

**Egil Myklebust, Chairman of the Board**

# A business case for sustainable development



**HRH The Prince of Wales's Business & the Environment Programme,  
Senior Executives' Seminar,  
Salzburg, September 21, 2001**

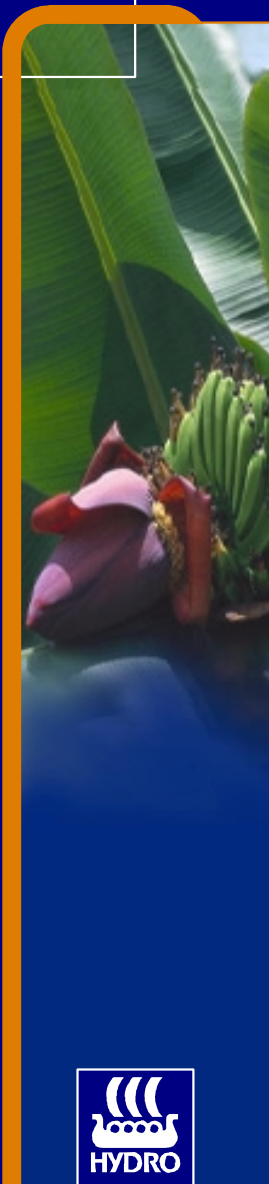
# Business in a sustainability perspective



*"Sustainability companies not only manage the standard economic factors affecting their businesses but the environmental and social factors as well.*

*There is mounting evidence that their financial performance is superior to that of companies that do not adequately, correctly and optimally manage these important factors."*

**The Dow Jones'  
Sustainability  
Group Index**

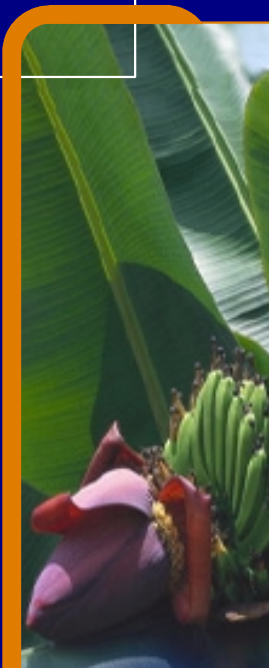
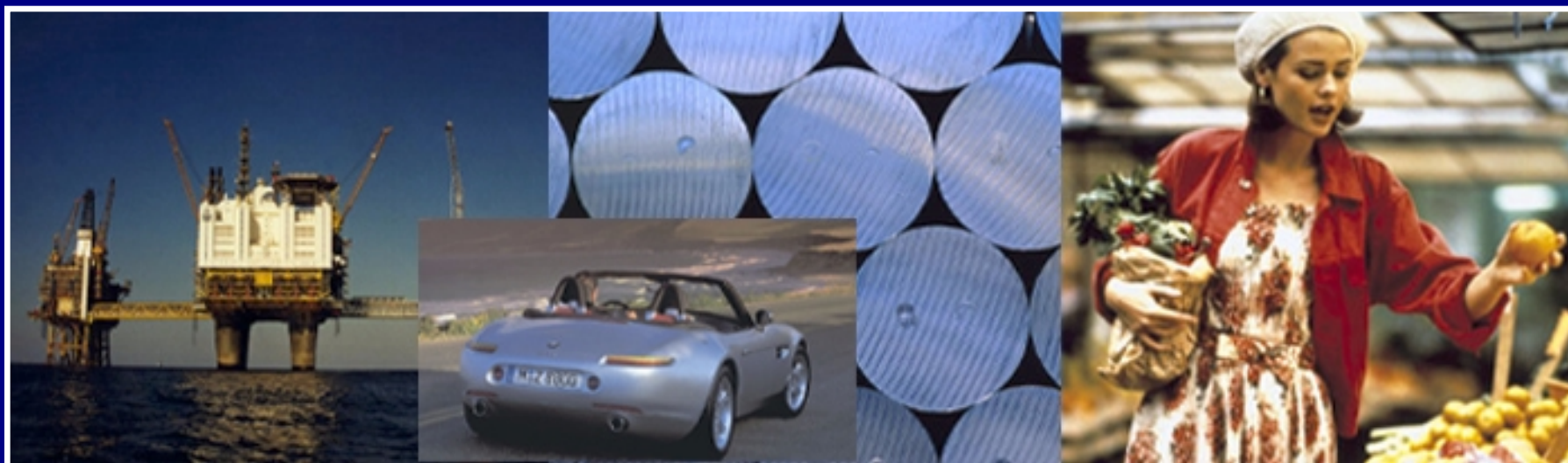


# Norsk Hydro 2001

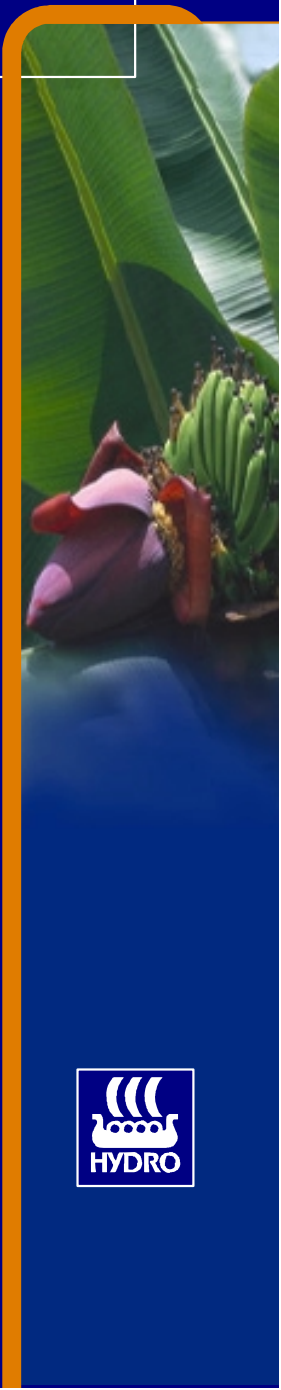
*Transforming natural resources into necessities of life*

## ✓ Key Figures 2000:

- ▶ Operating revenues      **USD 18 billion**
- ▶ Operating income        **USD 3.2 billion**
- ▶ **38,000 employees in over 60 countries**



# Hydro Oil and Gas' International Core Areas



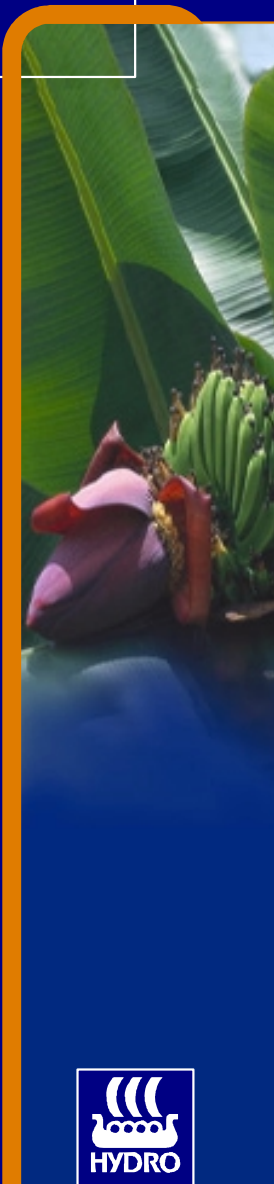
# Paula Viegas



# Angola - Key Figures

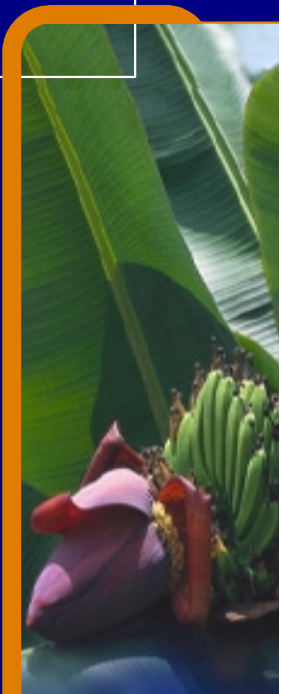
## ✓ Socioeconomic Data (UNDP 2000)

- Population ~13 million
- Population growth ~3%
- Population under 15 yr. old 45%
- Life expectancy 47 years
- Under 5 yr. mortality rate 1/3 (world's 2nd highest)
- Adult literacy rate 50% (men) - 70% (women)
- Enrollment rate in primary school 29%
- GNP/capita US\$ 510 (1999)
- Population under poverty line 70%
- Displaced population (war) 10%
- Urban population in % of total 50%
- (of which 25% population in Luanda)
- 2/3 of children will reach adulthood with 4 years or less of education



# Investing in Angola's future

## ✓ Local industrial development and social projects



# Quenguela Water System and Agriculture Program

## ✓ Quenguela Agriculture Program;

- Support of Manioc production
- Manioc processing
- Experimental garden
- Initiate vegetable production
- Reforestation study
- Abattoir study
- Evaluate installment of fruit and vegetable packing facilities

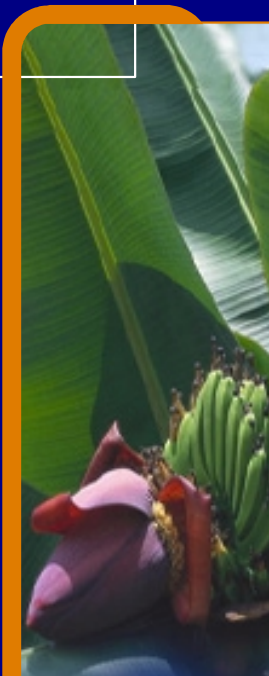


Manioc Field



## ✓ Quenguela Water System;

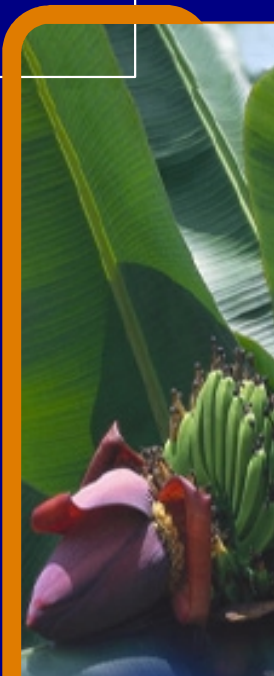
- 7 water wells drilled in 1999 and 2000
- 2 old water wells at Quenguela base
- 17 km water line supplying Ramiro area
- Total flowrate of 70 m<sup>3</sup>/hour
- Generators to run the wells
- Fountains where people can take water
- Quality control of water by Sonangol
- Laboratory





# Investing in Angola's future

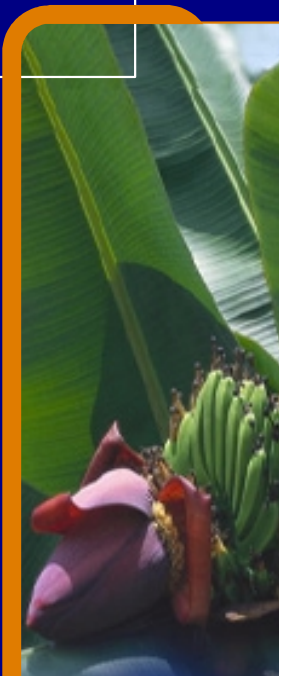
- ✓ **Local industrial development and social projects**
  - ▶ Quenguela regional development programs
- ✓ **Management and Technology Cooperation Program**



# Management and Technology Cooperation Program

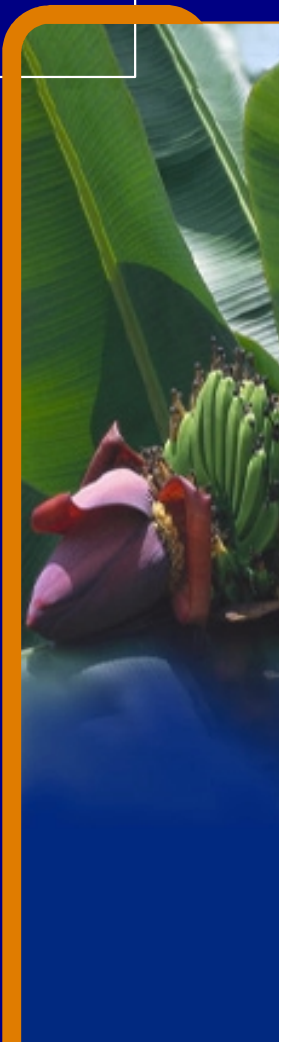
10

- ✓ **Preparatory Year in Angola**
  - Angolan candidates - age 22 or below
  - Selection based on extensive testing and interviews
  - Train English Language to IELTS +5 level
  - Train in Mathematics and Physics to University Entry Level
  - Give knowledge in Computers
  - Duration: 1 academic year
- ✓ **Sending young, talented Angolans to British or American Universities**
  - to obtain degrees in
    - Geology and Geophysics
    - Mechanical, Chemical and Civil Engineering
    - Petroleum Engineering
    - Computer Science
    - Business and Financial Management



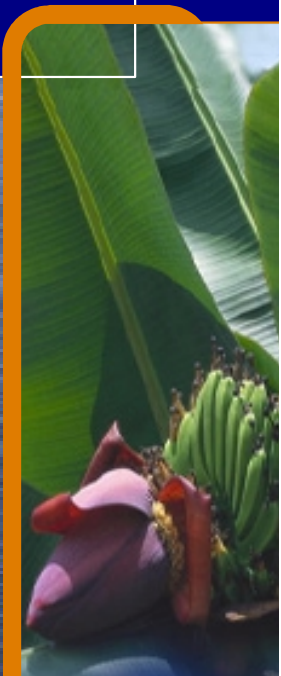
# Investing in Angola's future

- ✓ **Local industrial development and social projects**
  - ▶ Quenguela regional development programs
- ✓ **Management and Technology Cooperation Program**
- ✓ **Compliance with Angolan laws and regulations and Hydro's global ethics**
- ✓ **Transparency**



# Investing in Angola's future

- ✓ **Technical assistant to Sonangol**
- ✓ **30% participation on Block 34**



# Our way - step by step



## Reparation

- Regulatory requirements

## Prevention

- Eco-efficiency is no contradiction
- Safety and working environment

## Business development

- The life cycle perspective
- Eco-efficiency throughout the life-cycle

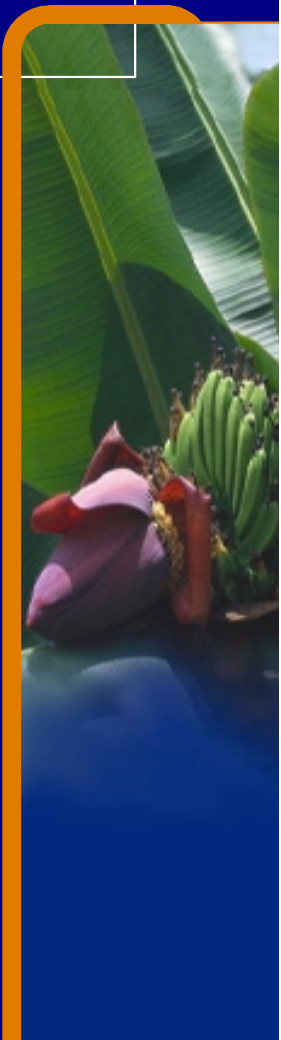
## Sustainable conduct

- Creating business value
- Greenhouse gas abatements
- Social responsibility



# Organisational characteristics

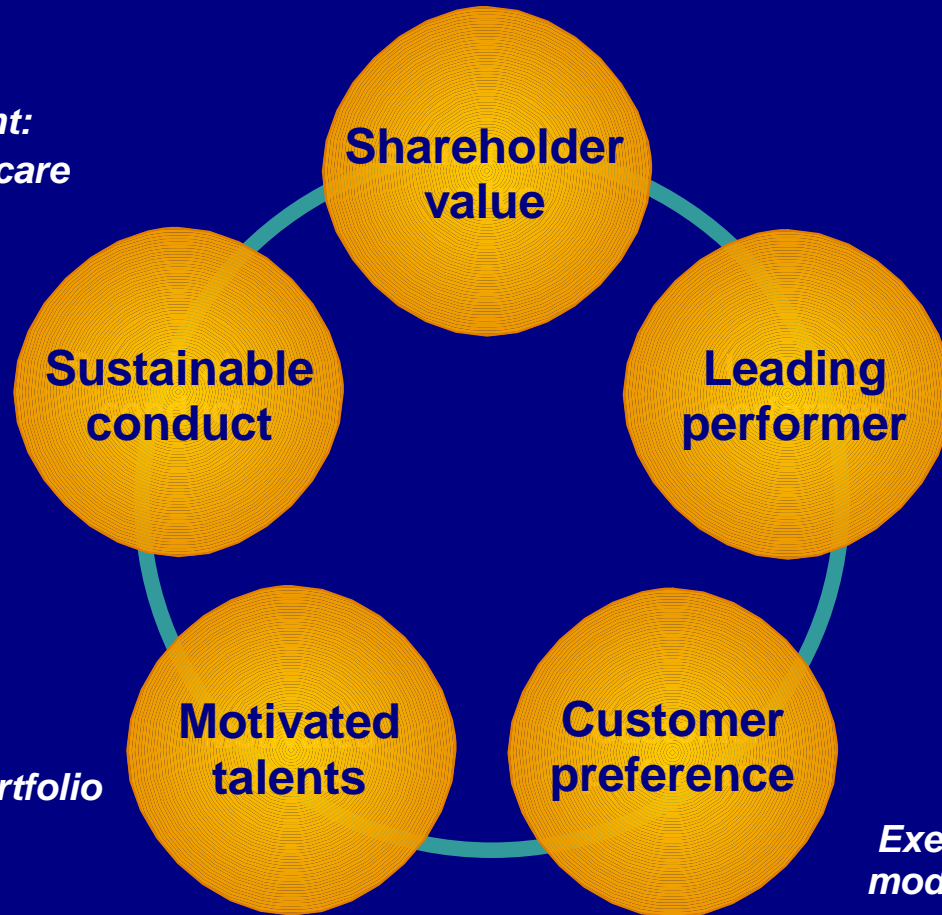
- functional organisation
- from closed to open
- responsibility and accountability
- personal commitment
- measurements/documents
- sharing best practices
- customers/markets
- technological expertise
- innovation - conceptual minds
- sharing responsibility
- cultural understanding
- industry/consumer responsibility
- policy frameworks



# Strategy integration

## Competitive shareholder returns

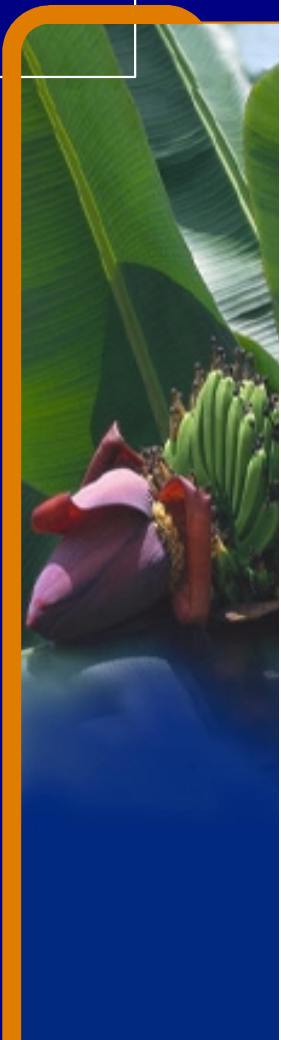
- Stay in the forefront:**
- ✓ Environmental care
  - ✓ Safety
  - ✓ Community responsibility
  - ✓ Ethics



- Become leading performer...**
- ✓ Profitability
  - ✓ Growth
- ... in chosen segments*

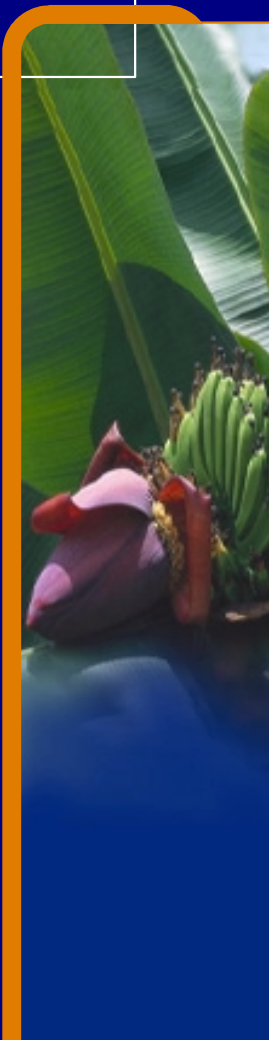
- Industry leader:**
- ✓ Interesting portfolio
  - ✓ Rewards + performance management

**Execution of business models that deliver superior value to customer**



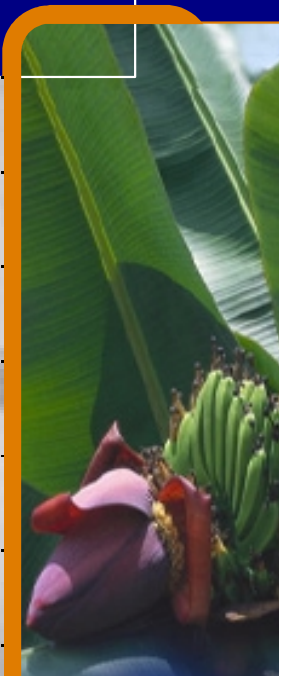
# Our three ambitions

- ✓ **Sustainable conduct - Norsk Hydro values**





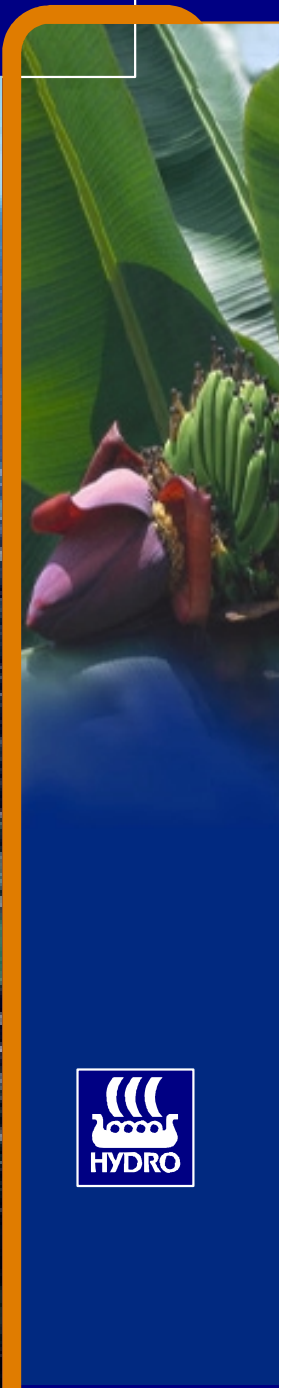
# The Porsgrunn industrial complex in the 60's



# The Porsgrunn industrial complex in the 90's

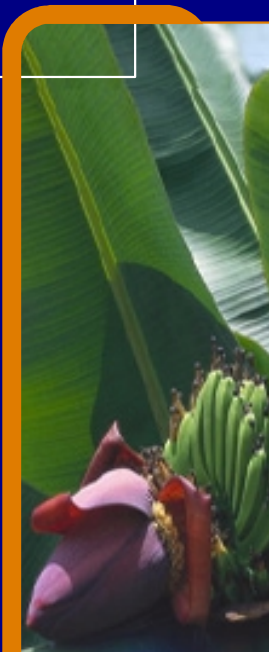


29896\_1 - 09.01 \* 18 - Hydro Media

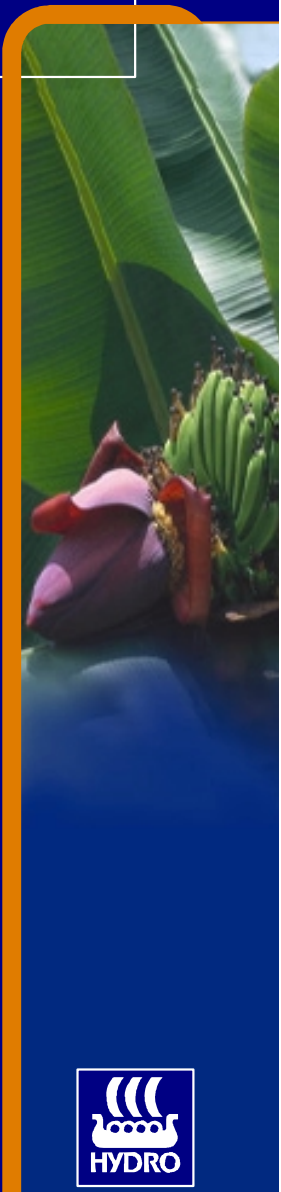
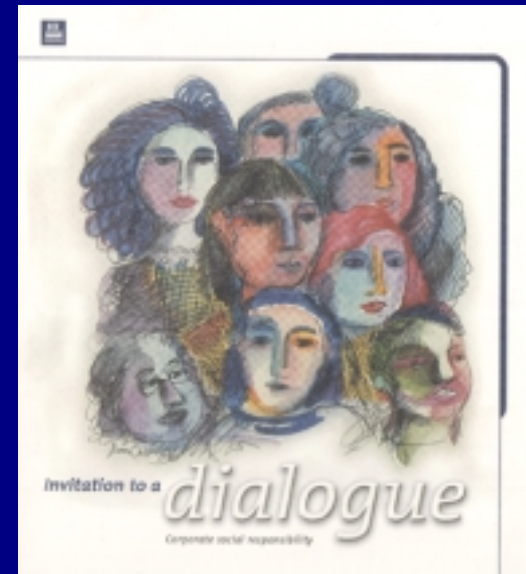


# Our three ambitions

- ✓ **Sustainable conduct - Norsk Hydro values**
- ✓ **Open communication - Stakeholder dialogues**

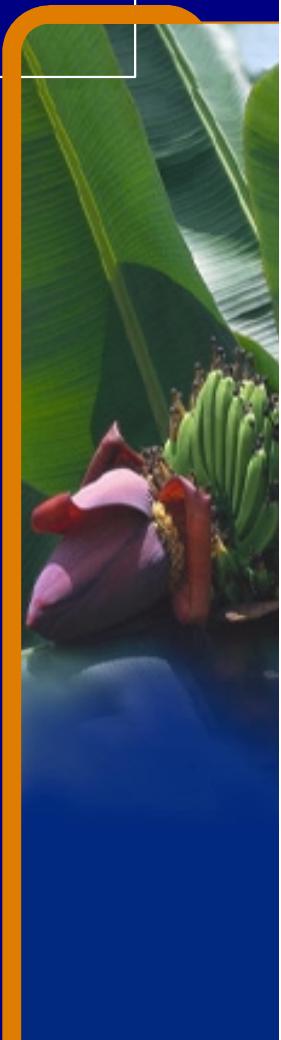


# Invitation to a dialogue



# Our three ambitions

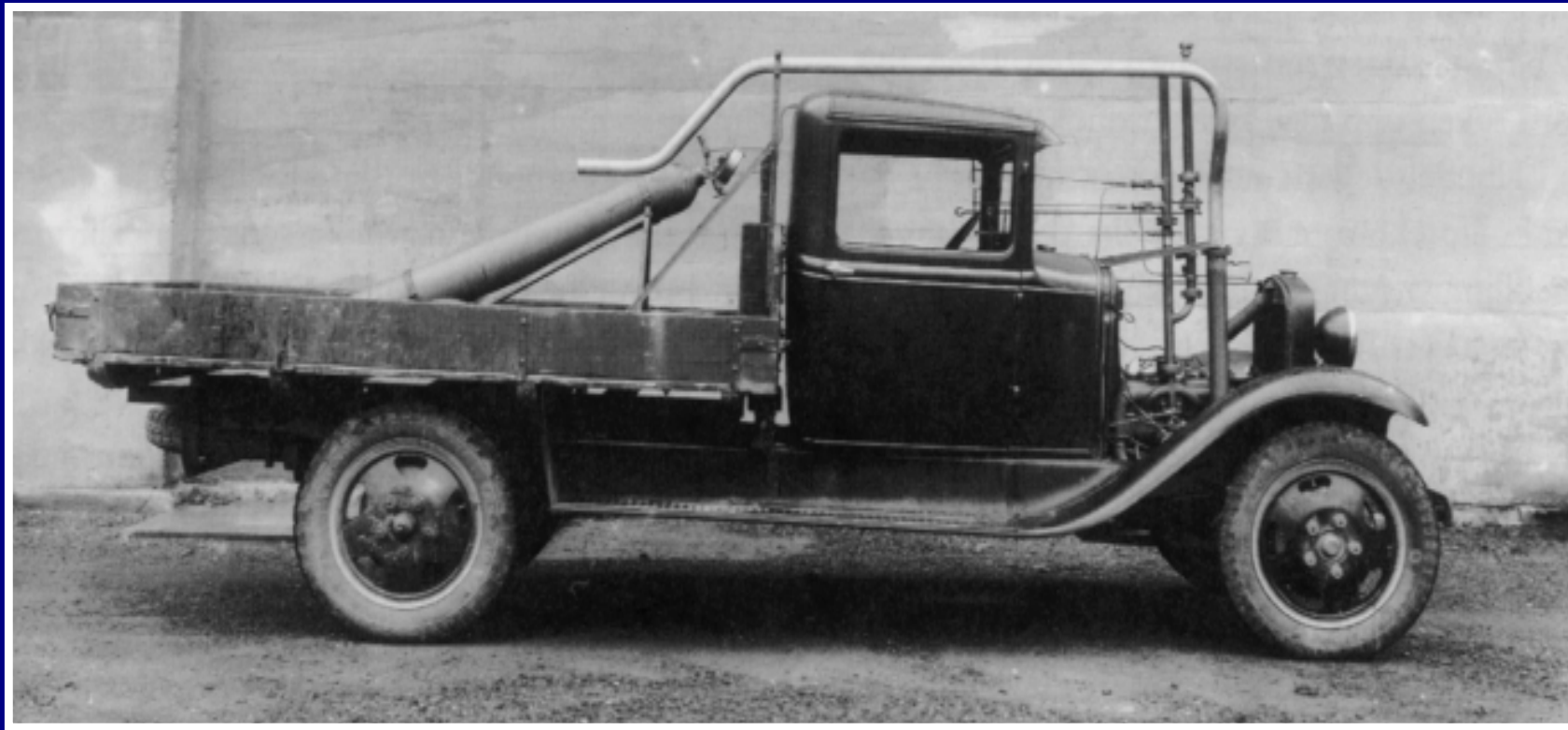
- ✓ **Sustainable conduct - Norsk Hydro values**
- ✓ **Open communication - Stakeholder dialogues**
- ✓ **Innovation - Business development**



# Innovation

- the playing field for conceptual minds -

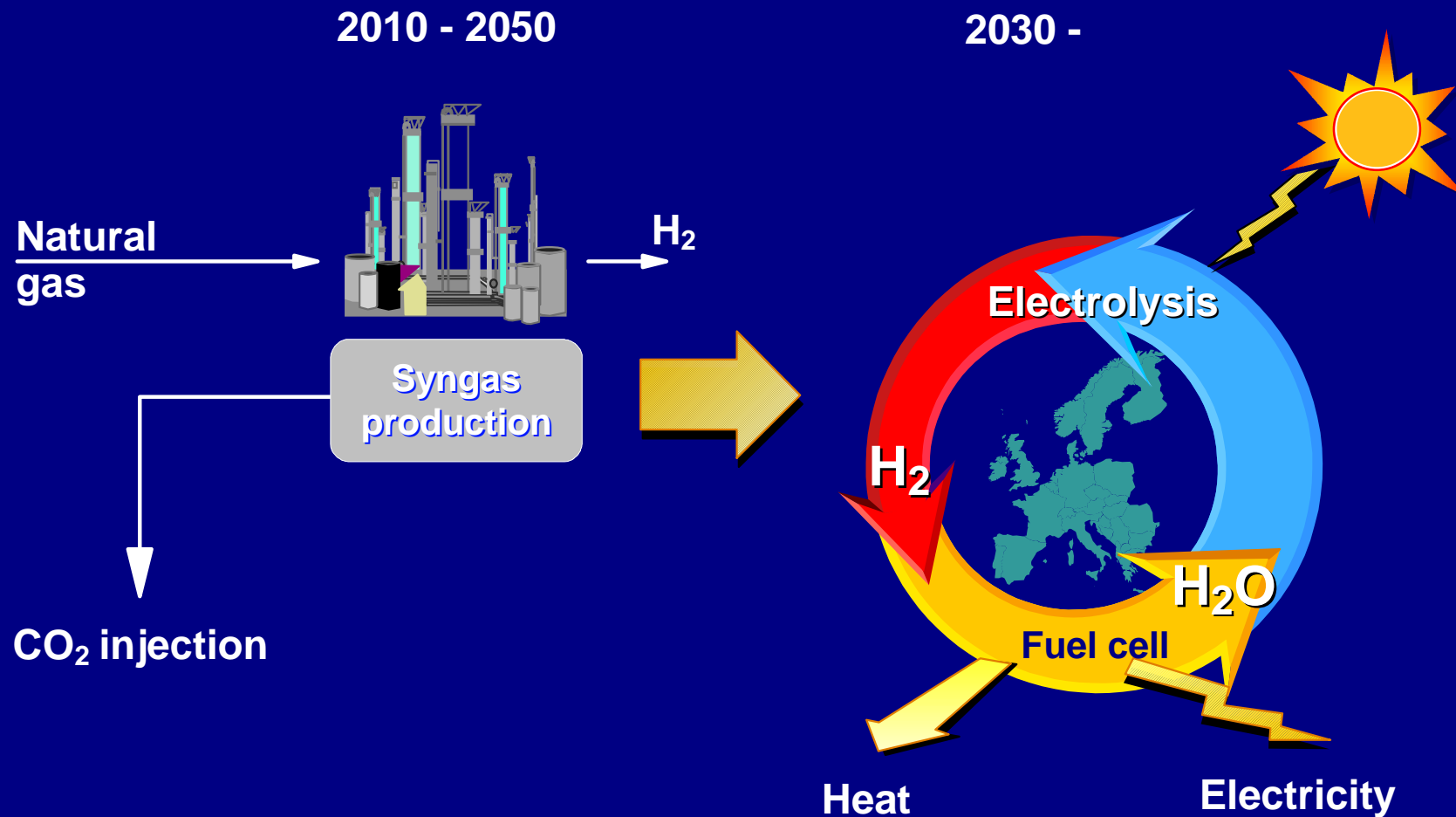
## Ammonia fuelled car, Rjukan 1933



Source : "Worth a try"

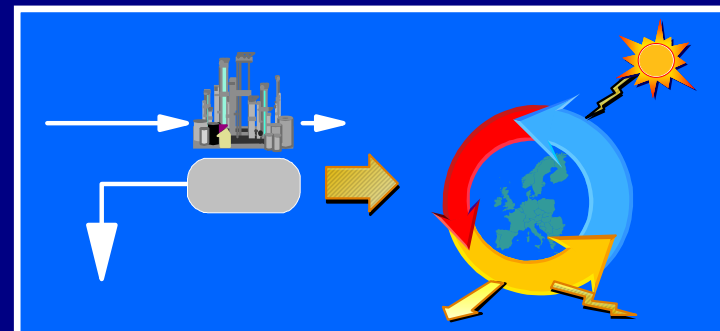
*Research and Development in Norsk Hydro through 90 years",  
Oslo 1997 (page 125)*

# Hydrogen – the energy carrier of the future



# Our three ambitions

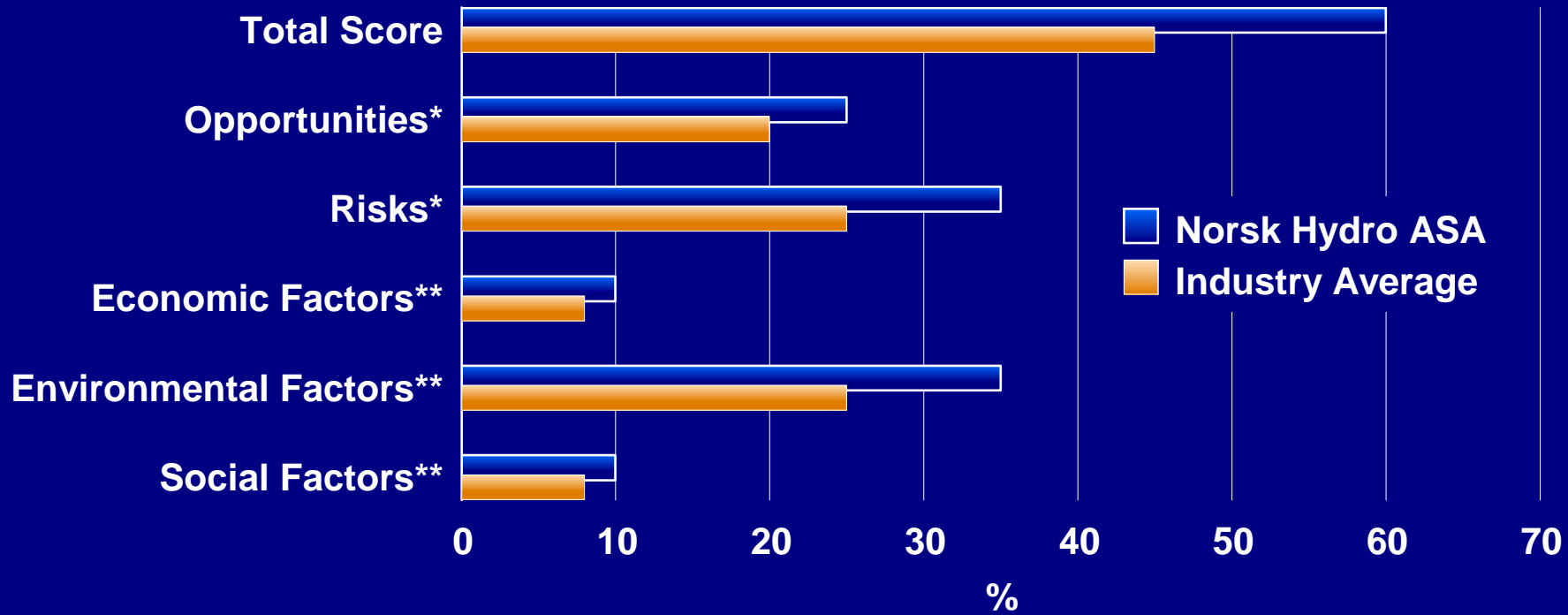
- ✓ **Sustainable conduct**
  - ▶ **Norsk Hydro values**
- ✓ **Open communication**
  - ▶ **Stakeholder dialogues**
- ✓ **Innovation**
  - ▶ **Business development**





# Sustainability Scores

## SAM Sustainability Corporate Assessment ("Dow Jones") 2000



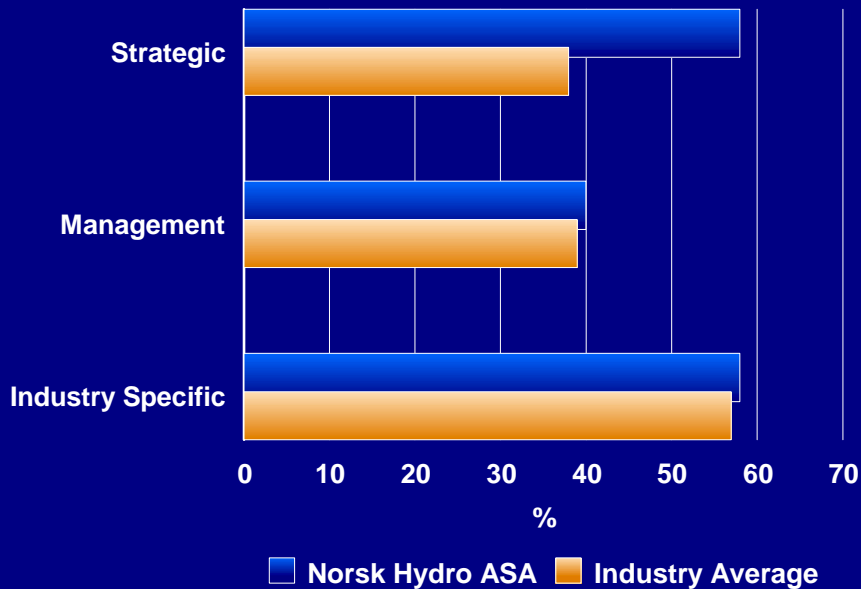
\* max. 50% \*\* approx. 33% of Total Score



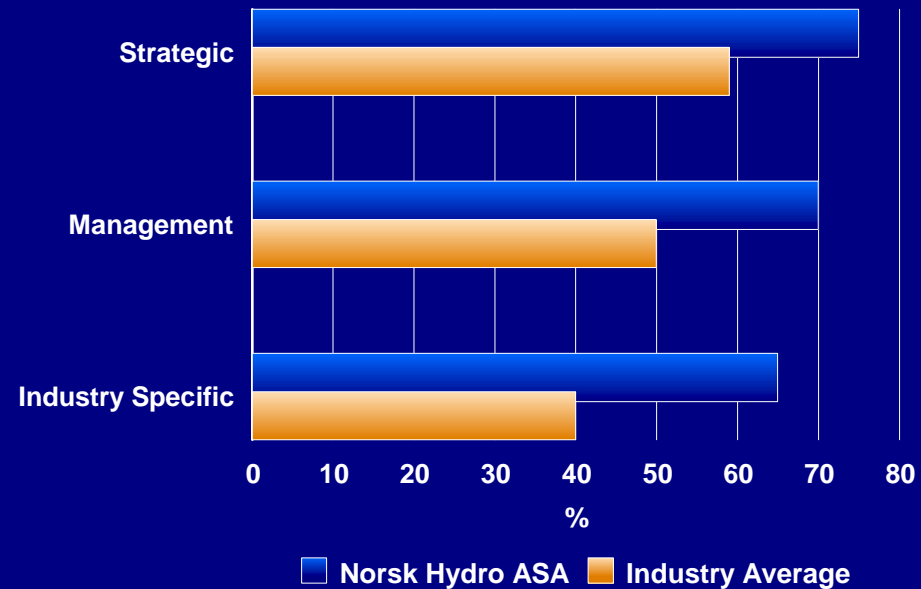
# Sustainability – opportunities and risks

## SAM Sustainability Corporate Assessment ("Dow Jones") 2000

### Sustainability Opportunities



### Sustainability Risks



#### Strategic Approach to Opportunities

- Strategic Planning
- Org. Development
- Environmental Charters
- Stakeholder Involvement

#### Management Opportunities

- Quality Management
- Intellectual Capital Managem.
- IT Management
- Environm. & Social Reporting
- Employee Benefits
- Remuneration
- Employee Satisfaction
- Environm. Profit & Loss Acc.

#### Strategic Approach to Risks

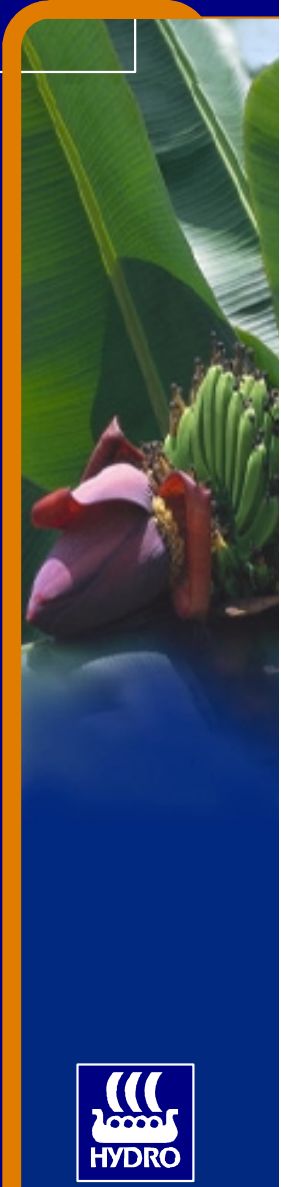
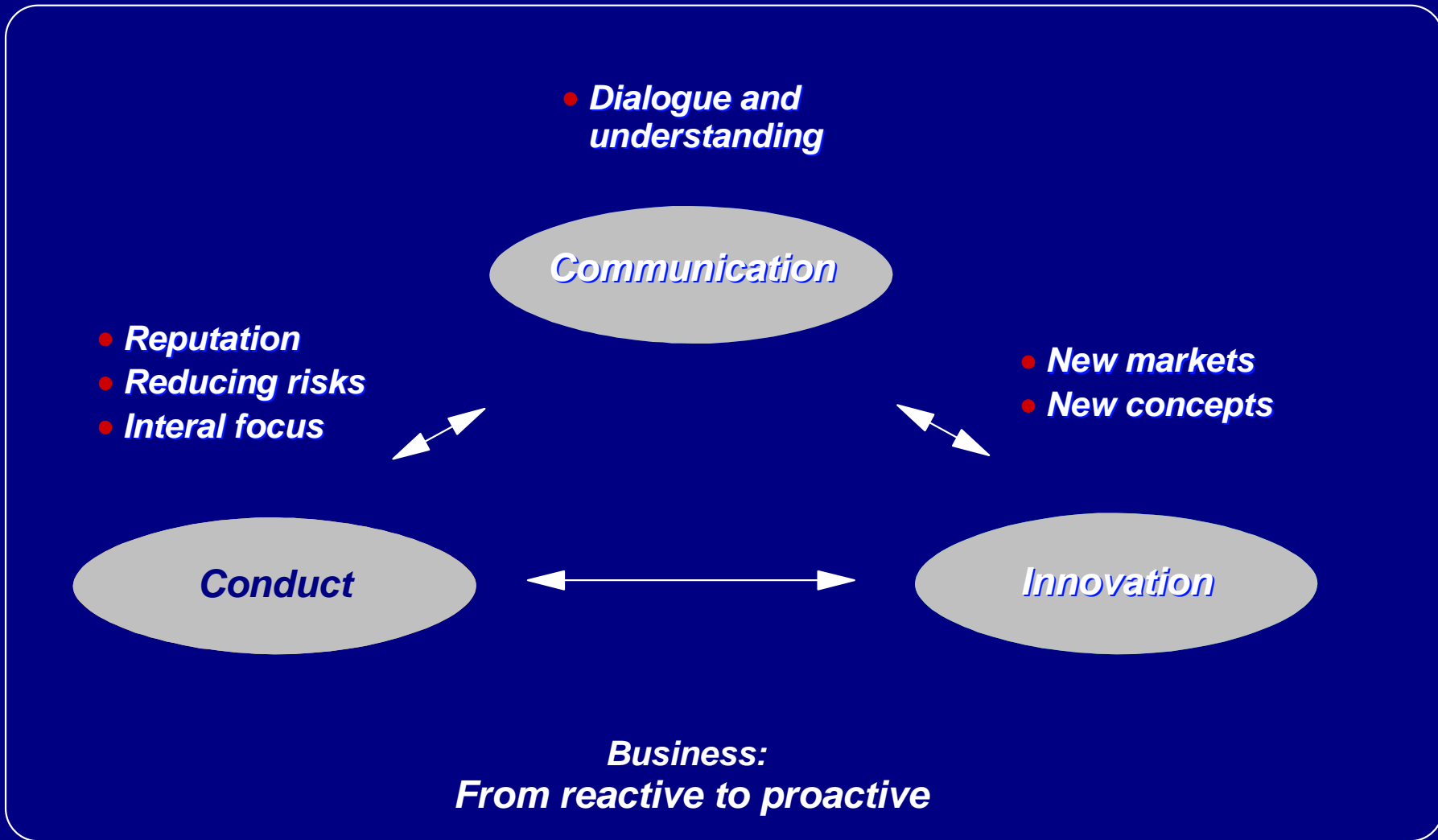
- Corporate Governance
- Environm. Responsibility
- Environm. Policy
- Social Responsibility
- Social Policy

#### Management Risks

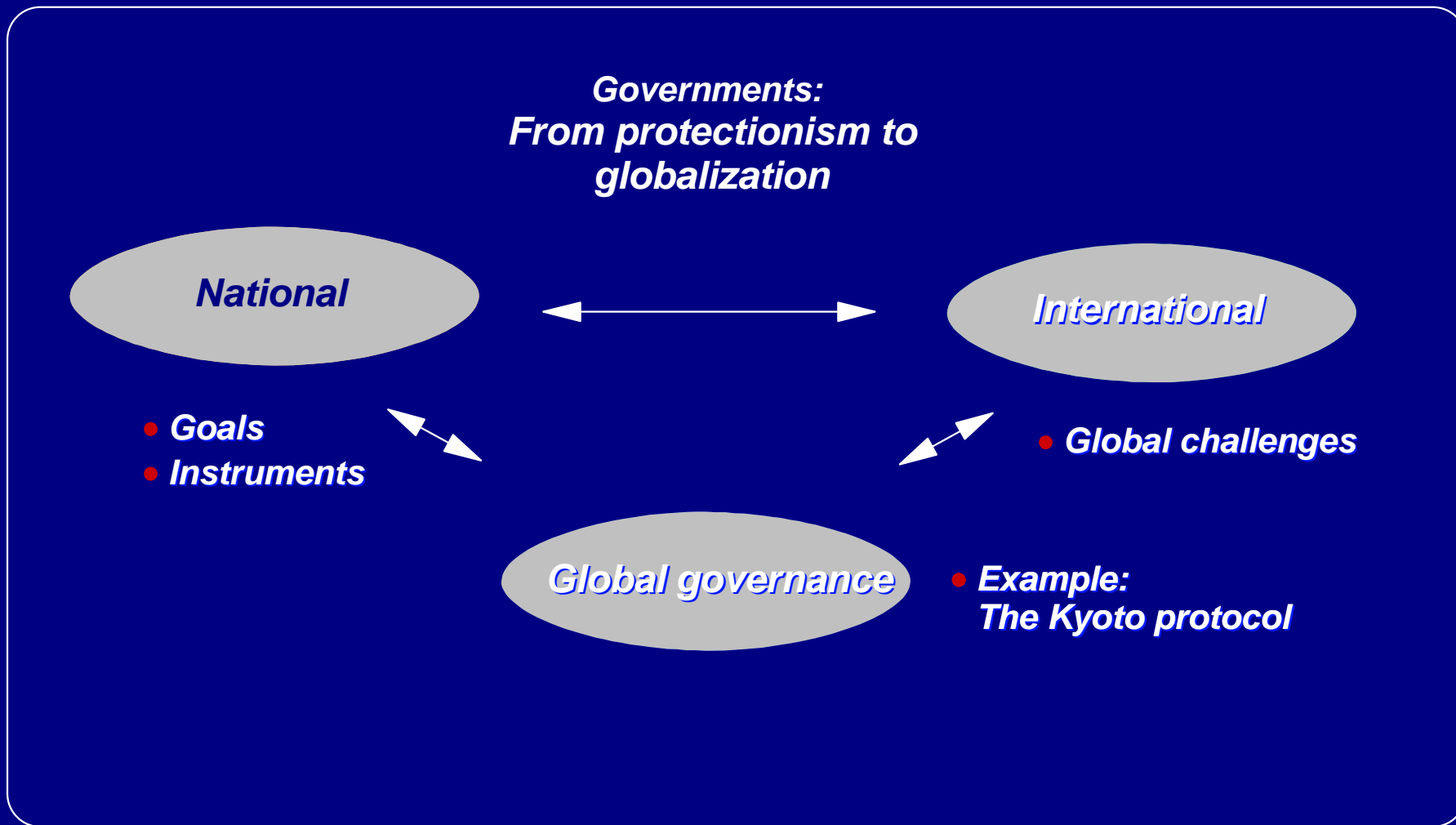
- Risk & Crisis Management
- Environm. Managem./Perform.
- Corporate Codes of Conduct
- Child Labour/Equal Rights
- Conflict Resolution/Discriminat.
- Occupational Health & Safety
- Layoffs/ Freedom of Association
- Standards for Suppliers



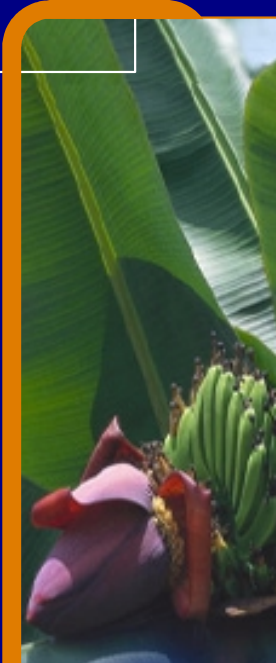
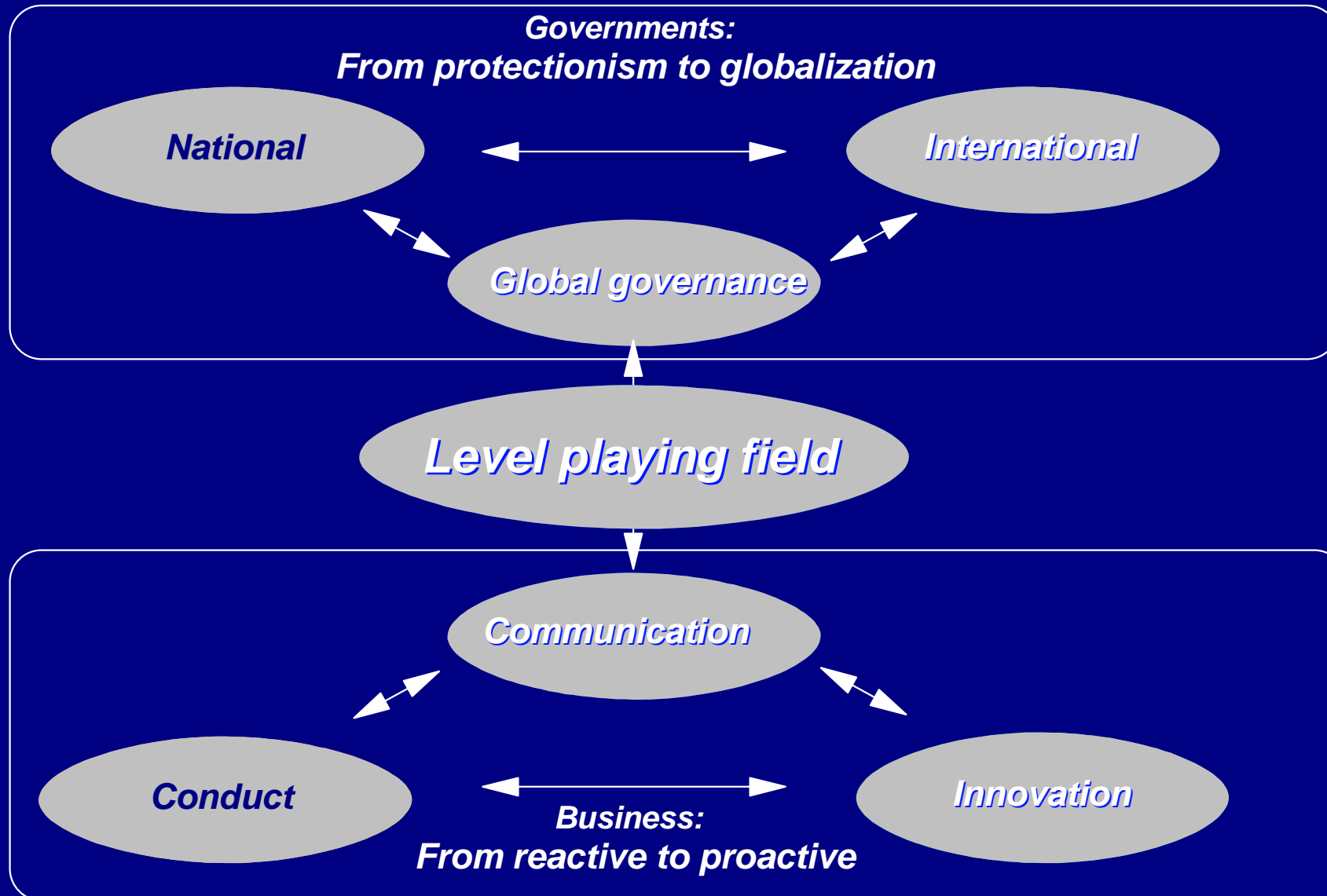
# Towards sustainability - business from reactive to proactive



# Towards sustainability - governments from protectionism to globalization



# Towards sustainability - demanding challenges



# Business in a sustainability perspective



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