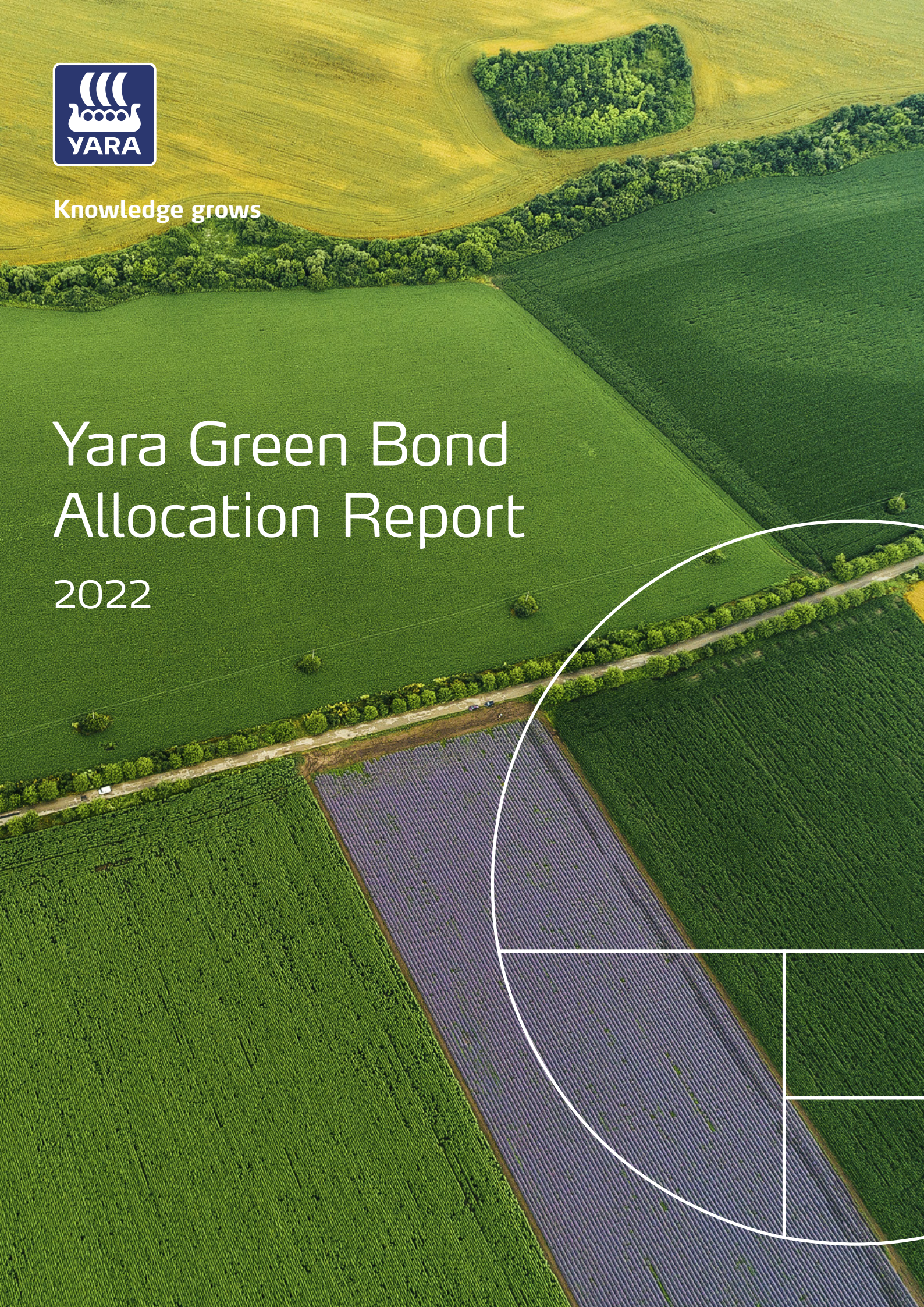




Knowledge grows

# Yara Green Bond Allocation Report 2022



# Introduction

“The issuance of Yara’s inaugural green bond shows our commitment to growing a nature-positive food future. By investing in efficient crop nutrition products which are part of a sustainable future and decarbonizing production activities, Yara aims to contribute to carbon neutral food systems”

**Thor Giæver,**  
EVP CFO Yara International ASA

600 USD million issued  
in November 2022

10 years  
maturity

7.378%  
coupon rate

# 1. Our strategy

We launched our updated strategy and the overarching ambition of Growing a Nature-Positive Food Future with last year’s integrated report. We have moved further during 2022 to put these into action.

## Strategic priorities

Over the past two decades, Yara’s business model has developed from focusing on our asset and product base – what we have, to focusing on farmers and complete solutions – how we can contribute. We will continue to improve our fertilizer production

and competitive edge, what we have, but we are increasingly aiming to expand our reach and offerings - tapping into the opportunities emerging in our business environment, how we can contribute.



## Three pillars for Growing a Nature-Positive Food Future

The three pillars of Climate Neutrality, Regenerative Farming and Prosperity represent the initial and most material actions we are taking to operationalize our ambition. While moving forward, we recognize that discussions around the concept of nature positive are still evolving, notably in the Kunming-Montreal Global Biodiversity Framework, which

we support, and through the Taskforce of Nature-related Financial Disclosures and the Science-Based Targets Network, both of which we are engaging in. Additional actions will be added as these discussions evolve, and standard-setting in the nature field becomes more mature.

For Yara’s Sustainability strategy, please see [Sustainability report 2022 and Integrated report 2022](#)

## 2. Yara Green Financing Framework at a glance


In July 2022 Yara published its first [Yara Green Financing Framework 2022](#) (“Framework”). With this Yara further underlines its commitment to sustainability and to engaging with stakeholders on this topic. It represents a further step in Yara’s commitment to Sustainable Finance, after the signing of its Sustainability-linked Revolving Credit Facility in 2019.

An amount equivalent to the net proceeds of the Green Financing Instrument(s) will be used to finance, or refinance in whole or in part, new or existing, eligible green investments or assets as defined in the table below as “Eligible Green Projects”.

The financing of such Eligible Green Projects is expected to create substantial environmental benefits by decarbonizing the food chain, including fertilizer production and application, and limiting the need to expand farmland.



## Eligible Green Projects:

Eligible Green Projects	Eligibility Criteria	Cicero Shade of Green <sup>6</sup>
<p><b>Green Ammonia</b>, that aims at producing carbon-free fertilizers or decarbonized shipping fuel.</p>	<p>Investments in sites/projects that produce fully decarbonised ammonia, i.e., ammonia produced from green hydrogen, including investments in conversion of conventional Ammonia production into Green Ammonia.</p>	
<p><b>Premium fertilizer production assets (eg. Nitrates, NPKs)</b></p>	<p>Maintenance and growth CAPEX and OPEX for the plants that produce premium fertilisers, including intermediate products. While these plants are today operating using fossil-based ammonia, these plants can operate as they are, also in a decarbonized future on basis of blue or green ammonia. This category excludes production of conventional Ammonia, urea, and non-fertilizer products. Nitric acid production which is above 0.038 CO<sub>2</sub>e/t N threshold is also excluded.</p> <p>Examples of eligible production assets:</p> <p><b>1. Nitrates plants</b>, for example producing:</p> <ul style="list-style-type: none"> <li>▪ Calcium ammonium nitrate (CAN) is a mixture of ammonium nitrate (AN) and calcium/magnesium carbonate. It contains 25 to 28 percent nitrogen, that can be immediately absorbed by plants.</li> <li>▪ AN is a more concentrated source of nitrogen containing 33.5 percent to 34.5 percent N.</li> </ul> <p><b>2. NPKs and phosphates plants:</b> the products supply several chemically combined major nutrients, mainly nitrogen (N), phosphorus (P) and potassium (K). Some NPKs also contain secondary and micronutrients. NPK products have consistent size and mass, which makes accurate spreading easier.</p> <p><b>3. Fertigation plants:</b> fertigation is the combined application of water and nutrients to a crop – a mix of fertilizing and irrigating.</p>	
<p><b>Carbon Capture and Storage (CCS)</b></p>	<p>Investments in carbon capture and storage technologies that allow Yara's brown ammonia production sites to capture and permanently store CO<sub>2</sub> emissions and thus produce blue ammonia.</p>	

<sup>6</sup> - Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Medium Green is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet. CICERO Shades of Green provided Second Party Opinion on the framework, which confirmed alignment with the ICMA principles and set governance score of Excellent.

## Process for Project Evaluation and Selection

Yara has put in place a dedicated Sustainable Working Group (“Working Group”), which will meet at least annually, decide by consensus, and consists of representatives from:

- Sustainability Governance
- Treasury Department
- HESQ Department
- Energy & Environment Department
- E&C (Ethics and Compliance department)
- Financial department

The Working Group is responsible for:

- reviewing and updating the content of the Framework
- overseeing the process of selecting, evaluating, and monitoring Eligible Green Projects against the eligibility criteria above
- removing an Eligible Green Project from the Eligible Green Projects Portfolio in case it has become the subject of a controversy or no longer meets the eligibility criteria outlined above.
- preparing and publishing the annual allocation report (including impact report)

Yara’s Corporate Management team (Group Executive Board) has oversight of the Working Group and is responsible for providing final approval on the Eligible Green Projects Portfolio and annual reporting.



### 3. Inaugural Green bond issuance summary

In November 2022, Yara successfully issued its inaugural green bond with a ten-year maturity and an annual coupon of 7.378%.

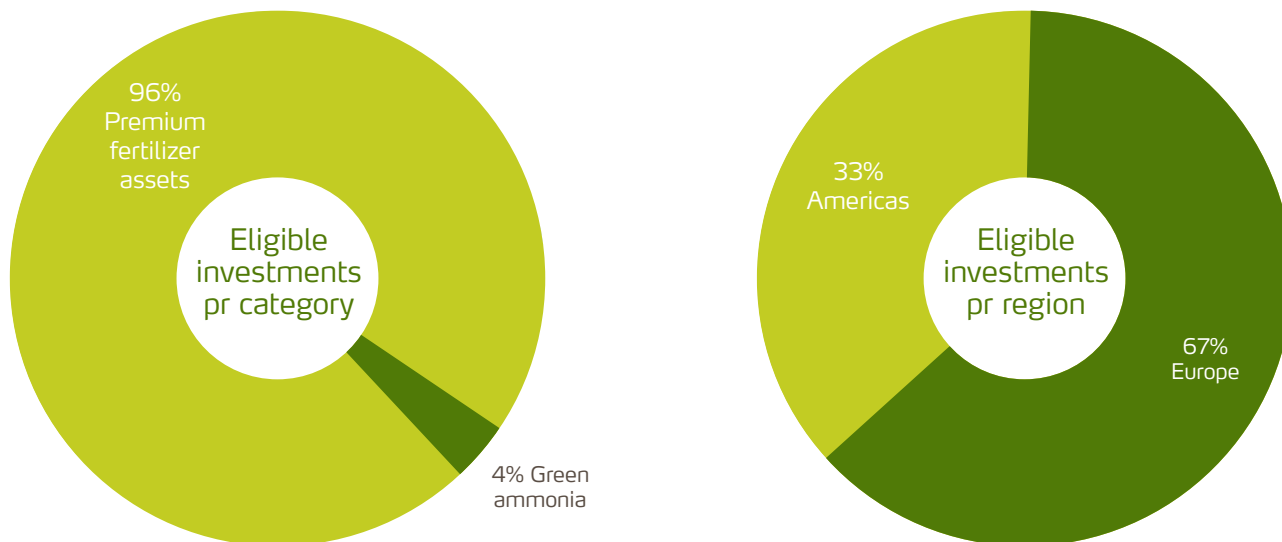
Issuer	Yara International ASA (YARNO)
Issue type	144a/RegS Green Senior Unsecured Notes
Issue Ratings	Baa2 (Stable) / BBB (Stable) by Moody's / S&P
Amount	USD 600,000,000
ISIN	US984851AH89, USR9900CAT38
Maturity	November 14th, 2032 (10-year)
Coupon	7.378%
Use of proceeds	Eligible green projects in line with Yara's Green Financing Framework
Active Bookrunners	Citigroup, Credit Agricole CIB, Deutsche Bank Securities, Societe Generale



## 4. Allocation and impact reporting

### 4.1 Allocation of the 2022 Green bond proceeds

Yara issued its inaugural green bond in 2022 raising USD 600 million, which were allocated.



In million USD	2020	2021	2022	Total
Green Ammonia	-	2	23	<b>25</b>
Premium fertilizer production assets	197	194	184	<b>575</b>
Carbon Capture and Storage (CCS)	-	-	-	-
<b>Total</b>	<b>197</b>	<b>196</b>	<b>207</b>	<b>600</b>



By the end of 2022, Yara has assigned USD 600 million to Eligible Projects, meaning that Yara’s 2022 Green Bond has now fully been allocated. The proceeds were in full used to refinance existing projects and projects initiated during the year of issuance.

### Investment allocations

- USD 24 million 2022 investment in a 24 MW demonstration plant in Porsgrunn, Norway. The project aims to produce green ammonia with renewable energy based on electrolysis. The plant will produce 20,500 tonnes of ammonia per year, which converts into between 60,000 and 80,000 tonnes of green fossil free mineral fertilizer. In addition USD 1 million was invested in other green ammonia initiatives.
- USD 127 million 2020-2022 investment for completion of the Rio Grande expansion project in Brazil, which increased the capacity of the production and blending facilities for NPK fertilizers.
- USD 448 million 2020-2022 investment towards premium fertilizer production assets covers maintenance of eligible production assets, including nitrate, NPK, phosphate and fertigation plants in Europe and Americas.

### 4.2 Impact reporting for 2022 Green bond

The following Impact Reporting Metrics are attributable to the allocated investments for the 2022 Green bond:

	2020	2021	2022
Attributable GHG emissions avoided/reduced from Green Ammonia as compared to conventional Ammonia in tonne of CO2 equivalent	Green Ammonia projects allocated to the Green Bond are still in construction phase		
Attributable GHG emissions avoided/reduced from CCS in tonne of CO2 equivalent	No CCS projects were allocated to the Green Bond		
Volume of Green and Blue Ammonia produced	Green Ammonia projects allocated to the Green Bond are still in construction phase and no CCS projects were allocated		
Volume of Premium fertilizers produced, in kt	15 496	15 507	14 174
Carbon Capture Capacity	No CCS projects were allocated to the Green Bond		

# 5. Independent limited assurance report



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To the Management of Yara International ASA

## INDEPENDENT LIMITED ASSURANCE REPORT ON GREEN BOND ALLOCATION REPORT 2022

Independent Limited Assurance Report to the Management of Yara International ASA ("Yara") related to information set out in table in section "Allocation of the 2022 Green bond proceeds" (the "Selected Information") within the Yara Green Bond Allocation Report for the reporting period ended 31 December 2022.

### Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

### Scope of our work

Yara has engaged us to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Yara Green Bond Allocation Report, for the period ended 31 December 2022 is as follows:

Selected Information in the Yara Green Bond Allocation Report	Applicable Criteria
Table within section <i>Allocation of the 2022 Green bond proceeds</i> .	<i>Yara Green Financing Framework, "4.1 Use of Proceeds"</i> .

The scope of our work was limited to conclude whether:

- the proceeds have been allocated to the Eligible Projects as communicated in the table within section Allocation of the 2022 Green bond proceeds.
- the Eligible Projects comply with the criteria in Yara Green Financing Framework, "4.1 Use of Proceeds".

### Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

### Managements' responsibilities

The Management is responsible for:

- ensuring that the Use of Proceeds follows the Yara Green Finance Framework
- ensuring that the project evaluation and selection, management of proceeds and reporting described in the Yara Green Bond Allocation Report are in accordance with the purpose defined within the Yara Green Financing Framework.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

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## **Our responsibilities**

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the management.

## **Our independence and quality management**

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Key procedures performed**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of Yara's systems and processes for the identification, processing and controls associated with the Selected Information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information and relevant internal controls; but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## **Use of our report**

This report is made solely to the Management of Yara in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Management of Yara those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Yara and the Management of Yara, we acknowledge that the Management of Yara will make this report publicly available, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Yara and the Management of Yara as a body, for our work, for this report, or for the conclusions we have formed.

Oslo, 23 March 2023  
Deloitte AS

## **Espen Johansen**

State Authorised Public Accountant

This document is signed electronically

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March 2023

