



Sustainable Finance fra et utstederperspektiv

Kirsten Margrethe Hovi, Head of Extra-Financial Reporting

Norsif/NFF 2020-12-10

Hydro is a global aluminium company

...with a Norwegian heritage



40
Countries

35 000
Employees

Present in 140 locations and communities

30,000 Customers

Hydro is a fully integrated aluminium company with presence along the entire value chain



Reporting has to consolidate requirements, commitments and expectations

Requirements

- Norwegian accounting act
- Norwegian securities act
- Norwegian Code of Practice on Corporate Governance
- Norwegian country by country reporting regulation
- UK/Australian Modern Slavery Act/Bill
- EU regulations

Commitments

- UN Global Compact
- International Council on Mining and Metals (ICMM)
- Global Reporting Initiative (GRI)
- International Aluminium Initiative (IAI)
- European Aluminium (EA)
- Aluminium Stewardship Initiative (ASI)

Stakeholder expectations

- Ministry of Industry, Trade & Fishery
- Norwegian Pension Fund
- Other investors
- Media
- NGOs
- Community representatives
- Employees
- Customers
- Etc.

Extra-financial reporting in Hydro meets overarching requirements and expectations

Annual report as basis to answer all other requests

Requirements

Commitments

Stakeholder expectations

Annual report

- Internally aligned and quality assured information
- Externally assured
- Publicly available

Based on legal requirements and recognized reporting frameworks including:

- GRI, <IR>, OECD Guidelines, UN Global Compact, UN Guiding Principles, GHG Protocol, TCFD etc

RATINGS & INDEXES

- CDP
- DJSI
- FTSE4Good
- ISS-oekom
- MSCI
- Sustainalytics
- UN Global Compact 100
- Vigeo Eiris
- Etc.

PLATFORMS

- UN Global Compact
- SDG
- ASI
- Cradle to Cradle
-

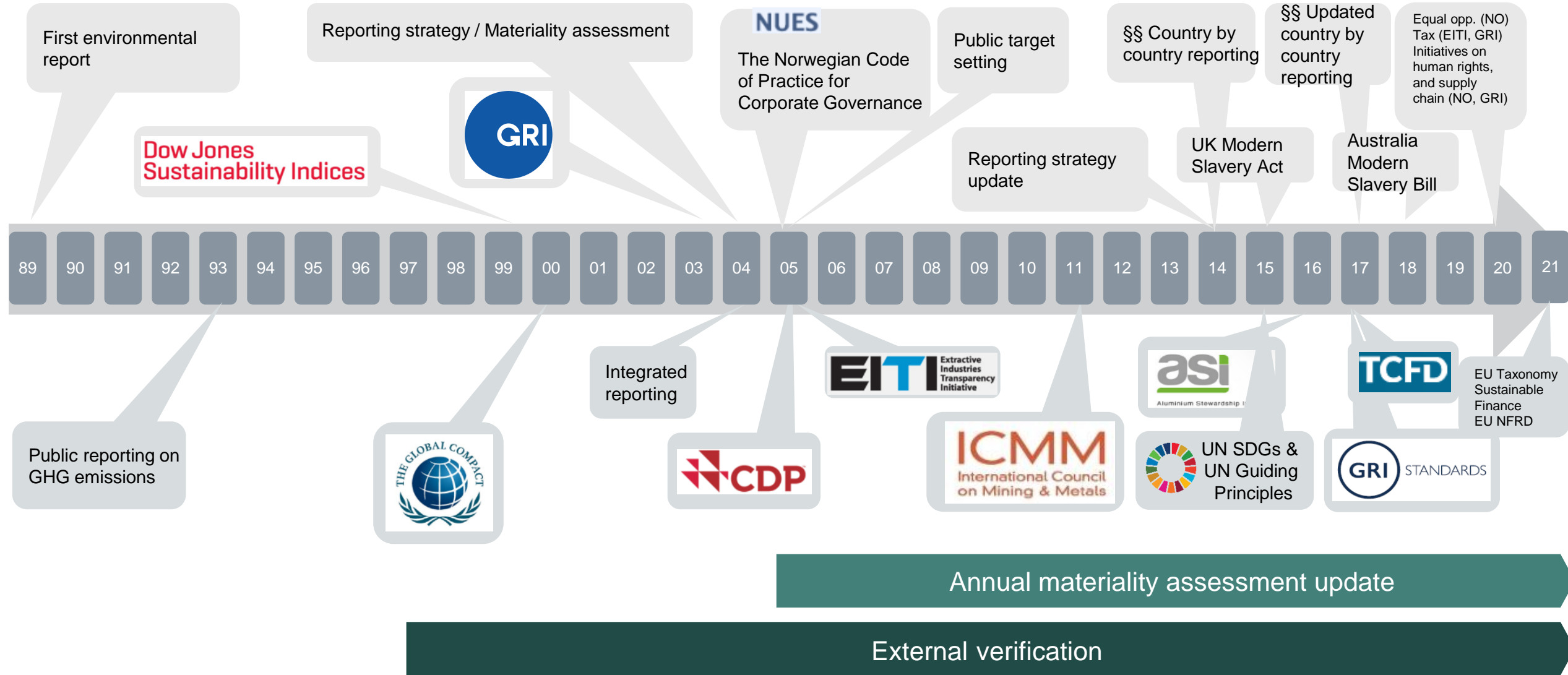
CUSTOMER REQUESTS

- Ecovadis
- NQC
- CDP Supply Chain
- ...

NETWORKS

- ICMM, IAI, EA, ...
- WBCSD

The pace of new reporting requirements is increasing rapidly



GRI is the best available tool to ensure compliance



OECD Guidelines for Multinational Enterprises

GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

INTEGRATED REPORTING <IR>



GRI is the best available tool to ensure compliance

ICMM
International Council
on Mining & Metals



asi
Aluminium Stewardship Initiative



**SUSTAINABLE
DEVELOPMENT
GOALS**

**GUIDING PRINCIPLES
ON BUSINESS
AND HUMAN RIGHTS**

OECD Guidelines
for Multinational Enterprises

INTEGRATED REPORTING <IR>



TCFD | TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

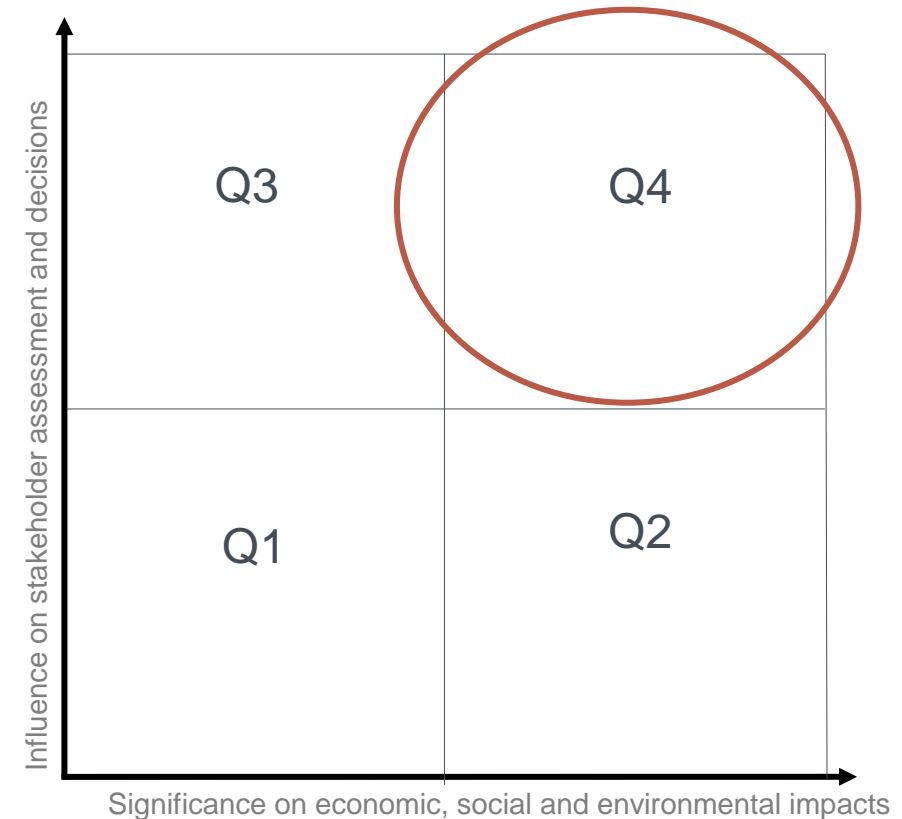


Forthcoming regulation that may or
may not be covered by GRI
requirements

Defining materiality: Taking the outside-in perspective

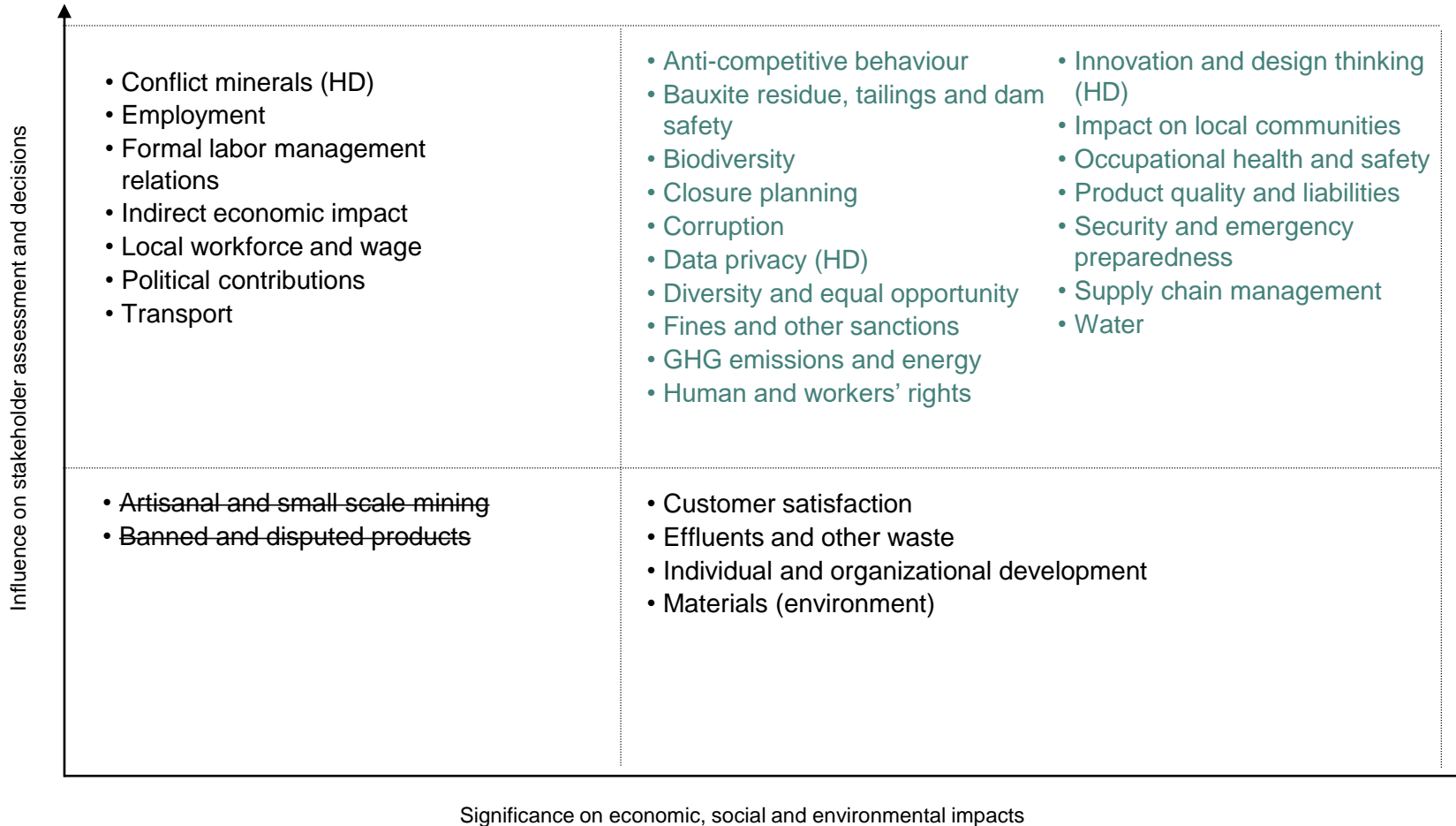
Utilizing our knowledge of external stakeholders' expectations and interests

- How does this topic influence our stakeholders?
 - Is this topic important to our stakeholders?
 - Is it on the agenda?
 - Is our customers or suppliers asking us questions about this?
- How is our activities impacting the environment, society and the economies around us? And to what degree?



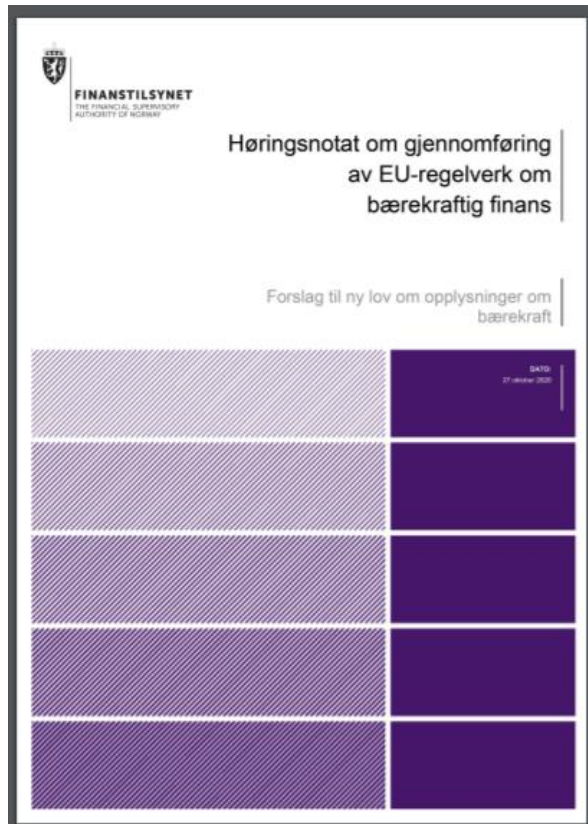
Materiality analysis 2019

Annually approved by Corporate Management Board



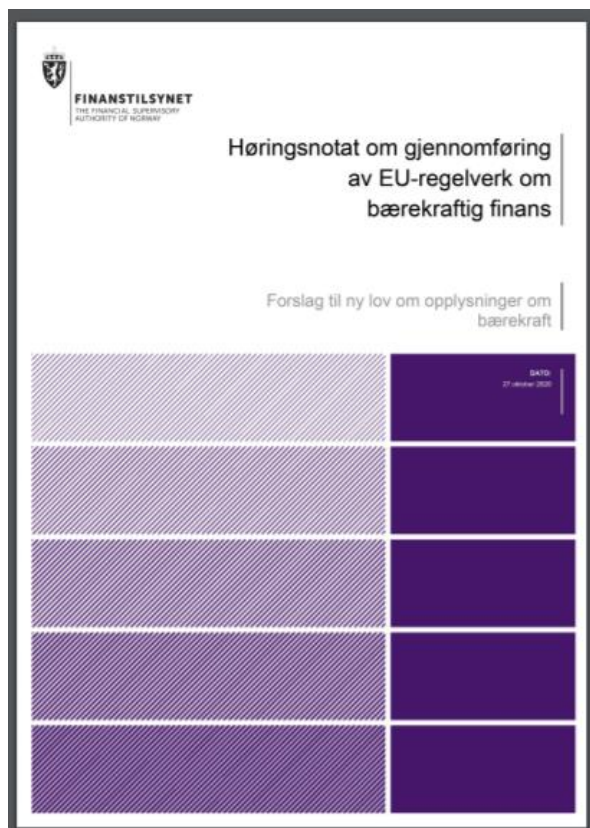
Bærekraftig finans

Hva forventes av oss som utstedere?



Bærekraftig finans

Hva forventes av oss som utstedere?



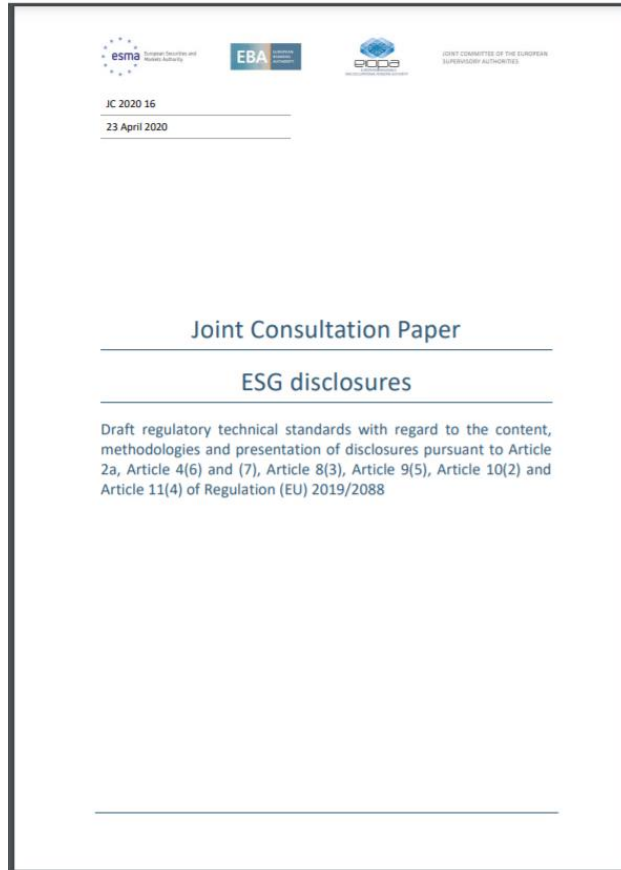
Side 15 av 18:

«Aktørene som omfattes av forordningene, trenger opplysninger fra selskapene de har investert i for selv å etterleve opplysningskravene. Denne informasjonen må fremgå av selskapenes finansielle rapportering.

Det er derfor en nær sammenheng mellom opplysningene som skal gis i forordningene, og bestemmelsen i regnskapsloven § 3-3 c om redegjørelse om samfunnsansvar. Etter Finanstilsynets vurdering er det ut fra sammenhengen mellom forordningene og bestemmelsen i regnskapsloven hensiktsmessig å vurdere om regnskapsloven § 3-3 c bør flyttes til lov om opplysninger om bærekraft, eventuelt at den tillegges en henvisning til loven.»

ESG disclosures consultation paper April 2020

What about materiality?



- 16 «Adverse sustainability indicators»
- 16 «Social and employee, respect for human rights, anti-corruption and anti-bribery matters»

ESG consultation paper April 2020

Example

(g) 'carbon footprint' shall be calculated in accordance with the following formula

$$\frac{\sum^n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 carbon emissions}_i \right)}{\text{current value of all investments (€M)}}$$

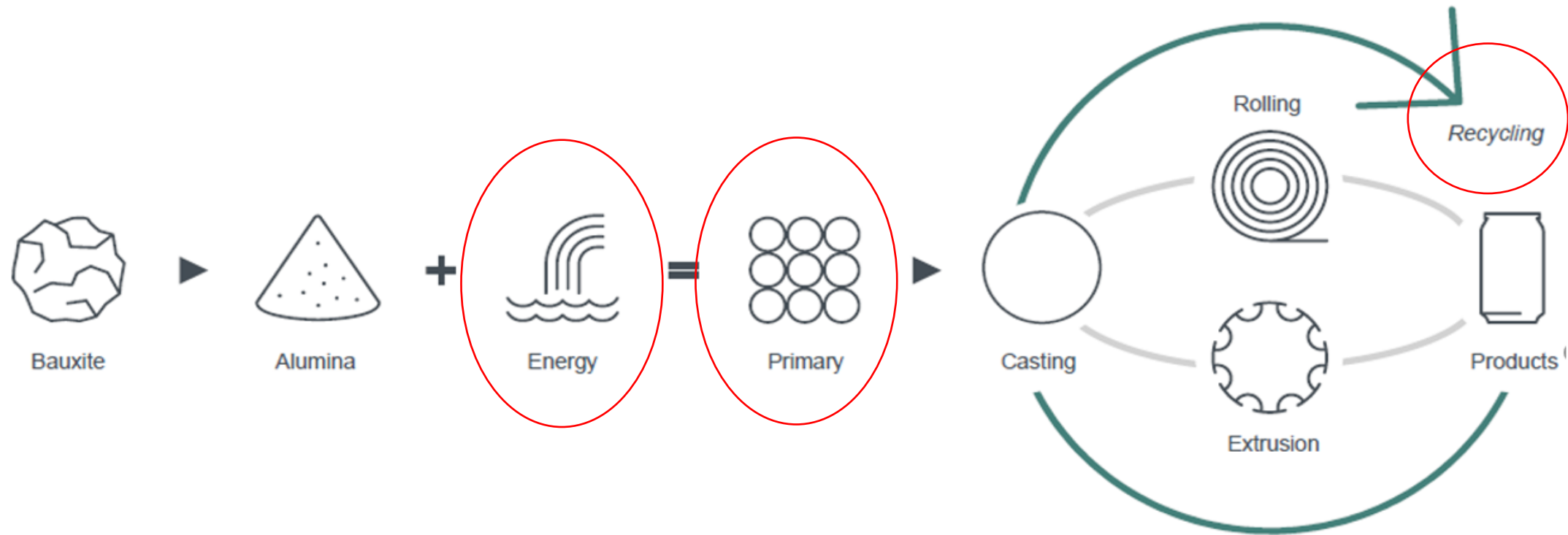
ESG consultation paper April 2020

Example

(g) 'carbon footprint' shall be calculated in accordance with the following formula

$$\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 carbon emissions}_i \right)}{\text{current value of all investments (€M)}}$$

EU Taxonomy covers only part of Hydro's activities



EU Taxonomy's aluminium criteria still under determination

Transparency and consistency builds credibility

Important tool to enhance risk management and emergency preparedness

Transparency

Balanced

Fact-based

Open

Consistency and comparability

Changes in reporting principles

Follow through on examples

Structure and completeness



Hydro

We are aluminium

