

UK Modern Slavery Act transparency statement

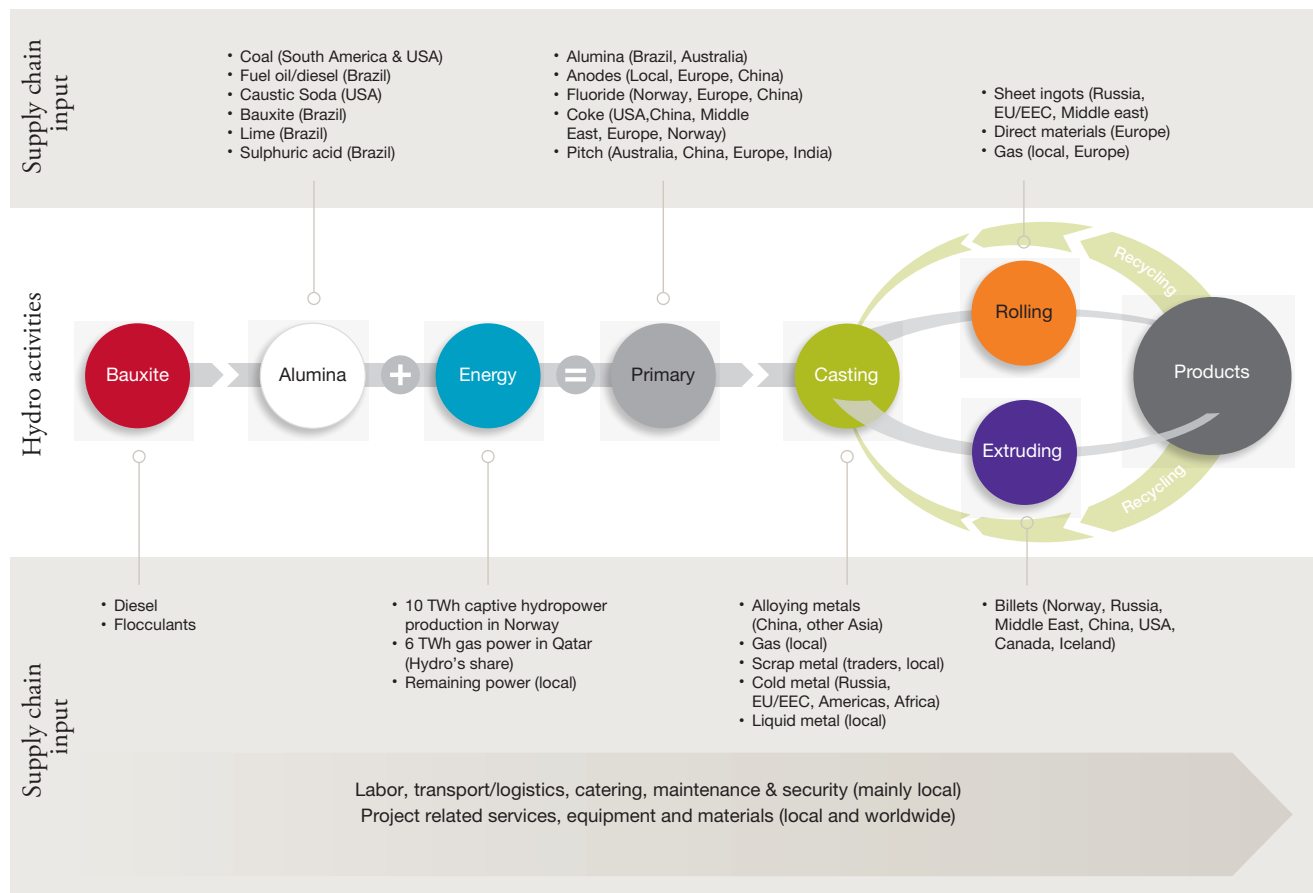
Hydro's UK Modern Slavery Act transparency statement has been developed to comply with the legal requirements as stated in the UK Modern Slavery Act, valid to Hydro from 2016. The reporting requirement applies to Hydro as a supplier of goods with a total turnover of £36 million or more in the UK. The statement is valid for Norsk Hydro ASA and its consolidated subsidiaries including Hydro Aluminium Deeside Ltd, Hydro Components UK Ltd and Hydro Extrusion UK Ltd. Entities that are not fully owned by, but are controlled by Hydro, can have different policies. We believe that their relevant policies are aligned with the ones of Hydro.

The UK Modern Slavery Act transparency statement is approved by the board of directors.

Our business and supply chain

Hydro is a fully integrated aluminium company with 35,000 employees in 40 countries on all continents, following the Sapa acquisition 2 October 2017. In addition to production of primary aluminium, rolled and extruded products and recycling, Hydro also extracts bauxite, refines alumina and generates energy to be the only 360° company in the global aluminium industry. Our operations include one of the world's largest bauxite mines and the world's largest alumina refinery, both located in Brazil. We have primary metal production facilities in Europe, Canada, Australia, Brazil and Qatar. Hydro is a large operator of power production in Norway. Extrusion activities are mainly located in Europe and North America, but we also have significant operations in Asia and Brazil. Hydro is present within all market segments for aluminium, with sales and trading activities throughout the value chain serving more than 30,000 customers. Following the Sapa acquisition, Hydro has more than 30,000 active suppliers globally, the majority of which are situated close to our production facilities.

Hydro's supply chain



The figure shows Hydro's supply chain related to its value chain, and does not reflect the current organizational structure.

Our policies and commitments

As a global aluminium company with mining interests, ensuring responsible conduct in relation to society at large is important throughout Hydro's activities. We have to consider our exposure to human rights violations, both within our own operations and in the supply chain. We require adherence to external laws and regulations as well as internal directives relating to identifying and mitigating human rights violations.

Hydro is committed to respecting and promoting the internationally recognized human rights, including the rights of all individuals and groups actually or potentially affected by our operations, 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 and groups affected by the use and disposal of our products.

We support the principles underlying the Universal Declaration of Human Rights, the UN Global Compact and ILO's eight core conventions. Our human rights policy is based on the UN Guiding Principles on Business and Human Rights, and we report on our adherence in the GRI index. We are a member of the International Council on Mining and Metals (ICMM) and are committed to following their principles and position statements. We use the GRI Standards for voluntary reporting of sustainable development.

Hydro works together with other organizations for decent working conditions in the value chain, inter alia through Aluminium Stewardship Initiative and ICMM.

Hydro's supplier requirements regarding corporate responsibility are, as stated in our global directives and procedures, an integral part of all stages of the procurement process. The vast majority of suppliers to Hydro, have to confirm that they are in compliance with Hydro's Supplier Code of Conduct. The Supplier Code of Conduct is then attached to the contract and made binding through contractual clauses. The contracts shall include clauses regarding auditing rights and the supplier's responsibility to actively promote the principles set out in Hydro's Supplier Code of Conduct with its own suppliers/contractors and sub-suppliers/subcontractors of any tier that have a material contribution to the supply of goods and services to Hydro under the contract.

For legal entities where Hydro holds less than 100 percent of the voting rights, Hydro representatives in the boards of directors shall endeavor to implement the ambitions and principles related to Hydro's global policies including human rights.

Training and capacity building

Leaders and specialists go through training on CSR and human rights on a regular basis. The training is related to Hydro's CSR policy, guidelines and aspirations supporting our business strategy and emphasizing responsible sourcing.

During 2017, Hydro had a thorough process to develop a strategic approach on our contribution to the UN Sustainable Development Goals. The process involved employees from all parts of the organization and external stakeholders. The selected focus areas and targets from this process are the framework for an internal training program on our social impact that is under development and will be launched in 2018.

Hydro has also further developed the cooperation with FIEPA (Pará Federation of employers) and REDES (a supplier development network developed by the Industry Federation of Pará), both in Brazil. Together we have organized training for 23 local Hydro suppliers and strengthened their competence on HSE, management systems, quality and labor rights. About 2,100 employees have been reached so far.

Risk assessments of human and labor rights

As a global aluminium company with mining interests and about 30,000 active suppliers, Hydro is at risk of being exposed to human rights violations including modern slavery. Human rights are integrated in our business planning, enterprise risk management and follow-up process including relevant key performance indicators. Human rights risks and issues are evaluated in the annual enterprise risk mapping. We also carry out more specific analysis related to operations or certain countries or regions. Our participation in ICMM also gives input to our assessments of human rights risks.

In 2017, the Danish Institute for Human Rights (DIHR) performed a comprehensive mapping of Hydro's human rights risks. The mapping covered all countries in which Hydro operates, excluding Extruded Solutions, and the report was made publicly available in January 2018.

Hydro's procedure for integrity risk management of business partners includes suppliers and customers, strategic partners and intermediaries/agents and sets requirements for integrity due diligence. Implementation is risk-based and takes into

consideration contractual value, country risk, etc. Business partners to Hydro shall be risk-assessed prior to entering into a new contract or renewing an existing contract.

The risk of incidents of child labor abuse, compulsory or forced labor in our supply chain is considered to be low in the majority of Hydro's own operations. We do, however, recognize a risk of forced or compulsory labor among suppliers in the Middle East, South America and Asia.

Responsible behavior

We recognize that business can have an important role in supporting the fulfillment of human rights. Hydro did not detect any significant breaches of human rights in our own operations in 2017. Some of the measures we pursue to ensure integrity and responsible behavior include:

- Ongoing human rights due diligence, including of joint ventures and suppliers
- Continuous stakeholder engagement linked to existing operations and new projects

Through our operations, we contribute to the economic and human development of our employees and the communities in which we operate. We work to ensure informed and effective participation by individuals and groups who are actually or potentially affected by our operations. We respect indigenous peoples' rights, including the right to free, prior and informed consent, and the rights of local communities when our activities may affect their lands, territories and livelihoods.

Hydro's Corporate Social Responsibility (CSR) is built on the basis of making a positive difference by strengthening our business partners and the local communities where we operate. To do this, we target the fundamental drivers of long-term development. In line with stakeholder expectations and needs, and through strong partnerships, we aim to:

- Contribute to quality education in our communities
- Promote decent work throughout the value and supply chain
- Foster economic growth in our communities
- Strengthen local communities and institutions through capacity building on human rights and good governance

Our most important contribution toward respecting human rights is to secure decent working conditions in our organization and promote the same standards in jointly operated and minority-owned companies, and with our suppliers. In Qatalum, in Qatar, where Hydro holds a 50 percent share, the large majority of employees are migrant

workers. We strive to secure good working conditions for people employed directly as well as those supplied by contractors.

We are concerned about fundamental labor rights, such as freedom of association and collective bargaining, minimum wage requirements and the regulation of working hours. We have a long tradition of maintaining a good dialogue with employee organizations. Hydro's major sites in Europe and Brazil are unionized. Extruded Solutions has a major presence in the USA, and 60 percent of our US employees are working at unionized sites. We have activities in countries where trade unions are restricted, where we look for alternative forums to empower employees. In 2016, Hydro renewed its global frame agreement with labor unions until the end of 2018. The agreement aims at creating an open channel of information between the parties about industrial relation issues in order to continuously improve and develop good work practices in Hydro's worldwide operations.

We establish or facilitate access to effective grievance mechanisms for individuals and groups that may be affected by our operations.

All suppliers and customers registered in our main accounting systems are screened on a weekly basis against international sanction lists, in particular related to anti-terror. Furthermore, supplier audits and site visits are performed by Hydro personnel and independent auditors based on risk analysis. In total 109 supplier audits were performed in 2017, of which 98 included HSE and CSR related topics. Our approach to any audit finding is to correct, then act in a transparent manner, learn and implement corrective actions. We are in particular concerned about corrective actions in relation to possible child, forced or compulsory labor.

Security guards are employed to protect our personnel and assets. No armed guards were engaged in our activities in 2017, and there were no significant incidents reported in connection with the use of security guards. Hydro is committed to the Voluntary Principles on Security and Human Rights.

Our compliance system is based on prevention, detection, reporting and responding. Information pertaining to Hydro's human rights, policies and compliance is regularly communicated to the board of directors, the corporate management board, business area management teams, and other relevant parties, including union representatives.

All documents listed under References below are also valid for all our subsidiaries subject to the UK Modern Slavery Act.

Sapa had similar requirements as embedded in Hydro global directives and procedures. Implementation of Hydro's global directives and procedures has started in the new business area Extruded Solutions.

References

A number of Hydro's steering documents are relevant for our work against modern slavery. These include, but are not limited to:

- NHC-CD07 Hydro's Code of Conduct
- GD02 Hydro's People Policy
- GD03 Health, Security, Safety and Environment
- GD09 Hydro's Social Responsibility
- GP09-01 Corporate Social Responsibility in the supply chain
- GP09-01 Hydro Supplier Code of Conduct
- GP09-03 Hydro's Human Rights Policy
- The Hydro Integrity Program Handbook

All documents are available at www.hydro.com/principles