



# Remuneration report 2021

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## Welcome

### Dear Reader

On behalf of the Board of Directors, I am pleased to present to you Hydro's Remuneration Report 2021. The report has been prepared in accordance with section 6-16b of the Norwegian Public Limited Liability Companies Act.

The purpose of this report is to give a transparent and comprehensive overview of remuneration to the Board of Directors (BoD) and the Corporate Management Board (CMB) in Hydro. Further to explain how remuneration paid and earned in 2021 is aligned with Hydro's Remuneration Policy for Executive Management and Hydro's long-term interests and sustainability.

### Company results

Looking back at 2021, Hydro delivered the strongest financial results since becoming a focused aluminium and energy company in 2007, in a year that was otherwise defined by volatility and uncertainty. The performance results are attributed to the strong sales in historically strong aluminium markets and firm progress on our improvement agenda – but first and foremost due to Hydro's 31,000 employees who managed to maintain solid performance and focus during a global health crisis.

Strong demand, higher prices, robust operations with higher volumes and improved margins, in addition to determined improvement efforts, yielded a strong EBITDA result of 28 BNOK in 2021. We have lifted profitability across all our business areas, and we delivered a return on capital employed of 18.6 percent in 2021, which is well above the target of 10 percent over the cycle.

Over the past two years Hydro has worked with determination to implement our agenda Lifting profitability, Driving sustainability. Through 2021 we have delivered NOK 6.3 billion of the total original improvement program of 7.4 billion. With this momentum, we have now stretched the overall program to NOK 8.5 billion to be delivered by 2025.

Climate, environment and social responsibility are deeply interconnected. Responsible business is a prerequisite for long-term value creation through access to new markets, lower cost of capital and access to the best talent.

Sustainability is also about creating value for society by improving lives and livelihoods where we operate. Our most important responsibility starts with the health and safety of our employees. There were no fatalities, nor life-changing injuries, in 2021.

### Remuneration

In 2020, the CEO and the CMB members waived the right to short and long-term incentives due to the Covid-19 pandemic. For the same reason, the CEO and CMB members did not have their base salaries adjusted in 2020. In 2021, the CEO and CMB members base salaries increased by 3 percent, on average, which was in line with the average salary increase of the other employees of the company.

The short-term incentive (STI) plan is designed to support the Company's strategic targets, both short and long-term. Performance measures are closely linked to the Lifting profitability, Driving sustainability agenda. The strong financial results of 2021 combined with solid progress on strategic initiatives, resulted in high performance scores for the CEO and the CMB members.

The long-term incentive (LTI) is a share-based performance plan which measures adjusted return on average capital employed (Adjusted RoaCE) and total shareholder return (TSR) over a three-year period. The TSR performance target measures relative performance compared to a selection of peers (basket of peers). While the 2021 RoaCE result was well above the target of 10 percent over the cycle, the overall performance score is impacted by lower RoaCE results the two previous years. Hydro's TSR in the same period increased by 25 percent; however, relatively less than the basket of peers.

### Changes to the CMB

Einar Glomnes and Inger Sethov left their positions in Hydro in 2021. Paul Warton became EVP Hydro Extrusions as of February 1, 2021 and Helena Nonka became EVP Corporate Development as of April 1, 2021. For a detailed presentation of the CMB, please see [hydro.com](https://hydro.com).

  
Dag Mejdell, Chairman



The purpose of this report is to provide transparency on executive remuneration and to show that variable pay is closely linked to Hydro's long-term interests and sustainability.

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## Governance

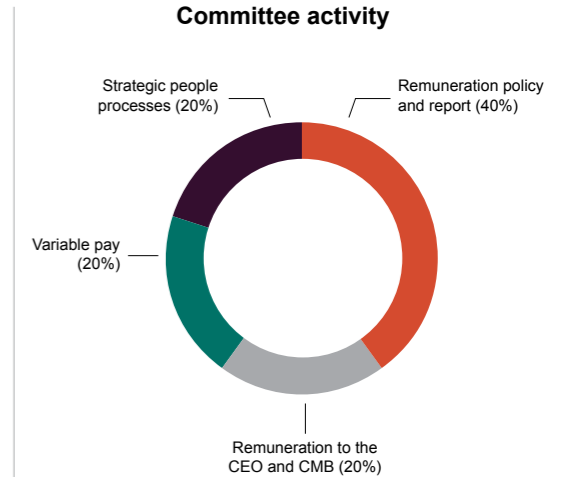
### Compensation & People Committee

The Compensation & People Committee (Committee) in Hydro acts as a preparatory body for the BoD on matters related to the compensation of the CEO and other members of the CMB. The Committee also briefs the BoD on strategic people processes 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.

The Committee is chaired by the Chair of the Board, Dag Mejdell, with Irene Rummelhoff (Deputy Chair) and Sten Roar Martinsen (employee representative) as formal members. The Committee held 13 meetings during 2021, with 97 percent attendance rate.

Committee activity in 2021 was to a large extent related to the revising of Hydro's Remuneration Policy for Executive Management and the preparation of the first Hydro Remuneration Report. In addition, the Committee reviewed the current variable pay programs. In general, the Committee believes that the current variable pay programs incentivize the performance of the CEO and other members of the CMB in accordance with Hydro's long-term strategies in a sustainable manner. On the Committee agenda was also succession planning and securing a solid pipeline for Company critical positions.

The full compensation committee mandate is available at [hydro.com](https://www.hydro.com).



## Committee members



### Dag Mejdell

Mejdell holds an Economic and Business Administration degree from Norwegian School of Economics (NHH). He was CEO of Posten Norge from 2006 to 2016. Mejdell holds several board chair positions, including Chair of Sparebank 1 SR Bank ASA, Chair of International Post Corporation, Chair of Mestergruppen AS, Chair of Torghatten Group AS



### Irene Rummelhoff

Rummelhoff has a Master of Science Degree in Geology/Geophysics, NTNU Norwegian University of Science & Technology. She has held a number of positions in Equinor from 1991 onwards giving her a broad experiences from one of the world's leading energy companies, and is currently EVP Marketing, Midstream and Processing in Equinor.



### Sten Roar Martinsen

Martinsen represents members of the Norwegian Confederation of Trade Unions (LO). He has a certificate of apprenticeship in electrochemistry and has undergone work supervisor training. Martinsen is employed in Hydro as a government affairs advisor.

### Attendance 2021



- Dag Mejdell 13/13
- Irene Rummelhoff 12/13
- Sten Roar Martinsen 13/13



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### Remuneration policy

Hydro's Remuneration Policy for Executive Management was approved by the shareholders at the Annual General Meeting (AGM) May 6, 2021<sup>1</sup>. A revised remuneration policy will be presented at the AGM on May 10, 2022, and will be subject to approval by the shareholders. The revised policy contains an updated section on variable pay with more detailed information concerning performance measures and how variable pay programs are linked to Hydro's 2025 strategy. The full remuneration policy will be available at [Hydro.com](https://www.hydro.com) following the AGM.

The purpose of the policy is to ensure that the Company attracts and retains qualified people in governing bodies and leadership roles to lead the Company in accordance with long-term strategies in a sustainable manner.

This requires Hydro to offer competitive compensation and benefit packages that are aligned with the practice of relevant external markets. At the same time, Hydro emphasizes moderation and shall not be market-leading.

Remuneration of members of the CMB shall consist of both fixed and variable elements. Variable remuneration plans shall incentivize the right behaviors and actions that will help Hydro deliver on its strategic agenda, increase long-term value for our stakeholders and contribute to a sustainable society.

Furthermore, the policy is built on the same principles as the global remuneration principles for all employees.

### Remuneration structure

Remuneration of the CEO and other members of the CMB consists of fixed and variable elements. Fixed remuneration includes base salary, benefits and pension. Variable remuneration consists of a short- and long-term incentive scheme. In addition, Hydro offers an employee share purchase plan (ESPP) to all employees on Norwegian contracts, including the CEO and other CMB members.

The CEO and members of the CMB do not receive remuneration for management or board roles in the Company's subsidiaries or cooperating companies (e.g., joint ventures).

A brief description of the various elements offered to the CEO and CMB members in Hydro is presented in the table on the following page.

The policy is aligned with Hydro's 4 global compensation principles for all employees

#### Market competitiveness

All employees shall receive a total compensation that is competitive and aligned with the local market (but not market leading).

#### Holistic

Total compensation should be viewed holistically and be a well-balanced mix of monetary and non-monetary compensation elements, including career opportunities and other recognition elements, having the potential for differentiation, both immediate and over time.

#### Performance oriented

The total compensation should enhance and encourage performance-oriented behavior, short and long-term, and retention of critical competence and resources.

#### Transparent

A description of the organization's compensation elements should be available to all employees, and each employee (and her/his leader) should have a clear understanding of the employee's total compensation. The compensation should be based on clear and consistent criteria with due regard to the basic needs of the worker.

## The purpose of Hydro's Remuneration Policy



To enable Hydro to attract and retain qualified people in governing bodies and in corporate management.



Provide mechanisms to incentivize the right behaviors and actions that will help Hydro deliver on its long-term strategy in a sustainable manner.



Provide a framework for governing remuneration.

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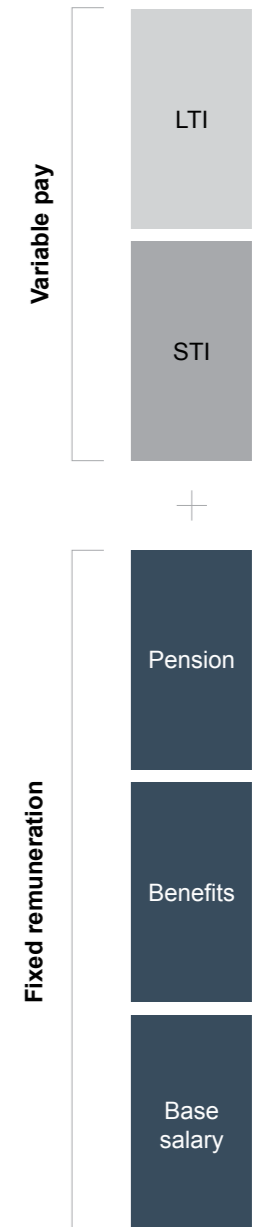
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## Overview of the various elements offered to the Corporate Management Board in Hydro

Element	Purpose	How it operates
<b>Base salary</b>	Attract and retain qualified people for corporate management. Competitive but not market leading.	The base salaries of the CEO and other CMB members are, in general, adjusted annually according to the local salary adjustment framework for all employees. Hydro regularly benchmarks the CEO's and CMB's salary levels through benchmark analyses of market pay for similar positions in relevant markets to ensure market competitiveness.
<b>Pension and benefits</b>	Attract and retain qualified people for corporate management. Competitive but not market leading.	In general, members of the CMB participates in the defined contribution scheme offered to all employees. Benefits include a car allowance in addition to work-related benefits such as phone, internet etc.
<b>Short-term incentive (STI)</b>	Drive performance that will help Hydro deliver on its strategic agenda, increase long-term value for our stakeholders and contribute to a sustainable society.	Cash-based with a qualifying period of 12 months that follows the calendar year. Maximum potential for the CEO is 50 percent of base salary and 40 percent of base salary for other CMB members.
<b>Long-term incentive (LTI)</b>	Support the Company's long-term strategy, contribute to the retention of corporate management and align the interest of management and shareholders through share ownership	Performance-based LTI plan in which the CEO and CMB members must invest the LTI-amount rewarded in Hydro shares with a lock-in-period of three years. Maximum potential for the CEO and other CMB members is 30 percent of base salary.
<b>Employee share purchase plan (ESPP)</b>	Promote share ownership among employees, including the CMB, to align interests with shareholders.	Employees, including the CEO and CMB members on Norwegian contracts, can purchase Hydro shares worth up to NOK 30 000 at a 50 percent discount.

## Executive remuneration in Hydro



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## Corporate management remuneration

The CEO received a total compensation of NOK12 301 thousand in 2021. Fixed remuneration (salary paid and other benefits paid) accounted for 68 percent of the total compensation and variable remuneration (STI earned and LTI earned) accounted for 32 percent of the total compensation.

For the other CMB members, on average, the fixed remuneration elements accounted for 75 percent of total compensation, while variable remuneration elements accounted for 25 percent, excluding CMB members that left or joined the CMB during the year.

In 2021, the CEO's base salary increased by 3 percent from NOK 6,710 thousand to NOK 6,911 thousand.

For other CMB members on Norwegian contracts, the average base salary increase was 3 percent in 2021, excluding the CFO who received an additional salary adjustment during the year to align the salary level with market pay, and CMB members that left or joined the CMB during the year.

In 2020, the CEO and CMB waived the right to receive any salary increase due to the ongoing Covid-19 pandemic. For other employees on Norwegian contracts, the average salary increase was 3 percent in 2021 and 1.65 percent in 2020.

### Total remuneration

Name		Base salary <sup>2,3</sup>	Fixed remuneration				Variable remuneration		Total compensation <sup>2,10</sup>	Portion fixed <sup>11</sup>	Portion variable <sup>12</sup>
			Salary paid <sup>2,4</sup>	Other benefits paid <sup>2,5</sup>	Compensation pension paid <sup>2,6</sup>	Pension benefits <sup>2,7</sup>	STI earned <sup>2,8</sup>	LTI earned <sup>2,9</sup>			
Hilde Merete Aasheim, President and CEO	2021	6,911	6,980	179	-	1,182	3,145	815	12,301	68%	32%
	2020	6,710	6,696	211	-	2,236	-	-	9,143	100%	0%
Pål Kildemo, EVP and Chief Financial Officer	2021	3,400	3,307	276	416	194	1,272	401	5,866	71%	29%
	2020	2,900	2,884	262	405	175	-	-	3,726	100%	0%
John Thuestad, EVP Hydro Bauxite & Alumina <sup>13</sup>	2021	7,386	8,563	155	595	360	2,237	682	12,592	77%	23%
	2020	6,810	8,253	517	564	306	-	-	9,640	100%	0%
Eivind Kallevik, EVP Hydro Aluminium Metal	2021	3,796	3,847	279	52	1,981	1,382	448	7,989	77%	23%
	2020	3,685	3,750	264	51	1,622	-	-	5,687	100%	0%
Einar Glomnes, former EVP Rolled Products <sup>14</sup>	2021	3,887	3,611	146	215	-732	491	-	3,730	87%	13%
	2020	4,011	4,125	406	510	667	868	-	6,576	87%	13%
Arvid Moss, EVP Hydro Energy <sup>15</sup>	2021	3,365	3,736	197	-	-126	1,163	397	5,367	71%	29%
	2020	3,267	4,127	193	-	-1,008	-	-	3,312	100%	0%
Anne-Lene Midseim, EVP Compliance, IP & General Counsel	2021	2,693	2,732	282	118	1,281	980	318	5,711	77%	23%
	2020	2,614	2,652	268	115	984	-	-	4,019	100%	0%
Hilde Vestheim Nordh, EVP People & HSE	2021	2,472	2,496	279	325	407	863	291	4,661	75%	25%
	2020	2,400	2,392	457	317	282	-	-	3,448	100%	0%
Paul Warton, EVP Hydro Extrusions <sup>16</sup>	2021	7,513	6,891	1,742	-	434	3,723	642	13,432	68%	32%
Helena Nonka, EVP Corporate Development <sup>17</sup>	2021	2,810	2,341	1,297	-	229	982	256	5,105	76%	24%
Inger Sethov, former EVP Communication & PA <sup>18</sup>	2021	2,397	1,193	87	52	-447	-	-	885	100%	0%
	2020	2,397	2,445	261	153	949	-	-	3,808	100%	0%
Egil Hogna, former EVP Extruded Solutions <sup>19</sup>	2020	5,533	5,671	245	1,044	270	-	-	7,230	100%	0%

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## Individual terms and conditions

### Pension

Hydro shall offer pension plans that are attractive and aligned with local practice. In general, members of the CMB shall participate in Hydro's defined contribution (DC) scheme. Base salary and fixed car allowance are included in the basis for pension accrual.

#### *Defined contribution scheme*

Hydro's defined contribution scheme is the only open occupational pension plan in Norway. All new employees, including new members of the CMB, must join this plan. The contribution rate in the DC plan is 6 percent of pensionable salary between 0 and 7.1G<sup>20</sup> and 20 percent of pensionable salary between 7.1G and 12G. No pension entitlement is earned on the portion of pensionable salary that exceeds 12G. The contribution rates can be changed with the approval of the BoD.

Unless otherwise stated, the members of the CMB participate in the Company's DC plan.

#### *Closed pension schemes*

Some of the current members of the CMB participate in former pension plans closed for new members.

#### *Defined benefit (DB) plan.*

The plan was closed for new members in 2010 and in 2014 only members at the age of 52 or older had the option to continue in the plan. Employees who were transferred from the DB plan to the DC plan receive annual compensation for any calculated loss in pension capital at the age of 67. The compensation is based on pensionable salary at the time of transfer and is adjusted annually by 2.5 percent.

Hilde Merete Aasheim and Arvid Moss participate in the closed DB plan. Eivind Kallevik, Anne-Lene Midseim and Hilde Vestheim Nordh receive annual compensation for the calculated loss in pension capital at the age of 67 as a result of the transfer from DB to DC.

#### *Pension on salaries above 12G*

Hydro's 12 G plan was closed to new members in 2016 and only employees with salaries above 12G at the time of closing remain in the plan. For members of the CMB, only those who were part of the CMB at the time of closing remain in the plan. Members who were, or are, recruited to the CMB after 2016,

will have their 12G accruals suspended. The loss related to the suspension of 12G accruals is compensated annually with 20 percent of the portion of pensionable salary at the date of promotion to the CMB that exceeds 12G, with an upper limit of MNOK 3.5 pensionable salary.

Unless otherwise stated the members of the CMB participate in the 12G plan. Pål Kildemo and Hilde Vestheim Nordh receive compensation for the suspension of 12G accruals.

Paul Warton and Helena Nonka participate in local pension plans.

### Termination of employment

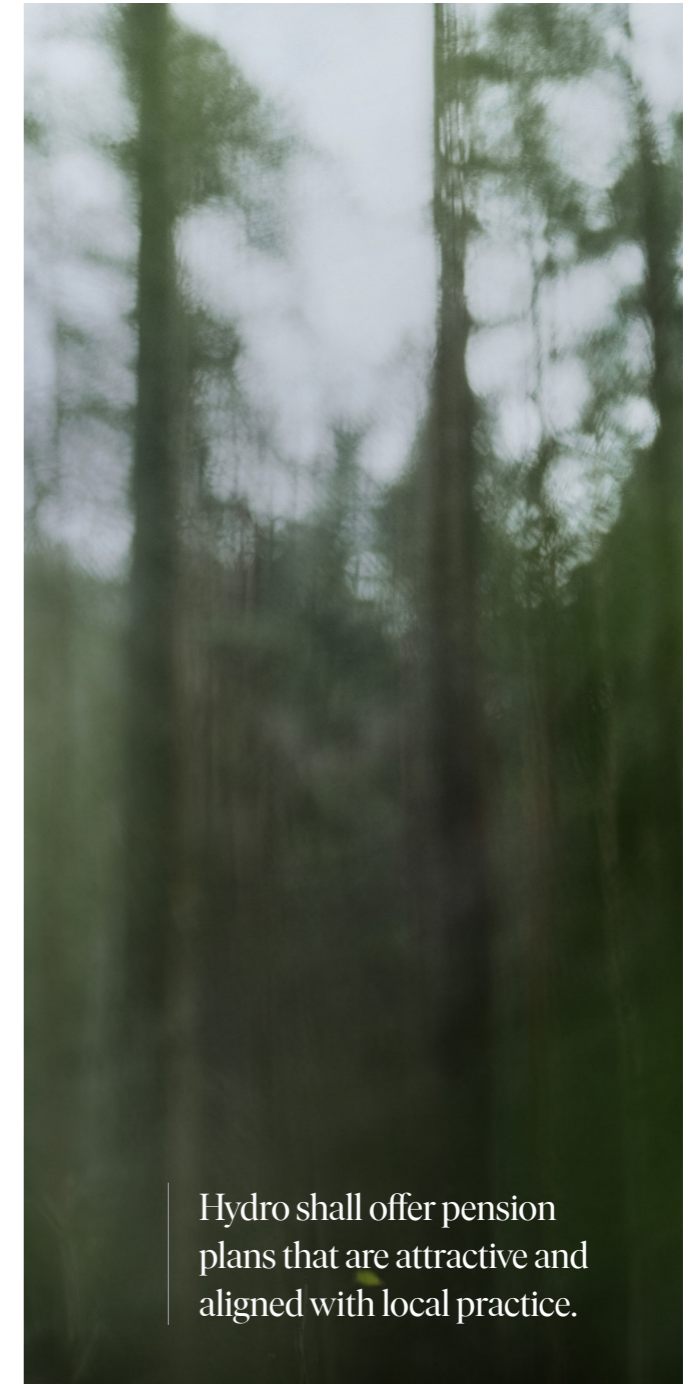
The CEO and other members of the CMB normally have a six-month notice period. During the notice period, the agreed remuneration terms continue, though with reservations for STI and LTI, which may lapse in accordance with the rules for the plans in force at any given time.

Upon termination of an employment relationship initiated by the Company, the member of the CMB concerned is normally entitled to six months' severance pay calculated from the date of termination of the employment relationship. The severance pay is paid monthly and is based on pensionable salary. Remuneration or other income which the outgoing member of the CMB earns during the severance pay period is deducted from the severance pay.

If the employment contract terminates as a result of a gross breach of duty or other material breach of the employment contract, the right to severance pay will lapse. The right to severance pay will also lapse if the outgoing member of the CMB is entitled to disability benefit, early retirement pension or retirement pension.

### Employment on terms other than Norwegian terms

Members of the CMB on an international employment contract may receive remuneration that deviates from the provisions in the policy in terms of size, content and character. As far as appropriate, the remuneration must nevertheless be in accordance with the purpose and principles of this policy, though taking into account local conditions and/or market practice in the individual country.



Hydro shall offer pension plans that are attractive and aligned with local practice.



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## Variable remuneration

In Hydro, variable remuneration shall be linked to performance. The variable remuneration plans shall motivate the CEO and members of the CMB to achieve performance targets that are closely linked to the Company's long-term interests and sustainability.

Plan design shall be simple and easy to understand to drive the right behaviors and create the desired results. The Company's strategic agenda of "Lifting profitability and Driving sustainability" lays the foundation to position the Company as a robust and profitable industrial leader based on innovation and sustainability.

Global megatrends such as sustainability, electrification and urbanization support future demand growth for aluminium and renewable energy.

Hydro is well positioned to extract value from these trends by leveraging our capabilities into green, growing industries. Our track record of renewable sustainable industrial development and close customer collaboration, combined with an interlinked commercial and sustainability agenda provide a solid foundation for the future.

Hydro's strategic direction toward 2025 will focus on two key areas: strengthening the Company's position in low-carbon aluminium and growing in new energy areas.

The variable pay plans in Hydro will support the strategic agenda toward 2025 through a balanced scorecard of performance measures linked to the various aspects of Hydro's strategy.

### Short-term incentive

The CEO and CMB members participate in a STI plan that is cash-based with a performance period of 12 months that follows the calendar year. The purpose of the STI plan is to reward short-term achievements on pre-defined performance measures aligned with Hydro's long-term strategy.

The maximum bonus potential for the CEO is 50 percent of base salary and the maximum bonus potential for other members of the CMB is 40 percent of base salary. For CMB members on local contracts outside of Norway, other bonus potentials might apply.

The STI plan consists of three components:

- Group financial goal
- Performance goals linked to Hydro's 2025 strategy
- Individual goals

In addition, payment from the STI plan is conditional on the Company having a positive adjusted EBIT.

#### Group financial goal

The financial goal is to lift adjusted return on average capital employed (adjusted RoaCE) above the internal return target of 10 percent over the cycle for the group. The financial goal is aligned with Hydro's financial priority to generate capital returns above the cost of capital over the cycle.

Hydro uses adjusted RoaCE to measure the performance for the group as a whole and within its operating segments, it incentivizes profitable investment decisions as well as improving profitability in existing assets. Adjusted RoaCE is a measure of the long-term value creation in the Company, thereby reflecting progress on the profitability and sustainability strategy.

Global megatrends such as sustainability, electrification and urbanization support future demand growth for aluminium and renewable energy.

## The three components of the STI-plan



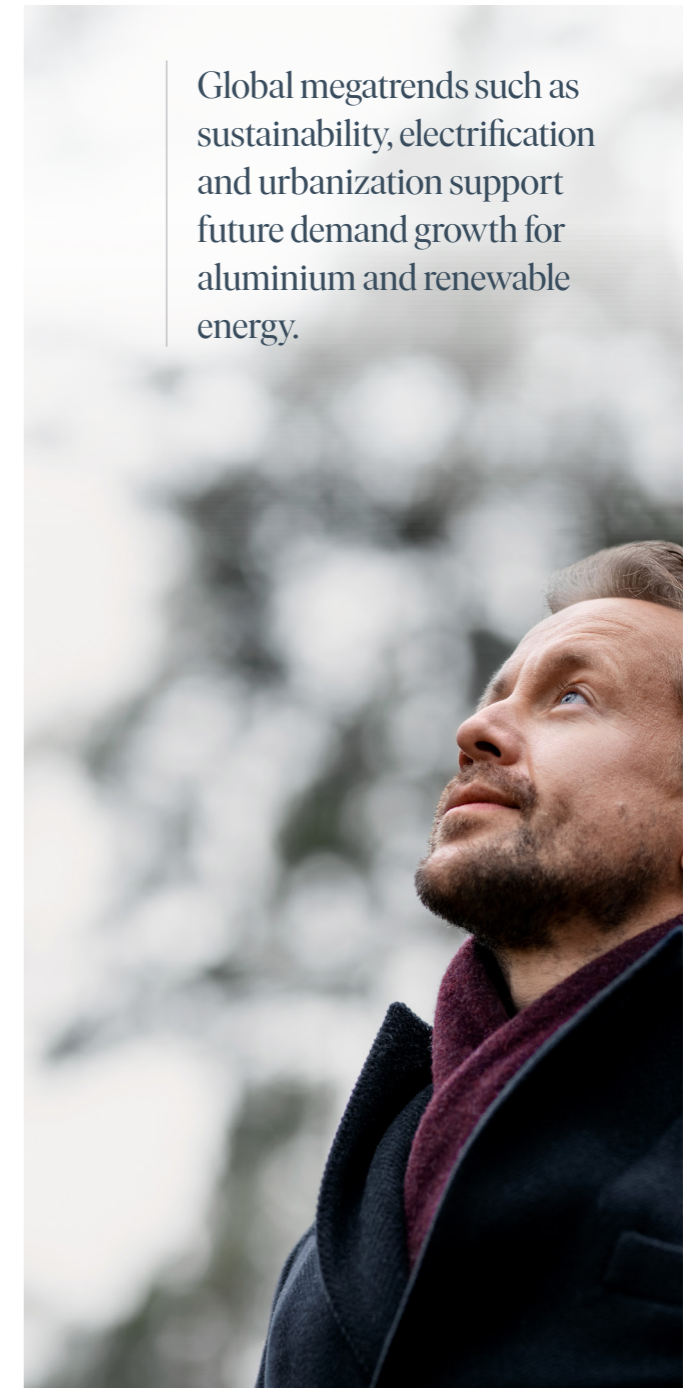
Group financial goal



Performance goals linked to  
Hydro's 2025 ambition



Individual goals



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The group financial goal has a total weight of 35 percent. The earning profile is linear from 0 percent and up to 100 percent. Performance above 10 percent adjusted RoaCE is capped at 100 percent. For the financial year 2022, Hydro proposes to introduce a threshold of 3 percent, no bonus will be earned if the adjusted RoaCE is below 3 percent. In addition, it is proposed to lift the adjusted RoaCE target in the STI plan from 10 percent to 13 percent.

**Performance goals**

The second component of the STI plan is closely linked to Hydro's strategic targets for 2025.

The performance measures on this component are grouped into four categories: profit, partners, planet and people. The measures are a mix of financial, operational, strategic and organizational goals supporting the Hydro's 2025 ambition. The 2025 strategy and overall targets are presented here: [Hydro's 2025 strategy](#).

Performance is measured on both group level and business area (BA) level. Performance measures on the BA level are derived from Hydro group performance measures. The specific performance measures and the number of measures in each category could vary from year to year depending

on Hydro's priorities; however, the performance targets of the specific years towards 2025 will reflect continuous improvement from the baseline 2021 and will be lifted year by year to ensure that Hydro delivers on its 2025 strategy. The performance measures are equally weighted.

Hydro follows a rigorous approach to setting annual performance measures for the CEO and the CMB members. The process begins after the annual strategy and risk update to provide alignment with Hydro's key strategic priorities. Selected performance measures are cascaded to the business area EVPs and their organization. The final annual targets are set in the bottom-up business planning process, thereby ensuring sufficiently stretched goals while also securing buy-in throughout the organization. The performance-setting process undergoes several rounds in the CMB and the Committee before being submitted for final approval by the BoD.

The CEO and the EVPs in corporate staff areas are measured on performance measures at group level. The total weighting is 40 percent. The EVPs responsible for business areas are measured both on performance measure at group level and on specific performance measures at BA level. The weighting is 20 percent each, with a total weight of 40 percent.

In 2021, all performance measures on this component were binary (achieved/ not achieved). Maximum performance is capped at 100 percent. For the financial year 2022, Hydro proposes to include performance measures that have a linear earning profile, with a 75 percent threshold and 100 percent target score. The 75 percent threshold will equal 50 percent bonus pay-out.

**Individual goals**

The individual performance component measures the CEO's and the CMB members' performance in the areas of safety, leadership and execution on specific strategic initiatives in their functional area. The individual component includes business sensitive targets and therefore individual performance measures will not be disclosed in the remuneration report. Types of performance measures include specific HSE targets, targets related to Hydro's work environment survey, solidity of succession pipelines, portfolio structure and technological developments.

The individual performance component has a total weight of 25 percent. The performance score is based on an overall assessment. Maximum performance score cannot exceed 100 percent.

**STI-plan with performance measures and weighting**



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**STI Performance results 2021**

Strong demand, higher prices, robust operations with higher volumes and improved margins, in addition to determined improvement efforts, yielded a strong EBITDA result of 28 BNOK and adjusted EBIT of 21 BNOK, fulfilling the absolute performance condition of the STI and LTI plan.

On the financial component, Hydro lifted profitability across all business areas and delivered an adjusted RoaCE of 18.6 percent in 2021, which is well above the target of 10 percent over the cycle.

On the performance goals component, Hydro has taken key steps in the execution of the 2025 strategy, delivering above or at the target on most of the performance measures.

By the end of 2021, Hydro realized NOK 6.3 billion in improvements, exceeding the original target of NOK 5.1 billion for the year. On commercial initiatives, Hydro realized NOK 1.5 billion by the end of 2021 out of the total NOK 2.5 billion ambition by 2025. Hydro's direct greenhouse gas emissions increased by around 10 percent while indirect emissions increased by almost 12 percent.

On health and safety, the number of total recordable injuries rates deteriorated from 2.7 in 2020 to 3.3 in 2021. The majority of injuries were relatively minor, with no life-threatening nor life-changing injuries reported during the year.

The deployment of fatality prevention procedures and associated life-saving rules and behaviors continued in 2021, which contributed to a continued reduction in the number and rates of high-risk incidents with the potential to be fatal or life changing. There were no fatalities in Hydro's operations in 2021. The high-risk incidents rate declined from 1.66 in 2020 to 1.36 in 2021.

For the people dimension, more than the targeted 65 percent of vacant critical positions are filled from the succession pipeline. The percentage of women employees and leaders were by the end of 2021 20 percent and 18 percent respectively.

See [Hydro's 2025 strategy](#) for a presentation of 2021 achievements on the performance goals component.

Adjusted Cash Flow <b>10.5</b> BNOK	Adjusted EDITDA <b>28</b> BNOK
<p>Exceeding target</p> <p>Hydro realized</p> <p><b>6.3</b> NOK billion</p> <p>In improvements thereby exceeding its NOK 5.1 billion target for 2021</p>	
<p>Adjusted RoaCE</p> <p><b>18.6%</b></p>	

Ambitions

<b>Zero</b>	<b>25%</b>	<b>25%</b>	<b>Foster</b>
Fatal accidents and life changing injuries	Women employees in permanent and temporary positions by 2025	Women leaders in permanent and temporary positions by 2025	An inclusive work environment

Performance

<b>Zero</b>	<b>20%</b>	<b>18%</b>	<b>76%</b>
Fatal accidents and life changing injuries	Women employees in permanent and temporary positions	Women leaders in permanent and temporary positions	Inclusion index baseline



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## Hydro's 2025 strategy

	Strategy	Overall targets 2025	Achievements 2021
 <b>Profit</b>	<p>Hydro is committed to delivering capital returns above the cost of capital, which is reflected in RoaCE target over the cycle. To achieve this goal, Hydro strives to ensure first quartile cost positions in our upstream portfolio and leading market positions downstream, including securing premiums for the quality and footprint of our products. In addition, Hydro is working on diversifying our business portfolio by allocating capital to strategic growth areas where we see potential for the greatest return.</p>	<p>Hydro's profitability targets are reflected in the full value creation framework and include:</p> <ul style="list-style-type: none"> <li>• Improvement program target of 8.5 BNOK</li> <li>• Commercial ambition of 2.5 BNOK</li> <li>• Growth ambitions targeting to <ul style="list-style-type: none"> <li>• Lift remelt &amp; recycling EBITDA potential to 2.1 – 2.5 BNOK and increase use of post-consumer scrap to 660 kilo tonnes (kt)</li> <li>• Realize value from growth in REIN, HAVRAND and batteries</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated improvements of 6.3 BNOK</li> <li>• Accumulated commercial gains of 1.5 BNOK</li> <li>• Growth ambitions: <ul style="list-style-type: none"> <li>• Invested in additional 85kt of post-consumer scrap recycling capacity</li> <li>• Hydro REIN matured several large-scale projects in Brazil and the Nordics</li> </ul> </li> </ul>
<b>Achievement</b>			<b>75%</b>
 <b>Partners</b>	<p>Hydro aims to secure leading positions in attractive markets and industries. Ensuring good relationships with key stakeholders, including customers and suppliers, business partners and local communities is an integral part of our strategy.</p> <p>Our commercial success relies on strong customer relationships built on innovation and partnership as well as superior quality, product offerings and customer service.</p>	<p>Hydro aims to ensure high customer satisfaction, and measures on-time delivery, claims rate and concessions using an internal customer satisfaction index. Hydro will continue to stretch the targets for these metrics toward 2025.</p> <p>Hydro is also focused on meeting and shaping customer demand for greener products. Hydro aims to increase sales of greener products (Hydro CIRCAL and Hydro REDUXA) to approximately double 2021 levels.</p>	<ul style="list-style-type: none"> <li>• Customer satisfaction target achieved, despite logistical challenges in a tight market. On-time deliveries behind plan, offset by lower-than-expected concession rate</li> <li>• 286 kt of CIRCAL and REDUXA delivered to external customers</li> </ul>
<b>Achievement</b>			<b>100%</b>


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	Strategy	Overall targets 2025	Achievements 2021
 Planet	<p>Hydro is determined to maintain and further strengthen our industry-leading sustainability position.</p> <p>This will not only secure our long-term license to operate, but will also allow us to capture the opportunities the sustainability megatrend presents, including access to attractive markets, new talent and capital.</p>	<p>Hydro continues to stretch its sustainability targets to reduce risks and capture opportunities.</p> <p><b>Climate</b></p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 10 percent by 2025, 30 percent by 2030, and to net zero by 2050</li> <li>Execute the Alunorte fuel switch project, which is a key enabler for GHG and non-GHG emission reduction in the refinery</li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Biodiversity: no net loss of biodiversity in new projects</li> <li>Waste: eliminate landfill of recoverable waste (2040); eliminate permanent new bauxite residue storage (2050)</li> </ul> <p><b>Corporate social responsibility</b></p> <ul style="list-style-type: none"> <li>Transparency and traceability of key sustainability data for our products by 2025 or earlier</li> <li>Support the just transition by contributing to social and economic development</li> <li>Empower 500,000 people with education and skills development</li> <li>for future economy (2030)</li> </ul>	<p><b>Climate</b></p> <ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions on track to realizing mid-term carbon emission reduction targets</li> <li>Final investment decision taken on the Alunorte fuel switch project and electrical boiler pilot at Alunorte started operations</li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>1:1 rehabilitation of available mined areas within two hydrological cycles</li> </ul> <p><b>Social responsibility</b></p> <ul style="list-style-type: none"> <li>21,000 people educated in 2021 and 129,000 people educated since 2018</li> </ul>
Achievement			<b>100%</b>
 People	<p>Hydro strives to be an attractive employer for current and prospective employees with safety being our first priority, always.</p> <p>Our goal is to ensure the right competence, capabilities and organizational culture needed to realize the business strategy.</p>	<p><b>Health and safety</b></p> <p>Hydro follows a zero mindset when it comes to the health and safety of our employees and contractors.</p> <ul style="list-style-type: none"> <li>Zero fatalities</li> <li>Zero life-changing injuries</li> <li>Continuous improvement on total recordable injuries (TRI) and high-risk incidents (HRI)</li> </ul> <p><b>People, inclusion and diversity</b></p> <p>Hydro shall attract, source and retain talent to enable sustainable strategic growth through building a solid pipeline of future successors for business-critical roles. Furthermore, the stated targets for 2025 are:</p> <ul style="list-style-type: none"> <li>25 percent women in permanent and temporary positions by 2025</li> <li>25 percent women leaders by 2025</li> </ul>	<p><b>Health and safety</b></p> <ul style="list-style-type: none"> <li>Zero fatalities and life-changing injuries</li> </ul> <p><b>People, inclusion and diversity</b></p> <ul style="list-style-type: none"> <li>More than the targeted 65 percent of vacant critical positions filled from the succession pipeline</li> <li>20 percent women among permanent and temporary employees</li> <li>18 percent women leaders</li> </ul>
Achievement			<b>100%</b>
Total achievement			<b>90%</b>



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**Individual goals – assessment of the CEO's performance**

The Board of Directors assessed the 2021 individual performance score of the CEO to 80% of maximum performance, reflecting a year with many milestones achieved on strategic targets combined with key developments and improvements on HSE initiatives and demonstration of solid leadership throughout a period still impacted by a global pandemic.

The strong financial results, solid progression on strategic initiatives related to Hydro's 2025 ambition, combined with high overall assessments on the individual component, resulted in high achievement scores for the CEO and CMB members.

## Performance of the CEO for the reported financial year

STI performance component	Performance measure	Relative weighting	Max. performance	Max. award	Total STI %	STI pay-out
Financial goal	Adjusted RoaCE	35%	100%	1,209	100%	1,209
Performance goals	Profit	16%			75%	
	Partners	4%			100%	
	Planet	8%			100%	
	People	12%			100%	
		40%	100%	1,382	90%	1,244
Individual goals	Safety, leadership, execution on strategy	25%	100%	864	80%	691
<b>Total</b>		<b>100%</b>		<b>3,355</b>	<b>91%</b>	<b>3,145</b>

## Performance of the CMB members for the reported financial year

STI performance component	Relative weighting	Max. performance	Max. award (in total)	STI % (on average)	STI pay-out (in total)
Financial goal	35%	100%	4,910	100%	4,910
Performance goals	40%	100%	5,611	88%	4,921
Individual goals	25%	100%	3,507	79%	2,771
<b>Total</b>	<b>100%</b>		<b>14,028</b>	<b>90%</b>	<b>12,601</b>



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## Integration of environmental and social performance measures

Hydro's approach to environmental and social performance as well as innovation is presented in the annual report 2021. The table on the following page provides an overview of environmental and social performance measures included in the STI plan, as well as how these are connected to the UN Sustainable Development Goals defined to be most important to Hydro. For detailed information on Hydro's environmental and social initiatives, please see the respective pages in the annual report referred to in the table.

### Hydro and the 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, some more than others. Hydro has chosen eight goals that are the most important to us.

## Hydro's selected UN Sustainable Development Goals



### Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



### Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



### Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



### Responsible consumption and production

Ensure sustainable consumption and production patterns.



### Climate action

Take urgent action to combat climate change and its impacts.



### Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



### Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



### Peace, justice and strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



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## Hydro's environmental and social performance

	Environment & innovation			Social responsibility			
	Climate change	Environmental impact management	Innovation	Human rights	Responsible supply chain	Local community value creation	Organization and work environment
							
UN Sustainable Development Goals							
Annual report 2021	Page 75–79	Page 80–84	Page 85–88	Page 89–95	Page 96–99	Page 100–102	Page 103–110
<b>STI environmental and social performance measures</b>							
Lift remelt & recycling EBITDA potential to 2.1 – 2.5 BNOK and increase use of post-consumer scrap to 660 kilo tonnes (kt)			✓				
Increase sales of greener products (Hydro CIRCAL and Hydro REDUXA) to the approximately double of 2021 levels			✓				
Reduce CO <sub>2</sub> emissions by 10 percent by 2025, 30 percent by 2030, and to net-zero by 2050	✓		✓				
Execute the Alunorte fuel switch project, which is a key enabler for GHG and non-GHG emission reduction in the refinery	✓		✓				
Biodiversity: no net loss of biodiversity in new projects		✓					
Waste: eliminate landfill of recoverable waste (2040); eliminate permanent new bauxite residue storage (2050)		✓					
Transparency and traceability of key sustainability data for our products by 2025 or earlier					✓		
Support the just transition by contributing to social and economic development				✓			
Empower 500,000 people with education and skills development for future economy (2030)				✓		✓	
Zero fatalities; Zero life-changing injuries; Continuous improvement on total recordable injuries (TRI) and high-risk incidents (HRI)							✓
25 percent women in permanent and temporary positions by 2025; 25 percent women leaders by 2025							✓





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**Long-term incentives plan**

The CEO and CMB members participate in a long-term (LTI) share-based incentive plan, containing both a performance period prior to grant and a required share lock-in-period after grant.

The maximum bonus potential of the LTI is 30 percent of base salary for both CEO and other CMB members. The BoD decides on an annual basis whether the LTI plan will be in force and who will be invited to participate. Normal practice is that the CEO and all other members of the CMB participate. The annual LTI-amount will depend on the achievement of two performance measures, each weighted 50 percent. In addition, payment from the LTI plan is conditional on the Company having a positive adjusted EBIT.

**LTI performance measures**

- *Hydro's three-year average adjusted RoaCE vs Hydro's adjusted RoaCE target*  
The average of Hydro's consolidated adjusted RoaCE, calculated in a three-year period, including the plan year and the two previous years, measured against Hydro's internally defined adjusted RoaCE target which is 10 percent over the cycle. Maximum performance is capped at 100 percent, and 100 percent achievement will equal 50 percent bonus pay-out of the LTI maximum potential.
- *Hydro's 3-year Total Shareholder Return (TSR) vs. basket of peers*  
Hydro's annualized TSR performance over a three-years period compared with basket of peers. Performance will be measured as percentage-point (pp) deviation between Hydro's TSR result and the TSR result of basket of peers.

Bonus is earned if Hydro achieves a TSR result which compared with the basket of peers is between the delta of -5 pp and +10 pp. Maximum performance is capped at 100 percent, and 100 percent achievement will equal 50 percent bonus pay-out of the LTI maximum potential.

The participants in the LTI plan are obliged to invest the earned amount (net after deduction of calculated marginal tax) in Hydro shares. The Hydro shares will be subject to a lock-in-period of three years.

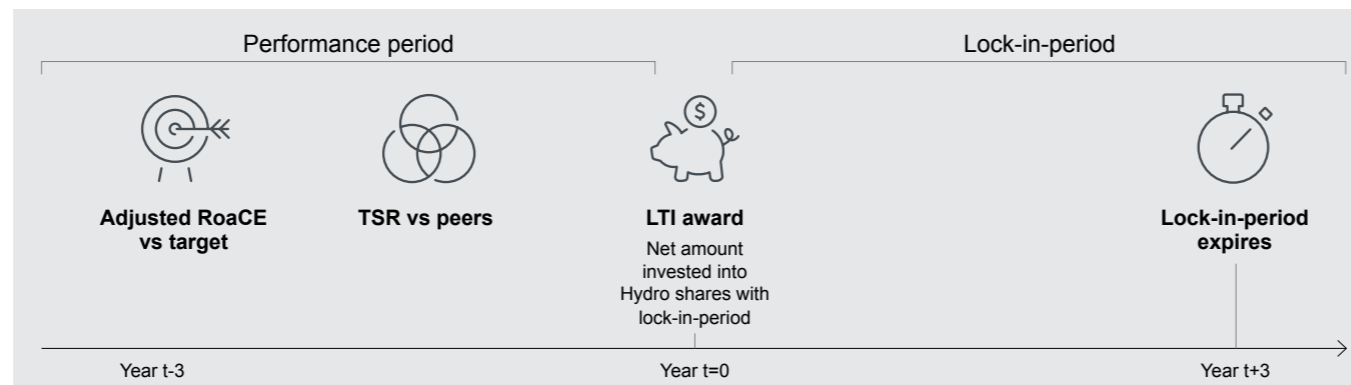
If a member of the CMB leaves the Hydro Group on their own initiative or is being dismissed by the Company, they must at the time of leaving repay an amount to the Company corresponding to the value of the shares that do not meet the three-year requirement, adjusted for tax (gain or loss) on the difference between the initial value of the shares and the value of the shares upon leaving.

**LTI performance results 2021**

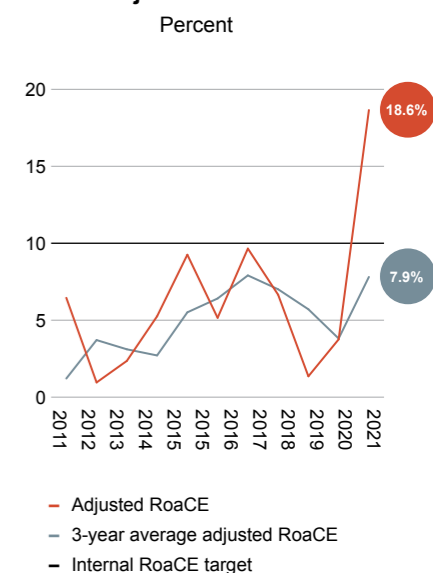
For the period 2019 to 2021, Hydro's average adjusted RoaCE was 7.9 percent, which compared to the target of 10 percent resulted in a performance score of 79 percent.

Hydro's TSR in the period 2019 to 2021 has increased by 25 percent. At the same time the weighted average of the TSR for the basket of peers increased by 32 percent. This resulted in a delta of - 7 pp, which was below the threshold of delta -5 pp and no bonus was earned on the performance measure.

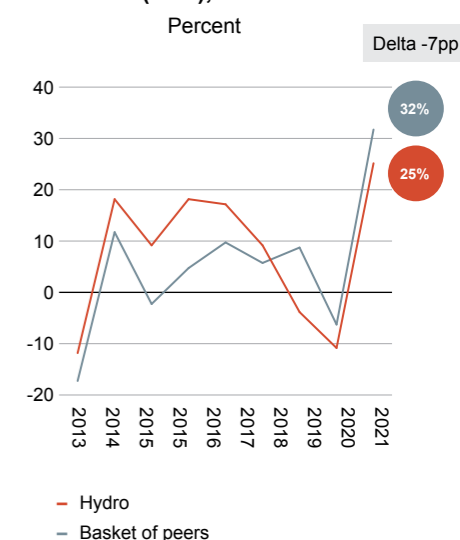
The total LTI score combined was 39.3 percent, resulting in a total LTI award of 11.8 percent of base salary for the CEO and other CMB members.



**Adjusted RoaCE**



**Total 3-year shareholder return (TSR), annualized**



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## Shares awarded or due in the LTI-plan

Specification of plan	The main conditions of the LTI plan			Opening balance	During the year			Closing balance
	Performance period <sup>21</sup>	Award date <sup>22</sup>	End of lock-in-period <sup>23</sup>	No of shares held at the beginning of the year <sup>24</sup>	No of shares awarded <sup>25</sup>	Fair market value at date of award (NOK) <sup>26</sup>	No of shares released <sup>27</sup>	No of shares subject to a lock-in-period <sup>28</sup>
<b>Hilde Merete Aasheim, President and CEO</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	18,433	-	N/A	6,359	12,074
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	19,903	7,363	29.62	8,833	18,433
LTI plan 2018	2016 - 2018	01/04/2019	01/04/2022	27,854	4,711	34.57	12,662	19,903
LTI plan 2017	2015 - 2017	01/04/2018	01/04/2021	30,163	6,359	54.60	8,668	27,854
<b>Pål Kildemo, EVP and Chief Financial Officer</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	1,436	-	N/A	-	1,436
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	-	1,436	29.62	-	1,436
<b>John Thuestad, EVP Hydro Bauxite &amp; Alumina</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	11,817	-	N/A	-	11,817
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	4,398	7,419	29.62	-	11,817
LTI plan 2018	2016 - 2018	01/04/2019	01/04/2022	-	4,398	34.57	-	4,398
<b>Eivind Kallevik, EVP Hydro Aluminium Metal</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	16,088	-	N/A	6,494	9,594
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	19,527	4,783	29.62	8,222	16,088
LTI plan 2018	2016 - 2018	01/04/2019	01/04/2022	26,504	4,811	34.57	11,788	19,527
LTI plan 2017	2015 - 2017	01/04/2018	01/04/2021	28,035	6,494	54.60	8,025	26,504
<b>Arvid Moss, Hydro Energy</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	14,614	-	N/A	5,917	8,697
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	18,523	4,313	29.62	8,222	14,614
LTI plan 2018	2016 - 2018	01/04/2019	01/04/2022	25,927	4,384	34.57	11,788	18,523
LTI plan 2017	2015 - 2017	01/04/2018	01/04/2021	28,093	5,917	54.60	8,083	25,927
<b>Anne-Lene Midseim, EVP Compliance, IP &amp; General Counsel</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	11,688	-	N/A	4,731	6,957
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	14,808	3,451	29.62	6,571	11,688
LTI plan 2018	2016 - 2018	01/04/2019	01/04/2022	20,724	3,506	34.57	9,422	14,808
LTI plan 2017	2015 - 2017	01/04/2018	01/04/2021	15,993	4,731	54.60	-	20,724
<b>Hilde Vestheim Nordh, EVP People &amp; HSE</b>								
LTI plan 2020	2018 - 2020	01/04/2021	01/04/2024	1,188	-	N/A	-	1,188
LTI plan 2019	2017 - 2019	01/04/2020	01/04/2023	-	1,188	29.62	-	1,188
<b>Paul Warton</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Helena Nonka</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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### Shares awarded or due in the LTI plan

The table on the previous page presents the number of shares allocated in the LTI plan for the CEO and CMB members in the period 2017 to 2021.

### Shareholdings

Shareholdings discloses the number of shares owned by the CEO and CMB members as of December 31. The table includes shares awarded through the LTI plan and shares purchased privately, including the holdings of related parties.

Shareholding as a percentage of base salary illustrates the value of the shares based on the share price at year end compared to base salary in 2021.

The CEO held 120 594 Hydro shares in December 2021. The shares had a total value of NOK 8,384 thousand, corresponding to approx. 121 percent of annual base salary. The total number of shares owned by the CMB members was 380,470 in December 2021, with the total value of NOK 26.5 million, corresponding to approx. 66 percent of the aggregated value of the CMB members base salaries.

### Clawback

The Company will require repayment of variable remuneration which was paid on the basis of facts that were incorrect and if the results were achieved on the basis of undesirable risk-taking or if the Company becomes aware that the recipient materially breached his or her obligations or violated the Company's ethical guidelines.

This provision does not preclude the Company from also claiming for any loss compensated in accordance with general rules of tort law. The Company's repayment claim is not affected by the fact that the recipient has left the Company.

Hydro did not reclaim any variable pay in 2021.

## Shareholdings

	Number of shares <sup>29</sup>	Shareholding as percentage of base salary <sup>30</sup>
Hilde Merete Aasheim, President and CEO	120,594	121%
Pål Kildemo, EVP and Chief Financial Officer	13,708	28%
John Thuestad, EVP Hydro Bauxite & Alumina	58,691	70%
Eivind Kallevik, EVP Hydro Aluminium Metal	73,497	135%
Arvid Moss, EVP Energy	173,691	359%
Anne-Lene Midseim, EVP Compliance, IP & General Counsel	34,383	89%
Hilde Vestheim Nordh, EVP People & HSE	26,500	75%
Paul Warton	-	-
Helena Nonka	-	-

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## Board of Directors' remuneration

The remuneration to the Board of Directors consists of the payment of fees and travel compensation. Members of the BoD's two committees, the Audit Committee and the Compensation & People Committee receive a fixed annual fee in addition to the ordinary BoD fee. Travel compensation is paid to members living outside Norway who attend meetings in person, with an amount of NOK 30,000 (2020: NOK 23,000) per meeting.

The annual fees are based on a recommendation from the Company's Nomination Committee. The guidelines for the Nomination Committee are available at [hydro.com](https://www.hydro.com).

The members of the BoD do not receive variable remuneration from the Company. BoD members elected from among the employees are included in the Company's general annual short-term incentive program for all employees.

Pension contributions or vacation pay are not paid on the fees of BoD members.

### Board member/observer

		Board fees	Audit Committee fees	Compensation & People Committee fees	Travel compensation	Total compensation	Number of shares <sup>31</sup>
Dag Mejdell <sup>32</sup>	2021	707		124		831	45,000
	2020	686		121		807	45,000
Irene Rummelhoff <sup>33</sup>	2021	426		93		519	5,000
	2020	413		91		504	5,000
Marianne Wiinholt <sup>34</sup>	2021	373	215		120	708	-
	2020	362	175		23	560	-
Thomas Schulz	2021	373			60	433	-
	2020	362			23	385	-
Liselott Kilaas <sup>35</sup>	2021	373	140			513	-
	2020	362	136			498	-
Peter Kukielski	2021	373				373	3,000
	2020	362			23	385	-
Rune Bjerke <sup>36</sup>	2021	373	140			513	20,500
	2020	194	73			267	15,000
Ellen Merete Olstad <sup>37, 38</sup>	2021	373	140			513	5,551
	2020	111	26			136	4,903
Arve Baade <sup>38</sup>	2021	373				373	5,778
	2020	362				362	5,130
Sten Roar Martinsen <sup>38, 39</sup>	2021	373		93		466	7,517
	2020	362		91		453	6,869
Finn Jebsen <sup>40</sup>	2020	151	87			238	53,406
Roelof Ijsbrand Baan <sup>41</sup>	2020	30				30	-
Svein Kåre Sund <sup>38, 42</sup>	2020	251	94			346	6,434
Tor Egil Skulstad <sup>38, 43</sup>	2020	-				-	1,226

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# Independent auditor's assurance report on report on salary and other remuneration to directors



To the General Meeting of Norsk Hydro ASA

## Independent auditor's assurance report on report on salary and other remuneration to directors

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Norsk Hydro ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### 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 Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautorisererte revisorer - medlemmer av Den norske Revisorforening

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0306 Oslo

Telephone +47 45 40 40 63  
Fax  
Internet [www.kpmg.no](http://www.kpmg.no)  
Enterprise 935 174 627 MVA

### Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 8 April 2022  
KPMG AS

Monica Hansen  
State Authorised Public Accountant

#### Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



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### Development in remuneration and Company performance

The tables below present the annual changes in CEO and CMB remuneration in the period 2016 to 2021. For consistency and comparability, remuneration figures only include the years during which the CEO and CMB members held their current position.

The figures for all employees, includes only employees on Norwegian contracts. Hydro has an ambition to include global remuneration data going forward, however the figures were not available for the 2021 reporting.

For selected company performance measures, both financial and non-financial performance measures are included to provide a holistic view of how Hydro has performed over the last five years.

For details on remuneration figures and company performance figures of previous years, please see the respective Hydro annual reports.

#### CMB remuneration

		2021	2020	2019	2018	2017	2016
<b>Hilde Merete Aasheim, President and Chief Executive Officer</b>							
Total compensation	NOK'000	12,301	9,143	1,050	-	-	-
	% change	35%	771%	-	-	-	-
Base salary	NOK'000	6,911	6,710	6,710	-	-	-
	% change	3%	0%	-	-	-	-
STI	NOK'000	3,145	-	1,589	-	-	-
	% change	-	-100%	-	-	-	-
LTI	NOK'000	815	-	407	-	-	-
	% change	-	-100%	-	-	-	-
<b>Pål Kildemo, EVP and Chief Financial Officer</b>							
Total compensation	NOK'000	5,866	3,726	3,292	-	-	-
	% change	57%	13%	-	-	-	-
Base salary	NOK'000	3,400	2,900	2,900	-	-	-
	% change	17%	0%	-	-	-	-
STI	NOK'000	1,272	-	280	-	-	-
	% change	-	-100%	-	-	-	-
LTI	NOK'000	401	-	79	-	-	-
	% change	-	-100%	-	-	-	-
<b>Eivind Kallevik, EVP Hydro Aluminium Metal</b>							
Total compensation	NOK'000	7,989	5,687	6,914	-	-	-
	% change	40%	-18%	-	-	-	-
Base salary	NOK'000	3,796	3,685	3,685	-	-	-
	% change	3%	0%	-	-	-	-
STI	NOK'000	1,382	-	801	-	-	-
	% change	-	-100%	-	-	-	-
LTI	NOK'000	448	-	264	-	-	-
	% change	-	-100%	-	-	-	-



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		2021	2020	2019	2018	2017	2016
<b>Arvid Moss, EVP Hydro Energy</b>							
Total compensation	NOK'000	5,367	3,312	7,988	7,681	7,670	7,265
	% change	62%	-59%	4%	0%	6%	-
Base salary	NOK'000	3,365	3,267	3,267	3,194	3,098	3,014
	% change	3%	0%	2%	3%	3%	-
STI	NOK'000	1,163	-	772	912	881	854
	% change	-	-100%	-15%	4%	3%	-
LTI	NOK'000	397	-	238	283	605	754
	% change	-	-100%	-16%	-53%	-20%	-
<b>Paul Warton, EVP Hydro Extrusions</b>							
Total compensation	NOK'000	13,432	-	-	-	-	-
	% change	-	-	-	-	-	-
Base salary	NOK'000	7,513	-	-	-	-	-
	% change	-	-	-	-	-	-
STI	NOK'000	3,723	-	-	-	-	-
	% change	-	-	-	-	-	-
LTI	NOK'000	642	-	-	-	-	-
	% change	-	-	-	-	-	-
<b>John Thuestad, EVP Hydro Bauxite &amp; Alumina</b>							
Total compensation	NOK'000	12,592	9,640	11,585	9,283	-	-
	% change	31%	-17%	25%	-	-	-
Base salary	NOK'000	7,386	6,810	6,384	6,087	-	-
	% change	8%	7%	5%	-	-	-
STI	NOK'000	2,237	-	1,351	793	-	-
	% change	-	-100%	70%	-	-	-
LTI	NOK'000	682	-	370	251	-	-
	% change	-	-100%	47%	-	-	-
<b>Einar Glomnes, EVP Rolled Products</b>							
Total compensation	NOK'000	3,730	6,576	6,927	-	-	-
	% change	-43%	-5%	-	-	-	-
Base salary	NOK'000	3,887	4,011	4,047	-	-	-
	% change	-3%	-1%	-	-	-	-
STI	NOK'000	490	868	553	-	-	-
	% change	-44%	57%	-	-	-	-
LTI	NOK'000	-	-	155	-	-	-
	% change	-	-100%	-	-	-	-
<b>Hilde Vestheim Nordh, EVP People &amp; HSE</b>							
Total compensation	NOK'000	4,661	3,448	4,609	-	-	-
	% change	35%	-25%	-	-	-	-
Base salary	NOK'000	2,472	2,400	2,400	-	-	-
	% change	3%	0%	-	-	-	-
STI	NOK'000	863	-	459	-	-	-
	% change	-	-100%	-	-	-	-
LTI	NOK'000	291	-	66	-	-	-
	% change	-	-100%	-	-	-	-



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		2021	2020	2019	2018	2017	2016
<b>Anne-Lene Midseim, EVP Compliance, IP &amp; General Counsel</b>							
Total compensation	NOK'000	5,711	4,019	4,887	4,804	4,996	4,885
	% change	42%	-18%	2%	-4%	2%	-
Base salary	NOK'000	2,693	2,614	2,614	2,554	2,477	2,409
	% change	3%	0%	2%	3%	3%	-
STI	NOK'000	980	-	548	531	758	723
	% change	-	-100%	3%	-30%	5%	-
LTI	NOK'000	318	-	191	226	484	602
	% change	-	-100%	-15%	-53%	-20%	-
<b>Helena Nonka, EVP Corporate Development</b>							
Total compensation	NOK'000	5,105	-	-	-	-	-
	% change	-	-	-	-	-	-
Base salary	NOK'000	2,810	-	-	-	-	-
	% change	-	-	-	-	-	-
STI	NOK'000	982	-	-	-	-	-
	% change	-	-	-	-	-	-
LTI	NOK'000	256	-	-	-	-	-
	% change	-	-	-	-	-	-
<b>Inger Sethov, EVP Communication &amp; Public Affairs</b>							
Total compensation	NOK'000	885	3,808	4,614	4,550	4,776	4,609
	% change	-77%	-17%	1%	-5%	4%	-
Base salary	NOK'000	2,397	2,397	2,397	2,341	2,270	2,204
	% change	0%	0%	2%	3%	3%	-
STI	NOK'000	-	-	502	487	694	635
	% change	-	-100%	3%	-30%	9%	-
LTI	NOK'000	-	-	175	207	443	551
	% change	-	-100%	-15%	-53%	-20%	-



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**Board remuneration – fixed fees**

		2021	2020	2019	2018	2017	2016
Chairperson of the Board	NOK'000	707	686	686	663	626	615
	% change	3%	0%	3%	6%	2%	-
Deputy Chair	NOK'000	426	413	413	401	392	385
	% change	3%	0%	3%	2%	2%	-
Board member	NOK'000	373	362	362	351	343	337
	% change	3%	0%	3%	2%	2%	-

**Average employee remuneration<sup>44</sup>**

		2021	2020	2019	2018	2017	2016
Total compensation	NOK'000	813	793	775	760	738	716
	% change	3%	2%	2%	3%	3%	-
Base salary	NOK'000	671	650	634	620	632	612
	% change	3%	3%	2%	(2%)	3%	-
STI	NOK'000	45	42	43	48	43	42
	% change	7%	(2%)	(10%)	12%	2%	-
<b>No of employees</b>		<b>3,387</b>	<b>3,320</b>	<b>3,278</b>	<b>3,210</b>	<b>2,791</b>	<b>2,743</b>

**Company performance<sup>45, 46</sup>**

		2021	2020	2019	2018	2017	2016
Adjusted EBITDA	MNOK	28.010	13.106	11.832	16.344	17.369	11.474
Adjusted RoaCE	%	18.6%	3.7%	1.3%	6.6%	9.6%	-
Adjusted Earnings per share (EPS) from continuing operations	NOK	6.77	1.32	0.52	2.75	3.95	1.84
Adjusted net income from continuing operations	MNOK	14.905	2.848	708	5.819	8.396	3.875



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**Recycling**

	2021 <sup>47</sup>	2020	2019	2018	2017
1000 metric tons					
Recycled post-consumer scrap	335	104	98	104	96
Recycled pre-consumer scrap	1,018	317	340	371	395
<b>Total recycled metal</b>	<b>1,353</b>	<b>421</b>	<b>438</b>	<b>474</b>	<b>491</b>

**Total recordable injuries, lost-time injuries, fatal accidents and sick leave<sup>48</sup>**

	2021	2020	2019	2018 <sup>49</sup>	2017
<b>Total recordable injuries (TRI)</b>	<b>296</b>	<b>224</b>	<b>278</b>	<b>301</b>	
Employees	251	188	229	243	
Contractors	45	36	49	58	
<b>Total recordable injuries rate (TRI)<sup>50</sup></b>	<b>3.3</b>	<b>2.7</b>	<b>3.0</b>	<b>3.4</b>	<b>2.9</b>
Employees	3.9	3.0	3.3	3.5	3.1
Contractors	1.8	1.7	2.2	3.0	2.5
<b>Lost-time injuries (LTI)<sup>51</sup></b>	<b>155</b>	<b>119.0</b>	<b>119.0</b>	<b>147.0</b>	<b>-</b>
Employees	125	102	101	118	
Contractors	30	17	18	29	
<b>Lost-time injuries rate (LTI)<sup>52</sup></b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>1.7</b>	<b>2.1</b>
Employees	1.9	1.6	1.5	1.7	1.4
Contractors	1.2	0.8	0.8	1.5	0.6
<b>Total number of fatal accidents<sup>53</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2</b>
Employees	-	-	-	1	1
Contractors	-	-	-	-	1
<b>Sick leave, percent</b>	<b>3.8%</b>	<b>4.2%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.4%</b>
<b>Sick leave, Norway</b>	<b>4.9%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.0%</b>
Women	5.7%	5.3%	5.7%	4.3%	4.7%
Men	4.7%	4.5%	4.2%	3.5%	3.8%

GRI-reference: GRI Standards 403-9 (2018)

**Community investments**

	2021	2020	2019	2018	2017
NOK million					
Community investments <sup>54</sup>	30	42	50	29	23
<b>Total community investments, charitable donations and sponsorships<sup>54</sup></b>	<b>55</b>	<b>56</b>	<b>59</b>	<b>89</b>	<b>36</b>



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## Notes

- <sup>1</sup> The approval was subject to a protocol entry from the Ministry of Trade, Industry and Fisheries, representing Hydro's largest shareholder the Norwegian state. Please refer to the minutes of meeting from the Annual General Meeting of Shareholders 2021, available at [hydro.com](https://www.hydro.com).
- <sup>2</sup> Amounts in NOK thousand. Amounts paid by subsidiaries outside Norway have been translated to NOK at average rates for each year.
- <sup>3</sup> Annual base salary per December 31, or per the date of stepping down from the Corporate Management Board.
- <sup>4</sup> Salary is the amount paid to the individual during the year presented, and includes vacation pay with the exception of vacation pay on bonus earned in 2019 and paid in 2020 (see footnote 6 for more information).
- <sup>5</sup> Other benefits include the total of all other cash and non-cash related benefits received by the individual during the year presented, and include such items as the taxable portion of insurance premiums, car and mileage allowances and electronic communication items.
- <sup>6</sup> For most individuals, compensation pension is the amount paid to compensate for future pension shortfall estimated at the time of transition from Hydro's defined benefit pension plans to the defined contribution plan in line with an arrangement applicable to all affected employees in Norway. In addition, compensation pension is for Pål Kildemo and Hilde Vestheim Nordh the amount paid to compensate for the loss of 12G earnings (G is the base amount in the national insurance scheme) that were suspended while they are members of the Corporate Management Board. For John Thuestad, compensation pension is the amount paid to employer Sapa AS (now Hydro Extruded Solutions AS), compensate for lower pension benefits in Hydro compared to those of former
- <sup>7</sup> Pension benefits include the estimated change in the value of defined pension benefits and reflects both the effect of earning an additional year's pension benefit and the adjustment to present value of previously earned pension rights (interest element). It is calculated as the increase in the Defined Benefit Obligations (DBO) calculated with stable assumptions. Pension benefits also include contributions to defined contribution plans.
- <sup>8</sup> STI earned is the amount earned in the year presented based on performance achieved as corporate management board member, excluding vacation pay. Vacation pay on STI earned will be reported as salary paid the in the following year of the bonus payout. For STI earned in 2021, vacation pay on STI earned will be reported as salary paid in 2023. Hydro's practice has so far been to reduce the bonus payment with calculated holiday pay and to include the net amount (bonus minus holiday pay) in the holiday pay basis for the following year. As of the earning year 2021, this will be changed in line with the practice for bonus payments to other employees with a Norwegian employment agreement in that calculated holiday pay will no longer be deducted from the bonus amount before payment.
- <sup>9</sup> LTI earned reflects gross (pre-tax) amounts earned in the year presented, and results in LTI shares allocated in the following year.
- <sup>10</sup> Total compensation summarizes salary paid, other benefits, compensation paid, pension benefits, STI- and LTI earned.
- <sup>11</sup> Portion fixed is the relative size of salary paid, other benefits, compensation paid and pension benefits of the total compensation
- <sup>12</sup> Portion of variable is the relative size of STI and LTI earned of the total compensation.
- <sup>13</sup> Thuestad has a retention agreement that vests progressively over a 60-month period. Thuestad earned an estimated NOK 1,476

- thousand and NOK 1,427 thousand under this agreement in 2021 and 2020, respectively. These amounts are included in the "Salary paid" column in the table above.
- <sup>14</sup> On November 20, 2020, Einar Glomnes entered into a retention agreement related to the restructuring of the Hydro Rolling business area, that vests on the date falling 3 months after the closure of the restructuring. Glomnes earned NOK 1,570 thousand and NOK 114 thousand under this agreement in 2021 and 2020, respectively. This amount is included in the "Salary paid" column in the table above. Glomnes left Hydro as of 31 May.
- <sup>15</sup> From November 1, 2019 to March 31, 2021, Arvid Moss was appointed interim EVP and Head of Corporate Development, for which he received an extra remuneration of NOK 225 thousand and NOK 900 thousand in 2021 and 2020, respectively. These amounts are included in the "Salary paid" column in the table above. Moss remains in his position as EVP and Head of the Hydro Energy business area. Moss has not used his right to retire from age 62, contributing to a net negative change in pension benefits for 2021 and 2020.
- <sup>16</sup> Paul Warton became a member of the Corporate Management Board as of February 1, 2021. He received a sign-on bonus of 1 MNOK. The sign-on bonus is included in the column "Other benefits paid" in the table. Maximum bonus potential, STI earned and LTI earned is prorated for the period as corporate management board member. Warton has a STI potential of 75 percent of base salary.
- <sup>17</sup> Helena Nonka became a member of the Corporate Management Board as of April 1, 2021. She received a sign-on bonus of 1 MNOK. The sign-on bonus is included in the "Other benefits paid" column in the table. Maximum bonus potential, STI earned and LTI earned is prorated for the period as corporate management board member.
- <sup>18</sup> Inger Sethov left Hydro as of 30 April. Sethov was required to make payment to Hydro for non-vested LTI shares (6,379 shares) upon termination of employment, amounting to NOK 300 thousand. The amount is not included in the table.
- <sup>19</sup> Egil Hogna left Hydro as of November 30, 2020. Hogna was required to make payment to Hydro for non-vested LTI shares (17,244 shares) upon termination of employment, amounting to NOK 618 thousand. This amount is not included in the table above.
- <sup>20</sup> 1G corresponds to the basic amount in the National Insurance Plan in Norway, which as of 1 May 2021 amounts to NOK 106,399.
- <sup>21</sup> See the section on LTI for a description of performance measures and performance period.
- <sup>22</sup> Grant of shares.
- <sup>23</sup> Date of which the lock-in restrictions expires.
- <sup>24</sup> No of shares awarded through the LTI plan and that are subject to lock-in restrictions at the beginning of the respective years.
- <sup>25</sup> Number of shares awarded during the respective years.
- <sup>26</sup> Average closing price on the Oslo Stock Exchange on the sixth to tenth trading day from and on the date of presentation of the Company's financial results for the fourth quarter of the qualifying year. The Company's external auditor calculates the share price to be used.
- <sup>27</sup> Number of shares of which the lock-in restrictions expires during the respective years.
- <sup>28</sup> No of shares awarded through the LTI plan and that are subject to lock-in restrictions at the end of the respective years.
- <sup>29</sup> Number of shares owned as of December 31, 2021. Shareholdings disclosed include shares held by close members of family and

- controlled entities, in addition to shares held directly by the CEO and CMB member.
- <sup>30</sup> The value of shareholdings based on share price at year end compared to base salary in 2021.
- <sup>31</sup> Number of shares owned as of December 31, 2021, and 2020 by board members; otherwise, it is the number of shares owned as of the date the individual stepped down from the Board of Directors. Shareholdings disclosed include shares held by close members of family and controlled entities, in addition to shares held directly by the board member.
- <sup>32</sup> Chairperson of the board and chairperson of the board compensation committee.
- <sup>33</sup> Deputy chairperson of the board and member of the board compensation committee.
- <sup>34</sup> Member of the board audit committee until June 17, 2020, and chairperson of the board audit committee as of June 17, 2020.
- <sup>35</sup> Member of the board audit committee.
- <sup>36</sup> Member of the board and the board audit committee.as of June 17, 2020.
- <sup>37</sup> Member of the board as of September 10, 2020, and member of the board audit committee as of October 22, 2020.
- <sup>38</sup> Employee representative on the board elected by the employees in accordance with Norwegian Company Laws. As such, these individuals are also paid regular salary, remuneration in kind and pension benefits that are not included in the table above.
- <sup>39</sup> Member of the board compensation committee.
- <sup>40</sup> Member of the board and chairperson of the board audit committee until May 20, 2020.
- <sup>41</sup> Member of the board until February 5, 2020.
- <sup>42</sup> Member of the board and the board audit committee until September 10, 2020.
- <sup>43</sup> Observer on the board until April 30, 2020.
- <sup>44</sup> Permanent employees as of December 31, 2021, on Norwegian payroll.
- <sup>45</sup> Information regarding the financial figures featured below may be found in Hydro's annual report section Alternative Performance Measures (2021: page 177 (reflecting both 2021 and 2020 restated); 2019: page 268; 2018: page 271; 2017, : page A2; 2016: page 35. The definitions of Alternative Performance Measures referred in this report (i.e., Adjusted EBITDA, Adjusted Net Income, and ROACE) have been modified during the five-year period with limited impact and are featured here on an as-reported basis. Amounts referred to for the period 2016-2019 as "Adjusted" were referred to as Underlying for the period 2016-2019 in Hydro's financial reporting.
- <sup>46</sup> The definitions of Alternative Performance Measures referred in this report (i.e., Adjusted EBITDA, Adjusted Net Income, and ROACE) have been modified during the five-year period with limited impact and are featured here on an as-reported basis. Amounts referred to for the period 2016-2019 as "Adjusted" were referred to as Underlying for the period 2016-2019 in Hydro's financial reporting.
- <sup>47</sup> 2021 is the first year we have consolidated recycling data from Hydro Extrusions, making the 2021 results not directly comparable to previous years' data.
- <sup>48</sup> The numbers include discontinued operations.
- <sup>49</sup> Extrusions are included from 2 October 2017.
- <sup>50</sup> Number of recordable injuries per million working hours.
- <sup>51</sup> Excluding Extrusions. Working hours for Extrusions in 2017 can not be split between employees and contractor workers.
- <sup>52</sup> Number of lost-time injuries per million working hours.
- <sup>53</sup> Contractor fatality in 50/50 JV managed by Qatalum.
- <sup>54</sup> In 2021 we included Hydro Extrusions in the reported numbers for the first time.



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Hydro is a leading industrial company committed to a sustainable future. Our purpose is to create more sustainable societies by developing natural resources into products and solutions in innovative and efficient ways.

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