Responsible conduct – an integrated part of business

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Kirsten M. Hovi, head of Viability Reporting
Pål Kildemo, IR officer
Agenda

1. Company overview
   Pål Kildemo and Kirsten M. Hovi

2. Aluminium – part of the solution
   André Fey

3. Reducing our energy consumption

4. Helping our customers reduce their energy consumption

5. Reforestation in Brazil – our licence to operate

6. And …

7. Summing up
Company overview
Resourceful and integrated

- Global provider of aluminium and aluminium products
- Leading businesses along the value chain: energy, raw materials, primary metal products, aluminium components and solutions, recycling
- 22,000 employees in 40 countries. 40,000 customers in 110 countries
- Annual revenues NOK 64 billion (2012)
- Market cap ~NOK 55 billion (May 2013)
- Annual R&D: NOK 250 million (2012)
- Included on Dow Jones Sustainability Indexes and FTSE4Good

* Agreement with Orkla to merge Extruded Products with Sapa – pending regulatory approval
Attractively positioned, global reach

Norway
- 900,000 tpy hydro-powered aluminium capacity
- Technology center, R&D for next-generation smelter
- Hydropower developments
- Recycling/remelting

North America
- Alouette aluminium smelter in Canada, expansion potential
- Remelting

Continental Europe
- Leading upstream, midstream and Rolled Products positions
- Recycling network

Brazil
- World-class operations and resource base
- Bauxite and alumina growth projects
- Albras aluminium smelter

Middle East
- Qatalum 1 in production
- Qatalum expansion opportunity

Extruded Products
- 50% ownership in global leader in extruded products*

Australia
- Primary aluminium production

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Australia
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* Pending regulatory approval
Hydro – a first tier aluminium company

Production in 2012 in aluminium equivalents excluding China, thousand mt

Source: CRU, Hydro
We are strengthening our asset base

- Curtailing 26% of primary metal capacity
- Launching USD 300 million program
- Acquiring bauxite and alumina assets
- Starting up Qatalum
- Announcing SAPA JV
- Climb 10
- 2009
- 2010
- 2011
- 2012
Innovations in R&D and technology
Bringing Hydro to technology and industry leadership

Casting technology
- GC (Gas Cushion) casting technology for extrusion ingot
- SIR/RAM: Melt refining units
- Casting reference center, Sunndal (1999)
- Flexible molds for sheet ingot

Alloy development
- High-speed alloys for building applications
- 6xxx alloys for high formability BW automotive applications
- Heat transfer alloys (long-life)
- Recycling Friendly Alloys for lacquered sheet
- 1xxx alloys for litho

HAL300 implementation
- 13.3 kWh/kg Al
- 1.6 kg CO2/kg Al
- Qatalum built on HAL300 and Hydro casting technology (2010)

Bauxite pipeline
- World’s first and only bauxite pipeline

Electrolysis cells
- Årdal pilot plant
- HAL4e: 12.5 kWh/kg Al
- HALsee: <12 kWh/kg Al

1985
- Litho line, Grevenbroich
  Global market leadership; volume and quality

1990
- Extrusion die technology
  - High-productivity hollow dies: 30-50% productivity increase
  - Multi-port extrusion dies

1995
- Process simulation
  - Alsim
  - Alstruc
  - Rose-Roll

2000
- Automotive line/litho expansion, Grevenbroich
- Market entry in automotive strip

2005
- Energy-efficient buildings
  - Bellenberg, DE: Energy-positive pilot building
  - Other HBS innovations

2010
- New product applications
  - HVAC industry accepts Al tubes in their products
  - New automotive applications
  - Entry solar thermal market
Ambitious improvement programs delivering results

Underlying EBITDA per mt in USD for respective primary metal divisions

1H 2011 | 2H 2011 | 1H 2012 | 2H 2012

Hydro Peers

All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only.
Governance structure following Norwegian corporate law
Corporate governance

• All corporate directives are based on The Hydro Way
  – Hydro’s Code of Conduct
    – Valid to all employees and board members
    – Extensive training in the code and Hydro’s integrity program
  – Hydro’s People Policy
  – Hydro’s Social Responsibility
  – Hydro’s HSE Policy

• Hydro follows the Norwegian code of corporate governance of October 2012
  – Two deviations related to section 6, General meeting of shareholders:
    – The entire board of directors has generally not participated
    – The general meeting is chaired by the chair of the corporate assembly – as stated in Hydro’s articles of association
  – One deviation related to section 14, Takeovers:
    – The board of directors has chosen not to prepare explicitly formulated general principles for handling takeover bids
    – The Norwegian state owns 34.26 percent of the Hydro shares and has clearly expressed a long-term ownership perspective in Hydro
An early mover

Environmental Report

Inclusion in DJSI since the beginning

Global reporting initiative - GRI

Integrated reporting

Founding member UN Global Compact

Carbon Disclosure Project

Public target setting

ICMM’s 10 Principles GRI Mining & Metals Sector Supplement
Aluminium – part of the solution
Aluminium – part of the solution

We reduce energy consumption and emissions in our own processes

We develop products and solutions that help our customers reduce energy consumption and emissions

We recycle aluminium using only 5% of the initial energy consumption
### Transforming the way we use energy

<table>
<thead>
<tr>
<th>Energy efficient, low-emission electrolysis</th>
<th>Lighter vehicles</th>
<th>Zero emission/ Energy surplus buildings</th>
<th>Enhance solar energy growth</th>
<th>Packaging that reduces food waste</th>
<th>Recycling and reusing aluminium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce energy consumption, improve cell efficiency, CO2 capture ready cells</td>
<td>Reduce fossil fuel consumption and GHG emissions from cars by making them lighter with use of aluminium</td>
<td>Reduce energy consumption and GHG emissions from buildings</td>
<td>Reduce emissions from fossil fuels by contributing to make solar energy solutions lighter, simpler and cheaper with use of aluminium</td>
<td>Reduce GHG emissions related to food production by conserving and protecting food better in storing and transport, thus reducing food waste</td>
<td>Reduce waste in a world of limited resources by recycling aluminium endlessly</td>
</tr>
</tbody>
</table>
The world demands more and more aluminium
Half of Hydro’s production contributes to net GHG reductions

Norwegian aluminium in the forefront

Ton CO₂ equivalents per ton aluminium

Source: Institut für angewendte Ökologie (Öko-institut e.V.), 12.5.2011
HSE, CSR and compliance are key components in a performance culture

TRI rate (1 million hours worked)

- 2002: 10.3
- 2003: 7.0
- 2004: 6.0
- 2005: 5.4
- 2006: 4.0
- 2007: 4.1
- 2008: 3.9
- 2009: 2.9
- 2010: 3.7
- 2011: 3.8
- 2012: 3.4

People
Reducing our energy consumption
Significant improvements in Hydro’s emissions

Lower GHG emissions
Kg CO$_2$e / kg aluminium

Lower energy consumption
KWh / kg aluminium

Specific emissions (average) from Hydro’s Norwegian aluminium plants
Specific energy consumption (average) at Hydro’s Norwegian aluminium plants

-75%
Helping the customers reduce their energy consumption
POWERHOUSE
Buildings account for 40% of the world’s energy consumption.
EU: All new buildings shall be near energy-neutral in 2020

A great opportunity for companies developing solutions
The Powerhouse founders:

- Skanska, developers
- Snøhetta, architects
- ZERO, environmental organization
- Entra, property developers
- Hydro, aluminium company
Powerhouse is a collaboration on energy-positive buildings

We want to change how we cooperate in the building industry

All key competence in a project should be available from the beginning
An energy-positive building is a building which during its operational phase generates more renewable energy than what was used for the production of building materials, its construction, operation and disposal.
Energy self-sufficient

- To be completed February 2014
- Two office buildings of approx 5200 m²
- Before the renovation started the buildings consumed approx 250 kWh per m² annually
- Energy ground-wells provide natural heat and cooling
- Efficient heat recovery reduces energy demand
- Good insulation
- 230 000 kWh from solar cells
- Extensive re-use of materials
Norway’s largest solar cell plant, to produce 230 000 kWh annually
The Powerhouse alliance is planning for the world’s northernmost energy positive building in Trondheim, Norway.

The Powerhouse alliance is currently rehabilitating an ordinary office building to an energy positive building outside Oslo – maybe the first of its kind.
Reforestation in Brazil – our licence to operate
Reforestation is key to long term viability
Closing the reforestation gap

Reforestation gap to be closed by 2020
We use best available technology

- Preserving natural biodiversity
- Exchanging best practice
  - Juruti, MRN and Paragominas on the nucleation method
  - University of Oslo to create a research program connected to our mining operations
  - Supporting Green Municipalities to train 90 technicians in forest surveillance
- Closing the reforestation gap by 2020
Leaving something behind
Investing in education
And ...
Aiming to lift hydropower production to 10 TWh

Power production capacity (TWh), per region and reversion year

<table>
<thead>
<tr>
<th>Region</th>
<th>Normal production</th>
<th>2023</th>
<th>2051-2057</th>
<th>2044-2049</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telemark</td>
<td>3.0</td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sogn</td>
<td>3.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Røldal-Suldal</td>
<td>2.8</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Power producing assets and ongoing projects
  - Maintain cost control in operations and projects
  - Holsbru and Vasstøl power plants into operation during 2012
  - Rjukan upgrade project ongoing

- New growth projects
  - Mature new equity growth options
  - Growth potential in excess of 0.5 TWh

- Framework conditions
  - Reversion regime secures full value of energy assets
  - El-certificates support investments in new capacity
Recycling – a *pure* bonus

Aluminium – the energy bank

- 75% still in use
- 5% of initial energy use to recycle
• Summing up
  • Reducing our footprint
  • Helping to reduce the customer’s footprint
  • Giving used aluminium a new life