



## Global Directive

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## Internal

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## Hydro's People Directive

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Revised Document

### 1 Objective

The objective of our People Directive is to enable Hydro to achieve its business goals, create value for our owners and ensuring an engaging work environment for our people. By defining the mutual commitments between Hydro and its employees, we set clear expectations that encourage continuous performance improvement, innovation and a strong competitive position.

We want Hydro to be known as a dynamic company that recognizes talented people with opportunity, challenges and rewards. Our culture should help realize the potential of our employees and the organization as a whole.

To remain a viable global company, we need to continuously improve and adapt to the challenges and needs of our customers and markets. This places requirement on us all, both in terms of our professional competence and how we interact at work. Our People Directive defines these requirements, as well as those responsible for fulfilling them. Together with Hydro's Strategy, Business Planning and Performance Management Systems (GD04), it provides Hydro with an integrated management tool to help us reach our goals.

### 2 Applicability and Scope

This directive outlines the principles of Hydro's HR processes and is applicable to all Hydro employees globally. It aims to secure a professional and coherent way of supporting our employees throughout their employment lifecycle. The directive is supported by detailed standard operating procedures, tools and templates.

### 3 Responsibilities of leaders and employees

#### 3.1 Responsibilities as a Hydro employee

Hydro employees are responsible for achieving agreed goals – supporting colleagues, and contributing to reaching the goals of the team, the unit and the company. In addition, the employee should share relevant knowledge and experience both within and across the established organizational structure. As stated in Health, Safety, Security, Environment (HSE) Directive (GD03), employees are responsible for their own health, security and safety

and shall cooperate and contribute to the creation of a safe, secure and healthy working environment and to the achievement of the company's environmental obligations and goals.

Employees are principally responsible for their personal and professional development, using the support and systems provided by Hydro. This responsibility includes developing their careers through competence building and by applying for suitable positions.

### **3.2 Responsibilities as a Hydro leader**

Leaders in Hydro are also responsible for implementing our People Directive, by actively leading, promoting and supporting the development of their employees and organization. This applies both to supervisors and those with other types of leadership responsibilities.

Leaders are charged with realizing the organization's potential. They should communicate the unit's vision and goals, and ensure employees understand what is expected of them, giving regular, constructive feedback on their performance. Leaders should ensure that they develop the organisation aligned with business needs. Leaders should promote a working environment based on cooperation and respect and encourage an atmosphere that fosters creativity and innovation.

Together with their employees, leaders should ensure that the employees possess or develop the competence and flexibility necessary to carry out their current duties and prepare for future jobs. Additionally, leaders are expected to possess relevant knowledge and be open about applicable working conditions and workers' rights as well as to ensure the provision of information about local health and safety challenges.

## **4 Rights and Requirements**

### **4.1 Hydro's values**

Hydro expects that employees follow Hydro's values as stated in the Hydro Way, ref. The Hydro Way and Governance System (GD01).

### **4.2 Strategic Workforce Planning**

Leaders in Hydro are responsible for aligning the needs and priorities of their organizational unit with those of its workforce to ensure the capability to deliver on their strategies and business goals. As part of the strategy and business planning process, business unit leaders should conduct strategic workforce planning to identify potential gaps in resourcing and competence needs, and create a plan how to close the gap

### **4.3 Employer Branding**

Leaders and employees in Hydro are expected to build awareness of who we are as an employer and actively promote opportunities to potential employees. Hydro's Employer branding concept and material should be used for all external profiling and recruitment purposes.

### 4.4 Recruitment

Recruitment and selection should be in line with the needs identified during the Strategic Workforce Planning process and / or upon necessary approval by relevant stakeholders. Once the approval is obtained, the defined recruitment process in Hydro should be followed.

Recruitment and selection methods shall be used to objectively assess candidates' abilities and skills necessary to perform the role being recruited for. All open positions shall be advertised through relevant recruitment channels including all internal channels (unless exceptional circumstances apply i.e. appointments made from succession plans). All employees working for Hydro are welcome to apply for these positions.

### 4.5 Compensation & Benefits

Through Hydro's 5 global compensation principles Hydro shall ensure that a holistic view on compensation is applied consistently throughout the organization, thereby supporting, and facilitating other people processes.

**Market competitive:** All employees shall receive a total compensation that is competitive and aligned with local industry standard (but not market leading)

**Holistic:** Total compensation should be viewed holistically and be a well-balanced mix of monetary and non-monetary compensation elements, incl. recognition elements that support talents, specialist, and leaders having the potential for differentiation, immediate and over time

**Performance oriented:** The total compensation package should comprise variable pay, enhancing and encouraging performance-oriented behavior, short- and long-term development, and retention of critical competence and resources

**Transparent:** A clear description of the organization's compensation elements should be available to all employees (and his/her manager) should have a clear understanding of the employee's total compensation

**Fair and objective:** Total compensation should be based on consistent and clear criteria

### 4.6 Introduction and Onboarding

All new employees should feel welcome and included when they start to work for Hydro. Leaders are therefore expected to provide relevant onboarding activities. Upon start, all new employees should have an introduction plan, access to relevant information, learning, tools and systems to succeed in their new role.

New employees are expected to give feedback to their leader if additional introduction and training is required to fulfill the role.

### 4.7 Employee Performance & Development

Leaders and employees should contribute to a performance culture in Hydro that helps drive results through continuous improvement and significant step change. This requires that all employees know what is expected of them, why their contribution is important, how well they perform and what they need in order to develop and perform even better. This is done within the frame of the My Way process, in which both leaders and employees have a defined responsibility.

All employees should have minimum two formal My Way dialogues with their leader each year – one in the beginning of the year and one mid-year. Goals and development plans for all employees are set in the beginning of the year in mutual agreement between the leader and employee. Performance should be assessed against agreed goals and job responsibilities and employees should be given honest and constructive feedback from their leader as basis for further learning and development. Furthermore, employees and leaders should discuss the work environment and how both can contribute to continuous improvements.

Goals and development actions should be updated to ensure relevance throughout the year.

The My Way dialogues are documented in the system provided by Hydro.

### 4.8 Learning & Development

All employees and leaders are responsible for their personal and professional development, using the support and systems provided by Hydro. This responsibility includes developing their careers through competence building. All formal training courses should be made available through the Hydro Academy. Employees attending external learning activities (courses, certifications, etc.) are responsible for documenting these in their learning transcript in the Hydro Academy.

Leaders are responsible for promoting and supporting the development of their employees and through the My Way dialogues make a plan for relevant competence needed to succeed in their current positions, but also preparing them for the future, ensuring that their competence is still relevant.

### 4.9 Mobility/Rotation

Mobility and rotation of roles should be applied to support Hydro's performance culture and to build a solid leadership and specialist pipeline across Hydro. Leaders should encourage mobility as an enabler of employee learning and development.

### 4.10 Organizational Development

Leaders must ensure that they at any time have an effective organization capable of achieving the business strategy and goals. In connection with strategic workforce planning, senior leaders should assess whether changes are required to organizational structures, roles and responsibilities. Any required changes to staffing should be identified as part of the business planning process.

Should it be necessary to reduce the workforce, the process should comply with relevant legislation and agreements. Leaders should involve their employees and their representatives at an early stage. The goal is to achieve a process that is constructive, both for the employees who leave Hydro and for those who continue with the company.

For any change processes, all leaders in Hydro are responsible for managing change and handle this in alignment with good change management practices.

### **4.11 Hydro Monitor**

To measure and follow up organizational development and employee engagement Hydro Monitor should be used at all levels in the organization. Through the Hydro Monitor survey all employees are given the opportunity to voice their views on a broad range of organizational topics. When the survey results are available, employees are invited to discuss their unit/team results and prioritize actions to improve and/or sustain engagement and effectiveness. Leaders are responsible for preparing, engaging, and following up the Hydro Monitor process in their units/teams and ultimately for creating the work environment that positively impacts performance and business success.

### **4.12 Exit**

All employees voluntarily leaving Hydro should be invited to provide feedback on their overall work experience at Hydro.

### **4.13 Diversity & Inclusion (D&I)**

Hydro believes that diverse and inclusive teams enable higher levels of innovation, a culture of learning, improved customer understanding, compliance and cultural awareness. All these are important levers to deliver on the business strategy and goals. Leaders should therefore aim at diversity and inclusion in teams at all levels. In order to advance in diversity and inclusion, all business areas/units should establish a targeted plan to support global and local diversity and inclusion goals. Hydro aims to have in place not only the right actions but also processes, skills and resources to boost Diversity and Inclusion across the organization.

### **4.14 Minimum working conditions**

Hydro recognizes the principle of freedom of association. As far as Hydro is concerned, all employees have the right to join an employee organization and to be represented in collective negotiations.

Working hours should be in accordance with local law or agreements. Under normal circumstances, on a weekly basis, an employee should not work in excess of 48 hours and 12 hours overtime, and be given a minimum of 24 hours continuous rest. Where operation of the business makes it necessary to deviate from this, measures should be taken to secure sufficient time for rest between each working period, and the actual working hours should be in line with the intentions above.

Employees are entitled to medical treatment covered by the company in the event of sickness or injury resulting directly from their work in Hydro. In the event of work-related disablement or death, employees or their surviving immediate family member(s) will receive insurance payments and/or pension.

In addition, employees should be protected from being dismissed due to pregnancy or responsibility for newborn children, consistent with local customs and laws.

Hydro does not accept child labor and will not employ children below the age of 16. If the child is secured the right for education, play, rest and family life, limited exceptions may be made if this is clearly in the best interests of the child.

Hydro shall not employ forced labor.

### **5 HRIS Governance**

Hydro has defined a set of HRIS principles to ensure the right quality, consistency, efficiency, scalability and accountability when acquiring and/or operating HR information systems.

Implementation and changes to HR information systems are made in response to business needs and/or compliance requirements and industry standard solutions have preference.

Systematic measures are established to comply with legislation and ensure the confidentiality, integrity and accessibility of personal data processed in Hydro's HR information systems

### **6 Quality assurance**

The implementation of Hydro's People Directive is a line responsibility and should be quality-assured throughout the company. Line management should therefore ensure good organization and that the businesses have adequate human resource expertise.

The EVP People & HSE is responsible for supervising the implementation and following up of Hydro's People Directive. This person should also regularly consult with the organization in order to be able to propose necessary changes to this directive.

### **7 Reference and Further Guidance**

CD07	Code of Conduct
GD01	The Hydro Way and Governance System
GP01-08	Data Protection in Hydro
GP02-04	Company Employee Report and Common HR Data
GD03	Health, Safety, Security, Environment Directive
GD08	Information Systems and Information Technology
GD09	Hydro's Social Responsibility