Hydro

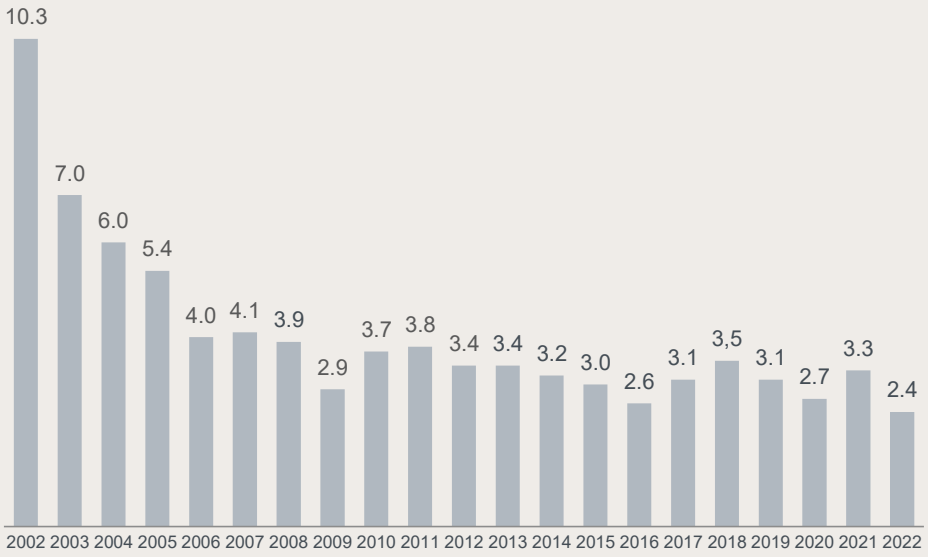
Citi roadshow

2023-09-20

Safe and responsible operations is a top priority

Leadership in health and safety, social responsibility and compliance as a license to operate

TRI Rate[1)]



1) Total recordable incidents (TRI) rate defined as cases per 1 million hours worked, for own employees and contractors

Continuing efforts to further increase transparency

- Transparent and consistent reporting approach for more than three decades
- Sustainability is fully integrated in Hydro's strategy
- Work in progress to prepare for implementation of the EU Corporate Sustainability Reporting Directive (CSRD)
- Hydro again rated Low risk on ESG by Sustainalytics

SUSTAINALYTICS
17.3 (Low risk)
#3 in sector (3/226)

MSCI
AA rating
"Leading initiatives to achieve carbon-free aluminum"

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA
67%
Europe Index inclusion
DJSI inclusion since 1999

ecovadis
73/100
96th percentile

Moody's ESG Solutions
71/100

ISS ESG
B rating
Corporate Rating: Prime Status

Driving sustainability: Future-proofing our company

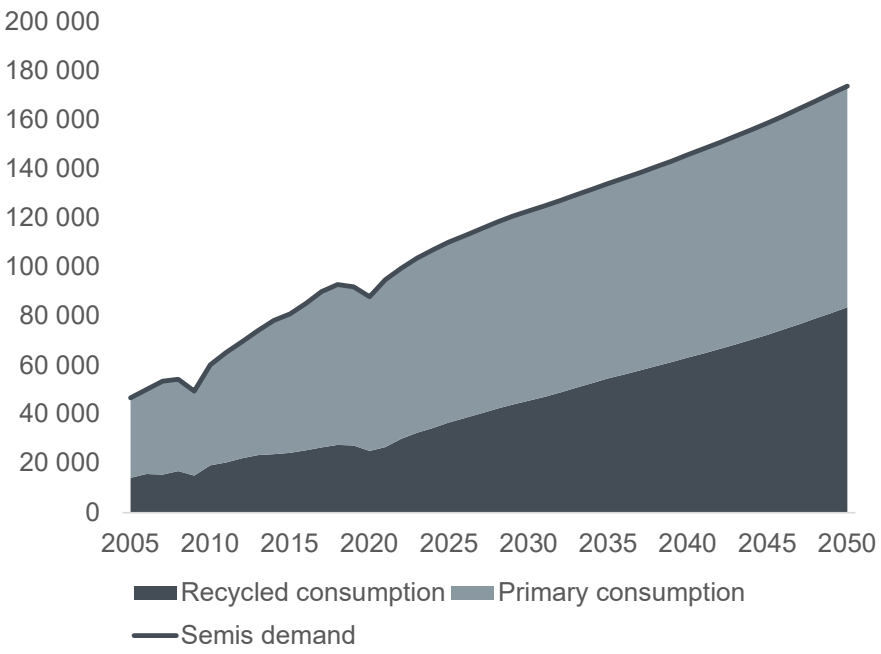
- On track to meet 30 percent reduction in scope 1 and 2 CO_2e by 2030
- Net-zero by 2050 or earlier
- Reduce specific scope 3 emissions by 30% by 2030

- 1:1 reforestation on track
- No net-loss biodiversity ambition for new projects
- Tailings dry backfill technology reducing the need for permanent landfilling
- Continued focus on waste elimination, including new project on recycling bauxite residue

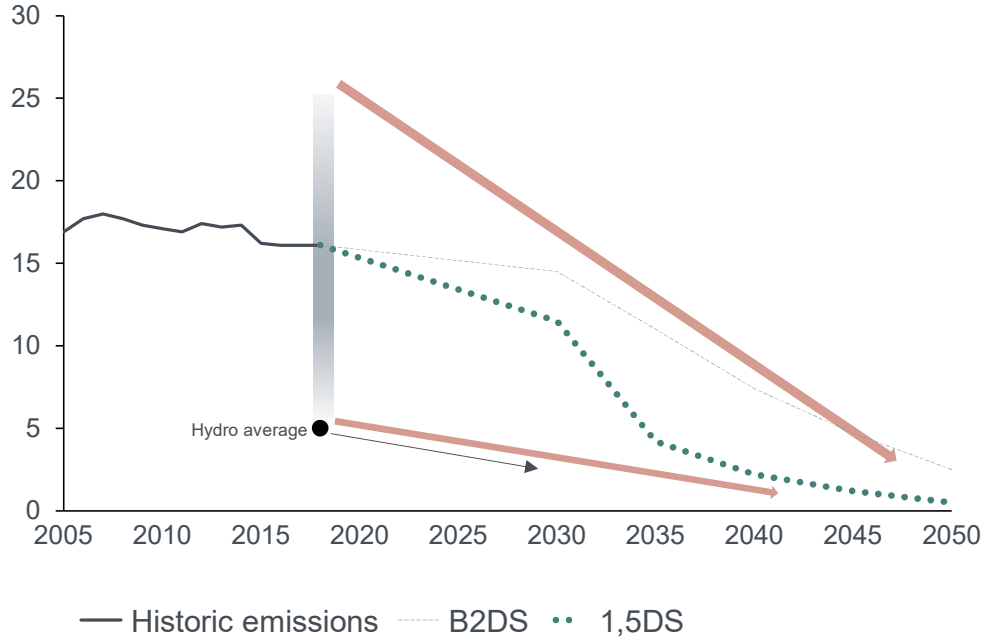
- On track to deliver on target of empowering 500,000 people with skills and education by 2030
- Significant social projects completed in Brazil
- Transparency and traceability of key product sustainability data by 2025 or earlier

Aluminium demand expected to grow significantly

Semis demand (Mt Al)



Tonnes CO2e/t primary aluminium



Source: CRU

Hydro provides products with low emissions

Primary aluminium produced on renewable energy

4-6 times
lower than the world global primary average

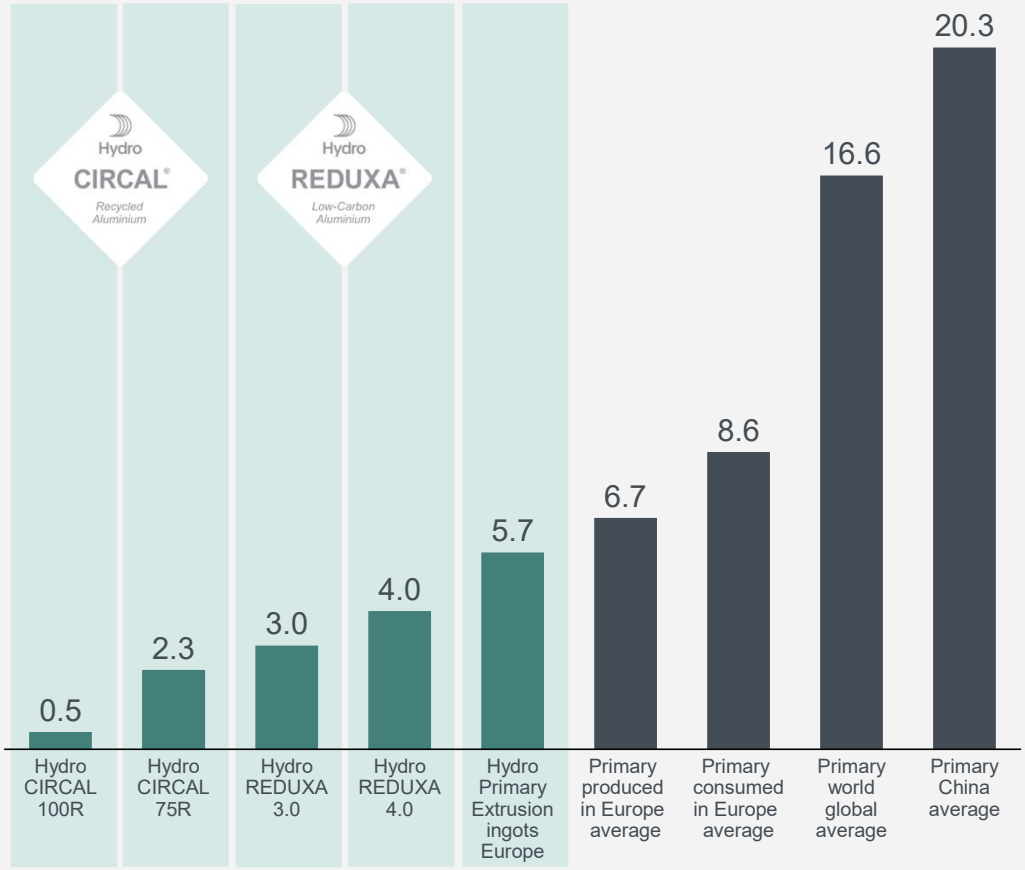
Recycled aluminium from Hydro

More than
7 times for 75R, and
33 times for 100R
lower than the world global primary average

Sources: EAA, IAI, Hydro internal analysis

Hydro

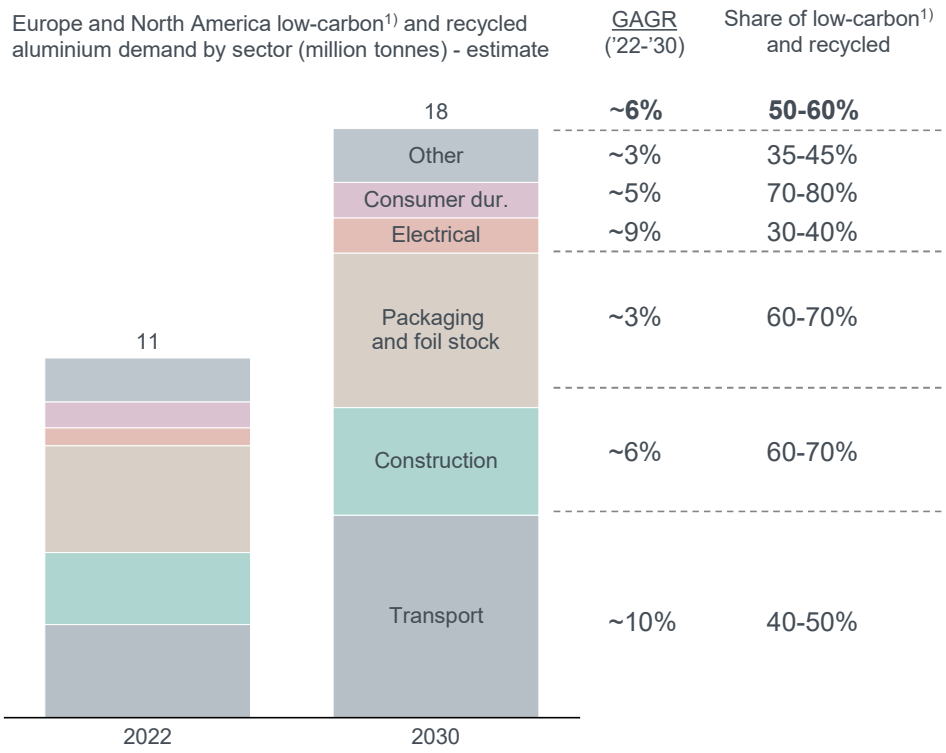
Kilos of CO_2e emissions per kilo aluminium



Climate

Carbon reduction targets growing across market segments

Estimated demand based on currently stated ambitions



Examples of front runners with ambitious 2030 targets

	Scope 3 reduction targets	Specific aluminium commitments
	CO2e neutral value chain	**10% of primary at <3 t/t**
Vestas	**45%** per MWh generated	
lightsource bp	**52%** per MW constructed	
PEPSICO		**10% of primary at <3 t/t**
Ball		**10% of primary at <3 t/t**
VELUX	**50%** for absolute emissions	**Max. 2.0 kg carbon** emitted / kg
BOUYGUES CONSTRUCTION	**30%** for absolute emissions	
VINCI CONSTRUCTION	**20%** for absolute emissions	
PORSCHE	**CO2e neutral** balance sheet	
Mercedes-Benz	**CO2e neutral** (2039)	
VOLVO	**25%** per vehicle (2025)	**10% of primary at <3 t/t**
BMW	**22%** per vehicle	
RENAULT	**30%** per vehicle	

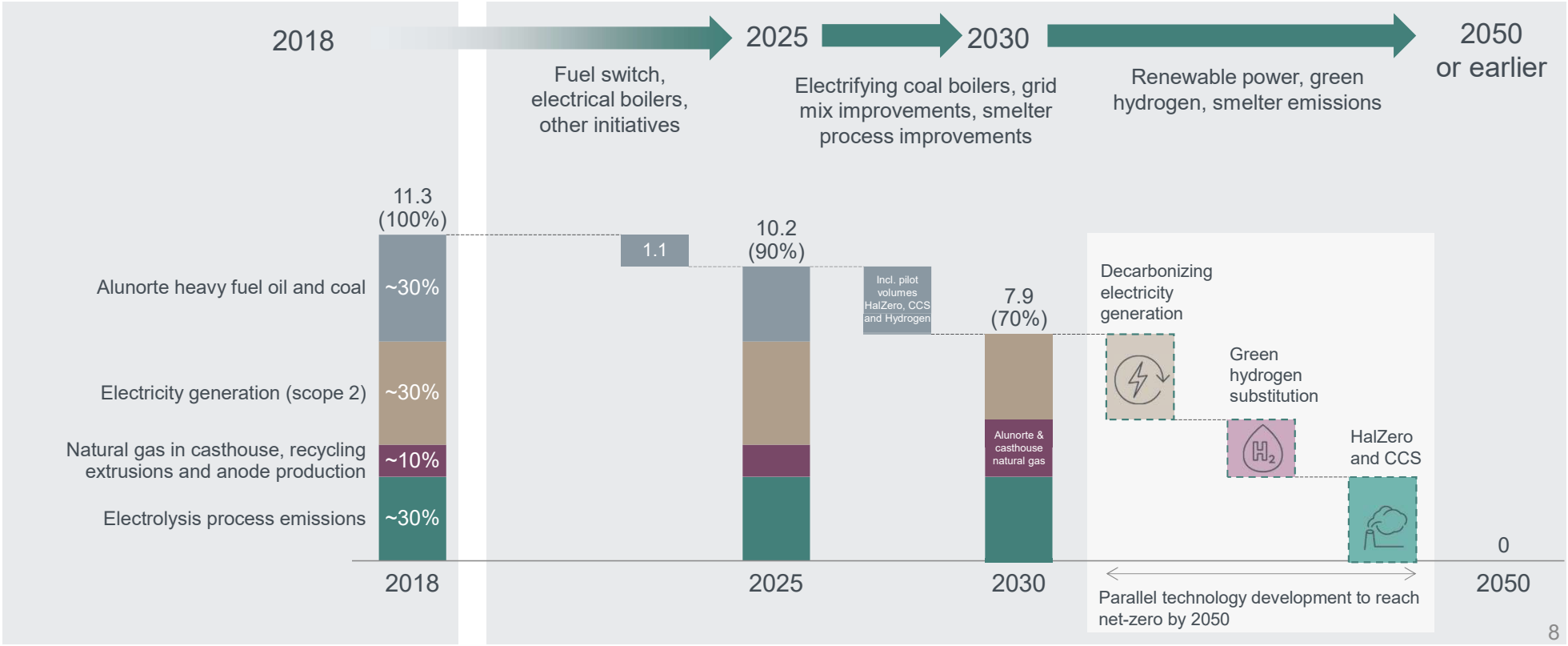
1) <4 tons of CO_2e emissions per ton of primary aluminium produced, including full value chain emissions

Net-zero Hydro: The roadmap

On track to achieve 30% carbon emissions reduction by 2030 and net-zero by 2050 or earlier

GHG emissions – ownership equity

Million tonnes CO_2e (% of 2018 baseline emissions)



New target to reduce specific scope 3 emissions by 30% by 2030

Reducing footprint of purchased raw materials

Reducing footprint of external purchased metal is the main source to reduce scope 3 emissions, in addition to external alumina, alloying elements, anodes, caustic soda, fuel and other goods and services

Increasing the use of post-consumer scrap

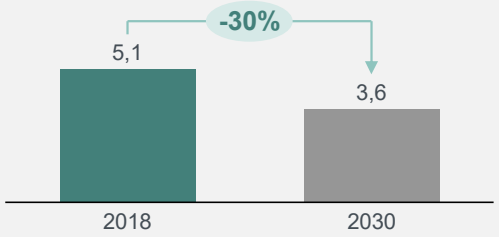
Replacing ingots and pre-consumer scrap input with post-consumer scrap drives down the inherent footprint of the product.

Alunorte fuel switch and decarbonization

The planned fuel switch and decarbonization will lead to less emissions from production and transportation of fossil fuels

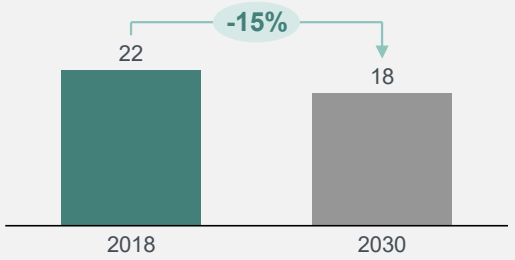
Based on IAI materiality assessment

Upstream scope 3 GHG target
pr tonne aluminium*



*Per tonne delivered from Aluminium Metal and Hydro Extrusions combined

Upstream scope 3 GHG target
Million tonnes CO_2e



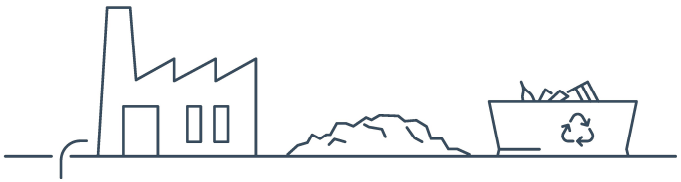
Environment

Environment: Minimizing Hydro's environmental footprint

Protect Biodiversity

- 1:1 rehabilitation of available mined areas within two years (ongoing)
- **No net loss of biodiversity in new projects (ongoing)**

Eliminating waste

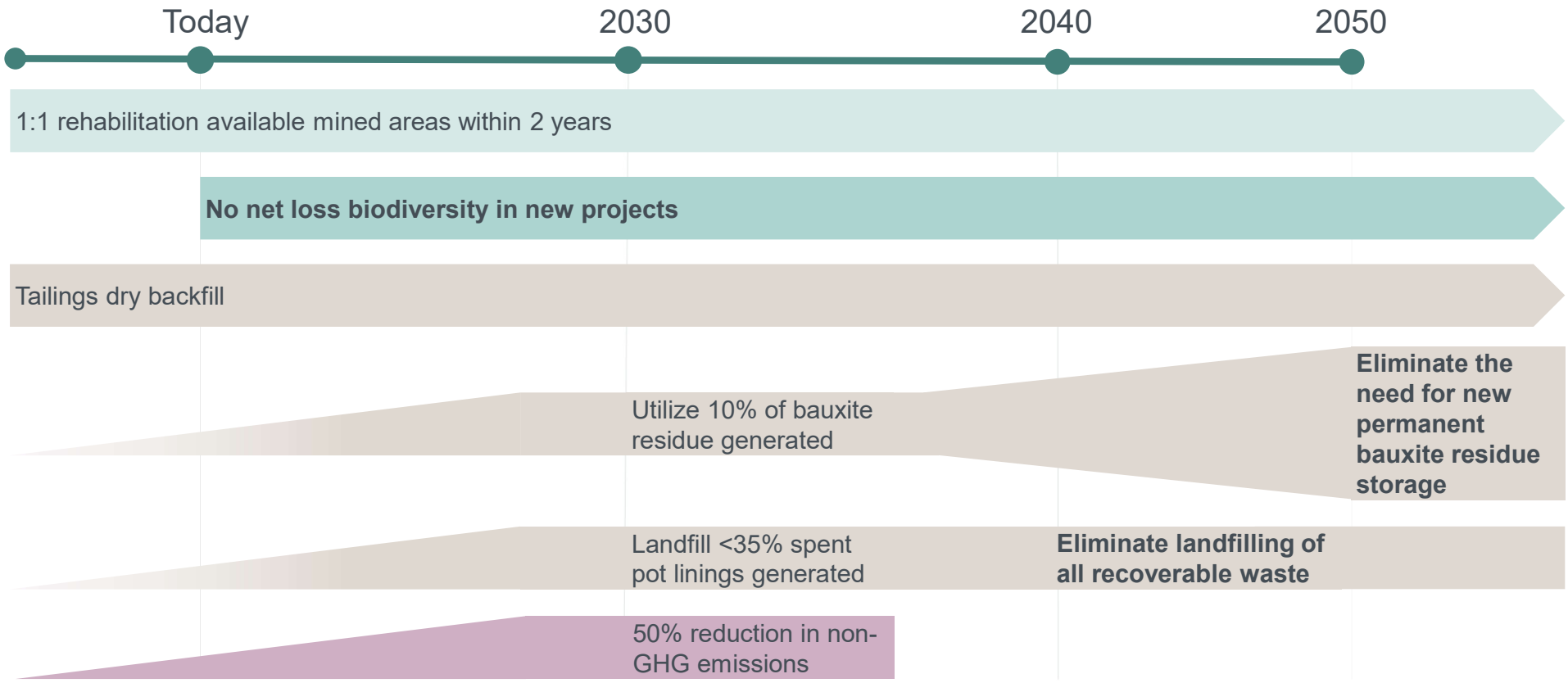


- Bauxite Tailings Dry Backfill (ongoing)
- Landfill <35% of spent pot lining generated, by 2030
- Utilize 10% of bauxite residue generated, by 2030
- **Eliminate landfilling of all recoverable waste, by 2040**
- **Eliminate the need for new permanent bauxite residue storage, from 2050**

Reducing emissions

- Reduce material non-GHG emissions by 50%, by 2030 (2017 baseline)

Environment: Protect biodiversity and eliminate waste



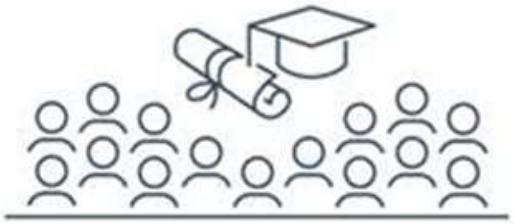
New ambitions in **bold**

Biodiversity | Waste | Emissions

Social

Social:
Improve lives and livelihoods wherever we operate

Invest in education



Equip people with essential skills for future economy

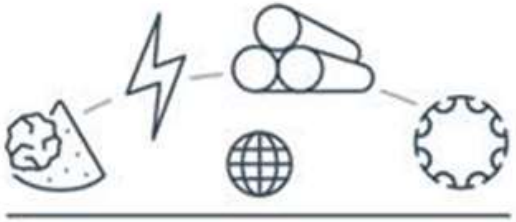
Empower 500,000 people with education and skills development by 2030

Support just transition

Contribute to economic and social development in communities where we operate

Just Transition framework for Hydro with specific targets developed in 2022

Responsible supply chain



Ensure transparency and responsible business practices in our supply chains

Transparency and traceability of key sustainability data for our products by 2025 our earlier

Hydro Group - Just Transition framework and targets

Objective

Just Transition

Impact

Contribute to a positive development in the societies where we operate

Hydro contributes towards…

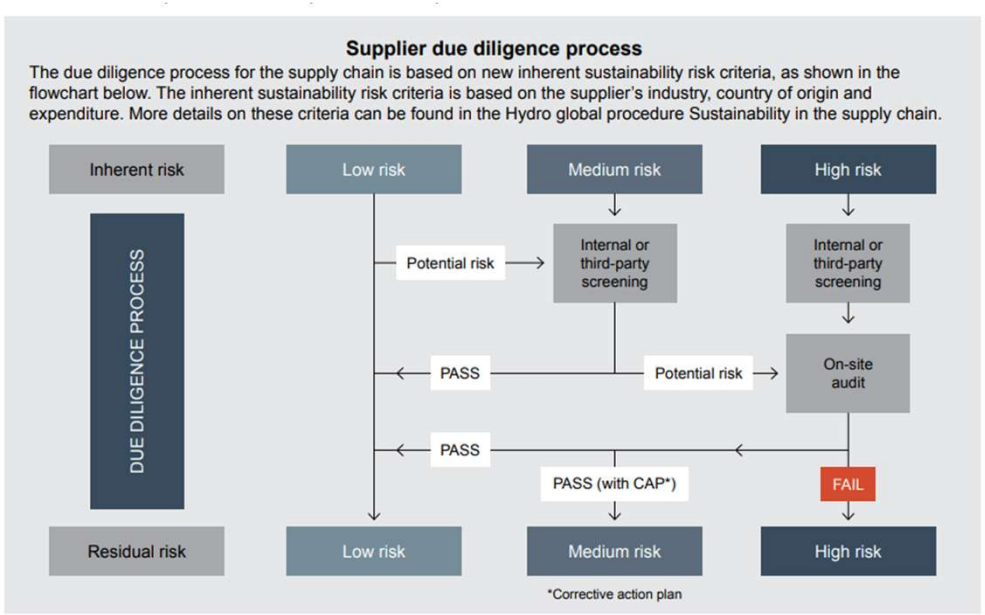
- People have human rights protected and have access to equal opportunities
- Local communities are resilient in a changing world
- People have the necessary skills and jobs for the future low carbon economy

Hydro key actions

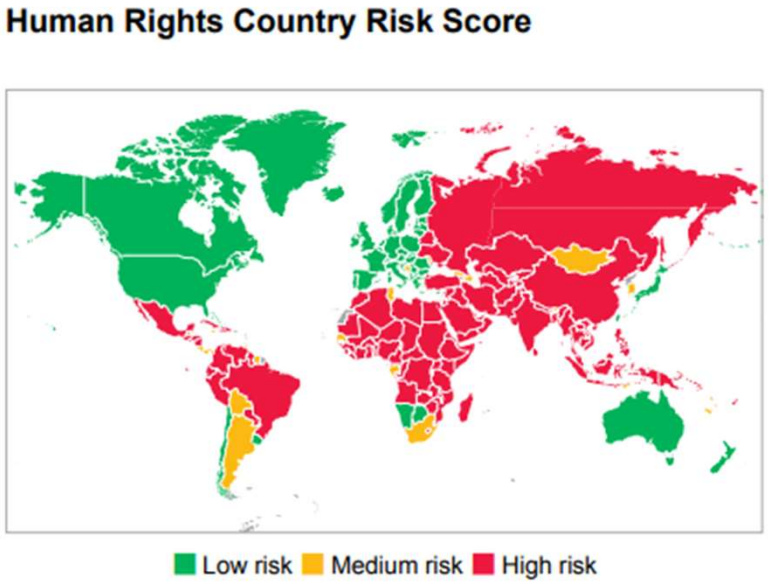
Key actions	Status – 2022	Targets
▪ Providing training and reskilling opportunities to Hydro employees	Ongoing	To be developed by end 2024
▪ Empower people with education and skills for the future economy	157,000 reached by end 2022	500,000 by end 2030
▪ Engage in partnerships for a positive local development	Key projects described in Annual Report 2022	Report on key projects with material impact in local communities
▪ Responsible and inclusive business practices by undertaking human rights due diligence in own operations and in the supply chain	Procedures implemented in all BAs by end 2022 + 40% of all business partners screened	All business partners with inherent medium or high sustainability risk screened by end 2023
▪ Increase the perception of inclusiveness among Hydro employees	Hydro Inclusion Index: 76% in 2022	Hydro Inclusion Index: 78% in 2023

Current supply chain management in Hydro

Supplier due diligence process set out in
Sustainability in the Supply Chain Procedure (GP-09-01)



Overview of human rights risk score per country for Hydro's direct suppliers

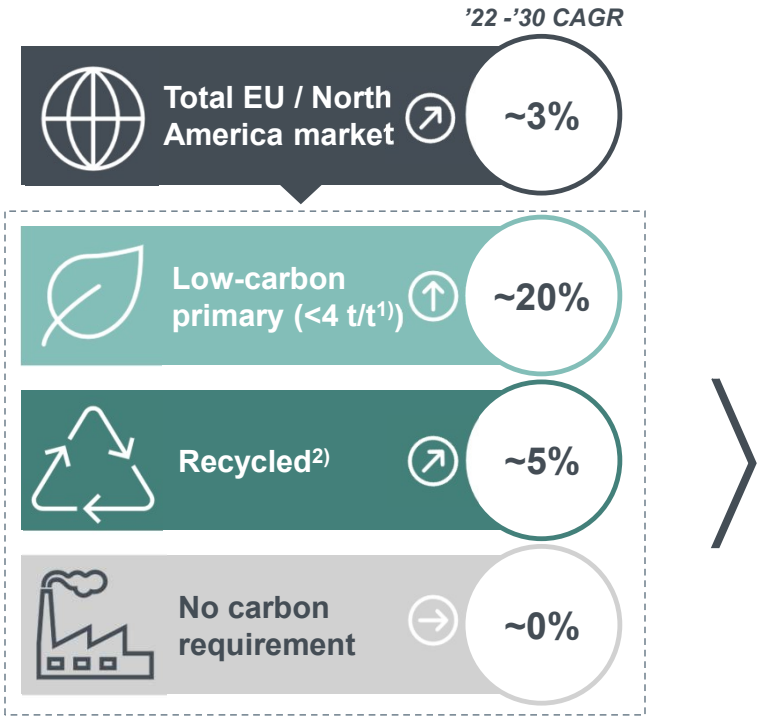



Hydro
Industries that matter

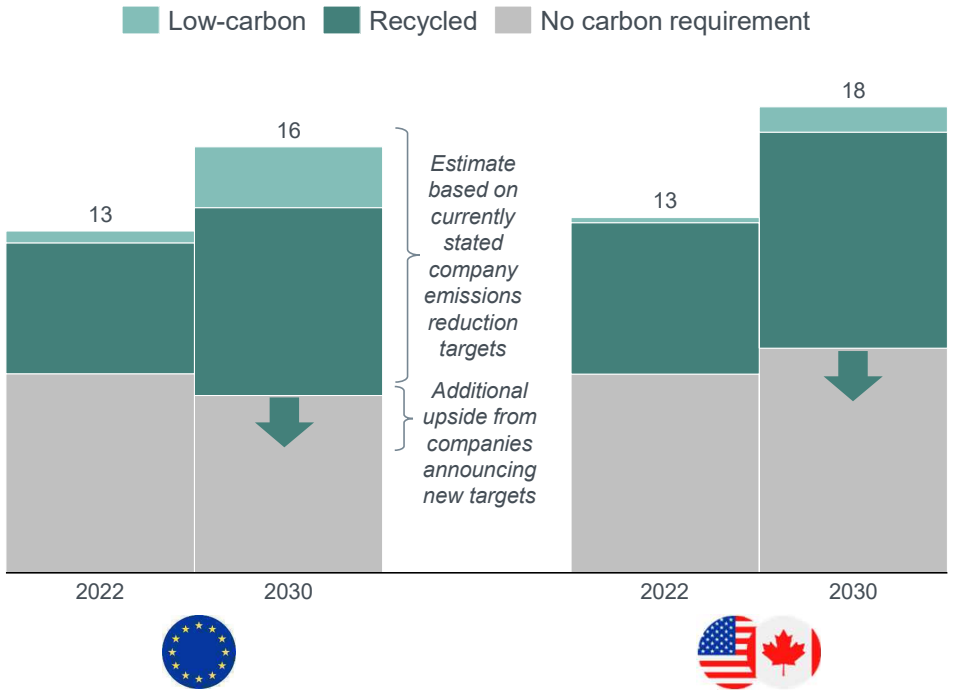
Demand for greener aluminium accelerates

Low-carbon and recycled aluminium to make up majority of EU and North America market by 2030

Greener demand growth is outpacing the rest of the market



Estimated demand from currently stated company emissions reduction targets – demand upside as new targets are expected



1) Tonnes of CO_2e per ton of primary aluminium produced, including full value chain emissions. 2) Does not distinguish between post-consumer scrap and process scrap

The EU Taxonomy has the best intentions

But does not always hit the target – particularly outside the EU/EEA

IDENTIFYING ACTIVITIES

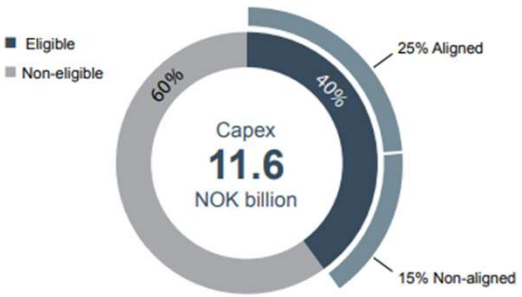
ELIGIBLE ACTIVITIES

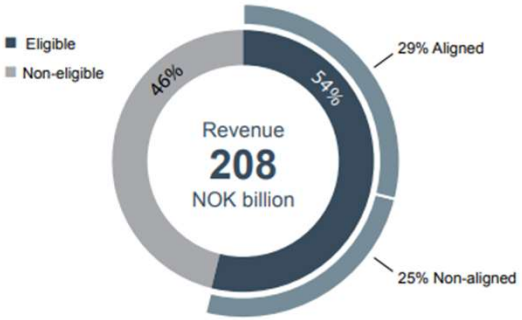
- Primary aluminium production
- Secondary aluminum production
- Renewable energy production

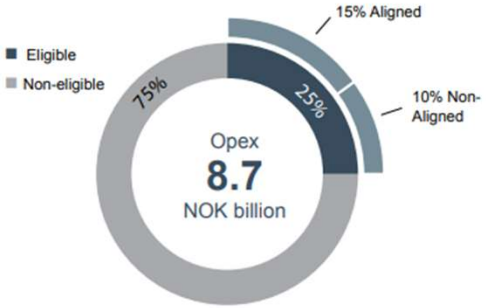
NON-ELIGIBLE ACTIVITIES

- Mining and alumina refining
- Extrusion activities
- Commercial activities

PERFORMANCE



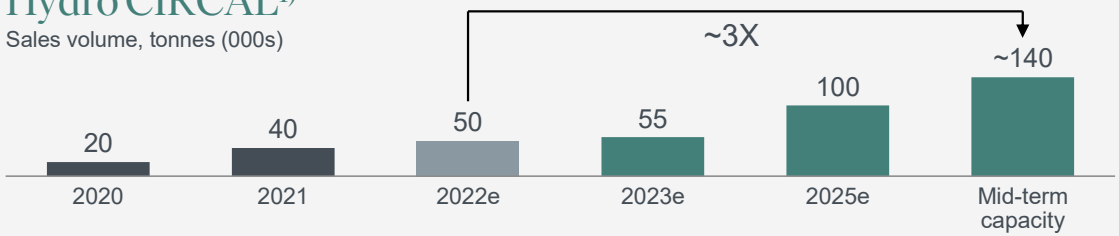




Ambition to more than double sales of greener products to meet market demand

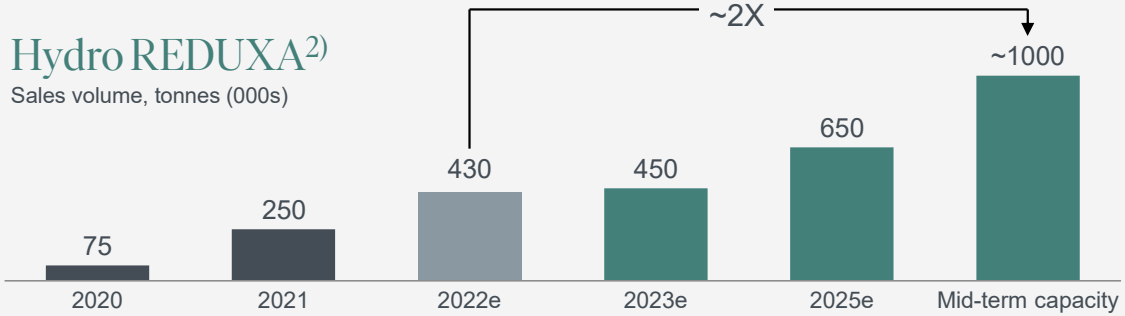
Hydro CIRCAL[1)]

Sales volume, tonnes (000s)



Hydro REDUXA[2)]

Sales volume, tonnes (000s)



1) Post-consumer scrap > 75%. 2) Footprint < 4.0

Social Strategy in Brazil:

Four key focus areas to support **just transition**

Education and Skills | Value chain | Biodiversity | Quality of life


Barcarena
- Ativa Barcarena
- Embarca Amazônia
- Technical School
- **FHS** - Hydro Sustainability Fund
- Sustainable Connections (FHS)
- Tiptix (FHS)
- Barcarena Sustainable Innitiative (IBS)
- Travessia Barcarena
- Todos pelo Trabalho
- Trilhando Caminhos
- Sustentar Barcarena


Ipixuna do Pará
- Embarca Amazônia

Belém
- Peace House - TerPaz Guamá
- Peace House - TerPaz Terra Firme
- Peace House - TerPaz Jurunas

Paragominas
- Embarca Amazônia
- Território do Saber
- Viver Cidadania

Acará
- Coletivo Florestar
- Embarca Amazônia

Moju
- Coletivo Florestar
- Embarca Amazônia

Tomé-Açu
- Coletivo Florestar
- Embarca Amazônia

All locations
- Human Rights agenda
- Traditional Community agenda
- Social Dialogue
- Volunteering Program

Scan for more details about the projects

Hydro

Positive impact in the territory:

80,000 People direct assisted by social programs*

59,269 People with access to education and training (CEO KPI)

14,000 People benefited by volunteers with more than 70 institutions

1,400 Family farmers from 38 rural communities have received long term technical assistance

650 Public teachers trained to improve municipal education

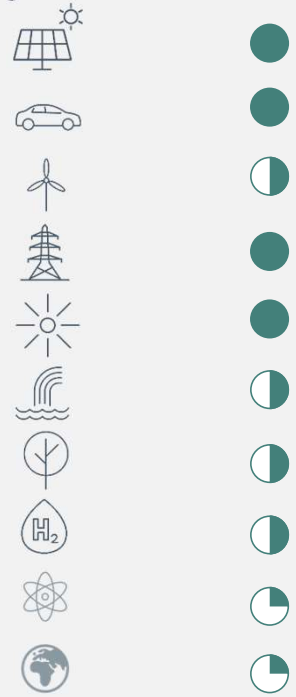
178 Community leaders part of structured dialogue in IBS

*Since 2018

Product qualities and roadmap to zero make aluminium key for green transition

- Key **properties** of aluminium match requirements – lightweight, conductive, corrosion resistance
- **Infinitely recyclable** with very low energy need and high resource efficiency
- Aluminium based on renewables has **lower footprint** than global average
- Aluminium has a **clear roadmap** to zero emissions

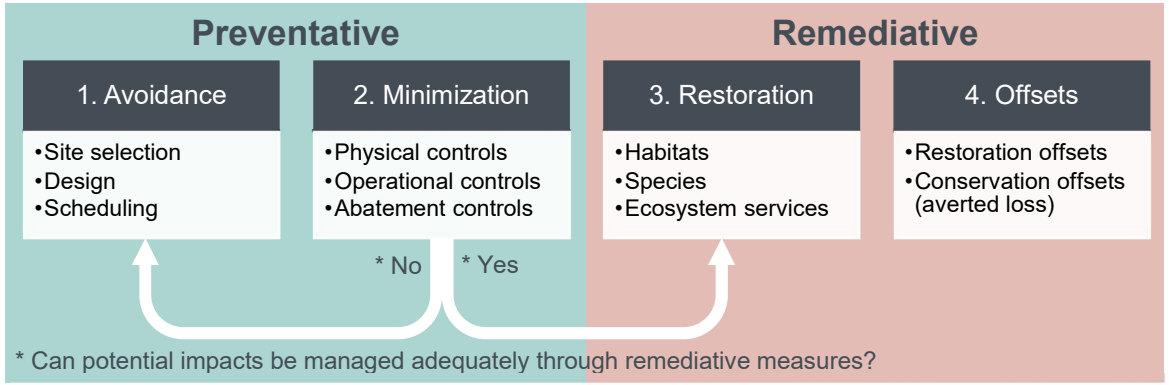
Importance of aluminium within key green transition technologies[1]

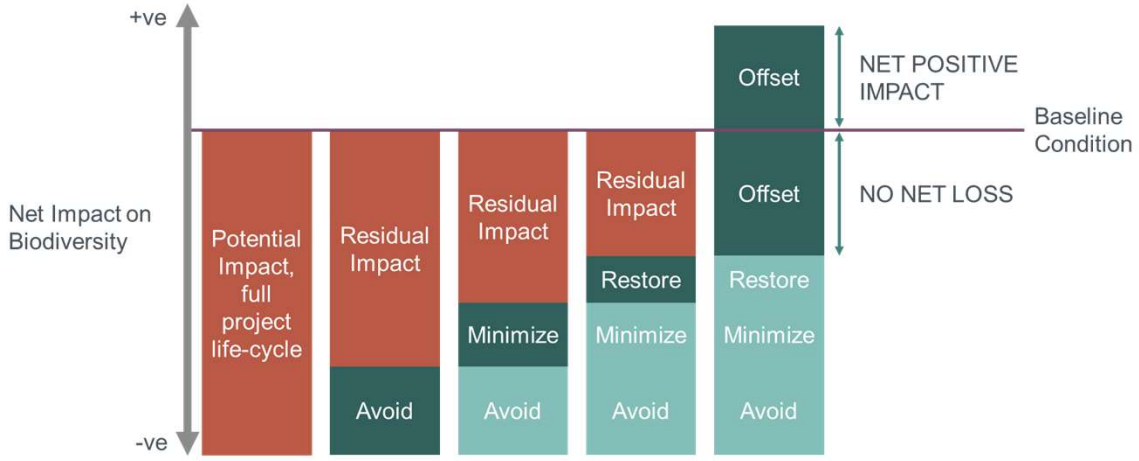


1) The raw-materials challenge: How the metals and mining sector will be at the core of enabling the energy transition | McKinsey 2022

Biodiversity Mitigation Hierarchy (BMH) Framework

Addressing impacts to biodiversity through a structured, hierarchical framework





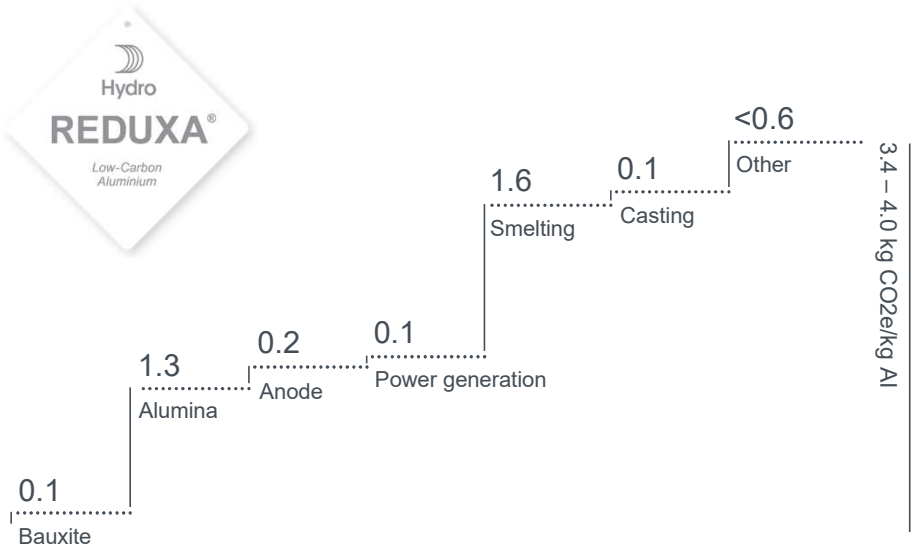
- The BMH is a well established framework that defines a series of actions that should be taken to reduce a project's overall impact to biodiversity, prioritising avoidance measures first.
- To fully mitigate a project's overall impact may require additional "beyond the fence" actions, known as offsets, to either achieve a **No Net Loss (NNL)** or **Net Positive Impact (NPI)** outcome
- Offsets require extensive resources and careful planning. They need to meet both the legal frameworks and international standards to be accepted as appropriate compensatory measures
- The timeline to achieve a No Net Loss or Net Positive Impact is typically aligned with the project's lifetime (i.e. closure) or sooner
- According to industry standards, NNL is the more common expectation for **material impacts** to biodiversity in new projects
- For existing projects, defining a historic biodiversity baseline can be challenging
- In these cases, industry practice is to only consider *future impacts* to biodiversity in the scope of their biodiversity commitment (e.g. project expansions) and *discount historical impacts*

Greener products: From REDUXA 4.0 to 2.0

New energy mix in Alunorte important enabler to reach 2.0

From REDUXA 4.0

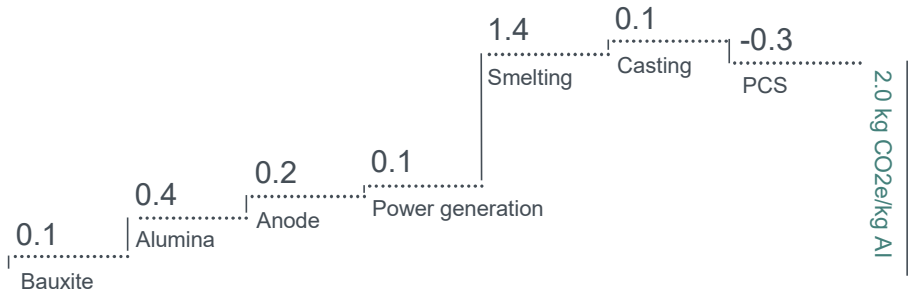
Primary aluminium



Typical production values primary aluminium

Towards REDUXA 2.0 by 2030

Primary aluminium



Potential production values primary metal