



## Constituting Document

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## INTERNAL

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## External Audit - Audit Committee Pre-Approval Policy for Audit and Non-Audit Services by External Auditor

### Changes from last revision:

- CFO now owning the procedure on behalf of the BoD instead of CEO
- External auditor not to co-sign the individual requests, but to provide a yearly overview of services actually provided for reconciliation purposes
- Some wording and adjustments to organizational setup

## 1 Purpose

The purpose of this policy is to ensure that Hydro's auditors (elected independent auditor) only provide audit and non-audit services that are in compliance with prevailing independence rules. Hydro recognizes that investor confidence in public companies is based in part on the maintenance of independence, in fact and in appearance, by the auditors performing financial statement audits for companies within the group.

## 2 Scope

This policy is mandatory for all consolidated group companies and for all joint ventures where Hydro is the operator.

Permitted services as well as Prohibited services are detailed in Appendix 1 to this policy

## 3 Responsibilities

The overall responsibility for overseeing that Hydro's auditors are engaged to perform only those services that are compatible with maintaining the firm's independence from Hydro rests with the Board Audit Committee.

The Board Audit Committee is responsible for approving the annual limits and any increases of such limits for all services under this policy and shall approve any amendments to the Service Subcategories as listed in Appendix 1.

The Chairperson of the Board Audit Committee, on behalf of the Board Audit Committee, is authorized to approve changes to the subcategories within the permitted services and any increase in limits between regular Committee meetings. All changes should be disclosed to the full Committee on a quarterly basis, if applicable.

The Chief Financial Officer, heads of finance (any person holding the position of head of finance or similar at Corporate, Business Area, Sector, Business Unit or Company level within consolidated group companies and for all joint ventures where Hydro is the operator) and the Corporate Tax

Department are responsible for requesting pre-approval of audit related, tax and other services (cf. items 2.1.2, 2.1.3 and 2.1.4 in Appendix 1) from Internal Audit Corporate.

The request shall contain estimates/budgets, duration of project and a brief description of the service in question and shall be duly allocated to the Specific Pre-approved Service Subcategory as listed in Appendix 1.

The auditors are responsible for ensuring that they comply with the independence rules as determined by applicable laws and regulations. In addition, the auditors are responsible for (i) submitting management-approved budgets (hours and fees) for permitted services (cf. item 2.1 in Appendix 1), and (ii) requesting the Board Audit Committee's approval for changes to the Subcategories and any increases in limits, if applicable.

Internal Audit Corporate shall, on behalf of the Board Audit Committee, be responsible for coordination of any approvals/pre-approvals under this policy and shall annually provide the Corporate Financial Reporting, Performance and Tax Department with a summary of requested and approved engagements, which shall previously be reconciled with an overview of engagements actually performed and confirmed by the external auditor. Internal Audit Corporate shall also monitor and ensure that the permitted services under this policy (cf. item 2.1 in Appendix 1) are kept within the limits as pre-approved or approved by the Board Audit Committee. Once a year, Internal Audit Corporate shall provide the Board Audit Committee with an overview of used limits per service category.

The Board Audit Committee will on an annual basis review the formal written statement from the independent auditor(s) describing relationships between the independent auditor and the Company and, if required, discuss with the independent auditor methods and procedures for ensuring independence.

#### **4 Appendix**

Details of Permitted and Prohibited Services for Audit and Non-Audit Services by External Auditor