

Hydro's People Policy

Revision 06, 2005-09-27

1. OBJECTIVE

The objective of our People Policy is to enable Hydro to achieve its business goals. By defining the mutual commitments between Hydro and its employees, we set clear expectations that encourage continuous performance improvement, innovation and a strong competitive position.

We want Hydro to be known as a dynamic company that recognizes talented people with opportunity, challenge and rewards. Our culture should help release the potential of our employees and the organization as a whole.

To remain a viable global company, we need to continuously improve and adapt to the challenges and needs of our various businesses. This places requirements on us all, both in terms of our professional competence and how we interact at work. Our People Policy defines these requirements, as well as those responsible for fulfilling them. Together with Hydro's Strategy, Business Planning and Performance Management Systems, it provides Hydro with an integrated management tool to help us reach our goals.

2. RESPONSIBILITIES

2.1 Responsibilities as a Hydro employee

Hydro employees are responsible for achieving agreed objectives – supporting colleagues, and contributing to reaching the goals of the team, the unit and the company. In addition, the employee should share relevant knowledge and experience both within and across the established organizational structure. As stated in [Hydro's Health, Security, Safety and Environment Policy](#), employees are responsible for their own health, security and safety and shall cooperate and contribute to the creation of a safe, secure and healthy working environment and to the achievement of the company's environmental obligations and goals.

Employees are principally responsible for their personal and professional development, using the support and systems provided by Hydro. This responsibility includes developing their careers through competence building and by applying for suitable positions.

In addition, employees should act in accordance with The Hydro Way, as stated in [Hydro's Business Principles](#).

2.2 Responsibilities as a Hydro leader

Leaders in Hydro are also responsible for implementing our People Policy, by actively leading, promoting and supporting the development of their subordinates and organization. This applies both to supervisors and those with other types of leadership responsibilities.

Leaders are charged with releasing the organization's potential. They should communicate the unit's vision and objectives, and ensure that subordinates understand what is expected of them, giving regular, constructive feedback on their performance. Leaders should promote a working environment based on cooperation and respect and encourage an atmosphere that fosters creativity and innovation.

Together with their subordinates, leaders should ensure that the subordinates possess or develop the competence and flexibility necessary to carry out their current duties and prepare for future jobs. Leaders should also give guidance to employees on appropriate and realistic career steps.

3. RIGHTS AND REQUIREMENTS

3.1 Hydro's values

Hydro expects that employees follow Hydro's values as stated in The Hydro Way, ref. [Hydro's Business Principles](#):

Courage: Facing challenges and taking measured risks, despite uncertain outcomes

Respect: Acting with integrity and recognizing the inherent worth of all people, the value of the earth and the resources it provides

Cooperation: Working with others in an open and inclusive way

Determination: Defining a goal and staying the course

Foresight: Seeing around corners and envisioning long-term opportunities

3.2 Internal communication and dialogue with employees

Leaders should communicate regularly with subordinates and their representatives as applicable, and make sure that they understand the company's market situation and competitiveness as well as key decisions and processes. Leaders should give them the opportunity to present their ideas, comments and suggestions for improvement.

Each leader is expected to possess the relevant knowledge, and be open about, working conditions and workers' rights that apply. In addition, they should ensure that necessary information about local health and safety challenges is provided.

Hydro recognizes the principle of freedom of association. As far as Hydro is concerned, all employees have the right to join an employee organization and to be represented in collective negotiations.

3.3 Employee development and performance management

All activities in Hydro should be results-oriented. Employees should set high, yet realistic, goals for themselves, in alignment with their leaders. At the same time, employees are entitled to constructive feedback as a basis for further learning and development on the job, and as a natural part of a continuous learning and improvement process.

At least once a year, employees and leaders should discuss results and evaluate how these could be improved – both through the employee's own efforts and measures taken by the company. At the same time, employees will be given the opportunity to discuss their competence and career development. In addition, employees and leaders will discuss the working environment and how both can contribute to further improvement. Leaders should plan, initiate and document these dialogues, and ensure that they are carried out in accordance with The Hydro Way.

For employees participating in the Hydro Leadership Development Process (HLDP), the discussions are part of this process. The requirements of HLDP, including who should participate, are described on the HLDP pages on Hydro's intranet.

Leaders should give due recognition for good performance to individuals and teams and deal with underperformance proactively, fairly and effectively, including discussing possible career steps outside Hydro.

3.4 Competence

As part of Business Planning, every unit should assess whether it has adequate competence and the appropriate capacity to meet its business goals, and if not, the unit must then plan for and take the appropriate action.

The main method for competence development in Hydro is on-the-job learning. Courses, e-learning and other organized training activities will be used as a supplement as needed. Individual development plans should be established for all employees in accordance with section 3.3.

To support the employees' continuous learning and improvement process as described in 3.3 above, corporate and business area staffs may initiate training and development activities across the company. Such activities are described on the [Learning and Development pages](#) on Hydro's intranet.

3.5 Compensation

Hydro should offer employees a compensation package that is competitive and in accordance with good industry standards locally. Where appropriate, this should include an incentive element, and the base pay should reflect individual performance.

3.6 Diversity

Hydro wants its leaders and employees to represent a broad and diverse spectrum. This diversity improves the company's ability to act in accordance with [The Hydro Way](#). Leaders should therefore aim at diversity in teams and management at all levels with regard to gender, experience, age, professional and cultural background, as well as a healthy rotation of staff. As part of the Business Planning process, each unit should evaluate the diversity in management, key positions and the organization as a whole and establish plans as appropriate.

3.7 Recruiting and profiling

As part of its Business Planning, each sector should compile a recruitment plan to secure adequate staffing in the short and long term and to reinforce Hydro's position as an attractive employer. Corporate Human Resources coordinates Hydro's profiling towards relevant academic organizations. To achieve diversity among company employees, the business areas should recruit a number of newly qualified persons each year.

To maintain Hydro's reputation as an attractive employer, business units should perform high-quality recruitment processes – internally and externally – that ensure the professional selection of candidates as well as the proper treatment of those not selected. The minimum requirements for the recruitment process are described in the [Human Resources recruitment section](#) on Hydro's intranet.

3.8 Recruitment

In order to meet business and organizational needs, and promote individual responsibility for employees' own development, Hydro will use both open posting and appointments without prior advertising. Positions should not be advertised if it is obvious that a certain candidate will be appointed. Senior management positions will to a large extent be appointed without prior advertising. Selection should be made to match both the challenges of the job in question, team composition considerations as well as individual development needs. The candidate's competence and achievements should be thoroughly assessed in relation to our values (see section 3.1).

One of Hydro's goals is that its leaders possess competence and experience beyond a limited professional field or geographical area. Leaders are therefore expected to alternate between line and functional positions at different levels in the organization and between different geographical locations.

3.9 Organizational clarity

Leaders must ensure that their unit's organization, roles and responsibilities are clear and explicit. To increase the company's total efficiency, leaders must also make this information readily available to others.

To secure the necessary overview of employees and safeguard handling of personal data, employee data shall be reported in accordance with [Company Employee Report and Common HR Data](#), and personal data shall be handled in compliance with [Processing of Personal Data](#).

3.10 Organizational development

Hydro's organization should continuously be adapted to its business needs.

In connection with Business Planning, assessments should be made annually on whether changes in staffing are required. Should it prove necessary to reduce the workforce, the process should comply with relevant legislation,

agreements and local practices. Leaders should involve employees and their representatives at an early stage. The goal is to achieve a process that is constructive, both for the employees who leave Hydro and for those who continue with the company. The process should also take into account the intentions expressed in the corporate directive [Hydro's Social Responsibility](#).

To measure and follow up organizational development, implementation of The Hydro Way and some aspects regarding working environment, the [Hydro Monitor](#) should be used at all levels in the organization. Leaders should discuss the unit's results with subordinates and identify and implement corrective actions as needed.

3.11 Minimum working conditions

Working hours should be in accordance with local law or agreements. Under normal circumstances, on a weekly basis, an employee should not work in excess of 48 hours and 12 hours overtime, and be given a minimum of 24 hours continuous rest. Where operation of the business makes it necessary to deviate from this, measures should be taken to secure sufficient time for rest between each working period, and the actual working hours should be in line with the intentions above.

Employees are entitled to medical treatment covered by the company in the event of sickness or injury resulting directly from their work in Hydro. In the event of work-related disablement or death, employees or their surviving immediate family member(s) will receive insurance payments and/or pension.

In addition, employees should be protected from being dismissed due to pregnancy or responsibility for newborn children, consistent with local customs and laws.

Hydro does not accept child labor and will not employ children below the age of 16. If the child is secured the right for education, play, rest and family life, limited exceptions may be made if this is clearly in the best interests of the child.

Hydro shall not employ forced labor.

4. QUALITY ASSURANCE

The implementation of Hydro's People Policy is a line responsibility and should be quality-assured throughout the company. Line management should therefore ensure good organization and that the businesses have adequate human resource expertise.

The Executive Vice President Leadership & Culture is responsible for supervising the implementation and following up of Hydro's People Policy. This person should also regularly consult with the organization in order to be able to propose necessary changes to this policy.