

# Diversity and Inclusion Report for Norwegian Subsidiaries

In order to advance in diversity, inclusion and belonging (DIB), Hydro continuously works to improve the approach, associated processes and governance. Our ambition is to have a high-performing and sustainable work environment, based on inclusion of our differences. We want employees to feel a sense of belonging where their voices are heard.

Hydro's approach to and requirements for diversity and inclusion are based on 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.

The following sections provide information on the current status of diversity and inclusion in Hydro, and the activities being undertaken to identify risks, and improve these, in accordance with the requirements on public disclosure in the Norwegian Equality and Anti-Discrimination Act (Likestillings- og diskrimineringsloven).

This report is valid for Hydro Aluminium AS, Hydro Energi AS, Hydro Extrusion Norway AS and Sør Norge Aluminium AS. This diversity and inclusion report is approved independently by each Board of Directors via a reference in each company's Board of Director's report.

## **Our diversity, inclusion and belonging approach**

The starting point in our approach to diversity, inclusion and belonging is to ensure compliance with laws and regulations. However, we value diverse perspectives as important when delivering on our long-term strategic agenda. Our diversity allows us to think differently, approach challenges differently and solve problems differently. Hence, building diversity leadership skills and fostering an inclusive culture is key to our approach.

Hydro is committed to providing equal employment opportunities and treating all employees fairly and with respect. Hydro's employees and business areas 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 and does not tolerate any form of harassment or bullying in the workplace.

## **Identifying and managing risks**

We use our employee engagement survey, Hydro Monitor, to understand the current state of inclusion in Hydro. Based on this, we form hypotheses on how to improve diversity, inclusion and belonging, and pilot projects to create sustainable change. We measure progress through annual surveys and establish actions for further improvements, using the results from Hydro Monitor 2020 as a baseline.

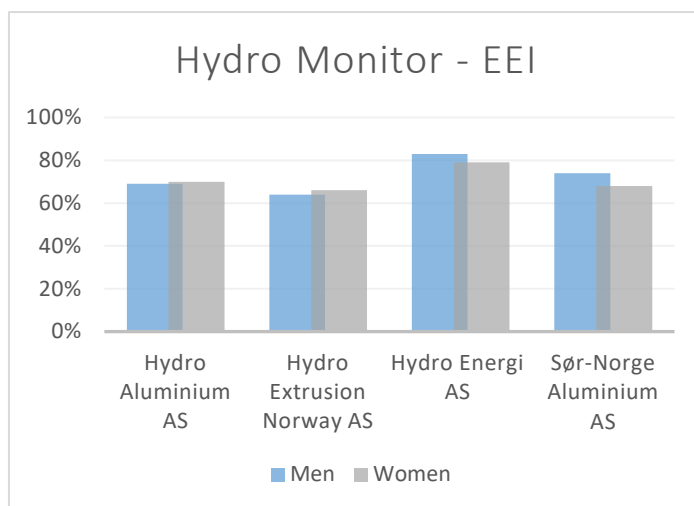
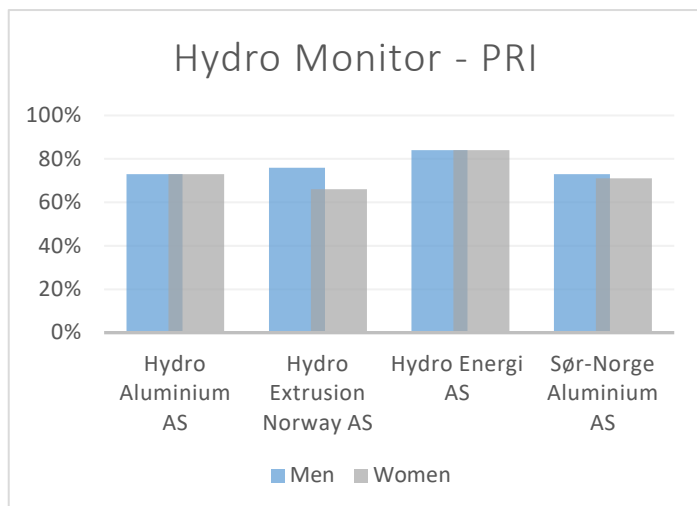
We use Hydro Monitor and the internal and external grievance mechanism, AlertLine, as tools to assess the risk level of discrimination in the organization. We also track relevant employee data from our core employee system. Cases of alleged and/or confirmed discrimination and harassment are relevant indicators from AlertLine, while in Hydro Monitor we use combinations of gender, role and age differences in the employee engagement index and the psychosocial risk indicator as important indicators. From 2021, we will measure and track our inclusion index, consisting of eight questions related to diversity, inclusion and belonging.

To identify risks toward underrepresented groups and ensure that actions are implemented to lift these groups, different tools are provided. These include digital, anonymous focus groups to understand root causes and actions, unconscious bias testing and training, and group guidelines for employee resource groups. Tools and guidelines for all pillars in our strategy are available for the organization to use. These will be further developed, and we also aim to enable employees to engage in fostering an inclusive society.

We have collected several hypotheses and conducted a range of analyses, research and benchmarking. These include:

- Who joins Hydro and who leaves Hydro and when
- What is the current demography and cultural context
- How happy are the employees and what drives intent to stay
- What parental-leave benefits do we offer in different countries we operate in
- How are diversity and inclusion embedded in our people processes
- How minorities perceive engagement and inclusion at Hydro

The analyses have provided us with insight and identified areas for improvement. These are being followed up by the different business areas and corporate staff functions. And these have fed into the setting of our strategy and ambitions. Topics related to diversity and inclusion have not been identified among Hydro's main risks, see Hydro's Annual Report 2021 for more information.



The figures above illustrate the results from our employee engagement survey carried out in 2020.

### Our strategy and ambitions

Through Hydro's global people processes, we aim for the right competence, capabilities and organizational culture to deliver on our strategic agenda – lifting profitability, driving sustainability. Our strategic approach to diversity, inclusion and belonging, is founded on our overall business strategy and our three core values: care, courage and collaboration. The ambition is to have a high-performing, inclusive and sustainable work environment based on inclusion of our differences.

With the overall opportunity of utilizing our diverse workforce for increased value creation, we aim to mature in diversity, inclusion and belonging across three pillars:

- **Inclusion:** Fostering inclusive leadership and an inclusive culture for all employees to contribute with their full potential
- **Equity:** Promoting opportunities for everyone to contribute and succeed, adjusting for the fact that different individuals have different starting points
- **Diversity:** Seeking multiple perspectives and competencies when solving tasks and meeting customer needs. This includes increasing diversity across seniority levels

We aim to foster an inclusive culture, strengthen inclusive leadership, lift underrepresented groups, improve team diversity, increase gender balance, and ensure a diverse talent pool.

### Our 2021 actions and results

To mature in diversity, inclusion and belonging, we are implementing actions at all levels in the organization across our strategic pillars. The learning process has started with the Corporate Management Board, on diversity competence and diversity management. Mandatory introduction training to diversity, inclusion and belonging was implemented in 2021 for all white-collar workers, in 17 languages, and recommended follow-up training provided. It is embedded in all people processes (e.g. recruitment, onboarding, succession) and part of our global leadership framework and included in all our global employee and leadership development programs. We are also developing diversity management competence among leaders.

Hydro Aluminium AS and Sør-Norge Aluminium AS have a Diversity roadmap to set targets, measure progress and establish and conduct different activities to strengthen Diversity, Inclusion and Belonging in the company. In 2021 the company has developed positively with regards to gender diversity and progressed according to long term plans. Specific focus has been made on intake of apprentices, graduates and general recruitment of operators. The company has initiated an initiative in cooperation with union representatives and the research foundation FAFO to better understand root causes and have more focused activities to increase female share at the Norwegian Primary smelters. In 2021 the company ran a pilot to strengthen network and leadership development for a group of female leaders, and based on an assessment of this pilot a full implementation will be considered.

Hydro Energi AS has embedded Diversity, Inclusion and Belonging through several initiatives in 2021. The executive management team have successfully carried out two workshops to mature and challenge biases and perceptions, with the aim to increase ability to lead diverse organizations. Management teams in the company's business areas have increasingly discussed diversity throughout the year. The company have improved on several DIB parameters through target setting and a diversity roadmap. As a growth area in Hydro, the organization is constantly being developed through conscious rotation of employees, recruitment of externals, development plans and internal and external networks, all to ensure a strong and competent organization that is ready to meet future business challenges and opportunities. The total share of females and different nationalities was strengthened in 2021. Diversity is increasingly a part of our branding and communication strategy, which has been emphasized through social media platforms, both internally and externally.

Hydro Extrusion Norway AS established and conducted different activities to strengthen Diversity, Inclusion and Belonging in the company. We work closely with local schools to inform students about professions that the local industry requires. Furthermore, our collaboration with local schools provides an opportunity to get women interested in a career with us. Through schools and training offices, we seek to encourage women to apply for vocational education connected to the industry. This will facilitate a more equal distribution among the sexes. Note that, the company's figures on *gender equality* are presented to the Working Environment Committee twice a year.

### Pay equality and compensation

All employees shall receive total compensation that is competitive and aligned with the local industry standard (not market-leading). The compensation should 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.

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 in a consistent way. An initial mapping of all employees using this structure was completed in 2021. A calibration and governance process will be established during 2022. Hydro's global job architecture framework is built on Mercer's International position evaluation system IPE. Hence, Hydro's architecture consists of two main elements: a job family structure and a job level structure.

The activities and competency requirements determine which family a job belongs to and it is the job that an individual holds that is mapped, not the individual person. The jobs are mapped in the family structure. We map employee positions in a level structure based on the complexity of each job. The job level structure consists of nine levels from operators, specialists to managers. Levels 1 to 3 typically cover operators in our plants, levels 5 and 6 jobs require higher education, e.g. bachelor or master with typically 1-5 years of experience. Levels 6 and 7 are jobs that require extensive experience in their area of expertise and levels 8 and 9 cover our most senior specialist and management positions.

### Gender-related compensation differences in Hydro's Norwegian activities in 2021

In order to look at gender-related compensation differences in Hydro's Norwegian activities, the global job architecture has been used to ensure that men and women in jobs with equal complexity have been compared. This includes all permanent and temporary employees in full-time and part-time positions. To ensure consistency and relevant comparison, "on call" and summer substitutes are excluded from the analysis. "On call" and summer substitutes are all operator positions and are paid tariff-regulated salaries. There are no differences in the compensation structure between men and women in this group.

The compensation comparison is split into annual salary (contractual fixed base salary) and total compensation (includes bonus, overtime, shift allowances and other cash based allowances).

In the tables below the gender proportion per on each of the global job architecture levels are presented together with the comparison of women's annual salary and total compensation is compared to mens on the same levels.

As for the whole of Hydro, we see the same picture that men have a higher total compensation then women, especially on the highest specialist and management positions. The tables below present the gender distribution and the differences in salary between men and women.

#### Hydro Aluminum AS

Level	Share of Women (%)	Share of men (%)	Total Employees	Annual salary (women vs men)	Total compensation (women vs men)
1	-	-	0	-	-
2	18 %	82 %	1274	99 %	94 %
3	26 %	74 %	54	106 %	106 %
4-5	18 %	82 %	657	113 %	102 %
6-7	13 %	87 %	246	101 %	99 %
8-9	24 %	76 %	37	105 %	108 %
<b>Total</b>	18 %	82 %	2268	103 %	97 %

Sør-Norge Aluminium AS

Level	Share of Women (%)	Share of men (%)	Total	Annual salary (women vs men)	Total compensation (women vs men)
1	-	-	0	-	-
2	19 %	81 %	244	99 %	94 %
3	33 %	67 %	12	103 %	91 %
4-5	12 %	88 %	59	95 %	90 %
6-7	10 %	90 %	21	89 %	91 %
8-9	-	-	-	-	-
<b>Total</b>	<b>18 %</b>	<b>82 %</b>	<b>336</b>	<b>94 %</b>	<b>90 %</b>

Hydro Energi AS

Level	Share of Women (%)	Share of men (%)	Total Employees	Annual salary (women vs men)	Total compensation (women vs men)
1	-	-	0	-	-
2	-	100 %	3	-	-
3	4 %	96 %	49	89 %	76 %
4-5	25 %	75 %	102	100 %	96 %
6-7	28 %	72 %	60	93 %	91 %
8-9	36 %	64 %	22	88 %	84 %
<b>Total</b>	<b>22 %</b>	<b>78 %</b>	<b>236</b>	<b>110 %</b>	<b>104 %</b>

Hydro Extrusion Norway AS

Level	Share of Women (%)	Share of men (%)	Total Employees	Annual salary (women vs men)	Total compensation (women vs men)
1	-	-	0	-	-
2	23%	78 %	80	100 %	99 %
3	-	-	-	-	-
4-5	28 %	73 %	40	94 %	90 %
6-7	-	-	-	-	-
8-9	-	-	-	-	-
<b>Total</b>	<b>24 %</b>	<b>76 %</b>	<b>120</b>	<b>95 %</b>	<b>93 %</b>

**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 2021. More information about the reporting principles and the methodology used for data collection and reporting can be found in The Environmental and social statements in Hydro's Annual Report 2021.

**Share of male/female employees**

At the end of 2021, the legal entities had the following share of women on the board of directors:

- Hydro Aluminium AS – 25 %
- Sør Norge Aluminium AS – 20 %
- Hydro Energi AS – 25 %
- Hydro Extrusion Norway AS – 0 %

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.

### 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. In 2021, we reviewed if there were any cases of involuntary part-time work in our Norwegian activities. The review confirmed that all employees working part time had applied for reduced working hours.

### 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.

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

### Summary statistics

Entity	No of employees (permanent)		No of employees (temporary)		Parental leave (average number of weeks)*		Permanent employees on Part-time		Temporary employees on Part-time	
	Total	% propotion of women	Total	% propotion of women	Men	Female	Total	% proportion of women	Total	% proportion of women
Hydro Aluminium AS	2 266	18%	266	23%	12,7	19,5	20	65%	4	75%
Sør-Norge Aluminium AS	336	18%	54	20%	**	**	6	33%	0	
Hydro Energi AS	278	24%	4	0%	15,6	15,6	4	25%	1	0%
Hydro Extrusion Norway AS	117	24%	**	**	**	**	1	100%		

\* Average number of weeks is calculated based on parental leave in 2021. Hence, employees with parental leave stretching over more than one financial year might distort the average.

\*\* Data omitted due to limited sample size.