

# Global Tax Policy

## 1. Introduction

This document sets out the global framework for tax management and governance in the Hydro Group.

All Hydro employees are obliged to adopt and follow the Global Tax Policy in all business activity and in all decision-making. The Global Tax Policy shall be in line with the corporate governance of the Hydro Group, including the Hydro Code of Conduct and The Hydro Way.

Hydro intends this statement to satisfy any statutory responsibilities it may have to disclose its approach to the management of taxes. In particular, this statement complies with the UK disclosure requirement under Schedule 19 of the UK 2016 Finance Act.

The Global Tax Policy is applicable for the accounting year ended 31 December 2019.

## 2. Tax Governance, Risk Management and Organization

The Group Tax Department is responsible for tax governance and tax management in Hydro. The Group Tax Department works closely with the Group's Business Areas to identify, monitor and mitigate tax risks.

Hydro will seek to ensure that people responsible for tax processes or gathering of tax information are suitably knowledgeable and qualified.

## 3. Group Tax Policy

### 3.1. Legal and Regulatory Requirement

The management of taxes in Hydro shall be performed in accordance with:

- All local laws and regulations relevant to taxes applicable for Hydro.
- All local laws and regulations relevant to accounting and bookkeeping.
- OECDs Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

### 3.2. Tax Compliance and Reporting

Hydro is committed to transparency and accuracy in its tax compliance and reporting, while respecting confidentiality and other applicable obligations. Hydro shall:

- Ensure full, fair, accurate and understandable tax calculations, reporting, filings and payment of taxes.
- Ensure that financial reporting is in accordance with IFRS and Hydro's accounting principles.

### 3.3. Tax Planning and Advisory

Hydro is committed to sustainable value-creation for its shareholders, other stakeholders, and the communities where it operates. Hydro's tax planning and advisory shall seek to adopt tax efficiency and cost optimisation within the following parameters:

- The commercial needs of Hydro are paramount and all tax planning and advisory will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale.
- Tax planning may be undertaken to utilise statutory tax incentives or reliefs to ensure tax efficiency within the business and commercial environment of the group, but will not be used for any purposes which are knowingly contradictory to the intent of the legislation.
- The application of professional diligence and attention in the management of risks associated with tax matters. Where there is uncertainty as to the application or the interpretation of tax law, appropriate written advice may be taken from third party advisors to support the decision-making process.
- Consideration shall be given to Hydro's reputation, brand, corporate social responsibilities, as well as the expectations from its key stakeholders.

### 3.4. Relationship with Tax Authorities

Hydro is committed to a constructive, professional, and transparent relationship with tax authorities, based on the concept of integrity, collaboration, and mutual trust. Hydro shall:

- Respond to tax enquiries and audits in an open, honest, and responsive manner.
- Handle correspondence with the authorities and tax disputes in a professional and proactive solution-oriented manner.
- Ensure that errors are appropriately disclosed to the tax authorities.

### 3.5. Tax Transparency

Hydro shall maintain a principle of openness and be honest and responsive when dealing with interested parties outside Hydro and society at large. Hydro shall:

- Fully comply with the relevant tax transparency legislation in all jurisdictions.
- Seek to meet the tax transparency expectations of other stakeholders, such as voluntary disclosure of Hydro's approach for managing taxes, when deemed to be in the interest of Hydro.