

Corporate Assembly, Norsk Hydro ASA

Recommendation on selection of auditor

A competitive tender for audit services was conducted in 2019. EU Regulation no. 537/2014 is expected to be implemented in Norway in 2020 or 2021. Pursuant to Article 16, paragraph 2 of EU Regulation no. 537/2014, the Audit Committee shall make a recommendation to the corporate assembly in Norsk Hydro ASA regarding the selection of an auditor. The recommendation shall identify at least two alternatives from which to select an auditor and shall make a justified recommendation for one of the auditors.

Invitations to tender were issued to PwC, Deloitte and KPMG. Other relevant providers of audit services were considered but were not invited to take part in the competitive tender.

In the fall of 2019, after the audit bids were received on 30 August, the bids were thoroughly reviewed against qualitative and quantitative factors. The quantitative factors largely comprised an assessment of fixed fees and prices for non-audit services related to tax and other advisory services. The qualitative factors included an understanding of Hydro (industry, business risk, etc.), technology (strategy, tools and expertise), proposed audit team, audit approach, management generally and in connection with auditing, and references.

After the first review, KPMG and PwC were considered the preferred candidates. Both bids were found to hold high and consistent quality that would ensure Hydro effective audit services. The final part of the tender process has included final negotiations with the two remaining candidates and reference checks. The difference between the fees proposed by KPMG and PwC is not insignificant, and will represent a significant reduction in annual audit fees compared with those of the past two to three years.

Overall, KPMG's bid was assessed to be the best. The Audit Committee therefore recommends that KPMG be re-selected as auditor for Norsk Hydro ASA .

TRANSLATION FROM NORWEGIAN

Pursuant to Article 16, paragraph 2 of EU Regulation no. 537/2014, the Audit Committee states that the recommendation is free from influence by a third party and that no clause of the kind referred to in Article 16, paragraph 6 has been imposed upon it (meaning a clause in an agreement entered into between a public-interest entity and a third party limiting the alternatives available to this company's annual general meeting, as mentioned in Article 37 in Directive 2006/43/EC, for certain categories or lists of auditors or audit firms in terms of selecting a specific auditor or a specific audit firm to carry out statutory audits of this company).

[signature]

Finn Jebsen
Chair of the Audit Committee