



# Remuneration report

2023

## 1. Introduction

Gassco's executive pay guidelines have been drawn up in accordance with Section 6-16 a 'Declaration on the fixing of salaries and other remuneration for leading personnel' of the Norwegian Public Limited Liability Companies Act. The company's Articles of Association set out that this provision will also apply to Gassco.

The company has also decided to follow Section 6-16 b 'Report on salaries and other remuneration for leading personnel' of the Norwegian Public Limited Liability Companies Act, as well as associated regulations.

Reference is also made to the Norwegian government's guidelines on salaries and other remuneration to employees in state-owned enterprises and companies, "Retningslinjer for lønn og annen godtgjørelse til ledende ansatte i foretak og selskaper med statlig eierandel", laid down by the Norwegian Ministry of Trade, Industry and Fisheries with effect from 30 April 2021. These guidelines replaced the guidelines from 13 February 2015.

Gassco's guidelines were drawn up by the board and approved by the annual general meeting on 9 June 2023.

## 2. Overarching policy

The overarching purpose of Gassco's pay policy is to contribute to the company's capacity for long-term value creation by supporting the business strategy and long-term interests, as well as by ensuring that the company is run in a sustainable manner. The pay policy will be transparent, predictable and consistent and in line with recognised principles of strong corporate governance. This is underlined by the fact that variable remuneration is linked to the company's objectives and thereby contributes to Gassco's strategy and long-term interests.

Gassco will offer levels of salaries and other remuneration that ensure that the company is able to attract, develop and retain qualified staff and that enable Gassco to fulfil its mission in a fully satisfactory and prudent manner. Gassco's conditions must be competitive within the market, but the company will not be a salary leader and the principle of moderation will be taken into account.

The natural market for comparison for Gassco is the Norwegian petroleum industry. Gassco must, on an annual basis, produce pay analyses that show where Gassco is positioned in relation to the market. These will provide the basis for any adjustments to both the level and type of remuneration.

The salary and remuneration of the CEO will be determined by the board, while salaries and remuneration for other leading personnel will be determined by the CEO under the same guidelines.

With the exception of the CEO, Gassco operates with the same pay system for leading personnel and other employees. The salary level and other remuneration are based on the duties and independence required for the role. A single pay system for all employees ensures that employees can easily move between different roles, contributing to strong dynamics and flexibility.

The board may grant dispensations from this policy in special circumstances.

## 3. Remuneration of directors

The annual remuneration for the board of directors is determined by the annual general meeting.

This remuneration is not linked to the company's performance and, in determining the remuneration, a distinction is made between the chair, deputy chair and other directors. Ordinary shareholder-elected and employee-elected directors receive the same remuneration. Employee representative directors have deputies that attend in their absence and these deputies will receive a fixed remuneration for each meeting they attend.

## 4. Remuneration for leading personnel

As mentioned in Chapter 2, leading personnel other than the CEO follow the same pay system as other company employees.

The executive management team receives a base salary and variable remuneration (bonus). Added to this are the pension scheme and other salary elements.

### Base salary

The base salary constitutes the main element of remuneration for leading personnel. This salary is generally based on the duties required for the role and is adjusted based on position, performance, potential and market levels. The level of the base salary is the element that most of all supports Gassco's ability to attract and retain qualified managers, thereby ensuring long-term fulfilment of the company's objectives and strategy.

Each year, a comparison between positions at the same level is

carried out to ensure that the salary level remains competitive but not salary-leading. The average salary growth for other company employees, as well as the principle of moderation, is also emphasised in determining annual adjustments. The base salary for the CEO is determined by the board of directors, while the base salary for other leading personnel is determined by the CEO.

#### **Pension scheme**

Members of the executive management team are either enrolled in a traditional defined-benefit pension scheme or a defined-contribution pension scheme depending on age. Gassco had a traditional defined-benefit pension scheme until 1 January 2016. The defined-benefit pension scheme was discontinued and only those employees who had 15 years or less left until their 67th birthday remained members of the scheme. Other employees, including leading personnel, were moved to the company's new defined-contribution pension scheme. The defined-contribution pension scheme operates with maximum rates, i.e. a maximum contribution of 7% for salaries up to 7.1 G and a maximum contribution of 25.1% for salaries between 7.1 and 12 G. No contributions are made for salaries above 12G. Gassco does not operate with any active early retirement schemes.

For reasons of age, the CEO is enrolled in the defined-benefit pension scheme. The basis for the pension is subject to a maximum limit of 12 G.

#### **Variable salary (bonus)**

The bonus scheme at Gassco is designed in such a way that all employees, including executives, can achieve the same bonus as a percentage of their base salary. This scheme is intended to contribute to ensuring that the company's strategic objectives and key performance indicators are achieved. The bonus will be determined based on pre-defined key performance indicators. These have been approved by the board of directors and are based on the company's strategic objectives. The results achieved for key performance indicators will form the basis for the bonus.

#### **Other salary elements (fixed allowances and other benefits)**

Persons in leading or particularly independent positions who are therefore not entitled to a variable overtime allowance will receive fixed annual overtime compensation and an additional week of holiday each year. The CEO does not receive annual overtime compensation.

Leading personnel also receive benefits in kind, primarily in the form of free telecommunications and employee insurance.



The table below shows salaries and other remuneration for the years 2022 and 2023 for the members of Gassco's executive management team.

## Remuneration of executive management team

Name	Year	Base salary	Fixed allowance	Pay	Other benefits	Bonus	Pension*)	Total remuneration	Proportion of fixed remuneration	Proportion of variable remuneration
Frode Leversund, president and CEO	2023	3 964	-	3 964	51	277	601	4 894	94%	6%
	2022	3 750	-	3 750	53	338	349	4 490	92%	8%
Øystein Rossebø, senior vice president business, development and projects	2023	2 200	300	2 500	50	154	213	2 917	95%	5%
	2022	2 000	270	2 270	53	180	202	2 705	93%	7%
Kristin Kinn Kaste, senior vice president asset management	2023	2 100	300	2 400	53	147	226	2 826	95%	5%
	2022	1 930	270	2 200	55	174	211	2 640	93%	7%
Alfred Skår Hansen, senior vice president System Operations	2023	1 950	300	2 250	58	137	216	2 661	95%	5%
	2022	1 800	270	2 070	56	162	204	2 492	93%	7%
Randi Viksund, senior vice president staff and support services	2023	1 850	300	2 150	61	130	235	2 576	95%	5%
	2022	1 700	270	1 970	51	153	220	2 394	94%	6%
Alvin Hansen, senior vice president safety, security and sustainability	2023	1 945	300	2 245	50	136	1 540	3 972	97%	3%
	2022	1 840	270	2 110	54	166	1 446	3 776	96%	4%
Trine Lund **), manager corporate governance	2023	1 735	300	2 035	52	121	1 628	3 836	97%	3%
	2022	1 600	270	1 870	52	144	2 786	4 852	97%	3%

\*) For employees with a defined-benefit pension scheme, the amount represents the change to DBO and for those with a defined-contribution pension scheme, the amount represents the pension premium paid. The change to DBO is a calculated value and reflects the effect of an additional year of accrual, life expectancy, discount rates and anticipated future salary and G growth.

\*\*\*) One employee retains rights under the previous early retirement scheme.

## Remuneration of the board of directors

Name	Year	Board remuneration	Remuneration committee	Total remuneration
Jan S Skogseth, chair of the board	2023	455	10	465
	2022	445	10	455
Asgeir Tomasgard, director	2023	232	-	232
	2022	227	-	227
Brita Holstad, director	2023	232	-	232
	2022	227	-	227
Anne-Lene Midseim, director	2023	232	10	242
	2022	227	10	237
Tor R Skjærpe, director	2023	232	10	242
	2022	227	10	237
Lisbet Kallevik, director (employee representative)	2023	232	-	232
	2022	227	-	227
Vidar R Nilsen, director (employee representative)	2023	232	-	232
	2022	227	-	227
Toralf Bredahl, director (employee representative)	2023	232	-	232
	2022	227	-	227

The rates are approved by the General meeting.

## 5. Bonus/variable pay

Gassco's system for bonuses/variable pay (hereinafter bonus) is the same for all employees, including leading personnel.

Each year, the board of directors of Gassco determines a set of key performance indicators (KPIs) and the results achieved for these will form the basis for the year's bonus payments to employees.

The KPIs are linked to Gassco's vision, values and strategy, thereby converting the strategy to tangible targets and results.

The KPIs that formed the basis for bonuses in 2023 are shown in the table below.

A target was set for each KPI. Each individual KPI was also weighted, i.e. a determination was made of how large an impact it should have on the bonus. At the same time, how target attainment would impact the bonus calculation was specified. The maximum bonus that can be achieved is 10% of base salary at 100% target attainment.

Gassco generally delivered good results in a challenging year.

### Main points for the strategic goal "safe, reliable and effective"

Gassco experienced nine critical incidents in 2023. One incident resulted in real consequences for production. Two of the critical incidents were critical conditions detected in safety systems. Gassco experienced 42 personal injuries in 2023. These HSE results were not satisfactory and steps have been taken to reverse the negative trend.

Gassco has achieved its targets relating to IT security. This indicator measures how vigilant employees are (with regard to phishing and password theft) and the extent to which vulnerabilities in computer systems are closed within given deadlines.

Actual operating costs, excluding electricity and taxes, were MNOK 11 below budget.

Total delivery availability was 98.53 per cent, compared to a target of 99.34 per cent the previous year. This reduction was primarily due to the challenges that arose at Nyhamna during the maintenance shutdown. Disregarding the months of June and July, delivery availability averaged 99.90 per cent. The availability of processing plants, platforms and gas terminals was higher than the target, at nearly 100 per cent with the exception of Nyhamna, which had an availability of 87.4 per cent.

Gassco has helped maximise value creation from the NCS in 2023 by fine-tuning the entire transport network. Extra capacity has been facilitated and shippers used 5 415 MSm<sup>3</sup> of the capacity. This provides significant additional value for shippers. For the majority of the year, the operating mode at Kårstø was adjusted to optimise dry gas exports. This resulted in increased revenue for shippers and reduced CO<sub>2</sub> emissions at Kårstø.

### Main points for the strategic goal "create infrastructure for the future"

On behalf of the Norwegian government, Gassco managed the feasibility studies linked to the Norwegian part of the German-Norwegian energy cooperation for hydrogen and CO<sub>2</sub> transport. As part of this work, a joint German-Norwegian feasibility study on a hydrogen value chain was published. This study shows that, given a number of assumptions, it is possible to establish a value chain to transport hydrogen from Norway to Germany. Furthermore, in collaboration with other players in the industry, Gassco has initiated a feasibility study for CO<sub>2</sub> transport from locations in Europe for storage on the NCS. The report will be completed during Q1 2024.

In 2023, Gassco conducted a new assessment of the options for gas transport from Barents Sea South. This assessment shows that establishing a gas pipeline from the Barents Sea appears to be the best solution for the area and will form the basis for further dialogue with relevant companies on the continued process and development of the Barents Sea.

### Main points for the strategic goal "reduce climate impact"

Gassco has initiated studies to reduce CO<sub>2</sub> emissions at Kårstø. These studies include various operational measures and different solutions for the further electrification of the facility, as well as a carbon capture facility with transport and disposal using membrane technology. The KREm electrification study has presented its decision-making basis in line with the schedule and KPIs. The objective for 2024 is to establish a good overview of the measures that have the greatest effect and use this as the basis for further implementation.

### Main points within "people, competence and organisation"

Gassco has conducted employee appraisals and meetings in line with the schedule. A staffing strategy and staffing principles have been drawn up and implemented. A pulse survey relating to health and safety was also carried out. This was conducted once and showed good results compared to other companies. The survey will be conducted three times in 2024 and the need for action will be assessed.

	Result	Goal	Bonus distribution	Bonus attainment
<b>Safe, reliable and effective</b>			65%	35%
Critical incidents (frequency)	1.4	0	10%	0%
IT security, user awareness and system robustness in line with plan (%)	100	100	15%	15%
Total operating expenses, excluding electricity and taxes (NOK millions)	7 223	7 234	10%	10%
Gassco's ability to deliver at the end point (%)	98.53	99.34	20%	0%
Extra capacity sales (MSm <sup>3</sup> )	5 215	3 094	10%	10%
<b>Create infrastructure for the future</b>			20%	20%
German-Norwegian cooperation (progress in %)	100	100	10%	10%
Mature, efficient and integrated transport solutions for Barents Sea South (progress in %)	100	100	10%	10%
<b>Reduce climate impact</b>			10%	10%
Quality of decision-making basis for Kårstø electrification project (%)	100	100	10%	10%
<b>People, competence and organisation</b>			5%	5%
Employee and development appraisals, staffing strategy/principles and pulse surveys (health and safety) (%)	93	100	5%	5%
Target attainment				70%
Bonus (Maximum 10% at 100% target attainment)				7.0%

The table above shows that Gassco achieved a mathematical target attainment of 70 per cent.

The board of directors also conducted a comprehensive evaluation of the results not reflected in key performance indicators.

Activity levels in the company were very high. Gassco has submitted high-quality decision-making bases for a large number of projects and studies. Together with system users and owners, Gassco has also carried out studies and projects with the aim of increasing capacity at land facilities at Kollsnes, Kårstø and Nyhamna. Examples of studies include the facilitation of increased utilisation of the Kvitebjørn gas pipeline to Kollsnes, increased capacity at the Kollsnes facility and facilitating transport of increased volumes from Kollsnes via the dry gas network to the market in Europe.

The extended maintenance shutdown at Nyhamna had an impact on KPIs for critical incidents and delivery availability alike. Gassco delivered 109.1 BCM (1207 TWh) of natural gas via the pipeline transport network from the NCS to Europe in 2023. In December, a delivery record was set with no less than 11.1 BCM (121.7 TWh) delivered in a single month. This is the largest volume of natural gas ever transported in a single month from the NCS to Europe. For 10 of the 12 months, delivery availability was higher than the target and this included the months in which Europe's demand for gas was at its highest and the weather conditions most challenging (November and December). The board of directors decided that the bonus would be 7 per cent for 2023.

## 6. Salary development

The tables below show the annual change in remuneration for the executive management team and the board of directors during the 2018-2023 period. For consistency and comparability, the remuneration is only stated for the years in which the relevant person held these positions. For comparison, a table has also been included to show the salary developments for other employees, i.e. all employees except the executive management team.

As shown in the table of remuneration for the executive management team, the members of the executive management team experienced a slightly higher salary growth in 2023 compared to previous years. This market adjustment was implemented to ensure that Gassco's conditions remain competitive. This was carried out for all key positions at the company after annual salary analyses and experiences from recruitment showed a need for adjustment. Nevertheless, the executive management team experienced a lower percentage growth than other employees in 2023.

The principle of moderation has been taken into account, even though Gassco has had two years of relatively large salary increases for several employee categories. The company has not become a salary leader, but has moved closer to the median for a small number of salary groups. This also applies to leading personnel.

The tables below show the annual change in remuneration for the executive management team and board of directors in the 2018-2023 period. For consistency and comparability, the remuneration is only stated for the years in which the relevant person held these positions. The figures for all employees include all employees except the executive management team.

Name		2023	2022	2021	2020	2019	2018	
Frode Leversund, president and CEO	Total remuneration	NOK thousands	4 894	4 490	4 495	4 333	3 950	3 872
		% change	9%	0%	4%	10%	2%	
	Base salary	NOK thousands	3 964	3 750	3 475	3 377	3 310	3 200
		% change	6%	8%	3%	2%	3%	
	Bonus	NOK thousands	277	338	287	270	281	248
		% change	-18%	18%	6%	-4%	13%	
Øystein Rossebø, senior vice president business development and projects	Total remuneration	NOK thousands	2 917	2 705	2 368	2 203	2 092	1 953
		% change	8%	14%	7%	5%	7%	
	Base salary	NOK thousands	2 200	2 000	1 830	1 700	1 631	1 505
		% change	10%	9%	8%	4%	8%	
	Bonus	NOK thousands	154	180	151	136	117	116
		% change	-14%	19%	11%	16%	1%	0%
Kristin Kinn Kaste, senior vice president asset management	Total remuneration	NOK thousands	2 826	2 640	2 317	2 185	1 977	1 893
		% change	7%	14%	6%	11%	4%	
	Base salary	NOK thousands	2 100	1 930	1 780	1 680*	1 493	1 444
		% change	9%	8%	6%	13%	3%	
	Bonus	NOK thousands	147	174	147	134	136	111
		% change	-16%	18%	9%	-1%	23%	
Alfred Skår Hansen, senior vice president system operations	Total remuneration	NOK thousands	2 661	2 492	2 130	2 018	-	-
		% change	7%	17%	-	-	-	-
	Base salary	NOK thousands	1 950	1 800	1 610	1 530	-	-
		% change	8%	12%	-	-	-	-
	Bonus	NOK thousands	137	162	133	122	-	-
		% change	-16%	22%	-	-	-	-
Randi Viksund, senior vice president staff and support services	Total remuneration	NOK thousands	2 576	2 394	2 122	1 989	1 926	1 856
		% change	8%	13%	7%	3%	4%	
	Base salary	NOK thousands	1 850	1 700	1 590	1 490	1 448	1 401
		% change	9%	7%	7%	3%	3%	
	Bonus	NOK thousands	130	153	131	119	123	108
		% change	-15%	17%	10%	-3%	14%	
Alvin Hansen, senior vice president safety, security and sustainability	Total remuneration	NOK thousands	3 972	3 776	4 025	-	-	-
		% change	5%	-6%	-	-	-	-
	Base salary	NOK thousands	1 945	1 840	1 766	-	-	-
		% change	6%	4%	-	-	-	-
	Bonus	NOK thousands	136	166	146	-	-	-
		% change	-18%	14%	-	-	-	-
Trine Lund, manager corporate governance	Total remuneration	NOK thousands	3 836	4 852	3 936	1 455	2 546	2 892
		% change	-21%	23%	171%	-43%	-12%	-
	Base salary	NOK thousands	1 735	1 600	1 475	1 415	1 384	1 339
		% change	8%	8%	4%	2%	3%	-
	Bonus	NOK thousands	121	144	122	113	118	103
		% change	-16%	18%	8%	-4%	15%	-

\*= new position.

Average employee remuneration		2023	2022	2021	2020	2019	2018
Total remuneration	NOK thousands	1 539	1 406	1 293	1 313	1 225	1 202
	% change	9%	9%	-1%	7%	2%	
Base salary	NOK thousands	1 029	914	888	914	859	850
	% change	13%	3%	-3%	6%	1%	
Bonus	NOK thousands	91	64	66	67	48	52
	% change	41%	-4%	-1%	38%	-7%	
Number of employees		386	372	350	336	334	323

Remuneration for the board of directors - fixed remuneration:		2023	2022	2021	2020	2019	2018
Chair	NOK thousands	455	445	430	417	417	406
	% change	2%	3%	3%	0%	3%	
Deputy chair	NOK thousands	288	282	273	265	265	258
	% change	3%	3%	3%	0%	3%	
Director	NOK thousands	232	227	220	213	213	206
	% change	2%	3%	3%	0%	3%	

The rates are approved by the General meeting. The board of directors has not appointed a deputy chair for the reporting period

Bygnes, 21 March 2024

Signature  
**Jan Skogseth**  
Chair of the board

Signature  
**Asgeir Tomasgard**  
Director

Signature  
**Tor Rasmus Skjærpe**  
Director

Signature  
**Anne-Lene Midseim**  
Director

Signature  
**Brita Holstad**  
Director

Signature  
**Vidar R. Nilsen**  
Director\*

Signature  
**Toralf Bredahl**  
Director\*

Signature  
**Lisbet Kallevik**  
Director\*

Signature  
**Frode Leversund**  
President and CEO

Employee representative\*





To the General Meeting of Gassco 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 Gassco AS report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

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

### Board of directors' responsibilities

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

### Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

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

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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.

Gunnar Slettebø, 21 March 2024  
PricewaterhouseCoopers AS

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

