for Norway to cut greenhouse gas emissions by at least 40 percent by 2030 compared with 1990. The transportation sector in Norway accounted for 26 percent of emissions in 2013 and thus is key to reducing total emissions. The NSB Group with its rail, bus and real estate business plays an important role in facilitating a shift towards public transport and thereby reduced emissions.

NSB's expanded services for passenger train transport, especially in Eastern Norway, launched in December 2012, have created high growth in both customer volume and revenue. A further expansion of the route network was brought in in December 2014 with both a ten-minute frequency between Norway's seven largest stations, more departures between Oslo and Stavanger and also around Trondheim. Investment in and delivery of new passenger trains continues. Altogether 81 new train-sets will have been delivered by 2016. Stabekk, Høvik and Blommenholm stations to the west of Oslo were renovated and reopened in December 2015 enabling a new timetable and 4 departures per hour.

In the real estate business, we are developing major projects close to public transport hubs. 2016 will see a lot of activity in and around station areas and on the company's most attractive and central development sites. Examples include Hamar, Drammen, Bergen and Trondheim stations and further development of our own properties adjacent to the office buildings Schweigaards gate 21 and 23. At Grefsen in Oslo a large number of homes are being developed in cooperation with local partners.

Most of the bus industry, except express buses, is based on tenders. In 2015, Nettbuss won many contracts securing continued operation in these areas for another 8-10 years. In 2016 only Sogn (west Norway) and some other minor areas of our existing bus network will be put out to tender. The company works continually to streamline its operations, improving competitiveness so that the company can be a long-term player in the market. Current restructuring of Nettbuss companies in Norway will significantly reduce administrative costs. Nettbuss aims to retain market share in Norway and somewhat strengthen its position in Sweden.

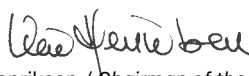
Freight operations are affected by increased competition on both road and rail, as well as new customer-induced structures and strategies. Restructuring our freight operations is a first step towards becoming a profitable and sustainable participant in the rail freight market and we continue to look for further improvement in order to achieve this goal.

To make rail transport a more attractive and competitive alternative for customers, the standard and quality of transport services must be improved, increasing capacity where relevant. Currently, supply quality is not good enough and a substantial share of train delays and cancellations is due to infrastructure deficiencies.

Infrastructure investment and maintenance is therefore essential, including the need for rapid and extensive development of railway capacity. To succeed in this endeavor requires improved cooperation in the railway sector. Ensuring effective collaboration is central to continued implementation of the railway reform.

2015 has in sum been a good year for the NSB Group, with underlying operations improving in all business areas. The Board would like to thank the NSB Group's employees for their efforts in 2015, and encourage them to take part in a collective effort to develop the NSB Group to meet forthcoming challenges and opportunities, also where related to railway reform.

Oslo, 24th of February 2016



Kai Henriksen / *Chairman of the board*



Bjarne Børgersen



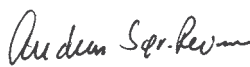
Wenche Teigland



Åsne Havelid



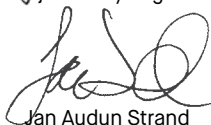
Kjerstin Fyllingen



Audun Sør-Reime



Rolf Jørgensen



Jan Audun Strand



Geir Isaksen / *CEO*



Kjerstin Fyllingen

Kjerstin Fyllingen is chief director for Haraldsplass Diakonale Sykehus AS (private hospital). She has a Master's degree in management from BI (Norwegian Business School). She was previously executive vice president of Tryg and was part of the Group management team with different responsibilities. Before that, she was Vice President of Vital (DnB Life insurance), she has also worked as general manager of Infodoc International and has been responsible for economy -IT at DnB.

Åsne Havneldid

Åsne Havneldid is a graduate of the Academy of Commerce (now BI). She is the secretary general of the Norwegian Red Cross. She was previously World Championship manager for the Ski World Championships in Oslo in 2011 and prior to that Vice President Cabin Operations in SAS Braathens and Director of Development in Braathens. She has been assistant top director of sports for Olympiatoppen (Norwegian Olympic Organisation) and deputy for the Norwegian OL-Olympic team in five Olympics, general manager at Toppidrettssenteret (Elite Sports Centre) and principal at the Toppidrettsgymnas (The Norwegian College of Elite Sport). She is a board member for Det Norske Teater (Norwegian theatre) and deputy chairman for Rådet for Forsvarets Høyskole (Council for the National Defence College).

Wenche Teigland

Wenche Teigland is a Group Director for Energi at BKK (Energy Company in Bergen). She has graduated as an engineer and has previously worked for Gasnor, ABB Offshore Systems, Aker Engineering and Solbos AS. Teigland is a board member for Agua Imara and Chairman of the Board for BKK Varme and Vestavind Offshore.

Bjarne Borgersen

Bjarne Borgersen is a partner in the law firm Borgersen and Partners. He is a lawyer from the University in Oslo, and has amongst other things been the CEO of Tromsbanken AS and later in Fokus Bank. He has also been the chief for Norsk Lotteritilsyn ASA (Norwegian Lottery authority). He has several board positions and has also been on the board of the Norwegian Banking Association, with two years as chairman (1994-1999), and a member of the board of Eksporthfinans AS (1991-1999).



Audun Sør-Reime

Audun Sør-Reime started as a conductor trainee in NSB in 1976, and was the head of Kristiansand Konduktørforening (Conductor Association) from 1991 to 1997. He was the secretary for the Konduktørenes Landsråd (Conductors national council) in 1997, and the leader from 2000 to 1st September 2015. Member of NJFs (Norwegian Railway Associations) board since 2000, and national secretary for the Norwegian Railway Association from the 1st September 2015. Board member for NSB from 2008. President in the European Transport Federation (ETF) advisory group for on board staff since 2012.

Jan Audun Strand

Jan Audun Strand joined NSB Biltrafikk (Nettbuss) in 1992. Previously worked as a sales representative for Mills DA. He has been a representative for NNN (Norwegian Food and Allied Workers Union) and NJF (Norwegian Railway Association) since 1982. Head of the Bilpersonalets Landsråd (National Association for Car staff) for NJF (Norwegian Railway Association) since 2007. Board member for NJF (Norwegian Railway Association) and NSB from 2008. Deputy for the Nettbuss Board during the same period. Head of the Europeisk samarbeidsutvalg (ESU) (European Works Council (EWC)) for Nettbuss. Elected as the main union representative for Nettbuss AS from 1st January 2016.

Rolf Jørgensen

Rolf Jørgensen has been the head of the Norsk Lokomotivmannsforbund (Norwegian Train driver Association) since 2011. Jørgensen is educated as an electrician and an engine driver and has worked for the NSB Group for over 30 years. Jørgensen is also a board member for the Jernbane-personalets Bank og Forsikring (The bank and insurance company for the employees of the railway).

Kai Henriksen

Kai Henriksen is educated cand. polit. from the University in Oslo and Master of Business administration from Harvard University. He is the CEO of Vinmonopolet AS (Wine monopoly), and has previously been CEO of the law firm DLA Nordic, CEO of Storebrand Bank, director of Marketing for Avanse Forvaltning and project leader for McKinsey. In addition to being Chairman of the Board for NSB he is chairman of the corporate assembly in Kollektivtransportproduksjon AS (KTP), Chairman of the board for Fjellinjen and board member for the The Employers' Association Spekter.



68%

Customer satisfaction
NSB passenger train
2011

69%

Customer satisfaction
NSB passenger train
2012

69%

Customer satisfaction
NSB passenger train
2013



70%

Customer satisfaction
NSB passenger train
2014



73%

Customer satisfaction
NSB passenger train
2015

Public transport is the future

The main goal for the NSB Group is to create values for the owner and society through efficient, accessible, safe and environmentally friendly passenger and freight transport.

The Paris Agreement on climate change, adopted on 12 December 2015, provides a clear direction for future global climate goals. Companies and society will have to adapt to these new climate targets. The NSB Group wants to contribute, as reflected in our strategic objectives:

The main goal for the NSB Group is to create values for the owner and society through efficient, accessible, safe and environmentally friendly passenger and freight transport.

The Government proposed in White Paper no. 13 (2014-2015) that by 2030 Norway should cut greenhouse gas emissions by at least 40 percent compared with 1990. Amongst efforts to reduce Norwegian emissions, the government points to five specific priority areas, of which one is reduced emissions from the transport sector. Transport accounted for 26 percent of total emissions in 2013 and thus is key to reducing climate change and achieving sustainable development.

Greenhouse gas emissions in the transport sector can be reduced through transition to transport modes that emit less, by curbing the need for transport or by lowering emissions from a given transport type. The government says in the White Paper that they will help more people choose either public transport, walking or cycling. It is also important that urban development patterns and transportation systems encourage development of compact cities and towns, reducing transportation needs and promoting climate-friendly forms of transport.

The NSB Group can and will contribute in significantly reducing greenhouse gas emissions in the transport sector. Our contribution will be delivered by planning and implementing increased capacity on public transport to/from home and work, developing public transport hubs and adjacent residential and commercial buildings, and delivering sustainable rail-freight solutions. Central elements here are a more attractive and efficient timetable in Eastern Norway implemented between December 2012 and December 2015, bringing 71 new trains into service to date, and intensive real estate development in and around transport hubs.

These efforts have resulted in a considerable increase in traffic volume in 2015 too, with an increase in train journeys by 5.7 % to 72.4 million, up by 26 % compared to 2011. In Norway our bus traffic declined by 5.6 % but Sweden showed a 3 % increase in 2015.

Key milestones in 2015

- // **From the route change** on December 13 the commuter line west of Oslo between Lysaker and Sandvika reopened after upgrading of stations and tracks and a new turning branch at Høvik. The route network which started up in 2012 is now completed, incorporating three upgraded local stations Høvik, Blommenholm and Stabekk

- // **The growth in journeys** by passenger train was 5.7 %

- // **Energy consumption per train seat km.** was reduced by 4.5 % compared to 2014

- // **The proportion of buses which are either hybrid,** use biodiesel or run on natural gas has almost doubled to 35 %

- // **The office building in Munkedamsveien 62** at Filipstad, Oslo west, was completed and classified as BREEAM NOR Excellent

- // **Energy consumption by our properties** has been reduced by 5 %, measured in kWh/m²

- // **The NSB Group continues to support SOS Children's Villages,** donating to the Siteki village in Swaziland in lieu of Christmas presents to our employees.

Corporate responsibility for the NSB Group

As part of our group policy NSB has established corporate guidelines for social responsibility as well as ethical guidelines. We follow the following basic principles regarding social responsibility:

- // **Every company manager** has to ensure that their company safeguards social responsibility as an integral part of running their business

- // **Social responsibility** shall be incorporated into our strategic foundation and values

- // **We support the principles** stated in FN's Declaration on human rights and ILOs core conventions

- // **We are active** in preventing all forms of corruption

- // **We shall actively contribute** in the reduction of the environmental impact of the transport sector

- // **We publicise annually** the status and development of social responsibility in our CSR report

The NSB Group has reported on environmental and social responsibility since the early 2000's. The report and its emphasis has evolved based on materiality considerations related to the challenges facing the company and the expectations of stakeholders. As other large enterprises the NSB Group reports CSR according to the Norwegian Accounting Act § 3-3 paragraphs (a) and (c). The report is also in part based on the requirements of the GRI (Global Reporting Initiative G4 – a voluntary standard for reporting corporate responsibility) and the UIC SIR (Sustainability Indicators, Rail).

Customer relations

Traffic volume development

The first major schedule change in Eastern Norway in recent history came in 2012. In December 2015, a new step in facilitating more services for more customers was implemented, reopening the Blommenholm, Høvik and Stabekk stations on the Drammen line, west of Oslo, with 4 departures per hour. Changes implemented since 2012, together with the introduction of many new trains gave a 5.7 % traffic increase in the last 12 months, and in 2015 72.4 million journeys, of which 67.1 mill. in Norway. 71 new trains are now in service with 26 % more traffic than in 2011.

	2015	2014	2013
Number of train journeys (mill.)	72.4	68.5	65.7
Number of bus journeys (mill.)	109.6	131.4	136.8
Number of transported TEU (1 000)	373	376	395

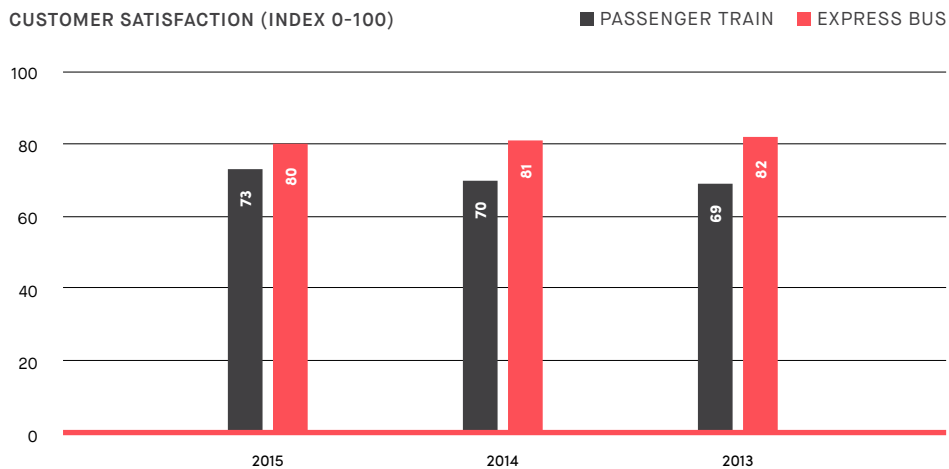
Bus operations saw the number of journeys reduced to 109.6 million. This reflects the reduction in ownership share of the operations in Denmark. Journeys in Norway and Sweden totalled 75.3 (79.8) and 34.2 (33.2) million, representing a change of - 5.6 % and + 3 % respectively. This was mainly due to changes in route production.

Freight volume stabilized in 2015, although it is still considerably lower than the peak year of 2008. Improved delivery quality has encouraged customers to choose to send their cargo by train. However many railway lines have been prone to flooding, landslides and infrastructure failures in 2015 too. Last year 155 freight trains were cancelled due to unforeseen closures, half that of 2013. Learning from 2015 shows that increased demand for rail-freight presupposes stable infrastructure so that customers can have more confidence in punctual delivery.

Reputation and customer satisfaction

The operational entities within the NSB Group conduct annual surveys on customer satisfaction. These give a good picture of how NSB's service and quality is perceived, and give us feedback on which areas we need to improve.

Survey results for autumn 2015 showed a new peak for the CSI for passenger trains at 73 points.



Customers report that they are satisfied with, inter alia, information, staff on board, comfort on board and ticket purchase, but want improvements related to punctuality, route choice and the handling of disruptions. A customer satisfaction index under 60 is considered weak, over 70 as good.

Customer satisfaction measured on the NSB Oslo-Gjøvik line (Gjøvikbanen) is relatively stable, and customers are in general very pleased with the service. The index reached 72 points, up 1 percentage point from 2014.

Customer satisfaction for buses includes the express-bus products TIMEkspresen, the airport bus in Trondheim, Bus4You and Nettbuss express in Norway and Sweden. Customer satisfaction is stable and high.

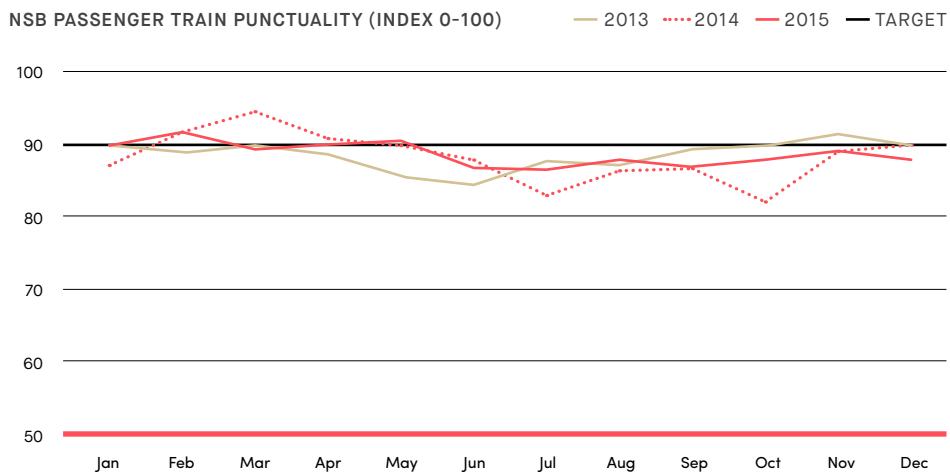
Punctuality

NSB passenger train punctuality was 88.6 % in 2015. This is an improvement of 0.3 percentage points compared to 2014 but below the target of 90 %. Regularity was at 90.5 %. A local train is considered on time if it arrives at its destination within three minutes and 59 seconds of schedule. For long-distance trains the margin is five minutes and 59 seconds.

Total hours delayed which affected NSB passenger trains in 2015 amounted to 11,606, a reduction of 1 % compared to 2014. For NSB passenger trains infrastructure delays are still most prevalent, accounting for 4,978 hours (43 %) compared to 5,886 (50 %) in 2014, a reduction of 15 %. NSB-related delay hours at 20 % of the total were unchanged from 2014.

NSB related delays were mainly due to long stops at stations (44 %) and failures by rolling stock (30 %). Delay hours due to long stops at stations were reduced by 4 % from 2014 and delay hours due to failures by rolling stock has increased by 4 %.

Our passenger train operational staff have an ongoing program of technical improvements and maintenance to reduce faults. In 2015 the program focused on station dwell-time in collaboration with the National Rail Administration (Jernbaneverket) to improve punctuality generally and especially during rush-hour in the Oslo area. This work continues in 2016.



Our subsidiary in Sweden, Svenska Tågkompaniet AB, attained a punctuality of 90 % in 2015, compared to 88.4 % in 2014. NSB Gjøvikbanen AS (the Oslo-Gjøvik subsidiary) had an average punctuality of 84 % in 2015, down from 89 % in 2014.

Infrastructure problems affected operations in 2015 as in previous years. Several lines were closed for shorter or longer periods due to flooding, landslides and bad weather. This resulted in the cancellation of 155 freight trains compared to 128 in 2014. Despite this, freight train punctuality was higher than the goal of 90 %, and ended on 92 % (90 % in 2014) within the 15 minute delay margin.

The Environment

Strategy

The NSB Group has incorporated environmental issues into its strategies, goals and plans. One of the company's key strategic objectives is to prevent harm to both people and the environment. As a part of this, a strategic environmental plan was developed for the period 2011-2015. The main objectives of this plan were:

- // Certify group businesses in accordance with ISO-14001

- // Develop environmental competence and awareness in our employees

- // Further develop an eco-friendly rolling stock

- // Use environmentally friendly and innovative products in our businesses

- // Implement energy optimization and resource conservation

- // Renovate previously polluted sites

- // Increase the waste recycling fraction

This plan contained policies and guidelines on how the work should be accomplished, and standards for measurement indicators related to the environment.

A new environment strategy is under development and will be finalised in 2016.

New international and national climate targets

The Paris Agreement on climate change was adopted on 12 December 2015. It provides a clear direction for future global climate action; companies and society generally will have to adapt to the new climate targets. The agreement aims for global emissions to peak as soon as possible. The overall objective is to limit global warming to "well below 2 degrees."

The Norwegian government proposed in its White Paper no. 13 (2014-2015) that Norway by 2030 cut greenhouse gas emissions by at least 40 percent compared with 1990. Amongst efforts to reduce Norwegian emissions, the government points to five specific priority areas, of which one is reduced emissions from the transport sector. Transport accounted for 26 percent of total emissions in 2013 and thus is key to reducing climate change and achieving sustainable development.

Greenhouse gas emissions from the transport sector can be reduced through transition to transport modes with lower emissions, by reducing the need for transport or through lowering emissions from each individual transport mode. The government says in the White Paper that they will make it easier for more people to choose public transport, walking and cycling.

The NSB Group plays an important part in reducing the transport sector's environmental footprint

The NSB Group's rail, bus and real estate operations play an important part in facilitating a shift towards public transport. Our passenger rail and bus operations build on a substantial and sustainable route network to and from transport hubs. Our real estate operations develop hubs that make it possible to live and work near good public transport services. Our freight operations deliver freight transport by rail, which is both energy efficient and sustainable, and avoids drawbacks associated with freight transport by road.

The NSB Group aims to reduce its own energy consumption and greenhouse gas emissions through more energy-efficient trains, buses and real estate and a focus on energy efficient driving. This has yielded good results. The development of hub-adjacent houses and commercial property can reduce the need for travel.

Passenger train operations in NSB AS, train maintenance operations in Mantena and all operating companies in Nettbuss are environmentally certified in accordance with ISO-14001.

Development of good urban spaces with both residential and commercial properties will reduce the need for travel.

Energy consumption

	2015	2014	2013
Energy consumption pass. trains – electricity (MWh)	404,098	416,360	409,858
Energy consumption pass. trains – diesel (mill. liter)	8.7	8.3	8.9
Energy consumption bus – diesel (mill. liter)	49.0	54.0	51.8
Energy consumption bus – biodiesel (mill. liter)	16.0	14.9	10.3
Alternative energy bus – gas (mill. m ³)	8.3	8.2	4.8
Energy consumption freight trains – electricity (MWh)	105,613	107,286	111,091
Energy consumption freight trains – diesel (mill. liter)	7.2	6.4	6.1
Energy consumption buildings (MWh)	130,000	114,502	123,589
Energy consumption pass. trains (kWh)/seatkm.	0.0385	0.0403	0.0399
Energy consumption pass. trains(kWh)/gtkm	0.0446	0.0477	0.0491
Energy consumption bus (liter/buskm)	0.41	0.41	0.40
Energy consumption freight trains (kWh)/tonnekm)	0.045	0.047	0.049
Energy consumption buildings (kWh/m ²)	298.1	313.8	310

Energy efficiency, passenger rail

From 2013 to 2017, NSB has set itself the goal of reducing power consumption by 15 %. With an energy expenditure of 44.6 Wh / gtkm in 2015, NSB is on track to reach its target. New, efficient trains and a focus on energy-efficient driving are central here. The latter will form the basis for new basic training for train drivers, together with My energy. My energy is an application for train drivers that monitors energy consumption during train trips, to understand better how driving style affects power consumption, and thus save energy.

Energy consumption, freight trains

In 2015 the energy consumption per tonne-kilometre was reduced by 4.3 %. A project on energy conservation will be established in 2016, with the introduction of ECO-driving during autumn 2016. At terminals the goal is to reduce idling emissions, with 4 diesel trucks at Alnabru, Oslo, replaced by 4 electric vehicles.

Freight transport by rail has an appreciably smaller environmental impact than the same transport by road. It relieves roads of a substantial number of long trailer journeys, and thereby contributes towards lower emissions, fewer road accidents and traffic jams. During 2015 NSB freight operations relieved the roads of about 186,000 long trailer trips, i.e. 600 trailers per day.

Energy consumption, bus operations

The introduction of a new fleet management system, which amongst other things registers fuel consumption, idling and driving patterns, shows potential savings in fuel consumption and local emissions. Use of alternative fuels such as natural gas, biogas and biodiesel has been extended considerably, and the same applies to hybrid buses. 35 % of our buses have been run on alternative energy in 2015, a significant increase from last year.

Ground contamination

Some minor diesel leakages at freight terminals occurred during 2015, but the contaminated soil has now been removed. When developing our properties these are first examined and if necessary cleansed of pollution. In connection with a building project at Grefsen station 5,507 tons of polluted material was removed in 2015. This program of eliminating ground contamination from our real estate sites continues into 2016.

Greenhouse gas emissions

	2015	2014	2013
Emissions passenger trains (Norway) – tonnes CO ₂	94,087	94,866	91,536
Emissions bus – tonnes CO ₂	207,903	210,598	198,586
Emissions freight trains – tonnes CO ₂	44,026	41,974	40,183
Emissions buildings – tonnes CO ₂	18,026	15,455	15,941

The NSB Group currently purchase all electrical power for trains from the Norwegian National Rail Administration (Jernbaneverket) with a certificate of origin guarantee. This is not in itself an incentive to save on energy, but by purchasing these guarantees NSB helps to support the producers of renewable energy. In its greenhouse gas emission calculations up until 2014 NSB used zero emissions for electrical trains based on the purchase of these origin guarantees. From 2014, we have used a new universal standard for computing energy consumption and gas emissions for transport services, and the emissions for 2013 are restated. The basis for calculating our electricity emissions is now the Nordic electricity mix, and for diesel emissions “well to wheel”.

Management of waste

	2015	2014	2013
Waste (tonnes)	5,096	5,933	5,340
Recycling rate	45 %	59 %	56 %

Both the waste in tonnes and the recycling rate have decreased in 2015 compared with previous years. This is mostly due to the previous disposal of freight wagons with a high recycling rate. The real estate and train maintenance operations have the greatest amount of waste, and define the potential reduction in waste and recycling rate. The recycling rate from real estate operations increased from 31.9 to 35.7% last year, while the train maintenance operations reached a recycling rate of 77.3 %, about the same level as in 2014.

Safety and security

The safety and security policy of the NSB Group states that:

- // Our operations shall not cause serious harm to either people, the environment or assets

- // Operational entities shall proactively prevent unwanted incidents and have the necessary competence to handle critical situations. The core business shall as far as possible stay operational even in threatening or crisis situations

- // Learning from experience and continual improvement shall be facilitated. Information regarding safety and security should be easy to understand and accessible. No one is to be penalized for reporting faults or problems

- // Safety and security activities should be customized to each individual operation and developed to meet new requirements

Nobody should die or be seriously injured as a result of the group's business. Line management is responsible for ensuring that employees at all levels build an attitude that prioritizes safety in all circumstances. If safety goals are not met or established safety rules not adhered to, the line manager is to take corrective action.

The realm of traffic safety includes reporting of adverse incidents, their investigation, emergency exercises, risk analysis and monitoring results. Together these provide the basis for defining critical conditions and the steps for correction and improvement.

Security policy for railway operations is described in separate governing documents.

The figure shows accidents, injuries and fatalities related to group transport activities.

	2015	2014	2013
Number of fatalities – employees	1	0	0
Number of fatalities – external	6	3	5
Number of serious injuries – employees	2	17	8
Number of serious injuries – external	21	3	4
Number of railway accidents	15	24	28

Injuries and fatalities

No passengers died as a result of the NSB Group's transport activities in 2015. One third party and one employee died in bus collisions, and five third parties died in level crossing accidents. 21 third parties were seriously injured, including 20 within the bus segment, mainly due to collisions.

Accidents

For the NSB Group there have been 15 incidents, deemed railway accidents in accordance with regulations, during 2015. The causes of many of the incidents in 2015 are beyond the group's direct influence. Incidents are systematically recorded and reported to the infrastructure manager. Traffic safety measured through performance management and risk management remains a high priority and is used to reduce risk both internally and in collaboration with others.

Our traffic safety record overall is rated as satisfactory and goal achievement is considered acceptable. NSB's operations are conducted in compliance with external and internal requirements as assessed by management follow-up.

Traffic safety, bus operations

Bus operations transport large numbers of passengers daily, with the responsibility to ensure that everyone arrives safely, and no other road users suffer damage of any kind. As part of its road safety activities, the bus operation has started certification to ISO 39001 (traffic safety). Nettbuss Mid Norway, Nettbuss South and Nettbuss Sweden are already certified to this standard which, together with driving behaviour monitoring, should help reduce accidents.

Employee relations

Our strategic goal is for the NSB Group to have highly qualified and motivated employees. As a personnel intensive service organization NSB should aim to be an attractive workplace, ensuring a professional and conducive working environment with open, honest and consistent communication both internally and externally in order to create trust and credibility.

The NSB Group has established a personnel policy. Policy manuals are prepared in each operational entity that contain guidelines, policies and standards for handling personnel issues.

	2015	2014	2013
Number of employees	12,668	12,989	13,523
Number of man years	10,439	10,996	11,191
Employee satisfaction NSB Group	71	71	NA
Sickness absence rate	7.9 %	7.8 %	7.8 %

The NSB Group had by year-end 12,668 employees. The equivalent number of man-years was 10 439, a reduction of 5 %, mainly due to a change in ownership of bus operations in Denmark.

Employee satisfaction is at 71 on a scale of 0-100. This is one percentage point above the average for Norwegian companies, and 5 percentage points above the average in the transport sector. We see signs that satisfaction in the various businesses and staff areas in the group are affected by the ongoing change projects. On the basis of survey results measures have been enacted to improve satisfaction in the areas where performance is too weak. The employee satisfaction survey itself was modified slightly in 2015, and the figure for 2014 has been restated accordingly.

Absence due to sickness last year was at 7.9 %, about the same level as last year. High sick-leave was mostly incurred through strain injuries and inconvenient working hours, and the main measures to reduce long-term absence are adjustments to the work place and shift working.

For passenger rail employees LTI (Lost Time Injuries) fell to 3.8 per million working hours while TRI (Total Recordable Injuries) was also lower at 5.9. These ratios were 4.2 and 6.5 respectively in 2014, a 9.5 % lower LTI and a 9.2 % lower TRI.

Both Rom Eiendomsutvikling AS, (parent company for real estate operations), and NSB Gjøvikbanen AS which operates the Oslo-Gjøvik line, had zero LTI and TRI.

The LTI and TRI ratios for train maintenance operations were at 15.2 and 18 respectively. The goal is to reduce the number of injuries, partly by means of annual safety seminars for all employees.

For the freight train operations, LTI was 12.7 and TRI 25.4. For the bus operations LTI was 4.5 and TRI 6.2. These ratios were higher than the previous year, mainly due to improved reporting procedures.

Human rights, labour rights and anti-corruption activities

In the NSB Group we have established ethical guidelines and guidelines for social responsibility covering for example human rights, labour rights and anti-corruption measures.

Most of our activities take place in Norway, with links to Sweden too. Management of human rights and labour rights are well taken care of through formal procedures that employees and management have established to deal with such questions. Most of our employees have rights that are well defined within collective agreements and understandings. Employees are represented on the Board, and working environment committees are established and hold regular meetings.

The percentage of our employees covered by collective agreements varies between businesses from 84 % to almost 100 %. Most of the remaining employees have individual agreements.

Our operations aim for a high ethical standard as described in our ethical guidelines, with ethical requirements on our suppliers in force.

During 2015 the NSB Group carried out a large internal control project. One of the main elements was risk analysis regarding possible corruption or irregularities as well as a data analysis and analysis of close links between our employees and suppliers. We found no significant violations of our policies or procedures. These analyses are the basis for the reduction of risk and mistakes. Routines, systems and practice will be changed and improved where necessary, and the effects monitored.

In the passenger train, freight, train maintenance and real estate operations ethical guidelines are a part of the employment contract for new employees. For the bus operations ethical guidelines form part of the manager's manual and the personnel handbook, and are also linked to the drivers manual.

Key personnel in all our businesses were trained in anti-corruption work as part of the internal control project. The freight business has also introduced e-training on our ethical guidelines.

A process has been started for self-declaration by the Board and top management regarding ethics and social responsibility as well as any association to other legal entities that have or may have a commercial relationship with the NSB Group.

Supply chain

The NSB Group buys goods and services as well as fixed assets for about 8 billion NOK a year. The NSB Group has approved governing documents and guidelines related to group purchasing. The procurement function is set up to ensure that the NSB Group is using its purchasing power to achieve optimum terms, and that the agreements and contracts NSB signs with external suppliers safeguard NSB's interests in a satisfactory manner. This function is also responsible for corporate support, consulting and decision support in addition to following up the cost and legal aspects of large or strategically important contracts for the NSB Group.

Based on group- and business area procurement plans for 2015, we carried out a risk analysis for social and corporate responsibility for all significant agreements. Risk assessment of the procurement plans for 2015 showed five contract areas that may be at risk of violating ethical or social requirements. These are:

// Uniform production

// Ingredients in the night train comfort package

// Cleaning services

// Building construction

// IT (programming resources abroad)

No significant violations of either ethical or social requirements have been found. These risk analyses have however provided a basis for reducing this risk, e.g. using external contractors and consultants to audit and possibly in monitoring suppliers.

Equality

Based on statutory requirements and NSB's ethical guidelines, promoting equality is given substance in the group personnel policy. It states among other things, that:

// All employees in the NSB Group are equal regardless of sex, age, disability, sexual orientation, or religious, ethnic or cultural background

// We seek a broad and varied range of leaders and employees, whose individual skills and ability are valued and respected

// A more equal proportion of male and female employees is desirable at all levels, and will be emphasized in recruitment and in skills development

	2015	2014	2013
Proportion of female employees	17%	17 %	16 %
Proportion of female managers	17%	16 %	15 %

The proportion of women in the NSB Group is 17 %, ranging from 7 to 44 %, depending on operation. On the Board of Directors for the NSB Group, the proportion of women representing shareholders is 60 %, while the proportion in top management of the various operations varies from zero to 33 %. There are female CEO's in our subsidiaries NSB Trafikkservice AS and Finse Forsikring AS. The NSB Group top management team included no women in 2015.

The average proportion of female managers is 17 %, on a level with the share of female employees generally. The proportion of women with personnel responsibility is 20 %. The average wage for women varies between the different operations, from 77 to 106 % of the average male wage, mainly dependent on position and seniority. The average working hours for women is slightly lower than for men, except for the freight and train maintenance operations. The difference in working hours is mainly due to the fact that a larger proportion of female employees work part time.

We aim to increase the proportion of women in middle- and top management in the long term by, for example:

// Identifying and publishing a number of jobs held by females as role models

// Encouraging women to apply when recruiting for male-dominated jobs. In several business areas, it is standard practice always to interview female applicants who fill eligibility requirements

// Applying moderate gender quotas in recruitment for a number of job categories in which male dominance is especially great

// Managerial focus on curbing sexist attitudes and behaviour

// Introducing systematic processes for management evaluation and succession planning, focusing on female representation

// Mobilization of talented female employees and managers in the group's ongoing change program

// Prioritization of women in group management development

	2015	2014	2013
Proportion of immigrants	13.5%	12.2 %	11.0 %

The proportion of immigrants in the NSB Group is 13.5 %, up from 12.2 % last year. The largest immigrant share is in railcar cleaning at 35.3 %, while the lowest, 3.6 %, is in rail freight. The immigrant share is increasing in all group operations.

NSB's goal is greater employee diversity in the group, but it is difficult to achieve. The biggest challenge here is the non-fulfillment of linguistic requirements. When the intake of new recruits is limited, it also becomes more difficult to expand diversity in higher positions in the group, since we largely develop and promote internally.

Key action areas are:

// Thorough and serious treatment of suspected or reported discriminatory behaviour

// An emphasis on NSB's policy of diversity and equality when publicizing the vast majority of vacancies

// Highlighting role models with immigrant background on the group's website

// For most vacancies, making it a regular practice to call for interview at least one candidate with immigrant background

// Managerial focus on ethnic diversity as a value added

We have established a notification channel in accordance with the requirements of the Working Environment Act. We received no formal notification of discriminatory behaviour in 2015, and only one in 2014.

Stakeholder inclusiveness and materiality

One of the main elements in the international GRI standard and in the Norwegian accounting act on corporate responsibility is a description of how the organization has identified and involved stakeholders. The operational entities in the NSB Group have in 2015 made a stakeholder analysis based on an assessment of importance, and grouped stakeholders according to the following criteria:

// The Norwegian Government as owner

// National and local authorities

// Suppliers and other partners

// Customers

// Employees and unions

// Interest groups and local communities

For each of these categories we have logged the type of dialogue, the number of meetings and their scope. The overview shows which major issues operational entities and interest groups have discussed.

Formal meetings and other contact with interest groups ensure that each entity in the NSB Group has an updated knowledge of stakeholders and their needs, contributing to better management decisions.

The social mission of the NSB Group and its businesses, as contained in the articles of association, stakeholder requirements and the annual strategic plan details prioritized areas of corporate responsibility. Materiality criteria are the basis for the CSR reports and their design – from the 2000's to this report for 2015.

The Annual Report and the CSR report for 2015 describe which goals the NSB Group believes are central to our corporate responsibility i.e.:

// To contribute to better public transport solutions for Norway's future

// To provide a comprehensive route network

// Building on and near transport hubs - closer and smarter

// Economic sustainability

// That we should not cause serious harm to people, property or the environment

// Increased energy efficiency

These goals will remain central in future. In 2016 we will concentrate on improving methodology as suggested in the GRI standard on stakeholders and materiality. Stakeholder analysis has been the basis for the CSR report since 2014. Materiality analysis according to the GRI template will be implemented initially in the passenger train and real estate operations as part of strategies related to corporate responsibility.

Key figures

	2015	2014	2013
Number of train journeys (mill.)	72.4	68.5	65.7
Number of bus journeys (mill.)	109.6	131.4	136.8
Number of transported TEU (1,000)	373	376	395
Punctuality – passenger trains (Norway)	88.6 %	88.3 %	88.4 %
Punctuality – freight trains	91.9 %	90.0 %	89.3 %
Customer satisfaction – passenger trains (index 0-100)	73	70	69
Customer satisfaction – express bus (index 0-100)	80	81	82
Energy consumption pass. trains – electricity (MWh)	404,098	416,360	409,858
Energy consumption pass. trains – diesel (mill. liter)	8.7	8.3	8.9
Energy consumption bus – diesel (mill. liter)	49.0	54.0	51.8
Energy consumption bus – biodiesel (mill. liter)	16.0	14.9	10.3
Alternative energy bus – gas (mill. m ³)	8.3	8.2	4.8
Energy consumption freight trains – electricity (MWh)	105,613	107,286	111,091
Energy consumption freight trains – diesel (mill. liter)	7.2	6.4	6.1
Energy consumption buildings (MWh)	130,000	114,502	123,589
Energy consumption pass. trains (kWh)/seatkm.	0.0385	0.0403	0.0399
Energy consumption pass. trains(kWh)/gtkm	0.0446	0.0477	0.0491
Energy consumption bus (liter/buskm)	0.41	0.41	0.40
Energy consumption freight trains (kWh)/tonnekm)	0.045	0.047	0.049
Energy consumption buildings (kWh/m ²)	298.1	313.8	310
Emissions passenger trains (Norway) – tonnes CO ₂	94,087	94,866	91,536
Emissions bus – tonnes CO ₂	207,903	210,598	198,586
Emissions freight trains – tonnes CO ₂	44,026	41,974	40,183
Emissions buildings – tonnes CO ₂	18,026	15,455	15,941
Waste (tonnes)	5,096	5,933	5,340
Recycling rate	45 %	59 %	56 %
Number of fatalities – employees	1	0	0
Number of fatalities – external	6	3	5
Number of serious injuries – employees	2	17	8
Number of serious injuries – external	21	3	4
Number of railway accidents	15	24	28
Number of employees	12,668	12,989	13,523
Number of man years	10,439	10,996	11,191
Employee satisfaction NSB Group	71	71	NA
Sickness absence rate	7.9 %	7.8 %	7.8 %
Proportion of female employees	17 %	17 %	16 %
Proportion of female managers	17 %	16 %	15 %
Proportion of immigrants	13.5 %	12.2 %	11.0 %
Number of notifications of discriminatory behaviour	0	1	0



79%

Customer satisfaction,
station area for local trains
2011

79%

Customer satisfaction,
station area for local trains
2012

79%

Customer satisfaction,
station area for local trains
2013



81%

Customer satisfaction,
station area for local trains
2014

82%

Customer satisfaction,
station area for local trains
2015

Corporate governance

1. Reporting on corporate governance

This statement follows the chapters in the *Norwegian Code of Practice for Corporate Governance*. NSB AS and the NSB Group adheres to the Code but with notable exceptions as the Group is not listed on a stock exchange, is owned 100 % by the Norwegian State and has certain restrictions in its articles of association.

The Code is designed to ensure that companies listed on the stock exchange have ownership control and a corporate governance that clarifies the roles between shareholders, the board of directors and management in addition to basic legal requirements. The Code is intended to strengthen confidence in listed companies among shareholders, the capital market and other interested parties.

The board of directors has adopted a set of Group values including both ethical- and social responsibility guidelines and which are published on our homepage nsbkonsernet.no.

2. Nature of business

NSB is a transport group with activities in both Norway and other Nordic countries. The parent company, NSB AS, is owned by the Norwegian Government through the Ministry of Transport and Communications. The Group's headquarters are in Oslo.

The group's business is as stated in the articles of association:

- // The company's social mission is to provide efficient, accessible, secure and environment-friendly passenger and freight transport.
- // The company's business is the carriage of passengers by rail in Norway, transport of passengers and goods in Norway and other Nordic countries as well as other related business.
- // The business may be run by the company itself, by wholly owned subsidiaries, through other part-owned companies or by collaboration with other companies. The company may do business in other Nordic countries as far as this helps to strengthen company effectiveness in the Norwegian market and/or helps the company to cover its social duties mandated by state ownership.

3. Equity and dividends

NSB AS is a State Limited Liability company, ie a limited liability company where the state owns 100 % of the shares. The Minister of Transport or he/she to whom he delegates authority safeguards the rights of shareholders at the annual general meeting.

Important rules made specifically for such companies are as follows:

- // The annual general meeting is not bound by the dividend recommendation agreed by the board of directors.
- // The Office of the Auditor General of Norway who audits the management of all state ownership has a right to demand information from the CEO, the board and the external auditor.

The government expects an annual dividend equal to 50 % of Group profit after tax, but the actual level is decided annually.

The board does not have a mandate to apportion dividends or to increase the number of shares.

4. Equal treatment of shareholders and transactions with close associates

The company has only one class of shares. They are not listed on a stock exchange and there are no share transactions.

NSB AS has a contract with the Ministry of Transport and Communications concerning the public purchase of passenger traffic services on non-profitable railway lines. A similar contract applies to NSB's subsidiary NSB Gjøvikbanen AS regarding operation of the Gjøvik line.

Guidelines appertaining to material transactions between the company and members of the board of directors or management are given in the Group's ethical guidelines and specified in instructions to the board and the CEO.

5. Freely negotiable shares

The company's articles of association are without any form of restrictions on the negotiability of its shares.

6. General meeting

The general meeting consists of the government represented by the Ministry of Transport and Communications. The Ministry calls the meeting. An annual general meeting is to be held before the end of June.

The members of the board, the CEO and the auditor have the right to attend the general meetings.

7. Nominating committee

The general meeting consists of the government represented by the Ministry of Transport and Communications. The general assembly does not appoint a nominating committee.

8. Corporate assembly and board of directors: composition and independence

The company does not have a corporate assembly. The board is elected by the general meeting.

Two or three board members with deputies are elected by and among the employees. By agreement and in lieu of a corporate assembly, the employees elect a board member and deputy in addition to the above representatives.

The members of the board of directors are chosen based on experience, competence, diversity and ability to contribute to the development of the company. A company manager cannot be a member of the board of directors or own shares in the company. Information on board members is published on the NSB AS homepage.

9. The work of the board of directors

The board's work is governed by the Norwegian Companies Act, ie to manage company value on behalf of the owners. This is specified in separate instructions. The board follows a formal work plan on an annual basis. The plan regulates the board's main tasks which are to oversee the goal, strategy, organization and control of operations. The board of directors' work is evaluated annually by the board itself.

The board has established a separate set of instructions for the CEO.

The board of directors must ensure that the company has effective systems for internal control and risk management that are commensurate with the extent and nature of the company's activities.

The board, according to the principles of association, shall ensure that the company acts in a socially responsible manner.

The board has established audit and remunerations committees.

10. Risk management and internal control

To ensure the quality of internal control, a separate governing system has been implemented. This includes leadership instructions, preparedness plans, safety procedures and processes to govern and control operations. Guidelines, routines, handbooks and authorization matrices are in place to ensure the quality of the company's economics, financial reporting and financing.

Risk analysis of all the various activities of the Group are evaluated on an annual basis, and measures are taken to control risks. The board reviews company risk management and internal control annually.

11. Remuneration of the board of directors

Information about the compensation of the board and key management is included in notes to the financial statement. The remuneration of the board is not linked to the company's performance. The shareholder-elected members of the board of directors do not normally take on specific assignments for the company.

12. Remuneration of executive personnel

The board of directors hires the CEO and decides his/her remuneration. The board evaluates the CEO's performance and salary parameters on an annual basis, and reviews the compensation of key management.

The board has established guidelines for remuneration of members of key management. The CEO has been given authority to determine remuneration for key management within the above mentioned guidelines and adhering to the principles of remuneration for management in state owned companies.

Remuneration guidelines for management are discussed at the annual general meeting.

Information on the compensation of the board and key management is included in notes to the financial statement.

13. Information and communications

Public information is communicated by the senior management of the Group. Financial information and the publication dates are to be found on the company's homepage.

Paragraph 10 in the articles of association state that NSB has a specific duty to inform the shareholder about the Group's operations. Matters of principle or social significance should be communicated to the Minister of Transport and Communications by the board of directors before they make any final decision.

Every year the board of directors is obliged to present to the Minister of Transport and Communications a plan for the operations of the NSB Group that includes the following aspects:

1. An assessment of the market in which the NSB Group operates, including developments since the previous plan.
2. The Group's main activities for the next few years, including plans for major restructuring, further development, the winding up of existing operations and the establishment of new ones.
3. The level of investment, new major investments and their financing.
4. The Group's economic development.
5. A report on measures and results regarding the company's social mission and corporate responsibility.

The board of directors has also to submit information regarding any material change to plans previously communicated to the Minister of Transport and Communications.

14. Take-overs

State ownership precludes take-overs and is not relevant here.

15. Auditor

The auditor is elected by the annual general meeting. The auditor submits annually a Management Letter to the board of directors, reporting the main findings from the audit of the company and status regarding management and internal control. The board of directors hosts an annual meeting with the auditor where the CEO is not present. The auditor attends the annual general meeting and some board meetings where relevant.

The auditor's remuneration is reported in notes to the financial statement.

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