

For the Annual General Meeting of Norsk Hydro ASA

Recommendations from the Nomination Committee of Norsk Hydro ASA

Composition, mandate, and work of the Committee

The composition of the Nomination Committee of Norsk Hydro ASA (“Hydro” or “the Company”) is as follows:

1. Berit Ledel Henriksen (chair)
2. Morten Strømgren (member)
3. Susanne Munch Thore (member)
4. Nils Bastiansen (member)

In accordance with Article 5A of the Company’s Articles of Association, the Nomination Committee shall submit its recommendation to the Annual General Meeting regarding the election of shareholder-elected members to the Company’s Board of Directors, the election of members of the Nomination Committee, as well as remuneration for members of the Company’s Board of Directors and the Nomination Committee. Guidelines for the Nomination Committee were last adopted by the Annual General Meeting on 10 May 2022 and are available at www.hydro.com.

Since the previous Annual General Meeting held on 10 May 2022, the Nomination Committee has held 14 meetings, including meetings with the chair of the Board of Directors, individual Board members, and the CEO. The Nomination Committee has reviewed the Board of Directors’ self-evaluation. The shareholder community has been encouraged via the Company’s website to propose candidates, and the Committee has put forward its recommendation to several of the Company’s largest owners. The Nomination Committee also self-evaluates its work annually.

The Nomination Committee’s recommendation is unanimous.

Composition of the Company’s Board of Directors

In accordance with Article 5 of the current Articles of Association, the Board of Directors shall consist of 9 to 12 members, who shall be elected for up to 2 years at a time. The Board of Directors currently consists of 11 members, seven of whom are elected by shareholders and four are elected by and among the Company’s employees in Norway.

At the Company’s Annual General Meeting held on 10 May 2022, the following were elected as shareholder-elected members for up to two years:

Position	Name	Year voted in
Chair¹	Dag Mejdell	2012, chair since 2014
Deputy chair	Rune Bjerke	2020, deputy chair since 2022
Member²	Marianne Wiinholt	2016
Member	Peter Kukielski	2019
Member	Kristin Fejerskov Kragseth	2022
Member	Philip Graham New	2022
Member	Petra Einarsson	2022

During 2022, the Nomination Committee thoroughly assessed the Board of Directors, its composition, and its overall competence, cf. section 7 of [The Norwegian Code of Practice for Corporate Governance \(2021\)](#) (“NUES”).

The Nomination Committee perceives that the members of the Board and the Company’s administration have provided a reasonably consistent account of how the Board functions. The Nomination Committee finds that there is a consensus that the Board is functioning well, that is has broad and relevant expertise, and that it has a sound understanding of the Company’s strategic challenges and opportunities. In assessing the Board’s composition, the Committee has examined Hydro’s strategy and how the Board’s composition can contribute to support this strategy towards 2025 and beyond.

In its assessments, the Nomination Committee has taken into consideration the need for renewal versus continuity. In connection with the Annual General Meeting in the spring of 2022, extensive changes were made to the composition of the Board of Directors, among both members elected by the shareholders and those elected by the employees. Based on the feedback from the Board of Directors and the administration, the Nomination Committee finds that the Board of Directors – as a collegiate body – has handled said changes satisfactorily.

The Nomination Committee is committed to ensuring that each Board member has the capacity for, is dedicated to, and puts in sufficient work effort in their role for Hydro. As part of its assessment, the Nomination Committee has therefore also assessed each individual Board member’s total workload and capacity, with reference to any other positions and roles.³ The Board of Directors had an overall attendance rate of 96.7% at Board meetings in 2022.

The Nomination Committee considers that all of today’s shareholder-elected Board members are independent of Hydro’s senior executives, significant business connections, and main shareholders. The

¹ Mejdell is also chair of the Board’s People and Compensation Committee.

² Wiinholt is also the chair of the Board’s Audit Committee.

In 2019, Boston Consulting Group carried out a survey³, [on behalf of the Ministry of Fisheries and Industry, of the time spent by board members and board chairs on their board-related duties in Norway’s largest quoted companies](#). This survey showed that, on average, board members spent 20% of their working hours on their board-related duties, based on a normal 40-hour-working week and a standard 46-week-working year.

requirement to ensure a balanced representation of both sexes has been met, cf. section 6(11)(a) of the Norwegian Public Limited Liability Companies Act.

In view of the above, the Nomination Committee proposes that no changes be made to the composition of the Company's Board of Directors at the Annual General Meeting. Information on the competence and background of current Board members is available on [Hydro's website](#).

In keeping with the Nomination Committee's recommendation, on 10 May 2022 the Board elected Dag Mejdell as chair of the Board of Directors and Rune Bjerke as deputy chair of the Board of Directors, both for a period of up to two years. The Nomination Committee does not propose any change to the Board's management.

Item 12 of the Notice of the Meeting – Election of Nomination Committee members

Article 5A of the Company's Articles of Association provides that the Nomination Committee shall consist of a minimum of three and a maximum of four members who shall be shareholders or shareholder representatives. The members of the Nomination Committee, including its chair, shall be elected at the Annual General Meeting. The members of the Nomination Committee shall be elected for up to two years at a time and be independent of the Company's Board of Directors and top management. All current members of the Nomination Committee were elected at the Company's Annual General Meeting held on 10 May 2022 for a period of up to two years.

In 2022, the Nomination Committee assessed its own composition and its overall competence. As part of this work, the Nomination Committee examined the consideration of continuity against the consideration of renewal, cf. section 4.5 of the Nomination Committee's Guidelines.

Berit Ledel Henriksen has been a member of the Nomination Committee since 2015 and chair since May 2022, Morten Strømgren a member since 2019, Nils Bastiansen a member since 2020, and Susanne Munch Thore a member since 2022. Munch Thore was also a member of the Nomination Committee during 2014–2020. All members are considered to be independent of the Company's Board of Directors and top management, cf. section 4.4 of the Nomination Committee's Guidelines.

Two shareholders have proposed new candidates for the Nomination Committee because of internal changes. The largest owner, the Norwegian Ministry of Trade, Industry and Fisheries, has proposed Muriel Bjørseth Hansen, who is a director at the Ministry, and the second largest owner, Folketrygdfondet, has proposed Karl Mathisen, who is the new Chief Investment Officer Equities at Folketrygdfondet. The Nomination Committee considers these candidates as relevant and competent, conferring to the criteria mentioned above, and proposes Muriel Bjørseth Hansen and Karl Mathisen as new members of the Nomination Committee.

Muriel Bjørseth Hansen is Sustainability Director (since 2018) in the Ownership Department of the Ministry of Trade, Industry and Fisheries. Previously, she was a senior advisor (2007–2018) in the same department, mainly as an asset manager on various company teams, including companies in process industry, finance, and transport. She holds a degree in business economics from the Norwegian School of Economics (1992) and a Master's degree in economics from the University of Oslo (1998).

Karl Mathisen is Chief Investment Officer Equities at Folketrygdfondet and former portfolio manager at the same institution, where he worked particularly with the industry and IT sectors. Previously, he was a senior advisor in the Ministry of Trade, Industry and Fisheries and a Portfolio Manager at Norges Bank Investment Management in London, New York, and Oslo. He graduated from BI Norwegian Business School in 2004, specialising in finance and accounting.

In view of the above, the Nomination Committee proposes that the Committee be composed as follows:

- Berit Ledel Henriksen (chair), elected for up to two years from 10 May 2022
- Susanne Munch Thore (member), elected for up to two years from 10 May 2022
- Muriel Bjørseth Hansen (member), elected for up to two years from 10 May 2023
- Karl Mathisen (member), elected for up to two years from 10 May 2023

Information on the competence and background of the Nomination Committee members is available on [Hydro's website](#).

Item 13 of the Notice of the Meeting – Remuneration of the Board of Directors, deputy members, and the Board's committees

The remuneration for Board members and the Board's committees were last approved by the Annual General Meeting on 10 May 2022.

Current and past remuneration rates (as expressed in Norwegian kroner thousands) are shown in the table below:

	2018	2019	2020	2021	2022
Board					
Chair	663	686	686	707	731
Deputy chair	401	413	413	426	440.5
Member	351	362	362	373	385.7
Compensation for travel time *	10.3	23.0	23.0	30	31
Remuneration Committee					
Chair	117	120.5	120.5	124	128.2
Committee member	88	90.5	90.5	93	96.2
Audit Committee					
Chair	203	209	209	215	222.3
Committee member	132	136	136	140	144.8

**Remuneration for board members living outside of Norway. Applicable when the member is required to cross a national border to attend a board meeting.*

When proposing an increase in remuneration for the Board of Directors and the Board's Committees, the Nomination Committee takes into account the responsibilities and competences of Board members, information regarding remuneration for elected representatives in similar companies, the Company's complexity, and the efforts expected of the elected representatives during the coming period, cf. also section 11 of the Norwegian Code of Practice for Corporate Governance and section 4.6 of the Nomination Committee's Guidelines.

As part of its work, the Nomination Committee has been in contact with both Norwegian and international shareholders on the topic of remuneration, cf. section 3.7 of the Nomination Committee's Guidelines.

The Nomination Committee believes that remuneration should reflect the significant work and responsibilities that a directorship in Hydro entails, and that this is an important element in ensuring Hydro's access to the best resources, also in the years to come. Against this background, the Nomination Committee notes that several surveys have shown Norwegian board remuneration levels to be among the lowest, both in a Nordic and European context.

The Nomination Committee has made considerable efforts to gain an understanding of the Board's workload, responsibilities, availability requirements, and competence. The Nomination Committee takes the view that the current remuneration, particularly for the Board's chair, does not adequately reflect the factors mentioned.

Hydro is currently the fourth largest company quoted on the Euronext Securities Oslo (Oslo Børs). It is a complex, international company with operations in 40 countries and more than 32,000 employees worldwide.⁴ However, neither Board chair nor Board member remuneration in Hydro are among the top 30 highest Board chair or Board member remunerations, respectively, of Norway's publicly listed companies in 2022.⁵

The annual survey on board member remuneration conducted by the Norwegian Institute of Directors in 2022 showed that the chair of the board of directors in the respondents' companies is on average roughly 9.5% of the CEO's remuneration.⁶ It follows from [Hydro's 2022 Senior Executive Remuneration Report](#) that the chair of Hydro's Board of Directors received 5.5% of the CEO's total remuneration.⁷

Even though Hydro is an exciting global company with positive contributions in many areas, which makes it attractive to Board candidates, the Nomination Committee considers remuneration to be important for recruiting and retaining the best candidates.

Overall, the Nomination Committee sees a need for a significant increase in remuneration. Based on a dialogue with major shareholders, the Nomination Committee is putting forward a recommendation this year that would help to close part of this gap. Going forward, the Nomination Committee will continue working with remuneration levels to ensure they are both competitive and moderate.

Furthermore, the Nomination Committee wishes to emphasise that it considers it to be positive that the Board members own shares and encourages Hydro's Board members to do so. Share ownership by Board members has also been described as important by several Norwegian and international shareholders with whom the Nomination Committee has been in contact.

For easy reference for the Company's foreign shareholders, in the Nomination Committee's recommendations for remuneration, USD amounts have been included in parentheses after the amounts expressed in Norwegian kroner (NOK). US dollar amounts were calculated using the exchange rate of 27 March 2023, as obtained from [Norges Bank](#). Remuneration will be paid in Norwegian kroner.

⁴ Please see p. 18 of [Hydro's 2022 Annual Report](#). Hydro is Norway's largest non-governmental employer.

⁵ Board Remuneration Survey p. 18 (Chair) and p. 20 (Board members). The survey is available in its entirety to members of the Norwegian Institute of Directors. The Board Remuneration Survey includes Norwegian listed and state-owned companies.

⁶ 2022 Board Remuneration Survey, p. 3.

⁷ Mejdell received a total remuneration of NOK 859,000 (which includes remuneration for committee work); please see p. 22. CEO Hilde Merete Aasheim received a total remuneration of NOK 15,686,000 in the same period; please see p. 8.

Remuneration of the chair of the Board of Directors

The remuneration of the chair of the Board of Directors (effective from 1 January 2022) was last approved at the Company's Annual General Meeting on 10 May 2022.

The Nomination Committee recommends that the annual remuneration for the Board's chair be increased by 9.4% in 2023, with effect from 1 January 2023.

With reference to its statements above, the Nomination Committee considers that the elements indicating increased remuneration apply to an even greater extent to the Board's chair, in view of the chair's high and increasing workload, level of responsibility, and availability requirements. The Nomination Committee considers that an increase of 9.4% would provide a remuneration that better reflects these issues, come closer to the desired remuneration level, and that the increase leads to a still moderate, yet slightly more competitive remuneration.⁸ Please note that all amounts below are stated in NOK, with approximate USD equivalents stated in parentheses.

	From	To
Chair of the Board:	731 000 (USD 69,487)	800 000 (USD 76,046)

Remuneration for (other) Board members, deputy Board members, and members of the Board's sub-committees, as well as travel time allowance

The Nomination Committee proposes an increase of 4.4% to the remuneration of (i) members of the Board of Directors, (ii) chair and members of the Audit Committee, (iii) the Remuneration Committee's chair and members, and (iv) the travel allowance to Board members residing outside of Norway. The increase approximately reflects the average wage growth in Norway in 2022.⁹

All increases, rounded as appropriate, apply as of 1 January 2023. As before, travel expenses will be covered by the Company per invoice.

For personal Deputy Board members for the Board's employee-elected members, the Nomination Committee proposes a remuneration of NOK 17,000 for each meeting at which the deputy member participates as a result of the absence of an employee-elected Board member.

The Nomination Committee thus proposes the following annual remuneration, with effect from 1 January 2023. Please note that all amounts stated below are in NOK and that approximate USD equivalents are given in parentheses.

	From	To
Board		
Deputy chair:	440 500 (USD 41,873)	460 000 (USD 43,726)

⁸ For Norwegian listed companies, the remuneration of the chairs of boards of directors increased by 11.7% on average in 2022; please see p. 9 of the Board Remuneration Survey.

⁹ The accrued annual salary growth from 2021 to 2022 stated in the national accounts for 2022 is 4.3%.

Member:	385 700 (USD 36,663)	403 000 (USD 38,308)
Personal Deputy for an employee-elected Board member:**	N/A	17 000 (USD 1,616)
Compensation for travel time:*	31 000 (USD 2,947)	32 300 (USD 3,070)
Audit Committee		
Chair:	222 300 (USD 21,131)	232 000 (USD 22,053)
Member:	144 800 (USD 13,764)	151 000 (USD 14,354)
Remuneration Committee		
Chair:	128 200 (USD 12,186)	134 000 (USD 12,738)
Member:	96 200 (USD 9,144)	100 400 (USD 9,544)

*Remuneration for board members living outside of Norway. Applicable when the member is required to cross a national border to attend a board meeting.

**Compensation for each board meeting at which the personal deputy of an employee-elected Board member participates in a Board meeting because of the latter's absence.

Item 14 of the Notice of the Meeting – Remuneration for the members of the Nomination Committee

In accordance with Article 5A of the Company's Articles of Association, the Annual General Meeting determines the remuneration of the members of the Nomination Committee.

In its recommendation, the Nomination Committee has taken into account information on remuneration levels for members of the nomination committees of similar companies, as well as the workload and contribution expected in the coming period. The Nomination Committee recommends that the remuneration for the chair and members of the Nomination Committee be increased by 4.4%. The increase is broadly equivalent to the average wage growth in Norway in 2022. All increases, rounded as appropriate, shall apply from 1 January 2023.

Allowance per meeting. Please note that all amounts below are stated in NOK, with approximate USD equivalents stated in parentheses.

	From	To
Nomination Committee		
Chair (per meeting where the chair is present)	8 750 (USD 831)	9 100 (USD 865)
Members (per meeting where members are present)	7 000 (USD 665)	7 300 (USD 694)

Oslo, 29 March 2023

Nomination Committee of Norsk Hydro ASA

Berit Ledel Henriksen

Morten Strømgren

Nils Bastiansen

Susanne Munch Thore