IN FORCE

Global Policy
Sustainability

Document number: GP-09-01

Purpose and Scope

The following policy describes Hydro's global position on sustainability. This covers Hydro's sustainability strategy and ambitions, and our risk-based approach to environmental, climate and human rights due diligence in our operations, including those of our subsidiaries, and activities in our value chain. Where Hydro does not have financial or operational control of an activity within its value chain, it will seek to influence the responsible partners to act in accordance with the practices outlined in this policy.

Hydro's commitment to Sustainability

Hydro is a leading aluminium and renewable energy company committed to contributing to a sustainable future. By supporting the green and just transition to a low-carbon economy, we aim to create long-term value for our shareholders, the communities where we operate and the wider society.

Specifically, Hydro has set ambitions to:

- Become a net-zero company by 2050 or earlier
- Improve lives and livelihoods wherever we operate
- Contribute to a Nature Positive future

As an international industrial and natural resources company, our operations can also adversely impact climate, nature and the lives of many people around the world. To remain a viable and trusted company, we need to identify and manage these adverse impacts responsibly, including their financial effects on Hydro, but also identify opportunities for positive impact.

Going beyond our own operations and value chain, Hydro actively engages in sector and cross-sector initiatives to drive positive change and promote responsible business conduct.

Hydro is a founding member of the Aluminium Stewardship Initiative (ASI), a global, non-profit standard and certification organization for aluminium producers. ASI's Performance Standard sets a minimum expectation for the responsible production of aluminium, covering environmental, social and governance principles for the entire value chain (LINK).

Through Hydro's membership in the International Council for Mining and Metals (ICMM), we are also committed to the Principles and Performance Expectations of the association (LINK).

Managing sustainability risks and impacts

To manage sustainability risks and impacts, Hydro conducts risk-based human rights and environmental due diligence in our operations and activities in our value chain, in accordance with our commitments under the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. This relates to existing assets, business partners and value chain activities but is also embedded within decision-making processes related to investment decisions undertaken by Hydro.

Where potential or actual adverse impacts are identified, Hydro will seek to mitigate those impacts in dialogue with affected stakeholders.

The following section describes the management processes in place to address sustainability-related risks and impacts relevant to Hydro.

Climate

Climate impacts in Hydro are related to our industrial processes generating greenhouse gas (GHG) emissions that contribute to climate change. These emissions are mainly a result of the energy used in alumina refining and primary aluminium production, and the process emissions from the electrolysis process in primary aluminium production. They also result from heating processes in remelters, casthouses, anode plants and extruders. In addition, Hydro depends on energy and material inputs that are associated with GHG emissions in Hydro's value chain. However, Hydro also positively contributes to mitigating climate change, through its activities in renewable energy generation.

To manage climate-related impacts, Hydro has adopted a transition plan for climate change mitigation which aims to achieve, through best efforts, compatibility of the business model and of the strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement.

To manage the physical risks of climate change on our business, Hydro also performs climate risk assessments, in relevant activities and processes, and develops action plans and monitoring programs to manage any material risks identified.

Nature

Nature impacts for Hydro are related to potential negative impacts on biodiversity and ecosystem services in our own operations and value chain activities. Hydro's activities are relevant to all five of the main drivers of nature loss:

- Land- and sea-use change
- Direct exploitation of natural resources
- Climate change

- Pollution
- Introduction of invasive, alien species

Hydro's operations are also dependent upon ecosystem services provided by nature, including the provision of water, regulation of climate and protection from physical hazards, like floods and landslides. Aluminium production, specifically, is dependent on the supply of energy, raw materials and other services that can impact biodiversity and ecosystems at the local, regional and global level. Hydro continuously works to manage the risks associated with these nature-related impacts and dependencies where they occur in the company's operations, business activities and value chain.

To manage nature-related risks and impacts, Hydro performs assessments to identify material risks to biodiversity and ecosystem services, in relevant activities and processes, and develops action plans and monitoring programs to manage any material risks identified, in line with the mitigation hierarchy. When developing new projects or undertaking major changes to existing operations, Hydro implements mitigating actions with the ambition of achieving no net loss of priority biodiversity features.

Furthermore, Hydro shall not develop new projects in World Heritage sites and IUCN Protected Area Management Cat. I – IV. Nor shall Hydro develop new projects in other Legally Protected Areas, if the project can cause irreversible impacts to the biodiversity values for which the legal protection has been assigned.

In our own operations, Hydro commits to manage emissions to air and water, resource use and waste generation responsibly; identifying and implementing actions to reduce the environmental footprint of our production and improve resource efficiency, following the mitigation hierarchy and circular economy principles.

In relation to Hydro's dependence on, and interaction with, water resources, Hydro recognizes that water is a shared resource, with high social, cultural, environmental and economic value. Access to water is a fundamental right, and good water status is essential to the healthy function of ecosystems and the services they provide. Hydro acknowledges that effective water stewardship requires an integrated approach to water resource management at a catchment-level, with collaboration and participation from all affected parties, including government, civil society, business and local communities through inclusive stakeholder engagement. As a stakeholder in shared water resources, Hydro acknowledges its responsibility to be an effective water steward in the locations where it operates.

Hydro is committed to adopting a water stewardship approach and performs assessments to identify material water-related risks to Hydro, the environment and affected communities, in all relevant activities and processes, and develop action plans and monitoring programs to manage any material risks identified, in line with the mitigation hierarchy.

Human Rights and the Just Transition

Social impacts are impacts on people in own operations, in local communities and among our business partners in the value chain. Social impacts can be positive or adverse. Adverse social impacts may affect people's human rights. We refer to such impacts as "human rights impacts".

Hydro has established a framework for managing actual and potential human rights impacts, and contributing positively to people's lives and livelihoods, where possible (Hydro's Just Transition Framework). The framework and Hydro's approach to managing impacts are organized around three pillars: "Respect for human rights", "Resilient local communities" and "Skills for the future".

The first pillar, "Respect for human rights," is the foundation of Hydro's social sustainability work. Hydro conducts human rights due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, to identify and address potential and actual human rights impacts related to our own operations, affected communities and people in our value chain.

Hydro's commitments to human rights are detailed further in Hydro's "Human Rights Policy".

The pillar "Resilient local communities" relates to strengthening the societies and communities where we operate. Hydro's approach to supporting resilience varies depending on the local context, but a common factor is that we take a partnership approach, working with local partners with strong knowledge of the local context, as well as strong engagement with local community representatives.

A risk associated with decarbonization efforts is that social inequalities increase as new technologies introduce the need for a different type of skillset or bring other changes to the labor market. The pillar "Skills for the future" focuses on supporting people in developing the necessary skills and jobs for the future low-carbon economy.

Ownership and approval of this Policy

This Policy is approved by the CEO.