

Diversity and Inclusion

Hydro's organization represents significant diversity in education, experience, gender, age and cultural background. We see this diversity as a source of competitive advantage, as it encourages innovation, learning and better customer understanding.

Research and experience show that to enable a culture of learning and innovation and improved customer understanding, diverse teams, led by inclusive leaders, are needed. The key is to utilize the potential in the workforce diversity. Different backgrounds, cultures and perspectives are important enablers to deliver on our business strategy and to create sustainable business value.

In order to advance in diversity and inclusion, Hydro continuously works to improve the approach, associated processes and governance. The success is dependent on ownership and accountability from business areas and management, which are in the process of updating roadmaps to support diversity and inclusion targets globally as well as locally.

In solving complex tasks, Hydro's leaders should aim for diverse teams and realize their potential through inclusion, so that our differences become a competitive advantage. Our ambition is to have a high-performing and sustainable work environment, based on inclusion of our differences. 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 approach to and requirements for diversity and inclusion are based in The Hydro Way, our values Care, Courage and Collaboration, in the board-sanctioned Code of Conduct, and in Hydro's People Directive, approved by the President & CEO of the parent company Norsk Hydro ASA.

This report is valid to Hydro Aluminium AS, Hydro Energi AS and Hydro Extrusion Norway AS and have been developed to comply with the requirements on public disclosure in the Norwegian Equality and Anti-Discrimination Act (Likestillings- og diskrimineringsloven). This diversity and inclusion report is approved independently by each Board of Directors by its inclusion as an attachment to each company's Board of Director's report.

Our approach

In our relationships with each other, we strive to be open, honest and respectful. It is everyone's responsibility to contribute to a supportive work environment, based on mutual trust, transparency and respect. Hydro does not tolerate any form of harassment or bullying in the workplace.

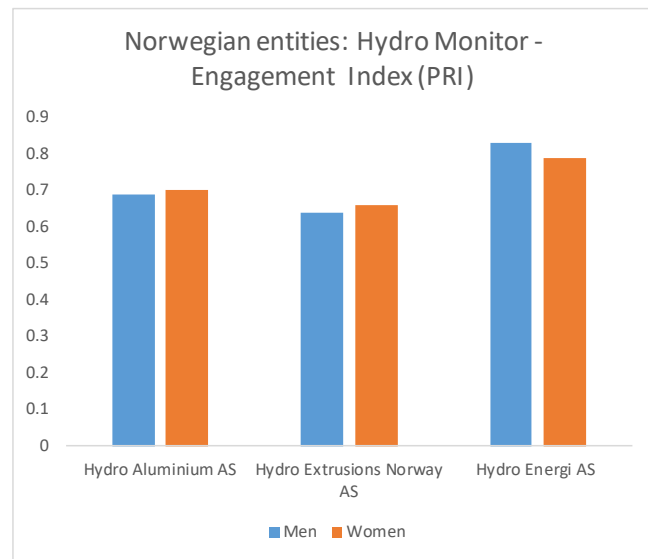
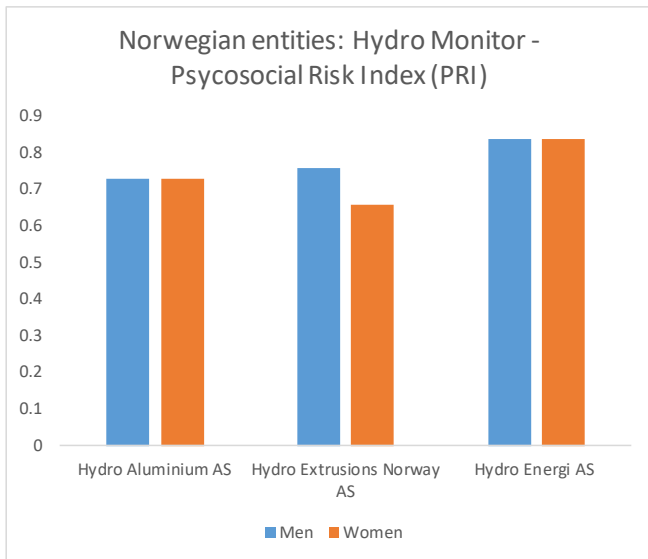
We all have the right to work in an environment that is free from intimidation and harassment and where we can feel safe and comfortable. Harassment in the workplace can take many forms and be experienced differently from one person to another; it can be physical, verbal, sexual or other. We do not tolerate any form of harassment or discrimination, including but not limited to gender, race, color, religion, political views, union affiliation, ethnic background, disability, sexual orientation or marital status. We do not tolerate any form of physical punishment.

Hydro is committed to providing equal employment opportunities and treating all employees fairly and with respect. Hydro's employees and business units shall only use merit, qualifications and other professional criteria as a basis for employee-related decisions, such as recruitment, training, compensation and promotion. We strive to develop programs and actions to encourage a diverse organization based on the principle of equal opportunities. Hydro is committed to the principles of non-discrimination.

Risks for discrimination

We use the internal grievance mechanism Hydro AlertLine and the employee engagement survey Hydro Monitor as tools to survey the risk level of discrimination in the organization. In Hydro Monitor we use gender differences in the employee engagement index and the psychosocial risk index as important indicators. Hydro AlertLine is reported on a consolidated level for Norsk Hydro ASA, please see Hydro's Annual Report 2020.

Topics related to diversity and inclusion have not been identified among Hydro's main strategic risks.



Inclusion a prerequisite for equal opportunities

Inclusion to Hydro is about creating a work environment where all employees can contribute with their full potential. It is first of all a leadership responsibility, but also a responsibility for each individual employee in their daily work.

While we believe that diversity is a prerequisite to secure the best workforce, inclusion is needed to secure optimal value creation. It is about creating a work environment where all individuals are enabled to contribute, and making their voices heard. It is about making sure our differences and similarities become our strength, with an ambition to enable an open and curious culture of inclusion. Training and competence in inclusive leadership are important criteria for success, in addition to foster an inclusive culture.

Our strategy and ambitions

Through Hydro's global people processes we aim to ensure the right competence, capabilities and organizational culture to be able to deliver on our overall strategic agenda – lifting profitability, driving sustainability. Hydro's global people processes are learning and competence development, leadership and succession, talent management, as well as diversity and inclusion. The ambition is to have a high performing and sustainable work environment based on inclusion of our differences.

In 2020, the parent company started the work to make sure Hydro's diversity and inclusion strategy is relevant and applicable across our business, and to its 34.000 employees across 40 countries. Based on this we are building a roadmap and plan on group level for how to reach the targets set for 2025. The strategy is research-based and draws on the learning and practical experience from other companies.

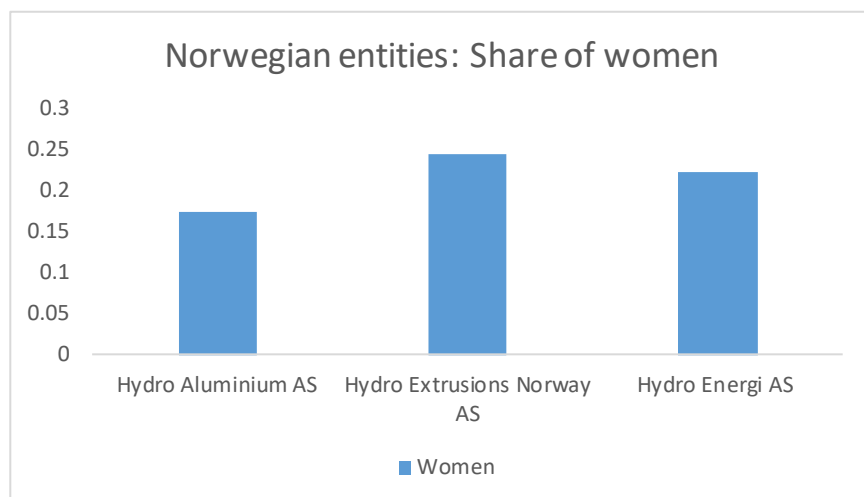
By applying improved analytics tools and going deeper into our employee engagement survey, Hydro Monitor, we are able to better understand the current state of diversity and inclusion in Hydro. Based on this, we form hypotheses for how to improve diversity, inclusion and belonging, and pilot projects to create a sustainable change in matters important to our employees. We will measure progress through annual surveys and establish actions for further improvements, using the results from Hydro Monitor 2020 as a baseline.

Based on findings from analyses, Hydro aims at improving diversity and inclusion through three main areas:

- Foster inclusive leadership and culture for all employees to contribute with their full potential, increasing value creation
- Promote the same opportunity for everyone to contribute and succeed, recognizing that individuals have different starting points
- Increase relevant diversity, both on overall level, among leaders and on team level

We have worked systematically to increase gender diversity in Hydro's operations for more than twenty years, and we acknowledge the challenges and the obstacles that face us as a company, and our industry. While we to a certain extent have succeeded for staff positions, we still have a challenge related to operators. In 1997, the parent company launched its first action plan to promote female employees and leaders.

The ambition set for the share of women in the Hydro Group is 25 percent by 2025, including permanent and temporary employees. The companies covered by this report will contribute to the target. We have a structured approach and will implement concrete actions to meet this.



Research shows inclusive leadership ensures that the different voices within a company are heard, and diverse thinking is appreciated. Through more thorough analyses of Hydro Monitor, a clear finding is that employees desire to be part of an inclusive culture where diverse perspectives are shared and valued. Hence, Hydro focus on developing inclusive leadership to foster an open, curious and safe work environment where everyone is enabled to contribute and generate value. Inclusive leadership, diverse thinking and collaboration will help us to:

- continuously improve ways of working to drive efficiency
- seize new opportunities where our capabilities match global megatrends
- attract and retain talent
- enhance learning and development.

The success is dependent on ownership and accountability from business areas and management, fostering an inclusive workplace is a responsibility placed on every single Hydro employee.

Opportunities for employees with disabilities

We are continuously adjusting working conditions so that all employees have the same opportunities in their workplace.

At the Hydro Group level, how we can generate opportunities and be an attractive employer for employees with disabilities across our global operations, will be part of our strategy work. The companies covered by this report will contribute to this work.

Collaborating with unions and other employee representatives

Through the Global Framework Agreement, the Hydro Group is committed to providing equality of opportunity and treatment in recruitment, employment, training and career development, regardless of race, color, gender, membership or affiliation with a trade union, religion, political conviction, nationality or cultural origin, as required by ILO Conventions 100 and 111 respectively. This includes equal remuneration for men and women for work of equal value. The diversity and inclusion strategy is planned discussed during 2021 in the established communication bodies for dialogue between management and unions.

Status for equal opportunities

The information in this section is based on the information available in the Social statements in Hydro's Annual Report 2020. More information about the reporting principles and the methodology used for data collection and reporting can be found in The Viability Performance Statements in Hydro's Annual Report 2020.

Share of male/female employees

At the end of 2020, there were no women in the boards of directors in Hydro Aluminium AS, Hydro Energi AS and 14 percent in Hydro Extrusion Norway AS. Hydro Aluminum AS has 25 percent female board members at the date of this report.

While gender equality is a challenge among operators at our operational sites, women are well represented in staff positions.

Hydro Monitor

Hydro has a global engagement survey, Hydro Monitor, which is normally run every second year. The last survey took place in 2020 when all permanent employees were invited to participate, and 89 percent responded.

For more information, see also the section Risk for discrimination above.

Compensation

All employees shall receive a total compensation that is competitive and aligned with the local industry standard (but not market-leading). The compensation should also be holistic, performance oriented, transparent, fair and objective. Relevant qualifications, such as performance, education, experience and professional criteria, shall be considered when providing training, settling compensation and awarding promotions.

Salaries in the organization are reviewed on a regular basis. There is no significant gender-pay differentials for employees earning collective negotiated wages.

In 2020, we started the integration of compensation data in our people master data system, and a global job architecture framework was developed enabling us to map all employees in Hydro. The mapping and calibration of the positions will be conducted through 2021. Hydro's global job architecture framework is built on Mercer's International position evaluation system IPE. From 2021 we aim to give more detailed information on gender pay using this framework.

Sick leave

In Hydro Aluminium AS, registered sick leave was 4.8 percent in 2020. Sick leave among male employees was 4.5 percent, and 5.8 percent among women. Sick leave in 2019 was 4.6 percent in total, 4.3 percent among male employees and 6.1 among women.

In Hydro Energi AS, registered sick leave was 2.1 percent in 2020. There were no significant gender related differences in sick leave. Long-term sick leave was 1.2 percent in 2020.

In Hydro Extrusion Norway AS, registered sick leave was 3.9 percent.

Part-time

Hydro employees normally work full-time. The opportunity to work part-time is considered a benefit for which a special application must be made. Starting in 2021, we will examine if there is involuntary part-time among Hydro employees.

Recruitment

We emphasize diversity with regards to nationality, culture, gender and educational background when recruiting and when forming management teams and other working groups. Women are represented in management groups at different levels in the company and we aim to increase the diversity further.

In 2020, 411 new full-time permanent employees were externally recruited to the fully owned smelters in Hydro Aluminium AS. 30 percent of the new hires are women. In the organization as a whole, 18 percent are women.

In Hydro Energi AS, 11 new employees were recruited of which one was a woman, equivalent to 9 percent. The share of women in the organization was 22 percent at the end of 2020.

We are continually adjusting working conditions so that all employees, regardless of their functional ability, have the same opportunities in their places of work.

Parental leave

In 2020, a total of 28 women and 51 men were granted parental leave in Hydro Aluminium AS, in Hydro Energi AS there were 3 women and 7 men, and in Hydro Extrusion Norway AS there were 3 women and 1 man on parental leave. On average, the maternity leave lasted 18 weeks and the paternity leave 13 weeks. Due to the limited number of employees on parental leave in Hydro Energi AS and Hydro Extrusion Norway AS, the average is reported combined for the three companies.

Employment category	Hydro Aluminium	Hydro Extrusion Norway AS	Hydro Energi AS
Permanent - total	2 270	102	188
Women	18%	25%	22%
Men	82%	75%	78%
Temporary - total	593	11	12
Women	31%	9%	25%
Men	69%	91%	75%
Part-time employees - total	265	1	5
Women	46%	100%	20%
Men	54%	0%	80%