



Hydro's Social Responsibility

Changes from last revision:
Major revision of document

1 Purpose

Hydro is committed to sustainable value-creation for our shareholders, other stakeholders, and the communities where we operate. As an international industrial and natural resources company, our operations impact the lives of a large number of people around the world. We pursue opportunities while managing risks taking the social impact of our business operations into consideration. This is what is commonly called Corporate Social Responsibility (CSR).

This global directive contains the basic principles we will follow as well as how we will reach our goals.

2 Applicability and scope

This Procedure applies to all Hydro wholly owned companies and employees worldwide. For legal entities where Hydro holds directly or indirectly less than 100 percent of the voting rights, Hydro representatives in the boards of directors shall act in compliance with this Procedure and endeavour to implement the principles of Integrity Risk Management of Hydro's Business Partners including Agents and Consultants in the respective legal entity.

3 Roles and Responsibilities

Corporate CSR is responsible for

- maintaining CSR core competence
- developing CSR policies and reporting guidelines,
- having a governance role in monitoring internal performance and shall provide professional support to business areas and units.

Corporate CSR will provide relevant tools and systems and develop and maintain relationships with other companies, institutions and organizations in order to share knowledge and competence internally.

Line Management

Line managers are responsible for CSR implementation and for communicating the basic principles of this global directive to all employees and for ensuring compliance in their organization and shall:

- demonstrate leadership and proactive commitment to Hydro's social responsibility through personal examples, by promoting initiatives and engaging with relevant stakeholders.
- identify, prevent, mitigate and account for how they address the actual and potential risks related to CSR in the business planning.

- inform / consult Corporate CSR staff on relevant risks and issues, especially if they can have a bearing on Hydro as a group or other units.

Business Areas and Units

Operational guidelines for CSR shall be developed when appropriate and according to the specific challenges and characteristics of each Business Area and its units. Each Business Area is responsible for securing adequate resources to ensure compliance with this Global Directive.

4 Policies, principles and requirements

Recognized international standards such as Universal Declaration of Human Rights, the International Labour Organization's (ILO) core conventions and the International Finance Corporation's (IFC) Performance Standards as well as the ten sustainable development principles laid down by the International Council on Mining & Metals (ICMM), have been used as references when preparing this directive, and may be useful sources of additional information.

4.1 Integrity and anti-corruption

The Hydro Integrity Program Handbook is our most elaborate tool on combating corruption and improper payments, aimed to advise the business lines in developing and maintaining systems and attitudes to prevent corruption, bribery – including facilitation payments - and fraud.

4.2 Human Rights

Hydro is committed to respecting and supporting the internationally recognized human rights of all individuals potentially affected by our operations, as laid down in our Human Rights Policy, including:

- Our direct employees and third party employees working under our supervision
- Employees of our suppliers and contractors
- Individuals and groups in the communities in which we operate
- Individuals potentially affected by the use and disposal of our products

5 Operational processes

Numerous Hydro processes listed in article 7 embed important human rights and compliance issues and how we in Hydro address these as the way we operate.

5.1 Our value chain

Companies are increasingly being held accountable for the actions throughout their value chains or linked to their business relationships.

- Hydro units shall pursue a risk based approach in their supply chains, engaging suppliers and other business partners to address and mitigate risks, including through industry-wide collaborative efforts or multi stakeholder initiatives.
- Agreements between Hydro and its suppliers, customers and other business partners shall incorporate contractual commitments reflecting Hydro's CSR principles as set out in this directive. We shall also ensure the right to audit accordingly, even if we operate through an intermediary.
- Hydro's CSR principles shall be promoted towards partly owned companies, customers and other business relationships.

5.2 Community and stakeholder engagement

Hydro is committed to understand stakeholders' concerns and ideas, and to involve them in our activities and decision-making processes. This may also be part of our obligations under licenses and permits.

Hydro's Social Responsibility

- In order to contribute to the economical, social and institutional development of the communities in which we operate, we will engage the likely affected parties at the earliest practical stage with a view to identify, prevent and mitigate adverse impacts of own operations. This is also an integral part of the company's Capital Value Process.
- Based on systematic impact assessments and corporate strategies, Hydro's businesses may engage selectively in social investments that contribute to education, sustainable livelihoods, local capacity building and transparency.
- Opportunities for implementation through partnerships with government and civil society organizations shall be actively explored.

6 Due Diligence

Due diligence is defined as "the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems".¹

- Hydro will pursue its operations and projects with a risk based approach as an integral element in Hydro's business planning and review systems.
- Sound management requires knowledge and understanding of societies and communities where we operate. Hydro will engage with relevant external stakeholders.
- If significant changes in ongoing operations, closures or new projects are launched, the unit in charge shall consult Corporate CSR to consider whether and to which extent social impact assessments should be conducted as a basis for making business decisions.
- A procedure on Integrity Risk Management of Hydro's Business Partners including Agents and Consultants sets out minimum requirements and provide guidance for conducting integrity due diligence (IDD) of potential new and existing business partners, such as suppliers and customers, associates, intermediaries/agents and other business relations, in order to minimize Hydro's risk with such business relations. The procedure also sets forth minimum requirements for agreements entered into with certain intermediaries.

6.1 Training

All business areas shall ensure relevant training of its staff. Corporate CSR shall provide guidance for such training as well as conduct targeted training on key issues like combating corruption and improper payment, human rights, value chain issues etc.

6.2 Reporting

Hydro will report externally on CSR related issues as a part of the viability reporting and according to Global Reporting Initiative (GRI).

7 References to other Hydro documents

Hydro's Global Directives and underlying documents should be seen as a whole and this document should be seen in context with other global directives. Requirements in the following documents are also highly relevant for CSR in Hydro:

- GD02 Hydro's People Directive
- GD03 Health, Security, Safety and Environment Global Directive
- Hydro Code of Conduct
- GD05 Deployment of Capital
- GD09-01 CSR in the Supply Chain
- GD09-02 Integrity Risk Management of Hydro's Business Partners, incl. Agents and Consultants

¹ OECD Guidelines on Multinational Enterprises, 2011.

Hydro's Social Responsibility

Internal

NHC-GD09

Rev. date: 2013-03-05

Rev. no: 1

Page: 4 of 4

- GD09-03 Human Rights Policy
- GD11 Procurement Governance