



Norske  
tog



Annual report 2022

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# Norske tog's fleet

Norske tog owns and manage aprox 90 % of Norwegian railway vehicles used for passenger traffic

## Class 5

Subseries: A5-1

B5-3

B5-5

BC5-3

FR5-1



 56  160 km/h  A5 has 48 seats, B5 has 68 seats and BC5 has 40 seats \*\*

- 📍 Day/Night train Dovre line, Bergen line and Nordland line
- ⦿ A5 has comfort class, BC5 has family area and FR5 is a restaurant carriage. 6 carriages have reclining seats. B5-7 has 30 reclining seats in each carriage.

## Class 69

Subseries: Class 69 GA



Class 69 D



 39  130 km/h  69C has 286 seats, 69D has 302/303 seats, 69G has 269 seats and 69H has 238/240 seats\* 📍 Local train Eastern Norway

## Class 70



 6  160 km/h  233/238\* 📍 Regional train Eastern Norway ⦿ Only used during peak hours

## Class 74



 52  200 km/h  240\* 📍 Regional train Eastern Norway

## Class 76



 14  200 km/h (160 km/h during thermal driving)  196\* 📍 Day/Night train Trønder line, Røros line and Nordland line

## Class 7

Subseries: A7-1

B7-4

B7-5



59 160 km/h A7 has 48 seats, B7 has 68 seats and BC7 has 36 seats \*\*

- Day/Night train Bergen line and Sørland line
- A7 has comfort class, BC7 has family area and FR7 is a restaurant carriage. B7-7 has 23 reclining seats in each carriage. 2 carriages has been remodelled with reclining seats.

Class 69 H



Class 69 CII

Western Norway and Voss line Series 69H is two car sets with fewer seats

## Class 72



36 160 km/h 310\* Local train Eastern Norway and Jær line

## Class 73

Subseries: Class 73A



20 210 km/h

## Class 75



83 200 km/h 295\* Local train Eastern Norway, Gjøvik line and the Vosse line

## Class 92



14 140 km/h 143\* Local train Trønder line, Meråker line and Røros line

## Class 93



15 140 km/h 87\* Regional train Rauma line, Røros line and Nordlands line



m/h 204\* Regional train Eastern Norway, Dovre line and Sørlands line 73B has 249 seats and is only used on the Østfold line

Class 73B



**Di 4**



5 140 km/h

Day/Night train Nordlands line

**WLAB 2**



20 150 km/h 30

Night train on all main lines

**EI 18**



16 200 km/h

Day/Night train Dovre line, Bergen line and Sørlands line

- Amount
- Maximum speed
- Number of seats
- \* Per train set
- \*\* Per carriage
- Beds per carriage
- Field of application
- Other

# Norske tog's role in the rail sector

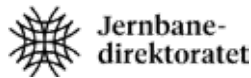


## SAMFERDSELSDEPARTEMENTET

Ministry of Transport and Communications  
Strategic management of the sector. Agency management of the Norwegian Railway Directorate and the Norwegian Railway Authority.  
Corporate governance. Regulation.



The Accident Investigation Board Norway



The Norwegian Railway Directorate  
Coordination, operational management and development of the sector.



The Norwegian Railway Authority



Bane NOR SF  
Manages existing and builds new rail infrastructure. Traffic control. Manages and develops property. Commercial approach.



Norske tog AS  
Owns, manages and provides access to rolling stock for train operators.



Entur AS  
Journey planning and ticketing.



Vygruppen AS  
Passenger trains, freight and buses.



Mantena AS  
Vehicle maintenance. Moved to a different Ministry 01.01.20.



Flytoget AS

## Train companies, maintenance companies, contractors and suppliers

Compete for contracts.



SJ Norge AS  
Passenger train operator.



Go-Ahead Nordic  
passenger train operator.



Vygruppen AS  
Passenger trains, freight and buses.

■ Administrative bodies

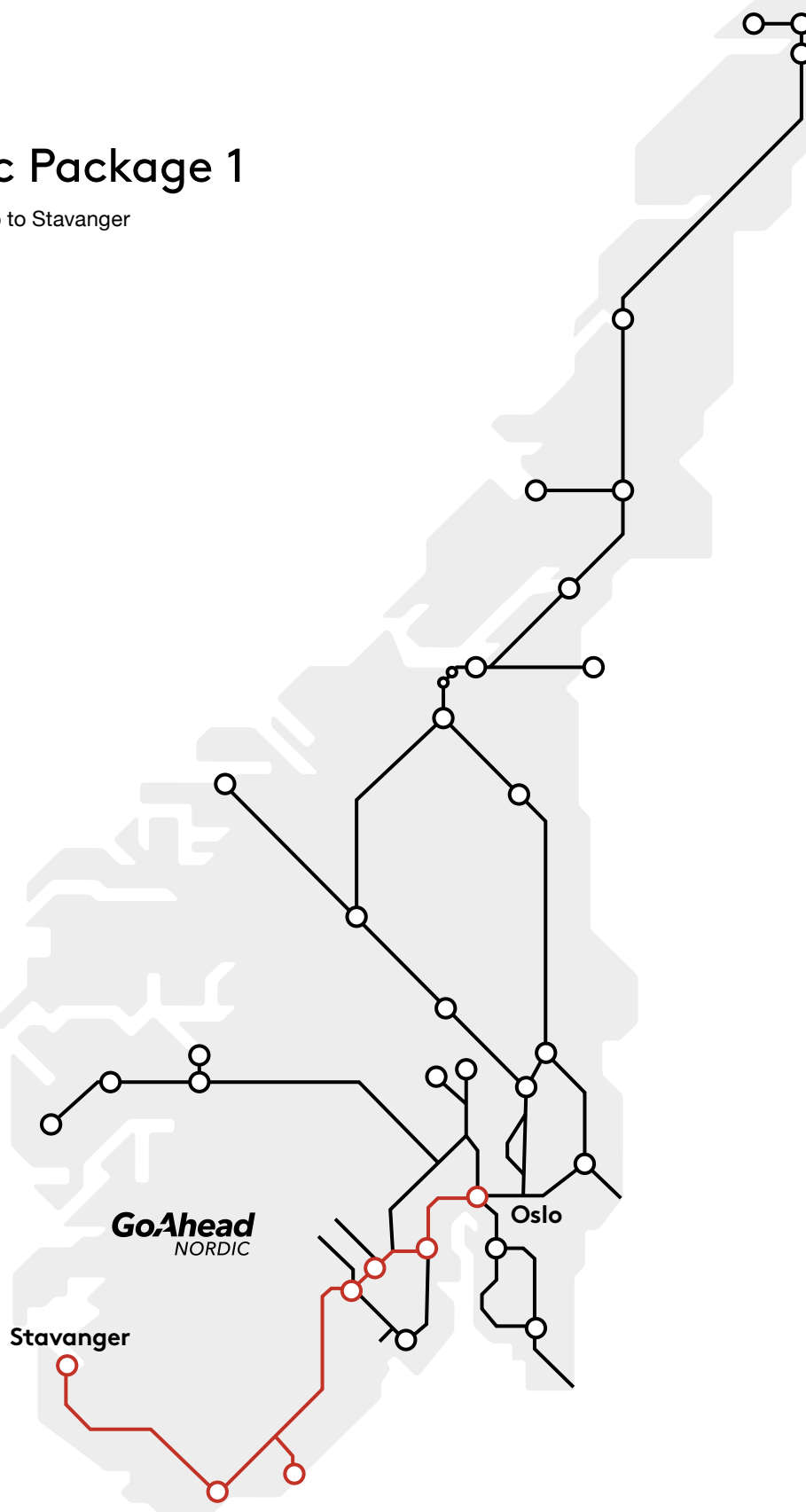
■ State-owned standalone units

■ Private sector

\*From the website of the Norwegian Railway Directorate – <https://www.jernbanedirektoratet.no/no/jernbanesektoren/>

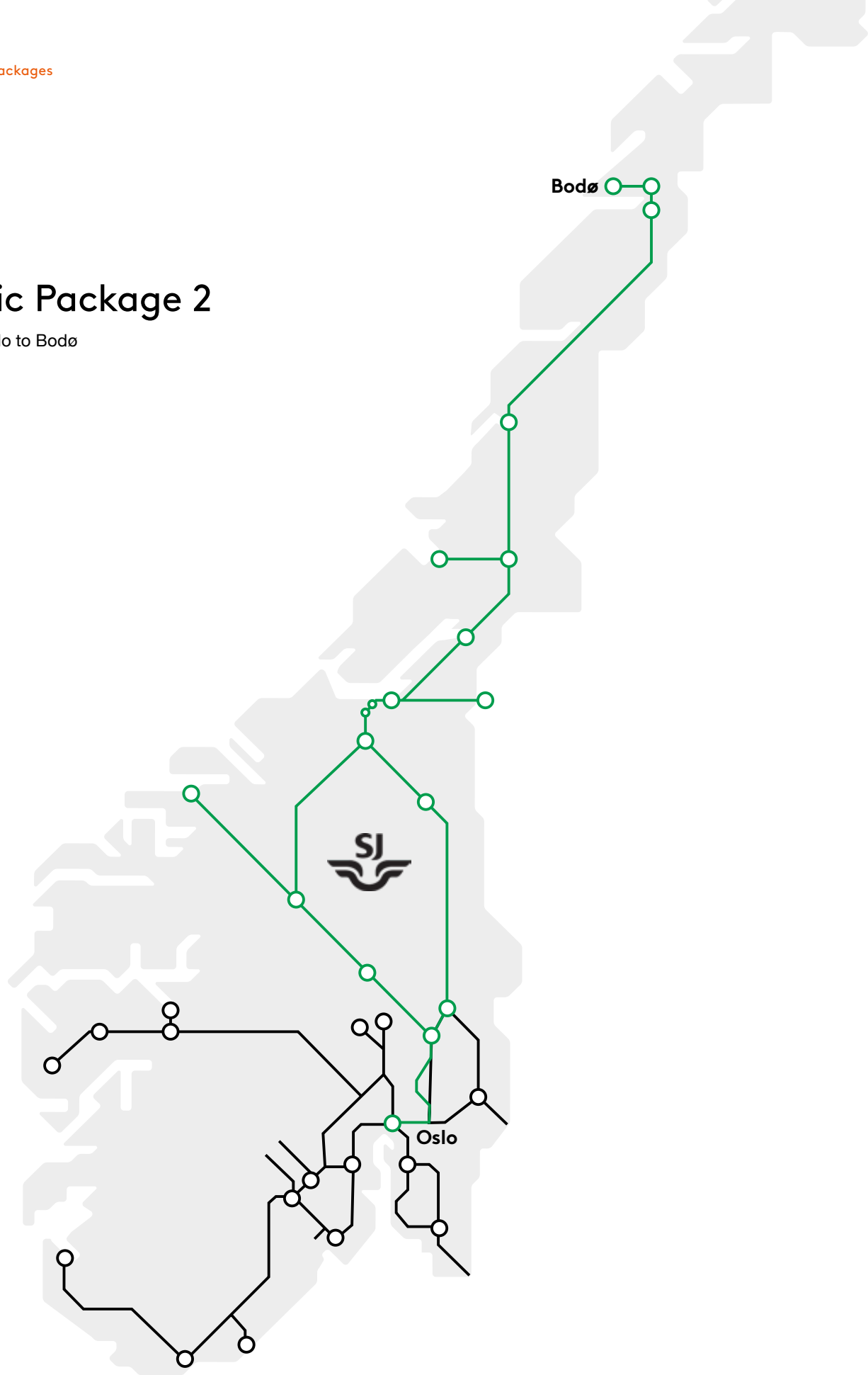
# Traffic Package 1

South – Oslo to Stavanger



# Traffic Package 2

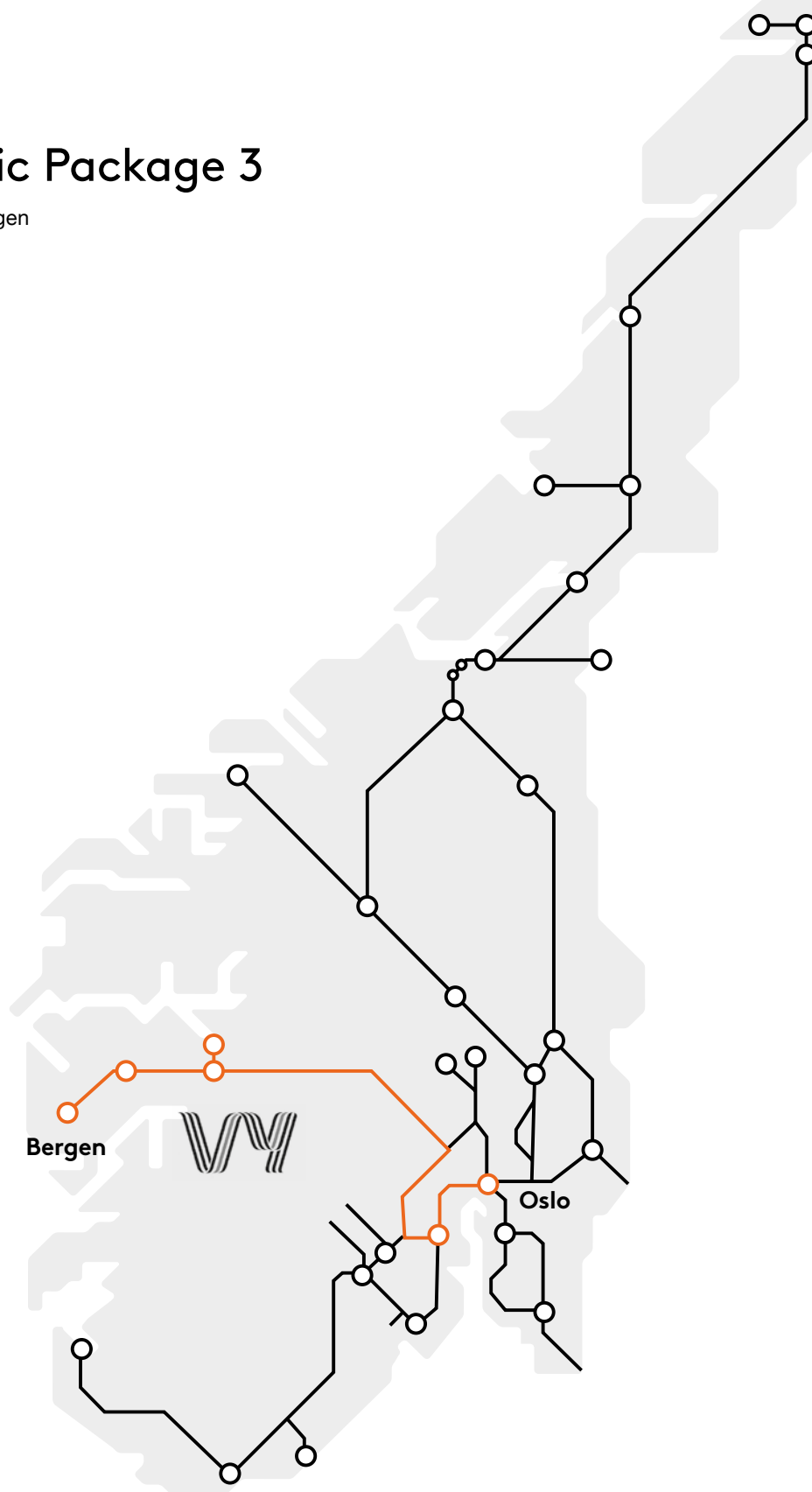
North – Oslo to Bodø





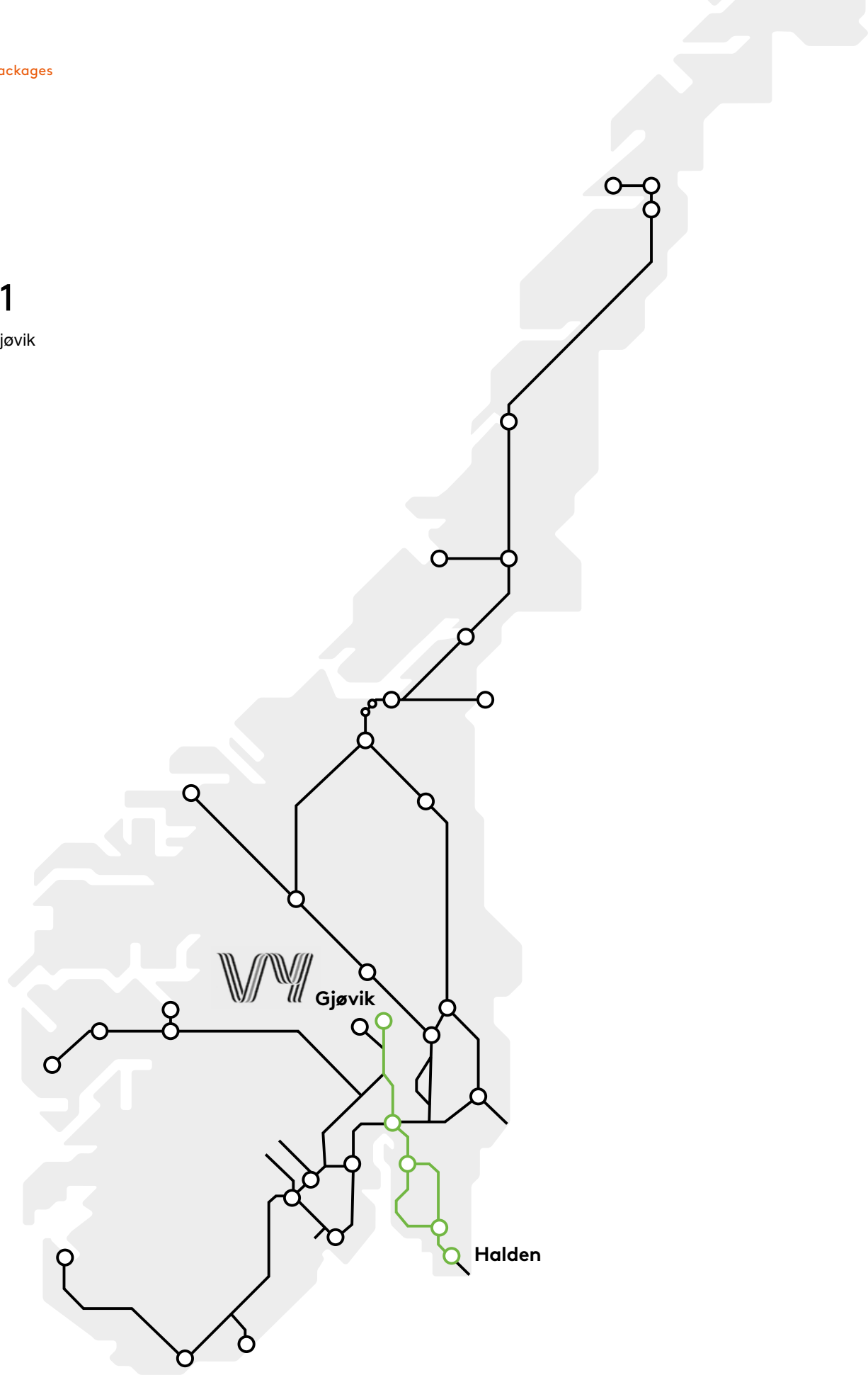
# Traffic Package 3

Oslo – Bergen



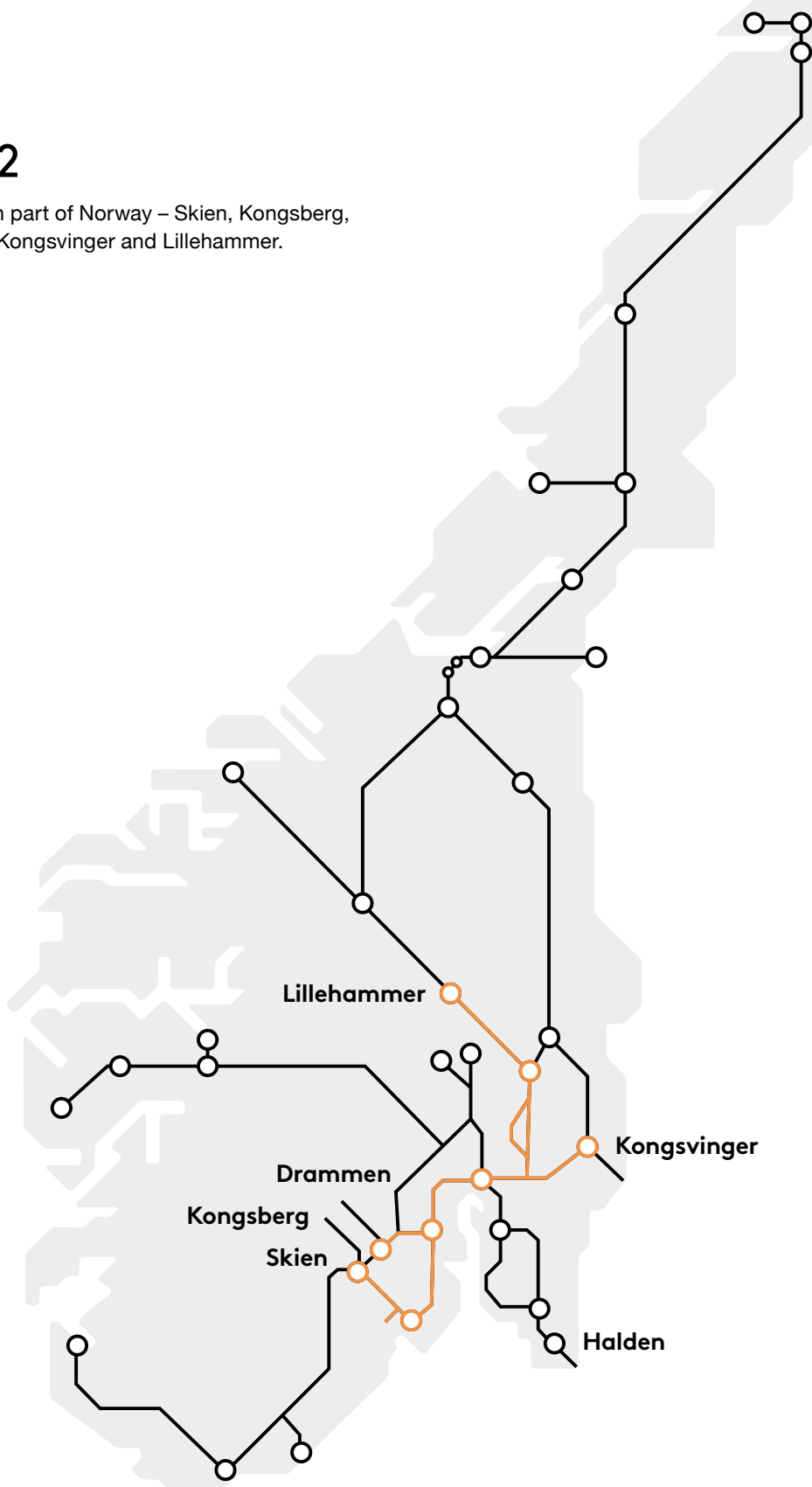
# East 1

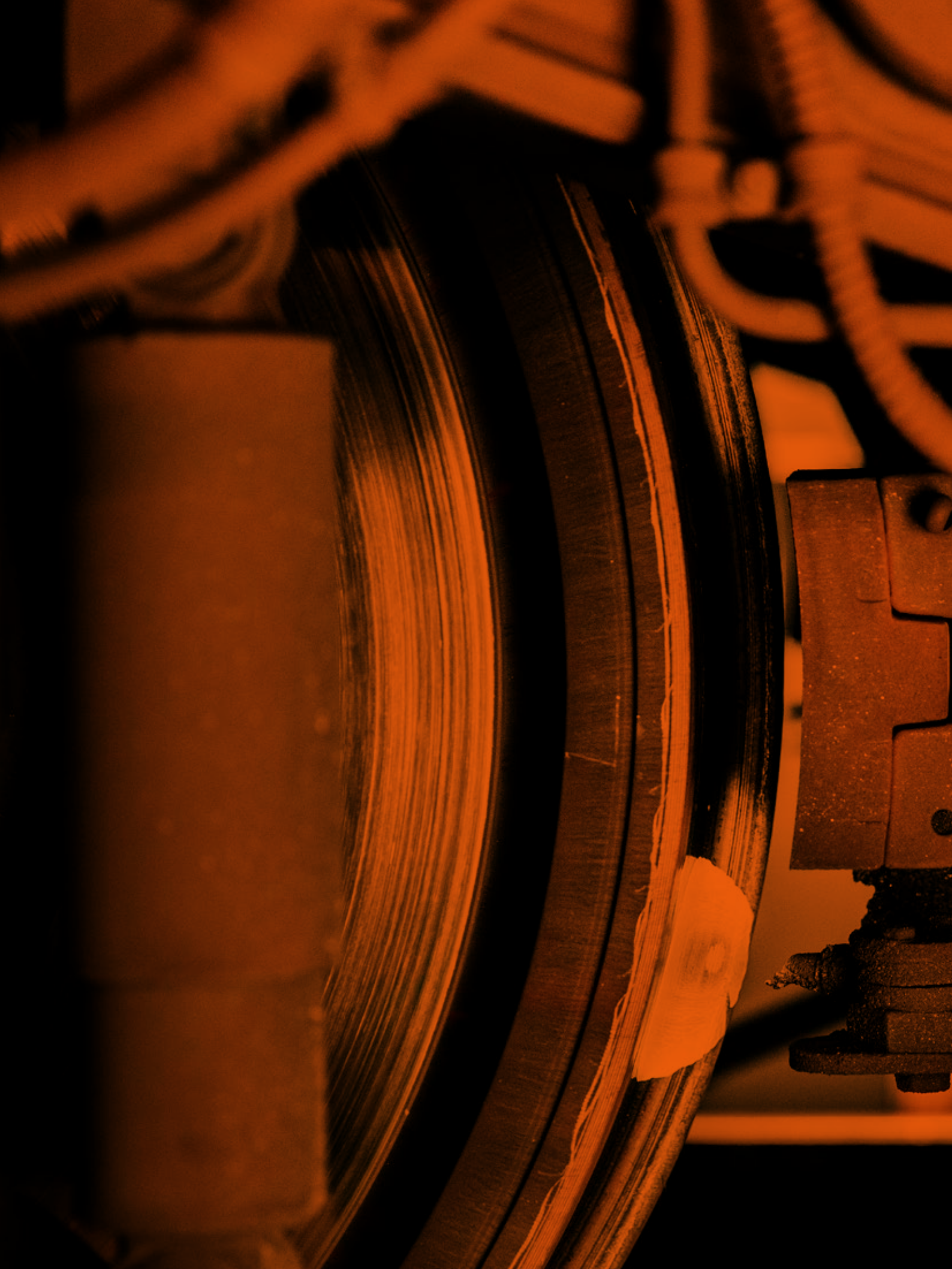
Halden – Gjøvik



## East 2

The Eastern part of Norway – Skien, Kongsberg, Drammen, Kongsvinger and Lillehammer.







Part 1:  
About Norske tog



## Milestones 2022

### 10 January

The largest purchase agreement for trains in Norway's history is signed. Norske tog signs an agreement with Alstom to purchase 30 new local trains with an option for a further 170. The first 30 trains will operate on Line L2 on the Østfold Line.

### January–April

Norske tog receives the final four class 76 bi-mode train sets of the 14 ordered from the Swiss train manufacturer Stadler. These trains are operated on the Trønder Line by SJ Norge and have replaced the old class 92 diesel trains, which were more than 30 years old. The bi-mode trains operate as electric trains on stretches that have been electrified and diesel trains on stretches that have not.

### 16 May

60 reclining seats from the Czech company BORCAD are installed in train sets operating on the Sørland Line. Go-Ahead now offers passengers travelling between Oslo and Stavanger wide, comfortable seats that can be reclined to an angle of 45 degrees.

### 3 June

The deadline for tenders in the competition to deliver new long-distance trains passes at the start of June. Norske tog immediately starts a comprehensive evaluation process and the work is well underway. Contracts are expected to be signed in the first quarter of 2023.

### 30 June

180 reclining seats from the Czech company BORCAD are installed in train sets operating on the Nordland Line and the Dovre Line. SJ Norge now offers passengers travelling on these routes wide, comfortable seats that can be reclined to an angle of 45 degrees.

### 30–31 August

Norske tog builds a mock-up of the new class 77 Nordic Coradia local train for the main stakeholders. The feedback is very good. A mock-up is a 1:1 scale model of a carriage that includes the main functions for customers and onboard staff.

### 6 October

In the 2023 national budget, the government proposes allowing Norske tog to procure 25 new trains for use in Eastern Norway. These will be local and regional Nordic Coradia class trains from Alstom that will be built and delivered in 2026–2027. The 25 new trains will cost NOK 3.7 billion.

### 21 November

Norske tog receives FLIRT train number 150 from the Swiss train manufacturer Stadler. FLIRT trains are the backbone of the Norwegian railways, and the procurement has been a success.

### 5 December

The Board adopts a new sustainability strategy and new management strategy for Norske tog.

### 11 December

46 reclining seats from the Norwegian family-owned company Georg Eknes Industrier AS are installed in train sets operating on the Bergen Line. The operator Vy now offers seats on this route that can be reclined to a horizontal position, making them a good alternative to traditional sleeping compartments.

# This is Norske tog AS

## About the company

Norske tog procures, owns and manages vehicles for rail passenger transport in Norway. The company leases train sets to train operators with an operating agreement with the Norwegian Railway Directorate. This structure facilitates the efficient procurement and management of trains and gathers the associated specialist expertise in a single place. Norske tog's head office is in Oslo.

## State ownership

Norske tog AS is owned by the Ministry of Transport and Communications and is a category 2 company. The rationale behind the state's ownership is a desire to ensure that there is a provider offering vehicles for rail passenger transport on competitively neutral terms. As an owner, the state's goal is to ensure the cost-effective procurement and leasing of trains.

## Specific frameworks for the company

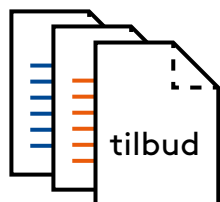
The quality and size of Norske tog's train fleet must match the publicly funded rail passenger services. The operators pay Norske tog to lease and use the company's vehicles based on the terms and conditions in the Norwegian Railway Directorate's operating agreements with train operators.

Financial key figures (NOK millions)	2022	2021
Operating profit	306	336
Pre-tax profit	144	206
Profit for the year	106	161
Net cash flow	-244	497
Working capital	-783	1,029
Equity	3,410	3,297
Equity ratio	25.6%	25.3%
Return on equity	3.2%	5.08%

Table 1: Financial key figures



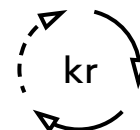
## Business model



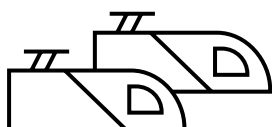
The Norwegian Railway Directorate determines future rail services in Norway and is the premise provider for Norske tog.



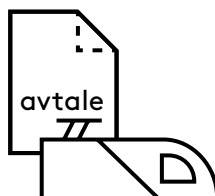
A guarantee scheme has been set up in which 75 per cent of the residual book value of the trains is guaranteed by the public purse.



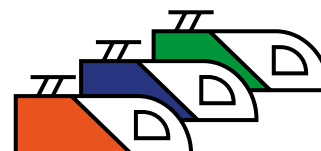
Norske tog finances its train procurements through borrowing and injections of capital.



Norske tog's mission is to procure, own and manage vehicles for rail passenger transport in Norway.



The Norwegian Railway Directorate can order train operators to use Norske tog's vehicles and has chosen to do so in the agreements that have been signed to date.



Norske tog will earn revenue from leasing out trains.

## Norske tog in figures

278

motor coach

A motor coach is a nondivisible train formation that can be operated as a train and comprises single vehicles with traction, or vehicles with and without traction.

21

engines

An engine is a motor coach (or a combination of several single vehicles) that is not intended to carry a payload and that, in normal operation, can be uncoupled from a train and operated independently.

135

passenger coaches

A passenger coach is a single vehicle without traction that can carry passengers in a fixed or variable train formation.

18

vehicle classes  
including subseries

Norske tog must ensure efficient access to a sufficient number of safe, reliable and modern rolling stock in line with society's need for rail passenger transport. The company aims to reduce the number of train classes in order to achieve better procurement terms and to reduce operating and maintenance costs.

85

satisfied passengers  
(scale 1–100)

According to the Norwegian Railway Directorate's customer satisfaction index, the majority of Norwegian rail passengers are satisfied with the comfort of the carriages offered by the train class they use.

18.4

average age of  
current fleet

The goal is to procure at least one train a month, retiring the oldest trains in the worst condition first. This will ensure that Norske tog has a more modern and reliable train fleet.

57

employees

Norske tog is a company whose employees have wide-ranging experience and specialist expertise.

3.2

return on equity

Norske tog's return on equity for 2022 was 3.2 per cent. The owner's long-term goal is a return on equity of 5 per cent.

4

number of customers

Vy gruppen, Vy Tog, SJ Norge and Go-Ahead

A+

rating

The company's current rating from Standard & Poor's is A+. The aim is to maintain a rating of A (A+, A or A-).

25.6

equity ratio

The company's equity ratio was 25.6 per cent as of 31 December 2022.



## Vision

Norske tog shall help to make passenger train transport attractive in Norway and contribute to "the green shift" by leasing out a sufficient number of up-to-date vehicles.





Øystein Risan  
- CEO

## A letter from the CEO

2022 was a busy and eventful year for Norske tog in which we successfully achieved our main mission: procuring, owning and managing trains. We achieved many major and important goals and at the same time delivered a positive annual result.

Little did we know at the start of the year that there would be a war in Ukraine. Norske tog has not been directly affected to any great extent, and a review of Norske tog's supply chain exposure indicated that, overall, we are not particularly vulnerable in the short term. At the same time, like most other businesses, we have experienced the global turbulence through higher interest rates, unstable exchange rates, an energy crisis, inflation, logistical challenges and difficulty obtaining some raw materials. There have been delivery problems with respect to semiconductors, metal and some cables and couplings. Our suppliers and thus our deliveries could be impacted in the longer term. A joint measure that has been used to address the shortage of critical components has been a temporary shared pool for all train operators. This has led to us working together to mitigate the vulnerability of the rail sector in Norway.

Norske tog is in the middle of a period of huge and important procurements. In 2022, Norway's largest procurement agreement for trains was signed with Alstom for the purchase of 30 new local trains, with an option for a further 170. In parallel with this we have worked on evaluating tenders for new long-distance trains, which with options could amount to a total

of 100 trains. The plan is to sign the contract in the first quarter of 2023. With the FLIRT trains and these purchases in place, we will have a far more standardised and modern train fleet. When that happens, we will probably have secured new, modern trains for an entire generation.

One important contribution to this are the Swiss FLIRT trains from Stadler, the backbone of the Norwegian railways. It was a red-letter day in November when we took receipt of FLIRT train set number 150. This procurement has been a success story ever since the contract was signed in 2008.

Figures from Bane NOR show that in 2022 there was an increase in hours delayed and cancellations due to older rolling stock. We have to turn that trend around. Renewing the train fleet by purchasing new local and long-distance trains will help us achieve this. Norske tog will also have an important mission in the future of managing the trains so that we can develop and maintain attractive and reliable rail services.

The increased use of diagnostic data and sensor technology will be central in this work and help to ensure more sustainable and better maintenance and management. Last year we also started a mid-life upgrading project for class 72 local trains at Alstom in Sweden. This upgrading process will provide passengers in the Oslo area and Jær Line with more reliable trains when they return.

**Norske tog is playing an important role in making passenger transport more sustainable in Norway. Our most important contribution is to procure and manage a sufficient number of modern trains to make rail the preferred means of transport.**

Norske tog developed a new sustainability strategy in 2022. This entails the company taking a comprehensive approach to measures within important priority areas where Norske tog has a particularly good opportunity to exert influence. For example, Norske tog wants to:

- make choosing travelling by rail rather than road or air more attractive to travellers
- replace old trains with electric and bi-mode trains when we procure new ones
- unlock the potential inherent in reducing energy consumption and optimising maintenance
- set strict requirements for our suppliers regarding the climate, environment, human rights and labour rights
- have a circular mindset for the train's entire life cycle, from procurement, to maintenance and final disposal of the train set

Comprehensive measures will be required to move transport from the road and air to rail. We want to be more ambitious about rail's market share, like they are in other European countries with whom it is natural for us to compare ourselves. The Norwegian National Transport Plan should set clear goals and identify the measures required to achieve them so that rail services can make a greater contribution to achieving the goal of cutting greenhouse gas emissions.

Norske tog is playing an important role in making passenger transport more sustainable in Norway. Our most important contribution is to procure and manage a sufficient number of modern trains to make rail the preferred means of transport. Our updated sustainability strategy defines four main ambitions: circularity throughout the train's life cycle, collaboration in the value

chain, green investments in passenger rail transport and a highly skilled and diverse organisation. Overall, we are dependent on the better and broader collection, systematisation and collation of data, as well as more collaboration with suppliers, operators, the owner and the rest of the 'railways family' in order to make a success of this work.

The organisation has grown from 51 to 57 employees over the past year. I am proud that we are able to attract new, young and highly qualified employees, and, not least, that we have a working environment in which employees thrive and stay. Our ambition is to have a lean and efficient organisation that delivers on the mission given us by our owner and that serves our customers well.

Good financial performance and solid equity are important in ensuring the financial freedom to deliver on our mission going forward. Norske tog's income comes from lease revenue from train operators, who in turn earn their income from operating agreements with the government and passengers. The current model for setting lease rates is creating problems. The work of putting in place a new, sustainable leasing model, where known and foreseeable costs are covered by the lease revenue, will continue in 2023.

Norske tog had a net profit after tax of NOK 106 million in 2022, down from NOK 161 million in 2021, which gives a return on book equity of 3.2 per cent (5.1 per cent in 2021). The long-term goal is a 5 per cent return on equity. The drop in profit is mainly attributable to higher operating expenses due to the completion of more modifications to trains than in 2021, as well as higher financial expenses and payroll expenses due to more employees.



Øystein Risan  
CEO





  
Struk  
FINEBRILLER  
voor toegen II

FLIRT-train class 74 at Mantena's garage in Lodalen.

# Our goals



Goal 1

## Financial freedom

Norske tog must have the financial freedom to ensure that the size of the train fleet matches the needs of customers and publicly funded rail services.



Goal 2

## Competitive services and satisfied customers

Norske tog will provide a sufficient number of standardised, modern trains and additional services to ensure customer and passenger satisfaction.



Goal 3

## Efficient and sustainable operations

On behalf of our owner and society, Norske tog must ensure the efficient and sustainable procurement, management and leasing of trains.



Goal 4

## Highly skilled and satisfied employees

Norske tog must have satisfied, proficient employees with a strong focus on the customer.

### Goal 1: Financial freedom

Norske tog has a high credit rating. Standard & Poor's has given the company a credit rating for long-term borrowing of A+ (stable). The company borrows through the Euro Medium Term Note (EMTN) programme. The EMTN programme does not include any financial requirements, although there is an ownership clause stipulating that the state must own 100 per cent of Norske tog.

As of 31 December 2022, Norske tog AS has an unused five-year committed loan facility of NOK 3,000 million that is due to mature in June 2026.

### Goal 2: Competitive services and satisfied customers

Norske tog has a fleet of around 300 train sets, with 18 different train classes. The current train fleet can be divided into four categories by age:

- **Less than 10 years old:** 119 FLIRT train sets (classes 74, 75, 75-2 and 76), of which 14 are bi-mode train sets\*.
- **Around 10 years old:** 30 FLIRT train sets (classes 74 and 75).
- **Around 20 years old:** 40 train sets, all of which date from around 2000 (classes 72, 73A, 73B and 93).
- **More than 20 years old:** 89 train sets, 21 engines and 135 carriages from the 1970s, 1980s and 1990s (class 69C, 69D, 69G, 69H, 70, 92, Di4, EI18, 5, 7 and WLAB2).

The average age of the company's train fleet was 18.4 years old in 2022, compared to 18.7 years old in 2021. Significant investments in new trains are required to accommodate both traffic growth and the phasing out of older train sets. With the agreements Norske tog currently has in place, up to 200 new local/regional trains and up to 100 long-distance trains could be procured. This means that capacity could be increased from 2027.

As part of its long-term plan for train procurement, Norske tog has proposed reducing today's 18 classes of trains to three main classes, which would increase reliability, lower management costs and improve flexibility.

#### Local trains

Norske tog has signed a contract with Alstom SA for the procurement of 30 new local trains, with an option for a further 170 trains. Production of the new trains will start in 2023, and the first trains are due in Norway for testing

in 2024. The plan is for the trains to be delivered and put into service in 2025. The new local trains will replace the current class 69 local trains on line L2 Stabekk–Oslo–Ski.

The government's proposed national budget for 2023 would allow Norske tog to order a further 25 new trains via the contract with Alstom.

#### Regional trains

In the first half of 2022, Norske tog received the final four class 76 bi-mode train sets from the Swiss train manufacturer Stadler. Bi-mode train sets can operate as electric train sets on stretches that have been electrified and diesel train sets on stretches that have not. The bi-mode trains have replaced diesel trains that were more than 30 years old. The new trains are an important contribution to reducing emissions from the transport sector in general, while also helping to make train travel more attractive.

The 14 bi-mode train sets that have been procured will be put into service by SJ Norge on the Trønder Line and the Trondheim–Røros route.

In November, Norske tog received FLIRT train set number 150 from the Swiss train manufacturer Stadler. This means that in 2022 the company received the remaining 12 class 74 train sets from the contract signed with Stadler in 2008. The final class 74 train set will be delivered in the first half of 2023 following repairs to damage. The trains operate on regional train routes and are primarily in service in Eastern Norway.

#### Long-distance trains

Several of the current long-distance trains are more than 40 years old and have reached the end of their service life. Norske tog will therefore invest in 17 new long-distance trains. The estimated cost is NOK 6.5 billion, with a maximum budget of up to NOK 8 billion.

The tender competition for new long-distance trains was announced in November 2021 and by December four suppliers had qualified to participate in the competition. The deadline for tenders expired on 3 June 2022. Immediately after this, Norske tog started evaluating the received tenders. The goal is to sign a contract with a supplier in the first quarter of 2023.

\* There was a fire on one of the trains during the test period prior to delivery. This train is therefore undergoing repairs before it is delivered to Norske tog and put into operation in Norway. Norske tog thus currently has 149 FLIRT trains in its fleet.

According to the schedule, production of the new long-distance trains will start in 2024, and the trains will be put into service from 2026 at the earliest. Once the first 17 long-distance trains have been delivered, an option can be exercised in the contract that allows up to 100 trains to be ordered in total. The long-distance trains will mainly operate on the Dovre Line, Sørland Line, Bergen Line and Nordland Line.

### Customers

Norske tog had four customers in 2022: SJ Norge, Vy Tog, Vygruppen and Go-Ahead.

Go-Ahead is the operator for Traffic Package 1 South and operates the long-distance train routes on the Sørland Line from Oslo S via Kristiansand to Stavanger, the local Stavanger–Sandnes–Egersund route and regional trains on the Arendal Line.

SJ Norge is the operator for Traffic Package 2 North and operates the long-distance train routes on the Dovre Line (Oslo–Trondheim), the Røros Line and the Nordland Line, as well as the regional train routes on the Rauma Line, the Trønder Line (Lundamo–Trondheim–Steinkjer), the Meråker Line and the Salten commuter route (Bodø–Rognan).

Vy Tog is the operator for Traffic Package 3 West. Vy Tog operates the long-distance Oslo–Bergen train route, as well as the regional Bergen–Voss–Myrdal train route and the local Bergen–Arna train route.

At the end of March 2022, the Norwegian Railway Directorate was instructed by the Ministry of Transport and Communications to sign directly awarded operating agreements with either Vy or Flytoget for rail services in Eastern Norway, the routes Eastern Norway 1 and Eastern Norway 2, that Vygruppen currently operates.

Vygruppen has been invited to negotiations with the Norwegian Railway Directorate to operate local and regional trains in the Eastern Norway 1 area. Eastern Norway 1 comprises the rail passenger services on the Østfold Line, Gjøvik Line, as well as local trains on the Spikkestad–Lillestrøm and Stabekk–Ski routes. The contract will be awarded no later than in the first half of 2023.

The Norwegian Railway Directorate has chosen Flytoget as the preferred negotiating party for Eastern Norway 2. Eastern Norway 2 comprises the InterCity trains on

the Skien–Eidsvoll and Drammen–Lillehammer routes, the local trains on the Kongsberg–Eidsvoll, Drammen–Dal and Asker–Kongsvinger routes, as well as the rail services between Notodden–Porsgrunn (Bratsberg Line). From 2029, Eastern Norway 2 could also include the airport link service that is currently run by Flytoget. As of 31 December 2022, no decision had been made regarding when the negotiations and final award of the contract for rail services would take place.

### Passengers

The Norwegian Railway Directorate collects data from rail passengers and reports this via a quarterly customer satisfaction index. When asked how satisfied passengers are with the compartment comfort on their journeys, the overall response across all train operators was a score of 85 (out of a maximum of 100) in 2022. This is an increase of three points from 2021 when the score was 82.

Norske tog implemented a number of measures in 2022 to improve the overall travel experience of rail passengers. For example, 226 reclining seats have been installed in a total of eight carriages operating on the Nordland Line, Dovre Line, Bergen Line and Sørland Line.

Bane NOR reported a drop in punctuality of 2.5 percentage points in 2022 compared with 2021. This is below the target of 90 per cent, and was due to a number of reasons. You can read more about punctuality on Bane NOR's website ([www.banenor.no](http://www.banenor.no)).

### Goal 3: Efficient and sustainable operations

Norske tog always strives to ensure the cost-effective procurement and leasing of trains.

Due to the particular conditions in the Norwegian rail network, combined with tough climatic conditions, trains that operate in Norway have to be designed for Norwegian conditions. Large contracts (ordering sufficient numbers of trains) are therefore crucial in achieving a good price in the market and for encouraging suppliers to participate in competitive tenders.

In June 2022, the deadline for tenders to deliver new long-distance trains expired. Norske tog is hard at work evaluating the various tenders that were received. The contract involves the purchase of 17 trains, of which 10 will be electric and four will be bi-mode. No decision has been made yet as to whether the final three trains should be electric or bi-mode.

When procuring many trains in a short period of time, it is absolutely essential, for the sake of both efficiency and costs, that Norske tog has a strong, specialist internal team in order to follow up these extensive and challenging projects.

#### Upgrading trains and critical components

Upgrading existing train sets is crucial when it comes to prolonging the service lives of the trains, and at the same time ensuring that passengers see the trains as attractive.

Sourcing spare parts for older train sets can be challenging since such spare parts have often been discontinued. Spare parts that have been discontinued, that are complicated or time-consuming to obtain, or that are particularly expensive are referred to as 'critical components' in Norske tog. These spare parts are essential when it comes to keeping older train sets still in operation repaired and running for a few more years.

When train sets are retired from service, they are sent to a workshop so the critical components can be dismantled before the remaining part of the train sets are delivered to recycling. Norske tog has an ongoing partnership with the recycling company Hellik-Teigen, which is based in Hokksund. In 2022, Norske Tog sent one class 92 train set and eight class 70 train sets for dismantling of critical components and then further to recycling.

In 2022, Norske tog sent one class 92 train set and eight class 70 train sets for recovery of critical components and then recycling. The class 92 train set was retired as part of Norske tog's phasing out plan since the train sets have been replaced by class 76 bi-mode trains. The class 70 train sets had reached the end of their service lives and had been replaced by new class 74 train sets supplied by the train manufacturer Stadler.

In 2022, Norske tog worked on a number of major management projects and upgrades to ensure the service lives of the rolling stock in accordance with the company's rolling stock strategy. Examples of upgrades includes

the installation of new reclining seats, several upgrades to class 73 trains, as well as the mid-life upgrading of class 72 trains. The mid-life upgrading of the class 72 trains, local trains that operate between Lillestrøm and Spikkestad, will reduce the risk of rolling stock failure by extending the service lives of components and systems. Following the upgrades, the train sets will appear new, with a Scandinavian look. The first upgraded train set is expected to be ready in the middle of 2023.

#### Goal 4: Highly skilled and satisfied employees

Norske tog's goal is to have satisfied employees with high levels of relevant skills.

In order to ensure efficient management of the train fleet, while also procuring many trains in a short period of time, it is absolutely essential, for the sake of both efficiency and costs, that Norske tog has a strong, specialist team in order to follow up these extensive and challenging projects.

In 2022, Norske tog conducted an annual employee survey that showed that employee satisfaction remains at a high level, despite a marginal decrease since 2021. The score for employee satisfaction was 78 (down from 79 in 2021) and for loyalty the score was 84 (down from 85 in 2021). A score of over 75 is considered high. Norske tog has consistently achieved high scores for employee satisfaction in recent years.

For pay and employment conditions, the score was 70 (down from 73 in 2021), while working conditions achieved a score of 73 (down from 75 in 2021). There was also a small decrease for learning and development. The score for learning and development in 2022 was 74 (down from 75 in 2021).

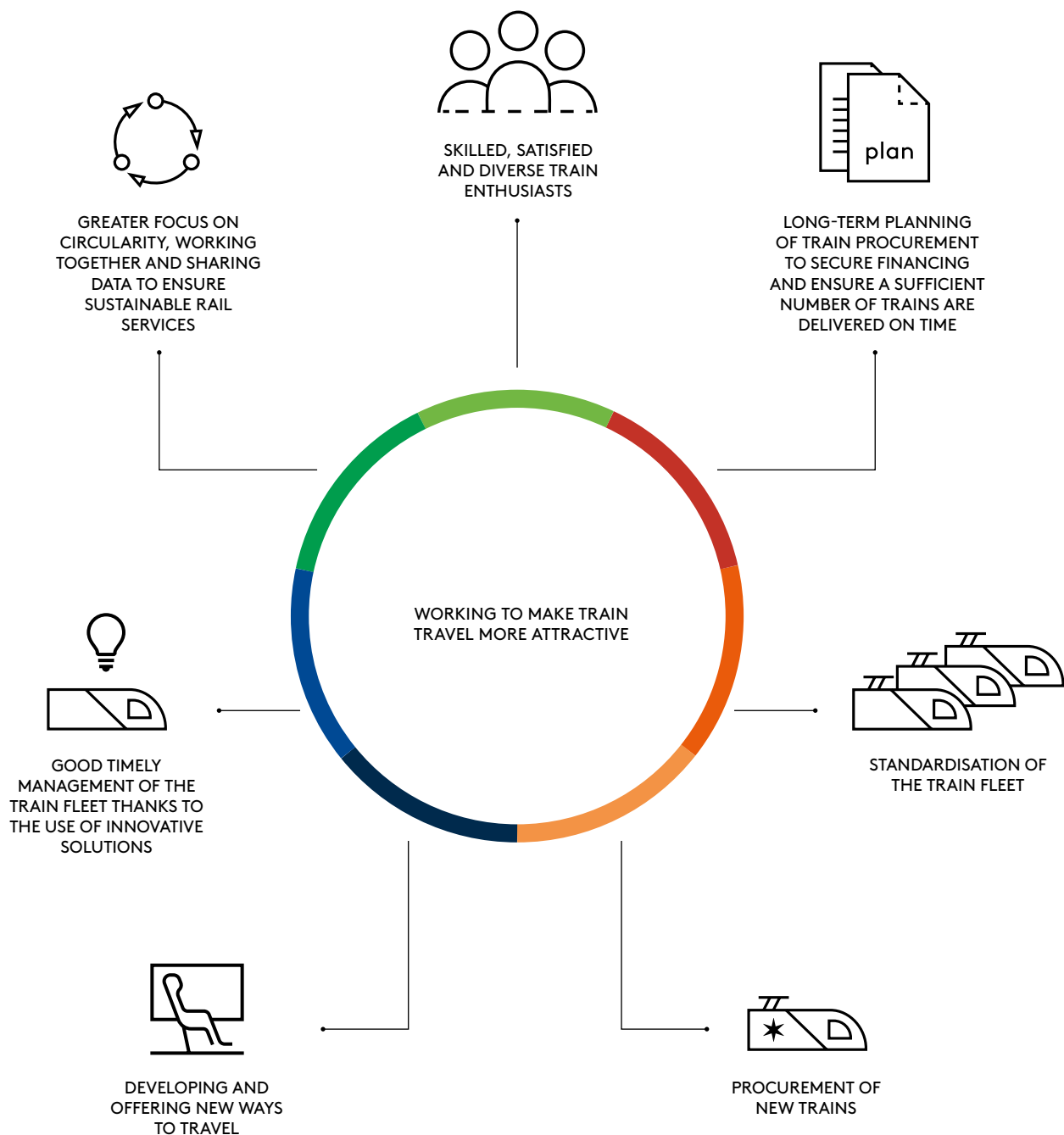
The results were also broken down by department and managers were given responsibility for assessing results within each sub-area and taking action if necessary.

Sick leave remains low at 2.2 per cent (down from 2.3 per cent in 2021).

**“In 2022, Norske tog worked on a number of major management projects and upgrades to ensure the service lives of the rolling stock in accordance with the company's rolling stock strategy.”**

# Norske tog's approach to making rail travel more attractive

Norske tog has an important role to play in facilitating sustainable transport solutions by procuring, managing and leasing attractive train sets such that more travellers choose to travel by rail rather than by road or air.



## The train renewer

Kine Stousland has gone from starting as a controller in 2018 to now leading the entire mid-life upgrade project for class 72 train sets.

“Look! This is what the train sets will look like when they’re finished. Won’t they be nice?”

Kine Stousland enthusiastically shows off sketches and models showing how the mid-life upgrading will transform the class 72 train sets.

“Joining Norske tog was like becoming part of a family. It’s a very inclusive company with fun and varied tasks, nice colleagues and a good professional environment with many opportunities,” says Stousland.

When she was a child she dreamed of teaching Norwegian or becoming a chief executive. Instead, she ended up on a different track: a ‘train career’ that started while she was still a student.

“My first train job was working as a host on the airport express train while a student. Then I got a job as an accounts officer and later a controller in Flytoget,” explains the 34-year-old.

### Seize the chance

The next stop was Norske tog as a controller in 2018 with responsibility for everything from quarterly and annual reports to evaluating prices and following up procurements. This was followed by new opportunities and challenges – managing a mid-life upgrade project for 36 class 72 train sets. A project that is scheduled to be completed in 2025.

“I seized the chance and I think it’s really exciting and cool to have this opportunity. We are a young project group, with only four people older than 40.”

*“What are the most important personal qualities when leading a project like this?”*

“Liking having several balls up in the air at the same time, being efficient, structured and patient. Having experience in accounting is also a major advantage.

The life of a project manager involves a lot of meetings, travelling to the workshop in Sweden, following up and close collaboration with colleagues in, for example, the technical and legal departments.”

“Projects of this size can at times feel like a game of snakes and ladders where every now and then you end up back at the start. At those times, you just have to keep a cool head and look for options and solutions,” says Stousland.

### Social workday

Kine enthusiastically highlights the good social working environment in Norske tog.

“The effort the social committee makes is fantastic. Because I’m its deputy chair,” she says laughing with a twinkle in her eye.

It organises everything from the Christmas party to boat trips and an annual social trip to the Holmenkollen ski relay, to joint exercise sessions, tennis tournaments and a summer party.

As a Norske tog employee, you also have time to have a life alongside your job.

“I love to travel. The coolest place I have been so far is the salt desert in Bolivia!”

**“Joining Norske tog was like becoming part of a family.”**





**Name:** Kine Stousland

**Position:** Project manager

**Age:** 34 years

**From:** Oppedgård

**Education:** Business graduate, master's degree from the Norwegian University of Life Sciences (NMBU) in Ås.

**Working on:** Mid-life upgrades of 36 class 72 train sets.

Proficient, satisfied and diverse train enthusiasts

“It’s challenging but very educational and rewarding.”

**Name:** Jorunn Kvakland  
**Position:** Electrical engineer  
**Age:** 28 years  
**From:** Trondheim  
**Education:** Civil Engineer, Cybernetics and Robotics at the Norwegian University of Science and Technology (NTNU)  
**Working on:** Technical project manager for the class 72 mid-life upgrade project.

## The power troubleshooter

This former Norwegian junior champion in orienteering, Jorunn Kvakland, has brought many of the qualities she needed in the sport with her into her job as an electrical engineer at Norske tog.

“Being structured, setting goals, working to achieve them, keeping a cool head and being solution-oriented are some of the qualities I have brought with me from my time as an active orienteer into my working life,” says Jorunn Kvakland.

Today, the 28-year-old from Trondheim is an electrical engineer and technical project manager at Norske tog. Before becoming a student she focused on being an orienteer.

“My tactic and strength was keeping up with the lead at the start. Towards the end of a race, many people start making mistakes, while I often managed to keep a cool head and beat competitors to the line. That’s how I won my gold medals.”

### First stop after the lecture hall

Jorunn Kvakland has a master’s degree in Cybernetics and Robotics from NTNU, with a specialism in smart grids and renewables. In spring 2020, her studies completed, Jorunn noticed a job advert that made her curious.

“It was Norske tog, a company I’d barely heard of or seen before. However, it seemed very exciting and interesting,” says Kvakland.

She got the electrical engineering job. Gathering her possessions, she moved from the city of moustaches to the capital. She had her first day of work at Norske tog in June 2020.

“It was the middle of the pandemic, I was a new graduate, new to the city and new to work. I spent a lot of time alone working from home and didn’t know anyone. Thanks to good colleagues and an active social committee, things turned out great. I love it now, and there’s a good working environment,” says the 28-year-old.

Electrical engineering has traditionally been a male-dominated profession.

“But not at Norske tog. There are no fewer than three female electrical engineers here. That’s really cool.”

### Travel, meetings and troubleshooting

Today, Jorunn is the technical project manager for the class 72 mid-life upgrade project.

“A train is so complex, with many systems that involve different disciplines. It’s very educational because you have to work with and familiarise yourself with new things to solve problems and find solutions together across disciplines.”

As an electrical engineer, Kvakland knew a lot about everything from converters to transformers.

“At Norske tog, I have gained a better understanding of the big picture needed to run and operate a train.

The class 72 mid-life upgrade project is taking place in Motala, Sweden – which is a six-hour journey each way.

“I haven’t counted how many trips I’ve made but it’s probably at least 15. We have often been there for four days at a time.” The workday is also filled with hectic meeting activities with both the project team and the supplier.

One of the things that causes her the most frustration is also something she highlights as the most fun part of her job.

“New problems are constantly popping up and have to be solved. It’s challenging but very educational and rewarding. That’s thanks to a technically strong professional environment that laughs easily and stands together and supports each other when we need to,” says Kvakland.

“Being allowed to work with trains, which is an important contribution to sustainability for society, is very rewarding,” she says.

## From makeup artist to mechanical engineer

Oda Veflen Olsen has made an untraditional career change. She has replaced foundation and blush with bogies and brakes.

“As a systems engineer for bogies and brakes, I work, to put it simply, with what is between the outer shell of the carriage and the track. This includes everything from the wheel sets, bogie chassis and driving gear to suspension, braking systems and much more,” explains Oda Veflen Olsen.

She joined Norske tog in May 2022. She took a different route here to most people.

### Career change

Oda Veflen Olsen from Moss dreamed of becoming a makeup artist and started makeup school after upper secondary school in order to realise her professional dream.

“Here I became fascinated with creating special effects using makeup for serious wounds and macabre injuries,” says Veflen Olsen.

After a year’s training she spent a year as a freelance makeup artist but was restless and realised that this was not the career for her. The result was a change of career few people have made before. From makeup artist to a mechanical engineering course.

“It was a new world, to put it mildly. From applying makeup to understanding how technical systems interact and are interconnected, and that are based on specific, complex calculations.

As a qualified mechanical engineer, she made a short stop in the consulting sector before her journey continued to Norske tog as a systems engineer for bogies and brakes.

### Always something new to learn

“Norske tog is an exciting place to work. Bogies and brakes is a big field, so I’ve learned and will learn a lot. There is always something new to learn. I love that,” says the systems engineer.

She is currently spending a lot of time on the procurement of local trains where she is following up the supplier with respect to bogies and brakes.

“There are a lot of meetings and a lot of travel. Together with the team, I am responsible for ensuring, for example, that specifications of requirements are met, that we get what was agreed and what we agree on in the process, and a safe, technically satisfactory train,” says Veflen Olsen.

“Ice, snow, cold weather and tight bends mean things have to be designed for Norwegian conditions. That makes it extra exciting and challenging.”

### Looks forward to work

*“What is the best thing about working at Norske tog?”*


“It must be all the exciting tasks and the colleagues you get to work with. There are loads of good technical discussions, social discussions and a relaxed atmosphere. That means I look forward to coming to work every day. I had a good gut feeling already at my job interview. It proved to be right.

Before she joined Norske tog she had no experience or interest in trains other than as a train commuter.

“After I started I have gained both an interest in and respect for everything that lies behind what it takes to get a train to work. You don’t think about that as a passenger.”

*“What do you think the most important personal qualities are for your job?”*

“Being patient, systematic and investigative. So it’s probably an advantage being curious and optimistic that good solutions exist to the challenges you face. That makes the workday both simpler and more fun,” answers Veflen Olsen.

A woman with long blonde hair, smiling, stands in a factory or workshop. She is wearing a black high-visibility safety jacket with reflective silver and yellow stripes over a black turtleneck and black pants. She is leaning against a large, dark metal industrial component. The background shows various mechanical parts and structures of the facility.

“There are loads of good technical discussions, social discussions and a relaxed atmosphere. That means I look forward to coming to work every day.”

**Name:** Oda Veflen Olsen  
**Position:** Systems engineer for bogies and brakes  
**Age:** 27 years  
**From:** Moss  
**Education:** Mechanical engineer, master's degree from the Norwegian University of Life Sciences (NMBU), Machine, Process and Product Development  
**Working on:** Responsible for following up bogies and brakes in the procurement of local trains.

Proficient, satisfied and diverse train enthusiasts



“Despite more than 30 years in the industry, I’m still learning a lot.”

**Name:** Guy Lorenzini

**Position:** Special adviser, bogies

**Age:** 57 years

**From:** France, lives in Asker

**Education:** Qualified mechanical and production engineer

**Working on:** Assisting with, for example, the procurement of new local trains (class 77) and new long-distance trains (class 79).

## In the service of trains

Mechanical and production engineer Guy Lorenzini has worked with trains in Norway and France for more than 30 years. The transition from French to Norwegian railways proved to be a big one.

“It was love that brought me to Norway. I arrived in the country on my birthday on 27 February 1997. I met my Norwegian wife while we were studying together in France,” says Guy Lorenzini.

He was born and raised in France and still has a fine, prominent French accent. He currently works as a special adviser on bogies at Norske tog.

“I have worked with trains and railways since 1989, only interrupted by two years in the offshore industry. I have, therefore, over time, acquired quite a bit of knowledge and experience in the field. Nevertheless, I still learn something new nearly every day,” says Lorenzini.

### New Norwegian challenges

Lorenzini started his train career on the French railways in Paris.

“I worked with high-speed trains, which have many special requirements and challenges. Then I came to Norway and started working for Norwegian State Railways in 2000. It proved to be very different.”

*“Oh, in what way?”*

“Norway and Norwegian railways are very different. There are high mountains, long tunnels, tough winters, steep slopes, tight bends and big differences in weather conditions depending on where you are. You can leave Oslo in sunny conditions and 5 degrees Celsius, arrive in Finse during a full snowstorm and stop in Bergen where it is 10 degrees Celsius and pouring with rain. This means that many more monitoring systems, safety assessments and special Norwegian requirements and standards are needed. It is both exciting and challenging,” says the engineer.

“Besides that, the work culture is a completely different. In France, everyone had responsibility for a very small and defined area. Here you need to be more versatile and are given more responsibility,” he adds.

### Hectic, varied workdays

He joined Norske tog in 2020 as a special adviser on bogies, and works on bogies, brakes and compressed air.

“Simply put, that means hectic, varied workdays, where I provide assistance to a number of projects, help operators and assist with maintenance.

*“What’s the most fun part of your job?”*

“The partnership with suppliers. Together we discuss and develop new solutions and proposals. It’s both inspiring and motivating, which provides new perspectives and impulses from other countries and suppliers,” says Guy Lorenzini.

He also gets new perspectives and impulses from his younger colleagues at Norske tog.

“Despite more than 30 years in the industry, I’m still learning a lot. That interests me. Putting old knowledge to work, being open to listening and learning. While helping to teach others,” says the experienced engineer.

### Learned to like a packed lunch

He has some clear advice for new graduates and employees in the industry.

“Don’t be afraid to take on a challenge. At Norske tog, we do everything we can to ensure safety. At the same time, there are disciplines and areas that are experience-based and require both time and training. You are therefore dependent on both motivation and patience,” says Lorenzini.

Besides working, he enjoys playing tennis and skiing. He can also look back on a judo career when he was young and climbing 60–100 metre high rock walls.

“As a Frenchman, it took a while to get used to the special Norwegian packed lunch with slices of bread. I have to admit, I now find it harder when I go back to France. I get so unbelievably full. Perhaps this is evidence that I have become more Norwegian than French?”

## The power collector

Helene Irgens Hov was headhunted to Norske tog to develop and coordinate the company's sustainability work.

"My commitment to sustainability comes from a combination of being an idealist and someone who likes the specific and data-driven. The latter comes from having worked extensively with engineers," says Helene Irgens Hov.

She works at Norske tog in a new position as an adviser on management systems and sustainability, and focuses on coordinating, structuring and developing sustainability work in all areas of the company. Before joining Norske tog in August 2022, she spent five years as an adviser in Multiconsult's environmental department.

"I was contacted by Norske tog and had many conversations over a longer period of time. The more we got to know each other, the surer I became that this was a position and company with exciting tasks and opportunities," says Hov.

"Since it's a relatively small organisation, you have a lot of responsibility and a finger in most pies," she adds.

### From sustainability bingo to specifications

Sustainability is a broad concept that can include a lot. Helene is keen to fill it up with substance and content.

"It's easy for it to become sort of 'sustainability bingo' when you talk about it. My motivation is to specify through the application of insight and data in order to initiate specific measures that contribute to achieving a specific goal," says the sustainability adviser.

In Norske tog she is surrounded by both economists and engineers with whom she works.

"It's a very educational job with so many proficient colleagues with a different professional starting point to me and different perspectives on sustainability. For example, economists who know lots about green finance, something I had no experience with before."

### Lingo and learning

Much of the job is about data, overarching management systems, reporting structures and standards. However, something else is also useful for the company's sustainability work:

"Creativity is important. The ability to innovate, think differently and put things together in a new way. For example, we can use the processes and tools already in use in Norske tog in new ways. And to cultivate a culture of sustainability.

Helene has a car but prefers to travel by public transport. On the train, she often spends her time working, listening to podcasts, reading and scrolling.

"I have always been interested in rail and my interest in the actual trains has also increased considerably after just a few months in this job. You quickly learn the lingo here. You will find experts who can answer any question about trains and railways down to the smallest detail if you just ask. I find, and always have found, working with nerds – in the positive sense – highly motivating," says the 34-year-old.

She had heard rumours of the good working environment in Norske tog even before she joined the company.

"Despite the fact that it is a 'young' company with employees from many different disciplines, we have many new employees, and that we have been through a long pandemic, it has a certain culture in its DNA. It's difficult to put your finger on what the recipe for success is, although it is a short way from the bottom to the top of the company and it has an informal atmosphere.

When she logs off from Norske tog, Helene has many irons in the fire.

"I've a tendency to take courses in new things: everything from downhill skiing to yoga and coding.

In the future though, it appears I will have less time for courses but will be spending a lot of time learning a completely new field."

"In spring, life will be turned upside down. That's when a little baby girl is due to arrive in the world."



“Since it’s a relatively small organisation, you have a lot of responsibility and a finger in most pies.”

**Name:** Helene Irgens Hov  
**Position:** Adviser, management systems and sustainability  
**Age:** 34 years  
**From:** Lier  
**Education:** MSc in Health, Safety and Environment from the Norwegian University of Science and Technology (NTNU)  
**Working on:** Coordinating sustainability work at Norske tog



Bruk  
ØRNEBRILLER  
nder togene !!

## “An ambitious plan is required to meet the challenges we face.”

To maintain current rail services and at the same time meet expected traffic growth, an average of two new train sets must be procured every single month for many years to come.

“Building new double tracks, tunnels and lines is all well and good. But it won’t help much if we don’t have enough trains to operate,” says Kjell-Arthur Abrahamsen, Asset Director at Norske tog.

One of the things he is currently working on is a long-term plan for rolling stock. In short, how phasing out and procurements can be carried out to meet demand and ensure comfortable, reliable rail services.

“Despite major investments in the last few years, the train fleet has not been renewed fast enough. Old trains, that passed their expected service lives long ago, are still being operated in order to maintain current rail services. They do not satisfy today’s requirements for trains with respect to universal design, reliability and comfort,” says Abrahamsen.

### **Need for 205 new trains**

Norske tog’s main mission is to procure and manage trains that are leased to train operators. Two main drivers will guide procurements in the future.

“There is a need to meet the expected traffic growth and a need to replace old rolling stock. Both of these are about ensuring that train operators can offer passengers better services,” says Abrahamsen.

Despite the uncertainty about traffic growth going forward, an ambitious replacement plan is required.

“On average, two new train sets must be procured every month for many years to come.”

“We estimate that 148 new train sets will be needed by 2033 just to replace the trains that should be phased out. To cope with projected traffic growth, we estimate that a further 57 train sets will be needed,” says the asset director.

This means that on average, two new train sets must be procured every month for many years to come.

“It’s important to know and remember that you cannot buy trains off the shelf. It takes up to five years to procure new train sets. Therefore, we must always think in the long term, be at the forefront and, not least, we are dependent on financing,” says Abrahamsen.

### **Fewer train classes and large procurements**

The current procurement strategy is intended to provide Norske tog with greater freedom, flexibility, savings and faster deliveries.

“To achieve this, we are investing in a few large contracts with long-term options. The FLIRT trains have been a great success with train set number 150 being received in November. We are now doing the same for both the local and long-distance procurements,” says Abrahamsen.

In January 2022, Norske tog signed a contract with Alstom for the purchase of 30 new local trains, with an option for a further 170 trains. In the first quarter of 2023, a contract will be signed with the supplier for the purchase of 17 new long-distance trains, with an option for up to 100 trains in total.

“By exercising options we will cut delivery times from five years to 18 months. This is crucial if we are to achieve our goal. It’s faster, simpler, more affordable and more flexible.

In addition to large contracts, Norske tog wants to reduce its current 18 train classes (motor carriage sets and engines with carriages) to three main classes of train:



ENSURING GOOD SERVICES: Two main drivers will guide train procurements in the future: The need to meet the expected traffic growth and the need to replace old rolling stock. Both parts are about ensuring that train operators can offer passengers better services.

1. Local trains, class 77 (will enter service from 2025)
2. Regional trains, class 74, 75 and 76 (current FLIRT trains)
3. Long-distance trains, class 79 (will enter service from 2026–2027)

“This will provide greater flexibility for future trains across the regions and packages. Together with long contracts with many options, we also achieve flexibility in procurements in

terms of both time and volume,” says Abrahamsen.

It will also help to standardise and simplify future maintenance.

“Everything from training personnel to common spare parts becomes easier with a train fleet like this. Most importantly of all: passengers will enjoy more reliability and comfort,” he adds.

## A rail-going Swiss success story

In November 2022, Norske tog received FLIRT train number 150 from the Swiss train manufacturer Stadler. “The FLIRT trains have been a success and will continue to be a success,” said the Minister of Transport.

It is 2 May 2012. The time is 14:11 and the conductor signals ‘ready for departure’ at Oslo S. Everything is ready for the FLIRT train’s maiden journey with passengers to Skien. Fast forward 10 years in time.

“The FLIRT trains are the backbone of the Norwegian railways. The trains are reliable and customers flock to them every time we introduce FLIRT trains onto new routes. For the past 10 years, we’ve been confident that this is a really good train. So, this has been a huge success,” said Øystein Risan, CEO of Norske tog, as he took delivery of train set number 150 in the FLIRT procurement on 21 November 2022.

This was celebrated at Mantena’s workshop in Lodalen, with the Minister for Transport Jon-Ivar Nygård also in attendance.

“The FLIRT trains have been a success, and will continue to be a success. Passengers like the trains and we will now work to ensure that they continue to like them by



**POPULAR WORKHORSE:** The first FLIRT train made its maiden journey with passengers on Norwegian track in 2012. Last year, 10 years later, saw the arrival of train set number 150 in the FLIRT procurement.

taking good care of the trains through rigorous maintenance,” said the Minister of Transport at the ceremony.

### **Delivered on time, on budget and with the right quality**

The agreement for the delivery of 150 FLIRT trains was signed by NSB and Stadler on 2 September 2008. At the time, it was the largest deal of its kind in Norwegian rail history. Kjell-Arthur Abrahamsen joined the FLIRT team the very next year. Today, he is Norske tog’s asset director.

“Despite having worked on this procurement for 13 years, I haven’t looked forward to it ending. On the contrary. I could easily handle the delivery and follow-up of another 50 trains,” says Abrahamsen.

And the reason for that is simple.

“Everything has gone smoothly. This is a project where we have delivered on time, on budget and with the right quality. That makes being a project manager fun and easy.

And most importantly of all: The trains have mostly operated like quality Swiss watches.

“It’s about reliability, reliability and reliability. And here the FLIRT trains have met our requirements from day one,” says the asset director. But what has the recipe for success been?

### **Attracted more passengers**

The tiny town of Bussnang is located in the northeast of Switzerland. It is home to the head office of the train manufacturer Stadler, which has been building trains for more than 80 years. Stadler has delivered the popular new workhorse, FLIRT trains, to Norwegian railways for

**“Everything has gone smoothly. This is a project where we have delivered on time, on budget and with the right quality.”**

the past 10 years. Different versions of FLIRT trains have been delivered: two for local train routes (class 75 and 75 II) and one for regional train routes (class 74). The only differences are in the interior fittings. In addition, class 76, a bi-mode train, is used on both stretches that are electrified and stretches that are not.

FLIRT trains also have an important role to play in the standardisation of the Norwegian train fleet.

“Together with the manufacturer, we have had a common goal, where the end customer and the end product have been centre stage. Good collaboration has been one of the success criteria for getting to where we are today,” says Kjell-Arthur Abrahamsen at Norske tog.

Delivering trains suitable for Norwegian conditions is challenging.

“They have been very solution-oriented, forward-leaning, willing to learn and professional. Together, we have also managed to improve the trains along the way. A lot can happen in 10 years, especially on the IT front,” says Abrahamsen.

The introduction of FLIRT trains into service in Norway was a boon for passengers. They looked light and airy, had good seats, a good indoor climate, good accessibility and, not least, they were more reliable.

“The new trains helped recruit a lot of new passengers to Norwegian railways on the routes where they were put into service.

This procurement has been a success, not just for Norske tog, but also for Stadler.”

“They frequently use us as a reference. That is a good sign for both parties,” says the asset director.



MINISTERIAL APPROVAL: “The FLIRT trains have been a success and will continue to be a success,” said the Minister of Transport Jon-Ivar Nygård at the ceremony marking the arrival of FLIRT train number 150.

### Did you know...?

- > FLIRT is an abbreviation for Fast Light Innovative Regional Train.
- > Today, FLIRT trains make up more than half of the Norwegian train fleet.
- > The Norwegian FLIRT trains were the first Stadler built to reach speeds of 200 kmph.
- > More than 2,500 FLIRT train sets have been sold and it is Stadler’s best seller. They operate in Sweden, Finland, Estonia and other countries.

## New local trains make rail travel accessible for all

A simpler, more accessible and comfortable travel experience with brand new, universally designed local trains awaits travellers on the Østfold Line from 2025.

Room for more passengers, better internet access, large flexible zones for bicycles, buggies and standing areas in rush hour, comfortable seats and good ventilation. This is just some of what the new local class 77 Coradia Nordic trains can offer. Some 30 trains have been ordered so far and an option can be exercised to purchase 170 more trains.

### Ensuring access for all

The new local trains will offer much better accessibility with universal design and access for all.

“The trains have low floors at all entrances. This means you can walk or roll right in to them from standard platforms. All of the carriages have hearing loops, toilets that can accommodate wheelchair users, designated spaces for wheelchairs and wheelchair lifts for use at lower platforms,” says Hans Arne Dingtorp, project manager for local train procurement at Norske tog.

Local train services around Oslo currently include class 69 train sets, which are more than 30 years old.

“They have passed their defined service lives and do not satisfy current requirements and expectations regarding comfort and accessibility. Therefore, it will be a big boon for all passengers when the new trains are introduced into service,” says Dingtorp.

The plan is for production of the trains to start in 2023. The first trains will arrive in Norway by rail from Germany for testing in 2024 and will be put into service on line L2 Stabekk–Oslo–Ski from 2025.

### Adapted based on feedback

If we rewind to the start of 2020, Norske tog has just announced a competitive tender for the delivery of 200 new local trains that will make people’s everyday travel simpler and better. Six suppliers qualify. Following a total evaluation of quality and price, the winner is Alstom, one of the world’s largest manufacturers of trains. The

contract is signed on 10 January 2022. A contract with an estimated total value of more than NOK 25 billion, including the initial order for 30 local trains with the associated cost of up to NOK 3.8 billion. This makes it one of the largest train procurements in the history of Norwegian railways.

“The initial design phase started the day after the contract was signed. We in Norske tog, our train operators and selected stakeholders were involved in the detailed design of the trains. We received important input here from representatives of everyone from train operators and engine drivers to onboard personnel and various trade unions,” says the project manager.

In August, invited representatives visited Alstom’s factory in Salzgitter, Germany. Here they got to go inside a full-scale model, a so-called mock-up, of various parts of the train sets in order to look at, try and test the various functions and design that had been completed.

One of those who took part was Cato Lie, a senior adviser in the Norwegian Federation of Organisations of Disabled People (FFO), whose specific area of responsibility is universal design. A representative from the Norwegian Association of Disabled (NAD) also took part. Lie was pleased with what he could see.

“Overall, this is a very good solution and a great step in the right direction. It’s also great that they also plan to have portable ramps so that everyone can board should the technology fail,” says Lie.

He is pleased that Norske tog is conscious of its responsibilities.

**“Overall, this is a very good solution and a great step in the right direction.”**



**FLEXIBLE AND ACCESSIBLE:** The new local trains will offer good universal design with access for all. There will also be large flexible zones for bicycles, buggies and standing areas in rush hour.

“This type of involvement is vital to achieve good results that everyone can use. Unfortunately, we see end products every day where users have not been involved and listened to and where the end result is mistakes that could easily have been avoided,” says Lie.

“This is valuable input and feedback that we use actively to adjust and optimise the design. They are also kept informed and involved in the continuing process,” says project manager Hans Arne Dingtorp at Norske tog.

### Specifically designed for Norwegian conditions

Being a train in Norway is hard. They must cope with and tackle snowdrifts, ice build-up, condensation, large temperature fluctuations and cold snaps down to minus 40 degrees Celsius.

“200 train sets of the same family have been well tested and improved during more than 15 years of operation in Sweden. They are specifically designed to tackle the tough Nordic winter conditions,” says Dingtorp.

The new local trains will undergo extensive testing in Norway from 2024 onwards. Before this, they will also be tested at minus 40 degrees Celsius in a specially constructed cold chamber in Vienna.

“There is no doubt that the new trains will be more reliable and dependable in all conditions. For example,



**LOCAL TRAIN BOOST:** Production of the new local class 77 Coradia Nordic trains is scheduled to start in 2023. The first trains will arrive in Norway by rail from Germany for testing in 2024 and will be put into service on line L2 Stabekk–Oslo–Ski from 2025.

many of the systems include redundancy, which means that if one component fails, another can take over and keep the system operating,” explains the project manager.

There will also be room for more people to meet the growth in passengers. The new Coradia Nordic train sets have a total capacity of 778 passengers.

“This is an increase of about 40 per cent compared with the class 69 trains that are being replaced.”

### Did you know...?

- > **Train:** Type 77, Coradia Nordic, levert av Alstom.
- > **Top speed:** 160 kmph
- > **Total capacity:** 778 passengers
- > **Timeline:** Competitive tender announced in 2020, contract signed on 10 January 2022, production starts in 2023, delivery to Norway for testing in 2024 and introduced into service on the Østfold Line in 2025.
- > **Contract:** Some 30 trains have been ordered and an option can be exercised to purchase 170 more trains. The estimated total value of the contract is more than NOK 25 billion.
- > **Phasing in:** 30 class 77 train sets will replace the class 69 ones on L2 Ski–Oslo–Stabekk from 2025.

## First class train experience: A new way of travelling by train in Norway

A 45-degree success and Norwegian developed horizontal innovation. How you can sleep, work, sit and recline on Norwegian long-distance trains has just become more flexible and comfortable.

Over the course of 2022, passengers have received a completely new offer on board Norwegian long-distance trains: 230 reclining chairs have been installed in a total of eight train sets operating on the Nordland Line, Dovre Line, Bergen Line and Sørland Line.

“This is a new way of travelling by train, with a level of comfort greater than what Norske tog has provided to date,” says project manager Rune Andressen at Norske tog.

Seats have been removed, anchor points created, new flooring laid, and new cables pulled. Fitters worked at full speed just before Christmas at a workshop in Lodalen to complete the installation of what provides a completely new train experience for the passengers on the Bergen Line: 46 new reclining seats.

“These seats can be fully reclined into a so-called ‘flat-bed’, and are very similar to those people are familiar with from first class on aeroplanes,” says Andressen.

### **Better and more flexible services**

The new reclining seats are a result of the Storting’s extraordinary allocation of NOK 80 million in 2020 intended to improve the night train services offered to travellers. After a competitive tendering process on behalf of the Norwegian Railway Directorate, two suppliers were chosen:

“This is a new way of travelling by train, with a level of comfort greater than what Norske tog has provided to date.”

- The Czech company BORCAD for seats that can be reclined to a 45-degree angle.
- The Norwegian company Georg Eknes Industrier for seats that can be fully reclined to a flatbed.

“The train operators have been allowed to choose the seat concept they want. Go-Ahead and SJ chose the recliner solution, while Vy installed the flatbed variant,” says Andressen.

Norske tog is pleased to be able to accommodate the train operators’ desire to offer their passengers a better night train service.

“With the new reclining seats, passengers can sleep from A to B, in an eco-friendly and comfortable manner. It also ensures more flexibility and options for both operators and passengers. These seats can be used both during the day and at night, which permits higher occupancy and a good night’s sleep without a sleeping compartment,” says Norske tog’s project manager.

### **Well received by train operators and passengers**

First out were Go-Ahead, which had its first departure with its ‘Hvile’ (‘rest’) concept on the Sørland Line on 16 May. They have two carriages with a total of 60 reclining seats.

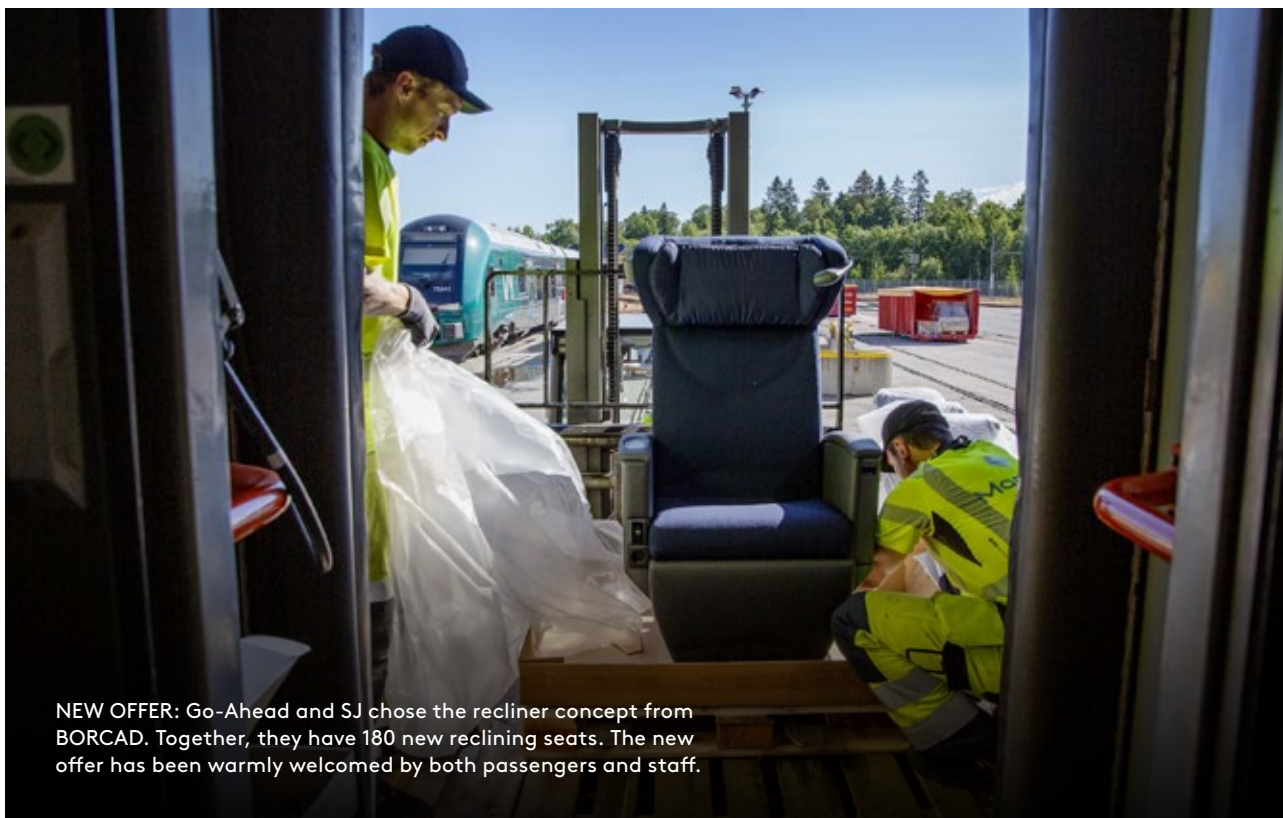
“This adds a new dimension to our travel offer. It has been a success among both passengers and internally at Go-Ahead. We will continue to develop good concepts based on this and would like it to be an option throughout our fleet,” says Simen Lockert Rohde, who is responsible for product and customer experience at Go-Ahead.

SJ has four carriages with reclining seats: two on the Dovre Line and two on the Nordland Line. In total, they have 120 seats in the option they have called ‘Premium Plus’, where food and drinks included in the price are also served at your seats.





LOCALLY SOURCED: On the Bergen Line, Vy offers flatbed reclining seats. These were delivered by the Norwegian family-owned company Georg Eknes Industrier AS.



NEW OFFER: Go-Ahead and SJ chose the recliner concept from BORCAD. Together, they have 180 new reclining seats. The new offer has been warmly welcomed by both passengers and staff.

“The customer has warmly welcomed the service. It has been such a great success that we have already ordered two more carriages. This is definitely something that we think could encourage more people to choose the train. This sort of comfort and service provides a completely different experience,” says Kristin Aarre, who is responsible for customer service and information at SJ.

**“Means a lot for us”**

On the evening of 11 December 2022, Vy’s first night train with flatbed reclining seats departed. This has been called ‘PlussNatt’ (‘plus night’).

“We are excited about the feedback and reactions from passengers who now have a new and unique option. These are the first and only ones of their kind on trains in Norway. It is especially fun that the supplier is Norwegian and ‘local’,” says Vy’s category manager for tenders and projects, Amund Kjelland.

The 46 new reclining seats on the Bergen Line were delivered by the Norwegian family-owned company Georg Eknes Industrier AS.

“This assignment means a lot for us. The Bergen Line is our window to Europe, at the same time as it is a place we are proud of in our own neighbourhood. Putting everything in place has been hectic and exciting, and I think it is great to be the first to deliver this type of reclining seat on trains in Norway,” says Ove Eknes, the CEO of the small family-owned company with premises just north of Bergen.

Eknes has previously produced thousands of seats for local train routes for various train companies across Europe. However, in recent years, the company has mainly focused on delivering seats to the global ship industry. Their contract with Norske tog marks the company’s return to the train seat industry.

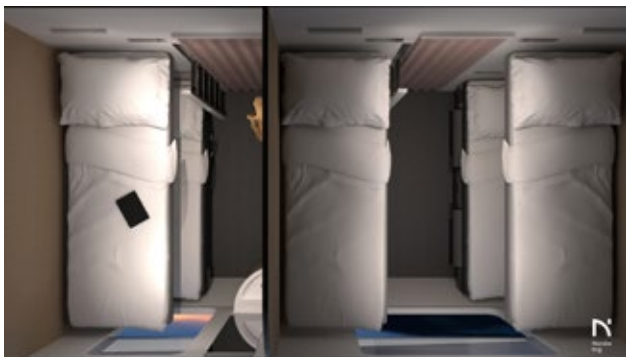
“I will definitely buy myself a train ticket and test the new flatbed reclining seat as soon as possible in order to experience it in use, and to see and listen to other passengers’ reactions,” says Eknes’ CEO enthusiastically.

**The night train service of the future**

In December 2021, Norske tog announced a competitive tender for the procurement of new long-distance trains, and the contract will be signed in the first quarter of 2023. Four suppliers qualified to submit competitive tenders (in alphabetical order): Alstom, CAF, Stadler and Talgo.

“The offer for trains we order must be at least as good as it was in 2020, when Norske tog was commissioned to procure new long-distance trains. In the procurement, we have asked for a broader sleeping offer and for reclining seats, two-berth compartments and four-berth compartments. Beyond this, we will let the manufacturers use their expertise to show us what they can do. As a rule, we come up with the best solutions together,” says Sille Svenkerud Førner, project manager for the long-distance train procurement in Norske tog.

Initially, the plan is to purchase 17 new trains at an estimated cost of NOK 6.5 billion, with a maximum budget of up to NOK 8 billion. The first train is scheduled to arrive in Norway towards the end of 2026.



THE FUTURE : Here are some sketches of what one of the compartment concepts could look like on the new long-distance trains. Illustration photo.

**SPECTACULAR:** Norway offers some of the world's most spectacular train journeys, such as the Bergen Line and Dovre Line. The new long-distance trains will make the experience even better.



“In short, the night train services of the future will be more differentiated, varied and flexible in terms of price, comfort and user options,” says Svenkerud Førner.

Four-berth compartments will be a cheaper option for those who want to share and that can be converted to closed family compartments during the day. Two-berth compartments will be able to be used as, for example, an office solution, and reclining seats can also be used both during the day and at night.

“Once the actual supplier has been selected and the contract signed, the design review process will start, during which we, the train operators and other stakeholders will together adapt and arrive at the best solutions,” continues Svenkerud Førner.

The experience from the flatbed reclining seat project that Norske tog has been working on in recent years

will also be taken account of in the design of the new long-distance trains.

“We have gained a basis for making decisions based on insights and facts, which will allow us to tailor the long-distance train experience based on the travel habits and preferences of Norwegian passengers and train operators,” says project manager Rune Andreassen at Norske tog.

**“In short, the night train services of the future will be more differentiated, varied and flexible in terms of price, comfort and user options.”**

## New methods will keep trains in better condition and extend their service lives

The increased use of diagnostic data and sensor technology will help make maintenance and train management better, cheaper and more sustainable in the future.

“The goal is to move from relatively static and reactive rolling stock management to being more proactive. We want to switch from defined maintenance intervals to a more status based approach, where we can anticipate needs and get in front of faults,” says Luca Cuppari, Chief Technical Officer at Norske tog.

This forms part of a new management strategy that was drawn up in 2022.

“As a train owner, we have an important responsibility to take care of all of the trains and ensure that they are in good working condition at all times. This will ensure that the trains are attractive to customers, safe and reliable for train operators and can remain in service for as long as possible,” says Cuppari.

### Great potential

In recent years, Norske tog has worked on large procurements of new local trains and long-distance trains. In parallel with this, the existing train fleet has had to be maintained and managed, together with a long-term and forward-looking strategy for the management of the new trains.

**“This is a win-win situation for everyone. It is in everyone’s interests to ensure that the trains are as reliable and fault-free as possible.”**

“There is great potential in using sensors, diagnostic systems and other technology in our management and maintenance programmes. We now want to exploit this potential,” says Cuppari.

“This will be efficient, sustainable and cost-effective,” he adds.

A lot of diagnostic data from today’s FLIRT trains can already be used to make maintenance plans more predictive. In collaboration with the train manufacturer Stadler, Norske tog is in the process of developing further solutions that will make trains even smarter in the future.

“We can then move from static maintenance, which is based on time and defined intervals, to a more status based approach. That is, when the train reports that it requires maintenance,” explains Cuppari.

The project must be carried out in cooperation with the train operators because it relies on sharing maintenance data.

“This is a win-win situation for everyone. It is in everyone’s interests to ensure that the trains are as reliable and fault-free as possible,” says Cuppari.

### Data sent directly to the monitoring system

For example, sensors will allow us to diagnose problems that are about to occur with the opening and closing of doors before they can actually have consequences during operations.

“One important part of the project is to establish well-functioning IT architecture in which all relevant train data is sent directly to a central monitoring system where the trains’ operational status can be monitored and optimised,” says Cuppari.



**TECHNOLOGY AND DATA:** Norske tog wants to switch from defined maintenance intervals to a more status based approach, where we can anticipate needs and get in front of faults.

Good train management is also important from a sustainability perspective.

“The expected service life of a new train is 30 years. One of our most important sustainability initiatives is to extend the service life of the rolling stock.”

### **Establishing a permanent components pool**

Once the phasing in and out of the new and old trains has been completed, the plan is to standardise the train fleet based on three train classes. This will also simplify and standardise management, particularly with respect to the logistics strategy for critical components and spare parts.

“We want to establish a permanent components pool, that is a warehouse of critical components and spare parts that is maintained and can be used by several train operators. The goal is to be less susceptible to downtime while waiting for parts,” explains Cuppari.

As an extension of this, Norske tog wants to assume greater responsibility for repairing and maintaining components. Train operators are currently responsible for this.

“This would mean that defective components would be handed in, repaired under our direction and returned to the pool for reuse,” explains Cuppari.

## When the trains return, they will be like new

The Italian class 72 trains have reached the middle of their service lives and are now getting upgrades that will prepare them for many more years of service. When they return from a makeover stay in Sweden, they will be both more modern and reliable.

“Trains are like our homes; over time they become worn and out-of-date and need renovation and refurbishment. This will improve the service life of the train, its reliability and the standard for passengers,” says Kine Stousland of Norske tog.

She is the project manager for the mid-life upgrade project of 36 class 72 train sets. 12 of the train sets are in service on the Jær Line for Go-Ahead and 24 are in service on L1 Lillestrøm–Spikkestad for Vy.

### Look like new

The train sets are taken two at a time to Alstom Transport’s workshop in Motala in Sweden where the work is carried out.

“Passengers will think they are brand new trains with a Scandinavian look with light oak and grey textiles, in the same style as the new local trains. Inside, they will, for example, have all new flooring, wall panelling, upholstery, doors, USB charging by the seats and passenger information screens,” says Kine Stousland.

“Passengers will think they are brand new trains with a Scandinavian look with light oak and grey textiles.”

Several operations will also take place behind the scenes. The carriages will be checked for damage, batteries will be replaced, all cables will be checked, traction converters and auxiliary power converters will be overhauled, water tanks and filters will be cleaned, passenger counters and safety cameras will be installed.

“The result will be a major boon for both passengers and train operators, while also being an important measure for ensuring the high quality of our train fleet.”

### What is hiding behind the façade?

Dismantling an older train is always a bit nerve wracking.

“It’s like an old house: you never quite know what is hiding behind the façade. There are always some surprises. Fortunately, their condition was much better than some indications suggested this time.”

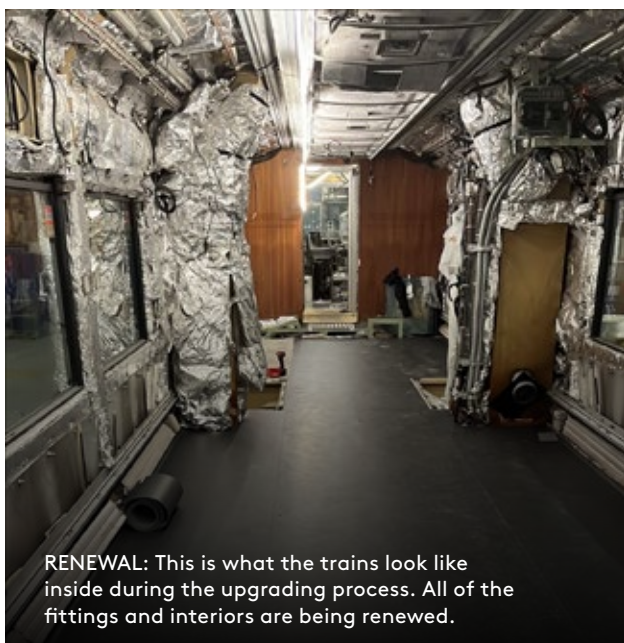
The first newly refurbished train is scheduled to return to Norwegian rails in autumn 2023.

“It’ll be fun and exciting to see the finished results,” says the project manager.

### Did you know...?

- > 36 class 72 train sets will undergo mid-life upgrades. The work is being carried out by Alstom Transport AB in Motala, Sweden.
- > Usually in daily service as local trains in the Oslo area and on the Jær Line.
- > Were delivered in 2002–2006 by the Italian company AnsaldoBreda.
- > The contract is worth around EUR 70 million.
- > The first train will be finished in 2023 and the last one in 2025.

**MID-LIFE:** The Italian class 72 trains were delivered in 2002–2006. They will now undergo mid-life upgrades to ensure their reliability and comfort for passengers for many more years.



**RENEWAL:** This is what the trains look like inside during the upgrading process. All of the fittings and interiors are being renewed.



**MODERNISED:** Passengers will think the class 72 trains are new inside when they return from the mid-life upgrades in Sweden.

## Greater focus on circularity, collaboration and data

With the new sustainability strategy and a dedicated sustainability adviser, Norske tog is gearing up to meet future requirements and contribute to sustainable development.

“Norske tog has an important role to play in helping to make Norwegian train journeys more sustainable,” says Norske tog’s sustainability adviser, Helene Irgens Hov.

Hov joined Norske tog in August 2022 and is responsible for coordinating and reporting within the area of sustainability.

“Our activities have an impact on social, economic and environmental conditions, and we have now gained a deeper insight into what will be important areas for Norske tog to work on. With a clear strategy and specific measures, we want to minimise any possible negative impact, and maximise any possible positive impact within the areas of sustainability that we have identified as the most important,” says Hov.

At the same time, Norske tog has to constantly adapt to new regulations, policies, requirements and expectations regarding reporting and transparency originating from the owner, authorities and stakeholders.

“We must be ready and prepared when the requirements come into effect. This is something we both want to, and must, do,” says the sustainability adviser.

### Four main ambitions

Norske tog drew up a new sustainability strategy in 2022. This defined four main ambitions:

- Circularity throughout the train’s life cycle
- Collaboration in the value chain
- Green investments in passenger rail transport
- Highly skilled and diverse organisation

“Overall, we are dependent on the better and broader collection, systematisation and collation of data, as well as more collaboration and interaction with suppliers, operators, the owner and the rest of the ‘trains family’,” says Hov.

In 2023, work on implementing the new sustainability strategy will start in full, which entails everything from delegating responsibility to implementing specific measures, KPIs and reporting structures.

“It will be crucial to be specific, to make things measurable and to dare prioritise the most important things,” says the Norske tog adviser. Norske tog must continue to have cutting-edge expertise in trains, although it will also improve its expertise in sustainability and strengthen the culture around this.

### Data and sharing

Norske tog wants to work more closely with its partners and stakeholders to ensure that knowledge is shared and used better and to help identify common opportunities and solutions across the rail sector.

“Sharing our experiences from sustainability work, will let us help other companies with their work,” says the adviser.

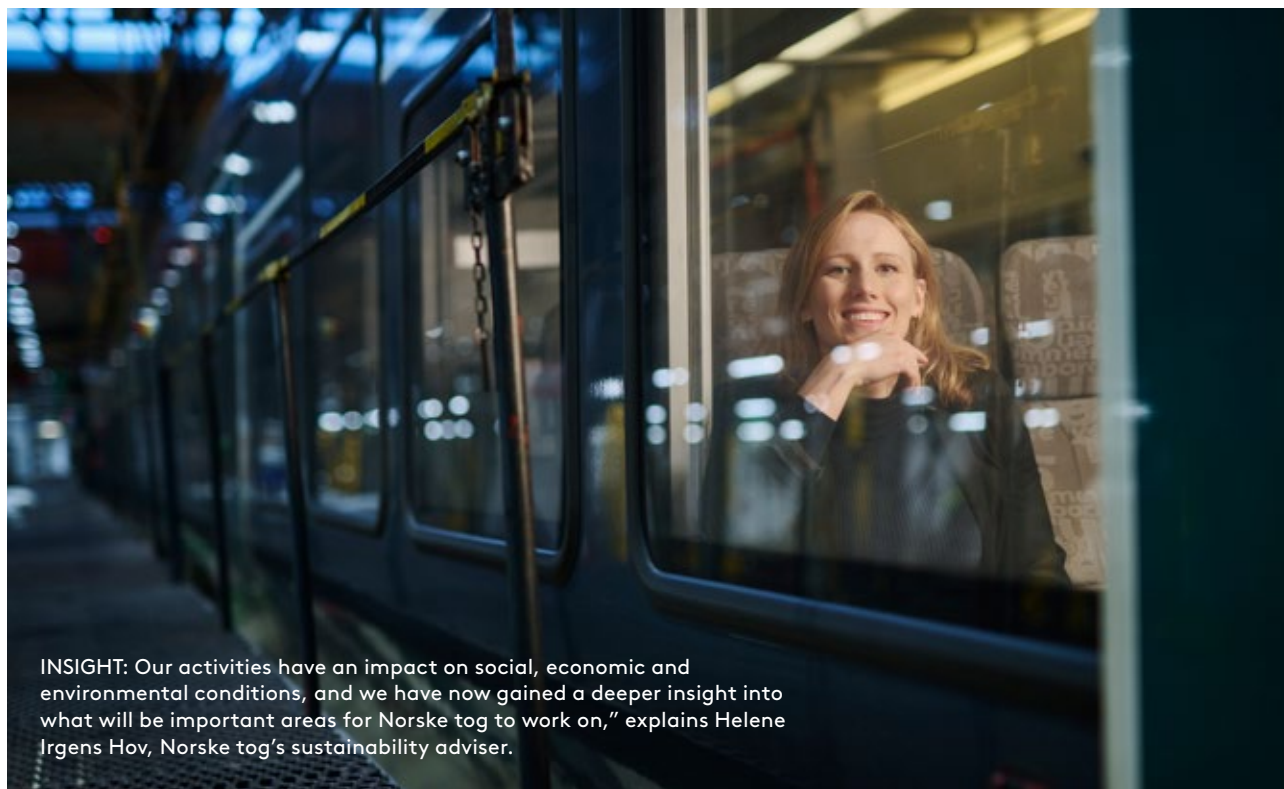
Hov reminds us that sustainability is about much more than simply the environment and climate.

“Low emissions are not enough to call rail transport sustainable. For example, human rights and labour rights must also be safeguarded in the production of the trains.

To ensure this, Norske tog carries out due diligence, including integrity due diligence, for all procurements for more than NOK 1 billion, as well as for projects for

**“Norske tog has an important role to play in helping to make Norwegian train journeys more sustainable.”**





INSIGHT: Our activities have an impact on social, economic and environmental conditions, and we have now gained a deeper insight into what will be important areas for Norske tog to work on," explains Helene Irgens Hov, Norske tog's sustainability adviser.

less than this where it is deemed necessary. Norske tog must improve its internal and external guidelines for corporate social responsibility and monitor the requirements in contracts more closely. Guidelines for due diligence in line with OECD and the requirements of the Transparency Act have been integrated into the company's management system.

### **Circularity throughout the life cycle**

One of the main ambitions in Norske tog's sustainability strategy is to have a circular mindset with respect to material and energy consumption throughout the train's life cycle, from procurements to management and the phasing out of trains.

*"Do you have any examples of what this would entail in practice?"*

"This means that we have to purchase trains that are designed to meet the needs of the future and last for a long time, and set circular economic requirements

for suppliers as early as in the actual announcements of the procurements. Contributing to more insight and data-driven management and maintenance, will maintain service lives and extend them where appropriate. When trains are phased out, we must ensure that more than 90 per cent of them are reused and undergo material recovery. All in all, this will provide us with good opportunities to contribute to a circular economy and reduce the negative impacts associated with the extraction of new raw materials," says Helene Irgens Hov.

One important contribution to achieving this will be to take a more goal-oriented approach to collecting, systemising and collating data about materials, energy and emissions.

"This will help us gain a more comprehensive picture of the train classes and their condition throughout their life cycle. This in turn will enable us to, for example, improve maintenance programmes and carry out measures that reduce greenhouse gas emissions and energy consumption."




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## Part 2: Organisation and corporate governance

# Organisation

Norske tog is a company whose employees have wide-ranging experience and specialist expertise.



From the left: Linda Marie Venbakken, Kjell-Arthur Abrahamsen, Øystein Risan, Iren Marugg and Luca Cuppari.

Norske tog is a solid, technical knowledge company thanks to the expertise and experience of its employees. At the end of 2022, the company had 57 employees.

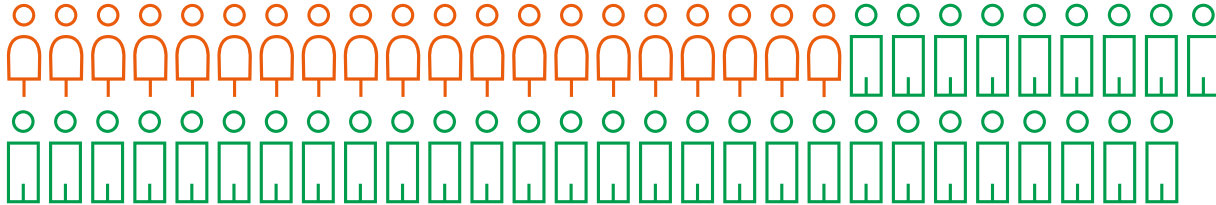
After six years of operations and the experience it has accumulated, the company continued to strengthen its customer-facing work in 2022.



### Employees

Norske tog wishes to offer its employees a working environment in which people enjoy their work and develop both professionally and as human beings. The company

is committed to treating employees fairly and providing equal opportunities for all and has focuses strongly on facilitating working conditions where necessary.



Number of employees: 57 (51 in 2021)  
 Number of FTEs: 55,4 (51 in 2021)\*

Figure 1: Employees and FTEs in Norske tog

### Gender balance

Norske tog had a gender balance of 35 per cent women and 65 per cent men by the end of 2022. The share of women in managerial positions is 22 per cent. The gender distribution at senior executive level is 40 per cent women and 60 per cent men.

proportion of women, with good results. From employing predominantly men in positions related to technology, development and documentation, the company has seen a strong increase in the proportion of women in recent years thanks to the appointment of a number of female engineers.

Norske tog is constantly striving to improve the gender balance in the company. The company operates in a traditionally male-dominated industry, and has made deliberate efforts over the past few years to increase the

More information about how Norske tog are working with diversity and equality is available in the company's Gender equality statement at Norske tog's website.



Proportion of women  
 35% (35% in 2021)

Figure 2: Proportion of women in Norske tog



Proportion of women in the management team  
 40% (40% in 2021)

Figure 3: Proportion of women in Norske tog's management team



Number of nationalities

Figure 4: Number of nationalities

## Achievement of objectives

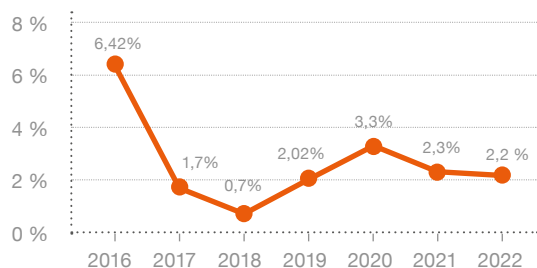


Figure 5: Sick leave

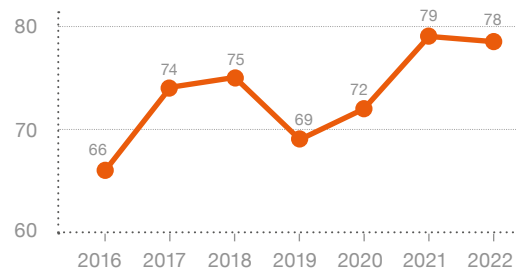


Figure 6: Employee satisfaction

## Onboarding

Norske tog has a written procedure for onboarding new employees. The procedure entails sharing useful information with the new employee and an introduction to the company. The company has also developed a set of pre-boarding activities, which the new employee is invited to take part in before starting their new position.

To ensure a good welcome, all new employees in Norske tog are assigned a sponsor and a mentor in the organisation, as well as training in what their position requires. Training is a key part of improving skills in the company. Participation in projects and tasks in the form of practical work experience form an important part of the company's training model. The heads of department are responsible for ensuring that, overall, their department has the expertise it needs to perform all of the department's tasks and fulfil its areas of responsibility.

Together, the above measures are intended to ensure a smooth introduction into Norske tog's social and professional working environment. The personnel manual, which all employees must familiarise themselves with as part of onboarding, provides an overview of the guidelines for employees.

A list of benefits available to Norske tog's employees can be found in Appendix F under 'Employee benefits'. This is available on the company's website.

## Health, safety and environment

Norske tog's operations must not cause serious injury to persons or serious damage to the environment or material assets. This includes injuries/damage caused by faults in Norske tog's rolling stock.

Most of the company's employees work in an office, and the HSE risks associated with office environments are thus relevant for all employees. Several employees also travel on business to workshops and testing sites in cooperation with suppliers and other partners, where this work entails other types of risk. As of 2022, the company has not conducted a risk analysis for other types of risk, and therefore has no specific data concerning the scope of what this entails.

No work-related injuries were reported in Norske tog in 2022. One minor non-conformity was registered. This concerned a small silicone oil spill at a workshop from a train that was being upgraded there. Repairs have been carried out as a preliminary measure. A whistleblower case was also reported in connection with the appointment of a new manager. The case was investigated and closed after a comprehensive assessment. Appendix B 'Health, safety and environment' (available on Norske tog's website) describes Norske tog's achievement of its HSE goals in 2022.

Proper training is vital for safety at work. A number of the company's employees completed safety courses

provided by Bane NOR in 2022. These focused on working near railways.

### **Risk management**

Norske tog has identified a need to take a more comprehensive approach to risk. It established a risk portal in 2022. The risk portal provides a general overview of risk in Norske tog, with the exception of risks in projects that are covered by the duty of confidentiality. It also describes measures, the effect of these and who is responsible for following them up. A risk matrix has been defined that is used to determine levels of risk. Several types of risk can be listed in the risk portal, including risks related to workloads or skills if these have been identified in projects or in the organisation in general.

The company also developed a digital non-conformity reporting portal in 2022 that can be accessed by all employees, all of whom have been offered training in how to use it. The scope and format of the entries made so far in the portal vary greatly since both the non-conformity portal and the risk portal are new and work is still being done to develop a set structure.

Risk assessments were conducted for test runs of trains in 2022. As a rule, it is the train supplier who is responsible for conducting both testing and risk assessments. However, suppliers, train operators, Bane NOR and Norske tog are involved prior to test runs and risk assessments.

All projects review risk on a monthly basis and when they transition to new phases. The information is shared via monthly reports. Due diligence is also carried out in some projects where, for example, the risks associated with working conditions in the supply chain are identified. This is performed in line with the description in the section on 'Cooperation in the value chain' in Part 3 of the report.

**“The company also developed a digital non-conformity reporting portal in 2022 that can be accessed by all employees, all of whom have been offered training in how to use it.”**

Norske tog, has established a whistleblowing reporting service with the law firm Kvale Advokatfirma DA. More detailed information about the company's whistleblowing procedures and methods can be found in the company's report on its activities and equality, which is available on Norske tog's website.

### **Procurements, integrity and anti-corruption**

A lot of money is involved when Norske tog procures train sets and related goods and services. It is therefore important that Norske tog's employees are familiar with Norske tog's approach to anti-corruption when they meet suppliers and partners.

Norske tog must act with integrity in the market and works to promote a strong culture of anti-corruption in the company. The constant introduction of new requirements and greater expectations make it crucial to continuously work on upskilling, even for highly experienced employees in the company.

Norske tog has a Code of Conduct and a corporate social responsibility policy that, among other things, address the company's stance on human rights, labour rights and anti-corruption. The Code of Conduct and policy apply to both our full-time employees and our contracted personnel. Norske tog must actively prevent undesirable conduct and enable employees to manage difficult situation through detailed procedures, checks and training.

In 2022, the Code of Conduct for employees was updated with guidelines on anti-corruption. Some 85 per cent of the company's employees also completed anti-corruption training in March 2022. The employees who have not completed this training were hired after it was carried out.

In 2021, Norske tog conducted dilemma training to equip all of our employees with skills that they made need when interacting with suppliers. In 2022, there was a particular focus on the dialogue with tenderers in the negotiations linked to the competitive tender for long-distance trains. This boosted the skills of the employees involved and enabled them to participate in the dialogue with suppliers in the competition with confidence and assuredness. The core project team for the new long-distance trains also completed an extended course to gain more thorough training in anti-corruption.





Quality Controller from Norske tog, Eirik Jenssen.

Staff from the Legal Department regularly participate in network meetings for procurements with the Norwegian Agency for Public and Financial Management (DFØ).

No instances of corruption or breaches of regulations were reported in Norske tog in 2022.

### **Focus on sustainability skills**

In 2022, Norske tog hired an adviser for management systems and sustainability. This was a newly created position tasked with coordinating the company's sustainability work.

Coordination of the sustainability work in Norske tog is organised under the company's CFO. The area of integrated reporting is developing rapidly, not least due to the introduction of the EU's new Corporate Sustainability Reporting Directive (CSRD). The CSRD will result in the requirements for sustainability reporting eventually corresponding with the requirements for traditional financial reporting.

Norske tog's CFO is responsible for monitoring operations and projects, coordinating and ensuring that measures are implemented, and collecting information to ensure good reporting in line with recognised standards.

In 2023, the plan is to improve the company's expertise in sustainability, with more presentations on the topic. Measures and activities related to implementation of the new sustainability strategy are also natural topics in the company's 'Train Academy', the company's internal upskilling channel.

In 2022, the Ministry of Trade, Industry and Fisheries held a meeting on greenhouse gas calculations in connection with the presentation of the new ownership report, which clarified the government's expectations as the owner. It is important that Norske tog meet these expectations in its future work on sustainability and climate management.

# Corporate governance

In the following section, Norske tog reports on the company's compliance with the Norwegian Code of Practice for Corporate Governance.

## 1. Corporate governance report

Norske tog is wholly owned by the Norwegian state, represented by the Ministry of Transport and Communications, and conducts its operations in line with the company's articles of association. The company's Board of Directors ensures good corporate governance by adopting frameworks for risk management and internal control and by considering the company's strategy.

## 2. Business

The company's mission is to procure, own and manage trains that are leased to rail passenger train operators in Norway, as well as naturally related activities.

The Board evaluates the company's goals, strategies and risk profile on an annual basis.

The company has adopted policies for ethics and corporate social responsibility.

## 3. Equity and dividends

As of 31 December 2022, Norske tog had equity of NOK 3 410 million and an equity ratio of 25.6 per cent. The company's long-term target for its equity ratio is above 25 per cent and the short-term target is above 20 per cent.

The earnings model and plans for significant investments in new train sets mean that the Board will not propose dividend payments in the coming strategy period.

## 4. Equal treatment of shareholders

The company has only one share class. All the shares are owned by the Norwegian state and administered by the Ministry of Transport and Communications.

Guidelines for handling transactions that are not insignificant between the company and board members/senior employees are incorporated in the Code of Conduct and instructions for the Board of Directors and CEO.

## 5. Shares and negotiability

All of the shares in the company are owned by the Ministry of Transport and Communications.

*The Code of Practice's requirements in this area are not deemed relevant.*

## 6. General meetings

The Norwegian state, represented by the Ministry of Transport and Communications, makes up the general meeting in the company. The annual general meeting is held by the end of June each year. As a minimum, the chair of the board, the CEO and the auditor participate in the meeting on behalf of Norske tog.

The notice convening the annual general meeting is sent out no later than 21 days in advance. The registration deadline is set close to the date of the meeting. The annual general meeting is opened by the chairperson of the Board of Directors. The general meeting subsequently elects a chair for the meeting.

## 7. Nomination committee

In accordance with section 6-3 of the Limited Liability Companies Act, the board members are elected by the company's general meeting. The general meeting comprises the Ministry of Transport and Communications, and the Ministry has not appointed a nomination committee. The election of board members follows the processes laid down by the Ministry for the composition of boards of directors in wholly owned companies (ref. the State Ownership Report 2022–2023). The chair of the board is elected by the Board. Employee-elected representatives are elected by and from among the employees. All board members are subject to an annual assessment, regardless of whether they are up for election.

Relevant expertise must be the main factor in the government's work on composing the Board. Given the right competence, the government must emphasise capacity and diversity. Competence is about relevant experience and background, as well as personal qualities. When electing board members, the government will give weight to management experience, board experience and relevant industry experience with good results. Overall, the Board should have relevant expertise that enables it to assess risks and opportunities related to financial, social and environmental issues, and thus contribute to goal achievement. When electing board members, the government will also give weight to personal qualities that enable them to work well together as a team. Examples of such qualities may be a high level of personal integrity, independence, interpersonal skills, creativity, an ability to innovate, as well as a commitment to the company's purpose and the capacity to properly protect the company's interests.

As part of the above assessments, the government conducts interviews with all owner-elected board members and the CEO of the company, in companies that are wholly owned by the state. The government also strives to conduct interviews with board members elected by and from among the employees. The government strives to maintain a dialogue with the chair of the board during assessments of possible changes to the Board. The Ministry of Transport and Communications' internal nomination committee is responsible for assessing the composition of the Board and proposing candidates for the Board. There is no plan to obtain the opinions of stakeholders.

In line with the Code of Practice, the composition of the Board ensures that it can act independently of any special interests. When electing owner-elected board members, the principles of independence and impartiality are applied.

In 2022, impartiality assessments were conducted in certain areas. The board members themselves are responsible for reporting circumstances that could

provide grounds for disqualification. In the event of disqualification, the person in question will not take part in discussions or decisions concerning the matter in question.

The Board reviews Norske tog's Code of Conduct annually and signs off on them.

*The Code of Practice's requirements in this area are not deemed relevant.*

## **8. Board of directors: composition and independence**

Through its ownership of Norske tog, the government has a considerable impact on the company by deciding what to include in the agenda and vote on at the general meeting, such as approval of the annual financial statements, capital increases, amendments to the articles of association and the election of board members.

At the company's annual general meeting on 8 June 2022, Norske tog's Board of Directors was changed and expanded by one new male member.



*From the left: Bjørn Erik Olsson, Marianne Abeler, Henriette Torgersen, Espen Opedal, Annette Malm Justad, Jan Morten Ertsaas and Øystein Risan.*

Role	Name	In post since	Sex	Number of relevant positions/offices	Other relevant activities/ qualifications
Chair	Annette Malm Justad	April 2018	Female	8 (CEO of 1 company, chair of 4 companies, board member of 3 companies)	Chair of Store Norske Spitsbergen Kulkompani AS, board member of Awilco LNG ASA, and chair of AMSC ASA. Chair of Småkraft AS, board member of Torm plc, board member of PowerCell Sweden AB, chair of Feddie Ocean Distillery AS, and partner in Recore Norway AS.
Board member	Espen Opedal	April 2017	Male	3 (CEO of 1 company, chair of 1 company, and board member of 1 company)	CEO of Tryg Forsikring, chair of Styreportalen AS, and board member of Finance Innovation.
Board member	Marianne Abeler	April 2017	Female	3 (board member in 3 companies)	Board member of Tromsøbadet Kf, board member of Troms Kraft AS and board member of Andøya Space AS.
Board member	Jan Morten Ertsaas	June 2022	Male	10 (CEO of 5 companies, chair of 5 companies, board member of 3 companies)	CEO of Store Norske Spitsbergen Kulkompani AS, CEO of Store Norske Gruvedrift AS, CEO of Store Norske Spitsbergen Grubekompani AS, CEO of Store Norske Næringsbygg AS, CEO of Store Norske Boliger AS, chair of Store Norske Gruve 3 AS, chair of Hotell Polar Hrs Eiendom AS, chair of Hotell Haugen Eiendom AS, chair of Hotell Nybyen Eiendom AS, chair of Butikk Hrs Eiendom AS, chair of Store Norske Energi AS, board member of Pole Position Logistics AS, board member of Ren Røros AS and board member of Fokksnø AS.
Board member/ employee representative	Bjørn Erik Olsson	April 2021	Male	Internal position at Norske tog only	Extensive experienced in the rail sector and technical expertise in trains.
Board member/ employee representative	Henriette Torgersen	January 2022	Female	Internal position at Norske tog only	Extensive experience as, among other things, a legal adviser, project manager and purchasing manager for major procurements. She has special expertise in trains, experience from public contracts, public procurement, digitalisation and work on sustainability, including on the Transparency Act.

Table 2: Norske tog's Board of Directors

The Board has no members from underrepresented social groups.

The Board has broad experience from various areas of business and industry and is very familiar with the company's operations. Four of Norske tog's board members have experience as a CEO. Four members also have extensive experience of board work and exercise this actively in other non-competing businesses.

All board members are potential end users of the public transport performed by the trains owned by Norske tog. Norske tog's employees are represented by two people who are not part of the company's management team.

Norske tog AS does not have a corporate assembly.

*The recommendation that board members should be encouraged to own shares in the company is not applicable.*

## 9. The work of the board of directors

Norske tog's operations comply with the company's articles of association. The company's Board of Directors ensures good corporate governance by adopting frameworks for risk management and internal control, and by considering the company's strategy. The Board evaluates the company's goals, strategies and risk profile on an annual basis. The Board of Norske tog is also responsible for decision-making and managing the company's impacts on the economy, the environment and people.

Norske tog's Board of Directors must submit an annual plan to the Ministry of Transport and Communications that covers the following matters:

- a description of the company and its market situation, including developments in these areas since the previous plan was submitted
- the main features of the company's activities for the coming years
- Norske tog's level of investment, major investments and financing plans
- a report describing the company's actions and performance in relation to its social mission and corporate social responsibilities.

Each year, the Board of Directors issues guidance and sets requirements for assessing risk and capital requirements in accordance with the company's guidelines. Risk management is treated as an integral

part of the company's business plan. To ensure the comprehensive management of the company, a bespoke management system has been developed with processes and procedures for managing and controlling operations. Principles and guidelines, procedures and authorisation matrices have also been developed for the management and control of the company's finances, accounts and financing.

The Board meets a minimum of five times a year, one meeting of which is an annual strategy meeting. Meetings are otherwise convened as required. The number of meetings convened in 2022 was six – five ordinary meetings and one extraordinary board meeting. The Board of Directors draws up an annual plan for its meetings. The Board of Directors evaluates its work and expertise on an annual basis.

### Increase in competence

The Board has broad experience from other businesses and sustainability work in these businesses. The Board also held joint strategy sessions in relation to sustainability in 2022.

### The Board's supervisory role

The Board's main responsibilities include administration of the company (section 6-12 of the Limited Liability Companies Act) and supervisory responsibility (section 6-13 of the Limited Liability Companies Act), and are defined in the company's Instructions for the Board of Directors. The Board is responsible for ensuring that the principles expressed in the government's State Ownership Report are complied with.

The Board's main tasks, as defined in Norske tog's Instructions for the Board of Directors, can be divided into four areas:

1. Strategic tasks (setting plans and budgets, as well as setting overall goals and strategies).
2. Control tasks (keeping abreast of the company's financial position and ensuring that accounts, etc. are checked, that there is sufficient equity, etc.).
3. Organisational tasks (ensuring the proper organisation and supervision of the day-to-day management, including appointing the CEO).
4. Own tasks (evaluating its own work and competence, developing its own competence and planning its own work).

As the owner of Norske tog, the state contributes to

goal achievement, including by holding the Board accountable for this. Assessments of the companies' goal achievement and work in line with the government's expectations are conducted on an ongoing basis and normally summarised annually, as part of the planning of the state's ownership follow-up, and adjusted as necessary. The company's board members conduct an annual evaluation of their work, with input from the CEO.

Norske tog's strategy, including its financial policy, is reviewed annually by the Board and management team at a two-day board meeting in October. In December, an action plan (i.e. the main activities the company will focus on) and a budget for the coming year are adopted. A new management strategy and a new sustainability strategy were developed by the company in 2022. The strategies were approved by the Board in December.

The Board is responsible for setting ambitions, goals and strategies for the company, within the framework of the articles of association, while the management is responsible for the preparation, implementation and follow up work, including the work on sustainability in line with the UN Sustainable Development Goals. In line with the increasing requirements for sustainability reporting, the ambition is for the Board to be more actively involved in this work going forward.

At fixed annual meetings, five ordinary board meetings, the Board and the CEO manage ongoing issues that have come to light through the internal audit process. Extraordinary board meetings are convened as needed. In 2022, five ordinary board meetings and one extraordinary board meeting were held.

Four quarterly contact meetings are held annually with the owner, the Ministry of Transport and Communications, and there are separate individual interviews between the Ministry and all board members and the CEO. The individual interviews are conducted annually in the third quarter. The CEO, CFO and chair of the board participate in the contact meetings on behalf of Norske tog. The meetings follow a fixed rolling agenda. An annual sustainability meeting has also been scheduled for September. In this, Norske tog's work on sustainability and the company performance in relation to the new and increased reporting requirements in the area of sustainability will be presented and discussed.

When preparing for major procurements or upgrade projects, it is crucial to get input from all stakeholder groups and potential suppliers. When planning major projects, Norske tog invites all stakeholders to open dialogue and input meetings. The stakeholder meetings serve as an important information channel for ensuring a



Bimodal train set, class 76.

good basis for formulating tender documents and clear project descriptions.

Furthermore, Norske tog holds regular meetings with the Norwegian Railway Directorate, Bane NOR, the train operators and other stakeholders in the rail industry. Besides these meetings, the Board and management have little or no contact with the company's stakeholders.

#### Delegation of responsibilities

Norske tog's Board of Directors must comply with the principles laid down in the Code of Practice, with the exceptions dictated by the form of ownership and the business. Furthermore, the Board must ensure that the principles expressed under management of state-owned enterprises in the State Ownership Report are complied with.

The Board is responsible for appointing the company's CEO and determines the terms and conditions of employment. The Board must evaluate the CEO and issue instructions specifying their authority. Subordinate to the Board, the CEO bears overall responsibility for the organisation's impact on the economy, environment and people, with the exception of matters that, based on the company's circumstances, are of an unusual nature or of

particularly material importance. The Board is responsible for matters of particularly material importance.

#### Evaluation of the Board's work

The Board is responsible for the management of the company (ref. the State Ownership Report 2022–2023). The government assesses the company's goal achievement and whether the company's work is in line with the government's expectations, as well as the Board's contribution to this. The state contributes to goal achievement, including by holding the Board accountable for goal achievement, but is not itself represented on the Board.

The state, as owner of the company, maintains a regular owner dialogue with Norske tog in which it can provide input. The owner dialogue primarily takes place through four contact meetings with management (regular quarterly meetings), a board evaluation discussion and one owner meeting after the annual general meeting. In addition to the regular meetings, the state maintains a dialogue with Norske tog on special topics or issues as required. The topics in the quarterly meetings are mainly how the government's public policy goals should be understood, and how the company should operationalise and measure these.



FLIRT-train class 75-2 on the Gjøvik Line.



Matters that require the approval of the owner must be considered at the general meeting, where the state's ownership authority is exercised. This includes the election of board members, the determination of board remuneration, the approval of guidelines for executive pay and salary reports, the election of the auditor and approval of the auditor's remuneration, the buyback and deletion of shares, as well as decisions on changes to capital and other amendments to the articles of association. As the owner, the state may request that matters be considered at the general meeting. The state will exercise this right where this is relevant and does not infringe on the division of roles on which the company legislation is based (ref. the State Ownership Report 2022–2023).

### 10. Risk management and internal control

Each year, the Board of Directors issues guidance and sets requirements for assessing risk and capital requirements in accordance with the company's guidelines. Risk management is treated as an integral part of the company's business plan.

To ensure the comprehensive management of the company, a bespoke management system has been developed with processes and procedures for managing and controlling operations.

Principles and guidelines, procedures and authorisation matrices have been developed for the management and control of the company's finances, accounts and financing.

### 11. Remuneration of the board of directors

The remuneration of the governing bodies of Norske tog is decided by the owner at the general meeting. See note 21 for a complete overview of the remuneration paid to the Board, broken down to an individual level.

When assessing the level of board remuneration, account is taken of the rates in comparable unlisted Norwegian companies. The remuneration must reflect the Board's responsibilities, expertise, time commitment and the complexity of the business, and must be moderate. The remuneration is not performance-based (ref. the Code of Practice). No board members or companies of which they are related parties have undertaken special tasks for the company, besides Tryg which provides the company's insurance cover.

The chair of the board is compensated based on the scope of the duties and responsibilities arising from their position, and therefore receives a higher level of remuneration than the other board members. For example, the chair of the board has a special responsibility for organising the Board's work, as well as maintaining a dialogue with the management team and the owner, in addition to their ordinary board member responsibilities. Board fees are paid until a member resigns from the role. In the event of sick leave, board fees are paid in the same way as employees are paid in the event of illness.

In line with the State Ownership Report, the only remuneration the company's board members receive for their roles in the company are board fees.

### 12. Salary and other remuneration for executive personnel

The remuneration of executive personnel in Norske tog is determined by the CEO. Executive pay is determined in line with the government's expectations (ref. the State Ownership Report 2022–2023 and the new guidelines for the pay of leading personnel in companies with a state ownership interest, as laid down by the Ministry of Trade, Industry and Fisheries on 30 April 2021). The 2022–2023 State Ownership Report set out a new expectation in the executive pay policy for category 2 companies to no longer use separate bonus schemes for senior executives.

See note 21 for a complete overview of remuneration paid to senior executives. The compensation scheme for senior executives therefore consists solely of the fixed salary and is not affected by the executives' management of the company's financial, environmental or human impact. The other benefits category includes tax liability for the use of employee tickets (discounted public transport), mobile phones, group life insurance, accident insurance and health insurance. For the CEO, "other benefits" also include a car allowance of NOK 120,000 per annum.

The company's executive team is offered competitive, but not salary-leading, compensation.

In order to determine what constitutes competitive, but not salary-leading, remuneration, factors such as experience, seniority, expertise and pay conditions that are common in other similar unlisted Norwegian companies would normally be considered. The senior executives' compensation consists of fixed salaries and some taxable benefits such as insurance and pension

contributions. The various elements of the compensation scheme are considered collectively and individually to ensure moderation and competitiveness at the same time. This also applies to all company employees. Only the car allowance is limited to the company's CEO.

For a more detailed explanation, please refer to Norske tog's executive salary report, available on the company's website [www.norsketog.no](http://www.norsketog.no).

### 13. Information and communications

The company is wholly owned by the Norwegian State. Legislation on securities and other regulations relating to equal treatment of players in the securities market are not relevant. There is no financial calendar. However, the company publishes interim and full-year reports on its website.

*The requirements are only partially relevant to the company, but are followed with regard to publication of reports.*

### 14. Take-overs

The company is wholly owned by the Norwegian State and is classified as a Category 2 company.

*Based on the ownership situation and the company classification, separate principles for company acquisition have not been drawn up.*

### 15. Auditor

Norske tog is audited by an independent third party each year in line with the requirements set down in the Norwegian Audit Act. Currently, the auditing firm PwC is responsible for auditing Norske tog and assessing whether the company's annual accounts are compliant.

The company's auditor is elected by the annual general meeting and the agreement concerning auditing services has a duration of four years (2022–2025 annual accounts), with the option to extend for 2+2 years. The auditor participates in the board meeting at which the full-year financial statements are discussed. Non-audit services provided by the auditor are reported to the Board of Directors each year.

Norske tog is wholly owned by the Norwegian State and is therefore subject to the Norwegian government's requirements relating to internal audits in accordance with Chapter 2 of the Norwegian Ministry of Finance's "Provisions relating to financial management for the Norwegian State".

Norske tog has engaged an external auditing firm to conduct internal audits. The purpose of the internal audit is to evaluate the appropriateness and effectiveness of the company's governance and control system for risk management and internal control using a structured and systematic approach that includes the company's impact on finances, environment and people.

The auditing firm BDO has conducted internal audits on behalf of Norske tog. There is currently an active tender competition for a new internal audit contract. The internal auditor works with and formally reports to the Board of Directors of Norske tog and draws up an annual risk-based audit plan (June to June) in order to determine priorities. The proposed audit plan is presented to the Board of Directors, who will amend or adopt the proposal.

More detailed information about external audits can be found in Appendix E "Information about external audits", which is available on the company's website.

## Sustainability in corporate governance

In 2022, Norske tog drew up a new sustainability strategy and identified the following measures relating to sustainability reporting:

- Reporting on sustainability in accordance with international standards / the Global Reporting Initiative (GRI)
- Third-party auditing of the company's sustainability report
- Establishing procedures for reporting on sustainability indicators
- Reporting on the progress of sustainability work as part of interim reports
- Preparing the company for the upcoming reporting requirements (CSRD)
- Further developing the environmental management system
- Drawing up a plan to integrate climate management as part of the organisation's environmental management
- Investigating the possibility of becoming Eco-Lighthouse certified



Quality controllers from Norske tog at Mantena's garage in Lodalen.





Part 3:  
Sustainability

Norske tog's mission is to procure, own and manage vehicles for passenger transport by train in Norway. As such, the company conducts operations that impact people, the environment and society both directly and indirectly.

## About the sustainability report

This is the first Norske tog sustainability report in accordance with the Global Report Initiative (GRI) framework. The report provides a summary of the company's activities and approach to sustainability, as well as the company's positive and negative impacts. The report will also highlight the areas Norske tog will continue to work on in the future. The reporting period covered is the 2022 calendar year.

The sustainability reporting is based on data and information collected from various parts of the organisation. There are some limitations in the data base, however in main, significant data has been included. Norske tog will continue reporting on sustainability each year in connection with the publication of the annual report.

The report includes a GRI Index in accordance with GRI demands and standard sustainability reporting.

The report has been approved by the Board of Directors prior to publication, but will not be verified by an external third party. Norske tog has an ambition of introducing external verification of sustainability reporting from the 2023 reporting year.

Any questions relating to this report or to sustainability work at Norske tog can be directed to [bærekraft@norsketog.no](mailto:bærekraft@norsketog.no).

## Sustainability at Norske tog

Norske tog has an important role to play when it comes to making Norwegian train journeys more sustainable. Offering green journeys to passengers is an essential contribution to the government's target of Norway becoming climate-neutral by 2030. In 2022, Norske tog worked to obtain more detailed knowledge relating to the organisation's priority areas going forward.

Through a clear strategy and specific measures, Norske tog will focus on the sustainability areas that the company has identified as most important. This includes contributing to more energy-efficient solutions and exploring the possibilities of low and zero-emission solutions for non-electrified railway sections. This will necessitate a circular approach to the company's rolling stock, which must be managed, procured and phased out by Norske tog in the best way possible. At the same time, low emissions and reduced environmental impact are not enough to claim that train transport is sustainable. Human rights and labour rights must also be safeguarded in the production of the trains. Norske tog's employees must also experience well-being and meaningful professional development while working for the company.

Targeted work will be crucial to achieving goals, ensuring progress and adequate data going forward, as well as

further developing the company's reporting. With the recently appointed advisor on management systems and sustainability, Norske tog is preparing to meet future requirements relating to sustainability, while also contributing to the company's sustainable development.

### Materiality assessments and interaction with key stakeholders

Each year, Norske tog conducts materiality assessments and the organisation, executive team and Board of Directors are all involved in this work. In 2022, the company developed its first sustainability strategy. The work was conducted by a core group consisting of the CFO and advisor on management systems and sustainability, in close collaboration with the executive team and key employees at Norske tog. During the autumn, the executive team and Board of Directors of Norske tog adopted several changes to the company's strategy, including the company's work on sustainability. The strategy was endorsed by the Board of Directors of Norske tog in December 2022.

In connection with the work on the sustainability strategy, we conducted a materiality assessment in accordance with the Global Reporting Initiative (GRI) guidelines.

Stakeholder involvement has been an integral part of the work on the sustainability strategy. In 2022, Norske tog mapped the company's stakeholders, classifying how the company engages in dialogue with various stakeholder groups and the factors that were most important to stakeholders in 2022, see Tabell 3. Findings from interviews with internal and external stakeholders

have formed part of the basis for the sustainability strategy and prioritisation of important topics for Norske tog. The interviews found, among other things, that several key stakeholders are concerned about transparency and increased dialogue. Transparency will therefore be an important topic for Norske tog going forward.

Stakeholder	Communication channels	Important topics for stakeholders in 2022
<p><b>Owner:</b> Norske tog needs to meet the expectations set out by the Norwegian Ministry of Transport and Communications.</p>	<ul style="list-style-type: none"> <li>- Owners' meeting</li> <li>- Ongoing dialogue</li> <li>- Ownership report</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with ownership report</li> <li>• Best practices relating to ethics</li> <li>• Cost-effectiveness leading to the most possible trains for the money</li> <li>• Optimal maintenance and replacement of the train fleet based on infrastructure possibilities</li> <li>• Transfer of knowledge from external consultants</li> <li>• Implementing clear goals and strategies for sustainability, including following up on the UN Sustainable Development Goals in accordance with defined key indicators</li> </ul>
<p><b>Customers:</b> Norske tog's customers are the train operators that are allocated traffic packages in the Norwegian railways. These are currently Vy, Vy Tog, SJ Nordic and Go-Ahead.</p>	<ul style="list-style-type: none"> <li>- Ongoing dialogue</li> <li>- CAM</li> <li>- Input for the acquisition of new trains</li> <li>- Involvement in the design phase</li> </ul>	<ul style="list-style-type: none"> <li>• Management of the train fleet</li> <li>• Good customer care and efficient decision-making paths</li> <li>• Effective dialogue in the event there is a need for maintenance and investments, including clear allocation of responsibilities</li> <li>• Access to critical components</li> <li>• Technical topics such as energy optimisation, energy-efficient operations and noise</li> <li>• The Norwegian Transparency Act, value chain and supplier monitoring</li> <li>• Responsible procurements</li> <li>• Pricing models for lease agreements</li> </ul>
<p><b>Authorities:</b> Norske tog is part of a sector coordinated and monitored by the Norwegian Railway Directorate and the Norwegian Railway Authority.</p>	<ul style="list-style-type: none"> <li>- Ongoing dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Further development of the railways, including the organisation of the sector, lease pricing model, railway reform, political targets and electrification</li> <li>• Numerical data and methodology to share data within the sector, e.g. data relating to carbon accounting and to document and make processes available.</li> <li>• Norske tog will have the best expertise relating to trains</li> <li>• Sustainability in Norske tog's procurements</li> <li>• The Norwegian Transparency Act, value chain and supplier monitoring</li> <li>• Climate risk and future technological solutions as part of Norske tog's targets</li> </ul>



Stakeholder	Communication channels	Important topics for stakeholders in 2022
<p><b>Investors:</b> Norske tog must maintain access to debt financing in the bond and certification markets, both nationally and internationally.</p>	<ul style="list-style-type: none"> <li>- Investors' meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting on material factors, as well as demonstrating year on year improvements</li> <li>• Transparency and openness, including strategy and targets</li> </ul>
<p><b>Employees:</b> Norske tog is a small organisation with specialist technical expertise.</p>	<ul style="list-style-type: none"> <li>- Employee appraisals</li> </ul>	<ul style="list-style-type: none"> <li>• Professional development</li> <li>• Well-being</li> <li>• Contributing to important social missions through sustainability</li> </ul>
<p><b>Suppliers:</b> The procurement, modification and maintenance of trains spans several years and requires outstanding cooperation.</p>	<ul style="list-style-type: none"> <li>- Suppliers' meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Clear expectations and frameworks</li> <li>• Clear procurement process</li> <li>• Standardisation of the train fleet</li> <li>• Using the ability to influence</li> <li>• Needs-based maintenance</li> </ul>
<p><b>Special interest organisations:</b> Organisations that are considered stakeholders by Norske tog include employee organisations, trade unions and user organisations.</p>	<ul style="list-style-type: none"> <li>- Dialogue</li> <li>- Input on procurements</li> <li>- Input in the design phase for new trains</li> </ul>	<ul style="list-style-type: none"> <li>• The Norwegian Transparency Act, value chain and supplier monitoring</li> <li>• Transparency and openness</li> <li>• Accessible dialogue</li> <li>• Opportunities for input and involvement</li> </ul>
<p><b>BaneNor:</b> Key partner in the further development of the railway and the environmental advantages of the railway.</p>	<ul style="list-style-type: none"> <li>- Scheduled meetings</li> <li>- Ongoing dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Unified approach to communication relating to the environmental advantages of trains and the railways</li> <li>• Electrification and further development of the railway</li> <li>• Sector dialogue</li> <li>• Proper targets for the environment and comprehensive lifecycle analyses</li> <li>• Sustainable procurements</li> <li>• Maintenance</li> <li>• The Norwegian Transparency Act, value chain and supplier monitoring</li> </ul>
<p><b>Passengers:</b> Train users.</p>	<ul style="list-style-type: none"> <li>- Annual submission of the operators' customer satisfaction survey (CSS).</li> </ul>	<ul style="list-style-type: none"> <li>• Modern trains</li> </ul>

Table 3: Norske tog's stakeholders and related topics

In 2022, a core group worked on breaking down the sustainability concept into components, in order to identify the areas that were most important for Norske tog. These components are often abbreviated to “ESG”, which stands for “Environmental, Social and Governance”. This process enabled Norske tog to gain a better idea of the positive and negative impacts the company has or may have in the future, which are important in the strategic work and reporting on sustainability in the company.

**The sustainability strategy sets out the direction for continued work**

The sustainability strategy is based on the company’s two main activities: procurement and management. Furthermore, the strategy has been divided into four focus areas reflecting the factors that were deemed to be of importance to Norske tog. Going forward, it will be important for Norske tog that the sustainability work must be seen in the context of the company’s business areas and thus become an integrated part of the business strategy.

Targets and indicators are associated with each of the four focus areas. Despite the fact that most of the targets are not quantitative, they still provide a clear direction in relation to the company’s activities.

**The UN Sustainable Development Goals and the key role of Norske tog in the green transition**

In 2022, the Norwegian government presented a new ownership report (White Paper to the Storting 6 (2022–2023 – A greener and more active State ownership). The ownership report will, among other things, contribute to accelerating the green transition and adjustments have been made to the principles and the objectives of State ownership, as well as the categories, justifications and expectations for the 70 companies in which the State has an ownership stake. The new ownership report sets out a clear expectation for companies to include their work on the UN Sustainable Development Goals in the companies’ strategies and to actively work with the follow-up on sustainability work in everyday operations.

<b>Green financing</b>	Enabling green investments in our trains.
<b>Sustainability reporting and transparency</b>	Demonstrating continuous work on environmental improvements and strengthening sustainability reporting.
<b>Service life and circularity</b>	Circular approach to the entire lifecycle of the train, from procurement to the management of the train fleet to trains being phased out.
<b>Energy consumption and emissions</b>	Contributing solid data to the work on greenhouse gas reductions in the transport sector and reducing energy consumption as part of operations and management.
<b>Supplier development</b>	Long-term contracts entails high and clear requirements relating to the safeguarding of people and the environment in contracts and compliance with such requirements
<b>Stakeholder dialogue and sector cooperation</b>	Maintaining positive relationships with stakeholders, contributing to the sharing of experiences and data across the railway sector.
<b>Satisfied employees</b>	Taking care of employees by way of a positive, social working environment with opportunities for growth and development.
<b>Specialist expertise in trains</b>	Prerequisite for remaining an organisation boasting employees with high levels of commitment to the social mission while also being specialists in trains.

Figure 7: Significant factors for Norske tog and their importance

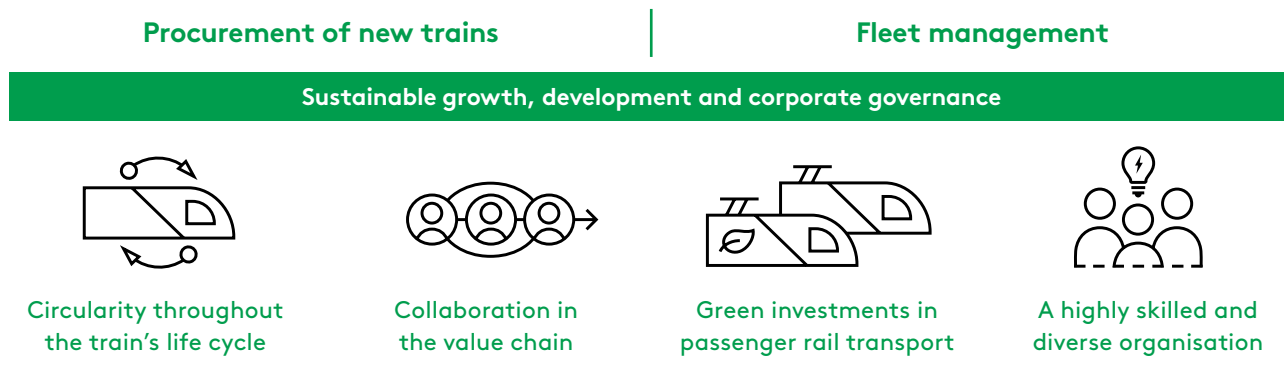


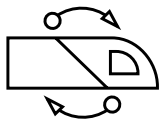
Figure 8: Focus areas in Norske tog's sustainability strategy

Sustainable Development Goal 9 – Innovation and Infrastructure and Sustainable Development Goal 11 – Sustainable Cities and Communities are of particular relevance to Norske tog. Norske tog also has a role to play in relation to Sustainable Development Goal 13 – Climate Action and the company's significant consumption of resources affects Sustainable Development Goal 12, Responsible Consumption and Production. These are the areas Norske tog will focus on in its continued sustainability work.

Going forward, Norske tog's main activities and initiatives will also continue to contribute positively to Sustainable Development Goals 5, 8 and 16. These goals involve strengthening and further developing the work on the organisation and the people therein, including comprehensive management of sustainability work. Norske tog's employees possess specialist expertise relating to the procurement and management of trains and the organisation will offer a positive and rewarding working environment.

In total, the 17 Sustainable Development Goals have 169 targets. The white paper "Meaningful Goals" describes how private and public sector players in Norway can work specifically on the targets. Overall, the aforementioned white papers provide guidelines as to how Norske tog is affected by the objectives due to its social mission. How Norske tog influences the targets is described in Appendix A "The UN Sustainable Development Goals and Norske tog's impact", which is available on the Norske tog website.





## Circularity throughout the train's life cycle

The circular economy is a central element of the operating model at Norske tog – the company procures, manages and disposes of trains in Norway and maintains control throughout the lifecycle of the train. This ensures that the company is in an excellent position to extend the service life of trains, reuse components such as train radios and seats and to impose strict requirements in connection with waste management. A circular approach also helps reduce emissions and energy consumption in connection with the extraction of new materials and reduce the amount of waste generated. The stakeholder

interviews conducted have also identified the fact that external stakeholders consider it completely natural for Norske tog to focus on circularity.

### Norske tog's targets and indicators

At the end of 2022, Norske tog defined new strategic targets to follow up on its ambition of a circular approach to materials and energy consumption throughout the lifecycle of the trains. Most of the new targets will not be reported on before 2023, but we can already report on some of the targets in this reporting period.

Target	KPIs
Norske tog will procure trains and materials with a high potential for material recovery.	<ul style="list-style-type: none"> <li>• Proportion of recovered materials (type and quantity) in procured products</li> <li>• Potential material recovery (proportion) in procured trains</li> </ul>
Norske tog will ensure a long service life for its trains and will consider service life extensions for its train classes well before phasing out is required.	<ul style="list-style-type: none"> <li>• Average age by train class</li> <li>• Financing of activities and initiatives linked to upgrades and service life extensions (NOK)</li> </ul>
The trains must be disposed of in accordance with the waste hierarchy and Norske tog must have a reuse and material recovery rate exceeding 90 per cent in connection with the disposal of trains.	<ul style="list-style-type: none"> <li>• Number of trains sold for extended service life</li> <li>• Proportion of components and spare parts identified for reuse and material recovery.</li> <li>• Proportion of material recovery in connection with "end of life"</li> </ul>
Norske tog will generate solid data for the work on reducing greenhouse gas emissions.	<ul style="list-style-type: none"> <li>• Greenhouse gas emissions (Scope 1, 2 and 3)</li> </ul>
Norske tog will seek continuous improvement and unlock the potential to reduce energy consumption as part of operations and management.	<ul style="list-style-type: none"> <li>• Estimated theoretical energy reduction through implemented initiatives</li> <li>• Energy consumption in the organisation</li> </ul>
Norske tog will ensure that all trains owned by the company are ready to use renewable sources of energy in line with this being supported by infrastructure.	<ul style="list-style-type: none"> <li>• Proportion of electrified trains in the train fleet</li> <li>• Proportion of trains that can use renewable sources of energy</li> <li>• Proportion of trains that use renewable sources of energy</li> </ul>

Table 4: Norske tog's targets and indicators for circularity

## How Norske tog works with the circular economy

In 2022, Norske tog had the following overarching objectives in its business strategy:

- Norske tog will actively seek solutions that contribute to limiting environmental impact resulting from the manufacturing, use or recycling of rolling stock.
- Norske tog will work to reduce energy consumption and greenhouse gas emissions from the railways throughout the entire lifecycle of the trains.

## Service life extension and coordination of inventory and logistics

The manufacturing of train sets requires large amounts of steel and aluminium, two raw materials that are resource-intensive to produce. Upgrades and modifications to trains also require materials. Trains that have a long service life but that do not require any major modifications result in lower indirect environmental impact. A long service life combined with the correct quality of materials reduces the number of trains that need to be manufactured and therefore also the total impact associated with maintaining train operations over time.

Service life extensions, upgrades and keeping inventory of components that are hard to replace is both financially sensible and important from an environmental perspective. Norske tog's trains currently have an average age of 18.4 years, but several of the train sets are more than 40 years old. Mid-life upgrades ensure that the train sets can be used for the full anticipated service life or beyond. At the same time, upgrades help raise the standard of rail services, making it more attractive to travel by train.

Norske tog has an obligation to procure critical components for the trains. Critical components are expensive, time-consuming and challenging to obtain and this can lead to challenges when it comes to ensuring deliveries at the right time. Furthermore, the supply, handling and storage of critical components and spare parts is also a responsibility that is shared between the operators of the various traffic packages. This means that an unused component may be kept in inventory somewhere, while the component concerned is required elsewhere.

### Initiatives in 2022

Norske tog created its own component pool in 2022. At the current time, this scheme is temporary but the company envisions that the scheme could become permanent.



Train disposal at the recycling company Hellig Teigen in Hokksund.

Norske tog has initiated a major upgrade project for class 72 trains, with 36 train sets scheduled for modernisation. As part of the project, steps have been taken to reduce the amount of waste and ensure reuse when upgrading train interiors. Examples include changing seat covers instead of replacing seats and applying film to wall panels that cannot be painted instead of replacing these.

When upgrading to new reclining seats for certain long-distance trains, Norske tog has kept the 524 seats that have been replaced. These seats can be reused in other trains.

Furthermore, Norske tog has established a new logistics strategy and initiated a pilot project to draw up a new management strategy. These strategies include developing a concept for condition-based maintenance of Flirt trains. A shift towards a more proactive management strategy is expected to better safeguard the value of the fleet, contribute to cost savings and extend the service life of the trains.

### The way forward

Going forward, Norske tog will develop an overview to see where in the train fleet the greatest future need for modernisation will occur. Over time, the company wishes to create an index to carry out an overall classification of the condition of the train fleet as a whole and systematise the information to utilise the potential of the component inventory.

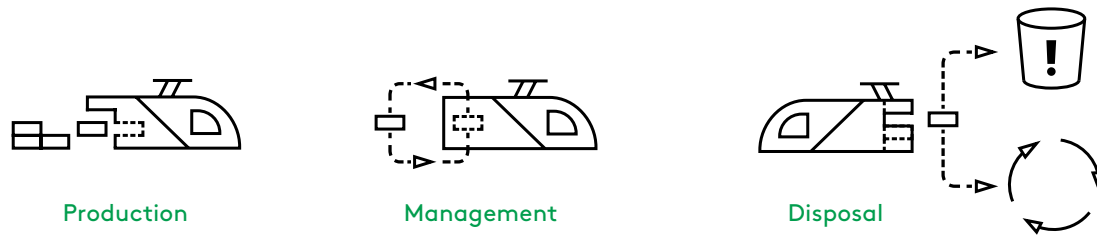


Figure 9: Materials used during the lifecycle of a train

### A new methodological approach to information relating to the materials used in trains that are being phased in and out

An understanding of the entire service life of the train will provide valuable knowledge relating to the materials that are included in the company's new trains and will be used in connection with the management and disposal of trains.

Large parts of the train sets consist of steel and aluminium, metals that can be recovered and reused. This means that material recovery from trains can reduce the need to extract new resources. At the same time, material recovery of metals is an energy-intensive process. One good initiative for reducing the use of materials in trains would therefore be to ensure that the trains require minimal replacements and remain in operation for as long as possible.

The disposal processes have the potential to generate pollutants. For this reason, waste must be disposed of in accordance with the regulations and Norske tog ensures that this is the case when disposing of trains and other waste for recycling.

#### Initiatives in 2022

In 2022, Norske tog phased in 12 new FLIRT trains of class 74 and 75. When the Flirt train procurement contract was entered into more than ten years ago, a preliminary lifecycle analysis of the trains was one of the contractual requirements. In 2022, Norske tog used this analysis to compile data relating to the amount of materials included in the Flirt trains that have been phased in.

In total, the trains that were phased in during 2022 consist of more than 1,000 tonnes of aluminium, 1,300 tonnes of steel and nearly 200 tonnes of copper. Figure 10 shows a calculation of the total amounts of materials.

The material analysis for the Flirt trains does not specify whether any recovered materials have been used and the

assumption is therefore that only virgin metals have been used in production. Nor does the analysis say anything about the proportion of renewable materials used, such as wood. It is therefore assumed that no renewable materials have been used. The data set is enclosed in Appendix D "Materials and waste", which is available on the company's website.

In 2022, Norske tog also phased out nine train sets. When train sets are phased out, they are first sent to a workshop, where critical components are removed. These are moved to a dedicated warehouse by Norske tog before the rest of the train is delivered for recycling. In 2022, all phased-out train sets were delivered to the recycling company Hellik Teigen, with which Norske tog has had a recycling agreement for a number of years.

Norske tog has mapped and compiled data relating to the materials from the train sets delivered for recycling at Hellik Teigen. Figure 11 illustrates the quantities of the various materials (in tonnes) in the train sets that were phased out in 2022.

In total, the nine phased-out train sets amounted to 1,828 tonnes. Of the total amount, 1,629 tonnes, or around 90 per cent, went for material recovery. The remaining 201 tonnes, or around 10 per cent, went for energy recovery. According to a report from Hellik Teigen, no waste were delivered to landfill in connection with the recycling of trains, including hazardous waste.

Trains are assumed to account for the largest and most significant amount of waste generated by the company. Waste generated in connection with upgrades and maintenance projects has not been included in this report. The same applies to waste generated by suppliers and subcontractors in connection with the extraction of raw materials and manufacturing of trains. This means that the total amount of waste generated in Norske tog's value chain has not yet been calculated. No calculations

were performed for materials removed and stored before the trains were delivered to Hellik Teigen in 2022. The assumption is nevertheless that significant quantities were recovered.

Norske tog has collected information about waste generated at its own office premises. This information shows that an increase in the number of waste fractions that are sorted for recycling has the potential to increase the rate of waste separation at source in the company during 2023. Waste from Norske tog's office premises has been calculated to be around 4 tonnes for 2022, with a recycling rate of 21 per cent. However, there could be some data missing for the company's leased warehouse premises, but overall these will be minor amounts compared to the phasing out of train sets, which account for the largest proportion.

In order to understand trains in light of the circular economy, Norske tog conducted a general calculation for a train in 2022 using the Circular Transition Indicators (CTI), an established set of indicators developed for this purpose. Using this method, the proportions and types of materials used in a given train set were considered with regard to whether the materials could theoretically be sent for material recovery and whether the material types in question are actually subject to material recovery today.

The results show that trains currently achieve a high degree of circularity, as they consist of a high proportion of materials that are actually subject to material recovery in the current market. The results of the calculation also highlighted the fact that Norske tog's prerequisites for more circular trains can largely be achieved by utilising a higher proportion of recovered metal in train manufacturing.

### The way forward

For the first time, Norske tog has compiled data relating to the materials that "flow" into and out of the company. As a result of this work, the company is now in the process of gathering new insights that will be useful for further work to replace large parts of the train fleet. Furthermore, data will also be drawn up for use in a tender competition for the recycling of train sets and this will place high demands on circularity.

Circularity is important for Norske tog to gain a more comprehensive overview of the total volume of materials owned and managed by Norske tog. This is also a field in which the company expects to encounter higher expectations and reporting requirements going forward.

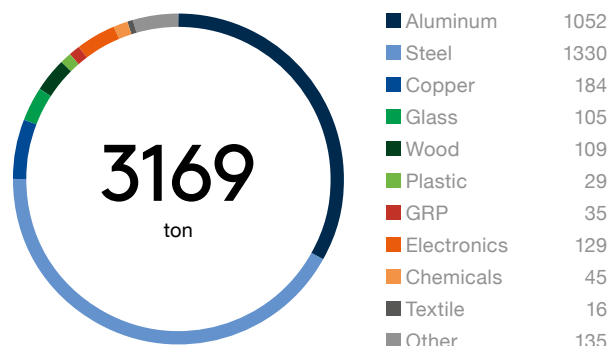


Figure 10: Materials in trains phased in during 2022

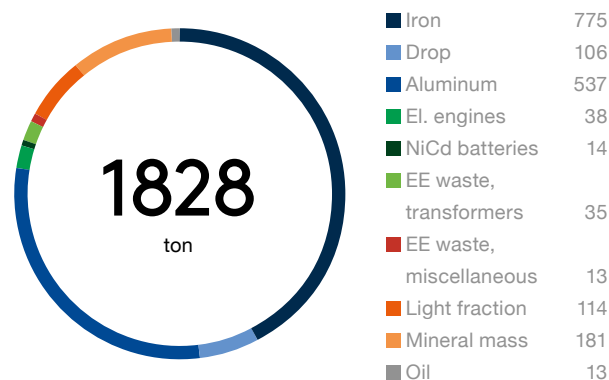


Figure 11: Materials delivered as waste from trains phased out in 2022

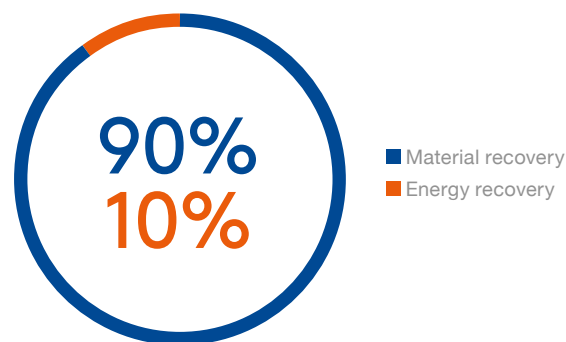


Figure 12: Waste management of materials from train sets phased out in 2022

Norske tog plans to conduct a major CTI project in 2023 to gain a better overview of material use and circularity in trains.

Lifecycle analyses provide Norske tog with a good starting point for discussing environmental impacts with its suppliers. Several of the choices made during the design phase for new trains come with the opportunity to influence recovery possibilities when trains are phased out. In the ongoing procurement of new long-distance trains, Norske tog has requested preliminary lifecycle analyses from tenderers. These analyses provide insights into e.g. the type of materials that will be used to manufacture the trains, including upgrades, maintenance and how the materials can be managed when the trains have reached the end of their expected service life. The new long-distance trains will not be phased in to the Norwegian railways for several years and phasing out is even further into the future. The same applies to new local trains.

More detailed information about dialogue with suppliers can be found in the sub-chapter relating to “Cooperation in the value chain” in part 3 of this report.

### **Bi-mode trains can contribute to lower emissions**

Around 90 per cent of the trains owned by Norske tog are electric. The remaining 10 per cent, which consist of 33 locomotives and train sets running on diesel, are still required to ensure that we have trains that can be used on all sections. The diesel trains operate in the areas where the Norwegian railway infrastructure has not yet been electrified.

Trains running on diesel produce climate-negative emissions. Diesel leads to greenhouse gas emissions and emits particulates, nitrogen oxides and sulphur oxides (NO<sub>x</sub> and SO<sub>2</sub>), which can worsen local and regional air quality.

The diesel trains owned by Norske tog (class 92, class 93 and Di4) were phased in during the 1980s and 2000s. Di4 and class 92 trains have reached the end of their service lives and the company is in the process of phasing the trains out.

### **Initiatives in 2022**

In 2022, Norske tog phased in four bi-mode trains to replace diesel trains that were more than 30 years old. Bi-mode trains can be run as electric train sets in electrified sections and diesel trains in non-electrified sections.

In non-electrified sections, Norske tog is in the process of investigating the possibility of using alternative fuels to reduce greenhouse gas emissions.

### **The way forward**

No less than 14 class 92 train sets are scheduled to be phased out. These train sets will be replaced by electric or bi-mode trains in the future. The process of phasing out the trains started in 2022 and the five remaining diesel locomotives (Di4) are scheduled to be phased out when the new long-distance trains are delivered. Norske tog has requested bi-mode solutions for certain sections as part of its long-distance train procurement. The phasing out of the final 15 class 93 trains depends on the pace of the procurement of further new trains and the electrification of more sections.

The electrification of the railways is a long-term project. Bane NOR is working to electrify parts of the Trøndelag and Meråker lines and it will be possible to run electric trains in these sections from 2024. The infrastructure projects working on the Trøndelag and Meråker lines are an example of how the various players in the railway sector need to cooperate to deliver when it comes to energy, climate and emission initiatives.

In 2022, HVAC (heating, ventilation and air conditioning) faults were identified on the Flirt trains and the faults resulted in undesirable leakage of coolant gases. As follow-up to the situation, Norske tog will install leak detectors, rectify faults, dispose of existing gas and change coolants as needed.

### **Improved overview of emissions in the value chain**

Greenhouse gas emissions also occur when trains are manufactured. The production of steel, for example, accounts for 5 per cent of carbon emissions in Europe and 7 per cent of carbon emissions globally. As aluminium and steel account for a large proportion of the materials used in trains, emissions from train manufacturing may also be of significance to Norske tog. This will depend, among other things, on whether fossil or renewable energy is used by the suppliers that manufacture train components from steel and aluminium.

The extraction of materials and manufacturing can also lead to indirect environmental impact such as acidification, eutrophication and the formation of photooxidants, including through the consumption of



water and chemicals. Other types of emissions may arise from substances used in connection with the maintenance and operation of trains. These areas are being monitored through Norske tog's supplier contracts.

More detailed information about supplier development can be found in the sub-chapter relating to "Cooperation in the value chain" in part 3 of this report.

### Initiatives in 2022

In 2022, Norske tog has drawn up carbon accounts in line with the Greenhouse Gas (GHG) Protocol. Carbon accounts show the company's direct and indirect greenhouse gas emissions and provide Norske tog with the data required to assess where in the value chain climate initiatives should be implemented. Both leased assets and trains owned by Norske tog have been included in the accounts. We have prioritised collecting data for Scope 1–2 and we have estimated significant emissions for Scope 3. Please see Figure 13 for a definition of Scope 1–3. A more detailed description of

**Scope 1** – Direct emissions from sources owned or controlled by the organisation.

**Scope 2** – Indirect emissions from the production of purchased energy and heating.

**Scope 3** – All indirect emissions (not included in Scope 2) that occur in the reporting company's value chain, including upstream and downstream emissions.

Figure 13: Scopes included in Norske tog's carbon accounts

the carbon accounts can be found in Chapter C "Carbon accounts", which can be found on Norske tog's website.

Norske tog's carbon accounts have been summarised in Tabell 5.

Scope – Activity	t CO <sub>2</sub> e
<b>Scope 1 – Direct emissions</b>	
No identified activities	-
<b>Scope 2 – Indirect emissions from purchased energy (location-based)</b>	
Electricity and district heating for rented premises – Norske tog	4
<b>Scope 3 – Other indirect emissions (location-based)</b>	
Electricity for trains, operation phase – Operators	7,028
Maintenance: Replacements, lubrication and cleaning – Operators/maintainers	2,516
Diesel for trains, operation phase – Operators	31,934
Manufacturing of phased-in class 74 and 76 trains – Norske tog	797
Waste management, disposal of trains – Norske tog	8
Waste management, internal operations – Norske tog	2
Fuel, mileage and electric car allowance – Norske tog	5
Electricity and district heating for rented premises – Norske tog	4
Greenhouse gases, HVAC (heating and cooling) for trains, operation phase – Operators	447
Flights – business travel including consultants – Norske tog	61
<b>TOTAL Scope 1 + 2 + 3 using the location-based method (t CO<sub>2</sub>e) – Norwegian electricity mix</b>	<b>42,805</b>
<b>*TOTAL Scope 1 + 2 + 3 using the market-based method (t CO<sub>2</sub>e)</b>	<b>37,372</b>
<b>Emissions from electricity used for owned premises, waste and business travel (t CO<sub>2</sub>e/FTE)</b>	<b>1</b>
<b>Scope 2 – electricity and district heating for rented premises (t CO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.001</b>
<b>Biogenic emissions (out of scope) – biofuels mixed with fuels (t CO<sub>2</sub>)</b>	<b>1,111</b>

\*Using the market-based method, electricity with a guarantee of origin has been calculated as having emissions of 0 kg/CO<sub>2</sub>e for the company's and operator's Scope 2 emissions for electricity.

Table 5: Carbon accounts for Scope 1–3 for Norske tog in 2022

The largest sources of greenhouse gas emissions arise as Scope 3 emissions in Norske tog’s value. The largest source of emissions is diesel used for trains in the operation phase, which amounts to 75 per cent of the total emissions calculated using the location-based method and 85 per cent of the total emissions calculated using the market-based method. The second largest source of emissions is electricity consumption for train operations with 16 per cent for calculations using the location-based method. When calculating using the market-based method, the second largest source of emissions is maintenance with 7 per cent, see Figur 14.

**The way forward**

As a state-owned company, Norske tog encounters expectations from the owner to keep detailed carbon accounts, keep an overview of climate risks, cut emissions in accordance with the Paris Agreement and set science-based climate targets. The company finds that the most significant emissions have been included, but will continue its efforts to provide further detail in the accounts going forward. Reducing uncertainty involves identifying better data sources for emissions from maintenance. Norske tog also wishes to carry out climate risk assessments and establish science-based targets.

Even though the highest levels of identified emissions relate to the operation and maintenance of trains, the magnitude of emissions from the manufacturing of new trains is significant enough for Norske tog to look into



Electricity operating phase train	7028
Maintenance: Replacements, lubrication and maintenance	2516
Diesel operating phase train	31 934
Phased-in trains class 74 and 76, production	792
Waste management disposal train	8
Internal waste Norske tog	2
Fuel service driving and electric car allowance Norske tog	5
Electricity and heating rented premises Norske tog	4
Climate gases HVAC operating phase train	447
Flights Norske tog - business trips incl. consultants	61

Figure 14: Emissions per activity in Norske tog’s carbon accounts, Scope 3 in 2022. Results are presented by using the market-based method.

this aspect further going forward. As part of the long-distance train procurement, tenderers have been asked to submit lifecycle analyses calculating the preliminary figures for emissions from both electric and bi-mode train sets that Norske tog wishes to procure.

Source of energy consumption	kWh
Rented premises and areas*, electricity	193,457
Mileage and car allowance	206,895
Traffic packages, train operation, electricity**	503,464,672
Traffic packages, train operation, diesel	91,738,382
Manufacturing of class 74 and class 75 trains, phased in during 2022***	1,434,616
Waste management in connection with the disposal of 8 trains in 2022***	33,994
<b>Total</b>	<b>597,072,015</b>

\* The source of data is information or invoices provided by landlords for properties. Data is missing for an area rented from Bane NOR Eiendom in Skien  
 \*\* Based on estimated electricity consumption received from operators, including losses  
 \*\*\* Energy consumption from the manufacturing of trains has been estimated using the lifecycle analysis for FLIRT trains. General calculation factors: 3.60E+06 J/kWh. Petrol: 9.1 kWh/l and diesel 10.1 kWh/l (Store Norske leksikon 2022; “energy density”)  
 \*\*\*\* Energy consumption in connection with the disposal of trains has been estimated by Hellik Teigen, which has been responsible for disposal in 2022.

Table 6: 2022 Energy consumption in Norske tog’s value chain

The contract for the new long-distance trains is expected to be signed during Q1 2023. During the initial phase of the collaboration with the selected supplier, the analysis of greenhouse gas emissions will be one of several environmental factors that will be followed up by Norske tog. This will be done in order to best understand emissions from the various phases of the lifecycle of the trains and to gain an understanding of how the supplier will work to manage greenhouse gas emissions in the project.

### Trains have high energy consumption

Trains require large amounts of energy – for running, ventilation, heating and lighting, even when parked. Efficient use of energy is desirable and leads to reduced costs, which provides shared benefits for the railway sector. The manufacturing of train sets, associated parts and subsystems is also energy-intensive. It also takes energy to maintain and dispose of trains.

As part of the 2022 carbon accounts, Norske tog has established energy accounts in which everything has been converted to kWh, see table 6.

The energy accounts show that electricity for train operation accounts for more than 84 per cent of the total in the energy accounts, while diesel for train operation accounts for around 15 per cent. Electricity with guarantees of origin is used to operate electric passenger trains.

For the Flirt trains, heating accounts for nearly 20 per cent of the total energy required to run the train itself. It is therefore important that operators cut energy consumption in connection with operation. Norske tog considers it to be the company's duty to contribute to this effort. All new train classes, for example, return electricity to the grid when the train brakes and the electricity is therefore not "lost".

The tenderers' calculations of anticipated energy consumption during the service life of the train provide Norske tog with insight into energy consumption from an early phase of the long-distance train procurement. The efficiency of various components and the traction system are also elements that are evaluated as part of the tender competition. The general consumption of energy will also be weighed against a number of different parameters in connection with procurements.

Further information about procurement requirements can be found in the sub-chapter relating to "Cooperation in the value chain" in part 3 of this report.

### Initiatives in 2022

Norske tog is considering initiatives that could save energy for trains in operation, both while running and when parked. Studies conducted by the company show that the Flirt trains are often set to a mode that entails a higher than necessary energy consumption. Analysis of the findings show that consumption can be reduced to 20–30 per cent during parking by using Parking Economy mode. In collaboration with operators, Norske tog is now considering whether the control system needs to be adjusted and whether onboard staff should be trained to park trains in energy saving mode all year round.

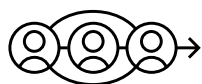
Over the last year, Norske tog has worked on the design of new local trains in consultation with Bane NOR and the train manufacturer, Alstom. The new local trains will be equipped with CDAS (Connect Driver Assistant System), which is a technical solution using real-time data from the train driver. The CDAS system makes it easier for conductors to optimise energy consumption when driving, thereby saving energy. Over time, the new local trains will account for a large proportion of the company's train fleet and energy-saving initiatives for this train class could therefore have a significant impact on the company's total energy consumption.

### The way forward

Norske tog's inaugural energy accounts will provide a framework for the company's continued work to identify initiatives to reduce energy consumption. Dialogue and improved exchange of information between Norske tog, operators, suppliers and maintainers will make it possible to compile data to identify good energy-saving initiatives, such as the study of transaction systems.

At the start of 2023, Norske tog initiated a feasibility study to look at the possibility of replacing fluorescent tubes and spotlights in class 73 trains with LED lights, which use less electricity than halogen bulbs. Norske tog is also considering looking into new solutions for lighting in class 73, which could contribute a reduction in energy consumption during operation of around 15 per cent.

Actual data from operators, e.g. from CDAS, concerning the energy consumption of trains in service will make it easier for Norske tog to understand how the trains perform in relation to the specifications provided by suppliers as part of the procurements, thereby enabling Norske tog to follow up on any gaps.



## Collaboration in the value chain

Norske tog has a sectorial policy role and leases out trains that are operated by other companies. Stakeholder dialogue and collaboration with the players in the railway sector are therefore a key topic for the company.

Norske tog aims to be a transparent company that shares experiences and enters into constructive dialogue with partners and stakeholders, see table 6. Constructive dialogue is important to ensure proper and effective management of opportunities and challenges in the railway sector going forward.

### Norske tog's targets and indicators

At the end of 2022, Norske tog defined the following strategic objectives to assume responsibility in the value chain, as well as to improve and further develop dialogue with the company's stakeholders, see table 7. Most of the new targets will not be reported on before 2023, but we can already report on some of the targets in this reporting period.

### How Norske tog works on cooperation in the value chain

Norske tog plays two central roles in the value chain for passenger trains in Norway: the company procures trains and leases the trains out. For Norske tog, cooperation in the value chain therefore focuses on supplier development in particular, as well as positive relationships with the company's customers.

SJ Norge, Go-Ahead, Vy and Vy Tog are Norske tog's customers and are therefore considered to be key stakeholders. Norske tog enters into long-term contracts and interacts with operators over time, which is why the company relies on a close and operational dialogue relating to the operation and maintenance of trains.

Norske tog's largest suppliers are currently Stadler Bussnang AG and Alstom Transport for new commuter trains. Norske tog has also entered into a number of framework agreements for technical services and consultancy services. Please see Appendix G "Key suppliers to Norske tog in 2022" for a list of Norske tog's largest suppliers.

Target	KPIs
We will set out high and clear requirements relating to the safeguarding of people and the environment in all contracts.	
We will ensure compliance with the requirements we have set out in contracts.	<ol style="list-style-type: none"> <li>1. The number of suppliers screened in accordance with social and environmental factors using the OECD method</li> <li>2. The number of local inspections carried out with a focus on environmental and social factors</li> <li>3. The number of non-conformities identified in connection with inspections focusing on environmental and social factors</li> </ol>
We will maintain positive relationships with stakeholders and use dialogue to understand needs and meet expectations.	<ol style="list-style-type: none"> <li>1. Stakeholder satisfaction</li> <li>2. Customer satisfaction on the part of Norske tog customers</li> </ol>
We will contribute to the sharing of experiences and data across the railway sector to benefit the company, its partners and customers.	<ol style="list-style-type: none"> <li>3. The proportion of the fleet for which we have access to data</li> </ol>

Table 7: Norske tog's targets and indicators for collaboration in the value chain

## Focused dialogue and stakeholder involvement

Constructive dialogue with other players in the railway sector and other key stakeholders has also been defined as important for Norske tog. More structured dialogue with the company's key stakeholders will help make Norske tog even better. By sharing experiences, for example the experiences from Norske tog's work on sustainability, the company can assist other players in the railway sector. Sharing experiences will also help Norske tog to become more visible and transparent.

### Initiatives in 2022

In 2022, Norske tog updated its overview of key stakeholders. Further information about this work can be found in the introduction to the sustainability chapter, under materiality assessments.

In 2022, a number of shortcomings were identified in relation to factual data about the trains' environmental impact in the operations phase. Norske tog has therefore entered into a more focused dialogue with operators in a bid to achieve more and better sharing of data, for example data relating to energy consumption and greenhouse gas emissions. More and better data can help improve Norske tog's ability to predict maintenance needs, which is important when it comes to maximising the service life of trains. Further information about initiatives to lengthen the service life of trains can be found in the sub-chapter on "Circularity throughout the lifecycle of the train" in part 3 of this report.

### The way forward

Going forward, Norske tog will seek more structured knowledge about what key partners and stakeholders consider important, as well as the impacts the company has on defined areas. There is room for improvement, especially with regard to the systematisation of dialogue, to ensure that the focus is on the areas that the various stakeholders deem to be most important. Conducting satisfaction surveys among stakeholders to measure the effectiveness of dialogue would also be desirable.

In 2023, Norske tog will define specific initiatives for each stakeholder group, suppliers, operators, "the train family", the owner and international players. Norske tog will also support sectoral initiatives to share experiences and communicate in relation to sustainability work. Norske tog is also planning to implement comprehensive reporting on maintenance data from the different operators through constructive dialogue with key stakeholders. Access to and compilation of data can provide Norske tog with

factual data to improve performance in areas such as the optimisation of maintenance and reduction of emissions.

Norske tog will continue to work with organisations such as Ethical Trade Norway, the human rights group at the Directorate of Public and Financial Management (DFØ), special interest organisations and trade unions.

## The new Norwegian Transparency Act sets out clear requirements for integrity due diligence procedures

The procurement of new trains is one of the largest activities at Norske tog. The global train supplier market is not large and the European market is even smaller. The companies that supply trains to Norske tog are European but often rely on subcontractors situated outside of Europe. This means that Norske tog is particularly exposed to potential risks of violation of fundamental human rights and working conditions in the supply chain.

Norske tog works to ensure accountability in the company and across the supply chain. Norske tog monitors procurements to ensure that they safeguard people, the environment and communities through responsible procurement and supply chain management.

In 2021, the choice of Alstom as the supplier of new local trains in Norway resulted in criticism due to the company's links to Israeli settlements in occupied areas of Palestine (*you can read more about this in Norske tog's 2021 annual report*). This matter highlighted and focused on Norske tog's work on procurements and especially the quality of integrity due diligence in the procurement phase. At the same time, the matter highlighted the importance of resilient processes and systems for integrity due diligence and for identifying and managing current issues at the company. The criticism led to Norske tog enhancing its work on integrity due diligence even further in 2022.

Norske tog entered into one new contract in 2022, which will say that 100 percent of new suppliers are assessed against requirements on environmental and social conditions.

### Initiatives in 2022

**Disclosure under the Norwegian Transparency Act**  
The Norwegian Transparency Act requires companies to publish a statement regarding due diligence. Norske tog believes that the following part of the sustainability report is in line with the reporting requirement set out in the Norwegian Transparency Act:

Over the last year, Norske tog has focused on adapting its organisation and procedures in line with the Norwegian Transparency Act, which entered into force on 1 July 2022. The company has remained up to speed on the Norwegian Transparency Act and integrity due diligence by means of seminars under the auspices of Ethical Trade Norway.

Norske tog has also established new guidelines for its operations in 2022: “Carrying out integrity due diligence that safeguard people, the environment and society”. These guidelines were developed by Norske tog’s executive team and legal department and the Board has been notified of the work. Only general information from this work – and not full guidelines – has been published up to now.

Norske tog is now performing integrity due diligence assessments in line with the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

Conducting integrity due diligence assessments involves interdisciplinary involvement and takes place as an integral part of the enterprise. The legal department is responsible for ensuring that Norske tog’s work on integrity due diligence is in line with applicable legislation and international frameworks. The administration department checks that the guidelines are implemented correctly in the projects and supervises any non-conformities. The project department is responsible for conducting risk assessments linked with countries, input factors and suppliers for the individual projects in which integrity due diligence assessments are to be conducted.

Integrity Due Diligence (IDD) assessments are a background investigation of risks in respect of ethics and integrity, which also includes decent working conditions and human rights. IDD is carried out for projects with a value exceeding NOK 1 billion and, subject to a specific assessment, for projects with a value below NOK 1 billion. The assessment is based on risk assessments, relevant factors Norske tog is aware of in relation to the supplier and/or similar production, as well as the value of the procurement.

Norske tog has conducted an overall risk assessment at company level as part of its new in-house procedures. The analysis showed that, of the various parts of the enterprise, the procurement procedures for new trains are most at risk of breaches of fundamental human rights and working conditions. In 2022, Norske tog completed

IDD assessments of all four eligible tenderers for the long-distance train procurement procedure.

Risk assessment is key to the implementation of the Norwegian Transparency Act. Norske tog conducts both an initial risk assessment in connection with procurement procedures and a supplier-specific risk assessment in cooperation with the selected supplier when entering into the contract. Procurement procedures with high inherent risk in respect of human rights and labour rights, the environment or society are prioritised for further monitoring regardless of value.

In 2022, Norske tog established a risk assessment tool with an associated process in order to identify and prioritise significant risks for each individual project. Any reports received via the Norske tog whistleblower channel also form part of these risk assessments. Measures to halt, prevent or reduce any adverse impact / damage are identified on the basis of probability and severity, as well as an assessment of any links Norske tog may have with the situation.

### The way forward

Going forward, Norske tog will work to further develop the internal procedures for compliance with the Norwegian Transparency Act. The company has drawn up guidelines for follow-up in the event that risk is identified and will continue working to specify the guidelines based on the type of risk. In 2023, Norske tog will consider whether further information about the content of the guidelines should be published on the company’s website.

Norske tog plans to conduct an updated IDD of the supplier awarded the long-distance train procurement before the contract is signed during Q1 2023. This background check will ensure that Norske tog has an updated, solid analysis of the company’s new contract partner and its key subcontractors. As the long-distance train procurement moves into the production phase, Norske tog will, on the basis of an updated risk assessment, select key subcontractors and conduct further due diligence in relation to these.

In 2023, Norske tog will also update and carry out integrity due diligence for the local train procurement, the ERTMS project (“European Rail Traffic Management System”) and the midlife upgrade project for class 72 trains.

Furthermore, Norske tog will further develop procedures for the monitoring of requirements relating to the

environment and corporate social responsibility in contracts, including audit strategies and procedures to stop, prevent or mitigate harm. Norske tog will also establish an internal working group that will meet regularly to monitor, share experiences and report on progress in the work on integrity due diligence and corporate social responsibility.

### **Norske tog has integrated the Norwegian Transparency Act in the largest train procurement in Norwegian history**

Norske tog focuses on continuous supplier dialogue and seeks skills development for and together with its contractual partners. It is important for the company's major suppliers to have a detailed understanding of Norske tog's requirements and expectations. The obligations set out in the Norwegian Transparency Act have therefore been an important topic in contract follow-up and supplier development for the local train procurement. The OECD methodology has provided a clear framework for follow-up.

#### **Initiatives in 2022**

2022 saw the start of a long-term cooperation with

Alstom for the procurement of new local trains. The OECD framework has been actively used as part of the dialogue. Through several meetings, Norske tog has provided information about the obligations that rest with Norske tog under the Norwegian Transparency Act and the expectations Norske tog therefore imposes on its suppliers. Using a risk classification tool that has been actively used as part of contract management, Norske tog has managed to identify supply chain risks together with Alstom. The fact that Norway is the first country to impose clear legal requirements relating to transparency throughout the entire supply chain has posed challenges but, during the year, Norske tog has made great progress through dialogue with Alstom.

In addition to a general risk mapping of components and raw materials used in the manufacturing of train sets, Norske tog has followed up on specific risk areas and selected subcontractors in the local train procurement. As a consequence of Norske tog's systematic and risk-based management, risks of human rights violations have been identified and followed up through measures:



Motor coach class 93.

**Risk 1:**

In February 2020, Alstom SA was added to the UN's list of companies conducting activities in the occupied Palestinian territory. Based on the information obtained, the UN High Commissioner for Human Rights finds that there are reasonable grounds to conclude that the companies included on this list are involved in one or more activities that may contribute to human rights violations. Alstom SA was added to the list despite withdrawing from a joint venture of tenderers in a tender competition for the construction of the Jerusalem Light Rail Project in May 2019. The circumstances resulted in Norske tog obtaining an external legal assessment prior to the contract for the new local trains being awarded and the assessment concluded that the circumstances did neither entail a right nor a duty of exclusion regarding Alstom Transport's bid.

Throughout 2022, Norske tog has held regular meetings with Alstom Transport to follow up on the implementation of the Norwegian Transparency Act. As a result of this dialogue, Norske tog has been reassured that the companies participating in the delivery to Norske tog are not involved in any activities in the region, either in the occupied Palestinian territory or in Israel. However, other parts of the Group are involved in ongoing activities in the region. In 2022, a joint venture in which Alstom is involved was awarded the contract to construct the Tel Aviv Green Line and they are also involved

in the tendering round for the Jerusalem Blue Line. Furthermore, they are also involved in three train deliveries to the railway through the acquisition of the supplier Bombardier Transportation. None of these deliveries have resulted in any similar "blacklisting" of Bombardier Transportation.

In accordance with the UN Guiding Principles on Business and Human Rights (UNGPR), Norske tog has considered whether the company has a) caused, b) contributed to or c) been directly involved in the violation of human rights as a result of the contractual relationship with Alstom Transport. It is clear that Norske tog itself has not caused any violation of human rights in occupied areas and the questions that have been considered by the company therefore relate to whether Norske tog contributes to or is directly involved in violations. The UNGP and OECD guidelines clearly state that contributions must be substantial and that they cannot be minor or trivial. Even though Norske tog acknowledges that the company may, to some extent, help legitimise the activities of the companies in question in the region, the company finds that this risk must be considered too minor to constitute a contribution pursuant to UNGP. Nevertheless, Norske tog will continue to monitor Alstom's activities in the region and will continuously assess whether the conditions for this conclusion remain valid.

**Risk 2:**

During the autumn of 2022, Alstom Transport disclosed that a Chinese subcontractor that was due to be used in the delivery of new local trains had been accused of serious human rights violations in the Xinjiang region of China. The subcontractor had allegedly been involved in forced labour at a manufacturing location in 2019. Norske tog aims to follow up on non-conformities through

improvement measures and any rectification measures where necessary. It is generally difficult to verify information from countries such as China. In this case, the solution was that Norske tog and Alstom Transport agreed not to use the subcontractor in question for the manufacturing of train sets for the local train procurement.



### The way forward

The implementation of the internal guidelines and tools for integrity due diligence will ensure that Norske tog continues to strengthen its focus on risk in the supply chain as part of its dialogue with Alstom throughout the contract period as a whole. This will contribute to Norske tog obtaining the necessary information about whether the company's activities have any negative impacts and the company is prepared to manage such information.

### The implications of the Norwegian Transparency Act have been incorporated into the procurement process for new long-distance trains

In 2021, Norske tog drew up a dedicated sustainability strategy for the long-distance train procurement. The dedicated sustainability strategy was defined in response to the owner's increasing focus on sustainability and this is the first time Norske tog has defined sustainability as a dedicated evaluation factor in a tender competition. Requirements for tenderers to explain their own DD processes were highlighted as a key element in relation to sustainability.

### Initiatives in 2022

The competition phase for the new long-distance trains has been ongoing throughout 2022 and is approaching contract signing. Throughout the year, Norske tog has clarified its expectations and the consequences of the requirements set down in the Norwegian Transparency Act by providing detailed information to tenderers. Among other things, negotiation meetings have been held with suppliers and Norske tog has taken the opportunity to highlight requirements and expectations concerning work on the Norwegian Transparency Act as a separate topic. Both parties considered the discussions at the negotiation meetings to be constructive.

In the procurement process, Norske tog has also imposed requirements for tenderers to describe their procedures and guidelines for DD processes relating to the monitoring of people and the environment.

In 2022, updated contractual requirements were drawn up in connection with integrity due diligence relating to human rights and the environment in the long-distance train procurement and, among other things, these requirements oblige suppliers to carry out due diligence.

### The way forward

Norske tog already imposes high expectations on supplier



Quality control on a FLIRT-train class 75.

due diligence in the early stages of the tender competition phase. This contributes useful insights about supplier maturity and forms the basis for constructive dialogue with the supplier that is eventually awarded the contract.

To date, the experience is that suppliers find the work with the Norwegian Transparency Act to be new and challenging but they have also demonstrated a high willingness to cooperate. Furthermore, Norske tog finds that it is essential to provide tenderers with adequate understanding of the company's expectations of the supplier with which a contract and partnership will be entered into.

### Audits as part of contract follow-up

Norske tog engages in long-term dialogue and partnerships with the company's main suppliers. Most contracts have a duration of ten years and significant amounts will be paid out throughout the contract periods. For this reason, it is particularly important for Norske tog to establish good relationships with clear and open dialogue with suppliers. Norske tog has implemented excellent procedures for exercising options, placing orders and making payments. Clear procedures and transparency surrounding any delays, delivery challenges or changes in accordance with the contract entered into are crucial.

In its contracts, Norske tog imposes a requirement for the company to have the opportunity to review and verify the supplier's system for safeguarding health, safety and the environment upon request.

Norske tog imposes ethical requirements on its suppliers and maps the risk of any breaches as part of the procurement process. Norske tog's "Code of Conduct for

Suppliers” is included in all contracts. This document was last updated in 2020 in connection with the announcement of the tender competition for long-distance trains. Under the Code of Conduct, Norske tog has the right to verify compliance on the part of suppliers and subcontractors, including through local inspections.

Norske tog conducts audits of manufacturing premises as part of its contract follow-up. Norske tog wants to know that the conditions are acceptable where trains are manufactured and audits help ensure high-quality deliveries. Evaluations from previous projects have highlighted the importance of auditing and this is something that should be followed up even more effectively in future.

#### Initiatives in 2022

Local inspections are generally more extensive than documentation audits and should therefore be considered with time and available resources being taken into account. In 2022, Norske tog carried out two local audits and these are described below.

In connection with Alstom’s desire to move the production of car bodies for the new local trains from Salzgitter to Wrocław, Norske tog carried out a local audit of the new manufacturing premises. In addition to the local inspection, Alstom also provided the requested documentation, including energy reports and documentation of working conditions. Norske tog also carried out an audit at Alstom’s manufacturing premises in Sweden when the midlife upgrade of class 72 trains was moved there.

In 2022, Norske tog has had a regular physical presence at Alstom’s premises. The company has, among other things, had a dedicated resource as part of the local train project who was tasked with the follow-up of Alstom.

#### The way forward

Traditionally, Norske tog has had a focus on progress and technical aspects in its quality audits. Over time, social factors have also become important. Today, the company finds that there is potential for integrating the follow-up on social factors and the environment more clearly through local audits and, in 2023, the company has a clear goal of further developing its audit strategy with a specific focus on this. Decent working conditions and human rights will also be important topics going forward. Norske tog has decided to have a dedicated resource physically present at Alstom’s premises for large parts of the design phase for the new local trains.

In order to contribute to the standardisation of requirements linked to human and labour rights, Norske tog will enter into dialogue with other players in the market to examine the possibility of a unified Supplier Code of Conduct.

#### Revised train procurement model

For its largest procurements, Norske tog applies the Norwegian government’s project model, which provides a solid framework and structure to ensure compliance with all procurement requirements. This model covers the entire procurement process, provides clearly defined roles and responsibilities during the implementation phase and ensures endorsement by ensuring that the right levels of the organisation have the opportunity to comment and make decisions. The model includes templates to draw up requirements and ensures that the company has a strong foundation for the implementation phase. Norske tog’s strong procedures for document control, impartiality and confidentiality are also quality assured through the project model. The project model is simply one of the most important tools for Norske tog.

#### Initiatives in 2022

There are many special requirements relating to Norske tog’s procurements that are not taken into account in the government project model. Norske tog’s procurement model was initially developed for the railway sector and was extensively used by NSB. Travelling by train should be completely safe and the company has a zero vision for all forms of accidents. Safety is therefore emphasised greatly in train procurements and this is more evident in the company’s traditional project model for the railway sector than in the government project model. This is why Norske tog has carried out a major revision of the project model. This work is now starting to materialise as a Norske tog-specific model that integrates the railway-specific considerations in the government model. The work had nearly been completed by the end of 2022 and the company has already implemented some parts of the model.

#### The way forward

In 2023, Norske tog will complete the work on and the implementation of the revised project model in the company.

#### Procurement procedures

Trains are the most important product purchased by Norske tog, together with services associated with the maintenance and disposal of trains. Norske tog also purchases various consultancy services.



Norske tog complies with the Norwegian Procurement Act and the Supply Regulations. This applies for large procurements of new train sets, but even smaller procurements and agreements are carried out in accordance with the procurement regulations.

The procurement regulations are based on the fundamental principles relating to competition, transparency, equal treatment, predictability, verifiability and proportionality. These principles govern what Norske tog can do as a contracting authority and the company applies the principles to interpret and make decisions in the procurement process.

There are many factors that need to be taken into account in Norske tog's procurements. In order to achieve the ambition of "maximum train for the money", costs must be weighted against quality and safety. The environment is another important element in the company's train procurements. More detailed information about this can be found in the sub-chapter on "Circularity throughout the lifecycle of the train" in part 3 of this report.

#### Initiatives in 2022

In 2022, Norske tog procured goods and services with a total value of NOK 1.8 billion. The procurement of new trains and rolling stock from European suppliers accounted for the majority of this. Norske tog also

purchased services in connection with the project for the implementation of procurements, professional advice and communication. These services were largely purchased from local (Norwegian) suppliers. Please see Appendix G "Key suppliers to Norske tog" and the Annual Accounts in part 5 of this report for further details.

The proportion spent on purchases from Norwegian suppliers in 2022 was 21 per cent.

Norske tog has an evaluation procedure in place for major procurement projects so that important lessons are learned for the future. The evaluations are performed immediately after entering into contracts when experiences are at their freshest. Throughout 2022, meetings were also held between those leading the project for the procurement of new local trains and the project for new long-distance trains, so that experiences and learning could be transferred throughout.

In order to comply with the principle of transparency and equal treatment, Norske tog has ensured that all suppliers in a tender competition receive the same information at the same time. In the local and long-distance train procurements, Norske tog has, among other things, drawn up a "tender evaluation guide" describing Norske tog's approach for evaluating the various elements of the tenders.

In 2022, employees in Norske tog's Legal department, which is responsible for the company's procurements, participated in seminars arranged by the Norwegian Ministry of Finance and Public Management concerning environmental requirements in procurements.

### The way forward

In addition to the procurement of new trains, Norske tog also procures services for upgrades, waste management services, etc. for which similarly stringent sustainability requirements have so far not been imposed in tender criteria and contracts. There is great potential for integrating the environment and sustainability, including circular economy principles, in order to follow up on the ambition of circularity throughout the lifecycle of the train. In 2023, Norske tog will explore how the company can incorporate requirements relating to sustainability in change orders and in connection with upgrades and modifications. This will reinforce and clarify the focus on sustainability in administrative duties.

The company will also develop general purchasing procedures that include requirements relating to corporate social responsibility and the environment.

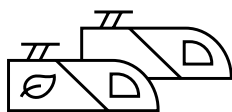
Norske tog requires suppliers to be environmentally certified in accordance with ISO 14001 and quality in accordance with ISO 9001 or equivalent. The company has entered into ongoing framework agreements with various suppliers to purchase things such as office supplies and cleaning services, as well as consulting services. It would be appropriate to adjust the requirement specifications when these framework agreements are renewed to ensure that sustainability is integrated.

In 2022, Norske tog entered into an agreement with one new supplier, Alstom Transport, and an assessment of the supplier in relation to the environment and social sustainability formed part of the evaluation carried out both before and after the contract was entered into. This means that 100 per cent of Norske tog's new suppliers in 2022 were assessed according to such criteria. Norske tog has also worked on similar evaluations of tenderers in the tender competition for new long-distance trains.

Norske tog will primarily look at the largest agreements in order to assess whether there is a need to clarify sustainability requirements. The same will apply to major projects scheduled in 2023.



Birmodal train set – FLIRT class 76.



## Green investments in passenger rail transport

Norske tog requires access to financing in order to buy trains. In recent years, the company has prioritised working to establish favourable financing solutions as Norske tog is in a position to demonstrate that the company's purchases contribute to the green and sustainable transition. There is demand for green projects in the market and Norske tog has therefore managed to secure favourable conditions. Going forward, the company must be prepared for greater competition between 'green projects' and investment objects.

Being able to demonstrate the company's continuous work on improvements and increased positive impact is a prerequisite for good borrowing terms for new loans. In the coming years, Norske tog must therefore continue to improve its work on the environment and sustainability – not only because it is necessary for securing good borrowing terms but because it is the right thing to do.

### Norske tog's targets and indicators

At the end of 2022, Norske tog defined two strategic targets for green investments in passenger rail transport based on material factors that had been identified, see table 8. Most of the new targets will not be reported on before 2023, but we can already report on some of the targets in this reporting period.

### How Norske tog works on green investments

Norske tog is a state-owned company that finances train purchases in two ways: by the government guaranteeing 75 per cent of the book value of the trains in the national

budget and through direct borrowing in the bond market. The Norwegian State does not directly finance the procurement of trains.

### Green Bond Framework for the financing of new trains

Norske tog's work on green financing must be viewed in light of the extensive climate efforts in the EU, which is work that extensively affects Norway and Norwegian companies. Since 2019, Norske tog has been working to develop and implement the EU Green Bond Framework – a framework that follows international principles for green bonds and investments.

In adapting to the Green Bond Framework, Norske tog has built strong foundations for issuing green bonds for the financing of specific train procurements. Norske tog managed to secure favourable green loans of NOK 1.3 billion during the autumn of 2019 and loans totalling NOK 2 billion in 2021. These loans have been used to finance 64 new trains, including partial financing of the new local train procurement.

### Initiatives in 2022

A total of 34 electric class 74 and class 75 Flirt train sets have been financed using green loans. Advances on the funds were paid in January 2022 and formal allocation took place at the end of 2022. Initially, the funds will be used to cover the advance payments for the 30 new local trains that have been ordered, with estimated delivery scheduled for 2025. At the end of 2022, Norske

Target	KPIs
Norske tog will increase its share of green borrowing on favourable terms, maintain high ratings and further develop the company's position as an issuer of green bonds.	<ul style="list-style-type: none"> <li>• Share of green borrowing</li> <li>• Rating from Second Opinion in relation to Green Bond Framework</li> </ul>
Norske tog will improve the quality of the company's sustainability reporting and will be clear about the company's key areas and results.	<ul style="list-style-type: none"> <li>• Number of remarks from the audit of the sustainability report.</li> </ul>

Table 8: Norske tog's targets and indicators for green investments in passenger rail transport

tog had allocated all funds from green bonds and will continuously borrow as a result of the milestones achieved in procurement projects.

As a commitment under the Green Bond Framework, Norske tog has reported on the environmental impact of its investments. The environmental impact report is available on the Norske tog website.

### The way forward

Over the next few years, Norske tog has the opportunity to procure up to 200 new local trains under the contract with Alstom. The company will also enter into an agreement concerning the delivery of new long-distance trains during Q1 2023. The Norwegian State will ultimately decide how many trains will be procured under the agreement. A total of 30 local trains have been ordered from Alstom so far. Borrowing will take place continuously as needed.

The EU is working to further develop the Green Bond Framework into a Green Bond Standard – a “golden standard” for companies and authorities seeking financing for environmentally friendly projects and programmes. Over time, Norske tog will work to adapt to the EU Green Bond Standard.

Norske tog will continue to draw up annual environmental impact reports as required by the Green Bond Framework and will appoint a climate committee to undertake this work. The company will also update its guidelines for the work with Green Bonds as needed. For 2023, Norske tog has a goal of including bi-mode trains in its framework. It will also be important to secure sufficient funds for upgrading and modernisation of the existing train fleet.

Through “Green Deal”, the EU is facilitating European investments for green, sustainable activities. The EU Taxonomy, which is a package included in the Green Deal,

sets out the criteria for what are considered sustainable activities. From 2025, means of transport, for example, need to be electric in order to be defined as sustainable.

Over time, Norske tog would like to report in accordance with the EU Taxonomy, which requires analysing activities in relation to the taxonomy criteria. This is also directly linked to requirements that will be included in the EU Green Bond Standard.

The new directive on sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD), sets out requirements concerning more extensive and uniform reporting on sustainability. For Norske tog, this will necessitate changes to the company’s procedures for sustainability reporting and will likely be implemented during the 2024 financial year.

In 2023, Norske tog will need to plan how the company will manage and prepare for the new requirements and expectations that will be imposed.

Risk assessments are becoming an increasingly important topic and, over time, the company intends to further integrate risk assessments in its sustainability work. In 2023, Norske tog intends to analyse financial risks and opportunities to complement the analysis of the company’s impact conducted in 2022.

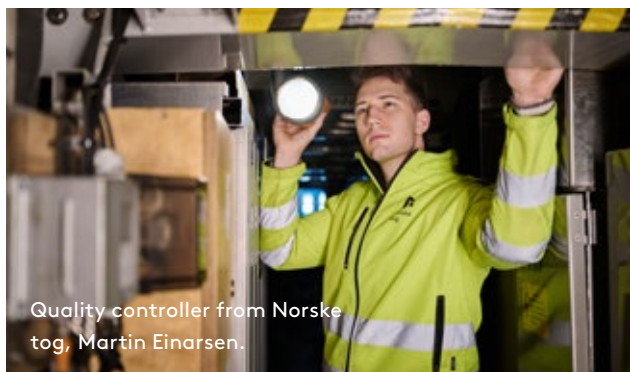
It is important for Norske tog to view the ambitions relating to green investments in the context of other sustainability efforts at the company, such as those relating to climate risk.

### Climate risk

Climate risk is about how the physical consequences of climate change will affect nature and society (physical risk) and how the transition to a low-emission society in the form of e.g. changed prices and regulations may affect different companies and players (transition risk).

The recommendation from the Financial Supervisory Authority of Norway is for companies to map how climate risk specifically affects the company, as analyses performed by others will not be specific enough for other companies.

Norske tog has not yet carried out a climate risk analysis. Until such an analysis has been carried out, the climate risk analyses drawn up by other parties in the railway sector, such as the Norwegian Railway Directorate, Vy



Quality controller from Norske tog, Martin Einarsen.

and Bane NOR, may provide an indication as to how the sector will be affected by climate risk.

The analyses show that the railway sector is exposed to physical climate risk. Vy finds, for example, that an increased risk of flooding and landslides resulting from extreme weather could result in closed and damaged railway lines. The same is noted by Bane NOR, which is systematically working to adapt the infrastructure to withstand greater physical impact and strengthen weather preparedness. The aforementioned risks faced by the

sector could also affect Norske tog, directly or indirectly, for example in the form of increased costs for repairs, maintenance and preparedness, but also less predictable ability to pay on the part of Norske tog's customers.

With regard to transition risk, Bane NOR notes that the electrification of alternative means of transport could challenge the environmental advantages of and future willingness to invest in the railway. This transition risk has also been noted by the Norwegian Railway Directorate and will likely also apply to Norske tog.



## Highly skilled and diverse organisation

Norske tog is a small organisation with significant duties. Professional expertise is a prerequisite for the company to succeed and Norske tog is expected to possess specialist expertise in trains in order to deliver on its social mission. The knowledge possessed by employees is therefore essential. In order to grow and attract talented employees, the company needs to ensure employee wellbeing and inclusion and many employees also find it important to feel that the work they perform for the company contributes to a more sustainable future.

### Norske tog's targets and indicators

Norske tog's overall objective for the area "highly skilled and diverse organisation" is to attract and retain talented and satisfied employees. More detailed information can be found in Part 2 "Organisation and corporate governance" in this report.

As part of its work on the sustainability strategy, Norske tog has designed new targets and measures to retain and develop managers and employees at the company, with a particular focus on expertise and inclusion. This is shown in table 9. These targets will apply from 2023.

### How Norske tog works on diversity and expertise

Employees report that there are great opportunities for professional and personal development at the organisation. This is something Norske tog is proud of and committed to continuing.

In connection with the development of the new sustainability strategy, 13 Norske tog employees were

interviewed. These employees represent various levels and different parts of the organisation. All respondents stated that they enjoyed working at Norske tog. Some of the aspects that were highlighted were that the enthusiasm for trains is passed on from experienced to new employees, that employees work well together across generations, that the community is strong and that there is a wide range of social activities. Several respondents also highlighted the advantages of being part of a small organisation with a flat structure and a short distance between employees and managers.

The interviews also confirmed that many of the company's employees, across the various age groups, are motivated by the sustainable duties of the company and that the opportunity to contribute to important areas for succeeding in achieving a more sustainable society was a crucial aspect in their choice of employer.

Diversity and inclusion are key in a small organisation in which individuals are highly visible. Norske tog will show that there is room for everyone and that the company's strengths lie in its differences. This is true on both a human and a professional level. Furthermore, Norske tog is committed to treating employees fairly and providing equal opportunities for all and focuses strongly on adapting working conditions where necessary.

Both the senior executive and the Board of Directors of Norske tog are involved in efforts to promote equality and counter discrimination. There is a great awareness among both the senior executive and the Board that diversity

Target	KPIs
Norske tog will further develop existing employees and attract key expertise.	<ul style="list-style-type: none"> <li>• Number of skills development lectures held at the Train Academy.</li> <li>• Proportion of employees (%) having completed skills development measures in accordance with employee appraisals/year</li> <li>• Proportion of new employees (%) having participated in the onboarding programme</li> <li>• Number of skills development lectures delivered to employees on the topic of sustainability</li> </ul>
Norske tog will reduce its organisational vulnerability through effective learning from both internal resources and contracted external expertise.	<ul style="list-style-type: none"> <li>• Number of employees vs. contractors</li> <li>• Number of project evaluations</li> </ul>
Norske tog will promote diversity and inclusion.	<ul style="list-style-type: none"> <li>• Gender balance – Proportion of women as a % at various levels</li> <li>• Average age of permanent employees</li> <li>• Proportion of pay, women vs. men</li> </ul>

Table 9: Norske tog's targets and indicators for highly skilled and satisfied employees

helps to strengthen the company's work by contributing different views and prompting useful discussions on how the company can create a better product. Detailed information about how Norske tog works on diversity and the measures that have been and will be implemented can be found in the company's activity and gender equality statement available on the Norske tog website.

### Skills development is important to Norske tog employees

Change and innovation in train engineering is happening at an increasingly fast pace. Employee skills development is therefore crucial for Norske tog to continue to be a strong specialist and engineering environment, while also staying abreast of technical developments and how trends and development needs are managed by others within the railway sector, both in Norway and abroad.

An increased focus on sustainability among Norske tog's stakeholders has contributed to increased external expectations, but Norske tog employees and managers have also identified the need to improve general and detailed knowledge of sustainability in the company.

#### Initiatives in 2022

For Norske tog, it is essential to develop expertise in a number of areas that go beyond train engineering. For this reason, the company continuously assesses the need for courses and training for individual employees, as well

as the impact thereof. Such assessments are, among other things, part of the annual employee appraisals, which were conducted for all of the company's employees (100 per cent) in 2022. Courses relating to project management have been particularly important since Norske tog increasingly implements large projects. All employees who have project management responsibility at Norske tog and who were not already certified completed project management courses in 2022.

Norske tog increased employees' sustainability expertise in 2022. Several employees were offered training on sustainability reporting and integrity due diligence. Three employees also participated in the sustainability academy – a training programme arranged by the Norwegian Institute of Public Accountants in collaboration with the major auditing companies – where they were introduced to upcoming requirements for sustainability reporting.

Each employee below management level completed an average of 45 hours of courses in 2022. For the company's managers (extended management team, including middle managers), the average was seven hours. There is some uncertainty surrounding these figures as the accuracy of time records may vary.

Norske tog considers it a strength for its employees and managers to stay up-to-date with developments in the national and international train industry. For this reason,





Norske tog employees at the HQ.

Norske tog has participated in an interdisciplinary effort for the transport sector to make smarter use of data across stakeholders, e.g. to reduce greenhouse gas emissions from the transport sector. Participation in research and development projects, as well as professional networks, including in an EU context, enables the company to collaborate on, stay up-to-date with and also influence developments in the railway sector. Norske tog is a member of and participates in several working groups in Round Table Rolling Stock (RTR), an initiative of operators and train manufacturers in Europe who are working to standardise and simplify the procurement processes for passenger trains.

In 2022, Norske tog participated in the following R&D projects:

- **Game alert** – to minimise collisions with animals.
- **MeTinT** – monitoring of the pantograph and bogies on class 73 trains in collaboration with the Norwegian University of Science and Technology (NTNU).
- **Winter Project** – the project was initiated by SINTEF and is a collaboration between several major railway players looking to identify the best possible lubricant for flange lubrication. The aim is to reduce wear on wheels and rails.

#### The way forward

Norske tog will continue to monitor and provide input on regulatory developments and standardisation, including

through RTR and other European and international forums. Participation in further R&D projects is also being considered.

Increasing the company's expertise on sustainability and awareness of how this is linked to the company's overall strategy will be important in the years ahead. Diversity and inclusion is another area Norske tog will work to structure and strengthen going forward. Read more about Norske tog's plans relating to diversity and inclusion in the company's activity and gender equality statement, which is available at [www.norsketog.no](http://www.norsketog.no).

#### The need for a periodically large organisation

As an organisation, Norske tog has grown in recent years. Despite growth in the number of employees, the ambition is to maintain a lean and efficient organisation. There are periods during which the company's activity levels are particularly high, with associated high work pressure on employees. This applies, among other things, to the major procurement projects for new local trains and long-distance trains.

#### Initiatives in 2022

In order to manage periods of particularly high levels of activity and associated high work pressure, Norske tog contracts external resources for these project periods. Contracting is a rational solution to periodically upsize the company and provides Norske tog with the



FLIRT trains at Mantena's garage.

opportunity to implement projects efficiently, while ensuring that the agreed workload is not exceeded on the part of employees. It also allows the company to bring in specific expertise as needed.

In 2022, the company used consultancy and advisory services corresponding to 28 FTEs, see figure 15. Contracting takes place through multi-year framework agreements and contracts with various companies, primarily WPS and KPMG, as well as several smaller advisory companies. Contracted resources were primarily linked to technical assistance and facilitation in procurement projects, as well as some technical advice in connection with management duties.

In its agreements and contracts with consultants and service providers, Norske tog specifies that consultants must ensure the transfer of expertise as part of their work.

The technical evaluation tool that was developed and used for the evaluation of tenders submitted as part of the local train procurement was also used in the evaluation of the long-distance train procurement. Throughout 2022, there were regular meetings across the various projects in the company to ensure that experiences and learning are shared across the organisation.

#### The way forward

When the long-distance train contract is signed during Q1 2023, some external consultants will continue to follow up on the project throughout the contract phase. Norske tog finds it valuable to further develop its own expertise through collaborations with other resources.

#### The Train Academy

The Train Academy is a channel for sharing experiences and learning across the organisation as a whole. The tool also helps employees become familiar with other disciplines, making it easier to view the totality of the work carried out in the organisation.

The Train Academy is a digital Friday meeting and all employees are encouraged to attend. The CEO was responsible for launching the initiative at the start of 2021, when the company had a number of new employees and a need to increase employees' expertise in trains and the railways. Several external experts and stakeholders from the railway sector have delivered talks at the Train Academy and the channel now increasingly uses internal resources to share insights or experiences from specific projects or disciplines.

In 2022, the topics covered at the Train Academy were linked to Norske tog's strategy and the specific initiatives the company has focused on throughout the year. Two presentations were delivered on the Norwegian Transparency Act and integrity due diligence, as well as one presentation on the company's new sustainability strategy and associated measures that apply from 2023.

Train Academy attendance is good – more than half of the company's employees generally attend. All presentations are filmed and published afterwards for those who were unable to attend. The recordings are also actively used in connection with the onboarding of new employees.

Norske tog will continue the Train Academy in 2023.



Figure 15: Number of contracted full-time equivalents based on working hours in 2022



The background of the page is a dark blue gradient. In the bottom-left corner, there is a close-up, angled view of a microchip. The chip's surface is visible, showing various rectangular pads and a central square pad with a blue upward-pointing arrow. The lighting creates a sense of depth and texture on the chip's surface.

Part 4:  
The Board of  
Directors' annual  
report 2022



## Summary and trends for Norske tog in 2022

In 2022, Norske tog experienced high levels of activity in connection with the work on the largest train procurement in Norwegian history. Both new local trains and new long-distance trains will be procured. The transport sector has an important role to play for Norway to achieve its climate targets by 2030. This is reflected in the high levels of activity in the railway sector, including at Norske tog and in the work to encourage more passengers to choose the train ahead of other, less environmentally friendly transport solutions.

In January, Norske tog entered into a contract with the train supplier Alstom – an agreement that means that Norske tog will buy 30 local trains from the company, with the option to buy a further 170 trains. Already back in October 2022, the government's national budget for 2023 proposed that Norske tog should have the opportunity to buy 25 new trains for use in Eastern Norway.

The tender submission deadline for the tender competition for the delivery of new long-distance trains expired on 3 June 2022. The contract is expected to be signed during Q1 2023. Initially, 17 trains will be purchased, both fully electric and bi-mode trains.

Norske tog is continuously working to make the railway more environmentally friendly and also more attractive to passengers. In 2022, Norske tog received the last four of a total of 14 class 76 bi-mode trains from the Swiss manufacturer Stadler. These trains are replacing old diesel trains that have been in operation for more than 30 years. The new trains will contribute to a reduction in CO<sub>2</sub> emissions of 30 per cent per passenger.

In 2022, Norwegian train passengers received a completely new service on board long-distance trains: Norske tog has installed 226 reclining chairs in a total of eight carriages on the Nordland Line, Dovre Line, Bergen Line and Sørland Line. The reclining chairs have been a success and passengers are now asking for more carriages with reclining chairs. The reclining chairs, installed in 2022, are the result of an extraordinary allocation of MNOK 80 from the Storting to improve rail services for passengers.

The 150th train under the agreement with the train manufacturer Stadler from 2008 was delivered to Norske tog in November 2022. The procurement has been a success story – the trains have been delivered on time, at the agreed price and in the agreed quality. The backbone

of the Norske tog train fleet is now made up of Flirt trains.

We are very pleased that the company has been highly successful in recruiting, training and onboarding new employees in the past year. The company has welcomed 11 new employees. The increase in the number of employees is a conscious investment to ensure that we have sufficient and appropriate expertise and capacity to implement and follow up on the procurement processes for new local trains and long-distance trains, as well as strengthening the management work to ensure that the trains are perceived as attractive and that service life is maintained and extended where possible.

The statistics show an increase in the number of train delays in 2022. This is regrettable for passengers and a trend that must be turned. There is a lack of data concerning the root causes, but the Norwegian Railway Directorate has taken the initiative to establish a joint working group within the sector. Norske tog wants to help examine the root causes and implement measures for improvement. Norske tog believes that the company's increased efforts relating to management and associated maintenance could contribute towards measures.

## Financial developments at Norske tog

In 2022, Norske tog had a profit for the year of NOK 106 million, down from NOK 161 million in 2021. The drop in profit is mainly attributable to higher operating expenses due to the completion of more modifications to trains than in 2021, as well as higher financial expenses and payroll expenses due to more employees.

Net cash flow from operating activities was NOK 33 million less in 2022 than in 2021. The main explanation for this is higher interest costs. The profit represents a return on equity of 3.2 per cent compared to 5.1 per cent in 2021. The company has a long-term goal of a return on equity of 5 per cent. Profits will vary over time due to investments in new train sets and upgrades to existing trains.

Net cash flow from operations was NOK 1,459 million in 2022 (NOK 639 million in 2021). Net cash flow used for investments was NOK 1,424 million (NOK 1,347 million in 2021). The company's working capital is NOK -783 million (NOK 1,029 million in 2021). Working capital has primarily changed due to borrowing falling due in May 2023. The balance sheet value (liabilities and equity) was NOK 13,305 million in 2022 (compared to NOK 13,030 million in 2021). The balance sheet value is higher as a result of having taken delivery of the new trains.

Including the profit for the year, equity was NOK 3,410 million (NOK 3,297 million in 2021). The equity ratio is 25.6 per cent.

### **Personnel, diversity and gender equality**

A good working environment is a highly prioritised area for Norske tog and a lot of resources are invested to ensure employee wellbeing and inclusion at work for all. The annual employee survey confirmed the impact of the work that is done, as employee satisfaction remains at a high level, see "Our goals". Sick leave remains low, at 2.2 per cent (down from 2.3 per cent in 2021).

Norske tog works purposefully with the company's employees on skills development and engagement. In 2022, skills development and courses have been a priority area, especially with regard to procurements, project management and sustainability.

Norske tog believes that diversity contributes to a more creative workplace and would like its workforce to reflect the diversity of the population. Since its inception in 2016, the company has actively worked to improve diversity. In connection with recruitment, the company aims to invite at least one qualified female candidate and one qualified candidate from a minority background to attend interviews. The work on diversity has yielded results. At the end of 2022, the proportion of female employees in the company was 35 per cent (20 out of 57 employees). The company's workforce of 57 people consists of 11 different nationalities.

The Board of Directors of Norske tog was expanded in 2022 to include one new shareholder-elected board member. This means that the Board of Directors now comprises four permanent board members and two employee representatives. Board liability insurance covers all board members, including deputies and the company's management team. The insurance is valid worldwide, excluding the USA and Canada, and covers up to MNOK 500 per claim.

The company's Code of Conduct is reviewed annually by Norske tog's Board of Directors and executive team. The Code of Conduct was updated and signed by all employees in 2022.

Norske tog's HSE manual sets out how the company works to ensure safety in the workplace. It makes it clear that the company's activities shall not cause serious harm to people, the environment or material assets.

This also applies to injury/damage caused by faults in Norske tog's rolling stock. No work-related injuries were reported in 2022. See also achievement of objectives in Appendix B "Health, safety and environment", which is available on the Norske tog website.

Norske tog confirms that the company has complied with its activity and reporting requirement as set out in Section 26 of the Norwegian Equality and Anti-Discrimination Act. See separate statement on the Norske tog website.

### **Sustainability and corporate social responsibility**

Norske tog's activities impact social, economic and environmental factors. During the past year, the company has undertaken significant work to obtain more detailed insight into the key areas the company should work on. The result of this work is a clear sustainability strategy with four focus areas: 1) Circularity throughout the lifecycle of the train, 2) Cooperation in the value chain, 3) Green investments in passenger train transport and 4) A highly skilled and diverse organisation. There are objectives, initiatives and indicators associated with each of the four focus areas. Despite the fact that most of the targets are not quantitative, they still provide a clear direction in relation to the company's activities.

Please see part 3 "Sustainability" of this report for detailed information about Norske tog's work on sustainability and corporate social responsibility, including plans for future work.

#### **External environment**

The impact on the climate and environment begins long before Norske tog's trains reach the rails in Norway and occurs in various ways during the service life of a train. These impacts can primarily be linked to energy, emissions, waste and materials. The company actively works to limit the environmental impact from its own activities and, in 2022, Norske tog adopted an ambition for circular thinking relating to materials and energy consumption throughout the service life of a train.

Please also refer to Norske tog's report on corporate social responsibility (part 3 of this report), which has been drawn up in accordance with Section 3-3C of the Norwegian Accounting Act and the reporting principles set out in GRI (Global Reporting Initiative).

#### **Going concern**

Pursuant to Section 3-3a of the Norwegian Accounting



Act, it is confirmed that the financial statements have been presented under the assumption of a going concern. The profit for the year will be transferred to Other equity.

### **Purpose of the company**

Norske tog procures, owns and manages rolling stock for rail passenger transport in Norway. The company leases train sets to train operators with a rail passenger transport agreement with the Norwegian Railway Directorate.

The company is wholly owned by the Norwegian State, represented by the Ministry of Transport and Communications. As an owner, the state's goal is to ensure the cost-effective procurement and leasing of trains.

The quality and size of the train fleet must be adapted for publicly funded rail passenger services. The operators pay Norske tog to lease and use the company's rolling stock based on the terms and conditions in the Norwegian Railway Directorate's operating agreements with operators.

### **Corporate governance report**

The corporate governance report has been enclosed with the annual report and has been considered by the Board of Directors.

### **Integrity due diligence report**

A report on Norske tog's specific due diligence assessments is available on the Norske tog website.

### **Goals and strategies**

Norske Tog will effectively facilitate access to a sufficient number of standardised and modern trains, in line with society's demand for rail passenger transport.

The company draws up long-term plans for the procurement of trains in order to meet capacity requirements and traffic growth for existing and future contracts. Norske tog has drawn up a lease agreement that will form the basis for leasing trains to all operators. The company's train strategy will contribute to ensuring standardisation and optimisation of trains and systems.

The company will also provide advice on factors relating to the interface between trains and infrastructure/workshops. Norske tog shall at all times keep up-to-date with technological developments and have an overview of new technological solutions in the railway sector.

### **Internal control**

Norske tog has a separate framework for internal control

and has established internal control systems that cover its Code of Conduct and corporate social responsibility, organisation, authorisation structure and governing documents. Financial risk is assessed through separate risk analyses.

Based on this, the internal control system is revised as required, in connection with revision of management documents, guidelines, procedures and key control matters.

### **Risk**

#### **Financial risk**

The company's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimise the potential negative impact on the company's financial performance.

Norske tog takes out loans in the markets and currencies that are believed to provide the most favourable conditions overall. Loans in foreign currency are converted to NOK through combined interest rate and currency swaps. As a result, Norske tog is not exposed to foreign currency risk on debt.

Norske tog makes purchases from foreign suppliers and is therefore exposed to foreign currency risk. The company's objective is to create predictability regarding future payments for larger procurements measured in NOK using financial hedging agreements or by the Norwegian State acting as the guarantor for any foreign currency risk and any increased expenses resulting from changes to foreign currency exchange rates. The new contract for the procurement of local trains has been entered into in EUR and the contract will not be subject to currency hedging. Since Norske tog has the right to include realised foreign currency rates used in the procurement in the lease the company receives from train operators, the Ministry of Transport and Communications finds that there is no need for the procurement to be hedged in relation to foreign currency risk. The Board of Directors has taken this into account, as it is confident that the company will receive the necessary equity from the owner.

Norske tog is exposed to interest rate changes. The company uses interest rate swaps to reduce interest rate risk and to achieve the desired interest structure for the debt. Targets have been set regulating the proportion of loans that shall be interest adjusted for a twelve-month period, and for the fixed interest rate on the portfolio. The aim is to achieve a mix of approximately 70% at fixed and 30% at floating rates.

According to established targets, 150 per cent of the capital requirement for the company in the next twelve-month period will be covered through free cash flow and established credit facilities.

The current leasing price model used to determine the lease from train operators creates challenges and there is a risk that the company's known and foreseeable costs will not be covered if the leasing price model is not changed. The work of putting in place a new, sustainable leasing model, in which known and foreseeable costs are covered by the lease revenue, will continue in 2023.

In 2022, Norske tog updated the company's framework for issuing green bonds. A detailed report has also been drawn up to describe the green investment projects that will be financed through green bonds, as well as the actual environmental and climate consequences of such projects. Norske tog strives to follow market best practice in its reporting and is working on an ongoing basis to improve the company's environmental impact reporting. The company is monitoring the EU's Green Bond Standard and will work to transition from its current reporting practices in accordance with ICMA to the EU's Green Bond Standard once the latter framework is finalised.

#### Operational risk

Systematic analyses are conducted of operational risk and achievement of financial targets. Based on the risk analyses, control activities have been established to reduce identified risks, including automated controls, audits and extended follow-up analyses related to specific risk areas.

Norske tog is responsible for maintaining and, if possible, extending the service life of the trains owned by the company. Lack of financing to maintain the service life by means of mid-life upgrades and other modifications represents a risk for the company. In order for Norske tog to deliver on the company's objectives and the owner's expectations, the company needs to have a financing model in place that provides adequate lease income and returns for the company to make the necessary procurements on time while also having the financial freedom to carry out necessary upgrades.

A large proportion of the company's fleet is aging and requires replacement. In order for the company to deliver better rail services in accordance with the expectations set out in the National Transport Plan (NTP) for 2022–2033, Norske tog will be dependent on being able to exercise the options in existing procurement agreements.

It takes a minimum of 18 months from exercising an option until new trains are delivered. There is a risk that Norske tog may not receive the required financing or that such financing will be allocated too late. A direct consequence of this would be an outdated train fleet and that the desired and planned strengthening of the rail services could not be implemented as a result of there being too few trains.

There is a limited risk that Norske tog will not have access to train sets at the right time to implement major upgrades or changes.

Norske tog is well under way with the largest train procurements in Norwegian history. Both new local trains and new long-distance trains will be procured. These are essential procurements for being able to maintain the current rail services and for making train travel more attractive. When a record number of trains need to be procured in such a short period of time, it is essential that Norske tog has the key expertise internally to properly follow up on the projects in terms of both efficiency and costs.

Two years of the COVID-19 pandemic, closely followed by the war in Ukraine, have contributed to increased unrest worldwide. The supply of raw materials has declined, raw material prices have risen, exchange rates are unstable and interest rates are on the rise. Additionally, there is currently an energy crisis in Europe. Norske tog has several ongoing projects, both for the procurement of new trains and the upgrading of vehicles that depend on good access to raw materials such as steel, aluminium and other sought-after raw materials that are needed in electronics. The situation will therefore affect both the economy and delivery time for the projects.

Norske tog is closely monitoring the situation. At the present time, it is difficult to say how and to what extent the growing unrest in the world will affect Norske tog. Any delays will be handled through ongoing dialogue with the company's suppliers. In addition, the company maintains close dialogue with rail operators, the Norwegian Railway Directorate and Bane NOR to ensure that any adjustments to finances and plans do not have an impact on regular traffic on the Norwegian rail network.

Project delays could result in it taking longer to reduce train delays and cancellations due to faults in the trains and improve customer experiences associated with such trains.

The mid-life upgrades to class 72 and the implementation of ERTMS on trains are two of the major projects that have been delayed in relation to the original schedule and there is a risk of further delays associated with these projects. ERTMS is a complex project encompassing all lines and all trains. The launch depends on both infrastructure, which is the responsibility of Bane NOR, and the modification of trains, which is the responsibility of Norske tog.

## Outlook

Norske tog has an important role to play in presenting the Norwegian rail system as an attractive transport option for local, regional and long-distance travel. Helping more passengers choose to travel by train rather than car, bus or plane is important in reducing total greenhouse gas emissions from the transport sector.

Recent years have been characterised by stringent infection control measures due to the Covid-19 pandemic, which resulted in large parts of the population staying at home. As a direct consequence, the demand for passenger train journeys has varied but, overall, has been significantly reduced compared to similar periods prior to the pandemic. Even though the Covid-19 pandemic is largely behind us and everyday life is returning to normal, there is uncertainty as to whether the Norwegian Railway Directorate's estimated traffic growth of around 40 per cent more passengers from 2019 to 2033 remains realistic.

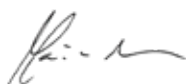
Norske tog has an active and exciting year ahead and will focus on the following in particular in 2023:

- The procurement of new long-distance trains, including completion of the evaluation of tenders received, as well as entering into a contract with the selected supplier.
- The work on the local train procurement is well under way. Among other things, the design of the train will be completed in 2023. Manufacturing is estimated to begin in May 2023.
- Throughout 2022, Norske tog developed a sustainability strategy, which was endorsed by the Board of Directors in December 2022. The implementation work has just started and the work on this will intensify in 2023. In the coming year, Norske tog will report on sustainability in accordance with GRI (Global Reporting Initiative) and will also develop carbon accounts in line with the owner's expectations.
- Mobile amplifiers still need to be installed in class 93 and class 72 trains. Mobile amplifiers from class 70 trains will be reused in class 93 trains in line with the class 70 trains being phased out. An announcement of a tender competition for the installation of mobile amplifiers for class 72 trains is being planned, but the timing of the announcement depends on the progress of the mid-life upgrades to class 72 trains and access to the train sets. When the mid-life upgrades to class 74, 75 and 76 Flirt trains eventually take place, the mobile amplifiers on these trains will also be upgraded.
- Norske tog is working to ensure a successful launch of ERTMS on the Gjøvik Line without any consequences for traffic.
- By request from the train operator SJ, which operates the long-distance trains on the Dovre Line and the Nordland Line, Norske tog will install reclining chairs in class 5 carriages.
- The work on the mid-life upgrades to class 72 trains continues. The ambition is to put more modified trains into operation during 2023.
- In 2023, Norske tog will intensify its work to gain access to updated maintenance data, thereby ensuring that trains achieve the longest possible service life.

Oslo, 16 February 2023



Annette Malm Justad  
Chairperson



Marianne Abeler  
Board Member



Espen Opedal  
Board Member



Jan Morten Ertsaas  
Board Member



Bjørn Erik Olsson  
Board Member/Employee  
Representative




Henriette Torgersen  
Board Member/Employee  
Representative



Øystein Risan  
CEO





Part 5:  
Annual accounts  
and notes



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# Statement of comprehensive income

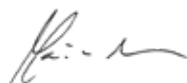
Income statement (All numbers in TNOK)	Notes	2022	2021
Leasing of train	2	1 302 424	1 225 206
Other income	2	35	5 258
<b>Total income</b>	2	<b>1 302 459</b>	<b>1 230 464</b>
Payroll and related expenses	3	46 486	41 008
Depreciation and impairment		760 068	708 574
Other operating expenses	4	188 961	144 963
<b>Total operating expenses</b>		<b>995 515</b>	<b>894 545</b>
<b>Operating profit</b>		<b>306 944</b>	<b>335 919</b>
<b>Financial items</b>			
Financial income	5	73 302	59 704
Financial expenses	5, 6	-253 889	-213 293
Unrealised fair value changes	7	18 027	23 841
<b>Net financial items</b>		<b>-162 560</b>	<b>-129 748</b>
<b>Profit before income tax</b>		<b>144 384</b>	<b>206 170</b>
Income tax expense	8	37 987	45 381
<b>Profit for the period</b>		<b>106 397</b>	<b>160 789</b>
Attributable to			
<b>Equity holders</b>		<b>106 397</b>	<b>160 789</b>
<b>Other comprehensive income</b>			
Profit for the year		106 397	160 789
<b>Items that will be reclassified to profit or loss</b>			
Hedge account – currency	9	4 109	-36 250
Tax related to items that will be reclassified	8	-904	7 975
<b>Items that will not be reclassified to profit or loss</b>			
Deviation retirement benefit obligations	6	364	-28
Tax related to items that will not be reclassified	8	-80	6
<b>Total comprehensive income for the period</b>		<b>109 886</b>	<b>132 492</b>
Attributable to			
<b>Equity holders</b>		<b>109 886</b>	<b>132 492</b>



# Statement of financial position


Assets (All numbers in TNOK)	Notes	31.12.2022	31.12.2021
Property, plant and equipment	10	12 077 287	11 406 830
<b>Total non-current assets</b>		<b>12 077 287</b>	<b>11 406 830</b>
Trade and other receivables	11	103 990	359 214
Derivative financial assets	12, 13	585 610	476 499
Cash and bank deposits	14	538 207	787 493
<b>Total current assets</b>		<b>1 227 807</b>	<b>1 623 206</b>
<b>Total assets</b>		<b>13 305 094</b>	<b>13 030 035</b>
<b>Equity and liabilities</b>			
Ordinary shares and share premium	15	2 400 000	2 400 000
Retained earnings		1 031 270	924 591
Hedge reserves		-21 000	-27 861
<b>Total equity</b>		<b>3 410 270</b>	<b>3 296 730</b>
Borrowings	16	6 993 873	8 266 945
Deferred tax obligation	8	830 603	790 601
Retirement benefit obligations	6	1 614	2 406
Debt leasing agreements	17	37 133	43 927
<b>Total long term liabilities</b>		<b>7 863 223</b>	<b>9 103 879</b>
Trade and other payables	18	220 999	82 099
Borrowings	12,16	1 775 776	499 104
Derivative financial instruments	12,13	34 827	48 223
<b>Total short term liabilities</b>		<b>2 031 601</b>	<b>629 426</b>
<b>Total equity and liabilities</b>		<b>13 305 094</b>	<b>13 030 035</b>

Oslo, 16. February 2023


Annette Malm Justad  
Chairperson

Marianne Abeler  
Board Member

Espen Opedal  
Board Member

Jan Morten Ertsaas  
Board Member

Bjørn Erik Olsson  
Board Member/Employee  
Representative

Henriette Torgersen  
Board Member/Employee  
Representative

Øystein Risan  
CEO

# Cash flow statement

<b>Cash flow statement (All numbers in TNOK)</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Profit for the period before income tax expense		144 384	206 170
Net financial items		209 186	164 248
Other financial items		-61 145	-60 409
Depreciation and impairment in the income statement	10	760 068	708 574
Net changes to obligations and retirement benefit oblig.		-1 156	-295
Loss/(gain) on sale of PPE		15 419	6 008
Changes to working capital		391 808	-385 403
<b>Net cash flow from operating activities</b>		<b>1 458 563</b>	<b>638 893</b>
Purchase of PPE	10	-1 424 292	-1 347 390
<b>Net cash flow from investment activities</b>		<b>-1 424 292</b>	<b>-1 347 390</b>
Interest paid on borrowings		-266 842	-215 768
Interest income		38 506	21 695
Proceeds from borrowings	16	1 600 000	2 900 000
Repayment of borrowings	16	-1 650 000	-1 500 000
<b>Net cash flow from financial activities</b>		<b>-278 336</b>	<b>1 205 927</b>
<b>Net change in cash and bank deposits for the period</b>		<b>-244 065</b>	<b>497 430</b>
Cash and bank deposits as at the beginning of the period	14	787 493	290 329
Foreign exchange gain/loss on cash and bank deposits		-5 220	-267
<b>Cash and bank deposits as at the end of the period</b>		<b>538 207</b>	<b>787 493</b>

## Statement of changes in equity

2022 (All numbers in TNOK)	Notes	Ordinary shares	Share premium	Specification hedge accounting	Retained earnings	Total
Equity 1st of January 2022		100 000	2 300 000	-27 861	924 590	3 296 730
Profit for the year		-	-	-	106 397	106 397
From other comprehensive income		-	-	3 205	284	3 489
Reported directly to the hedge reserve		-	-	3 655	-	3 655
<b>Equity 31st of December 2022</b>		<b>100 000</b>	<b>2 300 000</b>	<b>-21 000</b>	<b>1 031 270</b>	<b>3 410 270</b>

2021 (All numbers in TNOK)	Notes	Ordinary shares	Share premium	Specification hedge accounting	Retained earnings	Total
Equity 1st of January 2021		100 000	2 300 000	-	763 823	3 163 823
Profit for the year		-	-	-	160 789	160 789
From other comprehensive income		-	-	-28 275	-22	-28 297
Reported directly to the hedge reserve	11	-	-	414	-	414
<b>Equity 31st of December 2021</b>		<b>100 000</b>	<b>2 300 000</b>	<b>-27 861</b>	<b>924 590</b>	<b>3 296 730</b>

# 1. General information and summary of key accounting principles

## General information

Norske tog AS was incorporated on 16 June 2016.

The White Paper 27 (2014–2015) established that passenger train rolling stock previously owned by VyGruppen AS (formerly NSB) would be consolidated through a state-controlled rolling stock owner, in order to ensure low barriers to establishment and competition on equal terms.

## Purpose and scope of application of the company

The purpose of the company is to procure, own and manage rolling stock that is to be used mainly for the provision of rail passenger transport as a public service obligation. The company's rolling stock is to be offered on non-competitive terms. The company also has an advisory function to the Norwegian state. The company's operations shall have efficient operations.

Norske tog AS is headquartered in Oslo.

All shares in Norske tog AS are owned by the Ministry of Transport and Communications.

The 2022 annual accounts were approved by the Board of Directors on 16 February 2023.

All figures in the report are stated in TNOK, unless otherwise specified in the text.

## Framework for presentation of the financial statements

The corporate financial statements of Norske tog AS have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretation Committee (IFRIC), as approved by the EU.

The key accounting principles used in the preparation of the company accounts are described below.

The financial statements have been prepared on the basis of the historical cost

principle, except for financial derivatives and some financial assets and liabilities.

The figures for the 2021 cash flow statement, some lines have been reclassified. New contracts in IFRS 16 were taken out of «Purchase of fixed assets», which in total had a zero effect. In addition, building debt interest was taken out of «Purchase of fixed assets» and «Interest income» – also a zero effect. The 2021 and 2022 figures are comparable.

The company accounts have been submitted on the condition of continued operations.

## Key assumptions and accounting estimates

The application of the company's accounting principles involves the use of estimates and assumptions. Estimates and assumptions are continuously assessed and are based on historical experiences combined with expectations of future events that are deemed likely at the time of assessment.

Areas in which the use of estimates and assumptions are important to the company accounts:

### Financial assets and liabilities at fair value

The company has long-term liabilities, financial derivatives and some financial assets recognised at fair value.

The calculation of fair value uses estimates based mainly on observable prices which can change over time. Changed assumptions will result in changes in recognised values, with the differences reported through the statement of comprehensive income.

### Property, plant and equipment

The company continuously assesses the expected service life and residual value of fixed assets. This is significant for depreciation and amortisation for the year. Furthermore, the company also assesses the value of the fixed assets and whether there are any indicators of a decrease in value. An impairment assessment is carried out in the event

that the recoverable amount is lower than the book value. These assessments involve a high degree of estimation.

### Pension liabilities

The company has an operating pension for employees who will be unable to accrue the right to a contractual early retirement pension under the new contribution scheme. This obligation will be payable only if the employee retires before turning 67 years of age.

## Segment information

Norske tog AS has only one segment, the leasing of trains.

## Currency

### Functional currency and presentation currency

The financial statements have been presented using Norwegian kroner, which is both the functional and presentation currency of the company.

Operating income and costs, procurements and financing costs predominantly occur in NOK, CHF and EUR. Transactions in foreign currencies are converted to functional currency at the time of the transaction. Currency gains and losses that arise during the conversion of items in foreign currencies are recognised in the statement of comprehensive income.

## Revenue recognition

The company's income derives from leasing of trains. The leases are classified as operating leases according to IFRS 16, and the income is accrued linearly over the lease period as the leases are entirely based on fixed prices. The rental agreements are invoiced in advance every month. Income from letting is not covered by the scope of IFRS 15; the company considers the hiring of trains for passenger transport to be covered by IFRS 16. The reason for this conclusion is that the companies that operate the trains in their day-to-day operations are a lease that transfers the right to use the underlying asset for a period in return for consideration. As the customer receives all the financial

benefits from the use of the assets; as well as being allowed to decide how and for what purpose the asset is used.

The company's revenue comes from leasing out rolling stock. Lease agreements are classified as operational lease agreements in accordance with IAS 17 and revenue is accrued linearly over the lease period, as the lease agreements are based entirely on fixed prices. Lease agreements are invoiced monthly in advance. Leasing income is not covered by the scope of IFRS 15, the company considers the leasing out of trains for passenger transport to be covered by IFRS 16.

### Property, plant and equipment

Property, plant and equipment are recognised on the statement of financial position at acquisition cost less depreciation. Acquisition cost includes costs linked directly to the acquisition of the fixed asset so that it is ready for use.

Subsequent expenses are recognised on the statement of financial position when it is likely that future financial benefits associated with the expense will accrue to the company and the expense can be measured reliably. Other repair and maintenance costs are recognised on the statement of financial position for the period during which the expenses are incurred.

Larger projects are recognised on the statement of financial position at the following times:

1. The payment of advances at the time of entering into contracts is classified as advance payment, part delivery, trains (see Note 3)
2. When progress milestones have been achieved, Norske tog (PTO) is invoiced and the cost is classified as advance payment, part delivery, trains (see Note 3)
3. Upon handover of train sets to Norske tog AS and on to the customer, part delivery, trains, is capitalized and the remaining cost of the means of transport is estimated for depreciation
4. Upon receipt of the final invoice (FTO), the estimated value is capitalized for depreciation is calculated

Borrowing costs incurred in connection with the construction of operating assets are activated as part of plant under

construction and included in the basis for depreciation. The basis for calculating these debt costs is the balance sheet value of the projects in question. The interest rate used for the calculation is at all times the company's average interest rate on the loan portfolio.

Fixed assets are depreciated in accordance with the linear method, so that the acquisition cost of the fixed asset is depreciated at residual value over the anticipated service life within the following intervals:

There may be certain cases in which some fixed assets have less service life remaining than the 10 years mentioned below and the depreciation period will then be the expected service life of the fixed asset.

Vehicles	10–30 years
Right-of-use assets (IFRS 16)	2–12 years

The depreciation method, service life of the fixed assets and residual value are assessed each statement of financial position day and amended as necessary.

Gains and losses upon retirement of fixed assets are recognised in the statement of comprehensive income and constitute the difference between the sales price and book value.

### IFRS 16 Leasing

The definition of a lease is linked to the concept of control of the asset. IFRS 16 determines whether the contract contains a lease on the basis of whether a customer has the right to control the use of an identified asset for a period in return for consideration. On the commencement date of a lease agreement, Norske tog, as lessee, calculates the obligation at the present value of future lease payments. At the same time, a corresponding asset is calculated that reflects the right to use the underlying asset during the lease period (the right-of-use asset). The lease liability is measured at the present value of the remaining lease payments discounted using the marginal interest rate.

#### Leasing out

Norske tog AS's income in the form of rental will be covered by IFRS 16. As the lessee has full use, access and all

financial benefits to the leased assets during the lease period, we consider the lease to be in accordance with IFRS 16 (operating lease).

#### Leasing

Pursuant to IFRS 16, the lessee must recognise all lease agreements on the statement of financial position by incorporating all liabilities to pay the lease amounts during the lease period, as well as associated usage rights for the underlying assets. All lease agreements that transfer rights to the lessee to control the use of an identified asset and receive financial benefits must also be recognised.

### Impairment

Fixed assets that are depreciated are tested for impairments only when there are indicators that future earnings cannot justify the value recognised in the balance sheet.

Impairment are performed if the value recognised on the statement of financial position is higher than the recoverable amount. The recoverable amount is the highest of the sales value less sales costs and the utility value.

To assess a decrease in value, the fixed assets are grouped at the lowest level at which it is possible to differentiate independent cash flows (cash-generating units). The possibilities for reversing previous impairments are assessed on each reporting date.

### Derivative instruments and hedging

The company enters into derivative instruments to hedge interest rates and foreign currency risks on long-term debt in order to ensure predictability and to achieve the lowest possible price, as well as price predictability.

The company practices hedge accounting for foreign currency futures associated with future procurements, but not for interest rates and foreign currency swaps associated with bonds – see Note 26. Derivative instruments are recognised on the statement of financial position at fair value at the time of entering into derivative contracts and are continuously adjusted to fair value in the profit and loss statement. Changes in the fair value of concluded derivative contracts

associated with debt are recognised in the statement of comprehensive income as financial items.

Foreign currency futures contracts have been entered into in order to currency-hedge future payments in accordance with the contract entered into for mid-life upgrades to Class 72 (local train) train sets entered into in EURO. The foreign currency futures contracts have been recognised at fair value. Hedge accounting managed through cash flow hedging is used in the company.

The part of the change in value of the hedging instrument considered to be effective hedging is recognised in other comprehensive income and classified as cash flow hedging reserve in equity. Upon payment, the corresponding value change is reclassified from cash flow hedging reserve to Property, plant and equipment (classified as plant under construction until the mid-life upgrades have been completed).

Financial derivative instruments are recognised in accordance with IFRS 9.

### Receivables

Receivables include trade receivables and are measured upon initial recognition on the statement of financial position at the original value considered to be fair value.

In subsequent measurements, trade receivables are measured at amortised cost, determined using the effective interest method less provisions for expected bad debts. Provisions for bad debts are recognised on the statement of financial position when there are objective indicators that the company will not receive settlement in accordance with the original terms.

### Cash and bank deposits

Cash and bank deposits include contingent tax withholding funds and have been specified in Note 14.

In cases where overdraft facilities are used, these have been included in borrowing under short-term liabilities.

### Borrowing

Borrowing is measured upon initial recognition at fair value, adjusted for directly attributable transaction costs.

In subsequent periods, borrowing is generally measured at amortised cost using the effective interest method, so that the effective interest is the same throughout the term of the loan.

The company has multiple bonds for which associated interest rate and foreign currency swaps have been entered into. Where measuring and reporting on the use of options for measuring at fair value provides more relevant information by eliminating or significantly reducing inconsistent measuring of borrowing and associated interest rate swaps, this principle will form the basis for reporting. The principle used will be chosen in connection with each loan being taken out and will be binding for the term of the loan.

### Tax

The tax expenses for the period consist of tax payable for the period and changes to deferred tax.

Deferred tax is calculated on all temporary differences between taxable and accounting values, as well as the tax effects of loss carry-forwards. Deferred tax is determined using tax rates and tax rules adopted on the balance sheet date. Deferred tax advantages are recognised in the balance sheet to the extent that it is likely that the advantage can be used.

Deferred tax advantages and deferred tax are offset if there is a legal right to offset and this applies to income tax imposed by the same tax authority for (i) the same taxable company or (ii) different taxable companies for which the purpose is to settle the tax positions on a net basis.

### Pension obligations

Norske tog switched to a defined contribution plan on 1 January 2019 in which the company pays a contribution towards the employee's future pension without any further obligations after this contribution has been paid. The contributions are recognised as personnel expenses.

### Other short-term liabilities

Other short-term liabilities include trade payable and are measured upon initial recognition at nominal value considered to be fair value. In subsequent measurements, trade payable are assessed at amortised cost, determined using the effective interest method.

### Measurement of fair value

The company measures several financial assets and liabilities at fair value. For the classification of fair value, the company uses a system which reflects the significance of the input used to make the measurements, broken down as follows:

#### Level 1

Fair value is measured using quoted prices from active markets for identical assets or liabilities.

#### Level 2

Fair value is determined from input based on other observable factors, either direct (price) or indirect (derived from prices), than the quoted price (used in level 1) for the asset or liability.

#### Level 3

Fair value is measured using input which is not based on observable market data.

Financial assets and liabilities classified as level 1, 2 or 3.

### New and amended accounting standards

Norske tog has implemented the following changes in the accounting period with effect from 1 January 2022:

- Property, plant and equipment: Proceeds before expected use – Changes in IAS 16
- Loss-making contracts – Expenses associated with fulfilling a contract – Amendments to IAS 37
- Annual improvements to the IFRS standards for the period 2018–2020, and
- Reference to the conceptual framework – Changes in IFRS 3.

The changes listed above have no implications for previous accounting periods and are also not expected to have a significant effect on either this or future accounting periods.

### New standards and interpretations not implemented at the present time

New accounting standards, changes in accounting standards and interpretations have been published which are not mandatory for the accounting period ending 31 December 2022, and which have not currently been adopted by Norske tog. The following accounting standards,

changes and interpretations are not expected to have a significant impact on the company in the current or future accounting periods, or on transactions in the foreseeable future:

- Deferred tax related to assets and liabilities arising from a single transaction – changes in IAS 12, and
- Information on accounting principles – Changes in IAS 1 and IFRS practice statement 2.

## 2. Income information

### Information about major customers

Norske tog has four customers. Traffic Package 1 South – Oslo–Kristiansand (Go-Ahead), Traffic Package 2 North – Oslo–Bodø (SJ Norge AS). Traffic Package 3 West – Oslo–Bergen (Vy Tog). Together with VyGruppen AS, these three companies account for 100 per cent of leasing income.

Overview future leasing agreements 2022 (All numbers in TNOK)	Vygruppen	Go-Ahead Norge	SJ Norge	Vy Tog	Total
Contract expires:	Dec 23	Dec 27	Dec 28	Dec 29	
Options on length of contract:	-	1+1 year	1+1 year	1+1 year	
Leasing agreements next year (2023)	890 488	111 097	262 711	96 845	1 361 141
Leasing agreements next 1–2 years (2024)	-	108 707	254 228	92 528	455 463
Leasing agreements next 2–3 years (2025)	-	105 883	248 626	89 946	444 455
Leasing agreements next 3–4 years (2026)	-	93 851	234 404	86 947	415 202
Leasing agreements next 4–5 years (2027)	-	85 221	225 206	85 671	396 098
Leasing agreements more than 5 years (2028–)	-	-	215 464	166 113	381 576
<b>Total</b>	<b>890 488</b>	<b>504 759</b>	<b>1 440 639</b>	<b>618 050</b>	<b>3 453 936</b>

There is great uncertainty associated with a possible exercise, especially when it comes to private actors such as SJ Norge AS and Go-Ahead Norge AS. The government is currently conducting a sector review and will conclude on how the railway sector should be organized in the future. The probability that the contract with both Go-Ahead Norge AS and SJ Norge AS will be extended is considered low. In contrast, Norske tog AS perceives an extension of Trafikkpakke 3 (Vy Tog AS) as very likely. Only the client can choose to exercise options.

The Railway Directorate has in 2022 and will continue in 2023 to negotiate with VyGruppen AS and Flytoget AS regarding the transport of passengers in Eastern Norway (Eastern Norway 1 and Eastern Norway 2). There is a possibility that the operators will get a part each or that we can end up with just one of the operators.

(All numbers in TNOK)		2022 % of rental income.	2021 % of rental income.
Vygruppen AS	853 131	66%	70%
Go-Ahead AS	109 241	8%	9%
SJ Norge AS	238 229	18%	11%
Vy Tog AS	101 823	8%	10%
<b>Total</b>	<b>1 302 424</b>	<b>100%</b>	<b>100%</b>

### 3. Payroll and related expenses

<b>(All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Wages and salaries, including employment taxes	63 428	55 738
Pension costs – defined benefit plans (note 13)	139	424
Pension costs – pension contribution plan (note 13)	3 363	2 921
Other employee benefit expenses	6 312	1 911
Other employee expenses-capitalising employee hrs	-26 755	-19 985
<b>Total</b>	<b>46 486</b>	<b>41 008</b>

Salaries and other benefits for the CEO are discussed in the note relating to benefits to senior executives and board members (Note 21).

	<b>2022</b>	<b>2021</b>
Average man-labour year*	57	44
Average number of employees	57	44

### 4. Other expenses

<b>(All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Sales- and overhead expenses	2 270	1 356
Repair and maintenance, machinery rental, property expenses	2 825	3 511
Modifications	45 441	26 490
Insurances	61 722	53 263
Loss on fixed assets	15 419	5 437
IT, licenses and communication	22 128	15 427
Other operating expenses	39 157	39 478
<b>Total</b>	<b>188 961</b>	<b>144 963</b>

#### **Auditing fees (excluding VAT):**

<b>(All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Auditing	568	370
Other attestation services	245	195
Other services outside audits	74	51
<b>Total</b>	<b>887</b>	<b>616</b>



## 5. Financial items

(All numbers in TNOK)	2022	2021
Interest income SWAPs	32 904	21 136
Interest income bank	8 917	2 793
Other financial income	35 324	35 878
Net foreign exchange gains	-3 843	-103
<b>Total financial income</b>	<b>73 302</b>	<b>59 704</b>
Interest expense	-265 910	-217 932
Balance sheet interest	20 755	28 884
Other financial expenses	-7 358	-24 081
Net foreign exchange losses	-1 377	-163
<b>Total financial expenses</b>	<b>-253 889</b>	<b>-213 293</b>
Unrealised value changes (note 7)	18 027	23 841
<b>Total financial items</b>	<b>-162 560</b>	<b>-129 748</b>

Other financial income consists of the amortisation of the difference in nominal value and fair value of bonds in connection with the business transfer in 2016 from VyGruppen, TNOK 35,324 (2021: TNOK 35,878).

## 6. Retirement benefit obligations and similar obligations

### General information

The company has pension schemes in place relating to age, disability and bereavement pensions for spouses and children. A further description of the type of schemes and how these are organised can be found below.

In 2018, the company decided to discontinue the pension scheme at Norske tog at the end of 2018. All employees received an entitlement with the Norwegian Government's Pension Fund and, from 01/01/2019, all employees also received a new contribution scheme via Sparebank 1. The company's pension costs for 2022 and the liability as of 31/12/2022 have been calculated in accordance with the principles in IAS 19 and the recognised pension liability, which totals 2,406 TNOK for the company and is considered to provide a prudent and currently the best possible expression of the company's liability, taking into account the estimated effect of the discontinuation of the schemes. The agreed upon compensation amounts for employees that end up worse off as a result of the discontinuation of the current pension scheme will be paid and recognised as costs on an ongoing basis. In Q4 2020, Norske tog received a claim to settle the pension liability to the Norwegian Government's Pension Fund of 22,395 TNOK.

Norske tog has established an operating pension for employees who will be unable to accrue the right to contractual early retirement pension under the new contribution scheme, 1,146 TNOK(2021: 2,406 TNOK) has been included in the pension liability as of 31/12/2022. This liability shall be payable only if the employee wishes to retire before turning 67 years of age.

## 7. Unrealised changes in value

Below is an overview of all unrealised changes in value on assets, liabilities and derivate instruments measured at fair value. The figures below refer only to the company's borrowing and not the foreign currency futures, which are recognised using hedge accounting (see Note 9).

<b>(All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Unrealized value changes derivatives used for hedging	113 083	-2 449
Unrealized value changes bonds	-95 056	26 289
<b>Total unrealized value changes financial items</b>	<b>18 027</b>	<b>23 841</b>

## 8. Deferred income tax/Income tax expense

<b>This years tax cost (All numbers in TNOK):</b>	<b>2022</b>	<b>2021</b>
Current income tax payable	-	-
Changes in deferred tax	-37 987	-45 381
<b>Total income tax expenses</b>	<b>-37 987</b>	<b>-45 381</b>

<b>Reconciliation between nominal and actual tax expense rate: (All numbers in TNOK):</b>	<b>2022</b>	<b>2021</b>
Net income before tax	144 383	206 169
Expected income tax using the nominal tax rate (22%)	31 764	45 357

Tax effect from the following items:		
Other non-deductible expenses	139	27
Not enough tax expense allocated in previous years*	6 083	-
<b>Income tax expense</b>	<b>37 987</b>	<b>45 384</b>
<b>Effective tax rate</b>	<b>26%</b>	<b>22%</b>

\* This is due to a correction of the tax return for 2021.

### Specification of the tax effect of temporary differences and losses carried forward:

<b>2022 (All numbers in TNOK)</b>	<b>Book value 01.01.</b>	<b>Income statement charge</b>	<b>Charge to other comprehensive income</b>	<b>Book value 31.12.</b>	<b>31.12.</b>
<b>Benefit (+) / Liability (-)</b>					
Fixed assets	-5 694 894	-492 221	-	-	-6 187 115
Leases on statement of fin. Position	1 566	434	-	-	2 000
Value changes to financial current assets	-23 841	5 814	-	-	-18 027
Retirement benefit obligation	2 406	-428	-364	-	1 614
Hedging-currency	40 363	-41 261	-4 109	4 686	-9 694
Losses carried forward	2 080 755	354 998	-	-	2 435 753
<b>Total net temporary differences</b>	<b>-3 593 645</b>	<b>-172 664</b>	<b>-4 473</b>	<b>4 686</b>	<b>-3 775 469</b>
<b>Net temporary differences (22%)</b>	<b>-790 601</b>	<b>-37 987</b>	<b>-984</b>	<b>1 031</b>	<b>-830 603</b>

## Specification of the tax effect of temporary differences and losses carried forward:

2021 (All numbers in TNOK)	Book value 01.01	Income statement charge	Charge to other com- prehensive income	Book value 31.12	31.12.
<b>Benefit (+) / Liability (-)</b>					
Fixed assets	-5 212 877	-482 017	-	-	-5 694 894
Leases on statement of fin. Position	1 082	484	-	-	1 566
Trade receivables	-484	484	-	-	-
Value changes to financial current assets	33 507	-57 348	-	-	-23 841
Retirement benefit obligation	2 635	-257	28	-	2 406
Hedging-currency	-	32 913	3 337	-531	35 719
Losses carried forward	1 753 025	299 461	32 913	-	2 080 755
Total net temporary differences	-3 423 112	-206 280	36 278	-531	-3 593 645
Net temporary differences (22%)	-753 085	-45 381	7 981	-117	-790 601

## 9. Hedge accounting

Forward contracts in foreign currency have been entered into to ensure procurement in a currency other than Norwegian kroner.

As of 31 December 2022, the company has following hedging instruments on the balance sheet:

Fair value currency futures (All numbers in TNOK)	Currency bought	Currency sold	Nominal amount EUR	Total fair value	Maturity		
					1-6 months	6-12 months	Over 1 year
Assets	EUR	NOK	10 124	1 409	1 409		
Obligations	EUR	NOK	48 594	-24 627	-1 398	-2 298	-20 931

As of 31 December 2021, the company has the following hedging instruments on the balance sheet:

Fair value currency futures (All numbers in TNOK)	Currency bought	Currency sold	Nominal amount EUR	Total fair value	Maturity		
					1-6 months	6-12 months	Over 1 year
Assets	EUR	NOK	4 724	44	44		
Obligations	EUR	NOK	58 718	-32 957		-5 734	-27 223

Specification hedging reserve (All numbers in TNOK)	2022	2021
Balance 1st January	-27 860	0
Change in fair value	4 109	-36 250
Reclassified to property, plant and equipment	4 686	414
Reclassified to profit before income tax		0
Deferred tax	-1 935	7 975
<b>Balance 31st December 2022</b>	<b>-21 000</b>	<b>-27 861</b>

Norske tog has entered into a contract in EUR with Alstom Transport Deutschland GmbH concerning mid-life upgrades to Class 72 local trains. Contractual payments have been foreign currency hedged. See Note 1 – Accounting Principles and Note 19 Financial Risk Management for further information.

In July 2021, Norske tog entered into a contract with Alstom concerning the upgrades to 36 Class 72 train sets. The total contract price of MEUR 67.5 was hedged at the time of conclusion of the contract using EUR foreign currency futures contracts. This was done on the basis of the company's hedging strategy at the time of conclusion of the contract. An option valued at MEUR 6.5 has been exercised for the procurement. This amount is not subject to foreign currency hedging. Furthermore, any future options or contract price adjustments are also not subject to foreign currency hedging.

Foreign currency hedging has been performed on the basis of the agreed payment schedule with the supplier and the futures contracts have been established in line with the due dates for the anticipated cash flows until December 2025. Changes to

the project will be managed in keeping with the original foreign currency exposure and the need for foreign currency hedging is assessed based on the company's foreign currency strategy and threshold values. In the event that a futures contract falls due without the corresponding hedged payment being settled, the hedging shall be transferred to a new futures contract or hedged through foreign currency deposits in the bank. Rolling settlement will be recognised as realised changes in value in extended profit and loss.

As a general principle, Norske tog has used hedge accounting for foreign currency hedging. In the event that hedge accounting cannot be used or if the hedging ratio does not meet the requirements set down in the standard, the effects of the hedging instruments will be recognised under financial items. Inefficiencies relating to either size or time will occur in the event of significant changes to foreign currency exposure. Futures contracts will then need to be adjusted accordingly. No effects from extended profit and loss have been carried to ordinary profit and loss as a result of inefficiencies for 2022 or 2021.

## 10. Property, plant and equipment

(All numbers in TNOK)	Machinery and equipment	Transportation	Partially deliv. trains	Under construction	Right-to-use other assets	Total
<b>At 1st of January 2022</b>						
Accumulated acquisition cost	130 079	13 889 127	192 628	710 890	59 280	14 982 003
Accumulated depreciation	-60 229	-3 504 174	-	-	-10 771	-3 575 174
<b>Total</b>	<b>69 850</b>	<b>10 384 953</b>	<b>192 628</b>	<b>710 890</b>	<b>48 509</b>	<b>11 406 830</b>
<b>2022</b>						
Opening net book value	69 850	10 384 953	192 628	710 890	48 509	11 406 830
Additions	951	41 034	1 059 210	323 097	6 073	1 430 365
Balance sheet interest	-	-	-	20 755	-	20 755
Train for recycling	-316	-101 531	-	-	-	-101 848
Train for recycling – depreciation	284	80 968	-	-	-	81 253
Transfers within PPE	11 540	1 502 435	-648 916	-858 357	-6 703	-
Interest carried on the balance sheet activated	-	62 497	-	-62 497	-	-
Depreciation	-19 487	-734 125	-	-	-6 456	-760 068
<b>Total</b>	<b>62 821</b>	<b>11 236 232</b>	<b>602 922</b>	<b>133 888</b>	<b>41 423</b>	<b>12 077 287</b>
<b>At 31st of December 2022</b>						
Accumulated acquisition cost	142 253	15 393 562	602 922	133 888	58 651	16 331 276
Accumulated depreciation	-79 431	-4 157 330	-	-	-17 227	-4 253 989
<b>Total</b>	<b>62 821</b>	<b>11 236 232</b>	<b>602 922</b>	<b>133 888</b>	<b>41 423</b>	<b>12 077 287</b>

(All numbers in TNOK)	Machinery and equipment	Transportation	Partially deliv. trains	Under construction	Right-to-use other assets	Total
<b>At 1st of January 2021</b>						
Accumulated acquisition cost	81 995	12 516 006	893 834	83 545	46 764	13 622 144
Accumulated depreciation	-44 583	-2 839 651	-	-	-5 287	-2 889 521
<b>Total</b>	<b>37 412</b>	<b>9 676 355</b>	<b>893 834</b>	<b>83 545</b>	<b>41 477</b>	<b>10 732 623</b>
<b>2021</b>						
Opening net book value	37 412	9 676 355	893 834	83 545	41 477	10 732 623
Additions	2 253	-1 161	256 177	1 090 121	12 516	1 359 906
Balance sheet interest	-	-	-	28 884	-	28 884
Train for recycling	-	-24 187	-	-	-	-24 187
Train for recycling – depreciation	-	18 179	-	-	-	18 179
Transfers within PPE	45 831	1 341 123	-957 383	-491 659	-	-
Interest carried on the balance sheet activated	-	62 089	-	-62 089	-	-
Depreciation	-15 646	-687 444	-	-	-5 484	-708 574
<b>Total</b>	<b>69 850</b>	<b>10 384 954</b>	<b>192 628</b>	<b>710 891</b>	<b>48 509</b>	<b>11 406 830</b>
<b>At 31st of December 2021</b>						
Accumulated acquisition cost	130 079	13 893 870	192 628	710 891	59 280	14 986 747
Accumulated depreciation	-60 229	-3 508 916	-	-	-10 771	-3 579 916
<b>Total</b>	<b>69 850</b>	<b>10 384 954</b>	<b>192 628</b>	<b>710 891</b>	<b>48 509</b>	<b>11 406 830</b>

The company's trains have an anticipated service life of between 10 and 30 years when put into service. The reason for the difference in service life is the decomposition of the trains pursuant to IAS 16. Train sets are normally depreciated over 30 years, while the train interior (seats, floors, etc.) is normally depreciated over 10–15 years. The company also depreciates office furniture, software, computers and technical equipment, for which the depreciation period may be as short as three years.

**Partially delivered trains:** Part delivery of trains consists exclusively of advance payments in accordance with agreements. There has been no form of physical delivery of trains to Norske tog. Upon takeover of new trains, the advance that has been paid will be credited and reposted immediately to plant under construction pending capitalisation.

**Plant under construction:** Plant under construction consists of train sets that have been delivered to Norske tog but that have not yet been delivered to the operator and put into service.

Upon the operator's takeover of the train sets, the full value of each train set is activated as a means of transport and depreciation starts. Plant under construction also includes high-cost components, change orders or smaller projects that will be included in the train or another agreed delivery and for which delivery has taken place but the train or delivery has not yet been activated.

**Machinery and equipment:** Consist of IT systems, IT equipment and fixtures that are not directly linked to trains.

**Right-of-use property:** Consists of leases that are accounted for in accordance with IFRS 16 Leases. Leases on this item mainly consist of the lease of storage premises, office premises and the lease of tracks.

The interest recognised for 2022 was 20,755 TNOK (2021: 28,884 TNOK). The average interest rate for 2022 was 2.24 % (2021: 2.74 %).

## 11. Rental receivables and other receivables

(All numbers in TNOK)	2022	2021
Rent receivables	9 366	99 884
Provision for losses		
Net rental receivables	9 366	99 884
Advance payments	92 775	-
Other receivables	1 850	259 329
<b>Total rent receivables and other receivables</b>	<b>103 990</b>	<b>359 214</b>
<b>Total</b>	<b>103 990</b>	<b>359 214</b>

Refers to note 19 for credit risk and the reason why it is not considered necessary for a provision for loss on lease receivables. Book value of lease receivables, advance payment and other receivables corresponds to fair value.

Overdue receivables with distribution by due date (All numbers in TNOK):	2022	2021
Due receivables on the balance sheet date	3 605	6 901
Receivables due with 0–2 months	2 531	5 421
Receivables due with 2–6 months	503	0,00
Receivables overdue by more than 6 months	571	1 480
<b>Total</b>	<b>7 210</b>	<b>13 802</b>

## 12. Derivative instruments

Hedged bond	Hedging instrument (financial hedging)	Currency	Principal	Pay/Receive	Due date	Measurement principle loans	Rate	Accounting line
Bond 125 MCHF	Combined interest rate and currency exchange agreement	CHF	125 000	Receive	02/05/2023	Fair value	Fixed rate	Short-term derivatives
Bond 125 MCHF	Combined interest rate and currency exchange agreement	NOK	768 750	Pay	02/05/2023	Fair value	NIBOR 6M + Margin	Short-term derivatives
Bond 125 MCHF	Interest rate swap agreement	NOK	400 000	Receive	02/05/2023	Amortised cost	NIBOR 6M + Margin	Short-term derivatives
Bond 125 MCHF	Interest rate swap agreement	NOK	400 000	Pay	02/05/2023	Amortised cost	Fixed rate	Short-term derivatives
Bond 400 MNOK	Interest rate swap agreement	NOK	200 000	Receive	11/03/2025	Amortised cost	NIBOR 3M + Margin	Short-term derivatives
Bond 400 MNOK	Interest rate swap agreement	NOK	200 000	Pay	11/03/2025	Amortised cost	Fixed rate	Short-term derivatives
Bond 400 MNOK	Interest rate swap agreement	NOK	200 000	Receive	11/03/2025	Amortised cost	NIBOR 3M + Margin	Short-term derivatives
Bond 400 MNOK	Interest rate swap agreement	NOK	200 000	Pay	11/03/2025	Amortised cost	Fixed rate	Short-term derivatives

(All numbers in TNOK)	2022				2021			
	Assets		Commitments		Assets		Commitments	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Hedging instruments (fair value carried over comprehensive income)								
Currency futures	1 409		24 627		44		32 957	
Other hedging conditions (Actual value carried over ordinary income)								
Interest and currency swaps	584 201		-		476 455		-	
Interest rate swaps	-		10 200		-		15 266	
<b>Total</b>	<b>585 610</b>		<b>34 827</b>		<b>476 499</b>		<b>48 223</b>	

The company uses hedge accounting for foreign currency futures associated with the mid-life upgrades to Class 72 local trains. Value changes involving measurement of derivatives at fair value are continuously recognised in extended profit and loss. With regard to the management of derivative instruments arising from hedge accounting, the company would like to reference Note 1 relating to accounting principles, Note 19 relating to the company's risk assessment and Note 9 relating to the hedge accounting itself.

#### Interest rates and foreign currency swaps

Since its inception, Norske tog has been issuing bonds in the bond market. Bonds with terms exceeding five years are subject to fixed interest rates. Approximately 1/3 of the issuances from Norske tog have had terms of five years or less and have therefore been subject to variable interest rates. Borrowing in foreign currency is converted to Norwegian kroner through combined interest and foreign currency agreements. Furthermore, Norske tog uses interest rate swaps on borrowing in Norwegian kroner in order to reduce interest rate risk and achieve the desired interest structure on liabilities. Swap agreements of significant value in the annual accounts are associated with an outstanding CHF bond with a fixed interest rate, which was swapped to 6M NIBOR on day one for the duration of the term of the borrowing. The nominal principal of outstanding interest rate swaps as of 31 December 2022 was 1,569 MNOK (2021: 1,569 MNOK). As of 31 December 2022, the fixed interest rate varied between 2.34% and 2.35% (2021: 1.92% and 2.35%) and the variable interest rates were predominantly 3M and 6M NIBOR + margin.

## 13. Financial instruments by category

Assets at 31st of December	Loans and receivables		Assets at fair value through profit and loss		Other assets at amortised cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Derivatives	584 201	476 455	1 409	44	-	-	585 610	476 499
Trade and other receivables (excl. Prepayments)	-	-	-	-	103 990	359 214	103 990	359 214
Cash and bank deposits	-	-	-	-	538 207	787 493	538 207	787 493
<b>Total</b>	<b>584 201</b>	<b>476 455</b>	<b>1 409</b>	<b>44</b>	<b>642 198</b>	<b>1 146 706</b>	<b>1 227 807</b>	<b>1 623 205</b>

Liabilities at 31st of December	Liabilities at fair value through profit and loss		Other financial liabilities at amortised cost		Other liabilities at amortised cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Borrowings (excl. Financial lease liability)	1 545 494	1 485 770	-	-	7 224 154	7 280 278	8 769 648	8 766 049
Financial lease liabilities	-	-	-	-	43 424	50 075	43 424	50 075
Derivatives	10 200	15 266	24 627	32 957	-	-	34 827	48 223
Trade and other payables excl. statutory liabilities	-	-	-	-	212 411	109 313	212 411	109 313
<b>Total</b>	<b>1 555 694</b>	<b>1 501 036</b>	<b>24 627</b>	<b>32 957</b>	<b>7 479 989</b>	<b>7 439 666</b>	<b>9 060 311</b>	<b>8 973 660</b>

All loans and derivatives measured at fair value are at level 2.

For further information about assets at fair value in extended profit and loss, please refer to the note relating to principles and Note 9 hedge accounting.



Stock exchange	ISIN	Amount	Due date	Measuring principle
SIX Swiss Exchange	CH0210891989	125 MCHF	02.05.2023	Fair value
Luxembourg SE	NO0010837271	550 MNOK	26.02.2024	Amortised cost
Luxembourg SE	NO0010870009	400 MNOK	11.03.2025	Amortised cost
Luxembourg SE	NO0010837289	650 MNOK	26.11.2025	Amortised cost
Luxembourg SE	NO0010703556	500 MNOK	18.02.2026	Amortised cost
Luxembourg SE	NO0011115495	750 MNOK	15.10.2026	Amortised cost
Luxembourg SE	NO0010635428	1150 MNOK	20.01.2027	Amortised cost
Luxembourg SE	NO0010823792	750 MNOK	12.06.2028	Amortised cost
Luxembourg SE	NO0010870017	900 MNOK	11.12.2029	Amortised cost
Luxembourg SE	NO0011115487	1250 MNOK	05.10.2030	Amortised cost

Information on fair value (as decribed in the principle note):

Level 1: Fair value is measured using quoted prices from active markets for identical assets or liabilities.

Level 2: Fair value is determined using input based on other observable factors, either direct (price) or indirect (derived from price) other than listed price (used in level 1) for the asset or liability.

Level 3: Fair value is measured using input not based on observable market data.

The company reclassified a bond (350 MNOK) from fair value to amortised cost in 2019.

## 14. Cash and bank deposits

(All numbers in TNOK)	2022	2021
Cash and bank deposits	538 207	787 493

Includes restricted funds of 2 948 TNOK (2021: 2 482 TNOK)

## 15. Share capital and share premium

	Number of shares	Ordinary shares (TNOK)	Share premium (TNOK)	Total (TNOK)
Shares at 1st of January 2022	100	100 000	2 300 000	2 400 000
Shares at 31st of December 2022	100	100 000	2 300 000	2 400 000

The company has only one share class, each share with a nominal value of NOK 1.000.000,-

## 16. Borrowings

Non-current (All numbers in TNOK)	2022	2021
Bonds measured at fair value	100 497	1 373 569
Bonds measured at amortized cost	6 893 376	6 893 376
<b>Total</b>	<b>6 993 873</b>	<b>8 266 945</b>

Current (All numbers in TNOK)		
Current share of long-term debt at fair value	1 368 128	-
Current share of long-term debt at amortized cost	-	-
Other current borrowings	407 648	499 104
<b>Total</b>	<b>1 775 776</b>	<b>499 104</b>
<b>Total borrowings</b>	<b>8 769 648</b>	<b>8 766 048</b>

Change in short- and long term borrowings 2022	Short-term debt fair value	Short-term debt Amort. Cost	Long-term debt fair value	Long-term debt Amort. Cost
Opening balance	112 202	386 902	1 373 569	6 893 376
New loans for the year	-	1 600 000	-	-
Repayment of borrowings	-	-1 650 000	-	-
Reclassification of loan	-	-	-	-
Reclassification from long-term debt to short-term debt	768 750	-	-768 750	-
Amortization of transferred debt portfolio	-	-	-35 332	-
Interest paid	-	-237 250	-	-
Change in accrued interest	-	231 127	-	-
Change in fair value due to payment of loan	-	-	-	-
Change in fair value	564 046	-	-468 990	-
<b>Total borrowings</b>	<b>1 444 997</b>	<b>330 778</b>	<b>100 497</b>	<b>6 893 376</b>
		<b>1 775 774</b>		<b>6 993 873</b>

Change in short- and long term borrowings 2021	Short-term debt fair value	Short-term debt Amort. Cost	Long-term debt fair value	Long-term debt Amort. Cost
Beginning balance	112 747	636 299	1 435 190	5 243 376
New loans for the year	-	900 000	-	2 000 000
Payment of borrowings	-	-1 500 000	-	-
Reclassification of loan	-	350 000	-	-350 000
Reclassification from long-term debt to short-term debt	-	-	-	-
Amortization of transferred debt portfolio	-	-	-35 332	-
Interest paid	-	-194 984	-	-
Change in accrued interest	-	195 587	-	-
Change in fair value-payment of borrowings	-	-	-	-
Change in fair value	-546	-	-26 289	-
<b>Total borrowings</b>	<b>112 202</b>	<b>386 902</b>	<b>1 373 569</b>	<b>6 893 376</b>
		<b>499 104</b>		<b>8 266 945</b>

All existing bond loan issues have been taken out under the Euro Medium Term Note (EMTN) programme. The EMTN programme does not include any financial covenants, but has an optional ownership clause stipulating that the government should own 100% of Norske tog AS.

Norske tog has a syndicated drawing facility of 3,000 MNOK, which has a covenant requirement of a minimum equity ratio of 20%.

The fair value of the credit margin on bond loans is based on market observations from banks and the pricing/valuation of the bonds in the secondary market.

<b>Short-term loans due and future interest payments are as follows: (All numbers in TNOK):</b>		<b>2022</b>	<b>2021</b>
12 months or less		1 879 680	556 007
<b>Non-current borrowings expire in: (All numbers in TNOK):</b>		<b>2022</b>	<b>2021</b>
Between 1 and 2 years (year 2024)		756 688	1 433 390
Between 2 and 5 years (years 2025–2027)		3 949 854	3 341 004
Over 5 years (from 2028–)		3 056 219	4 263 583
<b>Effektive interest rate at the balance sheet date in %</b>		<b>2022</b>	<b>2021</b>
Bonds	NOK	3,25	2,74

Future interest payments include interest rate swaps and are based on the interest rate level and loan portfolio as of 31/12/2022.

The company has hedged all exposure in CHF.

<b>The carrying amounts of borrowings are denominated in the following currencies (All numbers in TNOK):</b>		<b>2022</b>	<b>2021</b>
NOK		7 426 926	7 519 357
CHF		1 342 722	1 246 691
<b>Total</b>		<b>8 769 648</b>	<b>8 766 048</b>
<b>The company has the following undrawn borrowing facilities:</b>		<b>2022</b>	<b>2021</b>
<b>Floating interest rate</b>			
- Expiring within one year			
- Expiring beyond one year		3 000 000	2 000 000
<b>Total</b>		<b>3 000 000</b>	<b>2 000 000</b>

Norske tog's long-term borrowing facility is a revolving credit facility that runs until June 2026.

## 17. Rental costs and lease agreements recognized in the income statement

The leases consist of renting property; the largest leases are the lease of the head office, workshops for receiving new trains, as well as smaller premises for offices, warehouses, etc.

### Lease agreements

Specification of changes in the period 2022 (All numbers in TNOK)	Liability	Assets
<b>Total opening balance right-to-use assets / lease obligations 1. January</b>	<b>50 075</b>	<b>48 509</b>
Lease payments	-13 985	-
Interest expense	1 180	
Depreciations	-	-6 456
Capitalized expenses		-6 703
Additions and changes in agreements	22 134	22 134
Changes to lease agreements	-15 980	-16 061
<b>Total closing balance 31. December</b>	<b>43 424</b>	<b>41 423</b>

Specification of changes in the period 2021 (All numbers in TNOK)	Liability	Assets
<b>Total opening balance right-to-use assets / lease obligations 1. January</b>	<b>42 558</b>	<b>41 477</b>
Lease payments	-5 940	-
Interest cost	941	
Depreciations		-5 484
Additions and changes in agreements	12 516	12 516
Changes to lease agreements	-	-
<b>Total closing balance 31. December</b>	<b>50 075</b>	<b>48 509</b>

For further specification on the effects from right-of-use assets on the balance sheet and the income statement, see note 3 Property, plant and equipment

Liabilities (All numbers in TNOK)	31.12.2022	31.12.2021
Short-term liability	6 291	6 148
Long-term liability	37 133	43 927
<b>Total</b>	<b>43 424</b>	<b>50 075</b>

Weighted average of the discount rate is 2,47%

Additional information (All numbers in TNOK)	2022	2021
<b>Leases not recognised</b>		
Short-term agreements (between one month and one year)	3 425	12 376
Costs related to low value items	70	14
<b>Total</b>	<b>3 495</b>	<b>12 391</b>

**Leasing**

Pursuant to IFRS 16, the lessee must recognise all lease agreements on the balance sheet by incorporating the obligation to pay the lease amounts during the lease period, as well as associated usage rights for the associated right-of-use asset.

All lease agreements that transfer rights to the lessee to control the use of an identified asset and receive financial benefits must also be recognised. There will no longer be any difference in the way that financial and operational lease agreements are managed.

The company has chosen to use the modified retrospective method for the implementation effect on lease agreements that existed at the time of transitioning to the new standard without conversion of comparison figures. The implementation effect was recognised against the opening balance on 1 January 2019 by the value of the assets being measured as equal to lease obligations.

Lease obligations are measured as the present value of fixed lease payments during the term of the lease. Any payments linked to indices or similar are based on the relevant factor on the recognition date.

When calculating the implementation effect on lease agreements that existed on 1 January 2019, the discount rate has been determined based on the marginal borrowing rate at the time of implementing the standard. The company has chosen to use the exemption rule by lease payments for short-term lease agreements with a term of up to 12 months and low value agreements being recognised directly as costs in the statement of comprehensive income.

For contracts that also include other product or service deliveries, the company has chosen to recognise these costs as operating costs separately from the lease component.

When determining the lease period, the irredeemable lease period shall be adjusted for extension options and termination rights that the company is reasonably certain to exercise.

An assessment of the need for impairments will be performed in accordance with IAS 36 for usage rights recognised in the statement of financial position, including a separate assessment of how the associated lease obligation will be included in the assessment.

## 18. Trade and other payables

(All numbers in TNOK)	2022	2021
Trade payables	163 208	56 833
Social security and other taxes	37 396	1 970
Current liability lease agreements (IFRS 16)	6 291	6 148
Other current liabilities	14 104	17 147
<b>Total</b>	<b>220 999</b>	<b>82 099</b>

The book value of trade and other payables corresponds to fair value. Other short-term liabilities include short-term liabilities related to IFRS 16, provisions for holiday pay and cost provisions on non-received invoices.

## 19. Financial risk management

**Asset management**

The company's goal for capital is low risk and the company's ability to continue as a going concern.

The company must at all times have a given base liquidity. In shorter periods when borrowing, liquidity may be higher. Within the company's adopted framework and guidelines for capital management, the aim is to maximize the return on the managed liquidity,

taking risk, security and liquidity into account. Interest-bearing investments must take into account the company's agreed framework for interest-bearing products and liquidity risk, interest rate risk and credit and counterparty risk. The company has not had short-term investments beyond bank deposits in 2021 or 2022.

The company invests parts of surplus liquidity in interest-bearing products,

such as deposits, certificates and bonds with limited terms remaining. The company did not make any short-term investments in 2021 or 2022 other than bank deposits.

Norske tog shall be a solvent company with a high rating and low financing costs. Standard & Poor's has given the company a credit rating of A+ (stable) for long-term borrowing, which is considered a good credit rating.

### Financial risk factors

The company's activities entail different types of financial risk: market risk (foreign currency, interest and price risk), credit risk and liquidity risk. The company's requirements concerning risk management focus on the unpredictability of the capital markets and seek to minimise the potential negative impact on the company's financial performance. The company uses financial derivatives to hedge against certain risks. The finance department identifies, measures, hedges and reports on financial risk in collaboration with the various projects.

### Market risk

#### Foreign currency risk

Foreign currency risk is the risk of fluctuations in foreign currency exchange rates leading to changes to the company's profit and loss, balance sheet or cash flows.

The company operates in Norway and makes procurements from foreign suppliers and is therefore exposed to foreign currency risk. The objective is to create predictability with regards to future payments in NOK through financial hedging agreements, or currency risks and any increased expenses resulting from changes to foreign currency exchange rates are covered by the Norwegian government.

All borrowing in foreign currencies is hedged using foreign currency swaps and changes in value are equivalent to value changes in derivatives. The company is therefore not exposed to foreign currency risk on liabilities.

#### Sensitivity analyses as of 31.12.2022

Foreign currency risk is calculated based on procurements in foreign currency with associated foreign currency futures. A change of 20% in a foreign currency exchange rate would, in isolation, lead to an estimated value change of 128 MNOK.

Norske tog generally makes major procurements in foreign currencies. In 2021, a contract was entered into in EUR for the upgrading of Class 72 local trains (36 train sets). The contract was hedged using foreign currency futures and the company applied hedge accounting. The company monitors foreign currency exposure in projects and conducts risk assessments of consequences and measures on an ongoing basis.

In 2022, the contract for the acquisition of new local trains was entered into in Euros. The contract will not be currency hedged as the Norwegian state is a self-insurer and does not want the company to hedge the acquisition. Norske tog will have extra costs covered in terms of currency through increased rental income and an adjusted residual value guarantee for the acquisition.

In 2022, the contract for the procurement of local trains has been entered into in EUR. Contracts will not be subject to currency hedging, as the Norwegian government is a self-insurer and does not want the company to hedge procurements. Norske tog will cover additional foreign currency costs through increased lease income and adjusted residual value guarantees for procurements.

#### Interest risk

Interest risk is the risk of the fair value of a financial instrument or future cash flows fluctuating as a result of changes in the market rate.

Norske tog is exposed to interest rate changes through the company's debt agreements and uses interest rate swap agreements to reduce the interest rate risk and to achieve the desired interest rate structure on the debt portfolio. The purpose is to reduce risks linked to possible future interest rate increases and create greater predictability linked to future interest payments. Targets have been set that regulate the proportion of loans that shall be interest-adjusted for a twelve-month period, as well as for the fixed interest rate on the portfolio. The risk of any changes linked to reference interest rates are considered low since the company has a high proportion of fixed interest rates. The company does not use hedge accounting.

The company aims to hedge approximately 70% of interest and 100% of foreign currency in the borrowing portfolio. As of 31/12/2022, 22% of the company's borrowing portfolio is subject to variable interest where the interest rates were 3M and 6M NIBOR + margin.

Interest derivatives are exposed to changes in the interest rate, changes to fair value are recognised in profit and loss when hedge accounting is not used.

#### Sensitivity analyses as of 31.12.2022

Interest risk is calculated on the basis of long-term liabilities recognised in the balance sheet with associated interest rate swaps. An interest rate change of 50 basis points would, in isolation, lead to an estimated value change of 127 MNOK.

Since the company has no significant interest-bearing assets, the company's results and cash flow from operations are largely independent of any changes to the market rate.

Norske tog uses reference rates in loan agreements and derivatives contracts and the company is primarily exposed to NIBOR and CHF LIBOR. The risk of any changes related to reference rates is considered low, since the company has a high proportion of fixed interest rates. The company does not use hedge accounting.

#### Liquidity risk

Liquidity risk is the inability to fulfill ongoing financial obligations at the right time.

The company's management monitors the company's liquidity reserves, which consist of borrowing facilities and cash equivalents in connection with rolling forecasts for expected cash flow.

Norske tog reduces its liquidity risk associated with financial obligations through a distributed maturity structure, access to multiple financing sources in Norway and internationally, as well as adequate liquidity to cover scheduled operating, investment and refinancing needs without additional borrowing within a 12-month period. Liquidity consists of bank deposits and a revolving credit facility of 3,000 MNOK, which expires in June 2026.

According to established objectives to reduce liquidity risk and satisfy liquidity requirements from S&P with regard to the company's credit rating, 150 percent of the company's capital needs over the next twelve-month period must be covered through free liquidity and established drawing facilities. The liquidity reserve consists of bank deposits, certificated loans and a committed drawing right of 3,000 MNOK due in June 2026, which was undrawn as of 31 December 2022. The traction facility has not been used since it was entered into in June 2021.

Norske tog has a high credit rating. Standard & Poor's has given the company a credit rating for long-term borrowing of A+ (stable). The high credit rating gives Norske tog ample access to foreign capital. No more than 25% of

the company's liabilities shall fall due for payment within a 12-month period and the average remaining duration of the borrowing portfolio shall be approximately 3–6 years.

The table shows future due dates for the company's contractual obligations as of 31.12.2022:

Liquidity risk (All numbers in TNOK)	< 1 year	1–2 years (2023)	2–5 years (2024–2026)	> 5 years
Financial obligations				
Borrowings	1 632 046	550 000	3 450 000	2 900 000
Derivatives	562 882	-	-	-
Future interest payments	247 634	206 688	499 854	156 219
Contractual obligations				
Other obligations	29 704	41 504	119 763	205 754
New trains	321 644	224 292	3 426 872	114 577
Property, plant and equipment	342 131	390 449	695 324	75 257

Future interest rate payments are based on the interest rate and borrowing portfolio as of 31.12.2022.

The table shows future due dates for the company's contractual obligations as of 31.12.2021:

Liquidity risk (All numbers in TNOK)	< 1 year	1–2 years (2023)	2–5 years (2024–2026)	> 5 years
Financial obligations				
Borrowings	206 007	195 058	491 004	213 583
Derivatives	350 000	1 238 332	2 850 000	4 050 000
Future interest payments	-	-	-468 990	-
Contractual obligations				
Other obligations	47 031	33 073	57 061	26 741
New trains	1 274 363	257 329	2 946 415	77 199
Property, plant and equipment	322 941	316 574	912 268	3 085

Future interest rate payments are based on the interest rate and borrowing portfolio as of 31.12.2021.

### Credit risk

Credit risk refers to the losses the company may incur if a counterparty fails to settle its financial obligations. The company's exposure to credit risk is mainly affected by individual factors relating to each customer.

As of 31/12/2022, the company has four major customers, VyGruppen AS, Go-Ahead Norge AS, SJ Norge AS and Vy Tog AS. VyGruppen AS (which owns 100% of Vy Tog AS) is wholly owned by the Ministry of Transport and Communications.

Norske tog also has counterparty risk in interest and foreign currency derivatives and focuses on this risk in financial transactions by deliberately spreading exposure across multiple counterparties.

Strict requirements are imposed in relation to the creditworthiness of the counterparty and the requirement is that the counterparty to any financial transactions must have at least an A- rating from S&P or the equivalent from another international rating agency at the time of entering into the agreement. Counterparty risk is

monitored continuously, and Norske tog has agreements in place to govern legal offset rights in the event of a bankruptcy situation (ISDA agreements) with four banks.

In the event of surplus liquidity, such surplus liquidity may be invested in short-term Norwegian bonds and certificates.

<b>Norske tog assesses maximum credit risk to be the following (All numbers in TNOK):</b>	<b>2022</b>	<b>2021</b>
Cash and bank deposits	538 207	787 493
Financial derivatives	584 201	476 455
Trade receivable and other short-term receivables	103 990	109 582
<b>Total</b>	<b>1 226 398</b>	<b>1 373 530</b>

## 20. Related party transactions

Norske tog has the following related parties:

### Owner

Norske tog is wholly owned by the Ministry of Transport and Communications. Other companies that are owned by the government under the auspices of the Ministry of Transport and Communications will be related parties to Norske tog, this applies to both VyGruppen and BaneNor.

Bonds and associated basic swaps were transferred from VyGruppen AS to Norske tog on 9 December 2016 in accordance with the "agreement on the settlement of receivables in connection with the acquisition of borrowing and derivative liabilities". The payment for the transfer of the bond to Norske tog AS has been determined at market terms. The payment was determined based on nominal residual value and associated swaps valued at fair value on the transaction date by calculating the difference between

- Expected net present value of borrowing and associated swaps that are transferred and
- Alternative financing for Norske tog at the time of acquisition

In connection with the company entering into an agreement with the company's shareholders concerning the acquisition of business activities, the Board of Directors submitted a report pursuant to Section 3-8 of the Limited Liability Companies Act.

For accounting purposes, Norske tog was only a part of the NSB Group in 2016. For the years after 2016, the companies have remained related parties, but only due to being indirectly owned by the Ministry of Transport and Communications.

### The Board of Directors and senior executives

Individuals who are part of the company's senior executive team or the Board of Directors are also considered related parties to Norske tog (see Note 21 Benefits to senior executives and board members).

Below is an overview of transactions, outstanding accounts and provision of collateral with related parties:

<b>Revenue (All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Leasing revenue	954 954	972 306
<b>Total</b>	<b>954 954</b>	<b>972 306</b>

<b>Purchases of goods and services (All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Purchases of goods and services	32 013	50 411

The costs largely relate to modifications to trains and rental costs for buildings. These are recognised as "Other operating expenses" in the statement of comprehensive income.

Outstanding accounts with related parties resulting from the purchase and sale of goods and services:

<b>Receivables (All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Entities owned by the Ministry of Transport	5 761	39 896
<b>Total</b>	<b>5 761</b>	<b>39 896</b>

Receivables largely consist of the leasing out of trains.



<b>Liabilities (All numbers in TNOK)</b>	<b>2022</b>	<b>2021</b>
Entities owned by the Ministry of Transport	12 211	26 283
<b>Total</b>	<b>12 211</b>	<b>26 283</b>

Liabilities to related parties consist of costs for track access and modifications performed on trains.

**Loans to related parties:**

There are no loans to related parties.

## 21. Benefits to senior executives and board members

<b>Board members (All numbers in TNOK)</b>	<b>Title</b>	<b>2022</b>	<b>2021</b>
Annette Malm Justad	Chairman	418	425
Marianne Abeler	Board member	177	171
Espen Opedal	Board member	251	277
Jan Morten Ertsaas	Board member	90	0
Bjørn Erik Olsson	Board member-employee repr.	89	65
Henriette Fjæreide Torgersen	Board member-employee repr.	89	0
Vidar Larsen	Board member-employee repr.	0	21
<b>Total</b>		<b>1 114</b>	<b>959</b>

### 2022

<b>Management (All numbers in TNOK)</b>	<b>Title</b>	<b>Salary</b>	<b>Other benefits</b>	<b>Total benefits paid</b>	<b>Pension expenses</b>
Øystein Risan	Chief executive officer	2 207	132	2 339	129
Kjell-Arthur Abrahamsen	Material director	1 721	29	1 750	129
Linda Venbakken	Chief financial officer	1 614	11	1 625	134
Luca Cuppari	Technical director	1 584	14	1 598	128
Iren Marugg	Judicial director	1 395	11	1 405	131
<b>Total</b>				<b>8 717</b>	

### 2021

<b>Management (All numbers in TNOK)</b>	<b>Title</b>	<b>Salary</b>	<b>Other benefits</b>	<b>Total benefits paid</b>	<b>Pension expenses</b>
Øystein Risan	Chief executive officer	2 139	132	2 271	127
Kjell-Arthur Abrahamsen	Material director	1 671	16	1 687	125
Linda Venbakken	Chief financial officer	1 570	11	1 581	127
Luca Cuppari	Technical director	1 538	11	1 549	123
Iren Marugg	Judicial director	1 350	11	1 361	122
<b>Total</b>				<b>8 449</b>	

The salary of the CEO increased by 68 TNOK, from 2,139 TNOK in 2021 to 2,207 TNOK in 2022, which is within the framework of the wage settlement.

We refer to guidelines on executive pay that are published on the company's website. In addition, we refer to the executive pay report, which is a separate report in the 2022 annual report.

## 22. Contingencies

The company's activities commenced on 15/10/2016 and no contingent liability have occurred in connection with legal claims relating in the ordinary course of operations.

## 23. Events after the balance sheet date

There have been no events after the balance sheet date with significant impact on the company's results for 2022 and financial position as at 31/12/2022.

On the 9th January 2023, Norske tog redeemed the first option for an additional 25 train sets with Alstom Transport Deutschland GmbH. Of these 25 trainsets, there are 6 local trains of the same type as the primary procurement plus 19 trainsets of a regional train variant. This variant will have a top speed of 200 km/h and an interior layout adapted to longer journeys. Delivery of this option will start in 2026 and be completed by the end of 2027. This means that Norske tog AS has a total of 55 train sets under order from Alstom Transport. The contract includes options for the purchase of a further 145 train sets.

## Declaration by the Board of Directors and CEO for the annual report 2022

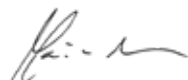
The Board of Director's and CEO confirm that, to the best of our knowledge, the annual report provides a description of significant transactions conducted with related parties during the current period and the main risk factors facing the business in the coming period.

The Board of Directors and the CEO confirm that, to the best of their knowledge, the financial statements for 2022 have been prepared in accordance with prevailing accounting standards, and the disclosures in the financial statements provide a true and fair view of the company's assets, liabilities, and financial position and profit or loss as a whole at the end of the period, as well as a true and fair view of key events during the financial period and their impact on the financial statements.

Oslo, 16. February 2023



Annette Malm Justad  
Chairperson



Marianne Abeler  
Board Member



Espen Opedal  
Board Member



Jan Morten Ertsaas  
Board Member



Bjørn Erik Olsson  
Board Member/Employee  
Representative



Henriette Torgersen  
Board Member/Employee  
Representative



Øystein Risan  
CEO

# APM

**Return on equity:**

Profit for the year/equity at the start of the period (106,397/3,296,729=3.0%)

This is a key figure for profitability that shows the ratio between the company's equity and profit for the year. Norske tog uses this key figure to measure the return generated for owners. This key number return on equity is also part of the framework for green bonds and will therefore be important going forward.

**Equity ratio:**

Total equity at the end of the period/total balance (3,410,270/13,305,094=25.6%)

This key figure says something about the solvency of the company. It is also important to continuously monitor the equity ratio, as the company has a syndicated drawing facility of 3,000 MNOK with an associated covenant requirement of a minimum equity ratio of 20%. A healthy equity ratio is also important in order to realise the objectives associated with the investments in new trains and upgrades to current rolling stock.

**Operating profit:**

Operating income less operating costs: 1,302,459 – 995,525 = 306,934

This key figure shows the company's profits from underlying operations for a given period. Since this key figure does not include financing costs and income, it provides a picture of how strong the underlying operations of the company are, regardless of whether operations are financed by owners through equity or externally financed through bonds and borrowing. For a reconciliation of operating profit in relation to profit for the year, please refer to the company's statement of comprehensive income.

**Working capital:**

Total current assets less total short-term liabilities: (1,227,807-2,010,670=-782,863)

The company's working capital is crucial for monitoring short-term liquidity and to maintain some flexibility in ongoing operations. Working capital is also an important measure used in the company's external credit ratings.



Quality Controller from Norske tog.



To the General Meeting of Norske tog AS

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Norske tog AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 27 June 2018 for the accounting year 2018 with a renewed election on the 10 June 2022.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The company's operations have remained largely unchanged compared to last year. It has not been regulatory changes, transactions or events that have led to the identification of new key audit matters. Our focus areas have therefore been the same in 2022 as last year.

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 Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Accurate and complete accounting for loans and financial instruments</b></p> <p>For a closer description of loans and derivatives, please see note 12,13 and 16.</p> <p>The carrying amount of the company's loan portfolio is TNOK 8 769 649 as of 31 December 2022 and constitutes approximately 2/3 of the company's total balance. Carrying amount of the company's net derivatives is TNOK 550 783 as of 31 December 2022, of which TNOK -23 218 is currency futures associated with future purchases.</p> <p>The loan portfolio of Norske tog AS consists of bonds in Swiss francs (CHF) and Norwegian kroner (NOK), with both floating and fixed rates. The portfolio is valued at both fair value and amortized cost. Interest rate swaps and currency swaps are used as hedging instruments, and both are measured at fair value.</p> <p>Because of the considerably large carrying amount of the loan portfolio, being subject to a complex set of rules and complex calculations, we have focused on routines and processes aimed at ensuring accurate and complete accounting of loans and derivatives</p>	<p>We have assessed the company's accounting guidelines and principles for loans and derivatives and found that these in all material aspects were in line with generally accepted accounting principles.</p> <p>We have assessed that new loans were completely and accurately registered in the financial system and compliant with loan agreements and the company's principles for accounting for loans. Our control activities did not reveal any significant deviations</p> <p>We also tested whether changes in variables affecting the calculations of loans and derivatives were accurately and completely recorded in the accounting system and reconciled to observable market data. Our control activities did not reveal any significant deviations</p> <p>Furthermore, we have assessed the reasonableness of the company's calculation of market value of derivatives against the issuer's own calculations and assessed the company's calculation of fair value of loans compared with developments in exchange and interest rates. Our control activities did not reveal any significant deviations.</p> <p>We also read the corresponding notes to the financial statements describing loans and derivatives and found the information to be sufficient.</p>

**Other Information**

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other



information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Report on Compliance with Requirement on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of Norske tog AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "NorsketogAS ESEF-reporting 31-12-2022», have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

#### *Management's Responsibilities*





Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

*Auditor's Responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 21 February 2023  
**PricewaterhouseCoopers AS**

Marius Thorsrud  
State Authorised Public Accountant

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




# GRI index






<b>Statement of use</b>	Norske tog has reported in accordance with the GRI Standards for the period 01.2022–12.2022.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	None apply

GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>General disclosures</b>							
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	This is Norske tog AS	14-15				
	2-2 Entities included in the organization's sustainability reporting	This is Norske tog AS	14-15				
	2-3 Reporting period, frequency and contact point	About the sustainability report	77				
	2-4 Restatements of information	No restatements from last years' report	N/A				
	2-5 External assurance	About the sustainability report  <u>Annex E: Information on external audit</u>	77				
	2-6 Activities, value chain and other business relationships	Norske tog's role in the rail sector This is Norske tog AS Customers Collaboration in the value chain Circularity throughout the train's life cycle  <u>Annex G: Key Norske tog suppliers in 2022</u>	4 14-15 26 90-98 82-89				16.3, 16.6, 16.7
	2-7 Employees	<u>Gender equality statement</u>					
	2-8 Workers who are not employees	A highly skilled and diverse organisation	101-105	c)	Information unavailable/incomplete	Norske tog has no previous reports on these statistics, thus not possible to compare.	
	2-9 Governance structure and composition	Corporate governance	64-72				
	2-10 Nomination and selection of the highest governance body	Corporate governance	64-66				
	2-11 Chair of the highest governance body	Table 2: Norske tog's Board of Directors	67				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance	64-72				



GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>General disclosures</b>							
<b>GRI 2: General Disclosures 2021</b>	2-13 Delegation of responsibility for managing impacts	Focus on sustainability skills Corporate governance	63 64-72				
	2-14 Role of the highest governance body in sustainability reporting	Corporate governance About the sustainability report & Sustainability at Norske tog	64-72 77				
	2-15 Conflicts of interest	Nomination committee	65				
	2-16 Communication of critical concerns	<a href="#">Gender equality statement</a>					
	2-17 Collective knowledge of the highest governance body	The work of the Board of Directors	68				
	2-18 Evaluation of the performance of the highest governance body	Evaluation of the Board's work	70				
	2-19 Remuneration policies	Remuneration of the Board of Directors & Salary and other remuneration for executive personnel	71				
	2-20 Process to determine remuneration			a, b	Information unavailable/incomplete	Norske tog does not have a dedicated process to determine remuneration.	 16.3, 16.6, 16.7
	2-21 Annual total compensation ratio	<a href="#">Gender equality statement</a>					
	2-22 Statement on sustainable development strategy	A letter from the CEO The Board of Directors' annual report	21-22 109-110				
	2-23 Policy commitments	Collaboration in the value chain  <a href="#">Disclosure under the Norwegian Transparency Act</a>	90-98				
	2-24 Embedding policy commitments	Collaboration in the value chain  <a href="#">Disclosure under the Norwegian Transparency Act</a>	90-98				
	2-25 Processes to remediate negative impacts	Collaboration in the value chain  <a href="#">Disclosure under the Norwegian Transparency Act</a>	90-98	b, c, d, e	Information unavailable/incomplete	Norske tog has not mapped all information about channels and mechanisms for the organization and its stakeholders.	
	2-26 Mechanisms for seeking advice and raising concerns	Risk management  <a href="#">Gender equality statement</a>	62				
2-27 Compliance with laws and regulations	Procurements, integrity and anti-corruption	62	b	Not applicable	No instances of non-compliance, fines or other sanctions.		

GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>General disclosures</b>							
<b>GRI 2: General Disclosures 2021</b>	2-28 Membership associations	Skills development is important to Norske tog employees	102-103				 16.3, 16.6, 16.7
	2-29 Approach to stakeholder engagement	Sustainability at Norske tog Collaboration in the value chain	77-80 90-98				
	2-30 Collective bargaining agreements	<u>Gender equality statement</u>		b	Not applicable		
<b>Material topics</b>							
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Sustainability at Norske tog	77-80				
	3-2 List of material topics	Sustainability at Norske tog	80				
<b>201 Economic performance</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Corporate governance The Board of Directors' annual report Annual accounts	64-72 109-113 117-145				
	<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Annual accounts	117-145			
201-2 Financial implications and other risks and opportunities due to climate change		Green investments in passenger rail transport	99-101				
201-3 Defined benefit plan obligations and other retirement plans		Annual accounts <u>Annex F: Employment benefits</u>	117-145				
201-4 Financial assistance received from government		Business model Green investments in passenger rail transport	15 99-101				
<b>204 Procurement practices</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Collaboration in the value chain  <u>Annex G: Key Norske tog suppliers in 2022</u>	90-98				 8.5
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Procurement procedures	97				
<b>205 Anti-corruption</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Procurements, integrity and anti-corruption	62-63				
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption			a, b	Information unavailable/incomplete	Lack of information regarding type, number and share of activities assessed particularly for risk of corruption.	 16.5

GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>205 Anti-corruption</b>							
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	Procurements, integrity and anti-corruption	62-63	a, c, d	Information unavailable/incomplete	Lack of precise/detailed data/information.  d) No board members have received training.	 16.5
	205-3 Confirmed incidents of corruption and actions taken				Not applicable	No incidents related to corruption.	
<b>301 Materials</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Circularity throughout the train's life cycle	82-89	e) i., ii., iii., iv.	Information unavailable/incomplete	Norske tog does not have previous targets, indicators or processes to measure or assess efficiency of actions.	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Figure 10: Materials in trains phased in during 2022  <u>Annex D: Materials and waste</u>	85				  8.4, 12.2, 12.5
	301-2 Recycled input materials used	A new methodological approach to information relating to the materials used in trains that are being phased in and out	84				
	301-3 Reclaimed products and their packaging materials			301-3	Not applicable	Trains do not have packaging.	
<b>302 Energy</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Circularity throughout the train's life cycle	82-89	e) i., ii., iii., iv.	Information unavailable/incomplete	Norske tog does not have previous targets, indicators or processes to measure or assess efficiency of actions.	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Table 6: 2022 Energy consumption in Norske tog's value chain  <u>Annex C: Climate accounts</u>	88	d	Not applicable	d) Norske tog does not sell electricity, heat, cooling or the like.	  12.2, 13.1
	302-2 Energy consumption outside of the organization	Table 6: 2022 Energy consumption in Norske tog's value chain  <u>Annex C: Climate accounts</u>	88				
	302-3 Energy intensity			302-3	Information unavailable/incomplete	Energy consumption during operation is the most material input to the energy accounting. Norske tog lacks relevant data to set a relevant denominator, such as kwh/pkm.	







GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>305 Emissions</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Circularity throughout the train's life cycle Focus on sustainability skills Green investments in passenger rail transport  <u>Annex C: Climate accounts</u>	82-89 63 99-101	e) i. , ii., iii., iv.	Information unavailable/incomplete	Norske tog does not have previous targets, indicators or processes to measure or assess efficiency of actions.	
	305-1 Direct (Scope 1) GHG emissions	Improved overview of emissions in the value chain  <u>Annex C: Climate accounts</u>	86-88	d	Information unavailable/incomplete	There is not yet a baseline year set for calculations.	
	305-2 Energy indirect (Scope 2) GHG emissions	Improved overview of emissions in the value chain  <u>Annex C: Climate accounts</u>	86-88	d	Information unavailable/incomplete	There is not yet a baseline year set for calculations.	
<b>GRI 305: Emissions 2016</b>	305-3 Other indirect (Scope 3) GHG emissions	Improved overview of emissions in the value chain  <u>Annex C: Climate accounts</u>	86-88	e	Information unavailable/incomplete	There is not yet a baseline year set for calculations.	
	305-4 GHG emissions intensity			305-4	Information unavailable/incomplete	Scope 3 intensity is most material because scope 3 represents the main share of emissions. Norske tog lacks relevant data to set a relevant denominator, such as pkm, so intensity is not yet set.	
<b>306 Waste</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Circularity throughout the train's life cycle	82-89	e) i. , ii., iii., iv.	Information unavailable/incomplete	Norske tog does not have previous targets, indicators or processes to measure or assess efficiency of actions.	
	306-1 Waste generation and significant waste-related impacts	Circularity throughout the train's life cycle	82-86				
	306-2 Management of significant waste-related impacts	Circularity throughout the train's life cycle	82-86	c	Information unavailable/incomplete	Processes to collect and monitor waste-related data not disclosed.	
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	Figure 11: Materials delivered as waste from trains phased out in 2022 Circularity throughout the train's life cycle  <u>Annex D: Materials and waste</u>	85 82-86				








12.4,  
13.1



11.6,  
12.4,  
12.5

GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>306 Waste</b>							
<b>GRI 306: Waste 2020</b>	306-4 Waste diverted from disposal	Figure 11: Materials delivered as waste from trains phased out in 2022 Figure 12: Waste management of materials from train sets phased out in 2022 Circularity throughout the train's life cycle <u>Annex D: Materials and waste</u>	85 85 82-86	b, d	Information unavailable/incomplete	Data not compiled and broken down for hazardous waste.	 
	306-5 Waste directed to disposal	Figure 12: Waste management of materials from train sets phased out in 2022 Circularity throughout the train's life cycle <u>Annex D: Materials and waste</u>	85 82-86	b, c, d	Information unavailable/incomplete	No waste directed to disposal according to available data. Hence b, c, d; breakdown of data not irrelevant.	11.6, 12.4, 12.5
<b>308 Supplier environmental assessment</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Circularity throughout the train's life cycle Collaboration in the value chain	82-89 90-98				
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	Procurement procedures	97				
	308-2 Negative environmental impacts in the supply chain and actions taken	Circularity throughout the train's life cycle Collaboration in the value chain	82-89 90-98	a, b, d, e	Information unavailable/incomplete	Data for number or share of suppliers not compiled.	12.2, 12.4, 12.5, 13.1
<b>401 Employment</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A highly skilled and diverse organisation <u>Gender equality statement</u>	101-105	e) iv.	Information unavailable/incomplete	No specific lessons learned or embedded in policies or routines.	
<b>GRI 306: Waste 2020</b>	401-1 New employee hires and employee turnover	<u>Gender equality statement</u>					
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<u>Annex F: Employment benefits</u>					
	401-3 Parental leave	<u>Gender equality statement</u>		c, d, e	Not applicable	Information not compiled.	5.1, 5.4, 8.5, 8.6

GRI standard	Disclosure	Location	Page	Requirement(s) omitted	Reason	Explanation	SDG target and sub target
<b>404 Training and education</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A highly skilled and diverse organisation Procurements, integrity and anti-corruption & Focus on sustainability skills <u>Gender equality statement</u>	101-105 62-63				
	404-1 Average hours of training per year per employee			404-1	Information unavailable/incomplete	Information not compiled.	
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	A highly skilled and diverse organisation <u>Gender equality statement</u>	101-105				5.1, 8.2, 8.5
	404-3 Percentage of employees receiving regular performance and career development reviews	Skills development is important to Norske tog employees	102				
<b>405 Diversity and equal opportunity</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A highly skilled and diverse organisation <u>Gender equality statement</u>	101-105				
	405-1 Diversity of governance bodies and employees	<u>Gender equality statement</u>					
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-2 Ratio of basic salary and remuneration of women to men	<u>Gender equality statement</u>		a	Confidentiality constraints	Information disclosed, but there not sufficient number to present numbers for each employee category. Norske tog discloses results for two categories; with or without management responsibilities.	 5.1, 5.5, 8.5
<b>414 Supplier social assessment</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Collaboration in the value chain	90-98				
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Procurement procedures	97				
	414-2 Negative social impacts in the supply chain and actions taken	Collaboration in the value chain <u>Disclosure under the Norwegian Transparency Act</u>	90-98	d, e		Data for number or share of suppliers not compiled.	 8.8, 16.1





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**Concept, design and production:**

Uniform, Hyper

**Consulting and text:**

Zynk

**Photo Benjamin Ward**

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**Photo Norske tog:**

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**Print:**

RK Grafisk



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Norske  
tog



# Annexes

– Norske tog Annual Report 2022




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# Annex A: The UN Sustainable Development Goals and Norske tog's contribution to their attainment




Table A1 UN Sustainable Development Goals and Norske tog's contribution to their attainment

Sustainable Development Goal	Target	Norske tog's contribution	Area in the Norske tog sustainability strategy
 9 INDUSTRIELL INNOVASJON OG INFRASTRUKTUR	<b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	Norske tog has a key part to play in developing and running green, efficient transport for passengers in Norway.	Circularity
	<b>9.4</b> By 2030 upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities	Norske tog is supporting efforts to upgrade infrastructure by ensuring access to green funding.	Green investment, Circularity, Highly skilled and diverse organisation
 11 BÆREKRAFTIGE STEDER OG LOKALSAMFUNN	<b>11.2</b> By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	Norske tog includes various user groups when designing public transport, making it accessible to all.	Cooperation in the value chain
 12 ANSVARLIG FORBRUK OG PRODUKSJON	<b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources	Norske tog sets high sustainability standards in its competitive tendering procedures and works to ensure that trains are productive throughout or beyond their anticipated service life.	Circularity
	<b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	Norske tog makes the most of critical train components before they are disposed of, and has established a dedicated warehouse for critical components in 2022. Trains must be disposed of according to the waste hierarchy and resources must be reintroduced into the cycle as far as possible.	Circularity

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Sustainable Development Goal	Target	Norske tog's contribution	Area in the Norske tog sustainability strategy
	<p><b>12.6</b> Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p><b>12.7</b> Promote public procurement practices that are sustainable in accordance with national policies and priorities</p>	<p>Norske tog adopts and integrates sustainability information into its own reporting procedures</p> <p>Procurement procedures under the auspices of the company are conducted in accordance with national schemes, and national policies and priorities are moving even more clearly towards emphasising transparency in the supply chain.</p>	<p>Green investments, Value chain cooperation</p> <p>Circularity, Value chain cooperation</p>
	<p><b>13.3</b> Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning</p>	<p>Norske tog is helping to slash emissions from passenger transport by acquiring trains that can run on electricity. Some trains will continue to run on diesel going forward. These produce emissions while they are running, and there will be emissions in several parts of the train's life cycle. Norske tog is now working more actively with climate accounting to gain substantial knowledge about emissions, as well as more information about the impact of climate change on the company.</p>	<p>Green investment, Circularity</p>
	<p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p>	<p>Norske tog's ambition is to nurture and develop managers and employees.</p>	<p>Highly skilled and diverse organisation</p>
	<p><b>8.4</b> Improve progressively through 2030 global resource efficiency in consumption and production, and endeavour to decouple economic growth from environmental degradation in accordance with the ten-year framework of programmes on sustainable consumption and production with developed countries taking the lead</p>	<p>Norske tog is working on measures to extend the service life and increase circularity throughout the life cycle of its trains.</p>	<p>Circularity</p>

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Sustainable Development Goal	Target	Norske tog's contribution	Area in the Norske tog sustainability strategy
	<p><b>8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Norske tog is making a contribution through its conscious approach to pay, learning and skills development within the company.</p>	<p>Value chain cooperation, Highly skilled and diverse organisation</p>
	<p><b>16.5</b> Substantially reduce corruption and bribery in all its forms</p>	<p>Norske tog maintains a zero tolerance approach to corruption and bribery, which are counteracted by means of the company's procedures.</p>	<p>Green investment</p>
	<p><b>16.6</b> Develop effective, accountable and transparent institutions at all levels</p>	<p>Norske tog is developing the organisation further as an efficient, accountable and transparent institution, and carries out its social mission in terms of sector policy.</p>	<p>Green investment</p>

## Annex B: Health, safety and environment – attainment of targets

The table below summarises Norske tog's attainment of health, safety and environmental targets in 2022.

Table B1 Norske tog's targets and attainment of health, safety and environmental targets in 2022

Target	KPI (where applicable)	Outcome for 2022
<b>Health, safety and environment</b>		
<b>General target: To develop a safe working environment that facilitates employees' personal and professional growth and development. HSE work must promote a safe, healthy physical and psychological working environment, as well as proper treatment of waste and protecting the external environment against pollution.</b>		
HSE work must be subject to annual auditing and reporting.		Norske tog's HSE work was reviewed by the Working Environment Committee in 2022, and the results were presented in the annual report in 2022. HSE work is also presented in this annual report.
<b>Targets for health</b>		
<b>Preventive measures must safeguard the physical and psychological health of staff in the workplace, which includes:</b>		
Ensuring that the working environment provides employees and visitors with full safety from physical and psychological harm, with standards that are always in line with technological and social developments		No non-conformances recorded
Creating an organisational culture that ensures everyone is content. Our employee satisfaction target on the basis of our annual surveys is to achieve scores above 75.	Employee satisfaction (score out of 100)	78
Facilitating the professional and personal development of staff.		See the description relating to training under "Highly skilled and diverse organisation"
Providing staff with adequate HSE skills		Staff who will be working on Bane NOR property must complete a safety course through Bane NOR. Firefighting course completed in 2022. The WEC has completed an HSE course.
Conducting regular staff surveys		Completed in December 2022
Establishing a structured process for staff appraisals		100% of scheduled staff appraisals have been completed in accordance with the annual staff appraisal procedure

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Target	KPI (where applicable)	Outcome for 2022
Facilitating physical activity		The following initiatives have taken place: The Holmenkoll relay race, skiing, running and tennis. Daily activity initiative/competition.
Facilitating socialising at events of various kinds		Organised: Including a summer party, Christmas party, autumn trip and Christmas lunch.
<b>Targets for the environment</b>		
<b>Preventive measures must protect against pollution, emissions and discharges into the external environment and improve the treatment of waste, including:</b>		
Protecting the external environment from pollution, reducing existing pollution, promoting better waste management and ensuring sound environmental quality so that contaminants and waste do not cause harm to health and well-being or impair nature's capacity for production and self-renewal.		See the chapter entitled "Health, safety and environment" under "Organisation".
<b>Targets for safety</b>		
<b>Preventive measures must secure and protect buildings, equipment and material assets, including:</b>		
Maintaining accessible, functional and safe buildings for all Protecting people and property against fire, and Prioritising preventive measures for buildings, technical equipment and fixtures so that employees' workplaces and common areas do not represent a safety hazard.		No non-conformances recorded Firefighting exercise held in 2022
Establishing regular safety rounds and fire safety rounds		Completed in January 2023
Maintaining work equipment, electrical installations/tools, etc. in accordance with current regulatory requirements, including establishment of regular electrical safety inspections		No non-conformances recorded for equipment/installations No regular electrical safety inspections have been established

## Annex C: Climate accounts

This annex describes the most significant criteria, boundaries and system boundary for Norske tog's climate accounts for 2022, which have been prepared in accordance with the GHG Protocol<sup>1</sup>.

The layout and factors applied are compiled in part by Emisoft AS in connection with a greenhouse gas accounts meeting held at the Ministry of Trade, Industry and Fisheries on 2 November 2022<sup>2</sup>. Emission factors and activities included are adapted further to suit Norske tog. The table below summarises the criteria and boundaries for the climate accounts.

Table C1 Criteria and boundaries for the 2022 climate accounts

Topic	Criteria and boundaries
Reporting year	2022
Base year	2022
Organisational structure	Operational control
To be reported for	Norske tog AS
System boundary	Upstream and downstream value chain for Norske tog, selected activities
Scopes	2–3. An examination has been conducted for scope 1 sources.
Input data volumes	Mainly primary data
Activities included in scope 1	No activities
Activities included in scope 2	Energy consumption and heat
Activities included in scope 3	<ul style="list-style-type: none"> <li>• Energy consumption for trains in service, electricity and diesel by operator, “tank-to-wheel” (TTW)</li> <li>• Greenhouse gases used for HVAC (heating and air conditioning) by operator</li> <li>• Replacements, lubrication and cleaning for 272 trains by operator/maintenance company</li> <li>• “Well-to-tank” (WTT) and “Transmission &amp; Distribution” (T&amp;D) electricity and fuels</li> <li>• Production of twelve class 74 trains and four class 76 trains phased in by Norske tog in 2022</li> <li>• Waste disposal on disposal of 9 trains phased out by Norske tog in 2022</li> <li>• Business travel by air for Norske tog, incl. a small number of journeys made by consultants. Norske tog made about 107 return business trips by air in 2022.</li> <li>• Fuel when travelling on business by car, Norske tog</li> <li>• Electric car allowance, internal, Norske tog</li> <li>• Disposal of operational waste, internal, Norske tog</li> </ul>
Activities reported as “Out of scope”	Biogenic emissions from biofuel blends in petrol and diesel

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<sup>1</sup> World Business Council for Sustainable Development & World Resources institute, 2015, “The GHG Protocol Corporate Accounting and Reporting Standard”

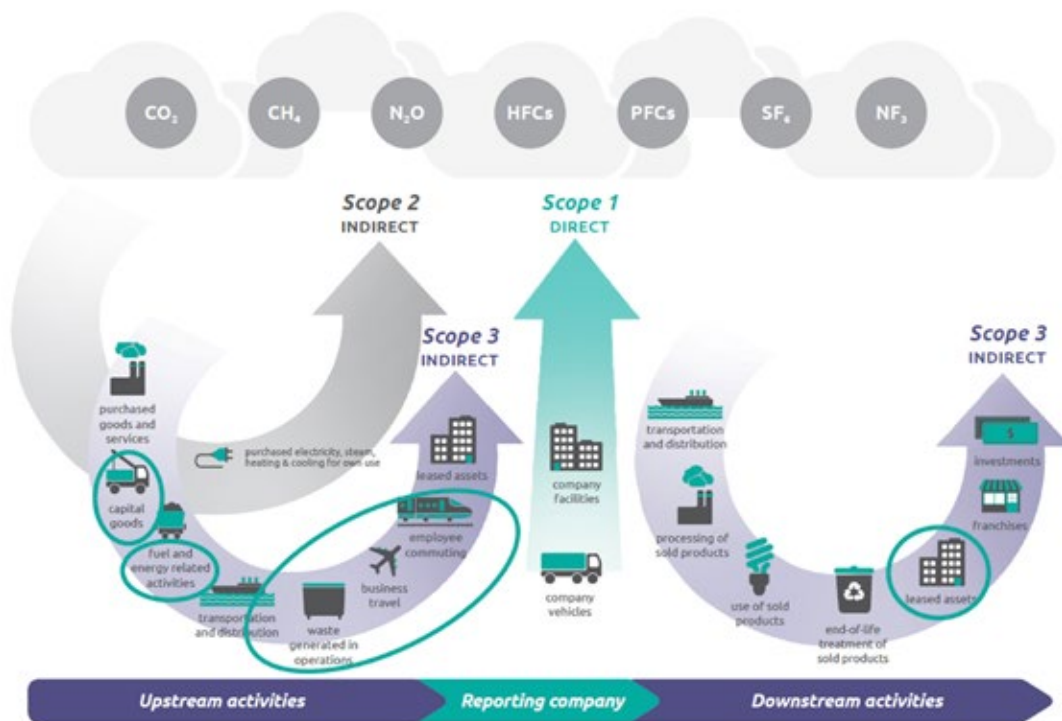
<sup>2</sup> Ministry of Trade, Industry and Fisheries, 2022, “White Paper 6 (2022–2023) Et grønnere og mer aktivt statlig eierskap — Statens direkte eierskap i selskaper”

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Topic	Criteria and boundaries
Activities reported as “Out of scope”	<ul style="list-style-type: none"> <li>• Purchase of office supplies, furnishings, IT equipment and other office equipment, due to smaller quantities</li> <li>• Transport of equipment to operator for hired equipment, due to insufficient data</li> <li>• Purchased services such as insurance, various consultancy services, and services such as occupational health, canteen management, cleaning, including physical materials for this, due to insufficient data</li> <li>• Hotel accommodation</li> <li>• Business trips by train, due to insufficient data. Norske tog employees made a total of 1,060 work-related return journeys by train in 2022.</li> <li>• IT waste management, due to very small quantities in 2022</li> <li>• Transport of trains for disposal</li> <li>• Travelling to/from work, employees</li> </ul>
Emission factors, data type	Mainly secondary data
Energy	Calculations for market-based and location-based factors, including

Figure C1 illustrates the activities that are included under the different scopes in accordance with the GHG protocol, plus the activities on which Norske tog reports.

Figure C1: Scopes and activities included in the climate accounts according to the figure from the GHG protocol<sup>3</sup>



<sup>3</sup> World Business Council for Sustainable Development & World Resources Institute, 2015, “The GHG Protocol Corporate Accounting and Reporting Standard”

## Main sources of uncertainty in calculations

### Fuel, car allowance

Electric cars are mainly used in the case of car allowances, and so emissions from electricity for car allowances have only been included as an estimate.

### Electricity, Guarantee of Origin and location-based electricity mix

In the summer of 2022, Bane NOR Eiendom has amended the agreement to power with a Guarantee of Origin. It has not been possible to accurately separate consumption before and after this for the premises rented by Norske tog, so the annual emissions have been divided in half to simplify matters.

The calculation of Norske tog's emissions from electricity is based on an emission factor from the Norwegian Water Resources and Energy Directorate that is based on energy production in Norway, which is estimated to be 98 per cent renewable. This is done to ensure a level playing field with other industry stakeholders. However, Norske tog recognises that the energy mix in Norway is affected by an energy market with imports from our neighbours, which represents slightly higher emissions in reality.

### Maintenance activities

It is assumed that maintenance is performed on trains that are registered as "in service" and "in reserve" in the Norske tog register of rolling stock. The estimate per train is based on the LCA for FLIRT trains<sup>4</sup>. Assuming equal maintenance emissions per train is a gross simplification. The FLIRT trains are relatively new, so maintenance of the older trains probably causes significantly more emissions. The results for maintenance are included as no better figures are available for maintenance in 2022, and it is felt that the order of magnitude of the emissions will be significant in the climate accounts. Further development of climate accounting will involve estimating emissions from maintenance on the basis of actual maintenance data.

### Train purchases

Includes transport from Bussnang to Oslo. Production emissions for class 74 are taken from the LCA for the FLIRT trains. Production emissions for bi-mode trains, class 76, are derived from production emissions for

class 74, in a simplified way. This means that there is uncertainty for the production emissions calculated for class 76, but it is assumed that the order of magnitude of emissions is reasonable.

### Emission factors in general

Emission factors are mainly taken from DEFRA<sup>5</sup>, which produces generalised emission factors from a UK perspective. Emission factors from the Norwegian Water Resources and Energy Directorate<sup>67</sup> and Ecoinvent<sup>8</sup> have also been used. Emission factors for waste are rather generalised, and lead to uncertainty about actual emissions resulting from the disposal of trains. There is less uncertainty for the emission factor for residual waste, which is assumed to reflect Norwegian conditions. Diesel with a biofuel blend is not adapted to the Norwegian market. This probably means that the emission factor for diesel may be slightly too high, while the emission factor from DEFRA that calculates biogenic emissions from diesel and petrol may be slightly too low. A specific emission factor for scope 2 district heating has been calculated for Norske tog. Efforts will be made in future climate accounts to reduce uncertainty in emission factors.

### Completeness of climate accounts

Overall, the largest sources of emissions in the overall climate accounts are deemed to be included, as the results clearly show that downstream emissions from the use of the trains are the largest. However, there are several activities that can be included both internally in Norske tog operations and for the value chain, to make the climate accounts more complete. See excluded activities in Table C.1. Biogenic CO<sub>2</sub> emissions are only included for petrol and diesel for driving on business, as well as diesel for trains in the operating phase. There may be a number of sources of scope 3 biogenic emissions in reality, so the summary of biogenic emissions may be incomplete.

The amount of greenhouse gas consumption for HVAC (heating and air conditioning) does not include the FLIRT trains, Eastern Norway, Traffic Package 3, the Bergen Line and local services in Bergen, so the actual emissions from HVAC greenhouse gases are higher.

<sup>4</sup> Stadler Bussnang AG (2012), «Life Cycle Analysis of the PassengerTrain „FLIRT“, built for NSB, Oslo»

<sup>5</sup> Department for Environment, Food & Rural Affairs (2022), «Greenhouse gas reporting: conversion factors 2022» <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

<sup>6</sup> Norwegian Water Resources and Energy Directorate (2022), «Lokasjonsbasert metode 2021-faktorer» <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/>

<sup>7</sup> Norwegian Water Resources and Energy Directorate (2022), «Markedsbasert metode 2021-faktorer» <https://www.nve.no/energi/virkemidler/opprinnelsesgarantier-og-varedeklarasjon-for-stroemleverandoerer/varedeklarasjon-for-stroemleverandoerer/>

<sup>8</sup> Ecoinvent (2022), *ecoinvent Database - ecoinvent*

Table C2 Greenhouse gas accounts for Norske tog for 2022, scopes 1, 2 and 3 (location-based method)

Category	Class	Volume	Unit	Emission factor	Unit	Climate impact (tCO <sub>2</sub> e)	Source
<b>Scope 1 – Direct emissions</b>							
<b>TOTAL Scope 1 (tCO<sub>2</sub>e)</b>						<b>0</b>	
<b>Scope 2 – Indirect emissions from purchased energy (location-based)</b>							
Energy consumption	Power, rented premises	112,291	kWh	0.011	kg CO <sub>2</sub> e/kWh	1	NVE (2022)
	Fjernvarme	81,166	kWh	0.0426	kg CO <sub>2</sub> e/kWh	3	NVE (2022), DEFRA (2022)
<b>TOTAL Scope 2 (tCO<sub>2</sub>e)</b>						<b>4</b>	
<b>Scope 3 – Other indirect emissions (location-based for electricity)</b>							
Maintenance and replacements for trains in service in 2022	Replacements, lubrication and cleaning	272	pcs of power car sets in service in 2022	9,250.09	kg CO <sub>2</sub> e/power car set	2,516	Stadler Bussnang AG, (2012), LCA FLIRT Life Cycle Analysis of the Passenger “FLIRT” train, built for NSB, Oslo
Purchase of capital goods – trains	Class 74 trains phased in	12	pcs.	47,419.37	kg CO <sub>2</sub> e/power car set	569	Stadler Bussnang AG, (2012), LCA FLIRT Life Cycle Analysis of the Passenger “FLIRT” train, built for NSB, Oslo
	Class 76 trains phased in	4	pcs.	56,903.25	kg CO <sub>2</sub> e/power car set	228	Stadler Bussnang AG, (2012), LCA FLIRT Life Cycle Analysis of the Passenger “FLIRT” train, built for NSB, Oslo
Energy consumption	Power, train running, generation (TTW)	503,464,672	kWh	0.011	kg CO <sub>2</sub> e/kWh	5,538	NVE (2022)
	Diesel train driving (TTW)	10,081,141	l	2.558	kg CO <sub>2</sub> e/l	25,786	DEFRA (2022)
	Power, electric car allowance (TTW)	200,410	kWh	0.011	kg CO <sub>2</sub> e/kWh	2	NVE (2022)
	Petrol, hire cars (TTW)	699	l	2.162	kg CO <sub>2</sub> e/l	2	DEFRA (2022)
	Diesel, hire cars (TTW)	13	l	2.558	kg CO <sub>2</sub> e/l	0	DEFRA (2022)

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Category	Class	Volume	Unit	Emission factor	Unit	Climate impact (tCO <sub>2</sub> e)	Source
<b>Scope 3 – Other indirect emissions (location-based for electricity)</b>							
Fuel and energy-related activities (WTT and T&D)	Petrol, hire cars (WTT)	699	litres	0.613	kg CO <sub>2</sub> e/l	0	DEFRA (2022)
	Diesel for trains, operation phase (WTT)	10,081,141	litres	0.610	kg CO <sub>2</sub> e/l	6,148	DEFRA (2022)
	Diesel – hire cars (WTT)	13	litres	0.610	kg CO <sub>2</sub> e/l	0	DEFRA (2022)
	Power, electric car allowance (WTT)	200,410	kWh	0.003	kg CO <sub>2</sub> e/kWh	1	DEFRA (2021)
	Power, rented Norske tog premises (WTT)	112,291	kWh	0.003	kg CO <sub>2</sub> e/kWh	0	DEFRA (2021)
	Power, train running (WTT)	503,464,672	kWh	0.003	kg CO <sub>2</sub> e/kWh	1 490	DEFRA (2021)
	District heating	81,166	kwh	0.042	kg CO <sub>2</sub> e/kWh	3	DEFRA (2022)
Refrigerants	HFC-134a (Kyoto protocol products)	299	kg	1430	kg CO <sub>2</sub> e/kg	428	DEFRA (2022)
	R-404a	5	kg	3922	kg CO <sub>2</sub> e/kg	19	DEFRA (2022)
Waste disposal, trains and parts	Cardboard	740	kg	0.021	kg CO <sub>2</sub> e/kg	0	DEFRA (2022)
	Residual waste	3,163	kg	0.502	kg CO <sub>2</sub> e/kg	2	Ecoinvent 3.8, 2022
	Iron	775	tonn	0.985	kg CO <sub>2</sub> e/tonn	1	DEFRA (2022)
	Drops (plastic, wood, rubber, non-magn. metal)	106	tonn	21.280	kg CO <sub>2</sub> e/tonn	2.3	DEFRA (2022)
	Aluminium	537	tonn	0.985	kg CO <sub>2</sub> e/tonn	1	DEFRA (2022)
	Electric motors	38	tonnes	21.280	kg CO <sub>2</sub> e/tonne	1	DEFRA (2022)
	NiCd Batteries	14	tonnes	21.280	kg CO <sub>2</sub> e/tonne	0	DEFRA (2022)
	WEEE, transformers	35	tonnes	21.280	kg CO <sub>2</sub> e/tonne	1	DEFRA (2022)
	WEEE, miscellaneous electronics	13	tonnes	21.280	kg CO <sub>2</sub> e/tonne	0	DEFRA (2022)
	Light fraction (plastic, wood, rubber)	115	tonn	0.502	kg CO <sub>2</sub> e/tonn	0	Ecoinvent 3.8 (2022)

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Category	Class	Volume	Unit	Emission factor	Unit	Climate impact (tCO <sub>2</sub> e)	Source
<b>Scope 3 – Other indirect emissions (location-based for electricity)</b>							
Waste disposal, trains and parts	Mineral pulp (fine fraction glass and stone)	181	tonnes	8.883	kg CO <sub>2</sub> e/tonne	2	DEFRA (2022)
	Oil	13	tonnes	21.280	kg CO <sub>2</sub> e/tonne	0	DEFRA (2022)
Business trips	Flights – Norway and the Nordic countries	68,478	pkm	0.273	kg CO <sub>2</sub> e/pkm	19	DEFRA (2022)
	Flights – Europe	225,799	pkm	0.170	kg CO <sub>2</sub> e/pkm	38	DEFRA (2022)
	Fly – Inter-continental	30,539	pkm	0.141	kg CO <sub>2</sub> e/pkm	4	DEFRA (2022)
<b>TOTAL Scope 3 (tCO<sub>2</sub>e)</b>						<b>42,801</b>	
<b>TOTAL Scope 1 + 2 + 3 using the location-based method (tCO<sub>2</sub>e)</b>						<b>42,805</b>	

Table C3 Greenhouse gas accounts for Norske tog for 2022, emission sources and total emissions using the market-based method

Category	Class	Volume	Unit	Emission factor	Unit	Climate impact (tCO <sub>2</sub> e)	Source
<b>Scope 2 – Market-based methodology</b>							
Energy consumption	Power without Guarantees of Origin	262,415	kWh	0.405	kg CO <sub>2</sub> e/kWh	106	NVE (2022)
	Power with Guarantees of Origin	50,286	kWh	0	kg CO <sub>2</sub> e/kWh	0	NVE (2022)
<b>TOTAL Scope 2 (tCO<sub>2</sub>e)</b>						<b>106</b>	
<b>Scope 3 - Market-based methodology</b>							
Energy consumption	Power, train running, generation (TTW)	503,464,672	kWh	0	kg CO <sub>2</sub> e/kWh	0	NVE (2022)
<b>TOTAL Scope 3 (tCO<sub>2</sub>e)</b>						<b>0</b>	
<b>*TOTAL Scope 1 + 2 + 3 using the market-based method (tCO<sub>2</sub>e)</b>						<b>37,266</b>	

\*The total also includes all other sources of emissions in the location-based emissions table.

Table C4 Greenhouse gas accounts for Norske tog for 2022, biogenic emissions

Category	Class	Volume	Unit	Emission factor	Unit	Climate impact (tCO <sub>2</sub> e)	Source
<b>Out of scope: Separate reporting of biogenic emissions</b>							
Fuel, biogenic content	Diesel, business trips	13	l	0.11	kg CO <sub>2</sub> e/l	0	DEFRA (2022)
	Petrol, business trips	699	l	0.08	kg CO <sub>2</sub> e/l	0	DEFRA (2022)
	Diesel, train driving	10,081,141	l	0.11	kg CO <sub>2</sub> e/l	1,111	DEFRA (2022)
<b>TOTAL Out of scope biogenic emissions</b>						<b>1 111</b>	

Biogenic CO<sub>2</sub> emissions originate from biomass that has absorbed CO<sub>2</sub> during its lifetime in the natural carbon cycle. Therefore, biogenic CO<sub>2</sub> emissions do not add more CO<sub>2</sub> to the atmosphere and are reported as “out of scope” under the GHG Protocol. For Norske Tog, this consists of the biogenic content of the diesel and petrol mix used in connection with scope 3 train driving and business trips.

Comments on the climate accounts for 2022

### Location-based methodology

#### Scope 2

##### Energy consumption

**Power, rented premises:** The Norwegian electricity mix from the Norwegian Water Resources and Energy Directorate is used to calculate emissions using the location-based method.

**District heating:** The emission factor is calculated from Drammen Fjernvarme district heating production values. Input factors for estimation are taken from fjernkontrollen.no. Data is only available for 2021.

#### Scope 3

##### Maintenance and replacements for trains in service in 2022

**Replacements, lubrication and cleaning:** Assumes maintenance on trains “in service” and “in reserve” in the Norske tog register of rolling stock. Estimate per train based on LCA for FLIRT.

##### Energy consumption

**Power, train running, generation (TTW):** Beregning av utslipp inkluderer transport fra Bussnang til Oslo

##### Energiforbruk

**Strøm togdrift generering (TTW):** The Norwegian electricity mix from the Norwegian Water Resources and Energy Directorate is used to calculate emissions using the location-based method. Power for train running is covered by Guarantees of Origin, and so emissions are calculated as zero according to the market-based

method.

**Power, electric car allowance (WTT):** The Norwegian electricity mix from the Norwegian Water Resources and Energy Directorate is used to calculate emissions using the location-based method.

##### Fuel and energy-related activities

**Power, electric car allowance (WTT):** Calculated using a DEFRA 2021 emission factor: “WTT Overseas electricity (T&D) Norway + WTT Overseas electricity (generation) Norway”.

**Power, rented Norske tog premises (WTT):** Calculated using a DEFRA 2021 emission factor: “WTT Overseas electricity (T&D) Norway + WTT Overseas electricity (generation) Norway”. Rented premises: See the energy accounts.

**Power, train running (WTT):** Calculated using a DEFRA 2021 emission factor: “WTT Overseas electricity (T&D) Norway + WTT Overseas electricity (generation) Norway”.

**District heating (WTT):** Calculated using a DEFRA 2022 emission factor: “Distribution – district heat & steam, WTT – Heat and steam”

##### Waste disposal, trains and parts

**Residual waste:** Emission factor adapted for Norwegian conditions. Includes both residual waste transport and incineration/energy recovery.

**Iron:** Emissions calculated on the basis of recycling assumptions.

**Aluminium:** Emissions calculated on the basis of recycling assumptions.

**Mineral mass:** Used for cover material and therefore not deemed to be waste. Landfill emissions are used to estimate emissions related to transport/handling.

### Market-based methodology

#### Scope 2

##### Energy consumption

**Power without Guarantees of Origin:** Norske Tog purchased Guarantees of Origin for power for its rented premises on mid-2022. A Norwegian Water Resources and Energy Directorate emission factor is used to calculate half of the total power consumption for the percentage with no Guarantees of Origin in order to estimate emissions according to the market-based method. Rented premises: See the energy accounts.

**Power with Guarantees of Origin:** Norske Tog purchased Guarantees of Origin for power for its rented premises in mid-2022. Therefore, emissions are set to zero for calculation of half of the total power consumption for the percentage with Guarantees of Origin in order to estimate emissions according to the market-based method. Rented premises: See the energy accounts.

#### Scope 3

##### Energy consumption

**Power, train running, generation (TTW):** Power for train running is covered by Guarantees of Origin, and so emissions are calculated as zero according to the market-based method.

## Annex D: Materials and waste

Table D1 Materials used in trains which has been phased in during 2022\*

	Materials per train (tonnes)	Total materials 16 new trains (tonnes)
Aluminium	66	1,052
Steel	83	1,330
Copper	12	184
Glass	7	105
Wood	7	109
Plastic	2	29
GRP	2	35
Electronics	8	129
Chemicals	3	45
Textile	1	16
Other	8	135
<b>Total</b>	<b>198</b>	<b>3,169</b>

\* Source: LCA Flirt version 25 Jan 2020, Appendix B Material List

These calculations are based on data from the list of materials in a preliminary Life Cycle Analysis for FLIRT types 74 and 75, 2010. In 2022, twelve class 74 trains were phased in. Four class 76 trains were also phased in, where the calculations of materials are based on the

same data due to a lack of specific class 76 data when the calculations were performed. The weight of each type of material is multiplied by the number of trains (16 in total) in order to work out the total amount of material.

Table D2: Materials delivered as waste from coach sets phased out in 2022

Material type/tonne	Train class									
	70-01	70-03	70-07	70-08	70-09	70-13	70-15	70-16	92-06	Total
Iron	88	88	88	85	85	86	86	85	86	775
Drops	12	12	11	12	12	12	12	12	12	106
Aluminium	59	59	59	60	60	60	60	60	60	537
Electric motors	4	4	5	4	4	4	4	4	4	38
NiCd batteries	2	2	2	2	2	2	2	2	2	14
WEEE, transformers	4	4	4	4	4	4	4	4	4	35
WEEE, miscellane- ous electronics	1	1	1	2	2	1	1	2	1	13
Light fraction	15	15	11	14	14	13	13	9	13	114
Mineral mass	21	21	24	18	18	20	20	18	20	181
Oil	1	1	1	2	2	1	1	2	1	13
<b>Total for all materials</b>	<b>207</b>	<b>207</b>	<b>205</b>	<b>201</b>	<b>201</b>	<b>203</b>	<b>203</b>	<b>197</b>	<b>203</b>	<b>1,828</b>

Source: Credit notes from Hellik Teigen to Norske tog

Norske tog phased out nine coach sets in 2022, all of which were delivered to recycling company Hellik Teigen. Table D2 shows the types and volumes of waste in tonnes from disposing of the train sets. This data is based on credit notes from Hellik Teigen to Norske tog. It has not been possible to obtain data for coach sets 70-13, 70-15, and 92-06. Average material volumes for these three coach sets have been used, therefore, on the basis of the train sets where data was available.

Table D3: Waste management of materials from train sets phased out in 2022

	<b>Total for all coach sets (tonnes)</b>
Total weight of all materials	1,828
<b>90% to recycling</b>	<b>1,627</b>
<b>10% to energy recovery</b>	<b>201</b>

The waste volumes for recycling and energy recovery are based on percentages indicated given in a report from Hellik Teigen for the recycling of class 70 train sets. This was the best data available at the time when the calculation was performed:

- Materials for recycling: 90 per cent
- Materials for energy recovery: 10 per cent
- Materials for landfill: 0 per cent

## Annex E: Information on external audit

Norske tog is audited by an independent third party each year in line with the requirements set down in the Norwegian Audit Act. Currently, the auditing firm PwC is responsible for auditing Norske tog and assessing whether the company's annual accounts are compliant. The company's auditor is elected by the annual general meeting and the agreement concerning auditing services has a duration of four years (2022-2025 annual accounts) with the option to extend for 2+2 years. The auditor participates at the board meeting at which the full-year financial statements are discussed. Non-audit services provided by the auditor are reported to the Board of Directors each year.

The audit report from PwC is located at the back of Norsk tog's annual report 2022.

### **Audit Committee**

The Norske tog Board of Directors has to elect an Audit Committee to reinforce the Board's preparation for its meetings. The Board as a whole is responsible for the decisions made. The Audit Committee must comprise at least two members, who are elected by and from among members of the Board. At least one of the members of the Audit Committee must hold qualifications in accounting or auditing.

### **Internal audit**

Norske tog is wholly owned by the Norwegian State and is therefore subject to the Norwegian government's requirements relating to internal audits in accordance with Chapter 2 of the Norwegian Ministry of Finance's "Provisions relating to financial management in the State".

Norske tog has engaged an external auditing firm to conduct internal audits. The purpose of the internal audit

is to evaluate the appropriateness and effectiveness of the company's governance and control system for risk management and internal control are, using a structured and systematic approach.

Internal auditing for Norske tog is carried out by the auditing firm BDO. The internal auditor works and formally reports to the Board of Directors of Norske tog and draws up an annual risk-based audit plan (June to June) in order to determine priorities. The proposed audit plan is presented to the Board of Directors, who will amend or adopt the proposal.

### **Green Bond Framework**

Norske tog has developed the Green Bond Framework, a framework for issuing green bonds in the bond market. This framework was updated in December 2022. According to the Green Bond Principles (ICMA, 2021), it performing third-party verification of the Green Bond Framework is recommended. The Norske tog Green Bond Framework was assessed by an external, independent third party, Cicero, in 2022, resulting in a "Second Opinion" report.

### **Reporting environmental impact**

Norske tog prepares an environmental impact report every year. This report is verified each year by an independent third party in line with the recommendations of the Position Paper on Green Bonds Impact Reporting (Nordic Public Sector Issuers, 2020) and the Green Bond Principles. This verification was carried out by the audit firm PwC in November 2022. The work was limited to verification of processes and systems for funding eligible assets and allocating funding from the green bond to such assets, as described in the section entitled "Governance of the green bond framework" in the Norske tog environmental impact report for 2022.

# Annex F: Employment benefits

Norske tog staff receive the following benefits in addition to compensation in the form of salary:

## Occupational health service

Norske tog has a contract with Oslo Akutten BHT, an external independent occupational health service. They are able to conduct analyses and examinations in order to identify risks at Norske tog if necessary, and they also offer health checks. Employees can also receive health assistance through a DNB group health insurance scheme that the company has taken out for all its staff.

The occupational health service and the pension, insurance and leave schemes referred to below cover only permanent Norske tog employees.

## Pension and insurance policies

- Joint AFP scheme
- DNB Health Insurance (tax impact, NOK 316 per month)
- DNB Personforsikring
  - Occupational injury insurance (medical invalidity, occupational disability, death) (tax impact, NOK 70 per month)
  - Extended occupational injury (inability to work below 15%)
  - Recreational accident (medical invalidity, occupational disability, death)
  - Extended recreational invalidity (recreational invalidity below 15%)
  - Group life: Disbursement 20 G. The insurance policy ends in the calendar month in which the insured party reaches the age of 70 (tax impact, NOK 221 per month)
- Sparebank 1 – Pensjon
  - Disability pension
  - Child pension

- Good deals on financial services (banking and insurance) in the Jernbanepersonalet financial group.

## Leave

Norske tog employees who are absent from work and entitled to sickness benefit, maternity benefit and parental benefit in accordance with the provisions of the National Insurance Act receive an allowance from the company corresponding to full pay in their full-time or part-time position, without regard to the provisions on income limitations (G-limitation) in the National Insurance Act. This also applies to absence entitling the employee to sickness benefit in connection with a child who is chronically ill or disabled.

The leave scheme includes:

- Carers' leave — paternity leave
- Extended parental leave
- Illness of a child
- Settling in at nursery and on the first day of school
- Right to care for relatives at the end of life (unpaid)
- Military service — refresher training
- Public office — right to unpaid leave
- Paid welfare leave for up to 10 days
- Study leave — paid time off for exams, incl. 2 study days beforehand

## Other benefits

- Mobile phone
- Broadband
- Computer/terminal spectacles
- Staff ticket

## Annex G: Key Norske tog suppliers in 2022

Table G1 shows Norske tog's biggest suppliers, based on an extract from the Norske tog invoice management system and derived from the invoice period 1 January 2022 to 31 December 2022. There will be some discrepancies in the actual consumption of services compared with what the annual accounts show. Consumption for 2022 is derived from the date of the invoice only. The figure stated does not take accrual effects into account. Nor have any adjustments been made for the actual exchange rate recognised in the accounts in instances in which consumption is not in NOK. To mitigate the latter, the annual average mid-rate from Norges Bank has been used to convert invoices received in foreign currency to NOK.

Legal entities registered in Norway are Norwegian suppliers used to calculate the percentage. This figure

may include instances in which goods and services are nevertheless supplied from another country, but where Norske tog receives an invoice from a subsidiary registered in Norway, or similar.

All of Norske tog's biggest suppliers are either Norwegian or European. The list of local (Norwegian) companies is based on suppliers registered as Norwegian legal entities, Norske tog receiving an invoice from a Norwegian company. The annual average mid-rate from Norges Bank has been used to convert invoices received in a currency other than NOK.

These lists are not exhaustive; suppliers who have supplied goods or services for amounts of less than NOK 9 million are not included.

Table G1: Biggest suppliers, 2022

Supplier	Description	Contract	Total NOK
Stadler Bussnang AG	Train supplier	Flirt Options 4 and 5	747,092,064
ALSTOM Transport Deutschland GmbH	Train supplier	New local trains	633,590,516
Tryg Forsikring	Insurance	Insurance contract	60,326,958
ALSTOM Transport AB	Train supplier	Mid-life update, class 72	57,152,794
Mantena AS	Maintenance and servicing	Framework agreement for technical services	43,376,210
WSP NORGE AS	Consultant	Framework agreement for technical services	26,532,380
O.J. DAHL AS	Spare parts and consultant	Framework agreement for technical services	18,506,086
Nomad Digital Ltd	Digital services	Framework agreement, Trains Online	17,626,943
VY TOG AS	Train operator	Framework agreement for technical services	16,978,913
HYDEX SYSTEMHYDRAULIKK AS	Spare parts and consultant	Framework agreement for technical services	14,840,000
SJ Norge AS	Train operator	Framework agreement for technical services	14,041,118
Borcad cz. s. r. o.	Supplier of materials	Reclining seats	11,836,243
VYGRUPPEN AS	Train operator	Framework agreement for technical services	11,690,116
KPMG AS	Consultants	Framework agreement for consultancy services	10,408,096
Georg Eknes Industrier AS	Supplier of materials	Reclining seats	9,323,992





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# Gender equality statement

Annex to Norske tog's 2022 annual report

Norske tog wishes to offer its employees a working environment in which people enjoy their work and develop both professionally and as human beings. The company is committed to treating employees fairly and providing equal opportunities for all, and has focuses strongly on facilitating working conditions where necessary.

Norske tog does not accept any form of harassment and works actively to promote equality and counter discrimination on the basis of gender, pregnancy, maternity leave or adoption leave, caring for family members, ethnicity, religion, beliefs, disability, sexual orientation, gender identity and gender expression and combinations of these.

### Actual situation in 2022

A total of 62 different employees (23 women and 39 men) were employed by Norske tog in 2022. The company had 57 full-time employees at 31 December 2022, including 20 women and 37 men. The number of full-time equivalents in 2022 was 55.4. This count is performed manually.

16 employees joined the company (7 women and 9 men) and 4 employees left (3 women and 2 men) in 2022. The increase in the number of employees is a conscious effort to ensure sufficient and proper competence and capacity to implement and follow up the procurement processes for new local and long-distance trains, as well as proper management of the trains.

Table 1 Gender distribution of Norske tog employees

Women	Men	Other	Total	Comments
<b>Employees</b>				
23	39	-	62	
<b>Number of permanent employees</b>				
20	37	-	57	All of the company's employees are employed at the Oslo office.
<b>Number of temporary employees</b>				
-	1	-	1	
<b>Number of employees without a fixed workload</b>				
-	2	-	2	The company has taken on two resources who do some work when needed – two former employees who have retired.

Table 2 New appointments and employees who left in 2022

Age groups	20-30	30-40	40-50	50-60	60-70	Total
Women who left		1	1			2
Men who left	1				1	2
Women who joined	2	5				7
Men who joined	3	2	2	1	1	9
<b>Total change in the number of employees</b>						<b>+12</b>
<b>Increase in the number of employees</b>						<b>+27%</b>

Table 3 Distribution of the company's senior executive

		Executive team	Extended executive team	Total
<30	N/A	N/A	N/A	N/A
30-50	25%	25%	50%	100%
>50	33%	25%	42%	100%
Minority	0%	25%	75%	100%
Women	43%	29%	29%	100%
Men	23%	23%	54%	100%

Table 4 Age distribution of the company's other employees

	Women	Men	Total
<30	7%	7%	14%
30-50	22%	28%	50%
>50	7%	29%	36%

### Gender balance

Norske tog had a gender balance of 35 per cent women and 65 per cent men by the end of 2022. The share of women in managerial positions is 22 per cent. The gender distribution at senior executive level is 40 per cent women and 60 per cent men.

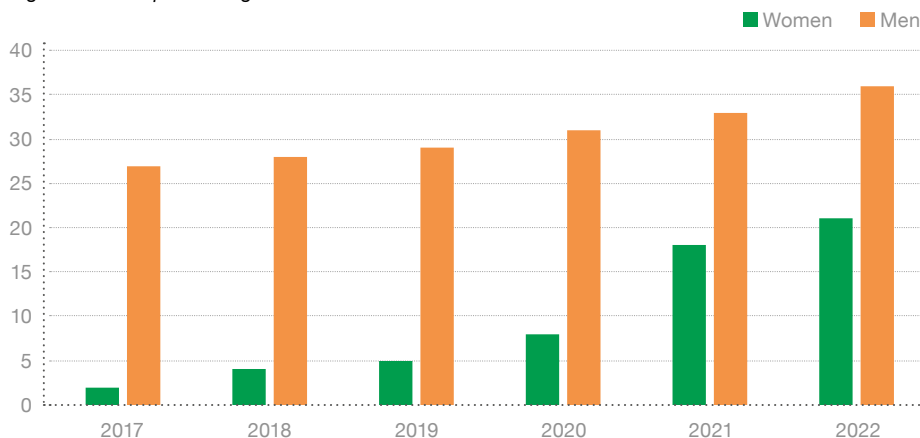
Norske tog is constantly striving to improve the gender balance in the company. The company operates in a traditionally male-dominated industry, and has made deliberate efforts over the past few years to increase the proportion of women, with good results. From employing predominantly men in positions related to technology, development and documentation, the company has seen a strong increase in the proportion of women in recent

years thanks to the appointment of a number of female engineers.

After a real increase in the proportion of women in 2021, the company set itself an ambitious target for 2022 – that the proportion of women among its employees should exceed 40 per cent. The proportion of women was 35 per cent at 31 December 2022, and so the company did not reach its target. The company will continue its efforts to balance the genders in 2023.

Figur 1 shows the development in the proportion of women at Norske tog. When the company started, the proportion of women was 6 per cent (2 women and 27 men).

Figure 1 Development of gender balance



## Salaries

Tabell 5 shows salary distribution per gender and job level at Norske tog.

Norske tog does not work with rigid job categories, and employees below executive level are a composite group with a relatively flat structure and scattered division of responsibilities. There are not sufficient grounds to ensure anonymity regarding salary differences when reporting at departmental level. The company has therefore chosen to separate employees only in terms of their management responsibilities. The survey shows that there are minor differences in salary levels between the genders in the company.

Norske tog annually adjusts the compensation at individual level in comparable positions to ensure people receive equal pay for equal work. It may be necessary to make the adjustment over a couple of years in individual cases with larger gaps.

The company's CEO, Norske tog's highest-paid person, earned 40.1 per cent more than the total compensation rate for all employees (excluding the highest-paid employee) in 2022. All Norske tog employees are included in the calculation. The figures above are calculated by compiling a list of all full-time employees

and their compensation and using the actual figures in the calculation. Only fixed salaries are included in the calculation, as only fixed salaries are adjusted annually for all employees.

## Non-voluntary part-time work and temporary employees

Norske tog follows the general objective in Norwegian workplaces, that the use of temporary positions should be limited and that non-voluntary part-time should be addressed. Norske tog had only full-time employees in 2022.

The company has taken on two resources – two former employees who have retired – who do some work when needed.

Norske tog also hired external consultants equivalent to 28 full-time equivalent employees in 2022. These consultants have essentially been linked to procurement projects for new local and long-distance trains.

## Parental leave

Six employees took parental leave in 2022. The average number of weeks of parental leave taken was 11 for women and 8.5 for men. Everyone who was entitled to parental leave took it.

Table 5 Gender distribution at job level and salary differences

	Gender distribution at various job levels/groups		Salary differences								
			Total benefits			Agreed salary/fixed salary			Overtime allowances*		
	Women	Men	Women	Men	Women's %	Women	Men	Women's %	Women	Men	Women's %
Total	36%	64%	32%	68%	82%	32%	68%	77%	23%	77%	52%
Managers (senior/middle managers)	40%	60%	35%	65%	82%	35%	65%	82%	-	-	-
Other employees	36%	64%	31%	69%	79%	31%	69%	76%	23%	77%	52%

\* Overtime allowance as a result of overtime required or approved work over 7.5 hours, Mon-Fri. The overtime allowance varies between 50 per cent and 100 per cent depending on the time of day and whether the work is done on a weekday or weekend.

# Norske tog's efforts to promote equality and anti-discrimination

## Policies and procedures

### Promoting equal opportunities and preventing discrimination

Diversity and inclusion are key in a small organisation where individuals are highly visible. Norske tog will show that there is room for everyone, and that the company's strengths lie in its differences. This is true on both a human and a professional level. The organisation has a large proportion of employees who do not have a technical background, despite being a technical competence environment.

At Norske tog, there must be no discrimination on the grounds of gender, age, disability, sexual orientation or religious, cultural and ethnic background. The company's workforce should reflect the diversity of its population.

Norske Tog employees must treat everyone they come into contact with through their work or work-related activities with courtesy and respect. Employees must refrain from conduct that may have an adverse impact on colleagues, the working environment or Norske tog. This includes any form of harassment, discrimination or other conduct that colleagues or business associates may perceive as threatening or degrading.

Both the senior executive and the Board of Directors of Norske tog are involved in efforts to promote equality and counter discrimination. There is a great awareness among both the senior executive and the Board that diversity helps to strengthen the company's work by contributing different views and prompting good discussions on how the company can create a better product.

### Whistleblowing scheme

Norske tog, has established a joint whistleblowing service in cooperation with an external consultant (Kvale Advokatfirma DA). This whistleblowing service can be used by both internal and external stakeholders, and must ensure professional, neutral and independent handling of whistleblowers in accordance with the requirements and intentions of the Norwegian Working Environment Act. The whistleblower service must also help to ensure the safety and security of whistleblowers, in particular with regard to confidentiality and anonymity,

and it must be possible to use it without fear of consequences or reprisals.

Norske tog places emphasis on a transparent culture of expression. Unlawful or unethical conduct may be detrimental to the working environment. That is why it is important that such issues are addressed and managed appropriately.

Individual employees have a statutory right to call attention to unacceptable conditions. The right to call attention to unacceptable conditions also applies to hired workers/consultants. It is desirable – but not demanded – that the whistleblowing service should only be used when there are specific (unacceptable) circumstances for doing so.

Unacceptable conditions are illegal conditions, violations of general ethical norms and violations of internal guidelines. Examples of unacceptable conditions include (the list is not exhaustive):

- bullying
- working conditions that contravene the requirements of the Norwegian Working Environment Act
- irresponsible handling of cases
- failure of safety procedures
- sexual harassment
- discrimination
- corruption, abuse of power, financial breach of trust, breaching confidentiality, discrimination, etc.

Issues should primarily be reported to the line manager, where appropriate via a safety representative or elected representative. If this is not possible or appropriate, issues can be reported directly to Kvale Advokatfirma, the company's whistleblowing contact. An anonymous whistleblowing channel is available on the Norske tog website.

Whistleblowing may take place verbally or in writing (letter, email or similar).

The CEO is responsible for contacting the Board directly with information if the company receives a report of an issue. If the report relates to the CEO, the person receiving

the report is responsible for passing on information about this to the Chair of the Board.

Norske tog received one whistleblowing report in 2022. This report was anonymous and involved the handling of a changed role in-house. The report was reviewed and parked following careful consideration by the executive. Processes and procedures for changing roles have been updated internally as a result of the report.

#### *Working environment committee*

Norske tog established a working environment committee (WEC) in 2022. The working environment committee was established as a direct consequence of the fact that the number of people employed by the company has passed 50 over the past year. The committee held its first meeting in November 2022.

Going forward, the working environment committee must assess health and welfare aspects of the working hours scheme and report on accidents, sick leave and deviations as standing items on the agenda at each meeting.

All members of the working environment committee have completed basic HSE training courses in 2022.

### **Identification of risk**

The number of people employed by Norske tog has passed 50 in 2022, so the company is now subject to stricter requirements in terms of working in an active, targeted and scheduled manner to create more equality and prevent discrimination in the workplace. To meet the more stringent legal requirements, the company perceives a need to initiate greater efforts to structure and systematise its gender equality and diversity efforts in the coming year. In particular, there is a need to review the company's policies in respect of the various areas of personnel policy so as to identify discrimination risks and barriers to gender equality, and also to introduce targeted measures to eliminate these barriers.

Given the above, Norske tog has perceived a need to implement the following measures in 2023:

- To employ an HR resource in the company who will be assigned overall responsibility for the company's gender equality and diversity initiatives. The deadline for applications is mid-February, and the aim is to have a resource in place during the first six months of the year.
- To design annual cycles with activities aimed at efforts relating to diversity and equality. A working group has

been set up with resources from HR, elected representatives and company employees who wanted to be involved in this work going forward.

- To include issues relating to diversity and inclusion in the 2023 employee survey. Data from this survey will provide the company with better data for mapping risk, as well as monitoring developments, deciding on and implementing targeted measures, and following up on the outcomes of measures initiated.
- To carry out risk analysis across the enterprise in order to provide a more systematic approach to risk management. The management are responsible for the survey work, and will then delegate responsibility for following up and implementing measures to other resources where relevant.
- To develop instructions/guidelines to assist the company's managers in the operationalisation of facilitation for the company's employees. The WEC holds primary responsibility for following up on this.
- To analyse sick leave more extensively than was previously the case, particularly with regard to picking up trends; if one employee accounts for a large percentage of sick leave year after year, for example.
- To advertise all vacancies in-house so that employees have the opportunity to submit applications. A solution is currently being devised for the company's intranet where future job ads will be published.

### **Norske tog procedures**

The Department of Finance, HR and Administration holds overall responsibility for diversity, gender equality and gender balance initiatives and is working in partnership with elected representatives and the newly established working environment committee to promote proposals and ensure progress. It will be easier to monitor the development and outcomes of this work going forward thanks to a better structure and systems for this work.

"Expectations for work going forward" on page 9 of this report provides more information about the company's specific plans for further diversity and gender equality initiatives in 2023.

#### **Recruitment**

The company wishes to recruit a diverse range of individuals to reflect the diversity of the population. Norske tog uses two external recruitment agencies, Assessit and Personnelhuset, to ensure quality and professionalism in the company's recruitment initiatives. These external recruitment specialists work in close partnership with the recruitment manager. The recruitment staff responsible

for filling Norske tog positions hold DNV certification. Both companies have competence programmes and training programmes that cover unconscious prejudices.

Norske tog has defined a requirement for at least one eligible female applicant and one eligible applicant with a minority background to be called to interview, wherever possible. All job ads must include a request for eligible candidates to apply regardless of age, disability, gender, sexual orientation, religion or ethnic background. Norske tog sets great store by facilitating working conditions if such initiatives are needed by workers.

### Pay and working conditions

All of the company's employees are covered by Spekter's main agreement, SAN 2022–2025, which includes clear guidelines and provisions for defining salaries. Compensation is adjusted annually in line with the current salary settlement. Members of the senior executive receive a percentage increase that is the same as the average for all employees.

Norske tog employees must be treated fairly and have equal opportunities. Norske tog must not have unjustified salary differences between women and men. The local salary policy must ensure that employees with the same types of skills and the same duties have the same opportunity for salary and competence development. Experience and competence are the only factors that can justify unequal pay levels in equivalent positions. When appointing new staff, the final salary will be determined in negotiations between the employee and Norske tog, with the assistance of the recruitment agency responsible for the recruitment process in question on behalf of Norske tog.

Norske tog conducts an annual employee survey in November/December. The response rate was 88 per cent in 2022. The results of the survey showed that many employees, particularly in the company's department of technology, development and documentation, find their workloads are too large and cite challenges in making decisions that are necessary for their work. In terms of workload, employees say that they have to juggle many tasks at the same time because of the way in which tasks are distributed in the department, which in turn leads to an unpredictable working day and a great deal of mental stress.

The results also showed that several employees are unhappy with the financial remuneration they receive from Norske tog. This dissatisfaction has primarily come

about because the general salary level in Norway has increased, and new company employees who negotiate their salaries on the basis of the current salary level therefore join the company at a higher salary level than employees who have worked for the company for a long time, whose salaries are only adjusted annually as a percentage in line with the salary settlement.

The survey results are being reviewed at the various departments, and the management is responsible for compiling action plans based on the results for each department.

The company performs annual assessments of the need for salary adjustments beyond the salary settlement, linked primarily with changes in position or duties/responsibilities, and to adjust any internal imbalances in salary levels. The executive team, in consultation with the employee's line manager, is responsible for assessing the need for further changes for the employee in question. These assessments are conducted at an extended executive meeting so as to eliminate the risk of both conscious and unconscious favouritism towards or discrimination against individuals. The extended executive team compares salary levels for each department, and against what they deem to be the same level in other departments. For instance, a senior project manager, an engineer and an accounts manager should be relatively equal in terms of salary level. The equalisation usually has to be spread over a couple of years if particularly large salary gaps are identified, so that the adjustment does not exceed the fixed percentage increase in the salaries of other company employees.

The company does not have a separate policy for defining or amending salaries at present, but developing this is being considered.

### Promotion and development opportunities

All of the company's employees have at least one staff appraisal with their line manager during a year. A development plan has to be completed in consultation with the manager as part of the staff appraisal. This development plan involves everything from in-house training and attendance at breakfast meetings, to more formal courses/certifications and master's degree programmes.

Employees who do some of their work at workshops are required to undergo regular certification procedures in order to carry out their work. All competence building

initiatives beyond this are primarily driven by employees' desire to acquire more skills. The measure must be relevant to the position of the individual in question, but this is interpreted broadly. That is to say, even a psychology course may be considered relevant if an employee has ambitions to become a manager.

There is no limit to the number of hours that can be completed by employees per year, but the larger training courses (such as master's degree programmes) are limited to only one programme at a time.

Employees undertake to remain with the company for two years after completing the course when a master's degree programme paid for by Norske tog has been completed. Employees undertake to remain with the company for one year in the case of less extensive training programmes. Norske tog ensures that the company benefits from the investment made in the employee in question by requiring them to remain with the company following the course.

The feedback provided by employees in Norske tog's annual employee surveys and staff appraisals indicates that there is a great deal of scope for professional and personal development at Norske tog. The company is proud of this initiative, and is committed to continuing it.

### Adaptation

Norske tog offers and supports a diverse workplace that provides a great deal of flexibility. Major emphasis is placed on adapting working conditions to the needs of individual employees.

The company's sick leave rate has remained consistently low ever since the company began in 2017, and the sick leave rate in 2022 stood at 2.2 per cent. Norske tog has established procedures for facilitating long-term sick leave, providing information about what employees can expect from the company if they are absent from work for any length of time.

Special monitors, mouse and keyboards, additional lighting, a custom chair, etc. are provided for all employees who need such items at their office workstations. The company has also devised a new agreement providing funding for equipment for employees working from home. This will enter into force on 1 January 2023. This agreement means that employees can purchase the equipment of their choice worth up to NOK 25,000 to assist when working from home. This is applicable to all employees who have signed Norske tog's agreement on

working from home (dated December 2022). Employees may also borrow equipment from the office and take it home if they wish to do so.

The Occupational Health Service tests the air quality in the office every year, as well as setting the office chairs to the correct seating position so as to provide the best possible working environment for the company's employees.

The company facilitates arrangements for religious holidays if so required by employees. The details of the arrangement are clarified between the employee and their line manager. The canteen also caters for other dietary requirements if so required. And currently offers food suitable for vegetarians and people with certain allergies. This is continuously being adjusted as requested and required by employees.

Norske tog's guidelines allow employees to wear whatever they like, as long as they dress respectably.

### Work-life balance and family

Norske tog wants its employees to enjoy their lives, both at work and at home, and so it accommodates employees' wishes at various stages of their lives. Norske tog offers its employees flexible working hours between the hours of 7am and 8pm, provided that the individual's job description allows it. The company's core hours are from 9am to 2.30pm. Flexible working hours make it possible for individuals to adapt their working day to suit their needs. In recent years, digital tools such as Teams have made it possible to increase flexibility in positions where this is possible and preferred.

Norske tog has established a general practice requiring at least 40 per cent physical attendance at the office. The company is flexible as regards this practice, and employees who need to spend longer working from home can arrange this with their line manager. HR performs quality assurance of all requests so as to ensure that there is no discrimination between the various departments.

Employees are also able to take half-days for caring for sick children so that they do not have to "waste" a whole day if they are at home with sick children for just a few hours in the working day.

Norske tog goes to great lengths to arrange the working day in a way that suits their employees, and it is possible to reduce working hours in some welfare cases if reduced working hours do not place the company at a particular disadvantage. Applications for reduced working



hours must be submitted to the line manager in writing. Additional adaptation needs for individual employees are reviewed at the annual staff appraisal.

It is quite natural for Norske tog to take gender equality and diversity seriously: this is expected by the company's employees and by society in general, as Norske tog is a State-owned enterprise.

### Expectations for work going forward

Norske tog is a growing organisation, and 2022 has seen a great deal of activity within the company. As a result, there has not been time to implement a number of the measures planned to promote diversity and gender equality. That is why the company is continuing work on its planned measures into 2023, and will go on working on these measures in the coming year.

Norske tog deems it crucial to reinforce cooperation between the company, employees, elected representatives and safety representatives so as to ensure success with gender equality work going forward.

Table 6 Status of diversity and gender equality measures

Measure	2022 status	Plan for 2023
<b>To conduct a statutory risk assessment of barriers to gender equality and diversity.</b>	A risk and vulnerability analysis has been conducted at a general level, but does not specifically consider gender equality.	Implementation is planned for 2023.
<b>To implement a risk assessment in respect of the recruitment process and assess improvements.</b>	Not implemented, but external recruitment experts are being used for all recruitment procedures to ensure professionalism.	Implementation is planned for 2023.
<b>When procuring recruitment services, we require the supplier to have expertise in inclusion and it must help to achieve the goals defined for Norske tog.</b>	Not implemented.	The current agreement relating to recruitment services will be renewed in 2023 / 2024. When the agreements will be renewed will be clarified.
<b>To seek participation in the State trainee programme for people with higher education who have disabilities or have gaps in their CVs.</b>	This has been investigated and is deemed for engineers. No application submitted as yet.	This will be followed up by a new HR resource that the company is working on recruiting.
<b>To consider the possibility of creating apprenticeships – including apprenticeships for people with disabilities.</b>	Constantly being assessed. There is a desire to implement this, particularly in the technical department, but it is not implemented as yet.	The ambition is to trial this in 2023.
<b>To ensure that all employees who conduct or attend interviews have attended or seen the series of seminars on inclusion provided by the Norwegian Government Agency for Financial Management.</b>	Completion of this has failed in 2022 as the recruiting managers have been extensively involved in two major projects that are extensive and time-consuming.	To be implemented in 2023.



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# Executive salary report

2022



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# 1. Introduction

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

It is necessary to attract highly skilled labour at all levels of the organisation in order to achieve the State's overall objective of ownership. Norske tog is in need of expertise in a wide range of both technical and administrative areas, and the company is dependent on attracting individuals who are attractive to other enterprises in

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

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

## 2. Important events and results in 2022

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

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

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

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

### 2.1. Health, safety and environment

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

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

### 2.2. Organisation

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

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

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

### 2.4. Changes in corporate governance and the Board of Directors

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

### 3. Remuneration to the executive team

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

Table 1 – Main elements of the remuneration scheme

Remuneration		Comments
Basic salary		Basic salaries are determined on the basis of a position and market assessment assessed against the Norske tog policy of offering competitive terms but not being a pace-setter in salary settlements.
Pensions		The Norske tog pension scheme applies to all employees and executives on equal terms. This scheme has a company contribution rate of 5.5 per cent up to 7.1 G (the National Insurance base amount), and 15 per cent between 7.1 and 12 G.  The pension scheme includes private AFP (contractual pension scheme), and has a group life insurance of 20 G plus 2 x salary.
Other benefits	Insurance	Personal, health and travel insurance according to the standard for other Norske tog employees.
	Car allowance	Fixed car allowance of NOK 120,000 for the CEO  Only the CEO receives this car allowance.
	Other benefits	Other benefits include mobile phones and broadband coverage in accordance with established standards. Staff tickets for passenger trains in Norway are also covered on an equal footing with all Norske tog employees.
Severance pay		For the CEO, special pay after termination of employment has been agreed upon by the employer when the CEO's position is terminated by the employer over a time shorter than the specified notice periods. The CEO is entitled to severance pay of up to six months' pay beyond the agreed notice period.

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

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

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

### 3.1. Remuneration to the Board of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 7 – Average annual remuneration for full-time employees

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

## 4. Decision-making process set out in the guidelines

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

## 5. Deviations from the guidelines

There have been no deviations from the guidelines.

## 6. Information on voting at the Annual General Meeting

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



## 7. Statement of the Board of Directors

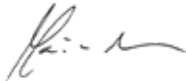
The Board of Directors has today considered and adopted the report on remuneration to senior executives at Norske tog AS for the 2022 financial year. The report has been prepared in accordance with the company's Articles of Association, Article 6-16 b of the Norwegian Public Limited Liability Companies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

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

Oslo, 16 February 2023



Annette Malm Justad  
Chair of the Board



Marianne Abeler  
Board member



Espen Opedal  
Board member



Jan Morten Ertsaas  
Board member



Bjørn Erik Olsson  
Board member



Henriette Torgersen  
Board member



Øystein Risan  
CEO

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



To the General Meeting of Norske tog AS

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

#### Opinion

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

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

#### Board of directors' responsibilities

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

#### Our Independence and Quality Management

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

#### Auditor's responsibilities

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

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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



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

Oslo, 21 February 2023  
**PricewaterhouseCoopers**

Marius Thorsrud  
State Authorised Public Accountant

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



Norske  
tog

# Guidelines for remuneration to senior executives at Norske tog AS

# Guidelines for remuneration to senior executives at Norske tog AS

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

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

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

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

## About Norske tog

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

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

## General policies for defining salaries

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

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

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

## Remuneration to the Board of Directors

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

## Components included in remuneration to senior executives

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

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

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

Bonuses are not awarded at Norske tog AS.

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

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

### **Fixed salaries**

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

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

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

### **Pensions**

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

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

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

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

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

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

### **Other benefits**

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

### **Notice period**

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

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

### **Severance pay**

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

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

### **Decision on the establishment, approval and implementation of the guidelines**

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

### **Determination of remuneration for senior executives**

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

### **Deviations from the guidelines**

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

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

# Disclosure under the Norwegian Transparency Act

The Norwegian Transparency Act requires companies to publish a statement regarding integrity due diligence assessment. Norske tog understands that what is set out below is in line with the duty of disclosure in the Norwegian Transparency Act.

Over the last year, Norske tog has focused on adapting its organisation and procedures in line with the Norwegian Transparency Act, which entered into force on 1 July 2022. The company has remained up to speed on the Norwegian Transparency Act and integrity due diligence assessments by means of seminars under the auspices of Ethical Trade Norway.

Norske tog has also established new guidelines for its operations in 2022: “Carrying out integrity due diligence assessments that safeguard people, the environment and society”. These guidelines were developed by Norske tog’s executive team and legal department, and the Board has been notified of the work. Only general information from this work – and not full guidelines – has been published up to now.

Norske tog is now performing integrity due diligence assessments in line with the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

Conducting integrity due diligence assessments involves interdisciplinary involvement and takes place as an integral part of the enterprise. The legal department is responsible for ensuring that Norske tog’s work on integrity due diligence assessments is in line with applicable legislation and international frameworks. The administration department checks that the guidelines are implemented correctly in the projects and supervises any non-conformities. The project department is responsible for conducting risk assessments linked with countries, input factors and suppliers for the individual projects in which integrity due diligence assessments are to be conducted.

Integrity Due Diligence (IDD) assessment is a background investigation of risks in respect of ethics and integrity, which also includes respectable work and human rights. IDD assessments are performed for

projects worth over NOK 1 billion, and also on the basis of a specific assessment for projects worth less than NOK 1 billion. The assessment is based on risk assessments, relevant cases that Norske tog is aware of that relate to the supplier and / or corresponding production, and the value of the procurement procedure.

Norske tog has conducted an overall risk assessment at company level as part of its new in-house procedures. The analysis showed that of the various parts of the enterprise, the procurement procedures for new trains are most at risk of breaches of fundamental human rights and working conditions. In 2022, Norske tog completed IDD assessments of all four eligible tenderers for the long-distance train procurement procedure.

Risk assessment is key to the implementation of the Norwegian Transparency Act. Norske tog conducts both an initial risk assessment in connection with procurement procedures and a supplier-specific risk assessment in cooperation with the selected supplier when concluding the contract. Procurement procedures with high inherent risk in respect of human rights and labour rights, the environment or society are prioritised for further monitoring regardless of value.

In 2022, Norske tog has established a risk assessment tool with an associated process in order to identify and prioritise significant risks for each individual project. Any reports received via the Norske tog whistleblower channel also form part of these risk assessments. Measures to halt, prevent or reduce any adverse impact / damage are identified on the basis of probability and severity, as well as an assessment of any links Norske tog may have with the situation.

For more detailed information about Norske tog’s work with due diligence assessments, please see the company’s annual report for 2022.