

Auditor's commentary

The auditor's conclusions are presented in the Independent Auditor's Report on page 76 in Hydro's Annual Report 2008. The auditor also addressed comments and recommendations to Group management and provided certain complementary formal information. This information is summarised below:

March 18 2009
Norsk Hydro ASA
Att.: Executive Management

Management letter on assurance of the Viability Reporting 2008

As a result of our assurance engagement, we have provided an independent statement in Hydro's Viability Reporting 2008 (the Report). This letter intends to inform Management of key observations and recommendations as a secondary outcome of our engagement. Executive Management should appreciate that there are certain limitations to the use of this management letter as described in the appendix to this management letter, section 1.

We find the 'Hydro Way of Management' a strong foundation and a suitable basis for a comprehensive approach to manage sustainability aspects, both in terms of vision, values and principles and in terms of structures, governance and methodology. As such, this is also an appropriate basis for our assurance engagement.

We see consistent senior management level involvement in sustainability aspects. Embedding sustainability aspects into everyday business activities is generally recognized by leaders and employees as a key element in achieving the necessary progress, as set out in specific objectives and quantified targets.

The Report is part of Hydro's annual reporting, and the approval by the Executive Management demonstrates the weight and priority given to business sustainability aspects. The Report is well structured to focus on the relevance of sustainability aspects to the business and stakeholders through an integrated approach.

We have outlined further comments and recommendations in the attached appendix which is an integral part of this letter. In general, we note that in virtually all areas and aspects where we have a recommendation, the subject is already dealt with by Hydro in the form of a program, an action item, or, in a few cases, a decision to further assess the rationale.

Yours sincerely

Preben J. Sørensen
State Authorised Public Accountant
Deloitte

18.03.09

Appendix to Management Letter of March 18 2009 On assurance of the Hydro Viability Reporting 2008

1. Introduction and limitations

We were engaged to perform an assurance engagement on Hydro's Viability Reporting 2008 (the 'Report'). The purpose was to further enhance the credibility of the Report and underpinning systems, structures and processes. The result of this engagement, our 'INDEPENDENT AUDITOR'S REPORT ON HYDRO'S VIABILITY PERFORMANCE REPORTING', is available in the printed version of the Report.

To underline transparency and accountability, Hydro has advised us that this document, as a summary of our Management Letter, will be published as part of the Internet version of the Report. Our Management Letter is intended for the Management of Hydro who is familiar with the context, decisions and subjects dealt with in the Report. Management also knows the engagement letter directing our engagement. The objectives and terms of our engagement are stated in our assurance statement referred to above. We take responsibility for this report, which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the possible weaknesses that exist, or all improvements that might be made. Recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. This report has been prepared solely for your use as managers and is quoted with our prior written consent and aforementioned comments. While we recognize that stakeholders of Hydro may find information in this document useful, and while we have no bias towards any particular outcome, we do not, to the fullest extent permitted by law, accept or assume responsibility to anyone other than Hydro, for information provided in this document.

As requested by AA1000 Assurance Standard we note that we are independent of Hydro and that we comply with all relevant legislation and requirements on independence. Both the company and Deloitte have extensive measures in place to safeguard auditor's independence and we comply with such measures. We also note that Deloitte and the team that provided this assurance engagement to Hydro possess the necessary competency.

2. Objectives and scope of our engagement

As agreed, we have based our approach on emerging best practice for independent assurance on sustainability reporting, including the AA1000 Assurance Standard (AA1000AS) issued by AccountAbility; and the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.

Levels of assurance

As agreed with Hydro we have obtained a moderate level of assurance. This is a level less than high. The main reason why this part is less than high is because we gathered and evaluated less evidence than we would have done, had the objective been to obtain a high level of assurance. As such, we based our evidence gathering procedures on analytical testing and interviews.

Criteria

For subject matters included in the engagement we have assessed whether there were suitable criteria to be used as benchmarks to evaluate and measure the subject matters. Without suitable criteria, any conclusion is open to individual interpretation and misunderstanding. Suitable criteria are context sensitive, that is, relevant to the engagement circumstances. Hydro has recognized that the criteria applied are suitable for the intended users' purpose. The criteria are also available to users either as external criteria or as noted in the Report (including the Internet version of the Report), and as Governance and Policy level information on the Hydro web-page.

3. Commentary

The reporting process

With its annual corporate reporting for 2008, Hydro continued to consolidate the reporting approach applied since 2004. The 2008 reporting was made shorter than prior years and represents a further step forward in making sustainability information more accessible to stakeholders through its *Viability Performance* and *Facts and Figures* chapters. The Annual Report continues to demonstrate the Hydro Way "at work" and to portray a solid manifest of Hydro's commitment to and actions on sustainability in a business context.

We noted that Hydro in the Report elaborated further details on reporting principles, scope and definitions applied and we support such development of good reporting practice. Hydro may consider further strengthening the process for including target setting into the Report.

Response to climate change

Hydro recognises climate change as a major strategic driver. The Report is focusing on CO₂ emissions from the electrolysis process, which is highly significant. Hydro is currently reporting CO₂ emissions according to scope 1 and scope 2 according to the WBCSD/WRI Greenhouse Gas Protocol. Specific targets to reduce CO₂ emissions are made and published for Primary Metal and Rolled Products.

Much effort is made to focus on business opportunities towards automotive, building material, buildings and solar panels e.g. as well as the recyclability of material. However, almost no targets or performance measures are yet exhibited on such customer focus areas. In addition, almost no targets and measures are in place for communication, and measuring responsiveness at target audience for communication, about aluminum products' CO₂ efficiency.

Hydro may consider on a medium term to introduce such measures and targets. Hydro may as well consider reporting on measures indicating climate footprint performance on energy and CO₂ efficiency for products and services from suppliers.

Integrity Program

Hydro continued in 2008 and in early 2009 to engage a range of measures to support full and proper implementation of its Hydro Integrity Program. In 2008 Hydro introduced a Guideline for non-financial compliance helping to further explain steering documents and practice. The guideline addresses comprehensive non-financial aspects including also those which are part of the Integrity Program.

We support such ongoing efforts towards defined levels of implementation applying a risk-based approach and to report results in the Viability Report.

Requirements on CSR towards Suppliers

After having introduced a range of measures in recent years, including a Suppliers Declaration, Ad hoc Audits and Communications, Hydro is considering how to continuously improve performance in those areas.

We support such ongoing improvements of efficiency towards defined levels of performance applying a risk-based approach combined with the building of long term trust and partnerships and to report results in the Viability Report.

Diversity

Diversity is a priority in Hydro people policy. There are less explicit targets and we acknowledge the need identified to – on a medium term – consider approaches to achieve defined objectives and to report results in the Viability Report.

Safety

TRI is an essential element of HSE management with KPIs and a top management incentive scorecard, as well as improvements made in recent years. However, as in 2007 the performance target for 2008 was not met. We support ongoing considerations on how to adapt approaches to ensure continued improvements from a high level of performance, such as for example the introduction of a performance indicator focusing on incidents with major potential.

Competency

Hydro has extensive experience in restructuring business in a way which is responsible towards employees and other stakeholders - as evidenced in the Viability Reports over the years. We note with respect to the current process of downsizing the importance of retaining appropriate competencies to ensure continued proper handling of HSE and other corporate responsibility aspects impacted by any downsizing.