

# The Hydro way



THE WAY WE OPERATE IS  
BASED ON A SET OF PRINCIPLES:

- Mission - our reason for being
- Talents - what we are good at as a company
- Values - behavior that shapes our performance





# Mission

- our reason for being

*Hydro's mission is to create a more viable society by developing natural resources and products in innovative and efficient ways.*



# Talents

- what we are good at as a company

*Our talents define what we are good at and provide a framework for development.*

- **An instinct to commercialize**  
A healthy society needs healthy businesses. We create partnerships to better meet our customers' needs, always looking for the commercial solution helping our customers and the world move forward.
- **A passion for social commerce**  
Society is made up of our customers, partners, and the communities we operate in. Our commercial interests and our social responsibilities are one: business and societal needs are inseparable.
- **Building businesses that matter**  
Since Hydro began, we have built businesses that helped sustain and nurture the world around us, making a difference by creating fundamental value – whether financial, environmental or societal.
- **A drive to optimize**  
We innovate to be more efficient. Viability demands that innovation and efficiency work hand-in-hand to get the most out of our resources. Our goal is to help our customers be more competitive.

# Values

- behavior that shapes our performance

- COURAGE
- RESPECT
- COOPERATION
- DETERMINATION
- FORESIGHT

COURAGE

*“Facing challenges and taking measured risks  
despite uncertain outcomes”*

The Hydro Way

Bigger in Brazil

# Courage to secure our future

- an example of how our values shape our performance



## Act of courage

Buying the bauxite, alumina and aluminium operations in Brazil from the company Vale – the Brazilian mining and metal company is the second-largest company of its kind in the world – was an act of courage.

## A large purchase

The deal was valued at \$5 billion, with Vale receiving \$1.1 billion in cash and a 22% stake in Hydro. It was one of Norway's largest purchases abroad ever.

About 3,600 Vale employees became part of Hydro. We also assumed \$700 million in net debt.

## A lot to learn

Hydro was getting into the business of mining and refining, in which we had little direct experience. It was a lot of money and we had a lot to learn.

## Secured our future

We secured our supply of bauxite and alumina, the primary raw materials for making aluminium, for decades to come.

The deal strengthened our position and improved our competitiveness. So by being courageous, we secured our own future.

## RESPECT

*“We are mindful of our actions, and take responsibility for their impact”*

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Replanting the rainforest

# Respect for people and the earth

- an example of how our values shape our performance



## Major obligations

With the purchase of Brazilian bauxite mines in 2011 came major obligations.



To be allowed to operate, we must reforest the areas where bauxite is mined.





## Seeds are sown

That's why we have a dedicated team who collect seeds from plants and trees found in forest areas around the mine site.

The seeds are sown in greenhouse nurseries on site. We grow thousands of small plants this way every month.

Our goal is to reach 300,000 plants a year.



## We plant back

When the plants have sprouted and grown, they are planted back into the mining area.



## Restore the forest

In this way, we help restore the forest.

Because we have respect for the communities where we operate.

## COOPERATION

*“Working in close partnership with others means we can accomplish more than we ever could alone”*

The Hydro Way

## The Tea Light Hunt

# Together we make the future brighter

- an example of how our values shape our performance



### Easily recycled

Norwegians burn 200 million tea lights each year. If we recycled the aluminium cups we could make 30,000 new bikes.

Aluminium can easily be recycled over and over again without losing its qualities. Yet 140 million used tea lights are thrown away every year.

### Very few recycle

Hydro supplies 3,000 tons of aluminium a year to European tea candle manufacturers such as IKEA. But less than 30 percent of the aluminium from tea light cups is returned for recycling.

### From waste to resource

We wanted to change that! Together with IKEA, WWF, Green Dot and Syklus, we launched the environmental campaign Tea Light Hunt.

The aim was to help turn waste into a resource and raise awareness of aluminium recycling in a simple and fun – yet informative – way.



## The campaign

The campaign ran from October 2011 to March 2012, and was open to first through fourth grade classes all over Norway.

The class that collected the most tea lights per pupil won a class trip to Hydro's aluminium plant in Holmestrand, Norway.

## A big hit

And it was a big hit! More than 26,000 school children participated, and 13 million tea light cups were collected. This is enough aluminium to build nearly 2,000 new bicycles.

So why is cooperation important to us?

*“Because we are always forging strong relationships to find the solutions that will make our world work better”*

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DETERMINATION

*“Defining a goal and staying the course”*

The Hydro Way

\$300 program

# Extraordinary times demand extraordinary measures

- An example of how our values shape our performance



## Challenging markets

Hydro's aluminium is produced in various countries, at various cost levels, but is sold on a global market based on the price at the London Metal Exchange.

When economic times are bad, as they have been since the financial crisis hit, the price may be lower than the cost of production.

## Take action

What does this mean for Hydro? It means we lose money unless we take action.

We are already one of the most efficient producers of aluminium, but extraordinary times call for extraordinary measures.

## What did we do?

And what did we do? We launched the "\$300 program" in 2009. It aims to save \$300 per ton from the cost of producing aluminium.

## No easy task

We needed to rethink how to do things smarter, faster and cheaper - all while operating safely. It is no easy task. But extraordinary times call for extraordinary measures.

## Succeed in 2013

We quickly identified improvements and have reduced costs by more than \$200 so far. We expect the program to succeed within 2013.

Because we are determined to define our goal and stay the course.

FORESIGHT

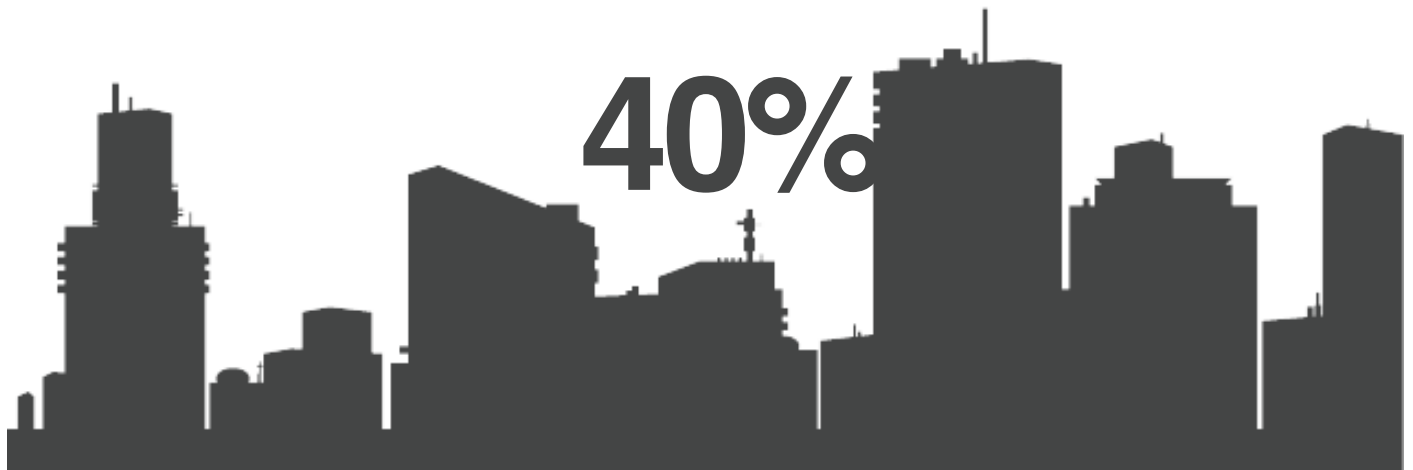
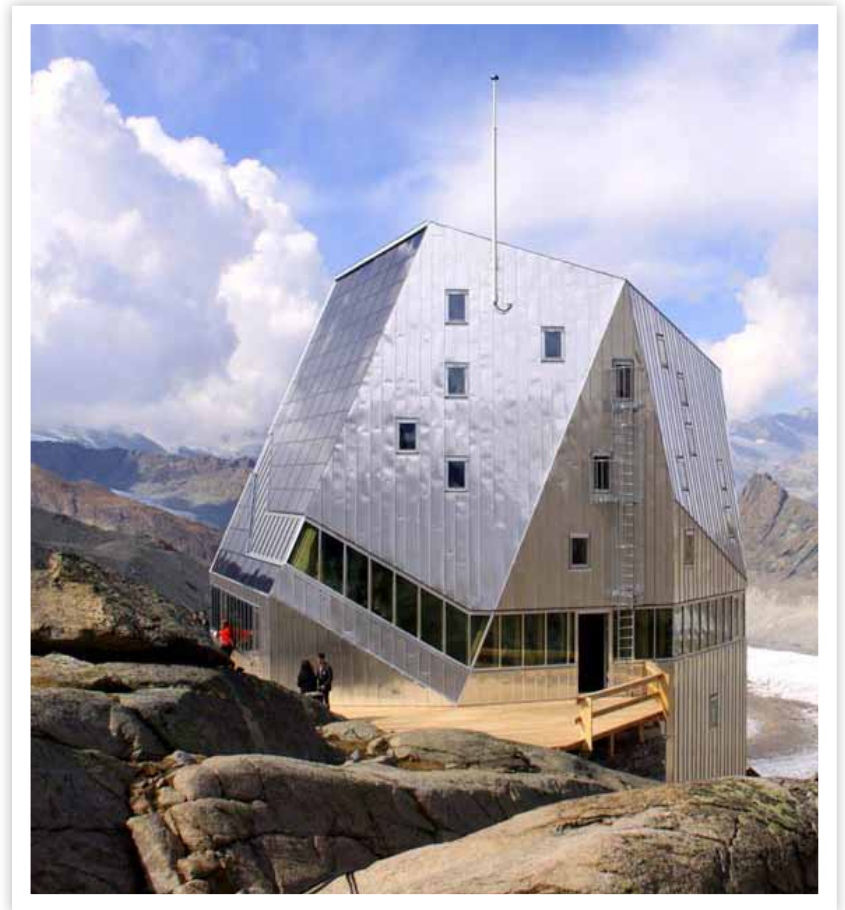
*“Seeing around corners and envisioning long-term”*

The Hydro Way

Powerhouse

# Building for a better future

- an example of how our values shape our performance



## Climate challenge

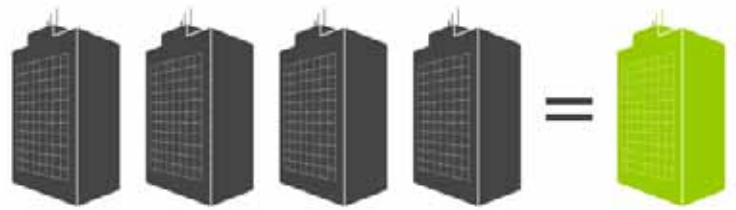
Reducing energy consumption is one of the biggest challenges for the future. Buildings alone account for 40 per cent of the world's energy consumption.

This results in huge amount of greenhouse gas emissions – almost twice as much as all emissions from all the world's trains, planes, boats and cars combined.



## Our solution

Our solution is energy-positive buildings – buildings that produce more energy than they consume.



Entra Eiendom,  
Skanska, Snøhetta,  
ZERO, Hydro

## = Powerhouse

That's why Hydro, in cooperation with Entra Eiendom, Skanska, Snøhetta, and the environmental organization ZERO, founded Powerhouse, a collaborative project on energy-positive buildings.

Together we are building Norway's first – and the world's northernmost – energy-positive office building.

### How do we do it?

And how do we do it? By using a super-efficient façade solution, solar energy and heat pumps.

The project will set new national and international standards for how we all work with and build energy-efficient and energy-positive buildings in the future.

### And why?

Because:

*“By looking beyond where we are today, it's much more possible to shape a sustainable future.”*

The Hydro Way