Sustainable Fitch
a FitchSolutions Company

Norsk Hydro ASA

Second-Party Opinion — Green Financing Framework

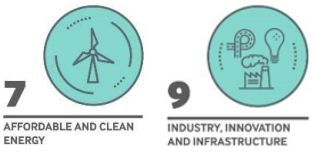
Excellent ☑ | Good | Aligned | Not Aligned

Framework Type	Green
Alignment	✓ Green Bond Principles 2025 (ICMA) ✓ Green Loan Principles 2025 (LMA/LSTA/APLMA)
Date assigned	17 July 2025

See Appendix B for definitions.

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• The use of proceeds (UoP) categories described within Norsk Hydro's (Hydro) green financing framework are aligned with the ICMA Green Bond Principles (GBP) and the LMA, LSTA and APLMA Green Loan Principles (GLP), and demonstrate clear environmental benefits. • Sustainable Fitch considers the UoP categories to have a positive environmental impact. We based our assessment on their compliance with the EU taxonomy's science-based substantial contribution criteria (SCC) for the relevant activity categories under the environmental objective of climate change mitigation and with the minimum safeguards. The framework commits to align with the do no significant harm criteria on a best-effort basis.
Use of Proceeds – Other Information	Good	• Clear eligible project descriptions and a defined lookback period, in line with the recommended practice from the ICMA, positively affect this section. • The outcome is limited by the absence of a pre-identified proportion of new project financing; having a pre-identified proportion of new projects would make the environmental value added through the investments clear to investors.
Evaluation and Selection	Excellent	• The project evaluation and selection process is robust, with various expertise teams involved in the process. • A double-layered process, where projects are proposed by relevant business units and approved by the green finance committee (GFC), improves accountability.
Management of Proceeds	Excellent	• The framework's management of proceeds practices are in line with general market practice. These practices include the internal tracking of proceeds and management of unallocated proceeds in line with internal treasury policies. • Having removal power in case of ineligibility supported the section's outcome.
Reporting and Transparency	Excellent	• Hydro's commitment to report on allocation until full disbursement of proceeds and to report on impact at least once during the instrument's lifetime aligns with the GBP and GLP requirements. • We positively view that the framework references an external methodology for impact reporting. The guaranteed auditing of the allocation report also aligns with market best practice.

Relevant UN Sustainable Development Goals



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Use of Proceeds Summary – ICMA Categories	
Green	Circular economy adapted products, production technologies and processes and certified eco-efficient products Renewable energy Energy efficiency

Source: Hydro green financing framework 2025

Framework Highlights

We consider transactions under Hydro's green financing framework to be aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP. Our view is that the alignment is 'Excellent'.

The framework represents the first update to Hydro's green financing framework, which was initially established in 2022. This update aims to better align Hydro's financing with its sustainability strategy and is in line with the issuer's recently established European green bond (EuGB) factsheet from June 2025.

The updates in the 2025 version of the framework primarily expand the eligible project categories to include the manufacture of equipment for the production and use of hydrogen. The framework integrates the EU taxonomy SCC into the eligibility criteria for UoP categories, demonstrating the strong environmental benefits of investments related to the company's economic activities, such as aluminium manufacturing and renewable energy production, thereby contributing to the EU's environmental objective of climate change mitigation. Additionally, the framework commits to complying with minimum safeguards and, where feasible, to aligning with the relevant do no significant harm criteria of the EU taxonomy.

Hydro's green financing framework includes six UoP categories: manufacture of aluminium, hydropower, wind power, solar power, manufacture of hydrogen, and storage (hydrogen, thermal energy, electricity). These UoP categories are mapped to 10 EU taxonomy-eligible economic activities under the climate change mitigation objective.

The manufacture of aluminium UoP covers both primary aluminium production through the alumina (bauxite) process and secondary aluminium recycling. The renewable energy generation UoP categories encompass construction and operation of hydropower, wind power and solar power technologies, with appropriate environmental assessments indicated for new hydropower projects.

The hydrogen UoP relates to the manufacture of hydrogen, hydrogen-based synthetic fuels and equipment for hydrogen production and use. The storage UoP involves the construction and operation of facilities for hydrogen storage, thermal energy storage and electricity storage, including pumped hydropower. The eligibility criteria for all UoP categories are fully aligned with the SCC for their respective economic activities.

The framework explicitly prohibits the allocation of proceeds from the green financing instruments to projects aimed at fossil energy and fuel production, nuclear energy generation, controversial weapons, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

The framework outlines a rigorous project evaluation and selection process, centred around a dedicated GFC with clearly defined responsibilities and detailed evaluation criteria. It includes a procedure for managing proceeds that aligns with standard market practice, ensuring transparent and traceable allocation. Hydro's framework also commits to allocation and impact reporting, which is in line with standard market practice.

The ICMA GBP recommend that eligible project categories are clearly described in the legal documentation for the transaction. The issuer confirmed that the legal documentation will integrate the relevant eligible project categories in line with standard market practice. Our Second-Party Opinion covers the green financing framework and expects transaction-related legal documents or marketing materials to be in line with the framework's commitment.

Source: Sustainable Fitch, Hydro green financing framework 2025

Entity Highlights

Hydro is an aluminium and renewable energy company headquartered in Norway, with operations spanning the entire aluminium value chain, from bauxite extraction to the production of finished aluminium products. The company is also a major renewable energy producer, with a strong emphasis on hydropower, wind and solar energy.

Hydro operates in 42 countries and employed 32,000 people as of 2024. The company has an alumina production capacity of 6.3 million tonnes, a primary aluminium capacity of 2.1 million tonnes and an extrusion production capacity of 1.4 million tonnes annually. It also has a renewable electricity generation capacity of 2.8GW from 40 power plants.

Hydro's 2030 strategy, established in 2023, focuses on four key levers: growth in recycling and extrusions, increasing renewable power generation, executing decarbonisation with a positive contribution to nature, and fostering greener aluminium partnerships with customers. This strategy is supported by several performance targets, including achieving net-zero Scopes 1 and 2 emissions by 2050, ensuring no net loss of biodiversity in new projects and eliminating landfill of recoverable waste by 2040.

The company has additional sustainability targets addressing social dimensions, such as achieving zero fatal accidents and life-changing injuries, and ensuring 25% of employees are women, both in the overall workforce and in leadership positions, by 2025.

Hydro implemented advanced technologies to enhance energy efficiency and reduce emissions in its manufacturing operations, particularly in primary aluminium production through alumina refining, and in secondary aluminium recycling.

Hydro is involved in the manufacture of hydrogen and hydrogen-based synthetic fuels. The company is exploring innovative solutions to integrate hydrogen into its energy systems, aiming to use its expertise in industrial gases to develop sustainable hydrogen production methods.

Hydro is also advancing its capabilities in energy storage, focusing on electricity and thermal energy storage solutions, as well as hydrogen storage. These initiatives are part of the company's broader strategy to enhance efficiency and contribute to energy security.

Hydro aligns its business activities with the UN Sustainable Development Goals (SDGs). It reports on the mapping of respective SDGs with its business activities and initiatives, providing detailed objectives for each goal. This detailed elaboration on SDG contribution ensures transparency and accountability in its sustainability efforts.

Hydro also publishes information on its ESG performance. The information disclosed in its 2024 integrated annual report complies with the European Sustainability Reporting Standards and Global Reporting Initiative standards.

Source: Sustainable Fitch, Hydro integrated annual report 2024

Use of Proceeds – Eligible Projects	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
Manufacture of aluminium	
• This UoP category includes manufacture of aluminium through primary alumina (bauxite) process and secondary aluminium manufacturing through recycling.	• This UoP is aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP category of circular economy adapted products, production technologies and processes and/or certified eco-efficient products. • Aluminium is a key material for the energy transition, as it is required for various components of technologies such as lightweight vehicles, solar panels, wind turbines and power transmission. However, the aluminium manufacturing process emits considerable GHG emissions. • The primary production of aluminium is a highly energy-intensive process, although it could have a less negative environmental impact if the energy used is generated by renewable energy sources or at the very least from less-polluting sources. • According to the International Energy Agency, the global aluminium sector accounts for around 2% of global emissions, with the average carbon footprint of primary aluminium production worldwide being around 16kgCO_2e per kg of aluminium. • Hydro's primary aluminium offering through Hydro REDUXA, which produces low-carbon aluminium using renewable energy from hydropower, wind and solar, has a certified carbon footprint below 4kgCO_2e per kg of aluminium, corresponding to about 25% of the world average, and below the European average (6.8kgCO_2e per kg of aluminium according to European Aluminium). • The company stated that around 80% of the electricity used for its primary aluminium capacity was based on renewable power in 2024, a large share of which is sourced from its captive hydropower production. • The manufacture of aluminium is eligible under the EU taxonomy category of manufacture of aluminium (3.8) and substantially contributes to climate change mitigation if it complies with specific criteria, depending on the aluminium source. • Primary aluminium must comply with the following criteria until 2025: GHG emissions do not exceed 1,484tCO_2e per tonne of aluminium manufactured; and the average carbon intensity for indirect GHG emissions does not exceed 100gCO2e/kWh. After 2025, in addition to the above two criteria, the electricity consumption for manufacturing process should not exceed 15.5MWh per tonne of aluminium. • No specific thresholds are required for secondary aluminium (recycling); therefore, the activity automatically meets the SCC. • Secondary aluminium manufacturing has a significantly more positive environmental impact than primary aluminium manufacturing. Secondary aluminium manufacturing reduces the need to consume bauxite, which is a finite natural resource. It also requires only 5% of the energy needed for primary manufacturing and can be infinitely recycled without losing its quality. • Hydro's eligibility criteria for green projects under this UoP are identical to the abovementioned EU taxonomy criteria for the manufacture of aluminium, demonstrating alignment with the relevant SCC, which is an indication of the UoP's positive environmental impact. • Hydro operated 12 recyclers in Europe and the US in 2024 and is actively expanding its recycling operations. The company offers a range of low-carbon, recycled products to customers, such as Hydro CIRCAL, with a minimum post-

	consumer scrap content of 75% and a carbon footprint of just 1.9kgCO_2 per kg of aluminium. • Hydro's recycling growth strategy focuses on diversifying and upgrading its recycled product portfolio, developing advanced sorting capabilities and realising synergies across its aluminium metal network.	
Hydropower		
• This UoP category includes construction or operation of electricity generation facilities that produce electricity from hydropower.	• This UoP is aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP category of renewable energy. • Hydropower plays a crucial role in the transition to a low-carbon economy by providing renewable electricity with significantly lower life-cycle emissions compared to fossil fuel alternatives. • Hydro operated 40 hydropower plants in Norway as of 2024 with an annual output of 9.4TWh based on its ownership shares. • Electricity generation from hydropower is eligible under the EU taxonomy category of electricity generation from hydropower (4.5). • It substantially contributes to climate change mitigation if it complies with one of the following criteria: the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; the power density of the electricity generation facility is above 5W/sqm; or the life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100gCO_2e/kWh. • Hydro's current hydropower operations demonstrate a positive environmental impact; the company stated that all its reservoir-based hydropower facilities have emissions below the 100gCO_2e per kWh threshold. Additionally, Hydro operates run-of-river facilities such as Vigelandsfoss that have no artificial reservoirs, with lesser negative environmental impact. • Hydro's eligibility criteria for green projects under this UoP are identical to the abovementioned criteria. We therefore consider Hydro's hydropower projects to be aligned with the relevant SCC, which is an indication of the UoP's positive environmental impact.	
Wind power		
• This UoP category includes construction or operation of electricity generation facilities that produce electricity from wind power. It includes onshore and offshore wind energy generation facilities.	• This UoP is aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP category of renewable energy. • Wind power has a positive environmental impact, reflecting renewable energy's contribution towards the transition to a low-carbon economy. Technologies for low-emissions renewable power generation support the decarbonisation of the energy sector. • Hydro engages in wind power development both through direct operations and strategic partnerships. The company operates the Tonstad wind farm in Norway, which consists of 51 wind turbines with a combined installed capacity of 208MW, generating around 0.7TWh of renewable electricity annually. Additionally, Hydro is developing wind power projects through its joint venture, Hydro Rein. • Wind power projects are eligible under the EU taxonomy category of electricity generation from wind power (4.3) and substantially contribute to climate change mitigation without having to meet additional thresholds. We therefore consider Hydro's onshore and offshore wind power projects to be aligned with the relevant SCC, which is an indication of the UoP's positive environmental impact.	

Solar power		
• This UoP category includes construction or operation of electricity generation facilities that produce electricity using solar PV technology or concentrated solar power technology.	• This UoP is aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP category of renewable energy. • Solar power generation has a positive environmental impact, as it displaces more pollution-generating sources of energy and enables the long-term operation of clean energy assets for power supply. • Hydro's engagement in solar power development is made through its joint venture, Hydro Rein. The company has investments in several solar projects in Brazil, including the Boa Sorte and Mendubim solar power sites, where Hydro holds a 30% equity ownership in each project. • Projects of power generation from solar energy are eligible under the EU taxonomy categories of electricity generation using solar PV technology (4.1) and electricity generation using concentrated solar power technology (4.2). These projects substantially contribute to climate change mitigation without having to meet additional thresholds. • We therefore consider Hydro's solar power projects to be aligned with the relevant SCC, which is an indication of the UoP's positive environmental impact.	
Manufacture of hydrogen		
• This UoP category includes manufacture of hydrogen and hydrogen-based synthetic fuels. This also includes manufacture of equipment for the production of hydrogen.	• This UoP is aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP category of renewable energy. • Hydrogen can be used in a wide range of new applications as an alternative to current fuels and inputs, or to complement increased use of electricity in transport, heating and steel production. It can be used without direct emissions of air pollutants or GHGs, which helps energy systems be more resilient and sustainable. • Hydro is developing hydrogen production capabilities primarily to support its own decarbonisation efforts, particularly in aluminium recycling operations. The company's approach focuses on electrolysis-based hydrogen production using renewable electrical power to transform water into oxygen and hydrogen, ensuring minimal environmental impact throughout the production process. • Hydro's hydrogen production demonstrates positive environmental impact through its use of renewable energy sources. The company provided an outcome from a third-party study estimating that the life-cycle GHG emissions of hydrogen manufactured using Hydro's technology in a direct hydropower scenario would be 22gCO_2e per kg of hydrogen, well below the EU taxonomy threshold of 3tCO_2e per tonne of hydrogen. • The company stated that under the scenario employing the Norwegian electricity market mix, emissions would be 653gCO_2e per kg of hydrogen, which is still well within compliance limits. • The most advanced hydrogen project in Hydro's portfolio is the Høyanger hydrogen pilot, where the company is planning to replace natural gas with green hydrogen in one remelting furnace at its recycling plant. • This three-year pilot project, scheduled to begin production in 2026, will partly replace natural gas with green hydrogen and is expected to save around 4,000tCO_2e annually in its first phase. These savings could exceed 8,000tCO_2e a year if expanded to the entire recycling plant in a second phase. • Manufacture of hydrogen is eligible under the EU taxonomy category of manufacture of hydrogen (3.10) and substantially contributes to climate change mitigation if the life-cycle GHG emissions savings are 73.4% for hydrogen relative to a fossil fuel comparator of 94gCO_2e/MJ, resulting in life-cycle GHG emissions lower than 3tCO_2e per tonne of hydrogen.	

	• Hydro's eligibility criteria for green projects under this UoP are identical to the SCC for hydrogen manufacturing. We therefore consider Hydro's hydrogen manufacturing projects to be aligned with the relevant SCC, which is an indication of the UoP's positive environmental impact. • This UoP also includes the manufacture of equipment for the production and use of hydrogen as part of its eligible activities. • The equipment used for hydrogen production is eligible under the EU taxonomy category of manufacture of equipment for the production and use of hydrogen (3.2). Such equipment substantially contributes to climate change mitigation if it is for hydrogen that meets the SCC for the EU taxonomy category of manufacture of hydrogen. • This in turn requires the equipment to be used for hydrogen that achieves a life-cycle GHG emissions saving threshold of 73.4%, resulting in life-cycle GHG emissions lower than 3tCO_2e per tonne of hydrogen, relative to a fossil fuel comparator of 94gCO_2e/MJ. • Hydro requires that future projects financed or invested in under this economic activity be only for equipment producing hydrogen that meets the SCC for the manufacture of hydrogen. Therefore, we consider this UoP to be aligned with the relevant SCC and have a positive environmental impact.	
Storage		
• This UoP category includes construction and operation of facilities that store electricity and return it at a later time in the form of electricity. • This category includes three types of energy storage: – hydrogen storage; – thermal storage; and – electricity storage.	• This UoP is aligned with the ICMA GBP category of energy efficiency and the LMA, LSTA and APLMA GLP category of renewable energy. • This UoP includes various types of energy storage, including storage of electricity, heat and hydrogen. According to the International Energy Agency, energy storage systems, including thermal and hydrogen storage, are critical enablers for decarbonisation, providing the flexibility needed to accommodate growing shares of variable renewable energy. • Hydro is developing electricity storage solutions as part of its strategic focus on renewable energy. The company recognises that energy storage is a necessary component for the green transition, particularly as intermittent renewable sources such as wind and solar increase their share in the energy mix. • The company is pursuing pumped storage hydropower projects in Norway, including the Illvatn pumped storage plant in Sogn, which received an investment decision. Additionally, Hydro filed an application for concession to upgrade and expand the hydropower plants in Røldal-Suldal, which would increase installed capacity and energy storage capabilities in the existing power system. • Electricity storage is eligible under the EU taxonomy category of storage of electricity (4.10). • Electricity storage projects, including pumped hydropower storage, substantially contribute to climate change mitigation without having to meet additional thresholds when the storage does not use a chemical source as a medium. Where chemical energy storage is involved, the medium of storage must comply with the SCC for manufacturing the corresponding chemical product. • Hydro's eligibility criteria for green projects under this UoP are identical to the SCC for electricity storage. The framework does not detail specific electricity storage technologies, although it indicates that where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) will comply with the criteria for manufacturing the corresponding product, as specified in	

	the EU taxonomy delegated act for climate change mitigation. • We therefore consider Hydro's electricity storage projects to be aligned with the relevant SCC, which is an indication of a positive environmental impact. • Thermal storage is also an EU taxonomy-eligible activity under the category of storage of thermal energy (4.11) without having to meet additional thresholds; it covers both underground thermal energy storage and aquifer thermal energy storage. We therefore consider Hydro's thermal storage projects to be aligned with the relevant SCC, which is an indication of a positive environmental impact. • The company is also pursuing hydrogen storage solutions to complement its hydrogen production capabilities, particularly to support its own decarbonisation efforts in aluminium recycling operations. • The most advanced hydrogen project in Hydro's portfolio is the Høyanger hydrogen pilot, where the company is planning to replace natural gas with green hydrogen in one remelting furnace at its recycling plant. This three-year pilot project, scheduled to begin production in 2026, will require reliable hydrogen storage infrastructure to ensure consistent supply to the furnace. • Hydrogen storage is also an EU taxonomy eligible activity under the category of storage of hydrogen (4.12). • Storage of hydrogen substantially contributes to climate change mitigation if the activity is one of the following: construction of hydrogen storage facilities; conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen storage; or operation of hydrogen storage facilities where the stored hydrogen meets the SCC for the manufacture of hydrogen, which indicates a positive environmental impact. • Hydro's eligibility criteria for green projects under this UoP are identical to the SCC for hydrogen storage. They include construction of new hydrogen facilities, conversion of existing underground gas storage facilities to hydrogen storage and operation of hydrogen storage with stored hydrogen compliant with the SCC for the manufacture of hydrogen. • We therefore consider Hydro's hydrogen storage projects to be aligned with the relevant SCC, which indicates a positive environmental impact.
Source: Hydro green financing framework 2025	Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Good
Company Material	**Sustainable Fitch's View**
• An amount equal to the proceeds can finance both existing and new green projects financed by Hydro or its subsidiaries. New financing is defined as green projects financed in and after the reporting year when the green financing instrument is issued, and refinancing is defined as financing prior to the reporting year of when the green financing instrument is issued. • Under this framework, in line with the EuGB standard, opex will be limited to a three-year lookback period. Hydro intends to allocate an amount equivalent to the use of proceeds of green finance instruments within two years after the year of issuance. • The proceeds from Hydro's green financing instruments will not be directly allocated to projects, for which the purpose is fossil energy production, nuclear energy generation, controversial weapons, potentially environmentally harmful resource extraction (such as rare earth elements or fossil fuels), gambling or tobacco. For the avoidance of doubt, eligible solar, wind and hydropower uses of proceeds will not be directly connected to fossil fuel production assets.	• The overall outcome for this section is supported by the framework having clearly defined exclusion criteria. • There is currently no specific split between financing new projects and refinancing existing ones for proceeds of instruments issued under the framework. • Other market guidance, such as the International Finance Corporation's Green Bond Handbook, suggests that the market generally views funding new projects more positively than funding existing projects. New funding brings more additionality from an environmental impact perspective by including impact from projects that have not been recognised previously. The lack of information on this split at the time of our analysis limited our assessment. • The three-year lookback period is applicable for opex and aligns with good market practice, namely the EuGB regulation. However, a shorter lookback period across expenditure types is generally preferable, as it limits the scope of refinancing, which is linked to less additionality. • The framework clearly defines exclusion criteria for environmentally harmful resource extraction and fossil energy production, which is relevant to the company's core operational activities. This clarification provides an additional layer of certainty on the alignment of eligible green projects with environmental sustainability objectives, in line with the ICMA GBP and the LMA, LSTA and APLMA GLP, as well as with science-based taxonomies.
Source: Hydro green financing framework 2025	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Green projects shall comply with the eligibility criteria defined under the framework. • Representatives from Hydro's different business segments, supported from time to time by sustainability experts, will put forward potential green projects to Hydro's GFC. • A list of potential green projects is presented to Hydro's GFC. The GFC is solely responsible for the decision to acknowledge the project as green, in line with the eligibility criteria in this framework. Green projects that are approved will be tracked using a dedicated green project register. A decision to allocate proceeds will require a consensus decision by the GFC. The decisions made by the GFC will be documented and filed. • The GFC is chaired by the chief financial officer and includes senior member representatives from the following departments: group performance, planning and control; group accounting and reporting; group treasury and tax; group sustainability; and portfolio development. The GFC may call upon other business segments as relevant.	• We view Hydro's project evaluation and selection process as aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP. The overall outcome for this section reflects the project evaluation and selection function based on multidisciplinary departments with adequate checks and balances implemented. • The evaluation and selection process for eligible assets and projects is centred around the GFC and is comprehensive. It has a clearly defined scope of responsibilities and evaluation criteria that are detailed in the framework. • We view the overall evaluation and approval process as multi-layered, separating the roles between proposal, and evaluation and approval. This structure provides better checks and balances than a single-layered project evaluation and selection structure. • Additionally, the representation of sustainability expertise in the GFC ensures the company's sustainability strategy is reflected in investment decisions.
Source: Hydro green financing framework 2025	Source: Sustainable Fitch

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Hydro will use a green project register to track the allocation of an amount equivalent to the proceeds from a green financing instrument to green projects. Proceeds will be managed on an instrument-by-instrument basis. • If for any reason projects become no longer eligible, Hydro commits to substitute them as soon as practical, on a best-effort basis. • The balance of unallocated green financing instrument proceeds will be held in temporary investments such as cash, cash equivalents and/or	• The proceeds management process aligns with the ICMA GBP and the LMA, LSTA and APLMA GLP. The overall outcome for this section reflects the market practice-aligned proceeds management system. • Hydro indicated it plans to use an internal register for managing proceeds raised from the green financing instruments. We consider this process to be in line with general market practice. • Market best practice for managing proceeds is to segregate the funds from normal treasury accounts through an SPV or a ring-fenced subaccount. This separation of proceeds prevents commingling and

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
other liquid marketable investments in line with Hydro's treasury management policies. • Temporary investments will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, R&D within controversial weapons, environmentally negative resource extraction, gambling or tobacco.	provides increased assurance that funds will be used to bring about a positive environmental impact throughout the instrument's term. • The issuer's framework indicates that proceeds pending allocation will be used in line with its normal liquidity management policy, which is in line with standard market practice. • Hydro's framework applies exclusion criteria to the management of unallocated proceeds, including for fossil energy generation, nuclear energy and environmentally negative resource extraction. We view this as a good practice, although we view investing proceeds in short-term green instruments as best practice for managing unallocated proceeds. This can help maximise the positive environmental impact throughout the instrument's term. • The issuer monitors the proceeds and removes assets that no longer comply with the eligibility criteria. This provides assurance to investors that the proceeds continuously deliver positive environmental impact.
Source: Hydro green financing framework 2025	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Hydro will publish an annual allocation report until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date of the green financing instrument issued. Hydro will produce an impact report at least once during the life of the green financing instrument, after full allocation. • Hydro will endeavour to use the reporting templates of the EuGB standard. • Allocation reporting will include information such as amount of proceeds allocated to each project category, relative share of new financing versus refinancing, and the remaining balance of unallocated proceeds, if any. • As Hydro can finance a large number of smaller green projects in the same project category, impact reporting will, to some extent, be aggregated. • The impact assessment will, if applicable, be based on impact reporting metrics such as: – annual capacity (tonnes of produced aluminium); – estimated tCO_2e avoided; – GHG emission intensity of aluminium produced compared to world average (tCO_2e/tonne of aluminium); – installed renewable energy capacity (GW); – annual renewable energy generation (GWh); – annual GHG emissions avoided (tCO_2e emissions); – new capacity installed and financed (if SPVs); – annual capacity (tonnes of hydrogen); – carbon footprint of hydrogen (tCO_2e/tonne of hydrogen); and – storage capacity (GWh). • The methodologies and the assumptions and baselines used to determine the impact reporting indicators will be provided, as well as a distinction between where actual and estimated impact metrics are reported. • Hydro intends to align, on a best-effort basis, with the approach described in ICMA's Handbook – Harmonized Framework for Impact Reporting (June 2024).	• The overall outcome for this section reflects Hydro's commitment to reporting on the allocation of its green financing instruments annually until full allocation of proceeds. This aligns with the ICMA GBP and the LMA, LSTA and APLMA GLP. • We positively view the issuer's commitment to disclosing detailed information on the proceeds allocation, including the proportion of new financing and refinancing. Such granular reporting will show the level of additionality from allocated proceeds and ensure sufficient transparency to stakeholders. • Hydro's framework commits to reporting allocation and impact of green financing instruments proceeds on a project category level (project portfolio), provided by individual financing instruments issued by the company. • Project-by-project reporting is the most granular, as this supports transparency and enables investors to attribute impact to the specific projects financed. However, Hydro indicated that descriptions of selected financed projects may be provided, subject to confidentiality considerations. • Hydro intends to publish an impact report at least once during the lifetime of the financing instruments after full proceeds allocation. This commitment is aligned with the EuGB standard regulation. The ICMA guidance handbook updated in June 2025 allows the issuer to choose impact reporting to be made available throughout the life of the bond; therefore, we consider Hydro's commitment to be in line with the GBP. • The impact metrics included in Hydro's framework are quantifiable and relevant for the selected UoP categories; they include estimated avoided emissions, production of renewable energy and installed energy storage capacity. • Hydro's framework indicated its alignment with the recommendations of the ICMA Handbook - Harmonized Framework for Impact Reporting from June 2024, on a best-effort basis. We positively view the issuer's selection of impact metrics, as they align with recognised international market standards. • The issuer will provide a limited assurance report from an external verifier on the allocation reporting. We positively view this commitment, as it provides an additional layer of assurance on its post-issuance reporting. However, an external verification scope that includes impact reporting would provide further credibility on the disclosed information.
Source: Hydro green financing framework 2025	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **7.1:** By 2030, ensure universal access to affordable, reliable and modern energy services.
- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.

- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	Yes
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability instrument proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds	
Tracking of Proceeds	
Sustainability instrument proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Type of Instrument: Green

Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	Yes
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability instrument-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	No
Decrease in water use	No
Other ESG indicators	Annual capacity (tonnes of produced aluminium), annual GHG emissions avoided (tCO_2e emissions), GHG emission intensity of aluminium produced compared to world average (tCO_2e/tonne of aluminium), installed renewable energy capacity (GW), annual renewable energy generation (GWh), annual GHG emissions avoided (tCO_2e emissions), new capacity installed and financed (if SPVs), annual capacity

Type of Instrument: Green

	(tonnes of hydrogen), carbon footprint of hydrogen (tCO_2e/tonne of hydrogen), storage capacity (GWh)
Impact Reporting/Frequency	
Annual	No
Semi-annual	No
Other	After the full allocation of the proceeds and at least once during the lifetime of the bonds
Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA, LMA, LSTA and APLMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EC Platform on Sustainable Finance

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.