



Pole Products  
Sustainability report  
2019



## About the report

This sustainability report includes Hydro's operations in Pole Products in 2019. Information about certain subsequent events up till June 2020 has also been included. In this report Hydro refers to Norsk Hydro ASA, and Pole Products refers to the business unit Pole Products.

This report briefly describes Hydro's policies, strategy and main results within environmental and social topics. The main objective of the report is to describe Pole Products' approach to their material sustainability aspects and their performance. The section "Environmental and social indicators" has been prepared mainly based on information provided in Hydro's Annual Report 2019, specifically the "Viability performance statements" section, which has been subject to limited assurance by Hydro's external auditor KPMG.

For a thorough description of Hydro's policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms related to sustainability, see Viability Performance and Viability Performance Statements in Hydro's annual report. Hydro reports according to GRI.

Hydro's annual reports are available at <https://www.hydro.com/en/investors/reports-and-presentations/annual-reports/>

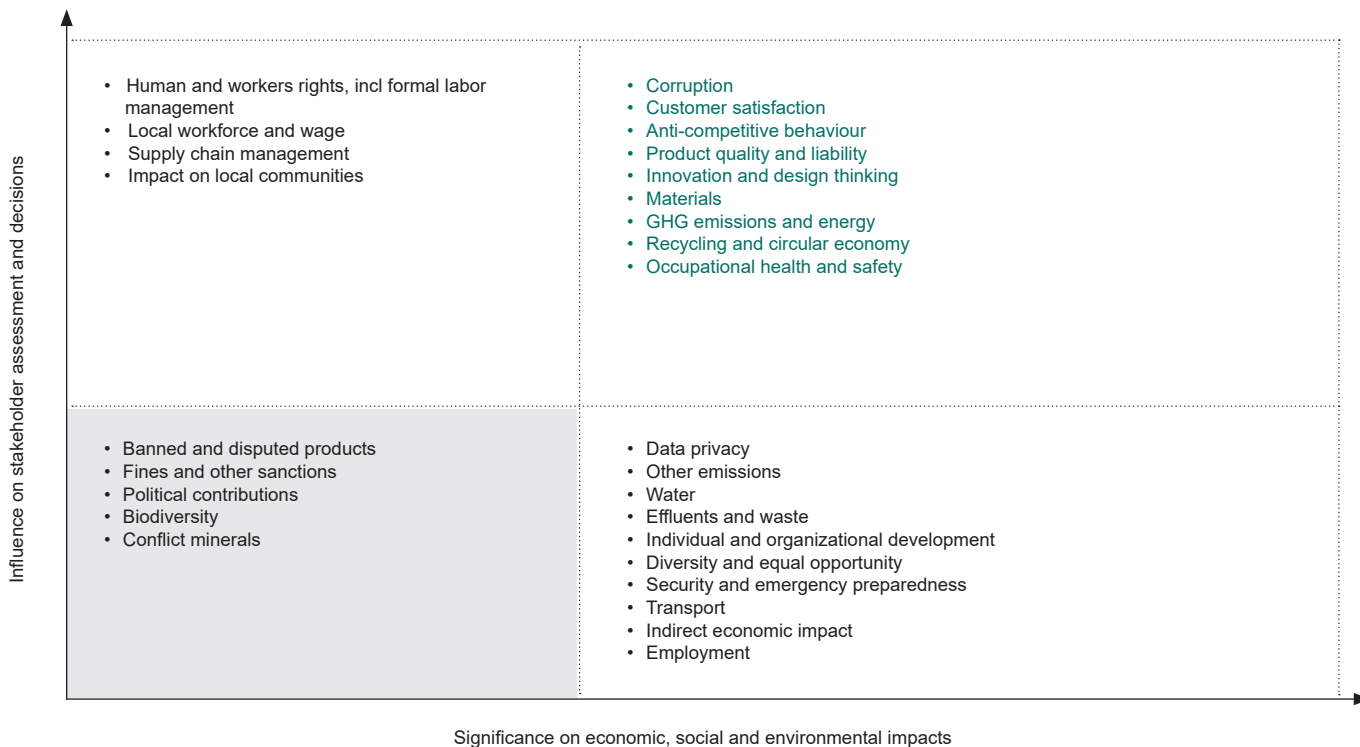
## Materiality analysis

The analysis is prepared according to the reporting standard GRI 101 (2016). It is based on our continuous dialogue with key stakeholders as collected and evaluated by relevant specialists and leaders. The materiality analysis reflects internal and external developments, and is approved by Pole Products management, on an annual basis.

The green topics in the matrix below represent those that are most material to Pole Products, while the topics in the grey quadrant are considered not material. We have chosen to merge and rename certain GRI aspects in the matrix to make the titles more relevant to our operations and thus also more intuitive to our stakeholders.

### Materiality analysis 2019 – Pole Products

Topics are prioritized in four quadrants, but not prioritized internally in each quadrant



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# We Care

Care, courage and collaboration – these words demonstrate the Hydro values. In all those years that I have been with the company, I have never felt we lived our values as much as we do now.

Last year Hydro was victim of a cyberattack, which strongly hit our company, worldwide. In that time of crisis, we really experienced how dedicated and committed the Hydro employees are. Together we worked with a genuine will to handle the situation and continue our business as normally as possible. It took us months to recover completely. But we did. With care, courage and collaboration. And never without losing sight of safety and sustainability.

In 2019, the Pole Products performance on safety fulfilled our targets: zero accidents. By focusing on safety every day, learning from incidents, sharing the learnings with our colleagues and focus on prevention of fatalities and serious injuries, we aim to eliminate all risks of accidents. Improving safety is our most important task.

Sustainability goes beyond the gate of our production facility. It involves the whole supply chain. Being part of the only global 360 degrees aluminium company means being engaged in the entire aluminium value chain, which allow us to monitor all activities and take the necessary steps to reduce environmental impact.

To demonstrate responsibility in our value chain, Hydro is an active member of the Aluminium Stewardship Initiative (ASI), the internationally recognized standard for robust environmental, social and governance practices across the lifecycle of aluminium production, use and recycling. The Hydro location in Drunen, including Pole Products, was awarded the Performance Standard ASI certificate in the beginning of 2020. It makes us proud to see that our sustainability efforts are recognized by an independent organization.

Take care and stay safe. Words that will, from now on, always be connected to the corona crisis. Words so similar to the Hydro values. During the corona outbreak our focus always has been and still is on the safety and well-being of our people and keeping business as close as normal as possible. To keep wheels turning. And again, we can count on the care, courage and collaboration of our people.

2020 is an anniversary year. We have been developing and producing poles for 60 years. It started with Mr. Max Lips in 1960, who with his sense of entrepreneurship started a small company in Drunen that became one of the biggest regional employers. That entrepreneurial spirit has remained a hallmark of our company over the years. Even when we continued under the Alcoa flag, the Sapa Group and now Hydro. Sustainability has been the part of our company DNA in all those 60 years. Seems obvious, when you work with aluminum and when you have a foundry under your own roof.

Climate neutral in a life-cycle perspective, Cradle to Cradle, Take Back... all steps towards a circular economy.

Driving sustainable business means continuous improvement. Last year Hydro invested more than 1 million euros in the cast house in Drunen to improve our recycling process. Enabling safer operations, increasing sustainability and cost effectiveness. A win-win situation for both safety and environment. The coming years Hydro is investing up to 10 million euros in what is called Masterplan Drunen. This entails the relocation of Pole Products into the Extrusion and foundry location, including new production equipment for Pole Products. The goal is to strengthen the overall competitive position of Hydro in Drunen including Pole Products and to create an excellent platform for business continuity and continued growth of activities.

A lot has happened and a lot is going to change. But one thing will remain the same: Pole Products is your reliable, sustainable partner. We care about what we do and how we do it. We want to be able to demonstrate to our customers and other stakeholders that our products and solutions have been made in the most responsible way possible - resource and energy efficient, with minimal footprint on environment and climate, with respect for human rights and labor rights, and compliant with applicable laws and regulations.

Take care and stay safe!



Leopold Moormann  
Managing Director  
Pole Products

# Hydro in brief

We are the only 360° company in the global aluminium industry, with operations in 40 countries all over the world. By combining local expertise, worldwide reach and unmatched capabilities in R&D, our 36,000 employees create innovative aluminium solutions throughout the value chain.



2,038 mt

Primary metal  
production



4,487 mt

Alumina  
production



9.68M

CO<sub>2</sub>e Greenhouse  
gas emissions

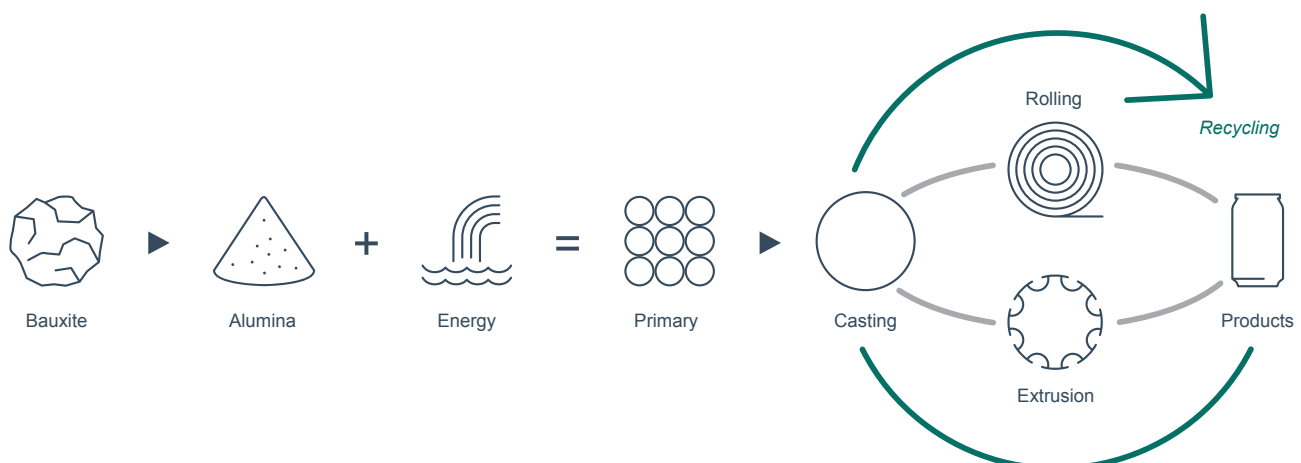


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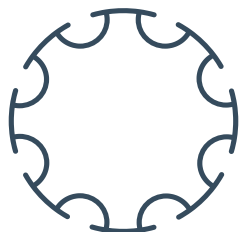
TRI per million  
hours worked

Headquartered in Norway, Hydro is rooted in more than a century of expertise in hydropower, development of technology and product innovation. We are present within all market segments for aluminium, from production of the primary metal to recycling and repurposing it. Our sales and trading activities throughout the value chain serve more than 30,000 customers.

From extracting the bauxite and refining the alumina to producing primary metal and offering specialized products to a wide range of industries, our commitment remains the same: To strengthen the viability of our customers and communities through innovative and sustainable aluminium solutions.



# Pole Products in brief



Pole Products offers innovative, intelligent and more sustainable aluminium solutions to our international client base. Using aluminium extruded profiles we produce light poles, flagpoles and complete systems for mounting traffic lights for public infrastructure projects.



80

Employees



>25

Countries of  
customers



0

TRI per million  
hours worked

Pole Products, located in Drunen, the Netherlands has 80 employees and 60 years of experience in the design and machining of aluminium poles. First as LIPS, later as Alcoa Infrastructures, followed by Sapa Pole Products and since 2017 as Pole Products, part of Hydro.

Pole Products is ISO 9001, ISO 14001, ISO 45001, ASI and CE certified. To ensure their safety and quality, our products comply with the European standards EN 40-6, EN 12899-1, EN 12767 and EN 1090-3.



# Sustainability in Hydro

Hydro's overall strategic agenda for the Group aims to lift cash flows and returns with extensive improvement and restructuring efforts across its business areas, while highlighting sustainability as a basis for the company's positioning. Sustainability is an integrated part of lifting Hydro's long-term profitability. By reducing our footprint, improving relations with stakeholders and neighbors, managing impacts, increasing resource efficiency and developing new markets, Hydro will reduce risk and create new opportunities.

Developing a more holistic approach to sustainability we have quantified a set of ambitions towards 2030 to improve our performance on climate, environment and social responsibility. We have ambitions to reduce our own environmental impacts and emissions in production, developing greener products helping our customers design more sustainable solutions and continue with our ambition to make a positive difference by strengthening local communities and our business partners. We have established a Corporate Development function to strengthen Hydro's ability to drive the profitability and sustainability agenda.

The overarching goal of our climate strategy is to reduce the impact our operations have on the global climate. The climate strategy – "30 by 2030" – calls for a 30 percent reduction of own greenhouse gas emissions throughout the aluminium value chain by 2030. We will do this through greener sourcing

and greener production, that will reduce the footprint of the products we deliver to our customers.

The environment strategy for 2030 addresses the industry's key environmental challenges. Our goal is to mitigate emissions to land, water and air, conserve biodiversity and reduce waste production. To achieve this, we monitor, identify and reduce environmental risk throughout the lifetime of our operational sites. The emphasis is primarily on continued rehabilitation at our bauxite mine in Para, Brazil, reducing our tailings and bauxite residue footprints, recycling our spent pot lining and halving our non-greenhouse gas emissions (SO<sub>2</sub>, NO<sub>x</sub> and Particulate Matter) to air.

We recognize that we can only succeed if communities and partners around us succeed. With our social responsibility strategy we aim to make a positive difference

## 2019 Status and targets for Hydro Group

 <p>Driving sustainability</p>	<p>Safety</p> <p><b>TRI rate 3.0</b> FY 2019</p> <p>Ambition: Zero fatalities and injury free environment</p>	<p>Social responsibility</p>  <p>2018 2030</p> <p>2030 target: Contribute to education and skills for 500,000 people</p>	<p>Biodiversity</p> <p><b>On track</b> 2019</p> <p>Target: 1 to 1 rehabilitation of available mined areas</p>
<p>Climate</p> <p><b>30% reduction</b> in CO<sub>2</sub> emissions by 2030</p>	<p>Business ethics</p> <p><b>94%</b> Completed e-learning in Hydro's code of conduct</p> <p>2019 target: 90%</p>	<p>Greener products</p> <p><b>10 000 mt</b> <b>CIRCAL</b> produced FY 2019</p> <p>combined 2020/21 target: 65,000 mt</p>	<p>Environment</p> <p><b>50% reduction</b> in non-GHG emissions by 2030</p>









## Greener products and certifications

Hydro is pushing the boundaries for low carbon aluminium and use of post-consumer scrap to create recycled alloys and products helping our customers on the path to zero emissions.

REDUXA is a certified, low carbon aluminium with a maximum carbon footprint of 4.0 kg CO<sub>2</sub> per kg aluminium. CIRCAL is a range of prime quality aluminium made with a minimum of 75% recycled, post-consumer scrap.

Hydro is working to further develop greener alloys partnering with our customers.

by strengthening our business partners and the local communities where we operate. To deliver on this, we will target the fundamental drivers of long-term development and will contribute to education and capacity building for 500,000 people by end of 2030. Community dialogue and stakeholder engagement is the foundation of our work.

In Hydro, we see diversity as a source of competitive advantage, as it encourages innovation, learning and better customer understanding. Through diversity, inclusion and employee development, we want all employees to know they are valued for their differences and that they contribute to the success of our business strategy.

Hydro's new certified low-carbon product brands CIRCAL and REDUXA were launched in 2019, setting a new standard for low-carbon and recycled aluminium, to commercialize the company's sustainability position. The initial customer feed-

back and subsequent orders have underlined the potential for these types of products that represent exciting opportunities moving forward.

Our ambition is to prevent all injuries and ill health to avoid human suffering and we will work continually to avoid damage to property and loss of production. We continue to see high-risk incidents with a potential for fatality or permanent injuries or ill health, but at a lower level than previous years. We consider this the main leading indicator for our safety performance. From 2020, our emphasis will be the closing rate of actions related to high-risk incidents in our operations in 30 days.

Security and emergency preparedness is handled at a business area or Group level, please see Hydro's Annual Report for more information.

Complying with laws, regulations, and Hydro's guiding documents, and respecting human rights, is fundamental to Hydro's way of working and are considered key elements to the company's license to operate.

Hydro's Supplier Code of Conduct is based upon internationally accepted and advocated principles for ethical and legally compliant business practices. Hydro has a systematic approach to the application of its Supplier Code of Conduct in respect of its supply chain business partners, including suppliers, contractors, consultants and agents ('Business Partners'). In doing so, Hydro's goal is to ensure that its business relationships are based upon a foundation of integrity and sustainability and reflect the values and principles that Hydro promotes internally and externally.

We value data privacy and are committed to protect the integrity and confidentiality of personal information. Learn more about our Privacy Policy on [hydro.com](https://hydro.com).

For a description of Hydro's policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms related to sustainability, see Hydro's latest Annual Report, especially the chapters Viability Performance and Viability Performance Statements in Hydro's Annual Report. Hydro at the group level reports according to GRI.

Learn more at [hydro.com/reporting](https://hydro.com/reporting) 2019.

## The Hydro Way – Purpose and values

The Hydro Way is our approach to business. It's an approach that has lived within Hydro since its foundation in 1905 and guided our development over the years. The Hydro Way originates from our company's identity – our unique set of characteristics – and constitutes a way of doing things that differentiates us from other companies.

The Hydro Way explains how we run our business through our purpose, our values and our operating model.

These principles help us set priorities and serve as a reference point when questions arise. Our purpose is supported by our values of care, courage and collaboration and defines how we conduct our business:

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

Our value care illustrates how we act with respect for people and the environment and place safety at the heart of our operations. Courage illustrates how we break new ground and take measured risks with agility, accountability and foresight. Collaboration represents how we work as partners internally and externally to unite competencies and create win-win opportunities.

## Certifications



Hydro is an active member of the Aluminium Stewardship Initiative (ASI). ASI's mission is to recognize and collaboratively foster the responsible production, sourcing and stewardship of aluminium. We have been involved at all stages in the multi-stakeholder development of ASI standards to date. We have participated in developing ASI's certification program. The third party certification platform was launched in December 2017. Until publication of this report, forty production sites have been certified according to the ASI Performance Standard, covering Hydro's value chain from bauxite mining to finished products. Hydro has also certified several sites according to the Chain of Custody standard, and delivered the first ASI certified metal to a customer in July 2019. This is also included in external auditor's consistency check of Hydro's GRI index 2018. For the full GRI index, see [www.hydro.com/gri](https://www.hydro.com/gri).



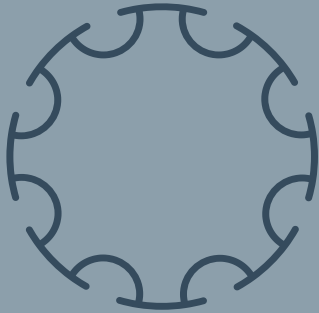
Cradle to Cradle® (C2C) is an innovation platform for the integration of beneficial Environment, Social and Governance (ESG) features into products.

The concept is to determine the intended benefits of the product rather than minimizing negative environmental impacts.

By having C2C certified products, according to the *Cradle to Cradle Certified™* Program, Hydro demonstrates it has a long-term sustainability in mind for products, and is working hard to improve products and their sub-components as well as their manufacturing processes.

In order to ensure a uniform high standard, Hydro's constituting documents and global directives lay down requirements for our operations.

For more information see [hydro.com/principles](https://hydro.com/principles).



# Pole Products

Sustainability is a natural part of Pole Products. Our solutions go far beyond aluminium, into research and development (R&D) based concepts and products. Although technical aspects are important we explicitly involve safety, ecological, economic and social aspects in the design and try to find the right balance.

Safe and responsible operations is our top priority. In this second part of the report, we give you insight in the sustainable performances of our business unit.



# Innovation, design thinking and collaboration

Everything we do begins with the customer in mind – we innovate, design and collaborate to meet today's demands and to anticipate on future needs. We believe in sharing knowledge, learning from each other and joining forces.

## Intelligent design

In the design and development of our products we avoid negative effects on the environment, but also use practical, intelligent design. Our R&D efforts are concentrated on:

- Making products that promote the use of aluminium and sustainable development
- Ensuring optimal operations in existing assets, including cost and HSE
- Designing according to Cradle to Cradle requirements
- Increasing the share of value-added products and tailored solutions for the customer

## Expertise in passive safety

We want to contribute to make our roads safer. The extensive knowledge of Pole Products in the area of passive safety is built through years of experience with crash tests and active participation in the Dutch norm committee EN 40 (the European standard for light poles) and the WG10 (the European working group that is responsible for writing and revising the EN 12767 norm). This has resulted in a range of certified passive safe poles in all performance classes.

## Educating young minds in aluminium properties

We are committed to transferring knowledge about the possibilities of aluminium. Therefore, Pole Products, together with Hydro in the Netherlands, is sponsor of the 'aluminium chair' at the University of Technology in Eindhoven, the Netherlands.

The aluminium section of the Unit of Structural Design focuses on the general aspects as well as the integration of aluminium design with other related building aspects like architecture, building physics, design of technical services, construction technology, sustainability, flexibility and adaptability.

## Represented in the DAA

Pole Products is a member of the DAA and is represented in the Board of Directors.

The Dutch Aluminium Association (DAA) is an umbrella organization for the aluminum producing, processing and application industry and functions as a knowledge and information center. The DAA replaces the Aluminium Center foundation.

The association is a sector group that operates under the banner of the Royal Metal Union and aims to promote the application of aluminum in the Netherlands. By means of knowledge transfer, promotion and research, the DAA seeks to increase the use of aluminum and strengthen the position of aluminum in the construction, transport, packaging and other industrial and consumer applications sectors.

## Seeking for collaboration in circularity

Pole Products is an active participant in the 'knowledge cafes' organized by IGOV (Inter Municipal Consultation Public Lighting).

IGOV is a knowledge platform established by various Dutch municipalities to stimulate the exchange of knowledge and experience to give concrete meaning to circularity in public lighting.

## Business relationships based on integrity and sustainability

We can only perform well if we have the full support of our business partners. We expect that our business partners will comply with the principles set out in Hydro's Supplier Code of Conduct and will actively promote such principles with their own supply chain business partners.

Hydro's supplier requirements regarding corporate responsibility cover issues related to environment, human rights, anti-corruption and working conditions including work environment.

## Fulfill the needs of our customers

To know if we meet our customers' needs and to measure how our customers assess our performance, we conduct a customer satisfaction survey on a regular basis. The survey gives us concrete angles from which to maximize the harmonisation of our products and services with our clients' wishes and needs.



## Passive safe poles make our roads safer

The development of passive safe light poles has been ongoing for more than 40 years, which is hardly surprising given the amount of traffic on the roads is increasing all the time.

Passive safety in public spaces refers to the use of light poles, signposts, CCTV columns and other street furniture, which prevents people from being killed or seriously injured in road accidents.

Despite preventive measures, it happens that vehicles, for whatever reason, fall off course and end up on the roadside. The most promising measure for a significant reduction in the number of fatal accidents on national roads is aimed at an obstacle-free roadside. Passive safe poles, as part of a “forgiving verge”, can make a contribution to minimize the risk of (serious) injury.

In Europe, light poles must comply with the EN 40 standard. In addition, a crash test must have been conducted in accordance with the EN 12767 standard. In 2019 the European standard for passively safe support structures for permanent road equipment has been revised. Pole Products plays an active role in informing the public about the changes in the new standard EN 12767:2019.



# Reduce our environmental impact

By continuously improving the way we produce aluminium poles, we strive to minimize the impact our activities have on the environment. Pole Products' most important topics to reduce environmental impact are the use of recycled aluminium, reducing energy consumption and water and waste management.

Our environmental strategy is an integral part of our overall business strategy, aiming at driving improvements and development within our company. Consequences to the environmental strategy is also a criterion for all significant investment decisions.

## Use of recycled aluminium (pre- and post-consumer scrap)

Since aluminium is 100 percent recyclable we strive to use as much recycled aluminium for our poles. This reduces energy consumption up to 95 percent. Our long-term ambition is to use more than 75 percent post-consumer scrap for the manufacturing of our poles. In order to achieve this, we make use of the billets produced at the cast house at our own location.

We have an efficient system for recycling internal scrap from our production.

## Reducing energy consumption and emissions in production

Energy efficiency is an important part of Hydro's ongoing efforts to reduce CO<sub>2</sub> emissions. Pole Products' ambition is to work with energy efficiency in a systematic way. Energy consumption is monitored monthly, so any deviations can be noticed.

The manufacturing of poles depends on electricity mainly used for the different machines in the production process. Gas is used for the heating of our production hall and office building. There is no gas needed to produce our poles.

We strive for reduction of unnecessary operations by performing quality checks at every step in the production process, to avoid an adverse product to run throughout the whole process chain and save energy. By making conscious choices in replacing machines and electrical equipment we can reduce our electric consumption.

### CO<sub>2</sub> emissions

Pole Products' CO<sub>2</sub> emissions include direct CO<sub>2</sub> emissions (from burning fossil fuels at sites) together with indirect emissions (from purchased energy at the point of electricity generation).

Ongoing measures to reduce our CO<sub>2</sub> emissions are:

- Transition to LED lighting in the factory.
- Stimulate use of bicycles to come to work.
- Promote carpooling.
- Encourage the lease of electric company cars.

We have installed onsite a charging station with dual charging option to create charging capabilities for employees as well as to offer this service to our visitors.

### Other emissions

Other emissions to air are minimal and remain within the legal requirements regarding greenhouse emissions.

## Water consumption

Pole Products handles water in an economical way and has strict guidelines for water consumption. The strategy regarding water consumption is to maintain the water quality and minimize water consumption.

Pole Products adopts the principles as described in the Hannover Principles: 'Design for Sustainability – Water' which illustrates the strategy of our facilities around protecting and preserving the quality and supply of water sources.

Water is mainly used during the brushing process of our poles, to avoid the release of dust particles into the air. The filter process prevents aluminium particles in the drain water after the filtration step. It is within the discharge permit, nevertheless the concentration of aluminium in the process water is slightly elevated. An investment in the sanding bench has been approved to realize a closed water circuit to prevent aluminium particles getting into the waste water.

## Waste

We strive for the reduction of waste of raw materials. We have implemented an effective waste management system that targets metal scrap, hazardous waste and other general waste and it enhances waste collection, the sorting process, storage and treatment of waste.

Because we are aware of the scarcity of raw materials we are trying to reduce the use of resources on multiple fronts as much as possible:

- Reduce wood consumption
- Standardize packing methods and materials.
- Reduce amount of aluminium in cast pieces.
- Focus on reduction of complaints, internal rejects and the return of products because of those complaints.
- Specific measurements to reduce waste.

## Light poles and Traffic Regulation Installation (TRI) solutions Cradle to Cradle Certified™ Silver

Pole Products has embraced the Cradle to Cradle® philosophy 'waste equals food'. Applying the Cradle to Cradle® principles supports a focus on sustainability in our company and ensures continuous improvement of our products and our processes, please see page 11.

Pole Products' aluminium light poles and TRI solutions are certified at Silver level, according the *Cradle to Cradle Certified™* Products Standard Version 3.1.

When Pole Products first received the certification in October 2011, we were the first manufacturer, world-wide, of Cradle to Cradle Certified™ light poles. Since 2019, the Traffic Regulation Installation (TRI) solutions have been added to the certification.



## Efficiently closing the loop

The Take Back system is developed by Pole Products to maximize the reusability of products and raw materials and to retain valuable, clean raw materials in the cycle.

Taking back scrap for recycling aluminium (onsite) has always been a part of the sustainability policy of Pole Products. It formed the basis for the adoption of the Cradle to Cradle® philosophy. The Take Back system is a logical next step.



To close the technical cycle, Pole Products introduced the Take Back system: Old aluminium light poles are 'taken back' from customers including fittings, cabling, etc. All components are stripped and returned to the technical cycle. Hydro remelts the poles, extrudes the billets into tubes and produces new light poles. The residues that we cannot process are brought back into the chain by a waste specialist.

The system provides an understanding of the recycling of materials and the sustainable processing of them.

## Resource efficiency and recycling

Minimizing losses of aluminium across the value chain is a high priority in Hydro. Resource efficiency is a guiding principle and actions to minimize losses include optimization of material use in the first place, tailoring material use to specific applications, designing for the environment and recycling, or recycling of scrap.





CE Norm EN 40-8:2002  
Article 2960000071  
NB: 0336 Order 1300358  
sapa: Year 2013

## Adapted to a circular economy

Our products are designed to circle in an endless loop and fit into a circular economy.

On a grand scale, the circular economy can be described as a mindset or philosophy. In a more practical sense, it is a framework for thinking about sustainability at all levels of society by eliminating waste, using renewable materials and energy, and operating with a deep-rooted respect for both human and natural systems.



# Occupational health and safety

We want to offer all our employees a safe workplace, and roll out comprehensive Occupational, Health and Safety (OHS) programs. Our ambition is no recordable injuries.

Some of the initiatives to promote safe behavior among employees and improving a safe work place environment are described in the next paragraphs.

## WOC - Walk Observe Communicate

Pole Products undertakes a so called WOC (Walk, Observe, Communicate) program on a regular basis. A WOC observation involves the line manager observing an area or a process based on a plan. In addition, the employee who performs the work is invited to a discussion focusing on safety at the work unit. One of the intentions is to identify areas for improvement that might otherwise be overlooked, as it is easy to have a blind spot when it comes to safety in your own area. Another intention is to compliment and emphasize safe behavior and work methods to the team members.

## Journey towards world-class safety performance

To provide the idea of safety culture and management, we use the Bradley Curve: a proven, proprietary system, designed to help understand the journey towards world-class safety performance. The Bradley Curve makes it simple for everyone to understand the shifts in mind-set and actions that need to occur over time to develop a mature safety culture.

Pole Products' aim is to reach the Interdependent Stage, the ultimate stage in the Bradley curve. In this stage employees feel ownership for safety and take responsibility for themselves and others. They do not accept low standards and risk-taking. Employees actively converse with others to understand their point of view. They believe true improvement can only be achieved as a group, and that zero injuries is an attainable goal.

## Lean 5S is implemented in our daily routine

Housekeeping is part of our daily work routine. The Lean 5S Visual Workplace Organization is a workplace organization methodology to improve safety, quality and productivity. The methodology also facilitates a structured dialogue about standardization which builds a clear understanding, between employees, of how work should be done. The 5S's stand for Sort, Set-in-Order or Simplify Access, Shine, Standardize and Sustain.

Employees receive a two days training to learn the basics of 5S.

5S principles are implemented in the daily routine and are supervised by a daily management round.

## Team up to clean up

Pole Products organizes yearly a 'Team up to clean up' day. Selected workplaces in production, warehouse and offices are organized in a structured way through the 5S method, with the aim to reduce the chance of incidents, improve machines maintenance, creating pleasant and organized workplaces and reduce losses.

## Work safely campaign

To keep safe behavior alive, Pole Products participates in the Hydro "I Work Safely" campaign. The campaign helps to create a positive impact on HSE performance. The related posters and calendars contain photos of Pole Products employees in their working environment with a safety statement about the motivation for carrying out duties in a way that ensures quality of life, or employee issues that are extremely important or matter most to them.

Pole Products focuses in particular on preventing hand injuries. Research shows that 70 percent of the total number of injuries concerns the hands, of which 80 percent occurs when we leave the standard.

## The Critical 7 campaign

The most important accidents can be traced to seven causes. An ongoing campaign focuses on compliance with the protocols for each cause. These protocols are so important for Hydro that they are called the Critical 7.

The protocols are actively controlled and audited. Every location performs a cross-audit at another Hydro location. In this way we keep each other sharp and learn from each other's solutions.

The Critical 7 are:

- Mobile equipment
- Overhead Cranes
- Energy isolation
- Confined space entry
- Fall prevention
- Contractor management
- Molten metal

## Reporting unsafe situations is rewarded

Rewards and recognition for HSE excellence are a core part of the Pole Products culture. By encouraging employees to report unsafe situations, called Injury Free Events (IFE's), we involve our people directly in creating a safe working environment. Each reported unsafe situation is registered in the Incident Management System (IMS) and followed up.

During each quarterly meeting, the IFE's of the month are put in the spotlight and rewarded, and updates on safety improvements are communicated. Every year the IFE of the year is selected among the 12 monthly IFE winners.

Reported IFE's are included in the safety KPI's (Key Performance Indicators) and connected to our result-oriented bonus system.

## Continuously improving working conditions

Improvements in the field of health and safety are part of our HSE policy. By improving our machines and work places and train our employees, we optimize the daily operations. Many investments and activities are based on safer, healthier and more ergonomic working conditions. Some examples:

- To reduce absenteeism and due to increasing retirement age, we focus on Sustainable Employability since 2019. Every month, a review on the shop floor is done together with a physiotherapist. Together with the employee a production area is evaluated and advice is given on how to work in the most ergonomically way.
- In the second half of 2019 an extensive Onboarding & Specialized training program has been started as a general introduction and training plan for production employees, with the aim to educate on safety and all relevant production processes. The program also gives new employees clear focus on their development within our company. Each step of the training program is described in detail and evaluated carefully. Curricula have been described for all the specific production processes at a basic and advanced level. A mentor is assigned for all skills.
- For maximum protection of our business, we have installed a high sensitivity fire detection system for the cabinets and the control panel of the conifing machine in Q4 2019. The system interacts with an inert-gas suppression on these electrical components.

- In the first quarter of 2020 we have invested in a small innovative robot welding equipment. The robot can be programmed relatively easily, also for small orders, and can replace repetitive work.

## Safety communication guidelines in Hydro

Safety is Hydro's first priority. The safety communication guidelines describe the key activities to ensure this is reflected in internal and external communication channels. Included in the guidelines are communication procedures to be followed in case of incidents with personal injuries (TRI cases), high-risk incidents, incidents with severe personal injuries and fatal accidents.

## Emergency response team

Pole Products has an emergency response team in place composed of employees from various departments. The emergency response team members are trained for their duties through internal and external training in which both theory and practice are part of the program.

## Personal protective equipment

To optimally protect our employees during the performance of their duties, work clothing, footwear and personal protective equipment (PPE) are available. All employees working in production, all other employees and visitors entering the production department are obliged to wear the personal protection equipment.

## Prevent absenteeism

The absenteeism level in 2019 was 8.0 percent, comparable to last year. Most of the absence is not related to workplace injuries. The main influences on this figure are long-term cases. Guidance and best practices to reduce absenteeism have been developed as a joint effort between HR and HSE.

## Goal of ZERO incidents

The reported IFE's and WOC observations contribute to a safer working environment. The work safely campaign, and the commitment of our employees help to prevent injuries and to reach our goal of ZERO incidents.

# HSE Management

HSE is a fundamental part of our business. Pole Products has long-term objectives to avoid all types of injuries. Pole Products believes in HSE excellence for the benefit of all our stakeholders and is committed to continuous improvement within this area.

Pole Products' HSE Management System includes comprehensive Health, Safety and Environment programs that are implemented across all Hydro businesses worldwide. The system complies with ISO 14001, the international standard that specifies requirements for an effective environmental management system (EMS).

Pole Products works according to ISO 45001, providing a framework for managing the prevention of death, work-related injury and illness, with the intended outcome of improving and providing a safe and healthy workplace for workers and persons under an organization's control.

We are committed to active involvement of all our employees in the improvement process of all HSE related risks and solutions and in the initiatives related to sustainable employability.

## HSE audits

Hydro's corporate HSE team conducts HSE audits at the Pole Products location to verify compliance with legal and corporate standards and to identify good practices and opportunities for improvement. These audits are managed by the HSE group team and supported by our local HSE staff and line management.

## HSE Training

By offering internal and external HSE related trainings for its employees, Pole Products also invests in a safe working environment by creating awareness and encouraging safe behavior. Some examples of these trainings are:

- IOHS training
- HSE induction program for new employees
- Behavior-based safety training
- Risk assessment training
- Forklift- and crane training
- Emergency response training
- Security awareness course
- Fatality prevention training

### IOHS training

The IOHS leading safety course is designed to equip business leaders or those with management responsibilities with the skills and knowledge necessary to safeguard their employees

and their business through accredited health and safety practices. The Institution of Occupational Safety and Health (IOSH) is the world-leading chartered body for health and safety professionals.

The training program has been structured to provide the tools and knowledge necessary to make visible improvements to health and safety standards across organizations. All line management functions within Pole Products have followed the 3-days training.

### RISK awareness training - life saving behaviors

To reduce risk of an accident to the minimum, the Management of Hydro has rolled out a risk assessment training for all plants. The training consists of a theoretical part and a practical part on the work floor, to test the learned theory directly in the own work situation.

The training is mainly about safety and risk consciousness and behavior and has ingredients from all Critical 7 protocols (TLV, machine guarding, etc).

### Security awareness course

An online interactive training course, which offers advice and guidance on personal security and protection for all Hydro employees is in place. The Hydro travel safety course provides guidelines, practical advice and tools which will help to identify and mitigate the risks an employee may face whilst travelling and working for Hydro.

### Fatality prevention training

An important initiative for all Hydro locations, including Pole Products, is the prevention of fatal accidents. We must prevent the loss of human life through sound risk management programs.

The fatality prevention training aims at raising awareness of risk assessment and the fatality prevention protocols within Hydro, and the reinforcement of lifesaving behaviour and other tools designed to save lives. The Critical 7 are used as the basis for the training.

The training and awareness process is aimed at shop floor personnel with all initiatives to be led by line management with support from HSE, HR and Communications teams.







# Reaching out to communities

Pole Products wants to be a good neighbor and seeks to positively impact and strengthen the quality of life within the communities where we live and work. Besides creating job opportunities and local sourcing, Pole Products provides resources to support charities and volunteer initiatives.

## Sponsor policy

Pole Products has a wide range of sponsorships and support programs based on local needs. We encourage our employees to initiate sponsor actions that meet the guidelines of our sponsor policy, which are:

- The employee or his direct family member must be member of the (sport)club or association involved;
- The preference is to sponsor (aluminium) material;
- The charity goal suits the company philosophy of Pole Products.

By sponsoring sport events we stimulate a healthy and active lifestyle to obtain a vital workforce because it is a combined effort of employers, employees and society to enhance the health and well-being of people at work.

Some examples of our sponsor activities / donations:

### **‘Drunense Duinenloop’**

Hydro Benelux sponsors and participates in the ‘Drunense Duinenloop’, a running event in and around Drunen, the Netherlands, where Hydro Extrusion and Pole Products is located. Hydro is one of the main sponsors of this event to support the local community. A large part of the registration fee is donated to charity.

### **Tilburg Ten Miles**

A team of the Hydro Drunen location participates in the Tilburg Ten Miles, a yearly local running event in the city of Tilburg, nearby Drunen. In addition to the registration fee of which a large part goes to charity, Hydro organizes fundraising.

### **Poles for the local cultural center**

Pole Products has donated the theater association OOG in Waalwijk, a community nearby our location in Drunen, light poles to decorate the decor for their annual performance in the local cultural center..

### **Aluminium poles for Relay for Life**

Pole Products sponsors material in the form of aluminium poles for ‘Relay for Life’, the largest worldwide fundraising event (hiking trails) for the benefit of cancer control.

### **Provide more security in the field**

Pole Products has donated CCTV poles for a local vegetable garden association, to increase safety on the terrain.

### **Automatic External Defibrillator for community service**

Pole Products is located in the Groenewoud Business Park in Drunen. The Association Park Management Groenewoud has made an inventory of the existing AED (Automatic External Defibrillator) devices at the business park. Several companies, including Pole Products, have indicated that their AED with expert service, as a form of community service, is available for collective use to the other entrepreneurs of the Groenewoud Business Park.

### **Gifts for charity**

Pole Products donates the Santa Claus gifts that are left to charity every year. In 2019, two organizations were selected: Refugee Work Heusden and ContourdeTwern Heusden. ContourdeTwern is one of the partners in BIJEEN, a network of parties that is active in the field of care, youth and work in the municipality of Heusden.

## Support transition to sustainable heating

Hydro is actively involved in trying to support the climate strategy of the local government. Together with an external party we are investigating the possibility on providing the residual heating of our production processes to the heating network in the region.

# Passionate people deliver high quality

We want to be the preferred employer, able to attract talent by offering good career prospects, by acting in a transparent manner and by running our company in an open management style. People are the key to our success. Motivated, proud and well-trained employees advance our organization in a demanding environment. Every employee within Pole Products has a personal development plan, in which training and education play an important role.

Pole Products represents significant diversity in education, experience, gender, age and cultural background.

## Human resources development and training

In the metal sector, as in other industries, it might be difficult to find and retain technical personnel. Pole Products therefore pays extra attention to training and training opportunities to be an attractive employer.

Pole Products places significant emphasis on human resource development for every employee. Several targeted competence initiatives have been implemented, such as performance evaluation, training and education programs and personal development plans. Some examples:

- Peak performance process
- Commercial excellence program for sales and commercial managers
- Manufacturing excellence program for production managers and technicians
- Pole Products leadership program for selected actual and potential leaders
- Radical collaboration training
- Authentic leadership
- Advice & sustainable employability
- Project management training
- Training time management
- Training Code of Conduct
- Training do and don'ts GDPR
- Language and writing skills training

In the Hydro Academy tool employees can follow online training courses. Training can be offered in their transcript or employees can choose from the offered training material.

### Achieving peak performance

We believe that the most important part of our leadership performance is the dialogue between employees and their managers throughout the process, with the aim of enhancing individual and organizational performance.

We focus on individual development plans. The goal is to give every employee the opportunity to make a meaningful contribution towards our company purpose and enrich their own personal development on the journey.

In ONE, a digital HR tool, the individual performance process is monitored. Two areas are emphasized in particular:

Hydro's values and the associated behaviors, and the personal development plan of each individual employee. ONE is accessible to all Hydro employees.

Through the succession planning and career part in ONE, we work with a leadership and specialist pipeline and identify required development needs.

ONE centralizes all tools and processes for both employees and managers.

### Authentic leadership

Authentic leadership is leadership where deepest sense of purpose (mission) and core values are the guiding principles of behavior. A leader's deepest motive is always focused on 'allowing his environment to grow'. Leaders and organizations which base their actions on authentic leadership create a higher sense of commitment and pride among employees and are demonstrably more successful in reaching their goals.

All desk sales employees followed a coaching process in authentic leadership in 2018. Product Development, Sales and Marketing rolled out in 2019.

## Social employment

At Pole Products, we want to offer people with a distance to the labor market the opportunity, as a full member of our society, to be part of the workforce.

Pole Products has set up a partnership with Baanbrekers: a local public company for social employment for the municipalities Heusden, Loon op Zand and Waalwijk. Hydro and Baanbrekers have been working together for years.

Employees of Baanbrekers used to do all kinds of work for Hydro on their own production departments in Waalwijk. From the beginning of 2017, these activities are also taking place at the Hydro location in Drunen. Hydro's goal in this is multiple. On one hand, active participation in CSR, on the other hand, provide a re-integration site for Hydro employees with a long-term illness/sickness. Hydro employees who return to the labor process start in the department where the people of Baanbrekers are active. Here they perform alternative work until they can return to their own, regular workplace.



Through on-site work, employees (with and without limitations) make a new step towards the regular job market.

The maintenance of the outside area of the Drunen location is taken care of by a re-entry, employed by WML Facilitair, a subsidiary of Baanbrekers.

Part of the production work is also entrusted to people with a distance to the labor market. The door locks of the poles are assembled by 'UW Productie', a social workplace for disabled.

The assembly of the mounting rails is outsourced to Prisma in Waalwijk, an organization that offers employment to people with disabilities.

## Trainees

To give the future generation of employees the opportunity to gain experience in business, to apply their theoretical knowledge and to discover where their interests and competencies are, we offer students internships and graduation assignments at our departments in Marketing & Communication, Product Engineering, Maintenance & Engineering and Mechanical Engineering.

## Works council

Pole Products has a strong and constructive cooperation with the Works Council and unions. The Works Council consists of people who work at Hydro. Once every four years there are elections for the Works Council. Every quarter the Works Council has a meeting. The minutes of meetings are communicated by email and on bulletin boards to all employees.

Members of the Works Council and its committees are given the opportunity by Pole Products to perform, for the benefit of their members, activities during working hours in addition to their business function. They also receive a contribution for their work in the Works Council.

## Suggestion system

Within Pole Products we stimulate employees to generate ideas related to their work or to our products and services.

The idea committee, which judges all ideas, is composed of colleagues from different departments. Every six weeks the committee meets and discusses all new ideas and the status of pending ideas. An idea is rewarded, rejected or receives an encouragement award.

To underline the importance of good housekeeping, ideas that improve 'order and cleanliness' are extra rewarded.

During the quarterly meetings, the ideas are awarded, and the employees are put in the spotlight.

## Hydro Vital

Sustainable employability affects organizations and people. When it comes to sustainable employability, we are convinced that attention to and investment in employees must be a spearhead when it comes to organization and personnel policy. That is why Pole Products and Hydro Extrusion Drunen, with the support of a consultancy firm, participate in a project called Hydro Vital, to better embed the theme of sustainable employability in the organization and to help employees think about this theme, the existing initiatives and possible other and additional solutions.

Some of the topics described below are initiatives covered by Hydro Vital and are related to employee health.

### Medical check

Employees who work with forklifts or on cranes periodically have a medical check. For these functions, where mobile equipment is involved, good physical condition is necessary to ensure their own safety and the safety of our other employees.

### Company physical therapy

We give training to make employees more aware of the dangers of a sitting job. By training our employees, we want to stimulate them to frequently get up from their desks during the day.

To improve employees' work places a physiotherapist frequently visits our site to help our employees to organize their workplace as ergonomically as possible.

All new staff employees have their work station installed together with a physiotherapist. Also, all production work places are regularly reviewed together with a physiotherapist to improve ergonomics and thereby prevent health problems.

### Dynamically working

To offer more variety in posture and movement during working hours, stand-op desks and desk bikes are part of the office equipment. By offering dynamically working, employees are more creative, productive and feel fitter and more vital at the end of the day.

### Bike plan

To encourage employees to go to work by bicycle, both from a sustainability point of view and for health reasons, Pole Products enables employees to purchase a bicycle with good secondary benefits.

### Company fitness

Employees of Pole Products can practice company fitness at a gym of their own choice with financially attractive conditions. We herewith try to encourage people to practice more sports and exercises and thereby work towards good physical condition that contributes to a better well-being.

Pole Products also provides free fruit for all employees every week to motivate a healthy lifestyle.

## Employee engagement survey

Our road to excellence would be impossible without motivated employees who are given the opportunity to utilize their skills to the maximum. To help us better understand the progress we are making toward becoming a safer and more collaborative, stimulating and creative workplace, Hydro's global employee engagement survey Hydro Monitor runs every second year.

Employee engagement is linked to several important business outcomes, for example:

- Engaged employees offer significantly higher levels of service to customers;
- Engaged managers are more likely to create a work environment that is collaborative, creative and stimulating;
- Engaged work teams tend to have fewer accidents and injuries.

Pole Products participated in the corporate employee engagement survey conducted in March 2017 under the Sapa flag. The participation score was 87 percent. Overall the questions were answered positive. Pole Products implemented an action plan on personal development plans, better communication and more feedback regarding the outcome of the engagement survey.

Maintaining employee engagement is a key priority going forward.

Due to the cyberattack in March 2019, and the current corona crisis, the next engagement survey, planned for 2019, has been rescheduled to autumn 2020.



# Environmental and social indicators

	Pole Products				Hydro	GRI Standards reference
Pole Products	2019	2018	2017	2016	2019	
Environment <sup>1)</sup>						
Direct GHG emissions (Million tons CO2e)					6.98	305-1
Indirect GHG emissions (Million tons CO2e)					2.70	305-2
Energy consumption (GWh)					48 200	302-1
Electricity consumption (GWh)	1.505	1.564	1.722	1.741	278 888	
Electricity consumed per net processed ton of product (MWh/t)	0.90	0.91	0.90	0.94	N/A	302-4
Gas consumption <sup>2)</sup> (Nm <sup>3</sup> )	252 791	271 122	249 594	269 867		
Water for industrial use (M <sup>3</sup> )	3 253	2 921	3 442	3 330		
Water input per net processed ton of product (M <sup>3</sup> )	1.94	1.69	1.8	1.8		
Hazardous waste (thousand tons)					277	306-4
Non-hazardous waste (thousand tons)					415	306-2
Total post-consumer scrap recycling (tons)	1 008				175 000	301-2
Total pre-consumer scrap recycling (tons)	336				1 084 000	301-2
Health and safety						
TRI	0	0	2	0	278	403-2
TRI rate <sup>3)</sup>	0	0	10.92	0	3.00	403-2
LTI	0	0	0	0	119	403-2
LTI rate	0	0	0	0	1.30	403-2
HRI					83	403-2
WOC	208	123	68	64	N/A	403-2
Injury free incident reports	812	602	471	389	N/A	403-2
Sick leave	8 %	8.1 %	3.7 %	4.5 %	4 %	403-2
Fatal accidents	0	0	0	0	0	403-2
Hours worked employees					68 870 012	403-2
Hours worked contractors					22 690 452	403-2
Social						
Total number of permanent employees	77	82	80	74	36 310	102-7
Total number of temporary employees					1 647	102-8
Share of women	9 %	10 %	14 %	15 %	17 %	102-7
Share of women in management positions	0	0	0	0	32 %	
Employee turnover					13 %	401-1
Payroll (NOK million)					19 005	201-1

1) The missing environmental data are not specifically registered for Pole Products, but only location-wide for Drunen. Therefore the data are not included in the table.

2) Gas consumed is not calculated per net processed ton of product, because there is no gas needed for the production of our poles. Gas is mainly used for the heating of our production hall and office building.

3) Figures based on 183,199 working hours.





*We are aluminium*

Norsk Hydro ASA  
NO-0240 Oslo  
Norway

T +47 22 53 81 00  
[www.hydro.com](http://www.hydro.com)

Pole Products  
Alcoalaan 12 - Drunen  
The Netherlands

T [+31 416386200  
[hydro.com/poleproducts](http://hydro.com/poleproducts)

Hydro is a fully integrated aluminium company with 36,000 employees in 40 countries on all continents, combining local expertise, worldwide reach and unmatched capabilities in R&D. 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 of the global aluminium industry. Hydro is present within all market segments for aluminium, with sales and trading activities throughout the value chain serving more than 30,000 customers. Based in Norway and rooted in more than a century of experience in renewable energy, technology and innovation, Hydro is committed to strengthening the viability of its customers and communities, shaping a sustainable future through innovative aluminium solutions.