



Global Directive People Directive

Document number: GD-02

Rev. number.:12 Last verified: 14.02.2025

This document has relevance for employees working with the following processes/functions:

<input checked="" type="checkbox"/> General Mgmt. & Admin	<input checked="" type="checkbox"/> Supply Chain Management	<input checked="" type="checkbox"/> HSE	<input checked="" type="checkbox"/> Finance & Accounting
<input checked="" type="checkbox"/> Strategy/Business Development	<input checked="" type="checkbox"/> Production	<input checked="" type="checkbox"/> Sales & Marketing	<input checked="" type="checkbox"/> Human Resources
<input checked="" type="checkbox"/> Project Management	<input checked="" type="checkbox"/> Engineering	<input checked="" type="checkbox"/> Procurement	<input checked="" type="checkbox"/> Information Technology
<input checked="" type="checkbox"/> Research & Development	<input checked="" type="checkbox"/> Operational Excellence	<input checked="" type="checkbox"/> Trading	<input checked="" type="checkbox"/> Legal & Compliance
	<input checked="" type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Communication	<input checked="" type="checkbox"/> Sustainability

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1. Purpose and scope

The objective of the People Directive is to enable Hydro to achieve its business goals, create value for our owners by ensuring an engaged, inclusive, supportive, and sustainable work environment for our people. By defining the mutual commitments between Hydro and its employees, clear expectations are set to encourage continuous performance improvement, innovation, and a strong competitive position.

Our ambition is for Hydro to be a dynamic, innovative, and sustainable company that recognizes talented people with opportunities, challenges, and rewards. Our people strategy shall be shaped to ensure that Hydro has the right competence, capabilities, and organizational culture to realize the business strategy.

This directive outlines the overarching principles of Hydro's People processes and procedures and is applicable to all Hydro employees globally. It aims to secure a professional and coherent way of supporting our employees throughout the employment lifecycle. The directive is supported by detailed standard operating procedures, tools, and templates.

2. Roles and responsibilities

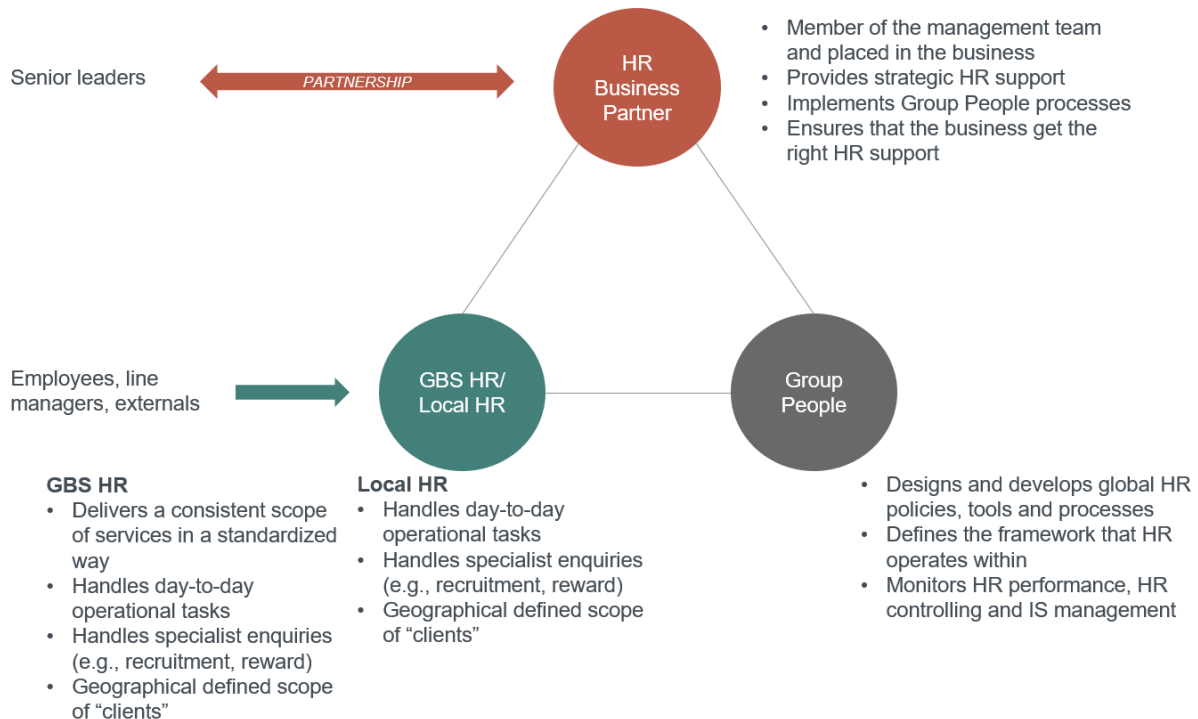
2.1. EVP People & HSE

The EVP People & HSE holds the primary accountability for the implementation and enforcement of this People Directive. This responsibility includes ensuring that all organizational practices are aligned with our commitments to human rights, fair labor practices, diversity, and employee well-being. The EVP people & HSE is responsible to ensuring that the directive is consistently communicated across all business areas and that the people processes are implemented according to the principles described.

2.2. HR Operating Model

The HR Operating Model is established to meet business needs and develop HR efficiently in alignment with the Hydro Operating Model by dividing HR deliveries between three roles:

1. *Group People*: Shaping and safeguarding global HR strategies, policies, processes, and tools.
2. *Business Area HR BP*: Strategic HR support.
3. *HR Operations*:
 - a. Global Business Services HR: delivers a consistent scope of HR services in a standardized way.
 - b. Local HR: HR Services.



The model is supported by a governing framework outlining standard process descriptions, flowcharts, roles, and responsibilities (RACIs) and governing bodies, in addition to a common HRIS platform (ONE).

2.3. Group People

Group People (GP) have a mandated role to safeguard that the requirements in this Global Directive and its supporting procedures are implemented correctly throughout the organization. GP also provides support and advice to line management through the HR Business Partner in the implementation of these requirements.

To the extent supporting Procedures to this Directive are owned by other group functions, those group functions will normally provide support and advice to line management, within their respective areas of governance responsibility.

GP is responsible for the shaping and safeguarding of global people processes, tools, programs and HRIS systems enabling the organization and its leaders to deliver on the business strategy. GP shall provide appropriate training in processes and requirements to relevant personnel involved in the processes described in this Global Directive.

2.4. HR Business Partner

As an integrated part of the business units, the HR Business Partner is accountable for the strategic integration and implementation of global procedures and processes and is shaping the

strategic direction for HR in the unit. In some cases, the HR Business Partner may also be accountable for the operational implementation of strategic decisions at plant level. Additionally, the function provides strategic advice and HR support (e.g., organizational change and development, collective bargaining) to the unit.

2.5. HR Operations

2.5.1. Global business services (GBS) HR

GBS HR is a shared service organization that delivers standardized HR services across multiple plants, units, or business areas. It ensures operational excellence by managing day-to-day HR operations on a broader scale. In addition, GBS HR provides specialized expertise in key HR areas, such as recruitment, payroll, compensation & benefits, and learning, while offering country-specific HR knowledge when applicable.

2.5.2. Local HR

Local HR operates at the plant or unit level, where GBS HR services are not applicable. It is responsible for delivering HR support tailored to the specific needs of the local unit. Local HR also ensures operational excellence by managing daily HR services and providing country-/ branch-/ plant-specific expertise, while addressing specialized HR processes as needed (such as recruitment, payroll, compensation & benefits, learning and social regulations).

2.6. Line management

Line managers are responsible for ensuring compliance with the Global People Directive by implementing its principles and requirements, while actively leading according to the Hydro Way (Driving change, Delivering results, and Developing people). As outlined in the Health, Safety, Security, Environment (-HSE) Directive (GD03), HSE is also a line management responsibility in Hydro.

This includes:

- Communicating the Directive's principles to employees and stakeholders
- Ensuring a compliant health and work environment
- Providing relevant training for employees and contractors
- Ensuring compliance within their teams and adherence to other relevant Directives

Line managers are also responsible for developing local procedures and guidelines tailored to their Business Area's needs, in line with this Directive. Support can be sought from Group People, HR Business Partners, and GBS/Local HR when necessary.

2.7. Employees

Employees are responsible for being compliant to the relevant requirements Global People Directive. Contractors shall comply with the principles set out in the Supplier Code of Conduct (GP-09-01-01).

Employees are responsible for achieving agreed goals (ref. ONE) and they are, with support from their leaders, responsible for their own personal and professional development, using the support and systems provided by Hydro.

Employees shall understand their responsibility and commitment to health, safety, security, and environment and contribute to Hydro's obligations and goals. Following rules, reporting incidents, deviations, improvement possibilities and 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, safety or to the environment. "

Employees shall follow and perform their work in accordance with Hydro's Code of Conduct and Hydro's values as stated in the Hydro Way, ref. The Hydro Way and Governance System (GD01).

3. Description of People processes

The Employee Value Proposition (EVP) is Hydro's promise to its employees and the value of working here. It's the core of our employer brand, designed to attract new talent and keep our current employees engaged through great work experience. This promise and value shall be evident throughout an employee's journey and reflected in the people processes.

Hydro's main global people processes are defined through the HR accountability matrix (RACI) available on HR in Hydro on SharePoint.

3.1. Employer Branding

Employer branding is how Hydro shares our promise with the world to attract talent and build a strong reputation as an employer of choice.

Hydro's Employer Value Proposition (EVP) framework is our promise to people, designed to attract and keep talent globally. It represents our basic global offerings. To understand what truly matters to our employees, we should continue to improve their experience and strengthen our promise and employer brand in key markets to stay competitive.

Hydro's employer brand concept and materials are based on this framework and shall be used for profiling and recruitment efforts. However, the employer branding concept can be adapted to fit local market nuances, making Hydro more appealing as a brand across global target groups. More information is available at Employer Branding@Hydro.

Leaders and employees are ambassadors for Hydro, building awareness of Hydro as an employer and actively promoting opportunities to potential employees.

3.2. Recruitment

The global recruitment process and ONE should be used to ensure compliance. The actual recruitment shall reflect the business needs and be approved by the hiring leader's leader. Recruiters, hiring leaders, and agencies shall ensure GDPR compliance and abide by local legal requirements throughout the process.

Every touchpoint the candidate has with Hydro will form their impression of Hydro as an employer. Recruiters, hiring leaders, and agencies shall act professionally and attentively on behalf of Hydro. Recruitment agencies should upload candidates into ONE where Hydro's process should be followed.

Career opportunities should be visible to employees. As a general rule, vacant position shall be advertised internally in accordance with local legislation. In addition to internal postings, positions may also be advertised externally to ensure a diverse pool of candidates. The shortlist of candidates shall reflect the respective business areas' diversity targets.

The recruitment process and criteria shall be fair and transparent for the candidates. Candidates' skills and potential will be evaluated during the process. Reliable and valid screening and selection methods from Hydro's enterprise suppliers shall be used, as a general rule, to objectively assess non-operator candidates. For leadership positions, we shall assess competencies according to the Leading the Hydro Way framework. In a location with limited assessment capabilities, we aim to deliver assessment through companywide arrangements.

All employees are strongly encouraged to explore future career opportunities and apply for open positions in ONE. Candidates shall receive timely feedback during the process. Internal candidates shall receive personal feedback for development purposes.

Candidates own their personal data and shall define their privacy settings in ONE.

Recruiters shall undertake independent checks into employees' employment history and undergo a process to ensure their suitability for the position. Further background checks shall be taken according to local practice when recruiting or promoting employees to positions of trust involving handling stock, money, financial, or treasury functions.

A few positions in Hydro have access to sensitive information or systems classified as confidential or insider ([Security requirements link](#)). The hiring leader and recruiter shall evaluate and define if a position is eligible for security screening. In such cases, this information should be stated upfront to be transparent towards the candidates in the job postings. Final candidates representing high risk areas shall undergo a broader background check before selection. Hydro Security should be involved for further guidance.

3.3. Onboarding

All new employees should feel welcomed, included, and motivated when they start to work for Hydro. Leaders are therefore expected to provide relevant onboarding activities in line with Hydro guidelines. Upon starting, all new employees should have an introduction plan, access to relevant information, learning, tools, and systems to succeed in their new role. Leaders should also provide frequent follow-up and feedback throughout the onboarding process. New employees are expected to give feedback to their leader if additional introduction and training is required to fulfill the role.

3.4. Performance

Both leaders and employees are responsible for continuous communication and feedback to ensure goal achievement.

Leaders are responsible for initiating the performance process. Goals and development plans for all employees are set at the beginning of the year in agreement between the leader and employee. Performance should be assessed against agreed goals and job responsibilities and employees should be given honest and constructive feedback from their leader as a basis for further learning and development.

Leaders are responsible for promoting and supporting the development of their employees. This includes making a development plan in collaboration with their direct reports, with the purpose of enhancing competence needed to succeed in their current positions, but also preparing them for the future, ensuring that their competence remain relevant.

3.5. Reward

At the core of reward in Hydro lies the belief that our people drive our success. Hydro recognizes that the value created depends on the effort of each and everyone. In Hydro, we are committed to creating a workplace that is fair and equitable for all, regardless of background and personal characteristics.

Hydro's global reward principles shall ensure that a holistic view on compensation is applied consistently throughout the organization, thereby supporting, and facilitating other people processes:

Market competitive: Total reward shall be aligned with local market to ensure competitiveness.

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

Performance oriented: The total reward 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 his/her 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 employee.

Although total reward shall be aligned with local business needs and market conditions, the annual process for compensation & variable pay and the global job architecture follow global processes. Reward in Hydro should ensure gender neutrality and should not discriminate on grounds related to ethnicity, religion, or other relevant characteristics of diversity.

To ensure efficient decision-making in reward processes, clear mandates globally, regionally, and locally shall be defined and aligned with the overall HR operating model (ref. 2.1).

3.6. Learning and development

Continuous learning and development are essential for achieving both individual and business goals, as well as ensuring workforce readiness for the present and future. Every employee is responsible for their own personal and professional growth, supported by their leaders and aligned with their development plan, using the resources and systems provided by Hydro.

3.7. Mobility

Mobility should be leveraged to unlock the full potential of our employees' diverse backgrounds, experiences, and perspectives, while strengthening Hydro's succession pipeline. It is crucial to ensure that the right people, with the right skills, are in the right place at the right time. Leaders are encouraged to promote mobility and rotation as key drivers of learning and development, helping to build a high-performing and sustainable workforce.

3.8. Offboarding

The line manager of the leaving employee shall ensure a professional and tidy settlement with the leaving employee and make the transition to a new employee as effective as possible. Ensuring a smooth transition shall lay the foundation for the employee replacing the leaving employee. All employees leaving Hydro shall, in collaboration with their line manager, ensure that any company asset (e.g., work wear, ID card, phone, PC, business related documents in the official and designated Hydro applications etc.) is returned in due time before their final workday.

All employees voluntarily leaving Hydro should be invited to provide feedback on overall work experience through an exit conversation. Employees with a Hydro e-mail account will receive an invitation to provide feedback through a digital exit survey. In addition, HR BP performs exit conversations for some pre-defined positions (e.g., critical, or strategic positions) and when needed.

3.9. Organizational development

Leaders are responsible for maintaining an effective organization—ensuring the right structure, roles, responsibilities, and competencies are in place to achieve the business strategy and goals. Any necessary organizational or staffing changes should be identified during the business planning process.

If a workforce reduction is required, the process shall fully comply with relevant laws and agreements. Leaders should engage employees and their representatives early on to ensure a constructive process for both those leaving Hydro and those remaining in the company.

3.9.1. Leadership development

At Hydro, leaders are expected to lead by example and embody the behaviors outlined in the "Leading the Hydro Way" framework. Developed by Hydro leaders, this framework brings consistency, clarity, and objectivity to leadership selection and development. It defines six core leadership skills under three imperatives: Driving Change, Developing People, and Delivering Results.

These skills form the foundation for all leadership development and must be clearly communicated and integrated into leadership initiatives, including programs, mentoring, coaching, rotations, promotions, recruitment, and succession planning. While individual units and business areas may have some autonomy, these leadership skills are a global standard for leaders at all levels in Hydro.

The goal is to foster a unified Hydro culture rooted in our core values—Care, Courage, and Collaboration—characterized by safety, learning, inclusion, and belonging. By developing leaders according to this framework, Hydro aims to build a more human-centered organization that drives stronger business outcomes.

3.9.2. Hydro monitor & Employee listening

Through the Hydro Monitor survey and additional pulse surveys, employees are given the opportunity to voice their views on a broad range of organizational topics. Employee listening, wherein Hydro listens to employees via different tools and channels, is important for us to understand what drives employee engagement, commitment, and loyalty. The feedback provided through such surveys gives us valuable insight into many critical areas of our organization, such as job satisfaction, work environment and HSE. This helps us prioritize our actions and improve, and in turn contributes to our business success and aspiration to develop as a more robust and profitable industry leader based on innovation and sustainability.

Leaders are responsible for preparing, engaging, and following up the Hydro Monitor process in their units/teams. Employees are expected to be involved in the discussions, so they can be included in agreeing on a specific action plan.

While participation in Hydro Monitor is voluntary, leaders and HR should encourage all employees to contribute their feedback.

3.9.3. Diversity, Inclusion and Belonging

Hydro recognizes the potential for increased value creation by fully utilizing our diverse workforce. By leading with and incorporating diverse perspectives, we make better decisions and create new opportunities. This is critical to the success of our business and supports our strategic focus on building viable societies.

Viable societies are those that are accessible to all, where individuals' unique skills, experiences, and perspectives are harnessed to generate value. Leaders carry the primary responsibility for driving this, while all employees share the responsibility of fostering an inclusive culture.

In our efforts to care for our people, Hydro is committed to ensuring that everyone feels included and empowered to perform at their best. All employees are responsible for contributing to an inclusive work environment, and our leaders are expected to model the behaviors necessary to unlock the full potential of our diverse workforce.

4. Minimum working conditions

Hydro upholds the principle of freedom of association, ensuring that all employees have the right to join an employee organization and participate in collective negotiations.

Working hours should be in accordance with local law or agreements. Under normal circumstances, on a weekly basis, an employee should not work in excess of 48 hours and 12 hours overtime and be given a minimum of 24 hours continuous rest. Where operation of the business makes it necessary to deviate from this, measures should be taken to secure sufficient time for rest between each working period, and the actual working hours should be in line with the intentions above.

Employees are entitled to medical treatment covered by the company in the event of sickness or injury resulting directly from their work in Hydro. In the event of work-related disablement or death,

employees or their surviving immediate family member(s) will receive insurance payments and/or pension.

In addition, employees should be protected from being dismissed due to pregnancy or responsibility for newborn children, consistent with local customs and laws. To support employees in relation with welcoming a new child into the family, Hydro has set a minimum global standard for paid parental leave.

Hydro's commitment to respect human rights is set out in our Human Rights Policy, ref. GS-09-01. This includes the rights of all employees.

5. HR Information Systems

Group People serves as the product owner of ONE (SAP SuccessFactors) and the Employee Archive (UKG), both of which are IT tools used in Hydro for processing personal data related to HR functions.

To comply with legislation and ensure the confidentiality, integrity, and accessibility of personal data processed in Hydro's HR information systems, systematic measures are in place. For more details, refer to the "People Data and Privacy" section on SharePoint.

Any implementation or changes to HR information systems are driven by business needs and compliance requirements, with a preference for industry-standard solutions.

6. Accountability and deviations

The EVP of People & HSE is responsible for overseeing the implementation and monitoring of Hydro's People Directive. This role includes regularly consulting with the organization to recommend necessary updates to the directive.

Any deviations from this directive require explicit permission from the EVP of People & HSE.

7. References

- Hydro's Code of Conduct (CD-07)
- Hydro's Code of Governance (CG-01)
- HSE Global Directive (GD-03) and linked procedures (GD-05)
- Information Systems and Information Technology (GD-08)
- Sustainability Directive (GD-09)
- Data Protection in Hydro (GP-01-08)
- Hydro's Global Policy on Paid Parental Leave (GP-02-06)
- Supplier Code of Conduct (GP-09-01-01)
- Hydro's Social Responsibility (GP09-05)
- Information handling handbook (GS-01-01)

- Hydro's DIB policy (GS-02-01)
- Hydro's Human Rights Policy (GS-09-01)

8. Change log

Rev. nr.	Date	Description of change	Approver/Verifier
12	January 2025	<ul style="list-style-type: none">- Overall revision of language for consistency.- Added HR operating model and HR roles & responsibilities.- Added content to be in line with ESRS1 and Hydro's Human Rights policy.- Full update of 3.2 Recruitment- Added recommendations and requirements in 3.5 Reward.- Added recommendations and requirements in 3.8 Offboarding.- Added 3.9.1. on Leadership development	Nordh/Kallevik