



**RANA
GRUBER**

**REMUNERATION
GUIDELINES**

2022



REMUNERATION GUIDELINES FOR RANA GRUBER ASA

These guidelines on remuneration of the senior executives (“the guidelines”) have been prepared by the board of directors (“the board”) of Rana Gruber ASA (“Rana gruber” or “the company”) pursuant to the Norwegian Public Limited Liability Companies Act, Section 6-16a, and related regulations.

The board is required to prepare draft guidelines based on the remuneration committee’s recommendation and present these to an ordinary general meeting at least every four years.

These guidelines have been prepared for approval by the shareholders at the company’s general meeting in 2023 and will apply until the company’s general meeting in 2027, unless amended or replaced before that date.

The guidelines apply to remuneration to the senior executives of the company. For the purposes of these guidelines, the term “senior executives” includes the CEO, the senior management team (SMT) and the board of directors.

1. EXECUTIVE REMUNERATION POLICY

The guidelines are based on Rana Gruber’s Remuneration Policy for Senior Executives, as approved by the board on 15 March 2023:

Rana Gruber’s remuneration system for senior executives shall

- **help attract and retain executive personnel** who perform, develop, learn and share.
- offer **competitive, but not market-leading** remuneration.
- be **linked to attainment** of the company’s **strategic and financial goals and core values**.
- be designed to **align the interests** of the CEO and senior executives with those of the shareholders.
- **not have negative effects** on the company, nor damage the reputation and standing of the company in the public eye.
- take **both quantitative and qualitative objectives** into consideration

- use **measurement criteria** that promote the desired **corporate culture and sustainable value creation**.
- have an **absolute limit on performance-related remuneration**.
- **overall, contribute to promoting and providing incentives** for good risk management, sustainable value creation, prevent excessive risk-taking and contribute to avoiding conflicts of interest.

The Remuneration Policy for Senior Executives has been prepared in accordance with the requirements defined in the Norwegian Public Limited Companies Act, Section 6-16a and recommendations in section 12 of the Code of Practice issued in October 2021 by The Norwegian Corporate Governance Board.

2. PURPOSE OF THE GUIDELINES

The purpose of the guidelines is to stimulate a sustainable performance-oriented culture with stable leadership, enabling Rana Gruber to meet its strategic objectives while at the same time complying with the approved guidelines.

Executive personnel are expected to take an overall view of the remuneration offered by the company. The guidelines shall result in an open and performance-based remuneration system, which, as far as possible, is perceived as being fair and predictable. The remuneration that is paid shall correspond to the agreed performance.

Remuneration is an important parameter for the individual employee, and the guidelines shall help to clarify the options available when deciding the remuneration of executive personnel, in addition to contributing to greater transparency for shareholders.

3. REMUNERATION OF THE BOARD

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

The remuneration of the board of directors shall consist of a fixed annual fee and not be linked to the company's performance.

Shareholder-elected board members shall not have pension schemes or termination payment agreements with the company.

The company shall not grant 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 should be specifically identified in the annual report.

4. 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 shall be determined considering the nature of the individual role, individual considerations, the market positioning, and remuneration conditions at Rana Gruber.

The base salary shall be 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 remuneration (bonus programme)

Variable remuneration must be linked to pre-defined, ambitious and measurable criteria, as well as Rana Gruber's business strategy, commercial objectives and long-term interests.

Within the framework of these guidelines, the board makes decisions on:

- Changes to the annual bonus programme.
- The structure and details of the bonus programmes.
- Cost limits for the bonus programmes.
- The financial and commercial objectives of the bonus programmes.
- Adjustments to current bonus programmes in extraordinary circumstances.
- Authorisation for the board's audit committee to make decisions on pay and variable remuneration – an authorisation that is revised regularly and includes clear regulations and instructions for this work.

Maximum bonus proportion:

To provide competitive terms and ensure a performance focus, the CEO and senior executives may participate in a bonus programme offering a maximum bonus of 50 per cent of individual annual salary.

Bonus criteria:

The bonus outcome depends on the company's overall performance on a pre-defined set of strategic, financial and operational key performance indicators (KPIs), with clear deliverables, and which are critical for the company's future success. The programme does not include individual performance criteria.

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.

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

Operational 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 three areas are defined by the board on an annual basis.

The strategic, financial, non-financial and operational KPIs are assigned individual weighting when assessing performance and estimating the total bonus outcome. The final bonus outcome, following the formulaic assessment of performance relative to targets is specifically reserved, as a matter for the CEO and audit committee. Accordingly, the committee may exercise its discretion to adjust the outcome upwards or downwards.

The company also has a general bonus scheme, which includes all employees, ensuring that the entire organisation is incentivised to achieve important, overall company goals.

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

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 benefits

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.

Premiums and other costs linked to such benefits may not total more than 15 percent of fixed annual salary. Such costs in excess of 15 percent of annual fixed salary are accepted in only in extraordinary circumstances and requires approval by the board.

Severance pay

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

Terms of notice

The CEO has 6 months mutual notice period and members of the SMT have 3 months mutual notice period.

5. PREVENTION OF UNINTENDED BENEFITS

If an executive, who receives variable remuneration based on his/her position has

- acted improperly or dishonestly,
- committed or participated in the commission of financial crimes,
- materially breached Rana Gruber's Code of Conduct,
- materially harmed the reputation of Rana Gruber; or
- otherwise materially breached his/her obligations under his/her employment contract, the board of directors may decide that the executive shall not receive/repay the entire or parts of his/her entitlement to benefits under variable remuneration arrangements. If an executive has received variable remuneration before circumstances as specified above are discovered, the board of directors may decide that all or part of the variable remuneration paid in the preceding three years shall be repaid.

6. GOVERNANCE

The company does not have compensation committee. The decision-making process for remuneration of senior executives takes place in the nomination committee and the audit committee. The committees submit their respective proposals to the board of directors.

nomination committee

The nomination committee proposes the annual fee to be paid to

- each director 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.

Audit committee

The audit committee is assigned the task of preparing executive remuneration arrangements which support the strategy of the business and enabled the recruitment, succession planning and leadership development, and motivation and retention of senior executives, and which are in line with the guidelines.

The audit committee is a preparatory and advisory sub-committee for the board in matters concerning remuneration. The committee has no independent power of decision.

¹ 1G = NOK 111 477 as of 1 May 2022. The amount is updated in May every year

The board stipulates the remuneration of the CEO. The audit committee has an advisory role in the decision-making process. The CEO does not participate in the board's discussions and decisions relating to his or her remuneration.

The CEO stipulates the remuneration of the senior management team based on the guidelines and the framework adopted by the board.

The audit committee conducts a biannual follow-up of goal attainment and considers whether the parameters for the year set out in the performance agreement are still adequate and correct for the remuneration of the CEO.

The administration submits an assessment of the goal attainment in the performance agreement within a reasonable time of the decision. The audit committee then makes a recommendation to the board.

The CEO conducts a biannual follow-up of goal attainment through the Business Review process for remuneration of other members of the senior management, and at the same time considers whether the parameters for the year as set out in the individual's performance agreement are still adequate and correct and considers parameters for future performance agreements.

Involving the audit committee as an advisory body, with the guidelines as a framework for the assessments and decision-making process, reduces the risk of conflicts of interest arising and contributes to efficient consideration by the board.

No senior executives may participate in decisions on remuneration matters which affect them directly.

Remuneration report

The board is responsible for the Remuneration Report. The audit committee is responsible for reviewing and proposing changes to the Remuneration Report. The audit committee reviews the Remuneration Policy and recommends to the board any amendments to be proposed by the board for adoption by the Annual General Meeting. The company has not had approved guidelines in 2022. These first guidelines are presented to the annual General Meeting in 2023 and the first Remuneration Report will be presented at the Annual General Meeting in 2024.

Authorisation to deviate from the guidelines

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act, the board is authorised to approve temporary deviations from the guidelines on any element of remuneration described in this document.

Deviations shall be considered by the audit committee and shall be presented to the board for approval.

Deviations may only be made in specific and extraordinary cases when it is deemed necessary to increase reward in order to help secure the company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions.



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