



Hydro Global Tax Policy

Approved by the Board of Directors
December 10, 2024



Global Tax Policy

1. Introduction

This document sets out the global framework for tax management and governance in Hydro¹.

The Global Tax Policy shall be in line with the governance of Hydro, including the [Code of Conduct](#) and [The Hydro Way](#).

Hydro is committed to acting as a responsible corporate citizen globally. Our tax compliance and planning are professionally managed, transparent and aligned with legitimate business objectives. This Global Tax Policy is designed to meet statutory obligations for disclosure and replaces all previous versions, effective immediately upon publication.

2. Tax Governance, Risk Management and Organization

Hydro's Board of Directors (BoD) is responsible for annually approving this policy and considering its further development. This process is supported by the Chief Executive Officer/Executive Leadership Team (CEO/ELT), the Chief Financial Officer (CFO), Hydro's Group Tax Function (GT), and other internal stakeholders. In this work, feedback from external stakeholders is also considered.

By emphasizing clear responsibilities and adhering to comprehensive tax policies, Hydro ensures robust tax governance, ethical tax planning, and strong relationships with tax authorities, enhancing corporate reputation and stakeholder trust.

2.1 Main Responsibilities

The Board of Directors has the overriding responsibility for the stewardship of Hydro. However, Hydro's governance system is based on the delegation of responsibility from the BoD to the CEO and from the CEO to the Executive Vice Presidents (EVPs) of the Business Areas and to EVPs of corporate functions. Below, we have outlined the main responsibilities within the governance system related to management of taxes in Hydro, including this Tax Policy. The information is not intended to be an exhaustive description of the overall governance system in Hydro.

Board of Directors:

- Approve the Global Tax Policy to ensure its alignment with Hydro's overarching ethical framework and corporate governance principles.

Chief Executive Officer / Executive Leadership Team:

- Collaborates with the CFO, GT and other internal stakeholders to develop, update and refine the Global Tax Policy.

Chief Financial Officer:

- Decides on tax matters of material, long term and/or fundamental policy character in line with generally applied appropriation limits in Hydro, including regularly considers whether any tax matters should be taken to ELT or BoD for final approval.
- Supports submission of approval request to BoD on this Global Tax Policy.

Group Treasury and Tax:

- Is Hydro's advisory body to the CFO in corporate tax strategy and governance issues. Head of GT carries out the Group's governance role on behalf of Group Treasury and Tax in this area.

Group Tax:

- Is accountable for tax governance and management in Hydro and works closely with the Business Areas and Group Functions and other internal stakeholders to identify, monitor, and mitigate tax risks.
- Defines the framework for managing taxes applicable for Hydro and sets out the policies, roles, and responsibilities for tax activities in all jurisdictions in which Hydro operates and/or has tax reporting/compliance obligations.
- Proactively informs and seeks information on regulatory developments – and actively supports the business areas. Similarly, the business areas have a responsibility to involve GT in case of material tax claims and when GT guidance on further process in a matter is needed.
- Develops, owns, and implements internal guidelines to support adherence and compliance with local and international tax laws, including OECD guidelines and initiatives and EU Mandatory Disclosure Rules (MDR).
- Provides tax advice and planning based on business rationale and commercial needs to ensure tax efficiency and compliance.

Employees:

- All Hydro employees are obliged to adopt and follow the Global Tax Policy in all business activity and in all decision-making as applicable.
- Reporting of ethical issues and suspected violations linked to taxes is encouraged and facilitated via [Hydro's Alert Line](#), also allowing for anonymous reporting.

¹ Norsk Hydro ASA and its consolidated entities. Policy should also be honored by Hydro representatives in Hydro owned JV's

2.2 Risk Management

Hydro is operating on most continents and present in over 40 countries. This global reach in combination with Hydro's long value chain cause tax complexity and potential local and international tax risks.

Hydro ensures an effective system of tax risk management through an integrated part of its Enterprise Risk Management (ERM). The purpose of ERM is to enable risk-informed decision making throughout the organization according to risk appetite set by BoD and facilitated by an effective system of risk management.

For tax, this includes a framework to identify, measure, manage and report tax risks as well as to develop and implement an appropriate tax control framework cf. the Material tax change in the risk section of Hydro's [annual report for 2024](#) (page 48).

3. Global Tax Policy

3.1 Legal and Regulatory Requirements

The management of taxes in Hydro shall be performed in accordance with:

- All local laws and regulations relevant to taxes, accounting and bookkeeping applicable for Hydro.
- The OECD and EU initiatives for tax transparency, hereunder mainly, DAC6 and Mandatory Disclosure Rules (MDR) as well as the OECD/G20 Inclusive Framework on Base Erosion Profit Shifting Project (BEPS) and the Global Tax Reform (Pillar II).
- OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations including, but not limited to the arm's length principle.

3.2 Tax Compliance and Reporting

Hydro is committed to transparency and accuracy in its tax compliance and reporting, while respecting confidentiality and other applicable obligations. Hydro shall ensure:

- Full, fair, accurate, and understandable tax calculations, reporting, and filings, as well as timely payment of taxes.
- That financial tax reporting is in accordance with IFRS and Hydro's accounting principles.
- To continuously enhance tax practices and internal controls to uphold high standards of tax governance and accountability.

Disclosure of tax matters and tax risks in Hydro's financial reporting is supported by GT's internal reporting of material tax matters to Group Accounting and Reporting (GAR). This is to quality assure accounting processes on material tax matters in the consolidated financial statements and to substantiate the legal probability assessments for provisions and contingencies.

3.3 Tax Planning and Advisory

In its tax management, Hydro strives for sustainable value-creation for its shareholders, stakeholders, and the communities in which it operates.

Hydro shall seek to adopt tax efficiency and cost optimization based on business rationale and commercial needs – to capture and realize values across the group - within the following parameters:

- All tax planning and advisory shall be based on the principle that equitable taxes are paid with correct amounts, at the correct time and where the economic value is generated.
- All tax planning and advisory will be undertaken based on Hydro's commercial needs and all transactions must have a business purpose.
- Artificial transactions, tax evasion and/or tax avoidance are not to be undertaken, nor is Hydro to contribute to such actions by third parties.
- Tax planning may be undertaken to utilize statutory tax incentives or reliefs to ensure tax efficiency in the business and commercial environment of the group.
- Tax planning shall not be used for purposes which are contradictory to the intent and spirit of the legislation in the countries in which Hydro operates.
- Attention shall be given to the application of professional diligence in the management of risks associated with tax matters.
- Legal entities in jurisdictions commonly known as "tax havens" or low tax jurisdictions shall only be established when needed for commercial operations / justified by business reasons and never for the purposes of tax avoidance or base erosion profit shifting.
- Consideration shall be given to Hydro's social responsibility and ethical business conduct, reputation, and brand as well as expectations and possible concerns from its key stakeholders.

3.4 Relationship with Tax Authorities

Hydro is committed to a constructive, professional, and transparent relationship with tax authorities, based on the concept of integrity, collaboration, and mutual trust.

Hydro shall:

- Respond to tax enquiries and audits in an open, honest, and responsive manner.
- Handle correspondence with the authorities and tax disputes in a professional and proactive solution-oriented manner.
- Appropriately disclose errors to the tax authorities.
- Participate in joint improvement projects with the tax authorities, if possible.
- Support and facilitate recurring ‘enhance relationship’ meetings with tax authorities in line with general practice in the countries where Hydro operates.
- Proactively engage in consultation processes with legislative bodies and policy makers around the globe to support and contribute to the development of new and/or improved tax legislation and administration.
- Support initiatives for sustainable, effective, and stable tax systems providing transparency and predictability, elements which are crucial for business development within the industry.

3.5 Tax Transparency

Hydro shall maintain a principle of openness and be honest and responsive when dealing with tax matters.

Hydro shall:

- Fully comply with the relevant tax transparency legislation in all jurisdictions.
- Seek to meet the tax transparency expectations of relevant stakeholders, such as voluntary disclosures of Hydro’s approach to managing taxes.
- Disclose tax information in line with requirements in the Tax standard of the Global Reporting Initiative (GRI 207 (2019)), Extractive Industries Transparency Initiative, as well as the Norwegian Country-by-Country reporting (CbCR) requirements. The CbCR is considered as forming part of this policy. See page 257 in the [Annual Report](#) for more information about CbCR.





Industries that matter

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