

Executive remuneration report 2023



Executive remuneration report 2023

This report on remuneration of the senior executives has been prepared by the board of directors ("the board") of Rana Gruber ASA ("Rana gruber" or "the company") on accordance with the Norwegian Public Limited Liability Companies Act ("PLLC Act"), Section 6-16b, and related regulations.

1. Introduction

Rana Gruber was listed on the main list on the Oslo Stock Exchange on 25 March 2022, from which date the company has been subject to the requirements of the PLLC Act, section §6-16b on executive remuneration.

The company's executive remuneration guidelines were approved by the general meeting on 12 April 2023. This report describes Rana Gruber's compliance with the approved guidelines and the practises for executive remuneration in 2023.

The report applies to remuneration to the senior executives of the company. For the purposes of the report, the term "senior executives" includes the CEO and the senior management team (SMT).

The report also includes details on also remuneration to the board of directors. Section 2 below describes the remuneration practises for the board of directors, while section 10 provides details on remuneration paid in 2023 and 2022 to the individual members of the board.

There have been no deviations from the approved guidelines during 2023.

2. Remuneration of the board

The remuneration of the board shall reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the board of directors consists of a fixed annual fee and is not linked to the company's performance.

Shareholder-elected board members do not have pension schemes or termination payment agreements with the company. The company has not granted share options to members of the board.

The general meeting decides the remuneration of the board and the sub-committees.

The nomination committee proposes the remuneration of the board to the General Meeting and ensures that it reflects the responsibility of its members and the time spent on board work.

The board must approve any board member's consultancy work for the company and the remuneration paid for such work. Any remuneration in addition to normal directors' fees are found in the notes to the consolidated annual accounts.

Details on remuneration paid to individual board members is provided in section 10 in this report.

3. Executive remuneration elements

Remuneration to the CEO and senior executives include the following elements:

- Fixed cash remuneration (base salary)
- Variable remuneration (bonus programme)
- Pension benefits
- Other benefits

Fixed cash remuneration (base salary)

Base salary levels are determined considering the nature of the individual role, individual considerations, the market positioning, and remuneration conditions at Rana Gruber.

The base salary is normally reviewed annually to ensure that it is set at the right level and potential annual percentage increases are aligned with those of employees in general, except in specific circumstances. The CEO base salary is determined by the board. Adjustment of the base salaries for other senior executives is decided by the CEO within the wage settlement framework adopted by the board.

Variable executive remuneration | short term incentive plan

The company has bonus programme for the CEO and senior executives. The programme is linked to pre-defined, measurable criteria, as well as Rana Gruber's business strategy, commercial objectives and long-term interests.

All KPIs and strategic priorities are linked to the company's overall performance. The programme does not include individual performance criteria. The bonus programme has been developed and approved by the board.

Maximum bonus potential is 50 per cent of individual annual salary.

The bonus criteria are pre-defined financial, operational, strategic and non-financial key performance indicators (KPIs), with clear deliverables that are seen as critical for the company's future success.

Financial performance criteria are linked to selected KPIs for financial results. Such KPIs will typically be cash cost per unit produced, EBITDA, EBITA margin or other financial performance indicators.

Operational performance criteria are linked to selected operational KPIs such as production volume.

Strategic performance criteria are linked to defined milestones and progress for selected strategic initiatives, which at any time are defined by the board as key projects to meet strategic ambitions. Typical initiatives will be the fossil free transportation project, overall reduction of CO₂-emissions, etc.

Non-financial performance criteria are typically linked to selected KPIs for production volume, operational efficiency and improvement programmes, HSEQ-indicators and associated topics, etc.

The detailed criteria within the above areas are defined by the board on an annual basis.

General bonus scheme for all employees

In order to balance the incentives for Senior executives and incentives for the entire organisation, the company also has a general bonus scheme for all employees.

The scheme is linked to overall company goals and each employee may earn an annual bonus up to a fixed maximum amount. The maximum amount is the same for all Senior executives.

Variable executive remuneration | long term incentive plan

The company does not have a share/option programme or similar Long Term Incentive Plans.

Pension benefits

Pension is based on a defined contribution plan and is capped at 12x the National Insurance scheme basic amount (12G)¹ for all employees including the senior management team, but not including the CEO, who is entitled to an individual pension plan with certain supplementary benefits. The contribution plan includes a contribution of 6 per cent of salary up to 12G.

Other terms and benefits

Both the CEO and the senior management team have 6 months mutual notice period. For all other employees, the notice period is three months.

A loyalty bonus agreement has been entered into between the company and the CEO. If the CEO remains

¹⁾ 1G = NOK 118 620 as of 1 May 2023. The amount is updated in May every year

in his position until the age of 67, i.e. on 29.04.2026, he shall receive a sum equivalent to 24 months' fixed salary ("Loyalty Bonus").

Other benefits, hereunder company car, car allowance, travel allowance, staff and health insurance and medical services shall be granted on market terms and shall only constitute a limited part of the total remuneration package.

Executives receive non-monetary benefits such as phones etc. aligned with normal practice. In addition, executives may participate in customary employee benefit programmes, e.g. employee share programmes.

Premiums and other costs linked to such benefits may not total more than 15 per cent of fixed annual salary. Such costs in excess of 15 per cent of annual fixed salary are accepted in only in extraordinary circumstances and requires approval by the board. No such circumstances have occurred in 2023 and none of the senior executives had other benefits exceeding 15 per cent of fixed salary.

Severance pay

Neither the CEO nor the other members of the senior management team have rights to severance pay included in their agreements.

4. Remuneration to senior executives in 2023 and 2022

The remuneration paid to and earned by senior executives in 2023 was as follows:

Amounts in NOK 1 000			Fixed remuneration				Variable remuneration		Total remuneration
Position	Name	Period	Salary	Benefits	Other	Pension expense	Bonus	Extraord. items	
CEO	Gunnar Moe	2023	2 827	8	-	83	839	-	3 757
		2022	2 858	8	-	79	716	-	3 661
CFO	Erlend Høyen	2023	1 971	8	-	83	580	-	2 642
		2022	1 794	8	-	78	495	-	2 375
COO	Dr. Stein-Tore Bogen Liljenström	2023	1 926	8	-	83	580	-	2 597
		2022	1 831	8	-	78	495	-	2 412
Head of HR	Anita B. Mikalsen	2023	1 561	8	-	83	22	-	1 674
		2022	1 745	8	-	78	495	-	2 326
Head of HR	Jim Kristian Johansen ¹⁾	2023	1 577	8	-	86	228	-	1 899
		2022	1 184	8	-	69	109	-	1 370
Head of IT, security & safety	Charlotte Stråmyr Norwich	2023	1 159	7	-	66	126	-	1 358
		2022	-	-	-	-	-	-	-
Head of ESG	Nancy Stien Schreiner	2023	1 268	8	-	85	128	-	1 489
		2022	1 112	8	-	59	98	-	1 277

1) Jim Kristian Johansen replaced Anita B. Mikalsen as Head of HR in October 2023.

5. Growth in remuneration and company performance 2022-2023

Senior executives in Rana Gruber consist of the chief executive officer and the senior management team. The current chief executive officer, Gunnar Moe, started assumed the position in 2017. Other members of the senior management team started in 2023, 2020 and 2016.

Growth in total remuneration over the last three years for each senior executive is stated below, together with an overview of the company's performance in the same period.

Amounts in NOK 1 000			2023			2022		
Position	Name	Period	Total	% change YoY	% Variable	Total	% change YoY	% Variable
CEO	Gunnar Moe	1.1.-31.12	3 757	3%	22%	3 661	(27%)	20%
CFO	Erlend Høyen	1.1.-31.12	2 642	11%	22%	2 375	(19%)	21%
COO	Dr. Stein-Tore Bogen Liljenström	1.1.-31.12	2 597	8%	22%	2 412	(26%)	20%
Head of HR	Anita B. Mikalsen	1.1.-30.09	1 674	(28%)	1%	2 326	5%	21%
Head of HR	Jim Kristian Johansen	1.1 -31.12	1 899	39%	12%	1 370	-	8%
Head of IT, security & safety	Charlotte Stråmyr Norwich	1.2.-31.12	1 358	-	9%	-	-	-
Head of ESG	Nancy Stien Schreiner	1.1.-31.12	1 489	14%	9%	1 277	-	8%

Company:

Amounts in NOK 1 000	2023	2022
Operating revenue	1 932 039	1 423 319
Growth%	35.7%	(14.7%)
Adjusted net profit	654 785	391 766
Adjusted net profit margin (adj.)	33.9%	27.5%

The total salary increase for all employees was 2.3 per cent in 2023 and 10.2 per cent in 2022.

Average salary, included pensions, bonuses and overtime per employee (senior executives not included) for 2023 was NOK 898 879 per year (NOK 876 642 per year in 2022).

6. Fixed versus variable remuneration in 2023 vs 2022

Adding all the fixed remuneration elements (base salary, pension and other benefits), and comparing with the variable remuneration (bonus) provides better understanding of the relationship between fixed and variable

remuneration for the senior executives. The chart below shows the relationship between fixed and variables remuneration for the senior executives in 2023.

Amounts in NOK 1 000			2023		2022	
Position	Name		Fixed%	Variable%	Fixed%	Variable%
CEO	Gunnar Moe		78%	22%	80%	20%
CFO	Erlend Høyen		78%	22%	79%	21%
COO	Dr. Stein-Tore Bogen Liljenström		78%	22%	79%	21%
Head of HR	Anita B. Mikalsen		99%	1%	79%	21%
Head of HR	Jim Kristian Johansen		88%	12%	92%	8%
Head of IT, security & safety	Charlotte Stråmyr Norwich		91%	9%	-	-
Head of ESG	Nancy Stien Schreiner		92%	9%	92%	8%

7. Variable remuneration (short-term incentive plan) 2023

Annual bonus programme (short-term incentive plan) 2023

Senior executives are offered a performance-based bonus in addition to fixed remuneration.

As described in section 3 above, senior executives are offered a performance-based bonus in addition to fixed remuneration. The 2023 bonus criteria have been linked to specific KPIs for the topics listed below with various weighting for the respective groups of KPIs and target levels:

Weighting - annual targets:

Category	KPI	Base target	Improved target 1	Improved target 2	Stretch target
Financial	Cash cost reduction per tonne finished goods	5%	10%	15%	20%
Operational	Production volume	6%	12%	18%	24%
	Degree of sorting				
Strategic	Fe65 project	20%	21%	23%	24%
	Increased amount of magnetite				
	Electrification project				
	CO ₂ reduction per tonne produced, compared to previous year				

Weighting -quarterly targets*:

Category	KPI	Q1	Acc Q2	Acc Q3	Acc Q4
Non-financial	Zero injuries	8%	16%	24%	32%
	Sickness leave: Presence%				
	% registered preventive observations with measures				
	Total weighting of max bonus level	39%	59%	79%	100%

*) Quarterly targets are reported as accumulated weighting YTD at quarter end

8. Bonus achievement 2023

The table below shows each senior executive's achievement against the financial, qualitative measures for 2023 and the total performance assessment, which forms

the basis for the earned bonus in 2023 to be paid out in 2024.

Category	KPI	Target Level achieved	Weight	Total
Financial	Cash cost reduction per tonne finished goods	Base target	5%	5%
Operational	Production volume	Stretch target	20%	21%
	Degree of sorting	Base target	1%	
Strategic	Fe65 project	N/A		
	Increased amount of magnetite	N/A		
	Electrification project	One level only	12%	12%
	CO ₂ reduction per tonne produced, compared to previous year	Stretch target		
Total				38%

Position	Name	% of max bonus achieved	Bonus earned	Base salary
CEO	Gunnar Moe	38.0%	839	2 827
CFO	Erlend Høyen	38.0%	580	1 971
COO	Dr. Stein-Tore Bogen Liljenström	38.0%	580	1926
Head of HR	Anita B. Mikalsen	N/A ¹⁾	22	1 561
Head of HR	Jim Kristian Johansen	38.0%	228	1 577
Head of IT, security & safety	Charlotte Stråmyr Norwich	38.0%	126	1 159
Head of ESG	Nancy Stien Schreiner	38.0%	128	1 268

1) Anita B. Mikalsen left the position as Head of HR in October 2023 and her bonus was related to her new position outside the management group.

9. Bonus achievement 2022

The table below shows each senior executive's achievement against the financial, qualitative measures for 2022 and the total performance assessment, which forms the

basis for the earned bonus in 2022 that was paid out in 2023.

Position	Name	% of max bonus achieved	Bonus earned	Base salary
CEO	Gunnar Moe	51.0%	716	2 858
CFO	Erlend Høyen	51.0%	495	1 794
COO	Dr. Stein-Tore Bogen Liljenström	51.0%	495	1 831
Head of HR	Anita B. Mikalsen	51.0%	495	1 745
Head of HR	Jim Kristian Johansen	N/A	109	1 184
Head of IT, security & safety	Charlotte Stråmyr Norwich	N/A	-	-
Head of ESG	Nancy Stien Schreiner	N/A	98	1 112

10. Remuneration to the board of directors

Director	Total 2023	% change YoY 2023	Total 2022	% change YoY 2022
Støver, Morten	600 000	-	600 000	23%
Nilsen, Frode Michal	400 000	-	400 000	33%
Adolfson, Kristian A	400 000	-	400 000	27%
Wiborg, Ragnhild	400 000	-	400 000	33%
Rolandsen, Hilde	400 000	-	400 000	33%
Hovind, Johan	175 000	75%	100 000	11%
Strøm, Lasse Orlando	175 000	75%	100 000	11%
Pedersen, Henriette Zahl	175 000	-	-	-
Hammer, Thomas	-	-	100 000	11%

Thomas Hammer ceased to be a member of the board in January 2023.

11. Governance

The board has not had a compensation committee in 2023. The decision-making process for remuneration of senior executives takes place in the nomination committee and the audit committee. These two committees have submitted their respective proposals to the board of directors.

The nomination committee proposes the annual fee to be paid to:

- Each member of the board
- Members of the nomination committee
- Members of the audit committee


The fees are determined by the shareholders in the annual general meeting.

The board proposes and determines the remuneration to the CEO. The CEO determines the remuneration to the senior management team within the framework he has agreed with the board.

Mo i Rana, Norway, 20 March 2024
The board of directors – Rana Gruber ASA


Morten Støver
Chair


Kristian Adolfson
Director


Frode Nilsen
Director


Ragnhild Wiborg
Director


Hilde Rolandsen
Director


Henriette Zahl Pedersen
Director


Johan Hovind
Director


Lasse Strøm
Director



Statsautoriserte revisorer
Ernst & Young AS
Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
www.ey.no
Medlemmer av Den norske Revisorforening

To the General Meeting of Rana Gruber ASA

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 Rana Gruber ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

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

Board of directors' responsibilities

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

Our independence and quality control

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. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

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

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 20 March 2024
Ernst & Young AS
Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

A member firm of Ernst & Young Global Limited

Penneo document key: QVA6X-ZFCA7-0FU78-YUAHO-T88EQ-408HJ



Rana Gruber ASA

Postal address:

P.O. box 434
NO-8601 Mo
NORWAY

Visitor address - Mo i Rana:

Rana Gruber ASA
Mjølanveien 29
NO-8622 Mo i Rana
NORWAY

ranagruber.no