

Global Directive

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Internal

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Health, Safety, Security, Environment (HSE)

Changes from last revision:

Version 1.2

- Changing names in the header
- Adding the "Legacy management" procedure in the overview

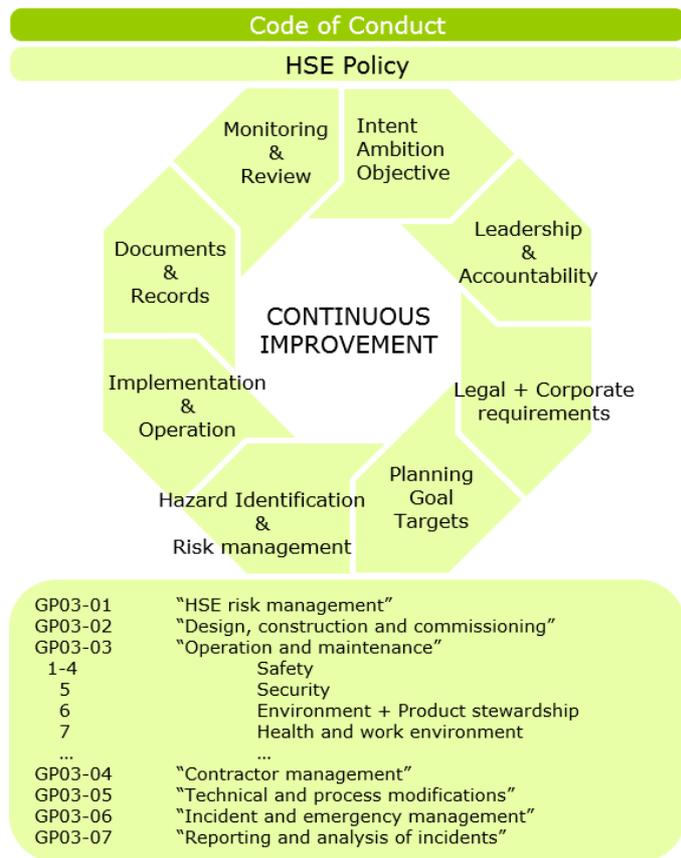
1 Intent, ambition and objectives

Health, safety, security and environment are an integrated part of Hydro's daily activities and our responsibility is to protect the health and safety of our employees and to contribute to the sustainable development of the communities in which we operate.

Based on the Code of Conduct and in line with the HSE Policy, we are committed to set health, safety, security and environment as core elements of Hydro's identity and business success. The company will be recognized for its outstanding performance which demonstrates a strong sense of responsibility for people and the environment.

The Global Directive at hand, including the underlying Global Procedures, prescribes Hydro's mandatory health, safety, security and environment requirements.

This Global Directive and underlying Global Procedures combined provide a risk management-based framework consistent with ISO 14001, OHSAS 18001, SA 8000, and the International Council on Mining and Metals (ICMM) Sustainable Development Framework. It also adopts the Plan-Do-Check-Act (PDCA) methodology.



Model 1 - Structure of the GD03 and subsequent procedures

2 Validity

This Global Directive, including underlying Global Procedures and appendixes, is mandatory for

- Wholly owned companies and employees worldwide
- Wholly owned development projects, mergers, acquisitions and divestments processes
- Activities by contractors under Hydro management

For legal entities where Hydro holds directly or indirectly less than 100 percent of the voting rights, the Global Directive applies to the extent as described in the GP01-01. For contractors, suppliers and commercial contracts, we shall exert our influence to create consistency with this Global Directive, acting reasonably and with respect for other owners' legitimate views in order to make the Global Directive apply.

Relevant international, national and local legislation will supersede this Global Directive in areas of conflict. However, where local legislation does not require an adequate level of HSE performance, activities shall be conducted in a manner consistent with this Global Directive and relevant international HSE standards, practices and guidelines.

Further details are to be found in GP01-01 "Normative document - Global Steering Documents".

3 Scope

The scope of this Global Directive and underlying Global Procedures covers all operational aspects and activities that have the potential to affect HSE either positively or negatively.

These mandatory documents cover the entire life cycle of operations, from exploration and planning through to operation and closure including decommissioning, remediation and rehabilitation.

The terminology 'Health, Safety, Security, Environment' (HSE) has been utilized throughout these standards to highlight the following four key components.

- 1) Health – Promoting and improving the health of the Company's workforce, contractors and communities, in which we operate
- 2) Safety – Providing a workplace where people are able to work without being injured and operating our installations without harm to neighboring communities
- 3) Security – Protecting our people, physical and intellectual assets and ensuring business continuity
- 4) Environment – Promoting the efficient use of resources, reducing and preventing pollution and harm globally and locally and enhancing biodiversity protection

4 Leadership and accountability

HSE at Hydro is a line responsibility

Line managers at all levels of the organization shall comply with internal and external requirements and ensure that sufficient resources and competence are allocated to control risks in their area of responsibility. They shall strive to establish a sustainable HSE culture through visible leadership, proactive commitment to HSE and involvement of employees.

Everybody has a responsibility for HSE

Everybody shall understand his or her responsibility and commitment to health, safety, security and environment and contribute to Hydro's obligations and goals. Following rules, reporting incidents and deviations, but also improvement possibilities, as well as stopping unsafe behavior is a duty of every single Hydro employee and contractor. Employees have the right to refuse to work in any situation that represents an acute and significant threat to their health.

HSE staff supports the line

HSE staff functions have the duty to support the organization and advise and coach line management and employees how to live up to and achieve Hydro's ambitions and how to fulfill their obligations in the best possible way.

In addition, Corporate HSE fulfills a compliance role by conducting regular HSE compliance audits at selected sites in order to provide facts on this topic towards the corporate management board. HSE staffs on other levels fulfill a similar role within their respective organizational units.

5 Legal and corporate requirements

A system shall be in place at site level to identify and assess all applicable internal and external HSE laws, regulations, approvals, licenses, permits and corporate requirements.

Based on that assessment, relevant documents and requirements shall be established, reviewed and revised on a regular basis to ensure they are up to date.

6 Planning, goal and targets

Based on a global risk assessment to be performed by Corporate HSE and validated by the corporate management board, opportunities, predicted future needs and long-term targets in the area of HSE are to be defined. A corresponding HSE strategy, which expresses how those long-term targets are to be met shall be established in close cooperation with the Business Areas and communicated. Necessary resources are to be made available.

Both long-term targets and corresponding strategy are to be reviewed at least every fifth year. Progress is to be monitored annually and adjustments are to be made when perceived necessary.

HSE shall be an integrated part of the annual business planning based on locally and centrally identified significant HSE issues, risks and opportunities, and appropriately reflecting Hydro's long-term ambitions and targets as expressed in the overall HSE strategy.

Aligned with Hydro's overall HSE business plan and HSE strategy, all relevant organizational levels down to at least production sites shall define a prioritized list of HSE challenges, key performance indicators and targets as well as translate them into appropriate action plans.

Reference: GD04 "Hydro's Strategy, Business Planning and Performance Management Process"

7 Hazard identification and risk management

Based on company-wide defined and regularly reviewed risk acceptance criteria, *hazard identification and risk management* represent the precondition for any sustainable development within HSE and is therefore of paramount importance for Hydro's overall HSE approach and the single most important pillar of it.

The general steps of *hazard identification and risk management*, supported by appropriate methods and executed and supported by sufficiently competent employees, shall be

- (1) the correct identification of hazards and
- (2) the assessment of associated risks, followed by
- (3) the identification and implementation of appropriate controls, according to the hierarchy of controls and aiming at inherently safe design, and finally
- (4) the regular check of the effectiveness of the controls,

as detailed in the Global Procedures GP03-01 "HSE risk management," including annexes.

8 Implementation and Operation

HSE is an integral part of all activities. Specific HSE topics and tasks were regulated company-wide in underlying Global Procedures because of the inherent high risks. These underlying Global Procedures ensure that the risks associated with those topics and tasks will be mitigated to an acceptable risk level and controlled.

These HSE requirements are minimum requirements. Business Areas (BAs), Business Units and other organizational units can set stricter requirements, which need to be authorized by competent line management.

The organization shall strive for extensive involvement of relevant employees in order to fully benefit from the existing competence and experience. Depending on the risk level and complexity of the situation and tasks, an appropriate competence level is required.

Relevant training shall be provided prior to commencement of the employment.

The following underlying Global Procedures detail the mandatory requirements for certain topics:

GP03-02 "Plant design, construction and decommissioning"

GP03-03 "Operation and maintenance" including GP04-03 1–9 on "Work permit," "Energy control," "Systematic maintenance," "Traffic management," "Security and Emergency Preparedness Management System" "Environment and Product stewardship," "Management of health and work environment", "Remelting and recycling of metal", "Legacy management"

GP03-04 "Suppliers, contractors and partners"

GP03-05 "Technical and process modifications"

GP03-06 "Incident and emergency management"

GP03-07 "Reporting and analysis of incidents"

9 Documents and records

All activities linked to this Global Directive and underlying Global Procedures shall be documented to an appropriate extent to demonstrate compliance and ensure that decisions are transparent and traceable.

Official procedures shall be approved, documented, maintained and updated, accurate, legible and identifiable.

Documents shall be securely stored and readily accessible at all locations required for effective application. Local organizations shall have procedures in place for identification, storage, protection, retrieval, retention, and disposal of records. Retention time shall be based on legal requirements or as required in corporate steering documents.

10 Monitoring, audit and review

HSE performance shall regularly be measured, monitored, recorded, analyzed and reported through the line organization, including the Corporate Management Board and others as appropriate.

Corporate HSE staff and HSE staff on other levels shall conduct HSE compliance audits with regard to corporate and Business Area HSE procedures, according to an annually updated plan and defined, risk-based criteria.

Local line management shall annually perform a review of the suitability, adequacy and effectiveness of their HSE system and procedures. Internal and external audit results, incident reports, performance reports and relevant views from stakeholders shall be included in the review.

Appropriate improvement plans, especially covering detected non-compliance cases, shall be created and followed up until closure.

Reference is made to GP03-07 "Reporting and analysis of incidents".