The Hydro Way forms our basis for defining what is material to include in our viability reporting.

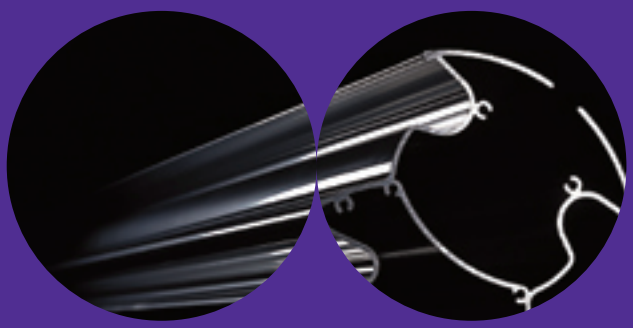
Key figures

	2007	2006	2005
Total recordable injuries, TRI [1]	**4.1**	4.0	5.4
Number of employees pr. 31 December	**24,692**	33,605	32,765
Greenhouse gas emissions, million tonnes CO2e	**4.4**	4.5	5.3

1) Per million working hours.

4.1

Total recordable injuries per million hours worked in 2007



HIGHLIGHTS

Index leader

Hydro headed the aluminium and basic resources sector of the Dow Jones Sustainability Index for the second successive year, and qualified again for FTSE4Good.

Total recordable injuries per million hours worked increased from 4.0 to 4.1. We did not reach our target of 3.2, and we had two fatal accidents in 2007 and one in February 2008.

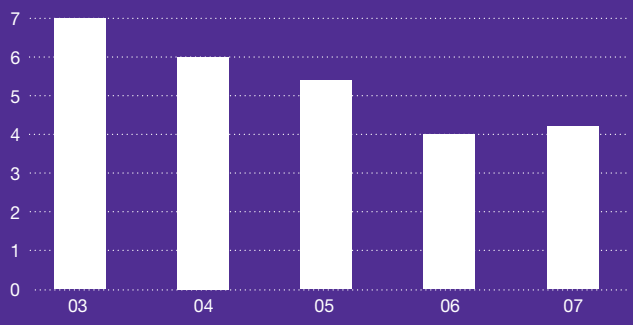
Restructuring processes in Norway, USA and Canada, as well as the divestment of Automotive Castings, were implemented in cooperation with employees and local communities.

We developed an interactive e-learning program dealing with our policies and employee rights and obligations. Mandatory for all employees worldwide, it discusses issues such as work environment and ethical dilemmas.

We started test production of aluminium in our next generation electrolytic cells to reduce emissions and increase energy efficiency. The cells are prepared for concentrating and capturing CO_2, making them ready to provide a feed to third-party capturing solutions, when commercially available.

Total recordable injuries

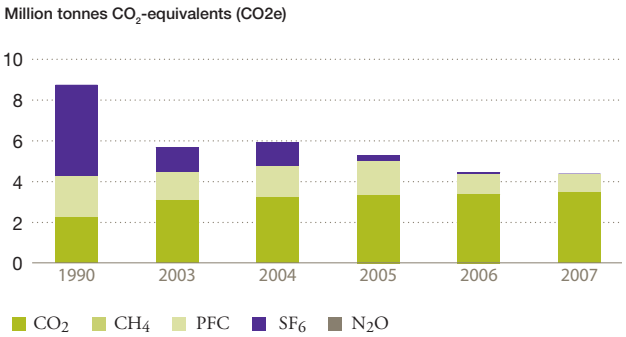
Per million hours worked



04:

Viability performance

Direct greenhouse gas emissions



QUICK OVERVIEW

Hydro's mission is to create a more viable society by developing natural resources and products in innovative and efficient ways.

In our terms pursuing viability comprises a specific way of bridging viability and business, and a set of performance areas where we measure our progress.

This is what our viability performance reporting is about.

First, we describe The Hydro Way, a set of guiding principles that govern our activities and underpin our approach to viability. Next, we report on our viability performance in 2007 according to a set of areas that capture our most important viability issues while corresponding to generally acknowledged domains of reporting.

THE HYDRO WAY

The Hydro Way has powered our company's success from the day we began in 1905. Today, it lives on in the way we work and the decisions we make. It is our 'reason for being' beyond just making money. It is our way of running a successful business. In the end, it is what brings us closer – closer to the world we operate in and closer to each other.

The Hydro Way is based on a set of principles: our mission, talents and values. They help us set our priorities and serve as a reference point when questions arise. Our mission describes our higher purpose and is supported by our talents and values.

Hydro's mission is to create a more viable society by developing natural resources and products in innovative and efficient ways.

Inspired by our five core values – courage, respect, cooperation, determination, foresights – our talents reflect what we do and the way we go about it:

- Building businesses that matter
- A passion for social commerce
- Always looking for commercial solutions
- Making the most out of what's available

In order to ensure a uniform high standard, Hydro's corporate directives lay down requirements. They are compulsory for all parts of the organization and build on The Hydro Way. The directives address various issues including strategy and business planning, economy and finance, risk management, organizational and employee development, health, safety, security and environment (HSE), as well as ethics and social responsibility.

The Hydro Way forms our basis for defining what is material to include in our viability reporting.

In 2007, Hydro headed the aluminium and basic resources sector in the Dow Jones Sustainability Index for the second year in a row, and qualified again for FTSE4Good.

Dow Jones Sustainability Indexes
Member 2007/08

FTSE4Good

ENERGY AND CLIMATE CHANGE

The risk of severe climate change requires action now to reduce global greenhouse gas emissions. Technology and long-term sustainable systems must be developed to achieve significant and lasting emission reductions. At Hydro, the reduction of energy consumption and emissions are essential elements in our programs to make aluminium an even more attractive metal for the future. We have redirected and sharpened our R&D focus to reduce CO_2 emissions in our operations.

We are deeply involved in utilizing the advantages of aluminium in vehicles and in systems that can reduce energy consumption in buildings. And we are taking further initiatives to increase the recycling of aluminium as an important part of resource preservation.

Greenhouse gas emissions from Hydro's ownership equity has decreased by roughly 45 percent since 1990. At the same time, we have increased our comparable primary aluminium production from 0.91 to 1.67 million tonnes.

Important contributions – directly and indirectly – are to reduce energy consumption and emissions of perfluorinated carbon (PFC). In 2007 we used an average of 14.2 kWh electric power for the production of one kilogram of aluminium, compared to 15.2 kWh in 1990. We did not meet our target of 13.8 kWh for 2007. We will continue to increase amperage in our primary plants to improve the financial robustness going forward. As a result we will not meet our medium-term amibion of 13.5 KWh/kg aluminium in 2011. However, we are intensifying our R&D efforts to further improve our performance on new smelter technology and ambitions will be developed as part of this years strategy process. Our PFC emissions have been reduced by 45 percent since 1990.

In 2007 we devoted significant resources and management time to completing our understanding of threats and opportunities that climate change, and policies to limit it, represent for our business. Climate change is recognised as a major strategic driver for Hydro, and the overall responsibility for climate related issues was in 2007 placed under corporate strategy and business development. In 2008 we will complete a comprehensive climate change strategy, including the setting of specific targets.

Extensive R&D efforts, including short-term and long-term projects, have been initiated to further reduce CO_2 emissions. In February 2008 test production commenced on a new generation of electrolytic cells at the Årdal Research Center. See page 110.

So far the most significant effect of the policy steps to combat climate change has been the emissions trading system in Europe. This has led to significantly higher power prices and a

Where we are and what we are striving to achieve:

2007 TARGET
- Aluminium production requires 13.8 kWh/kg

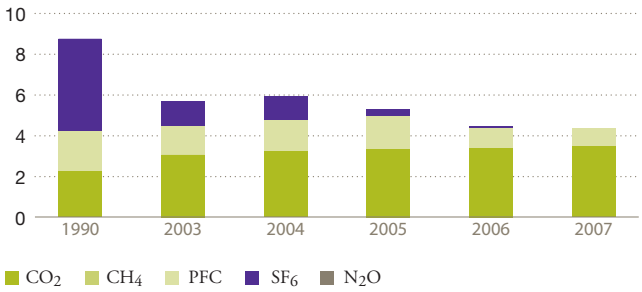
2007 RESULT
- Aluminium production required 14.2 kWh/kg

2008
- Complete our new climate strategy, including setting specific targets

AMBITION
- As part of our technology strategy and climate strategy work, new targets will be developed in 2008

Direct greenhouse gas emissions

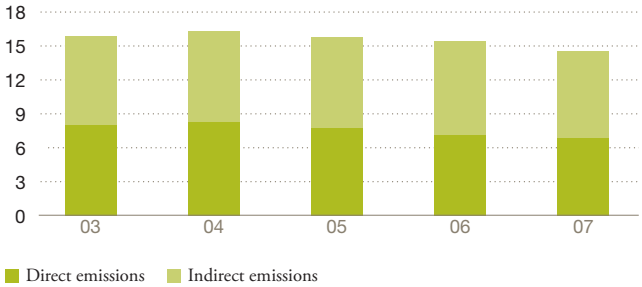
Million tonnes CO_2-equivalents (CO2e)



Greenhouse gas emissions from Hydro-operated production activities were 4.38 million tonnes CO_2 equivalents (CO2e) in 2007. Based on Hydro's ownership equity, emissions were 6.87 million tonnes CO2e, a reduction of roughly 45 percent compared with 1990, given the same ownership structure as in 2007. The decline comes as a result systematic operational improvements, the introduction of new technology and in recent years also closure of plants and process lines.

Direct and indirect greenhouse gas emissions

Million tonnes CO2e



Greenhouse gas emissions based on Hydro's ownership equity. Indirect emissions are based on electricity consumption and IEA "CO_2 Emissions from Fuel Consumption" 2005 factors.

When visiting Oslo, the Nobel Peace Prize winner Al Gore, could unveil sculpture of re-used aluminium, specially commissioned by Hydro, at the Nobel Peace Center. The sculpture, a house of cards on the verge of collapse, is called "Climax" and symbolises the fragile balance of the world. It was made by the Norwegian artist Magne Furuholmen who wanted to address the climate debate.

A more attractive metal for the future

"As a part of this, new R&D activities have been initiated to make our processes more energy efficient. At the same time we see that aluminium can contribute to reduce overall emissions through its utilization within the transport sector, as vehicles with more aluminium will have a lower weight and consume less fuel. Likewise, it is very favorable to increase the degree of recycling of used aluminium."

Arvid Moss, Head of Strategy and Business Development, Hydro

Read full interview at www.hydro.com/reports

loss of competitiveness for European smelters. We believe that emission trading systems will be introduced in the next decade in several regions.

Carbon pricing will, through power costs, significantly impact the relative attractiveness of different primary aluminium growth projects. We will be working with energy companies to find technologically and economically feasible solutions for CO_2 handling.

On the other hand, several applications in aluminium become more attractive with higher energy prices. Increased energy efficiency, the regulation of CO_2 emissions from vehicles, and energy standards in buildings will all support growth in aluminium demand.

Aluminium, when used in mobile applications, saves much more energy and greenhouse gas emissions over the lifetime of the product than what was needed to manufacture the metal. Modern aluminium building systems can reduce energy consumption in buildings in the range of 30 to 50 percent. Used together with the photovoltaic solar technology developed by one of Hydro's solar ventures, we envisage buildings that create more energy than they consume in the foreseeable future. See also page 112.

We see increasing recycling of aluminium as important for resource preservation. We will work together with the industry and other companies to increase recycling volumes, thereby also reducing global CO_2 emissions, as recycling only requires approximately five percent of the energy consumed during primary production.

Renewable energy

Hydro has more than 100 years' experience in the production of renewable energy. Our operations were founded on hydroelectric power and in 2007. Our annual average production of renewable energy is about 9 TWh. Due to high precipitation access we produced 11.0 TWh in 2007. 45 percent of Hydro's total energy consumption came from renewable energy.

Since 2006 we have invested more than NOK 300 million in solar energy development. These investments include the company Norsun, which is building a plant in Årdal to produce silicon chips for solar cells. The investment in Ascent Solar Technologies gives Hydro a 22 percent ownership interest in the company and enhances our activities within solar and building systems, where Ascent Solar is among the leading thin-film producers.

HyCore is a joint venture of the Belgian company Umicore and Hydro, and will produce solar-grade silicon used in solar cells. HyCore is currently constructing a pilot plant at Hydro's industrial park at Herøya in Porsgrunn, Norway. The pilot plant will have an annual capacity of around 20 tonnes of solar-grade silicon. If the pilot program is successful, the production of industrial-scale volums will be feasible in 2010.

RESOURCE MANAGEMENT

The viable use of natural resources requires that raw materials are reused and waste production is minimized. We are intensifying our efforts to achieve an optimal use of resources, and can see that this will also contribute to increased profitability.

Remelting and recycling

Aluminium can be remelted and recycled over and over again without losing its initial qualities. We remelt scrap both from other companies and from our own production. We have also started to recover coated metal scrap, and efforts are underway to make products easier to recycle. Thirty percent of the remelted metal in the billets we use in Building Systems is scrap obtained from our extrusion and surface treatment plants and from window manufacturers. Rolled Products is increasing its involvement in recycling and the remelting of used aluminium.

One contribution to responsible utilization of natural resources is to increase the recovery and recycling of waste. For several years all our automotive products have been systematically labelled in order to simplify the future recycling of materials. Dangerous materials, such as heavy metals, are registered in the International Material Database, initiated by the automotive industry.

Minimizing waste production

Spent potlining (SPL) from the electrolytic cells used in primary aluminium production is defined as hazardous waste. Extending the life of potlining is important to minimize the total amount. During recent years the alternative treatment of SPL has been evaluated. Our plant in Kurri Kurri, Australia, has entered into an agreement to upgrade SPL to products for the cement industry. The agreement also includes all SPL material presently stored at Kurri Kurri.

At our plant in Neuss, Germany, SPL recycling solutions are in place, meeting the requirements set by the German authorities. Slovalco in Slovakia is following the national regulations, but will in 2008 start a project to consider other solutions for SPL. The Norwegian smelters and NOAH, the company which takes care of our SPL waste in Norway, are looking into new ways of utilizing SPL. By the end of 2007 a solution was evaluated, and a test will be performed in early 2008.

A project has been established to develop a solution for processing dross from our Norwegian casthouses that meets the new EU requirements.

Our ambition of no waste from our own aluminium plants in 2015 will be revised as part of the 2008 revision of our HSE strategy.

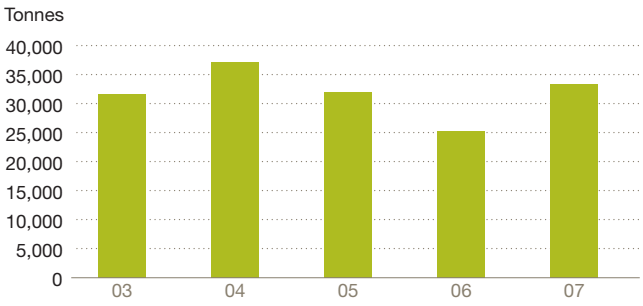
Other environmental issues

Our environmental indicator on resource utilization and reduction of waste and emissions, helps us focus on important measures. The indicator consists of many elements throughout the value chain at the plants. Improvements are measured and environmental challenges are highlighted as they are made visible. The indicator is already used at all electrolyzers. Implementation has started at remaining plants, and we are aiming at full implementation by the end of 2008.

The use of polychlorinated biphenyls (PCB) is forbidden in many countries, and we are phasing out PCB-containing equipment. This has already been implemented at our smelters in Australia, Slovakia and at most of our plants in Norway. Remaining sites comply with the legal requirements applicable in their locations.

In water consumption and biological diversity, our main challenges are related to major development projects. These issues are part of the environmental impact assessments carried out during the early phase of such projects. Hydro is a minority-owner in bauxite extraction and alumina production in areas with a high degree of biodiversity. Through these ownership stakes we participate in projects that aim to preserve biological diversity. Forests are replanted after bauxite has been extracted, using seeds from local plants in order to maintain the biodiversity longterm. At Alunorte in Brazil, it has been decided in cooperation with local authorities to increase the height of the red mud deposits to reduce land areas involved. When the deposits have reached their full height, they will be replanted with local plants from local seeds. At Alpart at Jamaica, the red mud deposits are representing a challenge, and the operating company together with the owners are working on finding solutions that are technically and economically feasible.

Spent potlining



The increase in 2007 is due to the closure of the Söderberg plant in Årdal, Norway, and also due to the relining cycle at Sunndal, Norway, after construction of the new plant in 2004.

INTEGRITY AND HUMAN RIGHTS

The promotion of ethical conduct and human rights is a core element of Hydro's business activities. Our position is clear: zero tolerance of corruption and human rights violations. If non-conformities are registered, our policy is to demonstrate openness and learn from negative experiences.

Countering corruption and human rights violations is an integral part of our business. These areas are important elements of our ambition to contribute to a viable society. Both legislation and internal regulations place demands on us. We also believe that our performance in these areas makes us a supplier and partner of choice, as well as an attractive employer.

Where we are and what we are striving to achieve:

2007 TARGETS
- No instances of corruption or human rights violations
- Hydro Integrity Program effectiveness evaluated through self-assessment and external review
- More tools and guidelines (such as Conflicts of Interest) added to the Hydro Integrity Program

2007 RESULTS
- No known instances of corruption or human rights violations
- Internal investigation inititated relating to our former petroleum engagement in Libya
- Hydro Integrity Program effectiveness evaluation postponed to 2008
- Interactive e-learning on anti-corruption and human rights targeting all employees developed

2008
- No instances of corruption or human rights violations
- Implementation of Integrity Due Dilligence Guidelines
- Hydro Integrity Program effectiveness evaluated through self-assessment and external review
- Roll-out of interactive e-learning on anti-corruption and human rights

AMBITION
All important suppliers should comply with our supplier standards and all our units with anti-corruption standards, human and labor rights, and report their performance by 2010. We intend to be a preferred partner worldwide because of our responsible business operations.

It is essential for us to avoid the use of child labor and forced labor, not just in Hydro's activities, but also in those of our suppliers and collaborating partners. We are concerned about fundamental labor rights, such as freedom of association, minimum wage requirements, and the regulation of working hours. A survey carried out in the entire organization in 2005 revealed no serious violations of these rights. A new self-assessment tool has been developed to measure performance. This will be implemented in 2008. Hydro does not tolerate discrimination on the basis of gender, race, national or ethnic origin, cultural background, social group, disability, family status, age, or political views.

Security staff are required in some areas, including armed guards for the protection of personnel, property and business activities. Hydro is a signatory to the Voluntary Principles on Security and Human Rights. No negative incidents connected to our use of security staff were registered in 2007.

Countering corruption, promoting human rights

Hydro has had ethical guidelines for many years, and in 2003 our current Code of Conduct was approved by the Board of Directors. Based on this, the Hydro Integrity Program was launched in 2005 to prevent corruption and human rights violations connected to our activities. The program includes risk mapping, tools and training. In 2007, 200 more leaders and other personnel in senior positions were added to the 2000 who had previously participated in the training program. Personnel from certain joint-venture partners have also taken part in the program. Training includes dilemma discussions. An interactive e-learning program on corporate requirements was developed in 2007 and will be launched in 2008. The program is mandatory all employees and includes anti-corruption for training. See page 107 for more information.

In the process leading up to the closing of the merger of Hydro's oil and gas activities with Statoil, October 1 2007, questions arose concerning the Libyan petroleum assets we acquired from Saga Petroleum in 1999. The questions related to our handling of certain contracts in Libya. We initiated an internal investigation headed by attorney-at-law Jan Fougner supported by the US law firm Shearman & Sterling LLP. Fougner reports to a subcommittee of the Board of Directors, currently consisting of chairperson of the board Terje Vareberg and Finn Jebsen. The internal investigation team is coordinated with a parallel investigation in StatoilHydro.

When entering areas with an indigenous population or other minority groups, we strive to apply caution and respect. This is one of several human rights issues that are addressed at an early stage in our projects. In Brazil, where we have minority shares in an operation affecting indigenous people, the operator company has a good dialogue and cooperation with these groups. Hydro has taken a 75-percent stake in a joint venture with

In 2007 we developed an interactive e-learning programme on corporate requirements. The programme includes anti-corruption training and will be presented to all employees during 2008.

Create a culture for integrity!

"Most important is the tone from the top – that there is a culture for integrity. That commitment is certainly there in Hydro. But that alone is not enough. You also need detailed procedures to prevent corruption, money laundering and cartels, all reflecting the specific nature of your business. Such policies must be implemented through communication and training so every member of staff will understand the message. And you should report publicly what you are doing."

Jermyn Brooks,
Head of development of Business Principles for Countering Bribery Initiative,
Board member of Partnering against Corruption Initiative (PACI)

Read full interview at www.hydro.com/reports

Australian mining company UMC. The purpose of the cooperation is to further explore opportunities for recovering bauxite and producing alumina in the Kimberly region of Western Australia. Successful exploration and subsequent mining is dependant on cooperation and agreements with the traditional (aboriginal) land owners of the area.

We are cooperating with several organizations, including TRACE (Transparent Agent and Contracting Entities), Transparency International (TI), and Amnesty International (AI). These are all involved in internal activities linked to the Integrity Program.

The annual business planning process is also used to further implement the integrity program as well as other corporate responsibility topics. Requirements have been drawn up regarding how corporate responsibility should be taken into account in business development, investments, and in the execution of projects.

Corporate responsibility in the supply chain

We are continuously working on the implementation of corporate responsibility requirements with respect to our suppliers. Requirements have been established regarding health, safety, environment and social responsibility issues. These are important elements of the supplier prequalification process, bid evaluation and contract execution phases. A supplier declaration has been developed. The intention is to further increase awareness and improve the transparency of social responsibility issues in the supply chain. By signing the declaration, the supplier confirms a willingness to initiate a process of documenting his promotion of these issues, and his performance with respect to them. Step-by-step implementation in the organization has commenced, and will continue throughout 2008.

Voluntary commitments

Our most important voluntary commitments are our support of the principles set out in the Universal Declaration of Human Rights and the UN Global Compact regarding human rights, labor standards, environment, and anti-corruption. We also support the OECD's Guidelines for Multinational Enterprises, the Voluntary Principles on Security and Human Rights, Transparency International's Business Principles for Countering Bribery (BPCB), the World Economic Forum's Partnering Against Corruption Initiative (PACI), and the Extractive Industries Transparency Initiative (EITI). We report all payments to authorities in the countries where we have exploration and extraction activities for bauxite, as well as operations for the production of alumina.

According to our internal directives, Hydro is not permitted to make financial contributions to political parties.

Total payments (taxes, fees etc.) to host governments*

NOK million	**2007**	2006	2005
Australia	**6**	-	-
Brazil	**89**	127	25
Jamaica	**81**	79	56

* Total payments to host governments in connection with the exploration and production of bauxite and alumina. Payments include benefit streams, profit tax, royalty, signature bonus, license fees, rental fees, entry fees etc. The reporting is based on the principles in Extractive Industries Transparency Initiative (EITI). The table is included in the limited level of assurance review of Hydro's viability performance reporting 2007, but not in the financial audit.

COMMUNITY IMPACT

In industry today there is a need for companies to be able to adapt to changing conditions. Such adjustments are part of our daily life and the processes involved have ranged from preparing plant closures to building new plants and other activities related to acquisitions and divestments. An important element in all our restructuring work is to ensure responsible conduct in relation to society at large. 2007 confirmed our ability to implement responsible restructuring.

Restructuring entails both positive and negative aspects for employees and local communities. At many locations, Hydro is a cornerstone company. In such cases, it is particularly important to involve both employees and the local community. To respond to local conditions, we analyze the social consequences, and enter into a dialogue with relevant stakeholders. Involvement in local and regional initiatives must be in line with Hydro's business strategy and our guidelines for community investments.

Where we are and what we are striving to achieve:

2007 TARGETS
- Effective restructuring carried out with respect to employees and their communities

2007 RESULTS
- Restructuring processes in Norway, USA and Canada, as well as the divestment of Automotive Castings, implemented in cooperation with employees and local communities

2008
- Effective restructuring carried out with respect to employees and their communities

AMBITION
We intend to be a preferred partner worldwide due to our responsible business operations.

Removing uncertainty

"In-house surveys reveal that the employees are happy at their work; the working environment is good and they see challenges in their jobs. But the uncertainty about the future does tend to detract from their job satisfaction. We need to do something about this."

Michael Hall
Chief employee representative Hydro Automotive, Raufoss, Norway

Read full interview at www.hydro.com/annualreporting2007

Successful restructuring

Our responsibilities to our employees and to society at large lead us to help find new employment opportunities when production units are closed down. During the two last years, the magnesium plant at Becancour, Canada; the Søderberg production line at Årdal, Norway; and the Stade plant in Germany are among the sites with a large number of employees affected by closures.

Altogether, these closures affected close to 1,000 employees. By the end of 2007, about 80 percent of those who actively searched for new jobs had found new employment. Business development, guidance, severance payments and funds for restructuring are among the tools utilized in managing these restructuring processes. In Årdal new business development has in fact absorbed all the supply of labor made available through the closure. The processes have been successful largely due to a constructive dialogue with the employees and the local communities affected.

Energy requirements for production at the Neuss aluminium plant in Germany have been secured for 2008, and we are working on securing the energy supply for 2009.

Our oil and gas activities were merged with Statoil October 1, 2007, forming the new company StatoilHydro. The demerger directly affected 5,000 Hydro employees, most of them in Norway. With few exceptions, recruitment to new jobs were conducted in an open process. Competitive terms were introduced to make it more attractive to change jobs and location. Following this process Hydro's corporate staff units were reorganized, streamlined and adapted to the needs of Hydro as an aluminium company.

In July 2007, we entered into an agreement to sell our magnesium remelters in Bottrop, Germany, and Xi'an, China, to Varomet Holdings Limited, a subsidiary of the Australian mining company Straits Resources. The divestment concluded our decision to withdraw from the magnesium business.

Changes in automotive components

Our European production of automotive castings was sold to the Mexican group Nemak in 2007. This was part of the ongoing strategy to restructure our aluminium processing activities. In addition our share in a Mexican casting plant, that mainly produces engine blocks and cylinder heads, was sold. These divestments affected more than 2,100 people. We have decided to continue our Automotive Structures operations, where a turnaround process has been launched to improve profitability. This sector has 1600 employees.

Moving forward in USA

Following a difficult market situation in USA, our Extrusion organization has been through significant restructuring measures. In total, the head count was reduced by over 265

employees or 25 percent. This included our operations in Ellenville, New York, which were closed during 2007. All Ellenville employees were offered a transition assistance program developed in conjunction with the local unions, including retention and severance payments, job search and resumé-writing training and personal counseling. In addition, a job fair was held in conjunction with local authorities. Employees were offered relocation assistance if they chose to transfer to available positions in other Hydro facilities.

Significant reductions took place at all US extrusion facilities, including the Baltimore sector office. In all cases, displaced employees were provided with severance and other transition benefits.

Restructuring is also about looking forward for the remaining organization. In December 2007 a gathering brought together employees from all parts of our US Extrusion organization – including managers, operators, fork-lift drivers, maintenance workers – to take stock of their situation and develop plans to accelerate the return of the business to a healthy state. They heard about Hydro strategy, market conditions, progress to date, customer satisfaction, and they dicussed potensial improvements.

New production

When planning new projects, we also map environmental and social impact. Our analyses follow the Equator Principles, and thus reflect the World Bank's requirements regarding information, consultation and investigation of the project's environmental and social consequences, as well as an action plan and proposed initiatives. Dialogue with affected groups are used as input to plans detailing our responsibilities. We strive to act in an open and credible manner, and gather views from interested parties with the aim of achieving a common understanding of the decisions that are made.

In 2006, Qatar Petroleum and Hydro agreed to set up a joint-venture project, Qatalum, for the development, construction and operation of a major aluminium plant in Qatar. The project was finally decided on in July 2007 with production scheduled to start up late in 2009. Qatalum aims to be a future catalyst for growth in the manufacturing sector in Qatar. This includes the purchase of goods and services. The Social Impact Assessment (SIA) for the project revealed that the creation of indirect and supply-chain induced 700 jobs is expected, along with considerably increased household spending in the local economy. Qatalum management is already experiencing a keen interest from entrepreneurs who are considering setting up businesses to either supply Qatalum, and the fast growing aluminium industry in the Gulf region, with goods and services, or to produce finished or semi-finished products based on input from Qatalum.

When in operation, Qatalum will provide more than 1,000 permanent jobs. The project will also create approximately 5,500 jobs for the three-year construction period. The SIA discloses that a major challenge linked to the project is the housing of migrant workers during the development phase. Great emphasis has been placed on securing good living conditions for the up to 10,000 inhabitants of the construction village – taking into consideration the different cultures and religions these will represent.

Employee dialogue in Holland, Michigan

Our US automotive components plant in Holland, Michigan, provides another example of a sound dialogue with employees. Top management holds monthly meetings with the unions where they share information about the business and address questions and concerns. Any grievances and concerns the employees may have are also addressed. Through a question box employees can freely submit questions to the management team. Responses as well as all minutes of the management team meetings are posted to create transparency in the organization.

The managing director also holds a monthly meeting for all employees at the plant, where he presents the plant's results and where new business opportunities are discussed. Our Holland organization has worked hard to address communication.

Dialogue with affected parties

Hydro has a long tradition of conducting a dialogue with the relevant parties affected by our activities. Regular meetings take place with unions in Norway and the works councils in, for example, Germany and France. Dialogue with customers, suppliers, other business partners, local authorities and non-governmental organizations are also important.

As a minimum requirement, stakeholder dialogues are carried out in meetings and information campaigns etc., in accordance with the official regulations. We identify and initiate dialogue with relevant stakeholders affected by our activities to ensure

An example of cooperation

"Hydro has proven outstanding cooperation, engagement and transparency in managing the change for the workforce and the site as such here in Stade."

Margrit Wetzel, Member of the German Bundestag

Read full interview at www.hydro.com/annualreporting2007

Community impact at Alunorte

When the third and latest expansion at Alunorte, Brazil, the world's largest alumina plant, is finalized in late 2008, the plant's total annual capacity will be 6,5 million tons. Hydro has an ownership share of 34 percent in this plant, which is situated in the Amazon delta.

The local community is facing a number of serious challenges. Despite rapid growth the rate of unemployment is high, though local industries still find it hard to obtain sufficient qualified employees. Alunorte makes a contribution to society by virtue of the plant being a substantial employer and tax payer. The plant has more than 3,000 employees and contractors. But Alunorte contributes to the community in other ways, such as by facilitating the establishment of small-scale industry and agriculture.

A lofty ambition of the plant is to give local children a better start in life. Almost 2,500 children are involved in Alunorte's partnership initiative with the local education secretariat. The minority-owned Alpart in Jamaica and Slovalco in Slovakia have similar educational programs.

that all views are aired and our decisions communicated. In major projects, stakeholder dialogue is a requirement both through Hydro directives, local law, World Bank guidelines, and the Equator principles etc.

As a part of the decision process of the Qatalum project, a dialogue process was performed with a number of stakeholders, such as the authorities, educational institutions, and embassies representing the expatriate workforce, the Qatar Human Rights Commission, business partners and other industries. A dialogue process with representatives of the plant's local neighbourhood community was included. A public hearing on the environmental and social impact assessment was held. This included public meetings in the local cities of Mesaieed and Doha. The meetings were announced in all newspapers in Qatar, and facts about the project and an abstract of the ESIA was printed and distributed in the form of an insert in all Qatari newspapers.

In connection with the closure of the Stade plant in Germany in 2006, a comprehensive stakeholder mapping and analysis was performed. Dialogue and communication took place with e.g. employees, works councils, local authorities and the media. When the process started, public opinion was to a large extent critical to Hydro. Continued dialogue, however, and not least a will to find solutions for those affected, have brought about a change in the general opinion.

New guidelines for stakeholder dialogue were finalized and made available on our intranet in 2007. The guidelines are based on Hydro's own experience and principles developed through an international working group headed by the Institute of Social and Ethical Accountability. The guidelines aim at establishing a systematic process to identify and attend to relevant stakeholders, while securing the transfer of knowledge in the organization. In 2008 we will work further on the implementation.

Sponsorships and community investments

In total, Hydro spent about 86 million NOK on charitable donations, sponsorships and community investments in 2007. Important elements are our support of the Nobel Peace Center in Oslo and our long-standing sole sponsorship of the Oslo Philharmonic Orchestra.

Other important contributions are the transfer of competence that takes place through our cooperation with universities and research institutions. This includes scholarships to selected PhD students.

Developments in 2008

The construction of the Qatalum plant is an important task in 2008. Hydro Production Partner, which provides services and industrial maintenance to Hydro facilities and industrial parks in Norway, Sweden and Germany, was sold in February 2008 to the German company Bilfinger Berger Industrial Services (BIS). Aproximately 2,500 employees and consultants are affected by the deal. Hydro will continue to purchase services from the organization. The sale of Hydro's polymers business, Kerling, to UK-based Ineos, was approved by the EU in January. Automotive Components will go through an organizational development process and Hydro's Central Staffs organization will be reviewed in 2008.

ORGANIZATION AND WORK ENVIRONMENT

Our ambition is to be highly competitive when it comes to recruiting and keeping the best qualified personnel. To make this possible, we focus on developing a healthy and safe work environment, providing each employee with conditions for the contiunuous development of her or his expertise. Even though our systematic safety work has continued through 2007, we failed to reach our targets.

Hydro's current organization is made up of 22,000 employees in more than 30 countries. These employees represent great diversity, both in terms of education, experience, gender, age and cultural background. We see this diversity as a significant resource, not least to encourage innovation. To be able to pull together as a team, we depend on an efficient organization with common values and goals. Good leadership, proper organizational structure and the right tools are all essential if we are to achieve this. This includes attracting, and retaining, the right employees.

It is very important that our employees enjoy good health, and feel safe and appreciated. Healthy and motivated employees perform better and are more creative, and in that way contribute to increased profitability and better results. Our overall safety performance did not improve in 2007. We did not reach our target of a 20 percent improvement in total recordable injuries (TRI), and we had two fatal accidents. In addition we had one fatal accident in February 2008. Our ambition to improve TRI by 20 percent per year remains unchanged, and we are working on appropriate measures to make this possible.

Where we are and what we are striving to achieve:

2007 TARGETS
- No fatal accidents. Total recordable injuries per million hours down by 20 percent
- Implement indicator for technical safety at all relevant plants and installations by end 2008

2007 RESULTS
- Two fatal accident. Total recordable injuries per million hours up from 4.0 to 4.1
- Implementation of indicator for technical safety started at all sites

2008
- No fatal accidents. Total recordable injuries per million hours down by 20 percent
- Implement indicator for technical safety at all relevant plants and installations by end 2008

AMBITION
Our ambition is to have no serious injuries.

Efficient organization

Hydro had 24,692 employees at the end of 2007, a decrease from 33,605 in 2006. The reduction is primarily a result of the demerger of our oil and gas activities, but it also reflects the sale of the automotive casting business, the closure of the magnesium plant in Becancour in Canada, as well as the restructuring of our extrusion business in the US.

Key elements in our HR strategy are to attract, develop and retain competent and innovative employees, develop leadership for business needs and shape an effective organisation.

Systematic employee development

Our aim is that every employee should have an annual appraisal dialogue with his or her line manager and participate in organizational surveys at least once every two years. Two key processes form the basis for organizational development in Hydro. Hydro Monitor is an employee survey where we gauge the climate in the organization at regular intervals. The Hydro Leadership Development Process (HLDP) is our common tool for employee appraisal dialogues and performance follow-up. We still do not have annual appraisal dialogues for all employees, but the goal is set, and in 2007 over 50 percent of employees had such dialogues. There are individual development plans for almost all employees. In the last Hydro Monitor survey, 95 percent of respondents said that they have the necessary ability and competence to carry out their jobs in a satisfactory manner. Despite this, only 69 percent feel that they are able to make best possible use of their abilities and expertise in their jobs. This remains on the same level as the 2006 survey.

Introduced in 2004, Hydro Monitor gives us a broader perspective on the organization, enabling us to identify where we have progressed and where additional measures are required. In 2007, more than 10,000 employees had the opportunity to take part. The response rate was 85 percent, down from 89 percent in 2006. Through Hydro Monitor, employees can give anonymous feedback on, for instance, the organizational climate. In 2007, 84 percent of those who responded said that they had a good understanding of Hydro's values, 72 percent said that they were encouraged to participate in decisions that affect their own work situation, while 88 percent thought they would be able to tackle future organizational changes. These results were roughly the same as in previous years. In response to Hydro Monitor, special emphasis is made on improving feedback and recognition through raising management awareness.

With the 2007 survey, most employees have participated in the Hydro Monitor survey on at least one occasion. The next survey will be in 2009, when all employees will be asked to participate.

Leadership development

The development of the top 200 managers is a strategic corporate responsibility. Initiatives include the follow-up of HLDP, the leadership planning process, and annual conferences where the top 50 and the top 200 leaders, respectively, take part. Management training is provided at all levels of the organization, and the training of new managers is important. This is provided through company-wide programs as well as local courses. In 2008 we will review our leadership development ambitions in order to secure a global mindset in the organization.

Diversity

We emphasize diversity with regard to nationality, culture, gender and educational background, both when recruiting, and when forming management teams and other working groups. Half of the shareholder-elected board members are women. Women are also represented in all business area and sector management teams, and we are aiming at further diversity at all levels. Most women top managers hired in the recent years have been recruited internally. In 2007, the number of women on the Corporate Management Board decreased from two to one, while the proportion of women among Hydro's 50 top managers was 17 percent, compared to 19 percent in 2006. The number of non-Norwegian leaders was 13 percent compared to 11 percent the year before. Among the top 200 managers the proportion of women was 16 percent, down from 20 percent in 2006, and of non-Norwegians 32 percent, a significant increase from 19 percent in 2006. The changes must be seen in the light of the fact that the Norwegian organization has been substantially reduced following the demerger of the oil and gas activities – giving a more international organization. The flipside is that the ratio of women at all levels is higher in Norway than in most other countries where we are represented.

The deliberate recruitment of women is important in order to increase the proportion of women in the organization. In 2007, around 550 new employees were recruited to the Norwegian part of the organization. Of these, 22 percent were women, as compared to 18 percent in the Norwegian continued operations. Half of the newly graduated recruits are women. Our annual graduate trainee program also contributes. It has an even distribution between men and women and represents diversity with regard to nationality and cultural background. In the 2007 program, there are 24 participants, 13 women and 11 men, representing 12 nationalities.

Recruitment

To maintain our status as an employer of choice – as a focused aluminium company in a tight labor market – will be a key challenge in the coming years, especially in Norway and Germany. Positioning ourselves as an employer of choice with interesting tasks and competitive compensation is key to recruiting and retaining the right people with the right competence.

Internal recruitment to the Qatalum project in Qatar continues to ensure the necessary transfer of expertise. A total of 80 managers and professionals will be recruited to serve for a period of three to five years, while almost 100 operators, shift leaders and support engineers will assist for a period of 12 to 18 months during the start-up. The employees come from Hydro's organizations in Norway, Germany, Slovakia and Australia.

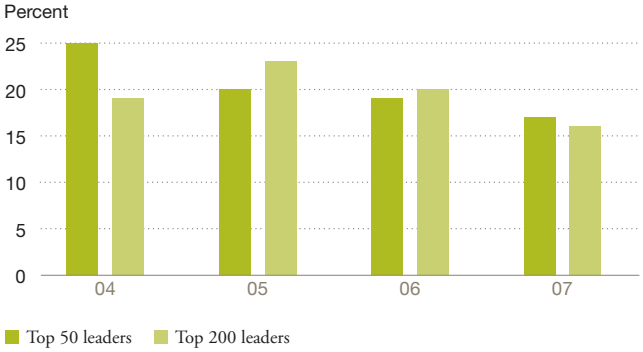
New employees are offered essential training, both in order to get to know the organization and their work tasks, and to gain the required competence within the health, security, safety and environment fields. To further strengthen our position as an attractive employer, we continued our graduate trainee program in 2007.

Compensation

All employees shall be secured a total salary that is fair, competitive, and in accordance with the local industry standard. Only relevant qualifications such as performance, education, experience and other professional criteria shall be taken into account when making appointments, or when providing training, settling remuneration and awarding promotion. There are

Share of non-Norwegian leaders

Share of women leaders



no significant gender pay differentials for employees earning collectively negotiated wages in Norway. Salary conditions for graduates in the Norwegian business are reviewed on a regular basis. No general gender-related differences have been found.

Career, personal development and a flexible workplace are also important elements in our compensation system. In the Norwegian part of the company the majority of employees are covered by a bonus system. In other countries there are bonus systems at management level, and at many locations also at other levels. The criteria for awarding bonuses include the extent of successful business plan implementation. Managers' results within the area of health, security, safety and environment are also measured, along with their results with respect to organizational development and social responsibility. The aim is to promote a result-oriented culture, improving results and rewarding achievements.

Global principles for remuneration will be developed in 2008. Requirements for employment agreements were developed in 2007 and will be implemented in 2008.

Performance related pay is widely used in Hydro. The stock-option program for executives was concluded in July 2007, and we will evaluate alternative long-term incentives during 2008.

Health and work environment

Hydro shall be a leading company in the area of health and work environment. In order to reduce work related illness and long-term sick leave, the objective is that all units shall carry out risk assessments and implement appropriate risk-reducing measures. Our business planning process is used to ensure continuous improvement throughout the organization and follow-up is reported on a monthly basis.

A handbook for assessing the work environment risk is actively used by the sectors to help map and evaluate Hydro's work environment. The results provide the basis for decision-making. In 2007, a module designed for office environments has been added. A relevant key performance indicator has been introduced. We will continue to investigate opportunities for including specific tools to monitor the organizational and psychosocial environment, which could be of help in following up problem areas identified in the Hydro Monitor survey and health controls.

The prevention and follow-up of work-related illnesses are important to us. A new reporting tool for work-related illnesses is under implementation. Sick leave was 2.8 percent in 2007, up from 2.6 percent in 2006. The rules for sick-leave registration differ from country to country. Our sick leave in Norway is significantly higher than in Hydro on average, but relatively low compared to the Norwegian industry average.
In Norway, sick leave was 5.2 percent compared to 5.0 percent in the previous year. Men's sick leave was 4.9 percent, up from 4.5 percent in 2006, while women's sick leave decreased from 6.8 percent in 2006 to 6,4 percent in 2007.

Systematic competence development

In 2007 we developed an interactive e-learning program dealing with Hydro's policies and the rights and obligations of Hydro's employees. It is mandatory for all employees worldwide. Our intention is to discuss the dilemmas we may meet in our daily work. The program also presents a spectrum of work situations relevant to employees all over the world. To make the information readily available to all employees, the cases exist in 13 different languages, and can be used both individually and in team discussions. The program will be implemented in 2008.

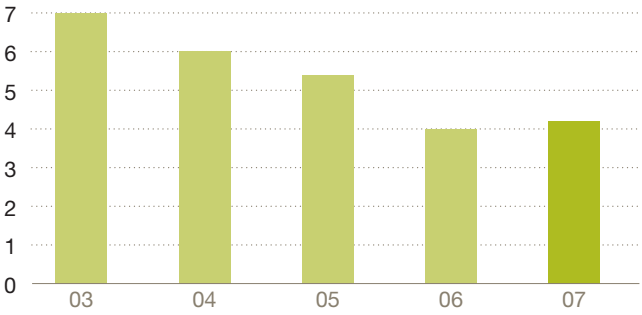
The Registration, Evaluation and Authorization of Chemicals (REACH) is legislation applying throughout the EU for the handling of chemical substances. It entered into force on June 1 2007, and is intended to promote the protection of human health and the environment. We acknowledge the goal of REACH and the need for the rapid identification of chemical substances. A project group has been established at corporate level and pilot studies have been performed in some sectors. We will meet the pre-registration requirements in 2008.

Safety

A high level of safety in our plants is a prerequisite for safe and stable operations. We believe that it also contributes to increased profitability in our production. Our ambition is to avoid all accidents, and we work continuously to avoid work-related illnesses, damage to property, and loss of production. This applies to all our activities, irrespective of geographical location. We had two fatal accidents related to our business in 2007. Both were employed by contractors. One, working in our former oil marketing organization in Sweden, was killed in a traffic accident. The other fatality occurred at our rolling mill in Hamburg, Germany. In February 2008 an operator was killed in a work accident at Slovalco in Slovakia.

Total recordable injuries

Per million hours worked



Beyond traditional safety tools

"Workers are now talking more with each other about what they do and how and why they do it, every day. We are doing things before accidents happen. This isn't about near-miss reports, and it isn't something that we do on occasion and plan for it, like the traditional safety tools. We are beyond that. We get opinions all the time. Even safe work is feedback. I also feel that this is more motivational than the traditional way we have done things, because of the feedback."

Dieter Mick, head of Works Council, Bellenberg, Germany

Read full interview at www.hydro.com/annualreporting2007

The total number of personal injuries per million hours worked (including injuries leading to absence, injuries resulting in alternative work, and injuries demanding medical attention) increased from 4.0 in 2006 to 4.1 in 2007, including discontinued operations. Our Aluminium business areas showed a 9 percent improvement, but our target of a 20 percent reduction was not reached. Even though we in 2006 achieved a 25 percent reduction in the injury rate, we take the 2007 results as a serious reminder. Enforced commitment with even stronger emphasis on behavior is necessary to further improve our safety perfomance. In a ten-year perspective, we have reduced the number of personal injuries per million hours worked from 19.7 in 1997 to 4.1 in 2007.

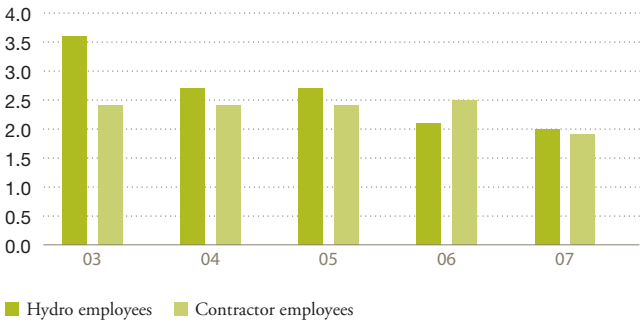
For several years we have been working along with Det norske Veritas to develop an indicator for technical safety. The T-rate measures the availability of the technical safety barriers that are installed in order to prevent or mitigate major accidents. The indicator has already been implemented at several plants, and the plan is to implement the indicator in all relevant plants and installations by the end of 2008. Hydro has transferred the rights to the T-rate to Veritas in order to secure further development of the indicator. We will introduce a new proactive key performance indicator in 2008 focusing on incidents with major potential.

A new step forward for safety

One challenge is also to continue improvements in units with already high performance. Our Extrusion Eurasia organization has launched an organizational development project to promote safety culture. Following a fatality in November 2006 at its Birtley plant in UK, our Extrusion Eurasia sector decided to launch a project in order to look into ways of preventing such accidents, thereby achieving sustainable safety performance. Despite the tragic accident, the sector had improved its overall safety standard. Greater – and more varied – efforts were necessary to achieve further improvements. This had already been partly implemented by concentrating on the behavior of employees and line managers. However, in formulating the vision of aiming for an incident-free workplace, it was felt necessary to do more – and to work in a different way – in order to break through and meet the ambitious safety targets.

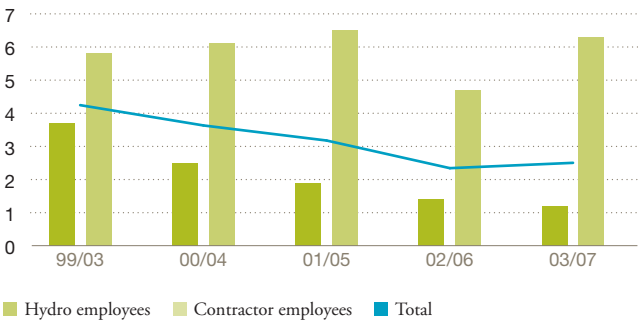
Lost-time injuries

Per million hours worked



Fatal accidents

Per 100 million hours worked, five years running average



Statistically, a TRI rate of 3.0 is seen as a barrier that is hard to break through. By the end of 2007, Extrusions Eurasia had achieved a safety performance of 3.0. Prior to achieving this, the plant initiated a two-step process. Step 1 was related to lock-outs and work permits. Although these were in place, they were lifted to a more advanced level. This step was completed by the end of June 2007, though follow-up actions and compliance checks are part of current audits and visits to ensure that the achieved level remains stable. Step 2 is more related to organizational development. It was initiated in October 2007 and, following three successful pilots, was implemented from the beginning of 2008. The Step 2 target is to create an integrated management approach, which will help supervisor and line manager to lead their area of responsibility in a better, more holistic way – based on an extensive assessment and, followed by specific training sessions.

Improving safety standards is a challenge in units with already a high performance. In order to meet even more ambitious targets, it has been necessary to work in a different way and focus even more on the behavior of employees and line managers.

Security

It is important for Hydro to safeguard its employees, the environment, the assets of the company and its reputation. An increased presence in areas of risk, and increased threats generally, have led us to intensify our preventive efforts. The leakage of the fourth quarter 2006 results early in 2007 compelled us re-assess our routines and upgrade the security level for handling such sensitive information.

Employees are trained to maintain a high level of information security. Crucial computer systems are subject to constant surveillance and strict regulations. Every person with access to sensitive information is bound to secrecy and required to handle the information with due care. Physical security is also vital to safeguarding information.

A corporate threat and vulnerability assessment was conducted in 2007 with the aim of identifying ways in which we might improve our capability of responding to a changing security risk scenario. Mandatory analyses of threat and vulnerability are fundamental to all our activities. The results form the basis for safeguarding our employees, facilities, sensitive information and processes, and other assets. They also govern the design of an appropriate emergency preparedness organization. Emergency preparedness, competence and training are decisive for ensuring proper crisis management. In every incident, our concerns are, in order of priority: people, environment, assets, and reputation.

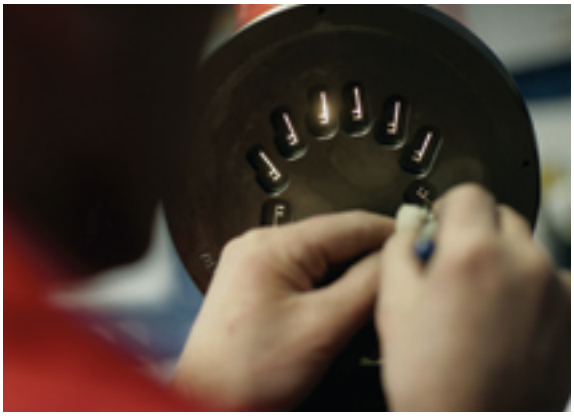
Requirements for travelers have been made more rigorous in response to increased threats. Employees are safeguarded by means of our systems for journey planning, risk assessment, and emergency preparedness. When using computer systems, we ensure good information security by training users to adhere to the company's security regulations. Our capability to respond quickly to incidents worldwide has been increased through risk monitoring and the use of incident-monitoring tools.

President's HSE Award

Two extrusion plants in Germany (Uphusen and Rackwitz) won the President's HSE Award 2007. The winners' HSE performance is described as excellent in many ways, such as a high awareness with respect to risk and barriers, very good housekeeping, training programs for all levels and a management highly committed to HSE.

The following sectors were nominated for the President's HSE Award 2007:

- Primary Production – Neuss, Germany
- Commercial Products – Luce, France
- Rolled Products – Grevenbroich Strip, Germany
- Precision Tubing – Adrian, USA
- Building Systems – HBS, Germany
- Extrusion Eurasia – Extrusion, Germany (Uphusen and Rackwitz)



INNOVATION

Innovation is key to strengthening the competitiveness of our aluminium and energy businesses. We are sharpening our focus on ongoing efforts and on new initiatives to stay ahead. At Hydro, R&D and other innovation initiatives are subject to systematic management reviews, and other measures are taken to ensure innovation is even higher on our agenda.

When Hydro was established in 1905, innovative technology was our foundation. When developing new ideas and projects, we are building on our expertise developed over more than a century within many different industries and through the successful execution of large projects.

During 2007, Hydro has allocated NOK 507 million to R&D compared to NOK 480 million in 2006. Roughly half of this goes to our in-house research organization, while the other half supports work carried out at external institutions. We have a number of research centers in connection with our activities in Europe. Our main R&D tasks are connected to our smelter technology and product development.

Hydro's Technology Board was established in 2007 to further enhance innovation and ensure that we live up to our ambition to be a leader in technology. The board is chaired by Executive Vice President Dr. Svein Richard Brandtzæg and consists of the heads of all business areas in addition to the heads of organization and strategy.

Metal production moving forward

We intend to make production more efficient and secure the necessary access to alumina and electrical power. Improvement efforts revolve around electrolysis technology and positioning new capacity in locations where there is a surplus of power. In addition, efforts are underway to further secure access to alumina.

New generation cell technology. Hydro's new generation cells are prepared for concentrating and capturing CO_2, making it ready to provide a feed to third-party capturing solutions, when commercially available.

The Alunorte expansion stage three will be finished late 2008, making the plant by far the largest alumina plant in the world delivering a total of 6.5 million tonnes per year and making Hydro self-sufficient for more than 70 percent of our alumina requirements.

Hydro's proprietary electrolytic process is among the world's most efficient. It is used in the new plants in Sunndal and has been further improved for use on the Qatalum project.

In mid-February Hydro's new generation of electrolytic cells started test production at the Årdal Research Center in Norway. The new features of the cells are designed to boost Hydro's competitiveness in the aluminium industry.

Our new cells have low specific energy consumption combined with about 50 percent higher amperage compared to our current technology. A number of other features will further reduce emissions. We are exploring the possibility of separating CO_2-rich off-gas from the reduction process. This may provide a feed to third-party capturing solutions, when commercially available.

Six new cells will be started up during spring 2008 at the Årdal Research Center, and the operation of the six cells will be assessed to provide a basis for determining a lager-scale test. During the third quarter of this year, the technology organization will decide whether they will recommend a more extensive trial project so that the practical advantages and drawbacks of the technology can be investigated. If everything goes according to plan, a full-scale project utilizing the new electrolytic cells can start production during 2013.

Our Metal's casthouses have focused on developing the processes to be more efficient in terms of improved capacity utilization and improved process capability. Continuous improvement of our product quality has been a strong part of our business concept, and is strongly linked to technical customer service. Our ambition is to develop our products together with customers, listening to customers' needs in combination with improving own casthouse processes.

Innovative casting technologies are under development and were emphasized in our 2007 R&D budget. Environmental advances, such as reducing waste material from the casthouses, and design modifications carried out jointly with automotive customers to obtain maximum weight reduction in specific components, are areas where new ways of working already have produced the right results. The further development and implementation of Hydro's proprietary melt cleaning technology has contributed to a strengthening of Metal's position in a demanding market.

Product development

Implementing and commercializing innovative product ideas and concepts are core activities in our aluminium business.

Continous improvement of our product quality has been a strong part of our business concept, and is strongly linked to technical customer service.

Innovation often takes place in joint projects with the customer, once his needs have been identified. Numerous new products are launched every year.

Meeting customers' expectations through close customer contact and follow-up are high on our agenda. As a company with a wide range of customers we need to manage relations in the optimal way. For example, in Automotive direct contacts between Hydro personnel and customers provide us with valuable and regular feedback. With some customers we use have introduced a system of "resident engineers", where our people interact closely with our customers on a regular basis for engineering and design, development and problem solving activities.

In the Extrusion area, different forms of cooperation have been established to ensure that customers' opinions of our products are taken into consideration in our continuing improvement measures. In addition to the technical specifications of the products, delivery time is also an important competitive factor. A separate KPI has therefore been introduced to reduce the time elapsing from project to product to customer delivery.

The range supplied by Rolled Products includes special products for transport purposes. As part of our customer-centered strategy we intend to invest, at the Grevenbroich mill, in a special line dedicated to surface quality.

Saving lives on British roads

Our aluminium extrusion business has helped develop highway crash barriers in aluminium, rather than steel. The barrier extrusions are designed to redirect the automobile back onto its original course. The design is now in production, orders have been secured, and we are now looking at other road safety applications.

From waste to products

The aluminium anodization process produces contaminated caustic soda and sulfuric acid. Contaminated caustic soda is also produced in the die cleaning process. It costs money to get rid of these waste substances, though they do also contain valuable ingredients. Our extrusion plant in Rackwitz, Germany, now produces a precipitant – called PACNAL – from our old caustic soda, and sells it to a local wastewater company. We are also trying to find an alternative use for contaminated sulfuric acid.

Smart buildings of the future

We have a vision of buildings that produce their own energy and can deliver the surplus to the grid. We produce building systems and are also participating in the development of flexible solar cell modules for the buildings of the future. Just think of the potential – between 30 and 40 percent of Europe's energy consumption takes place in buildings!

Hydro is active throughout the entire value chain for the development and utilization of solar energy. In the phase that consists of systems and installations, our solar cell technology comes into contact with other areas of our expertise. Hydro Buildings Systems have been working for many years on the development of energy-efficient solutions for buildings.

The facade of a house functions in many ways like the skin on our bodies. Both react to changes of temperature, protect us against the sun's rays, and keep us dry. It is also important that a building breathes, just like our skin does. For it is designed to keep out the heat during summer, and keep us warm during the winter – without consuming more energy than necessary.

By replacing conventional building facades with energy-efficient solutions, it is possible to reduce energy consumption in buildings by up to 50 percent and more. This both saves money and spares the climate by reducing emissions of CO_2.

In Hydro our vision is of a building that produces its own energy and delivers back to the grid the energy it does not consume itself. We have the building systems – and we are participating in the development of flexible solar cell modules that are ideal for the buildings of the future. Energy-efficient buildings with integrated solar energy solutions will be carbon neutral.

Hydro is involved throughout the whole value chain for silicon and thin film, which are the vital building blocks in the future's solar energy solutions – from polysilicon to ingots, wafers, cells, modules and entire systems.

A new generation food trays...

UK-based Nicholl is one of the world's leading packaging companies. Their customer Marks & Spencer is a leading retailer of fresh foodstuffs. For Nicholl, Marks & Spencer and for Hydro, packaging is more than packaging. Two year's close cooperation has resulted in a new generation of smoothwall aluminium food trays. The tray's smooth rim is the key to leakproof packaging, which enables food to be kept fresh for long periods. When the food is ready for cooking, the tray is simply put straight into the oven.

Not only do Hydro in Holmestrand skilfully produce aluminium from recycled metal, they have also contributed the advanced metallurgy and quality required by Nicholl. And this product has become a success – almost overnight.

... made of recycled aluminium

"The interesting thing is that it's easier to make these products out of primary metal, but our thing is that this should be recycled material. Recycling is part of the package when you speak with the retailer. Aluminium tells a great story. When we say to them we're using recycled material, they're into that. That's exactly what they want to hear. Marks & Spencer's boss was interviewed on the evening news talking about how the company's Plan A – because there is no Plan B – will reduce their carbon footprint."

Andrew Dent, Chief Executive Officer Nicholl

Read full interview at www.hydro.com/annualreporting2007

Nevada Solar One

Hydro's facilities in Phoenix and Guaymas, USA, have supplied extruded aluminium tubing and connectors for the development of Nevada Solar One, the third-largest renewable solar energy plant on earth. Curved parabolic mirrors, supported on extruded aluminium frames, reflect and concentrate sunlight onto receiver pipes that heat fluids used to run conventional steam generators for electricity. Together with Gossamer Space Frames, Hydro fine-tuned the design and manufacturing processes to come up with a tightly toleranced, highly accurate space frame to support the project's reflective mirrors.

In the USA aluminium profiles from Hydro contribute to increased production of renewable energy through Nevada Solar One, one of the world's largest solar energy parks. In cooperation with Nevada Solar One we have developed advanced aluminium profiles for more than 180,000 mobile mirrors which concentrate the sun beams and thus produce more energy.

Generating 64-megawatts of power and spanning 400 acres (16 km^2) of desert, Nevada Solar One creates electricity from the sun's heat at a cost competitive with power from coal or natural gas. The plant is currently providing clean energy to more than 14,000 homes in Nevada.

Continuous improvement

Innovation takes place at all levels of the organization, often resulting from a need to improve results. Our rolling mill at Karmøy has for many years carried out systematic improvement tasks in order to boost productivity. One of the measures adopted was the introduction of a new production planning system (MACH2). All employees carry out their logging tasks in this system.

There is also now an integrated cleaning line in the correction unit. This was new technology when introduced, and the result is cleaner aluminium strip. A new cutting line comprises the entire spectrum of associated operations: correction, cleaning, slitting, cutting and packing.

Employee job satisfaction is promoted by means of various measures, including a health and fitness group. Improvements have been made in every part of the organization through the excellent cooperation of management and co-workers at all levels.

ABOUT THE REPORTING

Hydro's main reporting for 2007 on Viability Performance is included in the Annual Report. In the web version of the Annual Report we have also included some supplementary information. An index referring to the Global Reporting Initiative's Sustainability Reporting Guidelines is included from page 122 and a progress report in accordance with the United Nations (UN) Global Compact on page 126, both with links to the relevant information. Printed versions are also included in this report. Visit www.hydro.com/gri and www.hydro.com/globalcompact

Principles for the reporting

The purpose of Hydro's reporting is to provide stakeholders with an overall fair and balanced picture of relevant aspects, engagements, practices and results for 2007 at corporate level. We believe that the reporting in total satisfies this purpose. Our reporting on Viability Performance also reflects the main reporting principles of the Sustainability Reporting Guidelines 2006 from the Global Reporting Initiative (GRI). The selection of elements reported was based on an extensive dialogue with stakeholders and proposals from them. In addition, the reporting builds on processes that are part of the Company's daily operations. Important stakeholders include investors and financial analysts, employees and their representatives, potential employees, non-governmental organizations and local communities affected by major development projects or restructuring processes.

We believe that this approach is consistent with the principles of materiality, completeness and responsiveness required of reporting organizations by the voluntary standard AA1000 Assurance Standard (AA1000 AS) drawn up by the Institute of Social and Ethical Accountability.

We have endeavored to provide information that is in accordance with the principles of sound reporting practice. The absence of generally accepted reporting standards and practices in certain areas may nevertheless make it difficult to compare results with reports compiled by other companies, without the availability of further data, analyses and interpretations.

Reporting scope and limitations

The scope of the report is Hydro's global organization for the period January 1 to December 31 2007. Operations sold or demerged during the year have in general not been included. Our former oil and gas activities is thus not included, but is reported on by StatoilHydro. All consolidated operations that have been part of Hydro during parts of 2007 are still included in our health and safety data for the period the unit was owned by Hydro.

Data relating to health, environment and safety has been prepared by individual reporting units in accordance with corporate procedures. This applies to all Hydro's operations, including consolidated subsidiaries and units for which we have operator responsibility. This applies if not otherwise stated.

Non-operated minority-owned operations are not included in the reported data. We do, however, include some examples to demonstrate how we promote our policies also towards these operations.

It is not the intention to include detailed information that is primarily of significance for individual sites, processes, activities and products.

Information in the reporting is based on input from many units and sources of data. Emphasis has been placed on ensuring that the information is neither incomplete nor misleading. However the scope of the report, and varying certainty of data in connection with for instance diversity and HSE matters, may mean that there are uncertainties regarding some of the figures reported.

Assurance principles and scope

We have requested our company auditor to review the information relating to Viability Performance and apply the principles of AA1000AS. This is a standard of assurance for this type of reporting. For the underlying systems, the reader is referred to Hydro's steering documents as described under Corporate Governance. The review was conducted in accordance with the international audit standard ISAE 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information. This year we have adopted a limited level of assurance.

The independent auditor's report is presented on page 114. Based on the principles the AA1000 Assurance Standard, the auditor gives comments and recommendations for further improving our viability reporting. A summary is presented in our Annual Report 2007 on web, see www.hydro.com/annualreporting2007

Learn more:
www.hydro.com/gri
www.hydro.com/globalcompact
www.hydro.com/principles
www.hydro.com/annualreporting2007

AUDITORS REPORT

Independent auditor's report – to Hydro's viability performance reporting

We have reviewed Hydro's management systems related to sustainable development within environment, health & safety and social responsibility and information about this presented in Hydro Annual Report 2007, pages 94-127, in total referred to as "the Reporting". The Reporting is the responsibility of and has been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our approach on emerging best practice and standards for independent assurance on sustainability reporting, including ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board as well as on the principles of AA1000 Assurance Standard (AA1000AS) issued by AccountAbility. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews with management responsible for environment, health & safety and social responsibility at corporate and business areas, as well as at the reporting units: Aluminium Products – Automotive Structures Raufoss; Aluminium Metals – Primary Production Slovalco and Raw Materials Alunorte (minority Interest Company); Energy – Power Production Rjukan.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

1. Hydro has established systems at corporate and business areas to identify and manage, and to involve stakeholders on material aspects related to sustainable development within environment, health & safety and social responsibility, in accordance with the principles of AA1000AS.
2. Hydro has applied detailed procedures to identify, collect, compile, and validate data and information about environment, health & safety and social responsibility to be included in the Reporting, as described on page 113. Data for 2007 presented in the Reporting is consistent with data accumulated as a result of these procedures and appropriately reflected in the Reporting.
3. Hydro has implemented and locally adopted as necessary, the management systems referred to in item 1 above at the reporting units that we have tested. Data for 2007 from these units has been reported according to the procedures noted in item 2 and is consistent with source documentation presented to us.
4. Hydro applies a reporting practice in accordance with its objectives and principles for reporting, as described on page 100 and aligned with the Global Reporting Initiative (GRI) reporting principles. The GRI Index presented in the Hydro Annual Report, pages 122-125, together with the GRI Index presented on www.hydro.com/gri appropriately reflects the extent to which the Reporting aligns with the indicators in the GRI Sustainability Reporting Guidelines. References made in the "Global Compact Reporting" table on page 126 are consistent with the Reporting.

Oslo, Norway, 12 March 2008
Deloitte AS

Preben J. Sørensen
State Authorised Public Accountant
Environment & Sustainability Services

FACTS AND FIGURES

Society

For further information, also visit www.hydro.com/society

Geographical distribution of sales

NOK million	**2007**	2006
Norway	**6,770**	7,026
Germany	**18,477**	16,466
Other Europe	**49,402**	51,231
Total Europe	**74,650**	74,723
USA	**8,706**	12,886
Canada	**419**	326
Other Americas	**1,838**	1,667
Africa	**257**	279
Asia	**7,287**	7,719
Australia and New Zealand	**1,160**	1,155
Total outside Europe	**19,666**	24,031
Total	**94,316**	98,752

Geographical distribution of employees and payroll

	Number of employees [1]					Payroll (NOK million)				
	2007	2006	2005	2004	2003	**2007**	2006	2005	2004	2003
Norway	**7,099**					**3,348**				
Germany	**4,617**					**1,983**				
Other Europe	**8,679**					**2,619**				
Total Europe	**20,395**					**7,950**				
USA	**2,519**					**752**				
Canada	**18**					**29**				
Other Americas	**785**					**75**				
Asia	**485**					**51**				
Other	**490**					**243**				
Total outside Europe	**4,297**					**1,151**				
Total [2]	**24,692**	33,605	32,765	34,604	35,573	**9,101**	14,321	12,909	13,316	13,574

1) Per 31 December.
2) Numbers for the period 2003-2006 include discontinued operations.

The reductions from 2006 are primarily due to the merger of our former oil and gas activities with Statoil, the sale of Automotive Castings, the restructuring of our Extrusion business in the USA in addition to our exit from the magnesium business through the closure of the magnesium smelter in Becancour, Canada and the sale of casthouses in Xi'an, China, and Bottrop, Germany. The increase in 2006 is partly due to Slovalco becoming a consolidated company after the increase in Hydro's ownership stake.

Current income tax

NOK million	**2007**	2006
Norway	**1,602**	
Germany	**485**	
Other Europe	**521**	
Total Europe	**2,608**	
US	**16**	
Canada	**142**	
Other Americas	**88**	
Africa	**0**	
Asia	**0**	
Australia and New Zealand	**313**	
Total outside Europe	**559**	
Total	**3,167**	2,528

Community investments, gifts and sponsorships

In 2007 Hydro spent in total around 86 million NOK on social investments, gifts and sponsorships.

Research and development

See note 14 to the consolidated financial statement.

People

For further information, visit also www.hydro.com/people

Diversity in management [1]

	Women					Non-Norwegians				
	2007	2006	2005	2004	2003	**2007**	2006	2005	2004	2003
Board of Directors (nine members [2])	**33%**	33%	22%	22%	33%	**0%**	22%	22%	22%	11%
Corporate Management Board	**13%**	29%	20%	20%	20%	**0%**	0%	0%	0%	0%
Top 50 managers	**17%**	19%	20%	25%	23%	**13%**	11%	9%	14%	14%
Top 200 managers	**16%**	20%	23%	19%	-	**32%**	19%	24%	20%	-

1) The 2003-2006 numbers include discontinued operations.
2) Three of the board members are employee representatives. All are men.

The Norwegian organization has been substantially reduced following the demerger of the oil and gas activities – giving a more international organization. The flipside is that the ratio of women at all levels is higher in Norway than in most other countries we are represented.

Diversity in Norway

Women and men at different levels [1)]

	Women					Men				
	2007	2006	2005	2004	2003	**2007**	2006	2005	2004	2003
Managers	**19%**	20%	18%	18%	17%	**81%**	80%	82%	82%	83%
Salaried employees	**43%**	43%	44%	43%	43%	**57%**	57%	56%	57%	57%
Hourly paid	**11%**	14%	14%	14%	16%	**89%**	86%	86%	86%	84%
Total	**18%**	22%	22%	21%	22%	**82%**	78%	78%	79%	78%

1) The 2003-2006 numbers include discontinued operations.

See comment to the previous table.

Recruitment [1)]

	Women				Men			
	2007	2006	2005	2004	**2007**	2006	2005	2004
Managers	**19%**	22%	32%	21%	**81%**	78%	68%	79%
Salaried employees [2)]	**46%**	34%	35%	38%	**54%**	66%	65%	62%
Hourly paid	**17%**	15%	16%	13%	**83%**	85%	84%	87%
Total	**22%**	26%	27%	30%	**78%**	74%	73%	70%

1) The 2003-2006 numbers include discontinued operations.
2) The group salaried employees largely consist of younger persons with higher educational qualifications. They constitute an important group with respect to managerial recruitment. The 2003-2006 numbers include discontinued operations.

Part-time employees

Hydro employees normally work full-time. The opportunity to work part-time is considered a benefit for which a special application must be made. In Norway 14 percent of the women worked part time in 2007, compared to 16 percent in 2006 and 17 percent in 2005. In 2006 1.4 percent of male employees worked part time, compared to 1.3 percent in 2006 and 1.2 percent in 2005.

Health and safety

	2007	2006	2005	2004	2003
Total recordable injuries (TRI) [1]	**4.1**	4.0	5.4	6.0	7.0
Lost-time injuries (LTI) [1]					
Employees	**2**	2.1	2.7	2.7	3.6
Contractors	**1.9**	2.5	2.4	2.4	2.3
Fatalities [2]					
Employees	**1.2**	1.4	1.9	2.5	3.7
Contractors	**6.3**	4.8	6.5	6.1	5.8
Sick leave	**2.8%**	2.6%	3.2%	3.1%	3.0%

1) Per million working hours.
2) Per 100 million working hours, five-year rolling average.

Two contractor employees were killed in work accidents in 2007. In February 2008 a Hydro employee was killed in a work accident.

Environment

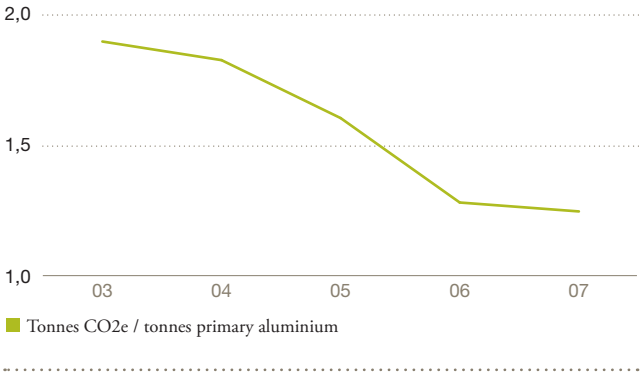
For further information, visit also www.hydro.com/environment

Greenhouse gas emissions

Million tonnes CO2e	**2007**	2006	2005	2004	2003
N_2O	**0.0001**	0.0001	0.0001	0.0001	0.0000
SF_6	**0.0000**	0.0808	0.3148	1.1560	1.1937
PFC	**0.8978**	0.9873	1.6413	1.5362	1.4104
CH_4	**0.0001**	0.0000	0.0000	0.0000	0.0000
CO_2	**3.4792**	3.3882	3.3437	3.2345	3.0657
Total	**4.3771**	4.4564	5.2998	5.9268	5.6698

SF_6 was reduced in 2006 due to the closure of the magnesium remelt plant in Porsgrunn. The reduction of PFC emissions from 2005 is a result of the closure of the Søderberg production at Høyanger and Årdal, Norway, and improvements of existing technology at Kurri Kurri, Australia.

Eco-efficiency



Energy consumption

PJ	**2007**	2006	2005	2004	2003
Electricity	**95.6**	94.7	95.8	92.3	86.8
Oil	**0.5**	0.6	0.6	1.4	1.3
Coke	**21.4**	19.3	18.6	17.5	17.2
Natural gas	**11.6**	14.1	12.6	12.3	11.9
Natural gas liquid	**2.4**	2.2	2.6	2.8	1.8
Other	**8.4**	8.5	8	7.6	7.6
Total	**139.9**	139.3	138.3	133.9	126.5

Energy consumption includes energy losses in hydroelectric plants.

Energy consumption per sector

PJ	**2007**	2006	2005	2004	2003
Electrolysis/Carbon	**109.71**	103.62	102.78	97.73	91.67
Casting	**2.97**	2.87	2.56	2.83	2.62
Remelt	**2.44**	2.48	2.37	2.08	1.65
Rolled Products	**5.79**	5.23	5.16	5.11	5.03
Extrusion, Building System, Automotive, Precision Tubing	**5.44**	7.58	7.15	7.62	6.75
Others	**13.49**	17.49	18.26	18.48	18.79
Total	**139.9**	139.3	138.3	133.9	126.5

Resource use

1,000 tonnes	**2007**	2006	2005	2004	2003
Alumina	**2,553**	2,538	2,656	2,549	2,347
Sodium chloride (salt)	**634**	640	486	404	432
Aluminium fluoride	**29**	26	26	23	19

Water consumption

Million m^3	**2007**	2006	2005	2004	2003
Argentina	**0.0010**	0.0015	0.0015	0.0010	0.0003
Australia	**0.2393**	0.2118	0.1840	0.2050	0.1989
Austria	**0.0060**	1.0354	0.8343	0.9610	1.4377
Belgium	**0.0649**	0.0631	0.0534	0.0716	0.0820
Brazil	**0.0584**	0.0477	0.0490	0.0490	0.0247
Canada	**0.0214**	13.0705	13.0039	12.5849	12.4441
China	**0.0164**	0.0486	0.0471	0.0881	0.1405
Denmark	**0.0681**	0.0482	0.0497	0.0709	0.1023
France	**0.6503**	0.4856	0.5279	0.6309	0.7202
Germany	**2.3713**	4.4792	4.2150	4.8526	4.9312
Hungary	**0.0000**	0.0580	0.0188	0.0122	0.0248
Italy	**1.4647**	1.5126	1.5940	1.6712	1.8182
Luxembourg	**0.0625**	0.0687	0.0687	0.0520	0.0643
Malaysia	**0.0907**	0.0930	0.1129	0.1235	0.0000
Mexico	**0.0305**	0.0027	0.0123	0.0123	0.0029
Norway	**147.1473**	133.4169	133.6722	121.9813	123.1310
Poland	**0.0103**	0.0077	0.0037	0.0051	0.0039
Portugal	**0.0744**	0.0696	0.0976	0.0862	0.0965
Slovakia	**0.1670**	-	-	-	-
Spain	**0.1072**	0.1052	0.0725	0.0954	0.4643
Sweden	**1.1490**	1.2581	0.9519	0.9953	1.1235
United Kingdom	**1.4454**	1.4302	1.2651	1.4133	1.6590
USA	**0.2820**	0.3954	0.3365	0.5030	0.5306
Total	**155.5282**	157.9096	157.1721	146.4657	149.0008

Water supply varies from country to country and may even vary within a country. The greater part of our water consumption takes place in Norway where access to freshwater is abundant. Almost 60 percent of the water consumption in Norway was used by our former Polymers business.

Emissions

	2007	2006	2005	2004	2003
Fluorides to air, tonnes	**592**	614	788	663	599
Dust, tonnes	**2,904**	3,258	4,215	3,439	3,351
NOx, tonnes	**1,300**	1,336	1,386	1,461	1,235
Sulphur dioxide to air, tonnes	**8,835**	7,509	7,257	7,092	6,785
PAH to air, tonnes	**38**	49	72	57	53
PAH, to water, kg	**571**	1,459	830	1,189	1,469
NMVOC, tonnes	**412**	440	314	722	799

The increase in SO_2 emissions is a result of the use of anodes with increased sulfur content. The high emissions of PAH and fluorides in 2005 was the result of problems with one of our aluminium smelters. The normal level was regained in 2006. Hydro does no longer emit HCFC.

Waste

Tonnes	**2007**	2006	2005	2004	2003
Hazardous waste	**140,349**	143,034	154,005	119,732	104,006
Other waste	**138,784**	168,110	161,720	182,004	176,475
Total	**279,134**	311,144	315,725	301,736	280,481

The reduction in "Other waste" is to a large extent due to the closure of our magnesium plant in Becancour, Canada.

Waste treatment

	2007	2006	2005	2004	2003
Landfill	**33%**	32%	26%	29%	34%
Energy recovery	**4%**	5%	5%	3%	2%
Reuse/recycling	**48%**	49%	48%	41%	41%
Other treatment	**14%**	14%	22%	27%	22%

Incineration without energy recovery is included in Other treatment.

Financial provisions

Provisions for future environmental clean-up measures amounted to NOK 194 million as of December 31 2007.

See note 31 in the consolidated financial statements.

GRI INDEX

This overview shows how Hydro reports related to Global Reporting Initiative (GRI) guidelines for voluntary reporting of sustainable development. The tables show where information about each issue can be found, this is either fully or partly described compared to GRI's definition. The guidelines comprise economic, environmental and social dimensions relating to an enterprise's activities, products and services. GRI collaborates with the United Nations Environment Programme (UNEP) and UN Global Compact. We believe in all material respects that our reporting practice is consistent with GRI's reporting principles. We have used the terms "Full" and "Partial" to indicate our reporting level for each core indicator. Where we believe that we fulfill GRI's intentions for the indicator, it is reported as "Full", otherwise we use "Partial" or "Not reported". We have not indicated this for additional indicators. These are marked with an asterisk. The electronic version of the GRI Index includes the full definition of each indicator and refers to specific sections in this report, and to additional information on www.hydro.com. See www.hydro.com/gri

G3 GRI Content Index

G3 Disclosure	Description	Page no./Reference	Extent of reporting (full – partial)	Comments/ Reason for omission
1.1	Statement of the CEO	4-5	Full	
1.2	Description of key impacts, risks, and opportunities.	4-5, 9, 94-112, 128-133	Full	
Organizational Profile				
2.1	Name of the organization.	Norsk Hydro ASA	Full	
2.2	Primary brands, products, and/or services.	6-21, 22-50	Full	
2.3	Operational structure of the organization	6-21, 22-50	Full	
2.4	Location of organization's headquarters.	21	Full	
2.5	Countries where the organization operates	6-21, 22-50, website	Full	
2.6	Nature of ownership and legal form.	142-156	Full	
2.7	Markets served	6-21, 22-50	Full	
2.8	Scale of the reporting organization	6-21, 22-50	Full	
2.9	Significant changes during the reporting period	4-5, 6, 9, 21	Full	
2.10	Awards received in the reporting period.	96	Full	
Report Parameters				
3.1	Reporting period	1 Jan - 31 Dec 2007	Full	
3.2	Date of most recent previous report (if any).	Annual report 2006	Full	
3.3	Reporting cycle (annual, biennial, etc.)	Annual	Full	
3.4	Contact point for questions regarding the report	corporate@hydro.com	Full	
3.5	Process for defining report content	95-96, 113	Full	
3.6	Boundary of the report	113	Full	
3.7	Limitations on the scope or boundary of the report	113	Full	
3.8	Basis for reporting on joint ventures, subsidiaries etc.	113, F7-F13	Full	
3.9	Data measurement techniques	113, F7-F13	Full	
3.10	Explanation of the effect of any re-statements	113, 115-121, F74-F75	Full	
3.11	Significant changes from previous reporting periods	113, F14	Full	
3.12	Overview of reported indicators	122-125	Full	
3.13	Practice for seeking external assurance for the report	113, 153, 156	Full	

G3 Disclosure	Description	Page no./Reference	Extent of reporting (full – partial)	Comments/ Reason for omission
Governance, Commitments, and Engagement				
4.1	Governance structure of the organization	142-156	Full	
4.2	Is the Chair of the board also an executive officer?	151-153, 155	Full	No
4.3	Applies only to organizations with unitary board structures	Not applicable		
4.4	Mechanisms to provide recommendations or direction to the highest governance body.	145, 151, 156	Full	
4.5	Linkage between compensation and performance	150, 152, 156, F28-F36	Full	
4.6	The Board's role to ensure conflicts of interest are avoided	152-154	Full	
4.7	Evaluation of the qualifications of the Board members	152	Full	
4.8	Mission or values, codes of conduct, and principles	100-101, 144-145	Full	
4.9	Board procedures for overseeing the organization	152, 156	Full	
4.10	Processes for evaluating the Board's own performance	152, 156	Full	
4.11	Precautionary approach or principle	103, 144-145, 128-133	Full	
4.12	Externally developed charters, principles, or other initiatives	100, 103, 142, website	Full	
4.13	Memberships in associations	101, website	Full	
4.14	Stakeholder groups engaged by the organization	102-105, 113, 141	Full	
4.15	Identification and selection of stakeholders	102-105, 113, 141	Full	
4.16	Approaches to stakeholder engagement	102-105, 113, 141	Full	
4.17	Key topics and concerns raised in stakeholder engagement	102-105	Full	
Management Approach and Performance Indicators Economic				
	Disclosure on Management Approach	96, 134-141, 144-145	Full	
EC1	Direct economic value generated and distributed	54-57, 101, 104, 115-116, F1-F6	Full	
EC2	Financial implications due to climate change	4-5, 9, 19, 51, 98	Full	
EC3	Organization's defined benefit plan obligations	F51-F52	Full	
EC4	Financial assistance received from government	Not reported		
EC5*	Standard entry level wage compared to local minimum wage	106-107		
EC6	Spending on locally-based suppliers	103	Partial	
EC7	Procedures for local hiring	103	Partial	
EC8	Development and impact of infrastructure investments	104	Partial	
EC9*	Indirect economic impacts	Not reported		
Environmental				
	Disclosure on Management Approach	4-5, 95-99, 144-145	Full	
EN1	Materials used by weight or volume	119	Full	
EN2	Percentage of recycled materials	99	Partial	
EN3	Direct energy consumption by primary energy source	98, 119	Full	
EN4	Indirect energy consumption by primary source	Not reported		
EN5*	Energy conservation and efficiency improvements	97-98		
EN6*	Energy-efficient or renewable energy based products	97-98		
EN7*	Reduced indirect energy consumption	Not reported		
EN8	Total water withdrawal by source	99, 120	Partial	
EN9*	Water sources significantly affected by withdrawal of water	120		
EN10*	Percentage and total volume of water recycled and reused	Not reported		
EN11	Locations in, or adjacent to, areas of high biodiversity value	99, website	Partial	
EN12	Significant biodiversity impacts	99, website	Partial	
EN13*	Habitats protected or restored	99, website		
EN14*	Managing impacts on biodiversity	99, website		
EN15*	IUCN Red List and national conservation list species	Not reported		
EN16	Direct and indirect greenhouse gas emissions	95, 97, 119	Full	

* Additional indicator.

G3 Disclosure	Description	Page no./Reference	Extent of reporting (full – partial)	Comments/ Reason for omission
Environmental cont.				
EN17	Other relevant indirect greenhouse gas emissions	Not reported		
EN18*	Initiatives to reduce greenhouse gas emissions	97-98, 110-112		
EN19	Emissions of ozone-depleting substances	121	Full	
EN20	NOx, SOx, and other significant air emissions	121	Full	
EN21	Total water discharge by quality and destination	99, 120	Partial	
EN22	Total weight of waste by type and disposal method	99, 121	Full	
EN23	Total number and volume of significant spills	Not reported		
EN24*	Transported, imported, exported or treated hazardous waste	Not reported		
EN25*	Habitats significantly affected by discharges and run-off	Not reported		
EN26	Mitigation of environmental impacts of products	97-99, website	Full	
EN27	Packaging materials that are reclaimed	Not reported		
EN28	Fines and sanctions related to environmental issues	Not reported		
EN29*	Significant environmental impacts of transporting products	Not reported		
EN30*	Total environmental protection expenditures and investments	Not reported		
Social : Labor Practices and Decent Work				
	Disclosure on Management Approach	4-5, 96, 100-109, 144-145	Full	
LA1	Workforce by employment type, contract, and region	115-117	Partial	
LA2	Total number and rate of employee turnover	Website	Partial	
LA3*	Difference in benefits between full-time and other employees	Not reported		
LA4	Employees covered by collective bargaining agreements	102-104, website	Partial	
LA5	Notice period(s) regarding significant operational changes	102-104, website	Full	
LA6*	Joint management-worker health and safety committees	Website		
LA7	Health and safety indicators	94, 107-109, 118	Partial	
LA8	Assistance programs regarding serious diseases	Not reported		
LA9*	Health and safety in union agreements	Website		
LA10	Average training hours per employee by employee category	Not relevant		See p. 105 and website
LA11*	Skills management and lifelong learning	105-109		
LA12*	Performance and career development reviews	105-106		
LA13	Governance bodies and employees diversity	106, 116-117	Partial	
LA14	Ratio of basic salary of men to women	106-107	Partial	
Social : Human Rights				
	Disclosure on Management Approach	4-5, 96, 100-104, 144-145, website	Full	
HR1	Significant investments that include human rights issues	100-104, website	Full	
HR2	Suppliers undergone screening on human rights	100-101	Partial	
HR3*	Training on human rights policies and procedures	100-101		
HR4	Incidents of discrimination and actions taken		Partial	No serious incidents unveiled in 2007
HR5	Freedom of association and collective bargaining	100-104, website	Full	
HR6	Child labor	100-101, website	Full	
HR7	Forced or compulsory labor	100-101, website	Full	
HR8*	Human rights training of security personnel	100-101, website		
HR9*	Violations of indigenous peoples' rights	100-101, website		

* Additional indicator.

G3 Disclosure	Description	Page no./Reference	Extent of reporting (full – partial)	Comments/ Reason for omission
Social : Society				
	Disclosure on Management Approach Disclosure	4-5, 96, 100-104, 144-145	Full	
SO1	Programs and practices for assessing community impact	102-104	Full	
SO2	Business units analyzed for risks related to corruption	100-101	Partial	
SO3	Employees trained in anti-corruption policies and procedures	100-101	Full	
SO4	Actions taken in response to incidents of corruption	100-101, 133	Full	
SO5	Participation in public policy development and lobbying	101	Partial	
SO6*	Financial and in-kind contributions to political parties	101		
SO7*	Anti-competitive behavior, anti-trust, and monopoly practices	133		No significant incidents in 2007
SO8	Significant fines and non-monetary sanctions	133, website	Full	
Social : Product Responsibility				
	Disclosure on Management Approach	96, 110-112, website	Full	
PR1	Health and safety impacts in the life-cycle of products	Website	Full	
PR2*	Non-compliance concerning health and safety impacts	Not reported		
PR3	Product and service information required by procedures	Not reported		Website
PR4*	Non-compliance regarding product information and labeling	Not material		
PR5*	Practices related to customer satisfaction	110, website		Website
PR6	Adherence to laws, standards etc.related to marketing	Not reported		Website
PR7*	Non-compliance concerning marketing communications			No significant incidents in 2007
PR8*	Breaches of customer privacy and losses of customer data			No significant incidents in 2007
PR9	Fines concerning the provision and use of products		Full	No significant incidents in 2007

* Additional indicator.

Progress report UN Global Compact

We support the principles of the UN Global Compact. Human rights, international labor standards, working against corruption, and environmental considerations are fundamental to our approach to corporate responsibility.

The Global Compact was formed at the initiative of the former UN Secretary General, Kofi Annan, in 1999, because the UN wants business and industry to be more closely associated with the UN's work. Companies that sign the Global Compact undertake to support 10 principles regaeding human rights, labor standards, the environment, and countering corruption, and to communicate annually on progress.

Hydro has played an active role in the Global Compact since its formation. Our commitment has been expressed by the President and CEO in his letter to shareholders on page 4 in this report. The table below provides a summary of our progress in relation to the Compact's 10 principles. A more complete report can be found at www.hydro.com/globalcompact

		Page
Human rights		
Principle 1	Support and respect the protection of internationally proclaimed human rights	100-101
Principle 2	Make sure not to be complicit in human rights abuses	100-101
Labor standards		
Principle 3	Uphold the freedom of association and the effective recognition of the right to collective bargaining	100, 102-104
Principle 4	Elimination of all forms of forced and compulsory labor	100, 103
Principle 5	Effective abolition of child labor	100
Principle 6	Eliminate discrimination in respect of employment and occupation	100-108
Environment		
Principle 7	Support a precautionary approach to environmental challenges	97-99
Principle 8	Undertake initiatives to promote greater environmental responsibility	97-99, 110-112
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	97-99, 110-112
Anti-corruption		
Principle 10	Work against all forms of corruption, including extortion and bribery	100-101