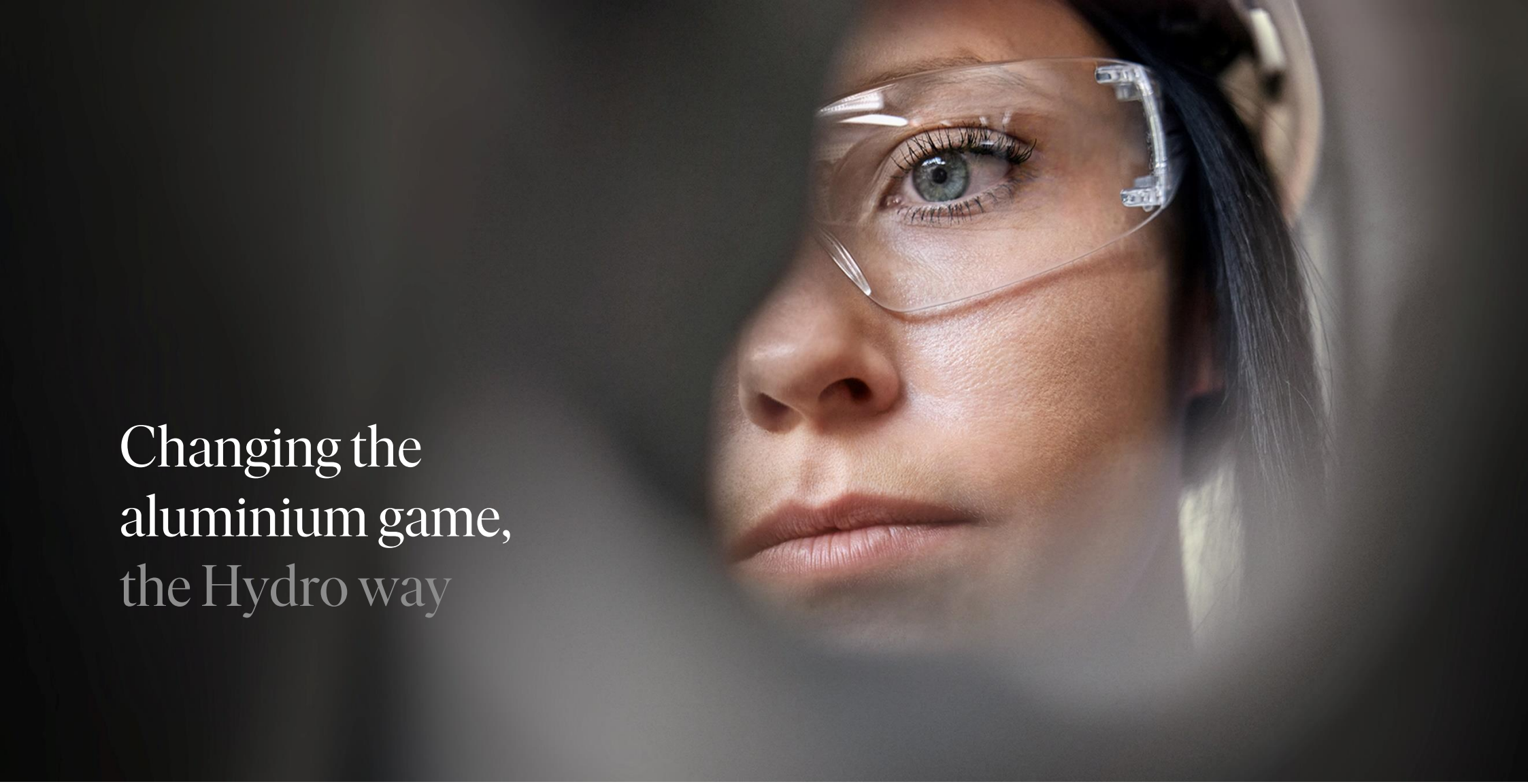


Changing the aluminium game, the Hydro way

Integrated annual report 2023

February 13, 2024

Hydro

Introduction

Hydro's Annual Report 2023

The enclosed Annual Report and Financial statements, together with the accompanying notes, fulfill Hydro's Norwegian statutory requirements for annual reporting. The Annual Report 2023 is available in Norwegian on our website Hydro.com.

Throughout the report, Hydro refers to Norsk Hydro ASA and its consolidated subsidiaries if not otherwise stated.

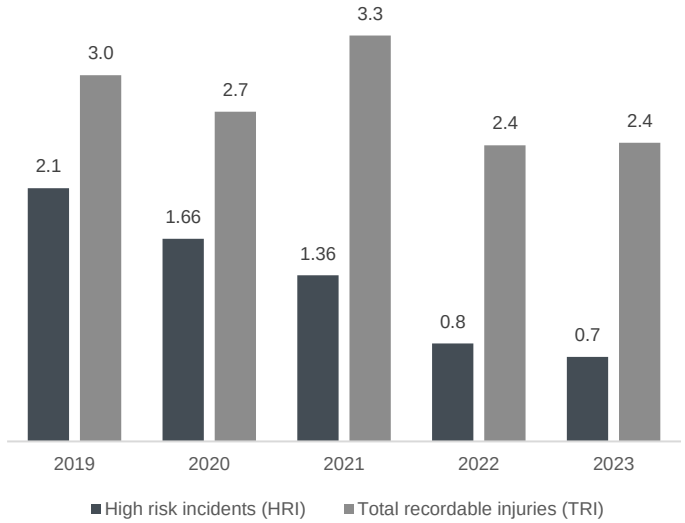
Our 2023 highlights

2023 has seen megatrends continue to push for the green transition and drive demand for low-carbon aluminium, and Hydro expects an annual value creation potential from green premiums towards 2030 of upwards to NOK 2 billion. Consequently, Hydro is facing a new reality in which the company is uniquely positioned to create value and pioneer the green aluminium transition by utilizing its integrated value chain to deliver low-carbon products with provenance and a strong sustainability profile.

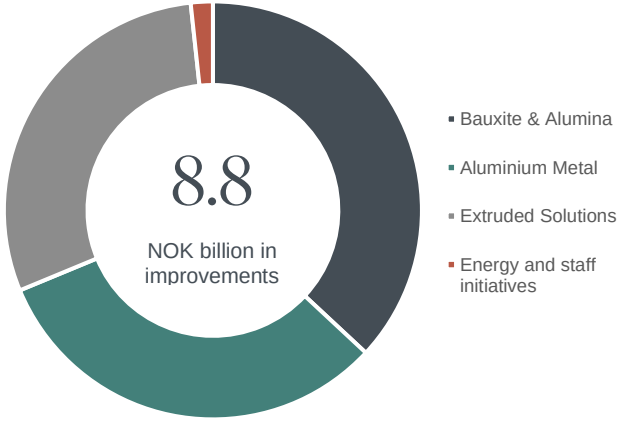
Hydro's large portfolio of profitable growth projects within Recycling and Extrusions, combined with Hydro's detailed decarbonization roadmap which is aimed at taking the company to net-zero CO_2 by 2050, is designed to capture growth opportunities by expanding and growing the greener offerings, giving Hydro the opportunity to strengthen its robust position by strategically allocating growth capital to selected parts of its integrated value chain.

Hydro's low position on the cost curve, strong track record on shareholder value creation and long-term renewable power contracts ensures Hydro's ability to capitalize on long-term opportunities during periods of short-term market downturns. And by entering into strategic partnerships, Hydro aims at shaping the market for greener aluminium, while supporting the pathway to net-zero aluminium products.

Incidents per million hours worked



Improvements, NOK billion



Purpose

Create a more viable society by developing natural resources into products and solutions in innovative and efficient ways

Our strategy

Pioneering the green aluminium transition, powered by renewable energy

443,760

tonnes[1] post-consumer scrap recycled in 2023, 38 percent up compared to 2022

22.3

billion NOK Adjusted EBITDA

197 000

people reached with education and capacity building initiatives since 2018

7.1 %

Adjusted RoaCE

1) Including Alumetal full year

Letter to stakeholders

Shifting gear to capture opportunities in a new reality

In 2023 we saw a year marked by the consequences of wars, geopolitical rivalry and the battle against inflation, which led to challenging markets and weaker financial results. However, while managing the uncertainty in the short-term, we are strengthened in our conviction about the long-term commercial opportunities arising from the green transition and the key role aluminium is set to play.

The green transition is progressing with full force and aluminium demand from sectors supporting it remains robust. To realize the low-carbon circular economy is not easy and requires bold moves, but we consider the green transition a fundamental megatrend on which we will build. Hydro is determined to pioneer the green aluminium transition, powered by renewable energy.

Our People

Hydro's most important asset is our 33,000 colleagues across 40 different countries who make Hydro stronger and better positioned in a fast changing world. Throughout the company our people, driven by their dedication and determination, use their skills and experience, to deliver on our ambitious strategic agenda. Nurturing a diverse and inclusive workplace environment is critical to reach our targets of constantly improving our greener product ranges and practices, better cost positions, and improved market positions.

Health and safety is our top priority. Over the past years, Hydro's safety performance has improved significantly, with lower injury rates and fewer high-risk incidents. Sadly, October 2023 represented a large setback for us, as we experienced one fatality involving a contractor at our alumina refinery in Brazil and one fatality involving a contractor at our joint venture Qatalum in Qatar. Although the fatality in Brazil is not concluded as work related and investigations of root cause are on going, two young men did not return home from work. These incidents are a stark reminder that good safety results can never be taken for granted. Safety is and must be on the top of the agenda, every day and hour in our operations, including contractors working for us. Our ultimate target is an injury free environment, for our own employees and our contractors.

Robustness and resilience

In 2023, we delivered an adjusted EBITDA of NOK 22,258 million, down from the record year of 2022, as metal prices fell on 4 percent lower primary demand in the world outside China, resulting from the current macroeconomic turmoil. In European markets for extruded products, demand fell by 17 percent year over year. Even with these changes, Hydro Extrusions delivered their second highest adjusted EBITDA of NOK 6,480 million, as growth in high-margin segments offset a large share of the volume decline.

We have worked actively on strategic capital allocation over the past years. In 2023, we made significant reallocations within the portfolio as we sold a 30 percent share of our Alunorte alumina refinery to Glencore, freeing up financial resources to be allocated into Hydro's ambition to grow in Recycling and Extrusions. This includes the acquisition of the Polish aluminium recycling company, Alumetal, strengthening our recycling position in Europe. We were also pleased to finalize the capital raise for Hydro Rein, partnering with Macquarie Asset management for further renewables growth.

Hydro launched its improvement program in 2019, with the ambition to deliver NOK 7.3 billion by 2023. In 2020, we launched our commercial ambition which aimed to achieve commercial uplift of NOK 2 billion by 2025. The programs comprise all business areas and reflect our continuous focus on operational excellence, cost competitiveness, strong market positions, and differentiation in sustainable products. The original improvement program target was achieved in 2022, and we continue raise to our ambitions and identify new improvement opportunities.

In 2023, our improvement program achieved accumulated improvements amounting to NOK 8.8 billion annually compared with 2018 baseline. We launched a new ambition in November last year to reach NOK 14 billion in accumulated improvements by 2030.

Our commercial ambition aiming to improve results by NOK 3 billion by 2027, compared with 2018 is on track, reaching NOK 2.4 billion as of 2023. Positive developments in the markets for greener products has led us to lift the ambition to reach NOK 6.1 billion in accumulated improvements by 2030.

Within both alumina and primary aluminium production, we have low and robust cost positions in the first quartile, with ambitions to further improve.

All of the above, has supported an adjusted return on average capital employed (ARoaCE) of 11 percent over the last five years, above our target of 10 percent over the cycle. Reflecting the current volatile market environment, and a year with high growth and return seeking investments, the ARoaCE for 2023 was 7.1 percent.

Improved earnings allow for competitive shareholder returns, and since 2019, we have distributed NOK 30.7 billion to shareholders, with a proposal to pay out an additional NOK 5 billion for 2023, 59 percent of adjusted net income per share, and NOK 2 billion of share buybacks.

Greener aluminium stands out in the markets

The market for greener aluminium is growing at a high pace. Combined with the roadmap we have set out towards 2030 to pioneer the green aluminium transition, we believe in a significant value creation potential for Hydro. Our ability to utilize our integrated value chain delivering low-carbon products with a strong sustainability profile, will create value for our customers and shareholders alike.

The green transition is driving the need for critical materials like aluminium. Even in weaker markets there is a strong pull for more aluminium in segments like automotive, buildings and construction, and renewable energy infrastructure. Political and regulatory priorities in the major economies underpin demand for low-carbon solutions and renewable energy.

While aluminium helps reducing emissions in the use-phase, it also matters how aluminium is produced. What is becoming increasingly evident, is that the most ambitious players in the market are now looking beyond aluminium's material properties. Carbon content, nature impact, and social profile of the manufacturer, are becoming more and more important.

End consumers, society at large and regulators are becoming increasingly concerned about the full value chain emissions in the products entering the market. Customers are turning to the materials market to find providers who not only can deliver aluminium with the lowest possible emissions today, but also have credible pathways towards net-zero.

Shifting the gear, changing the game for aluminium

Hydro is already a front runner offering market leading low-carbon products. Our new 2030 strategy has several paths leading towards net-zero by 2050 or earlier, stepping up our efforts to decarbonize our value chain, changing the game for aluminium.

These include clear targets and tangible milestones addressing climate, nature, and social impacts from mining, refining, and energy generation to electrolysis and extrusions as well as ambitious targets to increase our use of post-consumer scrap beyond the original target of doubling by 2025.

We are expanding in recycling in Europe and the U.S.

The acquisition of Alumetal, completed in July, supports our recycling strategy in Europe by increasing the post-consumer scrap (PCS) usage by approximately 150,000 tonnes per year.

Our greenfield Cassopolis recycling plant in Michigan opened in November 2023, and will supply the U.S. market with 120,000 tonnes of recycled extrusion ingot per year, including introducing large-scale supply of Hydro CIRCAL to the U.S. market.

Similar projects are being built in Hungary, Germany and Spain, increasing Hydro's recycling capacity further. In addition to investments in capacity, we are investing in developing our scrap sorting technology to be able to dig deeper into the scrap pile. This will allow us to recycle even more low-grade scrap and enhance margins while doing it.

We are expanding in aluminium extrusions

The green transition is creating unforeseen market opportunities that were not apparent just a few years ago. This includes the comprehensive transformation of the entire automotive supply chain to serve the transition towards electric mobility, and the growing solar sector where aluminium is preferred for mounting systems and frames. We are positioning ourselves towards expected growth in demand for low-carbon aluminium solutions. Our ambition is to turn our portfolio from general extrusions to strengthen our supply in high end segments of extruded aluminium, increasing investments accordingly.

The acquisition of the German company Hueck, completed last March, strengthens Hydro Extrusions' offerings in the European market for building systems and extruded solutions. Additionally, our investments in new presses in Nenzing, Austria and Rackwitz, Germany, last year further strengthens our position in the market.

We are stepping up ambitions within renewable energy

With more than 70 percent of our primary aluminium production covered by renewable power, we have a very good starting point for low-carbon aluminium. Renewable energy at competitive cost is the most important enabler for our low-carbon aluminium position. Having the capabilities to develop, operate, and manage renewable power production at scale, in-house, is a significant advantage for Hydro.

Towards 2030 we will expand and upgrade some of our existing hydropower plants in Norway, and also look into new projects, including pumped power stations, to seize peak prices and capitalize on the growing value of capacity for flexible power production. In Norway, we have initiated new land based wind and solar projects in partnership with other renewable energy developers through Hydro Energy.

Hydro Rein is our main vehicle to ensure the development of renewable energy for decarbonizing our own and other industries at affordable cost. Over the past years, Hydro Rein has developed a significant portfolio of renewable energy projects and contracts with industrial off takers. The Hydro Rein partnership with Macquarie Asset Management secures a USD 300 million capital raise to finance and accelerate projects in the Hydro Rein pipeline. The current 6.9 GW portfolio pipeline in the joint venture (gross capacity) consists of renewable energy projects from projects both under construction and in early stage development in the Nordics and Brazil.

We are executing our ambitious decarbonization roadmaps and stepping up to contribute to nature positive and just transition

Going forward, we will continue on our path towards net-zero, chasing the carbon out of our processes with full force. Simultaneously, we will step up our contribution to a nature-positive future and a just transition.

Towards 2030 Hydro maintains our ambition of 30 percent reduction in GHG emissions, targeting net-zero by 2050 or earlier. An important milestone on this journey will be to demonstrate emission free smelting technologies that can produce near-zero aluminium at an industrial pilot scale by 2030.

In Bauxite & Alumina, we are executing on our fuel switch project in Brazil. Liquified natural gas will replace fuel oil, reducing CO_2e emissions by 700,000 tonnes a year. The transition to gas will take place during the first half of 2024. The next step is to replace coal fired boilers with electric heating. The first electric-boiler is in operation and the next two will be operational by the end of 2024, reducing CO_2e emissions by an additional 400,000 tonnes a year.

The most challenging part is to get the carbon out of our electrolysis processes. Here we are pursuing two paths. The first path is to test technology for capturing CO_2 from our low-concentration off-gas with the goal of first CO_2 capture by 2024 and demonstrating this in industrial pilot scale by 2030.

The second path is to develop a new smelter technology. Our own HalZero technology project aims to eliminate carbon emissions from both electrolysis and anode baking in primary aluminium production, keeping CO_2 in a closed loop to avoid emissions. In December, Hydro took a bold decision to construct a test facility for the zero-emission HalZero technology, with the aim to produce first metal by 2025.

Our decarbonization efforts are addressing all sources of emissions, also in the casting process.

- On a trial basis, we have started using more recycled material as “cold metal” to lower the carbon footprint in casted products.
- To further reduce casthouse emissions, in Sunndal, Norway, we are testing the use of biomethane to replace fossil energy.
- Also, in Sunndal, Hydro is testing plasma technology to replace fossil fuel with electric heating in the casting process.
- In Navarra, Spain, Hydro Havrand ran a successful pilot using green hydrogen as the source of process heating.

Sustainability is more than climate. Nature and social responsibility have become increasingly important, with expectations from all stakeholders on the rise.

In August 2023, Hydro announced its conformance with the Global Industry Standard on Tailings Management (GISTM) in line with the company’s commitment to implement the standard. At Paragominas, the Tailings Dry Backfill method puts dried leftovers from bauxite mining back in mined areas before they are rehabilitated and reforested. This eliminates the need to build new permanent tailings dams and supports our ambitions to protect biodiversity.

In Hydro, we are committed to improving lives and livelihoods in the local communities where we operate. We respect and promote human rights through continuous dialogue as well as due diligence processes to identify and mitigate potential human rights risks. Our community surveys show continuous improvement following a number of social initiatives in the local communities.

In 2023, we started to implement our Just Transition framework. Supporting and respecting human rights is at the core of this framework, so is education. Long-term support to initiatives strengthening people's basic rights like Sustainable Barcarena Initiative (SBI), TerPaz (local community centers) and building a technical school in Barcarena, are all examples of how we contribute to improve lives and livelihoods locally. Our target is to upskill 500,000 people by 2030 through community programs and partnerships. As of 2023, more than 197,000 people have benefitted from education and training programs supported by Hydro.

Working to improve industry standards for human rights, transparency and responsible production, we are engaging with a range of international organizations. Hydro is a signatory member of the UN Global Compact and a committed member of the Aluminium Stewardship Initiative (ASI).

Receiving the Mercedes-Benz sustainability supplier award in June 2023 is an important recognition of our sustainability work from a high-end customer, renowned for setting strict human rights and sustainability requirements for their suppliers.

Hydro is committed to applying ethical business practices and compliance throughout its organization and supply chain. In 2023, Hydro’s score improved further on several important ratings related to Environmental, Social and Governance (ESG).

We are shaping the markets for greener aluminium

During the past two years ambitious players like Mercedes-Benz, Polestar, Porsche and Volvo Group have teamed up with Hydro to decarbonize their future vehicle production. These partnerships represent a new business model where the traditional supplier and purchaser relationship has evolved into a strategic cooperation on common objectives.

Hydro is in a unique position because we are one of very few fully integrated aluminium companies in the world. With the full aluminium value chain in-house, we can provide our customers with full traceability and transparency from when the bauxite is mined until the finished extruded solution. We are already in the market with leading renewable energy based low-carbon aluminium, and recycled offerings. This is not going unnoticed among our customers where we are experiencing a systemic shift, with a pull to secure ultralow-carbon materials, accompanied by an increasing willingness to pay a premium for best-in-class materials. Based on these developments and our determination to take a leading role, we have set an ambition to deliver an additional NOK 2 billion in greener earnings uplift by 2030.

In November, Hydro joined the First Movers Coalition to accelerate the green aluminium transition. The idea behind the initiative is to use the member’s purchasing power to create early markets for innovative clean technologies across hard to abate sectors, which will help suppliers overcome what is currently a major hurdle for the green transition by softening the most serious risks and costs of innovating and investing. This is a practical example of how it is possible to enable competition based on sustainability credentials rather than just cost.

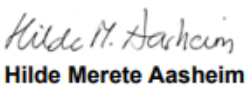
Hydro has a unique position to succeed in a new reality

At our Capital Markets Day last November, we launched our updated strategy with the ambition of making Hydro the industry front runner in the greener aluminium transition. Hydro is in a robust position. We are low on the cost and emission curves compared to our peers. Combined with our long-term renewable power contracts, we are able to handle the short-term market downturn, without losing sight of the long-term opportunities.

Supported by a solid financial framework, ensuring financial strength and flexibility, we can do just this, while at the same time enabling competitive shareholder distribution, remaining true to our dividend policy and capital structure target.

We have delivered strong relative shareholder returns since 2020, and we are confident that Hydro is uniquely positioned to continue generating value in this new reality. We look forward to continuing our legacy of building industries that matter by pioneering the green transition and creating value for all our stakeholders.

Dag Mejdell
Chair



Hilde Merete Aasheim
President and CEO

Key events 2023

February

Hydro and Wave Aluminium to recover minerals from bauxite residue. Read more

March

Hydro delivers first near-zero aluminium for European building and construction market. Read more

Hydro's HalZero technology reaches a new milestone. Read more

Hydro completes the acquisition of Hueck building systems and extrusion business. Read more

April

Porsche and Hydro unite to further decarbonize the supply chain of sports cars. Read more

May

Hydro and Saint-Gobain Glass partner to decarbonize building facades. Read more

June

World's first batch of recycled aluminium using hydrogen fueled production. Read more

Hydro receives Mercedes-Benz sustainability award. Read more

July

Hydro completes acquisition of Alumetal, strengthening recycling position in Europe. Read more

Hydro reaches ASI certification milestone in the United States and Canada. Read more

August

Hydro in conformance with the Global Industry Standard on Tailings Management. Read more

One of the most modern extrusion lines in Europe has been successfully put into operation at Hydro Nenzing. Read more

September

New casting line opens in Rackwitz to meet growing demand for low-carbon aluminium. Read more

October

Hydro Rein and Macquarie Asset Management become partners to develop more renewable energy for industries. Read more

Fatality at the Alunorte refinery in Brazil. Read more

Fatality at Hydro's joint venture partner Qatalum in Qatar. Read more

November

Hydro opens new aluminium recycling plant in Cassopolis, Michigan. Read more

Hydro joins the First Movers Coalition to accelerate the green aluminium transition. Read more

December

Hydro completes sale of assets in Brazil to Glencore. Read more

Hydro and Volvo Group join forces to accelerate net-zero transportation. Read more

Hydro reports impairment losses of approximately NOK 4.9 billion. Read more

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Our Business

Unique position in a new reality

About Hydro

Innovative and sustainable processing of natural resources has defined Hydro since its establishment in 1905. It started in Notodden, Telemark with the use of hydropower to extract nitrogen from the air for production of mineral fertilizer needed to feed a growing population.

Today, Hydro mine and refine raw materials, produce renewable energy to make low-carbon primary aluminium, and develop advanced and sustainable aluminium solutions for customers. Hydro also develops recycling technologies to bring as much as possible of the infinitely recyclable aluminium back into the aluminium loop, after serving a life in use.

Hydro's history has always been about producing useful products that the world needs, about human creativity and harnessing what nature has to offer, about the ability to see possibilities and to realize limitations. Hydro's history is characterized by a vital drive, created by people who care for each other and the world around them. More information on Hydro's history is available on Hydro's website.
Hydro owns and operates its fully integrated global aluminium value chain through its four business areas:

- Hydro Bauxite & Alumina represents the first two links of the aluminium value chain through bauxite mining and alumina refining.
- Hydro Energy is a major renewables producer, market operator and developer of businesses for the energy transition.
- Hydro Aluminium Metal is a leading supplier of extrusion ingots, sheet ingots, foundry alloys, wire rods and high purity aluminium with a global production network.
- Hydro Extrusions delivers tailored aluminium components and solutions to customers around the world.

Uniting experts is the best way of creating innovation and developing aluminium solutions for the future. Hydro is continuously striving to bring out the best of our people and organization, and to add lasting value through collaboration and partnerships with customers and societies we are part of.

Our presence and values

Hydro owns and operates various businesses and has investments with a base in sustainable industries across the globe creating a safe and secure workplace for 33,000 employees in more than 140 locations and 40 countries.

Hydro's values of care, courage and collaboration, reflect how the company aims at interacting with its employees, local communities, customers and suppliers.

Care

We act with respect for people and the environment, and place safety at the heart of our operations.

Courage

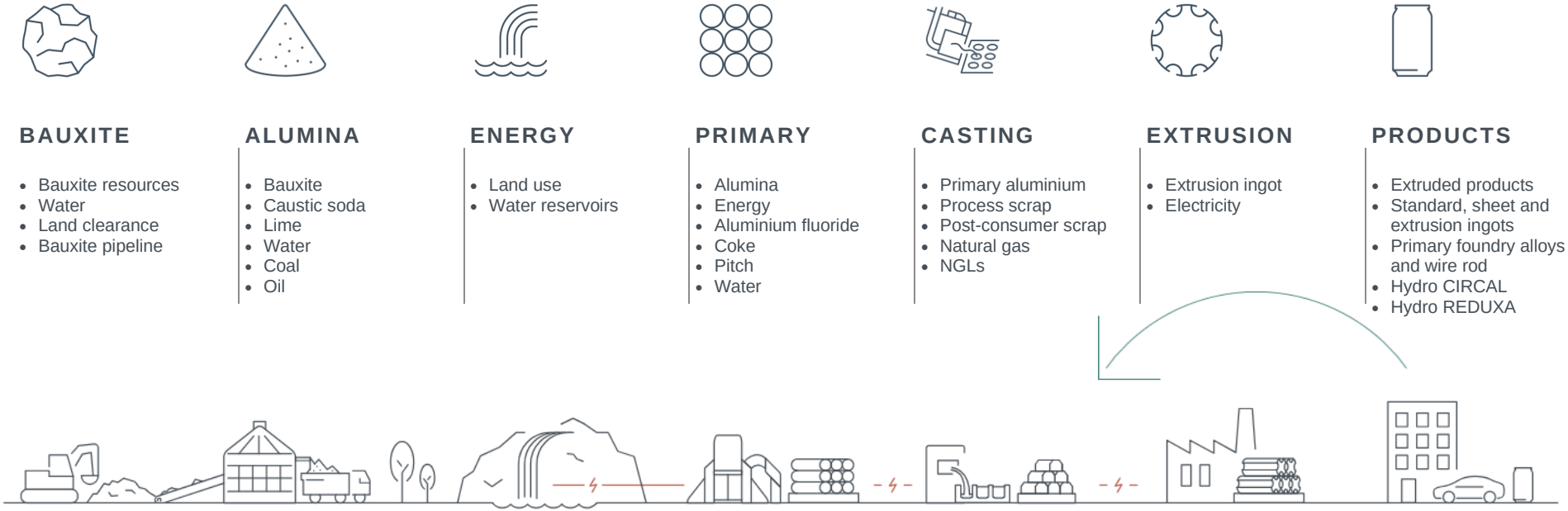
We break new ground and take measured risks with agility, accountability, and foresight.

Collaboration

We work as partners internally and externally to unite competencies and create win-win opportunities.

Hydro's main inputs and outcomes

Robust balance sheet | Competent workforce, technology and R&D | Environmental, social and economic context



	BAUXITE	ALUMINA	ENERGY	PRIMARY	CASTING	EXTRUSION	PRODUCTS
Main inputs and enablers	• Bauxite resources • Water • Land clearance • Bauxite pipeline	• Bauxite • Caustic soda • Lime • Water • Coal • Oil	• Land use • Water reservoirs	• Alumina • Energy • Aluminium fluoride • Coke • Pitch • Water	• Primary aluminium • Process scrap • Post-consumer scrap • Natural gas • NGLs	• Extrusion ingot • Electricity	• Extruded products • Standard, sheet and extrusion ingots • Primary foundry alloys and wire rod • Hydro CIRCAL • Hydro REDUXA
Main outputs and outcomes	• Bauxite • Rehabilitated land • Tailings[1] • Biodiversity impact[1]	• Alumina • Bauxite residue[1] • GHG emissions[1] • SO_2 emissions[1] • NO_X emissions[1]	• Hydropower • Flood control • Regulated watersheds[1] • Biodiversity impact[1]	• Primary aluminium • GHG emissions[1] • SO_2 emissions[1] • Spent potlining[1]	• Standard, sheet and extrusion ingots • Primary foundry alloys and wire rod • Forge stock • NO_X emissions[1] • Dross[1]	• Extruded solutions for building- and automotive industries, consumer goods etc. • Environmental impact[1]	• A more viable society by developing natural resources into products and solutions in innovative and efficient ways

RECYCLING

Income and shareholder value | Salaries, taxes and supplier income | Community and industry impact | Full value chain provenance

1) Negative environmental impact

Hydro Bauxite & Alumina

4,480
Employees

6.2
Million tonnes alumina production

80,000
People assisted by social programs since 2018

71 %
Reduction in Alunorte CO_2 emissions by 2030[1]

1) Against 2017 baseline

Business Areas

Operations

Hydro Bauxite & Alumina covers Hydro's bauxite mining activities in Paragominas and the company's 62 percent interest in the Brazilian alumina refinery, Alunorte, both located in Pará State, North of Brazil. Hydro mines bauxite from Paragominas using stripmining technology where bauxite is sorted and crushed before being transported as a slurry through a 244-kilometer long pipeline to its refinery Alunorte, before being refined into alumina.

Alunorte is the biggest alumina refinery in the world outside China, with nameplate capacity of 6.3 million tonnes per year. Alunorte also processes bauxite from Mineracão Rio do Norte (MRN), which is transported to the plant by ship. In 2023, Hydro signed an agreement with Glencore, who will acquire 30 percent of Alunorte and Hydro's 5 percent ownership in MRN. Glencore acquired an additional 40 percent stake in MRN, previously owned by Vale. The bauxite agreement between Vale and Hydro was terminated on November 30, 2023, and Glencore will continue to supply approximately 30 percent of Alunorte's long-term bauxite requirements from MRN.

Cost and revenue drivers

The main cost drivers in bauxite production are labor, maintenance and consumables, electricity and fuel for mining equipment, which account for around 75 percent of mining cash cost. Labor, the largest cost factor, accounting for about 30 percent of cash cost, is influenced by Brazilian wage levels, inflation and productivity developments. Maintenance and consumables are influenced by inflation and operational efficiency.

The main cost drivers for alumina refining are bauxite, energy and caustic soda. These represent around 85 percent of cash costs, where caustic soda normally represents around 21 percent of cash costs. Energy costs are a mix of fuel, coal and electricity, and account for about 35 percent of the total costs. Bauxite purchases from Paragominas, and those supplied from MRN agreements, are based on prices partly linked to the London Metal Exchange's (LME) prices and to alumina market prices.

Hydro Bauxite & Alumina aims to further strengthen their position on the alumina cost curve, through delivering NOK 4.9 billion in operational and commercial improvements by 2030, against the 2018 baseline. Hydro Bauxite & Alumina targets an adjusted return on average capital employed (ARoaCE) at 12 percent in 2030 based on an external market scenario as described on the financial ambitions section.

Strengthen low-carbon aluminium position

Hydro Bauxite & Alumina is working continuously to improve its position on the alumina industry cost and carbon curves, with Alunorte targeting to move from the first quartile of alumina refineries in terms of carbon intensity, to the first decile by 2025.

To reach the targets for greenhouse gas emissions reductions, Hydro is replacing fuel oil with liquid natural gas at the Alunorte alumina refinery, and installing two more electrical boilers that use renewable electricity. This will enable the growth in sales of low-carbon alumina and aluminium, at an expected growing premium. See the section on Climate Change for more details.

Hydro's bauxite mine is located in an area comprising primary and secondary forest and agricultural land in Pará State. To minimize and restore the impacts of mining activities on biodiversity, including local fauna and flora species, Hydro has developed a reforestation program to mitigate forest removal, and we work to rehabilitate mined areas that are released for rehabilitation within two hydrological seasons. In 2023, Hydro increased its No Net Loss ambition for biodiversity for the bauxite mine. In addition to achieving No Net Loss for the future expansion of the mine, Hydro will also include impacts that have occurred since 2020 for the existing mining footprint. Hydro also renewed the Biodiversity Research Consortium Brazil-Norway for a further five years, to secure a science based approach to biodiversity management and forest rehabilitation.

To reduce the environmental impact of its operations, Hydro has developed the Tailings Dry Backfill methodology at the Paragominas mine, which eliminates the need for new permanent tailings storage facilities and permits rehabilitating areas affected by mining operations faster.

Hydro also supports social and economic development in the communities where it operates. Read more about the skills development, community investments and efforts to support just transition in the sections on Affected communities and Human rights.

Hydro Energy

466
Employees

9.7 TWh
Hydropower production

2.6 GW
Solar and onshore wind projects[1]

9.6 TWh
External power sourcing in 2023

1) Gross production

Operations

Hydro Energy is one of the three largest operators of hydropower production in Norway, and a large power market player in the Nordic region and Brazil. As Hydro's energy competence center, Hydro Energy provides support to the company's business areas on large and complex industrial projects, market analytics, power contracts, supply security and energy framework conditions. Hydro's new energy ventures within renewables, such as wind and solar, battery materials and green hydrogen, are driven by Hydro Energy.

In Norway, Hydro Energy operates 40 renewable power plants, with combined installed capacity of 2.8 GW. In a normal year, Hydro Energy operate 13.7 TWh production, of which 9.4 TWh is captive power. This includes Tonstad windfarm (208 MW/0.7 TWh), where Hydro Energy purchases all volumes, and power assets owned by Lyse Kraft DA in Røldal-Suldal and the Stavanger region. In addition, Hydro Energy purchases more than 9 TWh of renewable power annually in the Nordic market, mainly under long-term power purchase agreements (PPAs) resulting in a total market portfolio of 18 TWh per year in the Nordics in a normal year.

Hydro has a long-term power purchase agreement (PPA) with Markbygden Ett AB, which has not been able to deliver on expected production levels and Swedish authorities has accepted the company's request to enter a reorganization process. The security of supply to Hydro's Norwegian smelters will not be affected and Hydro will seek compensation for the non-delivered volumes.

Hydro Energy enables achievement of Hydro's strategic ambitions in renewable energy through growth initiatives such as Rein, Havrand and Batteries.

Cost and revenue drivers

Production volumes are strongly influenced by hydrological conditions. Seasonal factors affect both supply and demand. Hydro Energy is industry leader on cost and operational performance with a cost base that is relatively stable. Volatile spot volumes and prices may however cause significant variations in quarterly revenues. Hydro Energy optimizes its power portfolio in the market every day.

Electricity prices are influenced by fuel costs (including emission allowance costs), meteorological parameters and exchange transmission possibilities with adjoining markets, as well as by fluctuations in demand. Rising intermittent generation from solar and wind power is increasing price variations across power markets.

Hydro Energy estimates to deliver NOK 0.7 billion in commercial improvements by 2030, giving a normalized EBITDA of NOK 4.7 billion in 2030 for Hydro Energy including Hydro Rein.

Powering the green aluminium transition

Hydro Energy's captive renewable energy production, competitive sourcing of renewable power and energy solutions enable Hydro and other industrial companies to succeed in the transition to a net-zero society. The carbon footprint of aluminium is highly dependent on the source of energy, and Hydro Energy enables the production of low-carbon aluminium.

Hydro Rein offers renewable energy solutions for more sustainable industries. In October 2023, Hydro signed an agreement with Macquarie Asset Management for the sale of 49.9 percent of Hydro Rein. The Hydro Rein JV with Macquarie enables further development of renewable power production and pursuit of profitable renewable power projects.

The Batteries unit's ambition is to empower the future of green mobility with sustainable battery materials through successful execution of current investments in Hydrovolt, Vianode, E-magy, Lithium de France, Northvolt and Corvus.

Energy supports Hydro's strategic objectives of developing renewable energy solutions and decarbonizing the industry while aiming to limit impacts to nature and creating a positive outcome for the communities where Energy operates.

Hydro Aluminium Metal

5,140
Employees

2.0
Million tonnes primary production

17
Locations

30 %
Reduction in GHG emissions by 2030[1]

Operations

Hydro Aluminium Metal is the world's (excluding China) sixth largest producer and supplier of primary aluminium and value added casthouse products. The business area consists of 5 wholly owned aluminium metal plants in Norway, 5 partly owned plants in Qatar, Brazil, Canada, Australia and Slovakia in addition to several advanced R&D facilities. Hydro's total annual primary aluminium capacity is about 2.1 million tonnes.

Hydro's casthouses extracts aluminium from aluminium oxide (alumina) by way of electrolysis to produce liquid aluminium, which can be tapped from cells and converted to products. Two-thirds of Aluminium Metal's primary aluminium production is based on renewable energy, and about 16,000 tonnes of post-consumer scrap is used in the Norwegian aluminium metals plants today. The plants produce standard ingot and value-added products, such as extrusion ingot, primary foundry alloys, sheet ingot and wire rod.

Cost and revenue drivers

The main cost drivers for the production of primary aluminium include alumina, power and carbon, which together comprised about 80-85 percent of the cash costs of electrolysis metal in 2023. Hydro use approximately two tonnes of alumina to produce one tonne of aluminium, representing 35-40 percent of the cash cost of primary aluminium. Energy represents on average 20-25 percent of cash costs, and carbon anodes consumed in the smelting process account for 25-30 percent. Realized aluminium prices and casthouse product premiums are the most important revenue drivers.

Access to competitive renewable power is the foundation of delivering low-carbon aluminium at competitive cost in the long term and enables Hydro's first quartile placement on the global primary aluminium cost curve in 2023. More than 70 percent of the electricity used for Hydro's primary aluminium capacity is based on renewable power.

Aluminium Metal has a history of continuous improvements, covering all relevant earnings drivers, placing Hydro's primary production competitively on the global primary aluminium cost curve. Aluminium Metal aims to strengthen its position further, through delivering NOK 4.3 billion in operational and procurement improvements by 2030, against the 2018 baseline, in addition to contributing to the NOK 2 billion in greener premium and NOK 0.4 billion in other commercial improvements. Aluminium Metal targets an adjusted return on average capital employed (ARoaCE) at around 23 percent, based on an external market scenario as described in the financial ambitions section.

Strengthen low-carbon aluminium position

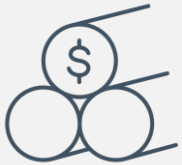
Hydro's presence in the primary value chain combined with access to renewable power are important enablers on Hydro's decarbonization pathway and key in delivering its low-carbon aluminium Hydro REDUXA. Hydro REDUXA offers customers a fully transparent value chain and a certified carbon footprint below 4 kg CO_2e per kg aluminium, corresponding to just one quarter of the world average. By entering into strategic partnerships with leading customers in the automotive, buildings and construction, electricity and consumer goods markets, Hydro Aluminium Metal works to decarbonize the industries where aluminium is used.

Hydro Aluminium Metal has an ambitious sustainability strategy with dedicated roadmaps to address decarbonization, energy efficiency, impact on nature and circular economy. Aluminium Metal's decarbonization roadmap aims to create multiple pathways towards net-zero and to decarbonize both our casthouses through the use of direct electrification, hydrogen or bio-methane, and the electrolysis process through carbon capture and storage or the development in Hydro's new proprietary zero-emission process, HalZero.

Read more about Hydro's pathways to net-zero in the section on Climate change.

1) For Hydro whole and against 2018 baseline, includes logistics ambition in Metal Markets.

Hydro Metal Markets



856
Employees

2.7
Million tonnes sales

14
Countries

30 %
Reduced CO_2 emissions from logistics by 2030[1]

Operations

Hydro Metal Markets, which is organized as part of the business area Aluminium Metal, consists of the Recycling and Commercial business units.

Recycling

The Recycling Business Unit consists of 12 recyclers with a total annual capacity of 995,000 tonnes. The 4 Alumetal plants acquired in 2023 are located in Hungary and Poland, contributing with 275,000 tonnes. About 260,000 tonnes[2] of post-consumer scrap was used in Metal Market's 2023 recycling operations.

Hydro also owns two scrap sorting facilities with a total annual capacity of 136,000 tonnes, where 36,000 tonnes comes from the Dormagen facility and 100,000 tonnes from the Alumetal Nowa Sol facility. In 2023, Hydro and the U.S. based scrap yard operator Padnos, established a scrap sorting joint venture, Alusort with a total planned capacity of 36,000 tonnes. The recycling plants provide customers with high quality, value added casthouse products.

Commercial

Metal Markets supplies Hydro's value added products to a global market through a wide range of product offerings and services, including low-carbon aluminium products. Hydro's portfolio of production plants allows for a flexible, multi-sourcing system that enables significant, rapid and cost effective volume adjustments for customers. Hydro possesses leading research and development competence in value added casthouse products, supporting customers in achieving their goals and in developing new products. Commercial activities include sourcing and trading of standard ingots from third parties for remelt in Hydro's recyclers and primary casthouses, and to secure margins through execution of Hydro's strategic hedge program.

Cost and revenue drivers

The results in Metal Markets consist of the operating results of the recyclers, margins on sales of third party products, and results from ingot and LME trading activities. Revenues for Hydro's recyclers are influenced by volumes, the LME price and product premiums. Costs are driven by the cost of scrap and standard ingot premiums, freight costs to customers and operational costs, including energy consumption and prices. Hydro's results can be heavily influenced by currency effects and ingot inventory valuation effects.

Hydro Metal Market's 2030 commercial and improvement ambitions are part of Aluminium Metal's targets, described in our targets and ambitions.

Strengthen low-carbon aluminium position

Aluminium recycling requires 95 percent less energy than primary aluminium production, and aluminium can be recycled infinitely without degradation in quality. Metal Markets supplies a range of low-carbon and recycled products to the market, including Hydro REDUXA from the Norwegian primary portfolio and Hydro CIRCAL, with a carbon footprint of 1.9 kg CO_2 per kg aluminium, from the Recycling business unit.

Going forward, Hydro Metal Markets will grow the portfolio of lower-carbon aluminium products, demanding higher premium pricing. This is supported by Hydro's recycling ambitions to materially increase the use of post-consumer scrap usage from 444 kt in 2023[2] towards 850 kt to 1,200 kt and overall earnings contribution in the range of NOK 5-8 billion by 2030.

In 2023, Hydro completed construction of a new recycling plant in Cassopolis, Michigan, USA with 130,000 tonnes capacity. In addition, Recycling has several greenfield and brownfield projects under construction. Hydro has with the 2023 Alumetal acquisition, increased its capabilities in low-carbon recycled foundry alloys. The increased sorting capabilities acquired through the Alumetal transaction, and the Alusort JV in the USA will increase Hydro's capability to deliver a wider variety of products with a high content of post-consumer scrap and lower-carbon footprint.

1) Against 2018 baseline
2) Including Alumetal full year

Hydro Extrusions

21,080
Employees

1.1
Million tonnes sales

40
Countries

27 %
Reduced CO_2 emissions by 2030[1]

1) On extrusion billets against 2018 baseline

Operations

Hydro Extrusions operates the world's largest extrusion based solutions for aluminium in the world, counting 71 production sites in 40 countries, through a combination of local expertise, a global network, and advanced research and development capabilities. An annual extrusions capacity of 1.3 million tonnes served a market share of 17 percent in Europe and 20 percent in North America in 2023, while maintaining solid positions in South America and Asia.

Hydro Extrusions operates 21 recycling facilities in total in Europe, North America and South America. The combined annual capacity of these facilities is approximately 1.4 million tonnes. About 167,000 tonnes of post-consumer scrap is used in Extrusion's recycling operations today.

The business area is organized in four business units: Extrusion Europe, Extrusion North America, Precision Tubing and Building Systems. These units are responsible for their respective value chains, from recycling, aluminium extrusion and value adding operations to commercial activities such as product development and sales.

Cost and revenue drivers

The main cost drivers are aluminium and labor, where aluminium cost is tied to the LME and labor cost to inflation, wage levels and productivity. Both elements comprise about 80 – 90 percent of the cash cost. LME volatility is absorbed by customers via contracts, which are typically short to medium term. Customers in certain industries, like Automotive, are trending towards longer term contracts.

The price of products and solutions in the extrusion business is determined by the value it creates for each individual customer. Hydro Extrusions will continue to shift its portfolio towards delivering more advanced, innovative and sustainable products and solutions, thus increasing overall value and generated revenue.

Through growth in attractive regions and segments, a strong sustainability platform, customer partnerships and commercial focus as well as portfolio optimization and cost reductions. Hydro Extrusions is targeting NOK 6.7 billion in operational and commercial improvements by 2030, against the 2018 baseline. Hydro Extrusions is targeting an EBITDA result of NOK 11 billion in 2030, yielding a 16 percent adjusted return on average capital employed (ARoaCE), in normalized markets after improvements.

Strengthen low-carbon aluminium position

Sustainability is an integrated part of the business and Hydro Extrusions is working closely with customers across most industries to deliver products and solutions that help its customers reduce their carbon footprint, and improve sustainability and transparency in their supply chain. This includes the Hydro EcoDesign process which helps customers create better products with increased functionality and a lower-carbon footprint.

Hydro Extrusions is adding recycling, and the use of post-consumer scrap, capacity in Europe and North America through investments in capacity upgrades of existing facilities. A new recycling facility in Hungary is also being added, supporting Hydro's overall ambition of growing within Recycling and the use of post-consumer scrap.

Hydro Extrusions applies additional levers to reduce its carbon footprint, including sourcing aluminium with a carbon footprint that is lower than the average, increased use of recycled post-consumer scrap and reducing the emissions from own operations. See the section on Climate change for more details on how the recycling sourcing strategy can reduce upstream greenhouse gas emissions and the carbon footprint of products.

In 2023, Hydro produced the world's first successful batch of recycled aluminium using green hydrogen as an energy source at Hydro Extrusions' recycling operation in Navarra, Spain. Several of Hydro Extrusions' plants have installed or are considering installation of on-site renewable power generation, while others have signed power purchase agreements with renewable power producers.

2030 strategic direction

Pioneering the green aluminium transition, powered by renewable energy

Hydro is a leading aluminium and renewable energy company committed to a sustainable future and creating industries that matter. Hydro's purpose is to create more viable societies by developing natural resources into products and solutions in innovative and efficient ways. With more than a century of industrial experience, Hydro is enabling the green transition through innovation, technological advances and a strong commercial mindset aiming to deliver strong shareholder value creation. Hydro supplies low-carbon aluminium products to customers worldwide, supported by a low-cost integrated value chain, powered by renewable energy.

With this unique starting point, Hydro now sets an ambition towards 2030 to leverage its position to change the aluminium landscape, pioneering the green aluminium transition, powered by renewable energy.

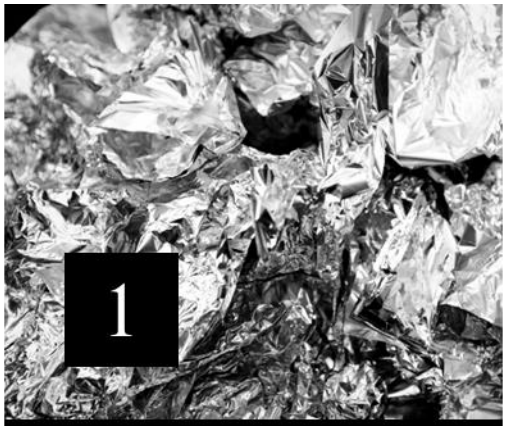
Aluminium is a key enabler of the green transition

Aluminium is a key enabler for the green transition, and towards 2030, Hydro sees increasing demand for low-carbon aluminium especially from electrical vehicles, solar power and electricity systems. In addition, there is a demand for aluminium as a lighter, less expensive and more sustainable substitute for copper. Attention is now turning to how this aluminium is produced and the embedded emissions in the materials used to produce these transformative technologies. Low-carbon aluminium is a key enabler to reduce Scope 3 emissions for these industries.

In addition, the political and regulatory landscape supports aluminium demand. Governments across the world have set ambitious renewables targets, while in the EU alone regulations on energy efficient buildings and reduction of fluorinated gases, drive the further use of aluminium in building facades and refrigeration.

While total demand for aluminium is set to grow by around 3 percent annually through 2030, demand for low-carbon primary aluminium is expected to grow by approximately 20 percent and recycled aluminium by 5-6 percent annually. Hydro is uniquely positioned to succeed in this new reality and can utilize the integrated value chain to deliver low-carbon aluminium products, complete with traceability and transparency at every step from mine to component.

Hydro's strategic direction towards 2030 focuses on the following four key levers:



Step up growth investments in Recycling and Extrusions to take lead in the market opportunities emerging from the green transition

Step up ambitions within renewable power generation

Execute on ambitious decarbonization and technology road map and step up to contribute to nature positive and a just transition

Shape the market for greener aluminium in partnership with customers

Shifting gear to capture opportunities in a new reality

1. Step up growth investments in Recycling and Extrusions to take lead in the market opportunities emerging from the green transition

Hydro will step up growth ambitions within Recycling and Extrusions to capture the market opportunities emerging from the green transition. The move to electric mobility is one such example, which will transform the entire automotive manufacturing process and supply chain. Two areas which will grow in line with the EV transition are aluminium extrusions and large castings, ideal for recycled post-consumer content.

Extruded aluminium is also widely used within the growing solar sector, in particular for mounting systems and frames. Hydro is well positioned to meet and shape this demand, and will increase investments accordingly. Within Extrusions, Hydro will grow capacity and capabilities in fabrication and value added services, raising ambitions to deliver EBITDA in the range of NOK 10 – 12 billion in 2030. Hydro also sets targets to increase capacity within Recycling, aiming to double the use of post-consumer scrap – from 520 – 670kt in 2025 to 850 – 1200kt in 2030. This represents an EBITDA ambition in the range of NOK 5 – 8 billion, depending on market developments and capital availability. The EBITDA-target for recycling is part of the total EBITDA-target for Extrusions, also supported by the recycling business in Metal Markets.

2. Step up ambitions within renewable power generation

The green aluminium transition requires renewable energy and Hydro will step up ambitions within renewable power generation, ensuring the development of renewable energy for the aluminium value chain at affordable cost. Hydro has the capabilities to develop, operate and manage renewable power production in house, also capturing the growing value of flexible production to balance intermittent renewables such as wind and solar. Hydro's renewables joint venture, Hydro Rein, will continue to take an active role in developing renewable energy opportunities for Hydro and others. Hydro intends to deliver EBITDA from the Energy business area in the region of NOK 4 – 5 billion in 2030, including 0.5 billion pro-rata share of Rein EBITDA.

3. Execute on ambitious decarbonization and technology road map, and step up to contribute to nature positive and a just transition

Hydro continues its determined execution of its decarbonization and technology roadmap, while stepping up its contributions to a nature positive future and supporting a just transition for society. Hydro has had a greenhouse gas emissions target in place since 2019, aiming for a 30 percent reduction by 2030 (baseline 2018). In spite of changes in the Hydro portfolio since this target was set, Hydro maintains this overall ambition and has identified additional initiatives to support this commitment. By 2030 is also the target for the demonstration of key technologies that can produce near-zero emissions aluminium at an industrial pilot scale, an important milestone in Hydro's target of reaching net-zero by 2050, and for the aluminium industry as a whole.

Hydro is also very conscious that sustainability is more than carbon emissions, and therefore will step up efforts within its nature and social programs. Hydro already has an advanced nature agenda with clear commitments to biodiversity, waste management and non-green-house gas emissions in its operations. These will be further strengthened and broadened as part of Hydro's contribution to a nature positive future. Within the social sphere, Hydro is committed to improving the lives and livelihoods in local communities. To support this ambition, a Just Transition framework has been developed to guide Hydro's contribution to creating and safeguarding thriving societies.

4. Shape the market for greener aluminium in partnership with customers

Hydro will leverage its position to take the lead in shaping the market for greener aluminium. This portfolio transition will enable Hydro to deliver an earnings uplift potential of NOK 2 billion in 2030. Hydro will utilize its key capabilities: high share of renewables, global presence, both primary and recycling volumes, concrete decarbonization roadmap, customer co-innovation, together with its integrated value chain advantage to pioneer the green aluminium transition.

Within the Hydro low-carbon portfolio, we have a wide range of products and aim to deliver industrial scale pilot volumes based on emission free smelting technology by 2030, while additional capacity and demand from new sectors such as automotive sees the share of recycled metal growing. Hydro is already building this foundation, working with a select number of strategic partners which are leaders within their own fields and look to Hydro to deliver unique and more sustainable aluminium solutions with full control of the value chain.

Our targets and ambitions

Key performance measures

Financial	Targets and ambitions
Adjusted RoaCE	Profitability target of > 10 percent over-the-cycle
Improvement program	NOK 14.0 billion accumulated improvements by 2030 against 2018 baseline
Commercial ambitions	NOK 6.1 billion accumulated improvements by 2030 against 2018 baseline
Pay-out ratio[1)]	≥ 50 percent of adjusted net income over-the-cycle
Adjusted net cash (debt)	NOK 25.0 billion over-the-cycle

Environmental	
Total greenhouse gas emissions)	30 percent reduction by 2030 against 2018 baseline, and net-zero by 2050
Indirect Scope 3 GHG emissions [2)]	30 percent reduction per tonne aluminium by 2030 against 2018 baseline
Non-greenhouse gas emissions (SO_2, NO_X og PM)	50 percent reduction in material non-GHG emissions by 2030 against 2017 baseline
Recycled post-consumer scrap	850 – 1,200 thousand tonnes per year by 2030
Waste generation and waste recycling	Eliminate landfill of recoverable waste by 2040, <35 percent of spent pot linings to landfill by 2030
Biodiversity impact target no. 1	No net loss of biodiversity for our bauxite mine, from a 2020 baseline
Biodiversity impact target no. 2	1-to-1 rehabilitation of mined areas in Paragominas, Brazil, within two hydrological cycles
Biodiversity impact target no. 3	No net loss of biodiversity in new projects

Social	
Number of fatal accidents	Zero fatal accidents
Total recordable injuries [3)]	Zero life-changing injuries
Persons empowered with skills and education	Provide quality education and capacity building for 500,000 people by 2030
Share of women employees [4)]	25 percent share of women by 2025
Share of women leaders [4)]	25 percent share of women leaders by 2025
Employee inclusion index	78 percent inclusion index score

1) Adjusted net income to Hydro shareholders. Dividend floor of NOK 1.25 per share.
2) By ownership equity. Comprises material upstream Scope 3 categories. See note E1.3 for more information
3) Includes both employees and contractors. See note S5 for more information
4) In permanent and temporary positions

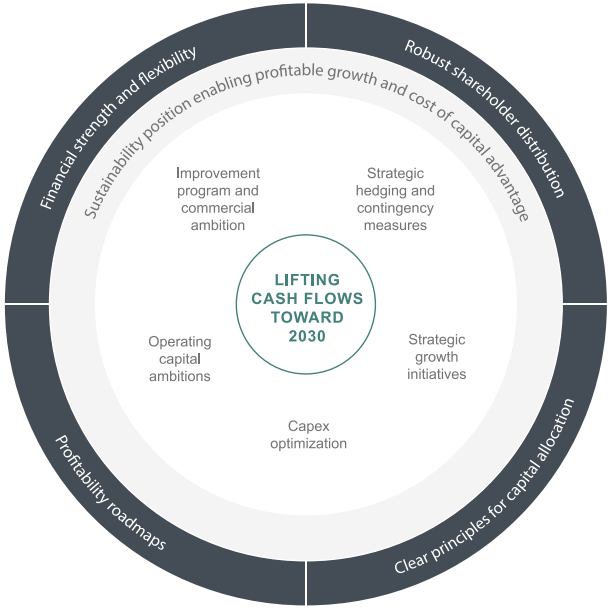
Financial targets and ambitions

Lifting cash flow, delivering higher returns

Hydro's financial ambition is to lift cash flows and generate capital and shareholder returns through a combination of longer-term financial priorities supported by near-term financial targets. At the same time, Hydro aims to differentiate through its strong sustainability position and to develop businesses where megatrends match Hydro's capabilities.

Supported by increasing interest from regulators, customers and financial markets, Hydro firmly believes that leading in sustainability is a strong foundation for long-term license to operate and a key driver for long-term profitability. By emphasizing climate, environment, integrity and social responsibility, as well as by developing greener business and product offerings, Hydro will reduce risks and create new profitable opportunities.

Hydro has developed a framework that establishes clear priorities to lift cash flows and returns.



Profitability roadmaps

Adjusted return on average capital employed

Hydro has a target to achieve an adjusted return on average capital employed (ARoaCE) of 10 percent over the course of a business cycle due to industry cyclicality. Short-term ARoaCE targets includes an additional stretch on top of the 10 percent ARoaCE target in strong markets.

Cost of capital and ARoaCE targets are differentiated for each business area as risk and volatility of earnings, and cash flows in the underlying business activities differ.

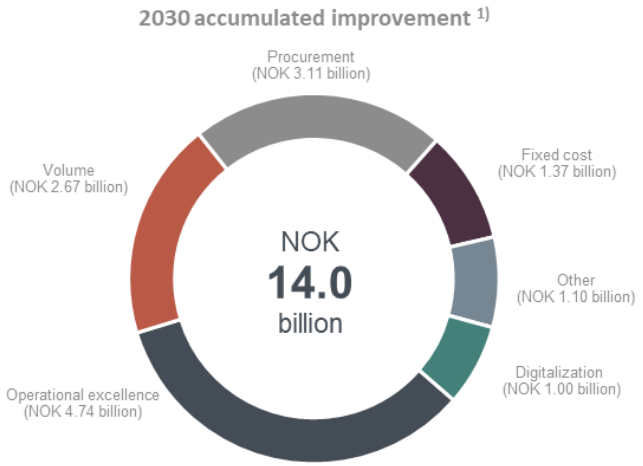
Hydro's main efforts to realize targeted capital returns includes three levers all underpinned by Hydro's sustainability agenda: the improvement program, commercial ambitions and strategic growth initiatives.

Improvement program

By the end of 2023, Hydro realized NOK 8.8 billion in improvements from the 2018 baseline, exceeding the target of NOK 8.4 billion for the year. In 2023, Hydro has further increased its improvement program target by NOK 0.5 billion to NOK 10.5 billion by 2025 and by NOK 1.0 billion to NOK 12.0 billion by 2027, against the 2018 baseline. Hydro also extended its improvement program to 2030 with a target of NOK 14 billion against the 2018 baseline, which includes digitalization initiatives of NOK 1.0 billion.

Improvement programs across the business areas are focused on operational excellence, procurement savings and fixed cost reductions. Operational excellence is key when it comes to maximizing value creation from current assets, and relies on the culture of continuous improvement and good control over the influenceable parameters. Fixed cost reductions are targeted through efficiency improvements from robotization and automation as well as energy efficiency improvements.

The group procurement program was a NOK 400 million initiative launched in 2019 with ambition to deliver by 2023. Between 2019 to 2023 the procurement program has been stretched continuously, and has delivered NOK 1.6 billion by end of 2023, and is targeting additional NOK 1.5 billion towards 2030. Improvements in all business areas include savings related to increased efficiency within staff and support functions, with Global Business Services (GBS) contributing the most. GBS are benchmarked to have world class staff cost levels, which has been enabled by geographical footprint, scale, analytics, and automation. Hydro has in 2023, completed a companywide full potential exercise for digitalization, with an improvement potential of more than NOK 3 billion. Approximately NOK 2 billion is already



1) Against 2018 baseline

captured in existing improvement efforts, which leaves NOK 1 billion that is added as to the 2030 improvement ambition.

Commercial ambitions

The commercial ambitions focus on market and customer driven growth opportunities within the current portfolio. Hydro realized NOK 2.4 billion[1] by the end of 2023 from the 2018 baseline. Hydro has set a commercial ambition to deliver NOK 2.6 billion by 2025 and NOK 3.0 billion by 2027, against the 2018 baseline. In 2023, Hydro extended its commercial ambition to 2030, with an additional ambition of NOK 0.4 billion. On top of this, commercial potential is also targeted from Hydro's greener premiums and commercial activities in Energy, where there is an ambition to deliver NOK 2.0 billion and NOK 0.7 billion, respectively, by 2030.

Execution and success rely on market support and customer demand, and are therefore less certain. The commercial initiatives include new product development in Aluminium Metal, market share gain and gross margin improvement in Extrusions through optimized product mix, increased sales of green products and higher production capacity, as well as commercial activities in B&A to achieve higher premiums on alumina and hydrate.

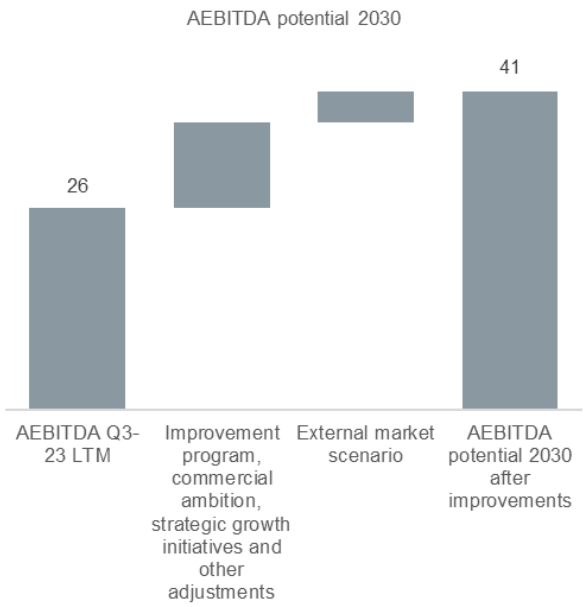
1) Excludes new scope related to Energy commercial impact, which is not included in the 2025 target. The 2023 Energy commercial impact was NOK 0.4 billion.

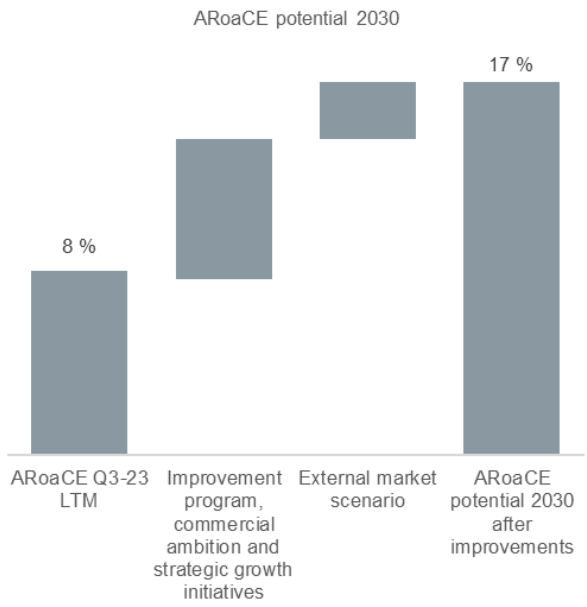
Strategic growth initiatives

Growth initiatives represent larger changes in the business portfolio. Hydro's strategy is to diversify and grow within the areas of recycling and extrusions (described in chapter 2.4, "Our strategy"). These areas are supported by the current megatrend of green transition as well as by Hydro's core industrial expertise.

Hydro 2030 profitability roadmap

When Hydro is able to deliver on its improvement program targets, commercial ambitions and strategic growth initiatives, 2030 potential ARoaCE and adjusted EBITDA could be around 17 percent and NOK 41 billion, respectively, based on an external market scenario. This scenario is not a forecast, but shows simplified indicative long-term potential from sensitivities based on the financial result as of third quarter 2023 last twelve months adjusted for market prices, foreign currency rates and other short-term effects impacting the period's result. For further information on the assumptions for the market scenario, see Hydro 2030 profitability roadmap assumptions in the appendices.





Financial strength and flexibility

Hydro's main strategy for mitigating risk related to volatility in cash flow is to maintain a strong balance sheet, investment grade credit rating and strong liquidity. At the same time, reducing the average cost position of production assets and allocating capital in line with the company's strategic ambitions remain a key priority. Hydro considers this crucial to navigate the industry cycles, enabling investments during cyclical downturns and access the capital markets at attractive terms. In certain circumstances, derivatives may be used to mitigate financial risk in the business area or group levels.

Currently, Hydro has a BBB rating with stable outlook at S&P Global and a Baa3 rating with positive outlook at Moody's.

Hydro uses the ratio Adjusted net debt (cash) to adjusted EBITDA as the key indicator of balance sheet strength and the ability to absorb volatility in the markets. The target is to stay below 2.0 over the cycle, which aligns with the company's ambition to maintain an investment grade credit rating. Hydro has a guidance on targeted Adjusted net debt of around NOK 25 billion over-the-cycle. Given historical industry cyclicality, this means that the Adjusted net debt will be below the target in the stronger parts of the cycle, to be able to absorb the impact from industry cycle downturns and maintain financial flexibility in periods of adverse market conditions.

A strong liquidity position is considered critical to support operations and investments through the industry cycle. In addition to a robust cash position, Hydro's liquidity is supported by revolving credit facilities, overdraft facilities and short-term liquidity lines.

Hydro's strategic hedge program is aimed at further strengthening the company's financial flexibility and robustness. Using financial derivatives, the program seeks to lock in strong upstream margins and secure cash flows. For further details, see note 7.1 Capital Management.

Clear principles for capital allocation

Hydro has clear priorities and guidelines for capital allocation. Investments are evaluated using different scenarios for macro and market development to support robustness in investment decisions. Hydro also uses differentiated return requirements to reflect the underlying risk and exposures in each project. Hydro divides capital expenditures into three categories: sustaining, return seeking, and growth. The strategy is to allocate more growth and return seeking capital to the areas with higher value generation potential, both from a profitability and sustainability perspective. In addition, all the business areas have been grouped into different strategic modes, which impacts the capital allocation.

Investments are generally funded by Hydro cash generation or debt, with each subsidiary being capitalized to serve its own activity.

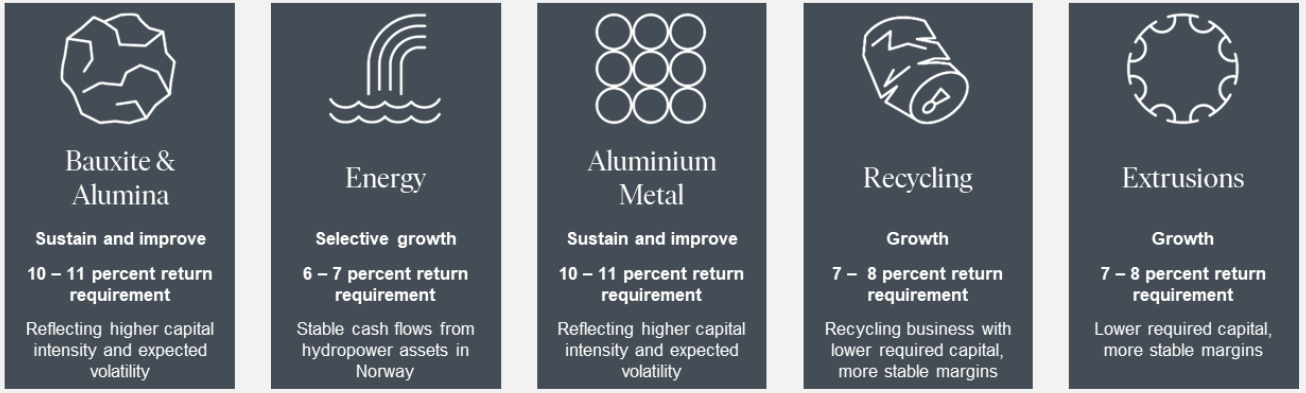
Hydro achieved its target to release NOK 4 billion in operating capital by end of 2023. Hydro will continue to optimize net operating capital levels both in absolute terms and in days of revenue, with due consideration given to the balance between capital release and supply chain robustness.

Robust shareholder distribution

Hydro aims to provide its shareholders with a predictable dividend and a competitive return compared with alternative investments in similar companies. Hydro's ambition is to distribute a minimum of 50 percent of adjusted net income attributable to Hydro shareholders as ordinary dividend over the cycle, with a dividend floor of NOK 1.25 per share. The average pay-out ratio over the last five years is 74 percent. Share buybacks or extraordinary dividends will supplement dividends during periods of strong financials, where Adjusted net debt is below the NOK 25 billion target, with due consideration being given to the commodity cycle and capital requirements for future growth.

Differentiated return requirements based on risk profiles[1)]

Each business areas strategic mode is designed to capitalize on global megatrends and yield high-return opportunities



1) Return refers to adjusted return on average capital employed. APMs are described in the appendices

Sustainability targets and ambitions

Sustainability is an integrated part of Hydro's strategy to lift long-term profitability and positioning in the market. By reducing Hydro's environmental footprint, improving relations with stakeholders and neighbors, managing impacts, increasing resource efficiency, producing products needed for the green shift and improving lives and livelihoods wherever we operate, Hydro aims to reduce risk and create business opportunities. Hydro has quantified ambitions towards 2030 and 2050 that will improve the company's performance on climate, environment, and social responsibility.

Climate change

Net-Zero products, net-zero company and net-zero society by 2050

Nature and biodiversity

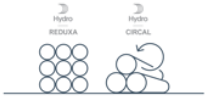
Protect biodiversity and reduce our environmental footprint, 1:1 rehabilitation of available mined areas within two years

Just transition

Improve lives and livelihoods wherever we operate. Empower 500,000 people with education and skills development by 2030

Climate ambitions

Hydro's target is to be a net-zero company by 2050 or earlier, delivering net-zero products and enabling a net-zero society. Based on a 2018 baseline, Hydro targets 30 percent reduction of total scope 1 and 2 emissions, and 15 percent reduction in upstream scope 3 emissions by 2030. Hydro also targets 30 percent reduction in upstream scope 3 emissions per tonne aluminium delivered to market by 2030.



Low and close-to-zero material by 2025 and 2030

30% reduction of emissions by 2030

Zero emissions by 2050

Social ambitions

Hydro aims to improve lives and livelihoods wherever it operates by contributing to the protection of human rights and access to equal opportunities, resilient local communities in a changing world, and development of skills and jobs for the future low-carbon economy. Hydro has a target to equip 500,000 people with new skills and education by 2030.

Hydro targets zero fatal accidents and life changing injuries.

Hydro targets 25 percent women employees in permanent and temporary positions, and 25 percent women in leadership positions, by 2025.

Invest in education (Educational target of 500,000 by 2030)

Support a just transition

Responsible supply chain for our products

Environmental ambitions

Hydro has a range of targets to protect nature and biodiversity, and to reduce waste. Hydro has a 1-to-1 rehabilitation target for areas suppressed by its bauxite mining activities in Paragominas, Brazil, within two hydrological cycles. Hydro also targets no net-loss of biodiversity for its bauxite mine from a 2020 baseline, and no net-loss of biodiversity in new projects.

The company has an 850-1200 kTonnes target for post-consumer scrap recycling capacity by 2030, an increase compared to our 2025 target of 520-670 kTonnes. Hydro aims to eliminate landfilling of all recoverable waste by 2040, to eliminate the need for new bauxite residue storage areas by 2050, and to utilize 10 percent of generated bauxite residue from 2030.

Hydro also has a target of 50 percent reduction in material non-GHG emissions by 2030, against a 2017 baseline.

Protect biodiversity

Towards zero waste

Sustainability reporting

Our sustainability reporting in the integrated annual report is prepared in compliance with the Norwegian Accounting Act and other applicable regulations. We report in accordance with the GRI Standards and the requirements of the International Council on Mining and Metals (ICMM). Please see our GRI index at Hydro.com/gri.

In 2023, we have changed and restructured our sustainability disclosures based on the EU Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS). See the section on reporting changes in the sustainability statement for an overview of what these changes entail. We will report in compliance with the implementation schedule of the CSRD and applicable ESRS in the 2024 integrated annual report.

Managing uncertainty

Risk management

Hydro manages uncertainty in the achievement of long-term objectives through development and application of a robust risk management framework based on international standards, and operated through a lines of defense governance model. Hydro's 2023 detailed risk review is included in this report.

Key actions and initiatives to mitigate uncertainty on the path to creating more viable societies by developing natural resources into products and solutions in innovative and efficient ways are:

- Physical control measures aimed at reducing the likelihood of fatal and life changing incidents have been developed and implemented in all business areas across all geographical locations. Hydro's fatality prevention procedures are well established and continuously improved.
- Maintaining robust and stable operations, a strong balance sheet, high focus on operational and commercial improvements, competitive power contracts and strategic hedging to support Hydro's robust positioning during potential downturns.
- Ability to flex and adapt production abilities to maximize short-term profitability in situations of changing demand.
- Execution of in-house research and development and participation in joint partnerships and projects with other leading industrial companies, universities and research institutions combined with close monitoring of external developments.
- Identification and execution of a number of technology-based roadmaps to produce aluminium with near-zero to zero footprint including recycling of post-consumer scrap, carbon capture and storage as well as CO2-free primary production through a chloride-based process we call HalZero.
- Hydro has conducted comprehensive climate risk assessments to better understand and mitigate the potential consequences of climate related physical events on our operations. In 2023, the company has updated the physical climate risk assessments and are committed on integrating the findings and management of such risks at an operational level.
- In order to manage transition risks, Hydro's climate strategy, advocacy work on future climate-related legislation, technology and market strategies aim to be consistent with a 1.5-degree scenario. Our long-term positioning, operational and financial planning reflect our assessment of related transition risks.
- Hydro is engaged in systematic dialogue with political, governmental, non-governmental and local communities regarding the social and regulatory challenges facing our operations and the communities in which we operate.

Hydro's capabilities and positioning within renewable energy, low-carbon alumina and aluminium products, sorting and recycling, as well as the ambitious decarbonization roadmap, position us well to benefit from the transition to a low-carbon economy and drive value-creation.

Scenarios and financial modelling

Hydro is using a range of different financial scenarios as part of managing uncertainty. Sensitivity analysis is an integral part of Hydro's financial planning and is used to make informed decisions on matters such as investment capacity, capital structure and hedging. As described during the 2023 Capital Markets Day, Hydro has used four scenarios to analyze potential 2030 adjusted EBITDA (AEBITDA) and adjusted return on average capital employed (ARoaCE) under the assumption that the company deliver on its improvement program targets, commercial ambitions and strategic growth initiatives:

- Based on prices and foreign currency rates as of third quarter 2023 last twelve months, 2030 ARoaCE and AEBITDA could potentially be around 15 percent and NOK 37 billion, respectively
- Based on five-year average prices and foreign currency rates, 2030 ARoaCE and AEBITDA could potentially be around 13 percent and NOK 34 billion.
- Based on forward prices and foreign currency rates around the time of the 2023 Capital Markets Day, 2030 ARoaCE and AEBITDA could potentially be around 15 percent and NOK 38 billion.
- Finally, using an external scenario based on prices and foreign currency rates from CRU and S&P Global, 2030 ARoaCE and AEBITDA could potentially be around 17 percent and NOK 41 billion.

These four scenarios are not forecasts but show simplified indicative long-term potential from sensitivities based on the financial result as of third quarter 2023 last twelve months adjusted for market prices, foreign currency rates and other short-term effects impacting the period's result. The market sensitivities are based on the expected Hydro market exposures for 2024. For further information on the market scenarios see Hydro 2030 profitability roadmap assumptions in the appendices.

To further inform Hydro's strategic positioning towards 2030, several megatrends were explored through the means of identifying risks and opportunities beyond market prices and currency. Cross-cutting themes like increased geopolitical and national political uncertainty, increasing sustainability expectations, weakening Nordic power balance, general aluminium market dynamics and impact from the green transition, were taken into consideration. These themes amongst others have provided key insights on how Hydro should navigate in an uncertain world where resilience against multiple outcomes is essential, as well as facilitated the development of the 2030 strategic direction.

Market development and outlook

The global economy faced a number of challenges in 2023 arising from continued high inflation and subsequent monetary tightening, and slower growth in China than forecasted. However, unemployment remained low and inflation began to fall in the second half of the year, and overall the global economy avoided recession with the U.S. in particular showing significant resilience.

Bauxite & Alumina

The World ex-China alumina market was oversupplied in 2023 with China absorbing the excess production as imports to balance the global market. World ex-China production was essentially flat year over year as lower production in Australia and Western Europe was offset by higher production in Asia and South America. Chinese alumina production increased 3 percent from 2022 driven by the ramp-up of several new greenfield refineries, mostly using imported bauxite which in turn contributed to a 13 percent increase in bauxite imports; imports from Guinea continued to gain market share, representing 70 percent in 2023.

The Platts alumina price index started the year at USD 330 per mt, ranging between USD 325 to 371 per mt during 2023. The price reached the annual high in mid-February, driven by capacity curtailment at a refinery in Western Australia because of natural gas supply constraints. The price drifted down in the following months, trading in a relatively narrow range essentially reflecting Chinese alumina price trends. In the last trading days of the year the price increased on news of refinery curtailments in China and concerns around bauxite shipments from Guinea following an explosion at the main fuel depot of the country in Conakry. Against a backdrop of relatively stable demand, greenfield alumina capacity ramp-up kept Chinese alumina prices under pressure throughout the year.

The Platts alumina price index averaged USD 343 per mt for the year, a 5 percent decrease compared to 2022 (USD 362 per mt). Prices as a percentage of three-month aluminium price quoted on LME varied, averaging 15.1 percent for the year compared with 13.4 percent in 2022. The price index at the end of 2023 represented 14.7 percent of the three-month aluminium price quoted on LME.

China imported 1.8 million mt of alumina in 2023 compared to 2.0 million mt in 2022. Australia accounted for 46 percent of imports followed by Indonesia and Vietnam with 33 percent and 12 percent, respectively. China exported 1.1 million mt of alumina to Russia in 2023 compared to 0.8 million mt in 2022. China net alumina imports thus decreased to 0.6 million mt in 2023 from 1.0 million mt in 2022. China imported 142 million mt of bauxite in 2023, 13 percent higher than the previous year. Imports from Guinea increased 41 percent from 2022 to 99 million mt and a 2 percent increase of imports from Australia to 35 million mt. Indonesia imposed a bauxite export ban from June 2023, driving China's imports from Indonesia down 90 percent to 2 million mt in 2023. These three countries accounted for 96 percent of China's bauxite imports, compared to 98 percent in 2022. For the first time since 2019, China imported bauxite from Brazil being 1 million mt of their import.

The price of bauxite imported into China in 2023 increased to an annual average of USD 61 per mt CIF China compared to USD 58 per mt CIF China in 2022.

Energy market developments

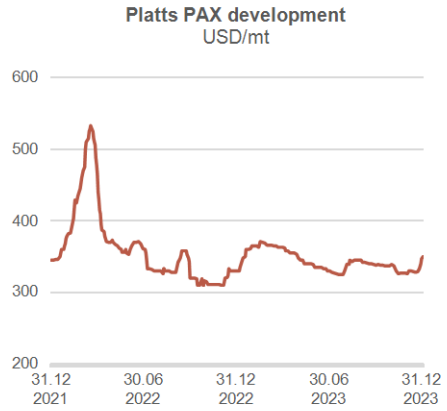
In 2023 Nordic and Continental power prices declined from the record high level in 2022. Europe was able to handle the loss of gas from Russa with a combination of increased import of gas from other sources as well as lowering demand. In addition to a more balanced gas market, the hydrology strengthened both in the Nordic region and in Europe, while the problems related to the French nuclear power supply appear to be resolved. The price area differences in the Nordic area remained significant in 2023, however at a lower level than in 2022. The price area differences arise due to limitations in transmission capacity between the Northern and Southern part of the NordPool area.

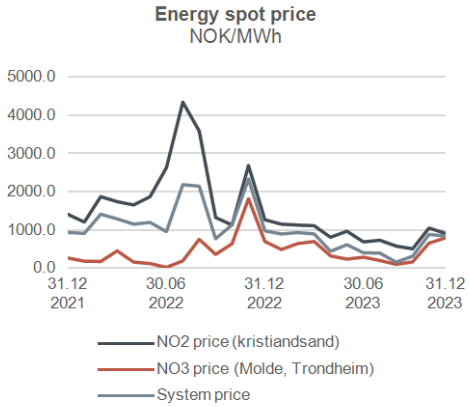
During 2023, prices in the Brazilian power market decreased significantly to an annual average level last seen in 2011. The main driver for this development was hydrology further strengthened by lower power demand.

Primary Aluminium

Global primary aluminium demand increased 0.9 percent in 2023 due to a weaker macro environment in world ex. China, while Chinese demand grew more strongly. Global supply increased by 2.1 percent, resulting in market surplus of 400 thousand tonnes in 2023. Primary production in China increased 2.9 percent year-on-year in 2023 as many smelters that curtailed production in 2022 were restarted and new capacity was put into operation. Supply in world. ex. China increased by 0.9 percent in 2023 driven by the restarts of some production in South America. Demand in downstream segments decrease throughout 2023 in most sectors, especially in building and construction, while demand from automotive held up well.

Three month LME prices started the year around USD 2,378 per mt and ended the year at USD 2,384 per mt. Prices remained somewhat stable throughout the year with a short period of prices reaching USD 2,600 per mt at the beginning of the year when renewed hope for a recovery of the Chinese economy emerged.





For most of the year prices remained in a range between USD 2,100 per mt and USD 2,300 per mt as weakening demand, especially from the building and construction sector, kept prices capped on the upside, while the general cost picture for smelters capped prices on the downside. Chinese SFHE prices were often higher than LME due to the strong demand from China incentivizing imports of primary aluminium.

US and European standard ingot premiums started the year at USD 490 per mt and at USD 262 per mt respectively. European standard ingot premiums improved throughout the first months and peaked at in May at USD 325 per mt, followed by a drop to as low as USD 187 per mt towards the end of the year as physical demand was decreasing strongly and supply was abundant.

The U.S. Midwest standard ingot premium had a similar development and peaked at a high of USD 662 per mt in January, followed by a correction to USD 415 per mt by year-end and subsequent stabilization around that level. Average U.S. Midwest standard ingot premium decreased USD 145 per mt compared to 2022, while corresponding standard ingot premiums in Europe decreased about USD 190 per mt.

Global primary aluminium consumption increased by 0.9 percent to 69.9 million mt in 2023. Global supply increased by 2.3 percent to 70.3 million mt resulting in global surplus of around 0.4 million mt. For 2024, global primary aluminium demand is expected to increase by around 2-3 percent and aluminium production is expected to increase by ca. 2 percent, resulting in a global surplus of around 0.1 million mt in 2024.

Demand for primary aluminium outside China decreased by around 3.6 percent in 2023, while corresponding production increased by 0.9 percent. Overall, supply outside China exceeded demand by around 1.5 million mt in 2023. Over 1.2 million mt of primary imports into China have decreased the world ex. China surplus for the year. Demand for primary aluminium outside China is expected to increase by around 2.2 percent in 2024. Corresponding production is expected to be up about 1-2 percent, leaving the world outside China in a surplus in 2024. Imports of primary metal into China are expected to be around the same level in 2024 compared to 2023.

Demand for primary metal in China increased around 4.0 percent to 42.4 million mt in 2023. Chinese production increased by 2.9 percent in 2023, resulting in a deficit of 1.1 million tonnes for the year. Production growth was supported by an overall better energy situation in the country and hence significant restarts of previously curtailed capacity. Chinese primary production is expected to increase by 2 percent in 2024. Primary demand is estimated to increase by around 2-3 percent, resulting in a deficit in 2024.

LME stocks increased in 2023 on the back of a surplus market, from 0.45 million mt at the end of 2022 to 0.55 million mt at the end of 2023. Stocks stayed fairly stable throughout the year, with occasional larger inflows and withdraws. The composition of stocks, however, changed dramatically. The share of Russian stocks increased from 40 percent in the beginning of 2023 to 90 percent at the end of the year. Total global inventories, including unreported inventories, are estimated to have increased by 0.4 million mt in 2023. The total stock level is estimated to be around 9.5 million mt at the end of 2023.

The European demand for sheet ingot, primary foundry alloys and wire rod increased in 2023. The consumption of extrusion ingot was negatively affected by weakness in the building and construction sector leading to a reduced demand in 2023 compared to 2022.

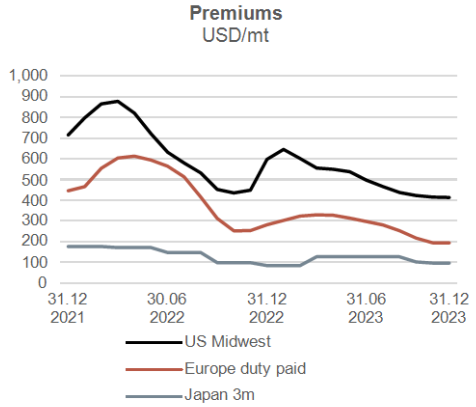
In Asia, the weakening of the extrusion ingot demand picked up momentum in the second half of 2023, with high inventory reported in the market. On the other hand, PFA demand held firmly, likely due to pent up demand caused by semiconductor and logistics supply disruption in the previous year.

Extrusion ingot consumption in the U.S. grew throughout the first half of 2023, but moderated toward the end of the year as higher interest rates slowed industrial activity. Meanwhile, foundry alloy demand steadily picked up throughout the year as automobile and light truck production rebounded with improvements in deliveries of semiconductors.

Extruded Products

Extrusion demand continued to face headwinds in key market segments Europe and North America in 2023 amid higher inflation and interest rates. The building and construction segment experienced the weakest development in 2023, decreasing 25 percent in Europe and 20 percent in North America in 2023 compared to 2022. Weak consumer spending and industrial activity negatively impacted extrusion demand in industrial segments, decreasing 26 percent in Europe and 15 percent in North America in 2023 compared to 2022. The automotive segment however improved in 2023 as automotive producers increased production amid easing of supply chain issues, particularly production of electric vehicles. Extrusion demand in the transport segment increased 4 percent in Europe in 2023, while North American transport demand decreased 3 percent, as demand in commercial truck and trailer moderated.

Overall, European demand is estimated to have decreased by 17 percent in 2023 compared to 2022. CRU estimates that European extrusion demand will further decrease by 1 percent in 2024 compared to 2023, with growth picking up in the second half of the year. North American demand is estimated to have decreased 13 percent in 2023 compared to 2022. CRU estimates that North American extrusion demand will increase by 2 percent in 2024 compared to 2023.



Our performance

Lifting profitability and driving sustainability

Key performance measures

Key financial performance	Ambitions and targets	2023	2022	2021
Adjusted RoaCE [1]	Profitability target of > 10 percent over-the-cycle	7.1%	22.2%	18.6%
Improvement program	NOK 14.0 billion accumulated improvements by 2030 against 2018 baseline	8.8	7.8	6.3
Commercial ambitions	NOK 6.1 billion accumulated improvements by 2030 against 2018 baseline	2.4	1.8	1.5
Pay-out ratio[2]	≥ 50 percent of adjusted net income over-the-cycle[2]	59%	53%	101%
Adjusted net cash (debt) [1]	NOK 25.0 billion over-the-cycle	(18.0)	(6.0)	(7.0)

Environmental performance	Ambitions and targets	2023	2022	2021
Total greenhouse gas emissions [3]	30 percent reduction by 2030 against 2018 baseline, and net-zero by 2050	(6.5%)	(2.6%)	4.7%
Indirect Scope 3 GHG emissions [4]	30 percent reduction per tonne aluminium by 2030 against 2018 baseline	(32%)	(27%)	(18%)
Non-greenhouse gas emissions – sulfur dioxide (SO_2) emissions	50 percent reduction in SO_2 emissions by 2030 against 2017 baseline	(30%)	(31%)	(12%)
Non-greenhouse gas emissions – nitrogen oxide (NO_X) emissions	50 percent reduction in NO_X emissions by 2030 against 2017 baseline	(20%)	(13%)	(8%)
Non-greenhouse gas emissions – particulate matter (PM) emissions	50 percent reduction in PM emissions by 2030 against 2017 baseline	(15%)	(20%)	(13%)
Recycled post-consumer scrap – thousand tonnes	850 – 1,200 thousand tonnes per year by 2030	444[5]	321	335
Waste generation and waste recycling – share of total waste directed to landfill	Eliminate landfill of recoverable waste by 2040	15%	18%	16%
Waste generation and waste recycling – landfilling of SPL	Less than 35 percent of spent pot linings to landfill by 2030	33%	29%	34%
Biodiversity impact - percentage of land released prior to 2022 that has been rehabilitated	Rehabilitate land released from mining areas within two hydrological cycles	100%	100%	100%

Social performance	Ambitions and targets	2023	2022	2021
Number of fatal accidents	Zero fatal accidents	1[6]	0	0
Total recordable injuries - recorded injuries per million hours [7]	Zero life-changing injuries	2.4	2.4	2.7
Persons empowered with skills and education - thousand persons reached	Provide quality education and capacity building for 500,000 people by 2030	197	157	129
Share of women employees [8]	25 percent share of women by 2025	23%	22%	20%
Share of women leaders [8]	25 percent share of women leaders by 2025	20%	19%	18%
Employee inclusion index	78 percent inclusion index score	74%	76%	76%

Governance and compliance indicators	Ambitions and targets	2023	2022	2021
Substantiated claims of corruption	Zero substantiated claims of corruption	0	0	0

1) Alternative performance measures (APMs) are described in the appendices
2) Actuals refers to pay-out ratio, dividend per share divided by adjusted earnings per share from continuing operations.
3) By ownership equity. Comprises Scope 1 and Scope 2 GHG emissions
4) By ownership equity. Comprises material upstream Scope 3 categories. See note E1.3 for more information
5) Including recycling volumes for the full year at the four recycling units acquired Hydro acquired from Alumetal in 2023.
6) One contractor fatality in consolidated operations. The incident is still under investigation for work relatedness and root causes. In addition, there was one fatality involving a contractor at our joint venture, Qatalum, which is not included in the statistics for consolidated activities.
7) Includes both employees and contractors. See note S5 for more information
8) In permanent and temporary positions combined

Financial performance

Adjusted EBITDA[1)]

Adjusted EBITDA for the full year of 2023 decreased compared to the same period last year. Lower aluminium and alumina sales prices, lower Extrusions and recycling volumes, higher fixed costs, and lower contributions from sale of power negatively impacted results, partly offset by lower raw material costs, higher Extrusion margins and currency.

Net income

Net income from continuing operations amounted to NOK 2,804 million in 2023, compared to NOK 24,381 million in 2022. In addition to the factors described above, net income from continuing operations included an impairment loss of NOK 4,421 million, a net foreign exchange gain of NOK 2,084 million, a NOK 887 million unrealized loss on power and raw material contracts, and a NOK 1,530 million unrealized gain on LME related contracts.

Adjusted return on average capital employed (ARoaCE)[1)]

All business areas, except Bauxite & Alumina, delivered returns above their cost of capital in challenging markets during 2023. The adjusted RoaCE ended at 7.1 percent over the year, heavily influenced by challenging alumina market conditions, as well as high growth and return-seeking investments in the year. Over the last 5 years, the adjusted RoaCE has been 11 percent, above our target of 10 percent over the cycle.

Cash effective change in net operating capital[1)]

Hydro has continued the strong focus on reducing inventories and releasing cash, and cash effective change in net operating capital from continuing operations amounted to NOK 6.9 billion during 2023, compared to NOK (8.8) billion during 2022. Supply chain efficiency improvements and metal balance optimization and decreasing activity and price levels as market demand has cooled off during 2023, have all contributed. Further, the closing balance in 2023 were influenced by some transitional effects or one-offs taking down operating capital.

Capex[1)]

Total capex in 2023 ended up at NOK 21.1 billion, up from NOK 11.5 billion in 2022. The 2023 investments include a relatively large share of return-seeking and growth projects in our strategic growth areas Recycling and Extrusions, including the remelt facility in Hungary, new extrusions line in Nenzing and the recycling plant in Cassopolis, as well as the acquisition of Hueck and Alumetal. In addition, Hydro invested in renewable projects in Hydro Rein, mainly solar and wind projects, supporting Hydro's strategy to step up ambitions within renewable power generation. Other projects prioritized in 2023, include critical maintenance activities needed to safeguard Hydro's production assets in every business area. Examples also include smelter relining in Aluminium Metal, bauxite pipeline section replacement in Paragominas, power plant rehabilitation and upgrades in Energy, various upgrades of presses in Extrusions and recyclers in Metal Markets, and investments in battery materials in Hydro Energy. Hydro's investment level in 2023 was supported by the sale of shares in Alunorte to Glencore.

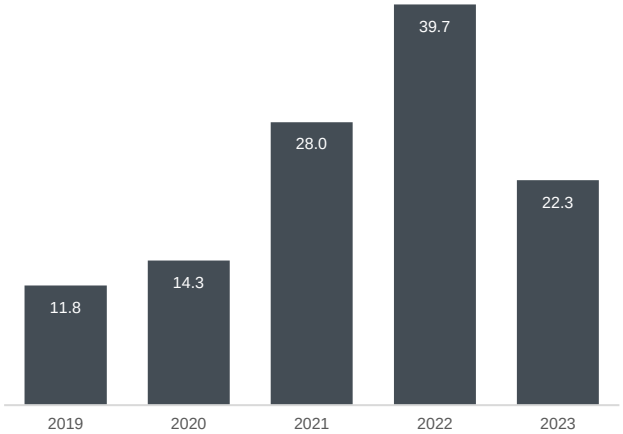
Free cash flow[1)]

Free cash flow from continuing operations ended at NOK (0.2) billion in 2023, down from NOK 14.0 billion in 2022. The net cash outflow in 2023 was mainly driven by increased capex and a relatively high level of shareholder distributions that offset the effects of the EBITDA results, and net operating capital release. The sale of shares in Alunorte to Glencore is not included in the free cash flow definition.

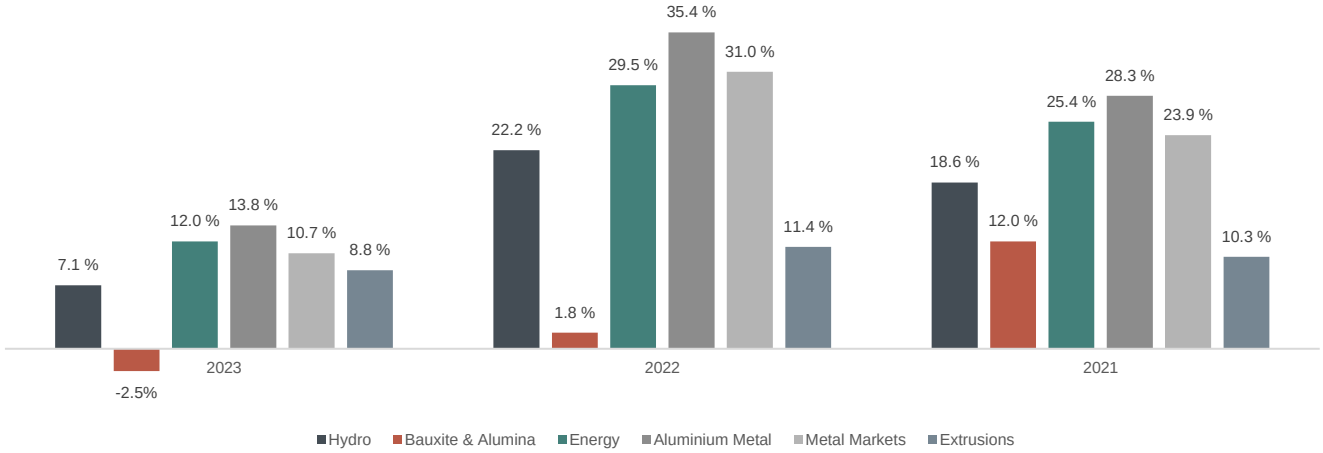
Dividend

Hydro's ambition is to pay attractive dividends to shareholders. Considering Hydro's strong financial performance, and reflecting our robust balance sheet, the Board of Directors has proposed to distribute NOK 5 billion in dividends, which represents 59 percent of 2023 adjusted net income per share and a dividend of NOK 2.5 per share. The final shareholder distribution for 2023 is subject to approval by the Annual General Meeting on May 7, 2024.

Adjusted EBITDA, NOK billion

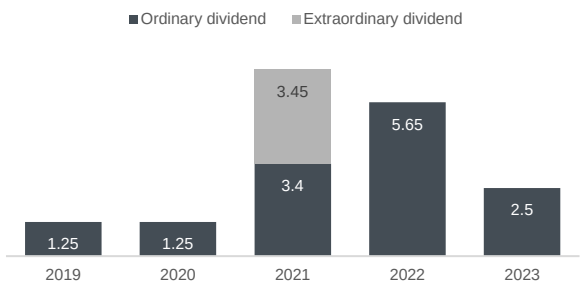


Adjusted RoaCE per business area



1) For further details, see the Alternative Performance Measures (APM)

Dividend NOK/share[1)]



	2019	2020	2021	2022	2023
Dividend yield[2)]	3.8%	3.1%	9.9%	7.7%	3.7%
Dividend payout ratio[3)]	240%	95%	101%	53%	59%

1) Pending approval from the Annual General Meeting, May 7, 2024
2) Based on share price at year end.
3) Average dividend per share divided by average adjusted earnings per share from continued operations.
4) 2021 extraordinary dividend of NOK 2 per share May 11, 2022, and NOK 1.45 per share September 21, 2022

Net cash (debt)[1)]

Hydro's net debt was NOK (8.2) billion at the end of 2023, compared to net cash of NOK 1.3 billion at the end of 2022. The net cash reduction was driven by a slightly negative free cash flow combined with shareholder distributions, partly offset by the sale of shares in Alunorte to Glencore.

Adjusted net cash (debt)[1)]

Hydro's adjusted net cash (debt) was NOK (18.0) billion at the end of 2023, compared to NOK (6.0) billion at the end of 2022. The adjusted net cash (debt) decrease was mainly driven by decreased net cash (debt) combined with increased other liabilities and pension obligations.

Adjusted net (cash) debt to adjusted EBITDA ratio[2)]

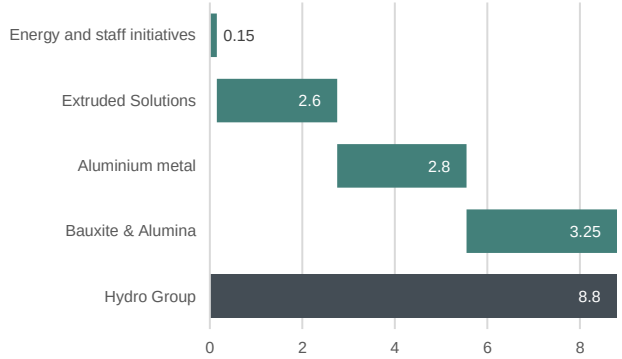
Hydro's average adjusted net (cash) debt to adjusted EBITDA was 0.7, well below the targeted maximum ratio of 2.0 over the cycle.

Liquidity

Hydro held NOK 24.6 billion in cash and cash equivalents and NOK 0.6 billion in time deposits at the end of the year. Short-term bank deposits are normally available at short notice. Norsk Hydro ASA has two revolving multi-currency credit facility with a syndicate of international banks. The first is a USD 1.6 billion facility maturing in December 2026, and the second is a USD 1.3 billion short-term facility maturing in April 2024. Both facilities were undrawn per year-end 2023. Overdraft facilities and liquidity lines also provide access to additional short-term liquidity.

Improvement program

By the end of 2023, Hydro realized NOK 8.8 billion in improvements from the 2018 baseline, exceeding the target of NOK 8.4 billion for the year. The following table illustrate the distribution of improvements across our business areas:



During the year, Hydro increased the improvement program target for 2027 by NOK 1 billion and extended the program to 2030 with a target of NOK 14 billion against the 2018 baseline. The 2030 target includes NOK 1 billion in additional digitalization initiatives, which was identified as part a companywide full potential exercise for digitalization. The main driver of the strong 2023 performance is Aluminium metal, who has delivered strong operational performance across the portfolio. In Extrusions the main improvements are coming from the Procurement program, which has delivered above target. In Bauxite & Alumina the main improvements are related to new operational initiatives. Hydro's target for 2024 is to achieve NOK 9.5 billion in accumulated improvements, against the 2018 baseline.

Commercial ambition

Hydro realized NOK 2.4 billion[3)] in commercial initiatives by the end of 2023 from the 2018 baseline, which is good progress toward the 2025 target of NOK 2.5 billion, set in 2021. During the year, the commercial program was extended to 2030 with an ambition to deliver NOK 6.1[4)] billion against the 2018 baseline, which includes our ambition to deliver NOK 2 billion[5)] from greener premiums. The 2023 commercial impact in Extrusions is mainly driven by market share gains. Bauxite & Alumina achieved higher price than their performance benchmark on alumina sales, mainly driven by hydrate sales. Finally, in Aluminium Metal the main commercial improvements were driven by new products and greener premiums.

Moody's
Baa3

S&P
BBB

8.8
NOK billion in improvements, exceeding 2023 target

0.7
Average adjusted net cash (debt) / adjusted EBITDA

1) For further details, see note 7.1 Capital management
2) For further details, see the Alternative Performance Measures (APM)
3) Excludes Energy commercial impact, which is not included in the 2025 target
4) 2030 target includes new scope in Energy commercial with impact of NOK 0.7 billion. The 2023 Energy commercial impact was NOK 0.4 billion.
5) Based on 2030 EU ETS cost and relative CO2 reduction vs Hydro REDUXA 4.0 at current industry traded upcharge.

Sustainability performance

Environmental performance

Climate change and net zero transition

Hydro's target is to be a net-zero company by 2050 or earlier, delivering net-zero products and enabling a net-zero society. Based on a 2018 baseline, Hydro targets 30 percent reduction of total scope 1 and 2 greenhouse gas (GHG) emissions and 15 percent reduction in upstream scope 3 emissions by 2030. Hydro also targets 30 percent reduction in upstream scope 3 emissions per tonne aluminium delivered to market, by 2030. In 2023, Hydro's total scope 1 and 2 emissions were 6.5 percent lower than the 2018 climate strategy baseline.

Other emissions

Hydro targets 50 percent reduction in material non-GHG emissions by 2030, including sulphur dioxide (SO_2), nitrogen oxide (NO_X), and particulate matter (PM). In 2023, total emissions of SO_2, NO_X and particulate matter were reduced by 30 percent, 20 percent, and 15 percent, respectively, compared to the 2017 baseline.

Recycling

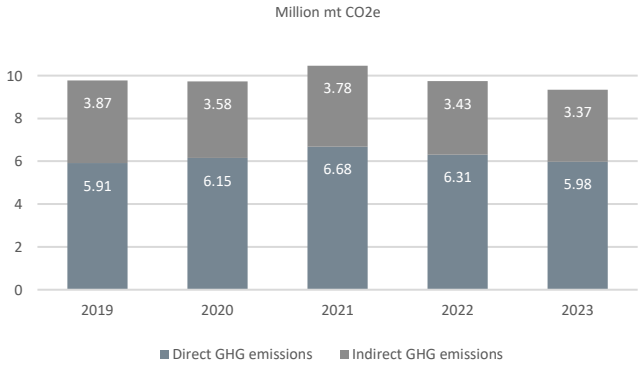
Hydro targets 850-1200 thousand tonnes of post-consumer scrap (PCS) recycling capacity by 2030, an increase compared to our 2025 target of 520-670 thousand tonnes. In 2023, Hydro recycled 444 thousand tonnes[2] of post-consumer aluminium scrap, a 38 percent increase from 2022. We also sold 51,000 tonnes of Hydro CIRCAL, our brand of recycled aluminium with a minimum of 75 percent recycled post consumer scrap and a carbon footprint of 1.9 kg CO2 per kg aluminium.

Waste management and utilization

Hydro aims to eliminate landfill of all recoverable waste by 2040, and to landfill less than 35 percent of spent pot linings (SPL) by 2030. In 2023, Hydro landfilled 20 percent of its waste and 38 percent of our SPL.

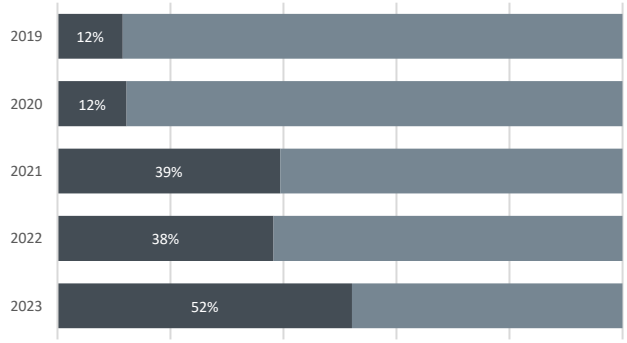
In 2023, Hydro announced a commercial research partnership with WAVE Aluminium to investigate the possibilities to use bauxite residue as a resource. Using a new combination of disruptive technologies, a bauxite residue processing plant will be built at Alunorte, which will initially have the capacity to process 50,000 tonnes per year of bauxite residue to produce pig iron.

Total greenhouse gas emissions by ownership equity
(Scope 1 and 2)



Greenhouse gas emissions were lower in 2019 and 2020 due to production embargo at Alunorte and curtailed production at Albras and Paragominas. Emissions have decreased since 2021 mainly due to shut down of primary production at our Slovalco plant, and implementation of emission reduction efforts described in the Climate change chapter.

Post-consumer scrap (PCS) inflows



Annual development of post-consumer scrap recycling against 2030 target of 850 – 1,200 thousand tonnes. See the Resource use chapter for more information.

Continuing efforts within ESG performance[1]

SUSTAINALYTICS

17.8 (Low risk)
#3 in sector (3/224)

MSCI

AA rating
"Leading initiatives to achieve carbon-free aluminium"

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

69%
Europe Index Inclusion
DJSI inclusion since 1999

ecovadis

72/100
95th percentile

Moody's ESG Solutions

73/100

ISS ESG

B rating
Corporate
rating: Prime Status

1) ESG rating as of 31.12.2023
2) Including Alumetal full year

No Net Loss ambition

Hydro targets no net-loss of biodiversity for its bauxite mine in Paragominas, Brazil, from a 2020 baseline, and No Net Loss of biodiversity in new projects. Hydro has established a partnership with Brazilian NGOs, Imazon and IPAM, which have a long-standing presence within the State of Pará and are actively engaged in the conservation and sustainable development of the Brazilian Amazon.

Hydro also has a 1-to-1 rehabilitation target for mined areas in Paragominas, within two hydrological cycles. All suppressed land that has been released for rehabilitation prior to 2022, has been rehabilitated within the target of two years hydrological cycles, and a total of 244 hectares started rehabilitation in 2023.

Social performance

Towards a just transition

Hydro aims to improve lives and livelihoods wherever it operates by contributing to the protection of human rights and access to equal opportunities, resilient local communities in a changing world, and development of skills and jobs for the future low carbon economy. In 2023, Hydro updated its Human rights policy, continued to map salient human rights risks across the countries where Hydro operates or that are part of its value chain, and prioritized the follow-up of human rights risks in Brazil, China, the Nordics, and Qatar. In 2023, Hydro invested NOK 123 million in its local communities including community investments, TerPaz (local community centres), donations and sponsorships, and developed a program to increase funding to projects aligned with Hydro's just transition priorities in the communities where it operates. The program will be launched in 2024. Hydro also progressed towards its target to equip 500,000 people with skills and education for the future low carbon economy by 2030, reaching more than 40,000 people in 2023. In total, 197,000 people have benefitted from Hydro's education and skills initiatives since 2018.

Health and safety

Hydro values human life above all other considerations and will not compromise the health and safety of those working for Hydro or that are affected by the company's activities. Hydro targets zero fatal accidents and life changing injuries. In 2023, the total recordable injury (TRI) rate was 2.4 per million hours worked by employees and contractors, with the majority of injuries relatively minor.

While this continues the positive trend from 2022, which saw the same injury rate and Hydro's best TRI result to date, there was one fatality involving a contractor at our Alunorte alumina refinery. At the time of publishing, the incident is still under investigation for work relatedness. Moreover, Hydro registered one life-changing injury where an employee had all toes amputated after a load on a mobile trolley tipped over the employee's the foot. In addition, there was also one fatal accident at Hydro's joint venture, Qatalum, in Qatar.

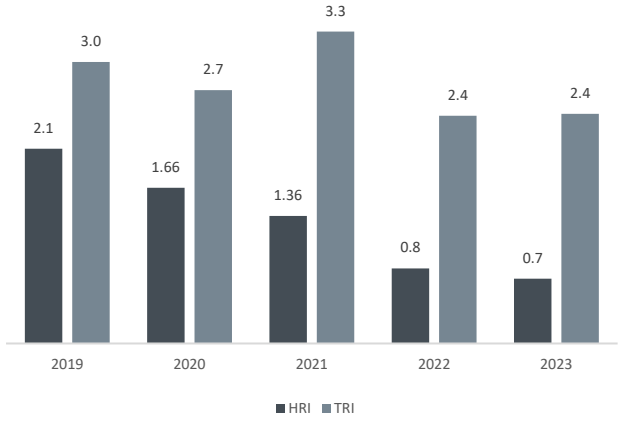
Gender balance

Hydro targets 25 percent women employees in permanent and temporary positions combined and 25 percent women in leadership positions, by 2025. Hydro's overall gender balance improved one percentage point from 2022, with 23 percent of the Hydro workforce comprising women at the end of 2023. The share of women in management has increased by one percentage point in the same period, with 20 percent of leadership positions in Hydro comprising women at the end of 2023.

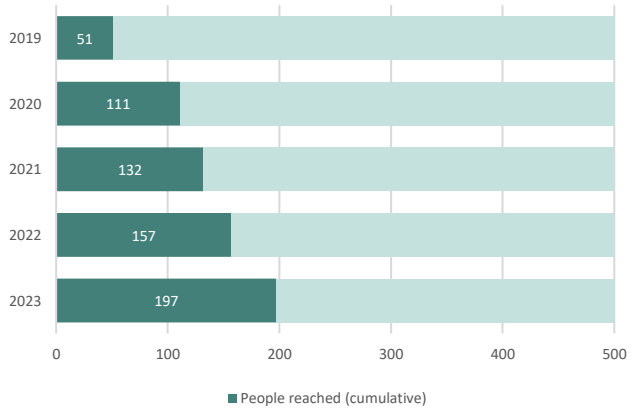
Transparency and reporting

Sustainability is fully integrated in Hydro's strategy and has been reported on for three decades. Hydro reports on its sustainability performance in accordance with GRI Standards. Please see the GRI index at hydro.com/gri. The preparation to fully implement the EU Corporate Sustainability Directive (CSRD) is a work in progress, and. Hydro continues to work to improve ESG performance against several internationally recognized ESG rating systems.

High risk incidents (HRI) and total recordable injuries (TRI)
Incidents per million hours worked by employees and contractors



Total people reached with skills and education towards 2030 target of 500,000
Thousand people



Other performance measures and adjustments to EBIT

Other performance measures

NOK million, except per share data	2023	2022	2021
Revenue	193,619	207,929	149,654
Earnings before financial items, tax, depreciation and amortization (EBITDA)	23,291	39,536	26,050
Adjustments to EBITDA[1)]	(1033)	128	1,959
Adjusted EBITDA[1)]	**22,258**	**39,664**	**28,010**
Hydro Bauxite & Alumina	1,828	3,122	5,336
Hydro Energy	3,146	4,926	3,790
Hydro Aluminium Metal	10,502	22,963	13,500
Hydro Metal Markets	1,533	1,673	867
Hydro Extrusions	6,480	7,020	5,695
Other and eliminations	(1231)	(39)	(1178)
Adjusted EBITDA[1)]	**22,258**	**39,664**	**28,010**
Earnings before financial items and tax (EBIT)[2)]	9,592	30,715	17,887
Adjusted EBIT[1)]	12,983	31,179	20,786
Net income (loss) from continuing operations	2,804	24,381	13,930
Adjusted net income (loss) from continuing operations[1)]	7,835	23,145	14,905
Net income (loss) from discontinued operations	-	36	12
Earnings per share from continuing operations	1.77	11.76	5.92
Adjusted earnings per share from continuing operations[1)]	**4.26**	**10.70**	**6.77**
Financial data			
Investments[1)2)]	25,647	13,391	8,589
Net cash (debt)[1)]	(8191)	1,310	3,213
Key Operational information			
Bauxite production (kmt)	10,897	11,012	10,926
Alumina production (kmt)	6,185	6,193	6,305
Realized alumina price (USD/mt)	359	382	313
Primary aluminium production (kmt)	2,031	2,137	2,244
Realized aluminium price LME (USD/mt)	2,218	2,599	2,364
Realized USD/NOK exchange rate	10.37	9.52	8.55
Extrusions sales volumes to external market (kmt)	1,090	1,251	1,296
Power production (GWh)	9,697	7,664	9,055

1) Alternative performance measures (APMs) are described in the appendices
2) EBITDA and investments per segment are specified in Note 1.4 Operating and geographic segment information in the financial statements
3) Paragominas production, on wet basis
4) Weighted average of own production and third-party contracts. The majority of the alumina is sold linked to either the LME prices or alumina index with one-month delay

Adjusting items to EBITDA, EBIT and net income

Reported earnings before financial items and tax (EBIT) and net income (loss) include effects that are disclosed in the table below. Adjusting items to EBIT and adjusted net income (loss) are defined and described as part of the Alternative Performance Measures in the Appendices.

NOK million[1)]	2023	2022	2021
Unrealized derivative effects on LME related contracts	(1,530)	(3,003)	5,088
Unrealized derivative effects on power and raw material contracts	887	3,352	(3,083)
Significant rationalization charges and closure costs[2)]	265	152	377
Community contributions Brazil[3)]	25	32	217
Transaction related effects[4)]	120	(119)	(304)
Net foreign exchange (gain)/loss[5)]	(883)	(318)	(79)
Other effects[6)]	83	32	(257)
Adjusting items to EBITDA	**(1,033)**	**128**	**1,959**
Impairment charges[7)]	4,424	335	426
Depreciation[8)]	-	-	513
Adjusting items to EBIT	**3,391**	**464**	**2,899**
Net foreign exchange (gain)/loss	2,084	(2,192)	(1,404)
Other finance (income) expense		-	-
Calculated income tax effect	(445)	492	(520)
Adjusting items to net income	**5,031**	**(1,236)**	**976**
Income (loss) tax rate	57%	25%	24%
Adjusted income (loss) tax rate	35%	24%	25%

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.
2) Significant rationalization and closure costs include a provision for costs related to reduction of overcapacity, closures and environmental clean-up activities in Hydro Aluminium Metal and Hydro Extrusions.
3) Community agreements includes provisions for the TAC and TC agreements with the Government of Parà and Ministèrio Pùblico made in September 2018, including later adjustments for changes in cost estimates, and similar agreement.
4) Transaction related effect inculdes gains(losses) of divestments as described in the Alternative Performance Measures section in the appendices.
5) Realized currency gains and losses from risk management contracts and embedded currency derivatives in physical power and raw material prices
6) Other effects include adjustments as described in the Alternative Performance Measures section in the appendices.
7) Impairment charges for 2023, 2022 and 2021 include goodwill and property, plant and equipment in the operating plants in Bauxite and Alumina, Tomago and Slovalco smelter in Aluminium Metal and various sites and assets in Hydro Extrusions.
8) Excess depreciation related to the anode producer Aluchemie which closed in 2021

Key financial exposures

Hydro's operating results are primarily affected by price developments of Hydro's main products, raw materials, margin developments and fluctuations in the most significant currencies for Hydro, which are USD, NOK, EUR. and BRL.

Hydro enters into derivative forward sale contracts both on the LME and with banks to secure prices on parts of the planned aluminums production as part of securing a margin level for periods up to about three years when considered beneficial. To mitigate the impact of exchange rate fluctuations, long-term debt is mainly maintained in currencies reflecting underlying exposures and cash generation.

The table shows sensitivities regarding aluminium prices and foreign currency fluctuations for 2024. The table illustrates the sensitivity of adjusted earnings, before tax, interest and depreciation to changes in these factors and is provided to supplement the sensitivity analysis required by IFRS, included in note 8.2 Financial instruments to the financial statements. These sensitivities are on an adjusted basis, and do not consider revaluation effects of derivative instruments, which may influence earnings. The sensitivities include the impact from financial risk management contracts per December 31, 2023.

Sensitivities with 100 percent production

Commodity price sensitivity +10%

NOK million	Adjusted EBITDA
Aluminium	3,220

Currency sensitivities +10%

NOK million	USD	BRL	EUR
Sustainable effect AEBITDA	4,250	(1,020)	(100)
One-off reevaluation effect Financial items	(590)	1,390	(4,370)

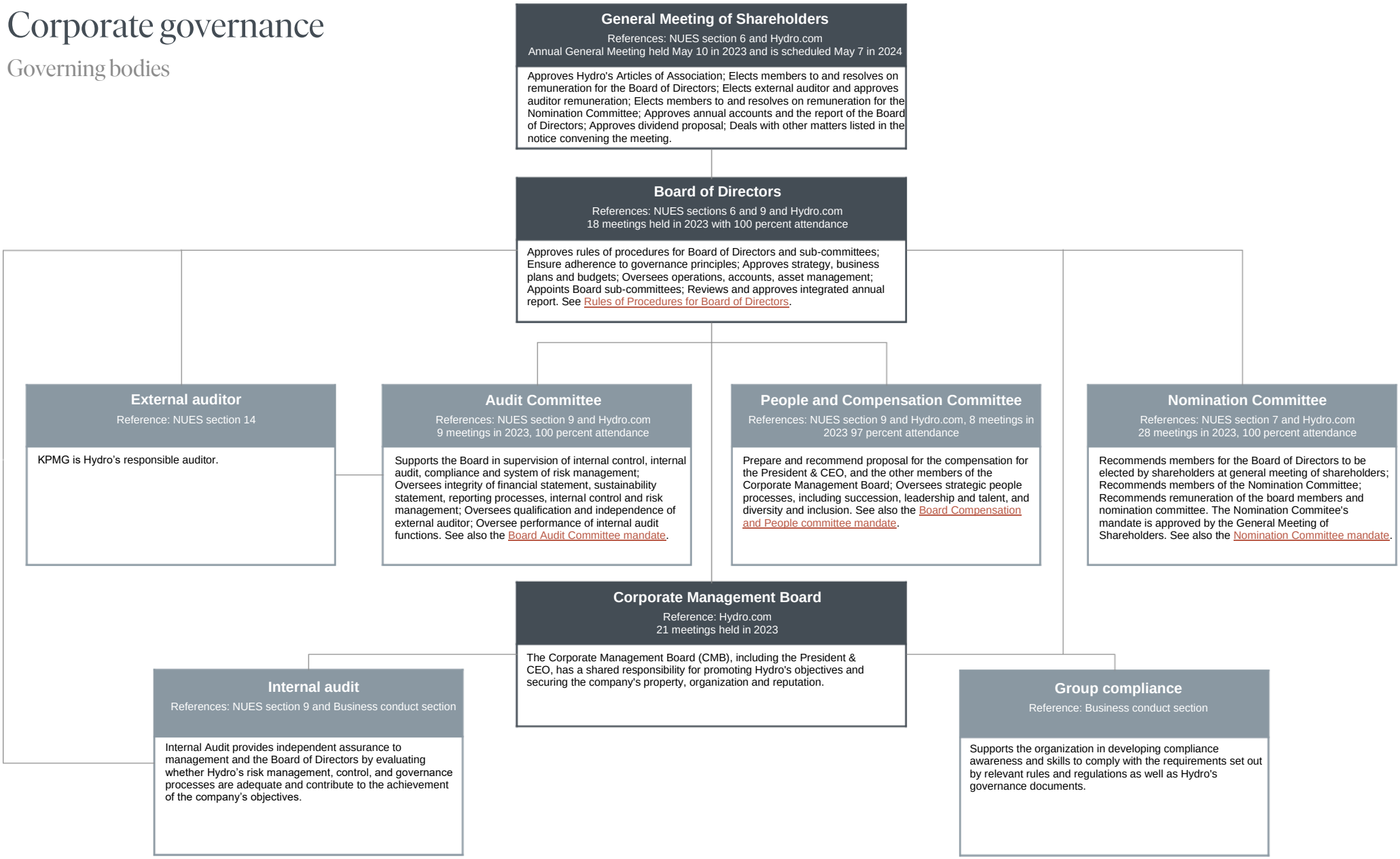
Annual sensitivities based on normal annual production volumes and reflecting strategic hedge positions. LME USD 2,120 per mt, USDNOK 10.91, BRLNOK 2.19, EURNOK 11.66.

Our governance

The Hydro way

Corporate governance

Governing bodies



General information

Hydro is a public limited liability company organized with a governance structure based on Norwegian corporate law. Hydro's corporate governance provides a foundation for value creation and good control mechanisms in the form of global directives that describe mandatory requirements for all parts of our organization.

Hydro follows the most recent Norwegian Code of Practice for Corporate Governance (NUES) dated October 14, 2021. The Board of Directors' report in relation to the Code can be found in the appendix.

Information regarding shareholder policy can be found in the Hydro Share section of the Our Performance chapter. Hydro's strategic direction is described in the Our business chapter.

Global directives and Code of Conduct

Hydro's governance structure is based on applicable laws and regulations, and Hydro's corporate directives, with delegation of responsibility to the business areas and to corporate functions whose duties include finance, tax and accounting, social responsibility, environment, governance, legal and compliance. To maintain uniformly high standards, Hydro sets common requirements in the form of constituting documents and global directives. Constituting documents are approved by Hydro's Board of Directors or the general meeting of shareholders, while global directives are approved by the President & CEO. This information is made available to all employees.

Hydro's governing documents and global directives help ensure that all employees carry out their activities in an ethical manner and in accordance with current legislation and Hydro standards. The Code of Conduct addresses compliance with laws and matters, such as handling of conflicts of interest and a commitment to equal opportunities for all employees. The defined programs contribute to compliance with anti-corruption and basic human rights, and other relevant governance areas. Hydro's Code of Conduct is a constituting document and applies to all Hydro employees throughout the world, as well as to board members of Hydro and its subsidiaries. For legal entities where Hydro holds less than 100 percent of the voting rights, Hydro's representatives in the boards of directors or in other governing bodies, shall act in compliance with Hydro's Code of Conduct and endeavor to implement the principles as laid down therein.

For information about Hydro's Code of Conduct, other constituting documents and global directives see Hydro.com/principles. For information about Hydro's whistleblowing procedures, see Business Conduct in the sustainability statement.

Governing bodies

General Meeting of Shareholders

Hydro's shareholders exercise ultimate authority through the general meeting. Persons who own shares on the fifth business day prior to the general meeting are entitled to attend and vote at the general meeting, either in person or by proxy.

The General Meeting of Shareholders elects the shareholders representatives of the Board and determines the remuneration of the Board. It elects the company's external auditor and approves the auditor's remuneration. It also approves the integrated annual report and the statutory report according to Norwegian requirements, including the dividend proposed by the Board. It elects the Nomination Committee and determines their remuneration and deals with any other matters listed in the notice convening the meeting. Shareholders may, at least four weeks before an ordinary general meeting, request in writing that proposals for resolutions are submitted to the general meeting, or that items are added to the agenda.

Nomination Committee

The Nomination Committee consists of three to four members who shall be shareholders or shareholder's representatives. The members and its chairperson are elected by the general meeting of shareholders for periods of up to two years at a time. The committee makes its recommendation to the general meeting of shareholders regarding the election of shareholder elected members on the board of directors, remuneration to the members and deputies of the Board, the election of the members and chairperson of the committee, and remuneration to the members of the committee. The guidelines for the Nomination Committee are adopted by the general meeting of shareholders and include Hydro's requirements for independence, shareholder interests, competence, capacity and diversity.

Board of Directors

The Board held 11 members as of December 31, 2023. Seven are elected by the general meeting of shareholders, four are elected by and among the company's employees in Norway. All shareholder elected board members are elected for a period of up to two years. The employee representatives on the Board each have a personal deputy. In accordance with Norwegian law, the Board assumes the overall governance of the company, ensures that appropriate management and control systems are in place, and supervises the day-to-day management as carried out by the President & CEO.

The Board works to ensure that sustainability is considered in the company's activities and value creation. The Board oversees that Hydro has appropriate global directives for issues including risk management, health and safety, people management, social

Hydro board competency	Level of competency
Industry relevant experience	
Industry experience GICS 1510 Materials: upstream related[1)]	●●●●●●●
Industry experience GICS 1510 Materials: downstream related[1)]	●●●●●●●
Industry experience GICS 5510 Materials: utilities[1)]	●●●●●●●
Supply chain	●●●●●●●
Customer and markets	●●●●●●●
General experience	
CEO / large scale leadership	●●●●●●●
CFO, finance and audit committee	●●●●●●●
Corporate governance / legal and public affairs	●●●●●●●
Mergers and acquisitions	●●●●●●●
Risk management	●●●●●●●
Strategy	●●●●●●●
HR / remuneration[1)]	●●●●●●●
Workers and human rights[1)]	●●●●●●●
IT and cybersecurity	●●●●●●●
Digitalization	●●●●●●●
Environment and climate[1)]	●●●●●●●

● Practiced competence ● Familiarity

The Board has asked the consultancy Spencer Stuart to assist them in evaluating the competency within certain competence areas for all shareholder-elected board members. The definitions used are:

- Practiced competence: experience from executive career
- Familiarity: expertise from non-executive career (boards, other)

1) Employee representatives bring significant experience

responsibility and human rights. Sustainability, including environment and climate change, social responsibility, diversity, health, safety and compliance, are integrated into the group's risk management and strategy processes and are at the center of the Board's considerations and decision making throughout the year.

All shareholder elected members were in 2023, deemed to be independent according to the Norwegian standards. None of the company's non-employee board members had any other service contractual agreements with the company. No members elected by and among the employees, are part of the company's executive management. Employee elected directors have no other service contractual agreements with the company outside of their employee contracts, though they are subject to their duties as board members.

All new board members receive introduction to Hydro to understand its industries, operating model, risk management and sustainability approach, including its Code of Conduct- Regular orientations and discussions are performed in the board on the same topics.

The Board normally conducts an annual self-assessment of its work, competence, and cooperation with management. This assessment normally also includes an assessment of the chairperson.

Board People and Compensation Committee

The committee consists of four members of the Board of Directors. The committee shall assist the Board in exercising its oversight responsibility in relation to compensation matters pertaining to the President & CEO and other members of the Corporate Management Board (CMB), other compensation issues of principal importance, and strategic people processes in the company such as succession planning, leadership and talent, and diversity and inclusion.

The committee shall regularly consider the appropriateness and competitiveness of the remuneration arrangements for the President & CEO and other members of the CMB.

Board Audit Committee

The Board Audit committee consists of four of the Board members and meets the Norwegian requirements for independence and competence. The committee assists the Board in exercising its oversight responsibility with respect to the integrity of the company's financial statements and sustainability reporting, the financial and sustainability reporting processes, internal controls, systems of risk management, and the compliance system. In addition, the committee oversees qualifications, independence and performance of the external auditor and Hydro's internal audit function. As part of overseeing the external auditor's independence and performance, the audit committee maintains a pre-approval policy governing the external auditor's engagement.

The Board Audit Committee performs an annual self-assessment. To ensure the independence of the internal audit function, the Chief Audit Executive reports to the Board through the audit committee, and meets with the Board of Directors for approval of the audit plan and annual report. The Chief Compliance Officer has a dotted reporting line too, and meets regularly with the audit committee.

President & CEO and the Corporate Management Board (CMB)

According to Norwegian corporate law, the President & CEO constitutes a formal governing body responsible for the day-to-day management of the company. The President & CEO leads Hydro with the assistance of the Corporate Management Board. The division of functions and responsibilities between the President & CEO and the Board is defined in greater detail in the rules of procedures for the Board of Directors, which is a governing document established and approved by the Board.

The CMB, including the President & CEO, has a shared responsibility for promoting Hydro's objectives and securing the company's property, organization, and reputation. Members of the CMB are also Executive Vice Presidents (EVPs) with responsibility for the respective business areas and corporate staffs.

The CMB oversees the management of Hydro, including governance processes, controls and procedures to monitor sustainability related impacts, risks and opportunities. Sustainability related impacts and risks are considered in all major business decisions, including new projects and major changes to existing facilities. Hydro's corporate directives and procedures delegate responsibility for sustainability due diligence, and managing sustainability related impacts, risks, and opportunities to corporate staff and line management in the business areas. Corporate staff and business areas report on Hydro's performance against targets and KPIs on a quarterly basis.

Management and Board remuneration

Please refer to the Remuneration report for information concerning remuneration and remuneration policies, share ownership, loans outstanding and loan policy relating to Hydro's Board of Directors and Corporate Management Board.

Board of Directors

Dag Mejdell
Chair

Position
Non-executive director

Education
MSc in Economics and Business Administration (siviløkonom), Norwegian School of Economics (NHH)

Current directorships
Chair of SpareBank 1 SR Bank ASA, Chair of Mestergruppen AS, Chair of Elopak ASA

Rune Bjerke
Deputy Chair

Position
Adjunct Executive in Residence, Norwegian School of Economics

Education
Exam. Oecon., University of Oslo; Master of Public Administration (MPA), Harvard University, Massachusetts USA

Current directorships
Chair of Reitan Retail AS, Chair of Merkantilbygg Holding AS; Chair of Dinnergruppen Holding AS; Deputy Chair of Schibstedt ASA; Board member of Kronprinsparets Fond; Chair of Wallenius Wilhelmsen ASA

Arve Baade
Director

Position
Employee representative representing the Norwegian union Industri Energi

Education
Certificate of Apprenticeship in Process Studies

Current directorships
Chair of Sunndal Chemical Union

Petra Einarsson
Director

Position
Non-executive director

Education
BSc in Business Administration and Economics with Specialization in Managerial Economics, Uppsala University

Current directorships
Board member and Chair of the Audit Committe of Biokraft, Board member and member of the Remuneration Committee Alimak Group AB, Board member, Chair of the Audit Committe and member of the Remuneration Committe of SSAB

Kristin Fejerskov Kragseth
Director

Position
CEO of Petoro

Education
M. Eng, Ocean Engineering, Texas A&M University, USA; Engineer Marine, Høgskulen på Vestlandet; ExxonMobil Management Program; INSEAD Management Program

Current directorships
Chair of Stavanger Sandnes Skøyteklubb, Deputy Board member of ONS (Offshore Nothern Seas)

Peter Kukielski
Director

Position
CEO of Hudbay Minerals Inc.

Education
MSc Civil Engineering, Stanford University, USA

Current directorships
Board member Hudbay Minerals Inc.

Philip Graham New
Director

Position
Non-executive director

Education
MA PPE, University of Oxford, UK

Current directorships
Non-executive Director ReNew Energy Global PLC; Non-executive Director Fotowatio Renewable Ventures S.L.; Non-executive Director, Almar Water Solutions BV; Fellow, Institute of Energy; Council member, World Economic Forum Global Future Council; Advisory Board, UK Faraday Battery Challenge; Council Member, UK Auto Council. Chair Trustmark Research and Innovation Ltd.

Marianne Wiinholt
Director

Position
Chief Financial Officer, WS Audiology, Denmark

Education
State-Authorized Public Accountant, Copenhagen Business School, Cand. Merc. Aud, Copenhagen Business School, Bachelor communication, Copenhagen Business School

Current directorships
Board member and Chair of the Audit Committee of Coloplast A/S

Bjørn Petter Moxnes
Director

Position
Employee representative

Education
MSc in Chemical Engineering, NTH, Trondheim, Norway; MSc Technology management, NTNU, Trondheim and MIT, USA

Current directorships
Group leader (konserngruppeleder) Tekna-P Norsk Hydro, SSR leader Norsk Hydro (Tekna, Nito, Negotia, Lederne)

Torleif Sand
Director

Position
Employee representative representing the Norwegian union Industri Energi

Education
Upper secondary school with vocational subjects

Current directorships
Chair, Årdal Chemical Union; Board member, Aluminiumsindustriens Miljøsekreteriat; Member of the National Board of Industri Energi

Margunn Sundve
Director

Position
Union representative representing the Norwegian union Industri Energi

Education
Certificate of Apprenticeship in Process Studies, Vocational School in HSE

Current directorships
Chair of Alnor Chemical Union (AKF); Chair of AKF Hydroklubben; Member of the National Board of Industri Energi

Name	Place of residence	Year of birth	Position	Board committee	Meetings attended	Number of Hydro Shares[1)]	Director since	Term expires[2)]
Dag Mejdell	Oslo, Norway	1957	Chairperson	Chairperson, compensation and people committee	18	45,000[3)]	2012	2024
Rune Bjerke	Oslo, Norway	1960	Deputy Chair	Compensation and people committee	18[4)]	20,500	2020	2024
Arve Baade	Sunndalsøra, Norway	1967	Employee representative	Compensation and people committee	18	6,506	2018	2025
Petra Einarsson	Torsåker, Sweden	1967	Director	Audit committee	18	0	2022	2024
Kristin Fejerskov Kragseth	Stavanger, Norway	1967	Director	Compensation and people committee	18	1,200	2022	2024
Peter Kukielski	Vancouver, Canada	1956	Director	Audit committee[5)]	18	8,000[6)]	2019	2024
Philip Graham New	Oxford, United Kingdom	1962	Director	Audit committee[7)]	18	799[8)]	2022	2024
Marianne Wiinholt	Klampenborg, Denmark	1965	Director	Chairperson Audit committee	18	0	2016	2024
Bjørn Petter Moxnes	Sunndalsøra, Norway	1960	Employee representative	Audit committee	18	728	2022	2025
Torleif Sand	Øvre Årdal, Norway	1967	Employee representative		18	1	2022	2025
Margunn Sundve	Haugesund, Norway	1971	Employee representative		18[9)]	997	2022	2025

The number of board meetings were 18.

1) As per December 31, 2023.
2) Following decision from the Norwegian Labor Inspection Authority (“Tvisteløsningsnemda”), all employee elected board members will be on election in 2025. Norsk Hydro, in agreement with the employee elected board members, applied for an extension of the current elective period of one (1) year. Following the election in 2025, the employee elected members will – in line with applicable regulation – be on election every second year. This one-time prolongation of the election period will cater for diverging election years of shareholder elected board members and employee elected board members, respectively, going forward.
3) Including shares owned by Nobel Partners, a private equity investment firm.
4) Absent four hours in BoD meeting April 27.
5) Member of Audit Committee until June 14.
6) American Depositary Shares purchased via OTCQX. Includes ADRs purchased via Cynthia Kukielski Spousal Trust.
7) Appointed new member of Audit Committee from June 15.
8) Including shares owned by a holding in XLOM.
9) Absent two hours in BoD meeting April 27.

Corporate Management Board

Hilde Merete Aasheim
President and Chief Executive Officer

Key experience

Ten years of experience as Executive Vice President Hydro Primary Metal from 2008-2019, previously Head of Staff Functions and Corporate Services in StatoilHydro. Head of the integration between Statoil and Hydro's oil and gas activities in 2007. Head of Leadership and Culture in Hydro in 2005. Senior positions in Elkem from 1986-2005. In 2002 she was Head of the Silicon Division in Elkem and member of the Corporate Management Board. Aasheim also has work experience from Arthur Andersen & Co.

Education

MSc in Business Administration (Siviløkonom), the Norwegian School of Economics (NHH); State-authorized public accountant, certified from NHH.

External directorships

Member of ERT (European Round Table) and member of ICMM (International Council of Metal and Mining).

Pål Kildemo
EVP and Chief Financial Officer

Responsible for performance management, capital deployment, tax, risk management, accounting and ESG reporting, IT and cybersecurity, procurement, insurance.

Key experience

Executive Vice President and Chief Financial Officer (CFO) of Norsk Hydro ASA and as a member of the Corporate Management Board since May 2019. Kildemo has held several key positions in the company, including Head of Investor Relations and Head of Finance in Primary Metal. Kildemo also served as acting Executive Vice President of Primary Metal just prior to becoming Chief Financial Officer.

Education

Master's degree in Economics and Finance from Heriot-Watt University, Edinburgh, Scotland.

External directorships

Board position in Future Leaders Global since 2020; Board member, ZNL Energy since 2023.

Hilde Vestheim Nordh
EVP People & HSE

Responsible for people strategy, including health, safety, security, and environment

Key experience

Executive Vice President People and HSE since 2019. Hilde joined Hydro in 1995 and has held roles of Head of HSE & HR in Energy, HSE manager Karmøy, and casthouse manager at Karmøy.

Education

MSc in Materials Technology, Rheinisch Westfälische Technische Hochschule (RWTH), Aachen, Germany.

External directorships

None.

John Thuestad
EVP Hydro Bauxite & Alumina

Key experience

Executive Vice President, Hydro Bauxite & Alumina. Senior Vice President, Hydro Extruded Solutions; Executive Vice President, SAPA; EVP Group President Primary Metals, Alcoa; CEO, Elkem; CEO/EVP Primary Aluminium, Elkem Aluminium.

Education

MSc in Metallurgy (Sivilingeniør), Norwegian University of Science and Technology (NTNU) Trondheim, Norway; MBA Carnegie Mellon University, Pittsburgh, USA.

External directorships

Member of the Executive Committee of International Aluminum Association (IAI) on behalf of Hydro. Board member Yara International ASA since 2014.

Eivind Kallevik
EVP Hydro Aluminium Metal

Key experience

In Hydro since 1998 and held several senior positions in the corporate center and in Business areas, in Norway and internationally. Head of Aluminium Metal since 2019. CFO and Executive Vice President (2013-2019). CFO for the Business areas Bauxite and Alumina and Aluminium Products. Head of Corporate Financial Reporting, Performance and Tax, Assistant VP and Relationship Manager, Christiania Bank & Kredittkasse (1993-1998).

Education

Master of Business Administration from University of San Francisco, USA; Bachelor of Business Administration from Norwegian Business School, Norway.

External directorships

Board Member Norsk Industri.

Anne-Lene Midseim
EVP Compliance, IP & General Counsel

Responsible for Hydro's governance system and compliance processes.

Key experience

Executive Vice President Compliance, IP & General Counsel since 2019. EVP CSR, Legal and Compliance, since 2015. Midseim has worked in Hydro since 1998, with senior positions as Company Secretary, and as Head of Non-Financial Staffs in Bauxite & Alumina. Midseim was Resident Legal Advisor in East-Timor, Oil for development program (2006-2007), Associate Lawyer in Norwegian law firm Vogt & co (1996-1998), and Executive Officer in the Ministry of Oil and Energy (1994-1996).

Education

Candidate in Jurisprudence (Cand. Jur.), University of Oslo.

External directorships

Board member Gassco AS since 2019, Chair of the Board of Industriforsikring AS.

Arvid Moss
EVP Energy

Key experience

Executive Vice President Hydro Energy since 2010. Acting Head of Corporate Strategy and Business Development from 2019 to 2021. Moss joined Hydro in 1991 and has held several senior management positions including project leader for the oil and gas merger agreement with Statoil, Head of Metal Products (2004-2006) and Head of Automotive Structures (1996- 2001). Previously State Secretary and Chief of Staff in the Norwegian Prime Minister's office.

Education

MSc in Economics and Business Administration (Siviløkonom), Norwegian School of Economics (NHH).

External directorships

Chair of the Board in National Export Strategy Council since 2021. Board Member in NEL ASA since May, 2023.

Trond Olaf Christophersen
EVP Corporate Development

Responsible for strategy, sustainability, technology, and shaping and safeguarding portfolio.

Key experience

Extensive and broad experience in Hydro since joining in 1997. Head of Business Unit Recycling, Head of Commercial, and Plant Manager at the Karmøy smelter (Aluminium Metal, 2013 – 2022) Senior positions in the business area, including Head of Energy Markets (Energy, 2007-2013) Several management positions in the former Oil & Energy Business Area and the Aluminium Business Area including asset management and business development (1997-2007).

Education

Master of Management, BI Norwegian Business School; MSc Mechanical Engineering, University of Bath, UK / MSc Mechanical Engineering, NTNU, Trondheim, Norway.

External directorships

Member of Eurometaux, Management Committee.

Paul Warton
EVP Hydro Extrusions

Key experience

Executive Vice President for Hydro Extrusions. Warton previously served as global president Automotive Structures & Industry for Constellium. Prior to that, he worked for 17 years in the global aluminium extrusion industry with leadership positions in Sapa, Alcoa and Luxfer Group. He also worked for 10 years in manufacturing and commercial leadership positions in Tier 1 automotive companies at Federal Mogul and GKN.

Education

BSc in Production Engineering, University of Birmingham, UK; MBA in Finance, London Business School, UK.

External directorships

Member (Treasurer) of the Executive Committee of European Aluminum on behalf of Hydro.

Therese Rød Holm
EVP communication & public Affairs

Key experience

Extensive experience, including several senior positions in Hydro and other large companies across all main disciplines of communication and public affairs. She joined Hydro in 2014 and has held several leadership roles, both in Hydro Group and in Hydro Extrusions. Prior to Hydro, Holm was communication manager in Marine Harvest, now Mowi, from 2003-2011. Later she worked for Posten Norge, as responsible for internal communication in the Mail division.

Education

MSc in Economics and Business Administration (Siviløkonom), Norwegian School of Economics (NHH).

External directorships

None.

Name	Place of residence	Year of birth	Position	Employed in Hydro since	Current position since	Number of Hydro Shares[1)]
Hilde Merete Aasheim	Oslo, Norway	1958	President and Chief Executive Officer	2008	2019	141,292
Pål Kildemo	Bærum, Norway	1984	EVP and Chief Financial Officer	2008	2019	24,472
Hilde Vestheim Nordh	Asker, Norway	1969	EVP People & HSE	1995	2019	35,367[2)]
John Thuestad	Asker, Norway	1960	EVP Hydro Bauxite and Alumina	2017	2018	75,423[3)]
Eivind Kallevik	Oslo, Norway	1967	EVP Hydro Aluminium Metal	1998	2019	85,382
Anne-Lene Midseim	Oslo, Norway	1968	EVP Compliance, IP & General Counsel	1998	2015	42,419
Arvid Moss	Oslo, Norway	1958	EVP Energy	1991	2010	184,357
Trond Olaf Christophersen	Oslo, Norway	1972	EVP Corporate Development	1997	2022	5,772
Paul Warton	Tibshelf, United Kingdom	1961	EVP Hydro Extrusions	2021	2021	16,431
Therese Rød Holm	Bærum, Norway	1975	EVP Communication & Public Affairs	2014	2022	1,277

EVP: Executive Vice President. All EVPs are members of the company's Corporate Management Board (CMB)

1) As per December 31, 2023.
2) Including shares owned by spouse
3) Including shares owned through Jothur AS, a private equity investment firm.

Risk Review

Enterprise Risk Management in Hydro

Risk management is an integral part of all Hydro's business activities and decisions.

The Board of Directors (BoD) sets expectations, oversees Hydro's system of risk management and reviews key risks through biannual updates which serve as an important foundation for the strategy and business planning processes. In addition, specific risk topics are subject to more frequent updates. Progress on risk mitigation is reflected in the remuneration schemes of the Chief Executive Officer (CEO) and Corporate Management Board (CMB). The Board Audit Committee supports the BoD's supervisory role. The CMB is responsible for Hydro's risk management framework at group level and assists the CEO in its execution. The framework is based on international standards, and Hydro more specifically applies the Committee of Sponsoring Organizations of the Treadway Commission's 'COSO Internal Control – Integrated Framework' (2013) with respect to Financial Reporting.

The further attribution of risk management roles in Hydro is supported by the development of a three lines of defense (3LoD) governance model.

> Risk management is an integral part of all our business activities and decisions.

The first line of defense resides with managers at all levels. Business areas and group functions have the responsibility for and ownership of incident and HSE risks. They ensure that risks within their respective areas of accountability are identified, analyzed, adequately mitigated, documented and reported. The frequency of updates is dependent on the nature of each risk as well as the pace of internal or external change.

The second line comprises governance owners and subject matter experts on different risk areas as well as an Enterprise Risk Management (ERM) function. They assess the need for, develop policies and procedures for managing risk as well as coordinate biannual risk updates. More broadly, the second line supports, challenges and monitors the first line of defense.

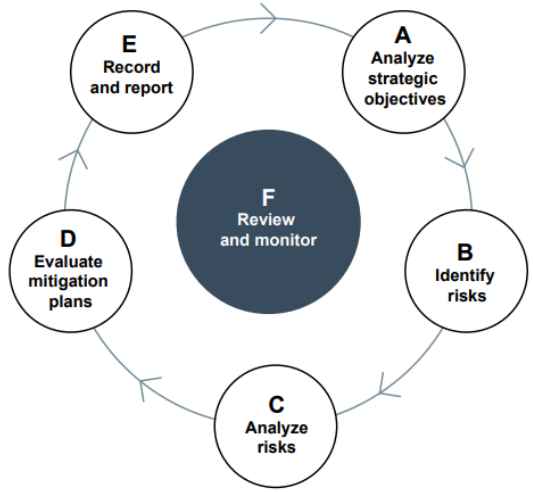
The third line comprises Group Internal Audit & Investigation. This department independently evaluates whether Hydro's risk management, control and governance processes, as designed and implemented by management, are adequate and contribute to the achievement of the organization's objectives.

Through the 3LoD model, major risks are managed according to Hydro's risk appetite and consolidated at group level through the annual strategy process, with a status update provided in the business planning process, while mitigating plans progress on an ongoing basis.

An overview of key risks, including developments during the last 12 months and related mitigating actions, is included below. This overview is derived from Hydro's risk matrix which facilitates risk oversight and prioritization.

Overall, Hydro has seen an evolution of the company's risk profile rather than a material change, with emphasis on the new strategic direction in a context of increasing sustainability expectations as well as an uncertain geopolitical and regulatory landscape. Despite Hydro's best efforts, the risk-mitigating initiatives may fail or prove to be inadequate to mitigate all risks. As risks increase, decrease or change and new risks emerge over time, the information contained in this section should be carefully considered by investors.

Risk process



A. Strategic and business level objectives are clearly communicated to and well understood by managers at all levels
B. Upside and downside risks within each business or functional area, as well as interconnected risks are identified and assigned to risk owners
C. Significant risks are further analyzed using a variety of risk assessment techniques to articulate key attributes and establish their materiality
D. Mitigating strategies are selected and evaluated based on their cost benefit
E. Risk outcomes are recorded and reported within business areas and corporate functions, as well as further aggregated at group level
F. Risk information is reviewed and monitored on an ongoing basis, considering the pace of internal and external change

Strategic risks		Influenceability	Likelihood	Trend[1)]
1.	Complex and evolving sustainability landscape	M	M	↗
2.	Value chain concentration	H	H	→
3.	Macro-economic developments, geopolitical tensions, protectionism and trade disruptions	L	M	↗
4.	Regulatory & policy framework uncertainty	L	H	↗
5.	Technological breakthroughs	L	M	→
6.	Climate change	L	M	→
Incident risks				
7.	Insufficient asset integrity	H	M	→
8.	Material legal or compliance incident	H	L	→
9.	Major breach of cyber security	M	M	↗
10.	Failure to meet social performance expectations	M	M	→
11.	Pandemic	L	M	→
12.	Material tax change	**L**	M	→
HSE risks				
13.	Fatal or life changing accident	M	M	↗
14.	Security incident	L	M	→
15.	Impact on the environment	M	M	→
16.	Structural collapse or other major accident	M	M	→

1) Indicates whether the likelihood of the risk and/or the severity of its consequences have increased, decreased, or remained stable since 2022.

Although Hydro maintains insurance to protect against certain risks in such amounts as it considers reasonable and in accordance with market practice, its insurance may not cover all the potential risks associated with its operations, and therefore any material disruptions (especially if not covered by Hydro's insurance) could have a material adverse impact on its business and financial condition.

Hydro's risk categories

Strategic risks

Strategic risks are emerging challenges to the achievement of Hydro's strategic objectives. They could have a significant upside and are characterized by their large scale and potential long-term impact on sustainability and profitability. They are generally influenced by structural shifts in the external business environment.

Incident risks

Incident risks are mainly operational or influenced by operational processes. They will often, but not always, materialize suddenly and with immediate impact. Short-term mitigation is typically within Hydro's control. Hydro's main incident risks could impact several parts of the value chain with a broad range of consequences.

HSE risks

HSE risks relate to health, safety, security and/or environmental events. They are often operational or influenced by operational processes. Hydro's main HSE risks could influence multiple parts of the business. In addition to their HSE related consequences, these risks may also result in major legal, social, reputational and financial impacts.

Influenceability		Likelihood		Trend	
L	Low	L	Low	↘	Decreasing
M	Medium	M	Medium	→	Stable
H	High	H	High	↗	Increasing

Strategic risk > **1. Complex and evolving sustainability landscape** Influenceability: M Likelihood: M Trend: ↗

Description

Stakeholder expectations on Hydro's sustainability performance continue to evolve. While Hydro's CO2 footprint is among the lowest of aluminium producers, the production process remains energy and carbon intensive. In addition, key stakeholders are increasingly looking beyond carbon and focusing on the overall sustainability footprint, including nature, social factors and their trade-offs.

Consequences

A failure to deliver on expectations could negatively impact Hydro's license to operate, damage Hydro's reputation and increase the risk of substitution away from aluminium.

Developments

Global awareness and attention toward sustainability continue to accelerate. Regulatory changes are reacting to and driving decarbonization pressure, while consumers are taking a wider sustainability perspective. Increasingly, the focus is shifting to include the impact of human activities and the climate crisis on nature and social development, as well as transparency and traceability along the entire value chain.

Sustainability requirements are increasing in terms of scale, scope and complexity due to growing interdependencies with trade policies. Investments in research and development toward greener solutions are growing, which increases the drive to deliver sustainable materials. In general, all geographies, industries and companies are expected to come under increased scrutiny.

Mitigation

At the Capital Markets Day in November 2023, Hydro presented its 2030 strategy 'Pioneering the green aluminium transition, powered by renewable energy.' While Hydro already has a strong sustainability position, the strategy steps-up efforts within recycling and renewable power generation to further reduce the carbon footprint of its products as key enablers for the green transition.

Hydro is committed to reduce its greenhouse gas (GHG) emissions by 30 percent by 2030. This will be achieved through projects to reduce CO2 emissions in the value chain such as a fuel switch to liquid natural gas (LNG) from the beginning of 2024, and the electrification of boilers at Alunorte, together with the increased use and recycling of post-consumer scrap.

In 2023, Hydro made several investments to further reduce the footprint of its products, including the acquisition of the recycling company Alumetal S.A. and the new recycling facility at Cassopolis in the US. Moreover, Hydro produced the world's first batch of recycled aluminium using hydrogen fueled production in June 2023. This enables Hydro's growing portfolio of low-carbon aluminum products, sold at a premium.

Hydro is working on various options to reduce direct emissions from primary aluminium production. These contribute towards the company's longer-term technology roadmap to decarbonize main processes, supporting the overall ambition to become carbon neutral by 2050.

Hydro is also working with the International Council for Mining and Metals (ICMM) on an industry approach to contributing towards the Nature Positive goal. Hydro launched its own related targets at the Capital Markets Day, alongside its Just Transition framework. Progress is made on specific environmental areas such as biodiversity, waste and water as well as stronger community relationships, particularly in Brazil. Initiatives to improve Hydro's social and environmental impact are monitored, communicated, and reported on a regular basis.

Strategic risks > **2. Value chain concentration**

Influenceability: H Likelihood: H Trend: →

Description

Hydro sources almost all alumina from operations owned in Brazil, whereby the bauxite mine at Paragominas supplies the majority of raw materials to the Alunorte alumina refinery through a 244 kilometer long pipeline.

Hydro experienced in the past some challenges with respect to its operations in Brazil due to a combination of factors involving physical climate incidents, asset integrity as well as a complex political and social environment. In response, Hydro has made significant efforts over several years to enhance the robustness of its operations in the region.

Consequences

Hydro's integrated aluminium value chain offers advantages in terms of end-to-end management and product traceability. Value chain concentration also has downside risk where upstream disruptions in bauxite and alumina production could negatively impact metal production.

Developments

The past three years have seen stable operations. Hydro continues to invest significantly in community relations, including the building of a technical school and peace houses in Brazil. Hydro's mapping of sustainability trends and expectations indicates that in and outside Brazil, the interconnectedness and complexity between nature, environment and social themes will only increase.

A hearing regarding legal aspects on the ongoing Cainquiama lawsuit was held on October 13, 2023, and a decision is now expected during the first quarter of 2024.

Mitigation

Initiatives are ongoing to improve asset integrity, strengthen community relationships and reduce Hydro's long-term environmental impact in Brazil. Systematic social responsibility efforts continue, including the Sustainable Barcarena initiative and commitments stemming from the agreement with the Government of Pará and Ministério Público. Hydro is engaged in a systematic dialogue with political, governmental, non-governmental and local communities regarding the social and regulatory challenges facing Hydro's operations and the communities in which it operates.

The physical adaptation of assets and supply chain robustness are important mitigating factors against the risks posed by climate change related incidents such as floods, landslides, droughts, the implications these may have on the local environment as well as Hydro's ongoing ability to operate safely, and access raw materials and markets. Commercial activities for alumina and other raw materials provide access to key markets and additional sources as tools to manage the risk of supply disruption. The sale of 30 percent of Alunorte and 5 percent of MRN to Glencore in 2023 results in a more balanced portfolio between alumina production and demand from Hydro's smelters.

Strategic risks > **3. Macro developments, geopolitical tensions, protectionism and trade disruptions** Influenceability: L Likelihood: M Trend: ↗

Description

The aluminium industry is pro-cyclical with demand for products closely linked to overall economic conditions.

Protectionism is the process by which countries impose barriers to free trade with the intention of protecting national interests. Geopolitical tensions are often the underlying cause of such actions. Trade and supply chain disruptions can impact the access to and cost of raw materials.

Consequences

Protectionism may directly affect Hydro's ability to access certain markets and trade competitively. It also leads to lower economic growth, which could indirectly affect the demand for Hydro's products.

Higher import duties and trade barriers increase costs, impacting the quantity, quality, and price of internationally traded goods, which Hydro requires to run its operations.

Periods of macroeconomic uncertainty or recession can increase the price volatility for aluminium products, affecting Hydro's ability to deliver stable returns. Macroeconomic developments also drive changes in currency rates, which may have a significant adverse effect on Hydro's cost and competitive position. At industry level, changing dynamics in major aluminium producing countries, such as China, may see large volumes of aluminium enter the market, reducing global price levels.

In the long-term, renewable energy scarcity and high supply costs in countries where Hydro operates could affect the company's competitiveness.

Developments

Macroeconomic and geopolitical dynamics have been increasingly volatile during the period. The ongoing invasion of Ukraine continues to impact the geopolitical and geoeconomic picture, and the Israel-Hamas conflict exacerbates tensions within the Middle East and between global superpowers. The further escalation of geopolitical pressures adds to regionalization trends and the push for strategic autonomy.

Economic growth remains fragile as central banks aim to balance the lagged impact of monetary tightening with remaining inflationary pressures and tight labor markets. The Eurozone entered a mild recession and there is a residual risk of recession in the U.S. during 2024. Disturbances in the Middle East and any resulting rise in oil prices may exert additional downward pressure on economic growth. Demand within some of Hydro's customer segments has softened, yet the longer-term trends still point to a favorable role for aluminium within the green transition where Hydro is well placed with its low-carbon aluminium products.

There are continued heightened trade tensions between the main economic powers, particularly in areas of strategic importance such as microprocessors between the U.S. and China. The EU has opened anti-subsidy probe into Chinese EV imports, with potential impacts for the automotive industry and its supply chain both within and outside Europe.

Mitigation

Robust and stable operations, a strong balance sheet, high focus on operational and commercial improvements, competitive power contracts and strategic hedging support Hydro's robust positioning during potential downturns.

However, actions may still be needed in response to market conditions. Hydro has initiated mitigating measures within Hydro Extrusions and recycling, where current production flexibility and adaptation abilities are being utilized to maneuver given falling demand, while further curtailments are evaluated considering market conditions.

In general, Hydro is well positioned to handle challenges arising from protectionism and regionalization. The majority of Hydro's network of aluminium metal plants are located within large, well established markets. Hydro's downstream operations have a strong local presence in both Europe and North America. Hydro also actively participates in organizations aiming to promote and foster fair trade, such as European Aluminium and the U.S. Aluminum Association.

The supply chain risk is managed through a combination of physical inventory build-ups for key raw materials, selective hedging, long-term agreements with approved suppliers and commercial activities in the marketplace.

For further information on Hydro's mitigating financial measures, please refer to the Performance review section Key financial exposures and Note 8.1 Financial and commercial risk management.

Strategic risks > **4. Regulatory & policy framework uncertainty** Influenceability: L Likelihood: H Trend: ↗

Description

The aluminium industry is subject to a broad range of local and global regulatory frameworks, including mining regulations, tariffs, labor laws and power industry regulations. Additionally, EU climate related regulations such as the implementation of national and regional CO_2 taxes and increased attention on similar regulations in the U.S. are at the forefront of the current uncertainty. The growing pressure to meet climate goals is driving the pace of new regulations and their increased scope regarding all aspects of sustainability.

Consequences

Sustainability driven developments in regulatory frameworks largely represent an opportunity for Hydro. There might, however, be unintended consequences arising from complexity, the uneven impact of and increased emphasis on legislation, potentially impacting aluminium's competitiveness versus other materials, the economic viability of Hydro's operations and/or ability to conduct business in certain markets.

A failure to comply with such laws across multiple local and global regulatory frameworks could expose Hydro to investigations, criminal and civil sanctions such as fines, penalties or loss of licenses, materially impacting the financial results. In addition, there could be other adverse consequences such as reputational damage.

Developments

The growing pressure to meet climate goals is driving the pace of new regulations and their expanded scope regarding all aspects of sustainability. This is increasingly aligned with a push towards strengthening regional sustainable supply chains, reducing the dependence on global markets for key raw materials and energy sources. However, industrial policy is rising on the political agenda both in Europe and the U.S., with more emphasis towards the security of raw materials supply, domestic production, and industrial competitiveness.

Within the EU Green Deal Package, the EU adopted in 2023, an updated Emissions Trading System (EU ETS) and new Carbon Border Adjustment Mechanism (CBAM). As a result, the free allocation of emission allowances for aluminium production will be phased out from 2026 to 2034, and replaced by a CBAM fee on imported goods.

The CBAM transitional period commenced on October 1, 2023, yet questions remain on its practical application and how potential loopholes will be addressed, with the majority of the CBAM secondary legislation still to be finalized. By the end of 2025, the European Commission will publish an assessment of CBAM, decide if the indirect CO_2 cost compensation scheme should be replaced by a CBAM on indirect emissions, as well as whether the product scope of CBAM should be extended.

In Norway, the 2024 state budget introduced reversals and changes to tax regimes on hydropower and wind, as well as increased the floor on CO_2 compensation, adding to uncertainty around long-term investment frameworks.

As a part of its industrial policy, the EU will adopt in 2024, the Critical Raw Materials Act, which includes both aluminium and synthetic graphite as strategic raw materials, as well as the Net Zero Industry Act that sets targets for the domestic production of green technology.

In the U.S., the Inflation Reduction Act continued to attract and support businesses, enabling the green transition.

Mitigation

Hydro continues to actively engage with regulators and industry associations, where appropriate, to ensure that aluminium's position is taken into consideration. Hydro has been involved in the development of international frameworks on climate change and greenhouse gas emissions, as well as raw materials policies supporting the establishment of a level playing field for the industry.

For power industry regulations, Hydro engages in various activities to support and promote sustainable energy policies in the regions in which it operates, in addition to securing competitive energy supplies for Hydro's own operations.

Strategic risks > **5. Technological breakthroughs**

Influenceability: L Likelihood: M Trend: →

Description

Hydro is exposed to disruptive technological developments by its direct competitors, or competing materials and industries. Technology that reduces the sustainability footprint of competing materials could provide a significant advantage and challenge aluminium in key application areas.

Consequences

The successful industrialization of competing materials with lower sustainability footprints could increase the risk of substitution and potentially lower demand for aluminium.

The successful commercialization of breakthrough technological developments such as inert anodes would impact Hydro's comparative advantage as an aluminium producer with one of the lowest CO2 footprints.

Developments

The increasing emphasis on sustainability is part of a long-term trend which is expected to continue. Hydro sees research and development activities across relevant industries concerning CO2 free production methods and competing materials, such as production of steel using hydrogen. Within the aluminium industry, several research initiatives are looking into inert anode technology to reduce direct process emissions.

Mitigation

Hydro views technology as a key enabler in delivering on the dual profitability and sustainability strategy. Hydro conducts research and development in-house, and participate in joint partnerships and projects with other leading industrial companies, universities and research institutions. Hydro also follows external developments closely.

Hydro has identified and is executing a number of technology based roadmaps to producing aluminium with near-zero to zero footprint, including recycling of post-consumer scrap, carbon capture and storage as well as CO_2 free primary production through a chloride based process Hydro calls HalZero.

A number of important milestones have been achieved for HalZero, including securing external funding from ENOVA and the approval to start construction of a new test facility in Porsgrunn, which is expected to be operational by 2025.

This technology was central in Hydro's recognition by the COP28 UAE Presidency as an Energy Transition Changemaker for pioneering the green aluminium transition at the 2023 Climate Change Conference in Dubai.

Strategic risks > **6. Climate change**

Influenceability: L Likelihood: M Trend: →

Description

Climate change related risks comprise climate related physical events that may impact the integrity of Hydro's assets (physical risks), as well as strategic challenges arising from climate related policies, regulations and customers' demand for zero or low-emission solutions (transition risks).

Physical risks could result from climate related acute and/or chronic changes in rainfall patterns, flooding, shortages of water or other natural resources, variations in sea levels, storm patterns and intensities as well as temperatures.

Transition risks could result from an increased demand for low-carbon products and solutions, higher costs for greenhouse gas emissions and production inputs, as well changes to market prices for aluminium based products.

Consequences

The consequences of physical risks on Hydro's facilities and operations are highly uncertain, and could include the flooding of containment basins, interruptions to production processes, infrastructure failures and the potential for major accidents.

Transition risks could positively affect the demand for and valuation of Hydro's low-carbon products and portfolio, while also requiring the implementation of additional low-emission solutions throughout the value chain. Current technologies may not be able to meet abatement and emissions requirements, necessitating the development of new solutions to reduce Hydro's carbon footprint.

Developments

Physical climate risks are on the rise, evidenced by the increased occurrence of climate events such as floods, drought, and forest fires. Hydro is exposed to such physical climate risks through its global footprint, although there was no significant impact to Hydro's operations over the course of 2023.

Transition risks are reflected in the increased demand for low-carbon aluminium in Hydro's markets. The sales of Hydro REDUXA and Hydro CIRCAL have increased accordingly as Hydro continues to attract strategic partners aiming to decarbonize the supply chains. The sustainability strategy puts Hydro in a leading position to supply low-carbon aluminium to the market. Hydro also sees a growing interest among its customers and end-users regarding its decarbonization roadmap and ability to deliver near-zero products well before 2030.

Mitigation

Hydro has conducted comprehensive climate risk assessments to better understand and mitigate the potential consequences of climate related physical events on its operations. Hydro modelled future weather patterns and their potential impact on its sites based on climate models and scenarios from the Intergovernmental Panel on Climate Change (IPCC). The physical climate risk assessments were updated in 2023, and Hydro is now working on further integrating the findings and management of such risks at an operational level, where the physical adaptation of assets and supply chain robustness are the subject of ongoing attention.

In order to manage transition risks, Hydro's climate strategy, advocacy work on future climate related legislation, technology and market strategies aim to be consistent with a 1.5-degree scenario. Hydro's long-term positioning, operational and financial planning reflect the company's assessment of related transition risks. Hydro's capabilities and positioning within renewable energy, low-carbon alumina and aluminium products, sorting and recycling, as well as the ambitious decarbonization roadmap, position the company well to benefit from the transition to a low-carbon economy.

Incident risks > 7. Insufficient asset integrity

Influenceability: H Likelihood: M Trend: →

Description

Hydro is exposed to a range of risks and hazards including critical equipment breakdowns, power failures, climate events and natural catastrophes that could result in disruptions to operations across its business areas.

Consequences

Operational disruptions might reduce or interrupt production at key plants for significant periods of time, materially affecting Hydro's financial results and cash flows.

In Brazil, Hydro operates an integrated mine, pipeline, and refining system meaning that a disruption at Paragominas could adversely affect Alunorte and other downstream operations.

Some operations are located close to sizable communities where operational events could also result in significant and potentially lasting impacts on the health and safety of employees, contractors, nearby communities as well as the environment. In addition, Hydro might be subject to claims, fines and further damage to its profitability or reputation.

Developments

The risk of a major operational disruption remains a subject of ongoing attention. There was no significant interruption to activities at the mine, refinery, smelters, energy and extrusion sites over the course of 2023. Long-term risks are expected to gradually reduce with planned investments to sustain and replace equipment across sites. Two acquisitions were completed during the course of the year involving the recycler Alumetal and Hueck building systems and extrusions, for which integration activities are underway.

Mitigation

The asset integrity of Hydro's operations continues to be preserved and improved through historically high sustaining capital expenditure. ISO 55001 Asset Management certifications have been renewed across a large portfolio of sites including Paragominas, Alunorte, and fully owned smelters. Extensive repairs and maintenance along the Paragominas bauxite pipeline continue to progress with an additional stretch of 30 kilometers planned for 2024.

The back-up power line between Paragominas and Tomé-Açu has been completed, and discussions are ongoing to transfer its operation to a private operator.

Hydro Aluminium Metal made good progress on projects to replace or update critical equipment such as rectifiers, pot control systems and baking furnaces. In response to the last year's pot freeze at Albras, a comprehensive review of busbars has been conducted across the portfolio of smelters including joint-ventures and new busbar by-pass solutions were developed.

Hydro performs regular inspections and maintenance activities, conducts comprehensive emergency preparedness training with key personnel and maintains a range of business continuity plans across sites to best prevent and mitigate operational disruptions. Hydro's resilience against power outages is enhanced, where appropriate, by automated substations, power generating facilities and back-up facilities.

Incident risks > **8. Material legal or compliance incident**

Influenceability: H Likelihood: L Trend: →

Description

Hydro has a strong commitment to act in compliance with applicable laws and regulations. However, the company could still be negatively affected by investigations, and criminal or civil proceedings into alleged non-compliance related to anti-competitive or corrupt practices, product quality, environment, health and safety, data privacy, market regulation, or trade sanctions.

Consequences

There could be material adverse effects on Hydro's business if its controls and initiatives prove to be insufficient to mitigate the risk of non-compliance with applicable laws and regulations. Potential consequences range from fines, litigation and reputational risk, the withdrawal of licenses and suspension, or operational shutdowns thereby causing material adverse impacts on Hydro's operating results, cash flow, and financial condition.

Developments

Hydro's exposure to legal and compliance risks are considered to be relatively stable. All business units regularly map and evaluate such risks to implement corresponding mitigating measures. Risks arising from regulatory developments within the various compliance areas are mitigated by continuous improvements of Hydro's compliance structures and processes. For instance, the risk of potentially breaching economic sanctions has been given special attention since the invasion of Ukraine.

One compliance incident involving a U.S. subsidiary is still in progress. Hydro Extrusion USA, LLC executed a plea agreement under which it admitted to a federal misdemeanor violation of the Clean Air Act at its cast house in The Dalles, Oregon. The company appeared in court to enter its guilty plea on January 24, 2023, with judgment and conviction occurring at a sentencing hearing held in December. The company entered into a three-year Administrative Agreement with the U.S. Environmental Protection Agency Suspension and Debarment Division with respect to this matter.

Mitigation

Hydro's Code of Conduct requires adherence to laws and regulations, as well as global directives and procedures. This is systematically implemented and maintained through Hydro's compliance system, which is based on a clear governance structure defining roles and responsibilities to manage the relevant compliance risks.

Business Areas have a clear responsibility to act in a compliant manner, while being supported by Group Compliance and competent staff in other functions. The system includes controls and activities to prevent, detect, report and respond to compliance failures, with core focus on the prevention of non-compliance incidents. In addition to policies, guidelines and procedures, Hydro maintains an extensive training program adapted to the company's risks and profile to continuously build and maintain a strong culture of compliance and integrity. Hydro also actively promotes a whistleblower hotline to allow employees and external third parties to report concerns 24 hours a day, 7 days a week, in multiple languages via toll-free telephone or online. Reporting which, is either anonymous or identified, is supported by information on Hydro's website and strong anti-retaliation protection.

Incident risks > **9. Major breach of cyber security**

Influenceability: M Likelihood: M Trend: ↗

Description

Hydro's Information and Technology (I&T) infrastructure is critical to all its operations, ranging from process control systems at production sites to central personnel databases and systems for external reporting.

Cybercrime is increasing globally, exposing Hydro to a range of threats to the integrity, availability and confidentiality of its systems. Threats may include attempts to access information, ransomware attacks, destructive installation of viruses, denial of service and other digital security breaches.

Consequences

A breach of cyber security could result in a broad range of impacts including HSE events, operational disruptions and the leakage of private or confidential data.

Developments

The underlying cyber security risk to industrial control systems continues to be sustained at a high level, reflecting the geopolitical context and high rate of cybercrime.

External threats relating to cyber security are developing as malicious actors continue to innovate and change their techniques to increase their success rate, requiring organizations to adapt quickly.

Mitigation

Hydro remains vigilant to the unstable geopolitical situation in Europe and other continents where the company operates with possible spillover effects on governmental organizations and companies around the world.

This risk continues to receive attention through the continuous improvement and close monitoring of compliance-with and effectiveness-of existing security capabilities. Security controls will be further refined over 2024, with a focus on protecting Hydro against the most relevant threat actors and their specific tactics and techniques. Hydro has adopted a risk based approach where new security measures will be prioritized based on continuous evaluation of the dynamic threat landscape.

Incident risks > 10. Failure to meet social performance expectations

Influenceability: M Likelihood: M Trend: →

Description

Hydro is committed to behaving in an ethical and socially responsible manner. However, the company could still be exposed to allegations or perceived failures to act in an ethical or socially responsible manner, particularly related to human rights and legacy issues which could influence our social license to operate.

Consequences

A deterioration of Hydro's social license to operate may impact the company's ability to maintain optimal productivity at certain sites, would Hydro no longer be perceived as a responsible company. Loss of public trust could affect Hydro's reputation both in the short and long term, impacting its ability to attract capital and ultimately result in a loss of market share.

Unrest in local communities may impact safety and security, as well as cause logistical and transportation challenges.

Other potential consequences range from fines or penalties, contractual, litigation, the withdrawal of licenses and suspension, or operational shutdowns, thereby causing a material adverse impact to Hydro's operating results, cash flow, and financial condition.

Developments

Social performance related risks continue to be jointly influenced by increased customer and civil society expectations, scrutiny, as well as legislative development in Norway, Brazil, Germany and the coming EU Due Diligence Directive.

Hydro believes that transparent communication with regards to sustainability claims including social performance is critical to gain trust. Hydro is increasingly engaged by customers and civil societies to verify its ethical sourcing and social footprint across the value chain from bauxite mining and scrap supply to finished products.

In a context of increasing geopolitical uncertainty and polarization, Hydro is likely to see more instances where social conditions are less than optimal in some areas where Hydro operates and parts of the supply chain.

Mitigation

As part of Hydro's social responsibility strategy, the company has defined priorities and overall goals, and implemented these through specific directives, policies, procedures, and social development programs to manage social risks and opportunities throughout the company.

Hydro continues to implement Human Rights due diligence in its business processes, including own operations, procurement activities and projects, as well as building its internal competence on human rights management based on the OECD Guidelines on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights.

Hydro collaborates on industry initiatives and invests in partnerships for supporting human rights and positive social development, such as through the ICMM membership as well as partnership with Amnesty International in Norway.

The Aluminium Stewardship Initiative (ASI) certification of sites across Hydro's value chain provides stakeholders with a third party verification that Hydro conducts its business according to globally accepted good practices.

See the chapter on Human Rights, Workers in the value chain and Affected communities for further information.

Incident risks > **11. Pandemic**

Influenceability: L Likelihood: M Trend: →

Description

Hydro's vertically integrated value chain and global footprint are exposed to rapidly evolving and spreading communicable diseases.

The actions Hydro takes in anticipation of and response to a pandemic may affect its ability to maintain stable operations across business areas and corporate functions.

Consequences

High transmission rates among employees, contractors, stakeholders and communities may lead to the prolonged shutdown of operations, either due to government imposed restrictions, insufficient manning, social unrest or Hydro's inability to provide a safe environment. The inbound and outbound supply chains of Hydro, its suppliers, and customers could also face constraints, further disrupting production and sales.

On a broader scale, a global pandemic may cause acute, short-term fiscal shocks as well as longer-term damage to economic growth, significantly affecting demand for Hydro's products and causing a material adverse impact on operating results, cash flow and financial condition.

Developments

Hydro's global footprint includes two production sites in China. When the country saw a spike in cases between December 2022 and early 2023, following its departure from the zero-covid policy, Hydro was able to operate without any major disruptions through the ongoing adoption of rules set by relevant local authorities together with Hydro specific measures.

Hydro continues to give due emphasis on the mental health of its staff, some of which might still be impacted by long term effects of the global Covid-19 outbreak and encourage vaccination according to the guidelines set by authorities in countries where it operates.

Mitigation

Hydro's strategy to prepare for future pandemics continues to be based on full cooperation with local authorities and compliance with rules complemented by a flexible range of Hydro specific responses, robust emergency preparedness and business continuity plans.

Where applicable, guidelines and regulations from national authorities such as those pertaining to travel restrictions, social distancing, home office or complete societal lockdowns, have been reflected in Hydro's internal policies and procedures. Hydro evaluates its key pandemic related risks and vulnerabilities through security and business resilience assessments, which support the preparation and review of business continuity plans.

Additional measures that have been used and could be reinstated, include stock level increases for raw materials to reduce Hydro's exposure to supply chain disruptions as well as cash preservation measures to reduce cost, capital expenditures and to ensure adequate liquidity to face the financial impact of potential shutdowns.

Incident risks > **12. Material tax change**

Influenceability: L Likelihood: M Trend: →

Description

Hydro is committed to pay equitable taxes where the economic value is created. Hydro's global reach involves complexity and potential volatility linked to regulatory changes on direct and indirect taxes as well as to OECD/EU initiatives such as the Global Tax Reform. In addition, multiple changes often occur in local tax regulations, constantly shifting a global tax landscape, which is challenging to predict and navigate.

Consequences

Changes to tax regulations can occur suddenly and materially impact Hydro's financial results, as well as influence decisions with regards to future investment.

Developments

In Brazil, the tax system remains complex and volatile, with a broad range of direct and indirect taxes levied at federal, state and municipal levels, including the Imposto Sobre Circulação de Mercadorias e Serviços (ICMS), which is an indirect tax charged on circulation of goods and services. Brazil has a general ICMS exemption on exports. Under a 15 year framework agreed in 2015 with the state of Pará, Hydro's local operations are under certain conditions, entitled to a deferral of ICMS payments. A potential discontinuation of the ICMS deferral would materially adversely affect Hydro's financial results from its Brazilian operations.

Over the last years, local authorities have showed increased interest towards ICMS, requesting that Hydro demonstrates compliance with commitments under the ICMS agreement. Brazil has launched both a consumption tax reform, affecting the ICMS reporting longer term, as well as new transfer pricing rules. Analysis of the new regulations and requests is ongoing. So far, no notable disadvantage has been detected for Hydro.

Hydro is involved in many tax disputes pertaining to the Group's business in Brazil.

Temporary safe harbor rules for 2024-26 will simplify the initial tax compliance for Hydro in Norway under the OECD's global minimum tax initiative (Pillar Two).

The slight trend towards a more unpredictable tax framework in Norway the last couple of years, such as the temporary increase in employer social security contribution on higher salaries, may cause inefficiencies and potential increased tax costs for groups head quartered in Norway.

Mitigation

Hydro is engaged in a systematic dialogue with local, state and federal politicians, authorities as well as industry associations regarding the fiscal regulatory challenges which could impact Hydro's operations. The main topic of this dialogue concerns Hydro's contribution to a sustainable aluminum value chain and underlines the need for competitive and predictable framework conditions for its operations.

Hydro continuously monitors and responds to relevant regional and national regulatory initiatives and changes, including the draft corporate tax framework (BEFIT proposal) and transfer pricing directives in the EU.

HSE risk > **13. Fatal or life-changing accident** Influenceability: M Likelihood: M Trend: ↗

Description

Hydro's operations range from mining in Brazil, primary aluminum production in Norway and Brazil, extrusions in Europe, the U.S., South America and China, the recycling of used metal in Europe and the U.S., as well as renewable power production. Associated activities may pose serious safety risks that, if not controlled, could cause serious injuries or fatalities.

Despite Hydro's best efforts, high-risk incidents do occur. All such incidents are treated seriously and investigated to their root causes to prevent recurrence.

Consequences

Workplace related loss of life has a traumatic and long lasting psychological effect on relatives, close friends and colleagues.

Life-changing injuries affect the quality of life of the injured person and often require significant adjustments at home and work. This could be associated with long lasting psychological impacts on the injured person and family, together with the need for ongoing financial support. Police or health and safety agencies might impose sanctions, which include imprisonment and fines. In addition, Hydro might need to shut down its operations and be subjected to legal disputes, sanctions, and reputational damage. Civil action could result in compensation claims.

Developments

High-risk incidents with the potential for a fatality or life-threatening injury continue to decrease in both number and rate, whereas the total recordable incident rate for contractors went up in 2023, in relation to increased levels of projects involving construction activities.

One contractor related fatality occurred at Alunorte in October 2023, for which investigations are ongoing to determine work relatedness and root causes. In addition, there was one fatal accident involving a contractor at Hydro's joint venture, Qatalum, in Qatar. There was also one contractor related life-changing injury in 2023. Initiatives rolled-out during the period include self-assessment systems for all business areas as well as traffic and asset management improvements.

Mitigation

Safety is Hydro's number one priority. Hydro's robust approach to HSE and Security includes committed and highly visible leaders on the factory floor, well developed HSE management systems, together with employees and contractors who are actively engaged in day-to-day HSE risk management activities such as work permitting, risk assessments and root cause analysis.

Control measures aimed at reducing the likelihood of fatal and life-changing incidents occurring have been developed and implemented in all business areas. Hydro's fatality prevention procedures are well established and continuously improved.

High-risk actions and completion rates are critically reviewed to ensure robust processes and learning across all sites. Frequent health, safety, security and environment network meetings connect specialists from all business areas to discuss preventative control measures following high-risk incidents as well as share best practices and innovative solutions. Machinery safety and asset integrity incidents are receiving particular attention to further prevent failures and constitute an area for further improvement.

HSE risks > **14. Security incident** Influenceability: L Likelihood: M Trend: →

Description
Hydro is exposed to security risks such as public violence, robbery or theft. This risk is particularly relevant in the Barcarena region in Brazil, but also present in other areas such as Mexico (Reynosa and Monterrey).

Consequences

The outcome of security incidents could be psychological impact, a serious injury, single or multiple fatalities. The risk of kidnapping and subsequent ransom demands is also present.

Security incidents could potentially be associated with environmental incidents through attacks on the Paragominas bauxite pipeline and result in business interruptions

Developments

Firearm related incidents and robberies continued to occur in 2023 in relation to Hydro's operations in Paragominas, Alunorte, Mexico and Extrusion North America. Violence in Barcarena and surrounding areas remains comparable to previous years, at a concerning level. The frequency of truck hijacking incidents related to the transport of extruded materials in Sao Paulo reduced this year. The security situation in Reynosa and Monterrey, while not impacting business operations, remains problematic and is monitored closely.

The war in Ukraine and associated increase in international political tensions elevates the potential risk of sabotage. In addition, the Israeli/Hamas conflict and tension in the Middle East may exacerbate the potential for terror incidents.

Mitigation

Hydro's Bauxite & Alumina security team closely monitors security risks and maintains close contact with security authorities in operational areas. Training for Brazil's security team is being revised. Weekly security calls are held to monitor and track incidents and responses. Improvements to perimeter fencing monitoring, access controls and CCTV at Alunorte constitute a better deterrent and have increased Hydro's ability to respond to incidents.

Group Security closely monitors security risks in Brazil and maintains close contact with both plants in Mexico through monthly security calls to ensure security mitigation measures are aligned with developments and threats.

The review of security and business resilience risk assessment along with emergency preparedness procedures and contingency plans is ongoing to counteract threats to Hydro businesses related to the Russian war on Ukraine and rising tensions in the middle east.

HSE risks > **15. Impact on the environment**

Influenceability: M Likelihood: M Trend: →

Description

Hydro's mining and industrial operations are exposed to potential risks that could have a negative impact on the environment. Such risks are usually long-term, and may relate to the effects of known and unknown, historical and current emissions to the air, water and soil around Hydro's operations.

Many operational sites have some form of environmental legacy that eventually needs to be remediated prior to site closure. Examples include areas with contaminated ground and landfills that could potentially impact the environment if there is a route of exposure, such as a spread to the food chain via groundwater.

Consequences

Related events could have a significant and potentially lasting negative impact on the aquatic life, flora, fauna and may pose health and safety risks to nearby communities if, for example, ground water becomes contaminated. They could also potentially lead to operational shutdowns, fines or legal disputes, negative reputational impacts as well as a material impact on financial results and cash flow.

Developments

Chemical usage and waste production are present at all sites, with an inherent risk of spills and leakages. Aluminum Metal and Bauxite & Alumina are the business areas most exposed to potential impacts on the environment due to the volumes and nature of hazardous materials used in operations and locations of large sites. There is a reduction in the number of environmental incidents reported across Hydro in 2023, compared to the previous year.

Although bauxite mining in the Amazon region requires removal of overburden as well as vegetation clearing activities, the strip mining method allows for progressive rehabilitation of the mined areas. Hydro Paragominas has a robust rehabilitation process in place, with key support from the Biodiversity Research Consortium (BRC), Hydro is pursuing its own Nature Positive related ambitions to supplement the ongoing 1:1 rehabilitation practice.

Mitigation

All Hydro sites are required to have action plans in place for known legacies. These are agreed with relevant regulatory bodies. While legacy remediation plans are suitable for known risks, potential investigations may uncover unknown risks.

Hydro performs extensive risk assessments to reduce the risks to its operations. These include environmental studies and the modelling of future weather patterns together with their impact on Hydro's facilities based on existing climate models from the Intergovernmental Panel on Climate Change (IPCC), as well as scenarios for policy, legal, technology, market and reputational risks.

The Tailings Dry Backfill technology allows new tailings from bauxite mining to be returned to open and mined areas before the rehabilitation process, instead of being deposited in separate, permanent storage areas. BRC related activities continuously improve rehabilitation at Paragominas. The roadmap for No Net Loss has also matured significantly in 2023, and seeks to mitigate residual impacts to biodiversity. All sites are required to follow Group standards on chemical and waste management to mitigate the inherent risk of storing, handling and disposing hazardous materials. Chemical management and controls set to prevent spills are included in business area internal audit programs. Hydro has conducted analysis on fluoride emissions from its smelters in Norway and established plans to mitigate their effect on the local deer population.

HSE risks > **16. Structural collapse or other major accident**

Influenceability: M Likelihood: M Trend: →

Description

Hydro is exposed to the risk of major accidents such as the collapse of a hydropower dam, an incident at its tailings storage at Paragominas or bauxite residue storage facilities at Alunorte and Schwandorf, the collapse of the entire port structure at the Alunorte alumina refinery or a rupture of the bauxite slurry pipeline between Paragominas and Alunorte.

Consequences

Any occurrence of such incidents could have a significant and potentially lasting adverse impact on the environment as well as the health and safety of employees, contractors and nearby communities. In addition, Hydro might need to shut down its operations and may be subjected to fines, legal disputes and reputational damage thereby causing a material adverse impact on operating results, cash flow and financial condition.

Developments

Extensive repairs, inspections and maintenance to the pipeline took place in 2023. There has not been any incidents involving crane failures or other significant defects in other structures during the year.

The ongoing implementation of the Global Industry Standard on Tailings Management (GISTM) in Hydro reduces the potential risk of failure at tailings storage facilities (Paragominas) and bauxite residue storage facilities (Alunorte).

Mitigation

Hydro continuously seeks to reduce the likelihood of major accidents through risk mitigating activities. Hydro has committed to comply with the Global Industry Standard on Tailings Management within applicable deadlines together with additional initiatives such as the Tailings Dry Backfill technology to contribute towards the reduction of long-term risks at Paragominas. At closed tailings facilities, the risk of failure under varying conditions, including extreme weather and seismic events (defined as events with a statistical return period of 1:10000), is under investigation. Hydropower dams are managed according to the high standards of regulation set by the competent authorities in Norway.

The Paragominas bauxite pipeline’s extensive repairs and maintenance program is ongoing, while security concerns associated with the pipeline’s length and remote location are addressed through a robust and well embedded fatal risk management approach.

Harbor structural inspections performed in 2023, highlighted the need to maintain or replace wharf pillars at Vila do Conde port. An action plan is now being developed by the harbor owner CDP.

The Hydro share

Introduction

Hydro's share price closed at NOK 68.4 at the end of 2023. The return ex. dividend for 2022 was a negative NOK 4.9, or a negative 6.7 percent. Hydro paid its 2022 dividend of 5.65 NOK per share in May 2023. In addition, a NOK 2 billion share buyback program was approved by the General Meeting in May 2023. As of December 31, 2023, approximately 44 percent of the share buyback program had been completed. The total shareholder return for 2023 ended at 1 percent.

Hydro's Board of Directors proposes to pay a dividend of NOK 2.50 per share for 2023, and a share buyback program of NOK 2 billion for approval by the Annual General Meeting on May 7, 2024, reflecting Hydro's strong financial position. The proposed payment demonstrates the company's commitment to provide a predictable and competitive dividend.

The average five-year pay-out ratio is 74 percent. There were 2,041,208,621 shares issued at the end of 2023. A total of 933,072,753 Hydro shares were traded on the Oslo Stock Exchange (OSE) during 2023 at a value of NOK 64.76 billion, making Hydro the third most traded company on the OSE. The average daily trading volume for Hydro shares on the OSE during 2023 was 3,659,109 shares. Hydro's shares are listed on the Oslo Stock Exchange, while our American Depositary Shares (ADSs) trade on OTCQX International in the US, the premium over-the-counter market tier.

Dividend policy

Long-term return to shareholders should reflect the financial value created by Hydro over time. Total shareholder return consists of dividends and share price development. Hydro's dividend policy is in the long term to pay out minimum 50 percent of adjusted net income as ordinary dividend over the cycle to our shareholders. The dividend policy has a floor of NOK 1.25 per share.

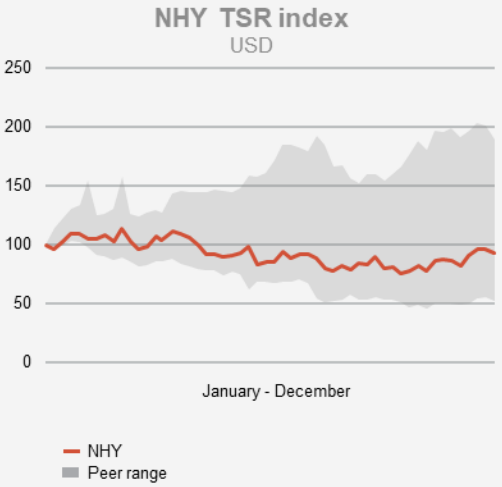
When determining the dividend for a specific year, Hydro will take into consideration expected earnings, future investment opportunities, the outlook for world commodity markets and our financial position. Hydro targets an adjusted net debt of around NOK 25 billion over the cycle.

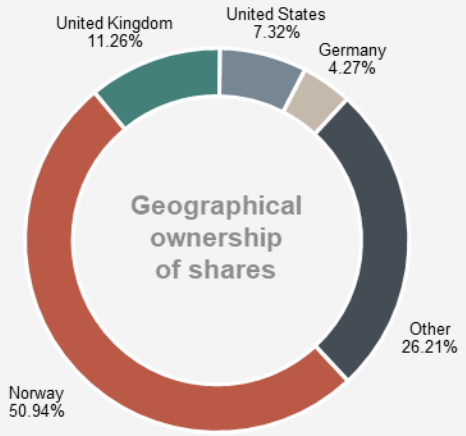
Share buybacks or extraordinary dividends may supplement ordinary dividends during periods of strong financial results, due consideration being given to the commodity cycle and capital requirements for future growth. The total pay-out should reflect Hydro's aim to provide its

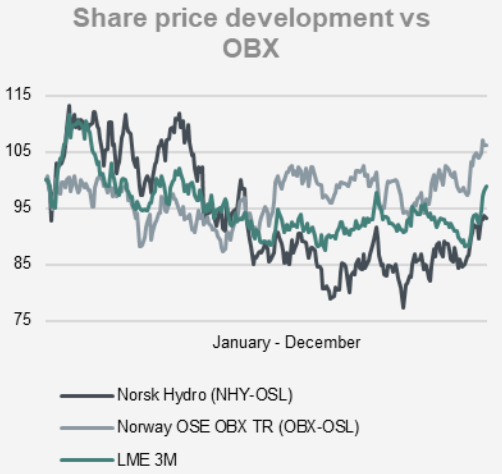
Top 15 shareholders

The Ministry of Trade, Industry and Fisheries of Norway	34.8 %
Folketrygdfondet	6.3 %
The Vanguard Group, Inc.	2.5 %
BlackRock Investment Management (UK) Ltd.	2.4 %
BlackRock Institutional Trust Company, N.A.	2.2 %
Schroder Investment Management Ltd. (SIM)	1.9 %
Nordea Funds Oy	1.6 %
Storebrand Kapitalforvaltning AS	1.5 %
KLP Fondsforvaltning AS	1.3 %
DNB Asset Management AS	1.2 %
Allianz Global Investors GmbH	1.1 %
State Street Global Advisors (US)	1.0 %
Swedbank Robur Fonder AB	1.0 %
T. Rowe Price Associates, Inc.	0.9 %
DWS Investment GmbH	0.9 %

Se main shareholder list on Hydro's website







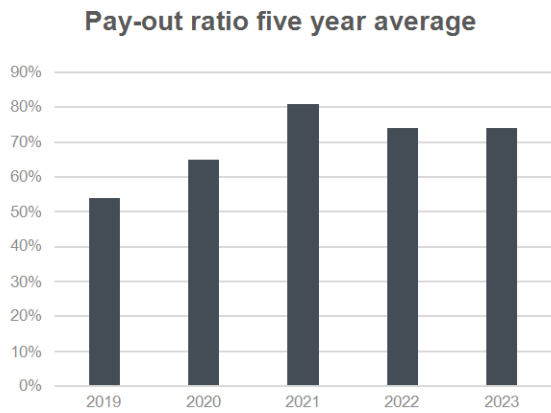
shareholders with competitive returns benchmarked against alternative investments in comparable companies. Hydro's Board of Directors normally proposes a dividend per share in connection with the publication of our fourth quarter results. The Annual General Meeting then considers this proposal in May each year, and the approved dividend is subsequently paid to shareholders in May or June. Hydro pays ordinary dividends once each year. For non-Norwegian shareholders, Norwegian tax will be deducted at source in accordance with the current regulations.

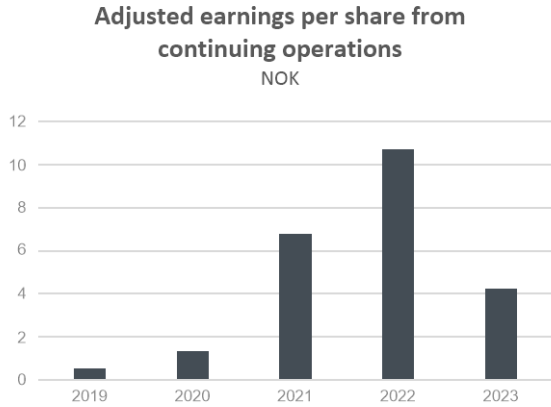
Buyback of shares

In periods when earnings are high, Hydro may consider buying back shares in addition to ordinary or extraordinary dividend payments. This consideration will be made in the light of alternative investment opportunities and our financial situation. In circumstances when share buybacks are relevant, our Board of Directors proposes buyback authorizations to be considered and approved by the Annual General Meeting. Authorizations are granted for a specific time period and for a specific share price interval during which share buybacks can be made, in accordance with applicable regulation.

Common share data	2023	2022	2021	2020	2019
Share price high, Oslo (NOK)[1)]	84.04	89.95	71.46	40.74	41.55
Share price low, Oslo (NOK)[1)]	56.63	51.49	36.99	19.14	26.49
Share price average, Oslo (NOK)	68.85	69.34	55.94	28.09	33.43
Share price year-end, Oslo (NOK)	68.40	73.32	69.52	39.86	32.64
Earnings per share from continuing operations	1.77	11.76	5.92	1.99	0.52
Adjusted earnings per share from continuing operations[2)]	4.26	10.70	6.77	1.32	0.52[3)]
Dividend per share (NOK)[4)]	2.50	5.65	6.85[10)]	1.25	1.25
Pay-out ratio[5)]	59%	53%	101%	95%	240%
Dividend growth	-56%	(18%)	448%	-	-
Pay-out ratio five year average[6)]	74%	74%	81%	65%	54%
Adjusted net cash (debt) / Adjusted EBITDA[7)]	0.7	0.2	0.36	1.95[8)]	2.27[9)]
Credit rating, Standard & Poor's	BBB	BBB	BBB	BBB	BBB
Credit rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa2
Non-Norwegian ownership, year-end	49%	53%	52%	52%	40%
Outstanding shares, average	2,029,080,722	2,050,779,399	2,050,818,686	2,048,766,546	2,047,057,976
Outstanding shares, year-end	2,041,208,621	2,068,998,276	2,051,475,662	2,049,124,718	2,047,648,790

1) Share price high and low based on intraday, not only closing price
2) Alternative performance measures (APMs) are described in the appendices
3) Amounts are as disclosed for the individual years reflecting the accounting policies applied for those years and Hydro's definition of APMs applied for the relevant years.
4) 2023 dividend per share proposed by Board of Directors, dependent on approval from the Annual General Meeting May 7, 2024
5) Dividend per share divided by adjusted earnings per share from continuing operations.
6) Average dividend per share divided by average adjusted earnings per share from continuing operations for last five years.
7) This ratio replaces the formerly used ratios Adjusted net cash (Debt) to Equity and Funds from operations to average Adjusted net cash (debt). See note 7.1 Capital management in the consolidated financial statements
8) Restated
9) Adjusted net cash (debt) / Adjusted EBITDA
10) Includes NOK 1.45 per share extra dividend distributed.





Funding and credit quality

Maintaining a strong financial position and an investment grade credit rating are viewed as important risk mitigating factors, supporting Hydro's possibilities for strategic development. Access to external financial resources is required in order to maximize value creation over time, within an acceptable risk exposure.

To secure access to debt capital on attractive terms, Hydro aims at maintaining an investment grade credit rating from the leading rating agencies. Contributing towards this ambition, Hydro's targets, over the business cycle, a ratio of average Adjusted net cash (debt) to adjusted EBITDA below 2x, and an adjusted net debt of around NOK 25 billion. For further information, see note 7.1 Capital management in the Financial Statements section of this report.

American Depository Shares

JPMorgan Chase Bank NA, as depositary of the ADSs through its nominee company, Morgan Guaranty Trust Company, held interests in 20,208,514 ordinary shares, or 1.0 percent of the outstanding ordinary shares as of December 31, 2023. The interests are on behalf of 237 registered holders of ADSs.

Major shareholders and voting rights

As of December 31, 2023, Hydro had 56,324 registered shareholders as per the Norwegian Central Securities Depository (VPS). The Ministry of Trade, Industry and Fisheries of Norway was the largest of these with a shareholding of 34.26 percent of the total number of ordinary shares authorized and issued, and 34.76 percent of the total shares outstanding. As of the same date, the Government Pension Fund - Norway (Folketrygdfondet) owned 6.21 percent of the total number of ordinary shares issued and 6.30 percent of the total shares outstanding. There are no different voting rights associated with the ordinary shares held by the Norwegian state.

The Norwegian Ministry of Trade, Industry and Fisheries represents the Norwegian government in exercising the state's voting rights. The state has never taken an active role in the day-to-day management of Hydro and has for several decades not disposed of any of the ordinary shares owned by it, except when participating in the share buyback programs. All shares carry one vote. It is a requirement of Norwegian legislation that a shareholder can only vote and have preferential subscription rights for shares registered in their name.

Shares registered with a nominee account must be re-registered in the Norwegian Central Securities Depositary, Verdipapirsentralen (VPS), before the Annual General Meeting in order to obtain voting rights.

This requirement also applies to our US-traded ADSs. Hydro cannot guarantee that beneficial shareholders will receive the notice for a general meeting in time to instruct their nominees to affect a re-registration of their shares. Hydro is organized under the laws of the Kingdom of Norway. It may be difficult for investors to effect service of process outside Norway upon Hydro or its directors and executive officers, or to enforce against Hydro or its directors and executive officers judgments obtained in other jurisdictions. Norwegian courts are unlikely to apply other than Norwegian law when deciding on civil liability claims under securities laws.

Information from Hydro

Communicating with the stock market is given high priority, and Hydro aims to maintain an open dialogue with market participants. Our objective is to provide sufficient information on a timely basis to all market participants to ensure a fair valuation of our shares. Information that is considered price sensitive is communicated by news releases and stock exchange announcements. Hydro hosts regular meetings for investors in Europe and the US. The major brokers in Oslo and London publish equity research reports on Hydro. Previous annual and quarterly reports and Hydro's Investor relations' policy are available on Hydro.com.

Annual General Meeting

The Annual General Meeting of the company will be held May 7, 2024. Notice to the Annual General Meeting, including information on participation and relevant appendices will be distributed to the company's shareholders at least three weeks prior to the Annual General Meeting.

Change of address

Shareholders registered in the Norwegian Central Securities Depository should send information on changes of address to their registrar and not directly to Hydro.

Financial calendar 2024 [1)]

24. April	Results first quarter
07. May	Annual General Meeting
23. July	Results second quarter
24. October	Results third quarter

[1)] Hydro reserves the right to revise these dates

See updated calendar on Hydro.com.

Regulations

Hydro is subject to a broad range of laws and regulations in the jurisdictions in which it operates. These laws and regulations impose stringent standards and requirements, and potential liabilities relating to the construction and operation of our plants and facilities, air and water pollutant emissions, the storage, treatment and discharge of waste waters, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination, among other things. Some of the laws and regulations deemed most material to Hydro's type of operations are elaborated below. Tax regulations are covered in the Country by Country report.

Bauxite & Alumina regulations

Environmental Regulation
Hydro's operations in Brazil are subject to strict license and environmental regulations requirements.

Under Brazilian law, an environmental license is required for any activity that has the potential to pollute, and such license is often made subject to conditions to ensure regulatory compliance or to mitigate effects on the environment or local communities. Hydro's Brazilian operations hold several environmental licenses.

Particular regulations apply to our operations in the Mineracão Paragominas S.A. mine, due to its location in the Amazônia region. The Brazilian Forest Code requires that a percentage of a rural property with native forest in the Amazônia region must be preserved as an Environmental Legal Reserve, implying that a mine cannot be developed without a sustainable forest management plan.

Greenhouse gas emissions
In 2023, Brazil announced the commitment to a 48.4 percent reduction in greenhouse gas emissions by 2025 and 53.1 percent by 2030 compared to 2005 levels, returning to the levels as first submitted as targets at the 2015 Climate Change Conference in Paris. An indicative long-term goal of climate neutrality (net-zero emissions) by 2050 has also been established.

Mining regulation
Exploration of minerals requires an exploration license from the federal mining agency. The license grants an exclusive right to explore an area, subject to various requirements including compensation to the landowner and payment of an annual exploration fee to the National Mining Agency.

If the exploration identifies viable resources, a mining concession is granted, including an obligation to pay royalties to the government and landowners.

Energy regulations

Hydro's main production assets are hydropower based and situated in Norway. The ownership and utilization of large Norwegian waterfalls for hydropower production is subject to various laws and regulatory requirements, including a requirement for concession from the Ministry of Energy. EU regulations of power markets as well as the EU Water Framework Directive are by and large implemented in Norwegian law.

Approximately one-third (3 TWh) of Hydro's normal annual production is subject to concession terms requiring Hydro to transfer ("revert") the production assets to the Norwegian state when the concession expires. The majority of concessions will expire around 2050. Reversion can be avoided if the power plants, or two-thirds or more of the shares of the entity that owns the power plants, are sold to a public entity prior to reversion.

Wind, solar and hydrogen projects, which Hydro is pursuing through Hydro Rein and Hydro Havrand, are also subject to various regulatory matters, such as license requirements, grid access requirements, land and zoning regulations, and HSE. The renewable energy and hydrogen industries are fairly new, and regulations are currently under development in several jurisdictions.

Aluminium regulations

Environment
Hydro's aluminium operations are subject to a broad range of environmental laws and regulations, both inside and outside the EU. These laws and regulations impose stringent environmental protection standards related to air emissions, water management, hazardous materials and waste management.

Greenhouse gas emissions
The aluminium industry is included in the EU Emissions Trading System (ETS). The aluminium industry is affected by the scheme directly and indirectly by the pass through of CO_2 allowance costs by power producers into the power prices ("indirect effects").

Aluminium production is qualified as an industrial sector exposed to a significant risk of "carbon leakage" (i.e. risk of European operations losing market share to less carbon-efficient installations outside the EU). Aluminium producers therefore receive a higher percentage of free emission allowances compared to sectors not exposed to carbon leakage. Aluminium producers are also eligible to apply for indirect carbon cost compensation for the indirect effects of ETS in the power prices under the state aid guidelines adopted according to the ETS Directive.

In spring 2023, the EU Commission adopted a revised ETS Directive and the new carbon leakage mechanism known as the Carbon Border Adjustment Mechanism (CBAM) Regulation. These updates aim for a 55 percent emissions cut by 2030 (v. 1990 levels), up from the previous 40 percent. For CBAM-covered sectors, ETS free allowances will phase out from 2026 to 2034. CBAM reporting obligations began in October 2023, with charges applying from 2026.

Trade and Tariffs
The international trade framework has a significant impact on Hydro's business through political developments (EU-U.S.-China relations), the strategic agenda of key trading blocs (regional and bilateral free trade agreements, developments at the WTO, etc.), and technical instruments such as tariffs, anti-dumping duties and other trade measures.

The EU tariff rates on imports of alumina, primary and semi-finished aluminium products vary from 3 to 7.5 percent, excluding aluminium metal produced in the EEA and other countries the EU has a free trade agreement with. Since 2020, the EU has in place anti-dumping duties on aluminium extrusions from China, currently in the range of 21.2-32.1 percent. The EU also has specific anti-dumping duties on certain aluminium products such as flat rolled products, foil, wheels and radiators imported from China. In December 2022, the UK decided anti-dumping duties to be applied on imports of certain aluminium extrusion from China to UK in the range between 0 percent and 35 percent.

The U.S. currently has a tariff of 10 percent on aluminium imports, excluding imports from Australia, Argentina, Canada and Mexico. In October 2021, the EU and the U.S. reached a temporary agreement regarding U.S. Section 232 tariffs on aluminium by replacing duties with a tariff-rate quota until December 31, 2025. This agreement covers imports from the EU to the U.S. while exports from Norway and Qatar will still be exposed to the tariffs.

As of April 2023 U.S. imposed a 200 percent import duty on aluminium articles that have any amount of primary metal from Russia.(on top of the 70 percent duty through the revocation of most favored nation trading status) In December 2023 EU imposed an import band on Russian aluminium in the form of profiles, wire, bars, rods, plates, sheet tubes and foil. This is covering about 12 percent of the Russian imports into EU.

Sustainability statements

General information

The sustainability statement presents Hydro's governance and performance related to material sustainability topics, including detailed performance indicators (sustainability metrics).

This general information section presents identified material sustainability related impacts, risks, and opportunities, and Hydro's principles for sustainability reporting which form the basis for preparation of the sustainability statements.

Principles for sustainability reporting

The purpose of Hydro's reporting is to provide stakeholders with a fair and balanced picture of relevant aspects, engagements, practices, and results for 2023. The sustainability statement is prepared on the same consolidated basis as the financial statements. The basis for preparation of sustainability information that relates to business relationships in non-consolidated entities, including Hydro's upstream or downstream value chain, is clearly identified as such.

The sustainability statement is approved by the Board of Directors.

Statutory reporting and reporting standards

Hydro's sustainability statement is prepared in compliance with the Norwegian Accounting Act and other applicable regulations. Disclosures required by the Norwegian Equality and Anti-Discrimination Act are included in Own workforce. Disclosures required by the Australian Modern Slavery Act 2018, the UK Modern Slavery Act 2015 and the Norwegian Transparency Act 2021 are provided in the chapters Human Rights, Own Workforce, Workers in the value chain and Affected communities.

Hydro reports in accordance with the GRI Standards and the requirements of the International Council on Mining and Metals (ICMM). Please see the GRI index at Hydro.com/gri.

In 2023, Hydro has changed and restructured its sustainability disclosures based on the EU Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS). See the section on Reporting changes on this page for an overview of what these changes entail. Hydro will report in compliance with the implementation schedule of the CSRD and applicable ESRS in the 2024 annual report.

Reporting scope and disclosures in relation to specific circumstances

The sustainability statement covers the period January 1 to December 31, 2023. Operations sold or demerged during the year are not included, unless specified. Health and safety, and headcount metrics for previously consolidated operations are included in the historical data for the period the unit was owned by Hydro. Climate and environmental metrics for new operations or operations acquired during the reporting year are included for the year in full as well as in historical data unless otherwise mentioned. Data from discontinued or closed down operations are included for the part of the reporting period it was under operation, unless otherwise stated. Minority owned operations are not included in the consolidated metrics.

Reporting systems

Metrics for climate change, energy, pollution, water, resource use and waste, and certain data on biodiversity are collected using Hydro's environmental reporting system on an annual basis. Metrics for health and safety of Hydro's own workforce are collected using the reporting systems for incident reporting, IMS and Synergi. Diversity and other metrics relating to Hydro's own workforce are collected from Hydro's SAP system and Hydro's employee engagement survey, Hydro Monitor. Data for workers in the value chain and affected communities are based on Hydro's due diligence processes and data collected from the business areas, procurement teams, and Group Internal Audit, and Investigations' overview of alerts reported to line management, supporting staff functions, and Hydro's AlertLine. Data for consumers and end users are based on customer satisfaction studies, including product quality, on-time delivery, and concession and claims statistics. Additional metrics are calculated by corporate functions based on third party data.

Basis for preparation and limitations

The basis for calculation and presentation of sustainability metrics is described in the notes to the respective metrics, including information on whether the metrics are measured directly or estimated based on sources such as third-party data or sector averages. Metrics are collected from Hydro's operational units relying on local management systems and are typically based on process data systems, measurements, calculations, and purchasing data. Controls are performed to ensure that the information is complete and accurate. However, the scope of the sustainability statement and the absence of generally accepted reporting standards and practices for certain data may result in uncertainties in the reported information. The notes to the chapters on each material sustainability topic includes information on sources of estimation or outcome uncertainty.

Reporting changes and prior reporting errors

Hydro's sustainability disclosures in the Annual Report 2023 has been restructured based on the CSRD and ESRS. The changes include:

- Updated materiality assessment: Hydro's assessment of material sustainability topics was updated in 2023 based on the ESRS. See the Materiality assessment section for more detail.
- Restructuring the sustainability disclosures: Sustainability disclosures are included in a dedicated sustainability statement in the annual report. The sustainability statement follows the structure required by the ESRS.
- Introducing this section on general information, corresponding to the structure and disclosure requirements in the ESRS 2 standard.
- Reporting on ESRS topical standards: A summary of Hydro's assessment of material impacts, risks and opportunities (IRO) in relation to each ESRS topical standard is included in this general information section. Details on identified IROs for each material sustainability topic, including related due diligence and stakeholder engagement activities, are presented under the heading "why it matters" in the chapter corresponding to each material sustainability topic. The chapter on each material sustainability topic includes a section on "our approach," which presents Hydro's policies, strategy, actions, targets and metrics in relation to the sustainability topic.
- Including sustainability metrics in the management report: Material sustainability metrics and indicators that were presented in the appendix to the 2022 annual report, are now included in the sustainability statement as part of Hydro's management report, which is approved by the Board of Directors.
- Including a content index with ESRS Disclosure Requirements alongside our GRI index, available at Hydro.com/gri.

Several minor changes that are not directly related to the ESRS, have also been made to the sustainability statement. This primarily comprises increased disclosures and the addition of more sustainability metrics, including:

- The sustainability chapters corresponding to material sustainability topics identified in 2022 have been reorganized

and integrated into the sections corresponding to ESRS topic standards and Hydro specific material topics.

- More information on climate-related transition risks.
- Information on sources of non-GHG emissions and actions to reduce emissions in each business area.
- Assessment of the materiality of biodiversity and ecosystems in Hydro's operations and value chain based on the LEAP approach (locate, evaluate, assess, prepare), initiatives to minimize biodiversity and ecosystem impacts in Hydro's operations, and metrics related to potential biodiversity impacts.
- Assessment of taxonomy eligibility, and alignment of Hydro's activities associated with manufacture and use of hydrogen.
- More detail on human rights impacts related to own workforce, workers in the value chain, and affected communities.
- More information related to Hydro's customers and end-users.

No material errors in prior periods have been identified, but some minor corrections have been made in individual metrics. Such corrections are described in the note to the respective metrics.

Incorporation of ESRS requirements by reference to other sections of the annual report and the remuneration report

The description of Hydro's strategy, business model and value chain, inputs, outputs, outcomes and the integration of sustainability matters and sustainability-related goals (SBM-1), is presented in the Our Business and Our Performance chapters. Hydro's identified material sustainability topics are presented in the Materiality assessment section on the next page. Information on how Hydro's business model adapts to manage material sustainability related impacts, risks and opportunities (SBM-3) is presented alongside the disclosures provided in relation to each material sustainability topic. Number of employees by geographical are reported in the Own workforce chapter. Revenue by IFRS 8 segments is presented in Note 1.4 to the financial statement.

The description of Hydro's governance bodies (GOV-1) and their work to address sustainability matters (GOV-2) are included in the Governance chapter. The integration of sustainability in performance incentive schemes (GOV-3) is described in the Remuneration report.

Payment and warranty terms in Note 5.1 to the financial statement, includes information on our payment practices (G1-6).

A content index with the ESRS Disclosure Requirements that are covered by the sustainability statement (IRO-2), is included alongside Hydro's GRI index, available at Hydro.com/gri.

Risk management and internal controls over sustainability reporting

Hydro regularly assesses risk and controls over its sustainability reporting process. The risks are discussed with the Board Audit Committee, and also discussed with Hydro's external auditors who provide limited assurance over the sustainability statement. The external assurance process is risk based, and the external auditors provide feedback on their assessment of risks to the Board Audit Committee and Hydro's management. The auditors also provide feedback to the Board of Directors in relation to the Board's review and approval of the annual report.

Hydro is exposed to risks associated with incomplete or inconsistent reporting on sustainability topics, including risks associated with greenwashing. There are also risks related to the accuracy of data inputs and manual errors in the reporting process from aggregating data from multiple systems into the corporate disclosure management system. Hydro has implemented controls based on their assessment of risks in the sustainability statements, including review controls for quantitative and qualitative data in the sustainability statements by business area, group functions and Hydro's disclosure committee, as well as access controls and automated input controls in sustainability reporting systems.

Hydro's external auditors perform testing on Hydro's sustainability reporting as part of the limited assurance provided over the company's sustainability statement in the annual report. The assurance activities performed by the external auditor are described in the assurance statement.

Interests and views of stakeholders

Engaging with Hydro's stakeholders helps the company understand what is expected of it, what is important to them, how Hydro impacts them and how Hydro can solve common challenges. Hydro consults affected stakeholders to identify, assess, and manage material social, health, safety, environmental, and economic impacts associated with our activities and business relationships. Dialogue with affected stakeholders gives input to action plans to manage Hydro's impacts, and the views of affected stakeholders are integrated in the reporting on sustainability topics to Hydro management. Hydro strives to act in an ethical and transparent manner, and gather views from interested parties, aiming for a common understanding of the decisions that are made so that Hydro can act with integrity in everything it does.

Hydro's engagement covers representatives of affected stakeholders, such as unions, works councils, local community groups and non-governmental organizations, suppliers, business partners, customer representatives, and industry associations. Hydro also engages and partners with sustainability experts from academia, and actively engage users of Hydro's sustainability statement such as authorities, banks and investors on Hydro's sustainability commitments and progress toward Hydro's sustainability goals.

Information on Hydro's engagement of affected stakeholders is described in the individual chapters Own workforce, Workers in the value chain, Affected communities, and Customers and end users. For information regarding stakeholder engagement and human rights, see the Human rights chapter.

Stakeholder engagement is organized both at the corporate level and in the business areas through local community meetings, bilateral engagement of individual stakeholders, national, and international multi-stakeholder meetings, and through industry associations. All business areas have a forum for dialogue between management and union or employee representatives.

Stakeholder dialogue in Hydro

Market

- Commodity and stock exchanges
- Competitors
- Customers
- End users
- Insurers and banks
- Partners and joint ventures
- Suppliers
- Other business relations

Owners

- Owners and shareholders
- The Norwegian government
- Financial markets
- Analysts
- Traders
- Brokers
- Ratings agencies

Society

- Academia
- Authorities
- Industry associations
- Lobby groups
- Local communities
- Media
- National and international unions
- NGOs
- Politicians
- Public offices
- R&D funding bodies

Internal

- Board of Directors
- Employee representatives
- Employees

When planning new projects, Hydro maps the environmental and social impact when relevant. Before major developments or large expansions are undertaken, it is a requirement to conduct an impact assessment, in line with internationally accepted standards. In both cases, Hydro follows standards such as the International Finance Corporation Performance Standards, Equator principles and UN Guiding Principles on Business and Human Rights. This includes the principle of free, prior, and informed consent when indigenous and traditional peoples are involved. The assessments follow the requirements regarding information, consultation, and investigation of the project's environmental and social impact, including human rights, and include an action plan with proposed initiatives.

Sustainability due diligence

All identified material sustainability topics are considered in the definition of Hydro's overall strategy. The overall strategy is supported by specific strategies on climate change, environment and people. Requirements for sustainability due diligence and risk management, in line with Hydro's sustainability strategies, are embedded in business processes through Hydro's policies, directives and procedures, including Hydro's human rights policy, Hydro's Code of Conduct and Supplier Code of Conduct, as well as Hydro's global procedures for biodiversity and ecosystem services, sustainability in the supply chain, environmental management, water stewardship, HSE risk management, social responsibility, and sustainability in new projects and major changes to existing facilities.

The sustainability statement section corresponding to each material sustainability topic provides an overview of risk assessment and due diligence processes in relation to each sustainability topic, as well as Hydro's assessment of identified adverse impacts, Hydro's actions to address identified impacts, and the results of these efforts.

Materiality assessment

Hydro assesses material sustainability related impacts, risks and opportunities according to the ESRS concept and requirements of double materiality. The assessment is validated by Hydro's disclosure committee and approved by the Board of Directors.

The materiality assessment is based on input from Hydro's sustainability and subject matter experts in group functions for climate, environment, social responsibility, health and safety, compensation and benefits, diversity, inclusion and belonging, compliance, and enterprise risk management, as well as input from risk management and sustainability functions in each business area. Involvement of the risk management resources in the materiality assessment process supports the identification and further evaluation of sustainability related impacts and risks.

The views of Hydro's stakeholders are integrated in the materiality assessment that is updated every year. Hydro's group functions and business areas summarize input provided to them through their engagement with affected stakeholders, and their interaction with external sustainability experts and users of Hydro's sustainability statement.

Impact materiality is assessed in terms of actual and potential sustainability impacts from Hydro's own activities and/or business relationships in the upstream and downstream value chain, as well as an assessment of actual and potential positive sustainability impacts The assessment of impacts is in accordance with the GRI Standards and OECD Due Diligence Guidance for Responsible Business Conduct.

Financial materiality is assessed in terms of risk of negative reputational, financial, or commercial consequences for Hydro that are associated with sustainability topics, as well as potential sustainability related upside risks, or opportunities, for Hydro.

All identified sustainability related impacts, risks and opportunities that are considered material for affected stakeholders or users of Hydro's sustainability statement are presented in the graphical representation of material sustainability topics on the next two pages, and described in the sustainability statement. However, not all sustainability related risks in the sustainability statement are specifically highlighted in Hydro's aggregate risk profile described in the Risk review section.

Hydro's sustainability statement includes separate chapters on all material sustainability topics covered by ESRS. In addition, Hydro has included separate chapters on two Hydro specific sustainability topics: Human rights, and Legacy impact. The chapter for each material sustainability topic includes a description of Hydro's sustainability context and dependencies ("why it matters"), a description of material impacts, risks and opportunities in relation to the topic, and corresponding disclosures on governance, strategy, policies, metrics and targets.

Impact materiality: Hydro's potential and actual impact on sustainability topics across the value chain

	Bauxite	Alumina	Energy	Primary	Extrusion	Recycling
E1 Climate change	A, B	A, B	1	2 A, B	A, B	3
E2 Pollution	C, D	C, D		C, D	C, D	C, D
E3 Water and marine resources			4 E			
E4 Biodiversity and ecosystems	G, H	G, H	F, H	G	G	G
E5 Resource use and circular economy	I, J	I, J		I, J	J	3
S1 Own workforce	5 K	5 K	5 K	5 K	5 K	5 K
S2 Workers in the value chain	6 L	6 L	6 L	6 L	6 L	6 L
S3 Affected communities	7 M	7 M	7 M	7 M	7 M	7 M
S4 Consumers and end users	8	8		8	8 N	8
G1 Business conduct	9	9	9	9	9	9

Drivers of positive impact

1. Renewable energy generation
2. Low-carbon primary aluminium production
3. Recycling post-consumer aluminium scrap
4. Flood control from regulated watersheds
5. Secure employment, adequate wages, social protection, career development, and an inclusive work environment
6. Job creation and engagement on standards for decent work, human and workers' rights across the value chain.
7. Local community value creation
8. Providing customers transparent, quality information on traceable value chain
9. Engagement on business conduct, compliance, anti-corruption, and other sustainability topics.

Drivers of potential negative impacts

A. Fossil fuel and non-renewable electricity use
B. GHG Process emissions from primary aluminium production
C. Emissions to water in relation to wastewater discharges to waterbodies
D. Emissions to air from fossil fuel use, electrolysis process and certain recycling operations
E. Water use change from hydropower
F. Biodiversity and ecosystem pressure from water use change
G. Biodiversity and ecosystem pressure from greenhouse gas emissions and potential incidents of pollution
H. Biodiversity and ecosystem pressure from land use change
I. Primary resource use in alumina refining and primary aluminium production
J. Resource outflows, including tailings, bauxite residue and waste generation
K. Potential health and safety incidents affecting own workforce
L. Potential health and safety incidents and impact on human rights for workers in the value chain
M. Potential impact on human rights in local communities
N. Potential incidents impacting health and safety of consumers and end users

Financial materiality: Hydro's exposure to sustainability related risks and opportunities

	Bauxite	Alumina	Energy	Primary	Extrusion	Recycling
E1 Climate change	1 A, B	1 A, B	2 B	3 A, B	3 A, B	3 B
E2 Pollution	C, D	C, D		C, D	C, D	C, D
E3 Water and marine resources	E	E	E	E	E	E
E4 Biodiversity and ecosystems	F, G	F, G	F, G	F, G	G	G
E5 Resource use and circular economy	4	4 H	G	4 H	4 H	5
S1 Own workforce	6 I	6 I	6 I	6 I	6 I	6 I
S2 Workers in the value chain	J	J	J	J	J	J
S3 Affected communities	7 K	7 K	7 K	7 K	7 K	7 K
S4 Consumers and end users	8	8		8	8	8
G1 Business conduct	L	L	L	L	L	L

Potential sustainability related opportunities for Hydro

1. Production of lower-carbon inputs for aluminium production
2. New renewable energy development
3. Market premiums from lower carbon products
4. Integrated value chain with traceable, secure material supply, including recycled aluminium
5. Circular production models integrated in value chain
6. Being an attractive employer offering safe and secure jobs, adequate wages, social protection, career development, and inclusive work environment
7. Being a cornerstone company that contributes to local community value creation
8. Providing customers transparent, quality information on traceable value chain

Potential sustainability related risks for Hydro

A. Regulatory, technology, and market risks associated with the transition to net-zero GHG emissions
B. Climate change related changes in rainfall patterns, flooding, water shortage, sea levels, storm patterns and intensities, and temperatures
C. Increased cost of non-GHG emissions and compliance with new regulations
D. Potential incidents of pollution
E. Climate change related changes in water availability affecting electricity generation, cooling, operations or transport/logistics
F. Impact on drivers of biodiversity loss, including land use change, water use, climate change and pollution
G. Dependency on ecosystem services for water flow, flood and storm protection, mass stabilization and erosion control
H. Supply of raw materials in a concentrated value chain
I. Potential health and safety incidents
J. Potential impact on health, safety, workers' rights, and human rights across the value chain
K. Potential impact on health, safety, and human rights of people in affected communities across the value chain
L. Events of non-compliance with regulations, standards, or stakeholder expectations

Notes to the sustainability statement

Environmental information

Social and governance information

Climate change

Why it matters

Hydro's industrial processes depend on energy and material inputs that are associated with greenhouse gas (GHG) emissions that contribute to climate change. The aluminium Hydro produces is a strategically important input material to many technologies that enable the transition to a net-zero GHG emissions economy, including the development of renewable energy.

Aluminium is an enabler for the transition away from fossil fuels and other activities that generate greenhouse gases. Aluminium demand in sectors such as renewable power production, transport and electrification are expected to grow as companies, states and society work to reach its commitments to reduce GHG emissions. Aluminium can save significant amounts of energy and GHG emissions in the use phase due to its lightweight properties, and building facades in aluminium can lead to lower operating costs and enable buildings to generate as much energy as they use during operation.

However, the production of aluminium must become emission free across the entire value chain to reach the global reduction targets set by the Paris climate agreement. To do so, Hydro must collectively decarbonize energy systems, produce for circularity and recycle resources already in use.

Climate change related risks can also impact the integrity of Hydro's assets. There are transition risks that can result from an increased demand for low-carbon products and solutions, higher costs for greenhouse gas emissions and production inputs, as well as changes to market prices for aluminium based products. Physical risks could result from climate related acute or chronic changes in rainfall patterns, flooding, shortages of water or other natural resources, variations in sea levels, storm patterns, and intensities as well as temperature changes.

Our approach

Hydro has a significant contribution on climate change mitigation through its production of renewable energy, low-carbon primary aluminium, and recycled aluminium of post-consumer scrap. In addition, Hydro aims to enable other sectors to decarbonize and transform to a low-carbon economy by utilizing its industrial and energy competence to develop batteries, green hydrogen, and other renewable energy sources such as wind and solar.

At the same time, the alumina refining and primary aluminium production are fossil and electric energy intensive processes resulting in significant GHG emissions. The electrolysis process in primary aluminium production generates process emissions which can have a potential negative impact on climate change. Hydro is also associated with indirect Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, and upstream transport and distribution.

Hydro identifies and measures impacts on climate change by calculating and managing its GHG emissions from all its operations and from material parts of its value chain. Hydro's methodologies are aligned with international standards including the Greenhouse Gas Protocol and industry standards from the International Aluminium Institute (IAI). Hydro also engages with a broad set of stakeholders on climate related issues, including industry organizations, international standard setters, and local stakeholders in countries where it has significant operations, such as Norway, Brazil and the U.S., as well as with regional structures like the European Union.

Strategy and transition plan

Hydro's climate strategy and transition plan is an integral part of its overall business strategy. Hydro's net-zero ambitions are based on a successful transition to a 1.5-degree economy, and are in line with climate science and the Paris agreement. Hydro's climate strategy consists of three pillars to reduce the climate impact of its operations and create business opportunities by enabling its customers and society to do the same:

- Net-zero Hydro: reduce Scope 1 and 2 GHG emissions by 30 percent by 2030 and become a net-zero Hydro by 2050 or earlier
- Net-zero products: deliver net zero products to Hydro's customers
- Net-zero society: use Hydro's industrial and energy competence to contribute to the transition to a net-zero society

The climate strategy is integrated in the Corporate Management Board's remuneration and followed up as a quarterly KPI on the CEO's balanced scorecard. All significant investment decisions are assessed for their impact on Hydro's climate strategy according to Hydro's policies addressing climate change mitigation.

Targets and ambitions

Net-zero	30%	10%	30%
Scope 1 and 2 GHG emissions by 2050 or earlier	Reduction in Scope 1 and 2 GHG emissions by 2030	Reduction in Scope 1 and 2 GHG emissions by 2025	Reduction upstream Scope 3 GHG emissions per tonne aluminium by 2030

Performance

9.35	0.61	1.54	11.95
Million tonnes Scope 1 and 2 GHG emissions by ownership equity (6.5% reduction from baseline[1])	Tonnes Scope 1 and 2 GHG emissions per tonne alumina refined	Tonnes Scope 1 GHG emissions per tonne aluminium from the electrolysis process	Million tonnes upstream Scope 3 emissions by ownership equity (32% reduction from baseline[1])

[1] From an 2018 baseline and 2017 for Paragominas, Alunorte and Albras due to the production embargo at Alunorte and curtailment at Albras and Paragominas in 2018.

Net-zero Hydro

Net-zero Hydro is the company's ambition to reduce emissions from its own operations and reach net-zero GHG emissions in 2050 or earlier. Hydro has also established a roadmap to reduce its direct and indirect GHG emissions by 10 percent by 2025 and 30 percent by 2030, based on a 2018 baseline[1)].

Changes in Hydro's production portfolio might influence these targets, but the aim is still to reduce Hydro's specific emissions, defined as emissions per metric tonne of aluminium produced. The 2018 baseline emissions currently equal 10 million tonnes CO_2 equivalents (CO2e), including direct emissions and indirect emissions from electricity generation (Scope 1 and 2 emissions). The baseline emissions have been recalculated following the Alunorte and MRN transaction in 2023 with Glencore. Read more about this in the chapter Our Business.

The new baseline composition of Hydro's sources of greenhouse gas emissions can be divided into four main categories:

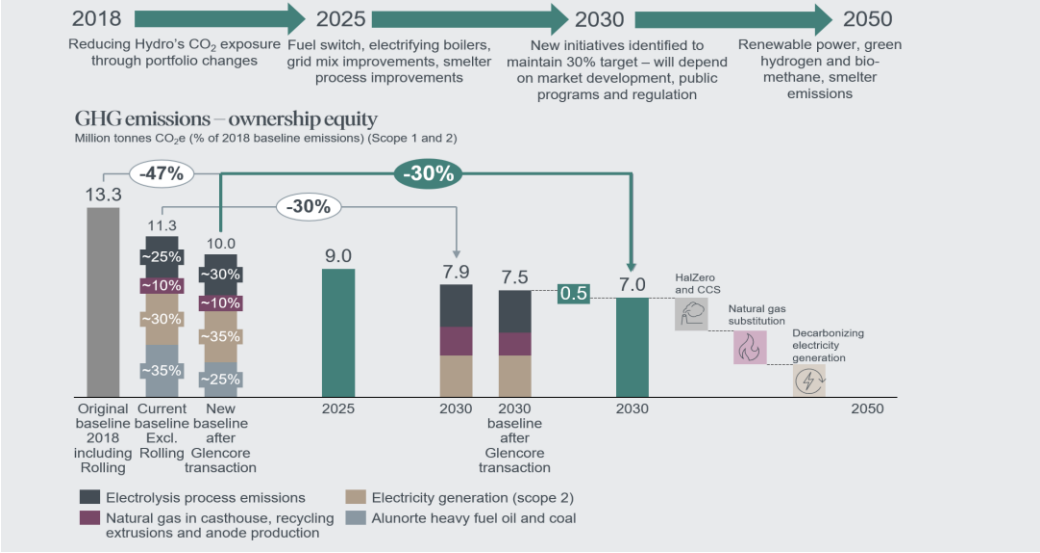
- Fossil fuel consumption at Alunorte alumina refinery, which constitute around 35 percent of Hydro's total emissions.
- GHG emissions from generating the electricity we purchase, so-called scope 2 emissions, which constitute around 35 percent.
- Process emissions from the electrolysis process constitutes around 30 percent of Hydro's total emissions and are the hardest to abate.
- Natural gas used in Hydro's casthouses, for recycling and remelting aluminium, extrusion processes and anode production, constitute around 10 percent of Hydro's total emissions.

Through Hydro's technology roadmap the company has set a transition plan for climate change mitigation and reaching net-zero GHG emissions. Within primary aluminium production, Hydro is working on various methods to reduce direct emissions, while also targeting an increased use of post-consumer scrap, thereby reducing total energy usage and metal waste. This is also key to meeting Hydro's sustainability ambitions and delivering on Hydro's strategic direction and financial planning.

The technology roadmap is approved by the Corporate Management Board. Hydro has a technology board consisting of members from Hydro's Corporate Management Board. The technology board meets regularly to set direction and priorities in the technology area. Business areas are responsible for their own technology development and for the execution of their respective technology strategies. Hydro's corporate technology office ensures a holistic and long-term approach to Hydro's technology strategy and agenda.

Hydro has taken part in the International Aluminium Institute's (IAI) work to develop greenhouse gas pathways toward 2050 consistent with the Paris Agreement. These pathways are in line with the International Energy Agency's (IEA) 1.5-degree scenario, combined with IAI's analysis of demand in the aluminium market and material flows. Hydro's net-zero ambitions are based on a successful transition to a 1.5-degree economy and are in line with climate science and the Paris agreement. Hydro's ambitions are therefore science based. When the Science Based Target Initiative (SBTi) has developed a sectoral decarbonization approach (SDA) for the aluminium sector, Hydro will consider verifying our climate strategy against SBTi.

Technology roadmap towards net-zero emissions in 2050

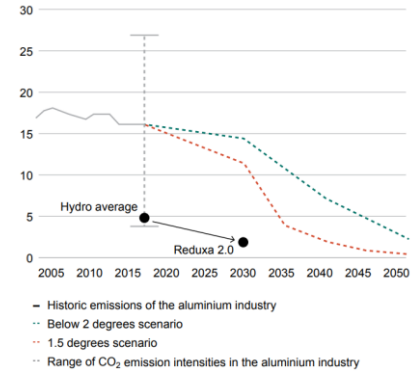


Despite a reduction in total exposure to GHG emissions (scope 1 and 2) by 47% from 2018 to 2030 after the Glencore transaction, Hydro maintains the 30% target by 2030. Hydro's ambitions and ability to deliver low-carbon or near zero aluminium remain thus unchanged.

The GHG baseline and progress towards our climate strategy has been recalculated based on Hydro's current equity share of historical emissions from the portfolio.

IAI emission projection pathways toward 2050

Tonnes CO2e/t primary aluminium



Source: International Aluminium Institute (IAI), Hydro analysis

1) 2017 for Paragominas, Alunorte and Albras due to the production embargo at Alunorte and curtailment at Albras and Paragominas in 2018.

Emission reduction activities

The majority of Hydro's direct GHG emissions are associated with alumina production, mainly energy and fossil fuel combustion for the heat intensive calcination process and steam generation, and the electrolysis process for primary aluminium, which is harder to abate. Hydro is working on several initiatives and actions to implement the transition plan and decarbonize the company's process along its value chain.

Hydro's alumina refinery in Alunorte is among the most energy-efficient refineries in the world. An ongoing effort to reach Hydro's reduction target is the fuel switch project in Alunorte which is about switching fuel oil consumption used for calcination to liquid natural gas with lower GHG emissions. This will reduce emissions by 700,000 tCO2e when completed. Additionally, this project contributes to develop critical infrastructure that can benefit the entire region.

By 2030, the aim is to fully decarbonize all processes at Alunorte, except the calcination process. Hydro has installed one electrical boiler for steam generation at Alunorte, and plan to install two more electrical boilers by the end of 2025. Electrification of the three boilers has a potential to reduce emissions by 400,000 tonnes of CO2e. Between 2025 and 2030, Hydro plans to install furthermore boilers. The fuel switch project and the el-boilers will together reduce GHG emissions at Alunorte by 70 percent by 2030. For detailed emission data, see Note E1.

Hydro is also testing new technologies for decarbonization at existing aluminium plants. In 2021, Hydro teamed up with Verdox to test different carbon capture and storage technologies at the Sunndal aluminium plant as an important part of Hydro's roadmap to become a net-zero company.

In 2023, Hydro has also implemented actions to replace fossil energy in the casthouses and the anode production with biomethane at Sunndal, which will cut emissions by 20,000 tonnes of CO2e each year.

In addition, Hydro will be testing emission-free plasma technology at Sunndal. This will enable electrification of the remelting process in casthouses, by using the same renewable energy that powers Hydro's primary smelters.

Energy efficiency is also an important part of Hydro's ongoing efforts to reduce costs and air emissions. During 2023, Hydro has implemented several actions to increase energy efficiency and reduce emissions at its five aluminium smelters in Norway, including replacing older lighting systems with LED lights in Hydro's large electrolysis halls. A system that regulates lighting based on needs and movement will as well be implemented. These actions can provide up to 90 percent energy savings compared to traditional lighting and save more than 100 GWh of electricity annually. In addition to reduced energy consumption, it will provide better light quality, which is important for both the working environment and safety.

In Hydro Extrusions, the sites are working on different initiatives and actions to lower their GHG emissions associated with energy and electricity consumption. As an alternative to purchasing the standard electricity mix from the grid, some plants have entered into power purchasing agreements (PPAs) with renewable power producers. The sites are also working to improve energy efficiency through benchmarking, process improvements and investing in new equipment. Many plants are also working with partners and governments to evaluate the possibilities of installing their own on-site renewable power generation, such as solar panels and windmills.

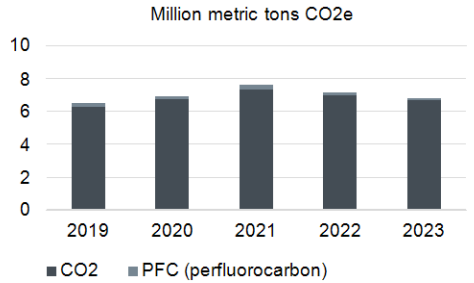
Toward 2050, Hydro is exploring different paths for zero-carbon technology in aluminium production. Hydro is partnering with several start-ups and academic environments to explore and develop CO_2 capture technology for low-carbon concentrations, like direct air capture and the emissions from Hydro's own primary production facilities. Hydro is looking into projects to replace fossil carbon in its anodes with bio carbon, and while it appears challenging, Hydro is part of two R&D programs supported by the Norwegian Research Council looking into this. In addition, Hydro is on track with its HalZero technology development project where the company explores a new process for production of primary aluminium with zero CO_2 emissions. A feasibility project has been supported by Gassnova and Hydro has also submitted an application to ENOVA for the first pilot step of HalZero.

Hydro aims for utilizing opportunities of digitalization to improve process stability, productivity, cost and safety. Hydro's main R&D centers are in Årdal (smelter technology) and Sunndal (alloys and casting) in Norway, Barcarena in Brazil (bauxite and alumina), and Finspång in Sweden and Troy, Michigan, in the U.S. (both Extrusions).

Hydro also has a 75,000-tonne-per-year technology pilot at Karmøy in Norway, which shows stable and excellent performance, and produces the world's most climate and energy efficient primary aluminium. Hydro is now in the process of implementing technology elements from the Karmøy Technology Pilot in its existing primary aluminium smelters, improving performance and financial robustness. This includes the Husnes line B in Norway, which started production in 2020, and as a part of the regular maintenance and relining of Hydro's electrolysis cells in all smelters, presently at Sunndal.

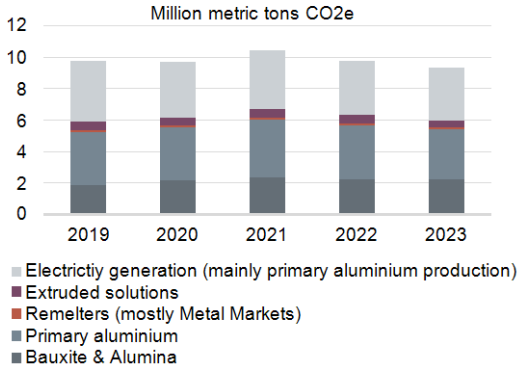
In terms of potential locked-in GHG emissions related to Hydro's value chain, this might be relevant where coal or other fossil fuel sources are used in Hydro's energy production. This can be relevant at Hydro's

Direct greenhouse gas emissions from Hydro's consolidated activites



Greenhouse gas emissions were lower in 2019 and 2020 due to production embargo at Alunorte and curtailed production at Albras and Paragominas. Emissions have decreased since 2021 mainly due to shut down of primary production at our Slovalco plant, and implementation of other emission reduction activities.

Greenhouse gas emissions from Hydro's ownership equity



Greenhouse gas emissions were lower in 2019 and 2020 due to production embargo at Alunorte and curtailed production at Albras and Paragominas. Emissions have decreased since 2021 mainly due to shut down of primary production at our Slovalco plant, and implementation of other emission reduction activities.

joint venture in Qatalum where electricity is provided by an integrated natural gas fired plant. The fuel switch project where Hydro replaces fuel oil with natural gas is an intermediate step towards full decarbonization of Alunorte by 2040, and we do therefore not consider this as a long-term lock-in effect on GHG emissions.

Power is a significant input in the aluminium industry and critical to meet global climate targets. To reduce emissions, aluminium must be produced using cleaner energy solutions like renewable power throughout the value chain. More than 70 percent of the electricity used in Hydro's production of primary aluminium is based on renewable power. While Hydro's refinery in Brazil is transitioning to more sustainable fuel sources to mitigate emissions in upstream operations, our primary aluminium production in Norway is powered by 100 percent renewable energy.

In order to ensure continued supply of renewable power to Hydro's operations in Norway, the company operates 40 hydropower plants with a combined output of 13.7 TWh renewable electricity in a normal year. Adjusted for ownership shares, Hydro's captive hydropower production is 9.4 TWh in a normal year. In addition, Hydro operates a wind farm and purchase more than 9 TWh of renewable power annually in the Nordic market under long-term contracts.

In addition, Hydro's new energy ventures, Hydro Rein, Hydro Havrand and Hydro Energy's Batteries unit can play an important role in enabling our net zero ambitions. See the Net-zero Society section for more information.

Sustainable financing in Hydro

Hydro's sustainability position enables profitable growth and a cost of capital advantage. To access favourable financing, Hydro published a green and sustainability linked financing framework in 2022. This Framework was established to support the issuance of Green Financing Instruments in line with the EU taxonomy, as well as Sustainability-Linked Financial products. The financial products use, respectively, the EU Taxonomy and Hydro's climate strategy as basis for the financial products, with KPIs linked to GHG emissions and recycling of post-consumer scrap. CICERO Shades of Green has provided a Second Party Opinion on the Framework and rated it Excellent on Governance and "medium green" overall.

Per December 31, 2023, Hydro has not issued green financing instruments, but report taxonomy-aligned CapEx and other Taxonomy KPIs in the disclosures pursuant to Article 8 of Regulation 2020/852.

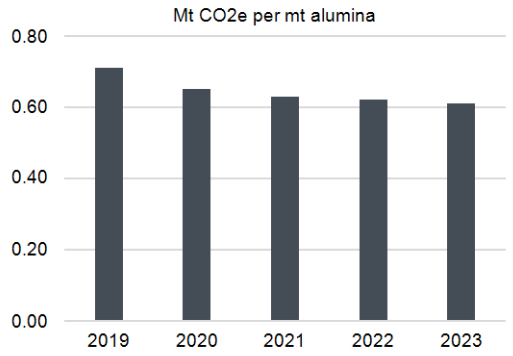
Hydro established a Euro Medium Term Note (EMTN) programme on November 7, 2022, approved by Euronext Dublin and the Central Bank of Ireland. The EMTN programme provides a framework for issuance of euro medium term notes up to an aggregate amount of EUR 5 billion. Hydro's first NOK 3 billion sustainability-linked bonds under the new framework and EMNT programme were issued on November 30, 2022, with a potential redemption premium (a financial penalty) applicable if targets for reduced GHG emissions and increased recycling of post-consumer scrap are not met. This makes Hydro the first investment grade Norwegian company to issue sustainability-linked bonds. The transaction is split between two tranches, a 6 year NOK 1,500 million with a floating rate of 3m Nibor + 2.000% p.a., and a 6 year NOK 1,500 million with a fixed rate of 5.257% p.a.

Hydro Alunorte signed a USD 200 million sustainability-linked loan in 2022. The seven-year loan facility is structured as a sustainability linked loan, swapped to fixed rate. The sustainability link was incorporated in the facility and interest rate swap, linking pricing to performance on the GHG emission reduction target to be achieved through the Alunorte fuel switch project.

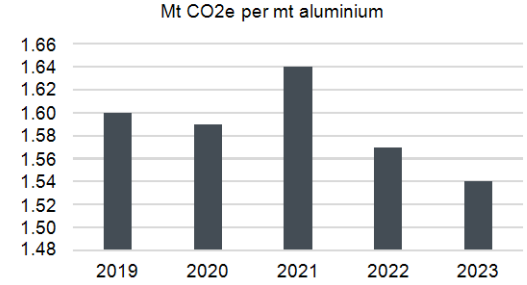
In 2019, Hydro signed a USD 1.6 billion revolving multicurrency credit facility with the margin linked to Hydro's GHG emissions target. The margin under the facility will be adjusted based on Hydro's progress to meet its annual targets to reduce GHG emissions by 10 percent by the end of 2025.

In 2023, Hydro's GHG emissions were 6.5 percent lower than the 2018 climate strategy baseline. Hydro is on track to reach the target of 10 percent emissions reductions by 2025.

GHG emission intensity - alumina refining



GHG emission intensity - electrolysis



Greenhouse gas emissions from the electrolysis from Hydro smelters based on ownership equity. Slovalco is excluded from 2022 due to production curtailment. Albras was excluded from the 2019 average due to extraordinary emissions during the start-up of curtailed capacity.

Net-zero Products

Net-zero Products is Hydro's ambition to deliver net-zero carbon aluminium products and solutions to its customers, as well as increasing circularity in the value chain. The demand for low-carbon aluminium products is increasing and is expected to continue growing. Due to the aluminium value chain, Hydro can deliver net-zero products to its customers before Hydro as a company reach net-zero emissions. Hydro works closely with customers and partners early in the product cycle to develop products that save energy, reduce emissions and enable them to reach their sustainability targets.

Innovation and technology development are key enablers for reaching net-zero GHG emissions from Hydro's operations in 2050, and the ambition is to take the lead in delivering industrial scale zero-carbon aluminium by 2030.

Hydro differentiates its product portfolio from its peers with using renewable electricity on about 70 percent of Hydro's primary aluminium production and providing two low-carbon aluminium brands through Hydro CIRCAL and Hydro REDUXA products. In addition to this, Hydro has initiated a significant R&D program to achieve net-zero operations and to assess options for zero-carbon processes throughout the aluminium value chain. A great part of Hydro's R&D expenses and efforts to deliver net-zero products are concentrated along three strategic pathways:

1. Carbon capture and storage (CCS) – decarbonizing existing operations

To speed decarbonization of the aluminium industry and make Hydro's existing aluminium smelters fit for the future, Hydro is developing carbon capture and storage (CCS) solutions that can be retrofitted into aluminium plants already in operation. Through capturing off-gases at Hydro's existing smelters, the company aims to reduce emissions from the electrolysis process. In addition, and as a supplement, Hydro is exploring options for direct air capture (DAC) units at its smelters. For some capture technologies, this has the advantage that process heat can be recovered for use in the DAC unit, lowering power demand and operational costs.

In 2021, Hydro teamed up with Verdox to test different carbon capture and storage technologies. Hydro has evaluated more than 50 CCS technologies and developed a roadmap for testing and piloting the most promising up to industrial scale. The most likely outcome will be a combination of off-gas capture and direct air capture to eliminate 100 percent of the emissions.

2. HalZero chloride process – decarbonizing new smelter capacity

HalZero is a new production process for primary aluminium that emits oxygen instead of carbon dioxide (CO_2). In the HalZero process, alumina is chlorinated and becomes aluminium chloride in a process that also produces carbon dioxide. Instead of releasing the CO_2 to the atmosphere, it is sent back into the process and reused in the chemical reaction in a closed loop. This makes the electrolysis process completely greenhouse gas emission free.

The HalZero process differs significantly from the current production of primary aluminium and is being developed for use in new production facilities. In late 2023, construction of an HalZero test facility was approved, moving the project from lab-scale test phase to small-scale industrial testing. Hydro has developed a roadmap to bring this to a full industrial scale pilot before 2030. The results of the initial test phase were promising, and the process design studies have shown that an industrial-scale HalZero plant will have about the same power consumption and operating expenditure as current electrolysis technology. Capital expenditure is expected to be comparable to new conventional smelter capacity. The HalZero process will be applicable for greenfield aluminium plants or brownfield replacement of obsolete potlines, where the smelter infrastructure can be re-used. This way Hydro can fully decarbonize the smelting process by eliminating emissions for both electrolysis and anode baking. Hydro's HalZero technology will be relevant for new production capacity and Hydro is on track to produce the first pilot volumes by the end of 2025.

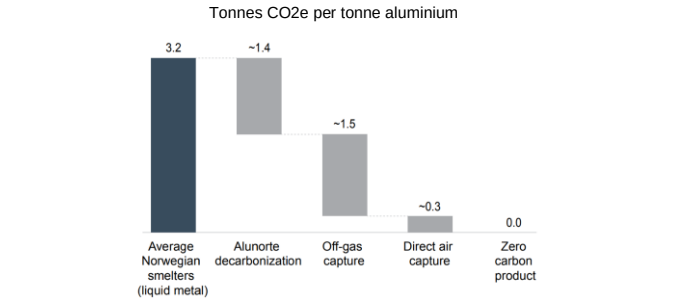
3. Zero aluminium through scaling up volumes of post-consumer scrap (PCS)

Aluminium recycling requires 95 percent less energy than the production of primary aluminium while still offering high-quality aluminium. Hydro is developing recycling technology and low-carbon products based on post-consumer scrap, and plan to improve its recycling capacity to sort and utilize more difficult PCS aluminium.

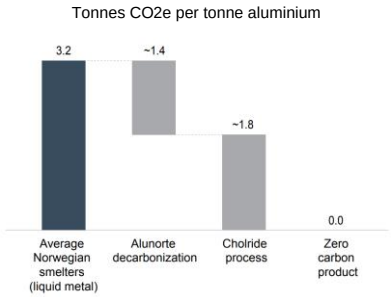
Hydro has already produced Hydro CIRCAL which is a certified recycled and low-carbon product of more than 75 percent post-consumer scrap. Hydro CIRCAL has a market leading CO_2 footprint of 1.9 kg of CO2e/kg aluminium, down from previous being 2.3 kg of CO2e/kg. This is done through advances in sourcing, sorting and traceability of post-consumer aluminium scrap. At Hydro's recycling plant in Clervaux in Luxembourg, the company has also produced 130 tonnes of near-zero carbon aluminium with 100 percent post-consumer aluminium scrap, Hydro CIRCAL 100R, with a carbon footprint below 0.5 kg CO2e per kg aluminium.

Hydro will make key capacity investments over the medium term to ensure its recycling portfolio can facilitate the increasing demand for Hydro CIRCAL and invest in technologies to increase usage of end-consumer scrap while securing access to scrap. Hydro has also strengthened its recycling position by the acquisition of Alumetal in

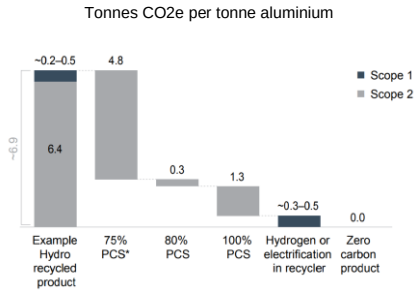
Emissions reduction pathway by Carbon Capture and Storage



Emissions reduction pathway by HalZero Chloride process



Emissions reduction pathway by Post-Consumer Scrap (PCS)



Poland and purchasing land in Torija in Spain for building an aluminium recycling plant. In November 2023, Hydro also opened a new aluminium recycling plant in Cassopolis in Michigan, which will produce 120,000 metric tonnes of recycled aluminium annually. Please see the Resource use and circular economy chapter for more information about recycling.

Hydro REDUXA is Hydro's other brand of low-carbon aluminium using renewable energy from water, wind and solar in the production phase. This can reduce the carbon footprint per kg of aluminium to 4.0 kgCO2e per kilo aluminium, which is less than a quarter of the global average of 16.6. The production capacity for near-zero carbon aluminium will be developed in line with market demand for this near zero-carbon aluminium. This is also reflected in the ambition to deliver Hydro REDUXA 2.0 with a carbon footprint of less than 2 tonnes of CO2e per mt of aluminium by 2030. Hydro CIRCAL and Hydro REDUXA supports both margin and volume growth. Hydro earns additional premiums or volume commitments on its low-carbon products, and many customers choose Hydro's aluminium due to its low-carbon footprint.

Greener sourcing and scope 3 emissions

Hydro is a large purchaser of raw materials and energy, including aluminium and the metal required for alloys. The aluminium Hydro purchases externally supplies its recyclers and extrusion plants, and the greenhouse gas emissions associated with production of this raw material makes up the majority of Hydro's scope 3 emissions.

Scope 3 emissions refer to indirect emissions from purchased raw materials and services. It is divided between upstream scope 3 emissions and downstream scope 3 emissions. While upstream scope 3 emissions are under the influence of the company, downstream scope 3 emissions are generally outside of a company's influence. The GHG Protocol has defined a total of 15 categories for scope 3 reporting. However, a materiality assessment by the International Aluminium Institute (IAI) has shown that only 5 categories are material for scope 3 reporting in the aluminium industry: purchased goods and services, fuel and energy related activities, upstream transportation and distribution, downstream transportation and distribution and processing of sold products.

The baseline emissions related to scope 3 have been recalculated following the Alunorte and MRN transaction in 2023 with Glencore. Read more about the transaction in the chapter Our Business. This resulted in significantly lower downstream scope 3 emissions from Bauxite & Alumina from processing of sold products and transportation and distribution, due to reduced exposure to external sales of alumina.

Hydro purchases a lot of metal and aluminium scrap from external providers. As Hydro regards the carbon footprint of process scrap as equal to its metal origin, Hydro's upstream scope 3 emissions are significant when including externally sourced metal. Hydro aims to source aluminium metal with a lower-carbon footprint and use less carbon-intensive energy in its production. Hydro also aims to increase the use of post-consumer scrap in its metal production.

Hydro's total scope 3 emissions in 2023 was 13.41 million tonnes of CO2e, split between upstream emissions of 11.95 million tonnes CO2e and downstream emissions of 1.46 million tonnes CO2e. Upstream emissions are dominated by metal purchase and downstream emissions are dominated by external processing of metal.

In 2022, Hydro set emissions reduction targets for upstream scope 3 emissions to reduce total upstream scope 3 emissions by 15 percent by 2030, and to reduce upstream scope 3 emissions per ton aluminium delivered to the market by 30 percent by 2030. Both targets refer to a 2018 baseline. Downstream scope 3 emissions were not included in the targets as these emissions are outside of Hydro's influence and control. The 2023 results shows that Hydro has reduced its total upstream scope 3 emissions by 36 percent in 2023, compared to the 2018 baseline. Per tonne aluminium delivered to market, Hydro has already reduced its emissions by 32 percent. The reductions are mainly due to more conscious sourcing of aluminium metal, but also due to less sourcing of metal in general. Going forward, upstream scope 3 emissions may increase, both in total and per tonne, due to higher activity and thus more external metal input.

Net-zero Society

Net-zero Society is a part of Hydro's strategic direction to use its competence and capabilities to enable for a net-zero society. To move to a net-zero society the world needs more renewable electricity generation, and mechanisms to store that energy. Hydro is investing in growth initiatives and energy solutions, including more renewable electricity generation and mechanisms to store that energy.

Hydro Rein

Hydro Rein is a leading provider of renewable energy solutions to industrials. Hydro Rein supports Hydro and other industrial companies to decarbonize through large renewables energy projects in addition to onsite generation, energy efficiency, energy storage and flexibility management. Hydro Rein currently has a diversified portfolio of more than 30 renewable energy projects under development in core markets in the Nordics and Brazil, in addition to a significant pipeline of Energy Solutions projects in Europe and North America. The company has an ambition of 3 GW in construction or operation (gross) by 2026.

During Q3 2023, Hydro Rein and Macquarie Asset Management became partners to further accelerate Hydro Rein's growth in renewable energy. The two companies are currently partners in a large-scale onshore wind farm which is under construction in the northeast of Brazil. Through Power Purchase Agreements (PPAs), this project will supply electricity to Hydro's bauxite mine in Paragominas and its alumina refinery in Alunorte in order to reach Hydro's GHG reduction target. Hydro and Macquarie have also worked together on wind farm projects in Sweden in 2017 and 2018, contributing to the development of the Nordic market for long-term PPAs.

Hydro Havrand

Not all processes can be directly electrified and need other alternatives to fossil fuel. The high temperature processes in the aluminium casthouses are an example of this. To address these emissions, Hydro is working to develop green hydrogen, which is hydrogen made from renewable energy as a fuel to replace natural gas.

Hydro Energy has a hydrogen research and competence center, Havrand, which is running a technology qualification of the fuel switch from natural gas to hydrogen in casthouses. In 2023, Hydro Havrand produced the world's first successful batch on industrial scale of recycled aluminium using green hydrogen as an energy source. The test was carried out at a casthouse in Navarra in Spain and is a key step towards carbon-free aluminium. The next step in the technology qualification is a pilot in Høyanger aiming for the first green hydrogen production in the beginning of 2025.

Batteries

The Batteries business unit in Hydro Energy aims to develop leading battery businesses through active investments in the battery value chain. Since the first investment in 2017, Hydro Batteries has engaged in selected companies, in the pursuit of developing more sustainable battery materials with a significantly lower environmental footprint compared to current commercially available alternatives.

Batteries' growth investments include Hydrovolt, a leading battery recycling company; Vianode, a low-carbon anode materials business; E-magy, a next-generation anode materials start-up; and Lithium de France, a lithium producer. The portfolio holdings include the battery cell manufacturer Northvolt, and Corvus, which is a leader in marine energy storage solutions.

To contribute to decarbonizing society, Hydro must also strengthen its ambitions regarding a just and fair transition towards carbon neutrality. The chapter on Human rights and Affected communities describes Hydro's approach to a just transition.

Addressing climate related risks and opportunities

Climate related physical risks

Physical risks could result from climate related acute and/or chronic changes in rainfall patterns, flooding, shortages of water or other natural resources, variations in sea levels, storm patterns and intensities as well as temperatures. Such risks could result in flooding of facilities, interruptions to production processes, infrastructure failures and potential accidents.

To understand and mitigate climate related physical risks for Hydro's operations, the company has performed several climate risk assessments. In 2018, Hydro modelled future weather patterns and their impact on its facilities based on climate models and scenarios from the Intergovernmental Panel on Climate Change (IPCC). In 2023, Hydro updated the physical climate risk assessment, including modelling the risk of climate related events in the current situation, in addition to RCP 4.5 and RCP 8.5 in a 2030, 2040 and 2050 scenario.

Hydro is working to assess potential consequences and necessary mitigating actions, and has started to integrate the findings from the assessment and identified risk into its risk management system to develop plans for climate change adaptation. Several of Hydro's assets have already undertaken significant upgrades to manage climate related risks such as the effects of increased precipitation and associated flood risks.

Climate related transition risks

Climate change adaptation and the transition to a 1.5-degree economy poses both opportunities and risks to Hydro. The company has assessed scenarios for technology risk, regulatory, policy, market and reputation risk consistent with a 1.5-degree scenario. The outcome of this is integrated to Hydro's climate strategy, the advocacy work on future climate related legislation, and the technology and market strategies. As a result, Hydro's long-term positioning, operational and financial planning reflect the company's assessment of transition risks in a 1.5-degree scenario.

The transition may lead to stricter regulations and more ambitious climate targets may drive costs within parts of Hydro's asset base. The overall portfolio will likely benefit from such trends, as they will also affect demand for and valuation of Hydro's low-carbon products and portfolio. Hydro is also a signatory to the Task Force on Climate-Related Financial Disclosures (TCFD) since 2017.

Aluminium is widely acknowledged as an enabler for the green transition, and the low-carbon aluminium Hydro produces is a key lever to reduce scope 3 emissions for customers across several industry sectors. Hydro is well positioned to benefit from the transition to net-zero GHG emissions and generates significantly lower GHG emissions than the industry average. The average carbon intensity of Hydro's aluminium production is below the 2030 and 2035 targets in the 1.5 degree scenario that the International Aluminium Institute has defined for the aluminium industry.

The carbon footprint of aluminium production is highly dependent on the source of electricity used to produce the metal. Hydro's footprint reflects the fact that the majority of its primary production facilities use electricity from renewable sources.

Technology risks

New technology must be developed and implemented for production of primary aluminium in a zero GHG emission economy. Hydro is developing new, emission free, technology for use in future aluminium production facilities. To achieve near-zero emission production at existing aluminium smelters and preserve their value, Hydro is assessing carbon capture solutions. For Hydro to retain the strategic benefit of lower-carbon emissions, developing technology that can be fitted to existing production facilities at an affordable price is important. In other parts of Hydro's value chain, the company can achieve net-zero emissions with existing technologies, provided sufficient renewable energy is available at competitive prices in the regions.

Regulatory risk

As the aluminium and alumina markets are global markets, relative competition between countries and regions influence which production sites that will be viable in the future. In general, Hydro will benefit from globally aligned initiatives placing a price on CO_2 emissions and/or regulatory or market-based incentives to use renewable energy. Hydro will also benefit from regulatory initiatives whereby emission free or low emission energy is made available in sufficient quantities where Hydro's existing production facilities are situated, at prices competitive to energy cost in other regions of the world where competing production is or may be placed.

In the opposite scenario, Hydro will have a disadvantage if significant carbon taxes are placed on emissions in countries or regions where Hydro's production is placed, while similar regulation is not introduced in competing regions. Situations with severe limitations in availability of GHG emission free electricity in areas where Hydro's production facilities are situated will be a disadvantage for the company's aluminium related assets.

Hydro's energy producing assets are renewable only, with the majority being hydropower in Norway. Hydro is also engaged in production of power from solar and wind resources, currently mainly in partnership with others and where the majority of the projects are in development phase. These assets will benefit from tighter policies on CO_2 emissions. However, specific regulations might impact competitiveness and value of individual facilities.

Market risk

Hydro will benefit from increased demand for low-carbon aluminium, as its customers aim to decarbonize their value chains. The demand for low-carbon aluminium is expected to grow at a greater pace than the overall demand for aluminium. In parallel, demand for (low-carbon) aluminium could strengthen further as aluminium substitutes steel, copper or other metals, in sectors such as production of renewable energy and thermal technologies, transport, construction, and real estate.

In an opposite scenario, the demand for aluminium could decline if Hydro does not succeed with the decarbonization of its value chain in line with its technology roadmap for net-zero GHG emissions by 2050. If Hydro fails to develop and implement HalZero, or other electrolysis technology while competing industries succeed in their decarbonization efforts, this could result in decreased demand for aluminium as steel or other metals substitute aluminium. Similar risks apply if Hydro does not succeed with carbon capture at existing facilities, which could impact the value of its existing aluminium smelters.

Internal carbon pricing

A large amount of Hydro's aluminium operations fall within scope of the EU Emissions Trading System (EU ETS). Hydro purchases and surrenders allowances (EUAs) to fulfil the company's compliance obligations under the EU ETS. Hydro also receives a proportion of free EUAs. The amount of EUAs that the company purchases, as well as the amount of free EUAs it receives, is publicly available information which is made available at a national level by the respective local EU ETS authorities.

Hydro uses the EU ETS carbon price in internal decision making processes inside and outside of the EU/EEA, and the cost of carbon is integrated in financial and operational decisions. By including a carbon price in Hydro's analysis, costs related to CO_2 emissions become a variable operational cost at plant level and CO_2 price expectations influence future investment decisions.

Hydro's part-owned primary aluminium producer, Alouette, is also subject to carbon market compliance obligations (under the Québec cap-and-trade system which is part of the Western Climate Initiative (WCI)).

E1 Notes on Climate change

E1.1 Total greenhouse gas emissions in consolidated activities

Reporting principles

Total direct and indirect (scope 1 and scope 2) GHG emissions in Hydro consolidated activities. The emissions are reported per segment and per country. GHG emissions have been calculated based on the principles of the WRI/WBCSD GHG Protocol according to the operational control principle.

Direct GHG emissions (scope 1) are calculated based on anode consumption during the electrolysis process and use of fossil fuels. PFC (perfluorocarbon) emissions are calculated based on automatic process measurements. PFC emissions comprise the two greenhouse gases CF4 and C2F6 which are formed during anode effect situations in the aluminium electrolytic cells. Anode effect is mainly a result of production instability, e.g. in connection to power outages. The reported direct emissions are comparable to Scope 1 emissions as defined by the GHG protocol. All GHG emissions reported have been converted to CO_2 equivalents (CO_2e).

Indirect GHG emissions (scope 2) are calculated based on Hydro's consumption of electricity. Reported indirect emissions cover GHG emissions from purchased electricity and emissions from Hydro's ownership share in the gas-fired power plant at Qatalum. The reported indirect emissions are comparable to scope 2 emissions according to the GHG protocol. We report indirect emissions according to the location-based method in the revised GHG Protocol Scope 2 Guidance, based on emissions factors from the International Energy Agency (IEA). For our operations in Canada and the primary aluminum producer Albras in Brazil, indirect emissions reflect the regional grid mix. For Hydro's Annual Report 2023 we have updated the factors back to 2019, and historical figures have been updated accordingly. We do not to report indirect emissions according to the market-based approach.

GRI reference: GRI Standards 305-1 (2016) and 305-2 (2016).

Greenhouse gas emissions per business segment - consolidated activities

Million tonnes CO2e	2023	2022	2021	2020	2019
Direct GHG emissions	**6.79**	**7.15**	**7.63**	**6.94**	**6.52**
Bauxite & Alumina	3.50	3.58	3.77	3.43	2.99
Primary aluminium production	2.70	2.95	3.20	2.89	2.85
Remelters (in Metal Markets)	0.12	0.12	0.13	0.11	0.12
Extrusions[1)]	0.47	0.50	0.53	0.50	0.56
Indirect GHG emissions	**1.16**	**1.23**	**1.81**	**1.40**	**1.53**
Electricity consumption (mainly primary aluminium production)	1.16	1.23	1.81	1.40	1.53
Total GHG emissions	**7.95**	**8.39**	**9.44**	**8.33**	**8.05**

1) Includes GHG emissions from remelt activities in Extrusions

Hydro's direct emissions decreased in 2023 compared to 2022. The emissions reductions in primary aluminium is primarily linked to the primary production stop at our Slovalco plant in 2022. The implementation of electric boilers for steam generation at Alunorte and process improvements resulted in improvements to specific emissions (ie. emissions per tonne product produced) since 2021, while the emissions in 2019-2020 were lower due to production embargo at Alunorte and curtailed production at Albras and Paragominas. To learn more about the embargo imposed on Alunorte in 2018, see Hydro's Annual Report 2018 and the section "The Alunorte situation".

Greenhouse gas emissions per country - consolidated activities

Million tonnes CO2e	2023	2022	2021	2020	2019
Brazil	**5.04**	**5.00**	**5.69**	**4.92**	**4.36**
Direct	4.37	4.40	4.64	4.23	3.73
Indirect	0.67	0.61	1.05	0.69	0.63
Norway	**1.94**	**2.19**	**2.16**	**1.97**	**2.01**
Direct	1.78	2.02	2.05	1.84	1.82
Indirect	0.16	0.17	0.11	0.13	0.19
Other	**0.96**	**1.19**	**1.60**	**1.45**	**1.68**
Direct	0.63	0.74	0.94	0.87	0.97
Indirect	0.33	0.45	0.66	0.58	0.70
Total GHG emissions	**7.95**	**8.39**	**9.44**	**8.33**	**8.05**

E1.2 Total greenhouse gas emissions based on ownership equity

Reporting principles

Total direct and indirect (Scope 1 and Scope 2) GHG emissions in Hydro, based on ownership equity. The emissions are reported per segment, and by country. GHG emissions have been calculated based on the principles of the WRI/WBCSD GHG Protocol according to the equity share principle.

GHG emissions based on ownership equity are calculated based on our ownership share as per year end 2023. The reported emissions includes Hydro's share of emissions from all operations including non-consolidated operations where Hydro has a minority interest.

GRI reference: GRI Standards 305-1 (2016) and 305-2 (2016).

Greenhouse gas emissions per segment - ownership equity

Million tonnes CO2e	2023	2022	2021	2020	2019
Direct GHG emissions	**5.98**	**6.31**	**6.68**	**6.15**	**5.91**
Bauxite & Alumina	2.21	2.26	2.37	2.16	1.88
Primary aluminium production	3.19	3.43	3.65	3.38	3.36
Remelters (mostly Metal Markets)	0.12	0.12	0.13	0.11	0.12
Extruded solutions[1)]	0.47	0.50	0.53	0.50	0.56
Indirect GHG emissions	**3.37**	**3.43**	**3.78**	**3.58**	**3.87**
Electricity consumption (mainly primary aluminium production)	3.37	3.43	3.78	3.58	3.87
Total GHG emissions	**9.35**	**9.74**	**10.47**	**9.73**	**9.78**

1) Includes GHG emissions from remelt activities in Extrusions.

The baseline emissions have been recalculated following the Alunorte and MRN transaction in 2023 with Glencore. Read more about the transaction in the chapter Our Business. This resulted in significantly lower direct and indirect emissions from the Bauxite & Alumina business area.

Greenhouse gas emissions per country - ownership equity

Million tonnes CO2e	2023	2022	2021	2020	2019
Australia	**0.78**	**0.77**	**0.82**	**0.85**	**0.89**
Direct	0.15	0.15	0.15	0.15	0.15
From electricity consumption	0.63	0.63	0.67	0.71	0.74
Brazil	**3.04**	**3.02**	**3.40**	**2.95**	**2.61**
Direct	2.67	2.68	2.82	2.58	2.26
From electricity consumption	0.37	0.34	0.58	0.38	0.35
Canada	**0.46**	**0.46**	**0.47**	**0.46**	**0.48**
Direct	0.25	0.26	0.26	0.25	0.25
From electricity consumption	0.20	0.20	0.21	0.21	0.22
Norway	**1.94**	**2.19**	**2.16**	**1.97**	**2.01**
Direct	1.78	2.02	2.05	1.84	1.82
From electricity consumption	0.16	0.17	0.11	0.13	0.19
Qatar[1)]	**2.21**	**2.25**	**2.29**	**2.28**	**2.37**
Direct	0.54	0.55	0.59	0.58	0.55
From electricity consumption	1.67	1.70	1.70	1.70	1.82
Slovakia	**0.02**	**0.15**	**0.35**	**0.31**	**0.37**
Direct	0.01	0.08	0.17	0.15	0.17
From electricity consumption	0.00	0.07	0.18	0.16	0.20
Other	**0.90**	**0.90**	**0.98**	**0.91**	**1.05**
Direct	0.58	0.58	0.65	0.61	0.70
From electricity consumption	0.33	0.32	0.33	0.29	0.35
Total GHG emissions	**9.35**	**9.74**	**10.47**	**9.73**	**9.78**

1) Most electricity at Qatalum is generated by Qatalum's fully-owned gas power plant. 39.000 tonnes CO2e came from net purchased electricity from the national grid in 2023.

E1.3 Indirect (scope 3) greenhouse gas emissions

Reporting principles

Hydro's indirect emissions based on ownership equity.

Indirect (Scope 3) GHG emissions are reported for emissions related to purchased goods and services, fuel and energy related activities, upstream transportation and distribution, downstream transportation and distribution, and processing of sold products. The calculation and reporting of our Scope 3 emissions are based on the IAI Scope 3 Calculation Tool Guidance.

Hydro presented our Scope 3 emissions for the first time in 2021, with 2018 as a baseline. We do therefore not include Scope 3 emissions for 2020 and 2019.

GRI reference: GRI Standards 305-3 (2016).

Scope 3 Greenhouse gas emissions

Million tonnes CO2e	2023	2022	2021	2020	2019	2018
Upstream scope 3 emissions	**11.95**	**13.30**	**14.88**			**19.64**
Purchased goods and services	10.99	12.34	13.90			18.60
Fuel and energy related activities	0.70	0.69	0.70			0.73
Upstream transportation and distribution	0.26	0.27	0.28			0.31
Downstream scope 3 emissions	**1.46**	**1.45**	**1.45**			**1.46**
Downstream transportation and distribution	0.06	0.06	0.06			0.06
Processing of sold products	1.40	1.40	1.40			1.40
Total GHG emissions	**13.41**	**14.75**	**16.33**			**21.10**

The baseline emissions related to Scope 3 have been recalculated following the Alunorte and MRN transaction in 2023 with Glencore. Read more about the transaction in the chapter Our Business. This resulted in significantly lower downstream Scope 3 emissions from processing of sold products and transportation and distribution due to reduced exposure to external sales of alumina. Some historical numbers have also been updated due to improved data models and better granularity of data.

The reduction in upstream scope 3 emissions is mainly due to more conscious sourcing of aluminium metal, as well as less sourcing of metal in general and lower production of primary aluminium.

Hydro's upstream Scope 3 emissions are dominated by emissions from cold metal and aluminium scrap provided from external suppliers. Hydro regards the carbon footprint of process scrap as equal to its metal origin, Hydro's Scope 3 upstream emissions are significant when including externally sourced metal. Industry players who do not take the inherent carbon footprint of process scrap input into account will report significantly lower Scope 3 emissions. Hydro believes that this method of accounting is inaccurate, as it accounts for process scrap being carbon neutral, when in reality the process scrap has the same inherent carbon footprint as its metal origin. Hydro believes that we need to focus on what drives real change towards the green transition and we need to exercise our role as a responsible supplier and customer to influence the right development. If Hydro were to regard process scrap as carbon neutral, Hydro's upstream Scope 3 emissions would be significantly lower.

Hydro's downstream Scope 3 emissions are dominated by processing of sold metal. As this processing happens outside of Hydro's control, our ability to influence these emissions are limited. Nevertheless, reporting of these emissions contributes to give a holistic perspective on the total emissions of the value chain of our sold products.

Hydro's total reduction target on scope 3 emissions only includes upstream scope 3 emissions, as downstream scope 3 emissions are beyond Hydro's control. Hydro's reduction target for upstream Scope 3 GHG emissions per tonne aluminium is calculated based on upstream scope 3 emissions from purchased metal in the aluminium metal and extrusions business areas.

Alumetal and Hueck Lüdenscheid which were acquired during 2023 have not yet been included in the calculations.

E1.4 Direct greenhouse gas emissions by GHG type

Reporting principles

Breakdown of reported direct GHG emissions in consolidated activities, by greenhouse gas type.

Direct GHG emissions per GHG type - consolidated activities

Million tonnes CO2e	2023	2022	2021	2020	2019
CO_2	6.67	7.00	7.36	6.73	6.29
PFC (perfluorocarbon)	0.12	0.15	0.27	0.20	0.24
Other	0.00	0.00	0.00	0.00	0.00
Total	**6.79**	**7.15**	**7.63**	**6.94**	**6.52**

E1.5 Greenhouse gas emissions intensity

Reporting principles

GHG intensity of our alumina refining at the Alunorte alumina refinery and GHG intensity of the electrolysis process from Hydro's smelters, based on ownership equity, which are operational performance indicators in Hydro. We also report GHG intensity based on net revenue, which is an ESRS requirement, but not an operational target as this value varies based on market prices.

GHG intensity of alumina refining is calculated based on the total GHG emissions and production volumes at our Alunorte alumina refinery. The reported GHG intensity covers all alumina refining in Hydro.

GHG intensity of the electrolysis process is calculated based on greenhouse gas emissions and production volumes in Hydro's smelters, based on ownership equity. This is an operational target that excludes extraordinary emissions resulting from e.g. start-up of curtailed capacity. The methodology for calculation is site specific, and historical figures may be subject to change.

GHG intensity based on net revenue is calculated based on total Scope 1 and Scope 2 emissions, divided by total revenue as reported in the consolidated income statement.

GRI Reference: GRI Standards 305-4 (2016).

GHG intensity - Alumina refining at Alunorte alumina refinery

	2023	2022	2021	2020	2019
metric ton (mt) CO2e per mt alumina	**0.61**	**0.62**	**0.63**	**0.65**	**0.71**

The implementation of electric boilers for steam generation at Alunorte and process improvements have resulted in an improvement in emissions per tonne alumina refined compared to previous years.

GHG Intensity - Electrolysis, based on ownership equity

	2023	2022	2021	2020	2019
metric ton (mt) CO2e per mt aluminium	**1.54**	**1.57**	**1.64**	**1.59**	**1.60**

For the GHG intensity per tonne aluminium from the electrolysis process, Slovalco was excluded in 2022 due to production curtailment, and Albras excluded from 2019 due to extraordinary emissions during the start-up of curtailed capacity.

GHG Intensity - consolidated emissions per revenue

mt/NOK million	2023	2022	2021	2020	2019
metric ton (mt) CO2e per NOK million	**41.1**	40.3	63.1	60.3	53.8

GHG intensity based on net revenue is an ESRS reporting requirement but not an operational target for Hydro, as the value will vary depending on market prices. The value is calculated based on total GHG emissions and net revenue from consolidated activities. See Note 1.4 to the consolidated financial statement for information on revenues by segment.

E1.6 Energy consumption

Reporting principles

Total energy consumption in Hydro's consolidated activities, reported by energy carrier, sector use and country of consumption.

Energy consumption includes energy generated by Hydro operations as well as purchased energy. Energy consumption includes energy losses in hydroelectric plants. Other energy sources reported includes heating, cooling and steam generated in Hydro operations as well as purchased steam and heat in the Extrusions business area.

GRI Reference: GRI Standards 302-1 (2016).

Energy consumption per energy carrier - consolidated activities [1)]

Petajoule (PJ)	2023	2022	2021	2020	2019
Coal	11.4	13.4	13.1	14.0	13.4
Coke	13.8	15.0	16.1	15.9	15.4
Electricity	93.1	99.2	102.2	97.9	95.7
Gasoline	0.0	0.0	0.0	0.0	0.0
Natural gas	12.0	12.1	12.9	12.1	13.4
Natural gas liquids	0.9	0.9	0.9	2.0	1.4
Oil	27.4	26.1	28.9	23.7	19.1
Other	6.1	5.8	5.9	5.0	4.6
Total energy consumption in PJ	**164.6**	**172.4**	**180.1**	**170.6**	**162.9**
Total energy consumption in TWh	**45.7**	**47.9**	**50.0**	**47.4**	**45.3**

1) With the sale of Hydro Rolling in 2021, we have excluded historical figures on energy consumption associated with the business area.

Energy consumption per sector - consolidated activities [1)]

Petajoule (PJ)	2023	2022	2021	2020	2019
Bauxite & Alumina	47.6	47.2	47.1	41.6	35.7
Electrolysis/Carbon/Casting	100.6	108.6	115.6	113.0	109.6
Remelters	2.5	2.6	2.7	2.4	2.4
Extruded Solutions	12.7	13.8	14.4	13.4	15.0
Other	1.2	0.3	0.3	0.3	0.2
Grand Total	**164.6**	**172.4**	**180.1**	**170.6**	**162.9**

1) With the sale of Hydro Rolling in 2021, we have excluded historical figures on energy consumption associated with the business area.

All fully-owned smelters, 6 remelters and 19 Extrusion sites are also certified according to the ISO 50001 Energy Management systems, representing 62 percent of Hydro's total electricity consumption.

Energy consumption per country - consolidated activities

Petajoule (PJ)	2023	2022	2021	2020	2019
Brazil	81.4	79.0	79.9	71.9	61.7
Norway	66.4	72.1	71.7	72.5	71.5
Slovakia	1.2	5.6	12.0	11.1	12.8
Other	15.6	15.8	16.5	15.2	16.8
Total energy consumption	**164.6**	**172.4**	**180.1**	**170.6**	**162.9**

The reduction in total energy consumption in 2023 is due to lower energy consumption at the Norwegian smelters, in addition to the stop in primary aluminium production at Slovalco, in Slovakia.

E1.7 Renewable energy consumption

Reporting principles

Renewable energy consumption is estimated based on total energy consumption by energy carrier and data on country specific energy mix in the electricity grid from the International Energy Agency (IEA). Electricity derived from biofuels, waste, hydro, geothermal, solar, wind and tide are considered renewable.

GRI Reference: GRI Standards 302-1 (b) (2016).

Renewable energy as a share of total energy consumption in Hydro's consolidated activities is estimated to 41.4 percent in 2023, compared to 40.7 percent in 2022.

E1.8 Energy intensity

Reporting principles

Energy intensity of the alumina refining at Alunorte is calculated based on total energy consumption at Alunorte divided by total alumina production.

Energy intensity in Hydro's consolidated smelters is calculated based on direct current consumption in the electrolysis process per kg aluminium.

Energy intensity based on net revenue is calculated based on total energy consumption in Hydro's consolidated activities, divided by total revenue as reported in Hydro's consolidated income statement.

GRI Reference: GRI Standards 302-3 (2016).

Energy intensity - Alumina refining

	2023	2022	2021	2020	2019
GJ per mt alumina	**7.97**	**7.97**	**7.56**	**7.67**	**8.20**

Energy intensity - Electrolysis process

	2023	2022	2021	2020	2019
MWh per mt aluminium	**14.03**	**13.88**	**14.00**	**14.07**	**14.15**

Total energy consumption in consolidated activities per revenue

MWh/NOK million	2023	2022	2021	2020	2019
MWh per NOK million	**236.03**	**230.37**	**334.10**	**343.18**	**302.47**

Energy intensity based on net revenue is an ESRS reporting requirement but not an operational target for Hydro, as the value will vary depending on market prices. The value is calculated based on total energy consumption and net revenue from consolidated activities, since the Hydro group is classified as operation in a high climate impact sector, even if significant portion of total revenues are associated with activities in non-high climate impact sectors, such as renewable energy. See Note 1.4 to the consolidated financial statement for information on revenues by segment.

E1.9 GHG emissions and energy use in 50/50 joint venture Qatalum

Reporting principles

Direct GHG emissions (scope 1) is reported on 100 basis, including emissions from Qatalum's on-site natural gas use for electricity generation.

Indirect GHG emissions (scope 2) is reported on 100 basis and calculated based on electricity use from the grid and IEA emission factors for the Qatari grid mix.

Power consumption for liquid metal production is calculated based on total liquid metal production at Qatalum in 2023 and the average power consumption per kg of liquid metal produced.

Total power consumption is calculated based on total consumption of electricity, gasoil and natural gas.

GHG emissions and energy use in 50/50 joint venture Qatalum

	2023	2022	2021	2020	2019
Direct GHG emissions (Scope 1), million metric tonnes of CO2e	4.63	4.62	4.74	4.75	4.80
Indirect GHG emissions (Scope 2), million metric tonnes of CO2e	0.03	0.08	0.01	0.01	0.15
Power consumption for liquid metal production, TWh [1)]	8.73	9.64	9.38	9.50	9.33
Total energy consumption, TWh	25.53	24.23	24.07	23.93	24.68

1) 2023 numbers are not direcly comparable to previous years due to change in reporting methodology.

Pollution

Why it matters

Hydro's industrial processes carry an inherent risk of pollution, linked to direct operational emissions to air and water, and accidental spills or leakages. Such emissions can have a negative impact on the local environment and local communities if not managed correctly. Hydro's business activities are subject to emissions regulations, including local emission permits, as well as regional and international regulation of emissions.

Stricter regulations related to emissions and pollution could impose new requirements on Hydro's operations and value chain, which in turn could affect cash flow or impose capital investments to reduce the emissions from Hydro's activities in the medium and long-term. Incidents resulting in spills, leakages and other non-compliance with emission permits can result in fines and remediation costs that have an impact on Hydro's financial performance. Pollution linked to historical activities, at both existing operations and legacy sites, may also require active intervention and remediation. Actual or perceived pollution impacts on local communities can result in operational shutdown, legal disputes and negative reputational impacts that have a material impact on cash flow and financial results.

Our approach

Hydro monitors and reports on a number of material emissions to air and water from its operations. These emissions are potential pollutants and typically subject to regulatory controls such as emission limits and monitoring. These regulations are reflected in the operational licenses and will differ depending on the type of activity and applicable regulatory frameworks.

Hydro's most significant emissions to air are linked to fossil fuel consumption in alumina refining and process emissions linked to primary aluminium production. The largest non-GHG emissions are sulfur dioxide (SO_2), nitrogen oxide (NO_x), particulate matter (PM) and fluoride (F). SO_2 and NO_x emissions to air are primarily from the use of coal and Heavy Fuel Oil (HFO) as energy sources in Alunorte, Brazil. Another large contributor to Hydro's total sulfur dioxide to air is related to the aluminium electrolysis process where the majority of the total emissions come from Albras in Brazil and Slovalco in Slovakia. SO_2 emissions from the Norwegian smelters are considerably lower due to the use of seawater fed scrubbers for gas treatment at these plants. The largest emission to water is the sulfur captured by these seawater scrubbers. See Note E2.1 for an overview of emissions to air and water.

Hydro's Global Procedure on Environmental Management requires that all operational sites, that are fully owned or operated by Hydro, identify, control, and appropriately monitor potential sources of pollution. Stakeholders and potentially affected communities can use AlertLine as a communication tool to report environmental and social issues concerning Hydro operations. See Business Conduct chapter for more information about AlertLine.

With respect to managing pollution risk from accidental spills, leakages, or other unplanned events, all sites are required to have performed risk assessments and establish action plans and controls to manage the risk, such as spill kits, secondary containment, storage basins etc.

In 2024, Hydro will join World Economic Forum's Alliance for Clean Air, a cross sector initiative to the social and environmental benefits of collective action to reduce air pollution. As an Alliance Member, Hydro will work with the Stockholm Environment Institute to develop value chain inventories and baselines of material air pollutants. This data will be used as input for future disclosures and target setting, with the goal of reducing air pollutant emissions linked to Hydro's value chain.

Targets and actions to reduce pollution risk

Hydro has established a target to halve material non-GHG emissions (i.e. SO_2, NO_x and PM) by 2030, from a 2017 baseline. These emissions are primarily linked to fossil fuel consumption in Hydro's operations and, primarily, the consumption of coal and HFO at Hydro's alumina refinery, Alunorte. To achieve this target, sites are required to decarbonize their processes where feasible. For more information about Hydro's efforts to decarbonize and reduce emissions, see chapter on Climate change. In 2023, total emissions of SO_2, NO_x and PM were reduced by 30%, 20% and 15%, respectively, from the 2017 baseline.

In 2023, Hydro also established a target to reduce fluoride emissions to below 0.35 kg F / tonne Al, at its fully owned smelters, by 2030. This is equivalent to the EU regulatory emission limit for new smelters and will reduce the localized pollution pressure on flora and fauna. This target will be achieved through investments in upgrades to existing gas treatment centers and operational controls to improve performance.

Elemental Mercury is emitted to air in the refining process at Alunorte. Through a mass balance approach, this is estimated to be ca. 2 metric tonnes per year, at full production. To reduce emissions of mercury to air, Hydro has initiated a project to install four non-condensable gases units (condensers) on Alunorte's eight digestor lines. The first condenser was installed in 2018, as a pilot, and its

Targets and ambitions

50%

Reduction in material non-GHG emissions by 2030 against 2017 baseline

Performance

30%

Reduction in SO_2 against baseline

20%

Reduction in NO_x against baseline

15%

Reduction in particulate matter emissions against baseline

technical performance has been monitored prior to the installation of the remaining units. The initial timeline to install the remaining units was rescheduled to allow for further performance optimization of the technology. As of yearend 2023, a second condenser has been installed and will enter into operation in early 2024. Based on current project schedule, installation of the final two condenser units is in progress and will begin operation during 2024.

Incidents resulting in spills, leakages, or other non-compliances with environmental performance standards, could potentially result in material pollution. To minimize the risk of material pollution, operational sites are required to implement controls such as secondary containment and ensure spill kits are readily available and employees trained to use them. Spill response drills are performed at least annually, and results are documented. In the events of an actual spill, incidents are assessed and classified according to the severity of impact. Spills and leakages are reported and categorized as severe or major if the leakage is uncontained, but the impact of the leakages is reversible, or where the leakage is uncontained, and the impact is irreversible. See Note E2.2 for reported spills and leakages characterized as severe or major. Permit breaches are reported when an incident occurs that in any way relates to an environmental permit. See Note E2.3 for information on environmental permits.

Target emissions and mitigating actions in the aluminium value chain

Activity	Target emissions	Mitigating actions
Bauxite mining	Water discharges to environment: suspended solids	Clarification basins
Alumina refining	Water discharges to environment: pH and suspended solids	pH adjustment and clarification
	SO_2, NO_x and PM emissions to air	Alunorte fuel switch project to replace HFO with LNG by 2025, and coal with electricity by 2030
	Fugitive PM emissions to air in dry season	Water spraying of roads and open areas to limit dust
	Mercury emissions to air and water	Mercury condensers
Primary Aluminium production	Water discharges to environment	Wastewater treatment plants, oil separators, containment basins
	Fluoride emissions to air	Alumina-fed dry scrubbers
	SO_2 and PM emissions to air	Seawater-fed wet scrubbers (fully owned smelters)
	Other emissions to air – casthouse and anode baking furnaces	Bag filters
Aluminium recycling	Other emissions to air - casthouse	Bag filters (where legally required)
Extruded products	Water discharges to environment (where applicable*)	Wastewater treatment plants, oil separators, containment basins

* Many Extrusion sites discharge process water to third-party sewer systems for collection and treatment.

E2 Notes on Pollution

E2.1 Non-GHG emissions

Reporting principles

Total reported non-GHG emissions in Hydro consolidated activities

Emissions to air are monitored differently, depending on the nature of emission and source. At a minimum, a site's environmental permits will dictate the monitoring locations, frequency and methodology and legal reporting requirements. If there are additional emissions data needed for disclosure, beyond the legal requirements, these are also included in a site's monitoring plan. Total annual emissions data presented here are typically based on an extrapolation from one or more sampling campaigns conducted at a site level or calculated based on emission factors related to the emission source.

Dust and particles include measured and estimated stack emissions and roof emissions from alumina refining and aluminium electrolysis. Other diffuse emissions are not included.

Fluorides cover emissions to air of gaseous and particulate fluorides from production of primary aluminium.

NMVOC (non-methane volatile organic compounds) emissions to air stem primarily from Extrusions.

PAH (poly-aromatic hydrocarbons) to air and water are primarily from anode production. Emissions to air are monitored according to PAH-16 US EPA and emissions to water are monitored according to PAH-16 US EPA.

Hydro uses ozone depleting substances in certain applications in its Brazilian operations, and to some extent also in Extrusions. In 2023, Hydro used in total 8.3 tonnes of such substances in its operations. The reported value corresponds to the purchased amount of such substances and can vary significantly according to the need of refilling existing cooling devices. In Brazil, such substances are registered and reported according to Brazilian legal requirements. In Hydro Extrusions, hydrochlorofluorocarbon (HCFC) accounts for around one third of ozone depleting substances.

Acid Mine Drainage (AMD) is not a material risk for Hydro. The chemical content of the ore is the primary cause of AMD and is typically associated with sulfur-bearing metals, which is not present in bauxite mines in Brazil.

GRI reference: GRI Standards 305-6 (2016) and 305-7 (2016).

Non-GHG emissions

Metric tons	2023	2022	2021	2020	2019
Dust and particles	3,974	3,730	4,037	3,009	3,110
Fluorides to air	652	615	687	772	790
NM VOC	149	338	225	159	193
Nitrogen oxide	7,438	8,138	8,539	7,896	7,562
PAH to air [1)]	12	13	10	16	16
PAH to water [1)]	1	1	1	3	2
Sulphur dioxide (SO_2)	22,042	21,702	27,519	22,332	22,871

1) Excluding PAH emissions from Albras

Non-GHG emissions per activity

Metric tons	Bauxite mining	Alumina refining	Primary aluminium	Recycling	Extrusions[1)]	Total
Sulphur dioxide (SO_2)	124	10,887	11,005	2	24	22,042
Nitrogen oxide (NO_x)	78	6,135	509	268	449	7,438
Particulate Matter	-	2,199	1,733	39	2	3,974
Flurides to air (F)	-	-	652	-	-	652
NM VOC	-	-	-	5	143	149
PAH to air (EPA 16 PAH)	-	-	12	-	-	12
Sulphur (S) to Water	-	-	6,947	-	-	6,947
Suspended solids	-	149	337	4	0	489
Fluoride (F) to water	-	0	197	-	0	197
Aluminium (Al) to water	-	17	-	-	0	17
PAH to water (EPA 16 PAH)	-	-	1	-	-	1

1) Extrusion includes some recycling activities

E2.2 Spills and leakages

Reporting principles

Total reported severe and major leakages from Hydro consolidated activities.

Spillages and leakages to the external environment (soil, water or air) are registered in Synergi and/or in IMS, our reporting tools for incidents regarding health, safety, security and environment. Spills and leakages reported in Note E2.2 comprise incidents that have resulted in emissions to the external environment that are categorized as severe or major, i.e. unintended and sustained spills and leakages. A spillage or leakage can be reclassified according to changes in the actual consequence of the spillage or leakage, and historical figures are updated accordingly. Several reported incidents can be closely related and therefore classified as the same spillage.

GRI-reference: GRI Standards 306-3 (2016).

Spills and leakages to the external environment

	2023	2022	2021	2020	2019
Spills, leakages	1[1)]	1	0	5	1

1) The 2023 incident relates to a spill of sulfuric acid at our Extrusions site in Cheltenham, UK. The case was classified as severe due to its potential consequences, not due to actual damage to the environment.

E2.3 Environmental permit breaches

Reporting principles

Total reported severe and major permit breaches from Hydro consolidated activities.

Environmental permit breaches are reported when an incident occurs that in any way relates to an environmental permit. This definition is in certain cases stricter than the legal definition, i.e. not all reported incidents are related to breach of legal criteria in an environmental permit. For other cases of non-compliance, see Note G1 to the Business conduct chapter. The reported cases are based on monthly monitoring and reported in Synergi and/or in IMS. Permit breaches reported in Note E2.3 comprise breaches that are classified as severe or major, which mean the incidents require regulator contact and/or have led to permit breaches with possible fine or suspension. The reported permit breaches may be related to spillages and leakages covered in Note E2.2. Several reported incidents can be related to the same permit and will be reported as one breach. Historical figures may be subject to change due to time lag in administrative procedures.

Permit breaches

	2023	2022	2021	2020	2019
Permit breaches	0	3	2	11	1

Water resources

Why it matters

Hydro depends on the supply of water as an ecosystem service and withdraws large volumes of water for beneficiation and pumping at its Paragominas mining operations, steam-generation in the Bayer process at the Alunorte alumina refinery, and for cooling in Hydro's primary aluminium, downstream, and recycling processes. There is also a significant influence from Hydro's hydropower operations on the water catchments where they are located.

Hydro follows standards for measuring and reporting its water interaction and the quality of its water discharges, to minimize the potential for water related impacts on nature and local communities.

The main water related risks for Hydro are physical risks, such as changes in the availability and quality of freshwater, and natural hazards like flooding. Climate change can exacerbate the scale and frequency of these risks further. Climate change can result in more frequent events of heavy rainfall, exposing Hydro to water related risks like flooding and landslides. Seasonal drought risks can cause disruptions in the availability of water for electricity generation, cooling, operations or shipping routes, infrastructure, and logistics services in Hydro's value chain.

Our approach

Hydro's Global Procedure for Water Stewardship requires that all operational sites, that are fully owned or operated by Hydro, evaluate water related risks and opportunities at a catchment scale and develop management plans and context-relevant targets to address any material risks identified. Operational sites must also maintain a sufficiently detailed water balance account to reflect the site's water risk exposure and comply with the International Council on Mining & Metals' (ICMM's) requirements for water reporting. Furthermore, it must also manage the quality of water discharges and run-off to fulfil legal permit limits and mitigate potential negative impacts to the environment and harm to the health and livelihoods of affected communities, within the operation's area of influence.

Aluminium value chain

Hydro uses the WRI Aqueduct tool to analyze Hydro's freshwater footprint in water stressed areas, defined as locations with high or extremely high baseline water stress. The majority of Hydro's water withdrawal occurs in fjords and rivers in Norway, from abundant water resources that are not materially impacted by Hydro's operations. Approximately 1 percent of Hydro's freshwater withdrawals are related to operational assets located in water stressed areas, so over exploitation of natural water resource availability is not considered material for Hydro today. With future climate change scenarios, location specific changes to the availability of water resources may occur. Such risks were evaluated in the physical climate risk assessment that was updated in 2023, described in the climate change chapter.

Regarding water related risks, priority is given to managing the quality of discharges to the external environment and ensuring that Hydro operates within the relevant permit limits and regulatory frameworks. In addition, and due to seasonal heavy rainfall in Northern Brazil, managing flood risk is also a priority for both the mining operation and alumina refinery.

Hydropower

Hydro's hydropower operations can affect water resources in the catchment area of the hydropower plants. This includes both positive impacts on flood control and water flow, and the potential negative impacts on water based ecosystems in the catchment areas that are described in the biodiversity and ecosystems chapter. Flood control is an important positive impact of the regulation of water bodies for hydropower production. Hydro monitors and simulates water levels and adapts the production, which helps mitigating consequences of extreme weather events, particularly flooding.

The water regulation in Norway is based on the EU Water Framework Directive, which aims for "good ecological status or potential" for all water resources within 2027. This is followed up by the authorities and formalized in regional water management plans (WMP). The WMPs sets targets for water bodies and establishes required mitigating actions for water bodies with poor status. It is the main contributing activity/actor that has the responsibility to implement improvement activities. The WMPs are the main tool for authorities to follow-up improvements in Norwegian water bodies, and are established with inputs from different stakeholders, including hydropower producers. New WMPs (2022-2027) were approved by the Norwegian Government in October 2022. The WMPs will be an important basis for authorities' follow-up of the concessionaires in the future.

Actions and resources related to water resources

Hydro undertakes a number of mandatory and voluntary actions to reduce risks related to water resources, depending on the activity and geographic location. For actions related to emissions to water, refer to the Pollution chapter.

Aluminium value chain

Around 75 percent of Hydro's total water withdrawal occurs in Norway from fjords (sea water) and rivers (fresh water) that supply these fjords. These water sources are vast and are not significantly affected by Hydro's operations. All seawater withdrawal in Norway is used in gas treatment centers, enabling the primary production smelters to reduce dust, SO_2 and fluoride emissions to air.

To mitigate risks related to water availability, Hydro has implemented actions to reduce operational dependency on surface water withdrawals at our mining and refining operations in Brazil, by increasing rainwater capture and storage and reuse of process water, and water use efficiency programs in our Extrusion business to reduce overall water withdrawal intensity.

In 2023, 28 percent of Hydro's surface water withdrawals was rainwater, primarily captured at Alunorte and Paragominas. Approximately 74 percent of Paragominas' water demand was met by recovery of water from the beneficiation process, and 9 percent

Performance

34	1.4 million m^3	65.4 million m^3
Number of sites in water stressed areas	Freshwater withdrawals in water stressed areas	Water recycled or reused

from water captured in the reservoirs, significantly reducing dependency on water withdrawals from the Pararíquara river. Alunorte receives a large volume of water, entrained in the bauxite product that it receives from Paragominas, through the pipeline. In 2023, Alunorte received 11.6 million m^3 of freshwater from Paragominas. Alunorte is reusing more than 49 percent of this water in the refining process,

Hydro is working to adapt to the physical risks of climate change through several actions. To mitigate risks related to climate driven flood risk, due to increased rainfall, at our alumina refinery, Hydro invested in water management infrastructure and wastewater treatment capacity in 2019 increasing the water storage capacity to 274,000 cubic meters and treatment capacity to 14,500 cubic meters per hour.

Hydropower

Hydro's Norwegian hydropower operations are covered by concessions that includes site specific requirements for upgrades and implementing environmental improvement actions. Hydro continuously works with rehabilitation and restoration measures in the waterways that are affected by its hydropower operations. From 2017 to 2022, Hydro Energy restored parts of the river Måna in Rjukan, Norway. Due to the historical regulation of the river, it was previously dry for most of the year. Now the river has been re-established, with a target to maintain a good flood management and improve the environmental conditions for anadromous fish. Hydro also works with initiatives to reduce the risk of erosion and sedimentation around our reservoirs, such as reinforcement of reservoir edges with stones and gravel.

In 2023, Hydro established an overview of the water bodies that are impacted by its hydropower operations. Some of these water bodies have been allocated less stringent environmental objectives by the Norwegian authorities than those defined by the EU Water Framework Directive. Hydro will continue to develop its understanding of how to improve the status of water bodies that are impacted by its hydropower operations and establish an environmental management system for each location.

E3 Notes on Water resources

E3.1 Water interaction

Reporting principles

Total water withdrawal by country and water interaction in Hydro consolidated activities.

All operations related to the aluminium value chain maintain a water balance, in line with regulatory requirements and the minimum disclosure requirements dictated by ICMM's Water 2021 Water Reporting: Good practice guide. This includes volumes of withdrawals (by quality and source), discharge (by quality and destination), consumption (by type) and the percentage of the operational water demand met by water reuse and /or recycling, if applicable. Methods for calculating these values is site-specific. Where operational sites receive their water supply from third-parties, like the municipal water infrastructure, the quantities are based on invoiced volumes across the year. In operations that manage their own water extraction and discharges, the data can be directly measured using flow meters, or inferred from pumping capacity and run times. Hydro does have instances of "Other Managed Water" (i.e., water that needs to be actively managed by does not enter the operational water system used to supply the operational water demand), so this parameter is not included in our consolidated reporting.

We monitor water use in the construction and development of new energy projects, including water for construction processes and human consumption. Water consumption in Hydro Rein's projects are not material in volume compared to consumption in other activities. All water use in construction and development of new energy projects is supplied by third parties.

GRI reference: GRI Standards 303-3, 303-4 and 303-5 (2018).

Total water withdrawal, by country

Million m^3	2023	2022	2021	2020	2019
Norway	212.6	218.0	216.1	224.8	218.4
Brazil[1)]	63.4	62.0	67.1	54.5	58.7
United States	3.9	4.5	4.8	4.2	5.0
Rest of the world	3.8	4.2	4.7	3.9	5.2
Total water withdrawal	**283.7**	**288.7**	**292.8**	**287.5**	**287.3**

1) Includes 17 million m3 of rainwater that is treated and discharged. The figure varies with precipitation.

Total water interaction

Million m^3	High quality	Low quality	2023	2022	2021	2020	2019
Number of locations			117	112	115	119	119
Water withdrawal, by source							
Surface water withdrawal	73.7	16.3	90.0	94.6	100.7	87.3	92.9
- Surface water (river, stream, lake)	48.4	16.3	64.7	68.8	72.0	66.5	70.9
- Rainwater capture	25.3	0.0	25.3	25.8	28.7	20.8	22.1
Ground water	1.2	12.2	13.4	12.4	12.4	12.1	11.2
Seawater	0.0	164.7	164.7	165.6	163.2	173.2	166.8
Third-party Supply (e.g. municipal)	3.9	11.8	15.7	16.1	16.5	14.9	16.4
Total Water withdrawal	**78.8**	**204.9**	**283.7**	**288.7**	**292.8**	**287.5**	**287.3**
Water discharges, by destination							
Surface water (river, stream, lake)	39.1	15.5	54.6	64.7	68.9	60.9	61.4
Ground water	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Seawater	9.0	186.2	195.2	198.0	196.4	205.9	198.7
Third-party Supply (e.g. municipal)	0.9	15.7	16.6	15.6	16.6	14.5	16.6
Total Water discharges	**49.1**	**217.5**	**266.6**	**278.3**	**282.0**	**281.3**	**276.7**
Water consumption, by type							
Evaporation	0.9	2.7	3.6	3.9	1.1	0.9	1.7
Entrainment in product	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Entrainment in waste	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Process loss	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Other	0.1	13.4	13.5	6.4	9.7	5.3	8.9
Total Water consumption	**1.0**	**16.2**	**17.2**	**10.3**	**10.8**	**6.3**	**10.6**
Water Reuse/Recycle							
Reuse/recycle	65.4	0.0	65.4	64.7	67.2	53.0	54.8
Total Water Reuse/Recycle	**65.4**	**0.0**	**65.4**	**64.7**	**67.2**	**53.0**	**54.8**

The ESRS require companies to report the water intensity per revenue. This was 0.0001 m^3 per million NOK in 2023.

E3.2 Water interaction in water stressed areas

Water interaction in water-stressed areas

Million m^3	High quality	Low quality	2023	2022	2021	2020	2019
Number of locations			34	34	34	34	33
Water withdrawal, by source							
Surface water withdrawal	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Surface water (river, stream, lake)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Rainwater capture	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ground water	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Seawater	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third-party supply	0.1	1.2	1.3	1.4	1.4	1.2	1.3
Total Water withdrawal, by source	**0.1**	**1.3**	**1.4**	**1.5**	**1.5**	**1.3**	**1.4**
Water discharges, by destination							
Surface water	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Ground water	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seawater	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third-party supply	0.9	0.1	1.0	1.0	1.1	1.0	1.0
Total water discharges	**0.9**	**0.2**	**1.0**	**1.1**	**1.1**	**1.0**	**1.0**
Water consumption, by type							
Evaporation	0.0	0.3	0.3	0.3	0.3	0.2	0.2
Entrainment in product	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Entrainment in waste	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Process loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total Water consumption, by type	**0.0**	**0.3**	**0.4**	**0.4**	**0.4**	**0.3**	**0.3**
Water Reuse/Recycle							
Reuse/recycle	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Water Reuse/Recycle	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

E3.3 Water interaction in 50/50 joint venture Qatalum

Reporting principles

Water interaction in Qatalum is calculated based on total seawater withdrawal for cooling in the casthouse and power plant operations at Qatalum.

Water interaction in 50/50 joint venture Qatalum

	2023	2022	2021	2020	2019
Seawater withdrawal for cooling, million m3	87.9	88.8	87.8	92.6	90.1

Biodiversity and ecosystems

Why it matters

As a global aluminium and energy company, Hydro recognizes the negative impact that its global operations, and their associated value chain, can have on biodiversity and ecosystem services. Hydro's activities are relevant to four of the main drivers of nature loss:

- Land and water use change
- Climate change
- Pollution
- Introduction of invasive, alien species

Hydro's operations are also dependent upon ecosystem services provided by nature, including the provision of water, regulation of climate and protection from physical hazards, like floods and landslides. Aluminium production, specifically, is also dependent on the supply of energy, raw materials and other services that can impact biodiversity and ecosystems at the local, regional and global level. It is therefore Hydro's responsibility to manage the risks associated with these impacts and dependencies where they occur in the company's operations and business activities.

Stricter regulations related to impacts on biodiversity and ecosystems could impose new requirements on Hydro's operations and value chain, which in turn could have a financial or reputational effect on Hydro, and could impose capital investments to reduce the impact of the company's activities in the medium and long-term. Expectations from customers, investors, and banks could affect Hydro's financial performance, cost of capital or access to finance in the medium or long-term. The effects could be both positive and negative for Hydro, depending on the development of stakeholders' expectations and the impact of Hydro's activities relative to our peers.

Our approach

Hydro has implemented a Global Procedure for Biodiversity and Ecosystem Services, which covers all wholly owned or operated assets. The procedure establishes minimum requirements for biodiversity risk management in operations, new project development, and merger and acquisition processes. The first requirement is to conduct an assessment to identify potential impact on biodiversity and ecosystem services, within the operation's area of influence, and assess the materiality of these impacts to the operation, environment and affected communities. This assessment shall also identify and describe any priority biodiversity features or ecosystem services that occur within the operation's area of influence and consider the full lifecycle of the operation, including closure.

Identified impacts

Hydro can directly impact upon biodiversity and ecosystem services through its contribution to land use change resulting from its mining operations and construction projects of new energy or industrial projects, as well as the company's water use, greenhouse gas emissions, and other emissions to air and water.

Driver of nature loss	Relevance for Hydro	Strategic response
Land/Water-use change	Bauxite mining and renewable energy production are both land-use intensive activities, and can often impact upon natural habitat or habitats that support threatened and/or endemic species	See *Integrating nature in Hydro's strategy and business model*.
Direct exploitation of organisms	Hydro does not directly depend on organisms in its economic activities. However, Hydro does depend on natural resources, including water supply, that should be managed responsibly	See the Resource use and circular economy and Water chapter.
Climate Change	Aluminium production has a high embedded carbon footprint. Renewable energy production can contribute to decarbonising industries	See the Climate change chapter.
Pollution	Aluminium production has a number of associated non-GHG emissions that can lead to air, water and soil pollution if not responsibly managed.	See the Pollution chapter.
Introduction of invasive species	With a global value chain footprint, there is a risk of invasive species introduction through the movement of supply chain materials and products	Global governance on risk related to invasive species, that requires operations to implement effective management to avoid the introduction of invasive species. If an introduction does occur, operations must implement an effective management to remove it.

Targets and ambitions

No Net Loss

of biodiversity for our bauxite mine, from a 2020 baseline

1:1

Rehabilitation of mined areas within two hydrological cycles

Performance

3,149

Total accumulated area in hectares undergoing rehabilitation

100%

Of the mining area released for rehabilitation in 2021 has undergone rehabilitation

Aluminium value chain

The total land use footprint of Hydro's aluminium value chain operations is ca. 26,500 ha. This footprint intersects with nine different biome types. The majority of Hydro's land footprint, ca. 25,000 ha, relates to its upstream Bauxite and Alumina activities, and is located within the "Tropical and Subtropical Moist Broadleaf Forest" biome type.

Within Hydro's aluminium value chain operations, therefore, the most material impact on biodiversity through land-use change occurs at Hydro's bauxite mine, located in the municipality of Paragominas, in the State of Pará, Brazil. This region is located within the Brazilian Amazon, in an area defined as the "Arc of Deforestation," and is characterized by extensive deforestation for cattle ranching and soy production.

Hydro's mine covers an area of ca. 18,500 ha., which, prior to the mine, was a mixture of primary and secondary forest, and agricultural land. The remaining primary forest, although considered natural habitat, has been historically impacted by selective logging to remove the tallest, commercially valuable trees from the area. Despite this history of human impacts on the area, the remaining forest is still representative of a very specific biome in the Amazon, called the Belem Endemism Centre (BEC), and supports a number of threatened fauna and flora species, some of which are endemic to the region. It is critical, then, that Hydro takes measures to minimize and restore impacts to these biodiversity features within the mine's environmental management strategy.

As a preliminary evaluation of the impacts caused by other pressures on biodiversity, Hydro used the ReCiPe2016 (Huijbregts et al. 2017) life cycle impact assessment model to estimate the relative contribution of GHG, SO_2 and NO_x emissions and water withdrawals, in Hydro's aluminium operations, to a theoretical, overall decline in biodiversity, expressed in the aggregated unit called species.year. This assessment was based on data published in Hydro's 2022 Annual Report. Based on this modelling exercise, Hydro's GHG emissions, after land-use change, is likely to be the second largest pressure on biodiversity, through its contribution to climate change. Impacts of SO_2 emissions on soil acidification is estimated to be the next largest contributor. Water withdrawals and photochemical ozone formation, caused by NO_x emissions, have a very minor contribution. Specific information about GHG emissions, other emissions to air and interactions with water, including strategy and targets, can be found in the Climate change, Pollution and Water chapters.

		Aluminium Production and Recycling					Renewable Energy	
		Bauxite Mining	Alumina Refining	Primary Aluminium	Aluminium Recycling	Aluminium Extrusion	Hydropower	Wind
Impacts	Land or water-use change							
	Freshwater withdrawal							
	GHG emissions							
	Non-GHG air emissions							
	Water pollutants							
	Soil pollutants							
	Solid waste							
Dependencies	Surface water							
	Ground water							
	Water flow maintenance							
	Climate regulation							
	Natural hazard protection							

Inherent material impact or dependency for the sector activity.

Inherent material impact or dependency for sector, but not relevant to Hydro operations.

No inherent material impact or dependency for the sector but considered relevant for Hydro's operations.

The table summarizes of the general nature-related impacts and dependencies, relevant for Hydro's value chain activities. The categories are aligned with those presented in Science Based Targets Network's (SBTN) Materiality Screening Tool and ENOCRE's database for sector dependencies.

Hydropower operation and development

In general, hydropower development and operation can significantly alter both aquatic and terrestrial ecosystems. To varying degrees, the habitat connectivity of all adjacent landscapes and ecosystems around hydropower operations will have been affected.

For aquatic biodiversity, threats to anadromous fish are complex and involves impacts from other industries, such as salmon farming. The main species impacted by hydropower in Norway are Atlantic salmon (and its food sources), sea trout, and three-spined stickleback. For terrestrial biodiversity, the riparian vegetation and habitats are continuously impacted by the regulated flow regimes. In Hydro's regulated river basins, there is a great potential for habitat improvements for anadromous fish species, and aquatic fauna and flora.

Many of Hydro's hydropower reservoirs are located within or near national parks and other protected areas in mountainous regions in southern Norway, including Hardangervidda and Jotunheimen. Some of our operations are also inside habitats for wild reindeers, hereunder in the areas Setesdal, Ryfylket, Breheimen, Jotunheimen, Hardangervidda. Wild reindeers are considered a threatened species (IUCN Global Red List Vulnerable), and Norway has a particular mandate in protecting this species. Potential impact on reindeers can be attributed to the human activity in the area of Hydro's operations, which are enabled by the roads that were established during hydropower project construction. Some of these roads are still in use to facilitate necessary maintenance and accordingly make certain areas more accessible for tourists and other human activity. The accessibility of the roads is normally subject to conditions in the concessions, and the concrete conditions are defined by the authorities. Occasional release of water from hydropower reservoirs during winter may also impact mitigating wild reindeer.

Wind and solar energy development

Hydro Rein, Hydro's renewable energy venture, acknowledges that large areas of land are needed to accommodate renewable energy infrastructure, and that in general, wind and solar farms can pose significant pressure to biodiversity and ecosystems.

Construction of solar and wind onshore farms can cause negative impacts on biodiversity and ecosystem services. The significance of impacts will vary depending on the current land use and level of

degradation of the previous habitat and the geographic location, and in some circumstances may be positive

The most important impacts include habitat conversion, degradation and fragmentation. Both onshore wind and ground mounted solar also create barrier effects to biodiversity movement. Specific examples of such biodiversity pressures include:

- Collisions of birds of prey and bats with wind turbines, solar panels and transmission lines.
- Electrocution of birds and bats on transmission lines.
- Disturbance and displacement of fauna due to noise, dust and vibration from construction activities
- Developments of roads and infrastructure increase fauna road kills.

Integrating nature in Hydro's strategy and business model

As already discussed in this chapter, Hydro's current business model has several impacts and dependencies on nature and the ecosystem services it provides. Based on the materiality of these impacts and dependencies, and the risks and opportunities that they present for Hydro, the company has developed a nature strategy that seeks to mitigate risks, safeguard its business, and improve its resilience to an evolving regulatory and market framework. Hydro has developed this strategy to also align with the 2030 objective and targets of the Global Biodiversity Framework agreement and address the four main drivers of nature loss most relevant to its business model. By doing so, Hydro aims to contribute meaningfully to the global effort to achieve a nature positive future.

The primary focus of the nature strategy is in relation to Hydro's direct operations and their interface with nature. Here the company has the greatest level of control and influence on nature-related risks. For specific actions, targets and commitments related to pollution, climate change and waste management, please refer to the relevant chapter within the annual report.

As announced in 2023, Hydro will be broadening the scope of this strategy to address indirect nature related risks in its value chain and the wider landscapes where it operates. This includes establishing an inventory and baseline for material air pollutants in Hydro's supply chain (see Pollution chapter for more information), and a partnership with civil society and leading aluminium customers to develop positive nature outcomes for Paragominas municipality, where Hydro's bauxite mine is located.

Group wide targets and commitments related to biodiversity and ecosystems

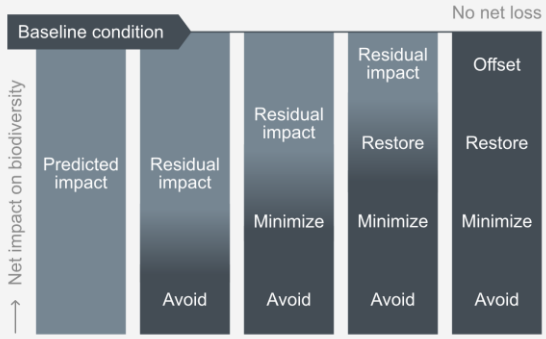
To avoid impacts to areas of especially high biodiversity value, Hydro has committed to not develop new projects in UNESCO World Heritage Sites and legally protected areas that are classified as IUCN Protected Area Management Categories I-IV. Hydro will also not develop new projects in other legally protected areas, if the project will cause irreversible impacts to the biodiversity values for which the legal protection has been assigned.

Hydro has also established a minimum requirement for new projects and major changes to existing operations, that risk impacting natural and critical habitat, to establish a biodiversity action plan that documents a credible No Net Loss (NNL) strategy for the biodiversity features at risk. This strategy must align with the biodiversity mitigation hierarchy and be designed to deliver the NNL outcome within the project's lifetime or sooner.

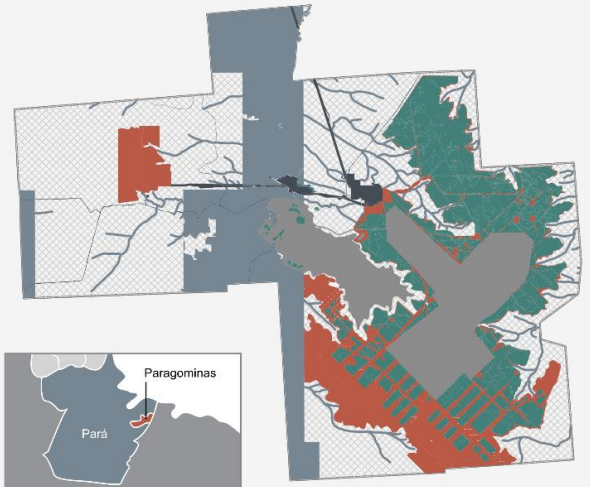
Actions to mitigate and compensate for mining impacts on biodiversity

Hydro's only operated mine, Mineração Paragominas S.A. (MPSA, referred to as Hydro Paragominas) is located within the municipality of Paragominas, in the state of Pará, northern Brazil. Within the Hydro Paragominas property are the Legal Forest Reserve (ARL) and Permanent Preservation Area (PPA), which are two types of conservation instruments under the Brazilian Forest Code that apply to private landholdings. ARLs are forest areas that are set aside by the landowner to preserve remnants of native vegetation. PPAs are areas of vegetation that have been designated for protection because they are considered important for the preservation of essential ecosystem services, such as water supply or natural hazard protection, or contain certain types of geographical features, such as riverbanks, springs, lakes or mangroves, and must be left intact. In Hydro Paragominas, the company has an ARL and PPAs that contain riverbanks, as indicated in the map showing Parasomnias site use.

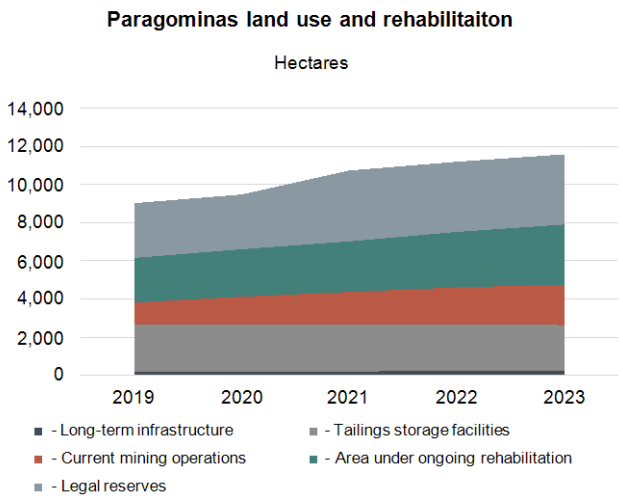
Biodiversity mitigation hierarchy



Land use at Hydro Paragominas



[1]Area reserved for new tailings ponds is expected to be reduced because of the new Tailings Dry Backfill technology



To access the bauxite deposits in Hydro Paragominas, which are located 8 to 12 meters underground, the overlying vegetation, topsoil and overburden must first be removed. Since taking ownership of the mine in 2011, Hydro has developed a strong reforestation program that seeks to mitigate the impact of forest removal through timebound targets to replant and reforest the areas. Currently, Hydro works to progressively rehabilitate mined areas available for reforestation and replant these areas within two complete hydrological seasons, referred to as Hydro's 1:1 rehabilitation target.

The mining cycle is made up of several steps. When a given area of land is to be mined, it must first be cleared of vegetation, and the topsoil and overburden removed to access the layer of bauxite ore. Once an area is mined, it may be set aside for temporary and/or permanent infrastructure, like roads or storage areas, or released for mining operations for rehabilitation. If an area is to be rehabilitated, the overburden is returned, along with dried bauxite tailings. See the Resource use chapter for information on tailings management. Topsoil is then carefully distributed across the area and, where needed, enriched with fertilizer. Finally, one of the three rehabilitation techniques is applied.

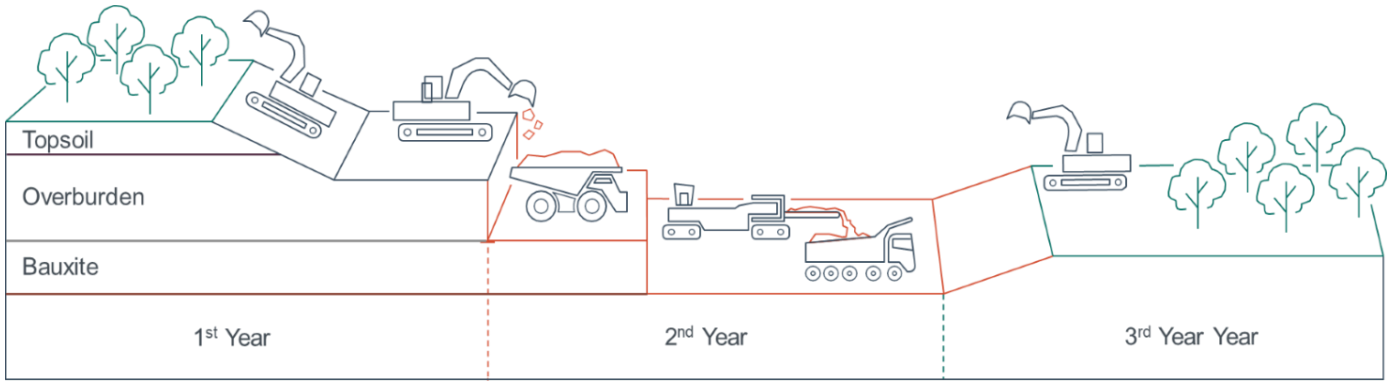
1. Natural Regeneration: The area is allowed to recover naturally, based on the seeds already found within the topsoil.
2. Plantation: Seedlings, grown in Hydro's own plant nursery, are replanted in the area. The species composition closely matches what was there before mining. Hydro grows over 100 different native tree species and produces up to 300,000 individual plants every year.
3. Nucleation: This is similar to the plantation method, but the soil is first shaped into small mounds and enriched with branches and other plant material to encourage water retention and create habitat for small mammals and insects that can boost recovery rates.

In addition to rehabilitating mined areas, there is also a need to eventually rehabilitate long-term infrastructure, like the tailings storage facilities, when no longer required to support operations. In the case of tailings storage facilities, the tailings must first be allowed to settle before rehabilitation can begin. Due to the clay like nature of the tailings material, a specialized rehabilitation technique must be developed. Hydro has ongoing research into developing this technique, with some promising results at pilot scale.

To increase Hydro's knowledge and secure a science based approach to biodiversity management and forest rehabilitation, the Biodiversity Research Consortium Brazil-Norway (BRC) was first established in 2013 and renewed in 2023 for a further 5 years. BRC consists of the University of Oslo and its Brazilian partners Museu Paraense Emílio Goeldi, Federal University of Pará and Federal Rural University of the Amazon, in addition to Hydro. The scope of the consortium is to create an environmental research program connected to our mining operations. The aim is to strengthen Hydro's ability to preserve natural biodiversity and to better rehabilitate the areas where we mine bauxite. Twenty-six research projects have been funded to date, and a new research program was developed in 2023 to support the renewed BRC agreement.

Announced in 2023, Hydro will also increase its No Net Loss ambition for biodiversity for the bauxite mine. In addition to achieving No Net Loss for the future expansion of the mine, Hydro will also include impacts that have occurred since 2020 for the existing mining footprint as well. As part of delivering on this No Net Loss roadmap, Hydro has established a partnership with two Brazilian NGOs; Imazon and IPAM. Both organizations have a long-standing presence within the State of Pará and are actively engaged in the conservation and sustainable development of the Brazilian Amazon. The partnership will explore how all parties can collaborate on supporting Hydro's No Net Loss roadmap for the mine and identify further nature positive outcomes that support the sustainable development of Paragominas municipality. This can include additional gains for nature, climate mitigation and social value creation and will align the agendas of all three parties within the partnership.

For quantitative information on land use and rehabilitation in Paragominas, see Note E4.4. There are specific closure plan requirements for the Paragominas mine (rehabilitation of mine and tailings ponds). In addition, there is a similar requirement for the bauxite residue disposal areas at Alunorte. Read more about closure management in the Legacy impact chapter and bauxite residue disposal in Resource use and circular economy.



Actions to minimize impacts in hydropower operations

Hydro Energy works actively together with energy industry associations, nationally and internationally, to address negative impacts on nature for new projects and operations. The company is a member of the International Hydropower Association (IHA), and the association Renewables Norway's sustainability network. The company takes a scientific approach to managing its biodiversity impacts through its established long-term collaboration with the Norwegian Institute for Nature Research (NINA). NINA supports Hydro Energy with a better understanding of its impacts and guidance on implementing the biodiversity mitigation hierarchy in new renewable energy projects in Norway.

In operations, the company always follow relevant concessions and requirements from the authorities and implement mitigation measures where this is required according to the competent authority. Monitoring, follow-up of potential damage, as well as identifying improvement potentials, is also a part of daily routines and operations. In relation to renewal of concessions, rehabilitation projects are carried out in rivers and lakes to improve fish habitats and aesthetic qualities. The company also monitors the impact of its operations on aquatic life in rivers connected to catchment areas.

As per end of 2023, Hydro Energy has two ongoing revisions of the concessions. Fortun-Granfasta concession renewal is ongoing, and all necessary studies have been carried out and filed at The Norwegian Water Resource and Energy Directorate (NVE). Under the concession renewal, Hydro Energy has proposed several restoration and improvement activities targeting aquatic biodiversity. A concession process has also been requested for Vigelandsfoss, owned by Hydro Rein, and work has started with getting an overview of necessary studies related to biodiversity impacts.

Hydro Energy is currently performing independent biodiversity risk assessments for all its majority owned and operated hydropower- and wind power portfolio in Norway. The risk assessments are carried out by a third party, to identify main risks to priority biodiversity features impacted by our operations. The company aims to finalize the assessments for all of Hydro Energy's majority owned operations by 2025. Following the completion of these assessments, the company plans to establish Biodiversity Action Plans to establish mitigation activities for its operations, based on the highest risks to biodiversity.

Wild reindeer are particularly vulnerable during spring when the reindeers have their calves. As part of operation and project execution, there are always mitigating activities undertaken to avoid impacts to reindeer, such as investigating the reindeer herd position before any activities. In 2023, the company contributed to a project to facilitate localization of the reindeer herds by GPS marking of individuals. In addition, the company participated in the establishment of national action plans to reduce impacts to wild reindeer.

Actions to minimize impacts in development of wind- and solar power

For Hydro Rein projects, the company applies the biodiversity mitigation hierarchy as early as possible in project development to minimize project impact upon biodiversity and ecosystems as much as is practically and technically feasible. Hydro Rein is currently developing biodiversity action plans to align existing projects to international standards (IFC Performance Standards and Equator Principles), using the projects' fauna and flora monitoring campaigns to enable the identification of significant residual impacts to priority biodiversity features. Additional impacts on biodiversity caused during the construction and operation phase of the project, are addressed and mitigated as part of the construction activity.

To support the company's biodiversity ambitions, the company works with project partners and qualified specialists to perform additional biodiversity studies, such as Collision Risk Modelling, Critical Habitat Assessment and Ecosystem Services Assessments in project areas and surroundings, so the company can define its project specific biodiversity strategies.

During vegetation removal in Hydro Rein's Brazilian projects, there is continuous monitoring of the activities, with the support from local fauna biologists, botanicals, and a veterinary specialist. Additionally, all Brazilian projects in Rein's construction portfolio have explicit vegetation compensation commitments, compliant with local regulation, that includes the operation of seedling nurseries and reforestation action in project area and surroundings.

All projects have end-of life strategies for restoration of land in compliance with national regulations as well as international standards of No Net Loss of natural habitats.

E4 Notes on Biodiversity and ecosystems

E4.1 Aluminium value chain footprint

Reporting principles

The aluminium value chain footprint is based on the area of the site property. The table includes consolidated as well as non-operated joint ventures.

GRI reference: GRI Standards 304-1 (2016).

Value chain footprint per activity

Hectars	Mining	Refinery	Smelters	Recyclers	Extrusion[1)]	Total
Footprint	18,753	5,625	1,458	56	639	26,530

1) Extrusion includes some recycling activities

E4.2 Assets with proximity to protected areas

Reporting principles

Table summarizing Hydro locations that are within 1 km distance of an Internationally Recognized Area (IRA) of high biodiversity value, including legally protected areas (PA) and Key Biodiversity Areas (KBA. The list includes consolidated as well as non-operated joint ventures.

The list includes sites that are certain to impact biodiversity and ecosystems or that are associated with activities that could potentially impact biodiversity and ecosystems in nearby areas (marked as "Unknown" in the table). Sites associated with business activities that have a low likelihood of potentially impacting biodiversity or ecosystems in nearby areas, are excluded from the list.

GRI reference: GRI Standards 304-1 (2016).

Hydro operations in proximity to protected areas

Business area	Country	Loaction name	ownership eq.	#PAs	#KBA	Impact
Hydropower	Norway	Svelgfoss	70%	20	0	Potential
Hydropower	Norway	Skafsa	26%	16	0	Potential
Hydropower	Norway	Telemark	100%	14	0	Potential
Hydropower	Norway	Fortun	100%	8	0	Potential
Hydropower	Norway	RSK	26%	7	0	Potential
Hydropower	Norway	Tyin	199%	5	0	Potential
Mining	Brazil	Paragominas	100%	0	1	Certain
Recycling (Extrusions)	Norway	Vetlanda	100%	4	0	Potential
Recycling (Extrusions)	Italy	Paglieta	100%	1	0	Potential
Recycling (Extrusions)	France	Puget	100%	1	0	Potential
Recycling (Extrusions)	Italy	Feltre	100%	1	2	Potential
Recycling (Extrusions)	USA	Saint Augustine	100%	1	0	Potential
Recycling (Extrusions)	Netherlands	Drunen	100%	1	1	Potential
Recycling (Extrusions)	Italy	Atessa Buildex	100%	1	0	Potential
Recycling (Extrusions)	Belgium	Ghlin	100%	0	1	Potential
Recycling (Metal	Germany	St Peter	100%	2	0	Potential
Recycling (Metal	Germany	Rackwitz Remelt	100%	1	0	Potential
Recycling (Metal	Luxemburg	Clervaux	100%	1	0	Potential
Recycling (Metal	Spain	Azuqueca	100%	0	1	Potential
Smelters	Canada	Alouette*	20%	2	0	Potential
Special products	Germany	Grevenbroich (High Purity)	100%	1	0	Potential
Total				**87**	**6**	

* Non-controlled associate or joint venture

E4.3 Threatened species within Hydro's area of influence

Reporting principles

Threatened species within the influence area of Hydro's mining activities are classified using federal database updated by ICMBio researchers, the regional database maintained by SEMAS, and the global IUCN Red List database. The conservation status of species registered in the reference databases can change. As a result, the species list is updated and species can be added, removed and/or moved from one status to another. Reported species are cumulative and represent all species observed within the premises of Hydro's mining activities in Paragominas, Brazil, since 2011. Some species included in the mining activities overview are covered by more than one database and the numbers can therefore not be summed across the columns. In addition, each database is stand alone and they are therefore not comparable.

Other aluminium value chain activities with significant overlap with threatened and/or endemic species ranges are summarized in the second table. This table displays all aluminium value chain locations (excluding the Paragominas mine) that have a significant overlap with ranges of threatened and/or endemic species based on the publicly available IUCN Global Red List database and not on direct observations. Endemic species and threatened species are not mutually exclusive and the numbers can therefore not be summed across the columns.

GRI reference: GRI Standards 304-2 and 304-4 (2016).

Threatened species registered within the area of Hydro's mining activities (Paragominas), 2011-2023[1)]

	National/Federal list[2)]		Regional/State list[3)]		IUCN Red list[4)]	
Conservation status	Fauna	Flora	Fauna	Flora	Fauna	Flora
Critically endangered	4	0	2	0	1	2
Endangered	6	5	10	1	3	6
Vulnerable	24	11	12	11	18	11
Total according to each red list classification	**34**	**16**	**24**	**12**	**22**	**19**

1) Some species included in the overview are covered by more than one database and the numbers can therefore not be summed across the columns. In addition, each database is stand alone and they are therefore not comparable.

2) Federal Brazilian red list

3) Pará state red list

4) International Union for Conservation of Nature red list

As of year-end 2023, the revised accumulated number of unique threatened species observed within the premises of Hydro's mining activities in Paragominas, since 2011, is 73, of which 47 are fauna and 26 are flora.

Other aluminium value chain activities with significant overlap with threatened and/or endemic species ranges, according to the IUCN Global Red List

Business Area	Country	Location Name	# threatened species	# endemic species	# unique priority species
Aluminium Metal	Brazil	Albras	0	8	8
Aluminium Metal	Norway	Årdal	1	2	2
Aluminium Metal	Norway	Høyanger	1	2	2
Aluminium Metal	Norway	Husnes	1	1	1
Aluminium Metal	Norway	Karmøy	1	1	1
Aluminium Metal	Norway	Sunndal	1	2	2
Aluminium Metal	Norway	Vigeland (High Purity)	2	3	3
Bauxite & Alumina	Brazil	Alunorte	0	8	8
Extrusions	Italy	Aielli	2	3	3
Extrusions	France	Albi	0	1	1
Extrusions	Italy	Atessa Buildex	1	2	2
Extrusions	Portugal	Avintes	2	2	2
Extrusions	UK	Bedwas Fabrication	0	1	1
Extrusions	France	Chateauroux	0	1	1
Extrusions	Poland	Chrzanow	1	1	1
Extrusions	USA	City of Industry	0	1	1
Extrusions	France	Courmelles	0	1	1
Extrusions	USA	Delhi	0	1	1
Extrusions	Italy	Feltre	0	1	1
Extrusions	Brazil	Itu	1	1	2
Extrusions	Poland	Lodz	1	1	1
Extrusions	France	Luce	0	1	1
Extrusions	Mexico	Monterrey	0	1	1
Extrusions	Spain	Navarra	0	2	2
Extrusions	Italy	Ornago	0	1	1
Extrusions	USA	Phoenix	1	5	5
Extrusions	USA	Phoenix Fabrication	1	1	2
Extrusions	USA	Portland	0	1	1
Extrusions	France	Puget	3	3	5
Extrusions	France	Puget Sur Argens	1	2	2
Extrusions	USA	Rockledge	2	2	2
Extrusions	USA	Spanish Fork	2	0	2
Extrusions	China	Suzhou	1	0	1
Extrusions	China	Taicang	1	0	1
Extrusions	USA	The Dalles Cast	1	1	2
Extrusions	UK	Tibshelf	0	1	1
Extrusions	France	Toulouse	0	1	1
Extrusions	France	Toulouse Extrusion	0	1	1
Extrusions	Poland	Trzcianka	1	1	1
Extrusions	Brazil	Utinga	9	8	12
Hydropower	Norway	Fortun Power System	1	2	2
Recycling	Spain	Azuqueca	1	1	2
Recycling	USA	Commerce	0	2	2
Recycling	UK	Deeside	1	1	1
Recycling	France	Luce (Metal Markets)	0	1	1
Windpower	Norway	Tonstad Vindpark	2	4	4

The total number of species, across operations, is indicative only and maintain double counting of species that may be present at multiple locations.

E4.4 Land use and rehabilitation in Paragominas

Reporting principles

The rehabilitation data are reported to ANM (the Brazilian National Mining Agency) and SEMAS (the Secretary of State for Environment and Sustainability in the state of Pará where Paragominas is situated), as part of the suppression permit renewal process.

The suppression, mining and rehabilitation cycles are constantly ongoing and are not synchronized. Suppression and mining are at their peak in the dry season, whilst rehabilitation happens primarily in the wet season. The three cycles are also influenced by different drivers such as permits for the suppression cycle, land available for rehabilitation, and rainfall for the rehabilitation cycle. As a result, there is no direct link between the area cleared each year and the area mined or rehabilitated that same year (e.g. an area suppressed in 2018 may be mined late 2019 and then rehabilitated in the 2020 wet season).

Land use - Paragominas

Hectares given per point in time	2023	2022	2021	2020	2019
Total MPSA Property[1)]	**18,763**	**18,764**	**18,764**	**18,764**	**18,764**
- Long-term infrastructure	236	236	202	193	193
- Tailings storage facilities	2,397	2,450	2,472	2,472	2,472
- Current mining operations	2,119	1,921	1,697	1,455	1,149
- Area under ongoing rehabilitation	3,149	2,905	2,646	2,486	2,339
- Legal reserves (ARL and PPA)[2)]	3,680	3,680	3,714	2,870	2,870
- Remainder of property	7,182	7,572	8,033	9,287	9,741
Total affected area within property[1)]	**7,902**	**7,512**	**7,017**	**6,607**	**6,153**
Total pipeline easement track3[)]	489	489	489	489	489
Total transmission line track [3)]	1,893	1,893	1,893	1,893	1,893
Area suppressed, in reporting year	544	507	427	459	348
Area mined, in reporting year	450	411	389	306	215
Area starting rehabilitation, in reporting year	244	259	167	152	331

1) Total impacted area within property = Long-term infrastructure + TSFs + Current mining operations + Area under ongoing rehabilitation
2) ARL: Área de reserva legal; PPL: Plano pluriannual Lei No 1070/2021.
3) There is a spatial overlap between the easement tracks of the pipeline and transmission line of ca. 102 ha

Land rehabilitation of mined areas - Paragominas

Hectares given per point in time	2023	2022	2021	2020	2019
Area released from mining operation in reporting year	249.0	181.7	150.3	150.2	90.6
Area undergoing rehabilitation to date	0.0	140.6	150.3	150.2	90.6
Area remaining to complete target	249.0	41.0	0.0	0.0	0.0
% complete to-date	**0%**	**77%**	**100%**	**100%**	**100%**

E4.5 Overburden moved in Paragominas

Reporting principles

Total volume (in metric tons) of overburden moved in mine within consolidated operations.

GRI Reference: GRI Standards 303-4 (2018) and G4-MM3.

Overburden moved

Million metric tons	2023	2022	2021	2020	2019
Overburden moved	87	82	79	67	45

The overburden volume increase in 2023 is considered within normal annual variation and the level of bauxite production in 2023. The increase from 2019 to 2020 is due to increased production following the lifting of the embargo and ramp-up of the production levels. Hydro uses strip mining in Paragominas, a technique that avoids the formation of an overburden stockpile. All overburden moved for mining purpose is used to reconstruct the topography of the strip previously mined, prior to rehabilitation of the mined areas. Part of the overburden (laterite) is also used for paving roads and for raising the heights of existing tailing dams and constructing new ones. The sterile soil is untreated and has no dangerous properties. Leaching potential due to overburden removal is negligible. There is a water resource management program in place to mitigate silting from the plateau areas.

E4.6 Land use in Hydro Energy

Reporting principles

The direct footprint of operation is defined as the total surface area altered/managed by the organization. For hydropower this is the total sum of surface of regulated water bodies within concession area. For reservoirs, this is estimated based on HRV (highest regulated water level). All hydropower operations are in Norway. For wind and solar projects, the direct footprint is based on the vegetation suppression area from project plans. The direct footprint estimated during project development and construction of wind- and solar power parks may change (be reduced) in actual operation.

The total area of influence for our hydropower operation is defined as the total sum of surface area within the given concession- or catchment area (where the water flow is used by several power producers to produce power). This metric represents the surface area assumed to be indirectly impacted by Hydro operations.

Impacted area in wind and solar projects is the surface area controlled or the area assumed to be indirectly impacted by the operations. It is defined as the direct footprint area plus a 3 and 5 km circular buffer zone.

The reported impacted area from Hydro Energy's hydropower, wind and solar projects is based on actual footprint of the constructions and is not based on equity share.

Hydropower footprint

	Røldal-Suldal (RSK)	Skafsaa	Sogn: Fortun	Sogn: Tyin	Stavanger	Telemark (incl. Svelgfoss)	Vigelandsfoss	Total
Ownership equity	25.6 %	33.3 %	100.0 %	100.0 %	25.6 %	100.0 %	100.0 %	
Spatial footprint (ha)								
Direct footprint of	7,500	3,282	2,000	4,185	3,200	14,532	15	34,714
Total area of influence	91,000	36,000	52,000	42,000	41,700	342,000	217	604,917
Infrastructure								
Number of dams	45	12	23	21	50	10	4	165
Tunnels (km)	78	15	69.4	49	62	34	0	307
Canals (km)	5	1	0.3	2	0	2	-	10
Transmission lines (km)	152	132	94	30	172	589	7	1168

Wind and solar projects footprint[1)]

	Boa Sorte, Brazil	Mendubim, Brazil	Stor-Skälsjön, Sweden	Tonstad[2)], Norway	Ventos de São Zacarias, Brazil
Ownership equity	30.0 %	33.3 %	25.0 %	0.0 %	49.9 %
Spatial footprint (ha)					
Direct footprint of operation[2)]	880	990	340	4	950
Impacted area 3k buffer zone	21,400	12,200	19,300	120	52,400
Impacted area 5k buffer zone	37,300	21,900	31,600	217	86,200

1) Boa Sorte and Mendubim are solar power sites, while Ventos de São Zacarias, Stor-Skälsjön and Tonstad are wind power sites. These sites are under constrction, under responsibility of Hydro Rein.
2) Ownership equity at Tonstad is 0%, however Hydro is the operator.

Resource use and circular economy

Why it matters

Hydro's industrial manufacturing processes are resource intensive and depend on non-renewable resources. Hydro's operations also generate significant resource outflows, including different waste streams.

Aluminium's inherent properties of durability, lightweight and recyclability makes the metal well positioned for the transition to a more circular economy. Hydro's technology roadmap and strategic focus on metal recycling aims to contribute to a more fair and circular economy.

Hydro's integrated value chain, including captive renewable energy generation, traceable, secure material supply and integrated recycling operations, position Hydro for commercial and financial opportunities in the transition to a more circular and less resource intensive economy.

Our approach

Hydro identifies and measures resource use by calculating and managing its inflows and outflows from all operations, including energy use and key materials needed for its industrial and commercial processes. The company also measures and reports waste generated from its operations by how it is treated, and whether the waste is directed to or from disposal methods like landfilling. Please see Note E5 for more information.

Hydro's alumina refining and primary aluminium production depend on resource inflows such as bauxite, lime, caustic soda, sulfuric acid and flocculants in the alumina refining; coke and pitch for production of carbon anodes; aluminium fluoride and metal alloys in aluminium casting; and sulfuric acid for anodizing aluminium profiles. Hydro's reporting on resource inflows covers the most material raw materials and inputs used in our industrial processes.

Hydro's material outflows are the alumina and aluminium products, and the waste associated with production. Hydro's bauxite mining operations generate tailings, and its alumina refining generates bauxite residue, which are managed in dedicated storage facilities. Hydro's aluminium production processes generate waste in the form of spent pot linings (SPL) and anode butts from the electrolysis process, dross from metal casting and other categories of waste.

Increasing recycling of aluminium and developing more circular solutions

Recycling is an important concept in Hydro's 2030 strategy to strengthen the company's position in low-carbon aluminium. Aluminium is light, strong, and resistant to corrosion and cracking in itself and the inherent properties of aluminium make recycling attractive. It can be recycled infinitely without degradation in quality and recycling consumes 95 percent less energy than primary aluminium production.

Hydro is a large remelter and recycler of aluminium. The company remelts process scrap from its own production and from other companies, and recycles post-consumer scrap from the market. The carbon footprint of recycled pre-consumer scrap or process scrap is dependent on its metal origin. Therefore, process scrap from aluminium produced by coal power comes with a much higher footprint than process scrap from hydropower based aluminium. Post-consumer scrap, however, comes with no historical carbon footprint, as this metal is entering its next lifecycle.

One of the main challenges related to recycling of post-consumer scrap is to make sure that the quality of the metal is preserved in the recycling process, and to identify the alloys and properties of the used metal Hydro purchases. The metal must be collected and properly sorted, before being recycled back to high quality products. Hydro's patented technology in scrap shredding and sorting is under further development in making it possible to produce high-quality products from post-consumer building and automotive scrap. The Hydro CIRCAL product line, offering aluminium with 75 percent post-consumer scrap, has among the lowest environmental footprints in the aluminium industry.

Another challenge when recycling post-consumer scrap is metal loss when the pieces are too small or thin which can lead to dross. To address this issue, Hydro has developed a "screw extruder" to handle thin gauge scrap such as chips, swarf, or shredded material. The screw will compact the scrap and the larger metal pieces which will reduce dross generation in the recycler. Hydro has ambitions to industrialize this technology, and the focus has been to further develop and improve parts of the equipment to be able to run continuous compaction of different types of scrap. In 2023, Hydro has invested in some technological upgrades in the Trondheim lab extruder and is working systematically on erasing potential showstoppers for industrial application of the technology.

Hydro has increased its ambition for recycling post-consumer scrap from 520,000-670,000 tonnes in 2025 to 850,000-1,200,000 tonnes by 2030. To reach its ambitions, Hydro is improving its processes to combine process scrap with post-consumer scrap recycling. The technology is being rolled out to Hydro's remelting and recycling plants. These investments will increase the company's post-consumer scrap capacity by up to 20 percent at each plant.

Targets and ambitions

850 – 1200 kt	Eliminate	<35%
post-consumer scrap recycling capacity by 2030	landfill of all recoverable waste, by 2040	of SPL to landfill by 2030

Performance

444 kt[1]	15%	33%
Recycled post-consumer scrap	of total waste directed to landfill	SPL to landfill

1) Including Alumetal full year

Waste management

Waste management is part of Hydro's Global Procedure for Environmental management. Hydro's goal is to first minimize the amount of waste produced in its operations, and then reuse or recycle it. When this is not possible, the company shall deposit it in a secure way to minimize adverse effects to people and the environment.

Tailings and bauxite residue

Tailings from bauxite extraction consist of mineral rejects from the extraction process mixed with water and flocculants. Hydro's Tailings Dry Backfill technology at the Paragominas mine allows tailings to dry in shallow areas before being excavated and returned to the mined strip from where they originated. The mined strip is then reshaped, and rehabilitation initiated with the ambition of returning it to original conditions. By continuously backfilling the dry tailings, the methodology eliminates the need for new permanent tailings storage facilities (TSFs), including the need to raise existing facilities further. The operating license for this technology was received in December 2020, and it has now been fully adopted into operations at the mine.

Bauxite residue is a waste product of the alumina refining process. Its disposal is challenging due to large volumes and its alkaline nature. The residue is washed with water to lower the alkalinity and to recover caustic soda for reuse. Hydro's state-of-the art press filter technology allows for storage at steeper slopes. This is done by pressing the residue through 74 plates with filtrating fabric membranes, resulting in a more compact residue, thus reducing the relative environmental footprint. The residual moisture content has been reduced to 22 percent.

To address the long-term legacy of bauxite residue generation and storage, Hydro has set a 2050 ambition to eliminate the need for new permanent bauxite residue storage areas and a target to utilize 10 percent of bauxite residue generation from 2030.

In 2023, Hydro announced a commercial research partnership with WAVE Aluminium to investigate the possibilities to use bauxite residue as a resource. Using a new combination of disruptive technologies, a bauxite residue processing plant will be built at Alunorte, which will initially have the capacity to process 50,000 tonnes per year of bauxite residue to produce pig iron.

Hydro is also engaged in several other R&D projects connected to bauxite residue management and utilization. This includes a partnership with NTNU, SINTEF, Norcem/Heidelberg and Veidekke, where we are working to develop a new type of concrete that is made using bauxite residue to improve quality. In Brazil, Hydro cooperates with the national Brazilian entity SENAI (National Service of Industrial Apprenticeship) mineral research area, UFPA (Federal University of Pará) and USP (University of São Paulo). Hydro is also working with other aluminium companies through the International Aluminium Institute to solve this industry challenge.

The bauxite tailings facilities and bauxite residue deposits are regularly inspected by Hydro and the Brazilian authorities. To ensure best practice tailings management, the company has implemented the Global Industry Standard on Tailings Management (GISTM) for all its tailings facilities in the highest consequence classes. In addition, independent third-party audits are performed twice a year, to comply with Brazilian regulations and maintain the stability certifications for each TSF. For more information about tailing management and bauxite residue, please refer to the legacy impact chapter and Hydro's full tailings disclosure forms available at our website.

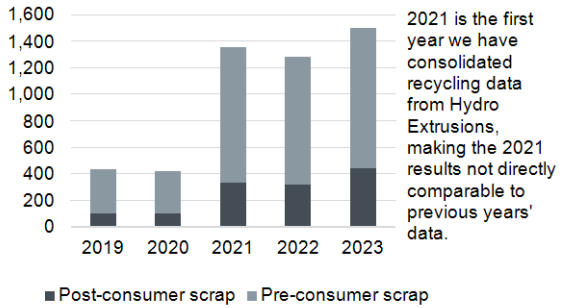
Other waste and by-products

Hydro has set a target to eliminate landfilling of all recoverable waste by 2040, and to landfill less than 35 percent of generated SPL by 2030. SPL, or cathode waste, is generated from the electrolysis cells used in primary aluminium production. Qatalum has a temporary solution for handling SPL in cooperation with local cement plants and they are working to find a permanent solution. Albras had a significant stock of SPL that have been progressively reduced according to an annual plan and target and is delivered to the cement industry in Brazil. Hydro has also initiated a research project in collaboration with Alcoa with the aim to recycle first-cut SPL.

A large portion of the anode waste from Hydro's smelting activities in Norway is being used by Norcem cement plant in Brevik, Norway. The carbon material from Hydro is being used as an alternative fuel in the production process, which ensures safe treatment of any hazardous components. Hydro also has an agreement with a refractory supplier to recycle part of the bricks coming from relining the anode baking furnace.

Dross is a mixture of metallic aluminium, alloy components and metal oxides that is formed on the surface of liquid aluminium. Hydro's casthouses have treatment facilities to recover as much aluminium as possible from hot dross and residual dross can also be sent to third parties for further treatment. 100 percent of the dross produced in Hydro is recycled, either through onsite or offsite recovery treatment processes. Hydro is also involved in a Norwegian research project, that is evaluating the recovery of valuable surplus bath components from aluminium electrolysis.

Recycled aluminium
Thousand tonnes

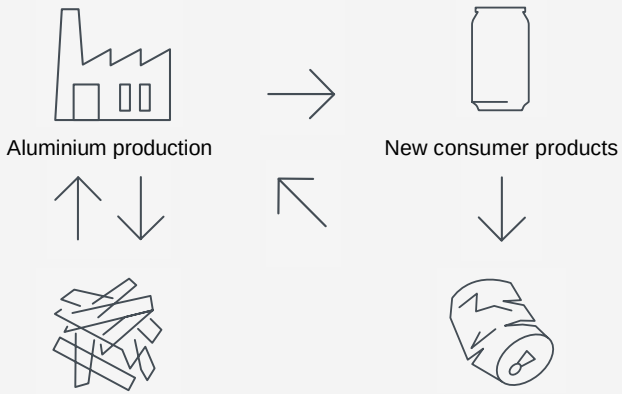


2021 is the first year we have consolidated recycling data from Hydro Extrusions, making the 2021 results not directly comparable to previous years' data.

Partnerships for circular economy

Hydro engages a broad set of stakeholders on circular economy issues. Hydro has strategic partnerships with many customers to design and develop more sustainable products. The company engages industry associations, standard setters, and local stakeholders in countries where it has significant operations, as well as with regional structures like the European Union, on topics related to the environmental and social impacts of resource use. Read more about collaboration and eco-design in our Recycling White Paper.

Aluminium life-cycle



E5 Notes on Resource use and circular economy

E5.1 Resource inflows

Reporting principles

Resource inflows are the key raw materials used in the alumina refining process, the electrolysis process for primary aluminium production, and the remelt processes for aluminium recycling in Hydro's consolidated activities.

Virgin material inflows are calculated based on the reported resource use in the Bauxite & Alumina, Aluminium Metal, Recycling and Extrusions business areas. Aluminium inflows include cold metal bought by AM and Extrusions and AM's primary aluminium production.

Aluminium scrap inflows are reported based on the amount of pre- and post-consumer aluminium scrap used in Recycling and Extrusions' remelters. Hydro uses a definition for recycling agreed on by the European Aluminium Association. The definition was implemented in Hydro in 2013 and divides recycled scrap in two: process scrap, which includes pre-consumer scrap from downstream casthouses, and post-consumer scrap purchased from third-parties for recycling into extrusion ingot.

GRI reference: GRI Standards 301-1 and 301-2 (2016).

Resource use per material

1 000 metric tonnes	2023	2022	2021[1)]	2020	2019
Virgin material inflows					
Alumina	2,866	3,122	3,346	3,048	2,954
Aluminium	3,939	3,927	4,103	3,478	3,880
Aluminium fluoride	29	28	32	32	31
Alloying metals	54	46	50	44	49
Lime	42	42	45	45	39
Sodium hydroxide	673	615	591	513	435
Sulphuric acid	16	19	22	22	21
Thickener	6	6	6	4	4
Petroleum coke	377	412	441	437	421
Pitch	79	81	93	96	90
Aluminium scrap inflows					
Post-consumer scrap[2)]	444	321	335	104	98
Pre-consumer scrap	1,055	963	1,018	317	340
Total aluminium scrap	**1,499**	**1,285**	**1,353**	**421**	**438**

1) 2021 is the first year we have consolidated recycling data from Hydro Extrusions, making the 2021 results not directly comparable to previous years' data

2) 2023 including Alumetal full year

Lime, caustic soda (NaOH), sulfuric acid and flocculants (thickener) are primarily used in the alumina refining process. Flocculants are also used at our Bauxite mine at Paragominas. Alumina and aluminium fluoride are primarily used in the electrolysis process. We follow strict procedures and policies related to storing, usage and handling of the materials. Reporting of material use is based on direct measurements through our internal systems. The inclusion of new recycling units from the Alumetal acquisitions contributed to increased volumes of aluminium scrap inflows compared to last year.

E5.2 Resource outflows – Products and materials

Reporting principles

Products and materials include production and sales volumes from Hydro's consolidated activities.

Bauxite production is calculated based on produced bauxite at Hydro's mine in Paragominas, Brazil.

Alumina production is based on production volumes at Hydro's alumina refinety, Alunorte, in Brazil.

Primary aluminium production is calculated based on casthouse products produced in Hydro's primary aluminium plants. The volumes include production based on inputs from Hydro's own primary aluminium production, purchased cold metal and alloying metals, and aluminium scrap inflows at casthouses in Hydro's primary aluminium plants. These volumes are not directly comparable to the volumes reported in the financial statements, which is based on sold volumes.

Recycling casthouse production is casthouse products produced in Hydro's recyclers in the Metal Markets business area and total volumes produced in Hydro's casthouses at remelters in the Extrusions business area. The volumes include production based on aluminium scrap inflows, as well as cold metal and alloying metals. Recycled pre- and post-consumer scrap account for more than 80% of the reported production.

Hydro REDUXA is calculated based on sales volumes for our low-carbon aluminium, Reduxa By using renewable energy sources like hydro and wind power during production, Hydro has reduced the carbon footprint per kg of aluminium to just 4.0 kg (less than a quarter of the global average).

Hydro CIRCAL is calculated based on sales volumes for our range of aluminium products made with a minimum of 75 percent recycled, post-consumer scrap aluminium, Circal. By using recycled post-consumer scrap, Hydro drastically reduces energy use and our CO_2 footprint in the production phase, while still offering high quality aluminium.

Extruded products is calculated based on production of extruded and pressed products from the extrusions business area, including pole products, welded tubes and other aluminium components, but excluding output from casting of extrusion ingot production in the Extrusions business area.

Production volumes

1 000 metric tons	2023	2022	2021	2020	2019
Bauxite production	10,897	11,012	10,926	8,640	7,360
Alumina production	5,626	5,586	5,894	5,142	4,118
Primary aluminium production	1,732	1,805	1,915	1,579	1,532
Hydro REDUXA	349	421			
Recycling casthouse production	1,787	1,664			
Hydro CIRCAL	51	50			
Extruded products	1,492	1,670	1,687	1,435	1,633

E5.3 Resource outflows – Waste

Reporting principles

Waste generated by Hydro's consolidated activities, reported by composition, and by waste category and treatment.

Waste is measured and reported according to a harmonized categorization within Hydro, based on the common names of key waste streams relevant to our operations (e.g. bauxite residue, SPL, waste caustic soda). This facilitates aggregation of data at a group level and avoids the use of multiple waste codes for the same waste category. Operations maintain more detailed waste registries that align with local requirements and legislation. Note that a lack of standardized methodologies for classifying, measuring and reporting waste across jurisdictions, industries and waste handling operations is a significant source of measurement uncertainty. Changing methodologies over time also creates challenges in comparing consolidated waste data from one year to another.

Hazardous waste includes SPL from the electrolysis cells used in primary aluminium production. The production of SPL varies with the relining of smelter cells which is normally done every 4-7 years for established smelters. New plants will get a relining peak at the same interval after start-up. A significant amount of hazardous waste from the Extrusions business area is in the form of spent caustic resulting from the die cleaning process, with a large proportion of this being recycled.

Waste treatment includes both onsite and offsite treatment. In many cases waste is managed by a third party, which is required to adhere to the Hydro Supplier Code of Conduct. A non-compliance with or breach of the principles in Hydro's Supplier Code of Conduct, that is not corrected within a reasonable period, may lead to termination of the supplier contract. All Hydro locations are required to ensure safe transport of hazardous waste in accordance with global and local regulations and evaluate critical waste receivers and include these in a supplier development system.

Tailings from bauxite extraction consist of mineral rejects from the extraction process mixed with water.

Bauxite residue is a by-product of the alumina refining process. The residue is washed with water to lower the alkalinity, and recovered caustic soda is recycled for use in the production process. Residue is dry-stacked as a claylike substance with a low moisture content

GRI reference: GRI Standards 306-3, 306-4 and 306-5 (2020).

Waste by composition[1)]

1 000 metric tons	Waste diverted from disposal	Waste directed to disposal	2023	2022	2021	2020	2019
Anode butts	152	11	163	197	208	157	-
Dross	131	-	131	87	94	81	-
Fly & bottom ash	-	43	43	49	38	26	-
SPL	25	16	41	71	73	50	-
Spent caustic soda	24	2	26	33	34	30	-
Other waste	214	97	311	268	269	257	-
Total waste	**548**	**168**	**716**	**705**	**715**	**601**	**499**

1) Due to a reclassification of waste categories in 2020, we are not able to map the data before this time.

The 2023 decrease in anode butts is related to reduced primary aluminium production. The Curtailment at Slovalco is a contributing factor to the reduction in SPL generation, in addition to improvement in process efficiency, leading to extended pot lifetime, and fewer pots requiring relining in 2023, due to the cyclic nature of relining. The increase in dross is related to growth in recycling following the acquisition of Alumetal in 2023. Variations in other waste is primarily driven by changes in reporting methodologies and more robust data capture on certain waste streams.

Waste directed to disposal, by disposal operation

1 000 metric tons	Onsite	Offsite	2023	2022	2021	2020	2019
Hazardous waste							
Incineration with energy recovery	0.3	9	10	17	16	13	17
Incineration without energy recovery	-	1	1	2	2	2	0.4
Landfilled	0.0	31	31	40	46	51	55
Other disposal operation	0.0	3	3	2	2	11	59
Total Hazardous waste	**0.4**	**44**	**45**	**61**	**66**	**77**	**132**
Non-Hazardous waste							
Incineration with energy recovery	0.0	44	44	46	41	37	17
Incineration without energy recovery	-	1	1	1	1	1	2
Landfilled	49	29	78	89	71	58	79
Other disposal operation	0.0	0.3	0.3	2	8	4	17
Total Non-Hazardous waste	**49**	**75**	**123**	**137**	**121**	**99**	**115**
Grand Total	**49**	**119**	**168**	**197**	**187**	**177**	**247**

Waste diverted from disposal, by recovery operation

1 000 metric tons	Onsite	Offsite	2023	2022	2021	2020	2019
Hazardous waste							
Preparation for reuse	-	0	0	-	-	-	-
Recycling	30	133	163	150	158	137	97
Other recovery operation	-	0	0	0	0	0	-
Total Hazardous waste	**30**	**133**	**163**	**150**	**158**	**138**	**97**
Non-Hazardous waste							
Preparation for reuse	25	-	25	-	-	-	-
Recycling	131	228	359	357	370	287	157
Other recovery operation	-	0	0	0	-	-	-
Total Non-Hazardous waste	**156**	**228**	**384**	**357**	**370**	**287**	**157**
Grand Total	**186**	**362**	**548**	**508**	**528**	**424**	**254**

Variations in waste treatment and disposal categories are driven by changes in reporting methodologies and more robust data capture on certain waste streams.

Tailings and bauxite residue

1 000 metric tons[1)]	2023	2022	2021	2020	2019
Bauxite tailings	4,521	4,451	4,239	3,345	2,871
Bauxite tailings to Plateau	3,396	2,943	-	-	-
Bauxite tailings to Valley	1,125	1,509	4,239	3,345	2,871
Bauxite residue	5,571	5,303	5,384	4,827	3,871

1) On a dry basis

The tailings at Paragominas are stored in dedicated tailings facilities, where the particles settle. Paragominas is Hydro's only consolidated mine. In the Plateau tailings storage facility, the tailings undergo a drying cycle that can take approximately 30 or 60 days, during the dry and rainy season, respectively. After the drying process, the material has a minimum of 60 percent solid content and is then excavated and deposited back into the mined areas. This method is what Hydro refers to as "Tailings Dry Backfill". In 2023, 5.10 million cubic meter of dried material was reclaimed and returned to the mined areas.

Net change in volume for tailings stored in Plateau Tailinga Storage Facility

Million m3	2023	2022	2021
Tailings stored at the start of reporting year	5.22	6.00	3.73
Tailings deposited during reporting year	3.54	3.07	3.67
Tailings excavated for tailings dry backfill during reporting year	5.10	3.84	1.40
Tailings stored at the end of reporting year	3.66	5.22	6.00
Net change in tailings volume stored during reporting year	**-1.56**	**-0.78**	**2.27**

E5.4 Resource outflows from 50/50 joint venture Qatalum

Reporting principles

Aluminium production is reported on 100 percent basis and calculated based on the casthouse solid metal production at Qatalum.

Process waste includes waste ouflows from Qatalum's aluminium production, reported on 100 percent basis.

Resource outflows from 50/50 joint venture Qatalum

1 000 metric tonnes	2023	2022	2021	2020	2019
Aluminium production	677	666	662	653	653
Total process waste 1)	18	7	17	6	10

1) 2023 process waste reported for Qatalum is not directly comparable to previous years due to change in how this is reported in the Hydro annual report.

Statement on EU taxonomy for sustainable economic activities

As a non-financial company Hydro reports on revenue (turnover), capital expenditure and operating expenses that are associated with Taxonomy-eligible and Taxonomy-aligned economic activities, in accordance with regulation EU (2020/852) and the supplementing delegated acts.

Identifying eligible activities

Hydro has identified five Taxonomy-eligible activities:

Manufacture of primary aluminium (CCM 3.8)

The manufacture of primary aluminium in Hydro is an eligible and transitional activity according to the EU Taxonomy. The technical screening criteria refer to the production of liquid aluminium through electrolysis of alumina. However, liquid aluminium is rarely sold to third parties due to logistical challenges.

Hydro's primary aluminium plants have reduction facilities with potlines and casthouses, where liquid and remelted aluminium is cast to form value added products such as extrusion ingot, primary foundry alloys, sheet ingot and wire rod, in addition to standard ingot. When cast into these products, alloying metals and externally purchased cold metal is added. The amount of cold metal added varies with market circumstances and available casthouse capacity.

Hydro has five fully owned primary aluminium production facilities in Norway, aluminium production facilities operated by part-owned subsidiaries in Slovakia and Brazil, and part-ownership in facilities in Australia and Canada, all included in the scope of taxonomy. Hydro also has a part-ownership in a primary aluminium producer in Qatar, reported as a joint venture and therefore outside the scope of Hydro's reporting.

To make a substantial contribution to climate change mitigation, primary aluminium production facilities must be based on electricity for the electrolysis that have an average carbon intensity below 100g CO_2 equivalents per kWh, and the electricity consumption for the manufacturing process must not exceed 15.5 MWh per ton Aluminium.

Manufacture of secondary aluminium (CCM 3.8)

The manufacture of secondary aluminium is an eligible and transitional activity according to the taxonomy. Process scrap and post-consumer scrap are purchased from third parties for recycling into extrusion ingot. Standard ingot and alloying metal are added to meet customer specifications. Hydro has a portfolio of stand alone recyclers, in addition to recyclers located wall-to-wall alongside its extrusion plants.

All manufacturing of secondary aluminium is defined by the taxonomy as making a substantial contribution to climate change mitigation.

Electricity generation from hydropower (CCM 4.5)

Operation of facilities that generate electricity from hydropower is an eligible activity under the taxonomy. Hydro operates 40 hydropower plants in Norway, with a combined production of 13.7 TWh in a normal year. The purpose of Hydro's hydropower assets is to secure a stable power supply to its primary aluminium plants located in Norway, which means the hydropower is mainly generated and used for internal consumption.

To make a substantial contribution to climate change mitigation, hydropower production must either be a run-of-river plant that does not have an artificial reservoir, or be a reservoir based power plant that either has a power density of the electricity generation above 5 W per m2, or have a life-cycle GHG emissions below 100g CO_2 equivalents per kWh.

Manufacture of hydrogen (CCM 3.10)

Manufacture of hydrogen is an eligible activity according to the EU Taxonomy. Hydro's Havrand has activated capital expenditure for procurement and engineering of equipment for manufacture hydrogen based on renewable energy sources. To make a substantial contribution to climate change mitigation, hydrogen production must have life-cycle GHG emissions lower than 3 tonnes CO_2 equivalents per tonne hydrogen.

Manufacture of equipment for the production and use of hydrogen (CCM 3.2)

Manufacture of equipment for the production and use of hydrogen is a Taxonomy-eligible economic activity. Hydro has invested in equipment for the use of hydrogen at its Høyanger aluminium recycling plant.

Manufacture of equipment for production and use of hydrogen is classified as an enabling activity that makes a substantial contribution to climate change mitigation as long as it enables the production or use of hydrogen or hydrogen-based synthetic fuels that meet the criteria for CCM 3.10, described above.

End-use contribution from Hydro's activities

A range of the products Hydro manufactures contribute to climate change mitigation as constituent parts of technologies, infrastructure and complex products needed in a low-carbon society. Examples are battery casings used in the manufacture of electric vehicles, window frames contributing to energy-efficient buildings, and aluminium frames for solar panels. The taxonomy does not provide clear guidance on how to define eligibility in the supply chain of taxonomy-eligible activities. Consequently, Hydro has chosen to report for 2023 based on the taxonomy-eligible activities of primary and secondary aluminium production, rather than on end-use of the aluminium we produce.

Determining whether eligible activities are aligned with the Taxonomy criteria

Manufacture of primary aluminium and manufacture of secondary aluminium

Hydro's primary aluminium production that is based on renewable electricity will meet the substantial contribution criteria for manufacture of aluminium that relate to the smelters' energy efficiency (below 15.5 MWh/t Al), and the carbon intensity for the electricity used (below 100g CO2e/kWh).

All aluminium remelting activity qualifies for substantial contribution under the taxonomy's manufacture of secondary aluminium activity.

Operations in Europe meet the DNSH criteria for all environmental objectives as long as they are within normal, lawful operations, comply with emission permits to air and water, have performed environmental impact assessments and taken necessary action required. Hydro's major production sites have performed a climate risk and vulnerability assessment.

For Hydro's operations outside of Europe it is more challenging to determine if the DNSH criteria are met as they reference EU law. Based on Hydro's assessment, the most challenging criteria to meet is the DNSH criteria for pollution prevention and control. Primary smelters outside of Europe does not meet the BAT-AEL ranges of the BREF standard, and remelters without a bag house filter do not meet the criteria for pollution prevention and control. The remaining DNSH criteria are met for the two remelters with bag houses.

Electricity generation from hydropower

In 2023, Hydro Energy estimated GHG emission from 10 reservoirs within own operation, by using the G-res tool, carried out by an

independent third party. For the other reservoirs within operation, the net emissions were estimated based on up or downscaling the results from the third party analysis. All electricity generation from Hydro's hydropower operations with a reservoir are below the criteria of 100 g CO2e per kWh. In addition, Hydro Vigelandsfoss is a run-of-river hydropower facility without an artificial reservoir, which therefore also complies with the criteria for substantial contribution to climate change mitigation.

Hydro's hydropower operations have been included in Hydro's climate risk and vulnerability assessment and comply with the DNSH criteria for climate change adaptation. No significant harm on water and marine resources is assessed based on concessions and requirements from regional water basin management plans ("regionale vannplaner"). Hydro has carried out a systematic review of all relevant concessions as well as requirements to improvement activities based on appendices in the regional water management plans for all its power locations, to check that requirements given in concessions and appendices to regional water basin management plans, where improvement measures are required for a water body, are implemented. All of Hydro Energy's new projects follow the EIA directive regulations to do no significant harm on biodiversity and ecosystems. For existing power production, the company does not have any open requirements for environmental improvement measures.

Manufacture of hydrogen

Hydro Havrand's investments in hydrogen production will employ electrolysis based on renewable electrical power to transform water into oxygen and hydrogen. The life cycle GHG emissions of the hydrogen manufactured using the technology has been estimated by a third party study based on a combination of ISO 14067 (ISO 2018b) and the renewable energy directive (RED). For a direct hydropower scenario, the lifecycle GHG emissions of the hydrogen manufactured will be 22 g CO_2 equivalents/kg hydrogen. A scenario employing the Norwegian electricity market mix, the result will be 653 g CO_2 equivalents/kg hydrogen. Both scenarios are aligned with the criteria for significant contribution to climate change mitigation.

Hydro Havrand's hydrogen production will be based on water and electric power and will not consume or discharge any types of pollution. The investments are therefore considered aligned with the criteria for no significant harm on pollution. An Environmental Impact Assessment (EIA) or screening has not been determined relevant by the competent authority, since the hydrogen producing asset will be sited on an existing industrial site with no impacts on areas other than already modified areas. The hydrogen production will withdraw water from the municipal waterworks during operation, and degradation risks related to preserving water quality and avoiding water stress are therefore very limited without impact on the achieving good water status and good ecological potential in the area. The Høyanger site of the hydrogen investments is included in Hydro's climate risk and vulnerability assessment.

Manufacture of equipment for the production and use of hydrogen

Hydro's investments to use hydrogen at the Høyanger recycling plant will support the use of green hydrogen manufactured by Hydro Havrand, in line with the alignment criteria for climate change mitigation. The employed technologies include considerations for durability, waste management and substances of concern and meet the other DNSH criteria as described above.

Compliance with criteria for minimum safeguards

Hydro's activities are carried out in compliance with the minimum safeguards. Please refer to the following sections for information on Hydro's processes and outcomes related to minimum safeguards:

- Human rights, including workers rights, consumer rights and the rights of communities: Refer to the chapter on Human Rights.
- Bribery and corruption: Refer to the chapter on Business conduct.
- Taxation: Refer to Hydro's Country-by-country report, which also describes and links to Hydro's global tax policy, as well as Note 10.1 on income tax to our consolidated financial statements.
- Fair competition: Refer to the chapter on Business conduct, which includes information on non-compliances and compliance training.

Note on exposure to nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	**Fossil gas related activities**	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

All economic activity referred to in row 4 of Template 1 (above), is related to Hydro's exposure to the operation of the fossil gas based power plant at the 50/50 owned joint venture, Qatalum. All revenue, capex and opex associated with this economic activity is classified as taxonomy-non-eligible in the taxonomy KPIs.

Measuring performance

Hydro's activities are linked to the boundaries of the reporting entity as defined by IFRS and described in the group financial statements, See Hydro's consolidation principles in Note 1.1 to the Financial statements.

In combination, the below indicators are intended by the taxonomy to express the company's activities that qualify as environmentally sustainable.

Revenue (turnover)

Revenue represents Hydro's total revenue from contracts with customers as specified in Note 5.1 to the Financial statements. This amount excludes income (loss) from realized and unrealized changes in fair value of derivative instruments which is considered not eligible activities under the taxonomy.

Revenue associated with eligible activities comprises the following elements from external revenues:

- Revenue from sale of liquid metal
- Revenue from sale of casthouse products to customers
- The metal value of revenue from sale of extruded products
- Revenue from sale of electricity

Hydro's eligible activities are primary aluminium production, secondary aluminium production and production of electricity. The output from these activities is partly sold directly to customers, partly upgraded to more advanced products for sale to customers through further processes not described in the taxonomy, and partly consumed in the production process.

Revenue from sale of liquid metal is the direct output from the production of primary metal. No adjustments are made to the prices agreed with customers. The amount is limited as liquid metal cannot be stored or transported over longer distances.

Revenue from the sale of casthouse products to customers is the most directly associated commercial product resulting from aluminium production, whether primary or secondary. The majority of the value of a casthouse product results from its aluminium content, while most products also contain alloying material to achieve the intended properties for use.

The metal value of revenue from sale of extruded products is included to reflect the similar value as for casthouse products. The metal value is calculated the same way as for casthouse products by

Eligible activities

Primary aluminium production

Secondary aluminium production

Renewable energy production

Manufacture of hydrogen

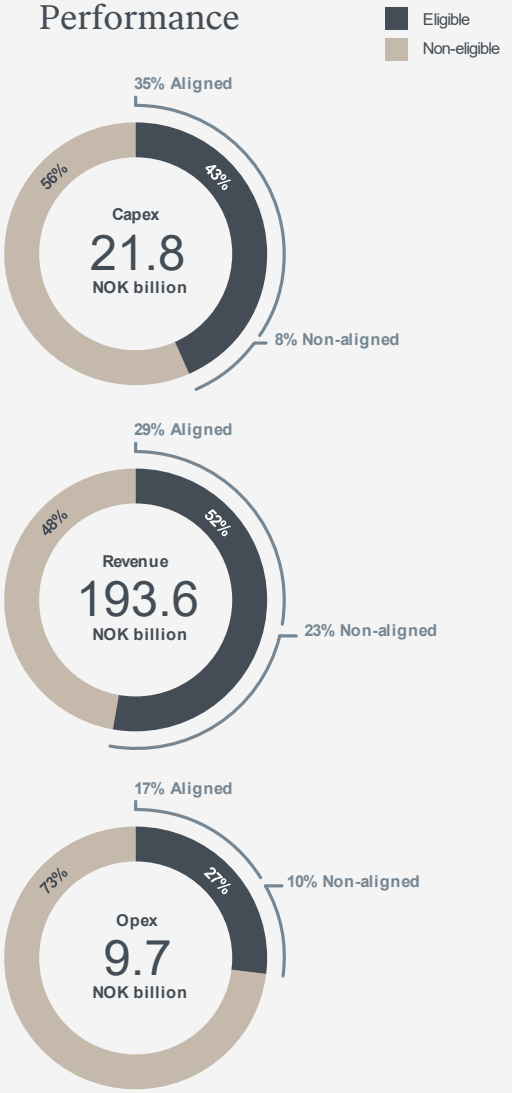
Manufacture of equipment for the use of hydrogen

Non-eligible activities

Mining and alumina refining

Extrusion activities

Commersial avtivities



using internal sales data associated with casthouse products sold from Hydro's primary aluminium plants and aluminium recyclers to extrusion plants. These internal sales accounted for 29% of the reported eligible revenues and 27% of aligned revenues associated with manufacture of aluminium, in 2023. If we exclude this metal value of revenue from sale of extruded products from Hydro's eligible activities, Hydro's eligible revenues would be 38% of total revenues (as compared to the 52% reported), and taxonomy aligned revenues would be 22% (as compared to the 29% reported).

Alloying material varies from less than 1% up to around 11%. The value of alloying materials is considered an integral part of the product and its value thus included in revenue from eligible activities. In production of casthouse products, for recycling of post-consumer scrap, cold metal with a known purity is added to achieve the intended properties of the casthouse product. Purchased standard ingot is the primary source for this purpose. As this element is neither manufacture of primary nor secondary aluminium, the revenue is adjusted for the share of aluminium added on a tonnage basis to exclude the value of the cold metal added. The eligible share of revenue from sale of casthouse products only covers the sale of aluminium produced by Hydro. Cold metal that is sourced internally is also excluded, to avoid double counting of revenues associated with casthouse products that are sold internally. Metal purchased for resale, including metal produced by the joint venture Qatalum, is also excluded.

The value of upgrading the casthouse products through such processes as extruding profiles for customers' application, further fabrication of those profiles, surface treatment and other processes that might apply, is also excluded.

Revenue from sale of electricity consists of revenue from spot sales of daily excess production from Hydro's power plants in Norway above what is consumed in Hydro's own activities. To the extent Hydro sells power purchased from other producers, that revenue is excluded from the eligible share together with any revenue from power trading.

Capital expenditure

CapEx comprises additions to property, plant and equipment, represented by the gross amount of purchase, development or lease as specified in Note 2.1 to the Financial statements. It also includes the gross amount of purchase or development of intangible assets as specified in Note 2.2 Intangible assets.

Any amount of gross additions to property, plant and equipment or intangibles resulting from business combinations is included in CapEx under this metric. Further, any lease capitalized is included with the addition (or reduction) required by IFRS.

Short-term leases and small asset leases as well as variable lease payments are not recognized as fixed assets and are thus not included in this indicator. Any goodwill recognized in a business combination is not included in the indicator. Further, financial investments, including capital injections in associated companies and joint ventures, are excluded from the metric.

Additions to property, plant and equipment and to intangible assets for eligible activities include both sustaining investments in existing plants engaged in eligible activities and expansions or new facilities within such activities. As a starting point, entire plants including associated and supporting functions are included. However, several of our aluminium smelters have on-site production of anodes, an activity that is not described in the taxonomy. Where a smelter has an associated anode production facility, these are excluded from investments in a smelter. For extrusion plants, the eligible share of CapEx covers the recycling facilities as such including furnaces and casthouse equipment. Extrusion presses, other facilities and support facilities mainly serving the extrusion activities are fully excluded from eligible CapEx.

Investments in activities that are not aligned at the time of investment, and where the activity as such will not become aligned, is not included as an aligned investment. That includes investments with the purpose of reducing the environmental footprint of activities, but not covered by the taxonomy. Such investments may cover significant reductions of CO_2 or other emissions, but are excluded from the Taxonomy Capex indicator because the investments are not related to Taxonomy-eligible activities.

Operating expenditure

OpEx comprises Hydro's total expenses from the specified functions represent a sub-set of expenses presented, primarily in the line items Employee benefit expense and Other expenses in Hydro's income statements. Operating expenditure is described as a share of the expenses included in the sub-total EBIT in the income statement. The regulation requires us to report on expenses that represent direct non-capitalized costs that relate to the following functions:

- research and development
- building renovation measures
- short-term lease
- maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets.

Research and development costs cover projects that do not meet the specific criteria for capitalization as intangible assets. Expenses include such items as employee benefits, use of research facilities including operating expenses and depreciation of property, plant and equipment, and external services both for specific services to projects managed internally, for outsourced projects managed by external parties as well as financing of initiatives conducted jointly with other companies or industry associations.

Building renovation measures are currently of limited relevance to Hydro, as there are no significant such projects ongoing.

Short-term leases and leases for low value assets are described in Note 2.6 to the consolidated financial statements.

Maintenance and repair expenses include Hydro's maintenance and repair cost not qualifying for capitalization as part of the relevant asset. The maintenance expenses are only partly captured in Hydro's financial reporting, as Hydro presents its operating expenses by nature of expenses and not by function. Repair and maintenance activities consist of employee expenses, consumables and spare parts, and various services. The total expenses related to these activities have been estimated based on management reporting in units and business areas, which is not necessarily fully consistent. Management considers the amounts to be a reasonable expression of such expenses in Hydro.

Hydro's total estimated expenses from the specified functions represent primarily the maintenance and day-to-day servicing costs for assets used in the eligible activities. In addition, research and development projects with the aim of improving production methods for primary and secondary aluminium are included as eligible activities.

Research and development activities aiming at improving mining methods, production methods for alumina and improved application of aluminium products, and which may have significant impact on reducing direct and indirect negative environmental impacts, is excluded from the metric as these processes are not currently covered in the taxonomy.

There is no CAPEX or OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures included in the numerators of our reported CaPex or OpEx KPIs.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023 1)

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MNOK	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of aluminium	CCM 3.8	52,822	27%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	N/A	Y	Y	27%		T
Electricity generation from hydropower	CCM 4.5	4,070	2%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	N/A	N/A	Y	Y	2%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**56,892**	**29%**	29%	0%	0%	0%	0%	0%								29%		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which Transitional			27%	27%													27%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of aluminium	CCM 3.8	43,847	23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								25%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**43,847**	**23%**	23%	0%	0%	0%	0%	0%								25%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**100,738**	**52%**	52%	0%	0%	0%	0%	0%								55%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		92,881	48%																
TOTAL		**193,619**	**100%**																

1) If the metal value of sale of extruded products that is associated with Hydro's manufacture of aluminium is excluded, eligible revenues would be 38% of total revenues (as compared to 52% reported), and aligned revenues would be 22% (as compared to 29% reported).

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MNOK	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of aluminium	CCM 3.8	7,270	33%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	N/A	Y	Y	24%		T
Electricity generation from hydropower	CCM 4.5	258	1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	N/A	N/A	Y	Y	1%		
Manufacture of hydrogen	CCM 3.10	36	0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	N/A	N/A	Y	Y	-		
Manufacture of equipment for production and use of hydrogen	CCM 3.2	38	0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	N/A	N/A	Y	Y	-	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**7,601**	**35%**	35%	0%	0%	0%	0%	0%								25%		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%								-	E	
Of which Transitional			33%	33%													24%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of aluminium	CCM 3.8	1,716	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,716**	**8%**	8%	0%	0%	0%	0%	0%								15%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**9,317**	**43%**	43%	0%	0%	0%	0%	0%								40%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		12,346	56%																
TOTAL		**21,783**	**100%**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MNOK	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of aluminium	CCM 3.8	1,501	16%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	N/A	Y	Y	13%		T
Electricity generation from hydropower	CCM 4.5	140	1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	N/A	N/A	Y	Y	2%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,641**	**17%**	17%	0%	0%	0%	0%	0%								15%		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which Transitional			16%	16%													13%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of aluminium	CCM 3.8	944	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**944**	**10%**	10%	0%	0%	0%	0%	0%								10%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**2,585**	**27%**	27%	0%	0%	0%	0%	0%								25%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		7,095	73%																
TOTAL		**9,680**	**100%**																

Legacy impact

Why it matters

Operations that are conducted in compliance with regulatory requirements and in line with best industry practices and available technologies can still have legacies. Examples of legacies are tailings facilities which require continuous management and emergency preparedness, waterbodies and land areas that have been contaminated by past operations, impacted land and vegetation that must be restored, and legacy sites which are sites where the operations have been terminated and measures to comply with closure obligations are being implemented. Legacies typically require management and funding many years after the industrial activity that created them ceased.

Inevitably Hydro's 118-year history of industrial activities has resulted in environmental and social legacies. In addition, legacies have been transferred into Hydro's portfolio through mergers & acquisitions.

Managing legacies is an important responsibility for Hydro to protect the environment and human health. The history of Hydro's industry has shown that inferior tailings facility management can in the worst-case compromise public safety. Over the last decade there have been several tailings facility failures in the global mining industry, causing fatalities and severe environmental and social damage. Managing the potential impact of Hydro's industrial legacy on local communities and the environment is therefore key to building trust and to managing sustainability related risks in Hydro.

Best practice legacy management is not only important from an HSE and sustainability perspective, but also from a financial perspective. Tailings facility failures that have occurred elsewhere in the mining industry have had significant financial impact on the owners and the society.

In addition to incident risks, legacies represent a financial uncertainty to Hydro because the timing, scope and cost of remediation and closure obligations is unpredictable. See Note 4.1 to the financial statement for details on uncertain assets and liabilities, including asset retirement obligations. Environmental authorities have a large room for judgement when it comes to enforcing the environmental laws and it is difficult to foresee far in advance what will be required. In general, requirements tend to increase over time as more knowledge about the environmental issues and its impacts becomes available, and as new or improved remediation techniques are being developed. Going forward, the risk of extreme weather events due to climate change is expected to be a driver for increased legacy management requirements.

In countries with a large mining sector, there is an increasing concern that legacies from mining operations represent a financial risk to the society since there have been several cases where mining companies have gone bankrupt prior to fulfilling their remediation or closure obligations.

Our approach

Hydro is currently implementing a proactive approach to legacy management. Through Hydro's legacy and closure management program, the company aims to avoid or minimize the creation of additional legacies as well as to minimize impacts of legacies from the past. Hydro manages risks and opportunities throughout all phases of an asset's life cycle, including investment (design/construction or acquisition), operation, closure, and post-closure.

Overall, the main risk related to legacy management is failure to identify legacy risks and opportunities early enough, which could result in negative HSE impacts, unnecessary cost, and reputational damage. By implementing a proactive approach to legacy management, Hydro aims to identify risks and opportunities at an earlier stage to enable the development and implementation of robust and cost-efficient solutions which are in line with stakeholder expectations.

Failure to identify legacy impacts and costs in the design/construction phase of a new asset or in acquisition processes could lead to future remediation and closure costs which are disproportionate in size to the benefit of the investment. Hydro has updated the internal governance documents to mitigate this risk. Going forward Hydro will continue to deploy the new guidelines throughout the company.

Management of legacies

Several decades ago, Hydro's operations at Herøya in Norway caused contamination of the nearby fjord, Gunneklevfjorden. In 2018, the Norwegian Environmental Agency (NEA) ordered Hydro to remediate the fjord by capping it with clean geologic materials. After several years of thorough mapping, investigations, testing and planning, the execution of the remediation project started in 2023. The aim of the project is to isolate the environmental toxins to prevent them from spreading and to prevent uptake in the food chain. The project is estimated to cost around NOK 230 million and is expected to be completed in 2024.

At Stulln in Germany, Hydro continued to execute a structured remediation and reclamation plan in collaboration with authorities at the former fluorspar mines dated back to the 1920s in Germany. The project involves securing of underground mining structures and

reshaping and closure of tailings facilities to mitigate potential risk to the public and to the environment. Regulatory closure was achieved for the mine named Grube Gisela.

At the legacy bauxite residue facilities at Schwandorf in Germany, Hydro announced that it will invest in a new water treatment plant. The water treatment plant project started in 2023 and is expected to be completed in 2024.

The Aluchemie anode producer, which is a joint venture company owned by Hydro (47 percent) and Rio Tinto (53 percent), located near Rotterdam in the Netherlands, closed its operation at the end of 2021. In 2023, the demolition of buildings and infrastructure progressed according to the schedule. Site remediation strategy was discussed and defined with the relevant authorities. The property is owned by the Rotterdam Port Authority and Aluchemie is required to return the site to the same condition existing in 1962, before the plant was constructed. The remediation program is expected to be completed in 2025.

At the Kurri Kurri legacy site in Australia, the construction of an onsite, engineered containment cell continued in 2023. Historic waste and contaminated soil that cannot be reused or recycled are being placed in the cell. The expected completion is estimated to be early 2024. The reuse of historic spent potlining (SPL) as feedstock for cement production was completed in 2023.

At the Ashtabula, Ohio legacy site in the U.S., several activities were carried out throughout 2023, including further work on the closure of settlement ponds, remediation of localized PCB impacted soil, work on a state certified voluntary action plan and other site closure activities. Further environmental remediation and permitting activities continue to be assessed and alternatives evaluated.

At the Albras site in Brazil, in alignment with the Secretary of Environment and Sustainability of the state of Pará (Semas), additional monitoring wells were installed as part of environmental assessment in the inactive waste disposal area ADRS, which was deactivated in 2010. This action is part of the company's approach for controlling and managing legacies.

Tailings management

Failure to manage tailings facilities properly could compromise the safety of workers and the local community as well as cause significant environmental, social, and financial damage.

Hydro's definition of tailings facility is an asset that is designed and managed to contain the tailings produced by the mining process or the bauxite residue produced by the alumina refining process.

Tailings facilities refer to facilities that contain tailings or bauxite residue in open pit mines or on the surface. Tailings facilities are higher than 2.5 meters measured from the elevation of the crest to the elevation of the toe of the structure or have a combined water and solids volume more than 30,000 m3. Hydro's methodology for tailings dry-back fill in Paragominas is not defined as tailings facilities. Hydro owns four tailings facilities at Paragominas and Alunorte in the state of Pará in Brazil and six smaller tailings facilities at legacy sites in Schwandorf and Stulln in Germany.

Hydro's objective for tailings management is zero failures that may lead to loss of life or life-changing injuries, material negative socioeconomic impact or material environmental damage throughout the tailings facility lifecycle, from design to post closure.

Hydro commits to best practice tailings management to protect the health and safety of people, host communities and the environment. Hydro plans, designs, constructs, operates, maintains, closes, and relinquishes its tailings facilities in accordance with regulatory compliance requirements, internal company standards, the International Council on Mining and Metal (ICMM) framework, and the Aluminium Stewardship Initiative (ASI) practices. Furthermore, Hydro is committed to implement the Global Industry Standard on Tailings Management (GISTM), requiring that tailings facilities operated by Hydro with Extreme or Very high potential consequences conform to the standard by August 5, 2023, while other tailings facilities operated by Hydro not in a state of safe closure, will conform to the standard by August 5, 2025[1)]. Hydro is a member of ICMM which is one of the three co-conveners of GISTM alongside UN Environment Program (UNEP) and PRI, an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact.

In August 2023, Hydro declared that all of its tailings facilities with Very high potential consequences in the event of a failure are in conformance with GISTM in line with the company's commitment to implement the standard. See textbox for more information. This applies to two tailings facilities in Alunorte and one in Paragominas. Hydro does not have any tailings facilities in the Extreme category.

As part of the GISTM implementation, the following key milestones were accomplished in 2023:

- A new Tailings Management Policy, approved by the Board of Directors, was published
- Hydro's governance structure for tailings management was defined. The governance structure starts at Hydro's Board of Directors
- Independent reviews by the Independent Tailings Review Board (ITRB) were carried out for tailings facilities at Alunorte and Paragominas.
- Disclosure in line with GISTM requirement 15.1 was published in August 2023. The disclosure report, which was updated in January 2024, can be found on Hydro.com.

Implementation of best available technologies and methods is key to reduce impacts and risks further. At Alunorte, Hydro has invested in press filters and are implementing progressive closure (as opposed to end-of-life closure) to: i) minimize possible negative impacts on the environment, such as dust; ii) demonstrate the closure method early; and iii) avoid that the entire closure burden is shifted to the end of operations. In Paragominas Hydro is implementing the dry backfilling method. The company also has a comprehensive R&D program aiming to transform the tailings materials into by-products such as materials for the construction sector. See also the chapter on Resource use and circular economy, which describes tailings and bauxite residue in more detail, including how we are pursuing reduction, reuse, and remediation technologies and methodologies to minimize impacts from tailings.

ICMM and GISTM

In accordance with ICMM's Validation Guidance, the conformance of each tailings facility has been assessed and confirmed through a self-assessment in line with the GISTM Conformance Protocol. The Conformance Protocol maps to GISTM's 77 requirements using 219 clear and concise criteria, allowing conformance with GISTM to be robustly assessed. For each of the 77 applicable requirements, Hydro has verified that the relevant systems and/or practices related to the requirement have been implemented and there is sufficient evidence to demonstrate that the requirement is being met. Hydro recognizes that implementing and maintaining the GISTM is an ongoing process of continuous improvements, integrated thinking, action, collaboration, and learning.

On that note, GISTM requirements 1.3; 3.1; 5.8; 6.1; 6.2; 9,3; 13.4; 14.2; 14.3; 14.4; 14.5; 15.2, and 15.3 represent continuous processes. Therefore, their implementation is supported and evidenced by Plan-Do-Check-Act systems and processes and will be followed up as appropriate. On July 20, 2023, Hydro's President and CEO, Hilde Merete Aasheim, who holds the role as Accountable Executive under GISTM, signed off on the self-assessment confirming that all tailings facilities with a "very high" consequence classification are in conformance with all appliable GISTM requirements. In 2024, a third-party validation will be undertaken for these tailings facilities to confirm the assertions made in the self-assessments.

1) Consequence classifications are not ratings of the condition of a facility or the likelihood of failure; instead, they rate the potential consequence if they were to fail.

Human rights

Why it matters

Respecting and promoting human rights is at the heart of Hydro's just transition framework, which sets out how Hydro as a company shall contribute to a future that is not only greener, but also socially just. While Hydro's ambition of improving lives and livelihoods wherever it operates goes beyond respecting human rights, the positive impact Hydro seeks to achieve can only be created when the rights of people affected by the company's operations and value chain are respected. As a global aluminium and energy company with mining interests, Hydro must consider its impact on society and on people's rights, spanning from construction to closure, in the company's own operations, the local communities it is part of, and in its value chain.

Our approach

Hydro's operations have a positive impact on many people. Hydro's own employees and workers in its value chain get access to decent jobs, income and develop their skills and competence. Hydro contributes with taxes in the communities where it operates that the countries and people in the communities where it operates benefit from.

As part of Hydro's human rights due diligence process, the company identifies salient human rights risks, which it is the most at risk of impacting through its business activities. The salient human rights risks have been identified through Hydro's annual human rights risk assessment process and additional processes for new projects and investments, drawing on internal and third-party human rights assessments, internal and external expertise, and other relevant sources. They have been prioritized based on the highest severity and likelihood of a potential adverse impact on people.

Hydro maps salient human rights risks across the countries where it operates or that are part of its value chain. Based on a review of the type of operations or sourcing Hydro conducts in the country, the company has prioritized the mapping and follow-up of human rights risks in the following countries in 2023: Brazil, China, the Nordics, Qatar.

Hydro's human rights commitment and management is embedded at the heart of its Just Transition framework. Please see the chapter Affected Communities for a more detailed description of the framework.

Hydro's approach to human rights is based on key frameworks that define human rights principles for businesses:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Business Conduct
- The UN Global Compact's Ten Principles

Human rights commitment

Hydro's commitment to respecting human rights is set out in the company's Human Rights Policy. Hydro respects the human rights of all individuals and groups that may be affected by its operations. This includes, but is not limited to, employees, contractors, suppliers, employees working for its suppliers (including contracted and agency workers and sub-suppliers), agencies, partners, communities, children and future generations, and those affected by the use and disposal of its products. As an employer, owner and purchaser, an important way to respect human rights is to secure decent working conditions in the company's organization, in minority-owned companies and with suppliers. Hydro's commitment to respect human rights is guided by internationally recognized human rights and labor standards, including those contained in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work (Core Labor Standards). Hydro is a member of the International Council on Mining and Metals (ICMM) and are committed to following their principles and position statements.

Risk based approach

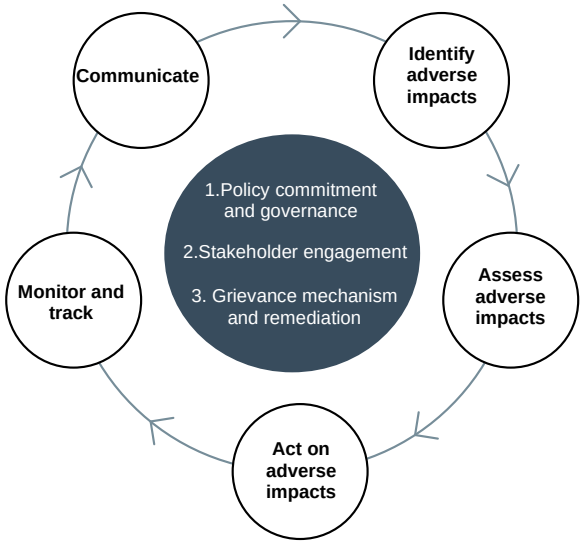
In line with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Business Conduct, we prioritize due diligence according to the following framework:

Factors for prioritization	For own operations and joint ventures this translates to	For suppliers and contractors this translates to[1)]
Size of business	Number of employees and/or cornerstone employer	Expenditure
Nature of operations	Footprint on environment, including water resources, emissions, etc.	Suppliers' industry. See graph on supplier due dilligence
Context of operation	Risks of human rights violations in country of operation (see Human rights country risk map)	Risks of human rights violations in country of supplier (see Human rights country risk map)
Severity and probability of impact	Hydro's prioritized human rights areas	Supplier risk levels

1) Read more about responsible supply chain and supplier risk levels in Workers in the value chain chapter.

Hydro's human rights management

Hydro's human rights management is a four-step approach based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.



4. Ongoing due diligence

1. Policy commitment and governance

Hydro's Human Rights Policy outlines the company's commitment to respect and promote human rights. The commitment is integrated in key procedures, including supply chain management, new projects, portfolio management, and risk management. The policy is approved by the Corporate Management Board and is available at Hydro.com. The Human Rights Policy is reviewed biannually, in consultation with internal and external stakeholders, including expert human rights organizations. The Human Rights Policy was revised in 2023. The revision did not include major changes, but slight adjustments to Hydro's salient risks, including merging risks to health and safety and integrating privacy risks with other salient risks. Hydro has also emphasized its responsibility to conduct human rights due diligence in the value chain. The review process also included discussions with external human rights organizations.

Information pertaining to Hydro's human rights policies and compliance is regularly discussed with the Board of Directors, the Corporate Management Board, business area management teams, and relevant parties, such as union representatives.

For companies where Hydro holds less than 100 percent of the voting rights, Hydro's Code of Governance sets out that Hydro representatives in the boards of directors shall endeavor to implement the ambitions and principles in Hydro's global governance documents, including our governance documents on human rights.

Hydro's Human Rights Forum (HuRF) has been established to align and regularly share knowledge on human rights topics across the company. HuRF is comprised of representatives from each business area and representatives from Compliance, Legal, Sustainability, Procurement, HR, and ESG Reporting. For more information on policy and governance across our business and with our suppliers, see Hydro's Human Rights Policy.

2. Rightsholder and stakeholder engagement

Hydro engages and collaborates with stakeholders internally and externally to understand and evaluate the effectiveness of the company's human rights management. This includes NGOs, unions, local associations, authorities, and other relevant stakeholders. Hydro has had a partnership with Amnesty International Norway since 2002. The partnership is based on human rights education and dialogue meetings on relevant human rights topics. Hydro is also an active member of the Nordic Business Network for Human Rights coordinated by the Danish Institute for Human Rights. Hydro also engages actively in working groups on human rights coordinated by ASI, ICMM and IAI. For more information, see the section on Hydro's partnerships in the Business conduct chapter.

Engagement with stakeholders who may be affected by Hydro's activities are a particularly important part of Hydro's human rights work. The type of dialogue conducted with affected stakeholders depends on the human rights risks identified and the needs and expectations of those potentially affected. Hydro is committed to the principles of non-discrimination and to respecting the rights of vulnerable individuals and groups.

Employee representatives are involved in dialogue at an early stage in all major processes affecting employees. Hydro has a tradition for open and successful collaboration between management and unions. For more information, see the section on collaborating with unions and employee representatives in the Own workforce chapter.

Where relevant, and in line with Hydro's risk-based approach, Hydro has regular dialogue with communities, and more frequent and structured dialogue in communities with higher risk of facing adverse human rights impacts. Hydro develops and plans community dialogues in collaboration with affected communities, based on their needs and expectations. Community members close to Hydro's sites in Brazil and at several other major sites are invited to visit plants on a regular basis. Please see the General information chapter for more information about Hydro's stakeholder dialogues.

3. Grievance mechanisms and remediation

Grievance, or complaint, mechanisms are important tools to inform Hydro of its impact on individuals and groups. Grievances may be of any kind, including social and environmental issues.

To support affected stakeholders or others in raising concerns related to Hydro's operations, the company establish or facilitate access to grievance mechanisms. Hydro has several grievance mechanisms depending on stakeholder groups. The whistle-blower channel AlertLine can be publicly accessed through Hydro.com to report concerns involving illegal, unethical, or unwanted behavior. See the Business conduct chapter for more information. Grievance mechanisms for community members have different approaches depending on local needs. At many of Hydro's sites, the company collects information and complaints through community dialogue. In Brazil, Hydro uses several channels, including Canal Direto (toll-free phone number and email) and dedicated, trained field workers. Please see Note G1.1 on Reported and confirmed cases of non-compliance for more information.

In situations where Hydro identifies adverse human rights impact that the company has caused or contributed to, Hydro works to cooperate in, promote access to and/or provide remediation.

4. Ongoing human rights due diligence: Identifying, assessing, acting on, monitoring, and communicating risks and impacts

Hydro's human rights due diligence is integrated in relevant business processes, including the enterprise risk management (ERM) process. Representatives from all Business Areas and consolidated entities in Hydro are involved in an annual human rights risk assessment process where we assess potential adverse human rights risks.

If the annual human rights risk assessment identifies new risks, mitigating action plans are developed and included in the business plans in the business areas where relevant. If there is an identified need to adjust an existing corrective action plan, the business area updates this accordingly. Business plans are monitored, followed up and evaluated throughout the year in regular board meetings.

The annual human rights risk assessment is conducted in Q1 each year as part of the ERM process. Hydro also has a review of the risks and processes in Q3 to identify any major changes. Further, if significant changes occur throughout the year, for instance Hydro

commencing operations in a new high-risk country or region, the company will identify and assess any new risks that may result.

In line with Hydro's risk-based approach, the company conducts more thorough human rights impact assessments or reviews with mitigating action plans where there is a higher risk of adverse impacts.

Before new projects, major developments or large expansions are undertaken, Hydro conducts risk-based environmental and social impact assessments (ESIAs) when relevant, which include evaluating the risk of adverse human rights impacts. Hydro is guided by The IFC Performance Standards on Environmental and Social Sustainability in doing so.

Modern Slavery Statement and statement under the Norwegian Transparency Act

The chapters on Human rights, Own workforce, Workers in the value chain and Affected communities have been developed to comply with the legal requirements as stated in the Norwegian Transparency Act 2021, the UK Modern Slavery Act 2015, and the Australia Modern Slavery Act 2018. In addition, Hydro's Human Rights Policy and further information about the company's human rights management approach is available on hydro.com/principles. The Code of Conduct sets out Hydro's position on human rights in all operations, including the company's opposition to all forms of modern slavery.

The reporting requirements apply to Hydro as an enterprise resident in Norway with total assets of more than NOK 35 million combined with, on average, more than 50 full time employees, a supplier of goods with a total turnover of GBP 36 million or more in the UK, and more than AUD 100 million in Australia.

The sections are prepared based on information collected from all consolidated entities in Hydro. Entities that are not fully owned by, but are controlled by Hydro, can have different policies. We expect that their relevant policies are aligned with the ones of Hydro.

The Modern Slavery Transparency Statement is approved and signed by the Board of Directors of the parent company Norsk Hydro ASA in the responsibility statements.

For a full overview of Hydro's operations, business activities, organization structure and supply chain, see the Our business chapter.

Human rights training and capacity building

Internal capacity building on human rights, such as through training and tools, is important to ensure the effectiveness of our human rights management system. Human rights responsibilities are part of Hydro's Code of Conduct, which is translated into 19 languages. Code of Conduct trainings are provided to all employees. In addition, more specific training on relevant human rights topics is provided to relevant functions and locations. E-learning on Hydro's social responsibility, including human rights, is available to all employees. In 2023, the Business Areas organized trainings on human rights relevant topics for their respective areas. See Note G1.3 on Compliance Training and the Affected communities chapter for more information.

Salient human rights risks

As part of Hydro's human rights due diligence process, the company identifies salient human rights risks, which it is the most at risk of impacting through its business activities. The salient human rights risks have been identified through Hydro's annual human rights risk assessment process and additional processes for new projects and investments, drawing on internal and third-party human rights assessments, internal and external expertise, and other relevant sources. They have been prioritized based on the highest severity and likelihood of a potential adverse impact on people.

Hydro uses human rights risk levels per country in the countries where Hydro is present to help guide its human rights management. The risk levels are based on a range of independent human rights sources, such as Global Slavery Index, Heidelberg Conflict Barometer and Human Development Index. The following countries where Hydro has operations or joint ventures were in 2023 considered to have a high inherent human rights risk: Bahrain, Brazil, China, India, Mexico, Qatar, Turkey and Saudi Arabia. Hydro uses a more extensive list of country human rights risk levels for its suppliers and for other relevant processes, including investment decisions.

The nature of Hydro's operations in each high-risk country determines whether it is included in the list of prioritized countries for 2023. In addition, some countries that are not classified as high-risk are included among Hydro's prioritized countries in 2023 due to the companies assessment of human rights risks relevant to Hydro's operations. In 2023, Hydro has prioritized the mapping and follow-up of human rights risks in the following countries: Brazil, China, the Nordics, Qatar.

Please see more information about salient human rights risks and impact related to Hydro's own employees in the Own Workforce chapter. For more information about salient human rights risks and impact to workers in Hydro's value chain, please see the Workers in the value chain chapter. Please see the Affected Communities chapter for more information about salient human rights risks and impact in the communities in which we operate.

Salient human rights risk	Hydro employees	Employees working for our suppliers	People in our local communities
Forced labor, modern slavery and child labor abuse		●	
Discrimination and harassment	●	●	●
Freedom of association and collective bargaining		●	
Decent working conditions		●	
Health and safety	●	●	●
Access to information and participation in dialogue		●	●
Land rights and resettlement			●
Vulnerable individuals and groups	●	●	●

Own workforce – our people and work environment

Why it matters

Hydro has a responsibility to provide a safe and inclusive work environment for all workers, including own employees, temporary employees, agency workers and contractors. Hydro values human life above all other considerations and will not compromise the health and safety of those working for the company or affected by its activities. Hydro has a responsibility to provide a safe work environment and believes that this also promotes efficiency and lower operating costs.

Hydro depends on a safe, healthy, competent and motivated workforce to deliver quality and efficiency in all operations. Safeguarding the rights, health and safety of Hydro's workforce and building a culture for learning and equal treatment and opportunities will help attract and develop a talented workforce and help the company deliver better results. Hydro's organizational culture and strategy for talent acquisition, learning and competence development, leadership and succession, and diversity and inclusion help the company deliver on its strategic priorities.

In parallel, an adverse psychosocial work environment or accidents that affect the health and safety of Hydro's workforce can result in disruption of business operations, legal proceedings, fines or other financial consequences, negative reputation and loss of trust in the short, medium and long-term. Failure to comply with applicable regulations for working conditions, equal treatment and/or reporting on workforce related issues could also result in fines and negative reputation.

Hydro has a positive impact on employees through the provision of secure employment, training and career development, adequate wages and social protection in an inclusive work environment. Potential negative impacts are primarily linked to unintended incidents of discrimination or harassment or accidents resulting in injury, illness or fatal consequences of an employee or contractor.

As a global aluminium and renewable energy company with operations in more than 40 countries, Hydro's workers are exposed to a variety of safety risks that, if not controlled, could result in injuries or fatalities. The inherent risks of negative impacts on health and safety are higher when performing non-routine work such as building and construction projects, and in work related to energy, work at height, mobile equipment, overhead cranes, confined space, molten metal and projects. Mining and engineering-related disciplines are typically associated with lower rates of women participation in the workforce, which can make it challenging to meet Hydro's diversity targets.

Our approach

Hydro identifies and monitors its impact on own employees and contractors according to the same standards and Code of Conduct. Health and safety standards are aligned with ISO standards, and incidents and high-risk events are subject to root cause reviews to ensure learning across all operations. Employees are engaged on health and safety issues through frequent health and safety network meetings in business areas, and engagement on diversity and inclusion issues is primarily done through employee reviews and the range of initiatives sponsored by members of the corporate management board. Incidents involving discrimination or harassment are identified through different reporting channels and Hydro's Alert Line. Impacts on diversity, inclusion and belonging are identified and monitored through our employee engagement survey.

Occupational health and safety

Hydro shall be a leading company in its industry in the area of occupational health and safety. This will be achieved through consistent implementation of the management system with committed and visible leadership, and full engagement of all employees and others who work with the company. The CEO HSE Committee is the strategic decision making committee for all main HSE related matters for the Hydro group. The committee is led by the President & CEO and consists of the members of the Corporate Management Board and the head of global HSE.

Hydro's health and safety activities are governed by the company's HSE policy and the Global HSE Directive. Hydro's ambition is to provide safe and healthy workplaces, promote health and wellbeing, and prevent work-related injuries and ill-health. Hydro drives safety improvements by systematically reducing risks, training personnel, and regularly following up by line management and safety delegates. All injuries and high-risk incidents are investigated to find root causes and to share lessons learned between our sites.

Hydro works continuously to avoid damage to property and loss of production. Hydro has developed a comprehensive health and safety management system and the company's manufacturing sites are certified to internationally recognized health and safety standards. Hydro embraces digital tools where possible and has developed an advanced incident management system, self-assessment tools, risk management processes, e-learning training modules, etc., all easily accessible to employees. In addition, Hydro has strengthened its

Targets and ambitions

0	25%	78%
fatalities or life-changing injuries	women overall and in leadership positions	score on the Inclusion Index by 2025

Performance

1 / 1	23% / 20%	74%
fatality [1] / life-changing injury in consolidated operations	women overall / in leadership positions	score on the Inclusion Index

1) One contractor fatality in consolidated operations. The incident is still under investigation for work relatedness and root causes. In addition, there was one fatal accident involving a contractor at our 50/50 joint venture, Qatalum in Qatar, which is not included in statistics for consolidated operations.

behavioral tools using human performance techniques and the consistent use of peer-to-peer job observations.

The number of total recordable injuries rate in 2023 was 2.4 per million hours worked, the same as in 2022. An improvement is seen in the amount of injuries occurred to own employees, but an increase is seen in accidents to contractors. The majority of injuries were relatively minor. However, there was one fatality involving a contractor at Hydro's Alumina refinery Alunorte. The incident is still under investigation to determine root causes and work relatedness. In addition, there was one fatal accident involving a contractor at Hydro's joint venture, Qatalum in Qatar. There was also one life-changing injury in 2023, when an employee had all toes amputated after a load on a mobile trolley fell over, crushing the foot.

The deployment of fatality prevention procedures and associated life-saving rules and behaviors continued in 2023, which contributed to a continued reduction in the number and rates of high-risk incidents with the potential to be fatal or life changing. Key initiatives include a self-assessment process for critical programs, monthly deep-dive incident data analyses to support continuous improvement through root cause and use identification, and defining actions to prevent incidents from recurring. Quarterly health, safety, security and environment network meetings are used to connect specialists from all business areas to discuss findings and actions taken from high-risk incidents, and to share best practice and innovative solutions. Hydro also increased its emphasis on installing engineering controls to prevent High Risk Incidents from occurring.

Hydro's approach to continual improvement of physical and chemical occupational health is based on work environment risk assessments (WERA) and implementation of risk-reduction measures followed up through an associated key performance indicator. WERA provides a systematic approach for evaluating the exposure of similar exposure groups, identifying the most exposed work operations and measures can be implemented before ill-health occurs. The Group online HSE tool, IMS provides a WERA module to facilitate the work process and ensure transparency.

The focus on mental health and wellbeing has continued with numerous initiatives during the year to raise awareness, including mental health webinars, quarterly wellbeing topics addressing stress management, sleep hygiene, healthy eating and physical activity. In addition, two pilot projects were run in two regions together with Human Resources and HSE managers to increase the competence related to stress and wellbeing. To ensure a systematic approach to the psychosocial work environment, Hydro has established a new psychosocial risk indicator (PRI) as part of its employee engagement survey, Hydro Monitor. A process for follow-up of the PRI has been developed, including guidelines and tools.

Our people strategy

Hydro needs competence, capabilities and organizational culture to deliver on its strategy. Hydro's people strategy sets the global strategic priorities for learning, competence development and talent acquisition, leadership and succession, and diversity, inclusion and belonging (DIB). The priorities are supported by targets and activities based on the specific needs and challenges of our business areas.

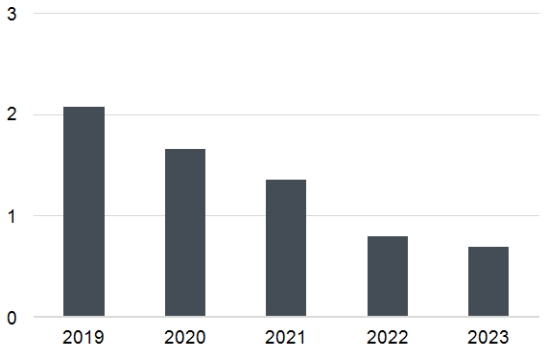
Hydro believes its value proposition, purpose, and growth opportunities are important to attract and retain talent in a challenging labor market. In 2023, Hydro deployed new assessment tools for personality and ability to ensure the right candidates are employed. Hydro invests in skills and development in line with both business and individual needs to deliver on its business strategy and to be an attractive employer. Hydro's goal is to have a culture of continuous learning to ensure that the current and future workforce is prepared to deliver on its growth agenda and improve its business.

Learning and competence development is offered through a combination of on-the-job training, social initiatives like networking, mentoring and peer-to-peer learning, and formal learning initiatives. Hydro's learning platform supports learning and competence development by providing content from learning providers and well-known universities. All employees have a yearly dialogue with their leader where goals, development needs and activities are discussed and documented. See Note S1.5 for metrics related to completed training activities in 2023.

Leadership is a prioritized organizational lever for Hydro. Hydro's ambition has been to develop a leadership framework of competencies based on valid research, but also reflecting what is unique to Hydro and therefore what the company needs from its leaders to deliver its business strategy and live its values. The framework serves as a fundament for Hydro's leadership processes, development programs and tools. In 2023, Hydro has continued to

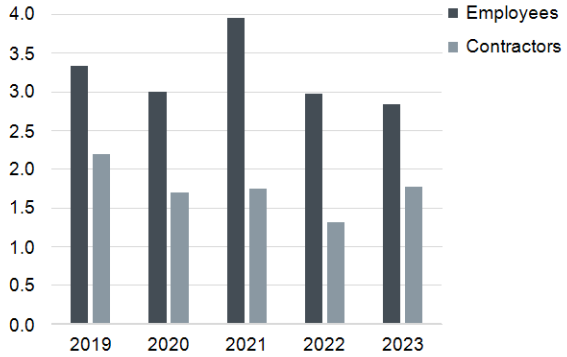
High risk incidents

Per million hours worked (employees and contractors combined)



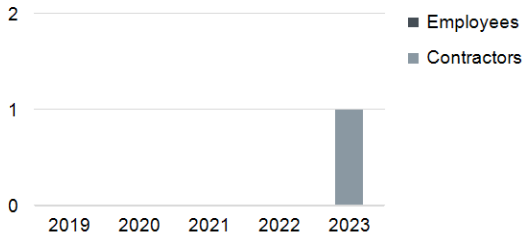
Total recordable injuries

Per million hours worked



Fatal accidents

Number



One contractor fatality in consolidated operations. The incident is still under investigation for work relatedness and root causes. In addition, there was one fatal accident involving a contractor at our 50/50 joint venture, Qatalum in Qatar, which is not included in statistics for consolidated operations.

deploy the leadership framework through its people processes. Selection, development and succession of leaders is supported by Hydro's leadership criteria.
Leader development and succession planning for critical positions are among the strategic people priorities towards 2025. To have a solid pipeline of leaders with the required breadth of experience, Hydro aims to rotate leaders so that they gain knowledge from different parts of the organization and provide programs that support the development needs of leaders and specialists. Through the succession and talent processes, Hydro works with the leadership and specialist pipeline to identify and develop its future leaders.

Hydro believes Diversity, Inclusion and Belonging (DIB) are key enablers for the people strategy. Hydro's DIB processes are centered around three pillars:

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

Hydro aims to increase value creation and foster a culture of belonging in a high-performing and sustainable work environment based on inclusion of the company's differences. Hydro's DIB strategy promotes an inclusive culture, inclusive leadership, equity for underrepresented groups, improvements in team diversity, increased gender balance, and ensures a diverse talent pool.

Business areas and corporate staff functions have developed roadmaps to ensure targeted actions are implemented across all areas. To be more data driven, Hydro has developed reports, dashboards and analytics for the business areas to track progress and improvements in the business areas' employee engagement, turnover, gender balance, and diversity and inclusion training metrics.

Hydro Monitor is the company's global employee engagement survey, sent to all permanent employees every other year. It is complimented with shorter pulse surveys on different levels in the organization on a more frequent basis. The purpose of the survey is to measure key drivers of engagement within Hydro by giving employees a method to have their voices heard and provide valuable feedback. This feedback is developed into focused action plans and roadmaps for improvement.

Diversity, inclusion, and belonging metrics

Diversity	**2023**	**2022**	**2021**
Gender balance – women overall	23%	22%	20%
Gender balance – women leaders	20%	19%	18%
Inclusion			
Inclusion Index overall score	75%	76%	76%
Equity			
Inclusion Index – minorities	68%	72%	68%
Psychosocial risk indicator	N/A	76%	76%

The inclusion and equity results in 2021 and 2023 are based on a shorter pulse survey and not directly comparable to the results in 2022, which are based on the full, biennial Hydro Monitor survey.

Living wage

Hydro has a commitment to improve the lives and livelihoods wherever it operates and to ensure that the company has a transparent compensation with due regard to the basic needs of the worker. At the beginning of 2023, Hydro partnered with FairWage Network to assess compensation in the company, targeting to ensure sustainable compensation for its employees. With the external provider Hydro has identified a methodology for defining living wage and has gotten access to a trustworthy dataset that serves as benchmark for living wage in the markets where Hydro operates.

The first phase of the project was initiated together with the operations in nine of Hydro's largest countries by headcount, representing 80 percent of all its permanent employees. The project assumed an average family size (based on national average fertility rate) and adjusted for the average number of income earners per family in the country. The cost of living was considered by choosing the city nearest to where Hydro operates. In Hydro's first round of assessment 198 individuals out of 24,158 (0,8 percent) were identified to have an earning below what is considered a "decent living" covering the basic needs of the worker. Hydro is working to close this gap.

Collaborating with unions and employee representatives

Through the Global Framework Agreement, Hydro is committed to providing equality of opportunity and treatment 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 was approved in 2021 and communicated through the business area communication bodies for dialogue between management and union representatives.

2023 saw the last production of primary aluminium at Slovalco in Slovakia, after the primary production closed in January. In total, 300 employees were affected. Different means were offered in collaboration with the unions to assist the redundant employees, including offering above-standard severance pay, up to 17 months' salary for the longest-serving employees. Slovalco will continue to operate the remelting center for processing of process aluminium scrap, which Slovalco commissioned in June 2022, as well as an anode plant serving other Hydro customers.

Labor rights

Hydro engages with its workers on labor rights through a variety of channels, including meetings with labor unions, works councils, and joint management-worker committees. Hydro has a Global Framework Agreement in place since 2011, and its European Workscouncil agreement was revised in 2022. Topics discussed with employee representatives include Hydro's people strategy, policies and procedures, health and safety, standards for decent work, human rights and labor rights, and applicable regulations in the country of operations.

Hydro's major sites in Europe and Brazil are unionized. Extrusions has a major presence in North America, and about 60 percent of its U.S. and Canadian employees are working at a unionized site. In total, Hydro estimates that around 70 percent of all employees are unionized. Non-organized workers in Norway in general will receive the same results negotiated on industry level when adjusting compensation. In addition, workers on individual agreement can be adjusted based on company and individual results, external benchmark analysis, and individual performance. In regions where unions are not allowed, Hydro is striving to establish alternative worker-management relations.

No strikes exceeding one week and no lock-outs took place in 2023. Production of certain aluminum products and around 20 employees were affected by a sympathy strike in Hydro Extrusions, Sweden, starting in December 2023. The sympathy strike was identified by the

Swedish union IF Metal, affecting members working in Hydro's extrusion plant in Vetlanda, Sweden.

Security and emergency preparedness

Hydro is committed to the protection of people, environment, physical assets, data and information. Hydro anticipates and prepares for potentially adverse incidents with crisis potential to maintain business and operational continuity.

To prepare for and respond to intentional, unintentional and/or naturally occurring disasters, and to protect people and critical assets, Hydro adapts and initiates security measures depending on the evolving risk picture. Hydro's emergency preparedness plans enable effective response to high-risk incidents and crises, ensuring an effective, cohesive, integrated and timely response to any business disruption, regardless of origin, scale or complexity. Hydro has emergency preparedness plans in place that are regularly exercised against known and identified hazards.

Security in Hydro includes a proactive security risk management process, based on analysis, to enable appropriate mitigating actions and accurate and timely decision-making. Security guards are employed on a regular basis to protect Hydro's personnel and assets. No armed personnel are used in Hydro's operations.

Firearm related incidents and robberies continued to occur in 2023 in relation to Hydro's operations in Paragominas, Alunorte, Mexico and Extrusion North America. No Hydro personnel were injured in these events and resulting security mitigation measures were employed to further protect personnel and prevent against other incidents.

The war in Ukraine and associated increase in international political tensions elevates the potential risk of sabotage. And because of the Israeli/Hamas conflict, added tension in the Middle East will exacerbate possible terror incidents.

Group Security closely monitors the security risks in Brazil and maintains close contact with both plants in Mexico with a monthly security call implemented to ensure security mitigation measures are aligned with the developments and threat. Regular security updates are disseminated to all Hydro business areas with information and advice provided on any associated travel, security or emergency mitigation measures which may be required due to the war in Ukraine and the conflict in the Middle East.

During 2023, Hydro continued the progression to achieve certification for ISO 18788, a management system for private security operations, requirements and guidance. It is founded upon the Voluntary Principles on Security and Human Rights, helping to demonstrate an ethical approach to the delivery of security services, and it will benchmark Hydro's security management system against the international standards. Hydro's security teams have achieved conformity to the requirements in the U.S. and are now preparing for full accreditation and certification.

Hydro is responsible for infrastructure and functions on local and regional levels that might be critical to society's operability, and the company operates large-scale production sites where a crisis could influence community interests and safety in general. Hence, Hydro is subject to control and follow-up by relevant national authorities. Hydro has emergency plans in place by site, business area and at group level, and the company exercises and validates these plans regularly.

Seventeen emergency and crisis management workshops, with risk mapping at their core, were held in 2023, planned and exercised by Group HSE. Based on evolving complex scenarios these workshops were conducted at department, plant, business unit, business area and Corporate Emergency Team (CET) levels. They help to link the process of security and emergency response, crisis management and recovery from the plant through to business area level and above. In addition, all sites are required to exercise emergency preparedness and response training as a minimum on an annual basis or more frequently based on identified hazards and risks or as stipulated by local laws and regulations.

Hydro's strategy to prepare for future pandemics is based on cooperation with local authorities and compliance with rules complemented by a flexible range of Hydro-specific responses, robust emergency preparedness and business continuity plans. Where applicable, guidelines and regulations from national authorities such as those pertaining to travel restrictions, social distancing, home office or complete societal lockdowns, have been reflected in Hydro's internal policies and procedures. Hydro evaluates its key pandemic-related risks and vulnerabilities through security and business-resilience assessments, which support the preparation and review of business-continuity plans.

Measures that have been used and could be reinstated include stock level increases for raw materials to reduce Hydro's exposure to supply chain disruptions and cash-preservation measures to reduce cost, capital expenditures and ensure adequate liquidity to face the financial impact of potential shutdowns.

Just Transition

The green transition will create new employment opportunities as well as changes to existing ones. Innovations in Hydro's production methods and advancement of technologies risks the automation of jobs. Additionally, Hydro's focus on decarbonization must not exacerbate social inequalities or discrimination. Hydro has developed a framework for supporting a just transition, through which the company seeks to contribute to positive development in the societies where we operate, including for our own workforce. The framework is focused around three key outcomes: People have human rights protected and have access to equal opportunities; Local communities are resilient in a changing world; People have the necessary skills and jobs for the future low-carbon economy.

Hydro contributes towards these outcomes in its own workforce by respecting and promoting human rights, supporting positive local development in the local communities where its employees live and work, and through developing skills and jobs relevant to the future low-carbon economy. In 2023, Hydro continued to develop and deliver learning and competence development for all our employees.

Hydro also works to increase inclusiveness among Hydro employees and track the perception of inclusiveness in the Hydro Inclusion Index, which is part of the biannual Hydro Monitor survey. In the most recent survey, from 2022, 76 percent of employees have a positive perception of inclusion in Hydro. See Note S1.10 for Hydro employee engagement metrics.

Salient human rights risks in own workforce

As part of Hydro's human rights due diligence, the company maps salient human rights risks across the countries where it operates.

Below Hydro provides further descriptions of salient risks and mitigation. The company also provides information on countries that it identifies as having a high inherent risk for human rights, and where it has operations, but where it has not identified salient human rights risks for Hydro due to the nature of its operations. Please see the chapter Human Rights for a more detailed description of Hydro's human rights due diligence process.

Salient human rights risk in own workforce
Discrimination and harassment
Health and safety
Vulnerable individuals and groups

Bahrain

In Bahrain, the Building Systems business unit of Hydro, has their head office for the Middle East. Hydro employs close to 80 people in Bahrain. While Hydro assesses the inherent human rights risk in Bahrain to be high, the company considers the human rights risks to Hydro's employees as low as this is a sales office.

Brazil

While Hydro has assessed the human rights risks to its own workforce to be low, topics related to discrimination and harassment in the workplace have been evaluated as relevant risks at Hydro's operations in B&A and Albras. Hydro invests significantly in initiatives and strategies to develop and embrace diversity, inclusion and belonging (DIB), especially in recruitment processes. There have been implemented several mitigation actions to manage this risk, including anti-discrimination and anti-harassment policies and campaigns, trainings related to DIB topics, unconscious bias, LGBTQIA+ and people with disabilities. Hydro measures the effect of the actions by tracking statistics and progress related to diversity metrics, including diversity in gender and ethnicity, in addition to reporting incidents, resolution for harassment cases, workplace safety, participation in training and compliance with legal requirements related to harassment prevention. See Note S1.5 for training metrics and Note G1.1 for metrics related to non-compliances.

China

Hydro has offices and manufacturing plants in China, employing about 800 persons in total.

Due to the limited state protection of human rights as well as restrictions on access to information, Hydro assesses the inherent risk of human rights impacts in China to be high. In Hydro's own workforce it considers these risks to be well mitigated through its HR processes, which include e.g. frequent site contact and visits.

In 2023, Hydro conducted a human rights assessment of its operations and value chain in China. The project was led by an external human rights expert company, with the goal of identifying risks, and reviewing the effect of Hydro's current due diligence processes.

The process was executed through a combination of document reviews, on-site visits and interviews with managers and workers. Findings were triangulated with detailed desktop research.

The assessment did not identify any negative findings related to Hydro's own workforce. However, a potential risk of late salary payments for a few contracted workers was identified. This will be followed closely.

India

Hydro has sales and service offices in India, employing about 235 people. While Hydro identifies India as a high-risk country regarding human rights, it considers the risks associated with its own workforce to be low.

Mexico

Hydro is present in Mexico with two manufacturing plants. Hydro employs about 500 people in these two locations, with a majority being permanent employees. More than half of Hydro's workforce in Mexico has an operator position. Hydro identifies Mexico as high-risk country regarding human rights. However, Hydro has no indications of salient risks for the workforce at its own sites.

Saudi Arabia

In 2023, Building Systems opened a regional office in Saudi Arabia. This commercial office has the intention to hire employees in the future and will offer aluminium windows, doors and facades to the Saudi market under the brand Technal.

While Hydro assesses the inherent human rights risk in Saudi Arabia to be high due to the nature of Hydro's operations in the country, the company assesses the human rights risks to its own workforce as low.

Turkey

Hydro has two sales offices in Turkey with a total of 26 employees, supporting its building systems market in the region. Hydro has identified Turkey as a high-risk country regarding human rights, however, due to the nature of Hydro's operations in the country, it assesses the human rights risks to its own workforce as low.

Disclosures pursuant to the Norwegian Equality and Anti-Discrimination Act

The following sections provide information on the status of diversity and inclusion in Hydro, and the activities being undertaken to identify and analyze risk of discrimination and to take action to improve our DIB performance, in accordance with the requirements in the Norwegian Equality and Anti-Discrimination Act. This diversity and inclusion report and its references, are approved by the Board of Directors.

Our diversity, inclusion and belonging (DIB) program

Hydro values diverse perspectives as essential to delivering on its long-term strategic agenda. Diversity allows Hydro to think, approach challenges and solve problems differently.

Hydro is committed to providing equitable employment opportunities and treating all employees fairly and with respect regardless of primary or secondary diversity characteristics. 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, performance, compensation and promotion. Hydro strives to develop programs and actions to encourage a diverse organization based on the principle of equitable 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 mitigating DIB risks

Hydro uses its employee engagement surveys, Hydro Monitor and pulse surveys, to identify and monitor risks relating to diversity, inclusion and belonging in Hydro. Hydro also uses the internal grievance mechanism AlertLine to assess the risk of discrimination and harassment in the organization and track relevant employee data from its core employee system. Hydro Monitor also allows the company to assess employee engagement and psychosocial risk indicators across different demographics, including gender, age, role, minority status, and caretaking needs.

Since 2021, Hydro has measured inclusion through its inclusion index. The index consists of eight questions related to diversity, inclusion and belonging, obtained through the Hydro monitor and pulse survey. The inclusion index score forms one of the CEO KPIs from 2023 measured on an annual basis as an improvement score and is also a KPI in Hydro's long-term Just Transition Sustainability roadmap.

Hydro has developed tools and guidelines to assess risk of discrimination towards underrepresented groups. The business areas are expected to develop targets, act on the findings from the risk assessments, develop roadmaps, ensure responsibility is taken, and report progress to eliminate discrimination. The tools include digital and anonymous focus groups trying to understand root causes and actions, unconscious bias testing and training, and group guidelines for employee resource groups.

As a mitigating action, Hydro's DIB Policy has been further implemented in 2023. The policy explains Hydro's commitment to diversity, inclusion and belonging and outlines the principles of DIB. Hydro's Corporate Management Board owns the DIB agenda and is accountable for DIB across Hydro. A global DIB core team drives execution of the DIB agenda on behalf of the Corporate Management Board, comprising Hydro's DIB Lead and a DIB responsible for each business area.

The Corporate Management Board, HR leaders and DIB core team members receive DIB safeguarding dashboards each quarter for Hydro overall and for the respective business areas. The dashboards use HR reporting data and employee surveys for quarterly tracking of metrics on gender balance, diversity in the succession pool, inclusive culture, wellbeing, psychological safety and diversity leadership. The quarterly measurements are used to develop action plans and make continuous improvements and reported on in internal board meetings for each business area.

To mature Hydro's work on diversity, inclusion and belonging, the company is continuously implementing actions at all levels in the organization across its strategic pillars. DIB is embedded in all people processes, including recruitment, onboarding, and succession planning, and is included in all Hydro's global employee and leadership development programs.

Five diversity days are celebrated in Hydro to raise awareness and improve inclusion of underrepresented groups: International Women's Day, International Day for the Elimination of Racial Discrimination, Pride, World Mental Health Day, and International Day of People with Disabilities. These days each have a sponsor from the top management. Employee resource groups have been set up in several areas, including the Hydro Rainbow LGBTQI+ network, and Women's networks in Operations, Finance, and in many of the business areas and headquarters.

DIB achievements 2023

- Diversity, inclusion and belonging training completed and letter of commitment signed by finance teams, and several of the business area management teams.
- Inclusion Index as KPI on CEO and baseline for improvement is 75 percent (employees' perception of inclusion in Pulse Survey 2023).
- Continuation of the DIB core team collaborating across Hydro with sponsors from the Corporate Management Board.
- Safeguarding process for DIB ongoing with quarterly dashboards to measure improvements.
- Mandatory online DIB training provided to all new employees. DIB as part of the Hydro Fundamentals course and including deep dive learning pathways and workshop material provided to all.
- Several employee-resource groups initiated and developed (e.g. womens networks in many business areas, as well as globally for women in operations, women in finance, LGBTQI+ Rainbow Network).
- Integration of compensation data in our people master data system.
- Global engagement for the five diversity days.

Targets and performance

Hydro has worked systematically to increase gender balance in Hydro's operations since its first action plan to promote women employees and leaders was adopted in 1997. While Hydro has seen successes in improving gender balance at staff positions, challenges remain for operator and leadership positions.

Hydro's goal for the share of women in Hydro is 25 percent by 2025, including permanent and temporary employees. In 2023, Hydro achieved 23 percent. For more information about temporary employees see the Note S1.2 on Employees by employment type.

The share of women in Hydro's Board of Directors was 36 percent in 2023. With three women among the seven shareholder-elected members and one woman among the three employee representatives on the Board of Directors, Hydro complies with the Norwegian legal requirements on women representation. The proportion of women on Hydro's Corporate Management Board was

40 percent in 2023. For further information about gender balance, see the Notes S1.1 and S1.8.

While gender balance is a challenge among operators at most of Hydro's operational sites, women constitute 51 percent of the workforce in Hydro's corporate staffs and 43 percent in Global Business Services. Globally, about one-third of employees among non-operators are women.

Hydro recognizes the importance of a good balance between work and other aspects of life. For example, Aluminium Metal, which is Hydro's largest business area in Norway, has implemented procedures to ensure a predictable work schedule for operators, and opportunities for flexible working hours for non-operator employees.

Opportunities for people with disabilities

Hydro seeks to generate opportunities and become an attractive employer for employees with disabilities, across our global operations. To foster an environment and culture where people of different physical, cognitive and mental health abilities can feel supported and be successful, Hydro has developed a global guide for inclusion of people with disabilities. Hydro is continuously adjusting working conditions so that all employees have the same opportunities in their workplace.

Hydro is required to employ at least 5 percent employees with disabilities in Brazil. At the end of 2023, 5 percent of employees in Paragominas were people with disabilities, 5.1 percent at Alunorte, and 5.1 percent at Albras. The number of employees with disabilities increased in 2023 compared to 2022, and Hydro is working to increase the share of disabled employees further. The Hydro Extrusions sites in southern Brazil also fulfilled their legal requirements.

Pay equality and compensation

Hydro is committed to provide equal employment opportunities for all its employees. Hydro will continuously work to ensure pay equality for the same or similar jobs, regardless of gender. Hydro's global compensation principles state that all employees shall receive total compensation that is competitive and aligned with the local industry standard. 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.

A global job architecture framework enables us to map all employees in Hydro in a consistent way. 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. Hydro maps 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.

The ratio of highest base salary and the median base salary for all employees in Norway was 11.2 in 2023. See the remuneration report for more information on highest paid salary.

See Note S1.7 for the pay gap analysis for Norwegian employees according to the Norwegian Equality and Anti Discrimination Act and the gender gap analysis for a selection of our other countries.

Wellness

Hydro cares about the health and wellbeing of its employees and offers initiatives to promote physical and mental health.

The majority of Hydro's sites offer wellness initiatives, ranging from healthy eating, exercise opportunities, weight management, stop smoking campaigns and work-life balance management. Several sites have access to a social worker or counsellor to address psychological health and safety, and health and wellness is also addressed at site Health and safety-day events.

Following a stress management pilot in 2022, Hydro has continued in-depth stress risk assessments, and a number of tools have been developed to support future stress risk assessments such as E-learning training aimed at general awareness and for leaders, management competency tool and guidelines. Hydro also celebrated the World Mental Health Day with a campaign focused on well-being.

S1 Notes on Own workforce

S1.1 Permanent employees by region, gender and payroll

Reporting principles

Employees by gender are classified based on the employees' self-reported gender as registered in our SAP system. For a very limited number of employees, we do not have gender information; the total number of employees without registered gender information is insufficient to affect the reported gender balance statistics.

Permanent and temporary employees are based on data from Hydro's human resources SAP system. Data presented represent status at year end, December 31.

Payroll is based on Hydro's consolidated financial statements. Reported payroll does not include pension benefits.

Temporary employees include apprentices, but exclude contractor employees. Legal requirements and customs may vary from country to country, making direct comparison difficult.

Part-time employees include all persons being employed in positions that are not full-time (less than 100 percent).

GRI Reference: GRI 2-7 (2021).

Age distribution permanent employees

	2023	2022	2021	2020	2019
Under 30	14%	14%	12%	14%	15%
30-49	53%	53%	53%	52%	52%
50 +	33%	33%	35%	34%	33%

* Age distribution data does not cover employees in recycling plants acquired from Alumetal in 2023.

Permanent employees by region, gender and payroll

	Number of employees[1]					Payroll (NOK million)[2]				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Norway	**3,828**	**3,672**	**3,493**	**4,048**	**4,103**	**4,178**	**3,799**	**3,654**	**3,632**	**3,684**
Women	24%	23%	22%	21%	21%					
Men	76%	77%	78%	79%	79%					
Germany	**2,000**	**1,543**	**1,460**	**4,615**	**4,967**	**1,454**	**1,074**	**805**	**3,577**	**4,307**
Women	21%	21%	21%	13%	13%					
Men	79%	79%	79%	87%	87%					
France	**1,761**	**1,823**	**1,790**	**1,818**	**1,894**	**1,088**	**916**	**951**	**917**	**939**
Women	18%	18%	16%	16%	16%					
Men	82%	82%	84%	84%	84%					
Hungary	**1,854**	**1,726**	**1,650**	**1,554**	**1,612**	**682**	**493**	**436**	**384**	**408**
Women	30%	32%	31%	30%	29%					
Men	70%	68%	69%	70%	71%					
Other Europe	**8,552**	**8,620**	**8,570**	**8,407**	**9,071**	**4,496**	**4,150**	**3,813**	**3,746**	**3,850**
Women	24%	24%	23%	22%	22%					
Men	76%	76%	77%	78%	78%					
Total Europe	**17,995**	**17,384**	**16,963**	**20,442**	**21,647**	**11,898**	**10,432**	**9,658**	**12,256**	**13,188**
Brazil	**6,407**	**6,241**	**6,182**	**6,070**	**6,108**	**1,742**	**1,541**	**1,140**	**1,059**	**1,273**
Women	20%	17%	14%	13%	13%					
Men	80%	83%	86%	87%	87%					
USA	**5,964**	**6,120**	**5,856**	**5,510**	**6,013**	**5,250**	**4,745**	**3,803**	**3,517**	**3,656**
Women	19%	19%	18%	17%	16%					
Men	81%	81%	82%	83%	84%					
Rest of the world	**2,358**	**2,269**	**2,263**	**2,218**	**2,542**	**974**	**886**	**711**	**677**	**889**
Women	22%	21%	18%	19%	18%					
Men	78%	79%	82%	81%	82%					
Total	**32,724**	**32,014**	**31,264**	**34,240**	**36,310**	**19,864**	**17,605**	**15,312**	**17,509**	**19,005**
Women	22%	21%	20%	18%	18%					
Men	78%	79%	82%	82%	82%					

1) Number of employees is based on where the employee actually is stationed, and will in some cases differ from the Country-by-country report, which shows in which legal company she or he is employed.

2) Joint operations are excluded from the payroll figures in the table above. Those entities are included in Hydro's financial statements on a line-by-line basis. Please see Note 3.1 to the consolidated financial statements for more information about joint operations.

S1.2 Full time and part time employees by region and gender

Reporting principles
Total reported full time and part time employees in Hydro consolidated activities, by gender in significant locations of operation.

GRI Reference: GRI 2-7 (2021), 405-1 (2016).

Full-time and part-time employees by region and gender[1)]

	Full-time employees		Part-time employees	
	2023	2022	2023	2022
Norway	**3,796**	**3,939**	**32**	**545**
Women	24%	23%	41%	42%
Men	76%	77%	59%	58%
Germany	**1,793**	**1,504**	**207**	**187**
Women	17%	19%	58%	47%
Men	83%	81%	42%	53%
France	**1,729**	**1,845**	**32**	**34**
Women	18%	18%	53%	53%
Men	82%	82%	47%	47%
Hungary	**1,817**	**1,693**	**37**	**33**
Women	29%	31%	95%	91%
Men	71%	69%	5%	9%
Other Europe	**8,308**	**8,606**	**244**	**265**
Women	23%	23%	51%	49%
Men	77%	77%	49%	51%
Total Europe	**17,443**	**17,587**	**552**	**1,064**
Brazil	**6,397**	**6,806**	**10**	**19**
Women	20%	20%	20%	16%
Men	80%	80%	80%	84%
USA	**5,951**	**6,133**	**13**	**32**
Women	19%	19%	38%	38%
Men	81%	81%	62%	63%
Rest of the world	**2,357**	**2,291**	**1**	**2**
Women	22%	21%	0%	0%
Men	78%	79%	100%	100%
Total	**32,148**	**32,817**	**576**	**1,117**
Women	21%	21%	55%	46%
Men	79%	79%	45%	54%

1) Number of employees is based on where the employee actually is stationed, and will in some cases differ from the Country-by-country report, which is based on which legal entity the employee is formally employed by.

Temporary employees by region and gender[1)]

Number of temporary employees	2023	2022	2021	2020[2)]	2019
Norway	**855**	**813**	**752**		
Women	39%	35%	34%	30%	
Men	61%	65%	66%	70%	
Germany	**95**	**148**			
Women	22%	26%			
Men	78%	74%			
France	**78**	**56**			
Women	45%	32%			
Men	55%	68%			
Hungary	**23**	**-**			
Women	35%				
Men	65%				
Other Europe	**158**	**247**			
Women	33%	24%			
Men	67%	76%			
Total Europe	**1,209**	**1,264**			
Brazil	**508**	**586**	**461**		
Women	69%	49%	44%	35%	
Men	31%	51%	56%	65%	
USA	**29**	**44**	**76**		
Women	28%	34%	14%	26%	
Men	72%	66%	86%	74%	
Rest of the world	**24**	**23**			
Women	29%	30%			
Men	71%	70%			
Total	**1,770**	**1,917**	**1,799**	**1,929**	**1,647**
Women	46%	37%	34%	32%	27%
Men	54%	63%	66%	68%	73%

1) Number of employees is based on where the employee actually is stationed, and will in some cases differ from the Country-by-country report, which is based on which legal entity the employee is formally employed by.
2) In 2020, Hydro did not report total temporary employees disaggrigated by country. Only gender distribution was reported this year.

S1.3 New employees and turnover

Reporting principles
New employees and turnover by employment type in Hydro consolidated activities and significant location of operation.

Employee turnover rate includes resignations, retirements and manning reductions of all permanent employees, but excludes closures and divestments.

Voluntary employee turnover rate includes permanent employees who voluntarily resigned in the reporting period.

GRI references: GRI Standards 401-1 (2016)

New permanent employee hires by age group, gender and country

	2023				2022				2021
	Total	Under 30	30-49	50+	Total	Under 30	30-49	50+	Total
Norway	**284**	**69**	**184**	**31**	**279**	**76**	**177**	**26**	**131**
Women	33%	38%	33%	29%	32%	30%	32%	35%	23%
Men	67%	62%	67%	71%	68%	70%	68%	65%	77%
Germany	**123**	**23**	**70**	**30**	**123**	**31**	**69**	**23**	**115**
Women	29%	26%	29%	33%	28%	29%	25%	35%	25%
Men	71%	74%	71%	67%	72%	71%	75%	65%	75%
France	**114**	**30**	**69**	**15**	**115**	**27**	**74**	**14**	-
Women	35%	13%	38%	67%	38%	11%	43%	64%	-
Men	65%	87%	62%	33%	62%	89%	57%	36%	-
Hungary*	**239**	**42**	**118**	**32**	**248**	**68**	**145**	**35**	-
Women	33%	31%	47%	38%	40%	31%	48%	29%	-
Men	67%	69%	53%	63%	60%	69%	52%	71%	-
Other Europe*	**838**	**245**	**384**	**150**	**976**	**339**	**472**	**165**	-
Women	27%	26%	33%	23%	27%	24%	32%	21%	-
Men	73%	74%	67%	77%	73%	76%	68%	79%	-
Total Europe	**1,598**	**409**	**825**	**258**	**1,741**	**541**	**937**	**263**	-
									-
Brazil	**582**	**221**	**334**	**27**	**508**	**204**	**274**	**30**	**539**
Women	44%	56%	38%	11%	49%	60%	45%	17%	22%
Men	56%	44%	62%	89%	51%	40%	55%	83%	78%
USA	**824**	**233**	**420**	**171**	**1,496**	**518**	**732**	**246**	**1,393**
Women	23%	14%	25%	30%	22%	16%	25%	27%	20%
Men	77%	86%	75%	70%	78%	84%	75%	73%	80%
Rest of the world	**372**	**108**	**248**	**16**	**468**	**166**	**280**	**22**	**1,560**
Women	26%	24%	27%	19%	25%	20%	29%	18%	29%
Men	74%	76%	73%	81%	75%	80%	71%	82%	71%
Total	**3,376**	**971**	**1,827**	**472**	**4,213**	**1,429**	**2,223**	**561**	**3,738**
Women	30%	30%	32%	28%	29%	26%	32%	26%	24%
Men	70%	70%	68%	72%	71%	74%	68%	74%	76%

* 106 new hires in the recyclers that Hydro acquired from Alumetal in 2023 lack age data, causing a discrepancy in the total number of new hires vs sum of hires per age group in Hungary and "other Europe".

Total employee turnover by age group, gender and country

	2023				2022			
	Total	Under 30	30-49	50+	**Total**	Under 30	30-49	50+
Norway	**5%**	5%	4%	7%	**6%**	6%	5%	6%
Women	4%	5%	4%	5%	5%	6%	7%	4%
Men	5%	5%	4%	7%	6%	6%	5%	6%
Germany	**7%**	13%	8%	5%	**7%**	16%	7%	6%
Women	7%	6%	9%	7%	9%	17%	8%	6%
Men	7%	16%	8%	5%	7%	15%	6%	5%
France	**8%**	14%	7%	9%	**6%**	12%	6%	6%
Women	8%	21%	6%	7%	9%	28%	8%	7%
Men	9%	13%	7%	9%	6%	9%	5%	6%
Hungary*	**13%**	25%	10%	11%	**16%**	36%	13%	14%
Women	13%	18%	9%	16%	17%	35%	15%	13%
Men	13%	28%	10%	9%	15%	36%	12%	15%
Other Europe*	**14%**	24%	13%	13%	**14%**	28%	13%	12%
Women	14%	23%	12%	13%	11%	23%	10%	9%
Men	15%	25%	14%	13%	15%	30%	14%	12%
Brazil	**8%**	9%	7%	12%	**9%**	9%	8%	10%
Women	8%	10%	8%	12%	**9%**	6%	10%	5%
Men	8%	8%	7%	12%	**8%**	10%	8%	11%
United States**	**33%**	65%	37%	16%	**41%**	83%	42%	22%
Women	37%	69%	44%	18%	**47%**	103%	48%	27%
Men	32%	64%	35%	16%	**39%**	80%	41%	21%
Rest of the world	**15%**	35%	12%	11%	**29%**	63%	26%	14%
Women	15%	22%	12%	17%	**19%**	48%	13%	11%
Men	15%	40%	12%	10%	**31%**	67%	30%	14%
Total	**15%**	27%	14%	12%	**17%**	36%	16%	12%
Women	15%	22%	14%	12%	**17%**	32%	15%	12%
Men	15%	29%	14%	12%	**18%**	37%	16%	12%

* Turnover at the recyclers that Hydro acquired from Alumetal in 2023 lack age data, causing a discrepancy between the total turnover and turnover by age group in Hungary and "other Europe".
** The US turnover follows the local market trend and our numbers are lower than industry benchmark. Most of the US turnover are in entry-level positions (low-skilled manual work). For skilled workers and white-collars the numbers are closer to Hydro global average.

Voluntary employee turnover by age group, gender and country

	2023				2022			
	Total	Under 30	30-49	50+	**Total**	Under 30	30-49	50+
Norway	**3%**	**5%**	**3%**	**1%**	3%	5%	5%	1%
Women	2%	5%	2%	0%	4%	5%	6%	0%
Men	3%	5%	4%	1%	3%	5%	5%	1%
Germany	**4%**	**7%**	**5%**	**2%**	4%	11%	4%	1%
Women	5%	2%	7%	3%	5%	13%	5%	2%
Men	4%	9%	5%	2%	3%	10%	4%	1%
France	**4%**	**12%**	**4%**	**2%**	3%	8%	3%	1%
Women	4%	13%	3%	3%	4%	17%	5%	1%
Men	4%	12%	5%	1%	3%	7%	3%	1%
Hungary	**8%**	**17%**	**6%**	**5%**	10%	22%	9%	7%
Women	7%	11%	6%	8%	12%	23%	10%	6%
Men	8%	21%	6%	4%	9%	21%	8%	7%
Other Europe	**5%**	**13%**	**6%**	**3%**	7%	16%	8%	3%
Women	4%	10%	5%	2%	7%	14%	7%	3%
Men	5%	14%	6%	3%	7%	17%	8%	3%
Brazil	**3%**	**5%**	**3%**	**1%**	5%	5%	5%	5%
Women	5%	7%	5%	0%	5%	3%	6%	2%
Men	2%	4%	2%	1%	4%	6%	4%	5%
United States	**18%**	**39%**	**20%**	**7%**	25%	53%	27%	12%
Women	20%	41%	25%	8%	30%	65%	33%	14%
Men	17%	38%	19%	7%	24%	51%	26%	12%
Rest of the world	**12%**	**30%**	**10%**	**4%**	13%	34%	11%	5%
Women	10%	17%	10%	5%	14%	32%	10%	8%
Men	12%	34%	10%	4%	13%	34%	12%	5%
Total	**7%**	**17%**	**7%**	**3%**	10%	22%	10%	5%
Women	7%	13%	8%	4%	11%	21%	11%	5%
Men	7%	18%	7%	3%	9%	23%	9%	5%

* Turnover at the recyclers that Hydro acquired from Alumetal in 2023 lack age data, causing a discrepancy between the total turnover and turnover by age group in Hungary and "other Europe".
** The US turnover follows the local market trend and our numbers are lower than industry benchmark. Most of the US turnover are in entry-level positions (low-skilled manual work). For skilled workers and white-collars the numbers are closer to Hydro global average.

S1.4 Total employees by Business Area

Reporting principles

The below table provides information on the number and distribution of permanent and temporary employees across Hydro's business areas.

Total employees by Business Area

Total permanent and temporary employees	2023	Percentage share 2023	2022	Percentage share 2022
Corporate Management	307	0.9 %	297	0.9 %
Global Business Services	1,518	4.5 %	1,406	4.1 %
Hydro Aluminium Metal	6,037	17.8 %	5,995	17.7 %
Hydro Bauxite and Alumina	4,480	13.2 %	4,415	13.0 %
Hydro Energy	466	1.4 %	399	1.2 %
Hydro Extrusions	21,080	62.2 %	21,419	63.1 %
Total	**33,888**	**100.0 %**	**33,931**	**100.0 %**

S1.5 Training and development

Reporting principles

Training and development statistics is based on training that is completed and registered by Hydro employees in our human resources systems. Training, education and career development activities that are not registered by the individual employee, as well as on-the-job training activities, are not captured by the reported metrics. Instructor-led courses that are conducted locally are not always registered and thus not included in the reported metrics.

The metrics include both mandatory and voluntary training. See also Note G1.3 on compliance-related training, specifically.

Training and development

	2023	2022
Training hours completed by Hydro employees	262,647	217,958
Courses completed	15,323	16,680
of which, male	11,211	
of which, female	4,112	
Avg. training hours per participant	17.1	13.1
Avg. training hours per employee	8.2	6.8
Avg. training hours, male employees	8.0	7.1
Avg. training hours, female employees	8.7	5.7

* Training statistics do not cover employees at the four recyclers acquired from Alumetal in 2023

Top five training types by number of participants

#	2023	2022	2021
1	HSSE	Compliance	Cyber security
2	Administrative systems	HSEE	All lifecycle
3	Compliance	Sustainability	IT systems training
4	Human resources	Human resources	IT
5	Sustainability	Employee lifecycle	Human resources

In 2023, 52 percent of the conducted training that are registered as completed were conducted online, while 25 percent was instructor-led. The most common categories of mandatory training were HSSE, compliance, human resources and sustainability. HSSE and compliance are also among the top categories for completed courses of voluntary training. Other common categories of voluntary training are administrative systems, team leadership and self leadership.

Training initiatives can vary from year to year based on business needs and initiatives.

S1 Notes on remuneration

S1.6 Gender related salary differences

Reporting principles

Data on gender related salary differences is based on local payroll systems, and calculated based on median salary for employees at different job levels. Salary per employee is based on nominal salary for each employee at the end of the reporting year.

The job level structure consists of nine levels from operators, specialists to managers. Levels 1 to 3 typically cover operators in our plants, levels 4 and 5 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 salary differences for employees is reported in certain locations of operation and countries where we have large presence. In our ongoing commitment to transparency, Hydro presents its third annual report on gender-related salary differences in key operational locations, including Brazil for the first time. Hydro works to ensure that every employee should receive competitive compensation aligned with local industry standards (but not market leading), embracing a holistic, performance-oriented, transparent, fair, and objective approach. Salaries in the organization are reviewed on a regular basis.

GRI-reference: GRI Standards 405-2 (2016)

Median ratio of women's base salary compared to men's base salary for 2023 1)

Job level	Belgium	Brazil	Denmark	France	Italy	Norway	Spain	Sweden	United Kingdom
Level 1		85%	97%	117%		100%			81%
Level 2	97%	91%	100%	95%		100%	89%	97%	90%
Level 3	88%	101%	95%	103%		108%	88%	99%	92%
Level 4-5	89%	91%	81%	92%	107%	108%	86%	100%	109%
Level 6-7	112%	94%	80%	90%	81%	98%	88%	95%	83%
Level 8-9		87%				99%			

1) The data is based on annual base salary for permanent employees. Levels with less than five employees are not reported.

We have investigated the salary conditions for all Hydro employees in the US, including the remelters, extrusion plants and precision tubing facilities. Based on the analysis, on average there are no significant gender related differences in North America.

S1.7 Gender and compensation in Norway

Reporting principles

Number of employees per gender per job level is based on number of employees that received a salary in 2023. Total employees in this note will therefore differ from number of employees in other notes, which are based on number of employees at year end.

Data on gender pay gaps are based on local payroll systems, and the average salary per gender per job level is calculated based on real paid out amount through 2023. The gender pay gaps reported in this note are based on requirements in the Norwegian equality and anti-discrimination act, and will differ from the gaps reported for Norway in Note S1.6, which is based on median salary per gender on each job level, and calculated based on the nominal salary of each employee at year end.

GRI-reference: GRI Standards 405-2 (2016).

Gender proportion 2023				**Women's base salary compared to men's base salary for 2023**	
Job level	Women	Men	**Total**	Annual salary	Total compensation
Level 1	31%	69%	**298**	99%	96%
Level 2	19%	81%	**1,739**	97%	93%
Level 3	27%	73%	**151**	102%	92%
Level 4-5	27%	73%	**1,069**	104%	98%
Level 6-7	29%	71%	**628**	98%	95%
Level 8-9	37%	64%	**144**	97%	93%
Total	**24%**	**76%**	**4,029**	**106%**	**101%**

S1 Notes on diversity, inclusion, belonging

S1.8 Diversity in management

Reporting principles

Diversity data for the Board of Directors and Corporate Management Board (CMB) for Norsk Hydro ASA are counted per year end.

Diversity in management is reported for levels 0, 1, 2 and 3. Level 0 refers to the CEO, level 1 refers to Corporate Management Board (CMB), level 2 refers to persons reporting to CMB, and level 3 refers to persons that report to level 2.

GRI-reference: GRI Standards 405-1 (2016)

Share of women and non-Norwegians in management

	Women					Non-Norwegians				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Board of directors (11 members)[1)]	36%	36%	40%	40%	27%	27%	27%	30%	30%	27%
Corporate Management Board	40%	40%	44%	44%	40%	10%	10%	20%	10%	-
Management, levels 0-2	37%	37%	35%	31%	32%	29%	29%	34%	43%	37%
Management, levels 0-3	36%	35%	36%	32%	27%	44%	44%	41%	53%	60%

1) With four women among the seven shareholder-elected members and one woman among the three employee representatives on the Board of Directors, Hydro complies with the Norwegian legal requirements on female representation.

In addition to the groups above, Hydro also monitors gender distribution across additional staffing categories. In women leadership positions, with at least one person is reporting directly to them, we have a target of 25 percent by 2025. We also monitor women in white-collar staff positions. For this group the data include level 0, 1, 2, 3, 4 and 5 managers. We have set a target of 35% by 2025 in this category.

S1.9 Local representation

Reporting principles

Local representation in senior management for significant sites of operation.

Senior management is defined as the management group at each site (site managers and those reporting to them) in addition to business area management teams.

Local is defined at country level for Norway and at state level for Brazil.

GRI-reference: GRI standards 202-2 (2016)

Local representation in senior management

Share of senior management hired from local community	2023	2022	2021	2020	2019
Norway					
Production sites in Norway	100%	94%	88%	98%	97%
Aluminium Metal management team	91%	80%	80%	80%	77%
Extrusions management team	50%	43%	14%	29%	38%
Brazil					
Paragominas, Pará	14%	0%	15%	9%	9%
Barcarena, Pará	25%	9%	17%	22%	17%
Bauxite & Alumina management team	0%	9%	0%	0%	0%

S1.10 Employee engagement

Reporting principles

Data on inclusion and belonging is primarily based on Hydro's employee engagement survey, which comprises four dimensions of inclusion and belonging. The dimensions are described below. The survey is normally carried out for all employees every second year and was conducted in 2022.

The Employee engagement Index (EEI) measures the extent to which employees are engaged and motivated to contribute to organizational success and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals.

The Psychosocial Risk Indicator (PRI) measures drivers of work-related stress which affects employee mental health and wellbeing.

The Integrity Culture Index (ICI) measures the employee perception of Hydro's integrity culture.

The inclusion Index (II) measures perception of inclusion among Hydro employees. The index consists of eight questions related to diversity, equity, inclusion and belonging.

Hydro Monitor

	2022	2020	2018
Employee Engagement Index (EEI)	**76%**	72%	84%
Women	**76%**	70%	86%
Men	**76%**	72%	83%
Psycosocial Risk Index (PRI)	**76%**	75%	
Women	**75%**	73%	
Men	**76%**	75%	
Integrity Culture Index (ICI)	**78%**	76%	
Women	**78%**	75%	
Men	**78%**	76%	
Inclusion Index (II)	**76%**		
Women	**75%**		
Men	**76%**		
Response rate	**87%**	89%	88%

The long-term ambition is to be among the top 25 percent companies worldwide on EEI. Engagement has improved from 2020. In 2018, Extruded Solutions was not part of the survey, and the results are thus not directly comparable. Engagement has improved and is now on par with the industry benchmark.

The engagement survey is a tool to work with organizational development, therefore the most important part is that teams discuss the results, implement actions and follow-up results.

S1.11 Diversity and inclusion for Norwegian subsidiaries

Reporting principles

This note provides quantitative information required by the Norwegian Equality and Anti-Discrimination Act (Likestillings og diskrimineringsloven) for the following subsidiaries: Hydro Aluminium AS, Hycast AS, Sør-Norge Aluminium, Hydro Energi AS, Hydro Extruded Solutions AS, Hydro Extrusion Norway AS.

For a description of our approach and work related to diversity and inclusion in Hydro, the activities being undertaken to identify and analyze risk of discrimination, see Our people strategy and the section on Disclosures pursuant to the Norwegian Equality and Anti-Discrimination Act.

We report on pay equality and involuntary part-time every two years, in accordance have the Norwegian Equality and Anti-Discrimination Act.

Part-time employees normally work full time. The opportunity to work part time is considered a benefit for which a special application must be made. In 2023, 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.

In December 2023 Hydro agreed on a global parental leave policy for all employees. The global parental leave policy set a minimum standard, which gives 4 months fully paid leave for primary caregiver and one month fully paid leave for secondary caregiver. The global parental leave policy will be rolled out in 2024, however where local standard already has a more beneficial scheme, this will supersede the global plan. Local deviation to the global plan can also be maid if this is required by local law and/or regulations applicable in the jurisdiction.

In our employee engagement survey, we track perceptions of healthy balance between work and spare time and found stress level as important indicators for a sustainable work environment.

Hydro Monitor results for Norwegian subsidiaries 2022

	Employee Engagement Index (EEI)	Psycosocial Risk Index (PRI)	Integrity Culture Index (ICI)	Inclusion Index
All Hydro employees in Norway	**74%**	**75%**	**75%**	**76%**
Women	75%	74%	77%	79%
Men	73%	74%	75%	75%
Hydro Aluminium AS	**71%**	**72%**	**72%**	**72%**
Women	76%	76%	77%	74%
Men	71%	73%	72%	71%
Hycast AS	**48%**	**58%**	**55%**	**81%**
Women	40%	48%	47%	81%
Men	49%	61%	57%	81%
Sør-Norge Aluminium	**73%**	**74%**	**74%**	**81%**
Women	72%	73%	71%	81%
Men	73%	74%	74%	81%
Hydro Energy AS	**80%**	**81%**	**86%**	**76%**
Women	83%	76%	83%	76%
Men	79%	82%	86%	76%
Hydro Extruded Solutions AS	**92%**	**92%**	**92%**	**76%**
Women	97%	96%	96%	75%
Men	90%	85%	85%	76%
Hydro Extrusion Norway AS	**63%**	**78%**	**71%**	**76%**
Women	62%	70%	63%	75%
Men	62%	81%	73%	76%

Summary statistics 2023 - Norwegian entities

	Number of employees		Parental leave in weeks	Permanent employees in part time	Temporary employees on part time
	Permanent	Temporary			
All Hydro employees in Norway	**3828**	**855**	**2823**	**32**	**558**
Women	24%	39%	1432	41%	43%
Men	76%	61%	1391	59%	57%
Hydro Aluminium AS	**2439**	**662**	**1717**	**14**	**396**
Women	18%	37%	860	50%	42%
Men	82%	63%	857	50%	58%
Hycast AS	**65**	**5**	**21**	**2**	**2**
Women	17%	60%	-	50%	50%
Men	83%	40%	21	50%	50%
Sør-Norge Aluminium	**284**	**147**	**381**	**2**	**136**
Women	20%	48%	182	0%	49%
Men	80%	52%	199	100%	51%
Hydro Energy AS	**357**	**10**	**164**	**4**	**7**
Women	31%	10%	49	0%	0%
Men	69%	90%	115	100%	100%
Hydro REIN AS	**52**		**81**	**1**	**1**
Women	48%	0%	20	0%	0%
Men	52%	100%	61	100%	100%
Hydro Extruded Solutions AS	**45**	**2**	**86**	**2**	**2**
Women	31%	0%	67	0%	0%
Men	69%	100%	20	100%	100%
Hydro Extrusion Norway AS	**104**	**4**	NA*	**1**	**1**
Women	23%	25%		0%	0%
Men	77%	75%		100%	100%

* Data omitted due to limited sample size

S1 Notes on health and safety

S1.12 Injuries and lost time

Reporting principles

Health and safety data are prepared and reported to management on a monthly basis, based on data registered in Synergi and IMS, the reporting tools for health, safety, security and environmental incidents. The data covers employees and contractors at all consolidated units within Hydro, including sales offices and administrative functions.

Employees are workers under direct supervision of Hydro. For the purpose of recording health and safety statistics, employees include agency workers. Health and safety statistics for employees are included for the period they are employed by or otherwise in service for Hydro.

Contractors are workers who are under contract to execute work for Hydro, who are under the direct supervision of the contractor and operate at Hydro premises under Hydro's indirect supervision. Contractors are included during the period they are employed by or otherwise in service for Hydro.

Total recordable injuries (TRI) is calculated as the sum of lost time injuries (LTI) + restricted work cases (RWC) + medical treatment cases (MTC). LTI is a personal injury at work leading to unfitness for work and absence beyond the day of the accident. RWC is a personal injury at work that does not lead to absence beyond the day of the accident, because of alternative job assignment. MTC is treatment, other than first aid, administered by a physician or registered professional personnel under the standing orders of a physician.

TRI rate is calculated based on TRI per one million hours worked.

Fatal accidents comprise all fatalities resulting from a work-related incident.

GRI reference: GRI Standards 403-9 (2018).

Total recordable injuries, lost-time injuries, and fatal accidents[1)]

	2023	2022	2021	2020	2019
Total recordable injuries (TRI)	**237**	**227**	**299**	**224**	**278**
Employees	174	186	254	188	229
Contractors	63	41	45	36	49
Total recordable injuries (TRI) rate[2)]	**2.4**	**2.4**	**3.3**	**2.7**	**3.0**
Employees	2.8	3.0	3.9	3.0	3.3
Contractors	1.8	1.3	1.8	1.7	2.2
Lost-time injuries (LTI)	**128**	**115**	**156**	**119**	**119**
Employees	95	90	126	102	101
Contractors	33	25	30	17	18
Lost-time injuries (LTI) rate [3)]	**1.3**	**1.2**	**1.7**	**1.4**	**1.3**
Employees	1.5	1.4	2.0	1.6	1.5
Contractors	0.9	0.8	1.2	0.8	0.8
Total number of fatal accidents	**1**	**0**	**0**	**0**	**0**
Employees	0	0	0	0	0
Contractors	1	0	0	0	0

1) The numbers include discontinued operations
2) Number of recordable injuries per million working hours
3) Number of lost-time injuries per million working hours

The reported fatal accident in 2023 involved a contractor at our Alumina refinery, Alunorte, in Brazil. At the time of preparing the annual report, the incident is still under investigation to determine work relatedness and root cause. In addition to the statistics for our consolidated units, there was one fatality involving a contractor at our 50/50 joint venture Qatalum, in Qatar. In 2023, there was also one fatality involving a contractor at our previously part-owned MRN bauxite mine, and one fatality involving a contractor at the Vista Allegre solar power project in Brazil, which Hydro has exercised a call option to be an off taker from.

Total recordable injuries (TRI) per region[1)]

	2023	2022	2021	2020	2019
Total recordable injuries (TRI) employees	**2.4**	**2.4**	**3.3**	**2.7**	**3.0**
Employees	2.8	3.0	3.9	3.0	3.3
Contractors	1.8	1.3	1.8	1.6	2.2
TRI Norway	**3.0**	**3.2**	**4.7**	**3.0**	**3.8**
Employees	1.9	2.1	3.6	2.7	3.1
Contractors	9.5	12.9	15.0	7.5	10.2
TRI Germany	**3.3**	**2.6**	**6.0**	**5.4**	**4.5**
Employees	3.6	2.8	5.8	5.5	4.3
Contractors	0.0	0.0	8.5	4.3	5.5
TRI Brazil	**1.3**	**1.0**	**1.7**	**1.5**	**1.3**
Employees	1.5	1.6	2.6	2.0	1.5
Contractors	1.2	0.7	1.2	1.2	1.2
TRI US	**4.3**	**4.5**	**5.8**	**4.0**	**5.8**
Employees	4.0	4.6	5.9	4.0	5.9
Contractors	7.2	2.0	1.9	2.6	7.2

1) Number of recordable injuries per million working hours. The numbers include discontinued operations.

S1.13 High risk incidents

Reporting principles

High risk incidents (HRI) in Hydro's consolidated activities. HRI include major accidents and incidents with major potential. HRI rate is calculated as the number of high risk incidents per million hours worked.

GRI Reference: 403-9 (2018).

High risk incidents (HRI)

	2023	2022	2021	2020	2019
High risk incidents	67	75	122	140	190
HRI rate	0.69	0.80	1.36	1.66	2.08

S1.14 Occupational illness rate and sick leave

Reporting principles

Occupational illness rate in Hydro's consolidated activities.

Occupational illness rate is calculated as incidents of occupational ill health per million working hours. All potential cases shall be reported. Actual occupational illnesses are defined by Hydro as either illnesses that have been confirmed by relevant authorities/insurance companies or doctors (depending on the national system); or that have led to any kind of permanent disability, disablement pension, loss of function and/or are a listed occupational disease. The figure includes instances associated with discontinued operations.

Sick leave includes all absence due to illness, measured as number of days lost due to sick leave as a percentage of possible working days excluding holidays. Sick leave is recorded based on local definitions which may differ between countries.

GRI reference: GRI Standard 403-10 (2018)

Occupational illness rate[1)] and sick leave

	2023	2022 *	2021	2020	2019
Occupational illness rate[2)]	0.2	0.3	0.3	0.3	0.2
Sick leave, percent	3.5 %	4.1 %	3.8 %	4.2 %	3.7 %
Sick leave, Norway	4.5 %	4.7 %	4.9 %	4.5 %	4.5 %
Women	5.2 %	5.5 %	6.5 %	5.3 %	5.7 %
Men	4.3 %	4.4 %	4.5 %	4.5 %	4.2 %

* 2022 sick leave reported for Norway in the 2022 annual report was incorrect and based on the December 2022 data, not the annual total sick leave in 2022. This has been corrected in the 2023 annual report.

1) 2021 includes all Hydro sites, earlier years did not include Extrusions

2) Cases per million working hours. The numbers include discontinued operations.

S1.15 Social data for 50/50 joint venture Qatalum

Reporting principles

Number of employees and share of women is based on total manning at Qatalum per 31. December 2023.

TRI rate and fatal accidents are reported for the calendar year in full.

Social data for 50/50-owned Joint Venture Qatalum

	2023	2022	2021	2020	2019
Number of employees	999	1,064	1,060	1,059	1,137
Share of women	0	3.2%	3.3%	3.3%	3.6%
TRI rate, incidents per million hours worked	0.6 [1)]	0.6	0.3	1.7	0.7
TRI rate, (contractors)	-	3.0	1.4	0.7	0.7
Fatal accidents	1	-	-	-	1

1) 2023 TRI rate for employees and contrators under Qatalum supervision, combined. Previous years include employees only. The reported fatal accident in 2023 involved a contractor. There was also one fatal accident involving a contractor, in 2019.

Workers in the value chain

Why it matters

With more than 30,000 suppliers in over 40 countries and 30,000 customers worldwide, Hydro has a significant indirect impact on society and the environment through its value chain. Ensuring a responsible value chain is an essential element of Hydro's Just Transition framework, which sets out how Hydro as a company shall contribute to a future that is not only greener, but also socially just.

Hydro may indirectly impact workers positively through the creation of jobs. By setting high standards for suppliers on human and workers' rights, and engaging, influencing, and collaborating with Hydro's suppliers to improve their human rights commitments and management, the business may indirectly contribute to a high number of people having access to decent work, where their rights are respected.

However, Hydro's procurement includes raw materials, products and services from industries and geographies with an inherent risk to workers' rights. Potentially negative impacts in Hydro's value chain could relate to workers not having their rights respected, accidents or unintended incidents that result in injuries, ill health, or death.

Through Hydro's human rights due diligence process, the company has identified salient human rights risks for its business that have the potential to impact workers in its value chain (see list to the right).

Our approach

Hydro's work to ensure a responsible supply chain is an integrated part of its Just Transition framework. Please see the chapter Affected Communities for further details about the framework.

Transparency and traceability of key sustainability data for Hydro's products is an important foundation for Hydro's work to ensure a responsible supply chain, and Hydro's goal is to have the blueprint for a digital product passport on sustainability data in place by year-end 2025. In 2023, Hydro started a group wide project to build a common approach and model that supports the transfer of data along the value chain after a proof of concept in 2022. Hydro has established a roadmap which puts the company in a position to deliver this to customers and users by the end of 2025. The risk of negative impact to workers in the value chain is managed through Hydro's human rights due diligence. Please see the Human Rights chapter for further details about Hydro's human rights commitment and management. Hydro's approach to responsible sourcing is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and can be summarized in three steps:

1. Mapping of risks

All suppliers are subject to a qualification process, including a screening for risks related to human rights and workers' rights. As part of creating a common and consistent approach to supply chain management, Hydro has entered into agreement with the sustainability rating company EcoVadis. All suppliers that have a medium or high inherent risk, based on Hydro's risk categorization, are subject to further screening, using either EcoVadis or an alternative self-assessment form combined with desktop research. If Hydro identifies any concerns, the company conducts a more comprehensive review or audit of the potential supplier to clarify if the supplier meets Hydro's requirements before any agreements are signed. Following the initial supplier risk assessment, comprehensive assessments, including visits and audits or reviews, of suppliers with a high inherent sustainability risk shall be conducted regularly. The mandatory process for due diligence of all suppliers is described in the company-wide procedure, Sustainability in the supply chain, and is based on three levels of inherent sustainability risk levels.

Salient human rights risk for workers in the value chain

Forced labor, modern slavery and child labor abuse
Discrimination and harassment
Vulnerable individuals and groups
Freedom of association and collective bargaining
Access to information and participation in dialogue
Decent working conditions
Health and safety

Targets and ambitions

Transparency and traceability of key sustainability data for our products by 2025 or earlier

Performance

10,446
Suppliers screened in 2023

1,095
High sustainability-risk suppliers

2. Clear expectations

Hydro's Supplier Code of Conduct sets out the minimum sustainability requirements for all its suppliers. The code is based on internationally recognized standards such as the Universal Declaration of Human Rights and the ILO Core Conventions.

The principles set out in Hydro's Supplier Code of Conduct are made binding through contractual clauses. Hydro's Supplier Code of Conduct requires suppliers to conduct due diligence in their own supply chain, and sustainable procurement expectations are reflected in Hydro's supplier self-assessments, which is specified in its contracts and assessed in visits and audits.

3. Support and development

Hydro builds its relationship with its suppliers on mutual trust and development. Hydro works to strengthen and improve its suppliers' sustainability performance through efforts such as dialogue, knowledge-sharing, innovation processes, incentives, and supplier development programs. Hydro actively discusses and promotes human and workers' rights.

While failure to comply with Hydro's Supplier Code of Conduct may as a last resort result in a termination of the contract, Hydro always seeks to work with its suppliers with intention of continuous improvement as long as it considers this to be in the best interest of the people in its supply chain.

As a part of Hydro's work to strengthen its procurement processes, the company has also incorporated living wage requirements. According to the supplier Code of Conduct, wages and benefits paid for a standard working week shall as a minimum meet national legal or industry standards, whichever is higher. Wages should be sufficient to cover basic needs and provide some discretionary income.

Hydro engages and collaborates with stakeholders internally and externally when relevant, to help inform and evaluate the effectiveness of its approach to responsible sourcing. See the section on Partnerships for more information.

Due diligence of customers

Hydro follows closely regulations for sanctions or restrictions on countries and specific companies. Hydro regularly screens its list of customers and business partners for any potential sanctions.

In addition to this, Hydro conducts a sustainability due diligence process before it enters new sales contracts with partners in countries with identified high human rights risks.

In 2023, new business opportunities were stopped due to the limited opportunity to influence and mitigate potential adverse human rights impacts related to the project and country of operation.

Through 2023, Hydro has been engaged in several external network meetings to better understand how to implement human rights due diligence downstream in its value chain. Hydro plans to do a more comprehensive mapping of impacts in its downstream value chain in 2024.

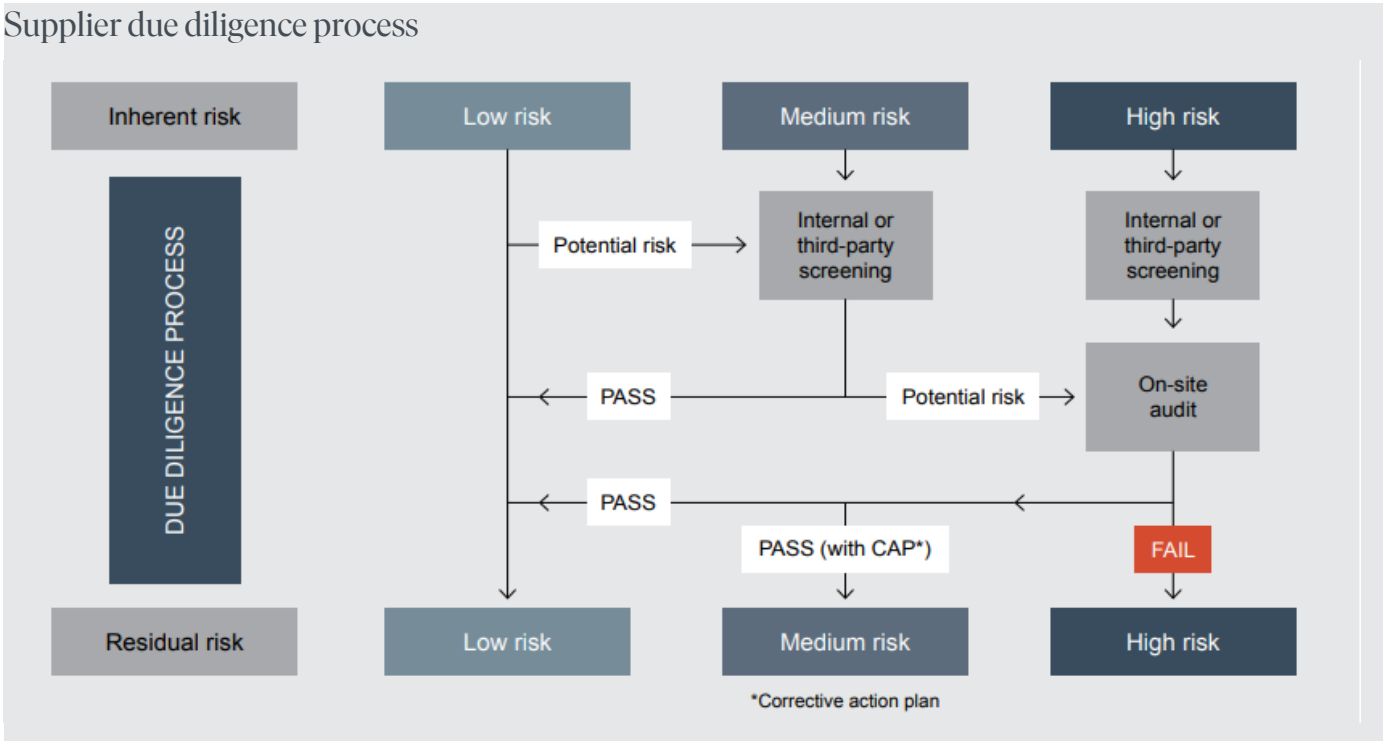
Supplier and business partner screening

As part of the integrity risk management process, more than 10,000 potential or existing counterparties were screened for human rights violations, corruption, money-laundering, politically exposed persons, and violations relating to sanctions using the RDC integrity risk tool during 2023. New business partners related to most operations are screened before registered in our ERP system. Hydro's operations in North America also use the denied-parties risk tool MK Denial to screen suppliers against 16 official sanction lists multiple times a year. In 2023, approximately 5,300 customers and suppliers were screened in MK Denial.

All suppliers, customers and other business partners registered in Hydro's main accounting systems are screened on a weekly basis against recognized international sanction lists. Hydro has developed a spend cube to visualize external spend, measure procurement initiatives, and manage supply chain risk.

Please see Note S2.1 for metrics related to supplier screening and due diligence activities.

Supplier due diligence process



Hydro's supply chain inputs

BAUXITE
- Diesel
- Flocculants

ALUMINA
- Coals (South America, USA)
- Fuel oil/diesel (Brazil)
- Caustic soda (USA)
- Bauxite (Brazil)
- Lime (Brazil)
- Sulphuric Acid (Brazil)

ENERGY
- 10 TWh captive hydropower production in Norway
- 6 TWh gas power in Qatar
- Remaining power (local)

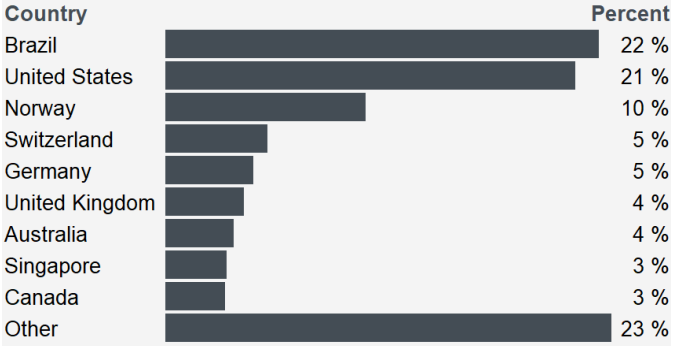
PRIMARY ALUMINIUM
- Alumina (Brazil, Australia, Europe, Jamaica)
- Anodes (Local, Europe, China)
- Coke (USA, China, Middle East, Europe, Norway)
- Pitch (Australia, China Europe, India)

CASTING
- Alloying metals (China, other Asia)
- Gas (local)
- Scrap metal (traders, local, global)
- Cold metal (EU/EEC, Americas)
- Liquid metal (local)

EXTRUSIONS
- Extrusion ingot (South America, North America, Europe, Middle East, Asia)

→ Labor, transport/logistics, catering, maintenance & security (mainly local) / Project related services, equipment, and materials (local and worldwide) →

Hydro's tier 1 sourcing countries*



*Data is based on Hydro's Spend Cube, covering most of our spend. Our tier 1 data includes the head office locations of our traders. Spend cube is still under development and does not encompass 100% of our spend.

Hydro's supply chain

Most of Hydro's suppliers are located in the same countries as Hydro's production facilities. Beyond Hydro's direct suppliers, Hydro's value chain cuts across a number of countries.

Hydro's Supplier Code of Conduct was revised in 2023, incorporating an explicit requirement for suppliers to conduct human rights due diligence in their own operations and value chain, in accordance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Throughout the year, Hydro continued the process to implement the procedure on sustainability in the supply chain to ensure a common approach across Hydro. Hydro established a cross-departmental taskforce, working to identify areas in its supply chain management where further measures may be needed to quality assure that our practice and guidelines is fully aligned with the OECD Guidelines. The taskforce will develop an improvement plan based on a currently ongoing mapping exercise. This plan will also be of aid when it comes to prioritizing Hydro's internal resources within this area.

Through regular assessment, follow-up and collaboration with selected high-risk suppliers Hydro contributes to continuous development. Hydro conducted 141 supplier audits in 2023 including topics related to human rights, working conditions and HSE.

Key findings from the audits relate to lack of management systems, environmental awareness, compliance controls and emergency preparedness. Around 30 percent of the audits led to action plans, and by the end of 2023, almost 100 percent of the corrective actions proposed by Hydro resulted in improved performance.

Hydro is an active member of the Aluminium Stewardship Initiative (ASI) and promote ASI's certification program to its aluminium suppliers for the sustainable development of their operations. Hydro also cooperates with other external stakeholders, such as unions and industry associations, to develop and implement supplier development programs.

Salient human rights risks affecting workers in the value chain

The following section will provide further descriptions of the salient human rights risks and impact related to workers in Hydro's value chain, including how the company works to mitigate these. Value chain risks and impacts related to land rights and resettlement are covered in the chapter Affected communities. Please see the chapter Human Rights for a more detailed description of our human rights due diligence process.

Brazil

In Brazil, potential risks within the supply chain include business integrity and human rights, particularly related to working conditions. To identify and address these risks, both existing and potential suppliers undergo a thorough "Supplier Diagnosis" process.

The human rights risks are assessed for category and country. The category assessment considers 54 categories, covering 95 percent

material spend and 100 percent of services. The country risk assessment considers the following topics: forced labor, freedom of association, child labor, rule of law, living standards, civil and political rights.

In addition to human rights risk assessments, suppliers undergo scrutiny against the national "Labor Compliance List," maintained by the Federal Labor Ministry. This list identifies companies in Brazil accused of subjecting workers to conditions analogous to slavery.

To maintain a high standard, existing suppliers undergo continuous monitoring and may be subject to human rights audits when deemed necessary. Suppliers may also apply to participate in a comprehensive supplier development program. In 2023, 30 supplier companies were invited to participate in the 4th edition of the program, which this year had a deep-dive on human rights and ethics in business.

China

Due to the limited state protection of human rights as well as restrictions on access to information, Hydro assesses the inherent risk of human rights impacts in China to be high.

The serious government sanctioned human rights violations in and outside Xinjiang against Uyghurs and other Muslim minorities is a particularly severe risk that Hydro monitors closely. While Hydro does not source material and alloys from the Xinjiang region, the company still has a number of alloy and raw material suppliers elsewhere in the country.

In 2023, Hydro conducted a human rights assessment of its operations and value chain in China, as an addition to its existing human rights supplier assessments programs. The project was led by an external human rights expert company, with the goal of identifying risks and reviewing Hydro's current due diligence processes.

Based on Hydro's salient risk review, suppliers were evaluated for forced labor risk (also beyond tier 2), health and safety risks; poor conditions of worker facilities and dormitories; risk of delayed wage payments or workers not receiving required overtime pay; differences between conditions for employees and subcontracted workers; and lack of access to grievance mechanisms and freedom to report issues.

The process was executed through a combination of document reviews, on-site visits and interviews with managers and workers at different supplier sites. Findings were triangulated with detailed desktop research.

The review did not identify any indications of forced labor at supplier sites. However, certain risk factors were identified and will be followed closely.

The issue of forced labor in the solar sector, particularly related to polysilicon production in the Xinjiang region, has been the subject of numerous reports and articles. Hydro Rein is currently participating in two large-scale solar projects through Joint Ventures (Mendubim and Boa Sorte). In both projects, the Joint Venture partner has led the procurement process and Hydro Rein has requested relevant information and measures before approving a contract, including mitigation plans to tackle forced labor risks.

To address the risks identified, Hydro Rein established a taskforce in 2023, which has worked on mapping and implementing good practice. This has e.g. included extensive supply chain mapping and collaboration with industry associations, including through the Solar Stewardship Initiative (SSI).

Qatar

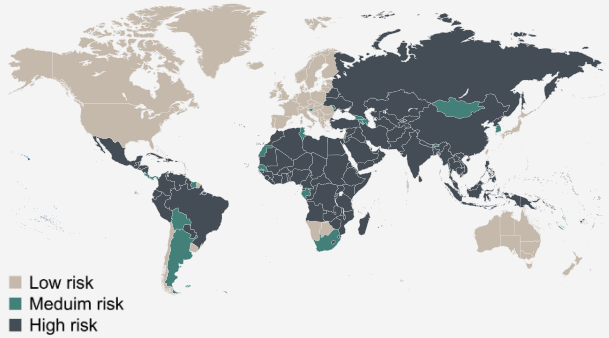
At the primary aluminium producer Qatalum, a joint venture where Hydro holds 50 percent, close to 75 percent of the roughly 1,350 workers are employed directly by Qatalum. The remaining 25 percent are temporary workers that are supervised by a Qatalum employed manager. Qatalum strives to secure good working conditions for all employees, and work continuously to assess, safeguard and improve the conditions of contracted workers.

Qatalum became a member of the Aluminium Stewardship Initiative (ASI) in 2021 and in 2022, Qatalum received its Performance and Chain of Custody standard certificates, a recognition that it is aligned with globally accepted standards on ESG. In 2023 Qatalum was audited by DNV against the new version of the Performance standard, and we aim to continue to work with Qatalum in addressing relevant findings and observations in the audit.

In 2023, Hydro continued its discussions with local stakeholders and organizations present in Qatar to address and discuss common challenges related to the recruitment of migrant workers, as well as sharing knowledge and good practice related to working conditions in Qatar.

Human rights country risk map

The map illustrates country-specific human rights risk scores, which are used by Hydro to assess the inherent sustainability risk of suppliers. The input data for this map was provided by the independent research organization Nomogaia and adjusted for Hydro specific factors.



Battery production

Hydro Batteries aims to develop leading sustainable battery materials businesses in Europe, by active investments in the battery value chain. This is part of Hydro's strategic direction towards 2025 to diversify and explore new opportunities in renewable energy. The potential human rights impact of battery production has been documented by a number of sources (see e.g. Amnesty International's "Powering Change or Business as Usual" detailing the impact of cobalt and copper mining on local communities in the DRC).

Hydro Batteries owns 24,1 percent of the company Corvus, which makes battery systems and has around 110 suppliers globally, including battery manufacturers. The batteries value chain is exposed to human rights risks in relation to the extraction and processing of minerals.

Corvus has identified the risk of child labor and modern slavery to be particularly high in the cobalt, tin and gold supply chains. We work closely with Corvus to support their human rights in the supply chain work, and have conducted trainings, workshops and seminars. We sit on their Sustainability Advisory Board and have included Corvus' supply chain in China in an ongoing human rights assessment. Hydro Batteries also owns 0,6 percent of Swedish cell manufacturer Northvolt, which has similar risks in their supply chains.

S2 Notes on Workers in the value chain

S2.1 Supplier metrics

Reporting principles

The data for the supplier metrics are retrieved from Hydro Spend Cube, which covers most of Hydro's spend on suppliers.

Total number of suppliers is based on vendor identity. A single supplier to Hydro may constitute multiple vendors if Hydro has purchased from multiple locations by the same supplier. Hydro estimates that the number total unique suppliers is approximately 30,000.

Local suppliers are defined as suppliers situated in the same country as the site making the purchase. Selection of local partners and suppliers/contractors shall be based on competitive bidding to the extent feasible, and in compliance with competition laws and regulations as well as Hydro's requirements.

Supplier metrics	2023
Total number of suppliers	41,589
Total spend on suppliers (NOK million)	142,833
% spent on local suppliers	65%

S2.2 Supplier due diligence

Reporting principles

Data on supplier screenings is collected from each procurement team.

Suppliers screened is based on the number of screenings done using different screening tools, including RDC integrity risk tool, the MK Denial sanctions screening tool, screenings using supplier self-assessment questionnaires, EcoVadis ESG screenings, and desktop assessments. The reported number is based on the total screenings performed using RDC, which is the most frequently used screening tool. The total number of screenings conducted is higher, as a single supplier is often screened multiple times using different screening tools.

Supplier audits is based on on-site audits conducted by either Hydro, or onsite audits conducted by a third party on behalf of Hydro.

GRI reference: GRI Standards 308-2 (2016) and 414-2 (2016).

Supplier due diligence	2023
Total suppliers screened	10,446
Total number of high sustainability risk suppliers	1,095
Supplier audits conducted	141
Supplier audits that lead to a corrective action plan for the supplier	50
Supplier contracts terminated due to sustainability risks	3

Affected communities

Why it matters

The large-scale and fast-paced changes that need to take place as part of the green transition will impact the communities in which Hydro operates. It is widely recognized that vulnerable communities will be the most affected unless these impacts are managed as part of the process. The 2015 Paris Agreement includes a clear recognition that the green transition must also be just, a recognition which has been further established and operationalized by the UN's 2030 Agenda "Leave No One Behind."

Hydro can only succeed as a company if the communities around also succeed. As a global aluminium and energy company extracting natural resources, operating in more than 40 countries, Hydro depends on local institutions and infrastructure. Trust and good relationships with local communities and the people living there are of key importance to Hydro operations.

Hydro's Just Transition framework has been established to ensure that Hydro's business contributes to a transition that is both green and just. By acting on this framework, Hydro's aim is to contribute to positive development in the societies where it operates.

Our approach

Hydro has developed a framework for supporting a just transition, through which the company seeks to contribute to positive development in the societies where it operates. The framework is focused around three key outcomes: People have human rights protected and have access to equal opportunities; Local communities are resilient in a changing world; People have the necessary skills and jobs for the future low-carbon economy. Hydro contributes towards these outcomes by respecting and promoting human rights, supporting positive local development, and investing in education.

Hydro's business activities impact a large number of people in local communities positively through job creation and local value creation. Hydro contributes to the societies to which it belongs by offering decent jobs, buying local goods and services, paying taxes and fees, establishing and maintaining infrastructure and supporting social programs and investments. The scale of Hydro's positive impact is linked to the scale of its operations in the local communities. Hydro contributes to greater local value creation in the communities near its larger plants.

Hydro's business also has the potential to adversely impact local communities. Hydro recognizes that the impact of its operations on land and water resources can affect local communities in which it operates. The management of such impacts is a key element of Hydro's sustainability agenda and of central importance in the company's stakeholder engagement in local communities.

Through Hydro's human rights due diligence process, the company has identified salient human rights risks for its business that have the potential to impact affected communities. These are listed in the table to the right.

Hydro recognizes the importance of its relationship with local and affected communities. Hydro is a global company, but its presence is ultimately local, and its approach towards society is reflected by this. Hydro's Just Transition framework is an example of how the company adjusts its role in affected communities as a result of Hydro's deeper understanding of what the journey towards a net-zero world means. The need for rapid development of renewable energy coupled with digitization has a profound impact on a wide range of the communities Hydro is located in, and the Just Transition framework has been developed in response to these impacts.

Salient human rights risk in affected communities

Health and safety
Discrimination and harassment
Access to information and participation in dialogue
Land rights and resettlement
Vulnerable individuals and groups

Just Transition definition:

"An economy-wide process that produces the plans, policies and investments that lead to a future where all jobs are green and decent, greenhouse gas emissions are at net-zero, poverty is eradicated, and communities are thriving and resilient."

Source: Just Transition Centre (part of the International Trade Union Confederation)

Targets and ambitions

Improve lives and livelihoods wherever we operate by contributing to

Protection of human rights and access to equal opportunities	Resilient local communities in a changing world	Skills and jobs for the future low carbon economy

Performance

411	NOK 123 million	40,000
Stakeholder dialogues conducted	Community investments, charitable donations and sponsorships, including TerPaz (local community centres)	People reached

Protection of human rights and access to equal opportunities

Respecting and promoting human rights is at the heart of Hydro's Just Transition work. While Hydro's ambition of improving lives and livelihoods wherever it operates goes beyond respecting human rights, the positive impact Hydro seeks to achieve can only be created when the rights of people affected by the company's operations and in its value chain are respected. Hydro's commitment to respecting the human rights in affected communities is set out in the company's Human Rights Policy.

Hydro identifies impact on local communities by mapping the local sustainability context and transition challenges where it operates, with reference to the Human Development Index, TI Corruption Perception Index, and salient human rights risks in the local communities. Hydro also engages in stakeholder dialogue to understand what is expected of the company, what is important to local communities, how Hydro impacts them and how the company can solve common challenges.

Potential human rights impacts on local communities are managed through the human rights due diligence process, as described in the Human Rights chapter. In the section on salient human rights risks in affected communities, Hydro describes the salient human rights risks identified in relation to the local communities where it operates or that is part of its value chain, as well as social programs implemented to mitigate these risks.

Resilient local communities in a changing world

A key element in Hydro's Just Transition framework is to strengthen the societies and communities where it operates. The way Hydro does this differs from country to country and between communities. The main contribution is generated from the company's operations through production and purchase of goods and services, direct and indirect job creation, and tax payments. Hydro also engages in capacity building through targeted programs, to develop the competence of groups as well as individuals.

In developing Hydro's Just Transition framework, the company has looked at the communities where it has the largest presence, as well as communities which are uniquely exposed to Just Transition challenges to prioritize Hydro's work. Some of these communities' face challenges related to poverty and inequality, physical climate change and challenges related to decarbonization efforts changing the nature of jobs and required skills. While Hydro's approach to supporting resilience varies depending on the local context, a common factor is the partnership approach, working with local partners with strong knowledge of the local context, as well as strong engagement with local community representatives.

Hydro has a number of social programs aimed at building local community resilience. Some of its community investments and programs are linked to for example mining license requirements in Brazil and regulated watersheds in Norway, while others are voluntary commitments. The programs target education, economic growth, decent work, entrepreneurship, capacity building and the strengthening of institutions.

In 2023, Hydro spent around NOK 123 million in total on community investments, charitable donations, sponsorships and TerPaz (local community centres). Excluding TerPaz, there is a 26 percent increase compared to the prior year, mainly due to our increased community efforts in Pará. Please see the Note S3.1 for more information.

In 2023, Hydro also developed a program to increase funding to projects aligned with the Just Transition priorities in the communities where it operates. The program will be launched in 2024.

Hydro also supports local communities through the transfer of competence that takes place through the company's cooperation with universities and research institutions. This includes the cooperation with three academic institutions in Pará, Brazil, and the University of Oslo through the Biodiversity Research Consortium Brazil-Norway. In addition, Hydro provides scholarships to selected PhD candidates doing research relevant for its business areas. Hydro is also the sponsor of a professorship in Norway and has several adjunct professors among its own employees. See the section on partnerships in the Business Conduct chapter for more information.

Skills and jobs for the future low carbon economy

A risk associated with decarbonization efforts is that social inequalities increase as new technologies introduce the need for a different type of skillset or bring other changes to the labor market. To address this, Hydro's Just Transition framework includes a focus on ensuring that people have the necessary skills and jobs for the future low-carbon economy.

Hydro's ambition is to equip 500,000 people with essential skills for the future economy by 2030. The insight from measuring the people reached and the impact of its initiatives make Hydro better equipped to select and execute future initiatives with a positive impact. In 2023, Hydro reached more than 40,000 people, which sets the total number reached to 197,000 people since 2018. Hydro is still on track to reach 500,000 by year-end 2030. Continuous improvement of current initiatives and the development of new high impact initiatives are important areas.

Salient human rights risks in affected communities

The following section provides further descriptions of the salient human rights risks and impacts in affected communities, including how Hydro works to mitigate these.

Hydro systematically monitors the impact of its mitigating actions. This involves regular data collection, performance evaluations, and stakeholder feedback. By using key performance indicators and collaborating with external partners, Hydro ensures its initiatives align with its mission and contribute positively to the communities where it operates.

Brazil

Hydro's Bauxite & Alumina activities are located in the Amazon, in the state of Pará where Hydro is operating a mine, a pipeline, and a alumina refinery, and has an ownership share of 51 percent in the aluminium smelter Albras. This region presents socio-economic challenges similar to other areas in the Amazon, affecting the well-being of its residents. Specifically, Paragominas, the location of the mine, and Barcarena, where the refinery and a smelter are situated, experience relatively low to middle income rates. Additionally, the cities along the bauxite pipeline, namely Tome-Açú, Moju, Abaetetuba, Acará, and Ipixuna do Pará, experience lower income generation. On average, these seven municipalities have a poverty rate of 39 percent, with approximately 40 percent of residents lacking access to sanitation.

Hydro's operations are neighbor to 28 Quilombola communities. Hydro does not operate in any legally demarcated indigenous land or territory.

Respect for human rights is at the core of Hydro's social license to operate and the context of its operations in Pará makes it important that Hydro takes a community approach to its human rights work. Hdryo's human rights due diligence process is informed by its social risk management and itsr social projects in the community emphasize active stakeholder involvement in addressing social challenges.

Human Rights Action Plan
In 2020, Norsk Hydro Brasil began the implementation of a Human Rights Action Plan to mitigate risks in the operations (Alunorte, Albras and Mineração Paragominas, including the pipeline) for the period 2020 to 2023. The implementation progress is currently at 94

percent of the initiatives for Bauxite and Alumina completed, including the following activities:

- Conducting human rights training for management, other employees and suppliers, including our grievance mechanism partner.
- Developing policies on anti-discrimination and harassment, and on traditional communities.
- Detailed mapping of traditional communities along the 244-km-long bauxite pipeline as well as advancements on the Quilombola study[1].
- Implementation of social initiatives and strengthening social dialogue with traditional communities.
- Enhance the incorporation of the Voluntary Principles for Security and Human Rights in security providers' contracts.
- Strengthening effectiveness criteria for grievance mechanisms.

A human rights consultancy will be hired to conduct a new thorough cycle of human rights due diligence of our operations in the state of Pará.

Social risk
Social risk management is handled by a dedicated team operating across various support areas. This specialized team is committed to managing and anticipating risks, ensuring a proactive approach to prevent potential challenges.

Social projects
Hydro has implemented a structured approach for effective and inclusive engagement with diverse communities in the region.

Since 2018, Hydro has supported the Sustainable Barcarena Initiative (SBI) to enhance community participation. This is an independent forum to support sustainable development in Barcarena. The overall aim is to bring local stakeholders together to discuss challenges and opportunities, strengthen capabilities and decide about the main social investments supported by the Hydro Sustainability Fund (HSF). In 2023, about 137 community leaders participated in meetings, dialogues or programs organized by the initiative.

SBI also plays an important role coordinating the financing rounds of Hydro Sustainability Fund (HSF) to ensure Hydro's social investments meet the local community's needs. In 2023, HSF supported 22 community based projects, including initiatives such as the installation of solar panels and the development of a beekeeping project in Quilombola traditional communities.

Aligned with Hydro's Just Transition framework, Hydro ran several social programs across the seven municipalities where it operates. These initiatives aim to contribute to the sustainable development of the territory, promoting a Just Transition through a particular focus education and skills, job and income generation, biodiversity and quality of life.

In addition, Hydro has a volunteering program for employees to increase internal engagement and address community needs. In 2023, over 1,500 employees participated in the volunteer programs in Brazil. The volunteers organized over 70 different activities, including food baskets donations, fundraising, seed planting and training for community leaders. The activities reached approximately 18,000 people.

Education and skills
In 2023, Hydro continued its efforts to provide educational activities and capacity building projects throughout the potentially affected communities where it operates. These initiatives aim to empower individuals and communities with the knowledge and skills necessary to enhance their economic well-being, fostering sustainable development and resilience against socio-economic challenges.

In 2023, Hydro's initiatives in Brazil promoted education and skills to 22,244 people, building up capacity in communities, including traditional Quilombolas along the bauxite pipeline to strengthen their job opportunities.

Among the initiatives, Hydro initiated in 2023, the "Synapse Network Program" in collaboration with the Brazilian National Development Bank (BNDES), focusing on training teachers to improve the teaching and learning of Portuguese and Mathematics in children's literacy cycle. The project is aligned with the Brazilian National Common Curricular Base (BNCC) and built to be effective in vulnerable and extreme-poverty regions. The project covers 38 Brazilian municipalities, and the Hydro partnership began operating in the city of Acará, one out of the 7 municipalities crossed by the pipeline. Our ambition is to expand the project to two additional municipalities along the pipeline in 2024.

In 2023, Hydro started supporting "Itinerários Amazônicos," an educational program focusing on training public teachers. The program discusses sustainable development, climate change, and traditional knowledge, using the Amazon as an example. The aim is to create teaching materials, drawing references from the forest. Public high school networks from eight states in the Legal Amazon region took part: Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Roraima and Tocantins. The program has been carried out by the Iungo and Reúna Institutes and by the Amazon Concertation Network, in partnership with the Brazilian National Development Bank (BNDES), Arapyaú Institute and Movimento Bem Maior.

Among Hydro's educational projects, the company maintained the "Território do Saber" Project. It provides educational activities to illiterate adults and training for public teachers in Paragominas. This project has reached more than 18,000 people since 2018.

To support professional qualification, Hydro completed the construction of a technical school in Barcarena in 2022, where the Alunorte refinery and the Albras aluminum factory are located. In 2023, Hydro has continued to support the local government in the planning to start the operations of the facility, scheduled to begin in February 2024.

Hydro promoted professional qualification courses for residents of six communities, three of which are Quilombolas, in partnership with SENAI (National Service of Industrial Apprenticeship), offering professional courses. Additionally, Hydro continued its partnership with the Casa Familiar Rural, the main educational institution in the Quilombola do Jambuaçu Territory.

In addition to this, Hydro also continued its training program for women in partnership with SENAI to increase the number of women working in its operations.

Job and income generation
Hydro continues programs to support livelihoods, particularly to promote income generation, such as traditional family farming. In Barcarena and Tomé-Açu, Hydro has provided training in agroecology practices for family farmers. In addition, Hydro sustained efforts to promote the marketing of products from local family producers, focusing on community agri-food entrepreneurship by the "Tiptix" project run by Hydro Sustainability Fund.

Biodiversity
Preserving biodiversity is an important element of Hydro's human rights approach. Hydro recognizes the vital link between healthy ecosystems and community well-being.

To support the preservation of the biodiversity in the Amazon region, Hydro runs several programs. This includes environmental efforts and collaborations such as the Biodiversity Research Consortium Brazil-Norway. In 2023, Hydro renewed the partnership for five more years. Since 2013, Hydro has invested approximately BRL 15 million through the partnership, supporting 26 research projects and 60 published scientific articles. For more information on this, please see our Biodiversity and ecosystems chapter.

1) Quilombola study is a formal procedure for engagement with traditional communities in the environmental licensing process in Brazil, developed according to the ILO 169 guidelines.

Quality of life
To contribute to local development and Quality of Life, Hydro also strengthened its community investments through partnerships with public authorities. In 2023, Hydro completed the delivery of three TerPaz local community centers, which are local community centers capable of accommodating about 1,500 people per day for cultural, educational, and medical assistance. To continue this effort, in 2023, Hydro signed a partnership for the construction of an additional six TerPaz local community centers in the municipalities where it operates along the pipeline.

In an area adjacent to Alunorte's and Albra's operations in Barcarena which is regulated for industrial purposes, illegal logging and irregular settlements have accelerated since 2016. Hydro is constantly engaging with competent authorities to find a social assistance plan for vulnerable families. In 2023, an Alunorte owned plot in the urban area of Barcarena, with no operational activities, was illegally occupied. Hydro engaged public authorities, who conducted the eviction process, ensuring respect for human rights. The case is under discussion in the Brazilian court.

Wind and solar projects in Brazil
Hydro Rein is currently engaged in three major projects in Brazil, Ventos de São Zacarias (VSZ), a wind project in the northeast of Brazil; Mendubim, a solar project in the northeast of Brazil; and Boa Sorte, a solar project in the southeast of Brazil.

In Ventos de São Zacarias, Rein has Green Investment Group as partner. There are two Quilombola communities in the vicinity of the project. A joint venture team, including environmental and social professionals from both investors, are responsible for following up identified environmental and social impacts throughout the project construction, including the potential impact on members of the two Quilombola communities. In 2023, two families were resettled, in line with a Resettlement Action Plan. A Livelihood Restoration Plan is being executed and the impact on the families is being monitored by VSZ's team for at least three years.

In Mendubim, Rein has Equinor and Scatec as partners, Scatec being responsible for building and operating the project.

In Boa Sorte, Rein has Atlas Renewables as partner. They are responsible for the building and operation of the project, including the execution of all environmental and social programs. Boa Sorte did not involve resettlements nor traditional communities.

Rein works with its business partners to ensure the implementation of IFC Performance Standards and the Equator Principles.

Canada

In Canada, Hydro's part-owned primary aluminium producer Alouette is in the vicinity of the Innu First Nation community. Alouette assesses, mitigates, and reports to Alouette Board of Directors on human rights risks as part of its risk management procedure, including risks impacting the local communities where it operates. There have been implemented relevant mitigating actions and engagement with Innu First Nation and provincial organizations and stakeholders on its commitments. As a result of this, Alouette has improved diversity in its organization by increasing the Innu First Nation workforce share, and increased community engagement on social issues. This is being measured through defined targets and reported to the Alouette Board of Directors.

Guinea

Hydro does not source bauxite directly from Guinea, but some of the alumina Hydro sources in Europe and a part of the primary metal sourced externally could have their bauxite origin in Guinea. The country's bauxite industry is associated with a high risk of human rights impact on communities, in particular related to land rights.

There are also concerns related to the health and safety of communities in the vicinity of mining operations. Due to small volumes and the indirect nature of Hydro's sourcing activities, Guinea has not been a country prioritized in the company's human rights due diligence in 2023. However, Hydro continued following the complaints process related to the expansion of the CBG mine raised to the Compliance Officer in CAO (the Compliance Advisor Ombudsman for the International Finance Corporation).

Norway

In Norway, Hydro has an offtake agreement with Nordic Wind Power DA for delivery of power from the new Fosen wind power installation. Nordic Wind Power is a minority owner of Fosen Vind DA. The projects on the Fosen peninsula are located within Sami reindeer grazing land. Agreements on mitigating measures and compensation for extra costs during the construction phase were previously entered into with the two affected reindeer herding groups.

In October 2021, the Norwegian supreme court determined that the construction of the wind park had not sufficiently taken into account the rights of the Sami population. The consequences of the verdict are being assessed by the ministry responsible. Hydro is monitoring the situation closely and is following up with the shareholders of Fosen Vind DA. In December 2023, the Sør-Fosen Sijte reindeer herding district and Fosen Vind entered into an agreement. Sør-Fosen Sijte will be granted access to additional land for winter grazing and will receive financial support for reindeer herding. Fosen Vind is allowed to continue using the area at Storheia for wind power production throughout the concession period. There has not yet been reached any agreement between the Nord-Fosen Siida and the wind company Roan Vind.

Indigenous peoples and traditional communities

Hydro respects the rights of indigenous people and traditional communities and acts in alignment with the UN Declaration on the Rights of Indigenous Peoples as well as the Indigenous and Tribal Peoples Convention (ILO Convention 169) in engagement with indigenous people and traditional communities. We recognize their rights to self-determination, to lands which they traditionally occupy, to their customs, traditions and institutions, and to free, prior and informed consent (FPIC).

Hydro does not own any mining and/or exploration concessions in indigenous lands.

Please see the chapter about Human Rights for further information about Hydro's human rights due diligence process.

Sweden

The wind farm project Stor-Skjälsjön is located near Sundvall in the northern part of Sweden where there is a Sami community. Hydro Rein has 25 percent ownership of the project. An adjacent Sami community will be impacted by the wind farm, as the areas are in some periods used for reindeer herding.

A review of environmental and social risks has been conducted. No known non-compliances with regulatory requirements or Hydro's policies have been identified. Legal agreements on cooperation between the Sami community and the wind farm during construction and operation have been signed and regular consultations held. Eolus, Rein's Swedish partner, is responsible for the development and stakeholder management. The impacts of the wind farm will be minimized through mitigative actions proposed by the community.

S3 Notes on Affected communities

S3.1 Community investments, donations, and sponsorships

Reporting principles

Community investments include monetary amounts and time spent to benefit the company as well as the communities. Community investments relate to long-term strategic involvement in, and partnership with, community organizations to address a limited range of social issues chosen by Hydro to protect its long-term shareholder and stakeholder interests.

Charitable donations include one-off or occasional support to good causes in response to the needs and appeals of charitable and community organizations, requests from employees or in reaction to external events such as emergency relief situations.

Sponsorships include business-related activities in the community to directly support the success of the company, promoting its corporate and brand identities and other policies, in partnership with charities and community-based organizations.

TerPaz (local community centres) include Hydro's contributions to public initiatives in the state of Pará, Brazil, focusing on the social development of the local communities. The initiatives includes construction of social centers or peace houses that provide residents with access to services such as medical and legal services, training and professional courses.

All Hydro sites report annually on all community investments, charitable donations, sponsorships, and other related initiatives.

Community investments, charitable donations and sponsorships

NOK million	2023	2022	2021	2020	2019
Community investments [1)]	48	51	30	42	50
Charitable donations and Sponsorships [1)]	48	25	25	14	9
TerPaz (local community centres)	27	179			
Total	**123**	**255**	**55**	**56**	**59**

1) In 2021 we included Hydro Extrusions in the reported numbers for the first time.

In addition to the above, Hydro spent 521,000 NOK on the technical school in Barcarena, which was completed in 2022.

The increase in charitable donations and sponsorships is mainly due to an increase in charitable donations in B&A. The numbers are not directly comparable to historical figures due to different practices in collecting the information. In addition to this, the 2022 numbers for Hydro Extrusions have been updated.

S3.2 Social responsibility target

Reporting principles

Education refers to initiatives within the formal educational system, from elementary school to university. Examples of initiatives include training of teachers and external scholarships.

Capacity, or competence building refer to all training and competence building outside formal educational systems. Examples include trainees and Hydro's supplier development program established in Brazil.

We have developed a framework and methodology for counting people impacted by our programs and initiatives to ensure consistency in how we measure progress across the company. The methodology covers initiatives related to education and capacity building and can be accessed on our webpage.

Social responsibility taget

1,000 people reached	Accumulated since 2018	2023	2022	2021	2020	2019
Education and capacity building	**197**	**40**	**25**	**21**	**60**	**28**

All business areas are contributing in line with the original ambition setting of reaching 500,000 people with our education and capacity building programs.

Based on the total number in 2023, 80% are related to education and 20% are related to capacity building.

The increase in the 2023 number compared to 2022 is primarily driven by one major program in B&A in Brazil. This is a partnership with other organizations, but due to Hydro's pivotal role we count the complete number of people reached instead of just the equity share. Hydro B&A had a role both in the initial planning and structuring phase of the program as well as being the first fund provider which was a critical role in garnering interest from other investors to the program, fostering a collaborative and diverse financial support system.

Note that the 2020 results were significantly higher due to one particular initiative in India, reaching close to 30,000 people.

Consumers and end users

Why it matters

Hydro is committed to delivering high quality products and managing product related liabilities. Delivering on Hydro's customers' expectations is crucial to build strong partnerships and to deliver on its commercial ambitions and targets.

Hydro can have a commercial and financial upside from providing customers with transparent, quality information on the product quality it delivers, with a traceable value chain. On the other hand, failure to deliver on the expectations from its customers and end users can result in loss of business, litigation and negative reputation that could affect Hydro's cash flow and financial results.

Our approach

Hydro continuously works to improve the traceability of its value chain so that it can provide its customers with transparent, quality information on provenance and the product quality it delivers.

Hydro is an important material supplier for many of its customers. If Hydro fails to deliver on product quality specifications, this may have a negative impact on end users of the products produced by Hydro's customers. Hydro follows strict procedures for managing health, safety, and environment aspect of its products throughout its total life cycle.

Hydro identifies and measures its impacts on customers and end users by tracking customer satisfaction, engaging in partnerships and direct dialogue with its customers, and by monitoring complaints and incidents reported to Hydro. See our Note S4.1 on Customer satisfaction, as well as the Note G1.1 on cases reported in the Business conduct chapter.

Product quality and liabilities

Product quality comprises quality specifications in the use phase of Hydro's products as well as criteria for carbon footprint and environmental impact of our products. To meet customer expectations for product quality and responsible value chain, Hydro is working to certify its production sites according to the Aluminium Stewardship Initiative (ASI). Hydro is an active ASI member, and 79 of its production sites have been certified, covering Hydro's value chain from bauxite to finished products. Hydro's certifications are summarized in Note S4 Certifications. See also Hydro's information on compliance in the Business conduct chapter.

Product stewardship

Product stewardship is the responsible and ethical management of the health, safety and environmental aspects of a product throughout its total life cycle. Hydro engages in dialogue with customers and other stakeholders regarding the environmental impact of its processes and products. Hydro performs life-cycle assessments (LCAs) for all major product groups to identify improvement potential. With other aluminium producers, Hydro has developed a pan-European network of national initiatives to promote and recycle aluminium packaging.

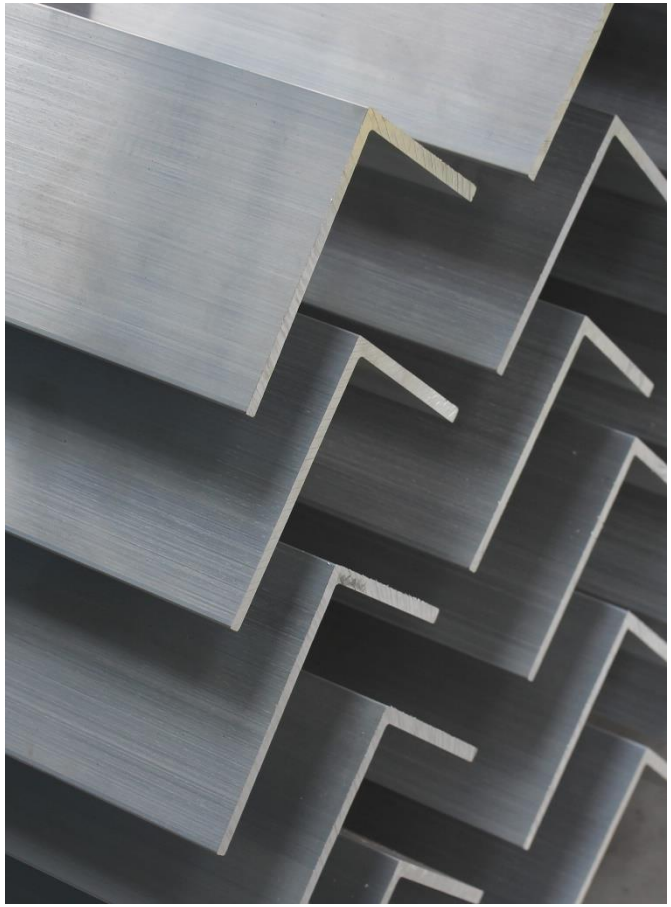
Hydro's products are subject to compliance declarations according to different EU and US legislations. In the EU, this includes registration, evaluation, authorisation and restriction of chemicals (REACH), restriction of hazardous substances (RoHS), sourcing data in line with the Conflict Minerals Regulation, and information in relation to the End-of-Life Vehicle (ELV) Directive for Hydro's customers in the automotive segment. In the US, this includes the compliance with the Toxic Substances Control Act and California's proposition 65. This gives Hydro's customers assurance that its aluminium profiles do not contain the prohibited substances above the defined limits.

Collaborating on product quality

Innovation and development initiatives are carried out in close collaboration between Hydro's production units, R&D organization and customers. Hydro emphasizes three main areas: the quality of its products, the efficiency of its production system and the development of new alloys.

Quality improvements are closely linked to Hydro's customer technical service, which addresses customer needs while improving its own casthouse process. Hydro develops new alloys with distinct properties to support the development of new or enhanced applications within industries such as automotive, building and construction, and electronics. This work begins with developing an understanding of metallurgical processes that forms the basis for sample compositions and production methodologies carried out in laboratory or test production facilities. Full-scale testing is often completed with customers and/or end-users.

In the Extrusion Europe and Extrusion North America business units in Hydro's Extrusion business area, innovation, R&D and application development is predominantly targeted toward the growth in automotive and especially the e-mobility BIW structural markets. The commercial transportation market is another key area. For the Precision Tubing business unit in Hydro's Extrusions business area, innovation targets new aluminium applications, such as fuel and brake lines, with aluminium replacing copper and steel, resulting in lighter products with comparable performance. Moreover, Hydro develops aluminium based material concepts for battery components and integrated solutions for thermal management and battery modules.



S4 Notes on Consumers and end users

S4.1 Customer satisfaction

Reporting principles

As a commercial company facing the business-to-business market, Hydro has a strong focus on customer satisfaction, with a defined KPI for Hydro's CEO. We measure customer satisfaction based on on-time delivery (OTD) statistics, equally weighted between the two business areas Aluminium Metal (AM) and Extrusions (HE); and customer satisfaction as measured through a study in AM.

The customer satisfaction study in AM covers more than 100 participants comprising both external customers and internal customers in HE. Customers are interviewed on several quality aspects such as specifications conformity, extrudability, billet surface quality, technical service and support and professionalism. The measurement is the relative value which assesses AM's performance from the customers point of view and relative to its competitors on quality (product, service and image), and price.

On-time deilvery (OTD)

Percent (%)	2023	2022	2021	2020
Aluminimum Metal	93	91	92	95
Extruded solutions	93	90	84	93
Average	**93**	**90.5**	**88**	**94**

Hydro was ranked number 1 among its competitors in the AM customer satisfaction study in 2023. The score is based on relative percieved price and relative percieved quality, from the customers point of view.

S4.2 Certifications

Reporting principles

According to Hydro's policy, all operational sites shall comply with, but not necessarily be certified according to ISO 9001, ISO 14001 and ISO 45001. Certification according to these standards is a decentralized responsibility based on identified business needs. OHSAS 18001 is discontinued and has been replaced by ISO 45001.

Hydro's power plants in Norway have chosen not to be certified. However, they are fulfilling the requirements given in the mentioned standards. In addition, the power plants need to comply with the requirements given by the Norwegian Water Resource and Energy Directorate (NVE), i.e. concessions for operations as well as environmental, third person safety, security and emergency preparedness regulations. The table below shows the distribution of certification of the other operational sites in Hydro.

In addition to the mentioned ISO, several sites are also certified according to different sector and customer specific standards. Examples of such certifications are the IATF 16949 for the automotive industry, and the Aluminium Stewardship Initiative (ASI). In 2023, 29 new sites received the ASI certification.

Share of relevant operational sites certified

	ISO 9001	ISO 14001	ISO 45001	ASI
Eligible	96	94	91	91
Certified	89	89	72	79
Percentage certified	**93%**	**95%**	**79%**	**87%**

IATF 16949 is fully aligned with the structure and requirements of ISO 9001 and is required by customers that produce service parts or parts for car assembly. Of our sites delivering to the automotive industry, 86 percent are certified according to the IATF 16949.

All fully-owned smelters, 6 remelters and 19 Extrusion sites are also certified according to the ISO 50001 Energy Management systems, representing 62 percent of Hydro's total electricity consumption.

Business conduct

Why it matters

As a global aluminium and renewable energy company with operations in more than 40 countries, interaction with large number of business partners, including more than 30,000 suppliers, Hydro depends on transparency, trust, ethical conduct and compliance throughout its organization and value chain.

Compliance with applicable laws, regulations and Hydro's policies, procedures and guidelines can help mitigate a range of risks, including those associated with corruption, competition, economic sanctions, human rights, security, health, safety, environment, data privacy, and corporate reporting requirements.

Failure to comply with applicable regulations and expectations for responsible business conduct can result in loss of license to operate and could expose Hydro to investigations, criminal and civil sanctions such as fines and penalties, materially impacting financial results. In addition, there could be adverse consequences for individuals and reputational damage for the company.

Our approach

Hydro can have a positive impact and contribute to responsible business conduct by acting with integrity, operating according to high ethical standards, and by requiring its business partners to comply with the same standards of conduct.

Hydro aims to have a positive impact on the fight against bribery, corruption, and human rights breaches through its partnerships, and actively engage with public authorities and other stakeholders on these issues.

Hydro monitors business conduct incidents through cases reported to line management, supporting staff functions, Hydro's grievance mechanisms, AlertLine, quarterly and year-end compliance reporting from its business areas, and information collected from Hydro's legal and compliance departments.

Hydro is committed to applying ethical business practices and compliance throughout its organization and supply chain. Hydro's board sanctioned Code of Conduct creates the foundation that supports its efforts to do the right things, and to always act with integrity throughout its global organization, wherever it operates and conducts business, on behalf of Hydro.

In Hydro, compliance is defined as adherence to applicable laws and regulations as well as Hydro's governance documents. Specific policies and procedures as well as guidelines have been established to assist line management to adhere to Hydro's compliance requirements. Special emphasis is made on reducing the risk of non-compliance within financial reporting, anti-corruption, competition, data privacy, economic sanctions, human rights, security, health, safety and environment. Read more about Hydro's human rights management in the Human Rights chapter.

Hydro's compliance system is based on a clear governance structure defining roles and responsibilities regarding compliance and all compliance related activities undertaken throughout the company. For legal entities where Hydro holds less than 100 percent of the voting rights, Hydro is working through their boards of directors to promote the principles in Hydro's Code of Conduct and its governance documents. In 2023, Hydro continued to strengthen the compliance program through various updates and improvements.

The management of compliance risks are integrated in Hydro's business planning, enterprise risk management and follow up process, including relevant risk-mitigating actions and relevant key performance indicators. The progress of actions as well as any non-compliance matters are addressed in the quarterly internal board meetings that each business area has with the CEO, and an annual compliance report is submitted to the Board of Directors. The chief compliance officer reports to the Board of Directors through the board audit committee at his own discretion. In addition, he participates in all board audit committee meetings and provides quarterly compliance updates to the audit committee. He also meets with the board of directors periodically.

An integrity culture index was introduced in Hydro's employee engagement survey in 2020, benchmarking the employee perception of its integrity culture. The overall score of the index was within the first quartile of the defined external benchmark, which was one of the KPIs of the CEO scorecard. The results provided Hydro with a good basis for specific and tailored compliance activities which were undertaken since. In 2023, the integrity culture index was measured again and the scores showed a positive trend since 2020. The KPI will again be on the CEO KPI scorecard in 2024.

Hydro is committed to building a culture of trust where employees are comfortable to ask questions, seek guidance, raise concerns, and report suspected violations to our Code of Conduct, applicable laws or regulations or Hydro's obligations. Concerns and complaints can be raised with local management, but employees may also raise the issue directly with Human Resources, HSE, union representatives, Compliance or Legal. Employees, on-site contractors, and others may also use Hydro's confidential reporting channel, the AlertLine, where concerns can be reported to Group Internal Audit & Investigation. The AlertLine allows anonymous reporting, is available in applicable languages and reports can be made online or via toll-free phone numbers listed at Hydro's intranet or on Hydro.com. For further information about the use of our global grievance mechanism and the AlertLine, please see the Human Rights chapter and Note G1.

Targets and ambitions

Commitment to building a culture of integrity and trust

Performance

651
Cases reported through AlertLine

21,213
Compliance awareness and training modules completed

78
Integrity culture index

The Chief Audit Executive (CAE) reports to Hydro's Board of Directors and the Board Audit Committee. The CAE participates in all Board Audit Committee meetings and provides quarterly updates to the Committee and Corporate Management on matters reported through the AlertLine. Hydro's Group Internal Audit & Investigation has resources in Norway, Brazil and North America.

Data protection and cybersecurity

Hydro's global data protection constitutes the company's binding corporate rules for data protection (BCR) and ensures compliance with the EU General Data Protection Regulation (GDPR). Designated data privacy coordinators for all business areas and staff functions form part of the data privacy network chaired by the head of data privacy. We are continuously working on the robustness of the data privacy network, which is seen as a key point for a well-functioning data privacy program. With a program established in 2018, Hydro has also worked on several data privacy program improvements in procedures and supporting processes to ensure continuous fit to the business.

Cybercrime is increasing globally, exposing Hydro to a range of threats to the integrity, availability and confidentiality of our systems. Threats may include attempts to access information, ransomware attacks, destructive installation of viruses, denial of service and other digital security breaches.

A breach of cyber security could result in a broad range of impacts including HSE events, financial and reputational, operational disruptions and the leakage of private or confidential data.

Hydro's CFO is the executive sponsor and owner of Hydro's group wide multiyear cyber security improvement program following the cyber attack on Hydro in 2019. Further, the Board Audit Committee exercises oversight over Hydro's aggregated risk profile, including cyber risk, and has had a deep dive session on cyber security in 2023.

Cyber security risk assessment is an integrated part of Hydro's enterprise risk management system, in order to facilitate the business areas' awareness on cyber security risk to their critical assets and operations. Critical assets both in plants and in the enterprise IT platform are subject to security monitoring as well as internal and external requirements to security. All personnel with access to sensitive information are bound to secrecy and required to handle information according to corporate guidelines and requirements.

Hydro's enterprise IT platform provides services as digital collaboration, enterprise resource planning, personnel databases and systems for external reporting. This platform is being modernized to withstand the developing cyber security threats and also segregated from plant industrial control systems. Ethical hacking and security testing of the enterprise IT platform as well as critical assets in the plants is also executed on a regular basis.

Driving security awareness and cultural change with Hydro personnel is an important measure for cyber risk mitigation, with yearly training plans with yearly training plans for all 13000 IT users and role specific training within Industrial Control System security and other areas. Training of crisis management relating to cyber security incident scenarios is conducted at regular intervals on group level.

Compliance training

In Hydro, compliance awareness training is provided on a range of topics and consists of classroom-training, workshops, town hall meetings and various e-learning modules. In 2023, training was provided on topics in anti-corruption, Hydro's code of Conduct, competition law, data privacy, trade sanctions, human rights, integrity and market regulations. Compliance training is mainly carried out by Group Compliance and Group Legal, but other group functions and compliance professionals in the business areas also carry out compliance training. See Note S1.5 for metrics on training activities completed by Hydro's employees in 2023.

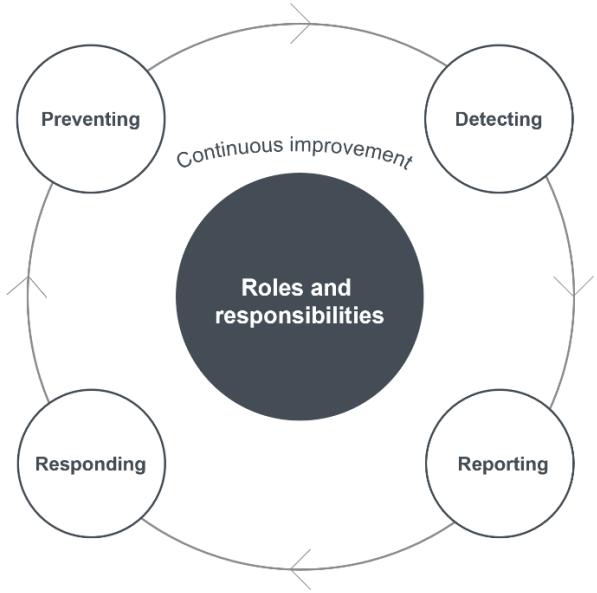
Management of relationships with suppliers

Combating corruption and respecting human rights are integral to Hydro's supplier requirements. See the Workers in the value chain chapter for information about Hydro's supply chain and how the company screens its suppliers and business partners.

Transparency

Transparency is key to creating a global level playing field as well as to safeguard the company's reputation. Hydro reports in accordance with the GRI Standards and supports the Extractive Industries Transparency Initiative (EITI). Since 2005, Hydro has reported payments to host governments related to exploration and extraction activities for bauxite. Hydro also complies with the Norwegian legal requirements on country-by-country reporting. In accordance with the Norwegian Transparency Act, the UK Modern Slavery Act and the Australia Modern Slavery Act, Hydro publishes a transparency statement and an account of due diligence assessments, see the Human Rights chapter. In addition, Hydro follows the Euronext guidelines to issuers for Environmental, Social and Governance (ESG) reporting.

Integrity and compliance



Partnerships

Hydro works through industry and aluminium associations to improve the ESG standards within its industry and to establish a level playing field for global aluminium production. Hydro is a member of the International Council on Mining and Metals (ICMM), which gives the company the opportunity to participate in the development of industry practices on the environmental and social issues and to share best practices. Hydro is also a founding member of the Aluminium Stewardship Initiative (ASI). To increase Hydro's knowledge and secure a science-based approach to rehabilitation, the Biodiversity Research Consortium Brazil-Norway (BRC) was established in 2013. Please see the chapter on Biodiversity and ecosystems for more information on BRC.

Joining forces in collective action is critical in the fight against corruption. Hydro has had a partnership with Transparency International Norway for many years. Hydro is also a member of the

Maritime Anti-Corruption Network (MACN), which provides valuable insight into the maritime industry – an important part of Hydro's supply chain. Through Alunorte, Albras, Mineração Paragominas and Norsk Hydro Brasil, Hydro has been a signatory of the Business Pact for Integrity and Against Corruption since 2018. The Pact is developed by the Ethos Institute in partnership with global organizations such as the United Nations and the World Economic Forum, seeking to unite companies with the objective of promoting a more ethical market and to eradicate bribery and corruption in Brazil. Hydro companies in Brazil had improvements in their integrity results reported in the Integrity Ethos Indicators.

In Norway, Hydro received support from several public institutions to further develop its smelter and casthouse technology as well as its downstream activities. These include The Research Council of Norway, Enova, Innovation Norway and Prosessindustriens Miljøfond. The majority of the support from The Research Council of Norway is paid directly to projects administered or partnered by Hydro at the Norwegian University of Science and Technology (NTNU), SINTEF or Institute for Energy Technology (IFE). We are a partner in four centers for research-based innovation, supported by The Research Council of Norway: SFI Metal Production, SFI Center for Advanced Structural Analysis, SFI Manufacturing and SFI Physical Metallurgy. These are cross-disciplinary R&D programs with a frame of up to eight years. Hydro is also a partner in similar centers for environment-friendly energy (FME).

Hydro also participates in other national and EU-funded R&D projects on post-consumer scrap recycling technology, following market demand for products with a low-carbon footprint. Hydro's R&D program includes joint projects with external research institutes such as SINTEF, NTNU, IFE and the University of Oslo in Norway and the University of Auckland in New Zealand.

Hydro has had a long-standing partnership with Amnesty International Norway since 2002. The partnership is based on human rights education and dialogue meetings on relevant human rights dilemmas. Hydro is also an active member of the Nordic Business Network for Human Rights coordinated by the Danish Institute for Human Rights. To contribute to the development and strengthening of the human rights management and procedures, Hydro participates in other relevant forums, such as ICMM, ASI and UN Forum on Business and Human Rights.

Hydro is a Signature Partner of UNICEF Norway to contribute to quality education for children and adolescents. For information about Hydro's community investments and social programs, see the Community investments and social programs in Note S3.

In addition, Hydro cooperates with global and local industry organizations, NGOs and other organizations. See Note G1.5 and Hydro.com more information on partnerships.

Public affairs and lobbying

Hydro recognizes the value of engaging with public authorities and other stakeholders in relation to the development of various policy initiatives that impact its industry. Hydro interacts primarily with decision makers in countries where it has significant operations, such as Norway, Brazil and the U.S., as well as with regional structures like the European Union institutions. These interactions are mainly related to securing competitive, stable and predictable industry framework conditions, taxes and legislation that affect Hydro's activities. Hydro's public affairs activities are generally focused on issues related to energy, climate, sustainability, and trade.

Hydro promotes its views on issues of importance either through direct interaction with public authorities and other stakeholders, or through various industry associations. See GRI Standards 2-29 in our GRI Index at Hydro.com/gri.

In addition, Hydro participates in think tanks, especially in Brussels, and engage regularly in discussions with various NGOs

Most resources are dedicated to advocacy activities within the EU, Brazil, the U.S. and Norway, through business associations, and to direct dialogue with authorities and decision makers. When relevant, Hydro is in dialogue with applicable tax authorities in Norway, the EU and Brazil. Hydro may also discuss fundamental tax developments and issues with other enterprises.

Hydro supports the principles of free and fair trade, and efforts to create a global level playing field. In our advocacy, Hydro also supports the climate targets set in the Paris Agreement.

Hydro supports market-based solutions for pricing of carbon emissions, like the EU Emissions Trading System (ETS). A decisive part of the EU regulation is the ability to compensate for the extra cost occurring within the EU, in order to maintain competitiveness for global industries like aluminium. Pricing of emissions from imported products through a Carbon Border Adjustment Mechanism (CBAM) is scheduled to replace existing carbon leakage measures with a phase-in starting in 2026. The reporting period started on October 1, 2023. For the aluminium industry it's important that CBAM is reviewed and tested both before final implementation and continuously during the live phase, that loopholes in the mechanism are closed and that indirect cost compensation remains as an important carbon leakage instrument.

The European Green Deal was announced by the EU Commission in 2019, increased European climate protection targets 2030 were decided in December 2020, and the EU presented in July 2021 their Fit-for-55 proposal to enable greenhouse gas reductions in the next decade. It is a roadmap on policies to achieve carbon neutrality in the EU by 2050, and includes policies to develop markets for low-carbon and circular products, in combination with stricter targets for emission reduction. Hydro is seeing interesting opportunities in both this roadmap, and in the Commission's initiatives on Circular Economy and Critical Raw Materials, as long as it is combined with competitive framework conditions. Most regulatory proposals under the Green Deal have been adopted during 2023. Additional initiatives under the Green Deal Industrial Plan, such as the Critical Raw Materials Act and Net Zero Industry Act should be finally adopted in 2024.

The EU agenda on energy markets and renewable energy has continued through 2023. Hydro's main view is that Europe first and foremost needs more renewable energy production capacity, and that market interventions should be temporary and targeted at alleviating costs for vulnerable consumers. In the long term, markets should be allowed to function to provide the right pricing signals for investments in renewable energy production.

In 2023, the EU and the U.S. have negotiated on a Global Arrangement on Sustainable Steel and Aluminium (GASSA). Hydro has followed this process closely with a view to securing proper definitions of what should be considered sustainable. The negotiations are set to continue until sometime in 2024.

The Norwegian government has presented revised framework conditions for development of onshore wind power, and for the CO_2-compensation mechanism. Hydro is advocating for framework conditions enabling development in new renewable power, supporting Hydro's long term industrial ambitions and decarbonizing agenda, and continuation of the CO_2-compensation mechanism in Norway to secure competitive energy cost and avoid carbon leakage.

In 2023, a total of 15 full-time equivalents (FTE) were dedicated to public affairs and lobbying. This includes eight FTEs in Brazil and four in the EU (Brussels office) and three in Norway. Within the EU, lobbying activities are publicly reported through the EU Transparency Register. To get a full overview of all Hydro's memberships in different industry associations see Hydro.com.

According to Hydro's global directives, Hydro may not make financial contributions to political parties. Hydro has no indications that such contributions took place in 2023.

Non-compliance with business conduct standards

Non-compliance cases are normally reported to line management and/or supporting staff functions including Group Compliance, Group Internal Audit and Investigations, Human Resources, Legal, HSE, Finance and Accounting. Non-compliances can also be reported through Hydro's AlertLine, which offers the possibility of anonymous reporting, unless otherwise prohibited by local law, or Canal Direto, the grievance channel designed for external stakeholders in Brazil. See Note G1.1 for further information.

Non-compliances with laws and regulations

Significant non-compliance cases are defined as all material pending or threatened litigation and claims to which a consolidated Hydro company is party. Instances of non-compliance with laws or regulations that have resulted in a fine of NOK 1 million, as well as instances that could have a material effect on Hydro's reputation or commercial outlook, are reported below.

In 2023, Hydro registered two new non-compliances with laws and regulations that resulted in significant fines. See Note G1.2 for more information.

Regarding the previously reported case related to air and water environmental compliance issues in Hydro's casthouse The Dalles, Oregon, U.S., civil matters were resolved by paying 765,000 USD in 2021. In relation to criminal proceedings for the same case, Hydro executed a plea agreement in which Hydro admitted to a federal misdemeanor charge of negligent endangerment in violation of the Clean Air Act and agreed to pay a criminal fine of 550,000 USD, as well as restitution to any victims (to be determined later). Hydro formally pled guilty during an in-person hearing on January 24, 2023. On December 11, 2023, a U.S. federal district court formally sentenced Hydro to an agreed-upon criminal fine of USD 550,000 for the Clean Air Act violations. Hydro has worked to improve the monitoring, operating, and recordkeeping efforts of The Dalles facility and invested approximately USD 36 million to upgrade the facility with a new casting line, natural gas melting furnace, and emissions control system. Following the completion of these investments, the site's air quality permit was updated in December 2023, allowing the facility to process a broad range of aluminum scrap.

No material incidents of non-compliance with regulations and voluntary codes concerning the impacts of our products and services on children's health and safety, were reported in 2023.

Lawsuits related to the 2018 Alunorte rainfall event

The cases below are developments in 2023 related to lawsuits filed after the 2018 Alunorte Rainfall event by associations or public entities. For an overview of the Alunorte rainfall event, please see Hydro's Annual Report 2018.

On August 1, 2019: About 100 Individuals from Abaetetuba and Barcarena (State of Pará) filed a lawsuit against Alunorte. The case relates to the 2018 rainfall incident and claims that Alunorte contaminated the environment, and due to this, the plaintiffs are not able to sustain their livelihoods as farmers and fishermen and are requesting material and moral compensation. Currently there are 102 lawsuits filed by several individuals with the same allegations and requests. From the total of 142 cases, in 102 cases the Court issued a decision to stay the cases while final decision under the Instituto Barcarena Socioambiental (IBS) call action is rendered. The remaining 40 cases are ongoing and awaiting a decision on the stay request in the lower Court.

On February 5, 2021, Cainquiama and nine Brazilian individuals filed a lawsuit with the Rotterdam District Court, in the Netherlands, against Hydro's Dutch entities and Norsk Hydro ASA (Hydro) seeking compensation for alleged financial damages and personal injuries suffered as a result of Alunorte and Albras activities in the municipality of Barcarena, Brazil. According to the plaintiffs, Hydro's Dutch entities and Hydro are part of Alunorte and Albras' corporate group and therefore should be liable for alleged environmental violations caused in the municipality of Barcarena throughout the years. The lawsuit is ongoing and an interim judgement on the formal aspects of the lawsuits, including on how and if the case will continue is expected to take place during the first half of 2024.

Besides the lawsuit filed with the Rotterdam District Court, five lawsuits were previously filed by Cainquiama and other associations in Brazil after the 2018 rainfall event alleging pollution from Alunorte, Albras and Hydro Paragominas, as well as impact on the communities located in Barcarena and surroundings. All the lawsuits are pending at the lower court.

Other cases

Following an overflow of storm water from the bauxite residue deposits at Alunorte in 2009, there are still legal issues pending. In 2012, more than 5,400 lawsuits related to the overflow were filed by individuals with the local court. Of the 5,400 lawsuits, only four are still ongoing pending final decision. All the other lawsuits were closed with favorable decision to Alunorte. Besides these cases, there are also two class actions filed by local associations under which unfavorable decisions were issued against Alunorte. The decisions understood that Alunorte was liable for damages caused to the claimants and, therefore, compensation should be paid. The cases are pending appeal with the Superior Court of Justice. In addition, a criminal lawsuit was also filed by the Federal Public Prosecutor Office (MPF) on this same event. According to MPF, Alunorte should be liable for 3 alleged crimes: (i) Simple pollution due to the undersizing of spillways and free edges of the DRS 1 that did not withstand the high rainfall, resulting in the overflow of the basin and consequent pollution in the Murucupi River, as provided for in art. 54, caput of the Environmental Crimes Law; (ii) Qualified pollution due to the release of untreated effluents into the Pará River, as provided for in art. 54, §2, item V of the Environmental Crimes Law and; (iii) Obstructing and hindering the inspection of an environmental agency (IBAMA) provided for in art. 69 of the Environmental Crimes Act. Related to the alleged crimes "i" and "iii", the Court redered a decision recognizing the statute of limitation. The case is currently pending decision related to the alleged crime of pollution to Pará River ("ii").

In respect of the alleged inappropriate disposal of waste in Ulianópolis Municipality, in September 2011, a civil class action was filed by the Municipality of Ulianópolis against Albras and Alunorte and several other companies. The plaintiff seeks remediation of environmental damage and compensation for collective moral damages, considering their alleged contribution to environmental damages related to previous disposal of waste through Companhia Brasileira de Bauxita (CBB). Albras and Alunorte are parties in the class action, as both delivered waste to CBB prior to 2003. The class action was filed after an attempt from the Municipality of Ulianópolis together with the State Environmental Agency - Semas, to negotiate a settlement with all the companies involved. Albras and Alunorte did not agree to the terms of the proposed settlement as they had already removed their waste from the site. The class action is currently suspended due to the execution of an Adjustment Conduct Commitment (CAC) by the group of companies which Alunorte and Albras are part of.

G1 Notes on Business conduct

G1.1 Non-compliance with business conduct standards

Reporting principles

Non-compliance cases are normally reported to line management and/or supporting staff functions including Group Compliance, Group Internal Audit and Investigations, Human Resources, Legal, HSE, Finance and Accounting. Non-compliances can also be reported through Hydro's confidential reporting channel, the AlertLine. Every report made through the AlertLine is classified as a case, meaning that several cases could be related to the same issue.

The number of dismissals due to breach of Hydro policy is limited to cases reported to Hydro's Internal Audit.

Cases reported regarding breaches of Hydro policy

	2023	2022	2021	2020	2019
Number of cases reported through AlertLine (or similar)					
Total cases reported	**651**	**433**	**273**	**224**	**347**
Dismissals due to breaches of policy[1)]	8	17	5	4	20
Alleged cases of harassment	63	56	51	57	90
Alleged cases of discrimination	43	41	13	14	25
Alleged cases of discrimination and/or harassment					
Total cases	**106**	**97**	**64**	**71**	**115**
Confirmed cases of discrimination and/or harassment					
Total cases	**37**	**35**	**16**	**23**	**41**
Confirmed cases of harassment	19	25	12	18	34
Confirmed cases of discrimination	18	10	4	5	7
Alleged cases of corruption, fraud, corruption and/or conflict of interest					
Total cases	**36**	**22**	**26**	**24**	**48**
Confirmed cases of corruption, fraud, corruption and/or conflict of interest					
Total cases	**2**	**5**	**3**	**5**	**9**
Confirmed cases of corruption	0	0	0	1	2
Confirmed cases of fraud	0	2	2	4	4
Confirmed cases of conflict of interest	2	3	1	0	3

1) Total number of dismissals due to breaches of Hydro policy of which Hydro's Internal Audit is informed

In 2023, we have had several awareness raising campaigns about AlertLine, which might be a reason for the significant increase in total number of cases reported in 2023. The increase in the number of confirmed cases of discrimination is partly a result of certain cases being reported several times by the same person or by several persons. There was no significant increase in the severity of the cases in 2023.

In addition to the reported cases in the table above, Hydro received 468 notices in Canal Direto in 2023, the grievance channel designed for external stakeholders in Brazil. Out of the total, 8% were submitted anonymously. The majority of the entries, 91,23%, relate to information request ranging from supplier registration, contracts and human resources. The majority of notices received were registered through our toll-free number (0800), while 20% came from email and 29% through Hydro website. A set of improvements were performed in Canal Direto along 2023: the third-party service supplier team was trained on ways to improve service quality as well as on human rights related aspects.

G1.2 Non-compliance with laws and regulations

Reporting principles

Significant non-compliance cases are defined as all material pending or threatened litigation and claims to which a consolidated Hydro company is party. Instances of non-compliance with laws or regulations that have resulted in a fine of NOK 1 million, as well as instances that could have a material effect on Hydro's reputation or commercial outlook, are reported below.

Cases are reported by the compliance and legal functions in each business area.

Total fines received are calculated based on the monetary value of fines issued in the reporting year. Fines issued in the reporting year may be paid in full, or may be subject to further consideration by a court or other legal body.

Non-compliance with laws and regulations

	2023[1)]	2022	2021	2020	2019
Number of significant non-compliances with laws and regulations					
Total non-compliance cases	**3**	**0**	**2**	**0**	**1**
Number of fines received	2	0	2	0	1
Non-monetary sanctions	1	0	0	0	0
Total fines received in the reporting year for non-compliance with laws and regulations (NOK 1000)					
Fines for non-compliance	4,178	0	0	0	0

1) Numbers not directly comparable to previous years due to lower threshold for what is considered a material non-compliance case

A total of NOK 4,2 million in fines were received in 2023. Both cases resulting in fines are related to alleged irregularities in the payment of Unemployment Guarantee Fund for Hydro's Albras and Alunorte operations. The companies have appealed administratively for a review of the fines.

G1.3 Compliance training

Reporting principles

Compliance training includes e-learning courses and classroom training related to compliance and business conduct. Compliance training is reported based on training modules completed; one employee may complete several e-learning modules related to the same topic and/or participate in both classroom training and e-learning courses on the same topic.

See Note S1.5 for information on other mandatory and voluntary training in Hydro.

Compliance training

	2023	2022	2021
Completed training modules, by topic			
Anti-corruption	6,697	20,495	6,470
Code of Conduct	4,615	19,232	7,990
General integrity	1,509	994	317
Competition	1,372	1,743	1,207
Human rights	3,599	1,881	182
Data privacy	9,916	9,385	9,110
Trade sanctions	795	1,869	239
Market regulations	710	917	194
Total modules completed	**29,213**	**56,516**	**25,709**

In 2022, we had a Group-wide e-learning campaign on anti-corruption and several campaigns categorized under “Code of Conduct” as a risk area. This explains the relatively high numbers in 2022 for those topics.

G1.4 Current income tax

Reporting principles

Current income tax for Hydro’s consolidated activities and significant locations of operation is based on Hydro’s financial statements. See Note 10.1 Income taxes to the consolidated financial statement for more information.

Current income tax 1)

NOK Million	2023	2022	2021	2020	2019
Norway	**3,371**	**3,678**	**1,990**	**709**	**665**
Germany	3	(69)	81	12	38
France	80	130	161	112	36
Spain	40	62	44	21	(0)
The Netherlands	81	50	30	19	30
Slovakia	81	644	114	17	6
Sweden	68	(11)	57	89	23
Poland	8	54	57	48	40
Luxembourg	39	119	34	14	28
Denmark	(1)	0	30	36	11
Austria	43	62	55	33	39
Hungary	78	62	72	41	41
Belgium	33	60	14	5	7
Other EU	72	54	34	17	10
Total EU	**626**	**1,217**	**782**	**466**	**307**
Switzerland	87	14	6	9	8
Other Europe	2	49	8	-	-
Total Europe	**4,086**	**4,959**	**2,786**	**1,184**	**980**
USA	307	424	53	154	167
Canada	141	296	384	92	21
Brazil	136	1,145	1,238	540	291
Asia	75	69	80	36	37
Other	45	(1)	23	13	16
Total outside Europe	**704**	**1,933**	**1,779**	**835**	**532**
Total	**4,790**	**6,891**	**4,565**	**2,019**	**1,512**

1) Includes joint operations that are included in Hydro’s financial statements on a line-by-line basis. Please see note 3.1 to the consolidated financial statements for more information about joint operations.

G1.5 Partnerships and commitments

Reporting principles

Information on Hydro's most important partnerships and commitments.

ASI

The Aluminium Stewardship Initiative (ASI) is a global, multi-stakeholder, non-profit standards setting and certification organization. The ASI works toward responsible production, sourcing and stewardship of aluminium following an entire value chain approach.

Hydro is an active member of the Aluminium Stewardship Initiative. ASI's mission is to recognize and collaboratively foster the responsible production, sourcing and stewardship of aluminium. We have been involved at all stages in the multistakeholder development of ASI standards to date. We have participated in developing ASI's certification program. The third-party certification platform was launched in December 2017. Until publication of this report, 65 production sites have been certified according to the ASI Performance Standard, covering Hydro's value chain from bauxite mining to finished products. Hydro has also certified several sites according to the Chain of Custody standard and delivered the first ASI certified metal to a customer in July 2019.

Hydro's GRI index provides an overview of how Hydro reporting on ASI's 11 principles and underlying criteria. The mapping of ASI principles in the GRI index is included in the external auditor's consistency check of Hydro's GRI index.

Global Reporting Initiative and the GRI Standards

Hydro uses the GRI Standards for voluntary reporting of sustainable development. GRI collaborates with the United Nations Environment Program and UN Global Compact. Hydro has reported according to GRI since 2003.

We believe that our reporting is in accordance with GRI's reporting principles in all material respects as defined by the GRI Universal Standards (2021). Hydro's GRI Content Index 2023 can be found at Hydro.com/gri.

The sustainability reporting's adherence to the GRI Standards is subject to limited assurance by our external auditors, KPMG. The assurance, as outlined in the Independent Auditor's Assurance report, concludes that the report is presented, in all material respects, in accordance with the GRI Standards.

ICMM

Hydro is a member of the International Council on Mining and Metals and reports according to the ICMM requirements. That includes Hydro's reporting in accordance with the GRI Standards, see the section about GRI above. The reporting is also prepared in line with the requirements found in the ICMM 10 principles and position statements for the consolidated group. In addition, we have updated a self-assessment of the fulfillment of the performance expectations for Hydro Paragominas, Alunorte and Albras, all in Brazil, and Hydro's five fully-owned primary aluminium production plants, all in Norway, please see Note G1.6.

UN Global Compact Communication of progress

We support the principles of the UN Global Compact. Human rights, international labor standards, working against corruption and environmental considerations are fundamental to our approach to corporate responsibility. Hydro has played an active role in the Global Compact since its formation. Our commitment is expressed by the Chair of the Board of directors and the CEO in their letter to stakeholders. Our Communication on progress (COP) in relation to the Compact's 10 principles is at the Advanced level and thus also reflects the Global Compact's 21 advanced criteria. The consistency of the information in Hydro's annual report 2023 with the information in the Hydro Communication on Progress 2023 has been reconciled by our auditors. See Hydro.com for more information. United Nations (UN) Guiding Principles on Business and Human Rights The United Nations (UN) Guiding Principles on Business and Human Rights (hereafter UNGPs) were endorsed by the UN Human Rights Council in June 2011. They have provided a clear, global understanding of governmental duties and corporate responsibilities for human rights. The UNGPs articulate that wherever and however a company operates, it must refrain from violating human rights. Companies are expected to be fully aware of their human rights impacts, take concrete steps to address them and implement measures to mitigate negative impacts in the future. Companies are also expected to communicate any impacts or risks of impacts, and mitigating actions. Hydro is committed to transparency, including through this annual report.

Hydro reports on our adherence with the UNGPs in the GRI index. This is also included in external auditor's consistency check of Hydro's GRI index. We also report according to relevant laws that are based on the UNGPs, including the Norwegian Transparency Act 2021, the UK Modern Slavery Act 2015, and the Australia Modern Slavery Act 2018. The most salient and prioritized human rights issues are reported the Human rights chapter.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) embrace a universal approach to the sustainable development agenda. They explicitly call on business to use creativity and innovation to address development challenges and recognize the need for governments to encourage sustainability reporting. Hydro has an impact on all of the 17 development goals, but some more than others. For an assessment of how Hydro's activities impacts each of the 17 SDGs, see the SDG Index.

TCFD - Task Force on Climate-related Financial Disclosures

Hydro is a signatory to the TCFD recommendations. TCFD was formed by the Financial Stability Board in 2015. The recommendations were made public in June 2017. Hydro launched a new climate strategy in 2019 that takes into account scenario analysis. These include:

- New policies: similar to a 2°C scenario in line with the Paris agreement
- Current policies: similar to a 4°C scenario and in line with already adopted measures
- Physical risks: stress testing of physical risks under a 6°C scenario

The TCFD index shows an overview of Hydro's reporting on the TCFD recommendations. All page references relate to Hydro's Annual Report.

G1.6 ICMM Performance Expectations

Reporting principles

Through our membership in the International Council on Mining and Metals (ICMM), we are committed to comply with ICMM's Performance Expectations. For 2023, we have made a self-assessment of our fulfillment of the performance expectations for Hydro Paragominas, Alunorte and Albras, all in Brazil, and Hydro's four fully-owned primary aluminium production plants, all in Norway.

All applicable operations are certified according to the ASI Performance and Chain of Custody standards. ICMM indicators that are aligned with ASI indicators are, according to the ICMM methodology, regarded as externally validated. Remaining indicators have been subject to a self-assessment. The self-assessments of Paragominas and Alunorte have been reviewed by our external auditor KPMG as part of their limited assurance of Hydro's ESG reporting 2023. See KPMG's report for more information. For Paragominas and Alunorte, KPMG has made a third-party validation of the indicators not covered by ASI certifications.

In accordance with ICMM requirements, we also need to prioritize the self-assessments of each operation for third party validation required from the financial year 2023 within a three year cycle. Our prioritization is risk based (industry and geography) and in the following order:

1. Bauxite & Alumina (Paragominas and Alunorte) in Brazil – third party validation performed for 2023
2. Primary aluminium production in Brazil (Albras)
3. Primary aluminium production in Norway (Husnes, Høyanger, Karmøy, Sunndal, Årdal).

Site	Activity	Ownership share	ASI certified indicators	KPMG validated indicators	Self-assessed indicators - fully met	Self-assessed indicators - partially met	Not applicable indicators	Total	Comments
Paragominas	Bauxite mining	100%	23	13	-	0	2	36	
Alunorte	Alumina refining	62%	23	13	-	0	2	36	
Albras	Primary aluminium production	51%	23	0	9	2	4	32	Albras partially meets the performance expectation 6.2. In 2023, Albras has had progress on its roadmap for full adherence including water management improvement. Performance expectation 6.5 is also partially met. The planned fuel switch project, aligned with the expectation, is still under development. The project will reduce CO, CO_2 and SO_X emissions. The project also provides control systems, easier to operate, less downtime, no need of compressed air, and improved energy efficiency.
Husnes	Primary aluminium production	100%	23	0	11	0	4	34	
Høyanger	Primary aluminium production	100%	23	0	11	0	4	34	
Karmøy	Primary aluminium production	100%	23	0	11	0	4	34	
Sunndal	Primary aluminium production	100%	23	0	11	0	4	34	
Årdal	Primary aluminium production	100%	23	0	11	0	4	34	

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To the Board of Directors of Norsk Hydro ASA

Independent Limited Assurance Report on Hydro's 2023 sustainability reporting

Scope of the engagement

We have been engaged by the Corporate Management Board of Norsk Hydro ASA ("Hydro") to provide an independent assurance report in respect of Hydro's 2023 sustainability statements ("the Report", see section 5 Sustainability Statements) included in Hydro's Annual Report 2023.

We have performed the assurance engagement to obtain limited assurance that the Report is prepared, in all material respects, in accordance with the Global Reporting Initiative ("GRI") Standards and the reporting criteria as described in the section "General information" in the Report.

The scope of our limited assurance engagement excludes future events or the achievability of the objectives, targets and expectations of Hydro. The scope also excludes information contained in webpages referred to in the Report unless specified in this limited assurance report. We do not express a conclusion as to whether Hydro's reporting in all material respects is prepared in accordance with the ESRS standards.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this limited assurance report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained nothing has come to our attention, to indicate that the Report is not presented, in all material respects, in accordance with the GRI Standards and the applied reporting criteria as described in the section "General information" in the Report.

Management's responsibilities

The Board of Directors and the Corporate Management Board ("management") are responsible for the preparation of the Report, and that the information and assertions contained within it, are in accordance with the GRI Standards and the reporting criteria as described in the section "General information" in the Report.

Management is also responsible for such internal control as management determines is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error, and for preventing and detecting fraud and for identifying and ensuring that Hydro complies with laws and regulations applicable to its activities.

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform the engagement to obtain limited assurance about whether

the Report is free from material misstatement.

Procedures performed

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. The procedures selected depend on our understanding of the Report and other engagement circumstances, and our considerations of areas where material misstatements are likely to arise. Our procedures included:

- A risk analysis, including a media search, to identify relevant sustainability issues for Hydro in the reporting period;
- Inquiries of management to gain an understanding of Hydro's processes for determining the material issues for Hydro's key stakeholder groups;
- Interviews with senior management and relevant staff at corporate and business area level, and selected sites, concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the corporate and business area level responsible for providing the information, carrying out internal control procedures and consolidating the data in the Report;
- Site visits to three production sites in Europe to review the source data and the design and implementation of controls and validation procedures at local level;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Report;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Hydro;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report;
- Assessment of Hydro's reporting in relation to Subject Matters 1 to 5 as set out in International Council on Mining and Metals ("ICMM") Assurance and Validation Procedure;
- Assessment of Hydro's self-declared commitment to the Aluminium Stewardship Initiative's ("ASI")11 principles and underlying criteria;
- Validation of Hydro's self-assessments on the ICMM Performance Expectations for the Brazilian sites prioritized for third party validation (Paragominas and Alunorte) on the ICMM indicators not covered by ASI indicators and review of Hydro's self-assessment on the ICMM Performance Expectations for the Primary aluminium production sites, set out in ICMM Assurance and Validation Procedure;
- Comparing the information presented in the Report to the GRI Standards and the applied reporting criteria as described in the section "General information" in the Report; and
- Assessment of the GRI index as provided on Hydro's webpages.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control, it is possible that errors or misstatements in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Oslo, 13 February 2024
KPMG AS

Monica Hansen
State Authorised Public Accountant

Torbjörn Westman
Sustainability Specialist

Financial Statements

Consolidated financial statements

Consolidated income statements

Amounts in NOK million (except per share amounts). Years ended December 31	Notes	2023	2022
Revenue	1.4 3.1	193,619	207,929
Share of the profit (loss) in equity accounted investments	1.4 3.1	492	1,337
Other income, net	5.2	4,152	4,406
Total revenue and income		198,263	213,672
Raw material and energy expense	5.3	123,538	129,373
Employee benefit expense	9.2	25,931	22,886
Depreciation and amortization expense	2.4	9,394	8,593
Impairment of non-current assets	2.5	4,421	336
Other expenses		25,387	21,769
Total expenses		188,671	182,957
Earnings before financial items and tax		9,592	30,715
Interest and other finance income	7.5	1,302	619
Foreign currency exchange gain (loss)	7.5	(2,084)	2,192
Interest and other finance expense	7.5	(2,264)	(1,161)
Finance income (expense), net		(3,046)	1,649
Income (loss) before tax		6,546	32,365
Income taxes	10.	(3,742)	(7,984)
Income (loss) from continuing operations		2,804	24,381
Income (loss) from discontinued operations	1.5	-	36
Net income (loss)		2,804	24,417
Net income (loss) attributable to non-controlling interests		(778)	263
Net income (loss) attributable to Hydro shareholders		3,583	24,154
Basic and diluted earnings per share from continuing operations	7.6	1.77	11.76
Basic and diluted earnings per share from discontinued operations	7.6	-	0.02
Basic and diluted earnings per share attributable to Hydro shareholders	7.6	1.77	11.78

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of other comprehensive income

Amounts in NOK million. Years ended December 31	Notes	2023	2022
Net income (loss)		2,804	24,417
Other comprehensive income			
Items that will not be reclassified to income statement			
Remeasurement post-employment benefits, net of tax	7.6	(805)	784
Unrealized gain (loss) on securities, net of tax	7.6, 8.2	(135)	40
Total		(940)	824
Items that will be reclassified to income statement			
Currency translation differences, net of tax	7.6	5,138	8,428
Currency translation differences, net of tax, divestment of foreign operation	7.6	(4)	(4)
Cash flow hedges, net of tax	7.6, 8.3	272	624
Share of other comprehensive income that will be reclassified to income statement of equity accounted investments, net of tax	7.6	(3)	6
Total		5,403	9,054
Other comprehensive income		4,463	9,878
Total comprehensive income		7,267	34,295
Total comprehensive income attributable to non-controlling interests		(311)	1,252
Total comprehensive income attributable to Hydro shareholders		7,578	33,043

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated balance sheets

Amounts in NOK million, December 31	Notes	2023	2022
Assets			
Cash and cash equivalents	7.2	24,618	29,805
Short-term investments	7.3	2,641	4,173
Trade and other receivables	6.2	25,404	23,988
Inventories	6.1	25,449	30,035
Other current financial assets	8.2	1,900	1,127
Total current assets		80,012	89,128
Assets held for sale	1.5	3,685	-
Property, plant and equipment	2.1	74,981	62,656
Intangible assets	2.2, 2.3	8,447	9,280
Investments accounted for using the equity method	3.1	21,228	21,222
Other non-current assets	2.7, 8.2	6,389	5,596
Prepaid pension	9.3	8,664	8,573
Deferred tax assets	10.1	3,055	2,163
Total non-current assets		122,764	109,490
Total assets		**206,462**	**198,618**

Amounts in NOK million, December 31	Notes	2023	2022
Liabilities and equity			
Bank loans and other interest-bearing short-term debt	7.4	7,111	6,746
Trade and other payables	6.3	26,232	24,374
Provisions	4.1	4,000	3,005
Taxes payable		3,822	5,888
Other current financial liabilities	8.2	2,727	2,794
Total current liabilities		43,892	42,807
Liabilities in disposal group	1.5	141	-
Long-term debt	7.4	28,978	26,029
Provisions	4.1	5,867	5,289
Pension liabilities	9.3	9,222	8,252
Other non-current financial liabilities	8.2	4,045	1,817
Other liabilities		2,417	1,831
Deferred tax liabilities	10.1	4,717	4,796
Total non-current liabilities		55,245	48,013
Total liabilities		99,279	90,820
Share capital	7.6	2,241	2,272
Additional paid-in capital	7.6	29,283	29,217
Treasury shares	7.6	(1,381)	(1,229)
Retained earnings		60,877	70,360
Other components of equity	7.6	9,559	1,835
Equity attributable to Hydro shareholders		100,579	102,455
Non-controlling interests		6,604	5,343
Total equity		107,182	107,798
Total liabilities and equity		**206,462**	**198,618**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of cash flows

Amounts in NOK million. Years ended December 31	Notes	2023	2022
Operating activities			
Net income (loss)		2,804	24,417
Adjustments to reconcile net income to net cash provided by operating activities			
Loss (income) from discontinued operations		-	(36)
Depreciation, amortization and impairment	2.4, 2.5	13,815	8,929
Share of profit in equity accounted investments		(492)	(1,337)
Dividends received from equity accounted investments	3.1	1,044	1,237
Deferred taxes		(1,048)	1,093
Loss on sale of non-current assets		6	20
Net foreign exchange (gain) loss	7.5	2,084	(2,192)
Net sales (purchases) of trading securities		(39)	1,398
Changes in assets and liabilities that provided (used) cash			
Trade and other receivables		1,017	(980)
Inventories		7,155	(6,269)
Trade and other payables		(1,293)	(1,532)
Derivatives		(2,105)	(250)
Collateral for derivatives and other liabilities		1,617	3,187
Other items		(2,345)	1,708
Net cash provided by continuing operating activities	10.3	**22,220**	**29,393**

Amounts in NOK million. Years ended December 31	Notes	2023	2022
Investing activities			
Purchases of property, plant and equipment		(13,638)	(9,604)
Purchases of other long-term investments		(7,535)	(1,971)
Purchases of short-term investments		(659)	(1,250)
Proceeds from sales of property, plant and equipment		139	187
Investment grants received		105	35
Proceeds from sales of other long-term investments		76	542
Proceeds from sales of short-term investments		753	1,500
Net cash used in continuing investing activities		**(20,759)**	**(10,561)**
Financing activities			
Loan proceeds	7.4	9,242	8,963
Loan repayments	7.4	(9,750)	(7,158)
Net decrease in other short-term debt	7.4	(393)	(241)
Repurchases of shares		(2,157)	(661)
Proceeds from shares issued		568	48
Dividends paid		(12,574)	(14,179)
Other cash transfers from (to) non-controlling interests		8,364	(19)
Net cash used in continuing financing activities		**(6,700)**	**(13,247)**
Foreign currency effects on cash		240	1,353
Net cash used in discontinued operations		**-**	**(56)**
Net increase (decrease) in cash and cash equivalents		(4,999)	6,882
Cash and cash equivalents classified as Assets held for sale		(188)	-
Cash and cash equivalents at beginning of year		29,805	22,923
Cash and cash equivalents at end of year		**24,618**	**29,805**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of changes in equity

Amounts in NOK million	Notes	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro share-holders	Non-control-ling interests	Total equity
December 31, 2021		2,272	29,156	(584)	60,112	(6,892)	84,064	4,316	88,380
Treasury shares issued to employees	7.6		61	36			97		97
Treasury shares acquired	7.6			(681)			(681)		(681)
Dividends	7.7				(14,060)		(14,060)	(215)	(14,275)
Acquisition of non-controlling interest					154	(163)	(9)	9	-
Capital repayment in subsidiaries								(19)	(19)
Total comprehensive income for the year					24,154	8,889	33,043	1,252	34,295
December 31, 2022		2,272	29,217	(1,229)	70,360	1,835	102,455	5,343	107,798
Treasury shares issued to employees	7.6		66	45			111		111
Treasury shares acquired	7.6			(1,512)			(1,512)		(1,512)
Cancellation treasury shares	7.6	(20)		1,315	(1,295)		-		-
Redeemed shares	7.6	(10)			(637)		(648)		(648)
Dividends	7.7				(11,501)		(11,501)	(1,073)	(12,574)
Capital contribution in subsidiaries					(131)	147	15	503	519
Sale of shares in subsidiary to non-controlling shareholder	1.5				1,787	2,293	4,080	2,141	6,221
Disposal of equity securities at fair value through other comprehensive income					(1,288)	1,288	-		-
Total comprehensive income for the year					3,583	3,996	7,578	(311)	7,267
December 31, 2023		**2,241**	**29,283**	**(1,381)**	**60,877**	**9,559**	**100,579**	**6,604**	**107,182**

The accompanying notes are an integral part of the consolidated statements.

Oslo, February 13, 2024

Dag Mejdell
Chair

Rune Bjerke
Deputy chair

Bjørn Petter Moxnes
Board member

Margunn Sundve
Board member

Arve Baade
Board member

Petra Einarsson
Board member

Marianne Wiinholt
Board member

Phillip Graham New
Board member

Torleif Sand
Board member

Kristin F. Kragseth
Board member

Peter Kukielski
Board member

Hilde Merete Aasheim
President and CEO

Notes to the consolidated financial statements

Section 1 – General information

Note 1.1 Reporting entity, basis of presentation, significant accounting estimates and judgment

The reporting entity reflected in these financial statements comprises Norsk Hydro ASA and consolidated subsidiaries (Hydro). Hydro is headquartered in Drammensveien 264, Oslo, Norway, and the group employs around 33,000 people in about 40 countries. Hydro is a global supplier of aluminium with operations throughout the industry value chain and engages in development and production of renewable energy. Operations include power production, bauxite extraction, alumina refining, aluminium smelting, recycling, and extruded solutions. The Board of Directors and the President and CEO authorized these financial statements for issue on February 13, 2024. Hydro is listed on the Oslo stock exchange, Oslo Børs.

Basis of presentation
The consolidated financial statements of Norsk Hydro ASA and its subsidiaries are prepared in accordance with IFRS ® Accounting Standards as adopted by the European Union (EU) and Norwegian authorities, effective as of December 31, 2023. Hydro also provides the disclosures as specified under the Norwegian Accounting Act (Regnskapsloven).

The financial statements have been prepared on a historical cost basis except for certain assets, liabilities and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ.

The functional currency of Norsk Hydro ASA is the Norwegian krone (NOK). The Hydro group financial statements are presented in NOK.

As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

Interest rates used for calculating net present values are rounded to the nearest 10 basis points for post-employment benefits, and to the nearest 25 basis points for other non-financial assets and liabilities.

Significant judgment and estimates

Judgment is applied in assessing how to account for some business transactions and events. The more judgmental accounting policies include:

- New business models for developing projects or businesses in co-operation with others are applied for such business activities as renewable energy projects and technology development. Contracts used in such projects may introduce complexity related to how to assess control and influence for part-owned companies, including whether Hydro has control, joint control or significant influence over such companies as further discussed in note 3.1 Investments in joint arrangements and associates.
- Renewable energy projects introduce complex accounting judgment related to contract structures including which of these contracts that represent financial instruments to be recognized at fair value and how to measure such contracts with entity specific features as further discussed in note 8.2 Financial instruments.

Estimation risks in determining the amounts to recognize or disclose are associated with different phases of operation and sources of uncertainty. We have identified the following important sources of estimation risks, which impacts accounting estimates in different ways:

- Changing business environment, including changes driven by the green shift and physical climate changes already present or expected in the near future, impacting such estimates as remaining useful life for existing assets and whether assets are impaired due to shorter useful life, higher cost, or regulatory constraints of operations. These aspects of estimation are further discussed below and in note 2.4 Depreciation and amortization expense and note 2.5 Impairment of non-current assets.
- Exiting and remediating sites used for historic activities represent both risks of costs and liabilities, and opportunity for value creation, and involves estimation of extent and cost of remediation effort as well as assessment of the value of land, building and other assets historically used for industrial purposes.

The following areas of accounting involve a significant degree of estimation uncertainty and complexity and may result in significant variation in amounts. Estimation uncertainty in these areas are partly related to the sources of uncertainty identified above and partly related to other sources of uncertainty discussed in the individual notes.

- Impairment of non-current assets, discussed in note 2.5 Impairment of non-current assets
- Uncertain assets and liabilities, discussed in section 4 Uncertain assets and liabilities
- Uncertain tax positions, discussed in note 10.1 Income taxes
- Business combinations and transactions with non-controlling shareholders, impacting such items as long-lived assets and uncertain assets and liabilities, discussed in note 1.5 Significant subsidiaries and changes to the consolidated group
- Financial instruments, discussed in section 8 Financial risk and financial instruments

Climate risk and opportunities
Aluminium is widely acknowledged as an enabler for the transition away from fossil fuels and other activities that generate greenhouse gases, to which companies, states and society at large are committed, among other through the Paris agreement. However, production of aluminium is resource intensive and requires significant quantities of energy. The production process itself also results in direct emission of CO_2.

Hydro is well positioned to benefit from the transition to net zero GHG emissions. Hydro generates significantly lower GHG emissions than the industry average, and the average carbon intensity of Hydro's aluminium production is below the 2030 and 2035 targets in the 1.5 degree scenario that the International Aluminium Institute has defined for the aluminium industry. The carbon footprint of aluminium production is highly dependent on the source of energy used to produce the metal. Hydro's footprint reflects the fact that the majority of our primary production facilities use renewable energy.

In the near term, Hydro is expected to benefit from increased demand for low carbon aluminium, as our customers aim to decarbonize their value chains. The demand for low carbon aluminium is expected to grow at a greater pace than the overall demand for aluminium.

However, Hydro is still exposed to significant transition risks to achieve net zero emissions by 2050, including technology risks, regulatory risks, and market risks.

Sufficient renewable energy must be available for our production sites at a cost that is achievable for use in production of alumina and aluminium, for recycling of aluminium and for production of aluminium products.

As the aluminium and alumina markets are global markets, relative competition between countries and regions influences which production sites that will be viable in the future. In general, Hydro will benefit from globally aligned initiatives placing a price on CO_2 emissions and/or regulatory or market-based incentives to use low emission, and eventually zero emission, energy. Hydro will also benefit from regulatory initiatives whereby emission free or low emission energy is made available in sufficient quantities at places where our existing production facilities are situated, at prices competitive to energy cost in other regions of the world where competing production is or may be placed.

In the opposite scenario, Hydro will have a disadvantage if significant carbon taxes are placed on emissions in countries or regions where Hydro’s production is placed while similar regulation is not introduced in competing regions. Situations with severe limitations in availability of emission free energy in areas where our production facilities are situated will be a disadvantage for our aluminium related assets.

New technology must be developed and implemented for production of primary aluminium. Hydro is aiming to develop new, emission free technology for use in new aluminium production facilities referred to as HalZero. To achieve near zero emission production and preserve the value of our existing aluminium smelters, we are assessing carbon capture solutions. For Hydro to retain the strategic benefit of a lower carbon emission, developing technology that can be fitted to existing production facilities at an affordable price is important. Similar issues exist in other parts of our value chain, however, as the emissions from production of aluminium and energy production and consumption represent the majority of our total GHG footprint, these elements will be the most influential to achieving our targets and retaining the value of our assets.

In parallel, demand for low carbon aluminium could strengthen as aluminium substitutes steel, copper or other metals, in sectors such as production of renewable energy and thermal technologies, transport, construction and real estate.

In an opposite scenario, the demand for aluminium could decline if we do not succeed with the decarbonization of our value chain in line with our technology roadmap for net zero GHG emissions by 2050. If we fail to develop and implement HalZero or other electrolysis technology while competing industries succeed in their decarbonization efforts, this could result in decreased demand for aluminium as steel or other metals substitute aluminium. Similar risks apply if we do not succeed with carbon capture at existing facilities, which could impact the value of our exiting aluminium smelters and alumina refinery.

Hydro’s energy producing assets are renewable only, with the majority being hydro power in Norway. Hydro is also engaged in production of power from solar and wind resources, currently mainly in partnership with others and where the majority of the projects are in development phase. These assets will benefit from the tighter politics on CO_2 emissions, however, specific regulations might impact competitiveness and value of individual facilities.

Significant accounting policies

The following description of accounting principles relevant for presentation and consolidation applies to Hydro's 2023 financial reporting, including comparative figures. The accounting policies for items covered by specific note disclosures are described in the relevant notes in this set of financial statements.

Income statements and statements of comprehensive income

Hydro has elected to present a separate income statement and a separate statement of comprehensive income, rather than a combined statement. Further, Hydro presents an analysis of expenses based on their nature as a common analysis of expenses through Hydro's value chain.

Hydro has elected to present a sub-total Earnings before financial items and tax (EBIT). This measure is also used as a segment profit measure. The share of the profit (loss) in equity accounted investments is included in this sub-total because a significant share of such investments are operationally integrated with Hydro's businesses. Results from such investments are managed as part of Hydro's operating activities with significant transactions between the majority of these investments and Hydro. Return on other equity investments is not as closely related to the business activities in Hydro, and hence classification as finance income better reflects the way such investments are managed.

Gains and losses on disposal of non-current assets are presented net, as well as expenditures related to provisions that are reimbursed by a third party. However, insurance compensation and government grants are reported on a gross basis.

Statements of cash flows

Hydro uses the indirect method to present cash flows from operating activities. Interest and dividends received as well as interest paid are included in cash flows from operating activities. Dividends paid are included in cash flows from financing activities.

Note 1.2 Measurement of fair value

Hydro measures certain assets and liabilities at fair value for the purpose of recognition or disclosure. Recurring fair value measurement is used primarily for financial instruments, see section 8 Financial risk and financial instruments. Non-recurring fair value measurement is used for transactions, such as business combinations, divestments with non-cash consideration and certain other non-routine transactions. Fair value is estimated using inputs which are to varying degree objectively observable. Certain items are valued on the basis of quoted prices in active markets for identical assets or liabilities (level 1 valuations), others are valued on the basis of inputs that are derived from observable prices (level 2 valuations), while certain positions are valued on the basis of judgmental assumptions that are to a limited degree or not at all based on observable market data (level 3 valuations).

Financial instruments

The estimated fair value of Hydro's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data. Extrapolations and other accepted valuation techniques are employed in periods with few or no transactions, such as for long-term commodity contracts in markets with few observations beyond the short or mid-term period, and for contracts with variability or contingencies which are not present in observable markets.

Hydro's estimated credit spread for similar liabilities is used when determining the fair value of financial instruments where Hydro is net liable. Hydro determines the appropriate discount factor and credit spread for financial assets based on both an individual and on a portfolio assessment.

Equity securities

Fair value for unlisted shares is based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow-based models. When there are transactions in such shares, the transaction price is assessed and, to the extent comparable to rights embodied in the investment held by Hydro, used for reference. For investments where share holdings are associated with offtake rights and/or obligations or other specific clauses, those rights and obligations are included in the valuation of the equity securities. Fair value for listed shares or regularly traded shares is based on quoted market prices as of the balance sheet date.

Debt instruments

Fair value for unlisted debt instruments is estimated primarily through cash flow models using contractual cash flow where relevant, and discount rates reflecting the perceived credit risk and other relevant risks associated with the instrument. Fair value for listed instruments is based on quoted market prices as of the balance sheet date.

Derivatives

Fair value of financial derivatives with a currency or interest rate as underlying is estimated as the present value of future cash flows, calculated by reference to quoted swap price curves and exchange rates as of the balance sheet date. For derivatives covering a period beyond the liquid period of price curves, the curves are extrapolated using unobservable data. Fair value of financial derivatives with equity instruments as underlying is estimated using valuation techniques as described for equity securities as input to an option pricing model, which also utilizes other inputs which to varying degree are observable.

Fair value of commodity derivatives is measured as the present value of future cash flows, calculated using forward curves and exchange rates as of the balance sheet date. Estimates from brokers and extrapolation techniques are applied for non-quoted products and periods to achieve the most relevant forward curve. For electricity contracts linked to specific production facilities, variability in production profile and price patterns are included in the valuation models. In addition, when deemed appropriate, correlation techniques between commodities are applied. Options are revalued using option pricing models, and credit spreads are applied where deemed to be significant.

Markets are assessed to determine whether they are active for the relevant instruments. Currency and interest markets are considered liquid for the periods used for price references, and thus applied unadjusted. For aluminium contracts priced to observations at the London Metal Exchange (LME), liquidity is considered good for the first few years, with fewer transactions for longer durations. For electricity contracts priced to the electricity exchange Nasdaq OMX, liquidity is considered good for the first two years. For longer durations there are fewer transactions and higher uncertainty. Similar assessment is made for other markets used for price references. For less liquid periods, adjustments to remove outliers and extrapolation techniques are applied.

Embedded derivatives

Hydro measures embedded forward contracts that are separated from the host contract by comparing the forward curve at contract inception to the forward curve as of the balance sheet date. Forward curves are established as described above under Derivatives.

Note 1.3 Significant events

The following significant events have impacted Hydro in 2023, or are expected to impact Hydro in 2024:

During 2023, economic growth faced challenges due to rapid monetary tightening, pressuring household spending and business investments. Demand for primary aluminium declined, with uneven development between market segments and regions. Hydro has reduced production at various sites to adjust to market demand, while continuing planned investment programs.

In October 2023, Hydro signed an agreement with Macquarie Asset Management who will acquire 49.9 percent of Hydro's renewable energy company, Hydro Rein. The agreed governance structure will give Hydro and Macquarie Asset Management joint control over Rein from completion of the transaction, expected in the second quarter of 2024. Based on this, Hydro Rein's assets and liabilities are reported separately as Assets held for sale and Liabilities in disposal group in the balance sheet as of December 31, 2023.

In April 2023, Hydro signed an agreement with Glencore, for Glencore to acquire 30 percent of the Brazilian alumina refinery Hydro Alunorte. The transaction was completed on December 1, 2023. Hydro continues to hold a controlling interest in Alunorte after the transaction, and therefore continues to consolidate Alunorte with no changes to how its assets and liabilities are measured. The fair value of the agreed price is accounted for as equity contribution for the Group.

Note 1.4 Operating and geographic segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments, which requires Hydro to identify its segments according to the organization and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. Hydro's chief operating decision maker is the President and CEO. Generally, financial information is required to be disclosed on the same basis that is used by the CEO.

Hydro's operating segments represent separately managed business areas with products serving different markets, or distinct elements of the business separately followed up and reported to the chief operating decision maker. Hydro's reportable segments are the business areas Hydro Bauxite & Alumina, Hydro Energy, Hydro Aluminium Metal and Hydro Extrusions, as well as the Hydro Metal Markets activities which are managed combined with Hydro Aluminium Metal.

Hydro Bauxite & Alumina activities includes bauxite mining activities, production of alumina and related commercial activities, primarily the sale of alumina. Alumina purchased and produced is both used internally for production of aluminium and sold to external customers.

Hydro Energy includes operating and commercial responsibility for Hydro's power stations in Norway, a trading and wholesale business in Brazil, and energy sourcing for Hydro's world-wide operations. Energy is also responsible for Hydro's hydrogen initiatives managed by Hydro Havrand and the battery initiatives. Hydro's initiatives within other renewable energy production such as wind and solar managed by Hydro REIN, which is held for sale pending completion of the agreement to establish a joint venture, is also part of Energy.

Hydro Aluminium Metal includes primary aluminium production and casting activities. The main products are comprised of extrusion ingots, foundry alloys, sheet ingot and standard ingot.

Hydro Metal Markets includes all sales activities relating to products from our primary metal plants in Aluminium Metal and operational responsibility for stand-alone recyclers as well as physical and financial metal trading activities. Aluminium produced by Aluminium Metal and Metal Markets is both used internally for production of extruded products and sold to external customers.

Hydro Extrusions delivers products within extrusion profiles, building systems and precision tubing, and is operating several recycling facilities, both integrated with its extrusion plants and separate plants. Hydro Extrusions is present in about 40 countries. The products are delivered to such sectors as construction, automotive and heating, ventilation and air conditioning.

Other consist of Hydro's captive insurance company Industriforsikring, internal service providers, and certain other activities. Unallocated corporate activities are reported as part of Other.

Operating segment information

Hydro uses two measures of segment results, Earnings before financial items and tax – EBIT, and EBITDA. EBIT is consistent with the same measure for the group, considering the principles for measuring certain intersegment transactions and contracts described below. Hydro defines EBITDA as EBIT plus depreciation, amortization and impairment of tangible and intangible fixed assets, less investment grants received. Hydro's definition of EBITDA may be different from other companies. The two measures represent results with and without the charge for historic investments in production capacity and other fixed assets and are considered complementary.

Because Hydro manages long-term debt and taxes on a group basis, Income before tax and Net income is presented only for the group as a whole.

Intersegment sales and transfers reflect our estimate of arm's length prices as if sold or transferred to third parties at the time of inception of the internal contract, which may cover several years. Premiums for lower carbon footprint was introduced in the product price for aluminium for 2023, and increasing into 2024 reflecting pricing strategies to customers. From 2024, premiums for lower carbon footprints is also introduced for alumina. Transfers of businesses or fixed assets within or between Hydro's segments are reported without recognizing gains or losses. Results of activities not considered part of Hydro's main operations as well as unallocated revenues, expenses, liabilities and assets are reported together with Other under the caption Other and eliminations.

The accounting policies used for segment reporting reflect those used for the group. The following exceptions apply for intersegment transactions:

- Internal commodity contracts may meet the definition of a financial instrument in IFRS 9 Financial Instruments or contain embedded derivatives that are required to be reported separately and valued at fair value under IFRS 9. However, Hydro considers these contracts as sourcing of raw materials or sale of own production, and accounts for such internal contracts as executory contracts.
- Certain other internal contracts may contain a lease arrangement. However, the segment reporting reflects the responsibility allocated by Hydro's management for those assets, and no internal lease arrangement is identified.

The following tables include information about Hydro's operating segments.

	External revenue		Internal revenue		Share of the profit (loss) in equity accounted investments	
Amounts in NOK million	2023	2022	2023	2022	2023	2022
Hydro Bauxite & Alumina	23,069	21,649	12,452	12,303	-	-
Hydro Energy	4,564	5,467	6,993	7,148	(293)	(180)
Hydro Aluminium Metal	12,649	13,087	45,726	52,396	733	1,549
Hydro Metal Markets	70,690	76,821	10,625	14,147	-	-
Hydro Extrusions	82,635	90,892	10	284	5	-
Other and eliminations	13	13	(75,806)	(86,278)	47	(32)
Total	**193,619**	**207,929**	**-**	**-**	**492**	**1,337**

	Depreciation, amortization and impairment [1]		EBIT [2]		EBITDA	
Amounts in NOK million	2023	2022	2023	2022	2023	2022
Hydro Bauxite & Alumina	6,614	2,496	(5,222)	471	1,392	2,967
Hydro Energy	196	190	2,406	4,621	2,602	4,810
Hydro Aluminium Metal	3,353	2,664	9,125	20,292	12,386	22,866
Hydro Metal Markets	368	161	835	1,621	1,198	1,780
Hydro Extrusions	3,171	3,297	3,206	3,699	6,359	6,982
Other and eliminations	113	121	(758)	11	(645)	132
Total	**13,815**	**8,929**	**9,592**	**30,715**	**23,291**	**39,536**

1) Depreciation, amortization and impairment. Amounts include impairment, see note 2.5 Impairment of non-current assets.

2) Total segment Earnings before financial items and tax is the same as Hydro group's total Earnings before financial items and tax. Financial income and financial expenses are not allocated to the segments. There are no reconciling items between segment Earnings before financial items and tax to Hydro Earnings before financial items and tax. Therefore, a separate reconciling table is not presented.

Amounts in NOK million	Non-current assets 2023	Non-current assets 2022	Total assets [3) 4)] 2023	Total assets [3) 4)] 2022	Investments [5)] 2023	Investments [5)] 2022
Hydro Bauxite & Alumina	32,246	27,531	41,868	38,570	8,345	3,799
Hydro Energy	13,377	14,056	20,529	15,837	3,351	1,920
Hydro Aluminium Metal	36,117	34,439	58,856	61,851	4,413	3,387
Hydro Metal Markets	7,075	2,541	19,550	15,615	4,451	969
Hydro Extrusions	28,041	24,851	47,076	44,993	5,011	3,223
Other and eliminations	5,907	6,073	18,583	21,752	78	92
Total	**122,764**	**109,490**	**206,462**	**198,618**	**25,647**	**13,391**

3) Total assets exclude internal cash pool accounts and accounts receivable related to group relief.

4) In 2023, total assets in Hydro Energy includes NOK 3,685 million classified as Assets held for sale.

5) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations. The table includes investments in continuing operations only.

Amounts in NOK million	EBIT	Depreciation, amortization and impairment	Investment grants	EBITDA
EBIT - EBITDA 2023				
Hydro Bauxite & Alumina	(5,222)	6,614	-	1,392
Hydro Energy	2,406	196	-	2,602
Hydro Aluminium Metal	9,125	3,353	(93)	12,386
Hydro Metal Markets	835	368	(5)	1,198
Hydro Extrusions	3,206	3,171	(19)	6,359
Other and eliminations	(758)	113	-	(645)
Total	**9,592**	**13,815**	**(116)**	**23,291**

Amounts in NOK million	EBIT	Depreciation, amortization and impairment	Investment grants	EBITDA
EBIT - EBITDA 2022				
Hydro Bauxite & Alumina	471	2,496	-	2,967
Hydro Energy	4,621	190	(1)	4,810
Hydro Aluminium Metal	20,292	2,664	(91)	22,866
Hydro Metal Markets	1,621	161	(2)	1,780
Hydro Extrusions	3,699	3,297	(14)	6,982
Other and eliminations	11	121	-	132
Total	**30,715**	**8,929**	**(108)**	**39,536**

The identification of assets, non-current assets and investments is based on location of operation. Included in non-current assets are investments in equity accounted investments; property, plant and equipment (net of accumulated depreciation) and non-current financial assets.

Operating revenues are identified by customer location.

Amounts in NOK million	Revenue 2023	Revenue 2022	Non-current assets 2023	Non-current assets 2022	Investments [1)] 2023	Investments [1)] 2022
Norway	7,363	9,010	32,555	34,939	3,694	2,428
Germany	21,038	21,723	4,005	2,876	834	366
France	9,042	9,278	2,332	2,248	222	122
Spain	7,787	8,868	1,172	866	64	127
Poland	7,316	7,652	3,413	792	2,587	111
Italy	5,972	7,983	632	569	124	70
Sweden	4,149	3,575	1,735	1,185	617	531
Austria	4,060	4,487	786	487	339	197
Czech Republic	2,425	2,167	2	-	2	-
The Netherlands	2,414	2,822	796	625	217	11
Belgium	1,970	2,691	780	738	92	28
Portugal	1,935	2,060	136	121	22	23
Denmark	1,434	1,795	805	793	125	86
Hungary	1,079	1,029	2,212	1,168	1,185	298
Finland	891	1,100	4	2	3	1
Slovakia	881	699	381	393	76	154
Other EU	2,952	2,672	235	226	34	30
Total EU	**75,346**	**80,600**	**19,424**	**13,089**	**6,544**	**2,155**
United Kingdom	5,063	8,283	927	1,162	126	124
Switzerland	8,461	6,220	81	162	11	6
Turkey	3,358	3,537	2	1	2	1
Other Europe	498	773	-	-	-	-
Total Europe	**100,090**	**108,423**	**52,990**	**49,353**	**10,377**	**4,714**
USA	44,088	48,334	12,449	10,571	3,015	1,954
Canada	6,943	6,524	2,237	2,172	413	307
Brazil	10,407	9,621	40,961	32,780	11,440	6,021
Mexico	2,917	2,372	207	157	46	10
Other America	575	569	30	42	28	18
China	5,746	5,096	938	846	208	267
Japan	5,955	5,729	4	5	-	-
Singapore	1,602	6,215	11	5	11	-
South Korea	2,054	2,513	-	-	-	-
Qatar	2,277	2,278	12,448	12,438	-	-
Bahrain	2,527	1,870	422	449	12	16
Taiwan	884	1,417	-	-	-	-
India	1,632	1,834	12	11	2	1
Thailand	1,030	1,099	-	-	-	-
Other Asia	2,412	1,856	-	-	-	-
Australia and New Zealand	1,449	1,641	56	660	97	82
Africa	1,032	538	-	-	-	-
Total outside Europe	**93,530**	**99,507**	**69,774**	**60,137**	**15,270**	**8,676**
Total	**193,619**	**207,929**	**122,764**	**109,490**	**25,647**	**13,391**

1) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations. The table includes investments in continuing operations only.

Note 1.5 Significant subsidiaries and changes to the group

Significant accounting policies

Consolidation
The consolidated financial statements include Norsk Hydro ASA and subsidiaries, which are entities in which Hydro has the power to govern the financial and operating policies of the entity (control). Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Currently, Hydro has more than 50 percent of the voting power in close to all subsidiaries. Subsidiaries are included from the date control commences until the date control ceases.

Intercompany transactions and balances have been eliminated. Profit and loss resulting from intercompany transactions have been eliminated.

Non-controlling interests
Non-controlling interests represent equity interests in subsidiaries held by other owners than Hydro. Non-controlling interests are reported as a separate section of the Group's equity in accordance with IFRS 10 Consolidated Financial Statements. Results attributed to non-controlling interests are based on ownership interest, or other method of allocation if required by contract.

Transactions between non-controlling shareholders and the group
Sales and purchases of equity interests and equity contributions not resulting in Hydro gaining or losing control of a subsidiary are reported as equity transactions in accordance with IFRS 10. No gain, loss or remeasurement of values of recognized assets, liabilities or goodwill are recognized as a result of such transactions.

Foreign currency translation
For consolidation purposes, the financial statements of subsidiaries with a functional currency other than Norwegian kroner (NOK) are translated into NOK. Assets and liabilities, including investment in associates, joint ventures and goodwill, are translated using the rate of exchange as of the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate on a monthly basis. Goodwill is recognized in the predominant functional currencies in the acquired businesses. Translation adjustments are recognized in Other comprehensive income and accumulated in Currency translation differences in Other components of equity. On disposal of such subsidiary, joint venture or associate, the cumulative translation adjustment of the disposed entity is recognized in the income statement as part of the gain or loss on disposal.

Business combinations
Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. Consideration is the sum of the fair values, as of the date of exchange, of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The fair value of Hydro's pre-existing ownership interest in an acquiree is included in the consideration, with any gain or loss recognized in Other income, net.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognized separately at the acquisition date at their fair value irrespective of any non-controlling interest, and goodwill recognized to the extent the consideration exceeds identified net assets.

The interest of non-controlling shareholders in the acquiree is initially measured as the non-controlling interests' proportion of the fair value of the net assets recognized (partial goodwill method, see note 2.3 Goodwill). Non-controlling interests are subsequently adjusted for changes in equity of the subsidiary after the acquisition date.

Assets held for sale and Income from discontinued operations
Assets held for sale are reported separately in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, provided that the sale is highly probable, which includes the criteria that management is committed to the sale, and that the sale will be completed within one year. Assets held for sale are not depreciated but are measured at the lower of carrying value and the fair value less costs to sell for the asset group. Assets are not reclassified in prior period balance sheets. Immaterial disposal groups are not reclassified.

A discontinued operation is a component of Hydro that is held for sale or has been disposed of. A discontinued operation is a separate major line of business or geographical area of operations. Related cash flows, results of operations and gain or loss from disposal are reported separately as Income (loss) from discontinued operations.

Assets held for sale, liabilities in disposal groups and income and expense from discontinued operations are excluded from specifications presented in the notes unless otherwise stated.

Significant judgment in accounting for business combinations

In a business combination, consideration, assets and liabilities are recognized at estimated fair value, and any excess purchase price included in goodwill. Where Hydro had an existing ownership interest in the acquiree, that interest is also reassessed to determine its acquisition date estimated fair value, resulting in an acquisition date gain or loss. In the businesses Hydro operates, fair values of individual assets and liabilities are normally not readily observable in active markets. Estimation of fair values requires the use of valuation models for acquired assets and liabilities as well as ownership interests. Such valuations are subject to numerous assumptions and are thus uncertain. The quality of fair value estimates may impact periodic depreciation and amortization of fixed assets, and assessment of possible impairment of assets and/or goodwill in future periods.

Subsidiaries with significant non-controlling interests

The Hydro group consists of about 150 companies in about 40 countries. Most subsidiaries, including the large operating units in Norway, are 100 percent owned, directly or indirectly, by Norsk Hydro ASA. A list of significant subsidiaries is included in note 7 Shares in subsidiaries to the separate accounts of Norsk Hydro ASA later in this report. Restrictions in the ability to transfer dividend based on reported results and/or equity in the relevant subsidiaries exist in most countries where we operate. In some countries, including Brazil, there are also legal restrictions in our ability to integrate cash holdings in subsidiaries in the group's cash pool. There are non-controlling interests in some subsidiaries. The more significant ones are described below.

Alunorte

As of the end of 2023, Hydro holds 62 percent of the shares in the Brazilian alumina refinery Alumina do Norte do Brasil S.A. (Alunorte), which is part of Hydro Bauxite & Alumina. Non-controlling owners have significant influence on certain decisions in the entity, including operational and investment budgets. The

non-controlling interests in Alunorte amounted to NOK 2,620 million as of December 31, 2023 and NOK 517 million as of December 31, 2022. Funds held by the entity are not available to the group through cash pool arrangements. Dividends need to be approved by the shareholders jointly. The shareholder agreement supports transfer of dividend to the extent possible under statutory regulations. The refinery produces alumina, which is sold to its shareholders in proportion to ownership interest at a price based on prevailing alumina prices.

In December 2023, Hydro sold 30 percent of the shares in Alunorte to Glencore. Other non-controlling shareholders increased their ownership from 6 percent to 8 percent during 2023. Hydro's 62 percent ownership represents control with Alunorte, which continues to be a consolidated subsidiary. The sale is accounted for as an equity contribution from a non-controlling shareholder whereby the fair value of the consideration received, net of contingent elements which may be payable from Hydro depending on development in certain variables, as well as transaction costs amounting to NOK 176 million, increases the Group's equity. No assets or liabilities were remeasured, and no gain or loss were recognized as result of this transaction. As part of the transaction, Hydro also sold its equity interests in Mineracão Rio do Norte (MRN), a bauxite producer in the same region. The shares were accounted for as a FVOCI investment, see note 8.2 Financial instruments.

Albras

Hydro holds 51 percent of the shares in the Brazilian aluminium smelter Alumínio Brasileiro S.A. (Albras), which is part of Hydro Aluminium Metal. The non-controlling owner has significant influence on certain decisions in the entity, including operational and investment budgets. The non-controlling interests in Albras amounted to NOK 2,918 million as of December 31, 2023 and NOK 2,711 million as of December 31, 2022. Funds held by the entity are not available to the group through cash pool arrangements. Dividends need to be approved by the shareholders jointly. The shareholder agreement supports transfer of dividend to the extent possible under statutory regulations. The smelter produces standard ingots, which are sold to its shareholders, or the entities appointed by the shareholders, in proportion to ownership interest at a price based on prevailing aluminium prices at the London Metal Exchange.

Slovalco

Hydro holds 55 percent of the total shares and 60 percent of the voting interest in the Slovac aluminium plant Slovalco a.s, which is part of Hydro Aluminium Metal. The non-controlling owner has significant influence on certain decisions in the entity, including operational and investment budgets. The plant is written down as impaired, see note 2.5 Impairment of non-current assets. The non-controlling interests in Slovalco amounted to NOK 1,060 million as of December 31, 2023 and NOK 2,111 million as of December 31, 2022. Funds held by the entity are not available to the group through cash pool arrangements. Dividends need to be approved by the shareholders jointly. The shareholder agreement supports transfer of dividend to the extent possible under statutory regulations. The plant currently produces casthouse products and anodes.

The table below summarizes key figures for Alunorte and Albras as included in the group financial statements. Fair value adjustments from Hydro's acquisition of the subsidiaries are included. Intercompany transactions and balances are included, and any internal profit and loss in inventory and fixed assets purchased from group companies are not eliminated in the numbers below.

	Alunorte		Albras	
Amounts in NOK million	2023	2022	2023	2022
Revenue	22,073	21,126	11,834	11,233
Earnings before financial items and tax	(4,932)	(2,569)	(820)	856
Net income	(4,677)	(3,441)	(585)	804
Other comprehensive income	903	2,239	690	1,228
Total comprehensive income	(3,774)	(1,203)	105	2,032
Net cash flows from operating activities	(513)	(1,881)	617	898
Net cash flows from investing activities	(5,528)	(2,065)	(1,515)	(1,204)
Net cash flows from financing activities	5,454	4,196	1,394	260
Cash and cash equivalents	961	1,548	769	273
Other current assets	4,481	4,776	3,331	3,614
Non-current assets	22,422	18,230	7,540	5,332
Current liabilities	(8,759)	(7,376)	(3,632)	(2,049)
Non-current liabilities	(12,212)	(8,997)	(2,048)	(1,639)
Equity attributable to Hydro	(4,281)	(7,686)	(3,039)	(2,820)
Equity attributable to non-controlling interests	(2,612)	(495)	(2,921)	(2,711)
Share of net income attributable to non-controlling interest	(383)	(267)	(287)	409
Dividends paid to non-controlling interests	-	-	-	119

Assets held for sale

On October 24, 2023, Hydro entered into an agreement with Macquarie Asset Management who will acquire 49.9 percent of Hydro's renewable energy company, Hydro Rein. Hydro will own 50.1 percent of the company, which is determined to be a joint venture based on the governance structure. The transaction is subject to customary regulatory approvals and some other conditions, including that Macquarie Asset Management may withdraw from the transaction should it not be able to fund the transaction. Closing of the transaction is expected in the second quarter of 2024.

All of Hydro Rein's investments in Brazil, Denmark and Sweden, and all energy solutions projects, will be included in the joint venture. Hydro Rein's projects in Norway will also be included in the joint venture, except for potential onshore wind projects located in the regions close to Hydro's smelters, such as Snøheia Industrikraft. These projects will continue to be developed and owned by Hydro together with local partners. Hydro Rein's organization will support Hydro in developing these projects through service agreements.

From date of settlement, Hydro will no longer control Hydro Rein. Rein's assets and liabilities are therefore presented as Assets held for sale. Assets held for sale are excluded from specifications presented in the notes unless otherwise stated.

Hydro Rein is part of Hydro Energy.

Assets held for sale

NOK million	Notes	2023
Current assets		263
Investments accounted for using the equity method	3.1	3,089
Other non-current assets		333
Assets held for sale		3,685
Liabilities in disposal group		(141)
Other components of equity associated with assets held for sale		28

Section 2 – Long-lived assets

Note 2.1 Property, plant and equipment

Accounting policies for property, plant and equipment

Property, plant and equipment (PP&E) is recognized at acquisition cost. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value also includes the estimated value of the asset retirement obligation upon initial recognition of the liability. Hydro uses the cost model for PP&E and any investment properties.

Capitalized maintenance

Expenditures for maintenance and repairs applicable to production facilities are capitalized in accordance with IAS 16 Property, Plant and Equipment when such costs are incurred on a scheduled basis with a time interval of greater than one year. Expenditures that regularly occur at shorter intervals are expensed as incurred. Major replacements and renewals are capitalized and any assets replaced are retired.

Stripping cost

Stripping costs incurred during the mining production phase are allocated between cost of inventory produced and the existing mine asset. Stripping costs are allocated as a component of the mine asset in the event they represent significantly improved access to ore. Stripping costs include such activities as removal of vegetation as well as digging the actual pit for mining the ore.

Capitalized interest

Hydro capitalizes borrowing costs on qualifying assets in accordance with IAS 23 Borrowing Costs. Currency gains or losses related to Hydro's foreign currency denominated borrowings are not capitalized.

Hydro's property, plant and equipment

The main components of Hydro's property, plant and equipment is production related machinery and buildings in Hydro's more than 100 operating plants. PP&E includes leased assets, see note 2.6 Leases.

Amounts in NOK million	Land and buildings	Machinery and equipment	Plant under construction	Total
Cost				
December 31, 2021	30,006	78,324	3,975	112,305
Additions	495	3,557	7,370	11,421
Disposals	(101)	(2,090)	(379)	(2,570)
Companies sold	(77)	(109)	(1)	(187)
Transfers	742	2,449	(3,191)	-
Foreign currency translation effect	2,533	7,951	522	11,007
December 31, 2022	33,598	90,082	8,296	131,976
Additions	1,333	5,234	11,688	18,255
Acquisitions through business combinations	922	1,110	57	2,089
Disposals	(429)	(4,209)	(3)	(4,641)
Reclassified to Assets held for sale	(3)	(11)	(94)	(109)
Transfers	1,744	4,427	(6,170)	-
Foreign currency translation effect	1,464	4,610	342	6,416
December 31, 2023	**38,628**	**101,242**	**14,116**	**153,986**
Accumulated depreciation and impairment				
December 31, 2021	(13,830)	(43,649)	(222)	(57,701)
Depreciation for the year	(1,402)	(6,762)	-	(8,163)
Impairment losses	(5)	(297)	(29)	(331)
Disposals	31	1,945	211	2,187
Companies sold	15	80	-	95
Transfers	(129)	103	27	-
Foreign currency translation effect	(1,095)	(4,275)	(37)	(5,406)
December 31, 2022	(16,415)	(52,854)	(51)	(69,319)
Depreciation for the year	(1,528)	(7,352)	-	(8,880)
Impairment losses	(367)	(1,488)	(349)	(2,204)
Disposals	396	4,053	24	4,473
Reclassified to Assets held for sale	1	1	-	2
Transfers	(13)	(16)	30	-
Foreign currency translation effect	(651)	(2,434)	4	(3,081)
December 31, 2023	**(18,576)**	**(60,087)**	**(342)**	**(79,005)**
Carrying value				
December 31, 2022	17,183	37,228	8,245	62,656
December 31, 2023	**20,052**	**41,155**	**13,774**	**74,981**

Note 2.2 Intangible assets

Accounting policies for intangible assets
Intangible assets acquired individually or as a group are recognized at cost when acquired. Intangible assets acquired in a business combination are recognized at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred.

Emission rights
Government granted and purchased CO_2 emission allowances expected to be used towards Hydro's own emissions are recognized as intangible assets at nominal value (cost). The amounts are not amortized but are tested for impairment. Actual CO_2 emissions which exceed the level covered by emission rights are recognized as a liability. Any sale of excess emission rights is recognized at the time of sale at the transaction price. CO_2 emission allowances purchased for trading are measured and classified as inventory.

Research and development
Research expenditures are expensed as incurred. Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met, including probable future economic benefit and that the cost can be measured reliably.

To the extent development costs are directly contributing to the construction of a fixed asset, the development costs are capitalized as part of the asset provided all criteria for capitalizing the cost are met. Costs incurred during the preliminary project stage, as well as maintenance costs, are expensed as incurred.

Exploration cost
Exploration cost for mineral resources are expensed as incurred. Costs related to acquired exploration rights are allocated to the relevant areas and capitalized. An area represents a unit that may be utilized based on shared infrastructure and may include several licenses. Exploration rights are transferred to mine development cost when development starts. Amortization of transferred mineral rights starts when extraction of the resources starts. Exploration rights related to undeveloped areas remain on the balance sheet as intangible assets (mineral rights) until a development is decided or a decision not to develop the area is made.

Significant judgment in accounting for research and development

In assessing whether activities should be accounted for as research expenditures or capitalized as development costs, significant judgment is applied in evaluating the technical feasibility of completing the intangible asset and how the intangible asset will generate probable future economic benefits.

Hydro's intangible assets

Hydro holds intangible assets mainly as complementary resources to its physical assets. Waterfall rights are fundamental for production of hydroelectrical power, however, a significant share of such rights was granted to Hydro rather than purchased. A significant share of acquired waterfall rights have indefinite life and are thus not amortized. Mineral rights are undeveloped rights related to Hydro's mining operations in Brazil. Technology Includes technology identified in acquisitions and internally developed proprietary technology. Other intangible assets include customer relations and other intangible assets identified in acquisitions.

See note 10.2 Research and development for information regarding expensed research expenditures.

Amounts in NOK million	Intangible assets under development	Mineral and waterfall rights	Software	Technology	Acquired sourcing contracts	Other intangible assets	Total
Cost							
December 31, 2021	66	875	1,121	2,022	718	1,937	6,740
Additions	45	4	22	-	-	112	182
Disposals	-	(10)	(49)	(15)	-	(115)	(189)
Transfers	(49)	-	48	1	-	-	-
Foreign currency translation effect	4	131	87	154	156	163	695
December 31, 2022	67	999	1,230	2,162	874	2,096	7,427
Additions	77	1	29	-	-	164	271
Acquisitions through business combinations	16	-	28	17	-	1,104	1,165
Disposals	-	-	(2)	-	-	(73)	(76)
Transfers	(70)	5	65	-	-	-	-
Reclassified to Assets held for sale	(8)	-	(4)	-	-	-	(12)
Foreign currency translation effect	2	73	59	114	88	76	413
December 31, 2023	**85**	**1,079**	**1,404**	**2,293**	**962**	**3,367**	**9,190**
Accumulated amortization and impairment							
December 31, 2021	-	(126)	(789)	(847)	(508)	(640)	(2,910)
Amortization for the year [1]	-	(3)	(87)	(186)	(109)	(153)	(537)
Impairment losses	-	-	(4)		-	-	(4)
Disposals	-	-	40	14	-	19	73
Transfers	-	-	-	-	-	-	-
Foreign currency translation effect	-	(23)	(67)	(68)	(112)	(56)	(327)
December 31, 2022	-	(152)	(907)	(1,087)	(729)	(830)	(3,705)
Amortization for the year [1]	-	(4)	(99)	(206)	(74)	(205)	(588)
Impairment loss	-	-	-	-	-	-	-
Disposals	-	-	10	-	-	6	16
Transfers	-	-	-	-	-	-	-
Reclassified to Assets held for sale	-	-	1	-	-	-	1
Foreign currency translation effect	-	(17)	(45)	(50)	(72)	(32)	(217)
December 31, 2023	**-**	**(173)**	**(1,041)**	**(1,343)**	**(875)**	**(1,061)**	**(4,493)**
Carrying value							
December 31, 2022	67	847	322	1,075	145	1,266	3,722
December 31, 2023	**85**	**906**	**364**	**950**	**86**	**2,306**	**4,697**

1) Amortization of a sourcing contract is reported as Raw material and energy expense in the income statement.

Note 2.3 Goodwill

Accounting policies for goodwill

Goodwill is recognized as a part of business combinations. Goodwill is initially measured either as the excess of the consideration over Hydro's interest in the fair value of the acquiree's identifiable net assets (partial goodwill), or as the fair value of 100 percent of the acquiree in excess of the acquiree's identifiable net assets (full goodwill). The method is elected on a transaction-by-transaction basis. Hydro has applied the partial goodwill method for all business combinations completed prior to December 31, 2023. Goodwill is not amortized, but is tested for impairment annually, and more frequently if indicators of possible impairment are observed, in accordance with IAS 36 Impairment of Assets. Goodwill is allocated to the cash generating units or groups of cash generating units expected to benefit from the synergies of the combination and that are monitored for internal management purposes.

Hydro's goodwill

Goodwill allocated to Hydro Extrusions was recognized in the acquisition of Sapa AS in 2017. Goodwill allocated to Hydro Bauxite & Alumina was recognized in the acquisition of certain aluminium businesses, mainly in Brazil, in 2011. Goodwill allocated to Hydro Metal Markets was recognized in acquisitions undertaken more than 20 years ago.

Amounts in NOK million	Hydro Extrusions	Hydro Bauxite & Alumina	Hydro Metal Markets	Total
Cost				
December 31, 2021	3,916	1,612	409	5,937
Foreign currency translation effect	399	351	44	793
December 31, 2022	4,315	1,963	453	6,730
Foreign currency translation effect	169	197	16	381
December 31, 2023	**4,484**	**2,159**	**469**	**7,112**
Accumulated impairment				
December 31, 2021	(1,042)	-	-	(1,042)
Foreign currency translation effect	(131)	-	-	(131)
December 31, 2022	(1,173)	-	-	(1,173)
Impairment losses	-	(2,220)	-	(2,220)
Foreign currency translation effect	(29)	60	0	32
December 31, 2023	**(1,202)**	**(2,159)**	**0**	**(3,361)**
Carrying value				
December 31, 2022	3,142	1,963	453	5,557
December 31, 2023	**3,282**	**-**	**469**	**3,751**

Note 2.4 Depreciation and amortization expense

Accounting policies for depreciation and amortization

Depreciation and amortization expenses are measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use. Mine property and development costs in extractive activities are depreciated using the unit-of-production method, using proved and probable reserves. Tangible and intangible assets with an indefinite useful life are not depreciated. Estimated useful life by category is as follows:

- Machinery and equipment, initial investment 4-30 years, for power plants up to 75 years
- Machinery and equipment, capitalized maintenance 1-15 years
- Buildings 20-50 years
- Intangible assets with finite lives 3-10 years, for rights related to hydroelectric power production up to 50 years

A component of an item of property, plant and equipment with a significantly differing useful life and a cost that is significant in relation to the item is depreciated separately. At each financial year-end Hydro reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Significant judgment in accounting for depreciation and amortization expense

Significant judgment is applied in the assessment of the useful life of the assets in Hydro's operations. Useful life may be shorter than technical remaining life. Expected life is influenced by technology development, including when new technology with lower or zero emissions becomes available and when such technologies may make existing assets obsolete. Our estimate is that phasing in of new technology will not significantly impact producing assets until after 2030, when we expect lower emission technologies to become available at industrial scale.

Physical climate risk such as changes to weather patterns and severity of rain, wind, flooding, and other events may impact our assessment. Hydro has not identified material assets expected to have a significantly shorter life due to climate-related risks.

Specification of depreciation and amortization by asset category

Amounts in NOK million	2023	2022
Buildings	1,528	1,402
Machinery and equipment	7,352	6,762
Intangible assets	515	429
Depreciation and amortization expense in continuing operations	**9,395**	**8,593**

Note 2.5 Impairment of non-current assets

Accounting policies for impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Goodwill and intangible assets with indefinite life are required to be tested for impairment annually, in addition to any tests required when impairment indicators are determined to be present. Hydro has elected to do the annual impairment test of goodwill in the fourth quarter. Exploration cost for undeveloped mining areas is assessed for impairment under IFRS 6 Exploration for and Evaluation of Mineral Resources.

When a Cash Generating Unit (CGU) or an asset is tested for impairment, the recoverable amount is estimated as the higher of the CGU's fair value less cost of disposal, or its value in use. The carrying amount is not recoverable if it exceeds the recoverable amount. An impairment loss is recognized in the amount that the carrying value exceeds its recoverable amount. Losses are reversed in the event of a subsequent increase in the recoverable amount of an impaired asset, however, impairment of goodwill is not reversed.

Significant judgment in accounting for impairment of non-current assets

IAS 36 requires that Hydro assess conditions that could cause an asset or a CGU to become impaired. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. For Hydro, the CGU is either the individual plant, a group of plants that forms an integrated value chain where no independent prices for the intermediate products exist, a group of plants that are combined and managed to serve a common market, or a group of assets where circumstances otherwise indicate significant interdependencies. Assessing which indicators that may cause a CGU to be impaired includes such conditions as the macroeconomic environment impacting prices, supply and demand, significant changes in Hydro's planned use of the assets or expected changes to technology, regulations, or other frame conditions. All of these changes may impact the combination of product prices, raw material cost and energy cost, resulting in changes to the production margin to cover the carrying value of net assets in the CGU. Expected or reasonably possible climate and environmental changes as well as regulatory changes responding to such changes, impacts the assessment of financial viability and remaining useful life. Such factors are assessed in the same way as uncertain market prices for input factors and products, impacting cash flow estimates used for the tests.

Directly observable market prices rarely exist for our assets. However, fair value may be estimated based on recent transactions on comparable assets, internal models used by Hydro for transactions involving the same type of assets or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in their present condition, excluding potential exploitation of improvement or expansion potential, and including certain entity specific synergies or other positions.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. We use internal business plans, quoted market prices, external market and industry analysis and our best estimate of long-term development in commodity prices and production margins, currency rates, discount rates and other relevant information. Hydro's long-term assumptions for key prices and rates, such as prices on aluminium, alumina and key energy carriers, macroeconomic development and certain other key factors for our production facilities is important input to the analysis. This set of assumptions reflects megatrends such as the green transition and Hydro's view on relative strength of our products compared to alternative materials, development in prices and cost, growth expectations and other relevant factors. These planning assumptions are consistent with Hydro's strategy and the aim to limit global warming to 1.5 degrees Celsius as expressed in the Paris agreement. Our assumptions are one set of possible financial effect of achieving this goal. Other alternative paths may be more or less beneficial to Hydro's businesses.

A detailed forecast of net cash flows is developed for a period of five to ten years with projections thereafter, reflecting our view of the business cycle. Certain replacement investments are specifically modelled based on individual assets' expected useful life. Hydro does not include a general growth factor to volumes for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and, where market conditions are depressed, we consider whether full or partial market recovery towards previously observed volumes is justified. Estimated cash flows are discounted with a nominal risk adjusted discount rate specific for the business activity and country. Uncertainty related to world economic development, inflation rates, interest rates, and competitiveness of Hydro's products are impacting demand and prices for Hydro's key products and input factors, for which assumptions are incorporated in the estimated cash flows for assets and CGUs tested for impairment.

Tests performed in 2023 and 2022

Tests for impairment have been performed for all CGUs with mandatory annual tests and the CGUs where impairment indicators have been identified. The recoverable amounts for these units have been determined estimating the Value in Use (VIU) of the asset and/or, if appropriate, its fair value less cost of disposal (FV), and comparing the highest of the two against the carrying value of the CGUs. The calculation of VIU has been based on management's best estimate, reflecting Hydro's business planning process. The discount rates are derived as the weighted average cost of capital (WACC) for a similar business in the same business environment, on an over-the-business-cycle view, using 10 years government bond rates, a US equity risk premium, credit spreads and country risk premiums. Beta estimates are reviewed from time to time, considering actual Hydro share observations versus different market indices, analysis of selected peers and external views. Credit spreads are based on Hydro's credit spreads, while country risk is based on the premiums published by the Swedish Export Credit Agency EKN. The post-tax rates are converted to pre-tax rates using the nominal tax rates in the relevant countries. For Hydro's businesses the pre-tax nominal discount rate is estimated at between 9.0 percent and 16.5 percent (2022: 8.0-17.0 percent). The higher rates are applicable for assets within the Bauxite & Alumina activities in Brazil, while the lower rates are applicable for assets within Extrusions in Europe.

Hydro has incurred the following impairment losses during 2023 and 2022:

Amounts in NOK million	2023	2022
Classification by asset category		
Impairment losses		
Property, plant and equipment	2,201	331
Goodwill	2,220	-
Other intangible assets	-	4
Total impairment of non-current assets	**4,421**	**336**
Classification by segment		
Impairment losses		
Hydro Bauxite & Alumina	3,773	-
Hydro Aluminium Metal	625	77
Hydro Extrusions	23	258
Total impairment of non-current assets	**4,421**	**336**

Goodwill is allocated to CGUs or groups of CGUs as shown in the following table:

Amounts in NOK million	2023	2022
Extrusion North America (Hydro Extrusions)	1,646	1,607
Extrusion Europe (Hydro Extrusions)	881	824
Building Systems (Hydro Extrusions)	589	552
Precision Tubing (Hydro Extrusions)	165	159
Bauxite & Alumina Operations	-	1,963
Recycling (Hydro Metal Markets)	469	453
Total goodwill	**3,751**	**5,557**

Annual mandatory impairment tests

Hydro Bauxite & Alumina
Goodwill in Hydro Bauxite & Alumina is allocated to a CGU consisting of the Alunorte alumina refinery, the main bauxite source Paragominas and certain related activities.

The recoverable amount has been determined based on a VIU calculation as of the end of November 2023. The calculation used cash flow forecasts in BRL based on internal plans approved by management covering a ten-year period. Production volumes have been assumed close to nameplate capacity reflecting the measures taken to mitigate downside risk of production shortfalls, including recent and approved investments in asset integrity. All significant price assumptions are internally derived based on external references, reflecting both price assumption used for planning purposes and updated market observations at year-end. Price assumptions reflects conditions specific to the plant such as its product quality, distance to relevant markets with price observations and other relevant factors. Cash flows have been projected for the following 30 years based on the ten-year detailed forecast period using Hydro's long-term assumptions for alumina prices and key raw material prices. Investments to replace equipment with a shorter expected life than the total structure is estimated based on internal plans. The CGU is technically capable of remaining in operation for at least a 40-year period. Improvements expected from certain initiated equipment replacements are included. This includes the near final investment facilitating the change in energy supply replacing coal with natural gas at the alumina refinery Alunorte, which is expected to reduce expenses and carbon emissions. Further possible and/or planned improvements are not included in the cash flow forecasts. Cash flows beyond the ten-year period are inflated by the expected long-term inflation levels in Brazil and the main western economies.

VIU was estimated at NOK 24.9 billion, which is below the carrying value of NOK 28.7 billion at the date of testing. We have no indication that fair value less costs of disposal would be higher than VIU. As a consequence, an impairment loss of NOK 3.8 billion was recognized for the CGU.

The main assumptions to which the test is sensitive are shown in the table below:

	Assumptions	
	2024	Long-term
Exchange rate BRL/USD	5.00	
Alumina price, long-term price represent real terms 2023 (USD/mt) [1)]	371	385
Production volume alumina (thousand mt)	6,178	6,315
Discount rate nominal, pre-tax	16.50%	16.50%

1) Alumina price is based on PAX with adjustments for Atlantic differential and quality premium.

Significant cash flows are denominated in US dollars. These are translated to BRL at a rate of 5.00 for 2024 with a weaker BRL in the period 2025 to 2031, reaching a nominal rate of 5.49 in 2032. For future periods the exchange rate is projected with a rate development reflecting the inflation difference of 0.9 to 1.1 percentage points between international inflation and the higher expected Brazil specific inflation.

The sensitivities presented below indicates how changes in key parameters impact value in use. In the case of a negative change in key parameters, the negative impact is largely the same. The changed parameter is applied for the entire period, while keeping all other parameters unchanged. The increase in annual cash flows is reasonably possible, at least for shorter periods. As the key parameters are interdependent, a change in the indicated range would not be expected to continue for the entire period of operation without impacting other parameters, however, changes in a combination of parameters may result in similar impact for the test. For instance, the indicated change in alumina price is indicative for the change in margin between alumina price and prices of input factors such as energy, caustic soda and to the extent not produced by the CGU, bauxite. The table below shows the change in VIU, if one of the key parameters were changed with no changes to the other assumptions, with the following long-term real 2024 assumptions over the entire 40-year period:

	Change in assumption	Value 2024	Change in VIU (NOK million)
Exchange rate BRL/USD	5%	5.25	8,043
Alumina price, real term 2023 (USD/mt)	10	381	5,802
Cash flow from operating activities	5%		2,660
Production volume alumina (thousand mt)	(100)	6,078	(2,350)
Discount rate (% point)	(1%-point)	15.50%	2,562

A positive deviation in VIU would result in a reversal of the impairment loss related to property, plant and equipment up to the total impairment loss of NOK 1,553 million. The recognized impairment loss on goodwill is not subject to reversal.

Hydro Extrusions
Goodwill in Hydro Extrusions is allocated to four groups of CGUs reflecting the way the business is managed to serve the relevant markets. The groups of CGUs are as follows:

Extrusion North America covers production plants, marketing and product development in the US and Canada. The operation consists of 21 production plants, recognized intangible assets and goodwill from Hydro's acquisition.

Extrusion Europe covers production plants, marketing and product development in Europe, mainly within the EU. The operation consists of 33 production plants, recognized intangible assets and goodwill from Hydro's acquisition.

Building Systems covers production plants, product warehouses, marketing and product development facilities, mainly in Europe, and sales and marketing offices covering a wider presence. The operation is present at 59 locations in 26 countries. The asset base consists of a limited number of production plants, several warehouses of differing size and complexity, three brands, other intangible assets and goodwill from Hydro's acquisition.

Precision Tubing covers production plants, marketing and product development on four continents. The operation consists of 10 production plants in South America, Asia, Europe and North America, recognized intangible assets and goodwill from Hydro's acquisition.

The impairment tests for all of the groups of CGUs described above are cash flow models expressed in nominal terms using forecasts for the first five years based on internal business plans approved by management. Margins, volumes and investments are considered highly correlated, as high margin above the metal value is achieved through production of more complex products, requiring higher cost and/or more expensive equipment. We have thus not considered development in margins, cost and volume separately. Cash flows have been projected as terminal values beyond the five-year forecast period with a zero nominal growth assumed. Key assumptions are development in annual net cash flows, comprising volume and cost development in relevant market segments, as well as the discount rate.

The main assumptions and sensitivities are shown in the tables below. The sensitivities represent a stress test, identifying changes in each parameter which would result in a recoverable amount equal to the carrying amount of the CGU, while keeping all other parameters unchanged. The changed parameter is applied for the entire period, including the terminal value. The decrease in annual cash flows does not represent a reasonably possible scenario developed by Hydro, as changes in the market resulting in significantly reduced cash flows for individual plants or the whole business unit is likely to be mitigated with measures to reduce costs, including sale or closure of production lines or plants similar to what is currently ongoing.

Amounts in NOK million	Extrusion North America	Extrusion Europe	Building Systems	Precision Tubing
Carrying value of goodwill as of December 31, 2023	1,646	881	589	165
Carrying value of other assets as of December 31, 2023	8,163	8,254	2,933	2,616
Carrying value of CGU as of December 31, 2023	9,809	9,135	3,522	2,781
Recoverable amount as of November 1, 2023	13,488	19,524	8,064	6,230
Recoverable amount in excess of carrying value	39%	113%	122%	106%
Key assumptions:				
Terminal value growth	0.0%	0.0%	0.0%	0.0%
Discount rate	11.25%	9.00%	9.00%	11.00%
Stress test				
Discount rate - % change	37%	102%	118%	104%
Discount rate - % point	15.40%	18.20%	19.60%	22.40%
Annual reduction in net cash flow all years	28%	53%	55%	51%

Other mandatory tests

For Hydro Metal Markets the impairment test on goodwill has been based on approved business plan for the next year, management's best estimate of cash flows for the following four years and extrapolated to a 15 years cash flow estimate, providing a VIU exceeding the carrying value.

Hydro also has indefinite life intangible assets of NOK 138 million related to the Vigeland power plant in Norway. This CGU is tested for impairment using a FV approach based on observed transaction values for power production assets in the Nordic region. The recoverable amount, estimated as a post-tax fair value, exceeds the carrying amount significantly.

Impairment tests based on indications of loss in value

Hydro Aluminium Metal
Hydro's ownership share of 12.4 percent in the primary aluminium plant Tomago was tested for impairment as of the end of November 2023 due to uncertainty regarding future power prices beyond current power price agreements expiring in 2028. The recoverable amount was determined as VIU based on Hydro's internal assumptions for production volumes, raw material prices, currency exchange rates and timing of cash flows. The power price assumption was based on a combination of external and internal sources, including the forward market. The estimated VIU was slightly below zero using a discount rate of 13.5 percent. The resulting impairment loss amounted to NOK 625 million.

During 2022, an impairment loss of NOK 77 million was recognized for the primary aluminium plant Slovalco following the decision to curtail smelter production and an adjustment of asset retirement obligations.

The primary aluminium plant Albras was tested for impairment in 2022 due to high and volatile inflation rates and raw material prices, as well as uncertainty regarding replacement of power purchase agreements.

Hydro Extrusions
During 2022, an impairment loss of NOK 204 million was recognized for the CGU Precision Tubing Brazil due to deteriorating financial performance and expectations to long-term pressure on profitability in a challenging market situation. Another impairment loss of NOK 54 million was recognized following an announcement of intended closure and sale of parts of the production facilities at a European plant.

Note 2.6 Leases

Accounting policies for leases

At inception of a contract, Hydro assesses whether a contract is, or contains, a lease. Leased assets with a remaining lease period of less than 12 months at inception are excluded from lease accounting. Further, leases of assets of a low value (small asset leases), mainly such items as PCs, office equipment and similar, are excluded from lease accounting. When measuring leases, Hydro includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts for most asset classes. For production facilities and transportation assets, such as vessels used for transportation of material, the operating cost is a significant non-lease component, and is excluded from lease accounting. Variable lease payments, including service elements related to leases which are fully variable amounts, are recognized as operating expenses in the periods incurred.

Right-of-use assets are included in property, plant and equipment, see note 2.1 Property, plant and equipment. Lease liabilities are included in debt, see note 7.4 Short and long-term debt.

Significant judgment in accounting for leasing

Significant judgment is required to determine whether some service contracts conveys the right to control an asset to Hydro, and thus is, or contains, a lease. Hydro has a limited number of such contracts; however, they do exist in some arrangements with service providers for maintenance services, transportation services, and some operational subcontractors. In assessing whether such contracts are leases, Hydro assesses both the share of the supplier's capacity for relevant assets that is available for Hydro as well as how decisions are made.

Judgment is also applied in assessing whether renewal options are reasonably certain to be utilized. In assessing such issues, Hydro considers such factors as the level of operational integration and dependency as well as historic practices for renewals.

For some contracts where all, or close to all, produced products are purchased by Hydro with no or very limited fixed payments, the contract may be deemed a lease with fully variable payments. Currently, Hydro has no significant such contracts.

Hydro's leases

Hydro uses lease contracts primarily where lease or rental contracts provide operational benefits or flexibility compared to owning assets. Leased land and buildings are used for warehouses, office space and certain other arrangements where the need for such space is of a temporary nature or where land and/or buildings are not available for purchase. This is the case in some countries, and also in co-locations with certain other businesses such as in port areas. Further, Hydro has a lease arrangement for its head office in Oslo, Norway, and certain other office locations where the location is independent of production facilities. Production equipment is leased or rented where the access to the specific assets is combined with significant services, for instance seaborn transport operated by the supplier/lessor. Operational services in combination with leasing of assets is also used for such services as maintenance activities, earth-moving

operations, and certain other non-core services. Leasing or rental is in some instances also used for equipment operated by Hydro, often under contracts significantly shorter than the assets' useful life.

Hydro determines its incremental borrowing rate by obtaining interest rates from various external financing sources, and makes adjustments for currency and duration to reflect the terms of the lease.

Right-of-use assets

Amount in NOK million	Machinery and equipment	Buildings and land	Total
December 31, 2021	1,473	946	2,419
Depreciations and impairment loss	(895)	(258)	(1,153)
Additions	855	350	1,205
Disposals	(30)	(3)	(33)
Foreign currency translation effect	238	46	284
December 31, 2022	1,641	1,081	2,722
Depreciations and impairment loss	(969)	(309)	(1,278)
Additions	2,240	225	2,465
Disposals	(9)	(9)	(19)
Acquisitions through business combinations	12	23	35
Foreign currency translation effect	199	45	244
Reclassified to Assets held for sale	-	(3)	-
December 31, 2023	**3,114**	**1,053**	**4,167**

Total cash outflows for leases in 2023 was NOK 1,970 million (2022: NOK 1,486 million).

Interest expense relating to lease recognized in the income statement for 2023 was NOK 440 million (2022: NOK 177 million).

Leases expensed in the period amounts to NOK 357 million (2022: NOK 289 million) and refers to leases of short term, low value or leases with variable payments.

Hydro has a limited amount of lease contracts not accounted for as right-of-use assets and lease liabilities at the balance sheet because they are exempted as small asset leases or short-term leases. Future minimum lease payments due under non-cancellable leases are NOK 125 million (2022: NOK 75 million).

Note 2.7 Other non-current assets

Other non-current assets includes financial instruments, see note 8.2 Financial instruments.

Amounts in NOK million	2023	2022
Derivative instruments	684	1,398
Long-term collateral for liabilities	638	106
Equity securities at fair value through other comprehensive income	955	904
Securities at fair value through profit or loss	88	21
Income taxes, VAT and other sales taxes	3,344	2,533
Employee loans	9	12
Other receivables	672	622
Other non-current assets	**6,389**	**5,596**

Section 3 – Investments in other companies

Note 3.1 Investments in joint arrangements and associates

Accounting policies for investments in joint arrangements and associates

Investments in associates and joint ventures
A joint arrangement is an entity, asset or operation that is subject to contractually established joint control. Special voting rights may extend control beyond what is conveyed through the owners' proportional ownership interest. Such rights may take the form of a specified number of board representatives, the right of refusal for important decisions, or the requirement of a qualified majority for important decisions which effectively results in joint control with the specific ownership situation. Joint ventures are joint arrangement which represents a residual interest in the arrangement rather than an interest in assets and responsibility for liabilities.

An associate is an equity investment in which Hydro has the ability to exercise significant influence, which is the power to participate in the financial and operating policy decisions of the entity. Significant influence is assumed to exist when Hydro owns between 20 and 50 percent of the voting rights unless other terms and conditions affect Hydro's influence.

Hydro accounts for investments in associates and participation in joint ventures using the equity method. This involves recognizing Hydro's interest based on its proportional share of the entity's equity, including any excess values and goodwill. Hydro recognizes its share of net income, including depreciation and amortization of excess values and any impairment losses, in Share of the profit (loss) in equity accounted investments. Other comprehensive income derived from associates and joint ventures is included in Hydro's Other comprehensive income. Hydro's proportional share of unrealized profits resulting from transactions with associates and joint ventures, including transfer of businesses, is eliminated. Accounting policies used by associates and joint ventures may differ from the accounting policies adopted by Hydro. Differences in recognition or measurement are adjusted for prior to equity accounting.

Investments in associates and joint ventures are tested for impairment when there are indications of a possible loss in value. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less cost of disposal or value in use, is below Hydro's carrying value. Impairment losses are reversed if circumstances change and the impairment situation is no longer deemed to exist.

Hydro is involved in one associate for which the results of operations is taxable profit or loss for the owners rather than the associate, a tax transparent company. Hydro provides for deferred tax on temporary differences in the associate to the extent such temporary differences are expected to reverse within the foreseeable future, or such reversal is not controlled by Hydro. Deferred tax on other temporary differences is not recognized.

Loans to associates and joint ventures are measured under IFRS 9 Financial instruments. Loans where contractual cash flows are only payments of principal and interest on specific dates are measured at amortized cost with expected credit losses provided for. Other loan arrangements are measured at fair value. Loans and receivables to associates and joint ventures are presented as part of other similar loans to unrelated parties. Income and expenses related to loans are included in finance income and expense.

Investments in joint operations and jointly owned assets
Joint operations are arrangements under contractually joint control where the joint operators have an interest in the assets; or benefits from the service potential of the assets; as well as have a direct obligation for the liabilities of the joint arrangement. Joint operations can result from the legal form of the arrangement or other facts and circumstances resulting in an interest in the service potential of the asset and obligation for liabilities. Jointly owned assets are arrangements where Hydro and the other partners have a direct ownership in specifically identified assets, but where joint control is not established. Hydro recognizes its share of assets, liabilities, revenues, if any, and expenses of joint operations and jointly owned assets on a line-by-line basis in the group financial statements.

Significant judgment in accounting for joint arrangements and associates

Hydro is engaged in various arrangements on a joint basis with other companies. In assessing whether joint control exists for these arrangements we evaluate the legal framework and contracts governing the arrangement combined with an assessment of which decisions that significantly influence the return from the arrangement. Arrangements owned on a 50/50 basis and/or governed by unanimous decisions constitute the majority of our joint arrangements.

Most of our joint arrangements are joint production facilities supplying metal and other products for Hydro’s value chain. Hydro assesses whether joint arrangements are joint operations where Hydro has a direct interest in the assets and direct liability to settle obligations, directly or indirectly, or a joint venture where we have an interest in the net assets of the joint arrangement. In this assessment we evaluate the contracts governing the arrangement and the legal framework for the type of entity in which the arrangement is operated. Hydro is engaged in both joint arrangements that are considered joint ventures, and arrangements that are concluded to be joint operations.

Some of our associates are owned by more than one reporting segment. Assessment of whether Hydro has significant influence is made for the combined investment from a group perspective. The equity method is applied for Hydro’s total investment when Hydro determines that it has significant influence.

Hydro’s joint operations

Of our joint operations, two are classified as joint operations based on the legal form of the operations. These are Tomago, an aluminium smelter in Australia, and Skafså Kraftverk ANS, a power producer in Norway. The anode producer Aluminium & Chemie Rotterdam B.V., Aluchemie, in the Netherlands, is classified as a joint operation based on contractual arrangements. The operation was closed at the end of 2021 and closure and remediation of the site is ongoing.

Tomago and Aluchemie is part of Hydro Aluminium Metal, while Skafså Kraftverk ANS is part of Hydro Energy.

Hydro’s joint ventures

The following joint venture is considered material for Hydro:

Qatar Aluminium Ltd. (Qatalum) is a primary aluminium smelter with a dedicated power plant located in Qatar. Qatalum has an annual production capacity of about 600,000 mt of liquid metal. Qatalum is owned by Hydro and Qatar Aluminium Manufacturing Company Q.P.S.C. (50 percent each). Qatar Energy, previously Qatar Petroleum, controls Qatar Aluminium Manufacturing Company, which is listed on the Qatar Stock Exchange. Qatalum was at the outset granted a ten-year income tax holiday, expiring in 2020. There has been a long period of uncertainty with regards to the applicable tax rate for Qatalum after the expiry of the tax holiday in 2020. It has been Hydro's consistent position that the generally applicable tax rate, currently at 10 percent, should apply to Qatalum after the expiry of the tax holiday. However, the joint venture partners have not been able to agree on a common interpretation of the applicable tax law, and Qatalum filed its 2020 tax return applying a 35 percent tax rate on June 30, 2021. Hydro is pursuing alternative measures to protect its financial interest in this matter.

Hydro is committed to sell fixed quantities of alumina and purchase all products from Qatalum at market prices. Purchases of metal from Qatalum amounted to NOK 17,675 million in 2023 and NOK 20,237 million in 2022. Related payables amounted to NOK 1,609 million in 2023 and NOK 2,277 million at the end of 2022. Sales from Hydro to Qatalum amounted to NOK 2,472 million in 2023 and NOK 2,630 million in 2022, primarily alumina. Related receivables amounted to NOK 69 million and NOK 99 million at the end of the periods.

Qatalum is part of Hydro Aluminium Metal.

Hydro's associates

The following associate is considered material for Hydro:

Lyse Kraft DA, a power producer headquartered in Stavanger, operates power plants in the southwest of Norway and holds ownership interests in two arrangements in nearby areas. Hydro owns 25.6 percent of the company, while Lyse AS holds a controlling ownership share of 74.4 percent.

The annual production of Lyse Kraft DA amounts to about 9.5 TWh, which is contributed in kind to the owners corresponding to ownership share. The owners are responsible for paying all costs in the partnership, both for operating costs and future investments, which for Hydro amounted to expenses of NOK 183 million and related accounts payable of NOK 0 million for the year 2023. Hydro sells or consumes the received power in accordance with its operating needs for power. Hydro is also the operator of the power plants and is compensated for all costs incurred in this respect. Sales of services from Hydro amounted to NOK 367 million and related receivables amounted to NOK 63 million.

Recognized deferred tax liability in the consolidated statements was NOK 1,185 million as of December 31, 2023 and NOK 1,150 million as of December 31, 2022, related to temporary differences for which reversal of the differences are not controlled by Hydro.

Lyse Kraft DA is part of Hydro Energy.

Key information about significant investments

The table below summarizes key figures for the joint venture Qatalum for 2023 and 2022. The figures are on the same basis as used for inclusion in the group financial statements, reflecting Hydro's accounting policies. Fair value adjustments from Hydro's contribution of assets to the joint venture are included. Intercompany transactions and balances are included, and internal profit and loss in inventory and fixed assets purchased from group companies are not eliminated in the numbers below. All amounts are for the joint venture on 100 percent basis. Balance sheet amounts are at the end of the years 2023 and 2022.

	Qatalum	
	Year/year ended	
Amounts in NOK million	2023	2022
Revenue	18,327	21,032
Depreciation, amortization and impairment	2,624	2,275
Earnings before financial items and tax	3,000	5,276
Financial income (expense), net [1)]	(665)	(474)
Income tax expense	(884)	(1,705)
Net income (loss)	1,450	3,097
Other comprehensive income	626	2,887
Total comprehensive income	2,076	5,984
Cash and cash equivalents	4,378	4,696
Other current assets	5,992	7,038
Non-current assets	30,094	30,601
Current financial liabilities	584	264
Non-current financial liabilities	13,373	13,482
Other liabilities	1,638	3,720
Net assets	24,870	24,870
Hydro's share of net assets	12,435	12,435
Accumulated elimination of internal gain in inventory	13	4
Carrying value of Hydro's equity investment	12,448	12,438

1) Financial income (expense), net includes interest expense for Qatalum with NOK 848 million and NOK 415 million for 2023 and 2022, respectively.

Hydro also holds interests in other associates and joint ventures accounted for using the equity method. The most significant interests are part of the business units Hydro Rein and Hydro Batteries, which are parts of Hydro's growth strategy within renewable energy in the segment Hydro Energy.

Associates in Hydro Rein are presented as Assets held for sale, see additional information in note 1.5 Significant subsidiaries and changes to the group.

The batteries business unit in Hydro Energy aims to develop leading sustainable battery businesses in Europe, by investments in the battery value chain. The interests held by Batteries consist of the joint venture Vianode, and the associates Corvus and Hydrovolt. The portfolio includes projects under development that will require further capital contributions as well as technical and commercial development before reaching operational phase.

For 2023, Hydro has delivered services to these associates and joint ventures amounting to NOK 38 million with a corresponding accounts receivable of NOK 7 million. Long-term loans to other associates and joint ventures amount to NOK 64 million.

The following table provides a summary of changes in carrying value for Hydro's joint ventures and associates.

Amounts in NOK million	Qatalum	Other JVs	Lyse Kraft DA	Other associates	Total
December 31, 2021	10,704	4	6,768	467	17,942
Hydro's share of net income (loss)	1,548	(49)	(64)	(35)	1,400
Dividends and other payments received by Hydro	(1,237)	-	-	-	(1,237)
Companies acquired/(sold), net [1]	-	-	-	(145)	(145)
Capital increase	-	410	59	1,317	1,787
Amortization	-	(2)	(17)	(20)	(40)
Changes elimination of internal gain in inventory	(21)	-	-	-	(21)
Foreign currency translation and other [2]	1,444	-	97	(4)	1,536
December 31, 2022	12,438	363	6,842	1,578	21,222
Hydro's share of net income (loss)	725	(105)	(62)	(34)	524
Dividends and other payments received by Hydro	(1,038)	(6)	-	-	(1,044)
Companies acquired/(sold), net	-	11	-	(4)	7
Reclassified to Assets held for sale	-	-	-	(3,089)	(3,089)
Capital increase	-	428	103	2,809	3,341
Amortization	-	(13)	(17)	(49)	(79)
Changes elimination of internal gain in inventory	9	-	-	-	9
Foreign currency translation and other	313	-	-	23	336
December 31, 2023	**12,448**	**679**	**6,866**	**1,234**	**21,228**

1) A gain of NOK 65 million was recognized in 2022 following the sale of 24% of the ownership share in wind power project Stor-Skälsjön.
2) Following a change in legal structure in the associate Lyse Kraft DA, a tax liability was transferred to Hydro consolidated.

Section 4 – Uncertain assets and liabilities

Note 4.1 Uncertain assets and liabilities

Accounting policies for uncertain liabilities resulting in provisions or contingent liabilities

Provisions are recognized when Hydro has a present obligation (legal or constructive) as a result of a past event and it is probable (more likely than not) that Hydro will be required to settle the obligation. Uncertain outcomes are measured as the expected value of reasonably possible outcomes. Provisions are based on the current legal framework and remediation standards. The provision is measured as the present value of the cash flows estimated to settle the obligation. Expected cash flows are discounted with a risk-free interest rate, usually a government bond rate for the duration to expected settlement.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Contingent liabilities are not recognized on the balance sheet, rather, the existence of such contingent liabilities and, if estimable the approximate size, are disclosed unless the possibility of an outflow of economic resources is remote.

Asset retirement obligations

Hydro recognizes liabilities for the estimated fair value of asset retirement obligations (ARO) relating to assets where such obligations exists, in the period incurred in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The provision is estimated as the present value of costs relating to the restoration or rehabilitation of industrial or mining sites and/or dismantlement or removal of buildings or other assets. Cash flows are estimated based on known obligations and estimated cost levels, inflated to the time of expected retirement and discounted using a risk-free interest rate. The liability is recognized when an asset is constructed and ready for use or when the obligation is incurred if imposed at a later date. Related asset retirement costs are capitalized and depreciated over the useful life of the asset. Accretion expense is recognized for the change in the present value of the liability and classified as part of Financial expense. Other changes to estimated fair value of ARO are recognized when identified. The increase or reduction to the liability is recognized as an increase or reduction of the value of the asset unless the asset is no longer in use, in which case the change is recognized in operating expenses. Liabilities that are conditional on a future event (e.g. the timing or method of settlement) are recognized when the value of the liability can be reasonably estimated.

Exit and disposal costs

Hydro recognizes a provision in the amount of the direct costs associated with an exit and/or disposal activity when a formal commitment to a detailed exit plan is made and communicated to those affected. A provision for termination benefits to employees is recognized as of the date of notification to individual employees or their representatives.

Uncertain assets

Assets where the existence of an asset or Hydro’s control with the resources is less than virtually certain are contingent assets. Contingent assets are not recognized.

Uncertain cash flows in settlement of financial assets or liabilities are incorporated in the measurement of those instruments, and not included here. See disclosures in Section 8 Financial risk and financial instruments for information about variability in financial instruments, including derivative instruments.

Significant judgment in accounting for contingent liabilities, uncertain assets and liabilities

Evaluation of uncertain liabilities and contingent liabilities and assets requires judgment and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

The main judgmental assessments falls into two categories; whether a liability exists, and the amount of a possible liability. The existence or non-existence of a liability is a legal and/or factual assessment. The measurement of a possible liability is more challenging for requirements to remediate or rectify alleged wrong-doing than for monetary claims of compensation. In relation to perceived non-compliance with laws and regulations, authorities, non-governmental organizations, or others may claim that Hydro is responsible for mitigating actions and compensation. The legal basis for such claims as well as cost calculation and other aspects can be difficult to assess.

Hydro's industrial and mining activities are subject to a wide range of environmental laws and regulations, including end-of-life remediation regulations. The extent of site and off-site contamination, the remediation methods, and requirements that relevant environmental authorities may impose, are uncertain. The long-term use of sites, with increasing awareness of effects of contamination in society, and generally lower acceptance of contamination in communities over time impacts the content of legal standards and the responsibility of companies involved in such activities. Further, changes in remediation methods and requirements and the uncertainty of cost levels for actions to be performed years and decades into the future contribute to the uncertainty in assessing and measuring such obligations. Remediation and closure activities expected to be conducted far into the future are less accurately measured than near-term planned activities. Consequently, there is significant uncertainty inherent in the estimates.

Indirect tax regimes are complex in many jurisdictions and cross-border. Basis for such taxes may differ from actual transaction prices. Tax authorities may challenge Hydro's calculation of taxes and credits from prior periods. Such processes may lead to changes to prior periods' operating or financial expenses to be recognized in the period of change.

Provisions

Amounts in NOK million	2023 Short-term	2023 Long-term	2023 Total	2022 Short-term	2022 Long-term	2022 Total
Environmental clean-up and asset retirement obligations (ARO)	1,144	4,168	5,312	716	3,880	4,596
Employee benefits	1,613	513	2,126	1,482	435	1,917
Indirect taxes	65	242	307	37	281	318
Rationalization and closure cost	236	65	301	231	48	279
Other	942	879	1,821	540	645	1,185
Total provisions	**4,000**	**5,867**	**9,867**	**3,005**	**5,289**	**8,294**

The following table includes a specification of changes to provisions for the year ending December 31, 2023.

Amounts in NOK million	Environ-mental clean-up and ARO	Employee benefits	Indirect taxes	Rationalization and closure cost	Other	Total
Specification of change in provisions						
December 31, 2022	4,596	1,917	318	279	1,185	8,294
Additions	894	1,979	78	214	1,196	4,361
Used during the year	(614)	(1,654)	(23)	(202)	(448)	(2,941)
Reversal of unused provisions	(12)	(162)	(114)	(10)	(189)	(487)
Accretion expense and effect of change in discount rate	222	8	6	-	(5)	231
Reclassified to Assets held for sale	-	(24)	-	-	-	(24)
Foreign currency translation	226	62	44	19	83	434
December 31, 2023	**5,312**	**2,126**	**307**	**301**	**1,821**	**9,867**

Provisions for environmental clean-up and asset retirement obligations relate to production facilities currently in operation and facilities that are closed. The obligations relate to such actions as remediation, restoration or rehabilitation of industrial or mining sites, disposal of contaminated material and related activities. Hydro has provided for demolition of buildings and installations only where there is a legal or contractual obligation, or a specific decision to demolish, which is the case for few sites. For many of our industrial sites, in particular sites where operation is expected to continue indefinitely, remediation costs are difficult to assess. The precise need for remediation actions, their method, timing and cost has not yet been planned, and hence the cost is uncertain. The provision represents the present value of expected outflows at the times of expected payments. The timing and amount of these remediation actions are linked to future business decisions as well as decisions and approval by authorities in the jurisdictions we operate. Provisions are based on the current legal framework and standards. Hydro is in the process of assessing whether the Global Industry Standard on Tailings Management (GISTM), issued by ICMM[1], PRI[2] and UNEP[3], will require additional effort and costs. Currently, no significant additional obligations have been identified. The GISTM framework may not be fully reflected in the remediation standards used for estimating actions and cost. No significant changes in cost estimates have been identified.

The most significant provisions relate to the following sites and issues. For Hydro Bauxite & Alumina's mine in Brazil we have obligations to remediate the tailing areas and mining sites, including reforestation of the area and monitoring and maintenance of the site after initial remediation. For Hydro Bauxite & Alumina's alumina refinery in Brazil we have obligations to remediate bauxite residue deposits, including monitoring the contamination levels and other aspects after initial remediation. Some activities related to these obligations are currently performed as integrated processes with ongoing deposit of residues produced in the alumina production. For Hydro Aluminium Metal we have provisions related to contaminated material in use in aluminium smelters such as pot lining. Hydro has provided for various remediation obligations in Hydro Extrusions related to both closed sites, whether previously operated or not, and for some currently active sites. Hydro also has obligations for remediation of contamination on site and in areas related to historic industrial activities, mainly in Germany and Norway, reported in Other and eliminations. The more significant of these sites are the sites in Schwandorf in Germany and the Grenland area in Norway. Project for remediation of the Gunneklev fjord in Grenland has started in 2023. The GISTM may impact remediation requirements for some of the sites in Germany. For many of these provisions, there are no standard remediation methods available and cost is therefore uncertain. Hydro also has provisions for certain environmental issues related to Norwegian smelters. The provision also includes remediation of spent pot lining and certain other process related waste in all active smelters, remediation of certain known landfills and removal of limited contaminated material as well as site clearance for certain leased land. Provisions also exist for certain liabilities related to Norwegian power plant concessions to be reverted to the Norwegian Government.

Provisions for employee benefits relate to expected short-term performance bonus payments and short and long-term provisions for expected bonus payments that are based on the number of years of service, primarily for our European operations. Such bonuses are expected to be paid in periods between 10 to 50 years of service, or upon termination of employment.

1) International Council on Mining and Metals
2) Principles for Responsible Investment
3) UN environment programme

Indirect taxes include taxes not related to taxable income, such as value added taxes, duties and property taxes. Provision for indirect taxes is mainly related to operations in Brazil.

Rationalization and closure cost include provisions in Hydro Extrusions for costs related to plant closures and employee reductions to reduce their footprint in response to challenging market conditions. The provision also includes costs related to the closure of Hydro's joint operation Aluchemie.

Other includes insurance provisions related to insurance contracts issued by Hydro's captive insurance company, Industriforsikring AS, to external parties including associates and joint arrangements, provisions for legal and other disputes, community donations and other contributions committed, certain liabilities related to representation and warranty provisions related to sale of businesses.

Hydro has entered into several agreements with authorities at local and state levels in Pará, Brazil, requiring Hydro to improve operational security and to make additional efforts and investments related to local societies close to the plants and to the social development of communities in Pará. In 2023, provisions were made related to the TerPaz (local community centres) program in Brazil. Hydro has made a commitment to build six community centers to promote opportunities in cultural, educational, economic and human rights areas.

Contingent liabilities and contingent assets

Hydro is involved in or threatened with various legal and tax matters arising in the ordinary course of business. Where Hydro considers an obligation to be possible, i.e. not probable yet not remote, it is disclosed as a contingent liability.

Hydro is involved in a significant number of tax cases related to various types of taxes. Hydro's businesses in Brazil have a large portfolio of cases disputed by tax authorities, of which the majority relates to indirect taxes. Disputes include cases in the administrative and legal dispute systems with various background and risk of loss. In total known cases amount to about NOK 5 billion, of which losses are considered possible in cases amounting to about NOK 4.2 billion. A significant share of those amounts is covered by tax indemnifications from acquisition. The final outcome of these cases is not expected until several years into the future, and is highly uncertain. Additional cases may be raised by tax authorities based on tax declarations for periods not yet assessed, or when interpretation of tax regulations change. Hydro has provided for individual tax cases where the risk of loss is considered above 50 percent. Provisions for indirect taxes are included in provisions disclosed above, while provisions for income tax expenses are included in Taxes payable.

Hydro has environmental liabilities related to several sites and issues. Hydro may be deemed liable for remediation that is not acknowledged as Hydro's responsibility, and therefore not provided for. For some impacted areas it is not yet known whether remediation will be required. This may depend on the pace of any natural attenuation, and development in what the environmental authorities judge to be reasonable remediation requirements. For some areas, the exact extent of pollution may be uncertain. If an environmental risk assessment has concluded that the current risk is acceptable, a detailed sampling program may not have been carried out. Obligations for historic contamination of sites and surrounding areas in addition to areas provided for may be identified and deemed Hydro's responsibility in the future, whether related to currently owned or used sites, or sites we previously have owned and/or used. The cost of remediation of any additional contamination deemed Hydro's responsibility is uncertain.

Authorities and non-governmental organizations have filed several lawsuits related to the Alunorte incident, claiming a combination of mitigating actions and financial compensation. The argumentation, cost calculation and legal basis for these claims is still highly uncertain. Further claims may still be received. Given the limited information about claimed physical and moral damages to be compensated, and the extent and cost of mitigating actions claimed, or the extent or content of other potential claims and lawsuits, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposure for Hydro. It is further not possible to estimate the timing of when such claims may be determined or when any payments may arise.

Hydro is also exposed to increased product warranty and product liability responsibilities, both as result of contractual commitments and caused by liability under background law. Product warranty and product liability may impose significant costs depending amongst other things on the application of the product sold. Similarly, disputes over whether failure to deliver products under contract are related to force majeure or not occur from time to time, both for Hydro's delivery obligations and rights. Such disputes may involve significant amounts and outcomes may be difficult to assess.

Hydro is exposed to legal cases based on contractual or other basis, including related to contract delivery or purchase obligations or warranties and representations given in relation to sale of businesses. Where a payment is probable, a provision for the likely amount is recognized.

Section 5 - Income and expenses

Note 5.1 Revenue from contracts with customers

Accounting policies for revenue recognition

Hydro accounts for revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

IFRS 15 requires us to, for each contract with a customer, identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determine whether revenue should be recognized over time or at a point in time, and, finally, recognize revenue when or as performance obligations are satisfied.

A performance obligation is satisfied when or as the customer obtains control with the goods or services delivered.

Revenue from sale of physical products are recognized when control is transferred to the customer, which usually occurs at delivery.

A contract for sale of electricity is considered one performance obligation and recognized as electricity is delivered to customers through the relevant grid.

Margins related to the trading of derivative commodity instruments, including instruments used for risk management purposes, purchase or delivery of physical commodities on a commodity exchange, and physical commodity purchases and sales agreed in combination with a single counterpart, are presented on a net basis in the income statement with trading margins included in revenues.

Significant judgment in accounting for revenue

The significant judgment in applying IFRS 15 for Hydro is related to which contracts that qualify for recognition over time, versus recognition at a point in time; at delivery to customer.

Hydro's main performance obligations can be described as follows:

- sale of products, produced independent of customer orders
- sale of products, produced to customer order
- sale of products made to customer specifications and order
- sale of electricity

For products which are not made to the customer's specification, performance obligations are either the individual product, the delivery in total, or an agreed volume of products delivered in more than one delivery. Contracts covering a fixed, committed volume at fixed or determinable prices are relevant for this assessment. Delivery period for such contracts can cover a period of a few weeks, and up to one year. Some few contracts cover more than one year. Prices are usually a combination of fixed elements and market references such as the aluminium price at the London Metal Exchange or other market references, at, or prior to, delivery. Revenue related to products that are not made to the customers' specification is recognized at delivery of products to customers. Such contracts accounts for the majority of sales in the segments Hydro Bauxite & Alumina, Hydro Aluminium Metal and Hydro Metal Markets, and a significant share of sales in Hydro Extrusions. Some of these contracts include an element of freight services, which is considered a separate performance obligation under IFRS 15, and related revenue is recognized over the time of journey.

For products made to customer specifications and orders, we have assessed whether the finished product has an alternative use to Hydro, and whether Hydro at all times has an enforceable right to payment for performance completed to date. For contracts where both of these conditions are fulfilled, revenue shall be recognized over time from commencement of production of the specialized product until completion of delivery to the customer. For Hydro's products, the alternative use of customer designed products would, in most cases, be as an input to the production of other products rather than for sale of the product unchanged. We have assessed whether Hydro has an enforceable right to payment for performance completed to date, including a reasonable margin, throughout the production period. The assessment is primarily related to the segment Hydro Extrusions. The main assessment is related to which compensation Hydro would be entitled to in a situation where firm orders are canceled or amended by the customer. Our conclusion is that for close to all contracts we do not have an enforceable right to payment as described in IFRS 15, and revenue is thus recognized at a point in time. However, as our conclusions depends both on legal assessment of a large number of contracts in many countries, and on the understanding of what constitutes an enforceable right to payment under IFRS 15, we might reach a different conclusion in the future for some contracts, or for new contracts covering similar products and customer segments entered into in the future. Also for these contracts, prices are fixed at the time of delivery.

Payment and warranty terms

Payment terms for products vary between customer segments and regions. The predominant terms vary between 30 to 90 days, and up to 210 days in some markets.

Hydro's warranty terms vary by product and business segment. Generally, Hydro provides warranty that product complies with specification, and offer repair, replacement or refund of consideration paid for breaches. Such warranties are limited in time, for most products not exceeding 12 months. Individual contracts may include more extensive warranty clauses where Hydro takes responsibility also for some consequential damages, mainly related to more complex products such as certain automotive parts. Warranty liability is to some degree influenced by legal requirements, which may extend the time period for Hydro's liability.

Other information

Sale of electricity, primarily from the Hydro Energy segment, is recognized as revenue as electricity is delivered to customers through the relevant grid. Sale of energy from other segments represent excess energy purchased under contracts exceeding the operational needs, and relate to periodic maintenance stops or curtailment. Revenue from sale of energy includes the revenue from sale of concession power, a legal requirement to deliver a certain part of volume produced in Norway to local authorities at a reduced price. Revenue from concession power amounted to NOK 59 million and NOK 77 million in 2023 and 2022, respectively.

Realized and unrealized changes in fair value of commodity derivatives are also presented as part of revenue. These amounts are measured at fair value as required by IFRS 9 Financial Instruments. The

instruments are mainly aluminium and power contracts used for risk management purposes, and are included in Other revenue in the table below.

Hydro's revenue divided by segment and geographic location of the customer is shown in note 1.4 Operating and geographic segment information. Revenue divided by product type for the main product groups sold are as follows:

Amounts in NOK million	2023	2022
Standard ingots [1]	21,716	19,824
Extrusion ingots	30,691	37,293
Foundry alloys	16,214	15,957
Sheet ingots	7,471	8,838
Other casthouse products	5,872	6,534
Extruded profiles	62,469	71,676
Building system products	11,383	10,744
Precision tubing products	5,711	5,132
Alumina	21,601	20,315
Power	4,089	4,744
Other goods and services [2]	5,214	4,731
Total revenue from contracts with customers	192,430	205,789
Other revenue [3]	1,189	2,140
Total revenue	**193,619**	**207,929**

1) Standard ingots are sold in the segments Hydro Metal Markets and Hydro Aluminium Metal.
2) Includes sale of bauxite, revenue from allocated freight and conversion services for customers' scrap.
3) Other revenue includes realized and unrealized changes in the fair value of derivative instruments, mainly used for risk management purposes with a gain of NOK 466 million in 2023 and a gain of NOK 1.677 million in 2022, mainly related to aluminium contracts. In addition, other revenue includes realized effects from hedge accounting, with a gain of NOK 723 million in 2023, and NOK 231 million in 2022.

Note 5.2 Other income

Accounting policies for Other income, net

Transactions resulting in income from activities other than normal production and sales operations are classified as Other income, net. This includes gains and losses resulting from the disposal of PP&E and intangible assets, investments in subsidiaries, associates or joint ventures as well as government grants, insurance compensation, and rental revenue.

Government grants

Government grants are recognized in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Grants are recognized when there is a reasonable assurance that Hydro will comply with relevant conditions and that the grants will be received. Government grants are deferred in Other non-current liabilities until the associated activity is performed or expenses recognized. Investment grants are recognized over the period the associated asset is depreciated. All government grants are recognized in Other income, net. Investment grants are included in Investing activities in the statement of cash flows.

Significant judgment in accounting for government grants

Government grants are to varying degree governed by objectively determinable terms. For some government grants, such as the CO_2 compensation scheme in Norway, the framework for receiving grants is determined in firm regulations, while the actual aid intensity is politically determined as part of the state budget for the year of payment, which is determined at the end of the year of earning. Hydro estimates the grant to be received for interim periods with updates to the estimates as new information becomes available. Similar mechanisms exist for other grants, for some not concluded at the end of the year of earning. None of these other grant programs are material to Hydro for 2023 or 2022.

Amounts in NOK million	2023	2022
Gain on sale of property, plant and equipment and intangible assets	106	117
Net gain (loss) on sale of subsidiaries, associates and joint ventures	(2)	131
Government grants [1]	3,672	3,207
Insurance compensation	10	659
Other	366	292
Other income, net	**4,152**	**4,406**

1) Government grants includes CO_2 compensation and investment grants related to Hydro's pilot facility on Karmøy.

CO_2 compensation regime in Norway

Hydro is entitled to apply for compensation for indirect costs associated with CO_2 emittance. The compensation scheme in Norway for the period 2021 to 2030 represents a firm structure governed by a regulation for the entire period, which was approved in 2022. The compensation level is approved by the Parliament in the annual state budget for the year of payment. Hydro earns compensation during the year through consumption of electricity to produce aluminium. The precise amount is approved and paid in the following year. Hydro recognizes estimated entitled CO_2 compensation as earned based on the approved regulation and expected compensation level in relation to energy consumed. Receivable CO_2 compensation impacts the cost of inventory produced. During 2022, Hydro recognized about NOK 900 million for aluminium produced and sold in 2021, and about NOK 2,100 million for aluminium produced and sold in 2022. For 2023, Hydro has recognized about NOK 115 million for aluminium produced and sold in 2022, and has accrued about NOK 2,900 million of expected, not approved CO_2 compensation for aluminium produced in 2023, of which NOK 212 million is subject to approval in the revised state budget during 2024.

Note 5.3 Raw material and energy expense

Amounts in NOK million	2023	2022
Raw material expense and production related cost	122,261	135,194
Change in inventories own production	1,277	(5,821)
Raw material and energy expense	**123,538**	**129,373**

Raw material expense and production related cost include effect of commodity derivative instruments. See note 8.3 Derivative instruments and hedge accounting.

Section 6 - Specification of operating capital elements

Note 6.1 Inventories

Accounting policies for inventories

Inventories are valued at the lower of cost, using the first-in, first-out method (FIFO), or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. Inventory cost includes direct materials, direct labor and a portion of production overhead (manufactured goods) or the purchase price of the inventory. Abnormal amounts of idle facility expense, freight, handling costs, and wasted materials are recognized as expense in the current period. Inventory write-downs to net realizable value occurs when the cost of the inventory is not recoverable, and is reversed in later periods if there is clear evidence of an increase in the net realizable value.

Amounts in NOK million	2023	2022
Aluminium standard ingot	1,957	2,075
Aluminium casthouse products	5,608	8,351
Fabricated aluminium products	3,028	3,343
Alumina	1,936	1,888
Aluminium scrap	1,445	1,350
Work in progress	3,430	3,857
Other raw materials	5,145	6,735
Spare parts	2,899	2,437
Inventories	**25,449**	**30,035**

Raw materials include purchased raw materials such as bauxite, caustic soda, oil, coal and other input factors used in the production; however, excluding alumina and aluminium intended for use in Hydro's production of other products. All amounts are net of any write-downs.

Note 6.2 Trade and other receivables

Accounting policies for trade receivables

Trade receivables are initially recognized at transaction price, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Portfolios of trade receivables where expected losses are more than insignificant are reduced for those expected losses. Discounting generally does not have a material effect on trade receivables, however, in special cases discounting may be applied. Hydro's business model for most trade receivable is to hold the receivables to collect the contractual cash flows. For some portfolios of trade receivables, factoring is applied.

Significant judgment in accounting for receivables

In some jurisdictions, including Brazil, significant tax credit amounts are generated for use against future indirect and/or income tax payments. Repayment in cash is made subject to a set of conditions, including availability of funds at the tax authorities, and cannot be expected on a regular basis. The value of such credits depends on future generation of taxes. Economic conditions and tax regulations may change and lead to a different conclusion regarding recoverability.

Other current receivables	2023	2022
Trade receivables	16,797	18,154
VAT and other sales taxes	2,287	1,585
Other current receivables	6,735	4,687
Allowance for credit losses	(415)	(439)
Trade and other receivables	**25,404**	**23,988**

Of total trade receivables at year end 2023, about 11 percent were past due, with the majority within 30 days. The Hydro Extrusions segment have the majority of overdue receivables.

Note 6.3 Trade and other payables

Amounts in NOK million	2023	2022
Accounts payable	18,680	18,803
Payroll and value added taxes	3,966	3,320
Accrued liabilities and other payables	3,586	2,250
Trade and other payables	**26,232**	**24,374**

Section 7 - Capital management and cash management

Note 7.1 Capital management

Hydro's capital management policy is to maximize value creation over time, while maintaining a strong financial position, an investment grade credit rating, and strong liquidity. During 2023 net cash provided by operating activities exceeded net cash used in investing activities.

Credit rating

To secure access to capital markets at attractive terms and remain financially solid, Hydro aims to maintain an investment grade credit rating from the leading agencies, S&P Global (current rating BBB, stable outlook) and Moody's (current rating Baa3, positive outlook). Hydro's key targets for financial solidity are described below.

Funding and liquidity

Hydro manages its funding requirements centrally to cover group operating requirements and long-term capital needs. Hydro has an ambition to access national and international capital markets as primary sources for external long-term funding.

As of December 31, 2023, Hydro held NOK 24.6 billion in cash and cash equivalents. In addition, NOK 0.6 billion were held as time deposits, classified as short-term investments. These instruments are managed as part of Hydro's liquidity management, aiming to optimize the return on cash positions. Hydro's policy is that the maturity of such positions shall be shorter than 12 months. Time deposits are normally available at shorter notice, subject to bank approval and potential break costs. Hydro has a syndicated USD 1,600 million revolving credit facility maturing in December 2026, including a USD 1,500 million swingline as a sub-facility to cover short-term liquidity needs. An additional syndicated revolving credit facility of USD 1,300 million to support potential short-term liquidity needs expires in April 2024 and will be refinanced prior to maturity. Both facilities were undrawn per year-end 2023. In addition, Hydro has access to overdraft facilities and liquidity lines which provide additional short-term liquidity.

Funding of subsidiaries, associates and jointly controlled entities

Normally the parent company, Norsk Hydro ASA, extends loans or equity to fully-owned subsidiaries to fund capital requirements. All financing is executed on an arm's length basis. To the extent Hydro offers loans to part-owned subsidiaries and investments in associates and joint arrangements, the policy is to participate according to Hydro's ownership share, on equal terms with the other owners. Project financing is used for certain funding requirements mainly to mitigate risk while also considering partnership and other relevant factors.

Trade finance products such as factoring and reverse factoring are used to some extent by subsidiaries, mainly to facilitate risk mitigation in specific trade relations or markets. Hydro has internal guidelines limiting the use of such instruments to where it adds commercial value, as these instruments should not be used as a source for funding. Hydro has set a total limit for such arrangements including any type of sales of receivables. The limit is currently NOK 5.5 billion but was not fully utilized at year-end.

Shareholder return

Long-term return to shareholders should reflect the value created by Hydro, and consists of dividends and share price development. Hydro aims to provide its shareholders with a competitive return compared with alternative investments in similar companies. Hydro's ambition is to pay out, on average, a minimum 50 percent of adjusted net income from continuing operations attributable to Hydro shareholders[1] as ordinary dividend over the cycle, with a dividend floor of NOK 1.25 per share. Dividends for a particular year are based on that year's performance, Hydro's targeted capital structure, expected future earnings and cash flow, future investment opportunities and the outlook for world markets. Share buybacks or extraordinary dividends may be used to supplement ordinary dividends.

Hydro's capital management measures

Hydro's management uses the Adjusted net cash (debt) to adjusted EBITDA ratio to assess the group's financial solidity and ability to absorb volatility in the markets. Hydro targets, over the business cycle, a ratio of average Adjusted net cash (debt) to adjusted EBITDA below 2 supported by a target for Adjusted net cash (debt) of around NOK 25 billion. At year-end, the Adjusted net cash (debt) level will normally be below this target in anticipation of coming dividend payment. Hydro continuously evaluates the efficiency of the capital structure and takes this into account when proposing shareholder distribution.

Net cash (debt) is defined as Hydro's cash and cash equivalents plus short-term investments and cash collateral for long-term liabilities, less short- and long-term interest-bearing debt. Adjusted net cash (debt) excludes cash positions regarded as unavailable for servicing debt, and adds other obligations which are considered debt-like in nature.

Hydro considers the definition of Net cash (debt) to be a relevant metric for valuation purposes, while the Adjusted net cash (debt) definition is a better indicator of Hydro's financial position at the balance sheet date.

The tables below present the calculation of Net cash (debt), Adjusted net cash (debt) and the Adjusted net cash (debt) to adjusted EBITDA ratio.

1) See the Alternative Performance Measures section later in this report for more information.

Adjusted net cash (debt)

Amounts in NOK million	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022
Cash and cash equivalents	24,618	19,105	22,453	30,873	29,805	25,852	24,507	21,161
Short-term investments [1]	2,641	2,101	1,158	2,696	4,173	2,511	1,882	8,588
Short-term debt	(7,111)	(5,764)	(5,271)	(5,899)	(6,746)	(11,085)	(7,796)	(7,072)
Long-term debt	(28,978)	(29,944)	(29,756)	(29,615)	(26,029)	(20,790)	(21,054)	(21,073)
Collateral for long-term liabilities	638	660	122	195	106	367	767	3,545
Net cash (debt)	**(8,191)**	**(13,843)**	**(11,294)**	**(1,749)**	**1,310**	**(3,145)**	**(1,693)**	**5,149**
Collateral for short-term and long-term liabilities [2]	(1,610)	(1,642)	(209)	(1,892)	(2,563)	(1,243)	(1,718)	(9,653)
Cash and cash equivalents and short-term investments in captive insurance company [3]	(1,142)	(1,107)	(1,090)	(1,073)	(1,000)	(995)	(1,020)	(1,050)
Net pension obligation at fair value, net of expected income tax benefit [4]	(884)	333	828	(116)	(270)	959	1,446	993
Short- and long-term provisions net of expected income tax benefit, and other liabilites [5]	(6,344)	(4,133)	(4,125)	(3,671)	(3,466)	(3,381)	(3,274)	(3,183)
Adjusted net cash (debt) in Assets held for sale and Liabilities in disposal group [6]	149	-	-	-	-	-	-	-
Adjusted net cash (debt)	**(18,022)**	**(20,391)**	**(15,890)**	**(8,501)**	**(5,989)**	**(7,806)**	**(6,260)**	**(7,745)**

1) Hydro's policy is that the maximum maturity for cash deposits is 12 months. Bank deposits with original maturities beyond three months are classified as investing activities and included in short-term investments on the balance sheet.
2) Collateral provided as cash, mainly related to derivatives used for risk management.
3) Cash and cash equivalents and short-term investments in Hydro's captive insurance company Industriforsikring AS are assumed to not be available to service or repay future Hydro debt, and are therefore excluded from the measure Adjusted net cash (debt).
4) The expected income tax liability related to the net pension liability is NOK 325 million and NOK 591 million, respectively for 2023 and 2022.
5) Consists of Hydro's short and long-term provisions related to asset retirement obligations, net of an expected tax benefit estimated at 30 percent, and other non-current financial liabilities.
6) Adjusted net cash (debt) in Hydro Rein which is included in Assets held for sale on the balance sheet.

Average Adjusted net cash (debt) / adjusted EBITDA

Amounts in NOK million, except ratio	2023	2022
Average Adjusted net cash (debt)	(15,701)	(6,950)
Adjusted EBITDA	22,258	39,664
Average Adjusted net cash (debt) / adjusted EBITDA	**0.71**	**0.18**

Note 7.2 Cash and cash equivalents

Accounting policies for cash and cash equivalents

Cash and cash equivalents in the balance sheet includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition and are measured at nominal value. Hydro recognizes cash received when amounts are available on Hydro's bank account. Similarly, Hydro recognizes cash payments to settle liabilities when the payment is initiated by Hydro and the amount paid is no longer available.

Liquidity management

Hydro manages its liquidity requirements centrally to cover group operating requirements. Hydro operates cash pools in several currencies where wholly owned subsidiaries participate, to the extent permitted by country legislation. Such cash pool arrangements facilitate netting of cash positions within the group, thereby reducing the requirement for external financing, and centralizing management of aggregated positions. At the end of 2023, NOK 5.3 billion of Hydro's cash position of NOK 24.6 billion was outside such group arrangements, mainly in Brazil and Slovakia.

Note 7.3 Short-term investments

Amounts in NOK million	2023	2022
Equity securities	357	335
Debt securities	733	637
Time deposits [1)]	586	750
Collateral accounts and other	965	2,451
Total short-term investments	**2,641**	**4,173**

1) Time deposits in banks with a maturity of three months or more at inception. Short-term bank deposits are normally available at short notice.

Note 7.4 Short and long-term debt

Amounts in NOK million	2023	2022
Bank loans and overdraft facilities	954	196
Current portion of long-term debt	6,156	6,549
Bank loans and other interest-bearing short-term debt	**7,111**	**6,746**

Amounts in NOK million	2023	2022
Unsecured loans	30,018	28,998
Lease liabilities	5,117	3,580
Outstanding debt	35,134	32,578
Less: Current portion	(6,156)	(6,549)
Total long-term debt	**28,978**	**26,029**

The majority of long-term loans are held by the parent company. There are no financial covenants for those loans. Some loans held by part-owned subsidiaries have financial covenants as part of the terms.

As of December 31, 2023, long-term debt includes six bonds in NOK listed on the Oslo Stock Exchange (Euronext Oslo) and two bonds in EUR listed on the Irish Stock Exchange (Euronext Dublin). As of December 31, 2023, the market value of these bonds is approximately NOK 0.2 billion lower than the carrying value which is the amortized cost.

Information about payment schedule for long-term debt is included in note 8.1 Financial and commercial risk management under Liquidity risk.

Reconciliation of liabilities arising from financing activities

Amounts in NOK million	Long-term debt	Bank loans and other interest-bearing short-term debt	Other	Total liabilities from financing activities
December 31, 2021	21,989	6,428	-	28,418
Cash flows	8,225	(6,706)	44	1,564
Non-cash changes:				
Net change in current balance	(6,467)	6,467	-	-
New leases	1,208	-	-	1,208
Lease debt cancellations	(19)	-	-	(19)
Amortizations and other	22	-	-	22
Foreign currency effects	1,070	557	-	1,628
December 31, 2022	26,029	6,746	45	32,819
Cash flows	8,368	(9,270)	2	(900)
Non-cash changes:				
Net change in current balance	(8,430)	8,430	-	-
New leases	2,457	-	-	2,457
Lease debt cancellations	(34)	-	-	(34)
New financial liabilities for non-cash investments and financing activities	-	-	2,323	2,323
Business combinations	24	832	-	856
Amortizations and other	27	(1)	(6)	21
Foreign currency effects	537	374	(81)	830
December 31, 2023	**28,978**	**7,111**	**2,284**	**38,372**

Note 7.5 Finance income and expense

Significant accounting policies

Foreign currency transactions
Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the balance sheet date. Currency gains or losses are included in Finance expense.

Amounts in NOK million	2023	2022
Interest income (amortized cost)	1,267	652
Dividends received and net gain (loss) on securities	35	(33)
Interest and other finance income	**1,302**	**619**
Foreign currency exchange gain (loss)	**(2,084)**	**2,192**
Interest expense (amortized cost)	(2,054)	(1,090)
Accretion	(280)	(170)
Other	71	99
Interest and other finance expense	**(2,264)**	**(1,161)**
Finance income (expense), net	**(3,046)**	**1,649**

Accretion represent the period's interest component for pension assets and obligations, asset retirement obligations and other liabilities measured as present value of future expected payments.

Note 7.6 Shareholders' equity

Share capital

Number of shares	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
December 31, 2021	2,068,998,276	(17,522,614)	2,051,475,662
Treasury shares issued to employees		1,070,211	1,070,211
Treasury shares acquired		(10,141,000)	(10,141,000)
December 31, 2022	2,068,998,276	(26,593,403)	2,042,404,873
Treasury shares issued to employees		1,355,525	1,355,525
Treasury shares acquired		(22,191,847)	(22,191,847)
Shares cancelled	(27,789,655)	18,268,564	(9,521,091)
December 31, 2023	**2,041,208,621**	**(29,161,161)**	**2,012,047,460**

The share capital of Norsk Hydro ASA as of December 31, 2023 was NOK 2,241,247,066 consisting of 2,041,208,621 ordinary shares at par value of NOK 1.098 per share, all fully paid. The share capital as of December 31, 2022 was NOK 2,271,760,107 consisting of 2,068,998,276 ordinary shares at par value of NOK 1.098 per share, all fully paid. All shares have equal rights and are freely transferable.

Treasury shares

On September 20, 2022, the Extraordinary General Meeting authorized buyback of shares in the market in the price interval of NOK 20 to NOK 150 per share. The authorization applied from September 20, 2022, until September 20, 2023. The repurchased shares were to be used for cancellation through capital reduction. The Ministry of Trade, Industry and Fisheries agreed to participate in a redemption of a proportional number of shares in order to leave its ownership interest unchanged. Including the share redemption, a total of 100 million shares could be cancelled. The cancellation of these shares, the redemption of shares held by the Ministry of Trade, Industry and Fisheries, and closure of the program was approved by Annual General Meeting on May 10, 2023. On June 30, 2023, all 18,268,564 shares acquired under this program were cancelled. In addition, 9,521,091 shares representing the Ministry of Trade, Industry and Fisheries relative ownership were redeemed in the amount of NOK 648 million and cancelled.

On May 10, 2023, Annual General Meeting authorized buyback of shares in the market in the price interval of NOK 20 to NOK 150 per share, with the intention to cancel the shares. The authorization applies until June 30, 2024. In total, 100 million shares may be cancelled, including redemption of shares held by the Ministry of Trade, Industry and Fisheries, retaining the relative ownership share of the Ministry at 34.26 percent. Total number of shares purchased in 2023 under this program was 14,064,283. Buyback of shares under the program was completed on January 31, 2024.

The remaining 15,096,878 treasury shares may, pursuant to the decision of the General Meeting at the time these shares were acquired, be used as consideration in connection with commercial transactions or share schemes for the employees and representatives of the Board of Directors.

Per December 31, 2023, treasury shares amounted to NOK 1,381 million, comprised of NOK 32 million share capital and NOK 1,349 million retained earnings.

Change in Other components of equity

The table below specifies the changes in Other components of equity for 2023 and 2022

Amounts in NOK million	2023	2022
Items that will not be reclassified to income statement:		
Remeasurement postemployment benefits		
January 1	3,481	2,697
Remeasurement postemployment benefits during the year	(989)	968
Deferred tax offset	184	(184)
December 31	2,676	3,481
Unrealized gain (loss) on assets measured at FVOCI		
January 1	(740)	(779)
Period unrealized gain (loss) on FVOCI securities	(135)	40
Disposal of equity securities at FVOCI	1,288	-
December 31	414	(740)
Items that will be reclassified to income statement:		
Currency translation differences		
January 1	(2,690)	(11,114)
Currency translation differences during the year	7,542	8,428
Reclassified to Net income on divestment of foreign operation	(4)	(4)
Reallocation of equity upon sale of shares to non-controlling interest	(2,405)	-
December 31	2,444	(2,690)
Cash flow hedges - See note 8.3 Derivative instruments and hedge accounting		
January 1	340	(284)
Period gain (loss) recognized in Other comprehensive income	1,120	781
Reclassification of hedging gain (loss) to Net income	(723)	(238)
Tax expense	(125)	81
December 31	612	340
Other components of equity in equity accounted investments		
January 1	6	-
Period gain (loss) recognized in Other comprehensive income	(3)	6
December 31	2	6
Total other components of equity attributable to Hydro shareholders as of December 31	9,559	1,835
Total other components of equity attributable to non-controlling interests as of December 31	(3,411)	(1,438)

Earnings per share

Basic and diluted earnings per share is computed using Net income attributable to Hydro shareholders and the weighted average number of outstanding shares in each year. There are no significant diluting elements. The weighted average number of outstanding shares used for calculating basic and diluted earnings per share was 2,029,080,722 for 2023 and 2,050,779,399 for 2022.

Hydro's outstanding founder certificates and subscription certificates entitle the holders to participate in any share capital increase, provided that the capital increase is not made in order to allot shares to third parties

as compensation for their transfer of assets to Hydro. These certificates represent dilutive elements for the earnings per share computation.

Note 7.7 Dividends

Hydro's Board of Directors proposes a dividend per share in connection with the approval of the annual result in February. The Annual General Meeting considers this proposal, normally in May, and the approved dividend is then paid to the shareholders. Dividends are usually paid once each calendar year, generally occurring in May. For non-Norwegian shareholders, Norwegian withholding tax will be deducted at source in accordance with the applicable Norwegian tax regulations.

For fiscal year 2023 the Board of Directors has proposed a dividend of NOK 2.50 per share to be paid in May 2024. The Annual General Meeting, scheduled to be held May 7, 2024, will consider this dividend proposal. If approved, this would be a total dividend of approximately NOK 5,030 million. In accordance with IFRS, the fiscal year 2023 proposed dividend is not recognized as a liability in the 2023 financial statements.

Dividends declared and paid in 2023 and 2022 for the prior fiscal year, respectively, are as follows:

	Paid in 2023 for fiscal year 2022	Paid in 2022 for fiscal year 2021
Dividend per share paid, NOK	5.65	6.85
Total dividends paid, NOK million	11,501	14,060
Date proposed	February 13, 2023	February 21 and July 21, 2022
Date approved	May 10, 2023	May 10 and September 20, 2022
Dividend payment date	May 23, 2023	May 20 and September 30, 2022

Dividends to non-controlling shareholders in Hydro's subsidiaries are reported as dividends in Consolidated statements of changes in equity.

Section 8 - Financial risk and financial instruments

Note 8.1 Financial and commercial risk management

Hydro is exposed to market risks related to the prices of products produced and sold, and the input factors purchased and used, as well as currency risk. Risks may differ short-term and long-term. Short-term risks are to a large extent related to global and regional market volatility. Longer term risks are also impacted by megatrends such as the green shift and relative competition strength for countries and regions.

Hydro's products, both aluminium and renewable energy, are important for the green shift. With CO_2 intensity well below the industry average and aluminium products with low emissions attracting a premium above generic metal prices we believe we have a competitive advantage, see also discussion in note 1.1 Reporting entity, basis of presentation, significant accounting estimates and judgment. To retain and improve this advantage, we are dependent on succeeding in planned initiatives to further reduce CO_2 intensity in our products, such as developing new technology and sourcing sufficient renewable energy. Further, continued market preference for low carbon aluminium will benefit Hydro. Changes in regulatory conditions, such as global or regional carbon prices will impact the competitive landscape. Depending on how and where such carbon prices are introduced, Hydro may benefit from changes, while it is also a risk that some of the plants will experience cost disadvantages during the transition period.

Short- and medium-term price risks are managed based on the margin between sales prices and cost of raw materials and energy cost. Margin risks are managed partly at segment level and partly combined for the group.

Hydro's main strategy for managing volatility in the markets is to maintain strong liquidity, a strong balance sheet and an investment grade credit rating. In addition, a combination of financial and physical contracts, including derivatives, is used to manage margin risk.

Hydro's sales contracts mainly cover periods for up to one year, supplemented with frame arrangements that can cover several years. Prices are usually determined with reference to observed market prices or fixed, negotiated prices determined no more than one year prior to delivery. Raw materials are purchased with prices fixed for periods varying between a few months up to three years. Some key raw materials, including bauxite and alumina, is purchased under long-term contracts with prices linked to observable market prices on the same or related products. Energy, in particular electricity for use in aluminium smelters, is purchased at long-term contracts with duration up to 20 years, mainly at fixed prices. Energy for other production facilities, including natural gas, fuel oil and coal, is purchased under contracts where prices are fixed for shorter intervals. Hydro secures access to most key input factors through contracts covering at least four months, for many raw materials longer periods. Price risks for raw materials and energy are managed mainly through price clauses in the relevant contracts, supplemented with derivatives where considered beneficial. The main purpose is to manage risks related to market volatility in a period of up to four years. Hydro is also exposed to risks related to availability of products. These risks are managed by monitoring the operational and financial performance of key suppliers in order to reduce the risk of default on operations and key projects, and by keeping in constructive dialogue with relevant contract parties.

Prices for products sold and raw material and energy are denominated in various currencies which exposes Hydro to currency risk. Where production margin is subject to significant currency risks, and such risks are not offset across the group, currency derivatives are to some extent used to mitigate unwanted risks.

Commodity price risk exposure

Aluminium
Regional market places for aluminium sold as standard ingot exists several places. London Metal Exchange (LME) is the most important to Hydro, and is the point of reference in many contracts, both for sale and purchase of products and for derivatives. Hydro produces and recycles aluminium, which is partly sold as casthouse products and partly consumed in production of upgraded industrial products in Hydro Extrusions. Hydro also purchases aluminium for use in Extrusions and for recycling. Hydro engages in limited trading activities to optimize capacity utilization, reduce logistical costs and strengthen the market positions, in addition to some speculative trading activities within strict volume and risk limits.

Short-term price risk for aluminium relates to time difference in pricing of purchases of aluminium for use in production of upgraded product or for resale, compared to sale of aluminium. Hydro enters into aluminium future contracts on LME with a maturity of mainly one to three months to mitigate unwanted price risk short term. The main purpose is to achieve an average LME aluminium price on smelter production. In addition, Hydro seeks to mitigate timing risk in the pricing patterns for sale of upgraded products, purchase of aluminium for recycling, and purchase of third-party products (back-to-back hedging). Hydro manages these exposures on a portfolio basis, taking derivative positions based upon net exposures.

Long-term price risk for aluminium is managed with the aim to achieve a reasonable production margin measured as the difference between the aluminium price and the prices of key raw materials alumina, pitch, petroleum coke, anodes, and energy. Prices for raw materials and energy are to a limited extent linked to, or correlated with, the aluminium price. Hydro enters into derivative forward sale contracts both on the LME and with banks to secure prices on parts of the planned aluminium production as part of securing a margin level for periods up to about three years combined with locking in prices for a part of raw materials through fixed-price sourcing contracts or derivatives when considered beneficial, whether based on the market situation or to secure cash flow for specific projects.

Hydro's sales of primary aluminium and aluminium casthouse products include a premium above the quoted price on LME. The pricing of these premiums can be volatile, and is related to physical demand and supply, with regional and product-related differences. There are limited possibilities for hedging future premiums, except for standard ingot premiums, for which a forward market exists. Hydro has from time to time entered into contracts for standard ingot premiums to mitigate risk in sales contracts.

Bauxite and alumina
Hydro's production of alumina normally exceeds the alumina consumption in its primary aluminium production. In addition, Hydro has long-term agreements to purchase alumina from third parties. The majority of purchase and sale contracts are priced with reference to alumina spot price indexes, however, some long-term contracts with links to the aluminium price on LME exists. Prices for aluminium and alumina have historically been correlated over longer periods, however, price development may differ significantly short term. Alumina forward markets are considered to have limited liquidity.

Hydro is a producer and consumer of bauxite. Hydro's need for bauxite is secured through own production as well as by long-term contracts. The purchasing contracts have links to the LME aluminium price and to the alumina spot price development with a certain time-lag.

Energy
Hydro is a large consumer of energy in several countries. Energy is consumed as electrical power, natural gas, fuel oil and coal, with power as the main energy carrier. Hydro also has significant power production in Norway. Hydro's power consumption is mainly secured through long-term contracts with power suppliers, including project companies with a limited production portfolio, and through Hydro's own production. Energy production and prices are to an increasing degree volatile, both from the increased volume of renewable energy from solar and wind for which available volume fluctuates with weather conditions, from initiatives to reduce CO_2 emissions through market mechanisms such as cap-and-trade schemes and other regulatory initiatives, as well as the energy shortage in Europe caused by geopolitical uncertainty.

Transition to net zero GHG emissions represents both potential advantages and risks to Hydro, see discussion in note 1.1 Reporting entity, basis of presentation, significant accounting estimates and judgment.

Hydro's own electricity production is influenced by hydrological conditions which can vary significantly, and where production short-term is managed to match physical need and market prices. The net power position in Norway is balanced out in the Nordic power market through hourly sales and purchases.

Hydro is engaged in development projects for new renewable energy, mainly solar and wind power projects in Brazil and Scandinavia. The majority of these projects are in REIN, which is presented as Assets held for sale, see note 1.5 Significant subsidiaries and changes to the group.

Hydro also uses fossil energy carriers, mainly fuel oil and coal in the alumina refinery Alunorte and natural gas for casthouses and other industrial processes. The use of fuel oil and coal is expected to be significantly reduced and replaced with natural gas and electricity towards 2025.

In order to manage risks related to price and volume fluctuations, Hydro utilizes mainly physical contracts securing purchase of power at fixed prices or with relevant price links, for some contracts to the aluminium price. Fossil fuels are mainly purchased on contracts with a duration of up to four years or contracts priced to observable market prices. Physical sourcing contracts are supplemented with derivatives such as future contracts, forwards and options. Hydro also participates in trading activities within strict volume and risk limits.

Foreign currency risk exposure

The prices of Hydro's upstream products bauxite, alumina and primary aluminium, are mainly denominated in US dollars, while sale of mid- and downstream products are mainly priced in US dollars and Euro. Further, the prices of major raw materials used in Hydro's production processes are quoted in US dollars in the international commodity markets, while power is predominantly priced in Euro in Europe, including Norway. Hydro also incurs significant local costs related to the production, distribution and marketing of products in a number of different currencies, mainly Norwegian Krone, Brazilian Real, Euro and US dollar. Hydro's primary operational foreign currency risk is consequently linked to fluctuations in the value of the US dollar and Euro, and in these currencies versus the currencies in which significant costs are incurred. In addition, Hydro's results and equity are influenced by value changes for the functional currencies of the individual entities and the Norwegian Krone as the Group's presentation currency.

To mitigate the impact of exchange rate fluctuations, long-term debt is mainly maintained in currencies reflecting underlying exposures, liquidity management and cash generation, while considering attractiveness in main financial markets. To reduce the effects of fluctuations in the US dollar and other exchange rates, Hydro also uses foreign currency swaps and forward currency contracts. Commodity derivatives are entered into in various currencies, mainly US dollar, Euro and Norwegian Krone, to reflect currency exposures in the relevant unit.

Foreign currency risk exposure in receivables, payables and loans
Short-term receivables and payables are often held in currencies other than the functional currency of the unit, predominantly in US dollars and Euro. Borrowings and deposits may be denominated in other currencies than the functional currency of the unit. The majority of exposure in financing arrangements exists in the parent company in Norway and in the part-owned subsidiaries, mainly in Brazil.

Embedded currency derivatives in non-financial contracts, including the Euro priced electricity contracts in Norway, contains a currency exposure which is separately recognized.

Interest rate exposure

Hydro is exposed to changes in interest rates, primarily as a result of financing its business operations and managing its liquidity in different currencies. Cash and other liquid resources, as well as debt, are currently mainly held in Norwegian Krone, Euro, US dollars and Brazilian real, and carries short-term interest rates.

Financial instruments and provisions are also exposed to changes in interest rates in connection with valuation and discounting of positions to present value.

Credit risk management

Hydro manages credit risk by setting counterparty risk limits and establishing procedures for monitoring exposures and timely settlement of customer accounts. Credit risk is further limited through use of credit insurance, and, in some markets, sale of receivables to banks. Prepayments or guarantees are required where credit risk is outside the limits set for the relevant counterpart. Hydro is also monitoring the financial performance of key counterparties in order to reduce both operational and financial risk. Our overall credit risk exposure is reduced due to a diversified customer base representing various industries and geographic areas. Enforceable netting agreements, guarantees, and credit insurance, also contribute to a lower credit risk.

Credit risk arising from derivatives is generally limited to net exposures. Exposure limits are established for financial institutions relating to current accounts, deposits and other obligations. Credit risk related to commodity derivatives is limited by settlement through commodity exchanges such as the London Metal Exchange, Nasdaq OMX, Intercontinental Exchange, and banks, and through margin arrangements. Current counterparty risk related to the use of derivative instruments and financial operations is considered moderate.

Liquidity risk

Volatile commodity prices and exchange rates as well as fluctuating business volumes and inventory levels can have a substantial effect on Hydro's cash positions and borrowing requirements.

Margin calls for derivative contracts varies with positions. The risk is managed at group level to balance the commodity price risk and liquidity risk, and secure that sufficient funding to meet contractual obligations are available.

To fund cash deficits of a more permanent nature Hydro will normally raise equity, long-term bond or bank debt in available markets as described in note 7.1 Capital management. Some suppliers have access to supply chain finance facilities, which allows those suppliers to benefit from Hydro’s credit profile. The use of such products is limited and does not extend Hydro’s credit period beyond normal commercial terms. Further, all other financial liabilities, such as trade payables, with the exception of derivatives, have a final maturity date within one year.

A summary of Hydro's total contractual obligations and commercial commitments to make future payments is presented below:

Amounts in NOK million	2024	2025	2026	2027-2028	Thereafter	Total
Long-term debt including interest (note 7.4)	7,150	12,330	6,155	7,380	5,887	38,902
Unconditional purchase obligations [1]	69,177	43,883	37,883	73,338	222,983	447,264
Contractual commitments	6,613	2,931	75	15	18	9,652
Short-term and long-term provisions (note 4.1)	4,000	1,596	493	949	3,655	10,693
Total contractual and non-contractual obligations, undiscounted	**86,940**	**60,740**	**44,606**	**81,682**	**232,543**	**506,511**

1) Unconditional purchase obligations include long-term contracts with equity accounted investees.

Hydro has long-term contractual commitments for the purchase of aluminium, raw materials, electricity, and transportation. The future non-cancellable fixed and determinable obligations under purchase commitments as of December 31, 2023 are shown in the following table:

Amounts in NOK million	Bauxite, alumina and aluminium	Energy related	Other
2024	40,609	16,484	12,084
2025	28,682	9,880	5,321
2026	24,362	10,067	3,455
2027	24,596	9,611	2,758
2028	24,457	9,867	2,049
Thereafter	120,322	96,722	5,939
Total	**263,028**	**152,631**	**31,606**

Amounts relating to contracts which are entirely or partly linked to market prices such as LME are based on the spot price at the balance sheet date.

The following table specifies Hydro’s payment obligations related to investments:

Amounts in NOK million	Total
Contract commitments for investments in property, plant and equipment	9,638
Additional authorized future investments in property, plant and equipment	6,300
Venturer's share of capital commitments of the joint ventures themselves	55
Contract commitments for other future investments	15
Total	**16,008**

Additional authorized future investments include projects formally approved for development by the Board of Directors or management. General investment frames are excluded from these amounts.

An overview of estimated gross cash flows from derivatives accounted for as liabilities and assets is presented below. Many of these assets and liabilities are offset by cash flows from contracts not accounted for as derivatives.

Risk of significant cash payments or margin calls related to derivative instruments is managed within set volume limits, value-at-risk and tenor limits for relevant activities.

Expected gross cash flows from derivatives accounted for as financial liabilities and financial assets, respectively, as of end of year:

	2023		2022	
Amounts in NOK million	Liabilities	Assets	Liabilities	Assets
2023			(2,658)	903
2024	(2,866)	3,786	(408)	290
2025	(1,896)	1,608	(304)	102
2026	(92)	29	(603)	625
Thereafter	(327)	480		
Total	**(5,181)**	**5,903**	**(3,973)**	**1,920**

The cash flows above are to a large extent subject to enforceable netting agreements reducing Hydro's exposure substantially.

For additional information on contracts accounted for at fair value, see note 8.3 Derivative instruments and hedge accounting.

Note 8.2 Financial instruments

Accounting policies for financial instruments

Financial assets

Financial assets represent a contractual right by Hydro to receive cash or another financial asset in the future. Financial assets include financial derivatives and commodity derivative contracts, receivables and equity interests, as well as financial instruments used for cash-flow hedges.

Financial assets are recognized in accordance with IFRS 9 Financial Instruments. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). Classification depends on the contractual terms, the business model and, for some instruments, the company's choice. Financial assets are derecognized when the rights to receive cash from the asset have expired or when Hydro has transferred the asset.

Trade receivables
Trade receivables are initially recognized at transaction price, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Portfolios of trade receivable where expected losses are more than insignificant are reduced for those expected losses. Discounting generally does not have a material effect on accounts receivable, however, in special cases discounting may be applied. Hydro's business model for most trade receivable is to hold the receivables to collect the contractual cash flows. For some portfolios of trade receivables, factoring is applied.

Debt instruments
Debt instruments other than trade receivables include bank deposits and all other monetary instruments with a maturity above three months at the date of purchase, investments in debt securities, and certain other receivables. These instruments are measured at amortized cost, with the exception of instruments where cash flows are not contractually fixed and/or consists of other elements in addition to interest and repayments; and thus required to be measured at FVTPL.

Short-term debt instruments are included in Short-term investments. Long-term debt instruments are included in Other non-current assets.

Equity instruments
Hydro's portfolio of trading securities is measured at FVTPL and included in Short-term investments. Other equity investments in companies that are not consolidated or accounted for using the equity method are classified as either FVTPL or FVOCI on an individual investment basis. Hydro classifies investments in other entities with strategic or operational purposes, such as getting access to raw materials or in other ways cooperating with those entities, primarily as FVOCI, as Hydro considers this classification to be more relevant. Any dividend received from such investment is recognized in Finance income. On disposal of these investments, no gain or loss will be recognized in the income statement, however, any related accumulated value change will be reclassified from Other components of equity to Retained earnings.

Financial liabilities

Financial liabilities represent a contractual obligation by Hydro to deliver cash in the future and are classified as either short- or long-term. Financial liabilities include financial derivatives, commodity derivative contracts and other financial liabilities as well as financial instruments used for cash-flow hedges. Financial liabilities, with the exception of derivatives, are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment, when Hydro has irrevocably initiated payment, or when Hydro is legally released from the primary responsibility for the liability.

Derivative instruments

Derivative instruments are measured at fair value through profit and loss, except when the instruments meet the criteria for cash flow hedge accounting and are designated as hedge instruments. Derivatives, including hedging instruments and embedded derivatives, with expected cash flows within twelve months from the balance sheet date, or held solely for trading, are classified as short-term. Instruments with expected cash flows more than 12 months after the balance sheet date are classified as short and long-term based on the timing of the estimated cash flows.

Derivative contracts are presented gross on the balance sheet unless contract terms include the possibility to settle the contracts on a net basis and Hydro has the intention and ability to do so. The ability to settle net is conditional on simultaneous offsetting cash-flows.

Physical contracts for commodities that are readily convertible to cash are evaluated on a portfolio basis. Portfolios are defined based on business purpose, internal mandates and internal responsibilities. If a portfolio of contracts contains contracts of a similar nature that are settled net in cash, or the underlying products are not intended for own use, the entire portfolio of contracts is recognized at fair value and classified as derivatives. Physical commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of the commodity in accordance with Hydro's expected purchase, sale or usage requirements (own use) are not accounted for at fair value.

Power Purchase Agreements (PPAs) are carefully considered. Hydro purchases significant quantities of power, the majority purchased on baseload contacts where the same quantity is delivered and received each hour during the contract period. These contracts are well aligned with Hydro's need for production facilities such as aluminium smelters running on an ongoing basis throughout the year with no planned shutdown periods. Some contracts are for energy sources such as wind and solar power. For these sources, where production quantities vary with weather and other non-controlled conditions, contracts whereby a relative share of the actual produced quantity is delivered is more frequent. Hydro is exposed to such contracts in sourcing for the smelter portfolio in Norway. For Hydro's activity in Norway, the variability is absorbed in combination with the hydropower production facilities owned and managed by Hydro. Purchased power is considered for own use assuming that Hydro's consumption of power exceeds the quantities purchased. Net spot sales balancing out excess power is derived from Hydro's production of power.

Hydro considers the Nordic power market an integrated market. Power purchase at one point in the grid is considered physically received and used for own consumption needs even though the consumption may be from a different point in the integrated grid, and power is being transported between the connection points by the grid operator.

Commodity purchase contracts are generally considered to be the primary source for usage requirements. Hydro's own production of such commodities, for instance electricity, alumina and primary aluminium, is considered to be available for use or sale at Hydro's discretion unless relevant concessions contain restrictions for use.

For commodity contracts with certain contingencies such as dependence on a planned production facility, the contracts are evaluated to determine at which time the arrangement represents a firm commitment and thus potentially is a contract in scope of IFRS 9. Generally, Hydro consider arrangements relying on production in a specific facility not yet existing and for which the final construction decision is not made, not to represent a derivative under IFRS 9.

Derivative commodity instruments are marked-to-market with their fair value recorded in the balance sheet as either assets or liabilities. Valuation models take into consideration uncertainties and variability in volumes to be delivered or received where not contractually fixed. Changes in the fair value of the instruments are reflected in revenue and/or raw material cost. Forward currency contracts and currency options are recognized in the balance sheet and measured at fair value at each balance sheet date with the resulting gain or loss recorded in Finance expense. Interest income and expense relating to swaps are netted and recognized as income or expense over the life of the contract.

Hedge accounting is applied when specific hedge criteria are met, including documentation of the hedge relationship. The changes in fair value of the hedging instruments are offset in part or in full by the corresponding changes in the fair value or cash flows of the underlying hedged exposures. Gains and losses on cash flow hedging instruments are recognized in Other comprehensive income and deferred in the Hedging reserve in Other components of equity until the underlying transaction is recognized in the income statement. Deferred gains and losses relating to forecasted hedged transactions that are no longer expected to occur are immediately recognized in the income statement. Any amounts resulting from hedge ineffectiveness are recognized in the current period's income statement.

An embedded derivative is accounted for as a separate financial instrument, provided that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the host contract is not accounted for at fair value. Embedded derivatives are classified both in the income statement and on the balance sheet based on the risks in the derivatives' underlying.

Financial instruments, and contracts accounted for as such, are in the balance sheet included in several line items and classified in categories for accounting treatment.

Significant judgment in accounting for financial instruments

Determining whether contracts qualify as financial instruments at fair value or as contracts for own use involves evaluation of markets, Hydro's use of similar contracts and historic or planned use of physically delivered products under such contracts. The assessment includes considerations of production volume, sales volumes and the need for raw materials and energy over the period covered by the contract. Determining whether embedded derivatives are required to be separated and accounted for at fair value involves assessing price correlations and normal market pricing mechanisms for relevant products and marketplaces.

Where no directly observable market prices exist, fair value is estimated through valuation models which rely on internal assumptions as well as observable market information such as forward curves, yield curves and interest rates. Market stability and liquidity impacts the reliability of observed prices and other market information, and consequently, the extent of judgment necessary to estimate appropriate market prices for valuation purposes. Volatility also impacts the magnitude of changes in estimated fair value, which can be substantial, in particular on long-term contracts. Historically, financial and commodity markets have been highly volatile.

The below specification relates to financial statement line items containing financial instruments. Information is classified and measured in accordance with IFRS 9.

Amounts in NOK million	Derivatives at FVTPL [1]	Derivatives identified as hedging instruments	Debt instruments at amortized cost	Financial instruments at FVTPL [2]	Equity instruments at FVOCI	Financial liabilities at amortized cost	Non-financial assets and liabilities [3]	Total
2023								
Assets - current								
Cash and cash equivalents	-	-	24,618	-	-	-	-	24,618
Short-term investments	-	-	1,551	1,090	-	-	-	2,641
Trade and other receivables	-	-	20,077	-	-	-	5,327	25,404
Other current financial assets	890	825	-	-	-	-	185	1,900
Assets - non-current								
Investments accounted for using the equity method	-	-	-	-	-	-	21,228	21,228
Other non-current assets	574	110	1,319	88	955	-	3,343	6,389
Liabilities - current								
Bank loans and other interest-bearing short-term debt	-	-	-	-	-	7,111	-	7,111
Trade and other payables	-	-	-	-	-	12,513	13,719	26,232
Other current financial liabilities	1,424	2	-	817	-	484	-	2,727
Liabilities - non-current								
Long-term debt	-	-	-	-	-	28,978	-	28,978
Other non-current financial liabilities	2,932	-	-	1,062	-	51	-	4,045
2022								
Assets - current								
Cash and cash equivalents	-	-	29,805	-	-	-	-	29,805
Short-term investments	-	-	3,201	972	-	-	-	4,173
Trade and other receivables	-	-	20,644	-	-	-	3,344	23,988
Other current financial assets	691	264	-	-	-	-	172	1,127
Assets - non-current								
Investments accounted for using the equity method	-	-	-	-	-	-	21,222	21,222
Other non-current assets	1,133	265	739	21	904	-	2,533	5,596
Liabilities - current								
Bank loans and other interest-bearing short-term debt	-	-	-	-	-	6,746	-	6,746
Trade and other payables	-	-	-	-	-	13,892	10,482	24,374
Other current financial liabilities	2,786	-	-	-	-	8	-	2,794
Liabilities - non-current								
Long-term debt	-	-	-	-	-	26,029	-	26,029
Other non-current financial liabilities	1,758	15	-	-	-	45	-	1,817

1) FVTPL is financial instruments at fair value through profit or loss. FVOCI is financial instruments at fair value through other comprehensive income.

2) Financial Instruments at Fair Value Through Profit or Loss (FVTPL) are instruments required by IFRS 9 to be at FVTPL.

3) Includes items that are excluded from the scope of IFRS 7 Financial Instruments: Disclosures, such as investments accounted for using the equity method, except loans to such entities.

Financial assets, classified as current and non-current, represent the maximum exposure Hydro has towards credit risk as at the reporting date.

Collateral or margin calls are required for some financial liabilities, primarily related to derivative transactions. Such collaterals for financial instruments are made in the form of cash deposits, and reported as part of Short-term investments and Other non-current assets. As of December 31, 2023, short-term collateral was NOK 1 billion while long-term collateral was NOK 638 million. Corresponding amounts as of December 31, 2022 were NOK 2.5 billion and NOK 106 million, respectively.

Impairment of receivables are disclosed in note 6.2 Trade and other receivables. No other financial assets are currently impaired based on credit losses.

Gains and losses

Realized and unrealized gains and losses from financial instruments and contracts accounted for as financial instruments are included in several line items in the income statement. Below is a reconciliation of the effects from Hydro's financial instruments in the income statements:

Amounts in NOK million	Derivatives at FVTPL	Derivatives identified as hedging instruments	Debt instruments at amortized cost	Financial instruments at FVTPL	Equity instruments at FVOCI	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total [1]
2023								
Income statement line item								
Revenue	(566)	(723)	-	-	-	-	-	(1,289)
Raw material and energy expense	236	-	-	-	-	-	-	236
Financial income	55	-	-	(93)	-	-	-	(38)
Financial expense	(13)	-	-	-	-	-	-	(13)
Currency effects	2,203	-	-	-	-	-	-	2,203
Gain/loss in Other comprehensive income								
Recognized in Other comprehensive income (before tax)					135			135
Removed from Other components of equity and recognized in the income statement								
2022								
Income statement line item								
Revenue	(1,851)	(231)	-	-	-	-	-	(2,082)
Raw material and energy expense	(1,856)	-	-	-	-	-	-	(1,856)
Financial income	-	-	-	31	-	-	-	31
Financial expense	(158)	-	-	-	-	-	-	(158)
Currency effects	(1,266)	-	-	-	-	-	-	(1,266)
Gain/loss in Other comprehensive income								
Recognized in Other comprehensive income (before tax)					(40)			(40)
Removed from Other components of equity and recognized in the income statement								

1) Amounts indicates the total gains and losses to financial instruments for each specific income statement line.

Currency effects, with the exception of currency derivatives, are not included above. Negative amounts indicate a gain.

Sensitivity analysis

In accordance with IFRS, Hydro has chosen to provide information about market risk and potential exposure to hypothetical loss from its use of derivative financial instruments and other financial instruments and derivative commodity instruments through sensitivity analysis disclosures. The sensitivity analysis depicted in the tables below reflects the hypothetical gain/loss in fair values that would occur assuming a 10 percent increase in rates or prices and no changes in the portfolio of instruments held in Hydro's continuing operations as of December 31, 2023 and December 31, 2022. Effects shown below are largely also representative of reductions in rates or prices by 10 percent, but with the opposite sign convention. Only effects that would ultimately be accounted for in the income statement, or equity, as a result of a change in rates or prices, are included. All changes are before tax.

		Gain (loss) from 10 percent increase in						
		Foreign currency exchange rates			Commodity prices			
Amounts in NOK million	Fair value as of December 31 [1]	USD	EUR	Other	Aluminium	Other	Interest-rates	Other
2023								
Derivative financial instruments [2]	(2,015)	(305)	(1,924)	-	-	-	85	-
Other financial instruments [3]	(2,288)	(224)	(389)	149	-	-	7	36
Derivative commodity instruments [4]	(877)	(37)	(156)	19	(2,556)	115	11	3
Financial instruments at FVOCI [5]	1,902	(895)	-	1	-	-	2	65
2022								
Derivative financial instruments [2]	(638)	(464)	(2,087)	116	-	-	34	81
Other financial instruments [3]	8,652	(119)	(144)	118	-	-	6	34
Derivative commodity instruments [4]	(2,082)	7	(185)	-	(3,080)	246	1	19
Financial instruments at FVOCI [5]	1,430	(614)	-	1	-	-	(5)	91

1) The change in fair value due to price changes is calculated based on pricing formulas for certain derivatives, the Black-Scholes/Turnbull-Wakeman models for options and the net present value of cash flows for certain financial instruments or derivatives. Discount rates vary as appropriate for the individual instruments.
2) Includes forward currency contracts and embedded currency derivatives.
3) Includes cash and cash equivalents, investments in securities, bank loans and other interest-bearing short-term debt and long-term debt. Trade payables and trade receivables are also included.
4) Includes all contracts with commodities as underlying, both financial and physical contracts, such as LME contracts and NASDAQ Nordic Power contracts, which are accounted for at fair value.
5) Includes hedging derivatives.

The above sensitivity analysis reflects sensitivities for the instruments held at the balance sheet dates only. Related offsetting physical positions, contracts, and anticipated transactions are not reflected. The calculations do not take into consideration any adjustments for potential correlations between the risk exposure categories, such as the effect of a change in a foreign exchange rate on a commodity price.

The above discussion about Hydro's risk management policies and the estimated amounts included in the sensitivity analysis relates to the balance sheet position as of December 31. Outcomes at other dates could differ materially based on actual developments in the global markets and Hydro's positions. The methods used by Hydro to analyze risks discussed above should not be considered as projections of future events, gains or losses.

The following is an overview of fair value measurements categorized on the basis of observability of significant measurement inputs. Certain items are valued on the basis of quoted prices in active markets for identical assets or liabilities (level 1 inputs), others are valued on the basis of inputs that are derived from observable prices (level 2 inputs), while certain positions are valued on the basis of judgmental assumptions that are to a limited degree or not at all based on observable market data (level 3 inputs). Bilateral contracts with reference to observable prices are considered to be level 2 inputs. The level in this fair value hierarchy within which measurements are categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Amounts in NOK million	2023	Level 1	Level 2	Level 3	2022	Level 1	Level 2	Level 3
Assets								
Commodity derivatives	1,247	346	561	339	1,539	287	541	711
Currency derivatives	48		48		80	-	80	-
Cash flow hedges	935		935		529	-	529	-
Financial assets at FVTPL	1,178	370	733	74	993	346	637	10
Financial assets at FVOCI	955	-	-	955	904	14	-	890
Other	169	-	169	-	204	-	129	75
Total	**4,532**	**717**	**2,447**	**1,368**	**4,250**	**647**	**1,916**	**1,686**
Liabilities								
Commodity derivatives	(2,124)	(488)	(812)	(824)	(3,621)	(266)	(2,284)	(1,070)
Currency derivatives	(2,232)		(2,232)		(922)	-	(828)	(95)
Other financial liabilities	(1,879)	-	-	(1,879)	-	-	-	-
Cash flow hedges	(2)		(2)		(15)	-	(15)	-
Total	**(6,237)**	**(488)**	**(3,046)**	**(2,703)**	**(4,558)**	**(266)**	**(3,127)**	**(1,165)**

Gains or losses relating to level 3 commodity derivatives are included in the income statement in Raw material and energy expense. Changes in fair value for embedded derivatives are reported as gains or losses for the period. Changes in fair value for hedge instruments are reported in Other comprehensive income. Dividends received for equity instruments at fair value through other comprehensive income are included in Financial income.

Exposure to level 3 commodity derivatives is decreasing and the sensitivities relating to commodity derivatives are insignificant as of December 31, 2023.

Note 8.3 Derivative instruments and hedge accounting

Accounting policies for classification of embedded derivatives
Embedded derivatives are classified based on the underlying in the contract feature constituting a separable embedded derivative in the table below. Where there is more than one embedded derivative in the same host contract, those embedded derivatives are offset in settlement and thus presented net on the balance sheet.

Changes in the fair value of commodity derivatives are included in operating revenues or cost of goods sold based on classification of underlying risk for embedded derivatives and on the purpose of the instrument for freestanding derivatives. Currency derivatives, whether embedded derivatives or separate instruments, are classified as Finance expense

Significant judgment for embedded derivatives

Some non-financial contracts contain pricing links that affect cash flows in a manner different than the underlying commodity or other product in the contract. For accounting purposes, these embedded derivatives are separated from the host contract and recognized at fair value for links not closely related to the product in the host contract. Which price links that are closely related requires judgment, assessing common pricing patterns and market development over time. Hydro has separated and recognized at fair value embedded derivatives related to currency and aluminium links from the underlying contracts, mainly in energy contracts.

Commodity derivatives

The following types of commodity derivatives, including embedded derivatives, were recorded at fair value on the balance sheet as of December 31, 2023 and December 31, 2022. Contracts that are designated as hedge instruments in cash flow hedges are not included. Hydro's risk management, including use of derivative instruments, is discussed in note 8.1 Financial and commercial risk management.

Fair values for derivative instruments in the table below includes traditional derivative instruments such as futures, forwards and swaps, physical contracts accounted for at fair value, as well as embedded derivatives.

Amounts in NOK million	2023	2022
Assets		
Electricity contracts	425	709
Aluminium futures, forwards and options	756	549
Other	66	281
Total	**1,247**	**1,539**
Liabilities		
Electricity contracts	(699)	(1,098)
Aluminium futures, forwards and options	(1,165)	(2,443)
Other	(260)	(81)
Total	**(2,124)**	**(3,621)**

Cash flow hedges

Hydro has to a limited extent used cash flow hedge accounting for its risk management positions. Gains and losses on the hedge derivatives are recognized in Other comprehensive income, and accumulated in the hedging reserve in equity and reclassified into operating revenues or cost when the corresponding forecasted sale or consumption is recognized. Hydro has continued its hedge arrangements for currency in the Alunorte plant and the Albras plant, both in Brazil, to secure the exchange rate between Brazilian Real and US dollar. As of 31 December 2023, an amount of USD 1,205 million is sold forward for 2024-2026 at an average rate of 5.78 Brazilian Real to US dollar.

No ineffectiveness was recognized in the income statement in 2023 or 2022.

The table below gives aggregated numbers related to the cash flow hedges for 2023 and 2022.

Amounts in NOK million	2024	2023	2022
Expected to be reclassified to the income statement during the year (NOK million)	826	264	(176)
Reclassified to the income statement from Other components of equity (NOK million) [1]		723	231

1) Deviates from expected reclassifications due to change in market prices throughout the year. Negative amounts indicate a loss.

An asset of NOK 934 million and NOK 515 million were recognized as the fair value of cash flow hedging instruments for December 31, 2023 and 2022, respectively.

Hydro performs trading operations to reduce currency exposures on commodity positions. The effect of such operations is recognized as a part of Financial expense in the income statement.

For the after tax movement in Hydro's equity relating to cash-flow hedges for 2023 and 2022, please see note 7.6 Shareholders' equity.

Fair Value of Derivative Instruments

The fair value of derivative financial instruments such as currency forwards and swaps are based on quoted market prices. The fair market value of aluminium and electricity futures/forwards and option contracts is based on quoted market prices obtained from the London Metals Exchange and NASDAQ Nordic Power/EEX (European Energy Exchange), respectively. The fair value of other commodity over-the-counter contracts and swaps is based on quoted market prices, estimates obtained from brokers and other appropriate valuation techniques. Where long-term physical delivery commodity contracts are recognized at fair value in accordance with IFRS 9, such fair market values are based on quoted forward prices in the market, and assumptions of forward prices and margins where market prices are not available. Where volumes, delivery profile or other elements are uncertain or contingent on variables outside the parties' control, management's best estimate of such factors and the range of reasonably possible outcomes is reflected in the valuation. Hydro takes credit-spread into consideration when valuating positions when necessary.

For further information on fair values, see note 1.2 Measurement of fair value. See note 8.2 Financial instruments for a specification of the classification of derivative positions according to a fair value hierarchy.

Section 9 – Related parties and remuneration

Note 9.1 Related party information

As of December 31, 2023, The Norwegian state had ownership interests of 34.8 percent of total shares outstanding (2022: 34.7 percent) in Hydro through the Ministry of Trade, Industry and Fisheries. In addition, Folketrygdfondet, which manages the Government Pension Fund – Norway[1)] held 6.3 percent (2022: 6.0 percent). There are no preferential voting rights associated with the shares held by the Norwegian State. Hydro has concluded that the Norwegian state's shareholding represents a significant interest in Hydro, and that the State thus is a related party.

Hydro's share buyback program authorized at the extraordinary general meeting in September 2022 had as a prerequisite for buybacks and subsequent cancellation of shares that these transactions would not result in a change to the ownership interest of 34.26 percent of issued shares of the Ministry of Trade, Industry and Fisheries. Share redemptions from the Norwegian state was carried out at the same price terms as for the buybacks via the stock exchange. The share buyback program authorized at the ordinary general meeting in May 2023 has the same prerequisite for buybacks and subsequent cancellation of shares that these transactions do not result in a change to the ownership interest of 34.26 percent of issued shares of the Ministry of Trade, Industry and Fisheries. Share redemptions from the Norwegian state will be carried out at the same price terms as for the buybacks via the stock exchange.

The Norwegian state has ownership interests in a substantial number of companies. The ownership interests in 69 companies are managed by the ministries and covered by public information from the Ministry of Trade, Industry and Fisheries[2)]. We have not assessed which of these companies that are controlled by the State. Hydro has business transactions with a number of these companies, including purchase of power from Statkraft and bank services from DNB. Generally, transactions are agreed independently of the possible control exercised by the State.

A significant share of Hydro's defined benefit post-employment plans is managed by the independent pension trust, Norsk Hydros Pensjonskasse. Employees managing and operating the pension trust are employees of Norsk Hydro ASA. Their salaries and other benefits are reimbursed by the pension trust on a monthly basis, in total NOK 12 million for 2023 and NOK 11 million for 2022. Further, the pension trust is located in Hydro's head office. Office costs, including heating and administrative services, are charged with a total of NOK 1 million for both 2023 and 2022. The pension trust provides services to Hydro for administration of unfunded pension plans with NOK 5 million for 2023 and NOK 4 million for 2022.

The pension trust owns some of the office space rented by Hydro. The current rental arrangement was entered into in 2015 representing a partial continuation of a rental agreement from 2006, and priced based on market price benchmarks at the time of the agreement in 2006. Hydro has paid a rental of NOK 86 million and NOK 74 million for 2023 and 2022, respectively. The current term of the rental contract expires in February 2027. A new contract for premises in the same office complex covering a ten-year period with options for two additional five-year periods from 2026 was entered into during 2023. Hydro also sold electricity to the pension trust for its operational needs at the same office site for a total amount of NOK 8 million in 2023 and NOK 20 million in 2022. As of the end of 2023, Hydro's outstanding receivables on Norsk Hydros Pensjonskasse were NOK 1 million, while Hydro's payable to Norsk Hydros Pensjonskasse amounted to NOK 56 million, all settled in early 2024.

Hydro's significant joint arrangements and associates; and transactions with those entities are described in note 3.1 Investments in joint arrangements and associates. Hydro's relationship with partners in joint arrangements are generally limited to a combined effort within a limited area. Hydro considers the joint venture partners as competitors in other business transactions, and do not see these relationships as related party relationships.

Some of the board members or their close members of family serve as board members or executive directors in other companies. In addition, some members of Hydro's corporate management board or their close members of family serve as board members in other companies. Hydro has transactions with some of those companies; however, have not identified any transactions where the relationship is known to have influenced the transaction. Some close family members of members of Hydro's management are employed in non-executive positions in Hydro.

Transactions with related parties are at arm's length principles.

Executive management remuneration is disclosed in the table below. The members of Hydro's Corporate Management Board and the members of Hydro's board of directors during 2023 and 2022 and their individual remuneration is reported in *Norsk Hydro ASA Report on executive remuneration 2023*.

Amounts in NOK thousand	2023	2022
Salary paid	52,484	45,151
Other short-term benefits	18,226	20,009
Pension benefits	9,650	6,270
Long-term incentive	13,692	11,432
Total Corporate Management Board	**94,052**	**82,862**
Fees Board of Directors	6,780	6,293
Total	**100,832**	**89,155**

1) Shareholding is based on information from the Norwegian Central Securities Depositary (VPS) as of December 31, 2023 and 2022. Due to lending of shares, an investor's holdings registered in its VPS account may vary.

2) According to information on the Government web site www.regjeringen.no, state ownership.

Note 9.2 Employee remuneration

Accounting policies for employee remuneration

Share-based compensation

Hydro accounts for share-based compensation in accordance with IFRS 2 Share-based Payment. Share-based compensation expense is measured at fair value over the service period and includes social security taxes that will be paid by Hydro at the settlement date. All changes in fair value are recognized in the income statement.

Employee benefits

Payments to employees, such as wages, salaries, social security contributions, paid annual leave and bonus agreements are accrued in the period in which the associated services are rendered by the employee.

Employee share purchase plan

Hydro has established a share purchase plan for employees in Norway. The plan payout is based on whether the share price (adjusted for dividend paid) increases with at least 12 percent or not during the performance period. Eligible employees are invited to purchase shares with a rebate of 50 percent for a value of NOK 15,000 or NOK 30,000, depending on shareholder return. Details related to the employee share purchase plan are provided in the table below.

Performance measurement period	2023	2022	2021
Total shareholder return performance target achieved	<12%	≥12%	≥12%
Employee rebate offered, NOK	7,500	15,000	15,000

Share purchase plan compensation	2023	2022
Award share price, NOK	81.94	90.48
Number of shares issued, per employee	388	340
Total number of shares issued to employees	1,277,684	1,044,820
Compensation expense related to the award, NOK thousand	55,349	48,548

Employee benefit expense

The average number of employees in Hydro for 2023 and 2022 was 32,580 and 31,770, respectively. As of year-end 2023 and 2022, Hydro employed 32,724 and 32,014 people, respectively. Employees in joint operations are not included. The specification of employee benefit expenses, including employee benefits in joint operations, is given in the table below.

Amounts in NOK million	2023	2022
Salary	20,254	17,947
Social security costs	3,065	2,626
Other benefits	1,483	1,272
Pension expense (note 9.3)	1,130	1,041
Total	**25,931**	**22,886**

Note 9.3 Employee retirement plans

Accounting policies for post-employment benefits

Post-employment benefits are recognized in accordance with IAS 19 Employee Benefits. The cost of providing pension benefits under a defined benefit plan is determined separately for each plan using the projected unit credit method. Past service costs are recognized immediately in the income statement. The interest component of the periodic cost is included in Finance expense. Remeasurement gains and losses are recognized in Other comprehensive income.

Contributions to defined contribution plans are recognized in the income statement in the period in which they accrue. Multiemployer defined benefit plans where available information is insufficient to use defined benefit accounting are accounted for as if the plan were a defined contribution plan

Significant judgment in accounting for post-employment benefits

Measurement of pension expense and obligations under defined benefit plans requires numerous assumptions and estimates that can have a significant impact on the recognized pension cost and obligation, such as discount rates, mortality, and future pension increases and salary levels.

.Employee retirement plans in Hydro

Hydro provides post-employment benefits covering a substantial portion of employees. Plans and benefit levels vary between companies and countries. In recent years, there has been a shift from traditional final salary defined benefit plans to defined contribution and contribution-oriented plans. Many defined benefit plans have been closed to new entrants, and in some defined benefit plans, large groups of employees have converted to defined contribution arrangements. Still, a declining number of employees continues to earn benefits under defined benefit plans.

Pension expense

	2023			2022		
Amounts in NOK million	Norway	Other	Total	Norway	Other	Total
Defined benefit plans	71	66	137	87	77	164
Defined contribution plans	257	488	745	216	413	630
Multiemployer plans	60	-	60	52	-	52
Termination benefits and other	52	53	105	69	57	126
Social security cost	52	30	82	51	19	70
Pension expense	**493**	**637**	**1,130**	**475**	**566**	**1,041**
Interest expense (income)	(110)	101	(9)	(61)	39	(22)
Remeasurement (gain) loss in other comprehensive income	528	461	989	(84)	(884)	(968)

Recognized defined benefit asset and liability

	2023			2022		
Amounts in NOK million	Norway	Other	Total	Norway	Other	Total
Defined benefit obligation major plans	(12,706)	(6,309)	(19,016)	(11,556)	(5,814)	(17,370)
Plan assets	16,078	3,556	19,634	15,142	3,497	18,639
Reimbursement rights	280	-	280	262	-	262
Liability other plans	(53)	(714)	(767)	(74)	(518)	(591)
Social security cost	(680)	(10)	(689)	(605)	(14)	(619)
Net defined benefit asset (liability)	**2,919**	**(3,478)**	**(558)**	**3,171**	**(2,849)**	**321**
Recognized prepaid pension	8,416	248	8,664	8,064	509	8,573
Recognized pension liability	(5,497)	(3,725)	(9,222)	(4,893)	(3,359)	(8,252)
Net amount recognized	**2,919**	**(3,478)**	**(558)**	**3,171**	**(2,849)**	**321**

Other plans include some minor plans in various entities and countries. These plans may be funded or unfunded. None of these plans are considered material, neither individually nor combined.

Change in defined benefit obligation (DBO)

	2023			2022		
Amounts in NOK million	Norway	Other	Total	Norway	Other	Total
Opening Balance	(11,556)	(5,814)	(17,370)	(12,696)	(8,110)	(20,806)
Current service cost	(70)	(35)	(105)	(83)	(49)	(132)
Interest expense	(359)	(269)	(627)	(235)	(131)	(366)
Actuarial gain (loss) demographic assumptions	-	78	78	-	(5)	(5)
Actuarial gain (loss) economic assumptions	(817)	(146)	(963)	1,019	2,514	3,534
Experience gain (loss)	(558)	(133)	(691)	(176)	(155)	(331)
Benefit payments	704	432	1,136	687	368	1,054
Termination benefits	(77)	-	(77)	(71)	-	(71)
Reclassified to Assets held for sale	26	-	26	-	-	-
Foreign currency translation	-	(422)	(422)	-	(248)	(248)
Closing Balance	**(12,706)**	**(6,309)**	**(19,016)**	**(11,556)**	**(5,814)**	**(17,370)**

Change in pension plan assets

	2023			2022		
Amounts in NOK million	Norway	Other	Total	Norway	Other	Total
Opening Balance	15,142	3,497	18,639	16,051	5,353	21,404
Interest income	479	194	673	302	109	411
Return on plan assets above (below) interest income	897	(265)	632	(800)	(1,877)	(2,677)
Company contributions	23	71	94	35	6	41
Benefit payments	(463)	(222)	(685)	(446)	(193)	(639)
Foreign currency translation	-	281	281	-	100	100
Closing Balance	**16,078**	**3,556**	**19,634**	**15,142**	**3,497**	**18,639**

Analysis of the defined benefit obligation (DBO)

	2023			2022		
Amounts in NOK million	Norway	Other	Total	Norway	Other	Total
Active members	(1,977)	(780)	(2,757)	(2,079)	(748)	(2,827)
Deferred members	(898)	(1,472)	(2,370)	(801)	(1,471)	(2,273)
Pensioners	(9,831)	(4,058)	(13,889)	(8,676)	(3,595)	(12,271)
Defined benefit obligation	**(12,706)**	**(6,309)**	**(19,016)**	**(11,556)**	**(5,814)**	**(17,370)**
Weighted average duration (years)	11.3			11.2		

Contributions to pension plans, benefit payments from unfunded pension plans, and social security tax imposed on such contributions and payments amounted to a cash outflow of about NOK 1,550 million for 2023 and about NOK 1,300 million for 2022. Hydro's cash impact is expected to increase along a similar trend pattern in the coming year.

Hydro's main pension plans are offered in Norway. The plans are described below:

Norway

Hydro has closed the main defined benefit plans for new members, and the majority of employees are now covered by defined contribution plans. The defined benefit plans are both funded and unfunded. The main funded plan is managed by Norsk Hydros Pensjonskasse, a separate, regulated legal entity. Hydro's pension plans complement the public pension schemes in Norway.

Hydro participates in a tariff-based pension plan that entitles the majority of its Norwegian employees life-long supplementary benefits. The benefits are financed through a pooled arrangement by private sector employers (avtalefestet pensjon, AFP) where also the Norwegian state contributes. The plan is a defined benefit plan with limited funding and where plan assets are not segregated. The information required to calculate the share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. Hydro therefore accounts for the plan as if it were a defined contribution plan. The employer contributions are included in Multiemployer plans.

Significant actuarial assumptions for the main Norwegian defined benefit plans include:

Assumptions	Benefit obligation 2023	Benefit expense 2023	Benefit obligation 2022	Benefit expense 2022
Discount rate	3.3%	3.2%	3.2%	1.9%
Expected pension increase	2.50%	1.75%	1.75%	1.25%
Mortality basis	K2013	K2013	K2013	K2013

The discount rate is based on the yield on covered bonds (debt securities backed by cash flows from mortgages) issued in Norway. The market for covered bonds has developed in size and liquidity, and we deem this market to be sufficiently deep to serve as reference for the discount rate for our post-employment benefit plans in Norway.

The sensitivities shown in the table below have been calculated for the main Norwegian plans illustrating the effects of changing one assumption while keeping the other assumptions unchanged. Possible correlation between assumptions is not reflected in the calculations.

Sensitivities decrease (increase) benefit obligation year end

Amounts in NOK million, except percent	2023	2023
Discount rate increase 0.5% point	5.4%	684
Pension increase 0.5% point	(5.6%)	(718)
One year longer life all members	(4.6%)	(590)

The plan assets in the funded plans provided through Norsk Hydros Pensjonskasse were invested as follows at the end of 2023 and 2022:

Amounts in NOK million, except percent	2023	2023	2022	2022
Cash and cash equivalents	3.6%	565	4.4%	652
Equity instruments Norway	18.5%	2,941	19.2%	2,867
Equity instruments other countries	21.5%	3,412	21.6%	3,220
Debt instruments	25.1%	3,985	24.6%	3,675
Investment funds	14.1%	2,241	12.9%	1,918
Real estate	17.2%	2,731	17.4%	2,592
Total	**100.0%**	**15,875**	**100.0%**	**14,925**

Real estate consists of office buildings in the Oslo area. A share of the buildings are leased and occupied by Hydro. Investment funds are primarily private equity funds investing in unlisted companies across various industries in Europe, the US and Asia, and infrastructure funds investing in Europe (EEA, Switzerland, and in the UK). Equity instruments are held through liquid funds invested in listed companies in Norway and globally**.** Debt instruments are mainly bond issues with maturities up to 10 years and investment grade rating.

Other

Other includes Hydro's post-employment benefits outside Norway. Most employees affected are covered by defined contribution plans. Defined benefit plans relate largely to Germany, the UK and the US. In Germany, most of the defined benefit plans are unfunded. In the UK and the US, most of the defined benefit plans are financed and administered through independent pension trusts.

Section 10 - Other information

Note 10.1 Income taxes

Accounting policies for income taxes, current and deferred

Taxes payable is based on taxable profit for the year, which excludes items of income or expense that are taxable or deductible in other years. Taxable profit also excludes items that are never taxable or deductible. Hydro's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 Income Taxes. Deferred tax assets and liabilities are classified as non-current in the balance sheet and are measured based on the difference between the carrying value of assets and liabilities for financial reporting and their tax basis when such differences are considered temporary in nature. For items recognized as an asset and a liability at inception, such as an asset retirement obligation or a lease, temporary differences related to the asset and liability are considered in combination, and deferred tax assets and liabilities are recognized on changes to the temporary differences through the life of the items. Temporary differences related to intercompany profits are deferred using the buyer's tax rate. Deferred tax assets are reviewed for recoverability every balance sheet date, and the amount probable of recovery is recognized.

Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for the deferred tax related to items recognized in Other comprehensive income or resulting from a business combination or disposal. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates become effective or are substantively enacted. Uncertain tax positions are recognized in the financial statements based on management's expectations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are not provided on undistributed earnings of subsidiaries when the timing of the reversal of this temporary difference is controlled by Hydro and is not expected to happen in the foreseeable future. This is applicable for the majority of Hydro's subsidiaries.

Significant judgment in accounting for income taxes

Hydro is involved in a significant number of tax cases related to various types of taxes. Hydro’s widespread business operations expose us to several tax regimes and their interaction. We see that tax authorities challenge transfer prices to an increasing degree. Although Hydro currently has no significant transfer price disputes with tax authorities, the long value chain with a large number of internal transactions and business operations covering multiple tax jurisdictions expose us to such disputes, both related to prior and future transactions.

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures, all of which may be uncertain. Economic conditions may change and lead to a different conclusion regarding recoverability. Tax authorities in different jurisdictions may challenge Hydro's calculation of taxes payable from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change, as well as interest and fines.

Amounts in NOK million	2023	2022
Income (loss) before tax	6,546	32,365
Current income tax expense	4,790	6,891
Deferred tax expense (benefit)	(1,048)	1,093
Total income tax expense (benefit)	**3,742**	**7,984**

Components of deferred taxes

Amounts in NOK million	2023	2022
Origination and reversal of temporary differences	(1,011)	1,038
Change in deferred tax asset from tax loss carryforwards	(968)	(874)
Effect of tax rate changes	(40)	36
Net change in unrecognized deferred tax assets	912	1,383
Tax (expense) benefit allocated to Other comprehensive income	59	(491)
Deferred tax expense (benefit)	**(1,048)**	**1,093**

Reconciliation of tax expense to Norwegian nominal statutory tax rate

Amounts in NOK million	2023	2022
Expected income taxes at statutory tax rate [1]	1,440	7,120
Hydro-electric power surtax [2]	1,514	251
Equity accounted investments	(98)	(305)
Foreign tax rate differences [3]	(336)	566
Deferred tax asset not recognized and expired tax loss carryforwards [3]	615	787
Tax effect of impairment of goodwill	479	-
Prior year adjustments [4]	(4)	(346)
Other tax effects	130	(89)
Income tax expense (benefit)	**3,742**	**7,984**

1) Norwegian nominal statutory tax rate is 22 percent. The table is based on this tax rate.

2) A surtax of a certain percentage is applied to taxable income, with certain adjustments, for Norwegian hydro-electric power plants. The effective tax rate is 45%. The surtax comes in addition to the normal corporate taxation. The surtax for 2022 includes a positive effect of the legal restructuring of the associate Lyse Kraft DA, resulting in lower power surtax of about NOK 550 million related to change in surtax basis in year of restructuring which was expensed as part of cost of power purchased from the associate.

3) Deferred tax assets are not fully recognized for losses in certain subsidiaries, maninly in Brazil, Spain and Germany. The unrecognized deferred tax asset has increased in Brazil in both 2023 and 2022, while the unrecognized part of deferred tax assets was reduced in Spain and Germany in 2023. The effect is included with 22 percent of the loss in the line Deferred tax asset not recognized, while the difference between the units' tax rates and 22 percent is included in the line Foreign tax rate differences.

4) Prior year adjustments in 2022 include effects of favorable tax settlements in Germany amounting to NOK 156 million and Brazil amounting to NOK 146 million.

Tax effects of temporary differences and tax loss carryforwards giving rise to deferred tax assets and liabilities

Amounts in NOK million	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Inventory valuation	566	(284)	530	(327)
Accrued expenses	2,381	(194)	2,105	(268)
Property, plant and equipment	9,695	(13,874)	8,546	(12,747)
Intangible assets	1,054	(1,903)	1,564	(2,290)
Pensions	1,638	(1,963)	1,467	(1,875)
Derivatives	971	(689)	978	(598)
Other	1,682	(2,834)	1,052	(2,628)
Tax loss carryforwards	7,571		6,171	
Subtotal	25,558	(21,741)	22,413	(20,733)
Of which not recognized as tax asset	(5,479)		(4,312)	
Gross deferred tax assets (liabilities)	**20,079**	**(21,741)**	**18,101**	**(20,733)**
Net deferred tax assets (liabilities)		**(1,662)**		**(2,632)**

Reconciliation to balance sheets

	2023	2022
Deferred tax assets	3,055	2,163
Deferred tax liabilities	4,717	4,796
Net deferred tax assets (liabilities)	**(1,662)**	**(2,632)**

Recognition of net deferred tax asset is based on expected taxable income in the future.

At the end of 2023, Hydro had tax loss carryforwards of NOK 24,460 million, mainly in Brazil, Spain, Australia and Italy. Of the total, NOK 23,441 million is without expiration. The majority of the tax loss carryforwards with an expiry date expire after 2028. Tax assets are recognized for about 35 percent of the tax losses.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where Hydro operates. The legislation will be effective for Hydro's financial year beginning January 1, 2024. Hydro is in scope of the enacted legislation and has performed an assessment of the potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting to the tax authorities, and financial statements for the entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which Hydro operates are above 15 percent. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply, and the Pillar Two effective tax rate is close to 15 percent. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

IFRS has introduced a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the Base Erosion and Profit Shifting (BEPS) Pillar Two model rules, which Hydro applies as of December 31, 2023.

Note 10.2 Research and development

Accounting principles for research and development

Research expenditures are expensed as incurred. Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met, including probable future economic benefit and that the cost can be measured reliably. See note 2.2 Intangible assets for further information.

Research and development in 2023 and 2022

Hydro carries out its main research and development activities through research centres in the business areas. Total expensed research and development cost was NOK 786 million in 2023 and NOK 655 million in 2022. The greater part of the expensed research and development costs relates to in-house research and application development organizations, while the remainder represents work carried out by external institutions. Government grants have been received on basis of some of the projects, recognized as other income, i.e. are not deducted in the amounts mentioned above.

Hydro undertakes research and development activities to deliver on its strategic direction, including meeting its sustainability ambitions. Hydro is committed to achieving net-zero emissions in terms of Scope 1 and 2 by 2050 and expects to have initiatives in place for cutting own carbon emissions by 30 percent by 2030. To deliver on this commitment, new technologies enabling the delivery of net zero products and net zero operations are needed, to which research and development activities have been initiated. The activities are carried out throughout the value chain of Hydro.

Alumina
Bauxite residue is a leftover material from the process of refining bauxite into alumina at the Alunorte refinery. Hydro and Senai Institute of Innovation in Mineral technologies (ISI-TM) have continued their partnership to develop methods and processes for the reuse of bauxite residues, including industrial application and extraction of other minerals from the residues, and opportunities for applying the residue as a soil conditioner in local agriculture.

Development projects also include development of methods for replacing coal fired boilers with electrical boilers at the alumina refinery Alunorte with the aim of reducing greenhouse gas emissions. Projects aimed at replacing coal fired boilers with additional electric boilers are also undertaken.

Primary aluminium production
Aluminium production is an industry with hard-to-abate emissions, requiring development and maturement of technologies to reduce emissions. Hydro is pursuing technology pathways toward near zero aluminium. To secure the value of existing primary aluminium plants, Hydro is developing carbon capture and storage (CCS) solutions that can be retrofitted into the existing plants. Hydro is planning to test and pilot the most promising CCS technology, up to industrial scale pilot by 2030.

Another pathway more suited for greenfield aluminium plants is Hydro's proprietary HalZero technology. This technology converts alumina to aluminium chloride prior to electrolysis in a process where chlorine and carbon are kept in closed loops, resulting in a fully decarbonized process. Hydro has been working over some years on lab-scale development of this technology. In late 2023, construction of an HalZero test facility was approved, moving the project from lab-scale test phase to small-scale industrial testing. Hydro has developed a roadmap to bring this to a full industrial scale pilot before 2030.

Aluminium recycling
Zero-carbon aluminium can also be achieved by recycling more post-consumer scrap. Using only post-consumer scrap, Hydro will be able to produce a near-zero carbon product at a competitive cost. Hydro has patented aluminium sorting technology, and regularly seek to improve and further develop technology and processes, including sorting technology for post-consumer scrap.

Hydro is also preparing to test casthouse decarbonization technology for the recycling and primary plants to reach net-zero. Hydrogen based processes is developed and planned to be tested at pilot scale for furnaces. In addition, Hydro will be testing emission-free plasma technology, which will enable electrification of the remelting process in casthouses, using the same renewable energy that powers Hydro's primary smelters.

Extrusion
Hydro Extrusions is engaged in development projects in close cooperation with its customers, applying material science competence and modelling capabilities for the solution offering. Many projects aim at improving the design and usability of the products, and reducing their carbon footprint, targeting markets like automotive, building and construction and renewables. The technology and production processes are also regularly improved through development projects involving both the research and development centres and the production plants.

Energy
Hydro's green hydrogen unit, Hydro Havrand, is working to prove the technology replacing natural gas with green hydrogen in the high temperature processes of aluminium casting. Hydro Havrand and Hydro Aluminium Metal are developing a hydrogen pilot project at Hydro's Høyanger smelter in Norway. Other hydrogen projects are in early phases.

Note 10.3 Cash flow information

Cash disbursements and receipts included in cash from continuing operations

Amounts in NOK million	2023	2022
Income taxes paid	7,177	5,312
Interest paid	1,959	1,034
Interest received	1,267	652

In 2023 and 2022, non-cash investing activities for asset retirement costs amounted to NOK 727 million and NOK 276 million, respectively. In 2023 and 2022, non-cash investing activities for leased assets amounted to NOK 2,457 million and NOK 1,208 million, respectively.

Note 10.4 Auditor's remuneration

KPMG is the Group auditor of Norsk Hydro ASA. The following table shows fees to the appointed auditors for 2023 and 2022. For all categories the reported fee is the recognized expense for the year.

Amounts in NOK million	Audit [1]	Audit related services [2]	Other services [3]	Tax related services	Total
2023					
Norway	14	3	3	-	20
Outside Norway	42	1	1	3	47
Total	**56**	**3**	**4**	**3**	**67**
2022					
Norway	9	3	2	-	14
Outside Norway	33	1	4	3	41
Total	**42**	**3**	**6**	**3**	**55**

1) Audit fees of NOK 56 million (2022: NOK 42 million) reflect audit fees from KPMG in the amount of NOK 50 million (2022: NOK 39 million)
2) Audit related fees of NOK 3 million in 2023 were fees to KPMG
3) Other services 2023 include KPMG's assurance over Hydro's sustainability statement

Note 10.5 Changes in accounting principles and new pronouncements

Changes in accounting principles

Hydro has not implemented any new accounting standards or otherwise made any changes to accounting policies during 2023.

New pronouncements

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects for Hydro's financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions are expected to significantly change Hydro's accounting policies or practises.

Financial statements Norsk Hydro ASA

Income statements

Amounts in NOK million	Notes	2023	2022
Other income	14	165	219
Total operating income		165	219
Employee benefit expense	2, 3	739	751
Depreciation	4	89	82
Other expenses	8	1,934	1,538
Expenses recharged to subsidiaries	8	(1,913)	(1,487)
Total operating expenses		849	883
Operating loss		(684)	(665)
Financial income, net	5	15,898	5,786
Income before tax		15,214	5,121
Income taxes	6	(150)	(225)
Net income		**15,064**	**4,896**
Appropriation of net income and equity transfers			
Dividend proposed		5,030	11,540
Retained earnings		10,034	(6,643)
Total appropriation		15,064	4,896

Statements of comprehensive income

Amounts in NOK million	Notes	2023	2022
Net income		15,064	4,896
Other comprehensive income			
Items that will not be reclassified to income statement			
Remeasurement postemployment benefits, net of tax	2	(6)	44
Other comprehensive income		(6)	44
Total comprehensive income	**13**	**15,058**	**4,941**

Balance sheet

Amounts in NOK million, December 31	Notes	2023	2022
Assets			
Property, plant and equipment and intangible assets	4	518	514
Shares in subsidiaries	7	57,052	57,052
Receivables from subsidiaries	8, 10	15,360	15,720
Prepaid pension, investments and other non-current assets	2, 9	6,636	6,301
Total financial non-current assets		79,049	79,073
Receivables from subsidiaries	8	7,592	3,304
Prepaid expenses and other current assets		252	193
Short-term investments		500	750
Cash and cash equivalents		19,340	21,770
Total current assets		27,684	26,016
Total assets		**107,250**	**105,603**

Amounts in NOK million, December 31	Notes	2023	2022
Equity and liabilities			
Paid-in capital			
Share capital	13	2,241	2,272
Treasury shares	13	(32)	(29)
Paid-in premium	13	28,987	28,987
Other paid-in capital	13	295	230
Retained earnings			
Retained earnings	13	18,187	10,053
Treasury shares	13	(1,349)	(1,200)
Equity	13	48,330	40,313
Long-term provisions	2, 9	3,909	3,640
Long-term debt	12	16,879	17,320
Payables to subsidiaries	10	4	-
Other long-term liabilities		16,883	17,320
Bank loans and other interest-bearing short-term debt		1,066	2,305
Dividends payable		5,030	11,540
Payables to subsidiaries	8, 10	31,046	29,345
Other current liabilities		987	1,140
Total current liabilities		38,129	44,330
Total equity and liabilities		**107,250**	**105,603**

Statements of cash flows

Amounts in NOK million	2023	2022
Net income	15,064	4,896
Depreciation	89	82
Net foreign exchange (gain) loss	1,176	(745)
Net sales of trading securities	-	1,407
Changes in receivables and payables, and other items	(2,243)	(934)
Net cash provided by operating activities	**14,086**	**4,706**
Purchases of short-term investments	(500)	(1,250)
Proceeds from sales of short-term investments	750	1,500
Net purchases of other investments	(6)	(24)
Net cash provided by investing activities	**244**	**226**
Dividends paid	(11,501)	(14,060)
Repurchases of shares	(2,157)	(661)
Proceeds from shares issued	49	48
Other financing activities, net	(2,956)	12,667
Net cash used in financing activities	**(16,565)**	**(2,006)**
Foreign currency effects on cash	(195)	580
Net increase (decrease) in cash and cash equivalents	(2,430)	3,506
Cash and cash equivalents at beginning of year	21,770	18,264
Cash and cash equivalents at end of year	**19,340**	**21,770**

Notes to the financial statements Norsk Hydro ASA

Note 1 Summary of significant accounting policies

The financial statements of Norsk Hydro ASA are prepared in accordance with the Norwegian accounting act and regulation on simplified application of international accounting standards (forskrift om forenklet anvendelse av internasjonale regnskapsstandarder – simplified IFRS).

Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates. Interest rates used for calculating net present values are rounded to the nearest 10 basis points for post-employment benefits, to the nearest 25 basis points for other non-financial assets and liabilities. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures are presented according to the cost method. Group relief received is included in dividends from subsidiaries. Dividend from subsidiaries is recognized in the year for which it is proposed by the subsidiary to the extent Norsk Hydro ASA can control the decision of the subsidiary through its share holdings. Shares in subsidiaries, associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

Employee retirement plans

Norsk Hydro ASA accounts for employee retirement plans in accordance with IAS 19 Employee Benefits. See note 9.3 Employee retirement plans to the consolidated financial statements for description of the accounting policies.

Foreign currency

The functional currency of the company is the Norwegian krone, NOK. Realized and unrealized currency gains or losses on transactions denominated in other currencies than NOK, as well as currency gains or losses on assets and liabilities denominated in a currency other than NOK, are included in Financial income, net.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

Short-term investments

Short-term investments include bank deposits and all other monetary instruments with a maturity between three and twelve months at the date of purchase and current listed equity and debt securities held for trading and valued at fair value. The resulting unrealized holding gains and losses are included in Financial income, net. Investment income is recognized when earned.

Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. According to IAS 36 Impairment of Assets, such assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment of long-lived assets is recognized when the recoverable amount determined as the higher of fair value less cost to sell or value in use of the asset or group of assets is less than the carrying value. The amount of the impairment is the difference between the carrying value and the recoverable amount. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

Leased assets

Leased assets are recognized as right-of-use assets in accordance with IFRS 16 Leases, with contractually fixed future payments recognized as lease liabilities. When measuring leases, fixed lease payments for extension periods reasonably certain to be used are included. As a practical expedient, non-lease components are not separated from lease contracts. Leases of assets of a low value, mainly such items as PCs, office equipment and similar, are excluded from lease accounting. Right-of-use assets are included in Property, plant and equipment, and lease liabilities are included in Long-term debt. See note 2.6 Leases to the consolidated financial statements for additional information.

Intangible assets

Intangible assets acquired individually or as a group are recognized at fair value when acquired, in accordance with IAS 38 Intangible Assets. Intangible assets are amortized on a straight-line basis over their useful life and tested for impairment whenever indications of impairment are present.

Derivative instruments

Forward contracts and options for purchase or sale of currency or interest are recognized in the financial statements and measured at fair value at each balance sheet date. The resulting unrealized gain or loss is presented in Financial income, net.

Norsk Hydro ASA has decided to utilize the option in the regulation to exclude embedded derivatives and contracts deemed to be derivatives based on the underlying product being readily convertible to cash and not for own use from fair value accounting when the contract is with a subsidiary, i.e. such features are not separated from the host contract.

Loans and other financial liabilities

Loans and other financial liabilities include issued bonds, bank loans and similar. Loans are measured at amortized cost.

Provisions

Provisions are recognized when Norsk Hydro ASA has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that Norsk Hydro ASA will be required to settle the obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties. The provision is measured at the present value of the cash flows estimated to settle the obligation. Uncertain outcomes are measured as the expected value of reasonably possible outcomes.

Contingencies and guarantees

Norsk Hydro ASA recognizes a liability for the fair value of obligations it has undertaken in issuing guarantees. Contingencies are recognized in the financial statements when probable of occurrence and reliably estimable.

Share-based compensation

Norsk Hydro ASA accounts for share-based payment in accordance with IFRS 2 Share-Based Payment. See note 9.2 Employee remuneration to the consolidated financial statements for additional information.

Risk management

For information about risk management in Norsk Hydro ASA see note 8.1 Financial and commercial risk management to the consolidated financial statements.

Income taxes

Deferred income tax expense is calculated in accordance with IAS 12 Income Taxes. Under IAS 12, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis which are considered temporary in nature. Deferred income tax related to remeasurements of pension obligations are recognized through Other comprehensive income. The tax effect of equity transactions, excluded transfers to owners, is recognized as a part of the equity transaction and do not affect the income tax expense. Other changes in deferred income tax asset and liability balances during the year represent the deferred income tax expense. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are enacted.

Legislation implementing Pillar Two legislation requiring Norsk Hydro ASA to pay additional taxes in Norway in the event subsidiaries pay less than the minimum tax as defined in the OECD/G20 framework on Base Erosion and Profit Shifting was enacted in Norway in January 2024. The regulation will be effective as of January 1, 2024. Hydro expects no or limited additional taxes resulting from this regulation. IFRS has introduced a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules, which Hydro applies as of December 31, 2023.

Note 2 Employee retirement plans

Most employees in Norsk Hydro ASA are covered by a defined contribution plan. Norsk Hydro ASA has closed the main defined benefit plans. The defined benefit plans are funded for benefits earned on salaries up to 12G, where G equals the base amount in the National Insurance Scheme. Benefits earned on salaries above 12G, and early retirement and termination benefits are unfunded. The plans comply with legal requirements for occupational pensions in Norway.

Norsk Hydro ASA participates in a pension plan that entitles the majority of its employees life-long benefits in addition to other pension benefits. The benefits are financed through a pooled arrangement by private sector employers (avtalefestet pensjon, AFP) where also the Norwegian state contributes. The plan is a defined benefit plan with limited funding and where plan assets are not segregated. The information required to calculate the share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. Hydro therefore accounts for the plan as if it were a defined contribution plan. The employer contributions are included in Multiemployer plans.

Pension cost

Amounts in NOK million	2023	2022
Defined benefit plans	18	28
Defined contribution plans	38	37
Multiemployer plans	6	6
Termination benefits and other	(2)	6
Social security cost	7	9
Pension expense	68	86
Interest expense (income)	(118)	(65)
Remeasurement (gain) loss in other comprehensive income	10	(57)

Recognized defined benefit assets and liability

Amounts in NOK million	2023	2022
Defined benefit obligation major plans	(4,899)	(4,676)
Plan assets	8,753	8,260
Reimbursement rights	280	262
Liability other plans	(1)	(5)
Social security cost	(340)	(316)
Net defined benefit asset	3,793	3,525
Recognized prepaid pension	6,547	6,080
Recognized pension liability	(2,754)	(2,554)
Net amount recognized	**3,793**	**3,525**

Change in defined benefit obligation (DBO)

Amounts in NOK million	2023	2022
Opening Balance	(4,676)	(5,212)
Current service cost	(17)	(27)
Interest expense	(139)	(96)
Actuarial gain (loss) economic assumptions	(299)	395
Experience gain (loss)	(244)	(49)
Benefit payments	318	314
Terminations benefits	(3)	(1)
Settlements	162	-
Closing Balance	**(4,899)**	**(4,676)**

Change in pension plan assets

Amounts in NOK million	2023	2022
Opening Balance	8,260	8,587
Interest income	259	162
Return on plan assets above (below) interest income	541	(306)
Benefit payments	(184)	(182)
Settlements	(124)	-
Closing Balance	**8,753**	**8,260**

Analysis of the defined benefit obligation (DBO)

Amounts in NOK million	2023	2022
Active members	(594)	(725)
Deferred members	(495)	(439)
Pensioners	(3,810)	(3,512)
Defined benefit obligation	**(4,899)**	**(4,676)**

	Benefit obligation 2023	Benefit expense 2023	Benefit obligation 2022	Benefit expense 2022
Assumptions				
Discount rate	3.30%	3.20%	3.20%	1.90%
Expected pension increase	2.50%	1.75%	1.75%	1.25%
Mortality basis	K2013	K2013	K2013	K2013

See note 9.3 Employee retirement plans in notes to the consolidated financial statements for information about sensitivities.

Note 3 Management remuneration and employee costs

See Norsk Hydro ASA Remuneration report 2023 for information and details related to the Corporate Management Board remuneration and Board of Directors' remuneration. Costs for some corporate management board members employed by subsidiaries are charged to Norsk Hydro ASA for services rendered as members of the Corporate Management Board.

See note 9.2 Employee remuneration in the notes to the consolidated financial statements for information on the employee share purchase plan.

The average number of employees in Norsk Hydro ASA was 357 in 2023 as compared to 390 in 2022. As of year-end 2023 and 2022, Norsk Hydro ASA employed 368 and 405 employees, respectively.

Total loans given by Norsk Hydro ASA to Norwegian employees as of December 31, 2023 were NOK 13 million, consisting of unsecured loans related to the employee share purchase plan.

Payroll related expenses are presented in the table below

Amounts in NOK million	2023	2022
Employee benefit expense:		
Salaries	578	580
Social security costs	93	82
Other benefits	-	2
Pension expense (note 2)	68	86
Total	**739**	**751**

Note 4 Property, plant and equipment and intangible assets

Leases expensed in the period amounts to NOK 17 million and refers to leases of short term, low value or leases with variable payments.

Amounts in NOK million	Property, plant and equipment	Intangible assets	Total
Cost December 31, 2022	791	169	960
Additions at cost	88	9	97
Disposals at cost	(8)	(15)	(23)
Accumulated depreciation and impairment December 31, 2023	(428)	(88)	(516)
Carrying value December 31, 2023	**444**	**74**	**518**
Depreciation and impairment in 2023	**(75)**	**(13)**	**(89)**

Intangible assets mainly consist of software.

Note 5 Finance income and expense

Amounts in NOK million	2023	2022
Dividends from subsidiaries	17,080	5,025
Interest from group companies	1,195	591
Other interest income	578	265
Interest paid to group companies	(1,090)	(282)
Other interest expense	(803)	(619)
Net foreign exchange gain (loss)	(1,176)	745
Other, net	114	61
Financial income (expense), net	**15,898**	**5,786**

Note 6 Income taxes

The tax effect of temporary differences resulting in deferred tax assets (liabilities) are:

	Temporary differences	
	Tax effect	
Amounts in NOK million	2023	2022
Short-term items	44	80
Long-term receivables from subsidiaries	(468)	(372)
Pensions [1)]	(834)	(776)
Long-term debt	337	226
Other long-term items	(80)	(47)
Deferred tax assets (liabilities)	**(1,001)**	**(888)**

1) Includes NOK 2 million and NOK (13) million of tax benefit (expense) allocated to equity in 2023 and 2022 respectively.

Taxable temporary differences and deductible temporary differences, which reverse or may reverse in the same period, are netted.

Reconciliation of tax expense

Amounts in NOK million	2023	2022
Income (loss) before taxes	15,214	5,121
Expected income taxes at statutory tax rate	3,347	1,127
Dividend exclusion	(3,124)	(924)
Permanent differences and other, net	(73)	22
Income tax expense (benefit)	**150**	**225**
Components of income taxes		
Current income taxes	46	20
Change in deferred taxes	104	205
Income tax expense (benefit)	**150**	**225**

See note 10.1 Income taxes in the consolidated financial statements for further information.

Taxes payable were NOK 64 million per December 31, 2023 and NOK 27 million per December 31, 2022.

In addition, Norsk Hydro ASA has a tax receivable of NOK 111 million per December 31, 2023, regarding a favorable tax settlement, reported in the balance sheet as Prepaid expenses and other current assets.

Note 7 Shares in subsidiaries

The following shares in subsidiaries are directly owned by Norsk Hydro ASA

Company name	Country	Location	Percentage of shares owned by Norsk Hydro ASA	Book value (NOK million)
Hydro Aluminium AS	Norway	Oslo	100	51,293
Hydro Energi AS	Norway	Oslo	100	5,643
Hydro Aluminium Deutschland GmbH [1)]	Germany	Grevenbroich	25	92
Industriforsikring AS	Norway	Oslo	100	20
Hydro Kapitalforvaltning AS	Norway	Oslo	100	4
Total				**57,052**

1) The company is owned 74.96 percent by Hydro Aluminium AS, and 25.04 percent by Norsk Hydro ASA.

Percentage of shares owned equals percentage of voting shares owned. Several of the above-mentioned companies also own shares in other companies.

In addition to the directly owned subsidiaries listed above, Norsk Hydro ASA has the following subsidiaries with significant operational activities. Sales offices, companies mainly serving as holding companies, and dormant companies, as well as companies holding smaller operational activities are not included in the list below. A full list of subsidiaries is available in Hydro's country by country reporting and at www.hydro.com. The companies are listed by the business area in which the majority of their activities are managed.

Company name	Country	Ownership
Hydro Bauxite & Alumina		
ALUNORTE - Alumina do Norte do Brasil S.A.	Brazil	62%
Mineração Paragominas S.A.	Brazil	100%
Hydro Aluminium Metal		
Hydro Aluminium Australia Pty Limited	Australia	100%
ALBRAS - Alumínio Brasileiro S.A.	Brazil	51%
Sør-Norge Aluminium AS	Norway	100%
Slovalco a.s.	Slovakia	55%
Hydro Metal Markets		
Extrusion Services Sarl	France	100%
Hydro Aluminium Gießerei Rackwitz GmbH	Germany	100%
Alumetal Group Hungary Kft	Hungary	100%
Hydro Aluminium Clervaux S.A.	Luxembourg	100%
Alumetal Poland Sp. z o.o	Poland	100%
Hydro Aluminium Iberia S.A.U	Spain	100%
Hydro Aluminium Deeside Ltd.	United Kingdom	100%
Hydro Aluminium Metals USA, LLC	United States	100%
Hydro Extrusions		
Hydro Extrusion Nenzing GmbH	Austria	100%
Hydro Building Systems Belgium NV	Belgium	100%
Hydro Extrusion Lichtervelde NV	Belgium	100%
Hydro Extrusion Raeren SA	Belgium	100%
Hydro Extrusion Brasil S.A.	Brazil	100%
Hydro Extrusion Canada Inc.	Canada	100%
Hydro Aluminium Fabrication (Taicang) Co. Ltd	China	100%
Hydro Precision Tubing (Suzhou) Co. Ltd.	China	100%
Hydro Extrusion Denmark A/S	Denmark	100%
Hydro Precision Tubing Tønder A/S	Denmark	100%
Hydro Building Systems France Sarl	France	100%
Hydro Extrusion Albi SAS	France	100%
Hydro Extrusion Lucé/Chateauroux SAS	France	100%
Hydro Extrusion Puget SAS	France	100%
Hydro Building Systems Germany GmbH	Germany	100%
Hydro Extrusion Deutschland GmbH	Germany	100%
Hydro Extrusion Offenburg GmbH	Germany	100%
Hydro Building Systems Extrusion GmbH	Germany	100%
Hueck Extrusion GmbH & Co. KG	Germany	100%
Hydro Extrusion Hungary Kft	Hungary	100%
Hydro Building Systems Italy S.p.a.	Italy	100%
Hydro Extrusion Italy S.r.l.	Italy	100%
Hydro Building Systems Atessa S.r.l.	Italy	100%
Hydro Extrusion Drunen B.V.	Netherlands	100%
Hydro Extrusion Hoogezand B.V.	Netherlands	100%
Hydro Extrusion Norway AS	Norway	100%
Hydro Extrusion Poland Sp. z.o.o	Poland	100%
Hydro Aluminium Extrusion Portugal HAEP S.A.	Portugal	100%
Hydro Extrusion Slovakia a.s.	Slovakia	100%
Hydro Building Systems Spain S.L.U.	Spain	100%
Hydro Extrusion Spain S.A.U.	Spain	100%
Hydro Extrusion Sweden AB	Sweden	100%
Hydro Aluminium UK Ltd.	United Kingdom	100%
Hydro Building Systems UK Ltd.	United Kingdom	100%
Hydro Extrusion Portland Inc	United States	100%
Hydro Extrusion USA LLC	United States	100%
Hydro Precision Tubing Monterrey LLC	United States	100%
Hydro Precision Tubing USA LLC	United States	100%

Note 8 Related party information

Norsk Hydro ASA employs key management personnel, including the majority of the Corporate Management Board and central staffs managing and safeguarding key processes such as business planning and performance follow-up, financial reporting, financing and payment services, IT infrastructure, policy and security, HR processes, legal framework and governance, and other group-wide processes. Costs incurred for employees and purchased goods and services are charged to subsidiaries to the extent the subsidiaries benefit from those processes. Such corporate costs are charged based on the actual cost of the corporate processes and as such reflects a cost coverage rather than revenue from contracts with customers. Costs associated with servicing shareholders are not recharged to subsidiaries. Total corporate costs charged to subsidiaries amounted to NOK 1,013 million and NOK 734 million in 2023 and 2022, respectively.

Norsk Hydro ASA also operates shared services in Norway, offering services within accounting, HR and IS/IT operation. These day-to-day services are charged based on usage of the services at prices reflecting the actual cost rather than agreed prices for such services, and as such are not considered revenue from contracts with customers. Total charges for shared services charged to subsidiaries based on incurred costs amounted to NOK 899 million and NOK 753 million in 2023 and 2022, respectively.

Receivables related to corporate costs and shared services amounted to NOK 118 million and NOK 68 million per December 31, 2023 and 2022, respectively.

Further, until December 31, 2022, Norsk Hydro ASA offered project services to its subsidiaries and certain affiliated companies including associates and joint ventures. Services included project planning and management and were offered at agreed prices for services under similar terms to internal and external customers. Such services were charged to subsidiaries with NOK 58 million in 2022, presented as revenue. In addition, certain other services were invoiced to subsidiaries with NOK 7 million in 2022.

Norsk Hydro ASA owns the power production facilities at Notodden, Norway. The power production is managed by the subsidiary Hydro Energi AS who purchases all power produced under a long-term contract at fixed price entered into in 2019. Total consideration was NOK 145 million and NOK 104 million in 2023 and 2022, respectively.

Norsk Hydro ASA operates the cash pooling arrangements in Hydro. Further, Norsk Hydro ASA extends loans to subsidiaries, associates and jointly controlled entities at terms and conditions reflecting prevailing market conditions for corresponding services, allowing for a margin to cover administration and risk. Short- and long-term receivables from subsidiaries and short-term payables to subsidiaries shown in the balance sheet relates to these activities, and also covers some derivative instruments shown in note 10 *Financial instruments,* as well as receivables related to internal charges. See note 5 Financial income and expense for information on interest paid to and received from group companies.

For information on transactions with employees and management, see note 3 Management remuneration and employee costs and *Norsk Hydro ASA Report on executive remuneration 2023*. See note 9.1 Related party information in the notes to the consolidated financial statements for identification of related parties and primary relationships with those parties. See note 11 Guarantees for information on guarantees provided on behalf of subsidiaries.

Audit fees were NOK 6 million and NOK 5 million in 2023 and 2022, respectively. Fees for other services were NOK 4 million and NOK 2 million in 2023 and 2022, respectively.

Note 9 Specification of balance sheet items

Amounts in NOK million	2023	2022
Securities	10	10
Prepaid pension	6,547	6,080
Other non-current assets	80	212
Total prepaid pension, investments and other non-current assets	**6,636**	**6,301**
Pension liability	2,754	2,554
Deferred tax liabilities	1,001	888
Other long-term provisions	154	198
Total long-term provisions	**3,909**	**3,640**

Note 10 Financial instruments

Norsk Hydro ASA offers currency derivatives to subsidiaries using such instruments for risk management. Contracts are recognized at estimated market value, determined by calculating the contractual cash flows using currency rates at the balance sheet date and discounting those cash flows to a present value. At the end of 2023 and 2022, the value of currency forward contracts outstanding with subsidiaries were as follows:

Amounts in NOK million	2023	2022
Currency forward contracts, short-term	(17)	(7)
Currency forward contracts, long-term	-	(1)
Sum currency forward contracts	**(17)**	**(8)**

The contracts represent exposure mainly in Euro, Swedish krone and US dollars. In addition, there are some contracts with exposure to British pounds, Japanese yen and Danish krone representing lower amounts. The contracts mature no later than 2024.

Note 11 Guarantees

Norsk Hydro ASA provides guarantees arising in the ordinary course of business including stand-by letters of credit, performance bonds and various payment or financial guarantees. All commercial guarantees are on behalf of subsidiaries.

Amounts in NOK million	2023	2022
Commercial guarantees	2,464	2,455
Total guarantees not recognized	**2,464**	**2,455**

Note 12 Long-term debt

Amounts in NOK million	2023	2022
NOK	8,739	10,985
EUR	8,989	8,395
Total unsecured loans	**17,728**	**19,381**
Lease liabilities	217	244
Outstanding debt	**17,944**	**19,625**
Less: Current portion	(1,066)	(2,305)
Total long-term debt	**16,879**	**17,320**

As of December 31, 2023, long-term debt that falls due after 2028 amounted to NOK 4,384 million. See note 7.4 Short and long-term debt in notes to the consolidated financial statements for further information. For a description of Hydro's policies for funding and liquidity, see note 7.1 Capital management in notes to the consolidated financial statements.

Note 13 Number of shares outstanding, shareholders and equity reconciliation

The share capital of Norsk Hydro ASA as of December 31, 2023 was NOK 2,241,247,066 consisting of 2,041,208,621 ordinary shares at NOK 1.098 per share. As of December 31, 2023, Norsk Hydro ASA had purchased 29,161,161 treasury shares at a cost of NOK 1,381 million. See Consolidated statements of changes in equity and note 7.6 Shareholders' equity for additional information.

The table shows shareholders holding one percent or more of the total 2,012,047,460 shares outstanding as of December 31, 2023, according to information in the Norwegian Central Securities Depository (Verdipapirsentralen).

Name	Number of shares
The Ministry of Trade, Industry and Fisheries of Norway	699,344,162
Folketrygdfondet	126,827,416
State Street Bank and Trust Comp [1)]	49,773,736
Citibank, N.A. [1)]	46,042,273
State Street Bank and Trust Comp [1)]	42,830,912
JPMorgan Chase Bank, N.A., London [1)]	32,891,917
J.P. Morgan SE [1)]	28,821,878
State Street Bank and Trust Comp [1)]	28,488,772
JPMorgan Chase Bank, N.A., London [1)]	27,892,587
Clearstream Banking S.A. [1)]	27,875,303
State Street Bank and Trust Comp [1)]	26,281,308
State Street Bank and Trust Comp [1)]	23,729,286
The Bank of New York Mellom SA/NV [1)]	20,753,129

1) Nominee accounts.

Changes in equity

Amounts in NOK million	Paid-in capital	Retained earnings	Total equity
December 31, 2022	31,460	8,853	40,313
Total Comprehensive Income	-	15,058	15,058
Accrued dividend 2022 not paid in 2023	-	38	38
Dividend proposed	-	(5,030)	(5,030)
Treasury shares [1)]	32	(2,081)	(2,049)
December 31, 2023	**31,492**	**16,838**	**48,330**

1) For details on movements in treasury shares, see Consolidated statement of changes in equity for the group and note 7.6 Shareholders' equity.

Note 14 Other income

Other income in Norsk Hydro ASA includes charges for goods and services to subsidiaries. The main part represents sale of energy produced at the parent company's power plant to the subsidiary Hydro Energi AS. In addition, government grants supporting research and development activities are included. In 2022, the parent company was responsible for the group's internal engineering group, offering project execution services, mainly to subsidiaries, but also to associates and joint ventures, and occasionally to other companies.

Statement from the Board and the CEO of Norsk Hydro ASA

Norsk Hydro ASA (the parent company) had a net income of NOK 15,064 million in 2023 compared to NOK 4,896 million in 2022. The result reflects increased dividends from subsidiaries in 2023 compared to 2022.
Hydro's Board of Directors proposes to pay a dividend of NOK 2.5 per share and an additional NOK 2.0 billion in share buyback for 2023, for approval by the Annual General Meeting on May 7, 2024. The proposed payment demonstrates the company's commitment to provide a predictable dividend to shareholders. Hydro's dividend policy reflects our ambitions to lift performance and cash returns to shareholders over the cycle. The dividend policy is to pay out a minimum of 50 percent of adjusted net income over the cycle with a NOK 1.25 per share dividend floor.
According to section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the assumption of a going concern.

Oslo, February 13, 2024

Dag Mejdell
Chair

Rune Bjerke
Deputy chair

Margunn Sundve
Board member

Arve Baade
Board member

Marianne Wiinholt
Board member

Torleif Sand
Board member

Kristin F. Kragseth
Board member

Peter Kukielski
Board member

Bjørn Petter Moxnes
Board member

Phillip Graham New
Board member

Petra Einarsson
Board member

Hilde Merete Aasheim
President and CEO

The below listed parts of the Hydro Annual report 2023 constitute the Report of the Board of Directors

Regulation	Content	Annual Report Chapter Reference	Page reference
Norwegian accounting act			
Section 3-3a, 1st para	Information regarding the nature and location of the business, including information on any branch offices.	Letter to stakeholders About Hydro Our business	4-6 10 9-26
Section 3-3a, 2nd para	Review of the development and results of the company's operations and position together with a description of the key risks and uncertainty factors facing the company, hereunder also information on research and development activities.	Our performance Risk review Climate change	27-34 45-62 73-86
Section 3-3a, 5th para	A description that provides a basis for assessing the company's further outlook, including whether the results for the year agree with previously stated target results and expected developments and give reason for any discrepancy.	Letter to stakeholders Business areas Our performance	4-6 12-16 27-34
Section 3-3a, 6th para	Information regarding any financial risk that is significant to the evaluation of the company's assets, liabilities, financial position and results.	Managing uncertainty Key financial exposures Risk review	24 34 45-62
Section 3-3a, 7th para, cfr. Section 4-5	Information regarding the going concern assumption.	Statement from the Board and the CEO	235
Section 3-3a, 8th para	Proposal for the allocation of profit or settlement of loss.	Financial income statement Norsk Hydro ASA	223
Section 3-3a, 9th para	Information about the work environment, along with an overview of implemented measures relevant to the working environment and including information on injuries, accidents and sick leave rates.	Own workforce	122-140
Section 3-3a, 10th para	Information on matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impact each aspect of the business has or may have, as well as measures implemented or planned implemented to prevent or reduce any negative environmental impacts, shall be stated.	Our business Risk review Sustainability	9-26 45-62 67-162
Section 3-3a, 11th para	Information on whether insurances covering the board members' and CEO's potential liabilities towards the company and third parties are maintained, including information on the relevant insurance coverage.	Norwegian Code of Practice for Corporate Governance - Chapter 2	258-264
Section 3-3a, 12th para, cfr. Securities Trading Act, Section 5-8a (1)	Shareholders information: A description of any provisions in the articles of association that restrict the right to trade in the shares of the company.	Not applicable	-
Section 3-3a, 12th para, cfr. Securities Trading Act, Section 5-8a (2)	Shareholders information: A description of who exercises the rights connected to shares in any employee share schemes where authority is not exercised directly by the employees covered by the scheme.	Not applicable	-
Section 3-3a, 12th para, cfr. Securities Trading Act, Section 5-8a (3)	Shareholders information: Any agreements between shareholders which are known to the company and which restrict the possibilities of trading in or exercising voting rights connected to the shares.	Not applicable	-
Section 3-3a, 12th para, cfr. Securities Trading Act, Section 5-8a (4)	Shareholders information: Any significant agreements to which the company is a party, the terms of which take effect, alter or terminate as a result of a takeover bid, and a description of those terms.	Not applicable	-
Section 3-3b	Report on corporate governance.	Our governance Norwegian Code of Practice for Corporate Governance	35-66 258-264
Section 3-3c, first para	Report on social responsibility.	Sustainability	67-162
Section 3-3d	Report on payments to the authorities, etc. (Country-by-country reporting).	Country-by-country reporting	247-260
Equality and Anti-Discrimination Act			
Section 26a	Accounting for the factual status of gender equality, equal pay and diversity, and actions taken to fulfill requirements.	Own workforce	122-140
Norwegian Companies Act			
ASA 6-16 a and b	Management remuneration.	Report on executive remuneration	Hydro.com
UK Modern Slavery Act 2015 **Australia Modern Slavery Act 2018** **Norwegian transparency Act 2021**	Information regarding steps taken to ensure that modern slavery is not taking place in Hydro's operations or its supply chain.	Sustainability Human rights Own workforce Workers in the value chain Affected communities	 118-121 122-140 141-145 146-150

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for 2023 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2023 have been prepared in accordance with the Norwegian Accounting Act the regulation on simplified application of international accounting standards (FOR-2008-01-21-57), and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Norsk Hydro ASA and the Hydro Group for the period. We also confirm to the best of our knowledge that the Integrated Annual Report includes a true and fair view of the development, performance and financial position of Norsk Hydro ASA and the Hydro Group, together with a description of the principal risks and uncertainties that they face, that the integrated 2023 report meets the information requirements of the Norwegian accounting act with regard to the Report of the Board of Directors and statements on corporate governance and corporate social responsibility and that the country by country report for 2023 has been prepared in accordance with the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a.

Oslo, February 13, 2024

Dag Mejdell
Chair

Rune Bjerke
Deputy chair

Margunn Sundve
Board member

Arve Baade
Board member

Marianne Wiinholt
Board member

Torleif Sand
Board member

Kristin F. Kragseth
Board member

Peter Kukielski
Board member

Bjørn Petter Moxnes
Board member

Phillip Graham New
Board member

Petra Einarsson
Board member

Hilde Merete Aasheim
President and CEO

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Enterprise 935 174 627 MVA

To the General Meeting of Norsk Hydro ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norsk Hydro ASA, which comprise:

- the financial statements of the parent company Norsk Hydro ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Norsk Hydro ASA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Board Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 14 years from the election by the general meeting of the shareholders on 4 May 2010 for the accounting year 2010 with a renewed election on the 11 May 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill, intangible assets and property, plant and equipment

Refer to Note 1.1 Reporting entity, basis of preparation, significant accounting estimates and judgement, Note 2.1. Property, plant and equipment, Note 2.2 Intangible assets, Note 2.3 Goodwill, Note 2.4 Depreciation and amortization expense, and Note 2.5 Impairment of non-current assets

The key audit matter	*How the matter was addressed in our audit*
The Group's operations are sensitive to certain commodity prices and other factors, including aluminum and alumina prices, energy prices, inflation rates, relevant foreign exchange rates and production volumes which impact key assumptions in cash flow forecasts and can give rise to impairment indicators. Management exercise judgement related to expected timing of future cash flows and key assumptions. The economic environment and volatility of long- term assumptions indicate that impairment could be a risk related to specific assets and cash generating units (CGUs) and can also impact the assessment of impairment of goodwill. Impairment indications could also arise from transactions in which the agreed consideration is below the carrying value of the asset or CGU. Certain plants are also sensitive to the uncertainty related to renewal of power contracts expiring within 1 to 5 years. Impairment charges of NOK 4,421 million were recognized in 2023, consisting of: • NOK 3,773 million in relation to the business area Hydro Bauxite & Alumina • NOK 625 million in relation to the business area Hydro Aluminium Metal • NOK 23 million in relation to the business area Hydro Extrusions As at 31 December 2023, the Group has goodwill of NOK 3,751 million, Property, plant and equipment of NOK 74,981 million and other intangible assets of NOK 4,697 million.	Our audit procedures in this area included: • Assessing management's process and results for identification and classification of CGU's and assessing whether they were appropriate and in accordance with relevant accounting standards • Evaluating management's assessment of impairment indicators • Performing retrospective reviews of the accuracy of management's estimates in terms of timing of cash outflows and other assumptions such as long-term pricing where historical data is available • Evaluating and challenging the forecasted cash flows including timing of future cash flows applied in the models with reference to historical accuracy and approved business plans • Testing the sensitivity of movements in key assumptions • Evaluating, with assistance from our valuation specialists, key assumptions such as aluminium and alumina prices, inflation rates, energy and fuel prices, relevant foreign exchange rates and discount rates by reference to external sources and relevant benchmarks • Testing the mathematical accuracy of the models used to calculate value in use • Assessing the adequacy of the disclosures related to impairment.

Provisions for environmental clean-up costs and asset retirement obligations

Refer to Note 1.1 Reporting entity, basis of preparation, significant accounting estimates and judgement, and Note 4.1 Uncertain assets and liabilities.

The key audit matter	*How the matter was addressed in our audit*
The Group is involved in operations such as bauxite mining, alumina refining, primary aluminium production and extrusion activities. There is an inherent risk that these operations may generate significant obligations related to site restoration, reforestation and other remediation work. Such potential obligations are dependent on the jurisdictions in which the Group operates and changes in the relevant political and legislative environments. Management decisions to expand, curtail or terminate operations in specific locations can impact obligations as described above. Estimating and calculating such environmental obligations require significant management judgement. The risk of inaccurate estimates is increased due to the uncertainty of scope and timing of such obligations and the limited amount of historical data available. The Group has recognized provisions for environmental clean-up and asset retirement obligations of NOK 5,312 million as explained in note 4.1 Uncertain assets and liabilities.	Our audit procedures in this area included: • Assessing the estimated cost and timing of activities applied in the calculations by comparing management forecasts with prior year estimates. • Comparing management's assumptions to relevant market data to test the reasonableness of discount rates, inflation rates, foreign exchange rates and other key assumptions used in the calculations. • Assessing the accounting treatment for compliance with IFRS Accounting Standards and consistency of application, in particular related to the extent to which obligations are capitalized or expensed and the amortization period for capitalized assets. • Testing, with assistance from our valuation specialists, the mathematical accuracy of the models used to calculate provisions and asset retirement obligations. • Assessing the adequacy of the disclosures pertaining to estimation uncertainty, provisions and contingent liabilities.

Other Information

The Board of Directors and the President and CEO (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the other information

- is consistent with the financial statements,
- contains the information required by applicable statutory requirements regarding the Board of Directors' report and
- contains the information required by applicable statutory requirements regarding the statements on Corporate Governance and Corporate Social Responsibility, and the report on payments to governments.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit

- evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Norsk Hydro ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "549300N1SDN71ZZ8BO45-2023-12-31-nb", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 13 February 2024
KPMG AS

Monica Hansen
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.

Appendices

Alternative Performance Measures (APMs)

Alternative performance measures, i.e. financial performance measures not within the applicable financial reporting framework, are used by Hydro to provide supplemental information, by excluding items that, in Hydro's view, does not give an indication of the periodic operating results or cash flows of Hydro, or should be assessed in a different context than its classification according to its nature. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Hydro's experience that these are frequently used by analysts, investors and other parties. Management also uses these measures internally to drive performance in terms of long-term target setting and as basis for performance related pay. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant. Operational measures such as, but not limited to, volumes, prices per mt, production costs and improvement programs are not defined as financial APMs. To provide a better understanding of the company's underlying financial performance for the relevant period, Hydro focuses on adjusted EBITDA in the discussions on periodic underlying financial and operating results and liquidity from the business areas and the group, while adjusting effects to adjusted EBITDA, EBIT and net income (loss) are discussed separately. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. Disclosures of APMs are subject to established internal control procedures.

Hydro's financial APMs

- *EBIT:* Earnings before financial items and tax.
- *Adjusted EBIT:* EBIT +/- identified adjusting items to EBIT as described below.
- *EBITDA:* EBIT + depreciation, amortization and impairments, net of investment grants.
- *Adjusted EBITDA:* EBITDA +/- identified adjusting items to EBITDA as described below.
- *Adjusted net income (loss) from continuing operations:* Net income (loss) from continuing operations +/- adjusting items to net income (loss) as described below.
- *Adjusted earnings per share from continuing operations:* Adjusted net income (loss) from continuing operations attributable to Hydro shareholders divided by weighted average of outstanding shares (ref.: note 7.6 to the consolidated financial statements).
- *Investments:* Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments, including amounts recognized in business combinations for continuing operations.
- *Net cash (debt):* Short- and long-term interest-bearing debt adjusted for Hydro's liquidity positions.
- *Adjusted net cash (debt):* Net cash (debt) adjusted for liquidity positions regarded unavailable for servicing debt, pension obligation and other obligations which are considered debt-like in nature.
- *Adjusted net cash (debt) to adjusted EBITDA ratio*: Adjusted net cash (debt) / adjusted EBITDA
- *(Adjusted) RoACE* is defined as (Adjusted) Earnings after tax for the prior 12 months divided by average Capital employed for the four most recent quarters. (Adjusted) Earnings after tax is defined as (adjusted) Earnings before financial items and tax less Adjusted income tax expense. Since RoaCE represents the return to the capital providers before dividend and interest payments, adjusted income tax expense excludes the tax effects of items reported as Finance income (expense), net and in addition, for adjusted figures, the tax effect of adjusting items.
- *Capital employed* is defined as Shareholders' Equity, including non-controlling interest plus long-term and short-term interest-bearing debt less Cash and cash equivalents and Short-term investments.
- *Capital expenditure (Capex):* Purchase of property, plant and equipment plus Purchase of other Long-term investments, adjusted for elements that are not considered cash effective.
- *Cash effective change in net operating capital:* Changes to Trade and other receivables plus/minus changes to Inventories plus/minus changes to Trade and other payables as reported in the statements of cash flows.
- *Free cash flow:* Net cash provided by operating activities less Net cash used in investing activities, adjusted for Purchases of short-term investments, Sales of short-term investments and net cash received or paid for short- and long-term collateral.

Adjusting items to EBITDA, EBIT, net income (loss) and earnings per share

Hydro has defined two categories of items which are adjusted to results in all business areas, equity accounted investments and at group level. One category is the timing effects, which are unrealized changes to the market value of certain derivatives. When realized, effects of changes in the market values since the inception of the instrument are included in adjusted EBITDA and adjusted EBIT. Changes in the market value of the trading portfolios are included in adjusted results. The other category includes material items which are not regarded as part of underlying business performance for the period, such as major rationalization charges and closure costs, effects of disposals of businesses and operating assets, major impairments of property, plant and equipment, as well as other major effects of a special nature, and realized effects of currency derivatives entered into for risk management purposes. Materiality is defined as items with a value above NOK 20 million. All adjusting items to results are reflecting a reversal of transactions recognized in the financial statements for the current period, with the exception of realized foreign exchange gain (loss). Part-owned entities have implemented similar adjustments.

- *Unrealized derivative effects on LME related contracts* include unrealized gains and losses on contracts measured at market value, which are used for operational hedging purposes related to future expected sales and purchase transactions, both fixed-price customers and supplier contracts and transactions at not yet determined market prices. Also includes elimination of changes in fair value of certain internal physical aluminium contracts.
- *Unrealized derivative effects on power and raw material contracts* include unrealized gains and losses on embedded derivatives in raw material and power contracts for Hydro's own use and for physical and financial power contracts used for managing price risks and volume changes. Unrealized derivative effects on certain power contracts in a business model with the combined aim to manage hydrological risk in own production, differences in power needs in existing and new business activities in Hydro as well as supporting development of new renewable energy projects are also adjusted for. Adjustments also comprise elimination of changes in fair value of embedded derivatives within certain internal power contracts.
- *Significant rationalization charges and closure costs* include costs related to specifically defined major projects, and not considered to reflect periodic performance in the individual plants or operations. Such costs involve termination benefits, dismantling of installations and buildings, clean-up activities that exceed legal liabilities, etc. Costs related to regular and continuous improvement initiatives are included in underlying results.
- *Significant community contributions Brazil* refers to the provision recognized in relation to the TAC and TC agreements with the Government of Parà and Ministèrio Pùblico made in 2018, including later cost adjustments and certain similar agreements.
- *Other effects* include insurance proceeds covering asset damage, legal settlements, etc. Insurance proceeds covering lost income in the same or a previous period are included in adjusted results.

- *Pension* includes recognition of pension plan amendments and related curtailments and settlements.
- *Transaction related effects* reflect the (gains) losses on divestment of businesses and individual assets, the net remeasurement (gains) losses related to previously owned shares in acquired businesses, inventory valuation expense related to acquisitions as well as acquisition costs.
- *Adjusted items in equity accounted investments* reflects Hydro's share of adjusting items from adjusted net income in Qatalum and are based on Hydro's definitions, including both timing effects and material items not regarded as part of underlying business performance for the period.
- *Impairment charges (PP&E and equity accounted investments)* relate to significant write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value. Gains from reversal of impairment charges are also adjusted for.
- *Depreciation* relate to excess depreciation for assets with significantly reduced expected useful life related to a decision to close the plant or similar significant changes.
- *Realized foreign exchange gain (loss) on risk management instruments* represents such items as foreign currency derivatives entered into and managed to mitigate currency risk in the production margin, i.e. the difference between sales price for products such as aluminium or alumina versus the cost of raw materials and energy used in production. Realized embedded currency derivatives in certain power contracts in Norway denominated in Euro are also adjusted for. Such currency effects are included in currency gains and losses in finance expense in the income statement, and included in adjusted EBITDA and adjusted EBIT.
- *Net foreign exchange (gain) loss:* Realized and unrealized gains and losses on foreign currency denominated accounts receivable and payable, funding and deposits, embedded currency derivatives in certain power contracts and forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, sales contracts and operating capital, with the exception of the realized foreign currency exchange gain (loss) on risk management instruments mentioned above.
- *Calculated income tax effect:* In order to present adjusted net income on a basis comparable with our adjusted operating performance, the adjusted income taxes include adjustments for the expected taxable effects on adjusted items to income before tax.
- *Other adjustments to net income from continuing operations* include other major financial and tax related effects not regarded as part of the underlying business performance of the period.

Adjusting items to EBITDA and EBIT per operating segment and for Other and eliminations [1)]

NOK million	2023	2022
Unrealized derivative effects on raw material contracts	412	(40)
Community contributions Brazil [2)]	25	32
Other effects [3)]	-	162
Hydro Bauxite & Alumina	**437**	**155**
Unrealized derivative effects on power contracts	401	170
(Gains)/losses on divestments [4)]	-	(65)
Net foreign exchange (gain)/loss [5)]	(20)	11
Other effects [6)]	164	-
Hydro Energy	**544**	**116**
Unrealized derivative effects on LME related contracts	(1,667)	(2,990)
Unrealized derivative effects on power contracts [7)]	103	3,218
Significant rationalization charges and closure costs [8)]	-	46
Net foreign exchange (gain)/loss [5)]	(320)	(108)
Other effects [9)]	-	(69)
Hydro Aluminium Metal	**(1,884)**	**97**
Unrealized derivative effects on LME related contracts	215	(107)
Transaction related effects [10)]	120	-
Hydro Metal Markets	**335**	**(107)**
Unrealized derivative effects on LME related contracts	(34)	59
Unrealized derivative effects on power contracts	(28)	3
Significant rationalization charges and closure costs [11)]	265	106
(Gains)/losses on divestments and other transaction related effects [12)]	25	(54)
Other effects [13)]	(107)	(76)
Hydro Extrusions	**121**	**38**
Unrealized derivative effects on LME related contracts [14)]	(43)	36
(Gains)/losses on divestments	(25)	-
Net foreign exchange (gain)/loss [5)]	(543)	(221)
Other effects [15)]	26	15
Other and eliminations	**(585)**	**(170)**
Adjusting items to EBITDA	**(1,033)**	**128**
Impairment charges		
Hydro Bauxite & Alumina [16)]	3,773	-
Hydro Aluminium Metal [17)]	628	77
Hydro Extrusions [18)]	23	258
Adjusting items to EBIT	**3,391**	**464**

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.
2) Community contributions includes provisions for the TAC and TC agreements with the Government of Parà and Ministèrio Pùblico made in September 2018, including later adjustments for changes in cost estimates, and similar agreements.
3) Other effects in Hydro Bauxite & Alumina in 2022 includes derecognized engineering cost related to a project on hold.
4) Divestment gain in Hydro Energy in 2022 relates to the partial sale of a project company involved with a wind power project in Sweden, held by Hydro REIN.
5) Realized currency gains and losses from risk management contracts and embedded currency derivatives in physical power and raw material prices.
6) Other effects in Energy includes a provision for potential project-related costs in relation to regulatory compliance.
7) Unrealized derivative effects on power contracts includes the effect of settling some such contracts in Slovalco net through selling power in 2021 and thereby meeting the requirement for recognizing contracts in the same contract portfolio at fair value. The effects of consuming power under contracts recognized at fair value were included for 2022.
8) Rationalization and closure costs in Hydro Aluminium Metal in fourth quarter 2022 related to curtailment cost in the Slovalco smelter, and reduction in 2022 related to Aluchemie.
9) Other effect in Hydro Aluminium Metal in 2022 relates to insurance compensation for the power outage in Albras in the first quarter of 2022.
10) Transaction effects in Metal Markets includes acquisition costs related to Alumetal and realization of revalued inventory in the third quarter 2023 with lower margin.
11) Significant rationalization and closure costs include provisions for costs related to reduction of overcapacity, closures and environmental clean-up activities in Hydro Extrusions.
12) Divestments of Hydro Extrusions plants, including adjustments of sales price, as well as acquisition costs.
13) Other effects in Hydro Extrusions relates to a tax related dispute concluded in 2023 and insurance compensation in 2022, both for cost incurred prior to Hydro's acquisition of the business affected.
14) Unrealized derivative effects on LME related contracts result from elimination of changes in the valuation of certain internal aluminium contracts.
15) Other effects relates to environmental provision for closed sites in Norway and Germany.
16) Impairment charges in Hydro Bauxite & Alumina in fourth quarter 2023 relates to impairment of goodwill and property, plant and equipment in the operating plants.
17) Impairment charges in Hydro Aluminium Metal in 2023 reflects write down of Hydro's ownership interest in the Tomago smelter in Australia, while the charge in 2022 reflect write downs related to the Slovalco smelter.
18) Impairment charges in 2023 and 2022 in Hydro Extrusions include impairments of various individual sites and assets.

Adjusted EBITDA

NOK million	2023	2022
EBIT	9,592	30,715
Depreciation, amortization and impairment	13,815	8,929
Investment grants	(116)	(108)
EBITDA	**23,291**	**39,536**
Adjusting items to EBITDA	(1,033)	128
Adjusted EBITDA	**22,258**	**39,664**

Adjusted earnings per share from continuing operations

NOK million	2023	2022
Net income (loss) from continuing operations	2,804	24,381
Adjusting items to net income (loss) from continuing operations [1) 2)]	5,031	(1,236)
Adjusted net income (loss) from continuing operations	7,835	23,145
Adjusted net income from continuing operations attributable to non-controlling interests	(799)	1,205
Adjusted net income from continuing operations attributable to Hydro shareholders	8,634	21,941
Number of shares	2,029	2,051
Adjusted earnings per share from continuing operations	**4.26**	**10.70**

1) See Other performance measures and adjustments to EBIT in the section Financial results in Performance Review section
2) Adjusting items to net income (loss) consist of the Adjusting items to EBIT specified on the previous page, and realized and unrealized currency gains and losses. These items are net of calculated tax effects, for most items based on a 30 percent standardized tax rate.

Adjusted net cash (debt) and adjusted net cash (debt) to adjusted EBITDA ratio

Hydro's capital management measures are described in Note 7.1 Capital management in the Financial statements, including reconciliations and comparable information.

Adjusted Return on average Capital Employed (ARoaCE)

Hydro uses adjusted RoaCE to measure the performance for the group as a whole and within its operating segments, both in absolute terms and comparatively from period to period. Management views this measure as providing additional understanding of the rate of return on investments over time in each of its capital intensive businesses and in the operating results of its business segments. (Adjusted) RoaCE is calculated as (Adjusted) EBIT after tax divided by average Capital employed for the respective period.

EBIT after tax	Reported		Adjusted	
NOK million	2023	2022	2023	2022
EBIT	9,592	30,715	12,983	31,179
Adjusted income tax expense [1]	(4,656)	(7,489)	(4,475)	(7,654)
EBIT after tax	**4,937**	**23,226**	**8,508**	**23,525**

Capital Employed

NOK million	**Dec 31 2023**	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022
Current assets [2]	52,753	55,761	59,091	59,869	55,149	64,723	65,122	55,912
Property, plant and equipment	74,981	74,367	72,985	67,827	62,656	62,369	58,920	56,599
Other non-current assets [3]	47,145	53,266	52,697	49,935	46,728	51,007	46,876	45,932
Current liabilities [4]	(36,781)	(35,954)	(35,123)	(36,443)	(36,061)	(38,356)	(39,880)	(37,666)
Non-current liabilities [4]	(26,267)	(25,850)	(26,516)	(25,079)	(21,984)	(23,502)	(24,309)	(26,418)
Assets held for sale	3,685	-	-	-	-	-	-	-
Liabilities in disposal group	(141)	-	-	-	-	-	-	-
Capital Employed	**115,374**	**121,591**	**123,135**	**116,108**	**106,488**	**116,241**	**106,728**	**94,360**

Return on average Capital Employed (RoaCE)	Reported		Adjusted	
	2023	2022	2023	2022
Hydro	**4.1 %**	21.9 %	**7.1 %**	22.2 %

1) Adjusted Income tax expense is based on reported and adjusted tax expense adjusted for tax on financial items.
2) Excluding cash and cash equivalents and short-term investments.
3) Excluding long-term collateral related to strategic and operational hedging activities.
4) Excluding interest-bearing debt.

5-year average adjusted Return on average Capital Employed

Hydro has provided a five-year average adjusted RoaCE to reflect adjusted RoaCE for a longer period than annual observations. Adjusted RoaCE for 2019, 2020 and 2021 are provided in the Alternative Performance Measures (APM) sections in the respective annual reports. The reconciliations for the years 2021 and 2020 are available in the annual report for 2021. The reconciliation for 2020 and 2019 is available in the annual reports for 2020.

5 year average adjusted Retun on average Capital Employed

	2023	2022	2021	2020	2019	5 year average
Adjusted RoaCE	**7.1 %**	**22.2 %**	**18.6 %**	**3.7 %**	**1.3 %**	**10.6 %**

Capital expenditure (Capex)

Capex is a measure for the cash amount spent on investment activities related to property, plant and equipment and other long-term investments as reported in the consolidated statements of cash flows for the period. Hydro uses this measure to drive optimization of capital allocation. The values include continuing operations only.

NOK million	2023	2022
Purchase of property, plant and equipment	(13,638)	(9,604)
Purchase of other long-term investments	(7,535)	(1,971)
Sum	**(21,173)**	**(11,575)**
Investment grants received	105	35
Capital expenditure (continuing operations)	**(21,068)**	**(11,540)**

Cash effective change in net operating capital

This measure is used by Hydro to monitor and follow up on cash generation and to drive financial performance. Hydro primarily follows up net operating capital elements on a cash basis rather than a balance sheet value basis, as the latter are influenced by non-cash currency translation effects. The values include continuing operations only.

NOK million	2023	2022
Change in Trade and other receivables [1]	1,017	(980)
Change in Inventories [1]	7,155	(6,269)
Change in Trade and other payables [1]	(1,293)	(1,532)
Cash effective change in net operating capital (continuing operations)	**6,879**	**(8,781)**

1) See Consolidated statements of cash flows

Free cash flow

Free cash flow is a measure of the net cash generation after investing activities. Hydro uses this measure to drive financial performance. Hydro uses financial derivatives for risk management purposes, the definition of free cash flow therefore excludes the impact from changes in collateral. In addition, an adjustment is made for the cash effect from net sales (purchases) of trading securities, as these are related to liquidity management activities and do not reflect the underlying cash generation from business activities. Hydro believes this is a better illustration of the underlying cash generation in the group. The values include continuing operations only.

NOK million	2023	2022
Net cash provided by operating activities [1]	22,220	29,393
Adjusted for changes in collateral [2]	(1,617)	(3,187)
Adjusted for net (sales) purchases of trading securities [3]	39	(1,398)
Net cash used in investing activities [1]	(20,759)	(10,561)
Adjusted for purchases of short-term investments [1]	659	1,250
Adjusted for sales of short-term investments [1]	(753)	(1,500)
Free cash flow (continuing operations)	**(211)**	**13,997**

1) See Consolidated statements of cash flows.
2) Collateral provided as cash, mainly related to strategic and operational hedging activities (see Adjusted net cash (debt) APM).
3) Securities used for liquidity management purposes, available at short notice. Changes to these funds do not reflect the underlying cash generation from business activities.

Country-by-country report

Hydro's country by country report has been developed to comply with legal requirements as stated in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014, and updated in 2017, and replaces our former reporting on payments to host governments according to the Extractive Industries Transparency Initiative (EITI). Our reporting includes, and goes beyond, the EITI requirements. According to the Norwegian Accounting Act, the country-by-country reporting should be on a project level, and payments should be reported per public authority. Following a thorough evaluation, we have defined "project" as legal entity in the report, and "public authority" as the three levels federal; state(s); and municipality(-ies).

The reporting requirement applies to Hydro as a Norwegian listed company with exploration and extractive activities. Currently, this includes Hydro's consolidated operations in Brazil, through exploration and extractive activities in Paragominas, in the state of Pará. On a voluntary basis, and in line with our EITI reporting since 2005, we also include the alumina refinery Alunorte. Alumina is refined from bauxite and is the commercial product from Hydro's Bauxite & Alumina business area.

Hydro's primary aluminium production facility Albras is also closely linked to the extraction of raw materials in Pará. To better illustrate the tax contribution from Hydro's aluminium value chain in Pará, Albras is included on a voluntary basis in the country-by-country report. In addition, Hydro voluntarily reports on indirect tax contributions not covered by the requirements in the country-by-country report.

To comply with the Norwegian country-by-country regulation, Hydro is required to report on certain information at corporate level related to legal entities, where they are registered, number of employees, and interest paid to other legal entities in Hydro within another jurisdiction. It is also required to give a short description of each legal entity's activities, revenue, income before tax, tax accrued and paid in the reporting year, and accumulated earnings. For additional reporting in accordance with the GRI 207 Tax standard, please see Hydro's GRI index.

The Country-by-country report is approved by the board of directors and included in their responsibility statement.

Taxation

Global tax policy

Hydro is committed to sustainable value-creation for its shareholders, other stakeholders, and the communities where it operates. Hydro's global tax policy regulates the global framework for tax management and governance in the group, is frequently updated in response to regulatory changes and in dialogue with internal and external stakeholders. Most recent update in 2022 was approved by Hydro Board of Directors in May 2022 and is published on Hydro.com. Hydro is committed to transparency and accuracy in its tax management and it is based on the principle that equitable taxes shall be paid where the economic value is generated.

In addition to this section, tax related disclosures are found in Note G1.4 income tax and in the Risk section.

Taxation of hydropower production in Norway

Profits from Hydro's hydropower production in Norway are subject to ordinary income tax at 22 percent for the income year 2023. Revenue for ordinary income tax purposes is based on realized prices. Dams, tunnels, and power stations are, for tax purposes, depreciated on a linear basis over 67 years, and machinery and generators over 40 years. However, such fixed assets are depreciated over the concession period if that is shorter. Transmission and other electrical equipment are depreciated at a 5 percent declining balance.

A natural resource tax of NOK 13 per MWh is currently levied on water-generated electricity. The tax is fully deductible from the ordinary income tax.

In addition, a special resource rent tax, is imposed on hydropower production in Norway. For income year 2023 the effective tax rate is 45 percent, unchanged from 2022. All new investments and upgrade/maintenance cost can be expensed/excluded from the basis for the resource rent tax. Marginal tax rate for 2023 67 percent, unchanged from 2022.

From 28. September 2022 a high price contribution for hydropower related income for power prices above 0,7 NOK/KWh was introduced. The effect was marginal for Hydro since the main part of our production are sold at contract prices below the threshold. The high price contribution regime was discontinued with effect from October 1st, 2023.

Taxation in Brazil

Payments to authorities per project and authority (exploration and extractive activities, alumina refining and aluminium production) in 2023 is presented in the first table below.

Payments to authorities per project and authority (exploration and extractive activities, alumina refining and aluminium production) in 2023

Extractive related activities (all in Brazil)[1]	Taxes and fees[2]	Royalties	License fees[3]	Infrastructure, contractual[4]	Infrastructure, voluntary[4]	Investments	Revenue[5]	Production volume	Total expenses[5] [6]
	NOK million	NOK million	NOK million	NOK million	NOK million	NOK million	NOK million	1 000 mt	NOK million
Mineracao Paragominas SA, total	**233**	**133**	**1**	**12**	**30**	**2,810**	**4,354**	**10,897**	**4,064**
Federal	182	13	-	-	-	-	-	-	-
Pará State	50	40	-	-	-	-	-	-	-
Paragominas municipality	-	80	-	-	-	-	-	-	-
Norsk Hydro Brasil Ltda, total	**-**	**-**	**-**	**-**	**-**	**21**	**12**	**-**	**10**
Federal	-	-	-	-	-	-	-	-	-
Rio de Janeiro State	-	-	-	-	-	-	-	-	-
São Paulo Municipality	-	-	-	-	-	-	-	-	-
Alunorte - Alumina do Norte do Brasil SA, total	**-**	**-**	**-**	**4**	**15**	**5,528**	**22,073**	**6,185**	**27,024**
Federal	-	-	-	-	-	-	-	-	-
Pará State	-	-	-	-	-	-	-	-	-
Barcarena Municipality	-	-	-	-	-	-	-	-	-
Albras - Alumínio Brasileiro SA, total	**-**	**-**	**-**	**2**	**6**	**1,515**	**11,834**	**355**	**12,777**
Federal	-	-	-	-	-	-	-	-	-
Pará State	-	-	-	-	-	-	-	-	-
Barcarena Municipality	-	-	-	-	-	-	-	-	-
Total[7]	**233**	**133**	**1**	**17**	**51**	**9,874**	**38,273**	**17,438**	**43,875**

1) In 2023, Hydro's extractive activities did not have the following types of payments to host authorities:
- production entitlements
- dividends
- signature, findings and production bonuses
- stocks, shares or other ownership rights

2) Taxes and fees (income, profit and production) except taxes and fees on consumption such as VAT, withholding taxes on behalf of employees, sales tax. Figures are not directly comparable to the further country by country report.
3) License, lease or access fees or other payments for licenses or commissions
4) Payments on improved infrastructure, either contractual based on exploration or operational licenses, or voluntary is based on Hydro's reporting on social investments, please see note S3.1 to the social statement.
5) Including power procurement and sales
6) Costs at Alunorte include purchase of bauxite from Paragominas. Costs at Albras include purchase of alumina from Alunorte.
7) Only figures where a total is presented can be consolidated.

Other tax contributions to authorities in Brazil

The Brazilian tax system is complex and volatile. In addition to the direct taxes reported above on income, profit and production, Brazil has several indirect taxes levied at the federal and state levels, and other taxes levied at the municipal level.

For Hydro, there are three main indirect tax mechanisms not covered by the country-by-country requirements, i.e., ICMS and PIS/COFINS.

ICMS is a Brazilian indirect state tax on the sale of goods, freight, and certain services. ICMS is intended a non-cumulative tax, which means that sales are generating ICMS debits with the seller, and purchases are generating ICMS credits with the buyer. However, as export transactions are exempt from ICMS and not generating ICMS debits, exporters accumulate ICMS credits that cannot be offset with any other taxes. As ICMS is an indirect tax, the amounts are reported as expenses in Hydro's financial statements rather than as income tax.

In the state of Pará, Hydro is subject to an ICMS deferral aiming to prevent accumulation of ICMS credits, and to reduce net payable ICMS. Hydro's operations in Pará generates ICMS tax revenue to the state mostly on local purchases of electricity (Albras), diesel and fuel oil, on sale of goods to customers residing outside the state.

In 2015, the state of Pará granted a renewal of the ICMS deferral until 2030 for Hydro Paragominas, Hydro Alunorte and Albras. The ICMS deferral is conditional upon Hydro's fulfilment of multiple obligations. All obligations are related to verticalization of the aluminium value chain in the state of Pará, contribution to development in the region and enabling sustainable growth in the state.

For more information about ICMS deferral, see risk review No 12, Material tax change.

PIS and COFINS are two federal social contribution taxes charged on gross income, in most cases at a rate of 9.25 percent. Hydro entities in Brazil are charged under a non-cumulative system that resembles VAT. Like for ICMS, export transactions are exempt. As a result, Brazilian exporters, like Alunorte, accumulate credits that can be either reimbursed or offset against debts of other federal taxes.

The following table includes Hydro entities operating in the state of Pará.

Other taxes paid to authorities in Brazil[1)]

Extractive related activities	ICMS	PIS	COFINS	IPTU	Total contribution
	NOK million	NOK million	NOK million	NOK million	NOK million
Mineracao Paragominas SA, total	**75**	**1**	**4**	**0**	**80**
Federal	-	1	4	-	5
Pará State	75	-	-	-	75
Paragominas municipality	-	-	-	0	0
Norsk Hydro Brasil Ltda, total	**1**	**2**	**9**	**0**	**12**
Federal	-	2	9	-	11
Rio de Janeiro State	1	-	-	-	1
São Paulo Municipality	-	-	-	0	0
Alunorte - Alumina do Norte do Brasil SA, total	**1,329**	**2**	**10**	**78**	**1,419**
Federal	-	2	10	-	12
Pará State	1,329	-	-	-	1,329
Barcarena Municipality	-	-	-	78	78
Albras - Alumínio Brasileiro SA, total	**445**	**1**	**5**	**46**	**498**
Federal	-	1	5	-	7
Pará State	445	-	-	-	445
Barcarena Municipality	-	-	-	46	46
Total	**1,850**	**6**	**29**	**124**	**2,009**

1) Tax off-sets are not included

Further country by country information for all consolidated legal entities

The Norwegian country by country reporting requirement as stated in the Norwegian Accounting Act and the Country by Country Regulation also require reporting on certain information at corporate level related to legal entities, as included in the table below.

Hydro's subsidiaries have both external revenue derived from sale to Hydro's end customers, and internal revenue derived from sale to other Hydro entities. In the table below both revenue streams are included per legal entity, but in Hydro's consolidated financial statements all internal transactions have been eliminated to arrive at Hydro's revenue. The sum of the different items for Hydro's subsidiaries will therefore not add up to the respective consolidated figures.

In order to present a Grand Total in the country-by-country report that is comparable to Hydro's consolidated financial statements, we have included all group eliminations as a separate line. These include, but are not limited to, eliminations of internal revenue and cost, internal receivables and payables, distributed profit such as dividends within the group, goodwill and excess values not attributable to individual legal entities, accumulated profits allocated to non-controlling interests and all joint operations and joint ventures.

Assets and liabilities in subsidiaries that have been acquired have been remeasured to fair value in Hydro's financial statements. This value adjustment, often referred to as excess value, represents the difference between the fair value of the company as paid by Hydro, and the carrying value of assets and liabilities as recognized by the subsidiary at the time of purchase. This premium is not reflected in the subsidiaries local statutory reporting. Due to this, figures reported in Hydro's country by country report are not necessarily comparable to the entities' local statutory reporting. Acquired entities are included from the date of acquisition. As a result of rounding adjustments, the figures in one or more of the columns in the table below may not add up to the total of that column.

The information is included in the independent auditor's assurance report.

Further country by country information for all consolidated legal entities

Jurisdiction	Legal entity		Description of the entity's activity	Ownership 31. dec	Number of permanent employees	Number of temporary employees	Interest paid to Hydro legal entities in another jurisdiction, NOK million	Revenue, NOK million	Income before tax, NOK million	Income taxes, NOK million	Income taxes paid, NOK million	Retained earnings, NOK million
Argentina	Hydro Extrusion Argentina SA		Extrusion Production	100%	98		2,439	473	32	-	9	46
	Hydro Building Systems France SARL (Branch)		Building Systems Production				-	-	(1)	-	-	(2)
Total Argentina					**98**	**-**	**2,439**	**473**	**31**	**-**	**9**	**44**
Australia	Hydro Aluminium Australia Pty. Limited	7)	Holding Company	100%			-	1,836	(611)	18	-	57
	Hydro Aluminium Kurri Kurri Pty. Limited		Real Estate	100%	5		-	2	6	(17)	-	(1,895)
Total Australia					**5**	**-**	**-**	**1,839**	**(605)**	**1**	**-**	**(1,839)**
Austria	Hydro Building Systems Austria GmbH		Sales and Marketing	100%	31		-	304	6	1	-	13
	Hydro Extrusion Nenzing GmbH		Extrusion Production	100%	442	6	5	2,298	181	42	-	519
	Hydro Holding Austria GmbH		Holding Company	100%			-	-	114	-	102	247
	Hueck Aluminium GmbH		Sales and Marketing	100%	18		0.04	98	1	2	-	47
Total Austria					**491**	**6**	**5**	**2,701**	**302**	**45**	**103**	**826**
Bahrain	Hydro Building Systems Middle East WLL		Building Systems Production	100%	75		0	469	183	-	-	245
Total Bahrain					**75**	**-**	**-**	**469**	**183**	**-**	**-**	**245**
Belgium	Norsk Hydro EU Sprl		Public Affairs	100%	3	1	-	5	-	-	-	1
	Hydro Extrusion Lichtervelde NV		Extrusion Production and Remelt	100%	225		-	2,163	42	8	31	287
	Hydro Allease NV		Business Management	100%			-	-	4	1	1	197
	Hydro Building Systems Belgium NV		Building Systems Production	100%	147	8	1,551	537	(93)	1	-	(363)
	Hydro Extrusion Eupen SA		Dies Production	100%	42	2	41	73	(9)	(7)	-	(44)
	Hydro Extrusion Raeren S.A.		Extrusion Production	100%	218	10	-	1,038	40	13	12	137
Total Belgium					**635**	**21**	**1,592**	**3,817**	**(16)**	**16**	**45**	**215**
Bosnia-Herzegovina	Hueck Service d.o.o.		Sales and Marketing	100%	17		-	-	-	-	-	1
Total Bosnia-Herzegovina					**17**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Brazil	ALBRAS - Alumínio Brasileiro SA		Primary Aluminium Production	51%	1,297	92	-	11,834	(843)	(258)	92	3,031
	ALUNORTE - Alumina do Norte do Brasil S.A.		Alumina Refinery	62%	2,205	192	-	22,073	(4,924)	(247)	34	(6,149)
	Hydro Alumina Holdings Ltda		Holding Company	100%			-	38	(13)	-	11	(8)
	Ananke Alumina SA		Holding Company	0%			-	52	58	21	22	(1)
	Atlas Alumínio SA		Holding Company	100%			-	1,094	310	106	117	644
	CAP - Companhia de Alumina do Pará SA		Planned Alumina Refinery	100%			-	-	(32)	-	-	(663)
	Hydro Extrusion Brasil S.A.		Extrusion and Precision Tubing	100%	799	40	20,645	2,082	255	(9)	1	(283)
	Mineração Paragominas SA		Bauxite Mining	100%	1,633	150	-	4,354	459	44	259	2,675
	Norsk Hydro Brasil Ltda.		Holding Company	100%	436	31	-	12	(115)	-	13	(583)
	Norsk Hydro Energia Ltda.		Power Trading & Energy Services	100%	20	3	-	953	76	26	4	61
	Hydro Enrein Ltda.		Power Trading & Energy Services	0%	0	0	-	2	3	-	-	2
	Hydro Rein Brasil Soluções Renováveis Ltda		Renewable Energy	100%	17		-	67	14	18	-	(50)
Total Brazil					**6,407**	**508**	**20,645**	**42,559**	**(4,753)**	**(299)**	**554**	**(1,324)**
Canada	Hydro Aluminium Canada & Co. Ltd.	8)	Holding Company	100%			609	3,402	357	120	168	1,512
	Hydro Aluminium Canada Inc.		Holding Company	100%	2		-	-	2	1	1	27
	Hydro Extrusion Canada Inc.		Extrusion Production	100%	549	12	155	3,467	217	58	50	686
	Hydro REIN Energy Solutions Canada Ltd.		Renewable Energy	100%			-	-	-	-	-	-
Total Canada					**551**	**12**	**764**	**6,869**	**576**	**180**	**219**	**2,225**
China & Hong Kong	Hydro Aluminium Beijing Ltd.		Sales and Marketing	100%	8		-	1,842	9	5	3	103
	Hydro Building Systems (Beijing) Co. Ltd.		Sales and Marketing	100%	19		-	83	1	-	-	(122)
	Hydro Aluminium Fabrication (Taicang) Ltd		Precision Tubing Production	100%	371	4	-	1,004	187	46	45	335
	Hydro Precision Tubing (Suzhou) Co. Ltd.		Precision Tubing Production	100%	430		-	1,381	40	8	16	141
	Sapa Extrusion (Jiangyin) Co. Ltd.		Extrusion Production	100%			-	-	-	-	-	(29)
	Hycast Technology Shanghai Co., Ltd		Research & Development	100%	2		-	19	-	-	-	(1)
Total China & Hong Kong					**830**	**4**	**-**	**4,330**	**236**	**59**	**64**	**427**

Croatia	Hydro Building Systems Croatia d.o.o.	Building Systems Production	100%	11		17	-	-	-	-	2
Total Croatia				**11**	**-**	**17**	**-**	**-**	**-**	**-**	**2**
Czech Republic	Hydro Building Systems Czechia sro	Sales and Marketing	100%	6		-	-	1	-	-	3
	Hueck s.r.o	Sales and Marketing	100%	4		0.002	-	-	-	-	2
Total Czech Republic				**10**	**-**	**0.002**	**-**	**1**	**-**	**-**	**6**
Denmark	Hydro Extrusion Denmark A/S	Extrusion Production	100%	284		7,952	1,896	56	13	-	412
	Hydro Holding Denmark A/S	Holding Company	100%			157	-	-	(3)	(6)	1,633
	Hydro Precision Tubing Tønder A/S	Precision Tubing Production	100%	407	21	5,671	1,724	(157)	(37)	-	534
	Hydro Rein Solar Holding DK 1 ApS	Holding Company	100%			-	-	-	-	-	-
	Hydro Rein Solar BidCo DK 1 ApS	Renewable Energy	100%			-	-	-	-	-	-
	Hydro Rein Solar General Partner DK 1 ApS	Renewable Energy	100%			-	-	-	-	-	-
	Hydro Rein Solar 1 K/S	Renewable Energy	100%			-	-	(6)	(1)	-	(5)
	Hydro Rein Solar Holding DK 2 ApS	Holding Company	100%			-	-	-	-	-	-
	Hydro Rein Solar BidCo DK 2 ApS	Renewable Energy	100%			-	-	-	-	-	-
	Hydro Rein Solar General Partner DK 2 ApS	Renewable Energy	100%			-	-	-	-	-	-
	Hydro Rein Solar 2 K/S	Renewable Energy	100%			-	-	-	-	-	-
Total Denmark				**691**	**21**	**13,781**	**3,620**	**(107)**	**(29)**	**(6)**	**2,574**
Estonia	Hydro Extrusion Baltics AS	Sales and Marketing	100%	10		16	144	6	1	1	27
Total Estonia				**10**	**-**	**16**	**144**	**6**	**1**	**1**	**27**
Finland	Hydro Extrusion Finland Oy	Sales and Marketing	100%	11		-	137	4	1	1	34
Total Finland				**11**	**-**	**-**	**137**	**4**	**1**	**1**	**34**
France	Extrusion Services S.a.r.l	Recycling	100%	47	1	-	897	54	13	-	293
	Hydro Building Systems France Sarl	Building Systems Production	100%	983	41	-	4,110	210	61	5	700
	Hydro Extrusion Albi SAS	Extrusion Production	100%	250	10	-	1,197	85	18	2	146
	Hydro Extrusion Lucé/Châteauroux SAS	Extrusion Production	100%	303	15	714	1,023	(65)	(3)	-	(101)
	Hydro Extrusion Puget SAS	Extrusion Production	100%	159	11	69	854	(24)	6	-	34
	Hydro Holding France SAS	Holding Company	100%	3		-	-	316	(25)	133	(400)
	Hydro Tool Center SAS	Tool and Spare Parts Services	100%	5		1,335	40	(1)	-	-	5
	Hydro Shared Services France	Shared Services	100%	11		-	-	1	1	-	4
Total France				**1,761**	**78**	**2,119**	**8,121**	**577**	**71**	**140**	**682**
Germany	Hydro Extrusion Deutschland GmbH	Extrusion Production	100%	426	49	-	2,241	42	(22)	-	141
	Hydro Building Systems Extrusion GmbH	Building Systems Production	100%	109	5	-	842	38	-	-	1
	Hydro Extrusion Offenburg GmbH	Extrusion Production	100%	258	2	-	947	55	(3)	-	101
	Hueck Extrusion GmbH & Co. KG	Extrusion Production and Remelt	100%	225		-	691	(160)	(13)	-	(166)
	Hydro Building Systems Germany GmbH	Building Systems Production	100%	341	17	2,370	1,881	(30)	4	-	158
	Hydro Extrusion Lüdenscheid GmbH	Holding Company	100%	-	-	-	-	-	-	-	3
	Eugen Notter GmbH	Building Systems Production	100%	27	1	-	29	-	-	1	11
	Eduard Hueck GmbH & Co. KG	Parent Company	100%			-	23	(3)	(53)	-	50
	Hydro Aluminium Deutschland GmbH	Holding Company	100%	77		-	(16)	172	(325)	105	3,604
	Eduard Hueck Beteiligungs GmbH	Parent Company	100%			-	-	4	-	-	-
	Hueck Geschäftsführungsgesellschaft mbH	Parent Company	100%			-	-	1	2	-	7
	Hydro REIN Energy Solutions Germany Gmbh	Renewable Energy	100%			-	-	(3)	-	-	(3)
	Hydro Holding Offenburg GmbH	Holding Company	100%	44	1	-	38	(35)	(11)	60	512
	Hueck Service GmbH & Co. KG	Shared Services	100%	24		-	56	2	(3)	-	4
	Hueck System GmbH & Co. KG	Sales and Marketing	100%	208	1	-	787	(145)	1	-	(172)
	Hydro Building Systems Lüdenscheid GmbH	Parent Company	100%	0	0	-	-	-	-	-	-
	Hydro Building Systems Coating GmbH	Building Systems Production	100%	91	3	-	98	(1)	-	-	30
	SEGN Standort-Entwicklungs-Gesellschaft	Business Management	100%			-	-	-	-	-	-
	Hydro Aluminium Gießerei Rackwitz GmbH	Recycling	100%	81	7	-	1,448	66	(4)	-	96
	Hydro Aluminium High Purity GmbH	High-Purity Aluminium Production	100%	62	5	2,300	421	74	15	-	51
	VAW-Innwerk Unterstützungs-Gesellschaft	Pension Fund	78%			-	-	10	46	-	186
	Hydro Aluminium Recycling Deutschland GmbH	Recycling	100%	27	4	-	385	(14)	1	-	90
Total Germany				**2,000**	**95**	**4,670**	**9,872**	**73**	**(366)**	**166**	**4,704**
Greece	Hydro Building Systems A.E.	In Liquidation / Under termination	100%			-	-	-	-	-	(44)
Total Greece				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(44)**

Hungary	Hydro Extrusion Hungary Kft	Extrusion Production and Shared	100%	1,752	21	30,111	3,501	187	75	87	286
	Alumetal Group Hungary Kft	Recycling	100%	102	2	-	518	(75)	(3)	4	205
Total Hungary				**1,854**	**23**	**30,111**	**4,019**	**112**	**71**	**91**	**492**
India	Hydro BS India Private Limited	Shared Services and Building	100%	252	1	-	93	14	-	-	(369)
Total India				**252**	**1**	**-**	**93**	**14**	**-**	**-**	**(369)**
Italy	Hydro Aluminium Metal Products S.r.l.	Sales and Marketing	100%	2		-	5	1	-	-	22
	Hydro Building Systems Italy S.P.A.	Building Systems Production	100%	169	3	-	1,236	156	18	12	(219)
	Hydro Extrusion Italy S.r.l.	Extrusion Production	100%	269	8	19	1,941	130	43	23	217
	Hydro Building Systems Atessa s.r.l.	Building Systems Production	100%	155	2	-	1,282	66	-	5	191
Total Italy				**595**	**13**	**19**	**4,464**	**353**	**62**	**40**	**209**
Japan	Hydro Aluminium Japan KK	Sales and Marketing	100%	4		-	142	6	2	7	73
Total Japan				**4**	**-**	**-**	**142**	**6**	**2**	**7**	**73**
Lithuania	Hydro Building Systems Lithuania UAB	Sales and Marketing	100%	10		-	-	3	1	1	32
	Hydro Extrusion Lithuania UAB	Extrusion Production	100%	164	2	2	135	(6)	(1)	(1)	50
Total Lithuania				**174**	**2**	**2**	**135**	**(3)**	**-**	**1**	**82**
Luxembourg	Hydro Aluminium Clervaux S.A.	Recycling	100%	61	1	-	2,066	146	40	45	297
Total Luxembourg				**61**	**1**	**-**	**2,066**	**146**	**40**	**45**	**297**
Mexico	Hydro Aluminium Metals Mexico S. de R.L	Sales and Marketing	100%			-	-	-	-	-	-
	Hydro Precision Tubing Monterrey S. de R.L. de	Precision Tubing Production	100%	167		28	153	(1)	9	7	110
	Hydro Precision Tubing Reynosa S. de R.L. de	Extrusion and Precision Tubing	100%	328	7	3,238	210	12	5	3	59
Total Mexico				**495**	**7**	**3,266**	**362**	**10**	**14**	**10**	**169**
Morocco	Hydro Building Systems France Sarl (Branch)	Building Systems Production	100%			0	-	-	-	-	(6)
Total Morocco				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**
Netherlands	Hydro Alunorte B.V.	Holding Company	0%			0.1	-	(13,237)	-	-	(215)
	Hydro Aluminium Brasil Investment B.V.	Holding Company	100%			-	-	(1,339)	(2)	-	(299)
	Hydro Albras B.V.	Holding Company	100%			-	-	725	-	-	29
	Hydro REIN Feijão Solar Holding B.V.	Holding Company	100%			-	-	(1)	-	-	(1)
	Norsk Hydro Holland B.V.	Holding Company	100%	9		16	36	(13,830)	14	22	2,936
	Hydro Aluminium Qatalum Holding B.V.	Holding Company	100%			-	-	1,039	(1)	-	1,859
	Hydro REIN Feijão Holding B.V	Renewable Energy	100%			-	-	139	-	-	(5)
	Hydro REIN Irupé Holding B.V.	Renewable Energy	100%			-	-	-	-	-	-
	Hydro REIN Netherlands B.V.	Renewable Energy	100%	3		-	-	(20)	1	-	(23)
	Hueck Aluminium Profieltechniek Benelux B.V.	Sales and Marketing	100%	3		-	-	(1)	-	-	4
	Hydro Aluminium Investment B.V.	Holding Company	100%			-	-	15	2	1	13
	Hydro Rein Vista Alegre Holding B.V.	Holding Company	100%			-	-	-	-	-	-
	Hydro Paragominas B.V.	Holding Company	100%			-	-	272	-	-	5
	Hydro Extrusion Holding Netherlands B.V.	Holding Company	100%			-	-	(1)	-	(1)	26
	Hydro Extrusion Drunen B.V.	Extrusion Production	100%	412	21	-	2,315	145	38	28	1,165
	Hydro Building Systems Netherlands B.V.	Building Systems Production	100%	9		-	-	8	2	-	6
	Hydro Extrusion Hoogezand B.V.	Extrusion Production	100%	176	1	-	965	100	26	-	456
	Hydro Aluminium Netherlands B.V.	Holding Company	100%			-	-	351	-	-	388
	Hydro Aluminium Pará B.V.	Holding Company	100%			-	-	-	-	-	459
	Hydro REIN Boa Sorte Holding B.V.	Holding Company	100%			-	-	7	-	-	(6)
Total Netherlands				**612**	**22**	**16**	**3,316**	**(25,629)**	**79**	**50**	**6,798**
Norway	Hycast AS	Research & Development	100%	65	5	-	463	16	2	-	191
	Hydro Aluminium AS	Primary Aluminium Production	100%	2,440	662	564,395	70,472	16,946	2,351	2,484	30,865
	Hydro Energi AS	Hydro Power Production	100%	357	10	6,243	11,073	682	1,052	1,227	8,443
	Hydro Energi Invest AS	Holding Company	100%			619	2	(230)	(14)	-	(180)
	Hydro Extruded Solutions AS	Holding Company	100%	45	2	394,429	-	1,084	45	27	84
	Hydro Extrusion Norway AS	Extrusion Production	100%	104	4	-	538	27	6	5	113
	Hydro Kapitalforvaltning AS	Holding Company	100%			-	13	-	-	-	1
	Hydro Vigelands Brug AS	High-Purity Aluminium Production	100%	33	6	3,322	208	11	2	-	138
	Hydro REIN AS	Renewable Energy	100%	52	1	63,550	187	9	25	47	286
	Industriforsikring AS	Insurance	100%	5		-	194	164	24	32	836

	Norsk Hydro ASA	Parent Company	100%	368	18	-	153	15,214	150	(30)	21,139
	Hydro REIN Invest AS	Renewable Energy	100%			393	34	(22)	(4)	-	47
	Hydro Rein Offshore Wind AS	Renewable Energy	100%			-	-	(9)	(2)	-	-
	Hydro REIN Energy Solutions AS	Renewable Energy	100%			117	2	(36)	(8)	-	-
	Svelgfos AS	Power Trading & Energy Services	100%			-	-	-	-	-	1
	Sør-Norge Aluminium AS	Primary Aluminium Production	100%	361	147	65,164	5,937	1,634	361	591	2,936
	Hydro HAVRAND AS	Hydrogen	100%			22	4	(115)	(25)	-	-
Total Norway				**3,830**	**855**	**1,098,254**	**89,281**	**35,375**	**3,965**	**4,383**	**64,900**
Oman	Hydro Building Systems Middle East (FZC) LLC	Building Systems Production	99%			-	-	7	-	-	23
Total Oman				**-**	**-**	**-**	**-**	**7**	**-**	**-**	**23**
Poland	Hydro Building Systems Poland Sp. z o.o.	Building Systems Production	100%	44		2	85	3	1	-	(5)
	Hydro Extrusion Poland Sp. z o.o.	Extrusion Production	100%	1,393	1	3	3,006	93	-	42	1,141
	Alumetal Poland Sp. z o.	Recycling	100%	502		-	2,431	65	6	8	1,512
	Alumetal S.A	Recycling	100%			-	21	(45)	(9)	-	1,585
	T+S Sp. z o.o.	Recycling	100%			-	5	-	-	-	16
Total Poland				**1,437**	**1**	**5**	**5,548**	**117**	**(1)**	**50**	**4,249**
Portugal	Hydro Aluminium Extrusion Portugal HAEP S.A.	Extrusion Production	100%	102		-	595	45	10	-	156
	Hydro Building Systems Portugal (HBSPT) SA	Building Systems Production	100%	65	1	-	281	32	17	11	72
Total Portugal				**669**	**1**	**-**	**876**	**77**	**27**	**11**	**228**
Serbia	Hydro Building Systems Beograd d.o.o.	Sales and Marketing	100%	3		-	-	-	-	-	-
Total Serbia				**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Singapore	Hydro Aluminium Asia Pte. Ltd.	Trading	100%	18		-	12,153	96	12	9	326
	Hydro Holding Singapore Pte. Ltd.	Holding Company	100%	28		460	57	183	-	-	(330)
Total Singapore				**46**	**-**	**460**	**12,211**	**279**	**12**	**9**	**(4)**
Slovakia	Hydro Extrusion Slovakia a.s.	Extrusion Production	100%	380	1	-	901	10	2	19	57
	Slovalco a.s.	Recycling	55%	199		-	983	(93)	128	763	123
	ZSNP DA, s.r.o.	Transportation	55%			-	2	-	-	-	1
Total Slovakia				**579**	**1**	**-**	**1,887**	**(82)**	**130**	**782**	**181**
South Africa	Technal Systems South Africa (Pty) Ltd.	In Liquidation / Under termination	100%			-	-	(1)	-	-	(13)
Total South Africa				**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(13)**
Spain	Hydro Aluminium Iberia S.A.U	Recycling	100%	71	1	-	1,659	126	(116)	44	962
	Hydro Building Systems Spain S.L.U.	Building Systems Production	100%	265	5	-	852	3	(1)	(2)	(9)
	Hydro Extrusion Spain S.A.U.	Extrusion Production	100%	354	14	-	1,782	116	(122)	5	1,112
	Hydro REIN Energy Solution Spain	Renewable Energy	100%			-	-	-	-	-	-
Total Spain				**690**	**20**	**-**	**4,293**	**244**	**(240)**	**48**	**2,064**
Sweden	Hydro Building Systems Sweden AB	Building Systems Production	100%	118	7	30	834	56	1	1	11
	Hydro Extruded Solutions AB	Holding Company and R&D	100%	47	1	409	79	849	68	51	3,400
	Hydro Extrusion Sweden AB	Extrusion production	100%	829	9	19	3,249	164	4	11	(490)
	Hydro Rein Energy Services AB	Renewable Energy	100%	1		-	-	(3)	(1)	-	(3)
	Hydro REIN Solar Holding AB	Holding Company	100%	0		-	-	-	-	-	-
	Hydro REIN Solar 1 AB	Renewable Energy	100%	0		-	-	(7)	(1)	-	(6)
	Hydro REIN Solar 2 AB	Renewable Energy	100%	0		-	-	(12)	(2)	-	(9)
Total Sweden				**995**	**17**	**458**	**4,161**	**1,047**	**69**	**63**	**2,903**
Switzerland	Hydro Aluminium International SA	Sales and Marketing	100%	15		7,298	24,532	1,500	170	(1)	1,325
	Hydro Building Systems Switzerland AG	Sales and Marketing	100%	41	3	-	434	80	12	8	103
	Hueck (swiss) AG	Sales and Marketing	50%			-	-	(1)	-	-	9
Total Switzerland				**56**	**3**	**7,298**	**24,966**	**1,579**	**182**	**7**	**1,438**
Turkey	Hydro Yapi Sistem Sanayi VE Ticaret AS	Sales and Marketing	100%	26		2,488	109	(6)	(1)	2	1
Total Turkey				**26**	**-**	**2,488**	**109**	**(6)**	**(1)**	**2**	**1**
United Arab Emirates	Hydro Building Systems Middle East FZE	Sales and Marketing	100%		1	-	-	-	-	-	-
Total United Arab Emirates				**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**
United Kingdom	Hydro Aluminium Deeside Ltd.	Recycling	100%	57	1	-	1,427	69	17	-	494
	Hydro Building Systems UK Ltd.	Building Systems Production	100%	116	1	3,196	559	(11)	(3)	-	270

	Hydro Components UK Ltd.	Dormant	100%			-	-	-	-	-	-
	Hydro Aluminium UK Ltd.	Extrusion Production	100%	592	2	-	2,139	(104)	(28)	-	211
	Hydro Holdings UK Ltd.	Holding Company	100%	1		-	1	2	1	18	(400)
	Hueck UK Ltd.	Sales and Marketing	100%	5		1	-	-	-	-	(2)
Total United Kingdom				**771**	**4**	**3,197**	**4,126**	**(44)**	**(12)**	**18**	**572**
USA	EMC Ashtabula Inc	Dormant	100%			-	-	2	(1)	-	(2,844)
	EMC Metals Inc	Dormant	100%			-	-	(22)	7	-	930
	Hydro Aluminium Metals USA, LLC	Recycling and Sales	100%	210		-	8,728	287	64	-	(846)
	Hydro Building Systems North America LLC	Sales and Marketing	100%	1		-	41	-	-	-	(40)
	Hydro Extrusion Portland Inc.	Extrusion Production	100%	275	1	-	1,650	(90)	(31)	-	(313)
	Hydro Extrusion USA LLC	Extrusion Production	100%	5,225	27	-	27,952	938	(168)	(8)	1,454
	Hydro Holding North America Inc.	Holding Company	100%			1,148	-	354	318	294	3,471
	Norsk Hydro USA LLC	Public Affairs	100%			-	-	-	-	-	-
	Hydro Precision Tubing Louisville Inc.	Dormant	100%			-	-	(1)	1	-	(249)
	Hydro Precision Tubing Monterrey LLC	Precision Tubing Production	100%			-	644	37	(9)	-	653
	Hydro Precision Tubing USA LLC	Precision Tubing Production	100%	253		-	2,114	13	(20)	-	(563)
Total USA				**5,964**	**28**	**1,148**	**41,129**	**1,519**	**162**	**286**	**1,653**
Total Eliminations, non-controlling interests, goodwill and excess values not attributable to specific legal entities							(94,516)	(4,669)	(497)	(22)	(28,265)
Total joint operations and joint ventures							-	(416)	-	-	(5,604)
Total Hydro including discontinued operations				**32,724**	**1,745**	**1,192,770**	**193,619**	**6,546**	**3,742**	**7,177**	**60,877**
Discontinued operations							**-**	**-**	**-**	**-**	**-**
Total Hydro from continuing operations							**193,619**	**6,546**	**3,742**	**7,177**	**60,877**

1) Number of employees is based on the legal entity each employee is employed by. This might differ from number of employees by country of work, which is reported in the Notes on Own workforce.
2) Revenue consists of external and internal revenue from sales of products and services, and realized and unrealized results from derivatives related to sale of products. Elimination of sale to other Hydro companies is presented on a combined basis in “Eliminations”. Revenue in this report equals revenue in Hydro’s consolidated financial statements payments include settlement of tax liabilities with tax credits generated from other payments to federal authorities
3) For the composition of income before tax, please refer to consolidated income statements and related notes
4) For a description and the composition of income taxes, please refer to consolidated income statements and related notes
5) Income taxes paid represents the actual payments made during the year independent of which year the tax relates to. In some tax regimes including Brazil, tax payments include settlement of tax liabilities with tax credits generated from other payments to federal authorities
6) Retained earnings consists of accumulated gains and losses, net of distributed profits from the point of view of the legal entity. Retained earnings existing in the companies at the time of Hydro’s acquisition is deducted in “Eliminations”. In addition, “Eliminations” consists of unrealized gains in transactions between Hydro companies
7) Hydro Aluminium Australia Pty Ltd is used to report Hydro portion of operations for Tomago Aluminium Company Pty Limited, a joint operation.
8) Hydro Aluminium Canada & Co. Ltd. Is used to report Hydro portion of operations for Aluminerie Alouette Inc, a joint venture
9) Extended table covering GRI 207 tax reporting requirement is published on www.hydro.com

Entity description

In the table above, each company has been given a short description of its main activities. Some of the entities can also have other activities as listed below.

Short description	Main activities
Alumina Refinery	Refining of bauxite to alumina. Hydro operates the Alunorte alumina refinery
Bauxite Mining	Mining of bauxite, the raw material for aluminium productions. Hydro has only one consolidated bauxite mine
Building Systems Production	Production of building systems where aluminium is used
Business Management	Coordination and organization of Hydro's business activities
Dies Production	Production of dies for extrusion of aluminium profiles
Dormant	Hydro operations without business activities in the reporting period
Extrusion Production	Includes one or more extrusion production lines and is normally also responsible for sales and marketing of its products. May also have R&D activities
High-Purity Aluminium Production	Production of aluminium of minimum 99.99 percent purity
Holding Company	Holding & Financing. Holding shares or other equity instruments. Administrative, management or support services
Hydro Power Production	Production and operation of hydro power
Hydrogen	Developing of hydrogen based on renewable energy
In Liquidation / Under termination	Operations in liquidation or under termination
Insurance	In-house (captive) insurance
Parent Company	A parent company is a company that has a controlling interest in another company
Pension Fund	Employee pension fund
Power Trading & Energy Services	Trading of power and energy services
Precision Tubing Production	Production of extruded aluminium tubes, micro-port aluminium tubes, and welded alumnium tubes
Primary Aluminium Production	Includes one or more primary aluminium plant(s), and may also include casting, anode production and/or R&D activities
Public Affairs	Hydro's Brussels office
Real Estate	Property management and development. Owner of land and infrastructure
Recycling	Recycling of post- and pre-consumor scrap
Renewable Energy	Planned and ongoing renewable energy productions
Research & Development	Research and development activities
Sales and Marketing	Sales, marketing and distribution offices
Shared Services	Administrative and other support services
Tool and Spare Parts Services	Provides tool and spare parts services, in addition to administrative and management support
Trading	Sales, marketing and distribution of casthouse aluminium products
Transportation	Transport of raw materials by railway train

Board of Directors' report in relation to the Norwegian Code of Practice for Corporate Governance

This chapter provides a detailed overview of how Norsk Hydro ASA ("Hydro" or the "company") follows the Norwegian code of practice for corporate governance ("Norsk Anbefaling for Eierstyring og Selskapsledelse") (the "Code of Practice") dated October 14, 2021 (the "NUES Report" or "Report"). Information that Hydro must provide in accordance with the Norwegian Accounting Act, Section 3-3b is also included. This NUES Report should be reviewed together with the general corporate governance report.

The Board of Directors of Hydro (the "Board") actively supports sound management principles of corporate governance. The Code of Practice covers 15 topics, and this Report covers each of these topics and describes Hydro's adherence to the Code of Practice.

Shareholders and other interested parties may note that although the Report aims to provide an overview of how the Company has organized its corporate governance, the Report may refer to more detailed information elsewhere in the annual report or on the Company's website. Relevant references are included throughout, as and if applicable.

More detailed information can be found on the company's website.

Deviations from the Code of Practice

Adherence to the Code of Practice is based on a comply or explain principle, meaning that any deviation from the Code of Practice shall be justified and explained. This includes to explain what alternative solution the company has selected. To the Board's best assessment, the company has in total three deviations from the Code of Practice. This includes one deviation from Section 6, one from section 8 and one from Section 14. Each deviation is explained below and under the relevant section of this Report.

Section 6, General Meeting of Shareholders:

Hydro has one deviation from this section:

"Ensure that the members of the Board of Directors ... are present at the General Meeting:"

The entire Board has normally not participated in the general meeting. Matters under consideration at the general meeting of shareholders have not previously required this. Chair of the Board is always attending to present the annual report and answer any questions from shareholders. All board members are encouraged to attend the Annual General Meetings of the company, either physically or electronically.

Section 8, Board of directors: composition and independence

Hydro has one deviation from this section: "*The general meeting should elect the chairman of the board of directors."*

It is stated in the Public Limited Liability Companies Act, "Allmennaksjeloven", section 6-1(2) that the board of directors shall always elect its chair if it has been agreed that the company shall not have a corporate assembly. The Board of Hydro elects its chair for periods of until two years at a time.

Section 14, Takeovers:

Hydro has one deviation from this section: *"The Board of Directors should establish guiding principles for how it will act in the event of a takeover bid:"*

The Board has chosen not to prepare explicitly formulated general principles for handling takeover bids. The reason for this is that the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries, owns 34.26 percent of the Hydro shares (as of 31.12.2023) and the Ministry of Trade, Industry and Fisheries has by virtue of the Active Ownership Report (Report to the Storting no. 6 (2022-2023)) expressed a long-term ownership perspective in the company for the purpose of retaining a leading technology and industrial company with head office functions in Norway, c.f. the Active Ownership Report (Report to the Storting no. 6 (2022-2023)) p. 44.

1. Implementation and reporting on corporate governance

Hydro follows the most recent edition of the Norwegian code of practice for corporate governance dated October 14, 2021. Hydro seeks to comply with international best practice standards when preparing its constituting documents and global directives, and the Board monitors the subject of corporate governance actively and continuously. The Board believes that there is a clear link between high-quality governance and the creation of long-term shareholder value.

The Board has the overriding responsibility for the stewardship of the company and shall conduct supervision of the company's day to day management and the company's activities in general. The Board believes that sound corporate governance is vital to ensure the greatest possible sustainable value creation over time in the best interests of Hydro's employees, shareholders and other key stakeholders, and is committed to maintaining a high standard of corporate governance across the group. The Board approved this Report in a Board meeting held on February 13, 2024, through the signing of the Annual Report.

2. Hydro's business

Hydro is a global aluminium and energy company with production, sales and trading activities throughout the value chain, from bauxite, alumina and energy generation to the production of primary aluminum and extruded products as well as recycling. Based in Norway, the company has approximately 33,000 employees involved in activities in 40 countries on all continents. A more detailed description of Hydro's business is found in the Annual Report section Our Business.

The company's objective, as stated in Section 2 of its Articles of Association, is to engage in industry, commerce and transport, to utilize energy resources and raw materials, and to engage in other activities connected with this purpose. Hydro is committed to creating value by taking a lead role in the green transition. Through this, the company works to strengthen local community relations, communities and business partners through education and empowerment. Hydro's target is to ensure the safety of our employees and have an injury-free work environment. The company's business activities may also be conducted through participation in or in cooperation with other companies.

The Board of Directors is responsible for the company's value creation and sets and monitors the company's objectives, strategies and risk profiles. The company's objectives, strategies and risk profiles are evaluated at least yearly. The Board's strategic planning and decisions provide a basis for the company's executive management to prepare and carry out investments and structural measures.

The Board also oversees that Hydro has appropriate global directives for, among other things, risk management, HSE, people management and social responsibility and human rights. Sustainability, including environment and climate change, social responsibility, diversity, health, safety and work environment and compliance is integrated into the group's risk management and strategy processes and are at the center of the Board's considerations and decision-making throughout the year. The approach is discussed in more detail in the group's annual report as applicable, and reference is made to the Sustainability statement.

Hydro's articles of association are available at Hydro.com/governance.

3. Equity and dividend

In the opinion of the Board, Hydro's equity capital is appropriate to the company's objectives, strategy and risk profile.

Hydro's dividend policy reflects Hydro's ambitions to lift performance and cash returns to shareholders over the cycle. The dividend policy is to pay out a minimum of 50 percent of adjusted net income over the cycle with a NOK 1.25 per share dividend floor. Hydro has a target for adjusted net debt of around NOK 25 billion over the cycle. In the Board's opinion, the dividend policy in combination with the capital structure target is clear and predictable. See also Note 7.1 to the financial statements for more information on Capital management and cash management.

The dividend per share is proposed by the Board, based on Hydro's dividend policy, and approved by the general meeting of shareholders. In 2023, the Board proposed a cash dividend of NOK 5.65 per share at the Annual General Meeting May 10, 2023, which was approved.

In line with applicable regulation, the Board may obtain authorization from the general meeting of shareholders to buy back Hydro shares in the market or to increase the share capital. Mandates granted to the Board to increase the company's share capital or to purchase own shares will normally be intended for a defined purpose, in line with statutory regulation, and limited in time to no later than the date of the next Annual General Meeting.

Authorization to the Board to acquire the company's own shares was granted to the Board of Directors at the Annual General Meeting of the Company on May 10, 2023. The authorization was granted in accordance with applicable laws and regulations and the authorization is registered at the Norwegian Register of Business Enterprises.

The authorization granted by the Annual General Meeting allows the Board to acquire shares in Norsk Hydro ASA with a nominal value of up to NOK 109,800,000 in the market and from the Ministry of Trade, Industry and Fisheries, divided into up to 100,000,000 shares. The shares will be subject to subsequent cancellation. It is a prerequisite for all buybacks and subsequent deletion of shares that these transactions do not result in a change to the ownership interest of 34.26 percent of the Ministry of Trade, Industry and Fisheries. The acquisition of shares is subject to terms and conditions set by the Board at all times, and the minimum and maximum amounts that can be paid per share is NOK 20 and NOK 150, respectively. The authorization granted by the Annual General Meeting is valid from May 10, 2023 until the Annual General Meeting in 2024, but no later than June 30, 2024.

At the company's Annual General Meeting in May 2024, the company's shareholders will be presented with the content of the current authorization and be given a status on the buyback program. Transactions conducted as part of the current share buy-back program are executed on Oslo stock exchange, with on-going disclosure via stock exchange releases and the company's web page. See also NUES item 4 on Equal treatment of shareholders.

The notice, appendices and minutes of meeting from the Annual General Meeting are available at Hydro.com/generalmeeting.

References: Learn more about Hydro's equity and dividend policy in the Shareholder information section.

4. Equal treatment of shareholders

Hydro has one share class. All the shares have the same rights.

Transactions involving own shares are normally executed on the stock exchange. Buybacks of own shares are executed at the current market rate.

Transactions conducted as part of the current share buy-back program, with authorization granted to the Board from the Annual General Meeting May 10, 2023, are executed on Oslo stock exchange, with on-going disclosure via stock exchange releases and the company's web page. Share redemptions from the Norwegian State are carried out at the same price terms as for the buybacks carried out via the stock exchange. Hydro is executing the buybacks via an external bank mandate and in accordance with the EU Market Abuse Regulation (EU 596/2014 (MAR)) art. 5.

Persons who own shares five business days prior to the general meeting are entitled to attend and vote at the general meeting.

Sales of shares to employees in Norway are conducted at a discount to market value. See also Item 6.

Contact between the Board and the investors is normally conducted via company management. Under special circumstances the Board, represented by the chair, may conduct dialogue directly with investors.

Regulation of share issues and pre-emptive rights are described in the company's Articles of Association.

For the company's related party transactions, the mandatory regulations in the Norwegian Public Limited Companies Act §§3-9 and 3-10 following are supplemented by IFRS (International Financial Reporting Standards) standards. See also section 9.

State ownership

As of December 31, 2023, the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries, owned 34.26 percent of Hydro's total issued shares. Hydro holds regular meetings with the Ministry, where topics discussed include Hydro's economic and strategic development, sustainability, and the Norwegian state's expectations regarding results and returns on investments. These meetings are comparable to what is customary between a private company and its principal shareholders. The meetings comply with the provisions specified in Norwegian company and securities legislation, not least with respect to equal treatment of shareholders. As a shareholder the Norwegian state as a main rule does not have access to more information than what is available to other shareholders. If state participation is imperative and the government must seek approval from the Norwegian parliament (No: Stortinget), it may be necessary to provide the Ministry with "inside information", c.f. the EU Market Abuse Regulation (EU 596/2014). Whether this is required will always be carefully evaluated on a case-by-case basis. In such event the state is subject to the rules and regulations regarding the handling of such information.

References: Learn more about major shareholders in the Shareholder information section and sale of the Hydro share to employees in Note 9.2 Employee remuneration to the consolidated financial statements. Hydro's Code of Conduct can be found on Hydro.com/principles. Hydro's articles of association can be found on Hydro.com/governance. See also Note 9.1 Related party information to the consolidated financial statements.

5. Freely negotiable shares

The Hydro share is freely negotiable, and there are no voting restrictions linked to the shares. It is among the most traded shares on the Oslo Stock Exchange and is subject to efficient pricing. As of December 31, 2023, the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries, owned 34.26 percent of Hydro's shares, while the Government Pension Fund Norway owned 6.21 percent. Shareholding is based on information from the Norwegian Central Securities Depositary (VPS) as of December 31, 2023. Due to lending of shares, an investor's holdings registered in its VPS account may vary.

References: Learn more about Hydro's equity and dividend policy under Shareholder information.

6. General meeting of shareholders

The general meeting of shareholders, to which all shareholders are invited, is the company's highest governing body. The company's Articles of Association are adopted by the general meeting. Company shareholders exercise ultimate authority through the general meeting. Persons who own shares on the fifth business day prior to the general meeting are entitled to attend and vote at the general meeting, either in person or by proxy.

The general meeting of shareholders elects the shareholders representatives of the Board and determines the remuneration of the Board. Further it elects the company's external auditor and approves the auditor's remuneration. It also approves the statutory report according to Norwegian requirements and financial statements, including the dividend proposed by the Board. Moreover, it elects the nomination committee and determines their remuneration, and, finally, deals with any other matters listed in the notice convening the meeting. Shareholders may, at least four weeks before an ordinary general meeting, request in writing that proposals for resolutions are submitted to the general meeting, or that items are added to the agenda.

The Annual General Meeting was held on May 10, 2023, as a physical meeting in the company's head offices at Vækerø (Oslo, Norway) with electronic voting and with the shareholders having the possibility to attending digitally. In total, 57.97 percent of the total voting share capital was represented.

Notice to a general meeting with supporting information is normally published on Hydro.com and via stock exchange notice at least three weeks in advance and distributed to the shareholders at least three weeks prior to the meeting.

Notice to a general meeting provides information on the procedures which shareholders must follow to participate in and vote at the meeting. Such notice also details:

- the procedure for representation by proxy, including the use of a form of proxy
- the right of shareholders to propose resolutions for consideration by the general meeting of shareholders
- the website where the notice of the meeting and other supporting documents will be made available

The following information is available at Hydro's website:

- information on the right of shareholders to propose matters for consideration by the general meeting of shareholders
- how to make proposals for resolutions for consideration by the general meeting or how to comment on matters for which no resolution is proposed
- form of proxy

The Board's aim is that resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to enable shareholders to reach decisions on the matters to be considered at the meeting.

Owners of nominee registered shares that wish to attend the general meeting must notify the company in advance. Such notification must be received by the company at the latest two working days prior to the general meeting, c.f. the Public Limited Liability Companies Act section 5-3. Shareholders who are unable to attend in person may vote by proxy. The Board will nominate a person who will be available to vote on behalf of shareholders as their proxy, normally this is chair of the Board.

The general meeting votes for each candidate nominated for election to the company's Board and nomination committee. To the extent possible, the form of proxy will facilitate separate voting instructions for each matter to be considered, and for each of the candidates nominated for election. It is possible to vote electronically in advance.

The general meetings of the company are chaired by an independent chair. On the Annual General Meeting, May 10, 2023, the meeting was chaired by attorney-at-law Hedvig Bugge Reiersen from the law firm Wikborg Rein. Hedvig Bugge-Reiersen is by the Board deemed independent of the company.

Chair of the Board, the chair of the nomination committee, the President and CEO, the CFO and the company's auditor attend all general meetings. All board members are encouraged to attend the Annual General Meeting, either physically or digitally.

The minutes of meeting from general meeting of shareholders are published via stock exchange notice and on Hydro.com/generalmeeting as soon as possible after the meeting.

References: Learn more about the general meeting of shareholders at Hydro.com/investor.

Deviations: See the first page of this Report.

7. Nomination committee

The company has a nomination committee. The members, including its chair, are elected by the general meeting of shareholders for periods of up to two years at a time, c.f. the company's Articles of Association section 5A. The chair of the nomination committee has the overall responsibility for the work of the committee.

The main task of the nomination committee is to provide a recommendation to the company's general meeting of shareholders on the election of shareholder elected members to the Board and the nomination committee, to ensure that the best possible preparations are made for the general meeting's decisions. In addition, the nomination committee recommends the remuneration to the members and deputies of the Board and the nomination committee.

The nomination committee consists of minimum three members, maximum four, who are either shareholders or shareholder representatives. If the chair resigns as member of the nomination committee during the electoral period, the nomination committee shall elect among its members a new chair for the remainder of the new chair electoral period, c.f. the company's Articles of Association section 5A.

The guidelines for the nomination committee have been approved by the general meeting of shareholders, and set out how elections to the nomination committee are to be prepared, the criteria for eligibility, the number of members, the term of office for which members are elected etc. The guidelines for the nomination committee are available at the company's website.

Shareholders may propose candidates for the nomination committee at any time. In order to be considered at the next ordinary election, proposals must be submitted by the end of November in the year before the election year.

The recommendations of the nomination committee include details on the candidates' background and independence and justifies separately why it is proposing each candidate. The recommendations of the nomination committee are normally made available together with the notice to the annual general meetings of the company.

The nomination committee ensures that due attention is paid to the interests of the shareholder community and the company's requirements for competence, capacity and diversity. The nomination committee also takes account of relevant statutory requirements regarding the composition of the company's governing bodies.

According to its mandate, the nomination committee shall be receptive to external views and shall ensure that any deadlines for proposals regarding members of the nomination committee and the Board are published well in advance on the company's website. In carrying out its duties the nomination committee actively maintains contact with the shareholder community and strives to ensure that its recommendations are anchored with major shareholders. Shareholders may contact the nomination committee via an electronic form available at the company's website. The nomination committee regularly has discussions with members of the Board.

All members of the nomination committee are independent of Hydro's Board of Directors, CEO and other executive management staff. As the largest shareholder the Norwegian state is represented on the nomination committee by Muriel Bjørseth Hansen (replacing Morten Strømgren as of May 10, 2023) from the Ministry of Trade, Industry and Fisheries. The Government Pension Fund Norway (Folketrygdfondet) is represented by Karl Mathisen (replacing Nils Bastiansen as of May 10, 2023). Further information on the

composition of the company's nomination committee is available at the company's website.

References: Information on Hydro's articles of association, the nomination committee and its members can be found on Hydro.com/governance. This is also where nominations to the committee can be submitted electronically.

8. Board of Directors - composition and independence

Detailed information about each board member can be found in the Corporate governance section.

All board members are to the Board's best assessment independent of the company's executive management and material business relationships.

In compliance with Section 5 of Hydro's articles of association, the Board consists of between nine and twelve members. The shareholder-elected board directors are elected by the general meeting of shareholders for periods of up to two years at a time, c.f. said provision. The employee-elected board directors are elected by and among the company's employees in Norway. The general meeting of shareholders resolves on the remuneration to the board members and deputies.

The nomination committee aims to achieve a board composition that protects the interests of the shareholder community and the company's need for expertise capacity and diversity. Emphasis is placed on the members complementing each other professionally and the Board's ability to function as a collegiate body.

As of December 31, 2023, the Board of Directors held 11 members. Seven are elected by the general meeting of shareholders, four are elected by and among the company's employees in Norway. All shareholder elcted board members are elected for a period of up to two years. All shareholder elected members are external. No members elected by employees are part of the company's executive management. Employee directors have no other service contractual agreements with the company outside of their employee contracts, though they are subject to their duties as board members. All shareholder elected members were in 2023, deemed to be independent according to the Norwegian standards. None of the company's non-employee board members had any other service contractual agreements with the company.

All board members are encouraged to own shares in the company. The 11 members of the Board of Directors owned a total of 83,731 shares in Norsk Hydro ASA. Hydro does not have a share purchase program for board members, with the exception of the employee representatives, who are entitled to buy shares through the Norwegian employee share purchase scheme. All share purchase transactions are conducted in compliance with the Norwegian Securities Trading Act and appurtenant regulations.

At the Annual General Meeting of the company, May 10, 2022, the Annual General Meeting resolved to discontinue the corporate assembly. More information on the discontinuation of the corporate assembly may be found at hydro.com. It is stated in the Public Limited Liability Companies Act (No: "Allmennaksjeloven") section 6-1(2) that the board of directors shall always elect its chair if it has been agreed that the company shall not have a corporate assembly. The Board of Hydro adheres to this statutory requirement. The Board of Hydro elects its chair (and as applicable, its deputy chair) for periods of until two years at a time.

References: An overview of the members of the Board of Directors and information about their independence is disclosed in the Corporate governance section, and in Hydro's articles of association which are available on Hydro.com.

Deviations: See the first page of this Report.

9. The work of the Board of Directors

The Board of Directors of Norsk Hydro ASA (the "Board") is responsible for the company's value creation, and sets and monitors the company's objectives, strategy and risk profile. The Board is focused on ensuring that considerations of sustainability are closely linked to the company's activities and value creation.

The Board also oversees that Hydro has appropriate global directives for, among other things, risk management, HSE, people management and social responsibility and human rights. Sustainability, including environment and climate change, social responsibility, diversity, health, safety and work environment and compliance is integrated into the group's risk management and strategy processes and are at the centre of the Board's considerations and decision-making throughout the year. The approach is discussed in more detail in the group's annual report as applicable.

The Board has established procedures for its own work. These are set out in the Rules of Procedures for the Board of Directors of Norsk Hydro ASA. The Rules of Procedures has a particular emphasis on clear internal allocation of responsibilities and duties vis-à-vis the Board and the President and CEO.

It is stated in the Rules of Procedures that the Board represents and are accountable to all shareholders of the company. Pursuant to the Public Limited Liability Companies Act section 6-12 and 6-13, the Board has the overriding responsibility for the stewardship of the company and shall conduct supervision of the company's day to day management and the company's activities in general.

The Board has an annual work plan with particular emphasis on objectives, strategy and implementation. It includes recurring topics such as strategy review, business planning, risk and compliance oversight, financial reporting, people strategy, succession planning as well as health and safety, and sustainability, including social responsibility, climate and environment. The Board is closely following the market and macroeconomic developments relevant for the aluminum industry. Since 2001, Hydro has had a board audit committee and a board people and compensation committee. Each committee consist of four board members. The shareholder-elected members are all independent of the company. In the opinion of the Board, the audit committee meets the Norwegian requirements regarding independence and competence.

Matters to be considered by the Board are prepared by the President and CEO in collaboration with the chair of the Board. The chair of the Board carries a particular responsibility for ensuring that the work of the Board is conducted with high quality, is well organized and that it functions efficiently. Emphasis is placed on creating a board environment of open and constructive dialogue and discussion.

Hydro has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board and the CEO. The insurance also covers any employee acting in a managerial capacity and includes controlled subsidiaries. The insurance policy is issued by a reputable insurer with an appropriate rating.

In accordance with the Board of Directors Rules of Procedures section 6, the Board has established a Board People and Compensation Committee and a Board Audit Committee:

Board People and Compensation Committee

The committee consists of four members of the Board of Directors. The committee shall assist the Board in exercising its oversight responsibility, in particular related to compensation matters pertaining to the President & CEO and other members of the Corporate Management Board (CMB), other compensation issues of principal importance, and strategic people processes in the company, in particular related to succession, leadership and talent, and diversity and inclusion.

The committee shall regularly consider the appropriateness and competitiveness of the remuneration arrangements for the CEO and other members of the CMB.

Members: Dag Mejdell (chairperson), Kristin Fejerskov Kragseth, Rune Bjerke and Arve Baade.

References: The mandate for the Board People and Compensation Committee can be found at Hydro.com/governance.

Board Audit Committee

The audit committee consists of four of the Board members and meets the Norwegian requirements for independence and competence. The audit committee assists the board in exercising its oversight responsibility with respect to the integrity of the company's financial statements and sustainability reporting, the financial and sustainability reporting processes, internal controls, systems of risk management, and the compliance system. In addition, the committee oversees qualifications, independence and performance of the external auditor and Hydro's internal audit function.

As part of overseeing the external auditor's independence and performance, the audit committee maintains a pre-approval policy governing the external auditor's engagement. The policy governs the engagement of Hydro's primary external auditors for audit and non-audit services to Hydro or any entity within the group. Under this pre-approval policy, the audit committee has defined and pre-approved subcategories of audit and non-audit services. The audit committee's pre-approval policy includes annual monetary frames for each of the following categories of services:

- Audit
- Audit-related
- Tax
- Other – not related to financial audit and tax

Within the scope of the pre-approval policy, all services shall be pre-approved. The reported amounts for audit, audit-related, tax and other non-audit-related services are within the monetary frames established by the audit committee.

To ensure the independence of the internal audit function, the Chief Audit Executive reports to the board through the audit committee and meets with the Board of Directors for approval of the audit plan and annual report. The Chief Compliance Officer has a dotted reporting line to, and meets regularly with, the audit committee.

Members: Marianne Wiinholt (chair), Petra Einarsson, Peter Kukielski (January – June 2023), Philip Graham (from June 2023), and Bjørn Petter Moxnes.[1]

Conflicts of interests and disqualification

Hydro's Code of Conduct contains guidelines for, among other things, how conflicts of interests that may arise should be handled with. The code applies to all of Hydro's board members and employees. It is the opinion of the Board that there were no transactions that were material between the group and its shareholders, board directors, Corporate Management Board or related parties in 2023, except those described under Item 8.

If the chair of the Board is or has been actively involved in a given case, for example in negotiations on mergers or acquisitions, another board member will normally lead discussions concerning that particular case.

The Rules of Procedures also contain provisions that any board member holding a key position in a company with competing activities may not participate in the discussion of or decision on matters where competition-sensitive issues are addressed. Further, the Rules of Procedures state that each board member has a duty to continually assess whether there are any circumstances which could undermine the general confidence in his or her independence, and how the Board shall handle transactions with closely related parties.

Board self-assessment

The Board normally conducts an annual self-assessment of its work, competence and cooperation with management and a separate assessment of the board's chairperson. In addition, the audit committee performs a self-assessment. The results are submitted to the nomination committee, which in turn evaluates the Board's composition and competence. This assessment is normally conducted by an external facilitator. The 2023 self-assessment was facilitated by the corporate advisory firm Spencer Stuart.

References: Information about the Board of Directors and its committees, and the board members' competence can be found in the Corporate governance section. The Board of Directors' mandate can be found at Hydro.com/governance.

10. Internal Control over Financial Reporting and Risk Management

The Board of Directors is responsible for sound internal controls and appropriate risk management systems. This is exercised by follow-up and deep dives according to the Board Audit Committee (BAC) annual wheel and consists of reviews of the key risk areas throughout the company's internal controls and risk management systems.

Hydro's internal control system includes all Hydro's corporate directives, including the company's code of conduct and HSE and corporate social responsibility requirements. A more detailed description of the company's internal controls and risk management systems can be found at Hydro.com/governance.

The Chief Audit Executive reports directly to the Board of Directors but is for administrative purposes placed under the purview of the chief financial officer (CFO). Hydro's internal audit function is described in the Business conduct chapter.

10.1 Internal Control over Financial Reporting

Hydro's internal control over financial reporting (ICFR) is aligned with the COSO 2013 Internal Controls Integrated Framework, which consists of five interrelated components and 17 relevant principles that must be present and functioning. The five elements are: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

Hydro's overall control environment for financial reporting is governed by Hydro's Global Directives, and reflects the tone set by the board and executive management. This includes a common set of attitudes, ethics, and values shared by all employees.

Group Accounting and Reporting (GAR) has on behalf of the CFO, the governing responsibility for processes across Hydro related to periodic financial reporting and ICFR. Hydro's ICFR framework is primarily designed to provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of our financial statements.

The ICFR framework is implemented through a risk-based and top-down approach, to provide appropriate organization of the financial reporting, ensuring that Hydro's activities, accounts and management are subject to adequate control.

A financial reporting risk assessment is conducted annually as part of Hydro's ICFR annual wheel. This is based on identified internal and external factors impacting the financial reporting and results in identification of Hydro's Financial Reporting Risks (HFRR) which are reported to the CFO and Board Audit committee. The risk assessment

[1] Moxnes is employed in Hydro and represents the employees through the Central Cooperative Council. We believe that such reliance does not adversely affect, in any material way, the ability of the audit committee to act independently or to satisfy the other requirements.

is dynamic and updated continuously as changes in risk factors are identified. A set of control activities has been designed and implemented at multiple levels within the organization to mitigate risks in accordance with HFRR. Control design is considered effective when the inherent risks identified in the HFRR process are addressed and mitigated by one, or more, controls. This includes a mix of implemented controls related to IT and application controls (ITGC), process level controls, review controls, and entity-level controls. Remedial actions are taken if risks are not fully mitigated, and such remedial actions might be implementation of new controls, redesign of current controls and/or exclusion of obsolete controls from the ICFR design.

Monitoring the appropriateness of ICFR control design and operational effectiveness occurs through a combination of self-assessments, testing of controls according to a global monitoring plan, and evaluation of deficiencies identified through the financial reporting process.

Hydro's disclosure committee assists the President & CEO and the CFO in ensuring fairness, accuracy, completeness, and timeliness of Hydro's public reports and disclosures. The disclosure committee is also an integral component of Hydro's disclosure controls and procedures and assesses Hydro's effectiveness, identifies deficiencies and compliance initiatives pertaining to ICFR. The disclosure committee reports quarterly a summary of its activities to the board audit committee. Through reporting from the disclosure committee, the audit committee takes an active role in ensuring the functioning of the ICFR framework. The Board of Directors meets regularly with the external auditor without members of the corporate management present.

10.2 Enterprise Risk Management

A review of Hydro's major risks can be found in the section Enterprise risk management in Hydro. More information about Hydro's corporate directives can be found at Hydro.com/principles.

11. Remuneration of the Board of Directors

The shareholder elected board members perform no duties for the company other than their board duties.

Remuneration to the Board is determined by general meeting of shareholders, based on the recommendation of the nomination committee. The nomination committee recommends compensation with the intention that it should reflect the board's responsibility competence and time commitment as well as the company's complexity and global activities compared with the general level of directors' fees in Norway. Remuneration of the Board is based neither on performance nor on shares or share options.

References: All aspects of remuneration of the Board of Directors are described in the Management remuneration report. See also Hydro's Articles of association.

12. Remuneration of the executive management

The Board of Directors has established a remuneration policy for remuneration of members of the executive management. The remuneration policy states that Hydro shall pay members of the executive management a compensation package that is competitive, but not market leading, and in line with good industry standards locally.

Where appropriate, compensation packages should also include a performance-based component. The performance-based incentive schemes shall support Hydro's business strategy and long-term interests and shall also contribute to ensuring that the company is run in a sustainable manner. Performance based compensation has been capped in accordance with the Norwegian government's guidelines on executive remuneration.

The company's long-term incentive program is share based with a lock-in period of three years. Hydro has no share option scheme.

The remuneration policy was first approved by the shareholders at the Annual General Meeting in 2021. A revised policy was approved by the Annual General Meeting on May 10, 2022. The policy is available on Hydro's website. A management remuneration report for 2023 will be presented to the Annual General Meeting in 2024 for an advisory vote.

References: Hydro's remuneration policy is available on Hydro.com. All aspects of remuneration of management are described in the Management remuneration report. The employee share purchase plan is described in Note 9.2 Employee remuneration to the financial statement.

13. Information and communication

Hydro's corporate culture embodies the principles of transparency and respect for others. Our ability to operate efficiently in the Norwegian market and internationally requires consistent and professional communication. Hydro therefore adheres to the principles of transparency, honesty and accountability when interacting with our stakeholders.

Hydro has established a global directive for accounting and financial reporting. Our principles for sustainability reporting are presented in General information section of the sustainability statement. Our approach to reporting is based on transparency and consideration of the requirement for equal treatment of all players in the securities market. This also pertains to contact with shareholders outside of the general meetings of shareholders.

Shareholder information is available on Hydro.com. Notice of general meeting of shareholders is sent directly to shareholders with known addresses unless they have consented to receive these documents electronically. All information sent to the shareholders is made available on Hydro.com when distributed. Presentation of the quarterly reports as well as the annual general meeting are simultaneously broadcasted through webcasts. All relevant information is sent to the Oslo Stock Exchange electronically for public storage.

Hydro has emergency plans in place at the relevant levels in the organization. These plans are exercised regularly. Rules for who can speak on behalf of the company are regulated through Hydro's Code of Conduct.

References: A financial calendar is available in Hydro's annual reports and at Hydro.com/investor where also more information about webcasts and the Hydro share can be found, including key legal information for shareholders in Norsk Hydro ASA. Hydro's code of conduct is available on Hydro.com/principles.

14. Takeovers

The Board of Directors will handle takeover bids in accordance with Norwegian law and the Norwegian code of practice for corporate governance. There are no defense mechanisms against acquisition offers in the company's articles of association or in any underlying steering document. We have not implemented any measures to limit the opportunity to acquire shares in the company. See also Item 5.

Deviations: See the first page of this section.

15. Auditor

The external auditor annually presents the main features of the audit plan to the audit committee.

The external auditor participates in all meetings of the audit committee. The minutes from these meetings are distributed to all board directors. This practice is in line with the EU audit directive. Each year the auditor presents the main elements of the audit, including uncorrected audit misstatements and internal control weaknesses.

The external auditor meets with the Board of Directors when the company's annual financial statements are approved. In the meeting,

the auditor provides an overview over the main elements of the audit, identified weaknesses in and suggestions for improvements to Hydro's internal controls. The Board of Directors holds meetings with the external auditor without members of the corporate management present.

Hydro places importance on independence and has clear guidelines regarding the use of services from external auditors in accordance with the EU Audit reform and IESBA independence rules. All services from the external auditor, including non-audit services, are subject to pre-approval as defined by the audit committee. The pre-approval process for non-audit services ensure that no services prohibited by law is delivered to Hydro or any controlled subsidiaries. The external auditor provides the audit committee with an annual written confirmation of independence, and a summary of all non-audit services provided to Hydro during the year.

Remuneration of the auditor is stated in the Annual Report. It is also included as a separate agenda item to be approved by the Annual General Meeting. In 2020, the annual general meeting chose to retain KPMG as external auditor for the group, in accordance with a tender process. KPMG has been the auditor for Hydro since 2010. Lead Audit Partner has been part of the audit team since 2017. The lead Audit partner rotates every 7 years.

References: See Note 10.4 Auditor's remuneration to the consolidated financial statements.

Production capacity and volumes

Production capacity Hydro Energy

Power station area	Power Plants	Hydro Equity Share (TWh)[1)]	Hydro Operated (TWh)	Ownership	Key characteristics
Telemark	Tinn: Frøystul, Vemork, Såheim, Moflåt, Mæl og Svelgfoss. Vennesla: Vigelandsfoss.	3.7	3.9	100 % ownership, except for Svelgfoss (70,8 % ownership and 100 % operator).	Reservoir-based Hydropower, except Vigelandsfoss which is run-of-river. No reversion except for Frøystul 50 % 2044, Moflåt and Mæl 2049. Total catchment area 4 094 km2.
Sogn	Fortun: Skagen, Herva og Fivlemyr. Årdal: Tyin, Holsbru og Mannsberg	3.2	3.2	100 % ownership	Reservoir-based Hydropower. Concession expiration Tyin 2051 and Fortun 2057. Total catchment area 803 km2.
Røldal-Suldal	Suldal 1, Suldal 2, Røldal, Novle, Kvanndal, Svandalsflona, Vasstøl, Middyr og Midtlæger	0.8	3.3	Ownership through Lyse Kraft DA	Reservoir-based Hydropower. No reversion following the Lyse Kraft DA transaction. Total catchment area 793 km2. Hydro owns 24.37 % of Lyse Kraft DA.
Stavanger	Lyse plants: Lysebotn 2, Tjodan, Flørli, Maudal, Breiava, Oltedal, Oltesvik, Hjelmeland, Sviland, Hetland og Hauskje. Sira-Kvirna 7 anlegg og Ulla-Førre 4 anlegg	1.6	2.6	25.6 % ownership through Lyse Kraft DA	Reservoir-based Hydropower. No reversion. Lyse Kraft DA holds part ownership in Sira-Kvina (41 %) and Ulla-Førre (18 %).
Skafså	Åmdal, Osen, Skree og Gausbu	0.1	0	33 % ownership	Hydropower. No reversion.
Tonstad	Tonstad wind farm	0	0.7	No ownership	Wind power. Operatorship, commercial handling and PPA-offtake from Hydro
Total		**9.4**	**13.7**		

1) Normal capasity

Production capacity Hydro Aluminium Metal

Plant	Country	Employees (per Dec.31)	Electrolysis capacity (000 mt) [1]	Casthouse capacity (000 mt)	Main products	Key characteristics
Karmøy	Norway	546	274	320	extrusion ingot, wire rod	Two prebake lines. R&D center.
Årdal	Norway	543	203	300	sheet ingot, foundry alloys	Two prebake lines. Technology and competence center. Substantial anode production.
Sunndal	Norway	674	428	525	extrusion ingot, foundry alloys	Two prebake lines. R&D center metalurgy and casting. Largest plant in Western Europe.
Høyanger	Norway	182	67	120	sheet ingot	One prebake line.
Husnes	Norway	361	199	220	extrusion ingot	Two prebake lines.
Slovalco (55.3%)	Slovakia	195[3]	175[2] (100% basis)	250 (100% basis) 75 (2023)[2] ,100 (2024)[2]	extrusion ingot, foundry alloys	Joint venture with Penta (Slovakia). One prebake line.
Tomago (12.4%)	Australia	1001	74	75	standard ingot, extrusion ingot	Joint venture with RTA and GAF. Long term power contract expiring in 2028. Largest producer in Australia. Three prebake lines.
Qatalum (50%)	Qatar	999	325	340	extrusion ingot, foundry alloys	Joint venture with Qatar Petroleum. 40 year gas supply contract expiring in 2049. Is a first quartile smelter on the global cost curve. Among the world's lowest cost smelters. Two prebake lines.
Alouette (20 %)	Canada	1008	128	150	standard ingot	Joint venture with RTA, AMAG and IQ/Marubeni. Long term power contract expiring end of 2029. Is a first quartile smelter on the global cost curve. Largest producer in North America. Two prebake lines.
Albras (51 %)	Brazil	1,297	460 (100% basis)	460 (100% basis)	standard ingot, foundry alloys, sale of liquid	Joint venture with NAAC. Long term power contract expiring end of 2024. Largest producer in South America. Four prebake lines.

1) Production and casthouse capacity for part-owned companies represents our proportional share. Slovalco and Albras are fully consolidated in terms of volumes and financial results.
2) Electrolysis production curtailed to 5% of capacity in Aug 2022. Complete closure in Feb 2023. Casthouse to remain operational, with lower capacity due to the electrolysis curtailment.
3) Manning reduced following curtailment

Primary aluminium and casthouse production (kmt)

		Primary aluminium		Casthouse production	
Primary aluminium and casthouse	**Location**	2023	2022	2023	2022
Albras	Brazil	450	405	372	332
Karmøy	Norway	208	247	189	224
Årdal	Norway	192	203	207	223
Sunndal	Norway	428	426	458	452
Høyanger	Norway	67	67	92	98
Husnes	Norway	150	186	159	185
Slovalco	Slovakia	-	72	56	121
Tomago (12.4 %)	Australia	73	73	73	72
Qatalum (50 %)	Qatar	322	319	335	333
Alouette (20 %)	Canada	127	126	126	126
Technology	Norway	13	13		
Total production Primary Aluminium		**2,030**	**2,137**	**2,067**	**2,166**

For more production volumes see note E5.3 resource outflows - product and materials.

Task force on climate-related financial disclosures (TCFD) index

Governance: Disclose the organization's governance around climate-related risks and opportunities

a) Describe the board's oversight of climate-related risks and opportunities. See:

- Risk review
- Our business
- Our performance

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. See:

- Risk review
- Climate change

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. See:

- Risk review
- Climate change

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. See:

- Climate change

Risk management: Disclose how the organization identifies, assesses, and manages climate-related risks

a) Describe the organization's processes for identifying and assessing climate-related risks. See:

- Climate change

b) Describe the organization's processes for managing climate-related risks. See:

- Climate change

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organizations' overall risk management. See:

- Risk review

Metric and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. See:

- General information
- Climate change
- Water resources
- Biodiversity and ecosystems
- Resources use and circular economy

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. See:

- Note E1 on Climate change

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. See:

- Our performance
- Climate change

Sustainable Development Goals (SDG) index

End poverty in all its forms everywhere

Target: 1.2, 1.4 and 1.5

See the Own workforce and Workers in the value chain chapters for information about Hydro's initiatives to promote a living wage for workers in Hydro and in Hydro's value chain.

See the Affected communities chapter for more information about Hydro's support for local initiatives that enable economic development, skills and job development.

See the Country-by-Country report in the Appendix for more information about Hydro's tax contributions in different jurisdictions.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Target: 2.4 and 2.5

See the Affected communities chapter for more information about Hydro's support for local initiatives that enable economic development, skills and job development, including projects related to agriculture.

See the Biodiversity and ecosystems chapter for information on Hydro's initiatives to minimize negative impact on nature and biodiversity.

Ensure healthy lives and promote wellbeing for all at all ages

Target: 3.5 and 3.9

See the Own workforce chapter for information about Hydro's initiatives to promote mental health and wellbeing and to manage risks related to communicable diseases.

See the Pollution chapter and Legacy impact chapter for more information about our initiatives to reduce pollution and contamination that could be a threat to public health.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Target: 4.4, 4.6 and 4.7

See the Affected communities chapter for more information about Hydro's support for local initiatives that enable learning and skills development, including our education and skills development targets

See the Own workforce chapter for information about our people strategy and initiative to support learning and leadership development.

Achieve gender equality and empower all women and girls

Target: 5.1, 5.2 and 5.5

See the Own workforce chapter for information about our people strategy, including initiatives to promote diversity, inclusion and belonging, promoting gender equality and female leaders, and ending discrimination of all forms.

See the Human rights chapter for information about initiatives to safeguard human rights, including those related to equality and safety.

Ensure availability and sustainable management of water and sanitation for all

Target: 6.3, 6.4 and 6.5

See the Pollution and Legacy impact chapters for information about our initiatives to reduce pollution and contamination that could have a negative impact on waterways and water sources.

The Water resource chapter also includes our water use statistics and a description of our strategy to promote responsible water use and water use efficiency and initiatives to restore and protect rivers and waterways in our hydropower operations.

Ensure access to affordable, reliable, sustainable, and modern energy for all

Target: 7.2 and 7.3

See the Our business chapter for information about Hydro's renewable power production and new energy solutions.

See the Climate change chapter for information about our initiatives and collaborations aiming to increase the use of renewable power as a share of total power consumption in our value chain.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target: 8.3, 8.4, 8.5, 8.6, 8.7 and 8.8

See the Human rights, Own workforce and Workers in the value chain for information about Hydro's initiatives to promote a living wage for workers in Hydro and in Hydro's value chain and to promote decent work and protection of human rights for all.

See the Own workforce chapter for information about Hydro's occupational health and safety initiatives. The Affected communities chapter contains information about our initiatives to support local growth, learning opportunities and training.

The Country-by-Country report in in the appendix provides transparent reporting on our tax and value creation in different jurisdictions.

See the Resource use and circular economy chapters for information on initiatives that contribute towards resource efficiency in production and decoupling of economic growth from environmental degradation.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target: 9.4 and 9.5

The Climate change and Resource use and circular economy chapters provide information on Hydro's initiatives to make our industry more resource efficient and environmentally sound.

The Resource use and circular economy and Biodiversity and ecosystems chapters describes our initiatives and collaborations aimed at enhancing research and developing more efficient and environmentally sound industrial processes.

Reduce inequality within and among countries

Target: 10.1, 10.2, 10.3 and 10.4

See the Own workforce and Workers in the value chain chapters for information about Hydro's initiatives to promote a living wage for workers in Hydro and in Hydro's value chain. Affected communities chapter also describes our contributions to socio-economic development.

The Own workforce chapter describes our work to promote inclusion, equal opportunity and equality, and to eliminate discrimination.

Make cities and human settlements inclusive, safe, resilient, and sustainable

Target: 11.5

The Own workforce chapter describe our work to promote resilience and prepare for emergencies and disasters

The Legacy impact chapter describe our work to prevent disasters and contribute to public safety, in relation to the management of tailings produced by the mining process or the bauxite residue produced by the alumina refining process.

Ensure sustainable consumption and production patterns

Target: 12.2, 12.4, 12.5, 12.6 and 12.7

See the Resource use and circular economy chapter for information about Hydro's initiatives to promote recycling and more circular solutions in our value chain and how we manage waste.

See the Pollution chapter for information about how we reduce emissions to air, water and soil.

The Workers in the value chain chapter describes our focus on sustainability in Hydro's procurement practices.

Take urgent action to combat climate change and its impacts

Target: 13.1, 13.2 and 13.3

See the Climate change chapter for information about Hydro's strategy and initiatives to reduce greenhouse gas emissions, our research and initiatives to develop technologies that enable greenhouse gas emissions reductions in our value chain and information on how we work to evaluate and address exposure to climate change related risks.

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

Target: 14.1

See the Pollution chapter for information about how we work to reduce emissions to air, water and soil.

See the Legacy impact chapter for information on how we manage the impact of our industrial legacy and assets on the ocean and other ecosystems.

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Target: 15.1, 15.2, 15.5 and 15.9

See the Biodiversity and ecosystems chapter for information on our land and forest restoration initiatives and how we manage our impact on nature and biodiversity.

See the Legacy impact chapter for information on how we manage the impact of our industrial legacy and assets on the land, water, and related ecosystems.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Target: 16.1, 16.2, 16.3 and 16.5

See the Human rights, Own workforce and Workers in the value chain chapters for information about Hydro's initiatives to safeguard human rights and reduce risk of abuse, exploitation, and discrimination in Hydro and in Hydro's value chain.

See the Business conduct chapter for information about our commitment to ethical business practices, compliance with applicable laws and regulations, including anti-corruption.

Strengthen the means of implementation and revitalize the global partnership for sustainable development

Target: 17.1, 17.3, 17.14 and 17.17

The Country-by-Country report in the appendix provides transparent reporting on our tax and value creation in different jurisdictions.

See the Affected communities chapter for more information about Hydro's support for local initiatives that enable economic development, skills and job development.

See the Business conduct chapter for information about our public affairs and lobbying efforts, including our positions on sustainability related topics such as carbon pricing and energy markets, and our R&D partnerships

Hydro 2030 profitability roadmap assumptions

Indicative 2030 potential RoaCE and EBITDA scenarios shown in the Hydro 2030 profitability roadmap section in Our ambitions are based on simplified assumptions and a sensitivity analysis based on the financial result as of Q3 2023 last twelve months adjusted for market prices, foreign currency rates and other short-term effects impacting the period's result. The actual earnings, cash flows and returns will be affected by other factors not included in the scenarios, including, but not limited to production volumes, other raw material prices, downstream margin developments, premiums, inflation, other foreign currency rates, depreciation, taxes, investments, interest expense, competitors' cost positions and other. The external market scenario is mainly based on CRU price and premium assumptions and S&P Global foreign currency rate assumptions, with certain adjustments. These assumptions are republished under license from CRU International Ltd. and S&P Global.

Assumptions used in scenarios	Q3 2023 LTM	Last 5 year average	Forward, real 2023	External market scenario, real 2023
LME, USD/mt	2,240	2,180	2,300	2,560
Realized premium, USD/mt	490	430	380	570
PAX, USD/mt	350	330	340	380
Caustic soda, USD/mt	650	430	320	410
Coal, USD/mt	150	130	100	100
Pitch, EUR/mt	1,260	840	970	920
Pet coke, USD/mt	610	450	470	500
NO2, NOK/MWh	1,150	840	650	650
Nordic system, NOK/MWh	850	620	400	400
USDNOK	10.41	9.28	10.38	8.15
EURNOK	11.11	10.35	12.25	9.58
BRLNOK	2.06	1.93	2.15	1.47

Cautionary note

Certain statements included in this announcement contain forward-looking information, including, without limitation, information relating to (a) forecasts, projections and estimates, (b) statements of Hydro management concerning plans, objectives and strategies, such as planned expansions, investments, divestments, curtailments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, and (i) qualified statements such as "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream businesses; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Hydro is a leading aluminium and renewable energy company committed to a sustainable future. Our purpose is to create more viable societies by developing natural resources into products and solutions in innovative and efficient ways.