



From grey to green

Turning an industry challenge into a Hydro advantage

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CRU World Aluminium Conference, London May 4, 2017

A resource-rich, global aluminium company

With robust positions across the value chain

Bauxite & Alumina	
Energy	
Primary Metal	
Rolled Products	
Extrusion joint venture	

- Global provider of alumina, aluminium and aluminium products
- Leading businesses along the value chain; raw materials, energy, primary metal production, aluminium products and recycling
- 13,000 employees involved in activities in more than 40 countries
- Market cap ~NOK 100 billion/USD 12 billion
- Annual revenues ~NOK 82 billion (2016)
- Included in Dow Jones Sustainability Indices, FTSE4Good and Global Compact 100



What will shape the
future of aluminium?

The world of aluminium is greatly influenced by key long-term trends

Producers, consumers, regulators and end-users

Asia as the future
center of gravity



Technology driving
solutions for the future

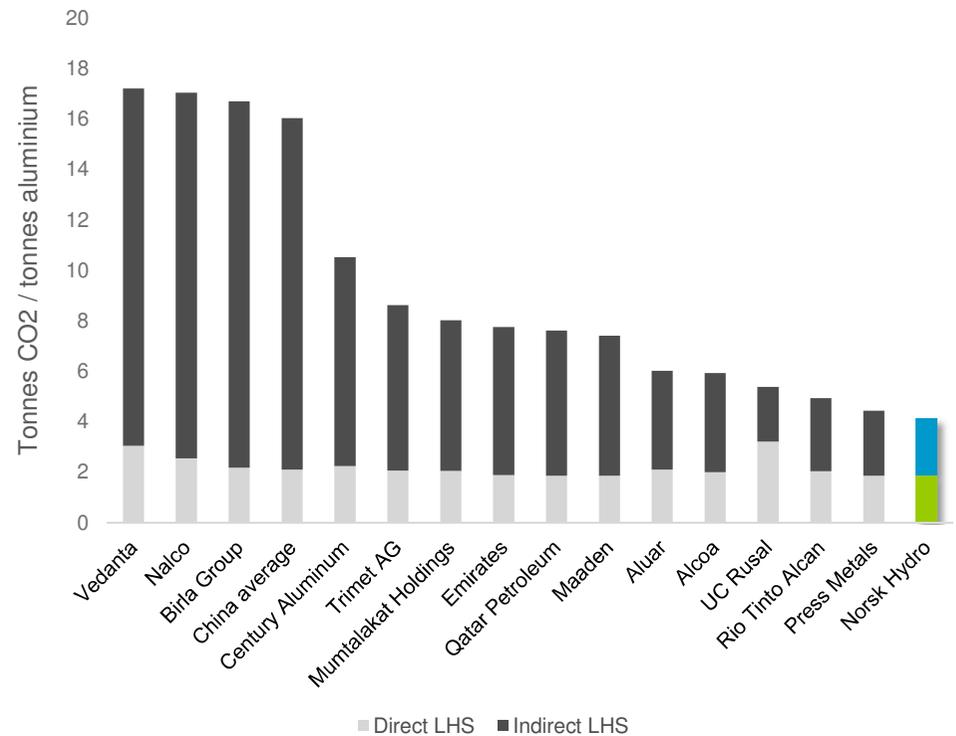
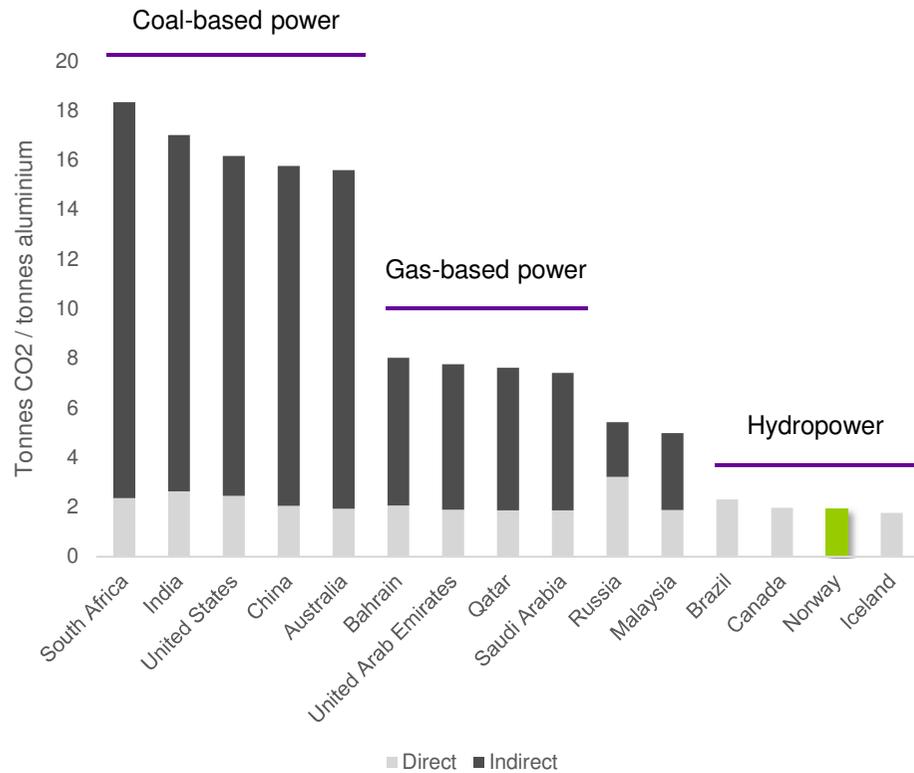


The future is running
responsible & sustainable
businesses



Power source will continue to dictate carbon footprint of aluminium

Direct and indirect emissions from 15 largest aluminium countries, and per company



Source: GRU / Hydro analysis

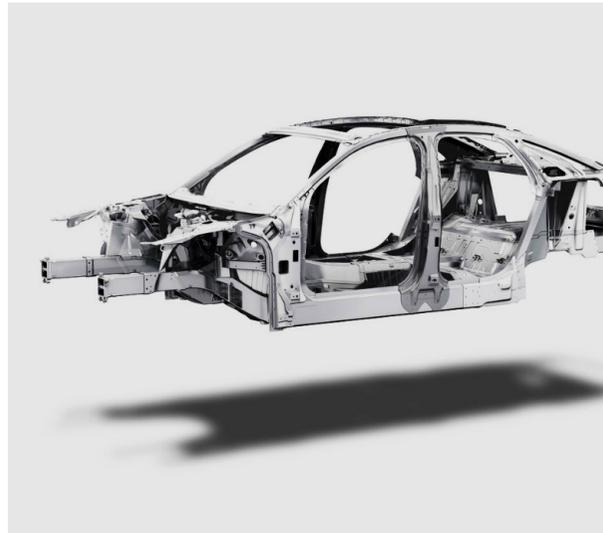


Corporate responsibility - from 'nice-to-have' to 'must-have'

Stricter regulations, increasing customer demands, strong focus on compliance, climate and sustainability



Among **regulators and NGO's**, due to the increasing demands for transparency and compliance, and perceived urgency in responding to the global climate challenge



For **customers and end-users**, due to the increasing understanding of the life-cycle perspective of products, and rising sustainability expectations



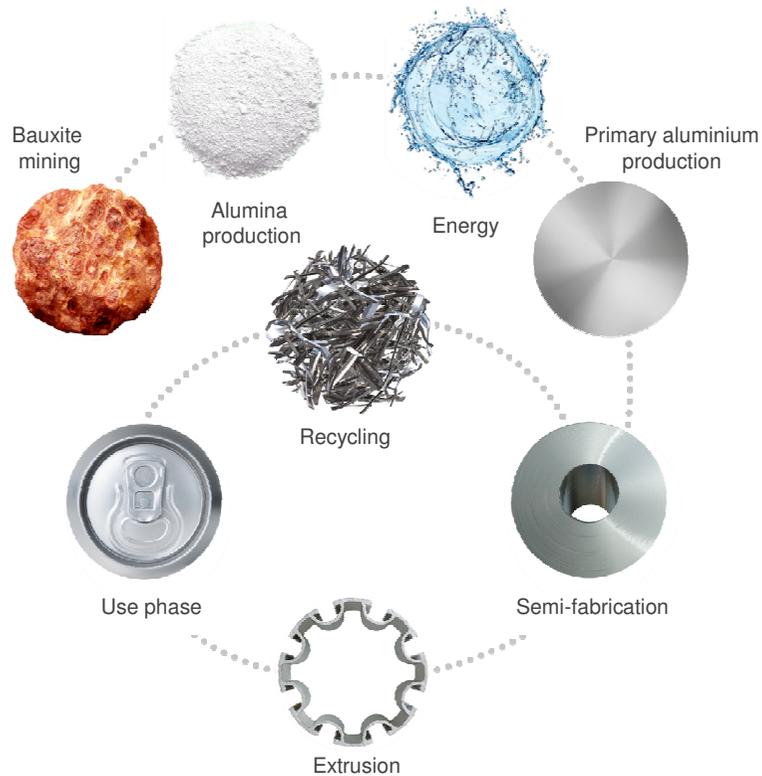
In **international finance**, due to heightened focus among investors and analysts on the importance of the extra-financial dimension



How is Hydro preparing for a more responsible and sustainable future?

We maintain a full value chain approach for higher value creation

Dedicated business models in each area combined within an overall company framework



Benefits of Hydro's integrated model

Operations and technology

- Operational excellence
- Continuous improvements
- Technology and innovation

Customers and markets

- Customer cooperation
- Commercial edge & innovation
- Market understanding

Responsibility and climate

- Value chain control
- Sustainability and climate
- Compliance and responsibility

Growth and exposure

- Business development
- Growth opportunities
- Full cycle exposure

Our strategic direction is to work with the megatrends

Tailoring our competitive advantages to the key drivers and challenges in the world of tomorrow

Better



Hydro improvement drive continues at full pace

- Continue improvements drive
- Capture commercial opportunities
- Extend technology and innovation lead

Bigger



A solid platform for building an even stronger Hydro

- Further strengthen relative industry position
- Enhance market positions and high-grade portfolio
- Mature selective growth projects for when time is right

Greener



Hydro aims to be climate neutral by 2020

- Turn leading HSE/CSR position into competitive advantage
- Deliver on fast-developing customer demands
- Capitalize on strong climate position over time

We already have global aluminium's most ambitious climate strategy

Carbon-neutral by 2020 from a life-cycle perspective

Hydro's climate strategy

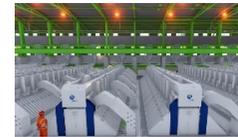
Climate and energy-efficiency in production

Use-phase benefits

Recycling



Value-creating implementation examples



Karmøy technology pilot
Primary Metal, Norway



Alunorte Fuel Switch Project
Bauxite & Alumina, Brazil



Automotive line 3
Rolled Products, Germany



UBC recycling line
Rolled Products, Germany



Clervaux upgrade
Primary Metal, Luxembourg

We aspire to do much more to realize our goal of a **greener** future

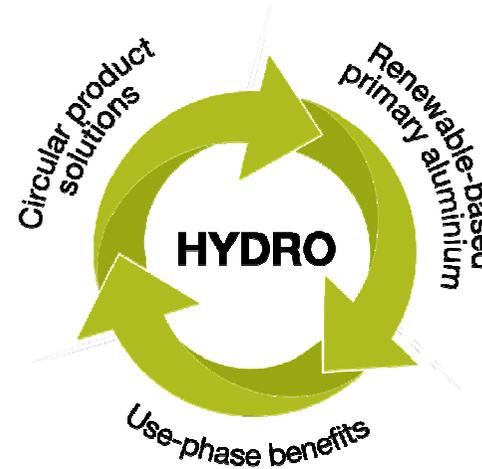
Advanced climate solutions for early movers

Hydro's climate strategy

Climate and energy-
efficiency in production

Use-phase benefits

Recycling



Integrated
value chain

Advanced
climate solutions

Close customer
cooperation

Commercializing low-carbon aluminium

Lightweighting the future



Promoting responsible aluminium as the metal of the future

Maintaining Hydro' lead also within sustainability and responsibility

Exceeding customer expectations – today and tomorrow



(Triple) bottom line;
The future will be running
responsible and sustainable
businesses

