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## MERGER PLAN

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FOR  
THE MERGER  
BETWEEN

**YARA CLEAN AMMONIA NEWCO AS**  
AS THE TRANSFERRING COMPANY

AND

**YARA CLEAN AMMONIA HOLDING AS**  
AS THE ACQUIRING COMPANY

WITH  
CONSIDERATION  
ISSUED BY

**YARA INTERNATIONAL ASA**  
AS THE PARENT COMPANY

entered into by the boards of directors of Yara International ASA, Yara Clean Ammonia NewCo AS and Yara Clean Ammonia Holding on 2 June 2022 for subsequent approval by the companies' respective general meetings.

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Office translation. In case of discrepancies between the English and the Norwegian version, the Norwegian version shall prevail.

## MERGER PLAN

This merger plan (the "**Merger Plan**") was concluded on 2 June 2022 by the boards of directors of

- (1) **Yara Clean Ammonia NewCo AS**, company registration no. 928 352 447 (the "**Transferring Company**");
- (2) **Yara Clean Ammonia Holding AS**, company registration no. 928 352 498 (the "**Acquiring Company**"); and
- (3) **Yara International ASA**, company registration no. 986 228 608 (the "**Parent Company**").

### 1. INTRODUCTION

- 1.1 The boards of directors of the Transferring Company and the Acquiring Company have agreed to propose to their respective general meetings that the Transferring Company be merged with the Acquiring Company by way of a triangular merger in which all the assets, rights and liabilities in the Transferring Company will be transferred to the Acquiring Company, the shareholders of the Transferring Company will receive a merger consideration as set out in clause 3 and the Transferring Company will be dissolved (the "**Merger**").
- 1.2 The Merger is carried out as part of the establishment of a new legal structure in the Yara Group in which the existing subsidiaries of the Parent Company engaged in ammonia trade and shipping and the blue and green ammonia business (the "**YCA Business**") will be transferred to the Acquiring Company. To achieve this structure, the Parent Company will be demerged with the Transferring Company as the acquiring company immediately prior to the Merger (the "**Demerger**"). A separate demerger plan for the Demerger was concluded at the same time as this Merger Plan. Following the completion of the Merger, the intention is to transfer the shares in Acquiring Company to Yara Clean Ammonia AS, company registration no. 928 652 920, in order to complete the carve-out of the YCA Business, with Yara Clean Ammonia AS as the ultimate holding company and direct subsidiary of Yara International ASA.

### 2. THE MERGING COMPANIES

(i) The Transferring Company:

Yara Clean Ammonia NewCo AS  
Address: Drammensveien 131, 0277 Oslo, Norway  
Business municipality: Oslo  
Company registration number: 928 352 447

(ii) The Acquiring Company:

Yara Clean Ammonia Holding AS  
Address: Drammensveien 131, 0277 Oslo, Norway  
Business municipality: Oslo  
Company registration number: 928 352 498

(iii) The Parent Company:

Yara International ASA  
Address: Drammensveien 131, 0277 Oslo, Norway  
Business municipality: Oslo  
Company registration number: 986 228 608

### **3. THE MERGER**

- 3.1 The boards of directors of the Acquiring Company and the Transferring Company have agreed to propose to the companies' respective general meetings that the companies merge as described in this Merger Plan by the Transferring Company transferring its assets, rights and liabilities as a whole to the Acquiring Company.
- 3.2 As a merger consideration, the shareholders of the Transferring Company shall as of the Completion Date (as defined in clause 7) receive consideration in the form of an increase in the nominal value of their shares in the Parent Company.
- 3.3 The capital increase in the Parent Company is based on the ratio between the net values that are transferred to the Acquiring Party, and the net value of the Parent Company before the Merger.
- 3.4 As share contribution for the increase in the share capital of the Parent Company, the Parent Company will receive a merger receivable against the Acquiring Company as part of the Merger.
- 3.5 The merger receivable described in clause 3.4 above shall be issued by the Acquiring Company with the Parent Company as the creditor, and shall correspond to the net book value the Acquiring Company will acquire through the Merger.
- 3.6 An overview showing the draft opening balances in the Transferring Company, the Acquiring Company and the Parent Company before the Merger (but after the Demerger) and after the Merger is included as Appendix J to the Merger Plan.
- 3.7 The Merger shall be carried out in accordance with the provisions of the Public Limited Liability Companies Act chapter 13.

### **4. APPROVAL BY THE GENERAL MEETINGS**

#### **4.1 Time of the general meetings**

The Merger Plan shall be presented to the extraordinary general meetings of the Transferring Company and the Acquiring Company, respectively, on the same date, scheduled for early July 2022. On the same date, a proposal for a capital increase shall be submitted to the extraordinary general meeting of the Parent Company.

#### **4.2 Proposed resolution by the general meeting of the Acquiring Company**

The board of directors of the Acquiring Company shall propose that the general meeting of the Acquiring Company adopts the following resolution:

*"The merger plan dated 2 June 2022 between Yara Clean Ammonia Holding AS as the acquiring company, Yara Clean Ammonia NewCo AS as the transferring company and Yara International ASA as the consideration issuing company, is approved."*

#### 4.3 **Proposed resolution by the general meeting of the Transferring Company**

The board of directors of the Transferring Company shall propose that the general meeting of the Transferring Company adopts the following resolution:

*"The merger plan dated 2 June 2022 between Yara Clean Ammonia Holding AS as the acquiring company, Yara Clean Ammonia NewCo AS as the transferring company and Yara International ASA as the consideration issuing company, is approved."*

#### 4.4 **Proposed resolution by the general meeting of the Parent Company**

The board of directors of the Parent Company shall propose that the general meeting of the Parent Company adopts the following resolution:

- (i) The merger plan dated 2 June 2022 between Yara Clean Ammonia NewCo AS, Yara Clean Ammonia Holding AS and the Company, is approved.*
- (ii) The Company's share capital shall be increased by NOK 69,336,315.6694 by increasing the nominal value of the shares by NOK 0.2722 from NOK 1.4278 to NOK 1.70. The share contribution per share is NOK 38.3632 (rounded).*
- (iii) The capital increase is carried out as part of a triangular merger between Yara Clean Ammonia NewCo AS as the transferring company and Yara Clean Ammonia Holding AS as the acquiring company, with the Company as the consideration issuing company. The share contribution shall be settled in the form of a merger receivable of NOK 9,756,837,470 against Yara Clean Ammonia Holding AS and a deferred tax asset of NOK 15,248,297.*
- (iv) The increase in the nominal value of the shares will be deemed to have been subscribed for when the merger plan has been approved by the general meeting of Yara Clean Ammonia NewCo AS.*
- (v) The date on which the merger is registered as having been completed in the Register of Business Enterprises is deemed the date of transfer of the share contribution.*
- (vi) No new shares are issued in connection with the capital increase and the capital increase does not affect the existing shares' rights to dividends.*
- (vii) The Company's estimated expenses in connection with the capital increase are NOK 50,000.*
- (viii) Article 4 of the articles of association shall be amended to reflect the new share capital and the new nominal value after the completion of the capital increase.*
- (ix) The resolution is conditional on the general meeting approving a resolution on a demerger of the Company as stated in the demerger plan dated 2 June 2022 between the Company and Yara Clean Ammonia NewCo AS.*

### **5. NOTIFICATIONS TO THE REGISTER OF BUSINESS ENTERPRISES**

- 5.1 The parties shall as soon as possible notify the Register of Business Enterprises of the Merger Plan cf. the Public Limited Liability Act section 13-13.

5.2 The Register of Business Enterprises shall be notified of the approval of the Merger Plan as soon as practicable after the general meetings have been held in accordance with the Public Limited Liability Companies Act section 13-14.

5.3 The Register of Business Enterprises shall be notified of the completion of the Merger in accordance with the Merger Plan clause 7.

## **6. CONDITONS FOR COMPLETION OF THE MERGER**

6.1 The completion of the Merger is conditional on

- (i) the general meeting of the Acquiring Company approving the Merger in accordance with clause 4.2;
- (ii) the general meeting of the Transferring Company approving the Merger in accordance with clause 4.3;
- (iii) the general meeting of the Parent Company approving the capital increase required to provide the merger consideration in accordance with clause 4.4;
- (iv) the deadline for objections according to the Public Limited Liability Companies Act section 13-15 having expired;
- (v) no objections having been raised by creditors or any objections raised by creditors having been settled or finally rejected; and
- (vi) the Demerger having been completed in accordance with the demerger plan dated 2 June 2022.

## **7. COMPLETION OF THE MERGER**

7.1 When the conditions of clause 6 have been satisfied, the Acquiring Company shall notify the Register of Business Enterprises of the completion of the Merger in accordance with the Public Limited Liability Companies Act section 13-17 (1).

7.2 On the date the Merger is registered as having been completed in the Register of Business Enterprises (the "**Completion Date**"), the Transferring Company's assets, rights and liabilities shall be deemed transferred to the Acquiring Company cf. the Public Limited Liability Companies Act section 13-17. On the same date, the Transferring Company shall be dissolved.

## **8. ACCOUNTING TREATMENT**

The Merger will be completed with accounting continuity and with effect from accounting purposes from 1 January 2022.

## **9. TAX IMPLEMENTATION**

9.1 The Merger is carried out as a tax-exempt merger in accordance with the Tax Act chapter 11.

9.2 The Merger is carried out with continuity for tax purposes, so that the Acquiring Company maintains the tax positions associated with the assets, rights and liabilities transferred from the Transferring Company.

9.3 The Merger will be carried out with tax effect from the Completion Date, cf. Tax Act section 11-10 (2). For tax reporting purposes will the attribution of taxable income be completed with effect from 1 January 2022.

9.4 The Merger will not be considered as a taxable realisation of shares under the Norwegian Tax Act. The shareholders will have the same number of shares in the Transferring Company after the Demerger and Merger as before the Demerger, with the same tax positions related to the shares in the Transferring Company.

## **10. TREATMENT OF VALUE ADDED TAX**

10.1 The transfer of the YCA Business in the Merger qualify as a tax neutral transfer of business in accordance with the Value Added Tax Act section 6-14, so that no self-supply VAT is triggered, cf. Value Added Tax Act section 3-21 and 3-22. The Parent Company received a binding ruling from the Norwegian tax authorities on 24 February 2022 regarding the VAT treatment of the Demerger and Merger. The transfer of business shall be completed in accordance with the facts and assumptions in the binding ruling.

## **11. CONDITONS FOR SHAREHOLDER RIGHTS**

There are no special conditions for the exercise of shareholder rights in the Acquiring Company or for registration in the shareholder register of the Acquiring Company.

## **12. SHAREHOLDERS WITH SPECIAL RIGHTS AND HOLDERS OF SUBSCRIPTION RIGHTS**

12.1 No shareholders in the Transferring Company hold special rights as mentioned in the Public Limited Liability Companies Act section 13-6 (1) no. 5.

12.2 Under section 5 of the articles of association of the Parent Company, 83 outstanding and unredeemed founder certificates and 4,343 outstanding and unredeemed subscription certificates issued by Norsk Hydro-elektrisk kvælstofaktieselskap, (the "**Certificates**") entitle the holders preferential subscription rights for 0.83% and 2.79% respectively of any capital increase in the Parent Company (subject to certain exemptions) which, upon completion of the Demerger, will provide equivalent preferential rights in the Transferring Company. Since this right is already reflected in section 5 of the articles of association of the Parent Company, this will not require any amendment of the Parent Company's articles of association of the.

## **13. SPECIAL RIGHTS AND ADVANTAGES**

No special rights or advantages are conferred upon any members of the boards of directors, the managing directors or the independent experts in connection with the Merger cf. the Public Limited Liability Companies Act section 13-6 (1) no. 6.

## **14. AUTHORITY TO AMEND THE MERGER PLAN**

The boards of directors of the Transferring Company, the Acquiring Company and the Parent Company may until the date of the submission of the notification to the Register of Business Enterprises of the completion of the Merger make minor amendments to the Merger Plan if this is deemed necessary or desirable.

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# FUSJONSPLAN

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FOR  
FUSJONEN  
MELLOM

**YARA CLEAN AMMONIA NEWCO AS**  
SOM DET OVERDRAGENDE SELSKAPET

OG

**YARA CLEAN AMMONIA HOLDING AS**  
SOM DET OVERTAGENDE SELSKAPET

MED  
VEDERLAG  
SOM UTSTEDES AV

**YARA INTERNATIONAL ASA**  
SOM MORSELSKAPET

inngått av styrene i Yara International ASA, Yara Clean Ammonia NewCo AS og Yara Clean Ammonia Holding AS den 2. juni 2022 for etterfølgende godkjenning av selskapenes respektive generalforsamlinger.



## FUSJONSPLAN

Denne fusjonsplanen ("**Fusjonsplanen**") er inngått den 2. juni 2022 av styrene i

- (1) **Yara Clean Ammonia NewCo AS**, organisasjonsnummer 928 352 447 (det "**Overdragende Selskap**");
- (2) **Yara Clean Ammonia Holding AS**, organisasjonsnummer 928 352 498 (det "**Overtakende Selskap**"); og
- (3) **Yara International ASA**, organisasjonsnummer 986 228 608 ("**Morselskapet**").

### 1. INTRODUKSJON

- 1.1 Styrene i det Overdragende Selskap og det Overtakende Selskap har avtalt å foreslå for deres respektive generalforsamlinger at det Overdragende Selskapet fusjonerer inn i det Overtakende Selskapet ved overføring av alle eiendeler, rettigheter og forpliktelser i det Overdragende Selskapet til det Overtakende Selskapet, at aksjonærene i det Overdragende Selskapet mottar fusjonsvederlag som inntatt i punkt 3 og at det Overdragende Selskapet oppløses ("**Fusjonen**").
- 1.2 Fusjonen gjennomføres som et ledd i å danne en ny juridisk struktur i Yara-konsernet hvor de nåværende datterselskapene av Morselskapet som er engasjert i ammoniakkhandel og –transport samt virksomhet innen blå og grønn ammoniakk ("**YCA Virksomheten**") overføres til det Overtakende Selskapet. For å oppnå denne strukturen vil Morselskapet fusjoneres med det Overdragende Selskapet som overtakende selskap samtidig med Fusjonen ("**Fisjonen**"). En separat fusjonsplan for Fisjonen inngås samtidig som denne Fusjonsplanen. Etter gjennomføringen av Fusjonen er intensjonen å overføre aksjene i de Overtagende Selskapet til Yara Clean Ammonia AS, org. nr. 928 652 920 for å ferdigstille utskillelsen av YCA Virksomheten med Yara Clean Ammonia AS som morselskap og direkte datterselskap til Yara International ASA.

### 2. FUSJONERENDE SELSKAPER

(i) Overdragende Selskap:

Yara Clean Ammonia NewCo AS  
Adresse: Drammensveien 131, 0277 Oslo, Norge  
Forretningskommune: Oslo  
Organisasjonsnummer: 928 352 447

(ii) Overtakende Selskap:

Yara Clean Ammonia Holding AS  
Adresse: Drammensveien 131, 0277 Oslo, Norge  
Forretningskommune: Oslo  
Organisasjonsnummer: 928 352 498

(iii) Morselskapet:

Yara International ASA  
Adresse: Drammensveien 131, 0277 Oslo, Norge  
Forretningskommune: Oslo  
Organisasjonsnummer: 986 228 608

### **3. FUSJONEN**

- 3.1 Styrene i det Overtakende Selskap og det Overdragende Selskap er blitt enige om å foreslå for generalforsamlingene at de respektive selskapene fusjonerer som beskrevet i denne Fusjonsplan ved at det Overdragende Selskap overdrar sine eiendeler, rettigheter og forpliktelser som en helhet til det Overtakende Selskap.
- 3.2 Som fusjonsvederlag skal aksjonærene i det Overdragende Selskap per Gjennomføringstidspunktet (slik definert i punkt 7) motta vederlag i form av en økning av pålydende verdi på sine aksjer i Morselskapet.
- 3.3 Kapitalforhøyelsen i Morselskapet er basert på forholdet mellom virkelige verdier som tilføres det Overtakende Selskap, og verdien av Morselskapet før overføringen av eiendeler, rettigheter og forpliktelser ved Fusjonen.
- 3.4 Som aksjeinnskudd for økning av pålydende på aksjene i Morselskapet vil Morselskapet motta en fusjonsfordring på det Overtakende Selskap som ledd i Fusjonen.
- 3.5 Fusjonsfordringen som beskrevet over i punkt 3.4. over utstedes av Overtakende Selskap med Morselskapet som kreditor, og tilsvarer netto bokført verdi som det Overtakende Selskapet tilføres gjennom Fusjonen.
- 3.6 En oversikt som viser utkast til åpningsbalanser i det Overdragende Selskapet, det Overtakende Selskapet og Morselskapet før Fusjonen (men etter Fusjonen) og etter Fusjonen er inntatt som Vedlegg J til Fusjonsplanen.
- 3.7 Fusjonen skal gjennomføres etter bestemmelsene i allmennaksjeloven kapittel 13.

### **4. GODKJENNELSE AV GENERALFORSAMLINGENE**

#### **4.1 Tidspunktet for generalforsamlingene**

Fusjonsplanen skal fremlegges for ekstraordinære generalforsamlinger i henholdsvis det Overdragende Selskap og det Overtakende Selskap på samme dag, planlagt avholdt i begynnelsen av juli 2022. På samme dag skal forslag om kapitalforhøyelse fremlegges for en ekstraordinær generalforsamling i Morselskapet.

#### **4.2 Forslag til generalforsamlingsvedtak i det Overtakende Selskap**

Styret i det Overtakende Selskap skal foreslå at det Overtakende Selskapets generalforsamling treffer følgende vedtak:

*"Fusjonsplanen datert 2. juni 2022 mellom Yara Clean Ammonia Holding AS som overtakende selskap, Yara Clean Ammonia NewCo AS som overdragende selskap og Yara International ASA som vederlagsutstedende selskap, godkjennes."*

#### 4.3 **Forslag til generalforsamlingsvedtak i det Overdragende Selskap**

Styret i det Overdragende Selskap skal foreslå at det Overdragende Selskaps generalforsamling treffer følgende vedtak:

*"Fusjonsplanen datert 2. juni 2022 mellom Yara Clean Ammonia Holding AS som overtakende selskap, Yara Clean Ammonia NewCo AS som overdragende selskap og Yara International ASA som vederlagsutstedende selskap, godkjennes."*

#### 4.4 **Forslag til generalforsamlingsvedtak i Morselskapet**

Styret i Morselskapet skal foreslå at generalforsamlingen i Morselskapet treffer følgende vedtak:

- (i) *"Fusjonsplanen datert 2. juni 2022 mellom Yara Clean Ammonia NewCo AS, Yara Clean Ammonia Holding AS og Selskapet, godkjennes."*
- (ii) *Selskapets aksjekapital forhøyes med NOK 69 336 315,6694 ved oppskrivning av aksjenes pålydende med NOK 0,2722, fra NOK 1,4278 til NOK 1,70. Aksjeinnskuddet per aksje er NOK 38,3632.*
- (iii) *Kapitalforhøyelsen gjennomføres som et ledd i trekantfusjonen mellom Yara Clean Ammonia NewCo AS som overdragende selskap, Yara Clean Ammonia Holding AS som overtakende selskap og Selskapet som vederlagsutstedende selskap. Aksjeinnskuddet skal gjøres opp i form av en fusjonsfordring stor NOK 9 756 837 470 på Yara Clean Ammonia Holding AS og en utsatt skattefordel på NOK 15 248 297.*
- (iv) *Økningen av pålydende anses som tegnet når fusjonsplanen er godkjent av generalforsamlingen i Yara Clean Ammonia NewCo AS.*
- (v) *Aksjeinnskuddet anses overført på det tidspunktet Foretaksregisteret registrerer gjennomføringen av fusjonen.*
- (vi) *Det utstedes ingen nye aksjer i forbindelse med kapitalforhøyelsen og kapitalforhøyelsen har ingen betydning for eksisterende aksjers rett til utbytte.*
- (vii) *Selskapets anslåtte utgifter i forbindelse med kapitalforhøyelsen er NOK 50 000.*
- (viii) *Vedtektenes § 4 endres slik at den gjengir ny aksjekapital og ny pålydende verdi etter gjennomføring av kapitalforhøyelsen.*
- (ix) *Vedtaket er betinget av at generalforsamlingen godkjenner vedtak om fisjon av Selskapet slik det fremgår av fusjonsplanen datert 2. juni 2022 mellom Selskapet og Yara Clean Ammonia NewCo AS"*

### **5. MELDINGER TIL FORETAKSREGISTERET**

- 5.1 Partene skal så snart som mulig melde Fusjonsplanen til Foretaksregisteret, jf. allmennaksjeloven § 13-13.
- 5.2 Godkjennelse av Fusjonsplanen i de respektive generalforsamlingene skal meldes til Foretaksregisteret så snart som praktisk mulig etter at generalforsamlingene er avholdt i tråd med allmennaksjeloven § 13-14.
- 5.3 Gjennomføring av Fusjonen skal meldes til Foretaksregisteret i henhold til Fusjonsplanens punkt 7.

## **6. BETINGELSER FOR GJENNOMFØRING AV FUSJONEN**

6.1 Gjennomføring av Fusjonen er betinget av at

- (i) generalforsamlingen i det Overtakende Selskap har godkjent Fusjonen i tråd med punkt 4.2;
- (ii) generalforsamlingen i det Overdragende Selskap har godkjent Fusjonen i tråd med punkt 4.3;
- (iii) generalforsamlingen i Morselskapet har godkjent kapitalforhøyelsen som er påkrevet for å levere fusjonsvederlaget i tråd med punkt 4.4;
- (iv) fristen for innsigelser etter allmennaksjeloven § 13-15 er utløpt;
- (v) det er ikke fremsatt innsigelser fra kreditorer eller at eventuelle innsigelser fra kreditorer er avgjort eller endelig avvist; og
- (vi) Fusjonen er gjennomført i henhold til fusjonsplanen datert 2. juni 2022.

## **7. GJENNOMFØRING AV FUSJONEN**

7.1 Når betingelsene i punkt 6 er oppfylt skal det Overtakende Selskap melde gjennomføringen av Fusjonen til Foretaksregisteret i henhold til allmennaksjeloven § 13-17 (1).

7.2 På tidspunktet for registrering av Fusjonen i Foretaksregisteret ("**Gjennomføringstidspunktet**"), skal det Overdragende Selskaps eiendeler, rettigheter og forpliktelser anses overdratt til det Overtakende Selskap jf. allmennaksjeloven § 13-17. På samme tidspunkt oppløses det Overdragende Selskap.

## **8. REGNSKAPSMESSIG BEHANDLING**

Fusjonen vil bli gjennomført med regnskapsmessig kontinuitet og med regnskapsmessig virkning fra 1 januar 2022.

## **9. SKATTEMESSIG BEHANDLING**

9.1 Fusjonen vil gjennomføres som en skattefri fusjon i overensstemmelse med skatteloven kapittel 11.

9.2 Fusjonen skjer med skattemessig kontinuitet slik at Overtakende Selskap overtar skattemessige posisjoner tilknyttet de overførte eiendelene, rettighetene og forpliktelsene fra det Overdragende Selskap.

9.3 Fusjonen gjennomføres skattemessig med virkning fra Gjennomføringstidspunktet. For ligningstekniske formål foretas inntektsfastsettelsen med virkning fra 1. januar 2022.

9.4 Fusjonen vil ikke anses som en skattemessig realisasjon av aksjer etter skatteloven. Aksjonærene vil ha samme antall aksjer i Morselskapet etter Fusjonen og Fusjonen som før Fusjonen, med samme skatteposisjoner knyttet til aksjene i Morselskapet.

## **10. AVGIFTMESSIG BEHANDLING**

10.1 Overføringen av YCA Virksomheten i Fusjonen kvalifiserer som avgiftsfri virksomhetsoverdragelse etter merverdiavgiftsloven § 6-14, slik at det ikke utløses uttaksmerverdiavgift etter merverdiavgiftsloven §§ 3-21 og 3-22. Morselskapet mottok den 24. februar 2022 en bindende forhåndsuttalelse om den avgiftsmessige behandlingen av

Fisjonen og Fusjonen. Virksomhetsoverdragelsen skal gjennomføres i tråd med det faktum og basert på de premisser som fremgår av den bindende forhåndsuttalelsen.

#### **11. VILKÅR FOR AKSJONÆRRETTIGHETER**

Det gjelder ingen særskilte vilkår for utøvelse av aksjonærrettigheter i det Overtakende Selskap eller for registrering i aksjeeierregisteret til det Overtakende Selskap.

#### **12. RETTIGHETER FOR AKSJEIERE MED SÆRLIGE RETTIGHETER OG INNEHAVERE AV TEGNINGSRETTER**

12.1 Ingen aksjeeiere i det Overdragende Selskap har særlige rettigheter som nevnt i allmennaksjeloven § 13-6 (1) nr. 5.

12.2 Under § 5 i Morselskapets vedtekter har innehaverne av 83 utestående og uinnløste stiftersertifikater og 4 343 utestående og uinnløste tegningssertifikater utstedt av Norsk Hydro-elektrisk kvælstofaktieselskap, ("**Sertifikatene**") en forbeholden tegningsrett på henholdsvis inntil 0,83 %, og inntil 2,79 % ved aksjekapitalforhøyelser i Morselskapet (med visse unntak), som ved gjennomføringen av Fisjonen vil gi holderne tilsvarende rettigheter i det Overdragende Selskapet. Siden disse rettighetene allerede er reflektert i § 5 av Morselskapets vedtekter vil det ikke påkrevs en endring av Morselskapets vedtekter.

#### **13. SÆRLIGE RETTER OG FORDELER**

Ingen av medlemmene i styrene, daglig leder eller uavhengig sakkyndige mottar noen særlige rettigheter eller fordeler i forbindelse med Fusjonen, jf. allmennaksjeloven § 13-6 (1) nr. 6.

#### **14. FULLMAKT TIL Å FORETA ENDRINGER I FUSJONSPLANEN**

Styrene i det Overdragende Selskap, det Overtakende Selskap og Morselskapet kan frem til tidspunktet for innsendelse av melding til Foretaksregisteret om gjennomføring av Fusjonen foreta mindre endringer i Fusjonsplanen dersom dette anses nødvendig eller ønskelig.

*[Signature page follows – Signaturside følger]*

*[Signature page – Merger Plan between Yara Clean Ammonia NewCo AS and  
Yara Clean Ammonia Holding AS with Yara International ASA as the consideration issuing company  
– Signaturside – Fusjonsplan mellom Yara Clean Ammonia NewCo AS og  
Yara Clean Ammonia Holding AS med Yara International ASA som vederlagsutsteder]*

**The board of directors of – Styret i  
Yara Clean Ammonia NewCo AS**

DocuSigned by:

*Alvin Rosvoll*

84BCAFD9D1F8464

---

Alvin Kristian Rosvoll  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:

*Kristine Ryssdal*

DECBBC8EB9CE493...

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Kristine Elene Stray Ryssdal  
*Board member*  
*Styremedlem*

DocuSigned by:

*Thor Giæver*

0A8EFC9D6F64443

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Thor Samuel Giæver  
*Board member*  
*Styremedlem*

*[Signature page – Merger Plan between Yara Clean Ammonia NewCo AS and Yara Clean Ammonia Holding AS with Yara International ASA as the consideration issuing company – Signaturside – Fusjonsplan mellom Yara Clean Ammonia NewCo AS og Yara Clean Ammonia Holding AS med Yara International ASA som vederlagsutsteder]*

**The board of directors of – Styret i  
Yara Clean Ammonia Holding AS**

DocuSigned by:

*Alvin Rosvoll*

84BCAFD9D1F8464

---

Alvin Kristian Rosvoll  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:

*Kristine Ryssdal*

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---

Kristine Elene Stray Ryssdal  
*Board member*  
*Styremedlem*

DocuSigned by:

*Thor Giæver*

0A8EFC9D8F64443

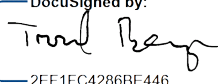
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Thor Samuel Giæver  
*Board member*  
*Styremedlem*

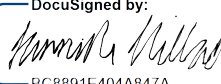
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**The board of directors of – Styret i**

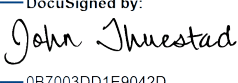
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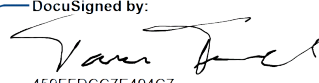
Trond Berger  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:  
  
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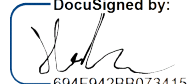
Jannicke Hilland  
*Deputy chairperson*  
*Styrets nestleder*

DocuSigned by:  
  
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John Gabriel Thuestad  
*Board member*  
*Styremedlem*

DocuSigned by:  
  
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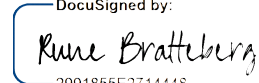
Tove Feld  
*Board member*  
*Styremedlem*

DocuSigned by:  
  
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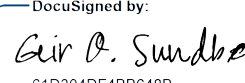
Håkon Reistad Fure  
*Board member*  
*Styremedlem*

DocuSigned by:  
  
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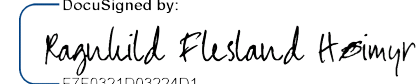
Birgitte Ringstad Vartdal  
*Board member*  
*Styremedlem*

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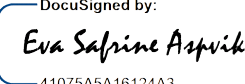
Rune Asle Bratteberg  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
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Geir Olav Sundbø  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
F7F0321D03224D1

Ragnhild Flesland Høimyr  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
41075A5A16124A3

Eva Safrine Aspvik  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*



## APPENDICES

The following appendices are included in this Merger Plan:

- A Articles of association of the Transferring Company
- B Articles of association of the Acquiring Company
- C Articles of association of the Parent Company (Norwegian official version)
- D Articles of association of the Parent Company (English office translation)
- E Draft articles of association of the Parent Company after the Merger (Norwegian version)
- F Draft articles of association of the Parent Company after the Merger (English office translation)
- G Copies of the Transferring Company's annual accounts for 2021
- H Copies of the Acquiring Company's annual accounts for 2021
- I Copies of the Parent Company's annual accounts, annual report and auditor's report for the three last accounting years.
- J Draft opening balances for the Transferring Company, the Acquiring Company and the Parent Company before the Merger (but after the Demerger) and after the completion of the Merger as of 30 April 2022 adjusted for relevant transaction up to 1 June 2022
- K Expert statement regarding the Merger Plan prepared by KWC Revisjon AS for the Transferring Company cf. the Public Limited Liability Act section 13-10
- L Expert statement regarding the Merger Plan prepared by KWC Revisjon AS for the Acquiring Company cf. the Public Limited Liability Act section 13-10
- M Expert statement regarding the non-cash capital contribution to the Parent Company prepared by KWC Revisjon AS
- N Report on the Merger from the boards of directors of the Transferring Company, the Acquiring Company and the Parent Company

## VEDLEGG

Som vedlegg til denne Fusjonsplanen følger:

- A Vedtekter for det Overdragende Selskap
- B Vedtekter for det Overtagende Selskap
- C Vedtekter for Morselskapet (Norsk offisiell versjon)
- D Vedtekter for Morselskapet (Engelsk oversettelse)
- E Utkast til vedtekter for Morselskapet etter Fusjonen (Norsk versjon)
- F Utkast til vedtekter for Morselskapet etter Fusjonen (Engelsk oversettelse)
- G Kopi av det Overdragende Selskaps årsregnskap for 2021
- H Kopi av det Overtagende Selskaps årsregnskap 2021
- I Kopi av Morselskapets årsregnskap, årsberetning og revisjonsberetning for de tre siste regnskapsår
- J Utkast til åpningsbalanser for det Overdragende Selskap, det Overtakende Selskap og Morselskapet før Fusjonen (men etter Fisjonen) og etter gjennomføring av Fusjonen per 30. april 2022 justert for relevante transaksjoner opp til og med 1. juni
- K Sakkyndig redegjørelse for Fusjonsplanen utarbeidet av KWC Revisjon AS for Overdragende Selskap, jf. allmennaksjeloven § 13-10
- L Sakkyndig redegjørelse for Fusjonsplanen utarbeidet av KWC Revisjon AS for Overtakende Selskap, jf. allmennaksjeloven § 13-10
- M Sakkyndig redegjørelse for tingsinnskuddet i Morselskapet utarbeidet av KWC Revisjon AS
- N Rapport om Fusjonen fra styrene i det Overtakende Selskap, det Overdragende Selskap og Morselskapet

**Appendix A Articles of association of the Transferring Company**

**Vedlegg A Vedtekter for det Overdragende Selskap**

**VEDTEKTER**  
**FOR**  
**YARA CLEAN AMMONIA NEWCO AS**

org. nr. 928 352 447

*Sist endret 7. mars 2022*

**§ 1**

Selskapets navn skal være Yara Clean Ammonia NewCo AS.

**§ 2**

Selskapets virksomhet skal være å (i) produsere, kjøpe, transportere og markedsføre hydrogen og ammoniakk, inkludert ren hydrogen og ammoniakk, og (ii) drive dertil tilhørende virksomhet, herunder å eie aksjer i andre selskaper.

**§ 3**

Selskapets aksjekapital skal være NOK 30 000 fordelt på 30 000 ordinære aksjer á NOK 1.

**§ 4**

For øvrig henvises til den enhver tid gjeldende aksjelovgivning.

**ARTICLES OF ASSOCIATION**  
**FOR**  
**YARA CLEAN AMMONIA NEWCO AS**

org. no. 928 352 447

*Last amended on 7 March 2022*

**§ 1**

The company's name is Yara Clean Ammonia NewCo AS.

**§ 2**

The company's purpose is to (i) produce, buy, transport and market hydrogen and ammonia, including clean hydrogen and ammonia; and (ii) conduct thereto related business, including holding shares in other companies.

**§ 3**

The company's share capital is NOK 30,000 divided into 30,000 ordinary shares of NOK 1.

**§ 4**

Otherwise, reference is made to the prevailing company legislation.

**Appendix B** Articles of association of the Acquiring Company

**Vedlegg B** Vedtekter for det Overtagende Selskap

## VEDTEKTER

### FOR

#### YARA CLEAN AMMONIA HOLDING AS

org. nr. 928 352 498

*Sist endret 7. mars 2022*

#### § 1

Selskapets navn skal være Yara Clean Ammonia Holding AS.

#### § 2

Selskapets virksomhet skal være å (i) produsere, kjøpe, transportere og markedsføre hydrogen og ammoniakk, inkludert ren hydrogen og ammoniakk, og (ii) drive dertil tilhørende virksomhet, herunder å eie aksjer i andre selskaper.

#### § 3

Selskapets aksjekapital skal være NOK 30 000 fordelt på 30 000 ordinære aksjer á NOK 1.

#### § 4

For øvrig henvises til den enhver tid gjeldende aksjelovgivning.

## ARTICLES OF ASSOCIATION

### FOR

#### YARA CLEAN AMMONIA HOLDING AS

org. no. 928 352 498

*Last amended on 7 March 2022*

#### § 1

The company's name is Yara Clean Ammonia Holding AS.

#### § 2

The company's purpose is to (i) produce, buy, transport and market hydrogen and ammonia, including clean hydrogen and ammonia; and (ii) conduct thereto related business, including holding shares in other companies.

#### § 3

The company's share capital is NOK 30,000 divided into 30,000 ordinary shares of NOK 1.

#### § 4

Otherwise, reference is made to the prevailing company legislation.

**Appendix C Articles of association of the Parent Company (Norwegian official version)**

**Vedlegg C Vedtekter for Morselskapet (Norsk offisiell versjon)**

# Vedtekter for Yara International ASA

---

## §1

Selskapets navn er Yara International ASA. Selskapet er et allmennaksjeselskap.

## §2

Selskapets formål er å drive industri, handel og transport, samt å drive annen virksomhet med tilknytning til disse formål. Virksomheten kan også drives ved deltagelse i eller i samarbeid med andre foretak.

## §3

Selskapets forretningskontor er i Oslo kommune.

## §4

Aksjekapitalen er NOK 433.033.565,90 fordelt på 254.725.627 aksjer, hver pålydende NOK 1,70.

## §5

I tilfelle av utvidelse av aksjekapitalen og forutsatt at den på vedkommende tidspunkt gjeldende norsk lov tillater det, er det ved enhver slik aksjeutvidelse forbeholdt fortrinnsrett til tegning på de av styret fastsatte tegningsvilkår for inntil

a) 0.83% av utvidelsen for innehaverne av de 83 ikke innløste stiftersertifikater utstedt av Norsk Hydro-elektrisk kvælstofaktieselskab og inntil

b) 2.79% av utvidelsen for innehaverne av de 4.343 ikke innløste tegningscertifikater utstedt av Norsk Hydro-elektrisk kvælstofaktieselskab.

Disse fortrinnsrettigheter gjelder ikke hvor forhøyelsen foretas for å tildele aksjer til tredjemann som vederlag for tilskudd av verdier, som de gjør til selskapet.

## §6

Selskapet skal ha et styre bestående av 3 til 11 personer.

## §7

Selskapet skal ha en valgkomité bestående av fire medlemmer som velges av generalforsamlingen.

Styrets leder og daglig leder skal, uten å ha stemmerett, innkalles til minst ett møte i valgkomiteen før den avgir sin endelige innstilling.

Valgkomiteen avgir innstilling til generalforsamlingen om:

- a) valg av aksjonærvalgte medlemmer til styret,
- b) honorar til medlemmer av styret og styreutvalg, og
- c) valg av og honorar til medlemmer av valgkomiteen

Valgkomiteen foreslår og generalforsamlingen vedtar instruks for valgkomiteen.

## §8

Selskapets firma tegnes av styreleder, av to styremedlemmer i fellesskap og av daglig leder.

## §9

Innkalling til generalforsamlingen foretas av styret i overensstemmelse med gjeldende lovgivning.

Dokumenter som gjelder saker som skal behandles på generalforsamlingen trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets nettside. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt kostnadsfritt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

I innkallingen kan det fastsettes at aksjeeiere som personlig eller ved fullmektig ønsker å møte og avgi stemme på generalforsamlingen, må melde dette til selskapet innen en bestemt angitt frist, som ikke kan utløpe tidligere enn fem dager før møtet.

Styret kan beslutte at aksjeeierne kan avgi skriftlig stemme, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. For slik stemmegivning skal det benyttes en betryggende metode for å autentisere avsenderen. Styret kan fastsette nærmere retningslinjer for stemmegivningen, og fremgangsmåten for slik stemmegivning skal fremgå av innkallingen til generalforsamlingen.

Styret kan beslutte at aksjeeierne skal kunne delta på generalforsamlingen ved bruk av elektroniske hjelpemidler, herunder at de kan utøve sine rettigheter som aksjeeiere elektronisk. Systemene for slik deltakelse må sikre at deltakelsen og stemmegivningen kan kontrolleres på en betryggende måte, og det må benyttes en betryggende metode for å autentisere aksjeeierne. Styret kan fastsette nærmere retningslinjer for elektronisk deltakelse, og fremgangsmåten for slik deltakelse skal fremgå av innkallingen til generalforsamlingen.

## §10

Ordinær generalforsamling avholdes hvert år innen utgangen av juni måned og skal behandle og avgjøre:

- a) Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
- b) Andre saker som etter lov eller vedtekter hører under generalforsamlingen.



**Appendix D Articles of association of the Parent Company (English office translation)**

**Vedlegg D Vedtekter for Morselskapet (Engelsk oversettelse)**

# Articles of Association Yara International ASA

---

## §1

The name of the company is Yara International ASA. The company is a public limited company.

## §2

The objectives of the company are to engage in industry, commerce and transport, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises.

## §3

The company's registered office is in Oslo.

## §4

The share capital of the company is NOK 433,033,565.90 divided into 254,725,627 shares, each with a nominal value of NOK 1.70.

## §5

If the share capital is increased, and provided that the Norwegian law in force at the time so permits, preferential subscription rights shall be reserved in connection with each such capital increase, on the conditions stipulated by the Board of Directors, for up to

- a) 0,83% of the increase for holders of the 83 unredeemed founder certificates issued by Norsk Hydro-elektrisk kvælstofaktieselskap; and up to
- b) 2.79% of the increase for holders of the 4,343 unredeemed subscription certificates issued by Norsk Hydro-elektrisk kvælstofaktieselskap.

These preferential rights shall not apply if the increase is made in order to allot shares to third parties as compensation for their transfer of assets to the company.

## §6

The company's Board of Directors shall be composed of 3 to 11 members.

## §7

The company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting.

The Chairperson of the Board and the President shall, without holding voting rights, be invited to at least one meeting of the Nomination Committee before the Committee makes its final proposal.

The Nomination Committee makes proposals to the Annual General Meeting regarding:

- a) election of shareholder's representatives to the Board;
- b) remuneration to members of the Board and subcommittees of the Board; and
- c) election of and remuneration to members of the Nomination Committee

The Nomination Committee proposes and the Annual General Meeting approves the Nomination Committee procedure.

*OFFICE TRANSLATION*

*Approved at the general meeting 6 May 2021*

§8

The Chairperson of the Board, or two members of the Board jointly, or the Chief Executive Officer have the right to bind the company by their signatures.

§9

The General Meeting notice is prepared by the Board, in accordance with applicable statutory requirements

Documents concerning matters to be considered at the General Meeting do not need to be distributed to shareholders if they are made available on the company's website. This includes documents which by law must be included in or attached to the notice of the General Meeting. A shareholder may still request to be sent documents free of charge relating to matters to be considered at the General Meeting.

The General Meeting notice can require shareholders or their representatives wishing to attend and vote at the General Meeting to inform the company of this within a stated deadline, which may not be more than five days prior to the meeting.

The Board of Directors may decide that shareholders shall be able to vote in writing, hereunder by electronic means, in a period prior to the General Meeting. The systems for such voting must ensure that authentication of shareholders can be securely carried out. The Board may prescribe detailed guidelines for electronic voting, and the process for such voting shall be included in the General Meeting notice.

The Board of Directors may further decide that shareholders shall be able to attend the General Meeting by electronic means, including exercising their rights as shareholders electronically. The systems for such participation must ensure that participation, voting and authentication of shareholders can be securely carried out and monitored. The Board may prescribe detailed guidelines for electronic participation, and the process for such participation shall be included in the General Meeting notice.

§10

The Annual General Meeting shall be held each year within the end of June, and shall deal with and decide on:

- a) Approval of the annual accounts and report of the Board of Directors, including the distribution of dividend.
- b) Other matters which under law or these Articles shall be dealt with by the General Meeting.

**Appendix E** Draft articles of association of the Parent Company after the Merger (Norwegian version)

**Vedlegg E** Utkast til vedtekter for Morselskapet etter Fusjonen (Norsk versjon)

# Vedtekter for Yara International ASA

---

## §1

Selskapets navn er Yara International ASA. Selskapet er et allmennaksjeselskap.

## §2

Selskapets formål er å drive industri, handel og transport, samt å drive annen virksomhet med tilknytning til disse formål. Virksomheten kan også drives ved deltagelse i eller i samarbeid med andre foretak.

## §3

Selskapets forretningskontor er i Oslo kommune.

## §4

Aksjekapitalen er NOK 433.033.565,90 fordelt på 254.725.627 aksjer, hver pålydende NOK 1,70.

## §5

I tilfelle av utvidelse av aksjekapitalen og forutsatt at den på vedkommende tidspunkt gjeldende norsk lov tillater det, er det ved enhver slik aksjeutvidelse forbeholdt fortrinnsrett til tegning på de av styret fastsatte tegningsvilkår for inntil

a) 0.83% av utvidelsen for innehaverne av de 83 ikke innløste stiftersertifikater utstedt av Norsk Hydro-elektrisk kvælstofaktieselskab og inntil

b) 2.79% av utvidelsen for innehaverne av de 4.343 ikke innløste tegningssertifikater utstedt av Norsk Hydro-elektrisk kvælstofaktieselskab.

Disse fortrinnsrettigheter gjelder ikke hvor forhøyelsen foretas for å tildele aksjer til tredjemann som vederlag for tilskudd av verdier, som de gjør til selskapet.

## §6

Selskapet skal ha et styre bestående av 3 til 11 personer.

## §7

Selskapet skal ha en valgkomité bestående av fire medlemmer som velges av generalforsamlingen.

Styrets leder og daglig leder skal, uten å ha stemmerett, innkalles til minst ett møte i valgkomiteen før den avgir sin endelige innstilling.

Valgkomiteen avgir innstilling til generalforsamlingen om:

- a) valg av aksjonærvalgte medlemmer til styret,
- b) honorar til medlemmer av styret og styreutvalg, og
- c) valg av og honorar til medlemmer av valgkomiteen

Valgkomiteen foreslår og generalforsamlingen vedtar instruks for valgkomiteen.

## §8

Selskapets firma tegnes av styreleder, av to styremedlemmer i fellesskap og av daglig leder.

## §9

Innkalling til generalforsamlingen foretas av styret i overensstemmelse med gjeldende lovgivning.

Dokumenter som gjelder saker som skal behandles på generalforsamlingen trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets nettside. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt kostnadsfritt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

I innkallingen kan det fastsettes at aksjeeiere som personlig eller ved fullmektig ønsker å møte og avgi stemme på generalforsamlingen, må melde dette til selskapet innen en bestemt angitt frist, som ikke kan utløpe tidligere enn fem dager før møtet.

Styret kan beslutte at aksjeeierne kan avgi skriftlig stemme, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. For slik stemmegivning skal det benyttes en betryggende metode for å autentisere avsenderen. Styret kan fastsette nærmere retningslinjer for stemmegivningen, og fremgangsmåten for slik stemmegivning skal fremgå av innkallingen til generalforsamlingen.

Styret kan beslutte at aksjeeierne skal kunne delta på generalforsamlingen ved bruk av elektroniske hjelpemidler, herunder at de kan utøve sine rettigheter som aksjeeiere elektronisk. Systemene for slik deltakelse må sikre at deltakelsen og stemmegivningen kan kontrolleres på en betryggende måte, og det må benyttes en betryggende metode for å autentisere aksjeeierne. Styret kan fastsette nærmere retningslinjer for elektronisk deltakelse, og fremgangsmåten for slik deltakelse skal fremgå av innkallingen til generalforsamlingen.

## §10

Ordinær generalforsamling avholdes hvert år innen utgangen av juni måned og skal behandle og avgjøre:

- a) Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
- b) Andre saker som etter lov eller vedtekter hører under generalforsamlingen.

**Appendix F Draft articles of association of the Parent Company after the Merger (English office translation)**

**Vedlegg F Utkast til vedtekter for Morselskapet etter Fusjonen (Engelsk oversettelse)**

# Articles of Association Yara International ASA

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## §1

The name of the company is Yara International ASA. The company is a public limited company.

## §2

The objectives of the company are to engage in industry, commerce and transport, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in cooperation with other enterprises.

## §3

The company's registered office is in Oslo.

## §4

The share capital of the company is NOK 433,033,565.90 divided into 254,725,627 shares, each with a nominal value of NOK 1.70.

## §5

If the share capital is increased, and provided that the Norwegian law in force at the time so permits, preferential subscription rights shall be reserved in connection with each such capital increase, on the conditions stipulated by the Board of Directors, for up to

- a) 0,83% of the increase for holders of the 83 unredeemed founder certificates issued by Norsk Hydro-elektrisk kvælstofaktieselskap; and up to
- b) 2.79% of the increase for holders of the 4,343 unredeemed subscription certificates issued by Norsk Hydro-elektrisk kvælstofaktieselskap.

These preferential rights shall not apply if the increase is made in order to allot shares to third parties as compensation for their transfer of assets to the company.

## §6

The company's Board of Directors shall be composed of 3 to 11 members.

## §7

The company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting.

The Chairperson of the Board and the President shall, without holding voting rights, be invited to at least one meeting of the Nomination Committee before the Committee makes its final proposal.

The Nomination Committee makes proposals to the Annual General Meeting regarding:

- a) election of shareholder's representatives to the Board;
- b) remuneration to members of the Board and subcommittees of the Board; and
- c) election of and remuneration to members of the Nomination Committee

The Nomination Committee proposes and the Annual General Meeting approves the Nomination Committee procedure.



§8

The Chairperson of the Board, or two members of the Board jointly, or the Chief Executive Officer have the right to bind the company by their signatures.

§9

The General Meeting notice is prepared by the Board, in accordance with applicable statutory requirements

Documents concerning matters to be considered at the General Meeting do not need to be distributed to shareholders if they are made available on the company's website. This includes documents which by law must be included in or attached to the notice of the General Meeting. A shareholder may still request to be sent documents free of charge relating to matters to be considered at the General Meeting.

The General Meeting notice can require shareholders or their representatives wishing to attend and vote at the General Meeting to inform the company of this within a stated deadline, which may not be more than five days prior to the meeting.

The Board of Directors may decide that shareholders shall be able to vote in writing, hereunder by electronic means, in a period prior to the General Meeting. The systems for such voting must ensure that authentication of shareholders can be securely carried out. The Board may prescribe detailed guidelines for electronic voting, and the process for such voting shall be included in the General Meeting notice.

The Board of Directors may further decide that shareholders shall be able to attend the General Meeting by electronic means, including exercising their rights as shareholders electronically. The systems for such participation must ensure that participation, voting and authentication of shareholders can be securely carried out and monitored. The Board may prescribe detailed guidelines for electronic participation, and the process for such participation shall be included in the General Meeting notice.

§10

The Annual General Meeting shall be held each year within the end of June, and shall deal with and decide on:

- a) Approval of the annual accounts and report of the Board of Directors, including the distribution of dividend.
- b) Other matters which under law or these Articles shall be dealt with by the General Meeting.

**Appendix G** Copies of the Transferring Company's annual accounts for 2021

**Vedlegg G** Kopi av det Overdragende Selskaps årsregnskap for 2021

# Yara Clean Ammonia Newco AS

Org. nr. 928 352 447

## Resultatregnskap

Beløp i NOK	Note	01.11 - 31.12.21
<b>Driftsinntekter</b>		
Annen driftsinntekt		0
<b>Driftskostnader</b>		
Annen driftskostnad	3, 4, 5	0
Driftsresultat		0
Ordinært resultat før skattekostnad		0
Skattekostnad på ordinært resultat	6	0
<b>Årsresultat</b>		0
<b>Overføringer og disponeringer</b>		
Overføringer annen egenkapital	1	0
Sum disponert		0

## Yara Clean Ammonia Newco AS

Org. nr. 928 352 447

### Balanse pr. 31. desember

Beløp i NOK	Note	2021
<b>Eiendeler</b>		
<b>Finansielle anleggsmidler</b>		
Lån til foretak i samme konsern	2	24 430
<b>Sum eiendeler</b>		<b>24 430</b>
<b>Egenkapital og gjeld</b>		
Aksjekapital	1	30 000
Annen innskutt egenkapital		-5 570
<b>Sum Egenkapital</b>		<b>24 430</b>

11. mai 2022

Oslo

DocuSigned by:

*Alvin Rosvoll*

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Alvin Kristian Rosvoll  
Styrets leder

DocuSigned by:

*Kristine Elene Stray Ryssdal Thor Giæver*

DECBB8EB9CE493...

Kristine Elene Stray Ryssdal  
Styremedlem

DocuSigned by:

*Thor Giæver*

0A8EFC9D6F64443...

Thor Samuel Giæver  
Styremedlem

# Yara Clean Ammonia Newco AS

## Noter til regnskapet 2021

### Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med norsk regnskapslov og god regnskapsskikk for små foretak. Selskapet har fravalgt revisjon for regnskapsåret 2021.

### Skatter

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt/skattefordel er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Utsatt skatt/skattefordel bokføres ikke i regnskapet, i tråd med god regnskapsskikk for små foretak.

### Note 1 - Egenkapital (NOK)

Selskapets aksjekapital består per 31.12.2021 av 3 000 aksjer, hver pålydende kr 10. Selskapet har kun en aksjeklasse, og samtlige aksjer har lik stemmerett.

### Aksjonæroversikt per 31.12.2021

Aksjonær	Antall aksjer	Eierandel
Nytt foretak AS	3 000	100 %

### Avstemming egenkapital

	Aksjekapital	Annen innskutt egenkapital	Sum egenkapital
Stiftelse 01.11.2021	30 000	-5 570	24 430
Periodens resultat		-	-
Egenkapital per 31.12.2021	30 000	-5 570	24 430

Selskapet ble stiftet den 1. november 2021 med navnet NFH 211197 AS og ble registrert i foretaksregisteret 17. desember 2021. Stiftelskostnader er regnskapsført som annen innskutt egenkapital. Selskapet har ikke hatt drift i 2021.

### Note 2 - Lån til selskap i samme konsern

Selskapet har ytt et lån til morselskapet på NOK 30 000 i medhold til aksjeloven §8-7. Saldo på lånet per 31. desember 2021 er NOK 24 430.

### Note 3 - Ytelser til ledende personer

Det er ikke gitt ytelser til ledende personer.

### Note 4 - Lån og sikkerhetsstillelse til ledende personer

Det er ikke gitt lån til- eller stilt sikkerhet til fordel for ledende personer.

### Note 5 - Ansatte

Selskapet har ikke ansatte. Selskapet er ikke pliktig til å ha obligatorisk tjenestepensjonsordning.

### Note 6 - Skatt

Årets skattekostnad	2021
<b>Resultatført skatt på ordinært resultat</b>	
Betalbar skatt	-
Endring i utsatt skattefordel	-
<b>Skattekostnad ordinært resultat</b>	-
<b>Skattepliktig inntekt:</b>	

Ordinært resultat før skatt		-
Permanente forskjeller		-5 570
Endring i midlertidige forskjeller		-
<b>Skattepliktig inntekt</b>		<b>-5 570</b>

**Beregning av utsatt skattefordel**

Underskudd til fremføring		-5 570
<b>Grunnlag for utsatt skattefordel</b>		<b>-5 570</b>
Utsatt skattefordel (22%)		-1 225
Herav ikke balanseført utsatt skattefordel		1 225
<b>Utsatt skattefordel i balansen</b>		<b>-</b>

**Note 7 - Hendelser etter balansedagen**

Yara International ASA overtok gjeld mot selskapet samtlige aksjer og er ny eier av Yara Clean Ammonia Newco AS fra og med 24 januar 2022. Selskapet skiftet navn fra NFH 211197 AS til Yara Clean Ammonia Newco AS og samtidig ble formål og styre endret. Endringene ble registrert 8. februar 2022.

**Appendix H** Copies of the Acquiring Company's annual accounts for 2021

**Vedlegg H** Kopi av det Overtagende Selskaps årsregnskap 2021

# Yara Clean Ammonia Holding AS

Org. nr. 928 352 498

## Resultatregnskap

Beløp i NOK	Note	01.11 - 31.12.21
<b>Driftsinntekter</b>		
Annen driftsinntekt		0
<b>Driftskostnader</b>		
Annen driftskostnad	3, 4, 5	0
Driftsresultat		0
Ordinært resultat før skattekostnad		0
Skattekostnad på ordinært resultat	6	0
<b>Årsresultat</b>		0
<b>Overføringer og disponeringer</b>		
Overføringer annen egenkapital	1	0
Sum disponert		0



# Yara Clean Ammonia Holding AS

Org. nr. 928 352 498

## Balanse pr. 31. desember

Beløp i NOK	Note	2021
<b>Eiendeler</b>		
<b>Finansielle anleggsmidler</b>		
Lån til foretak i samme konsern	2	24 430
<b>Sum eiendeler</b>		<b>24 430</b>
<b>Egenkapital og gjeld</b>		
Aksjekapital	1	30 000
Annen innskutt egenkapital		-5 570
<b>Sum Egenkapital</b>		<b>24 430</b>

11. mai 2022

Oslo

DocuSigned by:

*Alvin Rosvoll*

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Alvin Kristian Rosvoll  
Styrets leder

DocuSigned by:

*Kristine Elene Stray Ryssdal Thor Giæver*

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Styremedlem

DocuSigned by:

*Thor Giæver*

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Thor Samuel Giæver  
Styremedlem

## Yara Clean Ammonia Holding AS

### Noter til regnskapet 2021

#### Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med norsk regnskapslov og god regnskapsskikk for små foretak. Selskapet har fravalgt revisjon for regnskapsåret 2021.

#### Skatter

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt/skattefordel er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Utsatt skatt/skattefordel bokføres ikke i regnskapet, i tråd med god regnskapsskikk for små foretak.

#### Note 1 - Egenkapital (NOK)

Selskapets aksjekapital består per 31. desember 2021 av 3 000 aksjer, hver pålydende kr 10. Selskapet har kun en aksjeklasse, og samtlige aksjer har lik stemmerett.

#### Aksjonæroversikt per 31.12.2021

Aksjonær	Antall aksjer	Eierandel
Nytt foretak AS	3 000	100 %

#### Avstemming egenkapital

	Aksjekapital	Annen innskutt egenkapital	Sum egenkapital
Stiftelse 01.11.2021	30 000	-5 570	24 430
Periodens resultat		-	-
Egenkapital per 31.12.2021	30 000	-5 570	24 430

Selskapet ble stiftet den 1. november 2021 med navnet NFH 211198 AS og ble registrert i foretaksregisteret 17. desember 2021. Stiftelskostnader er regnskapsført som annen innskutt egenkapital. Selskapet har ikke hatt drift i 2021.

#### Note 2 - Lån til selskap i samme konsern

Selskapet har ytt et lån til morselskapet på NOK 30 000 i medhold til aksjeloven §8-7. Saldo på lånet per 31. desember 2021 er NOK 24 430.

#### Note 3 - Ytelser til ledende personer

Det er ikke gitt ytelser til ledende personer.

#### Note 4 - Lån og sikkerhetsstillelse til ledende personer

Det er ikke gitt lån til- eller stilt sikkerhet til fordel for ledende personer.

#### Note 5 - Ansatte

Selskapet har ikke ansatte. Selskapet er ikke pliktig til å ha obligatorisk tjenstepensjonsordning.

#### Note 6 - Skatt

Årets skattekostnad	2021
<b>Resultatført skatt på ordinært resultat</b>	
Betalbar skatt	-
Endring i utsatt skattefordel	-
<b>Skattekostnad ordinært resultat</b>	-
<b>Skattepliktig inntekt:</b>	

Ordinært resultat før skatt		-
Permanente forskjeller		-5 570
Endring i midlertidige forskjeller		-
<b>Skattepliktig inntekt</b>		<b>-5 570</b>

**Beregning av utsatt skattefordel**

Underskudd til fremføring		-5 570
<b>Grunnlag for utsatt skattefordel</b>		<b>-5 570</b>
Utsatt skattefordel (22%)		-1 225
Herav ikke balanseført utsatt skattefordel		1 225
<b>Utsatt skattefordel i balansen</b>		<b>-</b>

**Note 7 - Hendelser etter balansedagen**

Yara International ASA overtok gjeld mot selskapet samtlige aksjer og er ny eier av Yara Clean Ammonia Holding AS fra og med 24. januar 2022. Selskapet skiftet navn fra NFH 211198 AS til Yara Clean Ammonia Holding AS og samtidig ble formål og styre endret. Endringene ble registrert 8. februar 2022.

**Appendix I**    **Copies of the Parent Company's annual accounts, annual report and auditor's report for the three last accounting years**

**Vedlegg I**    **Kopi av Morselskapets årsregnskap, årsberetning og revisjonsberetning for de tre siste regnskapsår**



**Knowledge grows**

Annual Report 2019

# Crop Nutrition Company for the Future





## About Yara

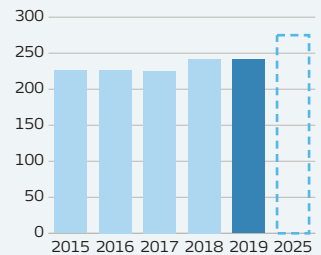
Yara grows knowledge to responsibly feed the world and protect the planet. Supporting our vision of a world without hunger, we pursue a strategy of sustainable value growth, promoting climate-friendly and high-yielding crop nutrition solutions for the world's farming community and food industry.

Yara's ambition is to be the Crop Nutrition Company for the Future. We are committed to creating value for our customers, shareholders, and society at large, as we work toward establishing a more sustainable food value chain. To achieve our ambition, we have taken the lead in developing digital farming tools for precision farming, and work closely with partners throughout the food value chain to improve the efficiency and sustainability of agriculture and food production.

Founded in 1905 to solve the emerging famine in Europe, Yara has established a unique position as the industry's only global crop nutrition company. With our integrated business model and a worldwide presence of around 16,000 employees and operations in over 60 countries, we offer a proven track record of responsible and reliable returns. In 2019, Yara reported revenues of USD 12.9 billion.

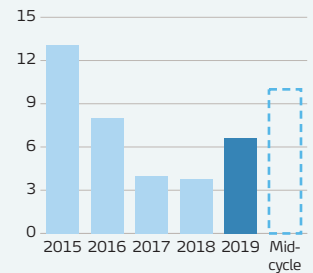
## 241 million people fed

Our target is to help feed more than 275 million people by 2025.



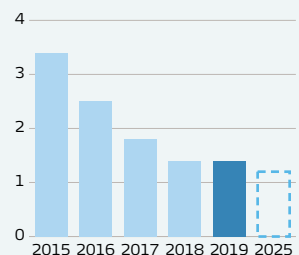
## 6.6% return on invested capital

We aim to achieve a ROIC above 10% through the cycle.



## Total Recordable Injuries rate: 1.4

We strive for zero accidents and a TRI rate below 1.2 by 2025.



# How we performed

		2019	2018
<b>Financial performance</b>			
Revenue and other Income	USD million	12,936	13,054
Operating income	USD million	989	402
EBITDA <sup>1)</sup>	USD million	2,095	1,523
Net income after non-controlling interests	USD million	599	159
Investments <sup>2)</sup>	USD million	1,134	2,080
Debt/Equity ratio <sup>3)</sup>		0.42	0.43
Net cash flow from operations	USD million	1,907	756
Basic earnings per share <sup>4)</sup>	USD	2,20	0.58
<b>Social performance</b>			
Engagement rate	Percent	75	NA
TRI rates <sup>5)</sup>	Per million hours worked	1.4	1.4
<b>Environmental performance</b>			
GHG intensity <sup>6) 7)</sup>	GHG / tonne produced	3.0	3.0
Energy use <sup>6)</sup>	Petajoules	285	301

<sup>1)</sup> EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees.

<sup>2)</sup> Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.

<sup>3)</sup> Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

<sup>4)</sup> Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.

<sup>5)</sup> TRI: Number of Total Recordable Injuries per million hours worked, contractors included.

<sup>6)</sup> Including new acquisitions, Babrala, India and Cubatão, Brazil.

<sup>7)</sup> The GHG intensity indicator covers scope 1, 2 and parts of scope 3 emissions from suppliers, but does not represent a complete carbon footprint. Measured against tonnes nitrogen in Yara's products.



■ Countries with sales <sup>1)</sup>

● Yara Plants

● Smaller sites <sup>2)</sup>

● Head office

● Phosphate mines

● Joint ventures

● Sales offices and R&D sites

● Digital Hub

1) More than 10,800 Yara-branded retail outlets around the world

2) Yara operated terminals and logistical production sites



# Global presence

Yara is the industry's most global player. We combine production of premium products with a farmer-centric approach, turning a century of agronomic knowledge into value for millions of farmers around the globe.

60

Operation in more than 60 countries

160

Sales to about 160 countries

28

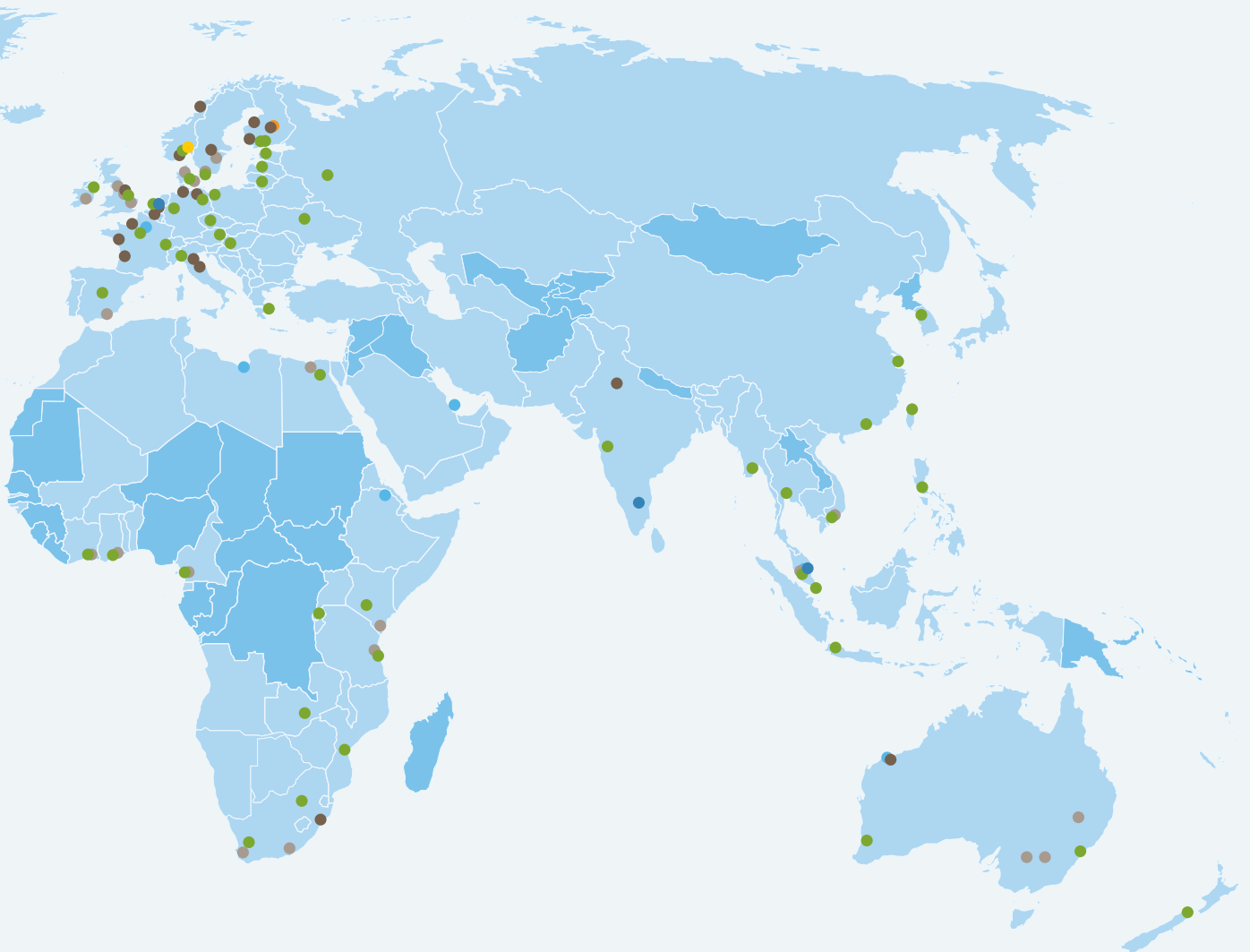
28 production plants

200

More than 200 terminals, warehouses, blending plants and bagging facilities

10,800

Yara-branded retail outlets around the world



# A defining year for the food industry

2019 was the year that agriculture reached the top of the world agenda. It is no exaggeration to say that we will not be able to solve the climate emergency and meet the Paris Agreement, unless we are able to fix the broken food system. This means that we have to produce enough food with lower carbon emissions and with less waste. Yara will play a key role in doing so, and we are taking significant steps to deliver on our strategic targets.

## On track, but still not there

2019 can be summarized as a year where Yara materially improved its performance, but where there is still a lot to be done. Coming out of a large investment program and challenging markets, we improved our capital performance throughout the year, expanded our improvement program, demonstrated the resilience of our distribution business in Sales & Marketing and established a new capital allocation policy and initiated shareholder distributions of more than USD 0.75 billion since the start of 2019, equal to an average dividend yield of approximately 4% per year. In addition, we are expanding our innovative growth within digital solutions where we have already reached the 2020 goal of 10 million hectare under management. Two other important positives are the continued reduction and best-in-class performance on safety, with a TRI rate of 1.4, and our systematic work to improve on diversity and inclusion.

However, there is still a lot to be done. A return on invested capital (ROIC) at 6.6% is below the target of +10% through the cycle. This is a main concern for me, but we know the steps that need to be taken to achieve the target – and we are taking those steps.

## Cheap food at a high price

As a company, we must balance the short-term with the long-term, meaning tackling the challenges in front of us while building an

ever-stronger base to capture the value creating opportunities ahead.

The challenges might seem overwhelming, but we are already responding to them:

- Agriculture accounts for 23 percent of the global CO<sub>2</sub> emissions <sup>1)</sup> - our contribution is complete solutions to optimize yields on existing farmland, to prevent deforestation
- Agriculture is responsible for 70 percent of freshwater usage – our contributions are precision farming tools and fertigation products that provide more crop per drop
- 1/3 of all food is wasted – our contributions are crop nutrition solutions that increase quality and shelf-life
- More than 800 million people go hungry to bed every night – our contribution is to support farmers to increase their yields and profits, and helping them to produce enough food for a growing population
- Approximately 2 billion people are undernourished while 2 billion suffer from obesity related diseases – our contributions are solutions for nutritious food, including micronutrients to adjust for nutrient deficiencies, and leading the way in transforming to a more just food system through partnerships and innovation

For decades, the growth in yields has provided more food and reduced the number of people starving by hundreds of millions. Today, however, we see that the traditional

growth model is outdated. Growth has expanded beyond what natural systems can sustain and we are now facing a climate emergency. The global reduction in emissions is not at the right trajectory and we also see severe loss of biodiversity. The fact is that cheap food has come at a high price.

In August 2019, the IPCC launched their special report Climate Change and Land and in September, the Food and Land Use Coalition (FOLU) published its Growing Better report. Both reports put agriculture at the center of what must be done to transform how we produce and consume food.

## Cause for realistic optimism

The FOLU report put forward some astonishing – and worrying – numbers: the total market value of the global food system is USD 10 trillion (2018 prices). However, the hidden cost is USD 12 trillion. These costs relate to health, environment, food waste and rural welfare. From a societal point of view, this means that the food system is destroying value.

A main reason for this is that there are no incentives in place for farmers to produce in a more environmentally friendly way. We know that sustainable farming practices leads to increased costs at the farm, but the farmer isn't compensated for this.

Basically, we are asking the farmer to pay the price for climate change,

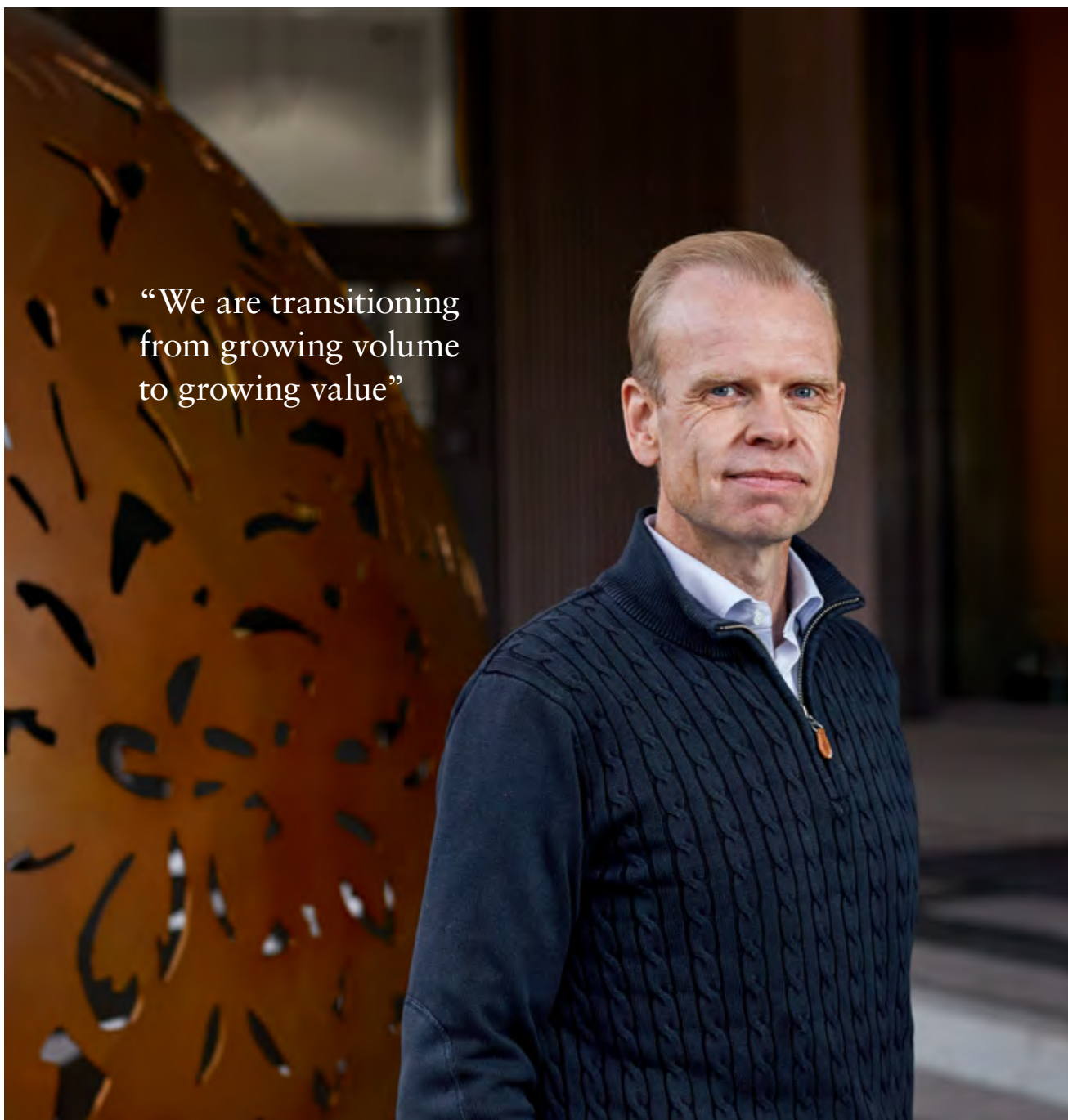
1) including forestry and land use change

## Our knowledge improves production returns

Yara Improvement Program has identified opportunities for improving turnarounds and reliability performance. An increased uptime of production will increase volumes and provide better returns from Production.

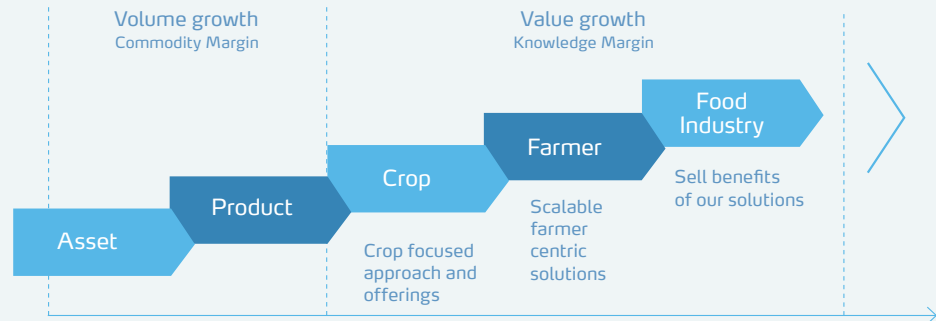


*“We are transitioning from growing volume to growing value”*



## Our Strategy drives Profitability

We are transforming from pure producer to the Crop Nutrition Company for the Future, aiming to meet and create value from the fundamental changes taking place in the agricultural sector.



Our strategic transformation unlocks opportunities – and increased profitability.

instead of us paying the farmer the right price for her or his products.

This is not because the consumers are unwilling to pay a little more for sustainable food – it is because the consumers do not know the carbon footprint of the products they buy. However, that doesn't have to be the case. The technology is already ready and available to enable consumers to make fact-based, conscious and climate-friendly choices.

There are many reasons for being a pessimist. In Yara, however, we are realistic optimists. We know it is possible to produce enough food on existing land, meaning we can safeguard natural land. There will be a need to create carbon sinks, and the most promising are nature-based solutions that capture and store carbon in the soil and forests.

But these efforts require extensive collaboration throughout the whole value chain and also at the

political level. Only then can we fix some of the defects that are haunting our food system.

**“The technology is already ready and available to enable consumers to make fact-based, conscious and climate-friendly choices.”**

### **Integrated reporting for integrated challenges**

Yara's business model is centered around building a profitable business by solving societal challenges. In the Better Business, Better World report from 2017, it is calculated that there is a value creating potential of USD 12 trillion a year if companies align their business to the UN Sustainable Development Goals. I was part of the group preparing the

report, and I'm convinced that there is tremendous value creation potential in having a sustainable business model.

Faced with integrated challenges, Yara is moving towards integrated reporting. We believe it is important to be evaluated based on our combined financial, environmental and societal performance. This approach to creating value is rooted both in our DNA and our corporate strategy. Increasingly, our returns will derive from the sustainable solutions we offer. This commitment to responsible business conduct is confirmed by us being a signatory to the UN Global Compact.

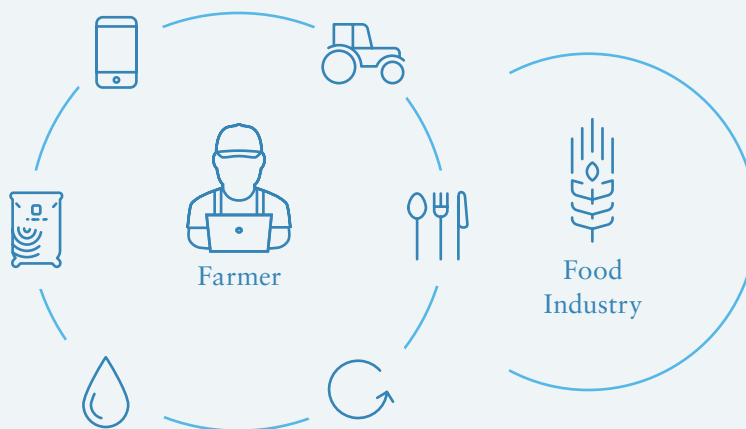
As we see it, there is no contradiction between running a sound and profitable business and aiming to solve societal challenges.

### **Walk the talk**

It is said that action speaks louder than words, and in Yara we are continuously pursuing the actions and

## Our Future focus drives Sustainability

Sustainability is deeply embedded in our strategy. By offering low-carbon solutions, higher resource efficiency and metrics to prove our case, we will help shape future standards for sustainability.



projects that live up to our bold statements. Over the past decades, Yara has moved from an owner of assets and producer of fertilizer to becoming a complete solutions provider, both for farmers and the food companies. We are transitioning from growing volume to growing value. This is a decisive, conscious and forward-looking development, allowing for improved value creation and answering to stricter regulations and a rightfully stronger public engagement.

We are confident that we have a role to play, but not in isolation. We have therefore entered several strategic partnerships with companies that are world-leading in their specific industries. For example, with IBM to develop digital solutions that enable farmers to produce more with less. Another example is how we work with Veolia on circular economy, where we are basically connecting the beginning of the value chain – nutrients in the field – with end – the waste treatment of nutrients. We are

also doing pilot projects with Engie and NEL to explore the opportunities in green ammonia production, to further reduce our carbon footprint.

**"Faced with integrated challenges, Yara is moving towards integrated reporting."**

By partnering with other industry leaders, we are increasing the collective knowledge while decreasing the risk, both of which are important to develop environmentally and commercially sustainable solutions.

At the time of writing, the COVID-19 virus has developed into a global pandemic. Currently, we are experiencing limited operational impact, but the situation is dynamic and could change quickly, in particular

with regard to operational staff and logistical challenges. Our priorities in this situation are firstly, to safeguard our employees, contractors, partners, neighbors and society at large. Secondly, to be a responsible company and behave according to government guidelines. And thirdly, to keep our operations running, to help support continued food supply, as well as supply of other essential products to society – also in times of crisis.

Yara was established in 1905, based on the world's most life-saving innovation; mineral fertilizer. Our business was from the very start based on developing a sound business and solving a global challenge. In this sense, nothing has changed. Therefore, Yara is a company with a truly proud history – and a great future.

Svein Tore Holsether  
President and CEO



## Mission

Responsibly feed the world  
and protect the planet

Our mission defines what we do and why we do it, and it drives our company's purpose and role in the world.



## Vision

A collaborative society; a world  
without hunger; a planet respected

Our Vision guides our direction, aiming for collaboration to deliver more than the standalone company can achieve.





### Knowledge grows

Our agronomic, technological and market knowledge is unique in our industry. Alongside our global presence and scale, it is key for improved value growth.



### Global scale

Our global position and scale allow us to optimize sourcing and product flows across geographies.



### Engagement

Our local presence and close connection with farmers provide great insight into grower needs and market conditions.



### Solutions

We turn insights from growers and our deep agronomic knowledge into complete crop nutrition solutions that optimize farmers' yield and profitability.



Strategy  
Review >

# How we create value

Our business model sets us apart in our industry by combining production, sales and marketing in one, global system. It enables us to deliver premium products, share knowledge and develop innovative solutions to farmers, distributors and food value chains worldwide.

## We employ

Yara employs an array of resources and assets to create value and deliver on our mission.

## We produce

We produce a comprehensive range of nitrogen-based fertilizers and industrial products.

## We supply

Our global distribution network enables consistent and reliable deliveries to customers worldwide.

### Materials

Natural gas to produce ammonia  
Minerals to produce crop nutrition

### Infrastructure

28 production plants  
200 infrastructure points across the world  
10,800 Yara-branded retail outlets worldwide

### Knowledge

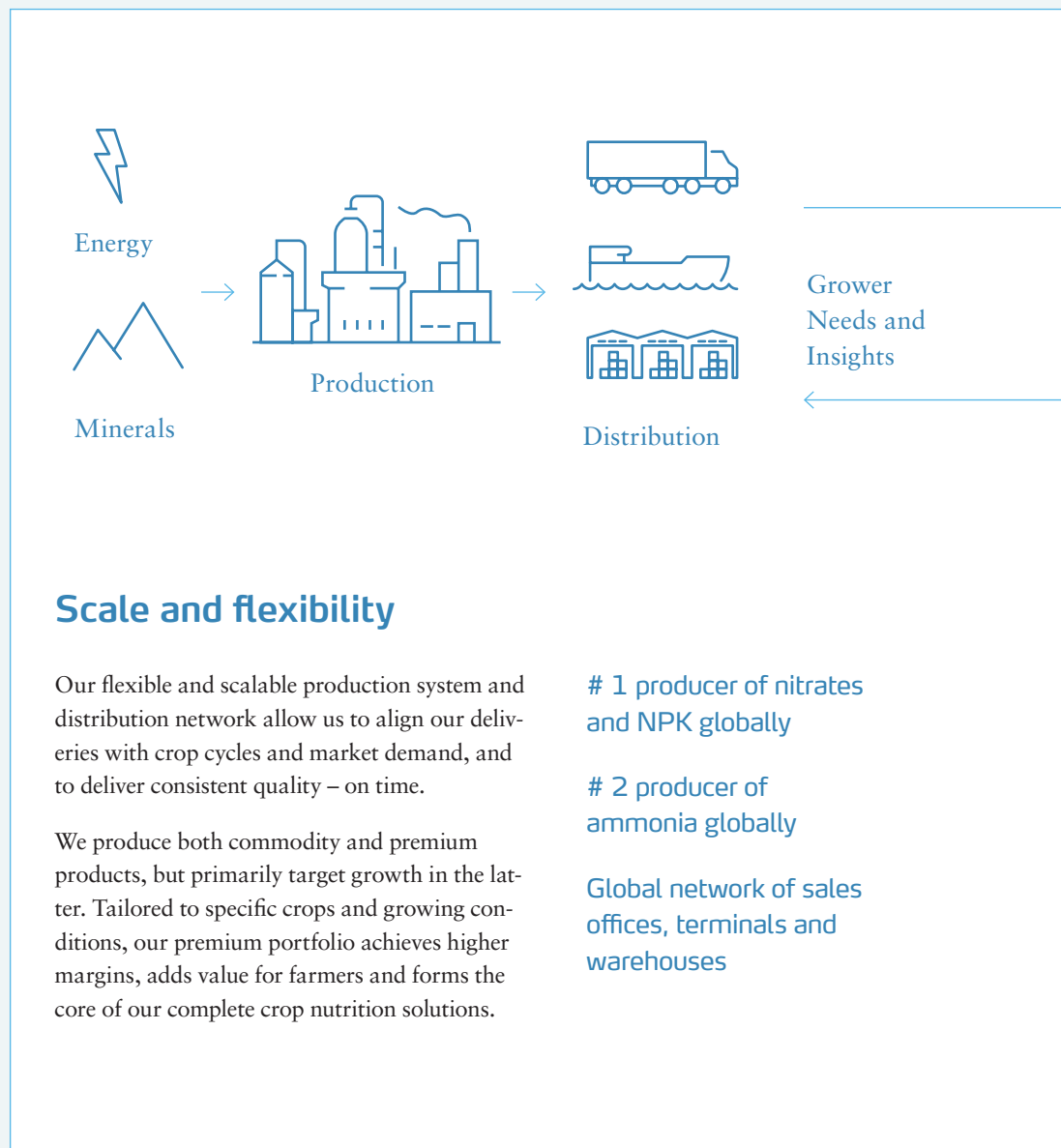
Unique agronomic and industrial knowledge  
16,033 employees representing great diversity

### Financials

Strong track record  
High credit rating  
Liquid share

### Brand

Global recognition  
Associated with quality and reliability



## Scale and flexibility

Our flexible and scalable production system and distribution network allow us to align our deliveries with crop cycles and market demand, and to deliver consistent quality – on time.

We produce both commodity and premium products, but primarily target growth in the latter. Tailored to specific crops and growing conditions, our premium portfolio achieves higher margins, adds value for farmers and forms the core of our complete crop nutrition solutions.

# 1 producer of nitrates and NPK globally

# 2 producer of ammonia globally

Global network of sales offices, terminals and warehouses



## We deliver

We deliver complete crop nutrition solutions for the farming community and food industry, as well as nitrogen-based solutions for industrial use.

## We create

Our mission - to responsibly feed the world and protect the planet - guides our value creation. By developing the best possible crop nutrition solutions for the future, we support better yields and create value for our customers and society while ensuring superior return on invested capital for our shareholders.

Environmental review, p. 30

Social review, p. 32

Financial performance, p. 34



## Innovation and Engagement

Our strategy is farmer-centric, meaning that we aim to maximize farmer value by combining our crop nutrition, knowledge and services in complete offerings.

We increasingly engage in the agriculture and food value chain to develop holistic crop solutions, expand our digital services and solutions, and promote sustainable farming practices. Better yields, higher nutrient efficiency and less environmental impact is our constant goal.




Complete crop solutions

Sales to 20 million farmers

Agronomists in markets worldwide

# Global Megatrends – Opportunities and Risks

Our business environment is continuously changing. Global megatrends such as value chain integration and dietary shifts impact on our ability to responsibly feed the world; others on our ability to help protect the planet.

	 <b>Climate Change</b>	 <b>Water Stress</b>	 <b>Soil degradation</b>
Description	<p>Changing climatic patterns are set to impact on agricultural production throughout the world, mainly impeding plant growth. Across most sectors, there are increasing pressure and expectations for climate actions and reduction of greenhouse gas emissions.</p>	<p>Water is crucial for plant growth. There is no substitute. Agriculture is a huge consumer of water, and lack of sufficient water quantity and quality is a major stress factor in crop production. Climate change disrupts precipitation patterns, while extensive irrigation taps aquifers and reduces water quality through salination.</p>	<p>Roughly one third of the world's soil is degraded due to a variety of factors, including soil erosion, biodiversity loss and pollution. Farming without adequate replenishment of nutrients adds to the problem and results in productivity losses. Best farming practices focus on soil health, carbon capture and regenerative agriculture.</p>
Risks	<p>Climate change could impact demand for our products as a result of land areas becoming unproductive or from new policies encouraging a reduction in fertilizer use. In some regions, notably Europe, the competitiveness of our fertilizer production can be challenged by carbon pricing and taxes.</p>	<p>Limitations on water supplies and sharper regulations can impact negatively on fertilizer demand or require new fertilizer formulations. Climate risks and farmer economics can reduce farmers' willingness to invest in water managements systems and, hence, fertigation solutions.</p>	<p>Soil health is becoming a key topic globally and can lead to new fertilizer polices and consumption patterns, as fertilizers are often earmarked as a cause of soil degradation. While our crop nutrition and application knowledge can contribute to soil health, we face reputational risks and an overall reduced demand for fertilizer.</p>
Opportunities	<p>Yara may capitalize on climate change and ensuing market adaptations along two main avenues: Our agronomic knowledge can develop solutions that respond to the changing growing environments, and our low-carbon nitrate offering is a proven choice for reducing emissions from farming. Our decarbonizing efforts also include piloting of green ammonia and mineral fertilizers, fit for a zero emissions future.</p>	<p>Yara has identified a fundamental and close relationship between crop nutrition and crop water consumption. We employ new knowledge and innovative technologies to advance water use efficiency and offer solutions for water-scarce agriculture, as manifested in the Yara Water Solution, our fertigation solutions and products tailored for fertigation.</p>	<p>Yara is well positioned to improve soil health across the world, and to deliver the solutions required to do so. Our Analytical Services analyze soil, tissue and water samples from all over the world. Our R&amp;D on soil health management includes learnings from ongoing field trials dating back several decades. This helps to deepen our understanding of different farming environments and best practices for improving soil health.</p>

## Key Value Drivers

### Nitrogen fertilizer prices

Changes in global and regional fertilizer production and capacity impact fertilizer prices and our profitability.

### Natural gas prices

Hydrocarbons, mostly natural gas, is Yara's main raw material and our main cost. Affordable access to natural gas is therefore a competitive advantage, and energy price swings impacts Yara's costs.

### Availability of raw materials

Our fertilizer production plants depend on consistent supplies of raw materials, most notably phosphate and potash.

 <b>Food Industry Integration</b>	 <b>Dietary Shifts</b>	 <b>Circular Economy</b>	 <b>Digitalization</b>	
<p>Agriculture and the food value chain is becoming increasingly integrated. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, and conscious consumers are putting pressure on the food and agriculture industry to achieve new levels of sustainability.</p>	<p>Climate and health conscious consumers, particularly in high income countries, are increasingly driving diets towards healthier and sustainable choices, and more plant-based nutrition. Globally, however, the trend towards higher calorie intakes and increasing shares of animal protein continues.</p>	<p>Resource scarcity, growing sustainability awareness and increased consumer pressure is creating a push towards a circular economy, including in the agri- and food value chain. Recycling and reuse of materials coupled with reduced waste and pollution are core ideas in this trend.</p>	<p>Digital innovation and technological transformation fundamentally change strategies and practices in decision making, fertilizer application, farm automation and traceability. Opportunities offered by big data, artificial intelligence and blockchains impact on the entire agricultural food industry value chain.</p>	Description
<p>Agri- and food industry integration is changing our competitive landscape. New and larger players with holistic solutions can put pressure on our ability to stay relevant for farmers and to defend and expand our market share.</p>	<p>Changing dietary patterns impact agricultural demand and crop production regionally. Lower meat consumption can in certain regions reduce fertilizer demand in grass and feed production. Demand for our mineral fertilizers can also be impacted by growth in organic food, commonly perceived as clean and healthy.</p>	<p>Nutrient reuse, recycling and reducing losses, whether driven by regulations or raised awareness, can reduce demand or drive cost for fertilizer. In some regions, first and foremost Europe, recycled and organic fertilizers are promoted as a substitute for mineral fertilizers.</p>	<p>Digital agriculture is developing rapidly, with a number of multinationals and startups making large investments into digital platforms. Securing our competitiveness on delivering knowledge and solutions hinges on our ability to achieve scale, generate value and protect our knowledge advantage.</p>	Risks
<p>Our global presence, knowledge and crop solutions make us well positioned to expand our collaboration with the food industry. Consumers are increasingly willing to pay for quality and sustainability, which we can help to achieve with better crop nutrition, application knowledge and tools. By proving our value in these partnerships, we open opportunities for commercialization of our solutions in new market channels.</p>	<p>Yara is well positioned to respond to changes in dietary patterns. Nitrates - the backbone of our crop nutrition solutions - is the superior source of nitrogen for most applications. Combined with our on-the-ground presence, agronomic knowledge and tools, we are equipped to develop and always provide the best solutions to local needs.</p>	<p>Yara has taken an early position and is engaging in innovative partnerships to create and capitalize on new business models and revenue streams through recycling of nutrients in agriculture and food value chains. By increasing resource use efficiency and reduce raw materials costs, we aim to strengthen our competitive edge and adding value to our brand.</p>	<p>Yara has made an early entry into the rapidly changing landscape of digitalized farming. This supports and supplements our existing business model, and it presents options to develop new crop nutrition business models. Digital services and solutions complement our existing offerings, enabling the creation of new revenue streams.</p>	Opportunities

### Food prices

Increasing food prices can support higher investments in agriculture and sustainable crop nutrition solutions.

### Political drive

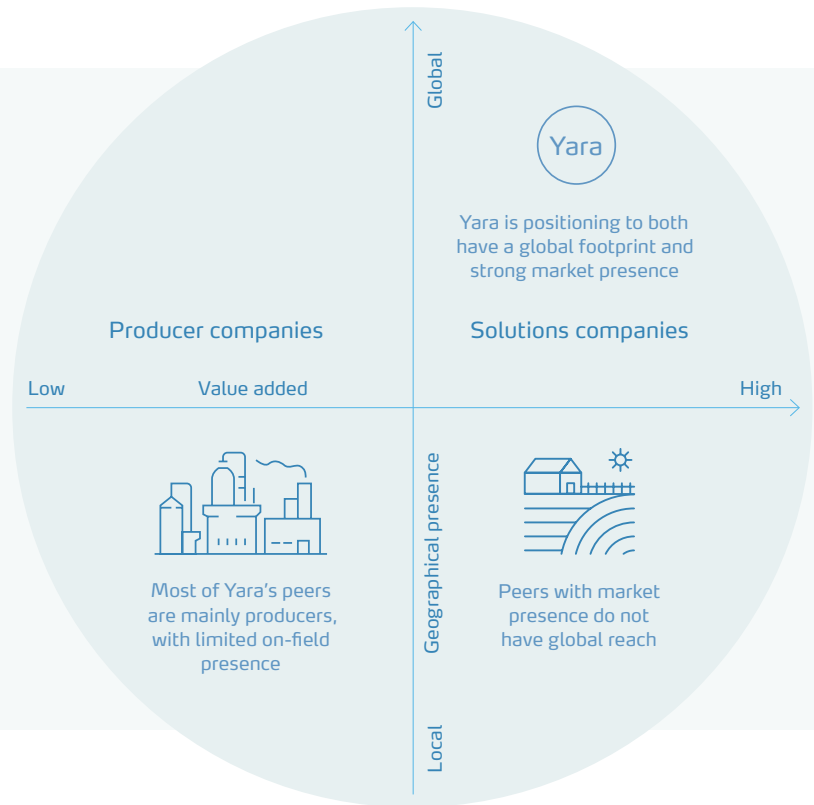
Political drive for climate-smart agriculture can strengthen demand for our crop nutrition solutions.

### Production reliability

Increased plant reliability is a key driver of organic growth in our production system.

**More about our risk management and risk factors on pages 43-53**

Yara is uniquely positioned to become the Crop Nutrition Company for the Future. Our global presence and close interaction with farmers set us apart in our industry and enable us to drive value growth - from factory to field.



## Our Strategy

Our strategy is designed to unlock the value potential of our business model and to help us reach our ambition of becoming the Crop Nutrition Company for the Future.

Yara’s strategy was renewed in 2018 setting direction for our transformation from a producer company generating value from commodity margins towards a crop nutrition company growing value from its knowledge margin. Fundamentally, our strategy is about delivering sustainable crop nutrition solutions to farmers and the food industry, while delivering a superior return on capital to shareholders.

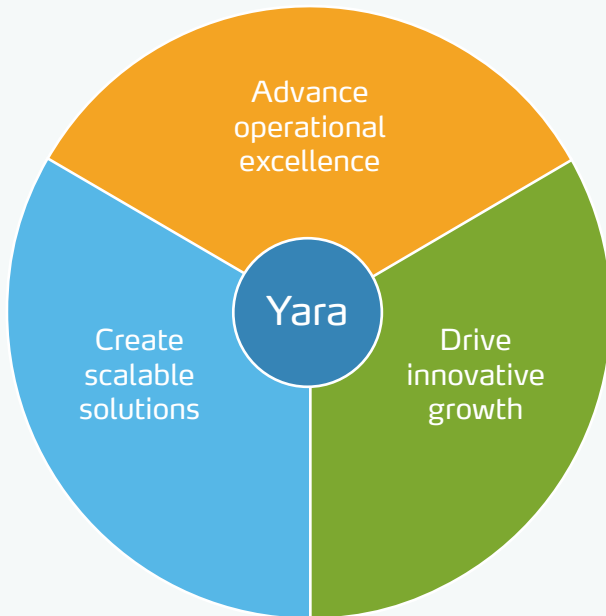
The transformation to become the Crop Nutrition Company for the Future is

founded on our global presence and our knowledge. Our global position enables us to leverage economies of scale while keeping a close connection with growers worldwide. This provides extensive market reach for our value-adding crop nutrition solutions and represents an important competitive edge in an industry otherwise characterized by product deliveries in local or regional markets and limited on-the-ground presence.

Unique agronomic expertise enables us to deliver crop nutrition, knowl-

edge, tools and services as complete solutions. Our strategy focuses on increasing deliveries of premium products, notably nitrate-based products, and reaching higher margins. Maintaining a strong market presence is key to achieving this.

Close interaction with our customers enables us to help them capture value from our solutions. It also provides us with valuable insights from markets and growers to guide product development and innovation.



We have identified three strategic priorities to become the Crop Nutrition Company for the Future. By continuously advancing and improving our operations, we will fully exploit our business model to create scalable solutions and drive innovative growth.

Strategic collaborations within the food value chain offers opportunities to develop and deliver holistic crop solutions, with nitrates having the greatest value for cash crops.

We have identified three strategic priorities which are closely linked and will help us reach our ambition and achieve our goals. Actions defined within the three priorities will ensure that we are ready to respond to anticipated as well as emerging changes in our external

environment, allowing us to capture opportunities arising from external trends and market drivers.

Within crop nutrition solutions, we aim to lift returns by working along three main avenues reflected in our strategic priorities: improvement, value, and growth. We have a unique position in our industry and aim to fortify it by offering renewed and complete solutions.

Within our industrial focus, we are evaluating the option to divest the traditional industrial line of business through an IPO of a world-leading integrated industrial nitrogen player. This would further concentrate and strengthen our position as a Crop Nutrition Company for the Future.

# Strategic Priority: Advance Operational Excellence



We continuously strive to improve our operations to unlock the full value of our growth investments, lift productivity, and reduce costs. Yara’s Improvement Program has already delivered results.

Operating in a demanding external environment and competitive market, it is imperative to stay focused on cost-efficiency throughout the value chain in order to maximize revenues and profitability. This puts pressure on Yara to manage cost, reduce complexity, and further develop a culture of continuous operational improvements and cost efficiency.

While reducing costs where feasible, we intend to increase investments in growth areas. Investments in our plants, and executing our Decarbonize

program, will underpin the targeted reductions in carbon intensity. Lower emissions will improve our cost position, representing positive business cases for Yara in a medium and long-term perspective.

Daily, we ensure that operational excellence go hand in hand with our priority safety performance program as well as implementation of our expanded improvement program (YIP). The program’s main focus areas are higher production returns, including reliability, improved fixed cost position and

smarter working capital management.

Yara will have a more active portfolio management, including the ongoing IPO process of our New Business segment, exploring a divestment of our industrial nitrogen business. For our extensive operation in Brazil, we will further unlock our growth potential and value creation from these investments, with a major improvement project done in 2018 and now being implemented.

Strategic Actions:	Next Steps:
<b>EXPAND IMPROVEMENT PROGRAM</b> The Yara Improvement Program (YIP) is a corporate initiative to improve operations, enhance sales and marketing activities, and position Yara for sustainable future growth.	YIP was expanded and developed further in 2019. New actions are being implemented, incl. the Yara Productivity System and digitally improved systems.
<b>ENSURE SUSTAINABLE PROFITABILITY IN BRAZIL</b> Yara has established a strong presence in Brazil, increasing production volumes and market shares, with potential for improving the business model in Brazil.	We are taking actions to increase the share of own-produced products and higher margin products, and to streamline our supply chain and logistics operation.
<b>ACTIVE PORTFOLIO MANAGEMENT</b> Yara has divested companies in order to deliver on a more focused growth strategy. In order to maximize the value of the New Business segment, Yara is currently exploring an IPO of the segment. Yara has a range of new businesses serving industrial customers; each business with distinct value creation logics and different strategies and growth agendas.	We will more actively manage our portfolio of businesses, consider how they best can grow and develop and evaluate strategic options for optimizing value of non-core assets and businesses.
<b>IMPROVE CARBON PRODUCTIVITY</b> Yara is a part of global agriculture, which is a major source of greenhouse gas emissions, and improving our carbon productivity is critical to operational excellence.	We will employ our global position to shape industry standards and promote more sustainable practices, taking an active role in developing emission targets for the fertilizer industry, while reducing our own emissions
<b>STRENGTHEN DIVERSITY AND INCLUSION</b> Diversity is not about counting the number of nationalities or gender. Diversity is about understanding the different perspectives, ways of working, and not least the solutions that a diverse workforce brings to the company. We know that a strong company culture is required to reap the benefits of diversity. Done right, diversity leads to better solutions, more innovation and higher engagement. How we enable diversity to flourish, is what determines diversity’s impact on our business.	We will uphold diversity and inclusion as a key strategic priority, enforcing a holistic approach to recruitment and talent development; work-life balance; compensations and benefits.



## How we measure our success

### Delivering improved operations and superior profits

We target EBITDA improvements of minimum USD 600 million by 2023 compared with 2018 through the Yara Improvement Program.

### Empowering an engaged, respected and diverse workforce

Our target is an Engagement index above 80% by 2025, and to increase the share of female top managers to at least 20% in 2020 and 25% in 2025.

### Protecting the planet by reducing emissions from our plants

We aim to reduce emission intensity and achieve a 10% reduction in greenhouse gas emission per ton produced by 2025.

## How we are responding to the UN Sustainable Development Goals



Yara supports climate ambition through our own ambition and targets.

Yara also supports sustainable intensification in agriculture, which is the key action for reducing GHG from agriculture.



Yara's diversity KPI supports the target on women's full and effective participation and equal opportunities.

# Strategic Priority: Drive Innovative Growth



We constantly seek profitable growth opportunities to leverage our global scale, realize synergies and take a lead in developing new technologies and solutions. We are well positioned to drive innovation and shape future crop nutrition standards.

Driving value growth through innovation and the development of new businesses is a strategic priority for Yara. We will take a proactive approach to deliver on this priority, balancing M&As, new build projects, and expansions and reconfigurations of existing plants.

Our business model, global position and extensive knowledge is the foundation for further innovations and value growth. We employ our own knowledge and engage in collaborative R&D, driving business development to create value. This is exemplified in

ongoing efforts to establish profitable, decarbonized value chains, circular economy solutions, digital solutions and value chain collaboration.

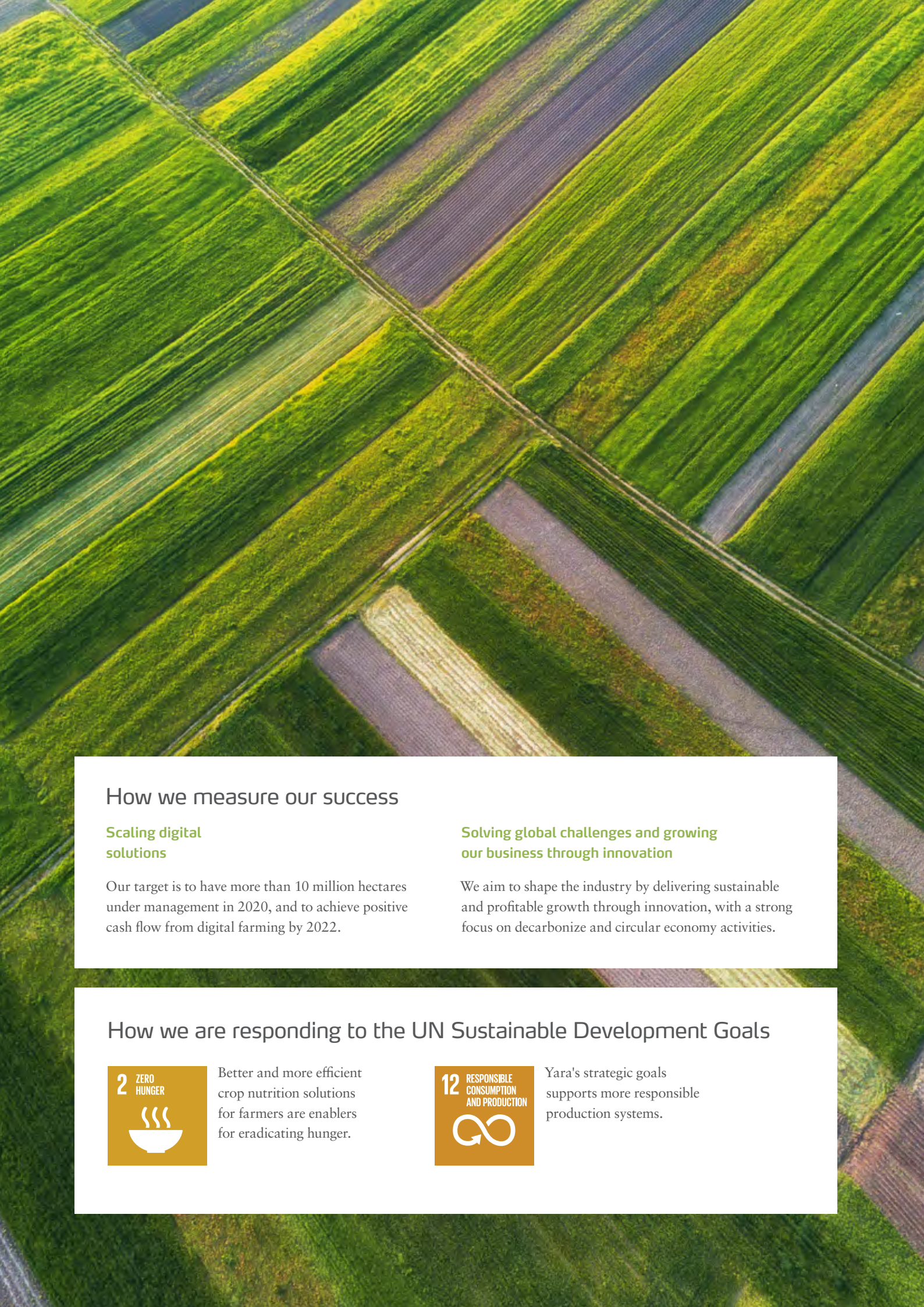
We are positioned to engage in constructive dialogue with key stakeholders shaping regulations and policies impacting our industry. In a transformative business environment, such as agriculture and the food industry, scale, position and relevance increase our opportunities to influence developments, and to create value from innovations.

In the short term, we will approach regional markets with targeted growth strategies. We see opportunities in strengthening positions that can drive demand for premium products and target high value pockets.

In a medium and long-term perspective, we will pursue growth options in expanding existing and developing new businesses, as well as from acquisitions.

Strategic Actions:	Next Steps:
<p><b>SCALE UP DIGITAL FARMING</b> Yara takes active part in a rapid digital transformation of global agriculture, with the development of large-scale digital platforms for crop knowledge and farming practices.</p>	<p>We will intensify our strategic efforts and capital investments in digital farming, aiming to make a real difference for farmers while generating demand for our premium products.</p>
<p><b>REGIONAL GROWTH FOCUS</b> Yara has established a strong position in several markets worldwide, using its scale to leverage and balance its global production and regional growth.</p>	<p>We will pursue a targeted regional growth strategy based on our current regional positioning and nutrient demand trends, prioritizing the most attractive markets with a customized business model.</p>
<p><b>DEVELOP NEW BUSINESSES AND INNOVATION</b> Yara has a tradition for innovation, and is positioned to succeed with emerging business opportunities, scaling up proven concepts and ideas; developing new products and solutions.</p>	<p>We will step up our ability to innovate and create new business and foster innovative solutions related to the megatrends, generating business i.a. from green and recycled fertilizer.</p>





## How we measure our success

### Scaling digital solutions

Our target is to have more than 10 million hectares under management in 2020, and to achieve positive cash flow from digital farming by 2022.

### Solving global challenges and growing our business through innovation

We aim to shape the industry by delivering sustainable and profitable growth through innovation, with a strong focus on decarbonize and circular economy activities.

## How we are responding to the UN Sustainable Development Goals



Better and more efficient crop nutrition solutions for farmers are enablers for eradicating hunger.



Yara's strategic goals supports more responsible production systems.

# Strategic Priority: Create Scalable Solutions



We continuously develop our offering, provide leading solutions ahead of competition and create value from our agronomic and industrial knowledge. Our integrated business model enables us to deliver differentiated, complete solutions.

Competing in an increasingly integrated agricultural and food value chain, it is paramount to develop customer-centric solutions responding to market demand and changes in the external environment.

To be the Crop Nutrition Company for the Future, Yara constantly renews and improves its solutions, supporting more sustainable farming practices while at the same time increasing food production.

We are steadily moving from volume growth to value growth, adding knowledge to our offering to improve returns for our customers.

Nitrate-based products are the backbone of our crop nutrition solutions and contribute to sustainability by increasing nitrogen use efficiency, reducing greenhouse gas emissions, and improving the carbon footprint of agriculture. Yara will take a stronger position to promote the benefits of nitrate-based products, aiming to scale up our value-adding crop solutions.

Stepping up the development and delivery of crop nutrition solutions to increase sales of premium products is a priority. This will enable us to capitalize on the growing demand for more sustainable solutions.

We will increase food chain collaboration and scale up digital farming, responding to market and technological developments, and allowing us to open new revenue streams.

Strategic Actions:	Next Steps:
<p><b>PROMOTE SUSTAINABLE SOLUTIONS</b> Yara offers crop nutrition solutions which maximize agricultural productivity and nutrient use efficiency, reducing greenhouse gas emissions and increasing farm profitability.</p>	<p>We will continue to develop crop solutions for sustainable agriculture and promote nitrate-based products, which add value for Yara and increase yields and returns for farmers.</p>
<p><b>STRENGTHEN FOOD VALUE CHAIN COLLABORATION</b> Yara is part of a global and increasingly integrated food chain, opening avenues to improved sustainable crop nutrition choices and increased growth opportunities.</p>	<p>We will strengthen relations with food companies to broaden the market for our value-adding crop-specific solutions, capitalize on our knowledge, and help farmers transform their practices.</p>
<p><b>PROVIDE INDUSTRIAL SOLUTIONS</b> Yara is considering an IPO of its industrial nitrogen business, which offers a wide range of products and solutions – to industrial customers worldwide.</p>	<p>The IPO project will explore how to maximize value of our business towards industrial customers, which may have a better potential for further development within a different ownership structure.</p>



## How we measure our success

### Improving nitrogen use efficiency in agriculture

Our target is to boost sales of premium products to 17 million tonnes and YaraVita sales to 100 million units, by 2025.

### Building global food chain partnerships

We aim to generate sales of minimum 2 million tonnes of crop solutions through food companies.

## How we are responding to the UN Sustainable Development Goals

Implementation of Yara's strategy will promote smarter use of crop nutrients, with benefits for carbon footprints, land use and reduced runoff and leaching.





## Strategic partnerships

We believe in the power of partnerships and are therefore teaming up with leading companies to create innovative solutions for complex challenges.



PepsiCo, one of the world's leading food and beverages companies, believes that advancing sustainable agricultural practices is pivotal to meeting increasing food demand while respecting the needs of communities and the natural world.

As part of PepsiCo's Sustainable Farming Program, Yara and PepsiCo have teamed up to champion best practices and leading technologies to support sustainable agriculture. In India, for example, through PepsiCo's demonstration farm program and best-in class crop nutrition management, the partnership

is boosting potato crop yields, enhancing quality and improving farmer livelihoods. Consumers increasingly want to know that their food was produced in the right way. For PepsiCo, generating positive impact at scale through the application of local solutions is key. With more than 114 years of crop nutrition experience and strong global reach, Yara has the ability to engage with large-scale production farmers as well as with smallholders. Through food value chain partnerships like this, Yara's crop nutrition solutions and digital farming tools, we can together help to build a more sustainable food system.



IBM and Yara share a vision to advance agriculture through technology, leading to transparent, sustainable food production. In 2019, the two companies launched a strategic partnership combining Yara's agriculture expertise and digital farming capabilities with IBM's world-leading technology and services.

The first initiative uses IBM's hyperlocal weather insights to power Yara's digital farming agronomic solutions. Further, Yara is spearheading the connection of farms with the food chain and ultimately global consumers through the IBM Food Trust, a network aiming to establish connectivity and traceability from farm to fork.

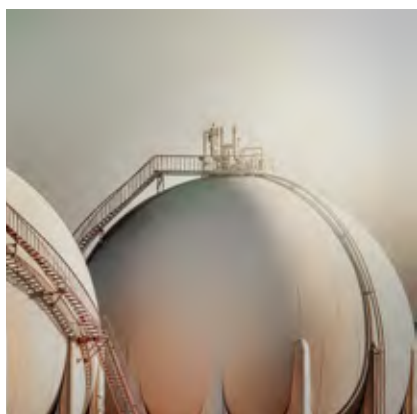


Lantmännen, an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products, is targeting to achieve overall carbon neutrality by 2050.

The company has been working systematically for a long time to develop sustainable solutions in many areas, not least when it comes to cultivation methods and concepts. Together with Yara the company is now taking an essential and critical

step in the transformation of the food system through a pilot project with the ambition to introduce a certified fossil free fertilizer. The collaboration builds on Yara's announced plans to pilot the production of mineral fertilizer with renewable energy. The fertilizers, which Yara aims to bring to market by 2022, will reduce the total CO<sub>2</sub>-impact of grain farming by 20 percent. This will enable consumers to make sustainable food choices and reduce their climate impact.

# Managing outcomes and value creation



## Sourcing

### Impacts

We use natural gas, electricity and minerals to make our fertilizers. The majority of our raw materials comes from non-renewable sources.

- 249,258,646 MMBtu natural gas
- 1.8 million tons phosphate

### Our response

- Circular economy
- Decarbonize
- Resource optimization

### Value created

- First fertilizers from secondary raw materials marketed in Finland
- Two production pilots based on renewable energy in the pipeline
- Multiple examples on industrial symbiosis initiatives

## Production

### Impacts

Fertilizer production is energy intensive and causes emissions to air and water. The water we withdraw is mostly returned unpolluted.

- 17.1 m tonnes CO<sub>2</sub>e
- 8,500 tonnes NO<sub>x</sub>
- 922 million m<sup>3</sup> water withdrawal

### Our response

- Energy and catalyst optimization
- Decarbonization program

### Value created

16,000 jobs created  
Raising industry standards for energy efficiency

## Transportation

### Impacts

Transportation of fertilizers causes emission to air and water, and involves risks of incidents and spills.

- 2.9 million tonnes CO<sub>2</sub>e

### Our response

- Product stewardship

### Value created

Reliable deliveries of crop nutrition, supporting farmers worldwide

Sustainability is embedded in our strategy, priorities and actions. Our approach is to minimize any negative impacts from our activities, maximizing our contribution to responsibly feeding the world while delivering competitive shareholder returns through a clear capital allocation policy. While improvements are always ongoing, we believe that the bottom line is a solid net positive.



## Fertilizer Application

### Impacts

Nutrient losses from denitrification, volatilization or leaching, can cause GHG emissions and eutrophication of waterways.

- 43.8 million tonnes CO<sub>2</sub>e

### Our response

- Precision farming tools
- R&D on field emissions
- Yara Water Solution
- Nitrate strategy

### Value created

Yara's sensor tools and crop nutrition solutions improve farm performance

## Natural Environment

### Impacts

Agriculture uses 70% of mankind's fresh water withdrawals, and uses 1/3 of the land and is the main driver of deforestation. Nutrient imbalance is a driver for soil degradation.

### Our response

- Balanced crop nutrition
- Soil testing and analytical services

### Value created

Reduced deforestation from agricultural intensification, sparing GHG emissions of roughly 590 billion tonnes CO<sub>2</sub>e

## Food Consumption

### Impacts

Dietary changes drive food demand, while about 1/3 of the food is lost or wasted.

### Our response

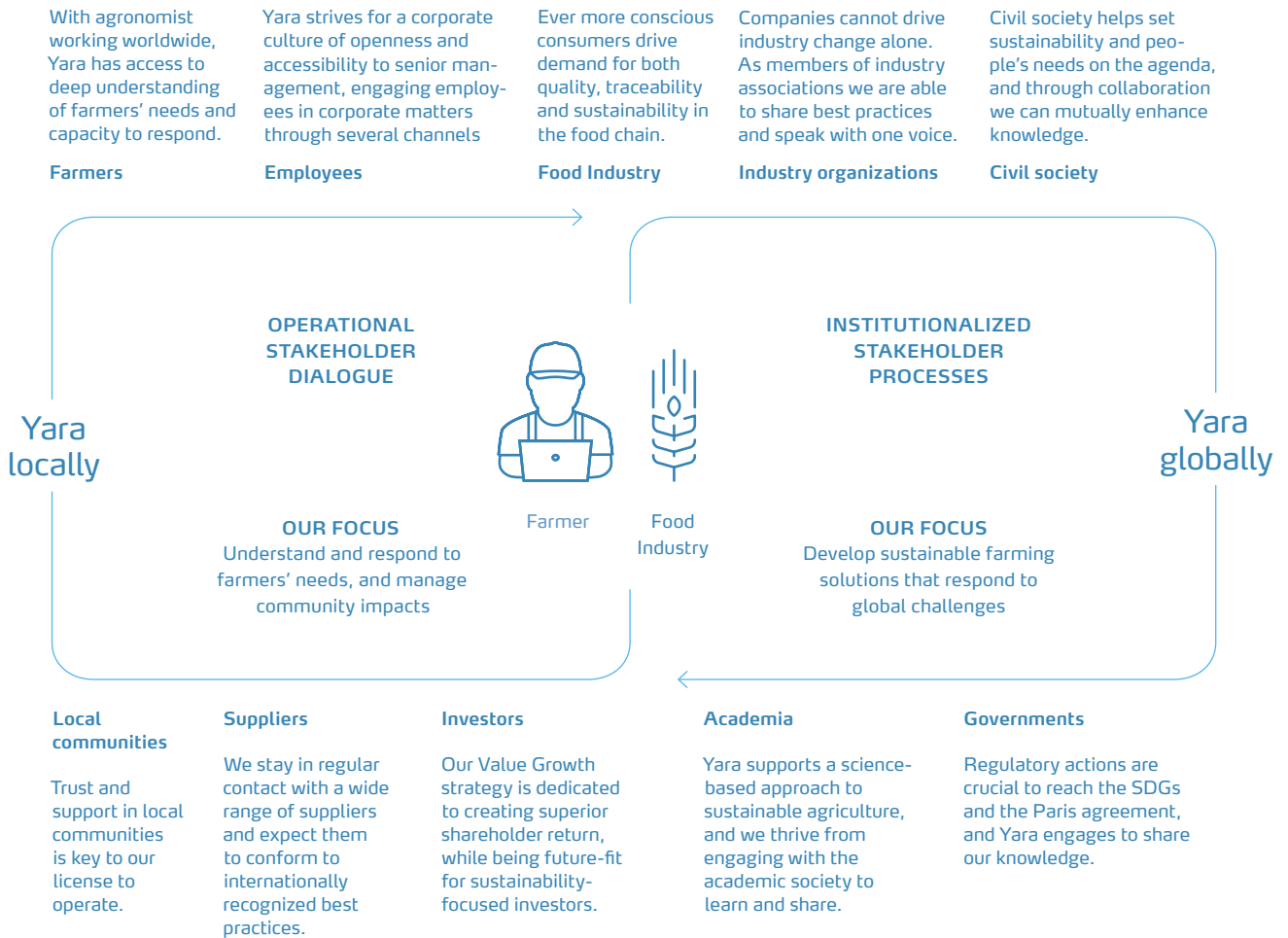
- Micronutrients supporting health
- R&D for improved crop quality

### Value created

241 million people fed by the use of our crop nutrition solutions

# Engaging with our stakeholders

We engage with a wide range of stakeholders both globally and locally. Engaging and keeping good relations with stakeholders are necessities in our transformation to become the Crop Nutrition Company for the Future.



Agriculture is often perceived as a major contributor to several of the biggest global challenges of our time. Our view is that agriculture also holds solutions to many of them, and our strategy is designed to enable such solutions.

In order to succeed with our strategy, we need to promote and demonstrate the benefits of sustainable farming solutions

and to raise the benchmarks of the fertilizer industry. We engage extensively in institutional stakeholder processes related to these topics on the global level, engaging with key stakeholders to build knowledge, develop relations, find solutions and inspire collaboration.

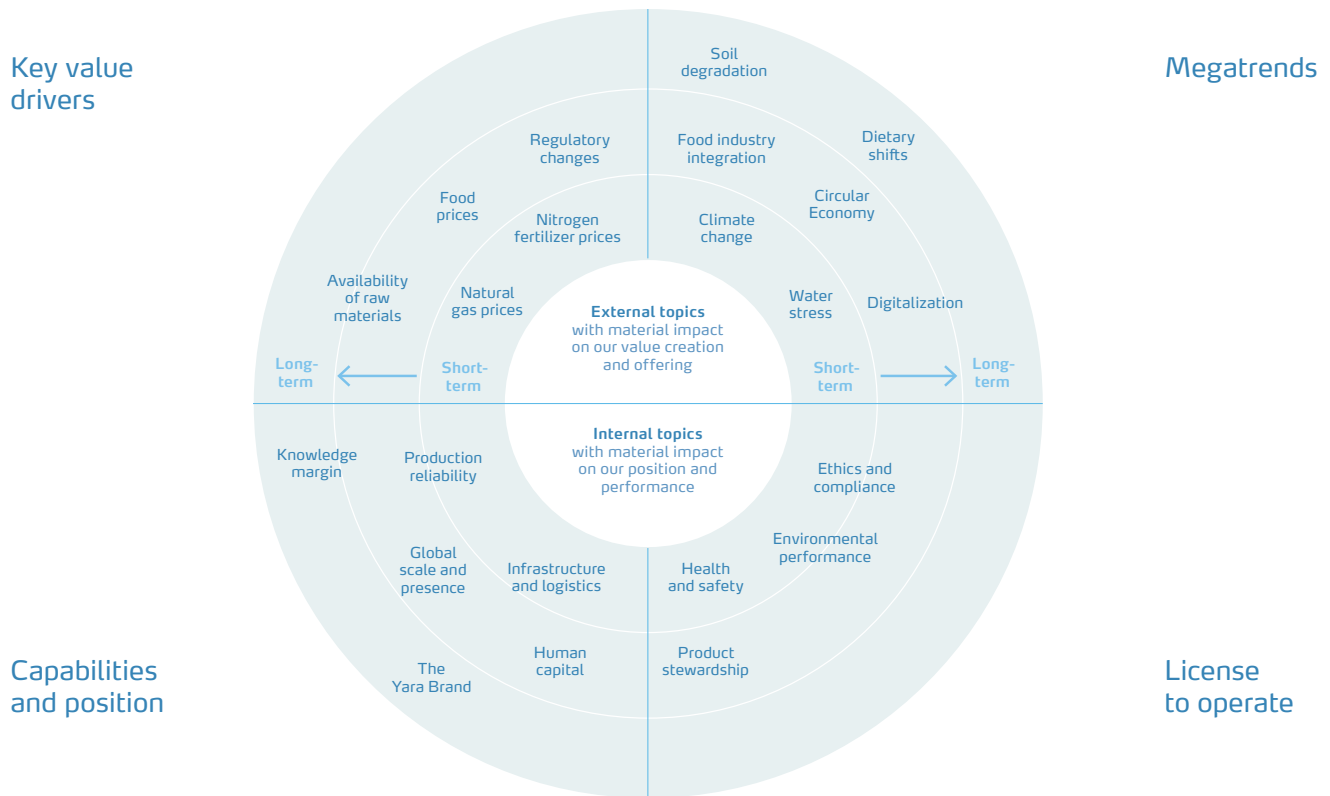
A focal point of our stakeholder engagement is understanding and

responding to farmer's needs and managing community impacts. By gathering insights locally, we enable development of improved solutions.



# Topics material for our value creation

Along with the new strategy, we have updated our materiality assessment to better reflect the topics that we consider material for our value creation.



Yara made its first materiality assessment in 2015, in a process involving key representatives from our business segments, expert organization and management. This process used the Sustainability Accounting Standards Board’s (SASB) standards for chemicals and mining industries as its starting point.

The current update incorporates Yara’s most recent strategy update process, which was presented at the Capital Markets Day in 2019, as well as the latest view on megatrends impacting Yara. The analysis is underpinned

by our ambition to become the Crop Nutrition Company for the Future.

Value creation is the starting point for presenting which topics we regard as material for our ability to realize our strategy, short, medium and long-term.

We have sorted the topics in four categories for clarity:

- Key value drivers include topics that directly impact our profitability and that we actively manage to mitigate any negative impacts (p. 10-11).

- Megatrends cover topics that are shaping our business environment and are largely outside our sphere of control, but where Yara is capable of responding (p. 10-11)
- Capabilities and position describe resources and assets that define our company and form the basis of our business model and strategy
- License to operate includes core topics of our efforts to ensure that we conduct our business in the right way, with the least possible negative impact on people or the environment (see also the separate GRI report).

## Segment

# Production

Our Production segment is the world's leading producer of ammonia, nitrates, and NPKs, providing the foundation for our crop nutrition and industrial solutions. Production combines cost-efficient raw material sourcing, operational efficiency, industrial expertise, clean production technologies and safety.



### Performance

Production's financial results improved significantly in 2019, mainly due to lower European gas prices. Finished products production was up 1% on 2018 levels, driven mainly by growth volume, while Ammonia production increased by 3% driven by growth and fewer turnarounds. Importantly, Production also recorded its lowest ever TRI rate (total recordable injuries) in 2019.

### Prospects

Production will target stable operations through our reliability improvement program, including a dedicated turnaround task force. Our lean transformation is maturing and all Yara sites are working to raise performance through continuous improvement. To target the next level of operational excellence, we will ramp up our digital transformation and expect to start delivering significant value this year. We will also progress on the world's first commercial green ammonia and start executing our plan to cut GHGs by 10% by 2025. All this while achieving the best safety standards in the industry.

### Strategic ambitions

- Reliable operations through sustaining culture of continuous improvement
- Continue our digital transformation
- Develop Yara towards low carbon intensity
- Deliver efficiently on current portfolio of growth projects.

Production

# 30,539

Thousand tonnes

EBITDA

# 1,140

USD million

Assets

# 11,412

USD million

## Segment

# Sales and Marketing

Yara's Sales and Marketing segment markets and distributes a complete range of crop nutrition products and programs globally. By combining our agronomic knowledge with our range of premium products and digital tools, we help farmers across the globe improve their profitability while at the same time reducing the carbon footprint of their production.



### Performance

2019 was a challenging year for agriculture. A number of weather-related incidents in addition to a challenging crop price environment, negatively impacted overall demand, and fertilizer markets remained oversupplied during 2019 for all nutrients. Yara's fertilizer deliveries reflects this development as they were 5% lower than in 2018. Despite this, overall financial performance improved in 2019 as the negative volume impact was offset by higher margins and cost improvements. During 2019, adoption of our digital tools increased rapidly in both professional and smallholder markets, overdelivering on targets communicated at the beginning of 2019.

### Prospects

Despite 2019 being a challenging year for the agricultural industry, we are confident that we are on the right track to achieve our long-term target of growing our premium product deliveries by 3.5 million tonnes and grow our YaraVita sales to 100 million liters. We expect the progress in digital farming to continue, supporting both the core business and enabling us to broaden our offering to include new data-based revenue streams. This combination will enable us to reach our break-even target for Digital farming in 2023. Furthermore, we are actively engaging with other stakeholders in the food value chain. This will open potential new channels for our crop solution concepts, which

we believe will be an important lever in reaching our premium product targets in the years to come.

### Strategic ambitions

- Grow our premium product deliveries by 3.5 million tonnes
- Grow our YaraVita sales to 100 million liters
- Work towards reaching our break even target for Digital farming in 2023.

Deliveries

30,540

Thousand tonnes

EBITDA

743

USD million

Assets

4,347

USD million

## Segment

# New Business

New Business develops and markets environmental solutions and essential products for industrial applications. Its key segments contribute to a better tomorrow by offering a growing portfolio of emission abatement for the transportation and maritime sectors, as well as water treatment products. New Business also provides essential products to modern cement and mining companies. Our customers are able to meet tougher environmental legislation and operate more cost efficiently.



### Performance

2019 was a strong year for New Business with a 65% growth in EBITDA from 115M USD in 2018 to 190M USD in 2019. A key driver of this success was Yara Marine Technologies who has to date successfully delivered over 300 cost efficient scrubber systems for removing sulphur oxides (SO<sub>x</sub>) from a ship's engine and boiler exhaust. We also maintained our status as the global leader in providing NO<sub>x</sub> abatement for the transportation sector and we see continued market growth.

### Prospects

Yara is currently exploring an IPO of the New Business segment.

The IPO project will explore how to maximize value of our business towards industrial customers, which may have a better potential for further development within a different ownership structure. A key focus for next year will be to continue our strong underlying business performance, so we are in a solid position for a potential IPO. Part of this will entail the optimization of our existing New

Business Segment, but innovation will remain an important component of our growth. We will continue to develop new markets, new customer segments, new products and new applications of existing products.

### Strategic ambitions

- Complete the IPO process
- Optimize existing New Business segment

Deliveries

4,106

Thousand tonnes

EBITDA

190

USD million

Assets

484

USD million

# Performance Review >



# Environmental performance

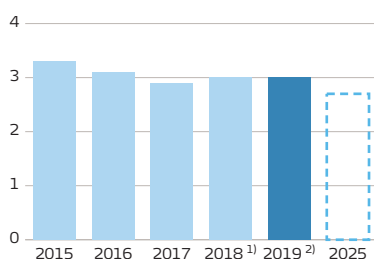


Protecting the planet  
by reducing emissions  
from our plants

Improving nitrogen use efficiency in agriculture

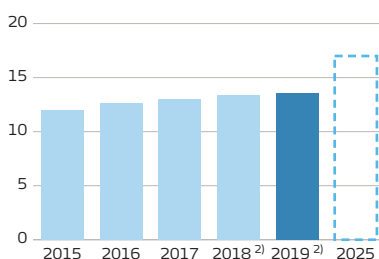
2025 target:  
>10% reduction

**Carbon intensity**  
Tonnes CO<sub>2</sub>e / tonnes N



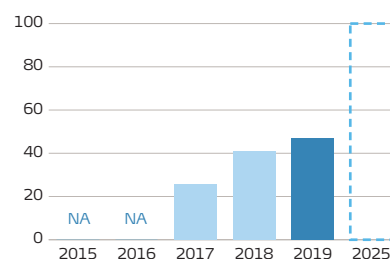
2025 target:  
>17 million tonnes

**Premium product growth**  
Million tonnes



2025 target:  
>100 million units

**YaraVita sales**  
Million units



1) 2018 onwards, direct emissions from own generation of electricity has been included.

2) Due to re-classification of products, there may be minor differences in comparability before/after 2017

Environmental performance has been identified as a materially important part of Yara's license to operate. We have identified three corporate KPIs linked to environment, with climate intensity improvements being the target set for Yara's production system. Further, nutrient losses from farmers'

fields is an important externality in the value chain. Yara's premium products have a demonstrable better performance than commodities, and we have set increased sales of premium products as a proxy target for improved nutrient use efficiency.

Yara reports with full transparency on all environmental aspects of our operations. Whereas the most material indicators are reflected here, a complete account is found in the separate GRI report, published on [yara.com](http://yara.com) alongside the annual reporting.

			2019	2018	2017	2016	2015
GHG	Direct GHG emissions (Scope 1)	Million tons CO <sub>2</sub> e	17,1	17,1	14,9	15,7	15,3
Energy consumption		PJ	285	301	266	266	253
Emissions to air	NO <sub>x</sub>	tonnes NO <sub>2</sub>	8,500	9,400	7,800	7,600	8,300
	SO <sub>x</sub>	tonnes SO <sub>2</sub>	2,100	2,800	2,000	2,000	2,600
	Dust	Tonnes	2,500	3,900	3,400	4,200	4,600
Raw materials consumption	Natural gas <sup>2)</sup>	MMBtu	249,258,646	245,429,308	219,982,380	227,708,686	215,180,975
	Phosphate, P2O5	Tonnes	1,758,096	1,532,427	1,676,671	1,492,123	1,354,230
	Potash, K2O	Tonnes	2,057,282	2,143,023	2,302,813	2,352,442	1,919,997
Water withdrawal	Used in production processes	Million m <sup>3</sup>	922	925	783	851	866
Environmental provisions		USD million	77	75	48	37	22
Fines and penalties for environmental breaches		USD	229,000	300,000	146,000	115,000	- <sup>1)</sup>

1) Only significant fines were reported prior to 2016, i.e. above USD 5m. In 2015, none such fines were on record.

2) Consumption provided for the period December-November.

## Corporate KPIs

### Carbon intensity

The carbon intensity KPI is defined as tonnes emissions of CO<sub>2</sub>e per tonnes nitrogen in Yara's own produced products. The CO<sub>2</sub>e emissions include scope 2 emissions (electricity consumption) and emissions from production of third-party ammonia sourced. Information on transportation and other scope 3 emissions are found in the GRI report. The KPI is to reduce the carbon intensity by >10% from 2018 to 2025. Our ambition is to become climate neutral by 2050.

### Premium product growth

Nitrogen losses contribute to air and water pollution. Through scientific studies and own field trials, Yara can document an improved nitrogen use efficiency on the farm from its range of premium products when compared to commodities. Increased sales volumes is a proxy for improved environmental performance downstream of our operations. 2018 is the baseline year.

### YaraVita sales

YaraVita is a specialty product range for foliar application, seed treatment or fertilizer coatings. The products contribute to increased yields, quality and farm profitability.

## Performance indicators

### GHG

Yara's direct emissions of greenhouse gases. The main part of the emissions is CO<sub>2</sub> from the ammonia production process. Yara's uses catalyst systems to eliminate more than 90% of its N<sub>2</sub>O emissions, but a fraction remains and is accounted for here.

### Emissions to air

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulphur oxides, ammonia, fluorides and dust. More details are available in the GRI report.

### Raw materials consumption

Ammonia is produced from nitrogen from the air reacting with hydrogen, mostly harvested from natural gas. Yara also sources phosphorous and potash, e.g. for NPK fertilizers.

### Water withdrawal

The total withdrawal figure is given here. In Yara's production, water is primarily used for cooling purposes. Thus, nearly all the water that Yara withdraws is returned to the water course, unpolluted.

### Environmental provisions

Environmental provisions are the estimated future cost for environmental remediation on Yara's sites. More information is found in the notes to the financial statements.

### Fines and penalties

Total sum of fines and other penalties for environmental breaches. If any severe cases over a materiality threshold of USD 5 million are identified, a description is available in the separate GRI report.

# Social performance



Help feed more than 275 million people by 2025

Empowering an engaged, respected and diverse workforce

Strive towards zero accidents with no fatalities and TRI below 1.2 by 2025

2025 target: **275 million**

2020 target: **>20%**  
2025 target: **>25%**

2025 target: **>80%**

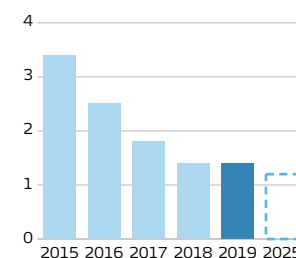
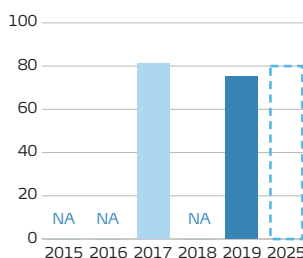
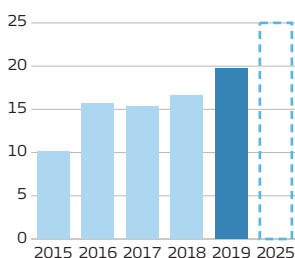
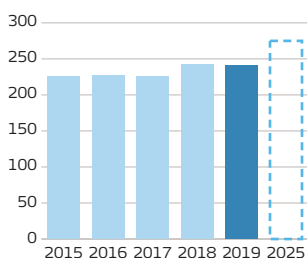
2025 target: **<1.2**

**Number of people fed**  
Calculation

**Female top managers**  
% of the top leadership positions

**Employee engagement index**  
Calculated from survey

**TRI**  
Recordable injuries per million hours worked for employees and contractors combined



Most of Yara’s material topics involve a social dimension. A calculated number of people we help feed is a key outcome goal of Yara. Successful implementation of our

value adding strategy depends on our knowledge and access to human capital, measured as diversity and engagement scores.

Safety is a top priority, and we set ourselves a high goal from an already industry-leading level, based on our belief that all accidents are preventable.

		2019	2018	2017	2016	2015
Gender pay gap	Percent	4,9	NA	NA	NA	NA
Employee turnover rate	Calculated rate	14.4%	11.4%	17.3%	10.5%	NA
Environmental grievances from local communities	Number of registered grievances	135	165	165	252	132
Fines for non-compliance with laws and regulations in the social and economic area	USD	257,000	81,000	400,000	170,000	0 <sup>1)</sup>
Number of face-to-face risk based anti-corruption trainings	Headcount	2,699	3,985	3,737	2,642	4,779
Employees completion of Ethics e-learning	Headcount	12,341	10,993	NA	NA	NA
Reported fraud & corruption incidents	Number	57	51	46	50	5
Reported discrimination and harassment cases	Number	76	119	109	22	20

1) Only significant fines were reported prior to 2016, i.e. above USD 5m. In 2015, none such fines were on record.



## Corporate KPIs

### Employee engagement index

Employee engagement is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. Historically, the surveys have not been performed every year.

### Female top managers

Female top managers are measured as % of the top leadership critical positions defined in Yara. The KPI is defined based on our strong belief that diversity is a key enabler to solving the difficult challenges the world is facing.

## Corporate Goals

### TRI

Total recordable injuries (TRI) is the sum of loss time injuries (LTI), restricted work cases (RWI) and medical treatment cases (MTC). The TRI rate is calculated as the TRI per million hours worked for employees and contractors combined. We believe every accident is preventable and work accordingly.

### Number of people fed

Fertilizers help provide half the food in the world. The figure is calculated using wheat as a proxy, with average N and calorific content of wheat multiplied by Yara's total N deliveries. Typical N losses from the field, food loss and waste and share of wheat not used for human consumption is subtracted to provide a calorific estimate of people fed. This indicator currently does not factor in positive contributions such as increased sales of premium products and precision farming solutions, both improving yields per tonne nitrogen delivered.

## Performance indicators

### Gender pay gap

From 2019 a proxy measure of the gender equal pay gap has been implemented to follow up the development on a monthly basis. The proxy calculates the average difference

of base salary between men and women corrected for the two factors responsibility in position and documented performance. As of December 2019, the proxy gender equal pay gap for Yara globally was 4.9%.

### Employee turnover

The rate is calculated as number of permanent staff terminations in the period divided by the starting permanent employee headcount. The global figure incorporates substantial variability, as each labor market has different characteristics. For 2019, Yara regions had the following turnover rates: Brazil, 21%; rest of Latin America, 16%; Asia & Oceania, 14%; Europe, 10%; North America, 7%.

### Grievances from local communities

Number of environmental grievance cases registered from neighbors of our infrastructure or production facilities.

### Non-compliance

The sum of registered fines in Yara for issues other than environmental breaches.

### Number of face-to-face risk based

#### Ethics trainings

The Ethics and Compliance training program is delivered by the dedicated regional compliance managers. Training content is targeted at the participants based on a risk assessment considering factors such as function, role, seniority and location.

### Employees completion of Ethics e-learning

The mandatory e-learning includes all topics covered by the Code of Conduct. All new hires with access to a PC are expected to complete the e-learning within 3 months. The purpose is to prevent corruption and human rights abuses and to promote a culture in which these matters are difficult to perpetrate. This is measured as the headcount of employees at year-end, who

has completed the e-learning. In 2019, there were in total 14,405 employees who had access to the learning platform.

### Reported fraud & corruption incidents

Through whistle-blowing and other channels, Yara is alerted to a number of cases where employees or others suspect fraud or corruption. Yara encourages such reporting. The figures represent the raw number of reported cases. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate GRI report.

### Reported discrimination and harassment incidents

Yara encourages all to raise any concern if there is suspicion of violations of regulatory requirements or Yara's Code of Conduct. For People cases, the figure provided represents the number of reported cases involving discrimination or harassment. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate GRI report.

## Human rights management

Yara's Code of Conduct includes our Human Rights Policy with identified salient risks. An annual human rights risk assessment ranks the countries where Yara operates in terms of human rights risk exposure. The 2019 risk assessment identified 17 high risk countries. In 2019, Human Rights Impact Assessments were conducted in two high-risk countries (India and Colombia) and one medium risk country (Philippines). Mitigating actions is a line and local management responsibility, monitored by the Ethics and Compliance department.

A more complete review is presented in the GRI report, available on the yara.com annual reporting section.

# Financial performance

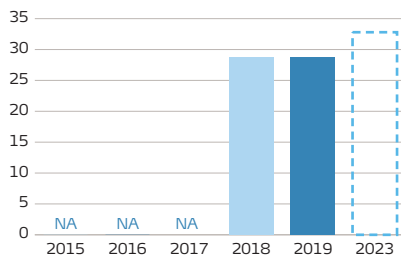
Yara's full-year 2019 EBITDA result excluding special items was 42% higher compared to last year, reflecting higher production margins driven by lower European gas cost.

## Delivering improved operations & superior profits

**2023 target:**  
**32.8 million tonnes**

### Production output

Million tonnes. Production adjusted for major turnarounds and market optimization effects, to better reflect underlying performance.



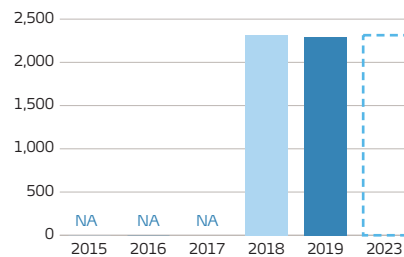
Yara's full-year 2019 EBITDA result excluding special items was 42% higher compared to last year, reflecting higher production margins driven by lower European gas cost, improved product mix and currency effects.

The Production segment full-year 2019 EBITDA excluding special items and IFRS 16 impact was 41% higher than a year earlier. Upgrading margins improved significantly compared to a year earlier, reflecting lower European gas prices partially offset by lower urea prices. Finished products production was 173kt higher compared to last year,

**2023 target:**  
**< USD 2.3 billion**

### Fixed cost

Million USD. Total fixed cost adjusted for portfolio and currency effects



mainly driven by the Cubatão acquisition. Ammonia production was 174kt higher driven by the Freeport plant in Texas that started up in May 2018.

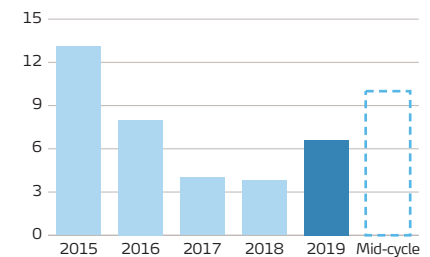
The Sales and Marketing segment full-year 2019 EBITDA excluding special items and IFRS 16 impact was 7% higher than a year earlier, reflecting improved margins which more than offset lower deliveries. Total Sales and Marketing deliveries were down 2% compared to a year earlier, primarily reflecting lower deliveries of blends in Brazil. However, commercial margins were 2% higher compared to last year, reflecting mainly

## Creating sustainable returns

**Mid-cycle target:**  
**> 10%**

### ROIC

Return on invested capital will reflect the value created for shareholders



improved product mix in line with strategy. Fixed costs were lower than a year earlier. Adjusted for the Cubatão and Babrala acquisitions, deliveries were 4% down compared to last year.

The New Business full-year 2019 EBITDA excluding special items and IFRS 16 impact was 47% higher than one year earlier, with deliveries 4% higher and commercial margins flat compared to a year earlier.

Financial highlights <sup>1)</sup>

USD millions, except where indicated otherwise	2019	2018	2017	2016	2015
Revenue and other income	12,936	13,054	11,400	11,597	13,787
Operating income	989	402	457	1,043	1,657
EBITDA <sup>2)</sup>	2,095	1,523	1,348	1,854	2,545
EBITDA <sup>2)</sup> excl. special items	2,165	1,525	1,430	1,719	2,362
Net income attributable to shareholders of the parent	599	159	477	756	887
Basic earnings per share <sup>3)</sup>	2.20	0.58	1.75	2.76	3.22
Basic earnings per share excl. foreign currency translation and special items <sup>3)</sup>	3.09	1.68	1.83	2.44	3.90
Net cash provided by operating activities	1,907	756	791	1,676	1,896
Net cash used in investing activities	(1,044)	(2,000)	(1,338)	(1,267)	(960)
Net debt/equity ratio	0.42	0.43	0.25	0.17	0.16
Net debt/EBITDA excl. special items (last 12 months) ratio	1.72	2.49	1.66	0.86	0.57
Average number of shares outstanding (millions)	272.3	273.2	273.2	273.5	275.1
Return on invested capital (ROIC) <sup>4)</sup>	6.6%	3.8%	4.0%	8.0%	13.1%

1) See page 196 for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).

2) EBITDA 2019 includes a USD 118 million positive impact from IFRS 16 compared with 2018, see note 4.5 Leases for more information.

3) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.

4) Quarterly numbers annualized.

## Key statistics

Average prices	2019	2018	2017	2016	2015
<b>Production (Thousand tonnes) <sup>1)</sup></b>					
Ammonia	8,479	8,305	7,459	7,504	7,035
Finished fertilizer and industrial products, excl. bulk blends	22,060	21,887	20,203	19,497	19,224
<b>Deliveries (Thousand tonnes) <sup>1)</sup></b>					
Ammonia trade (reflected in Production)	2,527	2,478	2,023	2,043	2,103
Sales and Marketing Segment	30,540	31,622	30,691	30,532	29,766
New Business Segment	4,106	3,937	3,456	3,149	2,859
Production segment	853	565	138	147	150
Total deliveries	38,025	38,601	36,308	35,872	34,879
<b>Yara's energy prices(USD per MMBtu)</b>					
Global weighted average gas cost	4.7	6.2	5.0	5.0	4.1
European weighted average gas cost	5.4	8.3	6.1	6.1	5.0

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends

## Market information

Average of publication prices	2019	2018	2017	2016	2015	
Urea granular (fob Egypt)	USD per tonne	261	278	243	217	295
CAN (cif Germany)	USD per tonne	221	240	218	199	270
Ammonia (fob Black Sea)	USD per tonne	233	287	267	236	387
DAP (fob US Gulf)	USD per tonne	344	418	354	347	459
Phosphate rock (fob Morocco)	USD per tonne	89	91	90	111	124
European gas (TTF)	USD per MMBtu	4.5	7.9	5.7	4.5	6.4
US gas (Henry Hub)	USD per MMBtu	2.6	3.2	3.0	2.5	2.6
EUR/USD currency rate		1.1	1.2	1.13	1.11	1.32
USD/BRL currency rate		3.9	3.6	3.19	3.49	2.35

### Improvement program

Yara launched an extended improvement program at its Capital Markets day on 26 June 2019. As part of this, Yara moved to reporting operational metrics on a rolling 12-month basis, to better reflect underlying performance. On a rolling 12-month

basis, underlying production increased by 119 thousand tonnes compared to 2018, as improvements during the year were partially offset by outages in some plants during fourth quarter.

Energy efficiency improved with better performance in second half 2019 and

fixed cost shows an improving trend with a reduction of USD 23 million on a comparable and currency adjusted basis. Net operating capital days increased by 13 days relative to 2018 driven by commercial management of operating capital and falling urea prices.

### Improvement program

	2019	2018
Production - ammonia (kt) <sup>1)</sup>	7,772	7,850
Production - finished products (kt) <sup>1)</sup>	21,067	20,870
Energy efficiency (Gj/T) <sup>2)</sup>	33.7	33.9
Fixed cost (USD millions) <sup>3)</sup>	2,291	2,314
Net operating capital (days) <sup>3)</sup>	115	102

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

2) Energy Efficiency (Gj/t) looks at the L12M total energy consumption per tonne ammonia produced.

3) For definitions of Fixed cost and Net operating capital days, refer to page 200 in the APM section.

### Financial items

Net financial expense for the year was USD 251 million compared with USD 350 million previous year. The variance is primarily explained by a net foreign currency translation loss USD 133 million lower this year than the year before.

Interest expense for the full year was USD 30 million higher than a year before, partly explained by revised reporting of lease payments following the implementation of IFRS 16 and partly by interest on taxes for prior periods. Interest expense related to gross interest-bearing debt (excluding leases) was around the same level as previous year.

The foreign currency translation loss this year of USD 145 million comprised a loss of USD 76 million on the US dollar denominated debt positions and a loss of USD 69 million on internal positions in other currencies than USD. The year before, the reported

net loss stemmed mainly from Yara's US dollar denominated debt positions as the US dollar appreciated against all of Yara's other main currencies.

### Tax

2019 current and deferred taxes were a tax cost of USD 214 million. See note 2.8 for more information.

### Net interest-bearing debt

As a supplement to the consolidated statement of cash flows (page 92), this table highlights the key factors behind the development in net interest-bearing debt. Net interest-bearing debt at the end of 2019 was USD 3,725 million, down from USD 4,203 million at the end of 2018, adjusted for IFRS16 implementation effect.

The positive cash earnings exceeded investments. Net investments for the year 2019 amounted at USD 1,044 million, including USD 1,096 million of capital expenditures, partly offset

by cash inflows from investments of USD 52 million. Growth investments include USD 69 million related to Rio Grande project and USD 229 million related to Salitre project in Brazil. Of the remaining investments, the majority was regular maintenance investments in Yara's production system.

During 2019, Yara paid out dividends and purchased 1,362,013 own shares under the 2019 buy-back program for a total of USD 268 million. The shares will be canceled at the next Annual General meeting to be held in May 2020.

The debt/equity ratio at the end of 2019, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.42 compared with 0.43 at the end of 2018. At the end of 2019, the net debt/EBITDA excl. Special items (last 12 months) ratio is 1.7, down from 2.5 at the end of 2018.

## Variance analysis

USD millions	2019
EBITDA 2019	2,095
EBITDA 2018	1,523
Reported EBITDA variance	573
Special items variance (see page 39 for details)	(67)
EBITDA variance ex special items	640
Volume/Mix	101
Price/Margin excluding energy	(105)
Energy price	447
Currency translation	96
IFRS 16 effect	118
Other	(18)
Total variance explained	640

## Net interest-bearing debt

USD millions	2019
Net interest-bearing debt at the end of previous period	(3,794)
IFRS 16 implementation effect (1 January 2019)	(409)
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(4,203)
Cash earnings <sup>1)</sup>	1 618
Dividends received from equity-accounted investees	166
Net operating capital change	112
Investments (net)	(1,044)
Yara dividend and buy-backs	(268)
New leases <sup>2)</sup>	(116)
Other, including foreign currency translation gain/(loss)	10
Net interest-bearing debt at end of period	(3,725)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

2) New lease arrangements in scope for IFRS 16 increase the net interest-bearing debt without having an immediate cash impact.

## Financial items

USD millions	2019	2018	2017	2016	2015
Interest income	74	78	75	82	71
Dividends and net gain/(loss) on securities	2	3	2	4	3
Interest income and other financial income	76	81	77	87	74
Interest expense	(157)	(127)	(57)	(85)	(111)
Net interest expense on net pension liability	(9)	(7)	(8)	(8)	(10)
Net foreign currency translation gain/(loss)	(145)	(278)	99	14	(312)
Other	(15)	(19)	(17)	(15)	(39)
Interest expense and foreign currency translation gain/(loss)	(327)	(431)	17	(94)	(472)
Net financial income/(expense)	(251)	(350)	94	(7)	(398)

## Production volumes

Thousand tonnes	2019	2018	2017	2016	2015
Ammonia	8,479	8,305	7,459	7,504	7,035
of which equity-accounted investees	1,000	1,039	1,061	1,033	1,280
Urea	6,417	6,327	5,257	5,167	4,762
of which equity-accounted investees	1,504	1,517	1,573	1,536	1,593
Nitrate	6,225	6,136	6,173	6,044	5,997
NPK	5,697	5,736	5,504	4,891	4,850
CN	1,543	1,623	1,511	1,379	1,477
UAN	974	835	931	909	925
SSP-based fertilizer	1,089	1,115	822	1,106	1,212
MAP	115	116	-	-	-
Total Finished Products <sup>1)</sup>	22,060	21,887	20,199	19,497	19,224

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends.

Deliveries excl. New Business and Ammonia Trade <sup>1)</sup>

Thousand tonnes	2019	2018	2017	2016	2015
Urea	6,955	7,618	4,757	4,676	4,852
of which Yara-produced	4,267	4,218	1,997	2,117	1,755
of which equity-accounted investees	2,035	2,450	1,821	1,796	2,153
Nitrate	5,590	5,589	5,703	5,730	5,594
of which Yara-produced	5,307	5,259	5,401	5,372	5,112
NPK	9,938	10,361	10,413	10,407	9,486
of which Yara-produced compounds	5,660	5,506	5,382	5,046	4,479
of which Yara-produced blends	3,802	4,405	4,664	5,083	4,600
CN	1,234	1,235	1,185	1,132	1,038
of which Yara-produced	1,217	1,217	1,167	1,114	1,021
UAN	1,289	1,184	1,299	1,357	1,295
of which Yara-produced	1,100	1,002	1,050	1,115	1,043
SSP	647	1,016	939	954	961
of which Yara-produced	458	916	700	826	832
Ammonia	1,068	1,101	-	-	-
of which Yara-produced	888	902	-	-	-
DAP/MAP	557	591	675	831	888
MOP/SOP	1,334	1,178	1,368	1,253	1,222
Other products	2,780	2,314	951	903	1,150
Total deliveries excluding New Business	31,392	32,187	27,290	27,243	26,486

New Business deliveries <sup>1)</sup>

Thousand tonnes	2019	2018	2017	2016	2015
Ammonia			704	659	711
Urea	839	795	2,211	2,025	1,841
Nitrate	1,027	960	747	724	680
Calcium Nitrate	434	412	419	371	358
Other Industrial products	196	237	1,077	1,007	1,893
Water content in Industrial Ammonia and Urea	1,609	1,533	1,837	1,658	1,549
Total New Business deliveries (incl. water)	4,106	3,937	6,995	6,443	7,032

1) For the years prior to 2018 deliveries reflect the previous segment structure.

## Special items

USD millions	Fixed cost effect		EBITDA effect		Operating income effect	
	2019	2018	2019	2018	2019	2018
Impairment of non-current assets	-	-	-	-	(5)	(27)
Damaged inventory	-	-	3	(6)	3	(6)
Restructuring costs	-	(19)	-	(19)	-	(19)
Environmental provisions	-	(3)	-	(3)	-	(3)
Total Sales and Marketing	-	(22)	3	(28)	(2)	(56)
Release of provision related to discontinuation of pilot plant	3	-	3	-	3	-
Impairment of goodwill	-	-	-	-	(3)	-
Restructuring costs	-	(2)	-	(2)	-	(2)
Total New Business	3	(2)	3	(2)	(1)	(2)
Stamp duty on purchase of Babrala (India)	-	(9)	-	(9)	-	(9)
Contract derivatives gain/(loss)	-	-	12	4	12	4
Impairment of non-current assets	-	-	-	-	(34)	(120)
Dismantling provision for closed site	(8)	-	(8)	-	(8)	-
Provision related to closure of plant	(24)	(1)	(24)	(1)	(24)	(1)
Environmental provisions	(11)	(10)	(11)	(10)	(11)	(10)
Derecognition of deferred consideration	-	-	-	21	-	21
Reduced contingent consideration	-	-	-	15	-	15
Take-or-pay compensation from customer	-	-	-	15	-	15
QAFCO tax adjustment	-	-	-	(7)	-	-
Provision for fuel taxes	-	-	(32)	-	(32)	-
Total Production	(43)	(20)	(62)	28	(97)	(84)
Portfolio management costs	(13)	-	(13)	-	(13)	-
Total Other	(13)	-	(13)	-	(13)	-
Total Yara	(53)	(44)	(70)	(2)	(113)	(142)

# The Yara share

Yara aims to be an attractive investment for shareholders, and to provide competitive returns compared to other investment alternatives. The Yara share shall be liquid and an attractive investment opportunity.

We are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the Oslo Stock Exchange (OSE), media and financial newswires. Yara presents quarterly

results as live webcasts and at its headquarters at Drammensveien 131 in Oslo, Norway. In addition, Yara holds regular meetings with investors both in Europe and overseas.

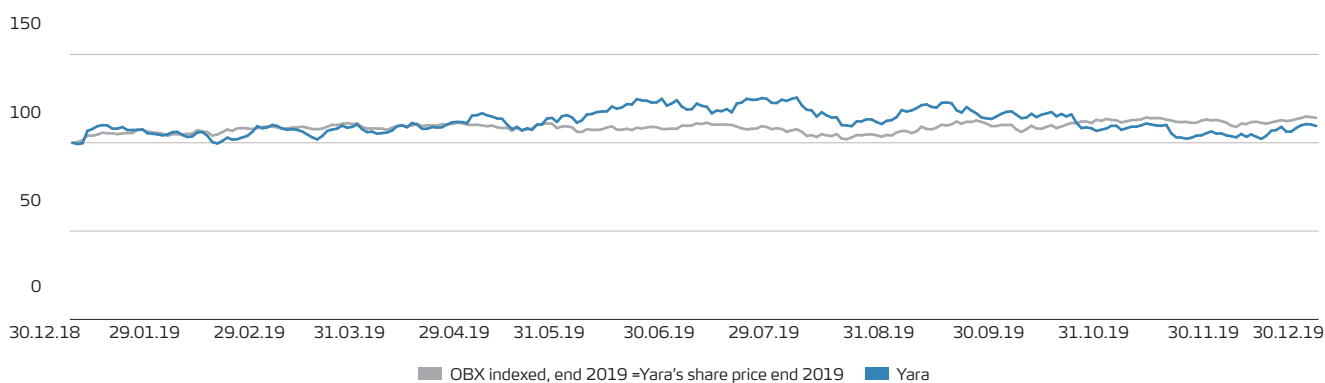
### Share performance and distribution

In 2019 a total of 517 million Yara shares were traded, of which 145 million were traded on the OSE at a value of NOK 54 billion, making Yara the sixth most traded company on the OSE. The average daily trading volume for Yara shares on the OSE during 2019 was 580,521.

The highest closing price during the year was NOK 418.90 and the lowest was NOK 331.20. The year-end closing price was NOK 365.20, representing a 10% increase from the 2018 year-end closing price. Yara's total shareholder return in 2019 was 11% with dividends reinvested. Yara's market value as of 31 December 2019 was NOK 99.5 billion, making Yara the sixth-largest company quoted on the Oslo Stock Exchange.

At year-end 2019 Yara had 35,422 shareholders. Non-Norwegian investors

## Yara share & OBX performance



## Common share data

	Q1	Q2	Q3	Q4	2019	2018
Basic earnings per share	0.35	0.84	0.27	0.73	2.2	0.58
Average number of shares outstanding <sup>1)</sup>	272,697,830	272,525,904	272,402,637	271,661,032	272,319,232	273,169,994
Period end number of shares outstanding <sup>1)</sup>	272,697,830	272,402,637	272,402,637	271,040,624	271,040,624	272,697,830
Average daily trading volume <sup>2)</sup>	567,243	606,765	525,696	627,824	580,521	538,174
Average closing share price	347	379	394	363	371	371
Closing share price (end of period)	347	414	392	365	365	368
Closing share price high	362	416	419	393	419	419
Market capitalization (end of period NOK billion)	94.7	112.7	106.7	99.5	99.5	100.5
Dividend per share					15.00 <sup>3)</sup>	6.50

<sup>1)</sup> Excluding own shares

<sup>2)</sup> Only traded on OSE

<sup>3)</sup> Proposed



owned 42.2% of the total stock, of which 17.7% were from the United States and 8.2% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.2% of the shares. Norwegian private ownership of Yara shares was 21.6% at the end of 2019.

**ADR performance and voting rights**

Yara has a sponsored level 1 ADR (American Depositary Receipt) program in the United States. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. The ADR ratio is two (2) ADRs to one (1) ordinary Yara share.

On 31 December 2019, the ADR was quoted at USD 20.76, a 7.7% increase for the year. To find a recent price quote for Yara ADRs please go to

www.adr.com. The ticker symbol is YARIY.

Shares must be registered with the Norwegian Central Securities Depository (Verdipapirsentralen) in the name of the real owner if holders want to vote for their shares at the shareholders’ meeting. Holders of Yara ADRs should check their voting rights with JPMorgan, which is the depository bank for Yara ADRs.

**Cash distribution policy**

Yara’s objective is to pay out 50% of net income in the form of dividends and share buybacks. Shareholder returns are distributed primarily as cash, with buybacks as supplemental lever. The dividend pertaining to a fiscal year will be declared at Yara’s Annual General Meeting in the following year.

In 2019 Yara paid out USD 268 million in dividends and share buybacks, representing approximately 190% of net income in 2018. Dividends accounted for USD 203 million, representing 34% of 2019 net income, while share buybacks amounted to USD 65 million, representing 11% of 2019 net income.

Yara’s Board will propose to the Annual General Meeting a dividend payment of NOK 15 per share for 2019, which represents approximately 75% of net income after non-controlling interests, totaling a payment of USD 439 million based on outstanding shares at 31 December 2019 and USDNOK exchange rates at 11 February 2020.

The Yara Annual General Meeting on 7 May 2019 authorized Yara’s Board to buy back up to 5% of total shares

**Shareholding distribution**

As of 31 December 2019

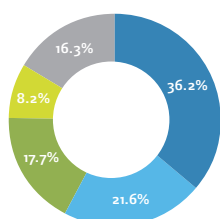
Ownership structure

No. of shares	No of shareholders	% of share capital
1-100	20,952	0.27
101-1000	11,642	1.42
1,001-10,000	2,084	2.27
10,001-100,000	527	6.28
100,001-1,000,000	183	21.07
above 1,000,000	34	68.71
Total	35,422	

**Shareholding distribution**

As of 31 December 2019

- Norwegian State
- Norwegian Private
- US
- UK
- Other



**Shareholding distribution <sup>1)</sup>**

As of 31 December 2019

Ownership structure

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.2
Norwegian National Insurance Scheme fund	6.6
Sprucegrove Investment Management, Ltd.	2.4
The Vanguard Group, Inc.	1.9
BlackRock Institutional Trust Company, N.A.	1.9
Fidelity Management & Research Company	1.8
Templeton Investment Council, L.L.C.	1.8
Polaris Capital Management, LLC	1.6
SAFE Investment Company Limited	1.3
KLP Forsikring	1.3
DNB Asset Management AS	1.3
Capital World Investors	1.2
Storebrand Kapitalforvaltning AS	1.2
Nordea Funds Oy	1.2
Pelham Capital Ltd.	1.2
State Street Global Advisors (US)	1.1

<sup>1)</sup> This shareholder list is delivered by Nasdaq and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither Nasdaq nor VPS guarantee that the information is complete. For a list of the largest registered shareholders as of 31 December 2019, see note 11 on page 185 in this annual report.

(13,620,131 shares) before the 2020 Yara Annual General Meeting, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged.

### 2020 Annual General Meeting

The Yara Annual General Meeting will take place at 17:00 (CEST) Thursday 7 May 2020, at Yara headquarters in Drammensveien 131, Oslo. Shareholders who wish to attend the Annual General Meeting are asked to inform Yara's registrar by 12:00 CEST on Tuesday 5 May 2020.

Shareholders may also register electronically on the Yara webpage [www.yara.com/register](http://www.yara.com/register) or at the Norwegian

Central Securities Depository investor services site at [www.vps.no](http://www.vps.no).

For more information on how to vote, consult Yara's voting form or visit the company's website.

### Analyst coverage

24 financial analysts provide market updates and estimates for Yara's financial results, of whom 12 are located outside Norway.

### Rating

Rating agencies Moody's and Standard & Poor's have rated Yara

as solid investment grade. Reflecting its strong market position and cost leadership, Yara is rated investment grade "Baa2" with Moody's and "BBB" with Standard & Poor's.

### Change of address

Shareholders registered in the Norwegian Central Securities Depository should send information about changes of address to their registrars and not directly to the company.

### Registrar information

Registered shareholders may contact our registrar in Norway regarding share transfers, address changes and other issues related to their holding of Yara shares. The contact details are shown below.

## Share facts

**Symbol:** YAR

**Listing:** Oslo Stock Exchange (OSE)

### Yara's registrar in Norway

DNB ASA  
Verdipapirservice  
Dronning Eufemias gate 30  
N-0021 Oslo  
Phone: +47 23 26 80 20  
E-mail: [KUA@dnb.no](mailto:KUA@dnb.no)  
[www.dnb.no](http://www.dnb.no)

### Yara's ADR depository bank

J.P. Morgan is the depository bank for Yara ADRs:  
J.P. Morgan Chase Bank N.A.  
383 Madison Ave,  
Floor 11  
New York NY 1017  
USA  
Phone (US): 800-990-1135  
Phone (outside US): +1 651-453-2128  
Contact: please use online form <https://www.shareowneronline.com/informational/contact-us/>

### 2020 Dividend schedule

Ex-dividend date 8 May 2020  
Payment date 18 May 2020

### 2020 Release dates

First quarter 23 April 2020  
Second quarter 17 July 2020  
Third quarter 20 October 2020  
Fourth quarter 9 February 2020

# Risk Management >



# Risk management

Yara is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, risk management contributes to achieving our long-term strategic targets and short-term goals.

Yara's global risk management process aims to identify, assess and manage risk factors that could affect the performance of any parts of the company's operation. To this end, we have implemented a continuous and systematic process to mitigate potential damages and losses, and to capitalize on business opportunities.

## Risk responsibilities

Yara's Board of Directors is responsible for defining risk appetite for all main risk categories relevant to the company. The Board oversees the risk management process and carries out annual reviews of the company's most important risk categories and internal control arrangements.

Yara's Executive Management is responsible for reviewing and operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Executive Management performs risk assessments and actively monitors the development of top risks and initiates actions accordingly. Risk assessments performed by the operating segments and expert organizations are reviewed periodically in business review meetings.

Understanding and managing risk is an integral part of all our business activities. The operating segments and expert organizations are the risk owners and regularly perform risk assessments

based on established procedures to identify, assess and manage the risks that affect their business and analyze how these risks influence performance.

The Enterprise Risk Management function has the responsibility to facilitate the operational risk management activities and develop risk policies and tools as well as maintaining an aggregated view of risk exposure. The function is reporting to the Chief Financial Officer.

## Framework and procedures

Yara has implemented a framework with clear policies and procedures to facilitate risk management across the organization. This creates a stable environment within which we can deliver on our strategic and operational objectives, and systematically identify and capture business opportunities.

Our framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management standard as the best practice benchmarks for assessing the soundness, efficiency and effectiveness of our risk management.

The materiality of each risk factor is determined by assessing the likelihood and consequence. In this appraisal, a combination of qualitative and quantitative risk assessment techniques

is deployed. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritize those that have the greatest potential to impact on our performance.

We implement mitigating strategies and pursue business opportunities to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk. Our operating segments and expert organizations are responsible for making business continuity planning part of their key risk management activities and preparing contingency plans for high-impact, low-likelihood risks.

Once primary risks are managed, we continually monitor residual risks to ensure that they remain at an acceptable level and that events are properly addressed and managed. The risk profile is reviewed and updated at least annually, with more frequent updates if new opportunities or risks are identified. The risk mitigation plan is reviewed and updated on a quarterly basis to reflect the current status of risks and action plans and is communicated to the Executive Management during quarterly business review meetings.

## Task Force on Climate-related Financial Disclosures (TCFD)

Yara supports and is implementing the recommendations of the TCFD. Climate change is a strategic risk factor for Yara and consequently integrated in our risk management and strategy development processes.

<p><b>Governance</b></p> <p>Yara’s Board of Directors and Executive Management define the company’s risk appetite across material risk factors and review risk exposures and control systems. Our annual strategy review cycle incorporates climate change, as does the assessment of megatrends. Both are presented to and approved by the Board and Executive Management.</p>	<p><b>References:</b></p> <p>Risk Management, p. 46                  Risk Appetite, p. 48                  Report of the Board of Directors, p. 73</p>
<p><b>Strategy</b></p> <p>Climate change affects agriculture and has implications for our markets and supply chain, and for regulations and technology. Furthermore, extreme weather events pose risks to our infrastructure. Our sustainable crop nutrition solutions represent opportunities to capitalize on climate change.</p>	<p><b>References:</b></p> <p>Global Megatrends, p. 12                  Strategic Priorities, p. 15                  Risk Factors, p. 50</p>
<p><b>Risk Management</b></p> <p>Climate risks are integrated in our Enterprise Risk Management system as well as our regular assessment of megatrends.</p>	<p><b>References:</b></p> <p>Risk management, p. 46</p>
<p><b>Metrics and targets</b></p> <p>Yara has reduced GHG emissions significantly over the last decade, and we are investing to reach a 10% reduction in emission intensity by 2025. Our long-term ambition is to achieve carbon neutrality by 2050.</p>	<p><b>References:</b></p> <p>Advance Operational Excellence, p. 14                  Environmental performance, p. 30</p>

# Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Yara's Board of Directors is responsible for defining Yara's risk appetite. The Board and Executive Management have jointly evaluated and defined risk appetite across key operational and strategic dimensions, arriving at a set of practical guidance statements on key risks. These risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company. Furthermore, they convey the way we approach and evaluate risk to our investors, customers and society at large.

## Health, safety and security exposure

Securing safe and healthy working conditions is our highest priority. We aim to minimize the exposure to conditions that could negatively affect health, security and safety. Further we aim to minimize the probability and consequences of process safety and product safety accidents negatively affecting people, environment, asset and the reputation of Yara.

## Bribery, corruption and competition law exposure

We are committed to upholding high standards for human rights, ethical and lawful conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for bribery, corruption and violation of competition law.

## Environmental exposure from operations or products

Yara strives to be best in class compared to industry peers and is committed to explore and promote the highest standards of environmental responsibility and has a low risk appetite for causing damage to the environment as a result of our operations or products.

## Product portfolio exposure to regulatory changes

Yara has a low risk appetite for exposure to incompliance to regulatory requirements impacting the product portfolio in our value chain, and proactively seeks to reduce operational, commercial and financial exposure. Yara will proactively liaise with regulatory bodies in order to adapt and adhere to stricter regulations.

## Exposure to global nitrogen price dynamics

We optimize our business model by seeking exposure to fertilizer market prices for own produced products.

## Exposure to natural gas price dynamics

Securing access to, and stable supply of, favorably priced natural gas is imperative to our operations and competitiveness. In regions with efficient gas markets, we will seek exposure to spot market prices unless exceptional market circumstances clearly give reason for deviation. In regions without efficient gas markets, Yara seeks to enter into longer term contracts if favorable gas prices are obtainable.

## Phosphate rock sourcing exposure

Securing key raw materials for our fertilizer production is crucial for our production plants. The demand for raw materials is covered by our own production as well as sourcing from third parties. Yara has a low risk appetite to unavailability of key raw materials and seeks opportunities to increase production of phosphate rock.

## JV ownership structure exposure – new entries

When entering into new JVs, Yara has a low risk appetite for minority equity positions and will only engage in JVs provided that agreements are commercially attractive, secure acceptable governance standards, policies and procedures, and financial control for Yara. Yara will only enter into new JVs where we are confident that we can bring Ethics & Compliance and HESQ standards to an acceptable level.

## Cost curve position in production portfolio

Yara seeks investments in new production capacity which strengthens Yara's position on the cost curve compared to peers, unless there are other compelling financial or strategic

reasons. Investments in current production portfolio are prioritized to capacity which is deemed competitive, also considering commercial and strategic aspects. As a result, the overall portfolio of production investments should improve Yara's position on the cost curve over time.

#### **Exposure to new business areas outside current core operation**

Yara is willing to invest funds in a defined set of new business areas to mitigate risk in core business and to develop new revenue streams. The company is willing to be exposed to uncertainty around future revenue generation, but the resources employed are considered moderate and reviewed on an annual basis.

#### **Production reliability on priority plants**

Yara has a low risk appetite for unplanned production downtime and aims to produce optimally at all times balancing investments to improve regularity and plant profitability.

#### **Tax jurisdiction compliance exposure**

Within the framework of tax laws and regulations we optimize our tax cost in the same way as other costs.

Yara does not pursue tax solutions without existence of commercial purpose and is committed to a transparent management of tax.

#### **Long term credit rating down grade exposure**

Yara believes a solid financial base is the foundation for pursuit of sound growth opportunities and have a low risk appetite for financial exposure not derived from the underlying business. We have a low risk appetite for a credit rating downgrade to below investment grade BBB/Baa2. We accept the underlying US dollar exposure embedded in the Yara business model but keep a major part of the company's debt in US dollar as a partial hedge.

#### **Exposure to non-USD currencies**

We have a low risk appetite for exposure related to financial risk not derived from the underlying business. Yara has a low to moderate risk appetite for economic currency exposure optimizing the cost of hedging with estimated currency movements. Limits for economic exposure are set per currency and on a country basis.

#### **Information and cyber security exposure**

Yara has a low appetite for risk exposure to cyber incidents in the office and production environment. Yara seeks high level of protection to mitigate exposure to safety and reliability issues in our production sites, in addition to leakage of confidential data, legal and regulatory compliance violations, insider threat from dismissed employees or contractors and loss or malicious modification of business-critical data.

#### **Leadership and organizational competence exposure**

We are developing a skilled organization with regards to leadership competencies and organizational competence in areas of key strategic importance necessary to strengthen Yara's competitiveness in a changing business environment and to deliver on Yara's strategic goals and objectives. This is being achieved through an integrated Talent & Leadership process based on the business needs and on Yara values.

## Risk factors

Yara is exposed to a number of strategic, operational, financial, health, environment, safety, security and quality related risks, as well as compliance risks that could have an adverse material effect on the company's business, reputation, operating results or financial condition. Several inherent business risks also represent business opportunities, underlining the need for systematic risk management of our operational and financial performance. The Executive Management currently considers the following risk areas and factors to be the most relevant to Yara's business.

### Strategic risks

Yara's business is closely interlinked with the major global challenges of resource scarcity, food insecurity and global warming. Execution of our strategy for sustainable, profitable growth depends on our ability to manage strategically important risk and opportunities relevant to our industry and arising from our business environment.

Strategic risks	Factor	Mitigation
Market dynamics – Nitrogen commodity fertilizer prices	A large part of our business consists of sales of fertilizer products used in agriculture. While a growing world population, economic growth and changing dietary patterns are driving overall demand for food and fertilizer, swings in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability	Yara's business model, with a mix of Own Produced Products and Third-Party Products marketed by our global Sales & Marketing organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand is less volatile. Yara invests in developing farmer centric solutions that integrate knowledge, digital tools and services with our product portfolio to further differentiate our offering to the farmer. Yara also conducts global optimization with risk reduction in mind, e.g. prioritizing a global presence, counter-seasonality and market flexibility in addition to short-term profitability. Third Party Products exposure limits have been established and are closely monitored for the most Third-Party Products intensive countries.
Market dynamics – natural gas prices	Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favourably priced natural gas is imperative to our operations and competitiveness.	Yara's risk exposure towards energy sourcing is minimized through global purchasing activities, based on our energy strategy. Executing this strategy, we are continuously monitoring options for additional and alternative sources of favorably priced natural gas in existing and new areas of production. All our European gas contracts are hub-based contracts, and we are well positioned to cover the risk of spot exposure. In some of our plants we have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the correlation between nitrogen fertilizer prices and global energy prices.
Raw materials availability	Yara is sourcing a wide range of raw materials for fertilizer production from third parties, e.g. phosphate and potash (P&K). Terminations, material change or failure of delivery in these arrangements can have a negative impact on Yara's operations.	With respect to raw materials, as one of the world's largest buyer of phosphate and potash, we benefit from scale advantages in sourcing. To mitigate the risk of failure in sourcing of these key raw materials, Yara aims for long-term relationships with a wide network of suppliers, continuously aiming to optimize the company's phosphate balance. Yara currently evaluates several options for increasing the company's degree of self-sufficiency in specialty phosphate.



Strategic risks	Factor	Mitigation
<b>Environmental risks and regulatory framework on production/application of nitrogen fertilizer</b>	Environmental exposure create strategic risks for Yara's license to operate. There is an increasing trend of stricter governmental regulations impacting production, (e.g. Emission trading system in Europe and stricter limits of emissions to air and water across the world) and application of fertilizer related both to the environmental aspects and safety of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings.	Yara continuously discuss and participate in various arenas to understand and influence existing and ongoing new regulations affecting our business. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available to reach optimal solutions. Yara continuously discuss with the EU regarding the future CO <sub>2</sub> emissions structure for the fertilizer industry arguing that the European ammonia industry is the most efficient globally which needs to be reflected when policies are made. On existing assets, Yara has established rigid management systems and policies to manage the environmental impacts of our operations and to reduce exposure. Moving forward, resources are allocated to develop new technologies and business models to meet the expected environmental requirements.
<b>Investments and integration</b>	Yara has an ambition to grow profitably, both organically and through profitable growth initiatives, both within existing and new business areas. The profitability of future growth initiatives relies on long-term price assumptions and future operational and financial performance. Investments in new business areas and integration of new companies poses a risk of not being able to capture operational and financial benefits and synergies.	Yara has a well-defined capital value process that ensure projects are properly evaluated, verified and sufficiently mature at specific decision gates. A comprehensive, annual strategy update process secure a review of ongoing initiatives and potential gaps in delivering on our long term strategy. This includes updates of key information such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large business integrations completed during recent years.
<b>Political risks</b>	Our investments and operations may be affected as a result of changes in political leadership, policies and regulations as well as political and social instability in a country or a region. Such changes could represent threats as well as opportunities for Yara.	Country and currency credit limits are defined, to ensure that the company's exposure is controlled. These measures, and separate evaluation of sovereign risk, are used to assess the risk profile of new projects, as part of the project approval process.
<b>Climate risks</b>	Climate change pose risks which may have a negative impact on the company. Climate risks are related to our markets, operational risks linked to our assets, in addition to the supply chain/ infrastructure risks. Climate change leads to societal processes which may pose transition risks such as market preferences, legislation and technology. The societal aspects are as much opportunities as risks.	Yara's investments into assets are evaluated against extreme weather events. Through stakeholder dialogues, Yara promotes low carbon solutions, life cycle perspectives and resource smart solutions. As a materially important topic, climate is one of the focus areas of Yara's innovation processes, where we aim to provide knowledge-based solutions. The innovation efforts include resource optimization and reducing carbon footprints in agriculture, as well as developing production processes towards zero emissions.

## Operational risks

We put substantial resources and efforts into minimizing potential risk of loss from inadequate or failed internal processes, people and systems, or from external events. We do so through preventative controls and indicators. Our focus is on managing the causes and mitigating their potential impacts through detective controls and actions.

Operational risks	Factor	Mitigation
Production reliability	Production unreliability and irregularities may result in lost volumes and contribution. Increased plant reliability is a key driver of organic growth in our production system.	We actively seek to increase plant reliability and minimize irregularities by refining and implementing companywide technical and operational standards along with best practices for operations, maintenance and turnarounds, and through continuous investments in process safety. Employees undergo extensive training and risk awareness programs, and process safety and productivity are subject to frequent and regular audits. Yara's company-wide Improvement Program focuses on improving cost, reliability and operational efficiency.
Human capital	Yara's ability to compete effectively and meet market demands depends heavily on the competence, engagement and performance of its employees. Qualified, diverse and motivated staff is essential for Yara's business to be successful.	Yara recognizes that People are the enabler for success and Passionate People is identified as one of our four unique strengths. A People Strategy Project was launched in 2019 to realign with the latest updates within the Corporate Strategy and to respond to the world around us. Diversity & Inclusion is fully integrated in Yara's business strategy and drives equality and diversity through an engaged workforce. Diversity is further anchored in key human resource processes such as recruitment, succession planning, performance management and employee development. Yara regularly deploys global employee surveys to focus management initiatives on the employee engagement agenda and the Diversity & Inclusion agenda. Yara is committed to promote equal opportunities and to fight discrimination.
Information and Cyber Security	New and increasingly sophisticated computer viruses and new digital crime models combined with the significantly increased internet exposure of our computerized industrial control systems may result in safety and reliability risks at any of our production and product handling sites.  Leakage of confidential data, legal and regulatory compliance violations loss or malicious modification of business-critical data can negatively impact any and all of our business processes.	In the process of addressing risks of cyber-incidents, Yara is actively focusing on ensuring proactive monitoring of threats, vulnerabilities and effectiveness of security controls for high value assets throughout the company and raising awareness of cyber risks and threats for our employees globally.
Supply chain disruptions	Yara's ability to produce and supply markets with products can be impacted negatively by disruptions in our supply chain,	Yara has centralized functions as well as local operations, for management of in- and outbound supply chains securing raw materials to our production units and supply of products to the markets. Yara is operating globally and we have flexibility and measures built into our business model to adjust for potential irregularities.

## Financial risks

Due to its global operation, Yara is exposed to various financial risks. Yara has in place, and is constantly developing, comprehensive policies, procedures and tools to manage these risks. In some cases, Yara may utilize derivative instruments, such as forwards, options and swaps, to reduce financial risk exposures.

Financial risks	Factor	Mitigation
Financing risks	Refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions could lead to higher funding costs and postponement of projects.	Yara's strategy for mitigating financing risk is to maintain a solid financial position with a strong credit rating. Yara reduces the refinancing risk by basing its long-term funding on a variety of sources to avoid dependency on individual markets, and by timing the maturity dates of large facilities to avoid them falling due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.
Credit risk	Credit risk represents exposure to potential losses deriving from non-performance of counterparties.	Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara's geographically diversified portfolio reduces the overall credit risk of the group.
Currency risk	As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, with a certain time lag.	Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks. A well-established system for currency risk management is in place, with defined currency exposure limits and standardized exposure measurement tools. Yara's geographically diversified portfolio reduces the company's overall currency risk.
Interest rate risk	Interest rates on different currencies vary depending on the economy and political actions, which will influence Yara's funding cost over time. However, the overall exposure of our business to interest rate fluctuations is considered low.	Interest rate risk is managed on an assessment of the financial markets and macroeconomic development, in relation to the expected impact an interest change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risks.

## HESQ risks

Safety is always our top priority and we believe that all injuries are preventable. We commit to excellence in our HESQ performance, which is imperative to protect our employees and contractors, and uphold reliability and performance. We have adopted a systematic approach to monitoring and reviewing the quality and handling of all our products, ensuring that proper care is taken along the entire value chain.

HESQ risks	Factor	Mitigation
Health and safety	Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates and products are classified as substances dangerous to the health. Such a working environment contains various potential occupational health and safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, the final fertilizers typically are not classified as hazardous, and the occupational health and safety risk at the use phase is minor.	Yara has a strict requirement on reporting of incidents, accidents and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero injuries and the company continue to set challenging KPI targets for occupational safety. Our Safe by Choice is the umbrella for all safety activities with the aim to reduce exposure to accidents, to develop strong safety leadership, to drive operational discipline, and to train and encourage staff to always act and react in accordance with our safety standards.
Personnel security risk	Yara's global activity may be exposed to threats from; criminals, activists, local population, competitors, terrorists and States which could harm our operations and activity, and pose security risks to our personnel, the environment we work in, our assets and our reputation.	We continuously assess and manage regional and local threats to our personnel. HESQ Security department is in charge of developing and maintaining corporate guidelines on security, and a method for assessing security risks, in addition to initiating appropriate mitigation actions in response to potential threats.
Natural disasters	Yara's production and logistics operations could be directly or indirectly affected by natural disasters.	We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into crisis management training and scenario planning, to minimize potential threats to security, health and operational assets.

## Compliance risks

We are dedicated to conducting our business according to our Code of Conduct and the Compliance Program, as well as the universally accepted principles in the areas of human rights, labor and anti-corruption.

Compliance risks	Factor	Mitigation
<b>Corruption risk</b>	Corruption appears in many forms throughout the world, usually in the form of "improper advantages". With operations in over 60 countries Yara is exposed to countries, markets and counterparts with varying ethical standards and business conduct. Corruption poses both compliance and reputational risks to Yara and our business partners.	Our zero-tolerance stance on bribery, corruption and violation of competition laws has been systematically implemented and communicated throughout our organization and to business partners through policy commitments, trainings and awareness raising. Yara's Ethics and Compliance department coordinates and oversees the company's work in this area through Yara's Compliance program. Yara's Integrity Due Diligence process is defined to identify and mitigate risks related to business partners on various topics, including corruption, human rights and labor rights. Our whistle-blowing channels allow employees, consultants and third parties to raise concerns anonymously.
<b>People related risks</b>	Failure to comply with the Code of Conduct and international standards will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, resulting in both legal sanctions and financial loss. In positive terms, demonstrating a commitment to ethical business conduct and social responsibility can be leveraged to create competitive edge and create value for business partners, employees and society at large.	We are committed to creating an equal opportunity workplace free from harassment, where hiring and development are based on achievements, qualifications, and skills of each individual. Ethical and compliant business conduct and reporting are set at high standards, reflecting Yara's commitments. Yara has developed its compliance program taking into account internationally recognized and endorsed standards in key areas such as people related risks.
<b>Human rights risks</b>	Yara's operations may impact human rights throughout our entire value chain. Through a mixture of ethical and legal obligations, risk of negative impact on human rights may affect Yara's reputation and standing as a responsible business.	Yara's human rights policy is set out in the Code of Conduct, and is integrated in the Compliance Program and key business processes, such as risk management and the capital value process.  Yara follows the United Nations Guiding Principles on Business and Human Rights and aim to continuously improve our work in this area. Our annual global human rights risk assessment allows us to proactively monitor exposure to human rights risks wherever we operate, and guides us in prioritizing locations for human rights impact assessments.

# Corporate Management >



# Corporate governance

An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders. Yara's Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct.

Yara is subject to corporate governance reporting requirements according to the Norwegian Accounting Act, section 3-3b, the Continuing Obligations of Stock Exchange Listed Companies at Oslo Stock Exchange, Chapter 7, and the Norwegian Code of Practice for Corporate Governance (the "Code"), freely available at [www.lovdato.no](http://www.lovdato.no), [www.oslobors.no](http://www.oslobors.no) and [www.nues.no](http://www.nues.no), respectively.

This report follows the system used in the Code and forms part of the Report of the Board of Directors.

## 1. Implementation and reporting of corporate governance

Yara's Board of Directors promotes and supports open and clear communication of the company's key governance and decision processes. Yara's Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct. Yara is committed to transparency and accountability and adheres to international conventions and national legislation where it operates.

Yara complies with the recommendations of the Code with the exception of separate election of each candidate for the Board of Directors and the Nomination Committee. The justification for this deviation and the selected, alternative solution is provided in section 6 below.

## 2. Business

Yara grows knowledge to responsibly feed the world and protect the planet, to fulfill our vision of a collaborative society, a world without hunger and a planet respected. To meet these commitments, we have taken the lead in developing digital farming tools for precision farming and work closely with partners throughout the whole food value chain to develop more climate-friendly crop nutrition solutions. In addition, we are committed to working towards sustainable mineral fertilizer production. We foster an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, and society at large. Founded in 1905 to solve the emerging famine in Europe, Yara has a worldwide presence with about 16,000 employees and operations in over 60 countries. In 2019, Yara reported revenues of USD 12.9 billion. The scope of Yara's business is defined in its Articles of Association, section 2:

"The objectives of the company are to engage in industry, commerce and transport, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises."

The Articles of Association are published in full on the company's website. More details on Yara's objectives,

principal strategies and risk profiles are presented in the Introduction to the Annual Report and in the Report of the Board of Directors. The objectives, strategies and risk profiles are evaluated at least annually.

» [yara.com/this-is-yara/corporate-governance/shareholders/articles-of-association/](http://yara.com/this-is-yara/corporate-governance/shareholders/articles-of-association/)  
 » [Report of the Board of Directors / page 73](#)

Yara provides information on corporate social responsibility in the Board of Directors report, in accordance with the Norwegian Accounting Act. Yara has guidelines, principles, procedures and standards in place as referred to in the Accounting Act through its ethical program, and also reports in accordance with the Oslo Stock Exchange's guidance on the reporting of corporate responsibility.

More information about Yara's basic corporate values, ethical program and sustainability is available on the company's website.

» [yara.com/this-is-yara/mission-vision-and-values/](http://yara.com/this-is-yara/mission-vision-and-values/)  
 » [yara.com/this-is-yara/corporate-governance/](http://yara.com/this-is-yara/corporate-governance/)  
 » [yara.com/Ethicsandcompliance](http://yara.com/Ethicsandcompliance)  
 » [yara.com/this-is-yara/sustainability/](http://yara.com/this-is-yara/sustainability/)

Yara is headquartered in Oslo, Norway, and is listed on the Oslo Stock Exchange.

### 3. Equity and dividends

Yara targets a BBB credit rating from Standard & Poor's. Based on Yara's scalable business model and strong track record of value-creating acquisitions, the Board believes that more than half of Yara's earnings should be reinvested in the company. Yara's objective is to pay on average 40-45% of net income to shareholders in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs may make up the balance and are deployed with greater flexibility. Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buy-backs as a supplemental lever.

New equity will only be issued in connection with concrete step growth opportunities. No general mandate is granted to the Board to increase the company's share capital.

Yara may execute share buy-back programs as an integral part of its shareholder policy. Every year since the company's IPO, Yara's Board has secured an authorization from the Annual General Meeting to buy back up to 5% of total shares in the company during the following year, for subsequent cancellation. A precondition for each annual program is that an agreement is made with the Norwegian State where the State commits to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged. The mandates

granted to the Board of Directors for the company to purchase its own Yara shares are limited in time to the date of the next Annual General Meeting.

» [Report of the Board of Directors / page 73](#)

» [The Yara Share / page 40](#)

### 4. Equal treatment of shareholders and transactions with close associates

Transactions involving the company's own shares, such as the share buy-back program, are executed via the stock exchange at prevailing stock exchange prices, with on-going disclosure via stock exchange releases and the company's own web pages. Share redemptions from the Norwegian State are carried out at the same price terms as for the buy-backs carried out via the stock exchange. Yara may execute buybacks via external bank mandate subject to "safe harbor" exemptions.

In 2019, there were no significant transactions between the company and related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees. These were all based on arm's length market terms.

Regarding the company's related party transactions, the mandatory regulations in the Norwegian Public Limited Companies Act (§§ 3-8 and 3-9) are supplemented by IFRS (International Financial Reporting Standards) standards. Thus, the members of the Board of Directors and Management are required to disclose all entities that would be considered to be "related parties" under applicable IFRS regulation. Transactions with such entities are subject to specific disclosure and approval requirements.

» [Note 8.1 and 8.2 to the consolidated financial statements "Related parties" and "Executive Management remuneration" / page 161 and 162](#)

### 5. Shares and negotiability

The Articles of Association place

no restrictions on the transferability of Yara shares, and the shares are freely negotiable. There are no voting restrictions linked to the shares.

There are no restrictions on the purchase or sale of shares by the Board of Directors and the Executive Management as long as insider regulations are adhered to. Yara's Long-Term Incentive Plan mandates the use of a portion of the funds received by Executive Management for the purchase of Yara shares, restricting the sale of such shares for three years following the purchase.

» [Note 8.1 and 8.2 to the consolidated financial statements "Related parties" and "Executive Management remuneration" / page 161 and 162](#)

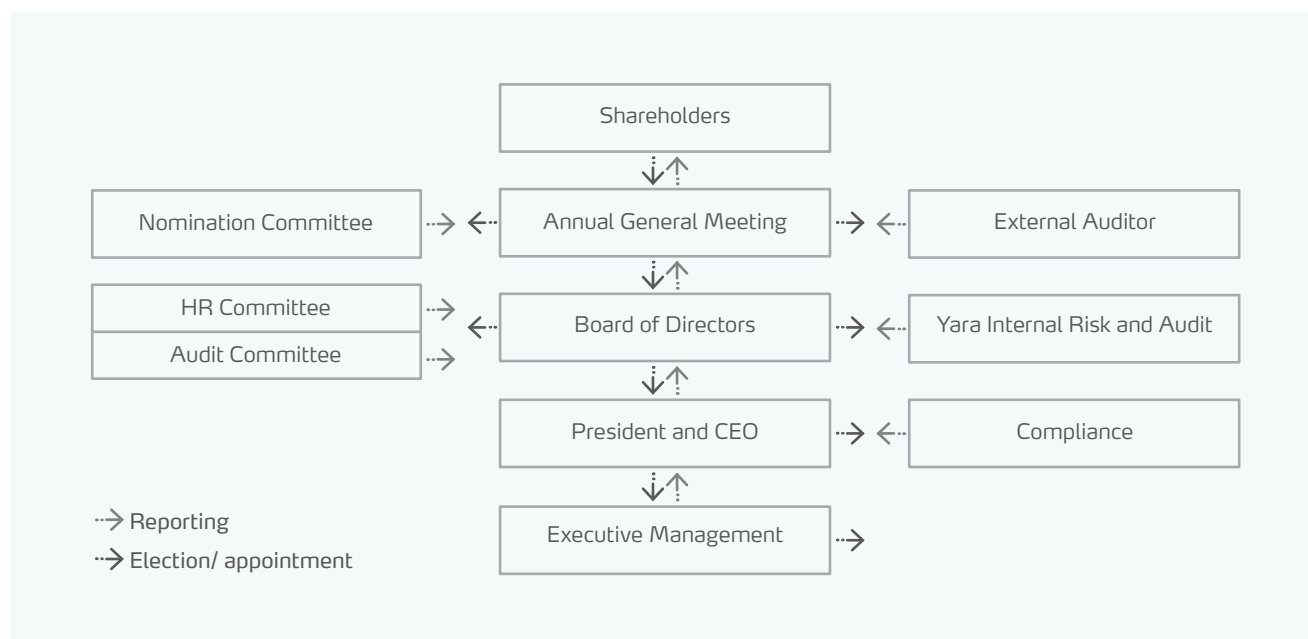
### 6. General meetings

In accordance with Yara's Articles of Association and the Norwegian Public Limited Companies Act, the Yara Annual General Meeting ranks at the top of the corporate governance structure. Yara's Articles of Association §10 require the Annual General Meeting to be held every year before the end of June.

In accordance with the Norwegian Public Limited Companies Act Chapter 5, the Annual General Meeting elects the shareholders' representatives to the Board of Directors and approves the Financial Statements, the Report of the Board of Directors, and any dividend payment proposed by the Board of Directors. This Corporate Governance Report and the Board of Directors' Statement of remuneration of Executive Personnel are presented to the Annual General Meeting in accordance with the Norwegian Public Limited Companies Act Chapter 5, see further information regarding the Statement of remuneration of Executive Personnel in Section 12 below. In accordance with the Norwegian Public Limited Companies Act Chapter 7, the general meeting elects



## Yara corporate governance structure



the company's external auditor and approves the auditor's remuneration. In accordance with Yara's Articles of Association §7, the Annual General Meeting elects the Nomination Committee.

The Chair of the Board and the CEO are present at the Annual General Meeting along with the leader of the Nomination Committee and the external auditor. All Board members and members of the Nomination Committee are encouraged to participate at the Annual General Meeting. The Annual General Meeting is required to elect an independent person to chair the meeting. The minutes of the Annual General Meeting are published on the company's website.

All shareholders are entitled to submit items to the Annual General Meeting agenda, and to meet, speak and vote at the meeting. In accordance with Norwegian corporate law and Yara's Articles of Association §9, shareholders registered in the Norwegian Central Securities Depository (No: Verdipapirsentralen) can vote in person or by proxy on each agenda item put forward in the Annual General Meeting. A

form for the appointment of a proxy for voting is included in the Annual General Meeting notice, as well as information regarding which person is nominated by the company to act as a proxy for shareholders who cannot attend the Annual General Meeting in person. Shareholders registered in the Norwegian Central Securities Depository can also vote electronically in advance on each agenda item put forward in the Annual General Meeting.

The Company has chosen to not follow the Code's recommendation to vote separately on each candidate nominated for election to the Board of Directors and Nomination Committee. This choice is based on the Nomination Committee's process being focused on the combined qualifications and experience of the proposed members of the Board of Directors and the Nomination Committee, and that the voting should therefore also be combined.

The Annual General Meeting notice is sent to all shareholders individually, or to their depository banks, at least 21 days in advance of the meeting. The

meeting notice includes information regarding shareholders' rights and guidelines for registering and voting at the meeting. In accordance with Yara's Articles of Association §9 the due date for shareholders to give notice of their intention to attend the Annual General Meeting is set no more than five days prior to the Annual General Meeting.

- » [yara.com/this-is-yara/corporate-governance/shareholders/annual-general-meetings/](http://yara.com/this-is-yara/corporate-governance/shareholders/annual-general-meetings/)
- » [The Yara share / page 40](#)

### 7. Nomination Committee

Yara's Articles of Association §7 states that the company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting, and that the Annual General Meeting approves the procedure for the Nomination Committee. The Nomination Committee nominates the shareholders' representatives to the Board of Directors, including presenting relevant information about the candidates and an evaluation of their independence, and proposes the remuneration of the Directors to the Annual General Meeting. The Nomination

Committee contacts major shareholders, the Board of Directors and the CEO as part of its work on candidate proposals. The Nomination Committee also recommends which members the Board should elect as Chair and Vice Chair.

The Nomination Committee nominates candidates to the Nomination Committee, hereunder the Chair of the Nomination Committee, and proposes remuneration of the Committee Members to the Annual General Meeting. The Nomination Committee justifies its recommendations. Members of the Nomination Committee are elected for two-year terms. According to the Nomination Committee procedure, there should be a gradual rotation among the committee members.

The Nomination Committee consists of the following members, all of whom are independent of the Board and Executive Management: Otto Søberg, Chair (CEO of Eksportkreditt Norge AS); Thorunn Kathrine Bakke (Director, Norwegian Ministry of Industry, Trade and Fisheries); Ottar Ertzeid (Group Executive Vice President DNB Markets); Ann Kristin Brautaset (Deputy Director Equities at Norwegian National Insurance Scheme fund (“Folketrygdfondet”)).

The contact details of the Chair of the Nomination Committee are available on the company’s website, and shareholders with proposals for new Board members are encouraged to send those to the Chair.

The Nomination Committee held 16 meetings in 2019. In 2019, the remuneration to the Chair of the Nomination Committee was NOK 8,000 per meeting prior to the Annual General Meeting and thereafter NOK 8,200 per

meeting. The remuneration to the other members of the Nomination Committee was NOK 6,000 per meeting prior to the Annual General Meeting and thereafter NOK 6,200 per meeting.

» [yara.com/this-is-yara/corporate-governance/shareholders/nomination-committee/](https://yara.com/this-is-yara/corporate-governance/shareholders/nomination-committee/)

## 8. Board of directors: Composition and independence

In accordance with an agreement between Yara and its employees, Yara does not have a corporate assembly. Yara believes this supports more direct communication between shareholders and management, increases accountability and improves the speed and quality of the company’s decision-making.

Yara’s Board of Directors consists of eleven members, with seven shareholder-elected Board members including the Chair, all elected for two-year terms by the Annual General Meeting. The remaining four Board members are employee-elected. Three of the shareholder-elected and two of the employee-elected Board members are women. The Board elects both its Chair and the Vice Chair based on a recommendation from the Nomination Committee.

The shareholder-elected members of the Board are independent of the company’s management, main shareholders and material business contracts. The same is valid for the employee representative Board members, other than their employment contracts. Members of the Executive Management are prohibited from being members of the Board.

All Board members are encouraged to own shares in the company. The shareholder-elected Board members Geir Isaksen, Hilde Bakken, Trond Berger, Håkon Reistad Fure, Kimberley Lein-Mathisen, Adele Norman Pran and John Thuestad owned 84, 800,

3,000, 22,500, 0, 10 and 1,200 shares respectively at years end.

The four employee-elected Board members Eva Safrine Aspvik, Rune Bratteberg, Kari Nøstberg, and Geir Sundbø owned respectively 531, 326, 447 and 298 shares at year-end.

Information about the Board members’ attendance in Board meetings are included in the Annual Report.

» [yara.com/this-is-yara/corporate-governance/](https://yara.com/this-is-yara/corporate-governance/)  
 » [Board of Directors / page 66](#)  
 » [Note 8.1 to the consolidated financial statements “Related parties” / page 161](#)

## 9. The work of the board of directors

The Board has established written instructions for its own work and the work of the CEO. Board members and members of Yara’s Management are in accordance with the Rules of Procedure for the Board of Directors of Yara and Yara’s Code of Conduct, committed to make the company aware of any material interest they may have in items to be considered by the Board. Furthermore, the Rules of Procedure for the Board of Directors includes provisions governing matters where Board members may be disqualified due to a special or prominent interest in the matter, including transactions with Board members.

» [Note 8.1 to the consolidated financial statements “Related parties” / page 161](#)

If the Chair is or has been personally involved in matters of material significance to the company, any Board review of such matters will be chaired by another member of the Board. In the case of the Chair’s absence, Board meetings will be chaired by the Vice Chair.

The Board of Directors held 11 meetings in 2019. Shareholder-elected Board members Kimberley Lein-Mathisen, Adele Norman Pran and Håkon Reistad Fure were appointed at the

Annual General Meeting 2019, and employee-elected Board member Eva Safrine Aspvik was elected thereafter. Lein-Mathisen, Norman Pran and Reistad Fure attended 7 meetings in 2019. Aspvik was excused from one of the meetings and attended 6 meetings. From September 2019 the employee-elected Board member Kjersti Aas was replaced by Kari Nøstberg, who attended 3 meetings in 2019. As for the remaining board members, one was excused from three of the meetings and one was excused from two of the meetings, hence attended 8 and 9 meetings respectively in 2019. The remaining board members attended all 11 meetings in 2019. The Board conducts an annual evaluation of its qualifications, experience and performance, which is also presented to the Nomination Committee.

The Board of Directors have established an Audit Committee and an HR Committee. Both committees work as preparatory bodies for the Board and according to specific mandates approved by the Board.

#### HR Committee

The HR Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and proposes guidelines for executive remuneration and material employment matters and advises the CEO on other HR matters. The HR Committee consists of three members elected by the Board from its own members. The committee held five meetings in 2019. All members attended all five meetings in 2019.

#### Audit Committee

The Audit Committee assists the Board of Directors in assessing the integrity of the company's financial statements, financial reporting processes and internal controls, risk management

and performance of the external auditor. The Audit Committee further evaluates plans and internal audits performed by the Internal Risk and Audit department within the areas of financial reporting and control.

The Audit Committee conducts an annual evaluation according to its mandate. Yara's Audit Committee consists of three members of the Board and the committee has the independence and competence required by legislation. The Chair of the Board is not a member of the Audit Committee. The Audit Committee held seven meetings in 2019. One member was appointed at the Annual General Meeting 2019 and thus attended four of the committee meetings in 2019. The remaining members attended all meetings in 2019.

The Yara Internal Risk and Audit function assists the Executive Management and the Board of Directors with a systematic, disciplined approach for evaluating governance, risk management and internal control.

» [yara.com/this-is-yara/corporate-governance/board-of-directors/audit-committee/](https://yara.com/this-is-yara/corporate-governance/board-of-directors/audit-committee/)

## 10. Risk management and internal control

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the business segments and expert organizations. The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key operational and strategic dimensions. The main objective for a more systematic and comprehensive assessment of risk appetite is to align boundaries for

risk which will guide efficient resource allocation. Defining risk appetite is also a prerequisite for setting optimal risk tolerance with supporting controls.

The Board believes that expressing the company's risk appetite within important areas of its business activity helps to convey how the company approaches and evaluates risk to investors, customers and society at large. The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing operations.

The Audit Committee performs ongoing evaluations of risk and control related to financial reporting. Yara Internal Risk and Audit supports Yara Management and the Board of Directors in terms of evaluating the effectiveness and efficiency of internal controls and gives an independent view on risk management.

Yara Internal Risk and Audit performs independent audits both at subsidiary and group level, as well as audits and reviews of specialist functions involved in business operations, financial reporting and risk management. The Chief Internal Risk and Audit Executive reports functionally to the Board of Directors and administratively to the Chief Executive Officer. Yara Internal Risk and Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties, and personnel relevant to the performance of its tasks. It also has full and free access to Yara Executive Management, the Board of Directors and the Audit Committee.

The external auditor provides a description of the main elements in the audit, including observations on Yara internal

control related to the Financial Reporting process, to the Audit Committee.

Yara's internal control framework is based on the principles of the integrated framework for internal control established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The five framework components are:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- and monitoring.

The content of the different elements is described below.

#### Control Environment

Yara's Corporate Social Responsibility policy and Code of Conduct are integrated in its risk management and internal control systems, through global employee training programs, and an Integrity Due Diligence process which covers both existing business partners and forward-looking business development activities.

Yara's Steering System is one of the pillars of Yara's internal control system. It aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. All Yara employees are encouraged to raise questions or issues about such matters with line management and through alternative channels, including a whistle-blowing system.

#### Risk Assessment

The Enterprise Risk Management unit is the key facilitator of the internal risk management system and shall assist Executive Management with implementing and maintaining an appropriate risk management framework to support identification, analysis, management and reporting of all types

of risks. The unit further coordinates risk management activities within Yara and consolidates reporting on risks.

#### Control Activities

Yara's Group Accounting is responsible for the preparation of the Financial Statement and to ensure that the Financial Statement is reported according to applicable laws and regulations and in accordance with adopted accounting policies.

The Controller function is responsible for the Board of Directors and Management reporting as well as planning and coordinating the business plan process.

The Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR) as well as manages and controls risks related to financial reporting.

The Audit Committee performs reviews of the quarterly and annual financial statements with special focus on transaction types, which includes judgments, estimates or issues with major impact on the Financial Statement. The internal and external auditors participate in these meetings. In addition to the quarterly and annual reporting, the Board of Directors receives pre-quarterly performance reports.

#### Information and communication

The Yara Steering System provides all employees with an overview of the prevailing corporate policies and procedures. Yara's Accounting Manual describes corporate accounting policies and is continuously updated and revised for any changes related to IFRS and Yara's Accounting Policies.

#### Monitoring

All bodies and functions described above monitor and assess for any need of corrective actions related

to financial and operational risk within their area of responsibility.

» [Risk management / page 43](#)

» [yara.com/this-is-yara/ethics-and-compliance/policies/code-of-conduct/](http://yara.com/this-is-yara/ethics-and-compliance/policies/code-of-conduct/)

» [yara.com/this-is-yara/ethics-and-compliance/](http://yara.com/this-is-yara/ethics-and-compliance/)

## 11. Remuneration of the board of directors

The remuneration of the Board of Directors is proposed by the Nomination Committee and approved by the Annual General Meeting, and is not linked to the company's performance. Board members are not granted share options, and shareholder-elected Board members do not have specific assignments for the company in addition to their duties as Board members.

The remuneration of the Board of Directors reflects the Board's responsibility, expertise, time commitment and the complexity of the company's activities. In 2019, the remuneration to the Chair of the Board of Directors was NOK 609,000 per annum prior to the Annual General Meeting, increasing to NOK 646,000 per annum thereafter. The remuneration to the Vice Chair was NOK 375,000 per annum prior to the Annual General Meeting, increasing to NOK 386,000 per annum after the Annual General Meeting. The remuneration to the other Board members was NOK 330,000 per annum prior to the Annual General Meeting and NOK 340,000 per annum thereafter. Board members resident outside Scandinavia was entitled to a meeting allowance of NOK 11,400 per meeting prior to the Annual General Meeting, increasing to NOK 23,000 per meeting after the Annual General Meeting.

The remuneration to the Chair of the Audit Committee was NOK 169,000 per annum prior to the Annual General Meeting, increasing to NOK 174,000

per annum thereafter. The remuneration to the other Audit Committee members was NOK 95,000 per annum prior to the Annual General Meeting and NOK 98,000 per annum thereafter.

The remuneration to the Chair of the HR Committee was NOK 7,700 per meeting prior to the Annual General Meeting, increasing to NOK 7,900 per meeting thereafter. The remuneration to the other HR Committee members was NOK 7,300 per meeting prior to the Annual General Meeting and NOK 7,500 per meeting thereafter.

The total compensation to Board members in 2019 is disclosed in Note 8.1 in the consolidated financial statements.

» [Note 8.1 to the consolidated financial statements “Related parties” / page 161](#)

## 12. Remuneration of executive personnel

The Board of Directors determines the remuneration of the President and CEO based on a proposal from the HR Committee and approves the general terms of the company's incentive plans for Executive Management and other key employees. The President and CEO determines the compensation to the other members of Yara's Executive Management.

The statement is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 5-6 (3) the statement will be presented to the Annual General Meeting (AGM) for advisory vote except for the parts regarding Share-Based Remuneration (SBR) and Voluntary Share Purchase Program which will be presented to the AGM for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015. Yara's remuneration

principles applying to the Executive Management comply with these guidelines. For executives employed by Yara companies in other countries remuneration may deviate from the guidelines depending on local market conditions. There is currently one member of Yara's Executive Management who is employed by a non-Norwegian Yara company.

### General Principle

Yara's policy concerning remuneration of the CEO and other members of Yara's Executive Management is to provide remuneration opportunities which:

- Are attractive to recruit and retain executives;
- Are responsible as well as competitive but not market leading;
- Reward the executives' performance, measured as their contribution to the overall success of Yara;
- Support the creation of sustainable value to Yara's shareholders and other stakeholders

Total compensation for each member of Executive Management is compared to the relevant market on a regular basis. Yara's remuneration of the Executive Management includes the following elements:

### Base Salary

Base Salary is reviewed once a year as per 1st June along with the Annual Salary Review for all employees in Yara. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries;
- Benchmark of Executive Management Salaries in peer companies

### Share Based Remuneration

The main purpose of the Share Based

Remuneration (SBR) is to support the alignment between executives and shareholder interests and to ensure retention of key talent in the company. The SBR provides a cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after the grant, and to retain the shares for minimum 3 years. After the lock-in period, executives are free to keep or sell the shares at their discretion. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period. The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive over the last three years.

Yara's CEO can in any case decide that SBR shall not be granted in a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO. Such an evaluation will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Key Performance Indicators (KPIs) linked to environmental, social and financial performance. The amount granted is linked to the responsibility in the position. For Yara CEO, SBR is 30% of Base Salary. For the other members of Executive Management, SBR is 20% or 25%.

### Short-Term Incentive Plan

Yara has defined and communicated long-term strategic targets. Those targets form the basis for the annual Business Plan. The annual KPIs are ambitious and stretched and are taken from Yara's business plan for the current year as a step towards achieving the company's long-term strategic targets. The relationship between the long-term strategic targets and the Key Performance Indicators is illustrated in the table on next page.

Strategic Priorities	Long-term targets		KPIs
Advance operational excellence	Delivering improved operations and superior profits	Yara Improvement Program EBITDA improvements > MUSD 600 in 2023 vs 2018	Fixed Cost Produced Volumes Energy Efficiency in production Inventory Days Credit Days Customer satisfaction EBITDA impact by Business Unit Procurement savings
	Driving quality and diversity through an engaged and respected workforce	Engagement index >80% by 2025, and >20% female top managers by 2020 and >25% by 2025	Total Recordable Injuries (TRI)  % Female senior Leadership position holders  % Employee engagement
	Protecting the planet by aiming for climate neutrality by 2050	>10% decline in kg CO <sub>2</sub> e/kg N produced by 2025	Tonne CO <sub>2</sub> eqv./tonne N
Create scalable solutions	Improving margins and nitrogen use efficiency through premium product growth	>3.5 million tonnes premium products growth and >100 million units of YaraVita sales by 2025, improving overall EBITDA/t in Sales & Marketing	Product deliveries (kt) Commercial CBI/t EBITDA/t
	Build profitable global food chain partnerships	>2 million tonnes of crop solution sales generated through food companies by 2025	Product deliveries (kt)
Drive innovative growth	Building closeness to farmers through scaling up digital farming	>10 million ha under management in 2020 and positive EBITDA from digital farming in 2022	KPI's driving progress towards successful completion of defined development projects
	Solving global challenges and growing profitable business through innovation	Shaping the industry by delivering sustainable and profitable innovations with de-carbonization and circular economy	

The Short-Term Incentive Plan depends on four main factors;

- A trigger which must be met for any incentive at all to be paid out, the trigger is having a net income above zero
- Provided this is in place, the other three factors are multipliers defining the pay-out to each member of the plan;
- Target Incentive as a percentage of Base Salary;
- Yara Financial Performance measured by Yara's Return on Invested Capital (ROIC) excluding Special Items;
- Executive Management's contribution to the achieved results of the KPIs and strategic targets. The KPIs should express ambitious and stretched goals

These three elements are described in further detail below:

#### Target Incentive

The Target Incentive is linked to the responsibility in the position and comparison with the market. The Target Incentive is 40% of base salary for Yara CEO and 28% to 35% of base salary for the other members of Executive Management on Norwegian employment contracts. For executives employed by Yara companies in other countries the Target Incentive sometimes deviate from the above depending on local market conditions.

#### Yara Financial Performance

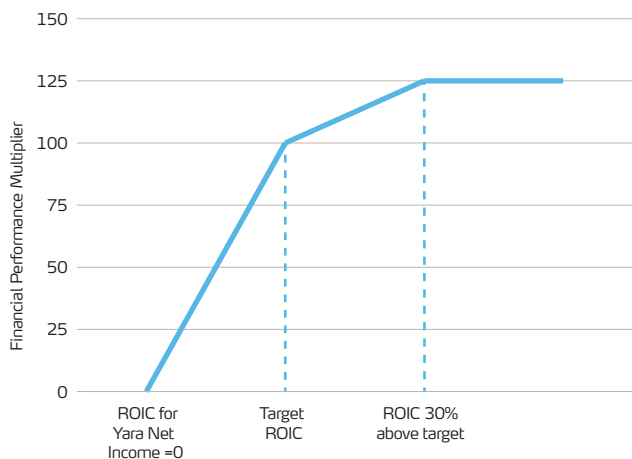
Given that Yara's net income is above zero, the financial performance

multiplier will be in the range of 0 up to maximum 125% depending on the targeted and achieved ROIC. The multiplier scale is shown in the table below.

The basis for setting the ROIC target is Yara's long-term strategic target of 10% return on capital employed. The target for an individual year will vary depending on where we are in the industry cycle and will for some years be lower and for other years higher than the strategic target. The annual target for ROIC is approved by Yara International ASA Board of Directors.

### Yara ROIC

In %



Note: Yara Net Income and ROIC are both excluding special items and currency effects  
 Special Items are substantial, one-time expenses or sources of income not being expected to recur in future years. For example, restructuring costs, earnings from discontinued operations, etc. In addition, significant events affecting ROIC not considered in the target setting might cause negative or positive adjustments subject to BoD approval. Such events are mainly:

- Change in gas prices
- Change in nitrogen commodity prices

### Executive Management Performance

The Executive Management Performance multiplier is based on measurable KPIs, the promotion of Yara’s Mission, Vision and Values and demonstrated behaviors. The relationship between Yara’s long-term strategic targets and the annual KPIs is shown in the table above.

To achieve 100% multiplier on Executive Management Performance, all the KPI targets must be fully achieved and the executive must have demonstrated behavior according to Yara’s Values.

### Short-Term Incentive Payout

For executives on Norwegian employment contracts the maximum Short-Term Incentive Payout is capped at 50% of Annual Base Salary. It is not permitted to accrue any calculated payout in excess of the capped amount to future year where the payment may be less than 50% of Base Salary. For executives employed by Yara companies in other countries the payout may exceed 50% depending on local market conditions. For the year 2016 to 2018

the annual payouts for Yara CEO varied between 21% and 36% of Base Salary. The average annual payouts for the other executives on Norwegian employment contracts varied between 16% and 31% of Base Salary.

### Benefit Plans

Company paid Pension Plans  
 Pension Plans in Yara should be defined contribution (DC) plans. Executive Management on Norwegian employment contracts are eligible to the company paid DC Pension Plan applicable for all Yara employees in Norway. The contribution rates to this plan is 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) and 18% of pensionable salary between 7.1G and 12G.

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Executive Management who are members of the plan at commencement, future contribution to

the plan stops and they become deferred members of the plan. Current members of the Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1st January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

Executives employed by Yara companies in other countries will be covered by company paid pension plans according to national plans and markets.

### Personal Insurance Schemes

The executives are members of the personal insurance schemes applicable to all Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident and Health Insurance. In addition, they are provided with a Travel Insurance covering both the executive and family.

### Other compensation elements

Executives are granted benefits in kind according to the applicable market standard. These are typically cell phone, internet connection and company car, alternatively fixed car allowance.

Members of Yara Executive Management on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay.

**Voluntary Share Purchase Program**  
Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 15,000 with a tax-exempt discount of NOK 1,500 in the first alternative and NOK 3,000 in the latter. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

Salary and other benefits earned in 2019 are disclosed in note 8.2. For additional information about existing pension plans see note 5.4.  
» [Note 8.2 to the consolidated financial statements "Executive Management Remuneration" / page 162](#)  
» [Note 5.4 to the consolidated financial statements "Employee benefits" / page 136](#)

### 13. Information and communications

Communication with financial markets is based on the principles of openness and equal treatment of all shareholders. Yara shall provide the public with accurate, comprehensive and timely information, to form a good basis for making decisions related to valuation and trade of the Yara share. The aim of providing such information is to reduce investors' risk and the volatility of the Yara share, contributing to a pricing of the Yara share that reflects the company's underlying values and future prospects.

Yara's main communication channels are stock exchange releases, press releases and its own web pages ([www.yara.com](http://www.yara.com)) in order to secure that the same information is made available to all audiences simultaneously. Although Yara holds regular meetings for analysts, investors, journalists and employees, all material new information is first published to the stock exchange and Yara's web pages. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara does not provide guidance on financial results. However, Yara may communicate guidance and/or targets for discrete activity areas. In addition, Yara provides sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates.

Yara Spokespersons to financial markets (investors, analysts and financial media) are the Chief Executive Officer, the Chief Financial Officer, SVP Investor Relations, VP Corporate Communications and Investor Relations Officer(s) or others authorized by these. Questions from investors and financial analysts to other Yara personnel shall be referred to Investor Relations. All meetings with investors and financial analysts shall be arranged/coordinated by Investor Relations, and presentation materials for such meetings shall be prepared or approved by Investor Relations. Investor Relations shall normally accompany Yara managers in investor/analyst meetings.

Yara publishes quarterly financial results according to its financial calendar which is published annually on its web pages and to the stock exchange. Ahead of announcements of quarterly results,

Yara has a so-called "closed period" when contact with external analysts, investors and journalists is minimized. Yara will not comment upon own activities or market developments during this period, to minimize the risk of unequal information in the marketplace. The closed periods are from 16 January until fourth quarter results publication, from 1 April until first quarter results publication, from 1 July until second quarter results publication and from 1 October until third quarter results publication.

Yara shall comply with relevant regulations for companies listed on the Oslo Stock Exchange.  
» [yara.com/investor-relations/](http://yara.com/investor-relations/)

### 14. Take-overs

The Board of Directors will not seek to hinder or obstruct takeover bids. In the event of a takeover bid for the company, the Board will seek to comply with the Code recommendations, obtaining a valuation from an independent expert and making a recommendation to Yara's shareholders regarding acceptance of the bid. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

The Norwegian Securities Act regulates takeover attempts. Shareholders at the Annual General Meeting will, according to law, make the decision on any potential takeover bids.

### 15. Auditor

To the Audit Committee, the external auditor shall provide a description of the main elements of the audit of the preceding financial year, including any uncovered material weaknesses related to internal controls of the financial reporting process.

The external auditor shall also:

- Annually confirm its independence;



- Disclose any services besides the statutory audit services which have been provided to the company during the financial year;
- Disclose any threats to its independence and document measures taken to mitigate such threats.

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the

Chief Accounting Officer if the total fee for the legal or reporting unit exceeds NOK 150,000 or USD 20,000. The external group auditor is responsible for reporting such services to the Audit Committee and to perform an ongoing assessment of independence. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara.

The external auditor participates in the meetings of the Audit Committee that approve financial statements. In addition, the external auditor meets with the Board at least once per year to review the company's internal control procedures, potential weaknesses identified and proposals for improvement. The external auditor and the Board meet at least once a year without Yara Executive Management being present.

# Board of Directors 2019



**Geir Isaksen (1954)**



**Hilde Bakken (1966)**

<b>Position</b>	Chairman of the Board Chairman of the HR Committee	Member of the Board Member of the HR Committee
<b>Elected by/year</b>	Shareholders, 2013	Shareholders, 2014
<b>Position</b>	Chief Executive Officer of NSB/Vy since 2011	Executive Vice President Production in Statkraft since 2018
<b>Education</b>	Dr. Scient. in Agricultural Economics from the Norwegian University of Life Sciences in Ås, Norway.	Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU).
<b>Experience</b>	From 1996 to 2011, Mr. Isaksen was CEO of Cermaq ASA (before 2002 Statkorn Holding ASA). During this period, he led a comprehensive restructuring process and IPO of the business and contributed to significant growth in Norway and abroad. From 1995 to 1996 Geir Isaksen was CEO of Statkorn AS, and prior to this he has held director positions in the Norwegian agriculture organizations' Brussels office and Gartnerhallen, a food wholesale and distribution company.	Mrs. Bakken has held various leadership roles in Statkraft within market and power production areas since 2000. Since 2010, Bakken has been part of Statkraft Executive management, from 2010 to 2013 as Chief of Staff. From 2013-2018 she was EVP for Power Generation. Since 2018, she has served as EVP Production, responsible for long term management of existing hydropower and thermal fleet in NW Europe, as well as Statkraft's District Heating business and power generation operations in 10 countries. Before joining Statkraft, she was employed in Norsk Hydro and Conoco where she has held various management and engineering positions in operations and field development on the Norwegian continental shelf.
<b>Other assignments</b>	Chairman of the board in Vy Buss AS, CargoNet AS and the Church City Mission (Kirkens Bymisjon), member of the board of the employer association Spekter.	Several Board positions in 100% and partly owned Statkraft companies.
<b>Board meetings attendance</b>	11	11
<b>HR Committee attendance</b>	5	5
<b>Audit Committee attendance</b>		
<b>Shares owned at year-end 2019</b>	84	800



**Trond Berger (1957)**



**Håkon Reistad Fure (1987)**

<b>Position</b>	Vice chairman of the Board Chair of the Audit Committee	Member of the Board
<b>Elected by/year</b>	Shareholders, 2018	Shareholders, 2019
<b>Position</b>	Investment Director at Blommenholm Industrier since 2019	Partner of Magni Partners since 2014
<b>Education</b>	MA in Economics from the BI Norwegian School of Management and is a State-Authorized Public Accountant. Graduate of the Norwegian Armed Forces' Officer Candidate School (1977).	Fure holds an MSc in Finance from the Norwegian School of Management (Handelshøyskolen BI)
<b>Experience</b>	In 2019, Mr. Berger was appointed Investment director at Blommenholm Industrier. From 1999 to 2019, Mr. Berger served as Executive Vice President of Schibsted ASA. Previous positions also include: Investment Director with Stormbull (1998), Executive Vice President (CFO) of Nycomed ASA and Executive Vice President, Strategy and Business Development at Nycomed Amersham (1997-98), and partner at Arthur Andersen (1981-92).	In 2016, Mr. Fure was elected to the board of Avida, where he also acted as CEO in 2018. He joined the corporate assembly of Storebrand ASA in 2015 and was subsequently elected a board member of Storebrand ASA in 2015 directly representing a group of shareholders. During his tenure as a board member the company's solidity and profitability improved materially and he left the board in 2018. Previous experience in Equity Research at DNB Markets
<b>Other assignments</b>	Board member of Schibsted companies, Polaris Media and Oslo House.	
<b>Board meetings attendance</b>	11	7
<b>HR Committee attendance</b>		
<b>Audit Committee attendance</b>	7	
<b>Shares owned at year-end 2019</b>	3,000	22,500



**John Thuestad (1960)**

Member of the Board Member of the Audit Committee
Shareholders, 2014
Executive Vice President Bauxite & Alumina at Norsk Hydro ASA since 2018
Master's degree in Metallurgy from NTNU, Trondheim, Norway; MBA from Carnegie Mellon University, Pittsburgh, USA.
Mr. Thuestad has been EVP of Norsk Hydro ASA and responsible for the Bauxite and Alumina Business Area since June 2018. Prior to this, Thuestad led Hydro Extruded Solutions, Europe. From 2013 to 2017, Thuestad held the position of EVP Sapa Extrusions Europe. From 2012 to 2013 he led Sapa Profiles with production plants in Europe, North America and China. From 2009 to 2012 he led Alcoa Global Primary Products with 40 locations in Australia, Latin America, Europe and North America. Thuestad has previously been the CEO of Elkem AS and Elkem Aluminium AS. Prior to that, Thuestad was Managing Director of Norzink AS and Fundo AS. Thuestad has served as Board member/Chairman of Tyssefaldene AS 1997-2000, Board member of Borregaard AS 2005-2007, Statkraft/ Groener AS 2000-2003 and as Officer of Alcoa Inc 2010 - 2011.
Member of the Executive Committee of the European Aluminium Association.
9
1,200



**Adele Bugge Norman Pran (1970)**

Member of the Board Member of the Audit Committee
Shareholders, 2019
Professional Boardmember and management consultant
Bachelor and Master's in law from the University of Oslo and Master in Auditing and Accounting. IB from United World College of the Atlantic.
Mrs Pran is a professional boardmember. Previously she has been in the Private Equity industry for 13 years. As a Partner of Herkules Capital Mrs. Pran was in charge of the following business areas: Finance, Treasury, Investor Relations, Acquisitions and divestments, strategy and Business development, Legal, Compliance and ESG (2004-2016). Prior to Herkules Capital Mrs. Pran was part of the Deals team in PWC (1999-2004).
Mrs. Pran is currently on the board of ABG Sundal and Collier ASA, B2Holding ASA, Zalaris ASA, Motorgruppen AS, Løvenskiold Fossum AS and Hitec Vision ASA
7
4
10



**Kimberly Lein-Mathisen (1972)**

Member of the Board
Shareholders, 2019
General Manager of Microsoft Norge AS since 2016
BS in engineering from the U. of Illinois, and MBA from Harvard Business School.
Kimberly Lein-Mathisen is the General Manager of Microsoft Norway. She is a passionate voice for how technology and diversity can lift Norway. She has 20+ years of experience in Branded Consumer Goods, Pharmaceuticals, Media, and Technology leading across geographies in North America, Europe and Asia. Her roles have included CEO of Lilleborg (Orkla Home & Personal Care); Global VP & Alliance Leader, Eli Lilly; General Manager, Germany and Norway, Eli Lilly; Co-Founder Appear Networks; and Production Leader, Procter & Gamble. Kimberly has extensive board experience including Abelia, NHST (parent of Dagens Næringsliv), Meda AB, Borregaard, and Kappa Bioscience.
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# Board of Directors 2019



**Geir O. Sundbø (1963)**



**Rune Bratteberg (1960)**

<b>Position</b>	Member of the Board Member of the HR Committee	Member of the Board Member of the Audit Committee
<b>Elected by/year</b>	Employees, 2010	Employees, 2012
<b>Position</b>	Corporate employee representative of Yara International Chairman of European Works Council (EWC) of Yara International	Head of Chemical Compliance
<b>Education</b>	Skilled Chemical Process operator.	Degree in Information Technology Degree in Nordic Languages and History.
<b>Experience</b>	Mr. Sundbø has been a Yara (Hydro) employee since 1987 He has been actively engaged in union matters since 1989	Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO. Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.
<b>Other assignments</b>		
<b>Board meetings attendance</b>	8	11
<b>HR Committee attendance</b>	5	
<b>Audit Committee attendance</b>		7
<b>Shares owned at year-end 2019</b>	298	326

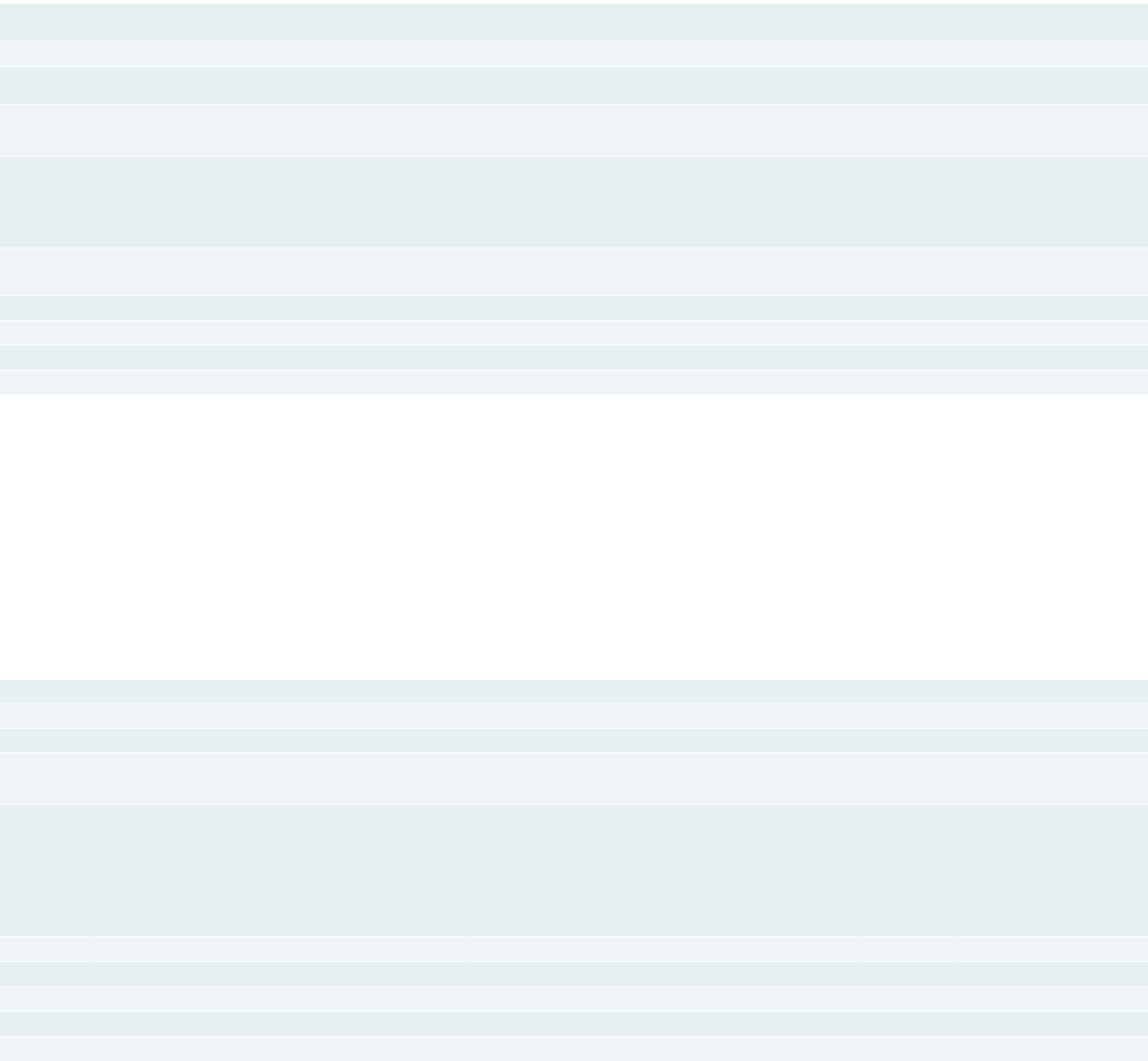


**Kari-Marie Nøstberg (1960)**








**Eva Safrine Aspvik (1972)**




<b>Position</b>	Member of the Board	Member of the board
<b>Elected by/year</b>	Employees, 2019	Employees, 2019
<b>Position</b>	Precious Metal Pool Manager in Yara	Union representative Yara Glomfjord
<b>Education</b>	Ms. Nøstberg is a Business economist and structural engineer, and holds a degree in Management, Logistics and Operations Management in addition.	Skilled chemical process operator
<b>Experience</b>	Ms. Nøstberg has been a Yara (Hydro) employee since 1992, currently in the position of Precious Metal Pool Manager, Yara Catalyst. She has held different positions in Yara Porsgrunn related to purchasing and logistics. And as building engineer in Hydro Rjukan and Statens vegvesen in Telemark. She has been engaged in union matters in Yara since 2010 and has been deputy as employee representative in Member of the Board of Yara International since 2016. She has been member of the Board in Porsgrunn Bamble Borgestad Boligbyggelag 2013-2017.	Aspvik has been a Yara employee since 2002. She has been actively engaged in union matters at the Glomfjord plant since 2010.
<b>Other assignments</b>		
<b>Board meetings attendance</b>	3	6
<b>HR Committee attendance</b>		
<b>Audit Committee attendance</b>		
<b>Shares owned at year-end 2019</b>	447	531



# Executive Management 2019

			
	Svein Tore Holsether (1972)	Lars Røsæg (1982)	Tove Andersen (1970)
<b>Position:</b>	President and Chief Executive Officer	EVP, Chief Financial Officer	EVP, Production
<b>Year of appointment:</b>	2015	2018	2018
<b>Employed:</b>	2015	2017	1997
<b>Education:</b>	BSc degree, specializing in Finance & Management from the University of Utah, USA.	He holds a degree ("Siviløkonom") from the Norwegian School of Economics (NHH), a four-year programme in economics and business administration.	Master's degree in Business Administration from BI Norwegian Business School and a Master's degree in physics and mathematics from the Norwegian University of Science and Technology (NTNU).
<b>Experience:</b>	Previously Mr. Holsether held the position as President and CEO of Sapa AS. Prior to this he was EVP M&A Orkla 2010-2011, Business Area President Sapa Asia & Middle East 2010, CFO Sapa AB 2007-2010, CFO Orkla Specialty Materials 2006-2007, CFO Elkem ASA 2005-2006, CFO Elkem ASA North American Division 2003-2005, and various positions within the Elkem group including Vice President Group Control, Group Controller, Group Financial Analyst 1997-2003.	Mr. Røsæg has served as Chief Financial Officer since November 2018. Lars Røsæg joined Yara in 2017, and has since March 2018 held the position of Vice President Global JVs & CEO Office. He has broad experience from senior finance and strategy positions at Sapa (2012-2017) and Orkla (2005-2012).	Mrs. Andersen has previously held several positions in the company. She was Executive Vice President Supply Chain 2016-2018 and VP Supply Chain Europe 2014-2016. She has also served as VP Marketing and New Business 2011-2013, Country Manager Yara UK/ Ireland 2006-2011, Director Specialities and Retail Marketing 2005-2006, Director Business Development and Alliances 2003-2005, Manager, Business Development, Finance and Analysis Hydro Agri 2000-2003, Business Facilitator 1999-2000. She was employed by Hydro in 1997 as a trainee.
<b>Shares owned at year-end 2019:</b>	34,613	3,442	7,862

		
	Kristine Ryssdal (1960)	Lair Hanzen (1967)
<b>Position:</b>	EVP, General Counsel	EVP, Yara Brazil
<b>Year of appointment:</b>	2016	2016
<b>Employed:</b>	2016	1996
<b>Education:</b>	Master of Laws degree from the London School of Economics, in addition to a Law degree from the University of Oslo.	MBA in International Business from the Argentinian Belgrano University and a MBA in Strategic Business Administration from the Brazilian Lutheran University (ULBRA).
<b>Experience:</b>	Before joining Yara, Mrs Ryssdal held the position of Vice President Legal at Statoil 2012-2016. Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998.	Mr. Hanzen has held several positions in the company. He was Manager Downstream/ President Yara Brazil 2013-2016, Chief Financial Officer Upstream 2009-2013, VP and President Yara Brazil 2006-2009, Chief Financial Officer Yara Brazil 2000-2006, Chief Financial Officer Yara Argentina 1996-2000. Prior to joining Yara through the acquisition of Adubos Trevo, Lair held several management positions in fertilizer companies and other sectors.
<b>Shares owned at year-end 2019:</b>	5,795	16,081

		
<b>Terje Knutsen (1962)</b>	<b>Pablo Barrera Lopez (1985)</b>	<b>Lene Trollnes (1968)</b>
EVP, Sales & Marketing	EVP, Strategy and Supply Chain	EVP, People & Global Functions
2019	2018	2016
1987	2014	2016
Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway.	Master's degree in Finance from the Norwegian School of Economics and Business Administration (NHH).	Bachelor's degree in Management Sciences and a Master's degree in Organizational Psychology from the University of Manchester Institute of Science & Technology.
His previous positions in the company include EVP Crop Nutrition 2015-18, Business Unit Manager North and East Europe 2012- 15, Business Unit Manager Asia 2006-12, VP Downstream Marketing 2005-06, VP Yara Specialties 2001-05, VP and Country Manager Spain and Portugal 1998- 2001. In addition, he has held a number of financial controller, commercial and management positions since joining the company in 1987 as a trainee.	Mr. Barrera has served as Executive Vice President Supply Chain since April 2018. His previous positions in the company include: Country Manager Yara Chile 2017-2018, Head of Corporate Strategy in Strategy & Business Development 2015-2016, Manager Strategy in Strategy & Business Development 2014-2015. Prior to joining Yara, Mr. Barrera worked at The Boston Consulting Group between 2009-2014.	Before joining Yara, Mrs Trollnes held the position of EVP HR & Integration at Sapa 2013-2016. Prior to this she led the integration between Sapa and Hydro (2012-2013), and held several HR and management positions at Norsk Hydro between 1992-2013, including Senior VP HR, HSE & CSR Hydro Primary Metal 2010-2013, Senior VP HR & Organization HSE & CSR Hydro Extruded Products 2008-2010, and Senior VP HR & Organization Hydro Aluminum Products 2006-2008.
9,531	3,337	12,861

\* Management presentations reflect Yara's Executive Management per 18 March 2020

# Directors' Report >





## Improved margins and cash flow

Yara delivered improved margins and cash flow in 2019, with earnings before interest, tax and depreciation (EBITDA) up 38% from a year earlier. Capital returns also improved, but Yara remains focused on further strengthening its financial returns through internal improvements and prudent capital allocation. Yara's safety incident rate remained at a low and industry-leading 1.4 total recordable injuries (TRI) per 1 million working hours.

Yara's return on invested capital (ROIC) is at 6.6%, up from 3.8% in 2018. Margins improved compared with 2018, mainly reflecting lower European gas cost and improved product mix. Total deliveries were 38 million tonnes, down 1.5% from 2018 mainly reflecting reduced deliveries of low-margin blended fertilizers in Brazil.

Yara's strategic focus is to be the crop nutrition company for the future; growing sustainable solutions to farmers and industry while delivering a superior return on capital. As part of its crop nutrition focus, Yara has announced it is evaluating an IPO or spin-off of its industrial nitrogen businesses. The IPO / spin-off evaluation and scope assessment is expected to be completed by mid 2020. On 8 March 2020, Yara announced that it had signed a share purchase agreement with Qatar Petroleum (QP) to sell its 25% share in Qatar Fertiliser Company

(QAFCO). The parties have agreed on a purchase price of USD 1 billion for Yara's shares in QAFCO. The transaction is conditional on obtaining necessary local regulatory approvals and customary closing conditions.

### Performance overview

#### Operational performance

Yara's Safe by Choice initiative, which started in 2013, has driven improved safety performance, with a TRI rate of 1.4 per million hours worked in 2019, in line with 2018 and down from 1.8 in 2017.

Full-year 2019 ammonia and finished product production was up 2% and 1% respectively compared with 2018. For ammonia, the increase is mostly driven by the Freeport plant in Texas that started up May 2018.

Deliveries were down 1.5% mainly due to reduced deliveries of low-margin blended fertilizers in Brazil.

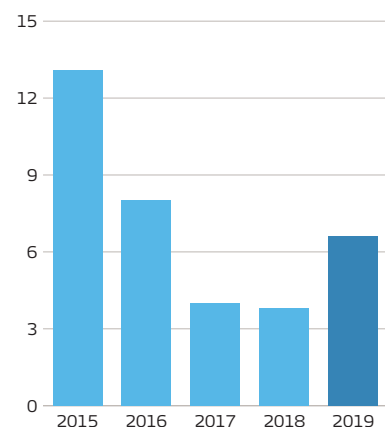
Margins improved in 2019 compared with 2018, mainly driven by lower gas prices, better product mix and improved commercial margins for premium products.

#### Operating segments

The Sales & Marketing segment saw a 3% decrease in fertilizer deliveries, while the New Business segment saw

#### ROIC <sup>1)</sup>

Percent, 12 month rolling average



4% higher deliveries. The Production segment delivered a 2% increase in ammonia production and a 1% increase in finished fertilizer production.

### Financial performance

#### Market conditions

Demand for fertilizer and industrial nitrogen products was healthy overall in 2019, but urea prices remained supply-driven, as consumption growth was met with increased exports mainly from China. Urea prices fell overall compared with 2018, mainly reflecting lower production cost and a weaker currency in China. Chinese urea exports totaled 4.9 million tonnes for the year, up from 2.5 million tonnes in 2018.

Urea is the largest traded nitrogen fertilizer product and sets the global nitrogen commodity price, but 61% of Yara's finished products (production) are premium products like nitrates and NPKs. A key element of Yara's strategy is to continue to grow its production and sales of premium products.

#### Consolidated results

Yara had a net income after non-controlling interests of USD 599 million, a 277% increase from 2018, mainly reflecting improved margins and lower currency losses compared to 2018. Earnings per share were USD 2.2 in 2019 compared with NOK 0.58 in 2018. Operating income was USD 989 million, up from USD 402 million in 2018, while EBITDA was USD 2,095 million compared with USD 1,523 million in 2018. Revenue was USD 12,936 million in 2019, down from 13,054 million in 2018.

#### Cash flow and financial position

Net cash from operating activities was USD 1,907 million compared with USD 756 million in 2018, with higher operating income and lower operating capital being the main contributors. Net cash used for investing activities in 2019 was

USD 1,044 million, reflecting planned maintenance and productivity investments in addition to growth projects.

Yara's financial position improved in 2019, with a debt/equity ratio of 0.42 at year-end compared with 0.43 at the end of 2018 after completing a buyback of 0.5% in the fourth quarter, reflecting higher cash flow from operation combined with less capital expenditures.

Net interest-bearing debt was USD 3,725 million at year end, while total assets were USD 16,725 million. Total equity attributable to shareholders of the parent company as of 31 December 2019 amounted to USD 8,830 million. At the end of 2019 Yara had USD 300 million in cash and cash equivalents, and USD 2,090 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2019 and financial position on 31 December 2019. According to section 3-3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

#### Operating segments

The Sales & Marketing segment delivered an EBITDA of USD 743 million and a ROIC of 15.2% in 2019, compared with an EBITDA of USD 613 million and a ROIC of 14.4% in 2018 (restated according to new segment structure). EBITDA and ROIC increased mainly due to improved commercial margins and lower fixed costs.

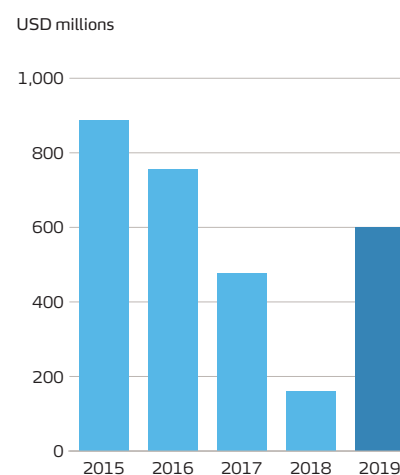
The New Business segment delivered an EBITDA of USD 190 million and a ROIC of 40.2% in 2019, compared with an EBITDA of USD 115 million and a ROIC of 32.9% in 2018 (restated according to new segment structure). The EBITDA and ROIC improvement was mainly driven by improved results within the Maritime and AdBlue businesses.

The Production segment delivered an EBITDA of USD 1,140 million and a ROIC of 3.1% in 2019, compared with an EBITDA of USD 856 million and a ROIC of 0.6% in 2018 (restated according to new segment structure). EBITDA and ROIC increased mainly due to higher nitrogen upgrading margins.

#### New Accounting Standards

Yara adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019. The new standard represents a significant change in Yara's accounting for leases as a lessee. For each contract that meets the lease definition in the standard, IFRS 16 requires Yara to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short-term and low value leases. Lease payments are to be reflected as interest expense

### Net income after non-controlling interests



and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows. As of 31 December 2019, right-of-use assets amounts to USD 428 million and lease liabilities amounts to USD 435 million. The effect on EBITDA is positive with USD 118 million. Please see note 4.5 Leases in the consolidated financial statements for more information.

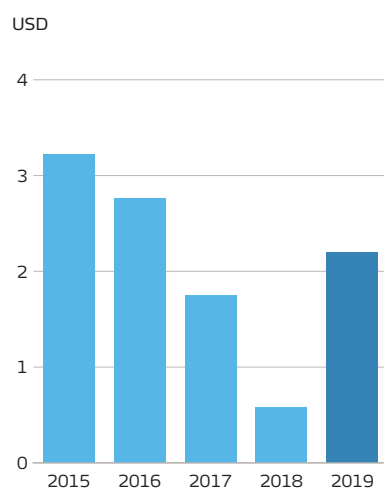
**Yara International ASA**

The parent company Yara International ASA is a holding company, with financial activities and with corporate functions. Yara International ASA had a net income of NOK 1,138 million negative in 2019, down from NOK 2,605 million positive in 2018, after dividends and group relief from subsidiaries of NOK 900 million (NOK 4,500 million in 2018). The net foreign currency translation loss was NOK 613 million compared with a loss of NOK 875 million in 2018.

**Environmental Performance**

In 2019, Yara established a corporate

**Earnings per share**



scorecard which was presented at the Capital Markets Day. Here, environmental performance was embedded as part of how we measure progress in strategy implementation.

The indicators are carbon intensity for our products and sales of premium products, which support reduced nutrient losses from the field. Our GHG emissions intensity will be reduced by more than 10% from 2018 to 2025.

An investment plan of USD 200-450 million is being developed to profitably improve energy efficiency and further improve the effectiveness of catalyst systems. Investments were being planned, and performance was at the same level as 2018, which is mainly explained by the investment plan not yet being executed.

Improved nitrogen use efficiency has also been identified by Yara as an opportunity to improve on a major environmental externality. Globally, about half the nitrogen supplied to farmers' fields is not absorbed by the crops. Yara's range of premium products performs better, and Yara has set a KPI of increasing sales of such products.

Yara reports with full transparency on environmental indicators. The most material performance indicators cover emissions to air, energy and greenhouse gases and raw materials consumption as well as environmental provisions. These are found on pages 20-31, while a full disclosure including descriptions of management systems is available in the separate GRI Sustainability report issued by Yara's management, which is available on the yara.com annual report section.

**Social Performance**

As part of Yara's strategy update, several performance indicators and

goals were defined and disclosed at the 2019 Capital Markets Day. In the social performance area, KPIs have been determined for diversity, employee engagement, total recordable injuries (TRI) rate and also an outcome goal on number of people we help feed.

Driving equality and diversity through an engaged and respected workforce is a key enabler to deliver on the overall strategy. We have set a goal of improving on an already high employee engagement index to >80% in 2025. In 2020 we set a goal of having 20% female top managers, with a further improvement to 25% or more in 2025.

At year-end 2019, Yara had 20% female top managers, while the employee engagement index was registered at 75%.

Yara is committed to paying employees fairly, regardless of any individual characteristics. A 2017 comprehensive analysis identified a gender pay gap in Yara ranging from 2.1% in Norway to 16% in Colombia.

From 2019 a proxy measure of the gender equal pay gap has been implemented to follow up the development on a monthly basis. The proxy calculation of the proxy measure is simplified compared to the analysis made in 2017. It calculates the average difference of base salary between men and women corrected for the two factors responsibility in position and documented performance.

Following the 2019 annual salary adjustments, the overall gender pay gap proxy was at 5.5%. An extraordinary salary review was run in December 2019 to further close the gap. As a result, the global gender pay gap has been reduced to 4.9%.

Safety remains a main priority in Yara. Yara's TRI rate was 1.4 in 2019, which is the same as in 2018. Yara believes every injury is preventable, and we strive towards zero injuries with no fatalities and a TRI of less than 1.2 in 2025.

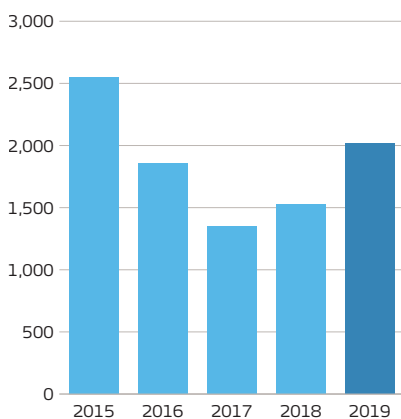
Yara's sick leave rate was 3.2% in 2019, compared to 3.4% in 2018.

The outcome of our crop nutrient deliveries is increased farm productivity, helping reduce the economic drivers for deforestation and helping to feed a growing global population. Yara's goal is to grow our deliveries and thereby help feed more people. In 2019, our deliveries helped feed 241 million people, compared to 242 million people in 2018. In 2025, our goal is to help feed 275 million people.

The most material social performance indicators; Number of people fed, employee turnover, grievances from local communities, non-compliance and ethics training; are disclosed at pages 32-33. Here, human rights management is also presented. A full account for the social dimension is available in the separate GRI report, issued by Yara's management.

## EBITDA

USD millions



## The Company

Yara is an integrated crop nutrition company with an industrial portfolio. Yara is headquartered in Oslo, Norway and is listed on the Oslo Stock Exchange. Yara's knowledge, products and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food and environment. The company mission is to "Responsibly feed the world and protect the planet".

Yara's business activities are carried out within three operational segments; Production, Sales & Marketing and New Business.

The Production segment is responsible for the production of ammonia, mineral fertilizers and industrial products. Yara is the world-leading producer of nitrates, calcium nitrate, NPKs and a growing portfolio of phosphates. The segment combines safety, reliability and productivity by focusing on solid operations globally.

The Sales & Marketing segment combines crop knowledge, product portfolio and application competence to deliver differentiated and profitable solutions to customers and farmers, supporting a sustainable, premium business for Yara.

The New Business segment develops and markets environmental solutions and essential products for industrial applications, leveraging Yara's global distribution network to offer reliable deliveries of safe and cost-efficient solutions worldwide.

Yara's strategic focus is to be the crop nutrition company for the future; growing sustainable solutions to farmers and industry while delivering a superior return on capital. The announced evaluation of an IPO of the industrial nitrogen businesses would be based on

its robust growth story over many years. At the same time Yara would be able to build a stronger and more focused Crop Nutrition company. The IPO / spin-off evaluation and scope assessment is expected to be completed by mid-2020.

Yara sees the following four strengths as key to its competitive edge:

- **Global scale**

We operate across six continents, across different commercial segments, and more than 25 plants and mines. Our global distribution network allows us to optimize product flows and plant inputs across geographies and adjust production volumes to match market conditions.

- **Knowledge network**

Yara's deep understanding of crop nutrition, farmers and industrial markets allows us to sell highly profitable premium products and solutions that also benefit society.

- **Responsible business**

Yara's commitment to upholding the highest standards of safety, business ethics, and social and environmental responsibility gives employees, customers, partners and regulators a reason to believe in us. Our mission guides us to continually review and analyze how operations impact societal and environmental change.

- **Passionate people**

Surveys consistently show that Yara employees are committed to our mission and vision and support the direction of the company in much greater numbers than global benchmarks. This passionate workforce enables the company to take on new tasks, drive profitability, optimize productivity, and propel innovative thinking.

**Strategy**

In 2018, we analyzed where we create the most value, where we are most challenged, and the global trends that will shape our industry in the long-term. This led to our new corporate strategy, which will guide our growth for the years to come.

At the Capital Markets Day in 2019, we further detailed how we will deliver upon the strategy. Our strategic ambition is to be the Crop Nutrition Company for the Future, a strategy which also enables delivering on the company Mission, Vision and Values.

**Value Growth**

Based on megatrends and our analysis of how and where we create value, the strategy implies a shift from volume growth to value growth. While global scale remains a strategic strength and increased volumes is a target, we will measure success as added value.

Several megatrends points towards stronger demand for more precise and efficient use of crop nutrients, rather than commodity driven volume growth. Our approach focuses on solutions, meaning that we combine our crop nutrition, knowledge and services in complete offerings.

**Megatrends**

The global environment is rapidly evolving, and we have identified seven megatrends which impacts our business, and which may constitute risks or opportunities.

In our main market, the agricultural sector, three biophysical trends will create increasing dynamics which must be addressed: Climate change, water stress and soil degradation. These trends can influence the demand side for fertilizers, driving shifts in agricultural production.

Our global positioning is a natural hedge against downside risks.

Yara is also positioned to gain advantages in the market by providing solutions, including reducing carbon footprints, water solutions and balanced crop nutrition programs.

Four socioeconomic megatrends will also drive developments in our markets: Food Industry Integration, Dietary Shifts, Circular Economy and Digitalization. These are megatrends where Yara has a strong position through our global reach and advanced knowledge.

**Material Aspects**

In addition to the megatrends, there are also key value drivers which influence Yara's profitability. The main ones are Nitrogen fertilizer prices, Natural gas prices, Availability of raw materials, Food prices and Regulatory developments.

We recognize our internal capacities as materially important for our ability to create sustainable value over time:

Increased production reliability will improve our costs and energy efficiency; our infrastructure and logistics enable flexibility and seasonal arbitrage; our global scale and presence drives our economy of scale and market reach; human capital represents Yara's unique knowledge which differentiates the company; our knowledge margin is the result of systematically aggregating our human capital and long standing history; and the Yara Brand represents our values and company personality.

Our license to operate is key for continued operations and builds on four main topics: Ethics and compliance; environmental performance; health and safety; and product stewardship.

**Value creation narrative**

Our value creation is based on an extensive product portfolio, global positioning and unique knowledge, enabling our crop nutrition solutions. We produce a comprehensive range of nitrogen-based fertilizers and industrial products from plants and mines in Europe, Australia, Asia and North and South America.

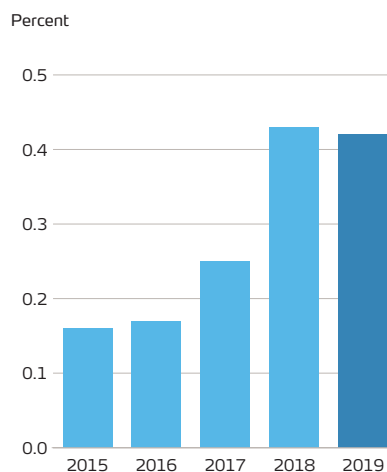
Our global distribution network enables consistent and reliable deliveries to customers worldwide. Through deeper engagement in the food value chain, we will enhance our ability to meet farmers' and food industry needs, including the delivery of higher quality and yields, improved nutrient use efficiency and lower environmental impacts.

As part of our strategy, we increasingly engage in the agriculture and food value chain to explore growth opportunities arising from digital solutions, circular economy and other trends. Based on our knowledge, global positioning and portfolio of products and solutions, we create value based on improved performance on yield, quality and sustainability.

**Strategic Priorities**

In order to deliver on the strategy, three strategic priorities have been

**Debt/equity ratio**



defined: Advance operational excellence, Create scalable solutions and Drive innovative growth.

Operational excellence involves continuously working to improve our operations to unlock the full value of our growth investments, lift productivity, and reduce emissions and costs.

Scalable solutions imply developing our offering, provide leading solutions ahead of competition and create value from our agronomic and industrial knowledge, including through working in partnerships.

Innovative growth is about seeking profitable growth opportunities to leverage our global scale, realize synergies and take a lead in developing new technologies and solutions. This also covers a strategic approach to M&As, a focus on regional developments and innovation including digital solutions.

Across the three priority areas, a number of key actions have been developed as well as a company scorecard. This gives clarity on how the strategy will be executed and how we measure our degree of success. The specific KPIs, goals and details on performance are found in the performance review section, pages 29-39.

### Strategy implementation

In 2019 Yara prioritized several steps to deliver on its strategy to become The Crop Nutrition Company for the Future.

Yara launched an extended improvement program at its Capital Markets day on 26 June 2019. As part of this, Yara moved to reporting operational metrics on a rolling 12-month basis, to better reflect underlying performance and focus on operational excellence.

Innovation is key to deliver on our strategy, and in 2019 Circular

Economy and Decarbonize departments were embedded into Sales and Marketing and Production segments correspondingly. Yara further developed these activities by entering into collaboration agreements with Veolia on recycling of nutrients, Lantmännen on fossil free food chain and Engie and Nel on hydrogen-based fertilizer production.

In 2019 Yara scaled up Digital Farming, reaching more than 10.4 million ha farmland under management and more than 750 thousand Farmweather users. Other Crop Nutrition focused activities in 2019 included increasing sales of crop solutions generated through food companies and continuous focus on growing share of our premium portfolio, including YaraVita.

### Stakeholders and Commitments

Yara is committed to doing business responsibly. The commitment is expressed by being a signatory to the UN Global Compact (UNGC), embracing and implementing its principles covering the areas of human rights, labor rights, environment and anti-corruption.

We support the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, the core conventions of the International Labor Organization (ILO), UN's Women Empowerment Principles and the UN's LGBTI Standards for Business.

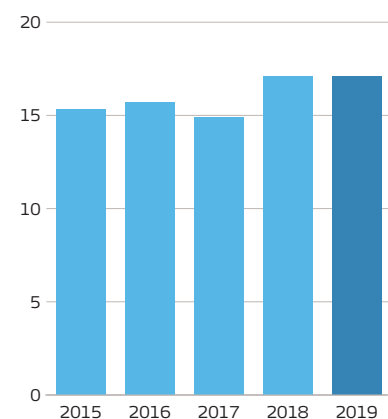
Yara maintains ongoing multi-stakeholder dialogues on international arenas: in 2019, Yara was actively involved at WEF's Annual Meeting in Davos, at its International Business Council in Geneva and at WEF's Sustainable Development Impact Summit in New York, alongside the UN's COP on Climate Change. Yara is a

member of the World Business Council for Sustainable Development (WBCSD), with a specific project focus on Climate Smart Agriculture, Natural Climate Solutions, Food Reform for Sustainability and Health, as well as the Vision 2050 Refresh initiative, for which Yara hosted a CEO Roundtable discussion in Oslo to define what it will take to advance sustainable development over the next decade. Svein Tore Holsether, CEO and President of Yara is a member of WBCSD's Executive Committee, as well as the Chair of WBCSD's Food and Nature Board. In 2019, Yara has also become an active member of the Business for Nature Coalition, advocating a series of policy improvements to support businesses to reduce climate and environmental impacts. Yara is member of industry associations including the International Fertilizer Association.

Locally and regionally, Yara engages with our relevant stakeholders in a systematic way. Connecting with farmers, the main users of our products, is a core part of Yara's strategy and business model. Both through open meetings, surveys and customer relations we build our understanding of farmers' needs, which are as diverse as the farmer constituency is.

### GHG emissions

Million tonnes of CO<sub>2</sub> equivalents



\*) CO<sub>2</sub> from own electricity generation included from 2018 onwards; Babrala and Cubatão included 2018 onwards

We engage in policy processes to share our knowledge about production processes and balanced crop nutrition. Being part of industry associations and communities of practice, such as The Fertilizer Society, brings us further insights.

Through our Investor Relations function, we are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information.

**Company position**

At Yara we believe that by offering a positive value proposition to our customers over time, we can deliver attractive returns to our shareholders while at the same time creating value for society – creating shared value. Yara is well positioned to address some of the major global challenges of our time, particularly within food, environment and resources, which also represent business opportunities.

We build on our company infrastructure with 28 production sites, 200 infrastructure points across the world

and 10,800 branded retail stores. These assets provide an unmatched global scale and flexibility, enabling us to align our deliveries with crop cycles and market demand, and to deliver consistently and on time.

The human capital and knowledge network enable Yara to deliver tailored solutions according to specific crops and growing conditions, leveraging our premium portfolio which achieves higher margins and adds value for farmers.

The human capital and knowledge assets are being further developed through employee engagement and R&D activities. In 2019, the R&D activities were organized as part of the segments' activities. The main focus areas are reliability and efficiency in production systems, catalyst technology, agronomy and technology development including digital solutions.

We have a strong track record on financial performance with high credit rating, delivering competitive shareholder returns through a clear capital allocation policy.

The Yara Brand represents a strong asset, with global recognition. The Viking ship logo is associated with quality and reliability, which enables us to build trust and partner with farmers, food industry companies, academia and others in order to create forward thrust in strategy execution.

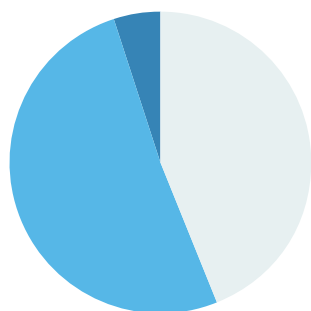
The basis of the production system is raw materials which are employed and upgraded. Our main input is natural gas which is used to produce ammonia, the starting point of all nitrogen fertilizers. We both source and mine phosphorous, and we procure potash, both being used for complex or blended NPK fertilizers.

**Governance and Risk**

An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees, and other stakeholders. The Board of Directors believes that good corporate governance drives sustainable business conduct and long-term value creation. Yara's Board is committed to upholding high standards for ethical conduct across the organization, and has zero tolerance for unethical behavior and violations of Yara's Code of Conduct.

**GHG emissions avoided**

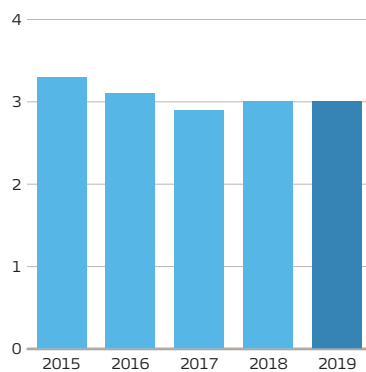
Percent



- N<sub>2</sub>O emissions
- CO<sub>2</sub> emissions
- GHG emissions avoided by N<sub>2</sub>O abatement and energy efficiency

**Carbon intensity**

Tonnes CO<sub>2</sub>e / tonnes N



- 1) 2018 onwards, direct emissions from own generation of electricity has been included.
- 2) Due to re-classification of products, there may be minor differences in comparability before/after 2017

**Sustainability governance**

The environmental and social dimensions of sustainability are governed through Yara's steering system and defined in our HESQ Policy and Code of Conduct, both signed by our CEO and President.

Yara's ultimate ambition of zero injuries is anchored in our Health, Environment, Safety and Quality (HESQ) Policy. Health and safety are always top priorities, and we continue to set challenging KPIs for personnel and process safety. Our focus is on actions that will further

develop the safety culture at Yara with the aim to reduce exposure to hazards through safety leadership and greater responsibility for oneself and others.

The HESQ Policy is maintained by the Corporate HESQ function, which oversees performance on health, safety, quality, security and environment. Yara's production system is undergoing ISO certification, implementing ISO 9001, 14001, 50001 and OHSAS 18001.

In addition, Yara implements the voluntary Product Stewardship standards from Fertilizer Europe and the International Fertilizer Association, safeguarding quality control and responsible conduct from sourcing through production and transport to product delivery.

The Head of Corporate HESQ reports to EVP People and Global Functions, presents reports to the full Board of Directors and Board's Audit Committee at least once per year and has organizational responsibility for ensuring that appropriate health, safety and security governance is in place over the whole of the company.

Within this framework, Yara's plants and units maintain close control of their own health and safety performance, local employee involvement, compliance with national legislation, and adherence to Yara's high technical and operational requirements.

The Ethics & Compliance function maintains and implements the Code of Conduct through an extensive Compliance Program. The Code of Conduct includes our anti-corruption policies and states a clear commitment to respecting internationally recognized human rights throughout our own operations, as well as in our supply chain.

All new employees must undertake an Ethics & Compliance e-learning course within three months after enrolling in Yara. Additional training for managers and others is targeted according to risk assessments, and safeguards includes an anonymous whistle-blowing function.

A human rights assessment has been performed, and a deeper analysis of prioritized areas according to risk is being rolled out. Findings from the impact assessments performed in India, the Philippines and Colombia in 2019 show that contracted labor performing services for Yara are at risk of negative human rights impacts, especially where manual labor is combined with heat exposure.

Specific concerns relate to manual labor in hot working conditions, piece rate pay, living wage, working terms & conditions, freedom of association, grievance channels and right to remedy. The mitigating actions remain a local management responsibility, while the Ethics and Compliance department monitors implementation and reports on progress.

Yara's Ethics and Compliance Department plays a key role in the management of all risks related to corruption, fraud, human rights and business partner integrity. Ethics training of employees is among the KPIs followed by Yara's Board of Directors. The Chief Compliance Officer reports administratively to Yara's General Counsel, twice annually to the Board of Directors, the Audit Committee quarterly and to the CEO monthly (or on an ad hoc basis, as necessary) on matters relating to ethics and compliance, including human rights and corruption.

Yara has a Compliance Committee, which is chaired by the CEO and attended by the members of Yara's Executive Management. The Com-

pliance Committee meets quarterly and acts as a focal point for matters related to ethics and compliance.

#### Country by country reporting

Yara's country by country report has been developed to comply with legal requirements as stated in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014. The full country by country reporting can be found on the yara.com annual report section.

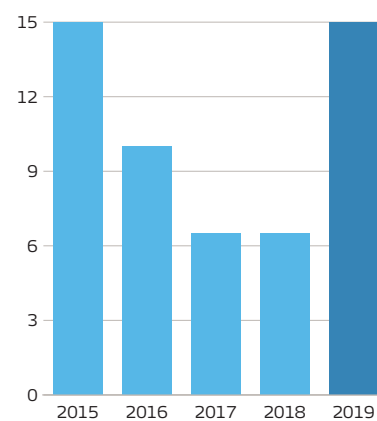
Sustainability performance and governance is anchored with the CFO in Yara Finance. This function oversees sustainability reporting and benchmarking, as well as implementation of external standards according to relevance and prioritization. For 2020, internalizing the recommendations of the Task Force of Climate Related Financial Disclosures (TCFD) will be progressed.

#### Corporate governance

Principles and practice  
The Board of Directors and Executive Management of Yara International ASA review the company's corporate governance annually and report on the company's corporate governance

#### Dividends

NOK per share <sup>1)</sup>



1) 2019 proposal subject to AGM approval



in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code"), most recently updated 17 October 2018. The Code contains stricter requirements than mandated by Norwegian law. The Board of Directors' Corporate Governance Report is included in page 54-71 in this Annual Report and forms part of the Report of the Board of Directors. [» See corporate governance / page 54](#)

**Board and Management**

Yara's Board of Directors held 11 meetings in 2019. The Board consists of seven shareholder-elected members and four employee-elected members. Three of the eight Board members are women.

Yara has decided not to constitute a corporate assembly. Consequently, the Board of Directors is directly accountable to the General Meeting and the shareholders. The Board has two subcommittees; an HR Committee and an Audit Committee.

The following changes were made to Yara's Board of Directors in 2019:

- Shareholder-elected Board members Kimberley Lein-Mathisen, Adele Norman Pran and Håkon Reistad Fure and employee-elected Board member Eva Safrine Aspvik were elected as new board members
- Employee-elected Board member Kjersti Aas was replaced by Kari Nøstberg

The following changes were made to Yara's Executive Management structure in 2019:

- EVP New Business Yves Bonte took up the role as CEO New Business, reporting to an internal board of directors chaired by Yara's President & CEO, and consequently ceased being a member of the Yara Corporate Management Team.
- Pablo Barrera Lopez assumed responsibility for Strategy & Business Development in addition to his existing role as EVP Supply Chain
- EVP Strategy & Business Development Terje M. Tollefsen took up the position of Newco IPO Lead / SVP Strategy & Business Development.

**Risk management**

Yara's Board of Directors and Executive Management conduct risk assessments relating to various dimensions and aspects of operations, to verify that adequate risk management systems are in place. Yara's global reach and the nature of its operations present a complex risk picture. Strategic and operational risks include political developments and financial conditions as well as compliance-related risks, including a risk of failure to comply with all applicable international standards and local legislation on issues such as human rights, labor rights and corruption.

Compliance risk management is done through training and education of employees, a central and regional Ethics and Compliance function,

and a range of channels for dialogue on dilemmas, which include access to anonymous whistle-blowing, available in 50 languages.

Yara has developed a Code of Conduct for business partners that takes into account internationally recognized and endorsed standards in key areas such as human rights, business ethics and labor conditions. An Integrity Due Diligence (IDD) process for business partners is also incorporated in Yara's steering system, identifying potential issues including environmental, human rights or corruption issues.

**Principal risks**

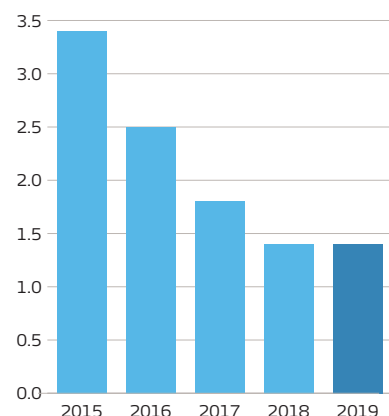
Several global trends such as population growth, resource scarcity and climate change, can be expected to affect Yara's business. At the same time, these challenges offer a range of business opportunities where Yara is well positioned to develop and offer products and solutions that meet new market demands. The development of low carbon footprint fertilizer products and applications and solutions for water-scarce agriculture are key examples of Yara's response to such global challenges.

Yara's most significant market risk is linked to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, in the short to medium term margins are influenced by the respective supply/demand balances for food and energy.

Yara's total risk exposure is analyzed, evaluated and summarized regularly at both segment and corporate level. Risk evaluations are also integrated in all business activities, both at corporate and business unit level, improving Yara's ability to monitor and mitigate risk, and identify new business opportunities.

**TRI rate**

Total Recordable Injuries per million working hours for employees and contractors



The Board oversees the risk management process and carries out biannual reviews of the company's most important areas of exposure and internal control processes. Reference is made to page 43-53 in this Annual Report for a more comprehensive description of Yara's risk management.

## Future prospects

### Market prospects

#### Market developments

The Board of Directors believes the long-term fundamentals of fertilizer demand are attractive, as long-term population growth and dietary improvement trends drive food demand. At the same time, the twin challenges of resource efficiency and environmental footprint require significant agricultural productivity improvements, including improved fertilizer efficiency. Yara's crop nutrition focused position and strategy is well positioned to both address and create business opportunities from these challenges.

However, there is significant potential for price volatility in agricultural commodity markets, where supply is limited, and customers have a low sensitivity to price changes. Weather-related setbacks in agricultural production could further increase fertilizer demand, while a significant drop in agricultural prices, e.g. in the event of

improved harvest prospects, could lead to a temporary slow-down in fertilizer deliveries. However, substantial harvest increases are required to keep pace with trend demand growth.

Following a modest production deficit for the 2018/19 season, the US Department of Agriculture projects a two-day reduction in the global stocks-to-use ratio, as production is forecast to again fall short of consumption. The global farm margin outlook and incentives for fertilizer application remain supportive overall, and the price trend for food has been positive during 2018.

Achieving more efficient and balanced fertilizer use globally will require a change of fertilizer product and application practices in many markets, which is likely to lead to a further increase in differentiation and tailoring of fertilizers and related technologies. However, the extent to which individual markets will embrace and achieve such efficiency improvements is likely to vary strongly, depending on the degree of regulation and competition in their agricultural sectors.

Global nitrogen markets remained supply-driven during 2019, as consumption growth was met with increased exports mainly from China. For 2020, Chinese urea prices continue to be a key reference point for global nitrogen pricing, since

capacity increases outside China are forecast to be below historical trend consumption growth rates, implying that demand for Chinese exports may increase going forward.

### Company prospects

Taking advantage of its global distribution presence, differentiated product portfolio and increasing innovation efforts, Yara will continue to both promote and create profitable business opportunities from the needed increased emphasis on efficient fertilizer and industrial applications. Yara aims to achieve this through production and distribution growth, technology and competence development.

#### Capital management

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever. Yara's improving cash flow from strategy execution, a robust outlook and increased hurdle rate for new investments may lead to increased dividend capacity going forward.

### Investment intentions

Yara has initiated significant investments in recent years, through both expansion of existing operations, new builds and acquisitions. The Board of Directors underlines that Yara's near-term focus is on delivering its ongoing growth and improvement pipeline, and that future growth initiatives shall be evaluated with strict capital discipline.

Yara expects to invest approximately USD 1.2 billion during 2020 based on its current committed maintenance and improvement plans and announced growth investments. Yara has committed USD 600 million of growth and improvement investments in 2020, primarily for two projects in Brazil:

- The Salitre greenfield phosphate mining and processing, scheduled for completion second half 2021
- An expansion and modernization of

the Rio Grande fertilizer production and blending operations scheduled for completion at the end of 2020

- Approximately USD 200 million is allocated for productivity and efficiency improvement projects in Yara's production plants

### Dividends and buy-backs

Yara's Board will propose to the Annual General Meeting a dividend of NOK 15 per share for the fiscal year of 2019.

The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the previous one.

### COVID-19 crisis

After the closure of the 2019 accounting, the COVID-19 crisis has emerged and become global. Yara has set up a

Crisis Response Team reporting directly to the CEO. The company priorities are firstly, to safeguard our employees, contractors, partners, neighbors and society at large. Secondly, to be a responsible company and behave according to government guidelines. And thirdly, to keep our operations running, to help support continued food supply, as well as supply of other essential products to society – also in times of crisis. Yara is at the time of its annual report publication experiencing limited operational impact from COVID-19, but the situation is dynamic and could change quickly, in particular with regard to operational staff and logistical challenges. Yara has a strong focus on maintaining sufficient financial capacity to responsibly mitigate the situation and will closely monitor the situation in the coming weeks and months.

The Board of Directors of Yara International ASA  
Oslo, 17 March 2020



Geir Isaksen  
Chairperson



Trond Berger  
Board member



Hilde Bakken  
Board member



Håkon Reistad Fure  
Board member



Kimberly Lein-Mathisen  
Board member



Adele Bugge Norman Pran  
Board member



John Thuestad  
Board member



Kari-Marie Nøstberg  
Board member



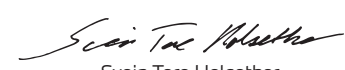
Eva Safrine Aspvik  
Board member



Rune Bratteberg  
Board member



Geir O. Sundbø  
Board member



Svein Tore Holsether  
President and CEO



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# Financial statements

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» Due to rounding differences, figures or percentages may not add up to the total.

# Consolidated statement of income

USD millions, except share information	Notes	2019	2018
Revenue from contracts with customers	2.1, 2.3	12,858	12,928
Other income	2.2	78	126
Revenue and other income		12,936	13,054
Raw materials, energy costs and freight expenses	2.4	(9,317)	(10,096)
Change in inventories of own products		(17)	144
Payroll and related costs	2.5	(1,180)	(1,207)
Depreciation and amortization	4.1, 4.2, 4.5	(922)	(807)
Impairment loss	4.7	(43)	(150)
Expected and realized credit loss on trade receivables	3.2	(7)	(13)
Other operating expenses	2.6	(460)	(523)
Operating costs and expenses		(11,946)	(12,652)
Operating income		989	402
Share of net income in equity-accounted investees	4.3	65	82
Interest income and other financial income	2.7	76	81
Foreign currency translation gain/(loss)	2.7, 6.1	(145)	(278)
Interest expense and other financial items	2.7	(182)	(153)
Income before tax		803	134
Income tax expense	2.8	(214)	6
Net income		589	141
<b>Net income attributable to</b>			
Shareholders of the parent		599	159
Non-controlling interests	5.2	(10)	(19)
Net income		589	141
Basic earnings per share <sup>1)</sup>		2.20	0.58
Weighted average number of shares outstanding <sup>2)</sup>	5.1	272,319,232	273,169,994

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.

2) Weighted average number of shares outstanding was reduced in 4th quarter 2019 due to share buy-back program.

# Consolidated statement of comprehensive income

USD millions	Notes	2019	2018
Net income		589	141
<b>Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments		30	(222)
Hedge of net investments	2.8, 6.2	(9)	(41)
Net other comprehensive income that may be reclassified to statement of income in subsequent periods, net of tax		20	(263)
<b>Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments <sup>1)</sup>		(24)	(126)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	6.3	(2)	(5)
Remeasurement gain/(loss) on defined benefit plans	2.8, 5.4	(9)	(73)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax		(35)	(203)
Total other comprehensive income, net of tax		(14)	(465)
Total comprehensive income, net of tax		576	(325)
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		585	(278)
Non-controlling interests	5.2	(10)	(47)
Total		576	(325)

1) Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.



# Consolidated statement of changes in equity

USD millions	Notes	Share Capital <sup>1)</sup>	Premium paid-in capital	Currency translation adjustments	Equity instruments at FVOCI <sup>2)</sup>	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2017		66	(49)	(1,000)	-	(3)	(159)	(1,161)	10,369	9,225	280	9,505
IFRS 9 and IFRS 15 implementation effect		-	-	-	-	-	-	-	(4)	(4)	-	(4)
Net income		-	-	-	-	-	-	-	159	159	(19)	141
Total other comprehensive income, net of tax		-	-	(320)	(5)	1	(41)	(364)	(73)	(437)	(28)	(465)
Transactions with non-controlling interests	5.2	-	-	-	-	-	-	-	(7)	(7)	(6)	(13)
Transfer to retained earnings	6.3	-	-	-	2	-	-	2	(2)	-	-	-
Treasury shares <sup>3)</sup>	5.1	-	-	-	-	-	-	-	(33)	(33)	-	(33)
Share capital increase in subsidiary, non-controlling interest	5.2	-	-	-	-	-	-	-	-	-	2	2
Dividends distributed	5.1	-	-	-	-	-	-	-	(219)	(219)	(2)	(221)
Balance at 31 December 2018		66	(49)	(1,319)	(2)	(3)	(199)	(1,523)	10,189	8,683	227	8,910
Net income		-	-	-	-	-	-	-	599	599	(10)	589
Total other comprehensive income, net of tax		-	-	7	(2)	-	(9)	(4)	(9)	(14)	-	(14)
Transactions with non-controlling interests	5.2	-	-	(54)	-	-	-	(54)	(97)	(151)	(137)	(288)
Treasury shares <sup>4)</sup>	5.1	-	-	-	-	-	-	-	(83)	(83)	-	(83)
Dividends distributed	5.1	-	-	-	-	-	-	-	(203)	(203)	(2)	(205)
Balance at 31 December 2019		66	(49)	(1,367)	(4)	(2)	(209)	(1,582)	10,395	8,830	79	8,909

1) Par value NOK 1.70.

2) See note 6.3 Financial instruments.

3) As approved by General Meeting 8 May 2018.

4) As approved by General Meeting 7 May 2019.

# Consolidated statement of financial position

USD millions	Notes	31 Dec 2019	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	1, 2.8	484	407
Intangible assets	1, 4.2	1,031	1,052
Property, plant and equipment	1, 4.1	8,614	8,430
Right-of-use assets	4.5	428	-
Associated companies and joint ventures	4.3	970	1,027
Other non-current assets	4.6	414	420
<b>Total non-current assets</b>		<b>11,940</b>	<b>11,337</b>
<b>Current assets</b>			
Inventories	3.1	2,360	2,568
Trade receivables	3.2	1,564	1,601
Prepaid expenses and other current assets	3.3	553	741
Cash and cash equivalents	3.4	300	202
Non-current assets and disposal group classified as held-for-sale	7.2	9	206
<b>Total current assets</b>		<b>4,785</b>	<b>5,319</b>
<b>Total assets</b>		<b>16,725</b>	<b>16,656</b>

# Consolidated statement of financial position

USD millions, except share information	Notes	31 Dec 2019	31 Dec 2018
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital reduced for treasury stock	5.1	66	66
Premium paid-in capital		(49)	(49)
Total paid-in capital		17	17
Other reserves		(1,582)	(1,523)
Retained earnings		10,395	10,189
Total equity attributable to shareholders of the parent		8,830	8,683
Non-controlling interests	5.2	79	227
Total equity		8,909	8,910
<b>Non-current liabilities</b>			
Employee benefits	1, 5.4	498	485
Deferred tax liabilities	2.8	416	416
Other long-term liabilities	6.3	247	201
Long-term provisions	5.6	303	238
Long-term interest-bearing debt	5.3	2,698	2,776
Long-term lease liabilities	4.5	337	-
Total non-current liabilities		4,499	4,116
<b>Current liabilities</b>			
Trade and other payables	5.5	1,614	1,835
Prepayments from customers	2.1	399	343
Current tax liabilities	1, 2.8	140	63
Short-term provisions	5.6	72	55
Other short-term liabilities	6.3	101	88
Short-term interest-bearing debt	5.3	494	397
Current portion of long-term debt	5.3	398	824
Short-term lease liabilities	4.5	98	-
Liability associated with non-current assets and disposal group classified as held-for-sale	7.2	-	26
Total current liabilities		3,317	3,630
Total equity and liabilities		16,725	16,656
Number of shares outstanding <sup>1)</sup>		271,040,624	272,697,830

1) Number of shares outstanding was reduced in 4th quarter 2019 due to share buy-back program.

The Board of Directors of Yara International ASA  
Oslo, 17 March 2020

  
Geir Isaksen  
Chairperson

  
Trond Berger  
Board member

  
Hilde Bakken  
Board member

  
Håkon Reistad Fure  
Board member

  
Kimberly Lein-Mathisen  
Board member

  
Adele Bugge Norman Pran  
Board member


  
John Thuestad  
Board member

  
Kari-Marie Nøstberg  
Board member

  
Eva Sæfrine Aspvik  
Board member

  
Rune Bratteberg  
Board member

  
Geir O. Sundbø  
Board member

  
Svein Tore Holsether  
President and CEO

# Consolidated statement of cash flows

USD millions	Notes	2019	2018
<b>Operating activities</b>			
Operating Income		989	402
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation and amortization	4.1, 4.2, 4.5	922	807
Impairment loss	4.7	43	150
Write down inventory and trade receivables		12	11
Income taxes paid		(135)	(110)
Dividend from equity-accounted investees	4.3	166	155
Interest and bank charges received/(paid) <sup>1)</sup>		(169)	(158)
(Gain)/loss on disposal	4.1, 4.2	(33)	(13)
Other		(4)	(3)
<b>Working capital changes that provided/(used) cash</b>			
Trade receivables		(5)	(209)
Inventories		171	(468)
Prepaid expenses and other current assets		(21)	(125)
Trade and other payables		(54)	249
Other interest-free liabilities		25	66
<b>Net cash provided by operating activities</b>		<b>1,907</b>	<b>756</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	4.1	(1,066)	(1,336)
Net cash outflow on business combinations	7.1	-	(648)
Purchases of other long-term investments	4.2	(30)	(58)
Proceeds from sales of property, plant and equipment		13	9
Net cash flow on divested assets		3	-
Proceeds from sales of other long-term investments		37	34
<b>Net cash used in investing activities</b>		<b>(1,044)</b>	<b>(2,000)</b>
<b>Financing activities</b>			
Loan proceeds <sup>2)</sup>	5.3	538	1,602
Principal payments <sup>2)</sup>	5.3	(920)	(464)
Payments of lease liabilities <sup>3)</sup>	4.5	(108)	-
Purchase of treasury shares	5.1	(65)	(21)
Dividend	5.1	(203)	(219)
Net cash transfers from/(to) non-controlling interest	5.2	(1)	-
<b>Net cash provided by financing activities</b>		<b>(758)</b>	<b>897</b>
Foreign currency effects on cash and cash equivalents		(7)	5
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>98</b>	<b>(341)</b>
Cash and cash equivalents at 1 January		202	544
Cash and cash equivalents at 31 December <sup>4)</sup>	3.4	301	202
Bank deposits not available for the use of other group companies	3.4	35	52

1) Including interest expenses on lease liabilities.

2) Loan proceeds and principal payments related to short-term borrowings for which maturity is three months or less, are presented net.

3) In 2018, cash flows related to operational leases according to IAS17 were included in "Net cash provided by operating activities".

4) Excluded expected credit loss provisions on bank deposits, which amounts to USD 0.9 million (2018: USD 0.4 million). See note 3.4 for more information.

# Basis for preparation

## Corporate information

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway. The principal activities of the Group are described in note 2.3 Segment information, note 4.3 Associated companies and joint ventures, and note 4.4 Joint operations.

The consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. Information on the Group's structure is provided in note 8.4 Composition of the Group. Information on other related party relationships of the Group is provided in note 8.1 Related parties

## Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective as of 31 December 2019. Yara also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

The consolidated financial statements have been prepared under the historical cost convention; modified to include revaluation to fair value of equity instruments, derivative financial instruments, contingent consideration and defined benefit plan assets.

The consolidated financial statements are presented in US dollars (USD). All values are rounded to the nearest USD million, except when otherwise indicated. The functional currency of Yara International ASA is Norwegian kroner (NOK).

## Materiality judgments

These financial statements aim to provide useful financial information which meet the common information needs of its primary users. Materiality judgments are necessary to meet this objective, and Yara has made such judgments related to recognition, measurement, presentation and disclosures. With reference to the complete set of financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Yara specific circumstances.

## Basis of consolidation

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee if the voting rights in practice are sufficient to unilaterally direct the relevant activities of the investee. The Group re-assesses if it controls an investee when facts and circumstances indicate that there are changes to one or more elements of control.

Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. This means that income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Yara International ASA and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full upon consolidation. Accounting policies of subsidiaries are changed if necessary to ensure consistency with the policies adopted by the Group.

Profit or losses from transactions with associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that is not related to the Group.

Changes in the Group's ownership in subsidiaries that do not result in the Group losing control, are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

## EU Directive 83/349

Yara GmbH & Co. KG with legal seat in Dülmen, Germany, and its directly and indirectly owned subsidiaries, are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, Yara GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

## Foreign currency translation

### Group companies

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in other comprehensive income as a separate component. The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

## Transactions and balances

In individual companies, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All foreign currency translations are recognized in the statement of income except for foreign currency translations on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. Such foreign currency translations are recognized as a separate component of other comprehensive income, including tax charges and credits attributable to these borrowings and monetary items. When the net investment is disposed of, or the monetary item is settled, they are recognized in the consolidated statement of income.

### Significant accounting policies

Significant accounting policies are included in the relevant notes to the Consolidated Financial Statements as follows:

Accounting Policies	Note
Revenue recognition	2.1
Dividends received	2.7
Interest income	2.7
Income taxes	2.8
Inventories	3.1
Property, plant and equipment	4.1
Goodwill	4.2
Intangible assets	4.2
Research and development expenditures	4.2
Investments in associates and joint ventures	4.3
Investments in joint operations	4.4
Leases	4.5
Impairment of non-current assets other than goodwill	4.7
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Dividends paid	5.1
Employee benefit obligations	5.4
Provisions	5.6
Hedge accounting	6.2
Financial Instruments	6.3
Fair value measurement	6.3
Business combinations	7.1

### New and revised accounting standards and interpretations

#### Adopted

The Group has applied the below amendments to IFRS that are effective for accounting periods beginning on or after 1 January 2019, and which are relevant for Yara. Except for IFRS 16 Leases, Yara has not identified significant impact to the Group's consolidated financial statements as a result of the mentioned amendments.

#### • IFRS 16 Leases (issued 2016)

IFRS 16 replaced IAS 17 Leases and related interpretations from its effective date. Please find information on implementation effects in Note 4.5 Leases.

#### • IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (issued 2017)

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes.

#### • Amendments to IFRS 9 Financial Instruments - Prepayment features with negative compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes an early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

#### • Amendments to IAS 19 Employee Benefits

When accounting for defined benefit plans under IAS 19, the standard generally required entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest was generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- 1) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- 2) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments apply prospectively to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.

#### Not yet effective

The below amendments to IFRS applicable to Yara have been issued but were not yet effective on the balance sheet date. Yara has at the date of the Board approval of these financial statements, not identified significant impact to Yara's consolidated financial statements as a result of these amendments.

#### • Amendments to IFRS 3 - Definition of a Business

Amendments to IFRS 3 are issued to help entities determine whether an acquired set of activities and assets are a business or not. These amendments narrow and clarify the definition of a business, and permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. They are effective for annual periods beginning on or after 1 January 2020 and Yara will prospectively apply them to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the effective date.

#### • Amendments to IAS 1 and IAS 8 - Definition of Material

Amendments to IAS 1 and IAS 8 are issued to clarify the definition of material and how it should be applied by (a) including in the definition

guidance that until now has featured elsewhere in IFRS standards; (b) improving the explanations accompanying the definition; and (c) ensuring that the definition of material is consistent across all IFRS standards. The amendments are effective for annual periods beginning on or after 1 January 2020 and Yara will apply them prospectively.

▪ **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform**

Effective for annual periods beginning on or after 1 January 2020, amendments to IFRS 9, IAS 39 and IFRS 7 are issued to respond to the effects of the interest rate benchmark reforms on financial reporting. The amendments to IFRS 9 and IAS 39 provide temporary reliefs which enable hedge accounting to continue for affected hedges during the period of uncertainty before the interest rate benchmarks are amended as a result of the reforms. The amendments to IFRS 7 introduce new disclosure requirements. The amendments are applicable to Yara as the Group has fair value hedges exposed to the interest rate benchmarks NIBOR and STIBOR as well as net investment hedges exposed to USD LIBOR,

ref. note 6.2 Hedge accounting. Yara closely monitors the outcome of relevant interest rate benchmark reforms to determine the effects for Yara. Please see note 6.1 Financial risks for more information on Yara's strategy to manage the risk exposure related to the interest rate benchmark reforms. Yara will implement the changes from their effective date, due to the endorsement by the European Union in January 2020.

▪ **IFRS 17 Insurance Contracts**

IFRS 17 was issued in May 2017 and covers recognition, measurement, presentation and disclosure for insurance contracts. This new standard is expected to be effective for reporting periods starting on or after 1 January 2021, with comparative figures required. However, in June 2019 IASB issued an exposure draft proposing a deferral of the effective date for one year to 1 January 2022. Once effective, IFRS 17 will replace IFRS 4 Insurance contracts. Yara has not yet assessed implications of this new standard for the Group.

# 1 Key sources of estimation uncertainty, judgments and assumptions

## General

The preparation of consolidated financial statements in accordance with IFRS and the use of Yara's accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The judgments, estimates and assumptions made that may significantly differ from actual results and may lead to material adjustments to carrying amounts are listed below.

## Key sources of estimation uncertainty

### Impairment of assets

#### Property, plant and equipment

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value-in-use of some of these assets could be influenced by changes in market conditions in the regions where Yara carries out its business. Significant and prolonged adverse market conditions related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such

impairment tests may be that significant impairment losses are recognized in the statement of income. A reduction to the expected useful life of the assets can also lead to periods with higher depreciation expense going forward. Yara has carried out impairment tests for certain production facilities during 2019, mainly due to uncertain economic conditions in local markets. In November 2019, Yara announced the closure of the wholly-owned ammonia plant in Point Lisas, Trinidad and consequently production ceased in December 2019. The plant was fully impaired in 2016. No other facilities have been temporarily or permanently closed during 2019 due to adverse market conditions. Impairments recognized in prior periods have been evaluated for reversals. Total impairment recognized on property, plant and equipment in 2019 is USD 26 million. The carrying amount of property, plant and equipment at 31 December 2019 is USD 8,614 million. See note 4.1 and 4.7 for further details.

#### Goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and was a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 31 December 2019 is USD 844 million and USD 187 million, respectively. Yara recognized impairment of goodwill of USD 3 million in 2019. Details of recognized goodwill are provided in note 4.2 and the impairment information, including sensitivity disclosures, is provided in note 4.7. Other intangible assets mainly comprises software, customer relationships and patent

and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. See note 4.2 and 4.7 for further details.

#### Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities are USD 484 million and USD 416 million, respectively, at 31 December 2019. The amount of unrecognized deferred tax assets is USD 319 million, of which USD 173 million is related to unused tax losses in Brazil. Further information about deferred tax is provided in note 2.8.

Yara's operations in Brazil also generate tax credits. Recognition of these assets are based on Management assumptions related to future operating results and timing of utilization. Yara has recognized USD 213 million of such tax credits which are classified as non-current assets. Unrecognized amount of the same credits is USD 20 million which reflects the challenges of utilizing all credits through ordinary operations. Further information is provided in note 4.6.

Yara is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to estimate the probability of cash outflow on a case-by case basis. The estimated maximum exposure on tax contingencies is approximately USD 284 million of which USD 151 million is related to tax cases in Brazil. The estimated maximum exposure of USD 284 million is excluding a separately disclosed case with the Dutch tax authorities. Further information is provided in note 5.6.

Yara has operations in multiple countries, each with its own taxation regime. Management is required to make judgments, estimates and assumptions in relation to tax treatments. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing

whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

#### Employee benefits obligations

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension and other long-term employee benefits liabilities at 31 December 2019 is USD 441 million. The gross pension and other long-term employee benefits liabilities have a carrying value of USD 2,241 million at the same date. Detailed information, including sensitivity disclosures, is provided in note 5.4.

#### Critical judgments in applying accounting policies

##### Assessment of influence and control and classification of joint arrangements

Management has used judgment in relation to the classification of Yara Freeport LLC DBA Texas Ammonia and classified it as a joint operation. The unit constructed an ammonia plant in the US which opened in April 2018. The company is owned 68% by Yara but controlled jointly with the other owner. The company has been classified as a joint operation because the partners have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. The same judgment have been made for the 50% owned Yara Pilbara Nitrates and the 49% owned Tringen, also on the basis of required consensus when making relevant decisions. See note 4.4 for further details on joint operations.



## 2 Results for the year

### 2.1 Revenues from contracts with customers

#### Overview and accounting policies

A description of the nature of external revenues in the Yara Group can be found in note 2.3 Segment information.

Under IFRS 15, Yara recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

The nature of Yara's revenue recognition is categorized as follows:

#### Sale of fertilizer and chemical products

Yara sells fertilizer and chemical products to customers worldwide. Ordinary purchase orders are normally the contracts with the customer which create enforceable rights and obligations. Revenue is recognized when control of the products is transferred to the customer. This is normally determined by the incoterm used in the sales transactions. The use of incoterms varies between regions, markets and customers, but products are typically sold ex-warehouse.

Contracts with larger customers often include sales incentives leading to variable consideration amounts. Volume discounts are the dominant sales incentives used by Yara. These discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential discount. Discount which qualify as material rights are accounted for as separate performance obligations.

Products are normally sold with standard warranties which provide protection to the customers that the product have the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group does not have any other significant obligations for returns or refunds.

The majority of sales in the Group have credit terms of less than 90 days. Normally customer contracts do not include a significant financing component.

Yara does not have significant incremental costs of obtaining or fulfilling contracts with customers which the Group expects to recover.

#### Freight/insurance services

Yara arranges delivery to the customer's location using different incoterms. When the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight/insurance service is delivered (C-incoterms), Yara normally considers the freight/insurance service to be a distinct service which shall be accounted for as a separate

performance obligation. This means that Yara allocates consideration to these freight/insurance services based on known or estimated stand-alone selling prices, and recognizes the corresponding revenue over time to the extent the freight/insurance service is performed. However, the timing effects are limited since the majority of deliveries to the customer's location are done within days. Shipping and handling activities that occur before customers take control of the goods are considered to be part of fulfilling the sale of the goods.

#### Other products and services

Other products and services include a number of different offerings including equipment and services to store or handle product, and technology offerings in Yara's Environmental Solutions Business. Revenues from sale of equipment are recognized upon delivery to the customer. Revenues from sale of services are recognized over time as the service is performed. Revenues from technology offerings in Yara's Environmental Solutions Business are recognized over time using the percentage of completion method if they meet the criteria for over time recognition in IFRS 15. The percentage of completion method is an input method (based on costs incurred) and provides a faithful depiction of the transfer of these offerings since it is reasonably possible to estimate the stages of project completion on an ongoing basis. Offerings which represent multiple element arrangements are analyzed to identify distinct goods or services that shall be accounted for as separate performance obligations.

#### Urea sales in India

The business combination of Tata Chemicals Limited's urea business in India was closed 12 January 2018. The acquired business manufactures and sells urea to dealers who in turn sell to farmers and retailers. Yara sells urea under a pricing scheme policy issued by the Government of India (Gol). This policy aims to promote balanced nutrient application and sustained agricultural growth by making urea available to farmers across India at affordable prices on a timely basis.

The price at which Yara can sell urea to registered dealers under the pricing scheme policy is regulated and determined by Gol. This price is generally less than the cost of production and Gol provides a compensation based on a predefined method considering the sales price set by Gol to be charged registered dealers, the cost for natural gas, other variable cost (including cost of bags, water, electricity and freight) and fixed cost.

Control of goods transfers at the time the registered dealer receives the goods. The consideration received is based on the dealer's receipt of goods and constitutes of the fixed sales price to be paid by the registered dealer and the estimated compensation to be paid by Gol. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers, the compensation from Gol is presented as revenue in the consolidated statement of income.

## Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
<b>2019</b>				
Sales & Marketing	10,345	366	18	10,729
New Business	862	87	384	1,333
Production	657	68	59	784
Other and eliminations	-	-	12	12
<b>Total</b>	<b>11,864</b>	<b>520</b>	<b>473</b>	<b>12,858</b>
<b>2018 Restated <sup>1)</sup></b>				
Sales & Marketing	10,561	367	13	10,941
New Business	829	85	150	1,064
Production	782	64	67	913
Other and eliminations	1	-	9	9
<b>Total</b>	<b>12,173</b>	<b>517</b>	<b>239</b>	<b>12,928</b>

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

## Disaggregation of external revenues by product group

USD millions	2019	2018
Ammonia	949	1,140
Urea	2,710	2,864
Nitrate	1,872	1,811
NPK	4,131	4,165
CN	551	545
UAN	301	258
SSP	157	216
DAP/MAP	269	294
MOP/SOP	575	452
Other fertilizer and chemical products	870	945
Other products and services	473	239
<b>Total revenues</b>	<b>12,858</b>	<b>12,928</b>

Yara serves a large number of customers. No revenues from transactions with any single customer amount to ten percent or more of Yara's total revenues.

## Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	Asia	North America	Africa	Total
<b>2019</b>							
Sales & Marketing	3,416	3,481	844	1,361	1,029	597	10,729
New Business	684	109	73	181	165	121	1,333
Production	148	75	31	243	287	-	784
Other and eliminations	12	-	-	-	-	-	12
<b>Total</b>	<b>4,259</b>	<b>3,665</b>	<b>948</b>	<b>1,785</b>	<b>1,482</b>	<b>718</b>	<b>12,858</b>
<b>2018 Restated <sup>1)</sup></b>							
Sales & Marketing	3,549	3,370	995	1,494	1,001	531	10,941
New Business	503	75	68	141	163	114	1,064
Production	128	97	31	311	346	-	913
Other and eliminations	9	-	-	-	-	-	9
<b>Total</b>	<b>4,190</b>	<b>3,542</b>	<b>1,094</b>	<b>1,947</b>	<b>1,511</b>	<b>645</b>	<b>12,928</b>

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Revenues from external customers of an amount of USD 234 million (2018: USD 244 million) are attributed to Norway (Yara's country of domicile).

### Customer contract balances and unsatisfied performance obligations

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and prepayments and deposits from customers (contract liabilities). Information on billed trade receivables can be found in note 3.2.

Unbilled receivables (contract assets) are limited and refer mainly to technology offerings in Yara's Environmental Solutions Business with revenue recognition over time in accordance with the percentage of completion method. For such offerings, billing generally occurs upon achievement of contractual milestones subsequent to revenue recognition. Contract assets are transferred to receivables when Yara has an unconditional right to consideration.

Prepayments and deposits from customers (contract liabilities) mainly refer to Yara's fertilizer sales in Brazil where prepayments up front of the fertilizer season is common practice to reduce price risk for the customers. Prepayments in Brazil are normally received less than 90 days before delivery of the goods. To a limited extent contract liabilities also refer to up-front payments on technology offerings in Yara's Environmental Solutions Business.

Unsatisfied performance obligations refers mainly to technology deliveries in Yara's Environmental Solutions Business. For other deliveries unsatisfied performance obligations which are part of contracts that have an expected value of one year or less are not disclosed. In addition, unsatisfied performance obligations are not disclosed when Yara's right to consideration corresponds directly with the value to the customer of Yara's performance completed to date.

USD millions	Notes	2019	2018
<b>Contract assets</b>			
Opening balance 01.01		42	14
Transferred to receivables in the period		(117)	(12)
Increase due to measure of progress in the period		113	40
Revenue recognized in the period from performance obligations satisfied in previous periods		-	-
Impairment		-	-
Currency translation effect		-	(1)
Closing balance 31.12	3.3	38	42
<b>Contract liabilities</b>			
Opening balance 01.01		343	265
Share of opening balance recognized as revenue in the period		(319)	(262)
Cash received not recognized as revenue in the period <sup>1)</sup>		376	342
Currency translation effect		-	(1)
Closing balance 31.12		399	343
<b>Unsatisfied performance obligations</b>			
Initial contract price on signed contracts		621	593
Aggregate contract revenue incurred to date <sup>2)</sup>		(420)	(138)
Transaction price allocated to unsatisfied performance obligations		201	456
<b>Unsatisfied performance obligations to be recognized within</b>			
1 year		149	296
2-3 years		52	160
Transaction price allocated to unsatisfied performance obligations		201	456

1) Presented net of amounts created and released within the same reporting period.

2) Based on the percentage of completion method.

## 2.2 Other income

### Accounting policies

A white certificate is an instrument issued by an authorized body guaranteeing that a specified amount of energy savings has been achieved. Yara receives such instruments from voluntarily participating in the white certificate scheme in Italy. The white certificates under this scheme is tradable and Yara sells these instruments to energy producers in the scheme on a running basis. Yara recognizes the white certificates received at zero cost and recognizes a gain equal to the selling price once they are sold.

### Specification

USD millions	Notes	2019	2018
Sale of white certificates		37	35
Insurance compensations		14	27
Commodity based derivatives gain/(loss)	6.3	13	4
Derecognition of deferred consideration related to GICS (former Galvani)	7.2	-	21
Change in fair value of contingent consideration related to Santa Quiteria	7.2	-	15
Recognition of take-or-pay compensation from customer		-	15
Other		15	9
<b>Total</b>		<b>78</b>	<b>126</b>

Compensation from insurance companies is recognized in profit and loss when it becomes a receivable. The compensation becomes receivable when it is "virtually certain" that it will be received.

Please see separate notes referred to in the table below for the accounting for other specified items.

## 2.3 Segment information

As part of Yara's crop nutrition focused strategy, Yara has simplified its operating model and changed its operating segments effective from 1 January 2019. Yara's new segment structure is comprised of three segments:

Sales & Marketing  
New Business  
Production

The new Sales & Marketing segment includes the former Crop Nutrition units, in addition to the lines of business of Base Chemicals, Industry Reagents and Animal Nutrition (excluding South Africa) which were transferred from the former Industrial segment.

The New Business segment includes the business units Environmental Solutions, Mining Applications, Animal nutrition South Africa and Industrial Nitrates from the former Industrial segment.

Yara has moved plants that are operating in local markets from the former Crop Nutrition segment to the Production segment. These plants are Babrala (India), Rio Grande (Brazil) and Ponta Grossa (Brazil). In addition, Yara has moved fertilizer Sales & Marketing activity in GICS and Cubatão previously reported within the Production segment to the new Sales & Marketing segment.

The operating segments presented are the key components of Yara's business. These segments are managed and monitored as separate and strategic businesses which are evaluated on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

Financial and operational information is prepared for each segment, and the information disclosed is the same as used by the CEO to assess performance and allocate resources.

A separate appendix containing restated segment figures for 2018 was published on 20 March 2019. The appendix is available in the Investor relations section on Yara.com. Due to the changes in the segment structure, new descriptions of the segments are presented below.

### Sales & Marketing

The Sales & Marketing segment offers a comprehensive portfolio of nitrogen-based fertilizer including urea, urea ammonium nitrate (UAN), calcium ammonium nitrate (CAN), ammonium nitrates (AN), calcium nitrates (CN) and compound fertilizer (NPK) that contain all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K) as well as foliar and fertigation solutions through micronutrients. The segment also sells phosphate and potash-based fertilizers, which to a large extent are sourced from third parties. In some markets the segment delivers equipment and services to store or handle products.

The variety of fertilizer products are mainly sold spot to distributors based on ordinary purchase orders and underlying frame agreements. To a certain extent the products are also sold directly to farmers, to co-operatives, and spot without underlying agreements. The composition and degree of customers and products sold differs between local and regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets.

In addition to offering nitrogen-based fertilizer, the Sales & Marketing segment offers products for animal nutrition and industry solutions. Animal nutrition deliveries include urea and phosphates that are used as raw materials for feed products in both agriculture and aquaculture. Industrial solutions include products such as ammonia, urea and nitric acid used as input factors for a large range of products and applications. These deliveries have normally less price volatility because of longer term contracts.

The volume sold is mainly purchased from the Production segment based on the arm's length principle. Consequently, the Sales & Marketing segment mainly increases Yara's margins through distribution, management of working capital, and Sales & Marketing activities, rather than manufacturing of product. The segment is therefore characterized by a high capital turnover, a relatively low EBITDA margin in relation to revenues, and a low ratio of property, plant and equipment to total assets compared to a production-oriented fertilizer operation.

### New Business

The New Business segment focuses on developing, commercializing, and scaling up profitable businesses for the benefit of Yara. Its mandate is to grow ideas, to develop new businesses, and to create new revenues streams. The main businesses in the segment sell urea, technical ammonium nitrate and calcium nitrate for industrial applications within mining applications, environmental solutions and industrial nitrates. These products are based on Yara's core production outputs and the volume sold is mainly purchased from the Production segment based on the arm's length principle. The customer contracts are to a large extent medium to long-term contracts, however products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Yara's portfolio of environmental solutions includes total solutions for NOx abatement for industrial plants and transport at both land and sea. The main external revenues within this area are derived from the product AdBlue/Air1 a high concentration urea-based reagent used by heavy-duty diesel vehicles to reduce nitrogen oxide emission.

### Production

The Production segment comprises the manufacturing plants producing ammonia, fertilizer and industrial products. About 90% of the sales in the

segment are group internal sales. The remaining external sales mainly relate to Yara's global trade and shipping of ammonia.

The Production segment holds ownership interests in associates and joint arrangements. The investments in the joint arrangements Trinidad Nitrogen Company Ltd, Yara Pilbara Nitrates Pty Ltd and Yara Freeport LLC DBA Texas Ammonia are classified as joint operations, for which Yara consolidate its share of assets, liabilities, revenues and costs. The investments in Qatar Fertilizer Company ("QAFCO") and Libyan Norwegian Fertilizer Company ("LIFECO") are accounted for using the equity method of accounting.

The Production segment's operating results are highly influenced by volume output. In addition, operating results are strongly linked to its production margins. These are primarily driven by the price levels for ammonia, urea, nitrates, NPK, phosphoric acid, and the price level of energy and raw materials such as phosphate rock and potash. Operating results can also be strongly influenced by movements in currency exchange rates.

The fluctuation of the Production segment's operating results is similar to other fertilizer producers. It is typically less stable than the operating results of Yara's Sales & Marketing and New Business segments.

### Other and eliminations

In the segment information, "Other and eliminations" consists mainly of cross-segment eliminations and Yara's headquarter costs. Profits on sales from Production to Sales & Marketing and New Business are not recognized in the Yara consolidated statement of income before the products are sold to external customers. These internal profits are eliminated in "Other and eliminations". Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Production-sourced stock (volumes) held by Sales & Marketing and New Business, but can also be affected by changes in Production margins on products sold to Sales & Marketing and New Business as transfer prices move in line with arm's length market prices. With all other variables held constant, higher stocks in Sales & Marketing and New Business would result in a higher (negative) elimination effect in Yara's results, as would higher Production margins. Over time these effects tend to even out, to the extent that stock levels and margins normalize.

## Consolidated statement of income

USD millions, except percentages	2019	2018 Restated <sup>1)</sup>
<b>External revenues and other income</b>		
Sales & Marketing	10,748	10,968
New Business	1,334	1,063
Production	843	1,017
Other and eliminations	12	5
<b>Total</b>	<b>12,936</b>	<b>13,054</b>
<b>Internal revenues and other income</b>		
Sales & Marketing	174	160
New Business	3	3
Production	6,296	6,183
Other and eliminations	(6,473)	(6,346)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Revenues and other income</b>		
Sales & Marketing	10,922	11,128
New Business	1,337	1,067
Production	7,139	7,200
Other and eliminations	(6,461)	(6,340)
<b>Total</b>	<b>12,936</b>	<b>13,054</b>
<b>Operating income <sup>2)</sup></b>		
Sales & Marketing	528	427
New Business	160	103
Production	315	(35)
Other and eliminations	(14)	(93)
<b>Total</b>	<b>989</b>	<b>402</b>
<b>EBITDA <sup>2)</sup></b>		
Sales & Marketing	743	613
New Business	190	115
Production	1,140	856
Other and eliminations	22	(62)
<b>Total</b>	<b>2,095</b>	<b>1,523</b>
<b>Effect on EBITDA of implementing IFRS 16 <sup>3)</sup></b>		
Sales & Marketing	55	-
New Business	14	-
Production	39	-
Other and eliminations	10	-
<b>Total</b>	<b>118</b>	<b>-</b>
<b>EBITDA on IAS17 basis <sup>3)</sup></b>		
Sales & Marketing	688	613
New Business	176	115
Production	1,102	856
Other and eliminations	12	(62)
<b>Total</b>	<b>1,977</b>	<b>1,523</b>
<b>ROIC (12-month rolling average) <sup>2)</sup></b>		
Sales & Marketing	15.2%	14.4%
New Business	40.2%	32.9%
Production	3.1%	0.6%
<b>Total <sup>4)</sup></b>	<b>6.6%</b>	<b>3.8%</b>

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group.

3) The effect on EBITDA of implementing IFRS 16 and EBITDA on IAS 17 basis is provided for information purposes only.

4) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See "Alternative performance measures" section for more information.

## Reconciliation of operating income to EBITDA

USD millions	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization <sup>1)</sup>	Impairment loss <sup>2)</sup>	EBITDA
<b>2019</b>						
Sales & Marketing	528	3	62	144	5	743
New Business	160	2	1	24	3	190
Production	315	60	4	727	34	1,140
Other and eliminations	(14)	-	9	27	-	22
<b>Total</b>	<b>989</b>	<b>65</b>	<b>76</b>	<b>922</b>	<b>43</b>	<b>2,095</b>
<b>2018 Restated <sup>3)</sup></b>						
Sales & Marketing	427	5	67	86	28	613
New Business	103	1	1	10	-	115
Production	(35)	76	4	689	122	856
Other and eliminations	(93)	-	10	22	-	(62)
<b>Total</b>	<b>402</b>	<b>82</b>	<b>81</b>	<b>807</b>	<b>150</b>	<b>1,523</b>

1) Including amortization on excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

## Consolidated statement of financial position

USD millions	2019	2018 Restated <sup>1)</sup>
<b>Total assets <sup>2)</sup></b>		
Sales & Marketing	4,347	4,514
New Business	484	450
Production	11,412	11,478
Other and eliminations	483	213
<b>Total</b>	<b>16,725</b>	<b>16,656</b>
<b>Current assets <sup>2)</sup></b>		
Sales & Marketing	3,187	3,442
New Business	345	326
Production	1,429	1,894
Other and eliminations	(175)	(343)
<b>Total</b>	<b>4,785</b>	<b>5,319</b>
<b>Non-current assets <sup>2)</sup></b>		
Sales & Marketing	1,160	1,072
New Business	139	124
Production	9,983	9,584
Other and eliminations	658	557
<b>Total</b>	<b>11,940</b>	<b>11,337</b>
<b>Equity-accounted investees</b>		
Sales & Marketing	53	52
New Business	29	27
Production	887	947
Other and eliminations	1	1
<b>Total</b>	<b>970</b>	<b>1,027</b>
<b>Investments <sup>3)</sup></b>		
Sales & Marketing	71	308
New Business	4	9
Production	1,038	1,723
Other and eliminations	20	41
<b>Total</b>	<b>1,134</b>	<b>2,080</b>

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

2) Assets excludes internal cash accounts and accounts receivable related to Group relief.

3) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

## Information about geographical areas

USD millions	Non-current assets <sup>1)</sup>	
	2019	2018
Europe	4,512	4,334
Brazil	1,928	1,635
Latin America ex. Brazil	361	361
Asia <sup>2)</sup>	2,405	2,407
North America	1,683	1,672
Africa	289	263
<b>Total</b>	<b>11,178</b>	<b>10,671</b>

1) The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

2) Yara is present in Asia (Qatar) through the investment in QAFCO which is accounted for by the equity method and represents USD 873 million (2018: USD 935 million) of the total non-current assets in Asia.

Non-current assets of an amount of USD 1,183 million (2018: USD 1,127 million) are attributed to Norway (Yara's country of domicile).

Information related to disaggregation of external revenues by geographical area, nature and product group can be found in note 2.1.

## 2.4 Raw materials, energy costs and freight expenses

USD millions	Notes	2019	2018
<b>Raw material, energy costs and freight expenses</b>			
Raw material and energy costs		(6,968)	(7,485)
Freight expense		(942)	(989)
Other production related costs		(1,407)	(1,622)
<b>Total</b>		<b>(9,317)</b>	<b>(10,096)</b>

In 2019, Yara provided for energy taxes of USD 32 million and calculated interest cost of USD 3 million after an internal review of a production facility's compliance with energy tax rules. When the taxation authority issued reassessed taxes and interest charges, these were in line with the provisions made. The taxes and interest charges were fully paid during 2019.

## 2.5 Payroll and related costs

USD millions	Notes	2019	2018
<b>Payroll and related costs</b>			
Salaries	8.2	(922)	(942)
Social security costs	8.2	(146)	(146)
Social benefits	8.2	(8)	(9)
Net periodic pension cost	5.4, 5.6, 8.2	(104)	(110)
<b>Total</b>		<b>(1,180)</b>	<b>(1,207)</b>

## 2.6 Other operating expenses

USD millions	Notes	2019	2018
<b>Other operating expenses</b>			
Selling and administrative expense		(217)	(244)
Expensed leases	4.5	(11)	(41)
Travel expense		(47)	(59)
Fees auditors, lawyers, consultants	8.3	(133)	(122)
Other expenses		(52)	(58)
<b>Total</b>		<b>(460)</b>	<b>(523)</b>
Research costs	4.2	(60)	(43)



## 2.7 Financial income and expenses

### Accounting policies

Interest income is recognized in the statement of income as it is accrued, based on the effective interest method.

Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Interest expense is recognized as it is accrued.

Capitalized interest expense refers to borrowing costs which are added to the cost of PP&E that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

### Specification

USD millions	Notes	2019	2018
Net interest income on customer credits		56	63
Interest income, other		18	15
Dividends and net gain/(loss) on securities		2	3
Interest income and other financial income		76	81
Net foreign currency translation gain/(loss)	6.1	(145)	(278)
Interest expense		(197)	(187)
Interest expense on lease liabilities	4.5	(15)	-
Capitalized interest	4.1	55	60
Net interest on net long-term employee benefit obligations	5.4	(9)	(7)
Other financial expense		(15)	(19)
Interest expense and other financial items		(182)	(153)
Net financial income/(expense)		(251)	(350)

The foreign currency translation loss this year of USD 145 million comprised a loss of USD 76 million on the US dollar denominated debt positions and a loss of USD 69 million on internal positions in other currencies than USD. In 2018, the reported net loss of USD 278 million stemmed mainly from Yara's US dollar denominated debt positions.

## 2.8 Income taxes

### Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for by using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits, and any unused tax losses. However, deferred tax assets are recognized only to the extent these can be utilized against probable taxable profits.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill, or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference

will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are recognized only to the extent it is probable that sufficient taxable profits are expected to reverse in the foreseeable future to utilize the benefits of the temporary differences.

Current and deferred taxes are recognized as expense or income in the statement of income, except when they relate to items recognized directly in equity or in other comprehensive income. If the tax relates to items recognized in other comprehensive income or directly in equity, the tax is also recognized as other comprehensive income or directly in equity. Uncertain tax positions, for example from unresolved disputes with tax authorities, are provided for if there are probable cash outflows. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

Yara implemented the new lease standard IFRS 16 on 1 January 2019. In tax jurisdictions where the tax deductions are based on rental payments, Yara has applied the requirements in IAS 12 to the leasing transaction as

a whole. No temporary difference was recognized at inception of the new lease standard. Subsequently, deferred taxes arise due to timing differences between IFRS 16 lease cost and deductible rental payments.

The major components of income tax expense for the year ended 31 December:

USD millions	2019	2018
<b>Consolidated statement of income</b>		
<b>Current taxes</b>		
Current year	(224)	(78)
Prior years adjustment <sup>1)</sup>	(40)	11
<b>Total</b>	<b>(264)</b>	<b>(67)</b>
<b>Deferred taxes</b>		
Deferred tax income/(expense) recognized in the current year	67	100
Adjustments to deferred tax attributable to changes in tax rates and laws	1	5
(Write-downs)/reversal of previous write-downs of deferred tax assets	(18)	(32)
<b>Total</b>	<b>50</b>	<b>74</b>
<b>Total tax income/(expense) recognized in statement of consolidated income</b>	<b>(214)</b>	<b>6</b>
<b>Other comprehensive income</b>		
<b>Current tax</b>		
Hedge of net investment	3	12
<b>Total</b>	<b>3</b>	<b>12</b>
<b>Deferred tax</b>		
Pensions	5	21
<b>Total</b>	<b>5</b>	<b>21</b>
<b>Total tax income/(expense) recognized directly in other comprehensive income</b>	<b>8</b>	<b>33</b>
<b>Total tax income/(expense) recognized in comprehensive income</b>	<b>(207)</b>	<b>39</b>

1) Income tax provision of USD 38 million is recognized based on a recent court ruling. See note 5.6.

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

USD millions, except percentages	2019		2018	
Income before tax		803		134
Expected income taxes at statutory tax rate <sup>1)</sup>	22%	(177)	23%	(31)
Tax law changes	(0.2%)	1	(2.8%)	4
Foreign tax rate differences	(2.6%)	21	(39.4%)	53
Unused tax losses and tax offsets not recognized as deferred tax assets	5.3%	(43)	44.8%	(60)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(1.9%)	15	(18.7%)	25
Non-deductible expenses	1.3%	(11)	10.7%	(14)
Share of net income equity-accounted investees	(1.7%)	13	(14.0%)	19
Tax free income miscellaneous	(2.3%)	22	(17.5%)	24
Prior year adjustment <sup>2)</sup>	5.1%	(41)	(8.1%)	11
Withholding tax	2.5%	(7)	11.4%	(15)
Other, net	(0.9%)	(9)	5.8%	(8)
Total income tax income/(expense)		(214)		6
Effective tax rate		26.7%		(4.8%)

1) Calculated as Norwegian nominal statutory tax rate of 22% (2018: 23%) applied to income before tax.

2) Income tax provision of USD 38 million is recognized based on a recent court ruling. See note 5.6.

### Specification of deferred tax assets/(liabilities)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

### 2019

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>Non-current items</b>							
Intangible assets	(7)	(5)	1	-	(2)	-	(13)
Property, plant and equipment	(394)	(25)	(2)	-	(4)	(6)	(431)
Pensions	93	(2)	(2)	5	-	2	96
Equity securities	-	-	-	-	-	-	1
Other non-current assets	(156)	53	1	-	(3)	2	(103)
Other non-current liabilities and accruals	115	23	(1)	-	-	(1)	136
Total	(348)	43	(3)	5	(9)	(2)	(315)
<b>Current items</b>							
Inventory valuation	30	24	(2)	-	-	-	52
Accrued expenses	41	(3)	(6)	-	-	-	31
Assets classified as held for sale	0	1	-	-	-	-	1
Total	71	21	(8)	-	-	-	84
Tax loss carry forwards	582	3	1	-	-	26	612
Unused tax credits	5	(1)	-	-	-	-	4
Valuation allowance	(320)	(18)	12	-	-	7	(319)
Net deferred tax asset/(liability)	(9)	48	1	5	(9)	30	67

## 2018

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>Non-current items</b>							
Intangible assets	(16)	13	-	-	(5)	1	(7)
Property, plant and equipment	(377)	(43)	2	-	(3)	27	(394)
Pensions	81	-	6	21	(2)	(12)	93
Equity securities	-	-	-	-	-	-	-
Other non-current assets	(115)	(61)	7	-	5	9	(156)
Other non-current liabilities and accruals	50	72	(1)	-	-	(5)	115
<b>Total</b>	<b>(378)</b>	<b>(21)</b>	<b>14</b>	<b>21</b>	<b>(5)</b>	<b>21</b>	<b>(348)</b>
<b>Current items</b>							
Inventory valuation	8	16	5	-	-	1	30
Accrued expenses	35	11	-	-	-	(3)	41
<b>Total</b>	<b>42</b>	<b>27</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>71</b>
Tax loss carry forwards	525	93	(16)	-	7	(27)	582
Unused tax credits	3	2	-	-	-	-	5
Valuation allowance	(324)	(32)	3	-	-	33	(320)
Net deferred tax asset/(liability)	(130)	69	5	21	2	24	(9)

## Valuation allowance on deferred tax assets

USD millions	2019	2018
<b>Unrecognized deferred tax assets are attributable to the following</b>		
Tax losses	261	259
Deductible temporary differences	58	61
<b>Total</b>	<b>319</b>	<b>320</b>

Of the unrecognized deferred tax assets related to tax losses, USD 173 million is related to Brazil (2018: USD 178.8 million). Utilization of the tax loss carry forwards in Brazil is without time limitation but restricted to 30% of taxable income each year.

### Specification of expiration of tax loss carry forwards

USD millions	2019
2020	6
2021	17
2022	9
2023	7
2024	2
After 2024	201
Without expiration	1,966
<b>Total tax loss carry forwards</b>	<b>2,208</b>
Deferred tax effect of tax loss carry forwards	612
Valuation allowance on tax loss carry forwards	(261)
Recognized in the statement of financial position	351

Yara's recognized tax losses carry forwards primarily relate to the business in Norway, France, Australia and Brazil, where tax losses are without expiration. The tax losses are mainly related to incurred currency losses, non-recurring transactions and loss from operations. The recognized tax assets for all units are all supported by estimated future profit level.

### Deferred tax presented in the statement of financial position

USD millions	2019	2018
Deferred tax assets	484	407
Deferred tax liabilities	(416)	(416)
<b>Net deferred tax asset/(liability)</b>	<b>67</b>	<b>(9)</b>

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately USD 8.2 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of USD 2 million is recognized.

## 3 Current assets

### 3.1 Inventories

#### Overview

Inventories comprise finished goods, work in progress, raw materials and spare parts. Finished goods refer to own produced products and goods purchased for resale. Work in progress are partly processed, unfinished products. Raw materials include own produced raw materials, mainly ammonia and nitric acids, as well as raw materials purchased from external parties such as phosphate, potassium and other input factors used in the production. Spare parts include packing, operating and maintenance supplies. Inventories in stock in the New Business segment comprises environmental solutions, scrubbers for the maritime industry, feed phosphates, chemicals and other.

#### Accounting policies

Inventories are stated at the lower of cost, using weighted average, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and other selling costs.

All amounts presented are net of write-downs. A write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. This include direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory. Yara is using the standard costing method for cost measurement which consider normal levels of materials and supplies, labor, efficiency and capacity utilization.

Spare parts held as inventories are spare parts which do not meet the criteria for being classified as Property, Plant & Equipment (PP&E).

Yara has internal sales from the production segment to the Sales & Marketing segment and the New business segment. These sales create internal margins which are eliminated and presented as "other and eliminations".

#### Inventory stock 2019

USD millions	Sales & Marketing	New Business	Production	Other and eliminations	Total 31 Dec 2019
Finished goods	1,090	47	300	(125)	1,312
Work in progress	2	3	42	-	47
Raw materials	411	5	319	(2)	733
Spare parts	5	1	261	-	267
<b>Total</b>	<b>1,509</b>	<b>56</b>	<b>921</b>	<b>(126)</b>	<b>2,360</b>

#### Inventory stock 2018

USD millions	Sales & Marketing	New Business	Production	Other and eliminations	Total 31 Dec 2018
Finished goods	1,160	47	353	(145)	1,416
Work in progress	4	3	47	-	54
Raw materials	458	8	378	(2)	842
Spare parts	7	1	248	-	256
<b>Total</b>	<b>1,629</b>	<b>59</b>	<b>1,026</b>	<b>(147)</b>	<b>2,568</b>

### Write-down 2019

USD millions	Sales & Marketing	New Business	Production	Other and eliminations	Total 31 Dec 2019
Balance at 1 January	(11)	(1)	(17)	5	(24)
New write-downs recognized during the year	(31)	(1)	(24)	16	(39)
Write-downs reversed due to product sold	15	1	9	(14)	11
Write-downs reversed, other	12	1	10	-	23
Foreign currency translation gain/(loss)	-	-	-	-	-
Balance at 31 December	(15)	-	(22)	7	(30)

### Write-down 2018

USD millions	Sales & Marketing	New Business	Production	Other and eliminations	Total 31 Dec 2018
Balance at 1 January	(20)	(1)	(13)	7	(27)
New write-downs recognized during the year	(19)	(2)	(48)	30	(40)
Write-downs reversed due to product sold	23	1	37	(32)	29
Write-downs reversed, other	5	-	7	-	12
Foreign currency translation gain/(loss)	-	-	1	-	1
Balance at 31 December	(11)	(1)	(17)	5	(24)

No inventories were pledged as security at end of 2019 or 2018.

## 3.2 Trade receivables

### Accounting policies

Trade receivables are initially recognized according to IFRS 15 at the agreed transaction price in the contract with the customer. Subsequently they are measured at amortized cost using the effective interest method. Short-term receivables are normally not discounted.

In accordance with the expected credit loss model introduced by IFRS 9, Yara records lifetime expected credit losses on all trade and lease receivables (the simplified approach). The calculation of expected credit loss (ECL) is based on both historical and forward looking information, and is done on local unit level. When calculating ECL for trade receivables not yet due and trade receivables less than 90 days overdue, the last 5 years

historical loss percentage is used as an allowance floor. Forward looking information is taken into account by assessing available information on local unit level which could indicate an expected future loss that is higher or lower than the experience, including regional macroeconomic information. Calculation of ECL for trade receivables more than 90 days overdue is based on a separate, individual assessment of each receivable.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

### Specification

USD millions	Notes	2019	2018
Trade receivables		1,664	1,707
Allowance for expected credit loss		(101)	(106)
Total <sup>1)</sup>	6.3	1,564	1,601

1) Of the total balance of USD 1,564 million about USD 752 million refers to credit insured receivables.

### Movement in allowance for expected credit loss

USD millions	2019	2018
Balance at 1 January	(106)	(107)
Implementation effect IFRS 9	-	(3)
Lifetime expected credit losses recognized for existing business	(14)	(26)
Change in lifetime expected credit losses due to acquired business during the year	-	5
Amounts written off as uncollectible	6	12
Lifetime expected credit losses reversed	10	8
Foreign currency translation	2	6
Other changes	1	1
Balance at 31 December	(101)	(106)

### Aging analysis of trade receivables at 31 December

#### Gross trade receivables

USD millions	Total	Not past due gross trade receivables <sup>1)</sup>	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2019	1,664	1,315	138	59	27	125
2018	1,707	1,368	128	58	26	127

1) Included in this amount is USD 194 million receivables against the Government of India with no specific due date. Of this amount, USD 78 million is recognized more than 180 days ago. The accounting policy for recognition of urea sales in India is provided on page 97.

#### Net trade receivables

USD millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2019	1,564	1,313	137	55	25	32
2018	1,601	1,364	126	56	23	32

#### Impairment of trade receivables

USD millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2019	(101)	(3)	(1)	(3)	(2)	(92)
2018	(106)	(3)	(2)	(1)	(3)	(95)



### 3.3 Prepaid expenses and other current assets

USD millions	Notes	2019	2018
<b>Financial instruments:</b>			
Foreign exchange contracts	6.1	-	5
Receivables and deposits	6.3	138	117
Contracts assets	2.1	38	42
Expected credit loss on other current assets	6.3	(1)	(1)
<b>Total financial instruments</b>		<b>175</b>	<b>163</b>
<b>Non-financial assets:</b>			
VAT and sales related taxes	4.6	123	146
Prepaid income taxes		63	197
Prepaid expenses		192	235
<b>Total non-financial assets</b>		<b>378</b>	<b>577</b>
<b>Total</b>	<b>6.3</b>	<b>553</b>	<b>741</b>

### 3.4 Cash and cash equivalents

#### Accounting policies

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However they are normally not discounted as they are short-term items. On deposits, Yara records a 12-month's expected credit loss if there has not been any significant increase in credit risk since initial recognition (the general approach).

#### Specification

USD millions	Notes	2019	2018
Cash and cash equivalents	6.3	300	202

Expected credit loss provision on bank deposits is USD 0.9 million (2018: USD 0.4 million).

External bank deposits that are not available for use by the group at 31 December 2019 have a carrying value of USD 35 million (2018: USD 52 million), mainly related to cash held by joint operations. More information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in note 5.2.

The average interest rate for liquid assets is approximately 1.7% as of 31 December 2019 (2018: 2.2%).

Yara minimizes its counterparty exposure by keeping its cash deposits in various Nordic and international banks with established limits for exposure towards each institution.

# 4 Non-current assets

## 4.1 Property, plant and equipment

### Overview

Property, plant and equipment (PP&E) mainly refers to Yara's many production plants across the world which is reported in the Production Segment, and which hold assets such as land, buildings, machinery, equipment and periodic maintenance. In addition, they hold investments in self-constructed assets not yet in use and which are categorized as assets under construction. The remaining PP&E refers to assets in the Sales & Marketing Segment which mainly consists of buildings, machinery and equipment for bagging and blending of products, as well as terminals and warehouses. PP&E in the New Business Segment is very limited.

### Accounting policies

An item of property, plant and equipment is recognized at cost if it is probable that the item will generate future economic benefits for Yara and the cost can be measured reliably. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission PP&E, the carrying value of the assets are increased with the discounted value of such obligations. Borrowing costs are added to the cost of assets that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

Depreciation of an asset begins when it is available for use. An asset is available for use when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Decommissioning obligations and borrowing costs added to the carrying amount of PP&E are depreciated over the useful life of the respective PP&E.

PP&E are depreciated on a straight-line basis over their expected useful life. Individual parts of PP&E with different useful lives are accounted for and depreciated separately. Expected useful lives and residual values are, unless immaterial, re-assessed annually.

Gain or loss due to sale or retirement of PP&E is calculated as the difference between sales proceeds and the carrying value, and is recognized in the statement of income.

An impairment is recognized if an asset's carrying value is higher than the recoverable amount. Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Please see note 4.7 Impairment of non-current assets.

Costs related to periodic maintenance of plants ("turnarounds") and recurring investments to extend the current plant performance for a longer period of time, are recognized as assets and depreciated on a systematic basis until the next periodic maintenance if cycle is more than one year on average. Major replacements and renewals are capitalized and depreciated separately based on their specific useful lives. Replaced assets are derecognized. Most of the remaining repair and maintenance costs are expensed as incurred.

Removal of mine waste materials ("stripping costs") in the production phase of existing mines are capitalized as a component of existing tangible mine assets when the activity gives improved access to ore. Stripping activity assets are depreciated on a straight-line basis over the useful lives of the underlying mine assets.

Capitalization of investments as self-constructed PP&E start when defined decision gates are met. These investments are then categorized as assets under construction until they are ready for use as intended by management. Once they are ready for use they are transferred to the applicable classes of PP&E and depreciation starts.

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will comply with conditions attached to them and the grants will be received. Government grants that compensate the Group for the cost of an asset are deducted in the carrying amount of the asset, and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

## 2019

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	321	2,245	9,730	486	1,591	280	73	14,726
Addition at cost	-	103	254	61	718	-	3	1,138
Derecognition	(1)	(20)	(132)	(76)	(16)	-	(3)	(249)
Transfers to asset held for sale	(2)	(5)	(3)	-	-	-	-	(11)
Other transfers <sup>1)</sup>	-	167	333	17	(576)	-	-	(59)
Foreign currency translation	(8)	(23)	(64)	(8)	(56)	-	(2)	(161)
Balance at 31 December	309	2,466	10,117	481	1,660	280	72	15,384
<b>Depreciation and impairment</b>								
Balance at 1 January	(6)	(889)	(5,085)	(239)	(10)	(35)	(32)	(6,296)
Depreciation	-	(92)	(569)	(87)	-	(13)	(4)	(765)
Impairment loss <sup>2)</sup>	-	(5)	(8)	(4)	(1)	-	-	(18)
Reversed impairment	-	-	3	-	-	-	-	3
Derecognition	-	17	101	65	-	-	4	187
Transfers to asset held for sale	-	4	2	-	-	-	-	5
Other transfers <sup>3)</sup>	-	5	30	-	1	-	-	37
Foreign currency translation	-	12	50	15	-	-	1	77
Balance at 31 December	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
<b>Carrying value</b>								
Balance at 1 January	315	1,356	4,645	248	1,581	245	41	8,430
Balance at 31 December	303	1,517	4,641	231	1,650	232	40	8,614
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects, which is netted off to 0 at total. The total balance refers to transfers from PP&E to other accounts. Of the balance, USD (62) million was transferred to Leases per IFRS 16 implementation. Please see note 4.5 Leases for more information.

2) Please see note 4.7 Impairment of non-current assets.

3) Total balance relates to transfers to Leases per IFRS 16 implementation. Please see note 4.5 Leases for more information.

### Main changes in 2019

The main additions to assets under construction refers to construction of a new plant in Serra do Salitre (Brazil) and an expansion and modernization of the Rio Grande plant (Brazil).

The largest transfers from assets under construction to other categories of PP&E refer to construction projects related to the production of nitric acid in Köping in Sweden and an ammonia tank in Tertre in Belgium.

### Idle items of property, plant and equipment

Yara Pilbara Nitrates owns a technical ammonium nitrate (TAN) plant next to Yara's ammonia plant in the Pilbara region of Australia. Please refer to Note 4.4 Joint operations and note 4.7 Impairment of non-current assets for more information.

### Assets used as security

PP&E pledged as security was USD 27 million in 2019 (2018: USD 28 million).

### Government grants

Government grants related to assets have been recognized as deduction to the carrying value by reducing "Addition at cost" with USD 12 million in 2019 (2018: USD 10 million).

### Borrowing costs

The amount of borrowing cost capitalized amounted to USD 55 million in 2019 (2018: USD 60 million). The average rate for the borrowing cost capitalized was 4.7% in 1H and 3.7% in 2H 2019.

### Compensations

Insurance compensations on PP&E recognized in the consolidated statement of income amounted to USD 3 million in 2019 (2018: USD 5 million).

### Contractual commitments

Please find information on contractual obligations on PP&E in note 4.8 Committed future investments.

## 2018

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	235	2,153	8,699	430	2,097	280	121	14,016
Addition at cost	1	61	372	123	909	-	5	1,471
Derecognition	(2)	(9)	(200)	(79)	(3)	-	-	(293)
Acquisitions	119	54	309	-	21	-	-	504
Transfers to asset held for sale	(17)	(30)	(31)	(6)	(22)	-	(40)	(146)
Other transfers <sup>1)</sup>	14	144	1,066	37	(1,277)	-	-	(15)
Foreign currency translation	(29)	(129)	(485)	(19)	(135)	-	(13)	(810)
Balance at 31 December	321	2,245	9,730	486	1,591	280	73	14,726
<b>Depreciation and impairment</b>								
Balance at 1 January	(7)	(767)	(4,948)	(251)	(10)	(22)	(44)	(6,049)
Depreciation	-	(108)	(549)	(78)	-	(13)	(7)	(755)
Impairment loss <sup>2)</sup>	(3)	(83)	(35)	(5)	(4)	-	(5)	(136)
Reversed impairment	1	1	1	-	-	-	-	3
Derecognition	-	7	177	77	-	-	-	262
Transfers to asset held for sale	3	9	15	5	4	-	18	54
Other transfers	-	2	(3)	1	-	-	-	-
Foreign currency translation	-	50	257	13	-	-	5	325
Balance at 31 December	(6)	(889)	(5,085)	(239)	(10)	(35)	(32)	(6,296)
<b>Carrying value</b>								
Balance at 1 January	228	1,386	3,750	179	2,087	258	78	7,967
Balance at 31 December	315	1,356 <sup>3)</sup>	4,645 <sup>4)</sup>	248	1,581	245	41	8,430
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Transfers from assets under construction to other categories of PP&E due to completion of construction projects.

2) Please see note 4.7 Impairment of non-current assets.

3) Includes net carrying value related to finance leases of USD 14 million in 2018.

4) Includes net carrying value related to finance leases of USD 12 million in 2018.

### Main changes in 2018

Additions due to acquisitions refers mainly to the acquisition of Vale Cu-batão Fertilizantes in Brazil and to the acquisition of Tata Chemicals' urea business in India, which comprises the Babrala urea plant and distribution business in Uttar Pradesh. Additions to assets under construction refer to the establishment of phosphate operations in Serra do Salitre (Brazil) and the expansion and moderation of the Rio Grande plant (Brazil).

The largest transfers from assets under construction to other categories of PP&E refer to construction projects related to the completion of the ammonia plant in Freeport, US as a joint venture with BASF and capacity expansions in Porsgrunn, Norway.

## 4.2 Intangible assets

### Accounting Policies

Intangible assets with finite useful lives, and that are acquired separately, are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period. The effect of any changes in estimate is accounted for on a prospective basis. Intangible assets with indefinite useful lives, and that are acquired separately, are carried at cost less accumulated impairment losses.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Useful lives are set as indefinite with no amortization as there is no foreseeable limit to the cash flows generated by goodwill. Instead of amortization, goodwill is tested for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) that are expected to benefit from the combination. For more information on impairment, please see note 4.7 Impairment of non-current assets. The Group's accounting policy for

goodwill arising on the acquisition of an associate or joint arrangement is described in note 4.3 Associated companies and joint ventures.

Intangible assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Please see note 4.7 Impairment of non-current assets.

Expenditures on research activities are expensed in the period in which they incur. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated;

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Where no internally-generated intangible asset can be recognized, development expenditures are recognized in profit or loss in the period in which they incur.

### 2019

USD millions, except percentages	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	883	185	408	1,475
Addition at cost	-	11	15	26
Derecognition	-	(1)	2	1
Other transfers	-	11	(10)	-
Foreign currency translation	5	(3)	(4)	(2)
Balance at 31 December	887	203	411	1,501
<b>Amortization and impairment</b>				
Balance at 1 January	(41)	(110)	(274)	(424)
Amortization	-	(23)	(22)	(46)
Impairment loss	(3)	-	-	(3)
Derecognition	-	-	(2)	(2)
Foreign currency translation	-	2	2	4
Balance at 31 December	(44)	(131)	(296)	(471)
<b>Carrying value</b>				
Balance at 1 January	842	75	135	1,052
Balance at 31 December	844	72	115	1,031
Useful life in years	Indefinite	3 - 5	5 - 40	
Amortization rate		20 - 35%	3 - 35%	

1) Other intangibles comprises mainly customer relationships, patents and trademarks, and intangible assets arising from development.

### Expenditures on research and development activities

Expenditures on research and development activities are expensed in the period of the amount of USD 60 million (USD 43 million in 2018).

### Assets used as security

No intangible assets were pledged as security in 2019 and 2018. See note 5.8 for more information.

## 2018

USD millions, except percentages	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	906	152	455	1,513
Addition at cost	-	27	19	46
Derecognition	-	(12)	(7)	(19)
Acquisition new companies	38	-	34	72
Transfer to asset held for sale	(7)	-	(30)	(37)
Other transfers	-	29	(31)	(1)
Foreign currency translation gain/(loss)	(55)	(12)	(32)	(99)
Balance at 31 December	883	185	408	1,475
<b>Amortization and impairment</b>				
Balance at 1 January	(41)	(102)	(264)	(407)
Amortization	-	(25)	(27)	(52)
Impairment loss <sup>2)</sup>	(9)	-	(8)	(16)
Derecognition	-	11	6	17
Transfer to asset held for sale	7	-	6	13
Other transfer	-	-	1	1
Foreign currency translation gain/(loss)	2	6	13	21
Balance at 31 December	(41)	(110)	(274)	(424)
<b>Carrying value</b>				
Balance at 1 January	866	50	191	1,106
Balance at 31 December	842	75	135	1,052
Useful life in years	Indefinite	3 - 5	5 - 40	
Amortization rate		20 - 35%	3 - 35%	

1) Other intangibles comprises mainly customer relationships, patents and trademarks, and intangible assets arising from development.

2) Impairment loss on goodwill is mainly related to assets held for sale in GICS (former Galvani). For further information, see note 4.7.

## 4.3 Associated companies and joint ventures

### Accounting policies

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence normally exists when the Group holds directly or indirectly between 20% and 50% of the voting rights.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties' sharing control. A joint arrangement is either a joint operation or a joint venture. The classification depends upon rights and obligations of the parties to the arrangement. In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. In a joint venture the parties have rights to the net assets of the arrangement.

The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and the carrying value is subsequently increased or decreased to recognize Yara's share of profit or loss of the investee after the date of acquisition. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment. The equity-accounted investees are tested for impairment if indications of loss in value are identified. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less costs to sell and value-in-use, is below the carrying value. Accounting policies of equity-accounted investees are changed where necessary to ensure consistency with the policies adopted by the Yara Group.

## 2019

USD millions	Balance at 1 January	Investments/ (sale, and assets held-for-sale), net and long-term loans	Share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
QAFCO	934	41 <sup>1)</sup>	55	(158)	-	-	873 <sup>2)</sup>
Others	93	2	10	(8)	-	1	97
Total	1,027	44	65	(166)	-	1	970

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara.

2) Included in the carrying amount is a USD 30 million accrual for income tax payable. Excluding the tax liability, the carrying amount is USD 903 million.

## 2018

USD millions	Balance at 1 January	Investments/ (sale, and assets held-for-sale), net and long-term loans	Share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
QAFCO	1,003	2 <sup>1)</sup>	71	(150)	1	8	934
Others	94	-	11	(6)	-	(7)	93
Total	1,096	2	82	(155)	1	1	1,027

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara.

## Ownership, sales and receivables/payables

USD millions, except percentages	Place of incorporation and operation	Percentage owned by Yara 2019 <sup>1)</sup>	Sales from Investees to Yara Group <sup>2)</sup>		Yara's current receivables/ (payables) net with investees	
			2019	2018	2019	2018
LIFECO	Libya	50.0%	-	(87)	(3)	(1)
Others			(22)	(23)	2	1
Total			(22)	(111)	(1)	-

1) Equals voting rights.

2) Included in raw materials, energy cost and freight expenses.

## Business in equity-accounted investees

## QAFCO (Qatar)

Yara is the owner of 25% of Qatar Fertiliser Company (S.A.Q.), ("QAFCO"), the owner and operator of a fertilizer complex in Mesaieed in Qatar. The remaining 75% of QAFCO is owned by Industries Qatar, a Doha Stock Market listed company, owned 51% by Qatar Petroleum, and the rest is shared between various Qatari funds and by general public. QAFCO operates six ammonia plants and six urea plants. QAFCO 5 and QAFCO 6, the two newest ammonia and urea trains, commenced production during 2012. Total production capacity for QAFCO is approximately 3.7 and 5.7 million tonnes of ammonia and urea, respectively. Yara is buying a significant amount of Urea produced by QAFCO from Muntajat, a Qatari company coordinating sales and marketing of chemical products produced in Qatar. QAFCO has 70% ownership in Gulf Formaldehyde Company, which produces and sells Urea Formaldehyde Concentrate, mainly used in the urea production process. In addition, QAFCO owns 60% of Qatar Melamine Company, which owns a melamine plant located at the QAFCO site, and with a capacity of 60,000 tonnes per year.

## LIFECO (Libya)

Yara owns 50% in Libyan Norwegian Fertilizer Company ("LIFECO"), while Libya's National Oil Corporation (NOC) and the Libyan Investment Authority (LIA) each hold a 25% stake. LIFECO owns and operates two urea and two ammonia plants with nominal capacity of approximately 850,000 tonnes of urea and 120,000 tonnes of merchant ammonia per year. More than 90% of the ammonia and urea from LIFECO is exported. Yara impaired its investments in LIFECO in 2015. The plant has been operating since then, but with operating losses and limited load primarily due to insufficient gas supply and severe repeating technical problems of the plant due to the inability to bring foreign contractors to Libya as a result of the security situation. Yara is evaluating the security of the operation of the plants on an on-going basis in cooperation with the management and the other partners, with a view to protect the safety of the employees as well as the assets.

## Financial information

The following table sets forth summarized unaudited financial information of Yara's associated companies and joint ventures based on a 100% combined basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method. QAFCO and LIFEKO are associated companies while others includes both joint ventures and associated companies.

### Financial position

USD millions (unaudited, 100% basis)	31 December 2019			31 December 2018		
	QAFCO	LIFEKO	Others	QAFCO	LIFEKO	Others
Cash and cash equivalents	337	9	33	474	30	29
Current assets excluding cash and cash equivalents	480	112	195	514	108	173
Non-current assets	3,162	95	121	3,324	67	111
Current liabilities	(174)	(311)	(143)	(243)	(272)	(142)
Non-current liabilities	(137)	-	(28)	(81)	-	(18)
Non-controlling interest	(39)	-	(1)	(58)	-	(5)
Net assets	3,629	(95)	177	3,930	(67)	148
% Share of Yara	25%	50%		25%	50%	
Yara's share of total equity	907	(48)	92	983	(34)	85
Reclassified to assets held-for-sale	-	-	-	-	-	-
Tax effect of QAFCO <sup>1)</sup>	(34)	-	-	(48)	-	-
Losses not recognized by Yara <sup>2)</sup>	-	48	-	-	34	-
Goodwill and fair value adjustments	-	-	6	-	-	8
Yara's share of total equity (carrying amount)	873	-	97	934	-	93

1) Tax effect is tax on profit attributable to Yara from QAFCO. The tax is paid by QAFCO, but refunded by Yara.

2) Losses in excess of Yara's interest in LIFEKO.

### Income statement

USD millions (unaudited, 100% basis)		2019			2018		
		QAFCO	LIFEKO	Others	QAFCO	LIFEKO	Others
Total operating revenues		1,563	23	697	1,711	91	511
Interest income		43	-	-	-	-	3
Depreciation, amortization & impairment loss		(289)	(48)	(34)	(289)	(21)	(12)
Operating income		278	(72)	105	457	(46)	70
Interest expense		(5)	-	(3)	-	-	-
Income tax expense		-	-	(7)	-	-	(4)
Non-controlling interest		3	-	(1)	(5)	-	(2)
Net income (100%)	A	320	(72)	94	512	(45)	66
% Share of Yara		25%	50%		25%	50%	
Yara's share of net income		80	(36)		128	(23)	11
Tax effect of QAFCO <sup>1)</sup>		(28)	-	-	(50)	-	-
Losses not recognized by Yara <sup>2)</sup>		-	36	-	-	23	-
Yara group elimination		3	-	-	(6)	-	-
Currency translation effects <sup>3)</sup>		-	-	-	(2)	-	-
Yara's share of net income (as per books)		55	-	9	71	-	11
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period		-	-	-	-	-	-
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period		(4)	-	-	6	-	-
Total other comprehensive income, net of tax (100%)	B	(4)	-	-	6	-	-
% Share of Yara		25%	50%		25%	50%	
Yara's share of other comprehensive income, net of tax		(1)	-	-	1	-	11
Total comprehensive income	C = A+B	316	(72)	94	518	(45)	66

1) Tax effect is tax on profit attributable to Yara from QAFCO. The tax is paid by QAFCO, but refunded by Yara.

2) Losses in excess of Yara's interest in LIFEKO.

3) Certain financial information from equity-accounted investees is only collected once per year and translated at the average rate for the year. Deviations against figures reported and translated on a monthly basis can occur.



## 4.4 Joint operations

### Accounting policies

In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. The Group recognizes in relation to its interests in a joint operation:

- Its assets, including its share of assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation and;
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for these assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

### Yara Pilbara Nitrates Pty Ltd

Yara Pilbara Nitrates owns a technical ammonium nitrate (TAN) plant next to Yara's ammonia plant in the Pilbara region of Australia. The plant has an annual production capacity of about 330.000 metric tonnes of TAN and will primarily supply the mining operations in the region. The company is 50% owned by Yara and 50% by Orica. The plant has not been in production for most of the year 2019 to allow necessary rectification works to bring it to its intended capacity. The plant is scheduled to ramp up and commence operations in first half 2020. For further information please see note 4.1.

### Trinidad Nitrogen Co. Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. The two plants have an annual production capacity of about 1 million metric tonnes of ammonia which is mainly exported to other markets. Yara has a 49% ownership stake in Tringen, the remaining 51% of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

### Yara Freeport LLC DBA Texas Ammonia

Yara and the BASF Group have constructed an ammonia plant at BASF's site in Freeport, Texas, US. Commercial operations commenced in 2018. BASF manages and operates the plant. The plant has an annual production capacity of about 750.000 metric tonnes of ammonia and each party off-takes ammonia from the plant in accordance with their ownership share. The company is 68% owned by Yara and 32% by BASF.

The following table shows the effect of consolidating joint operations according to IFRS 11 on Yara's financial statements. The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

### Financial position

USD millions (unaudited)	31 December 2019				31 December 2018			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations
<b>Assets</b>								
Deferred tax assets	27	-	-	27	18	-	-	18
Intangible assets	-	-	-	-	-	-	4	4
Property, plant and equipment	370	76	283	729	333	79	293	706
Right-of-use asset	1	-	4	5	-	-	-	-
Other Non-current assets	-	1	2	3	-	-	-	-
<b>Total Non-current assets</b>	<b>399</b>	<b>77</b>	<b>288</b>	<b>764</b>	<b>351</b>	<b>79</b>	<b>297</b>	<b>727</b>
Inventories	3	13	3	18	3	12	3	18
External trade receivables	-	-	11	11	6	-	18	24
Internal trade receivables	-	6	-	6	-	7	-	7
Prepaid expenses and other current assets	4	12	1	17	1	24	-	25
Cash and cash equivalents	10	7	15	32	41	7	30	78
<b>Total Current assets</b>	<b>17</b>	<b>38</b>	<b>31</b>	<b>85</b>	<b>51</b>	<b>50</b>	<b>51</b>	<b>152</b>
<b>Total assets</b>	<b>416</b>	<b>115</b>	<b>319</b>	<b>850</b>	<b>403</b>	<b>129</b>	<b>349</b>	<b>881</b>
<b>Total equity</b>	<b>156</b>	<b>55</b>	<b>304</b>	<b>515</b>	<b>102</b>	<b>54</b>	<b>291</b>	<b>447</b>
<b>Liabilities</b>								
Employee benefits	-	12	-	12	-	13	-	13
Deferred tax liabilities	-	7	-	7	-	8	3	11
Other long-term liabilities	46	-	-	46	45	-	4	49
Long-term provisions	25	-	-	25	15	-	-	15
External long-term interest bearing debt	-	8	4	12	-	10	20	31
Internal long-term interest bearing debt	162	-	-	162	218	-	-	218
<b>Total non-current liabilities</b>	<b>233</b>	<b>27</b>	<b>4</b>	<b>264</b>	<b>278</b>	<b>31</b>	<b>27</b>	<b>337</b>
External trade and other payables	24	17	11	51	11	15	31	56
Internal trade and other payables	1	2	-	3	1	1	-	2
Current tax liabilities	1	-	-	1	-	-	-	-
Short-term provisions	1	-	-	1	-	-	-	-
Other short-term liabilities	-	2	-	2	11	2	-	13
Bank loans and other short-term interest-bearing debt	-	12	-	12	-	25	-	25
<b>Total current liabilities</b>	<b>27</b>	<b>33</b>	<b>11</b>	<b>71</b>	<b>23</b>	<b>44</b>	<b>31</b>	<b>98</b>
<b>Total equity and liabilities</b>	<b>416</b>	<b>115</b>	<b>319</b>	<b>850</b>	<b>403</b>	<b>129</b>	<b>349</b>	<b>881</b>

### Income statement

USD millions (unaudited)	2019				2018			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations
Revenue and other income	7	79	145	231	3	92	94	189
Operating costs and expenses	(46)	(75)	(134)	(255)	(98)	(84)	(88)	(270)
Operating income/(loss)	(39)	4	11	(24)	(95)	8	6	(81)
Earnings before interest expense and tax	(38)	4	11	(23)	(95)	8	6	(81)
Income before tax	(49)	2	11	(36)	(103)	6	6	(91)
Income tax expense	8	(1)	-	7	14	(3)	-	5
<b>Net income</b>	<b>(41)</b>	<b>1</b>	<b>11</b>	<b>(30)</b>	<b>(88)</b>	<b>4</b>	<b>6</b>	<b>(85)</b>

## 4.5 Leases

### Accounting policies

The Yara Group adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. The new standard represents a significant change in Yara's accounting for leases as a lessee, but keeps the accounting model for Yara as a lessor mainly unchanged.

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows. Payments for short term leases, low value assets and variable amounts not included in the measurement of the lease liability, shall be classified within operating activities.

Yara has applied the following policies and practical expedients available upon transition:

- For contracts already assessed under IAS 17, no reassessment of whether a contract is or contains a lease is done.
- The modified retrospective method.
- Prior year comparatives are not restated.
- Lease liabilities are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate 1 January 2019.
- Right-of-use assets are measured at an amount equal to the lease liability, adjusted for prepaid lease payments.
- Leases for which the lease term ends during 2019 will be expensed as short term leases.

In addition Yara has taken advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets will be accounted for by applying IAS 38 Intangible assets as before.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings

and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short term leases of machinery, office equipment and other equipment in accordance with the general short term exemption in IFRS 16. In addition Yara has expensed all other leases which expired in 2019 in accordance with the short term exemption available upon transition 1 January 2019.
- Yara expenses low value leases of office equipment and other equipment in accordance with the general low value exemption in IFRS 16.

Lease terms are determined by including extension and termination options which are reasonably certain to be exercised. Yara strives to consider all relevant facts and circumstances that create an economic incentive for Yara to exercise such options. However, use of significant judgment may be needed.

Yara discounts the lease liability by using incremental borrowing rates. However, the interest rate implicit in the lease may be used for selected lease arrangements which are material on Group level if the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk free rate, Yara's credit risk premium, local unit risk premium above Yara's, country risk premium and asset risk premium. Updated incremental borrowing rates are applied to new lease arrangements recognized during that quarter, as well as for modifications of existing leases.

As prior years comparatives are not restated, 2018 comparatives are prepared in accordance with IAS 17 and other previous guidance on lease accounting within IFRS. Under this previous guidance finance leases were accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this is lower, and depreciated over the estimated useful lives of the assets or lease term if shorter. The corresponding finance lease liabilities were initially included in long-term debt and subsequently reduced by the amount of lease payments less the effective interest expense. Other leases were accounted for as operating leases with lease payments recognized as an expense over the lease terms.

## Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
<b>Carrying value</b>							
Prepaid lease payments	10	-	-	2	-	-	13
Leases previously accounted for as PP&E (finance leases)	-	-	14	-	-	11	25
Leases capitalized due to implementation of IFRS 16	113	20	85	83	55	52	409
Balance ROU assets at 1 January 2019	123	20	99	85	55	63	447
Additions and lease modifications	30	22	12	13	31	6	114
Depreciation	(7)	(11)	(20)	(30)	(26)	(17)	(111)
Impairment	(17)	-	-	-	-	-	(17)
Foreign currency translation gain/(loss)	(1)	-	(2)	-	(1)	(1)	(4)
Balance at 31 December 2019	129	31	89	69	59	50	428

## Lease liabilities

USD millions	Long term	Short term	Total
<b>Carrying value</b>			
Lease obligations under IAS 17 (finance leases)	17	6	23
New lease obligations due to implementation of IFRS 16	327	82	409
Balance lease obligations at 1 January 2019	344	88	432
Additions and lease modifications	116	-	116
Reclassification to short term	(119)	119	-
Lease payments	-	(108)	(108)
Foreign currency translation gain/(loss)	(4)	-	(4)
Balance at 31 December 2019	337	98	435

The weighted average incremental borrowing rate applied to lease liabilities at initial application 1 January 2019 was 3.8 percent. Interest expense on lease liabilities in the period amounts to USD 15 million.

Yara is committed to further lease arrangements not yet commenced as of 31 December 2019 of USD 14 million.

There are no material restrictions or covenants imposed by leases.

## Maturity analysis of contractual undiscounted cash flows

USD millions	2019
2020	114
2021	88
2022	55
2023	42
2024	27
Thereafter	259
Total undiscounted lease liabilities at 31 December 2019	585

## Leases expensed in the period

USD millions	2019
Expenses relating to variable fee leases not included in the measurement of lease liabilities	21
Expenses relating to short-term leases	43
Expenses relating to leased assets of low value, excluding short-term leases	3
Total leases expensed	67

## Cash outflows in the period

USD millions	2019
Principal payments on recognized lease liabilities	108
Interest payments on recognized lease liabilities	13
Payments on leases expensed in the period	66
Total cash outflows for leases	187

## IAS 17 operating lease commitments 31 Dec 2018 compared to IFRS 16 lease liability 1 January 2019

USD millions	1 January 2019
Operating, non-cancellable, nominal lease commitments disclosed according to IAS 17 as of year-end 2018	578
Discounted using the incremental borrowing rate at 1 January 2019	435
Finance lease liabilities recognized at 31 December 2018	23
Accounting policy choices for non-lease components and other adjustments	(64)
Recognition exemption for short term leases	(42)
Recognition exemption for low-value assets	(1)
Extension and termination options reasonably certain to be exercised	81
Lease liabilities recognized at 1 January 2019	432

## IFRS 16 adjustment for each financial statement line item

## Consolidated statement of income

USD millions	2019		2019	2018
	as reported	Impact	adjusted	as reported
	(IFRS 16)	IFRS 16	(IAS 17)	(IAS 17)
Other operating expenses	(460)	(118)	(578)	(523)
EBITDA <sup>1)</sup>	2,095	(118)	1,977	1,523
Depreciation and amortization	(922)	111	(811)	(807)
Operating income <sup>1)</sup>	989	(7)	983	402
Interest expense and other financial items	(182)	15	(166)	(153)
Income before tax <sup>1)</sup>	803	9	812	134

1) Impairment of ROU assets has not been assessed in the context of IAS 17.

IFRS 16 impact on EBITDA for the Group's operating segments is included in note 2.3 Segment information.

## Consolidated statement of financial position

USD millions	1 Jan 2019		31 Dec 2018	31 Dec 2019		31 Dec 2019
	Opening balance	Impact	as reported	as reported	Impact	adjusted
	(IFRS 16)	IFRS 16	(IAS 17)	(IFRS 16)	IFRS 16	(IAS 17)
Property, plant & equipment	8,404	25	8,430	8,614	24	8,638
Right-of-use assets	447	(447)	-	428	(428)	-
Prepaid expenses and other current assets	729	13	741	553	12	565
Total assets	17,065	(409)	16,656	16,725	(392)	16,334
Long-term interest bearing debt	2,759	17	2,776	2,698	14	2,713
Long-term lease liabilities	344	(344)	-	337	(337)	-
Short-term interest bearing debt	391	6	397	494	6	500
Other short-term liabilities	88	-	88	101	(2)	99
Short-term lease liabilities	88	(88)	-	98	(98)	-
Total equity and liabilities	17,065	(409)	16,656	16,725	(417)	16,308

## 4.6 Other non-current assets

USD millions	Notes	2019	2018
<b>Financial instruments:</b>			
Equity instruments	6.1, 6.3	19	21
Receivables and deposits	6.3	83	56
Expected credit loss on long-term loans and receivables	6.3	(1)	(1)
<b>Total financial instruments</b>		<b>100</b>	<b>76</b>
<b>Non-financial assets:</b>			
Prepayments for long-term employee obligations	5.4	57	59
Prepayment for property, plant and equipment		43	72
Tax and VAT receivables		213	212
<b>Total non-financial assets</b>		<b>313</b>	<b>344</b>
<b>Total</b>		<b>414</b>	<b>420</b>

### Long-term VAT receivables in Brazil

At year-end 2019, Yara has recognized USD 213 million of tax credits related to value added taxes in Brazil (2018: USD 207 million). This is included in the line "Tax and VAT receivables" in the table above. The Brazilian tax system is highly complex. There are a number of taxes by Federal, State and Municipal authorities and the legislation is subject to constant changes. The indirect taxes, such as value added taxes, are levied at Federal (PIS/COFINS) and State (ICMS) level. PIS/COFINS are charged over gross revenues, with a rate of 1.65% and 7.6%. However, fertilizer sales have a PIS/COFINS tax rate of zero. Yara accumulates credits over the acquisition of inputs and other costs (mainly bags, services and freights). These accumulated credits can be used to offset other federal taxes in

many circumstances and projections indicate these will be consumed in the operation and/or refunded by the tax authorities in the following years, without any need of accounting adjustments.

The general rates for ICMS are 18%, 17%, 12%, 7% and 4%, but a temporary benefit granted for fertilizers and other industries reduces these rates to 0% on internal operations within most of the States and to 4,90% or 8,4% on interstate operations. The current legislation results in accumulation of ICMS tax credits in a number of States. Yara maintains a provision for expected discounts/losses where these credits are not expected to be realized in full through normal operations. The provision is USD 20 million at year-end 2019 (2018: USD 20 million).

## 4.7 Impairment on non-current assets

### Accounting policies

Cash-generating units (CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to the CGU's other assets on a pro rata basis of the carrying amounts. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Indications that could trigger an impairment test include for instance:

- Significant underperformance relative to historical or projected future results

- Significant changes in the Group's use of the assets or the strategy for the overall business
- Significant negative industry or economic trends

An impairment loss is recognized to the extent that the assets' carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Previously recognized impairment losses, except for impaired goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment had been recognized.

## Recognized impairment loss

USD millions	2019	2018
<b>Asset class</b>		
Goodwill	(3)	(9)
Other intangible assets	-	(8)
Property, plant and equipment	(26)	(136)
Right-of-use assets	(17)	-
Total impairment of non-current assets	(46)	(151)
Reversal of impairment of non-current assets	3	3
Net impairment loss	(43)	(150)

USD millions	2019	2018
<b>Segment split</b>		
Production	(34)	(122)
Sales & Marketing	(5)	(28)
New Business	(3)	-
Other	-	1
Net impairment loss	(43)	(150)

### Impairment charges in 2019

Impairment of property, plant and equipment is mainly related to an additional impairment on the Montoir plant in France with USD 10 million, and impairment of assets in GICS (former Galvani) previously classified as held-for-sale with USD 8 million. More information about the impairment in Galvani is provided in note 7.2.

The right-of-use assets for the Montoir plant have also been impaired with USD 17 million.

### Impairment charges in 2018

Impairment of goodwill and intangible assets was mainly related to assets in GICS (former Galvani) reclassified to held-for-sale. More information is provided in note 7.2.

The largest impairments of property, plant and equipment was the partial impairment of the TAN plant in Pilbara, Australia, which accounts for USD 50 million of the total amount, and a USD 24 million impairment on Yara's production plants in Italy. Property, plant and equipment in GICS (former Galvani) reclassified to held-for-sale has also been impaired with USD 21 million. More information is provided in note 7.2.

The remaining impairment charge comprises a number of smaller impairments, of which the largest were related to an additional impairment on the Montoir plant in France with USD 13 million, and an impairment of a fertilizer distribution terminal in North America with USD 15 million.

### Impairment testing

The mandatory impairment testing of cash generating units with allocated goodwill or assets with indefinite useful life are carried out during third quarter each year. Yara has also performed testing of other CGUs with various impairment indicators. The recoverable amounts for units with allocated goodwill have been determined based on "value-in-use".

### Main assumptions

#### Discount rate

Discount rates used in the calculation of "value-in-use" reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which

the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

### Currency rates and inflation

The value-in-use calculation is performed in the most relevant currency for the CGU. When converting foreign currency cash flows to the testing currency, Yara uses the forecasted annual average rates estimated by IHS based on the "purchasing power parity" (PPP) principle. The projections include long term inflation (CPI) in which each CGU is located.

### Testing of Production plants

The valuation of Yara's production plants are based on Yara's long-term commodity and energy price forecasts. Due to the cyclical nature of the fertilizer industry, Yara includes cash flow projections for a longer period than five years. Despite a relatively steady growth in market demand, history shows that there are periods with oversupply. Yara's internal commodity forecasts reflect its assessment of the supply/demand balance in the short to medium term. After a period of maximum eight years, all the main commodity sales price assumptions reflect an annual nominal growth that is not exceeding the relevant inflation rates. The main assumptions for the impairment testing of Yara's plants are:

- **Fertilizer prices**  
The urea price is the most important assumption when testing nitrogen fertilizer plants for impairment, as urea is the global price setter for commodity nitrogen. Yara's nitrate and NPK prices are estimated using urea as the base adding the estimated premiums on top of the commodity value of the nutrient. These premiums reflect an agronomic value-add of the products, and the estimated premiums for each plant are based on historically achieved premiums above the Yara average premium in main markets. For both NPK and nitrates, internally developed forecasts are used since there are no active forward markets for these products. External market intelligence reports are used as one of many input factors.
- **Ammonia prices**  
For a number of Yara's plants, the ammonia price is a key assumption for calculating the value-in-use. Some plants are net buyers of ammonia, in which case increased ammonia prices has a negative impact on earnings while other plants are net sellers of ammonia and these plants will benefit from higher ammonia prices. Internally developed price forecasts

are used since there is no active forward market for ammonia. External market intelligence reports are used as one of many input factors.

- Natural gas purchase prices

Natural gas is the most important cost factor for several of Yara's production plants. Yara maximizes the use of observable gas market input for the purpose of impairment testing. For certain regions, where no liquid market for natural gas exists, Yara prepares internal forecasts based on the expected supply/demand balance.

- Production reliability

Production reliability is important for the plants' profitability as this impacts both the production volume and the energy consumption factor (energy per tonne produced). The reliability assumption is plant specific, taking into consideration the historical experienced reliability and implemented improvement initiatives.

- Capital expenditures

Ammonia and finished fertilizer plants require significant maintenance investments. The estimated amounts reflect past experience and plant

specific knowledge. To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets, and related cash flows have been treated consistently.

#### Testing of Sales & Marketing and New Business units

Yara Sales & Marketing markets and distributes a complete range of crop nutrition products, technologies and knowledge globally. The New Business segment develops and markets environmental solutions and essential products for industrial applications. By combining knowledge with the product, both segments are able to create value over and above the commodity value of the product. The premiums and earnings generated in these two segments are generally more stable than in the Production segment, which is exposed to price volatility on both sales prices and input costs. Management forecasts are used for a period not exceeding five years with the first year derived from the CGU's business plan. After a period of five year, Yara uses a steady growth rate that is not exceeding the growth for the products, industry or countries in which the CGUs operate. The growth rate is maximum 2% (nominal) after year five.

#### Cash generating units with goodwill

Goodwill acquired through business combinations has been allocated to these CGUs, presented together with the applicable discount rates used for the impairment testing:

USD millions, except percentages	Segment	Goodwill		Discount rate pre-tax	
		2019	2018	2019	2018
Production Belle Plaine (Canada)	Production	270	259	9.4%	10.5%
Pilbara Ammonia (Australia)	Production	111	111	8.5%	9.1%
Finland	Production	89	90	7.6%	7.7%
Ammonia trade (Switzerland)	Production	55	55	7.4%	8.9%
Yara Dallol (Ethiopia)	Production	-	-	13.8%	14.8%
Other Production <sup>1)</sup>	Production	8	8		
Sales & Marketing segment allocation	Sales & Marketing	83	83	8.6%	11.2%
Brazil	Production / Sales & Marketing	81	84	14.2%	14.5-16.3%
Sales & Marketing Belle Plaine (Canada)	Sales & Marketing	15	15	9.3%	9.8%
Latin America	Sales & Marketing	14	15	16.8%	17.3%
India	Production / Sales & Marketing	34	35	11.1%	11.7%
Other Sales & Marketing <sup>1)</sup>	Sales & Marketing	53	47		
Environmental Solutions Stationary	New Business	5	8	9.8%	10.2%
Environmental Solutions Maritime	New Business	18	18	7.8%	8.3%
Other New Business <sup>1)</sup>	New Business	8	14		
<b>Total</b>		<b>844</b>	<b>842</b>		

1) Goodwill presented within "Other" per segment are allocated to various cash-generating units but presented together due to materiality.



### Sensitivities for main CGUs with allocated goodwill

#### Production Belle Plaine (Canada)

The Production site has one ammonia plant, one nitric acid plant and one urea granulation plant, with an annual production capacity of 0.7 million tonnes ammonia, 0.1 million tonnes nitric acid, 1.1 million tonnes urea and 0.3 million tonnes UAN. The majority of the ammonia and nitric acid produced is used in the production of UAN and granular urea, but some of the ammonia is sold for agricultural purposes during peak ammonia seasons. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Pilbara Ammonia (Australia)

This is an ammonia plant located in Western Australia with an annual production capacity of approximately 0.8 million tonnes. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Finland

Finland has several production sites. The Siilinjärvi site produces mainly NPK fertilizers and phosphoric acid, but also other industrial chemicals. It consists of several plants in addition to a mine. Uusikaupunki has three nitric acid plants as well as two fertilizer plants producing for the Finnish market and for export. Kokkola produces mainly potassium sulfate for the Mediterranean and Chinese markets and feed phosphates for markets worldwide. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Ammonia Trade (Switzerland)

The global ammonia trade and supply unit is supplying and/or off-taking the necessary ammonia volumes for Yara's production plants. The CGU also includes five Yara owned LPG carriers. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Yara Dallol (Ethiopia)

The company is developing a potash resource in Dallol in the Danakil Depression of Ethiopia. In February 2015, Yara announced that an independent study identified an annual production of 0.6 million tonnes sulphate of potash (SOP) over 23 years from the reserves. Yara signed a mining agreement with the Ethiopian authorities in 2017. The CGU has a remaining carrying amount of USD 218 million. The cash inflow for this project starts several years in to the future and there are multiple uncertainties related to the project's profitability, mineability of the reserves, financing, and necessary governmental permits and agreements. The project is currently on hold, while working on a structural solution for the next stage of development of the project. Negative impacts on any of the above risks or failure to ensure a structural solution, could result in a decision to stop the project, and a resulting impairment loss.

#### Sales & Marketing segment allocation

The goodwill in relation to fertilizer trade and supply is tested on Sales & Marketing segment level since the organization is serving all business units within the segment. The CGU's value-in-use is significantly higher

than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Brazil

The CGU covers several aspects of fertilizer production and distribution, including phosphate mining, production of Single Super Phosphate (SSP) as well as blending and distribution of fertilizers, delivering approximately 9 million tonnes of fertilizers and covering approximately one fourth of the Brazilian market demand. The main production and blending assets comprised by the CGU are the Salitre plant and the Rio Grande plant. The Salitre plant is not operational at the end of 2019. Expected completion is during the second half of 2021. After finalization of the construction, the Salitre plant, including the mine, will have an annual production capacity of approximately 1–1.2 million tonnes of phosphate rock and 1 million tonnes of finished fertilizer (SSP equivalents), in addition to a blending capacity of approximately 1 million tonnes. Currently, The Rio Grande plant has a production capacity of 0.8 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 1.6 million tonnes. However, there is an ongoing expansion project at the Rio Grande plant, which is expected to be finalized during the end of 2020. After finalization of the expansion project, the Rio Grande plant will have an annual production capacity of approximately 1.1 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 2.2 million tonnes.

CGU Brazil comprises the former Crop Nutrition Brazil and Production GICS (former Galvani). During 2019, a reassessment of the CGU has taken place, resulting in these two former CGUs being combined into one. The triggering event for the reassessment was the acquisition of the 40% non-controlling interest. More information about the acquisition is provided in note 7.2. As a result of the acquisition, Yara has been able to fully integrate the GICS (former Galvani) business into the value chain, which would not have been possible with the previous partnership arrangement. Going forward the main asset of the former Galvani business, the Salitre plant, will channel more than half of its output of phosphate rock into the former Crop Nutrition business, and thereby replacing raw material volumes that were sourced externally or from other Yara plants under the previous partnership arrangement. As a result of the full vertical value chain integration, the two former CGUs are from now on considered as one.

The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

#### Latin America

Business unit Latin America comprises 14 blending units with a total capacity of around 2 million tonnes, and a distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia plant, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant. The CGU has a carrying amount of USD 573 million and a value-in-use that is 25% higher. The business plan for 2020 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA during the projected period of 14%, a reduction to the terminal growth rate after year five

of 5 percentage points or an increase to the post-tax discount rate of 3 percentage points would reduce the headroom to nil.

#### India

Yara acquired Tata Chemicals Limited's urea business in India on 12 January 2018 which included the Babrala urea plant and the related distribution business. The plant produces 0.7 million tonnes ammonia and 1.2 million tonnes urea. The CGU includes Yara's preexisting Crop Nutrition activity. The CGU has a carrying amount of USD 455 million and a value-in-use that is 36% higher. The premium product sales growth is the most important assumption together with the discount rate. The premium product sales growth is estimated for the first five years and a terminal growth of 2% has been used in the valuation model. Should the estimated premium product sales growth not materialize, and the growth from 2020 only be 2%, it would trigger an impairment of approximately USD 70 million. An isolated increase to the post-tax discount rate of 3 percentage points would reduce the headroom to nil.

#### Sensitivities for main CGUs with no allocated goodwill

Yara has performed testing of several CGUs with impairment indicators. The impairments recognized during 2019 are explained above.

Some of the CGUs that were tested based on impairment indicators presented low headroom between the recoverable value, calculated based on value-in-use, and their carrying values. The main CGUs that are sensitive are described below:

#### Production Yara Pilbara Nitrates

The joint operation Yara Pilbara Nitrates owns a TAN plant in Australia. Carrying value of the CGU is USD 359 million, representing Yara's 50% ownership stake. The plant has not been in production for most of the year 2019 to allow necessary rectification works to bring it to its intended capacity. The plant is scheduled to ramp up and commence operations during the first half of 2020. An impairment of USD 50 million was recognized in 2018, and the investment is still highly sensitive for additional impairments at the end of 2019. The key assumptions are the TAN margin above ammonia cost, which is estimated for the TAN market in Western Australia, and the discount rate (9.6% on pre-tax basis). An individual reduction to the margin above ammonia cost of 10% would trigger an additional impairment of USD 79 million. An increase in the post-tax discount rate of 1 percentage point would trigger an additional impairment of USD 57 million.

#### Production Italy

Production Italy comprises two sites, with an annual production capacity of 0.6 million tonnes ammonia, 0.4 million tonnes nitrates, 0.6 million tonnes urea and 0.4 million tonnes NPK. The CGU has a carrying value of USD 251 million. An impairment of USD 24 million was recognized in 2018, and the CGU is still highly sensitive for additional impairments at the end of 2019. The projected fertilizer prices, natural gas purchase price and the discount rate (10.4% on pre-tax basis) are the key assumptions. An individual reduction to the fertilizer prices of 10% for all years would trigger an additional impairment of USD 178 million. An increase in the natural gas purchase price of 10% would trigger an additional impairment of USD 164 million. An increase in the post-tax discount rate of 1 percentage point would trigger an additional impairment of USD 1 million.

#### Production Tertre

Yara's production site in Tertre, Belgium comprises one ammonia plant, one nitric acid plant and one nitrates plant, with an annual production capacity of 0.4 million tonnes ammonia, 0.7 million tonnes nitric acid and 1 million tonnes nitrates. The majority of the ammonia and nitric acid produced is used in the production of nitrates, which are sold to various European markets. The CGU has a carrying amount of USD 261 million and a value-in-use that is 24% higher. The key assumptions for the testing are the urea price, the natural gas cost and the discount rate. An individual reduction of the urea price of 3% for all years, an increase of the natural gas cost of 6% or an increase of the post-tax discount rate of 1 percentage point would reduce the headroom to nil.

#### Future potential reversals of impairment

Yara has recognized impairment losses on several CGUs over time. These impairments will be reversed, fully or partly, when and if the situation improves and the recoverable value is determined to be higher than the carrying amount. The increased carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods.

The table below provides an overview of the main CGUs with impairments, presented with the maximum amount of potential reversals at year-end 2019 and the key conditions for such reversals to materialize.

USD millions	Asset class	Potential reversals YE 2019	Key conditions for reversals
Montoir plant (France)	Property, plant and equipment, right-of-use assets	88	Fertilizer price increase
Yara Pilbara Nitrates	Property, plant and equipment	47	Stable production and TAN price increase
LIFECO (Libya)	Equity-accounted investee (associate)	16	Improved political situation in Libya, more stable gas supply and urea price increase
QAFCO (Qatar)	Equity-accounted investee (associate)	29	Melamine price increase
Production Italy	Property, plant and equipment	18	Volume increase, fertilizer price increase and reduced natural gas purchase price

Impairment related to assets held-for-sale in GICS (former Galvani), as described in note 7.2, is not included in the table above.

## 4.8 Committed future investments

USD millions	Investments 2020	Investments thereafter	Investments total
Contract commitments for investments in property, plant and equipment	336	12	348
Contract commitments for acquisition or own generated intangible assets	21	-	21
<b>Total</b>	<b>357</b>	<b>12</b>	<b>369</b>

Yara has publicly communicated committed growth investments of USD 400 million in 2020 which corresponds to investments that passed decision gate that commits fund but for which external contracts are not necessarily signed. These investments are related to projects in Brazil (Rio Grande and the Salitre mining project). USD 183 million of these investments are included as contractual commitments in the table above.

### Commitments related to equity-accounted investees

USD millions	Investments 2020	Investments thereafter	Investments total
Contract commitments for investments in property, plant and equipment	43	48	92
<b>Total</b>	<b>43</b>	<b>48</b>	<b>92</b>

Figures in the table above are presented on a 100% basis. Yara's share of committed investments related to equity-accounted investees in 2019 is USD 23 million. The commitments are mainly related to investments in QAFCO.

# 5 Equity and liabilities

## 5.1 Share information

The Annual General Meeting in May 2019 approved a dividend for 2018 of NOK 1,772 million (NOK 6.50 per share), which was paid out during second quarter 2019 (USD 203 million). Dividends are recognized as a liability in the period that they are declared by the Annual General Meeting.

In May 2019, the Annual General Meeting authorized the Board of Directors to acquire up to 13,620,131 shares in the open market and from the Norwegian State. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of shares bought back. Yara has purchased 1,362,013 own shares under the 2019 buy-back program for a total consideration of NOK 486 million (USD 53 million). Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent has been reduced with an additional NOK 273 million (USD 30 million) for the commitment to redeem 773,187 shares from the Norwegian State.

In 2018, Yara purchased 520,000 own shares under the 2018 buy-back program for a total consideration of NOK 181 million (USD 21 million). These shares were cancelled at the Annual General meeting on 7 May 2019. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent was reduced with an additional NOK 103 million (USD 12 million) for the redemption of 295,193 shares from the Norwegian State.

When own shares are repurchased the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

Yara has one class of shares, all with equal voting rights and the right to receive dividends.

	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2017	273,217,830	-	273,217,830
Treasury shares - share buy-back program <sup>1)</sup>	-	(520,000)	(520,000)
Total at 31 December 2018	273,217,830	(520,000)	272,697,830
Redeemed shares Norwegian State <sup>2)</sup>	(295,193)	-	(295,193)
Shares cancelled <sup>2)</sup>	(520,000)	520,000	-
Treasury shares - share buy-back program <sup>2)</sup>	-	(1,362,013)	(1,362,013)
Total at 31 December 2019	272,402,637	(1,362,013)	271,040,624

1) As approved by the General Meeting 8 May 2018.

2) As approved by the General Meeting 7 May 2019.

## 5.2 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

### 2019

USD millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Foreign currency translation	Total at 31 December
GICS Indústria, Comércio e Serviços S.A. <sup>1)</sup>	148	(9)	-	(139)	-	-	-
Yara Dallol B.V.	69	(2)	-	-	-	-	67
Other	10	1	(2)	2	-	-	12
<b>Total</b>	<b>227</b>	<b>(10)</b>	<b>(2)</b>	<b>(137)</b>	<b>-</b>	<b>-</b>	<b>79</b>

### 2018

USD millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Foreign currency translation	Total at 31 December
GICS Indústria, Comércio e Serviços S.A. <sup>1)</sup>	194	(17)	(2)	-	-	(28)	148
Yara Dallol B.V.	69	(2)	-	-	2	-	69
Other	16	-	-	(6)	-	-	10
<b>Total</b>	<b>280</b>	<b>(19)</b>	<b>(2)</b>	<b>(6)</b>	<b>2</b>	<b>(28)</b>	<b>227</b>

### Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests <sup>2)</sup> 2019	Percentage non-controlling interests <sup>2)</sup> 2018
GICS Indústria, Comércio e Serviços S.A. <sup>1)</sup>	Brazil	-	40.00%
Yara Dallol B.V. <sup>3)</sup>	The Netherlands	41.83% <sup>4)</sup>	45.89%

1) Galvani Indústria, Comércio e Serviços S.A. changed name to GICS Indústria, Comércio e Serviços S.A. in 2019.

2) Equals voting rights.

3) Place of operations is Ethiopia.

4) The ownership percentage of non-controlling interests is reduced by 4.06 percentage points in 2019 (2018: 0.99 percentage points).

### Restrictions and other information related to significant non-controlling interests

The shareholders in Yara Dallol have agreed that no dividends shall be distributed from the company before the start of production. After that,

the company shall pay out as much as permitted by applicable law and possible restrictions in future financing agreements. At 31 December 2019, Yara Dallol held USD 3 million in cash and cash equivalents (2018: USD 5 million).

### Financial position for companies with significant non-controlling interests

USD millions	2019	2018	
	Yara Dallol	Galvani	Yara Dallol
Current Assets	5	100	8
Non-current assets	227	966	212
Current liabilities	(12)	(633)	(10)
Non-current liabilities	(25)	(38)	(25)
Equity attributable to owners of the company	(129)	(422)	(117)
Non-controlling interests	(67)	(148)	(69)

## Income statement for companies with significant non-controlling interests

USD millions	2019		2018	
	Yara Dallol	Galvani	Yara Dallol	Galvani
Total operating revenues and other income	-	238	-	-
Expenses	(5)	(280)	(5)	(5)
Net income/(loss)	(5)	(42)	(5)	(5)
Net income attributable to shareholders of the parent	(3)	(25)	(3)	(3)
Net income attributable to non-controlling interests	(2)	(17)	(2)	(2)
Net income/(loss)	(5)	(42)	(5)	(5)
Other comprehensive income attributable to shareholders of the parent	-	(43)	-	-
Other comprehensive income attributable to non-controlling interests	-	(28)	-	-
Other comprehensive income/(loss) for the year	-	(71)	-	-
Total comprehensive income attributable to shareholders of the parent	(3)	(68)	(3)	(3)
Total comprehensive income attributable to non-controlling interests	(2)	(45)	(2)	(2)
Total comprehensive income/(loss) for the year	(5)	(113)	(5)	(5)
Net cash inflow/(outflow) from operating activities	(1)	542	(2)	(2)
Net cash inflow/(outflow) from investing activities	(15)	(183)	(15)	(15)
Net cash inflow/(outflow) from financing activities	14	(342)	12	12
Net cash inflow/(outflow)	(2)	17	(4)	(4)

## 5.3 Interest-bearing debt

## Accounting policies

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

## Specification

USD millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Denominated amounts 2019		Carrying amounts	
				Currency millions	USD millions	2019	2018
NOK (Coupon NIBOR + 0.70%)	6.1	2019	-	-	-	-	254
USD (Coupon 7.88%)	6.1	2019	-	-	-	-	500
NOK (Coupon 2.55%)	6.1	2021	2.6%	700	80	79	80
NOK (Coupon NIBOR + 0.75%)	6.1	2022	2.6%	1,250	142	142	144
SEK (Coupon STIBOR + 1.00%)	6.1	2022	0.8%	450	48	48	50
SEK (Coupon 1.10%)	6.1	2022	1.2%	800	86	86	89
NOK (Coupon 3.00%)	6.1	2024	3.0%	600	68	68	69
NOK (Coupon 2.45%)	6.1	2024	2.5%	1,000	114	111	113
USD (Coupon 3.80%)	6.1	2026	3.9%	500	500	498	498
NOK (Coupon 2.90%)	6.1	2027	2.9%	1,000	114	111	112
USD (Coupon 4.75%)	6.1	2028	4.8%	1,000	1,000	996	996
Total unsecured debenture bonds						2,139	2,905
USD	2.9%	2.9%	2.9%	933	933	933	631
BRL	-	-	-	-	-	-	17
Total unsecured bank loans						933	648
Mortgage loans						21	22
Other long-term debt						3	3
Total						24	24
Outstanding long-term debt						3,096	3,577
Less: Current portion						(398)	(824)
Total						2,698	2,753

The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments as indicated above (see also note 6.3 for further information about fair value of financial instruments).

At 31 December 2019, the fair value of the long-term debt, including the current portion, is USD 3,195 million and the carrying value is USD 3,096 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings.

Of the long-term debt at the end of 2019, USD 1,500 million in bond debt originates from Yara's June 2018 and June 2016 bond issues in the US market according to 144A/Regulation S. Further, NOK 1,300 million originates from Yara's December 2014 bond issues in the Norwegian market while NOK 3,250 million and SEK 1,250 million originate from Yara's December 2017 bond issues in the Norwegian market. The entire NOK and SEK denominated bond debt is converted to USD exposure through cross-currency swaps. Bond debts of USD 500 million and NOK

2,200 million were repaid upon maturity in June 2019 and December 2019 respectively.

Yara's additional long-term funding is based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 60 million through scheduled downpayments, and linear installments will continue until December 2023. Likewise, the loan facility established in January 2018 with partial support by a guarantee from The Norwegian Export Credit Guarantee Agency (GIEK) has been reduced to USD 214 million through scheduled downpayments, and semi-annual installments will continue until August 2026. Both the USD 150 million term loan due 2022 from the International Finance Corporation and the USD 150 million term loan due 2024 from Svensk Exportkredit AB remain fully drawn at year-end 2019. A further minor portion of the long-term bank loans is borrowed in emerging markets.

Yara has undrawn revolving credit facilities totaling USD 1,100 million due 2025 and USD 250 million due 2021. The former replaced the revolving credit facility due 2020 as from July 2019.

Of the fixed interest rate debenture bonds, NOK 3,300 million and SEK 800 million are exposed to floating interest rates through interest rate swaps, see note 6.1 Financial risks.

#### Contractual payments on long-term debt

USD millions	Debentures <sup>1)</sup>	Bank Loans	Other long-term loans	Total <sup>2)</sup>
2020	-	397	-	398
2021	79	53	2	134
2022	277	194	-	471
2023	-	45	-	45
2024	179	180	-	359
Thereafter	1,605	63	21	1,689
<b>Total</b>	<b>2,139</b>	<b>933</b>	<b>24</b>	<b>3,096</b>

1) Yara International ASA is responsible for the entire amount.

2) Including current portion.

#### Short-term interest bearing debt

USD millions, except percentages	Notes	2019	2018
Credit facilities		418	237
Overdraft facilities		26	93
Other		50	67
<b>Total</b>	<b>6.3</b>	<b>494</b>	<b>397</b>
<b>Weighted Average Interest Rates <sup>1)</sup></b>			
Credit facilities		4.3%	5.9%
Overdraft facilities		9.5%	8.6%
Other		2.5%	2.7%

1) Repricing minimum annually.

## Reconciliation of liabilities arising from financing activities

USD millions	31 Dec 2018	Cash flows	Non-cash changes					31 Dec 2019	
			Debt assumed as part of acquisition	Transfer to liability held-for-sale	Foreign exchange movement	Amortization <sup>1)</sup>	Other <sup>2)</sup>		Reclassification
Long-term interest-bearing debt	2,776	350	-	-	(10)	2	(23)	(396)	2,698
Short-term interest-bearing debt	397	80	-	-	(2)	-	19	-	494
Current portion of long-term debt	824	(811)	-	-	(11)	-	-	396	398
Total liabilities from financing activities	3,997	(381)	-	-	(23)	2	(4)	-	3,590

1) Amortization of transaction cost.

2) Including lease liabilities reclassified to Long-term lease liabilities in the statement of financial position and provision for buy-back of the Norwegian State's shares.

See note 4.5 Leases for reconciliation of liabilities arising from leasing activities.

## 5.4 Employee benefits

### Overview

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds. By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

### Accounting policies

#### Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future

benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

#### Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

#### Other long-term benefits

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.



### Long-term employee benefit obligations recognized in the statement of financial position

USD millions	Notes	2019	2018
Defined benefit plans		(480)	(468)
Surplus on funded defined benefit plans		57	59
Net liability for defined benefit plans		(424)	(410)
Termination benefits		(3)	(3)
Other long-term employee benefits		(14)	(14)
Net long-term employee benefit obligations recognized in Statement of financial position		(441)	(426)
Of which classified as Prepayments for long-term employee obligations	4.6	57	59
Of which classified as Long-term employee benefit obligations		(498)	(485)

### Expenses for long-term employee benefit obligations recognized in the statement of income

USD millions	Notes	2019	2018
Defined benefit plans		(48)	(49)
Defined contribution plans		(30)	(31)
Multi-employer plans		(9)	(9)
Termination benefits		(23)	(19)
Other long-term employee benefits		(2)	(9)
Net expenses recognized in Statement of income		(113)	(117)
Of which classified as Payroll and related costs	2.5	(104)	(110)
Of which classified as Interest expense and other financial items	2.7	(9)	(7)

#### Defined benefit plans

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. Retirement age is flexible from age 62 to age 67.

A majority of Yara's obligations under defined benefit plans are related to subsidiaries within the Eurozone:

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 68. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. New hires are enrolled in a Defined Contribution pension plan from the same date.

Obligations in Finland include the statutory TyEL pension scheme, as well as a voluntary defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. A reform of the Employees Pensions Act was agreed in 2017, which will gradually increase the minimum re-

tirement age from 63 to 65 while also gradually increase the maximum retirement age from 68 to 70. Further, accrual rates will change and retirement age will be linked to life expectancy (from year 2027). The voluntary pension plan regulations have also been amended in order to adapt to the revised pension legislation.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

Yara sponsors a funded defined benefit pension plan for qualifying UK employees. Under the fund, employees are entitled to annual pensions on retirement at age 62 of 1/57th of final pensionable salary for each year of service (some members have a retirement age of 65 and accrue at a rate of 1/60). Benefits are also payable on death and following other events such as withdrawing from active service. The plan was closed for new members from 2001. Broadly, about 16% of the liabilities are attributable to current employees, 21% to former employees and 63% to current pensioners.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, Trinidad and South Africa.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilities.

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad, Brazil and South Africa with a total of USD 16 million (2018: USD 17 million).

### Pension cost recognized in Statement of income

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

The following items have been recognized in the Statement of income

USD millions	2019	2018
Current service cost	(37)	(39)
Contribution by employees	3	3
Administration cost	(2)	(2)
Past service cost	(3)	(4)
Social security cost	(1)	(1)
Payroll and related costs	(39)	(42)
Interest expense on obligation	(46)	(46)
Interest income from plan assets	37	39
Net interest expense on the net obligation	(9)	(7)
Net pension cost recognized in Statement of income	(48)	(49)

USD millions	2019	2018
<b>Payroll and related costs</b>		
Finland	(6)	(6)
The Netherlands	(14)	(13)
Great Britain	(2)	(6)
Norway	(5)	(6)
<b>Net interest income/(expense) on the net obligation/asset</b>		
Finland	(1)	-
The Netherlands	(1)	1
Great Britain	(1)	(1)
Norway	(1)	(1)

### Remeasurement gains/ (losses) recognized in other comprehensive income

USD millions	2019	2018
Remeasurement gains/ (losses) on obligation for defined benefit plans	(165)	(11)
Remeasurement gains/(losses) on plan assets for defined benefit plans	157	(65)
Increase in recognized net liability due to minimum funding requirement and asset ceiling limit <sup>1)</sup>	(8)	(8)
Net remeasurement gains/(losses) for defined benefit plans	(17)	(84)
Change in deferred tax related to remeasurement gains/(losses) for defined benefit plans <sup>2)</sup>	8	10
Remeasurement gains/(losses) recognized from equity-accounted investees (net of tax)	-	1
Total remeasurement gains/(losses) recognized in other comprehensive income	(9)	(73)

1) Yara (UK) Ltd is committed to pay an annual contribution until 2022 in order to make good a funding deficit. Present value of future contributions will lead to an unrecognized surplus based on current IAS 19 valuation, and as Yara does not have an unconditional right to recoup any surplus arising in the Fund, an additional liability needs to be recognized. The value of plan assets is also reduced to restrict the funded status to zero (asset ceiling limit).

2) Includes impact from reduction of tax percentage.

Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions. Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur.

## Actuarial valuations provided the following results

USD millions	2019	2018
Present value of fully or partially funded liabilities for defined benefit plans	(1,948)	(1,799)
Present value of unfunded liabilities for defined benefit plans	(250)	(248)
Present value of liabilities for defined benefit plans	(2,198)	(2,047)
Fair value of plan assets	1,836	1,688
Adjustment in respect of minimum funding requirement	(26)	(34)
Unrecognized asset due to asset ceiling limitation	(19)	-
Social security tax liability on defined benefit plans	(17)	(16)
Net liability recognized for defined benefit plans	(424)	(410)

## Defined benefit obligations and plan assets by origin

USD millions	2019		2018	
	Obligations	Assets	Obligations	Assets
Finland	(334)	310	(341)	307
The Netherlands	(753)	683	(679)	620
Other Eurozone	(289)	114	(266)	103
Great Britain <sup>1)</sup>	(444)	417	(412)	377
Norway <sup>2)</sup>	(306)	227	(288)	220
Other	(115)	65	(111)	61
Total	(2,240)	1,816	(2,097)	1,688

1) Including liability for minimum funding requirement and asset ceiling adjustment.

2) Including social security tax liability.

## Development of defined benefit obligations

USD millions	2019	2018
Defined benefit obligation at 1 January	(2,047)	(2,123)
Current service cost	(37)	(39)
Interest cost	(46)	(46)
Experience adjustments	15	8
Effect of changes in financial assumptions	(189)	(37)
Effect of changes in demographic assumptions	9	18
Past service cost	(3)	(4)
Benefits paid	84	83
Obligation assumed upon acquisition of business <sup>1)</sup>	-	(5)
Transfer of obligation (in)/out	-	(3)
Foreign currency translation on foreign plans	16	100
Defined benefit obligation at 31 December	(2,198)	(2,047)

1) Related to the acquisition of Cubatão

## Development of plan assets

USD millions	2019	2018
Fair value of plan assets at 1 January	1,688	1,835
Interest income from plan assets	37	39
Administration cost on plan assets	(2)	(2)
Return on plan assets (excluding the calculated interest income)	157	(65)
Employer contributions	34	32
Employees' contributions	3	3
Benefits paid	(72)	(71)
Transfer of plan assets in/(out)	-	3
Foreign currency translation on foreign plans	(10)	(88)
Fair value of plan assets at 31 December	1,836	1,688

Depending on local regulations, Yara may be required to ensure a certain funding level of the pension plans. In the UK Yara is paying an annual contribution until 2022 in order to make good a funding deficit determined in the actuarial valuation of 2017. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution which has been paid to the fund, in case the funding ratio reaches a certain level. In Norway, Yara may be required to increase the capital buffer of the pension fund.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the responsi-

bility of the Board to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension plans.

Yara's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension funds ensure diversification of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested about 1/3 of the fair value of plan assets into shares of non-listed Pohjolan Voima Oy, a company producing electricity and heat for its shareholders on an at cost-basis. The Boards of the pension funds are targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

#### At the end of the year, the plan assets were invested as follows

USD millions, except percentages	2019		2018	
Cash and cash equivalents	24	1%	22	1%
Shares	515	28%	456	27%
Other equity instruments	37	2%	18	1%
High yield debt instruments	81	4%	106	6%
Investment grade debt instruments	711	39%	665	39%
Properties	72	4%	72	4%
Other quoted plan assets <sup>1)</sup>	259	14%	212	13%
<b>Total investments quoted in active markets</b>	<b>1,700</b>	<b>93%</b>	<b>1,550</b>	<b>92%</b>
Shares and other equity instruments	95	5%	99	6%
Other plan assets <sup>2)</sup>	41	2%	38	2%
<b>Total unquoted investments</b>	<b>136</b>	<b>7%</b>	<b>137</b>	<b>8%</b>
<b>Total plan assets</b>	<b>1,836</b>		<b>1,688</b>	

1) Other quoted plan assets include insurance policies, hybrid funds and other fund investments.

2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2020 are USD 46 million (including benefits to be paid for unfunded plans).

Contributions paid in 2019 were USD 46 million.

#### Duration of liabilities at the end of the year

Duration of liabilities (in years)	2019
Finland	15
The Netherlands	20
Great Britain	17
Norway	13
<b>Total <sup>1)</sup></b>	<b>17</b>

1) Weighted average.

#### Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities

Discount rate (in %)	2019	2018
Finland	0.9	1.8
The Netherlands	1.1	1.8
Great Britain	2.0	2.9
Norway	2.1	2.7
Total <sup>1)</sup>	1.5	2.2

1) Weighted average.

Expected salary increase (in %)	2019	2018
Finland	2.1	2.3
The Netherlands	2.3	2.3
Great Britain	3.7	3.9
Norway	2.2	2.6
Total <sup>1)</sup>	2.6	2.8

1) Weighted average.

Expected pension indexation (in %)	2019	2018
Finland	1.0	1.5
The Netherlands	1.6	1.6
Great Britain	3.0	3.0
Norway	1.0	1.1
Total <sup>1)</sup>	1.8	1.9

1) Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

Expected longevity (in years)	Current employee	Current retiree
Finland	25.9	23.4
The Netherlands	24.8	22.7
Great Britain	23.9	22.2
Norway	25.0	23.2

### Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation, by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

USD millions	2019	2018
Actual valuation	(2,198)	(2,047)
Discount rate +0.5%	(2,044)	(1,912)
Discount rate -0.5%	(2,370)	(2,200)
Expected rate of salary increase +0.5%	(2,218)	(2,065)
Expected rate of salary increase -0.5%	(2,178)	(2,030)
Expected rate of pension increase +0.5%	(2,324)	(2,161)
Expected rate of pension increase -0.5%	(2,085)	(1,947)
Expected longevity +1 year	(2,280)	(2,084)
Expected longevity -1 year	(2,116)	(1,975)

## 5.5 Trade payables and other payables

### Accounting policies

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted.

### Specification

USD millions	Notes	2019	2018
Trade payables		1,285	1,475
Payroll and value added taxes		259	259
Other liabilities <sup>1)</sup>		70	101
<b>Total</b>	<b>6.3</b>	<b>1,614</b>	<b>1,835</b>

1) Included in Other liabilities is USD 11 million regarding short-term derivative instruments (at fair value) and USD 26 million regarding short-term contingent consideration.

Trade payables are non interest-bearing and have an average term of 60 days. Payroll and value-added taxes are mainly settled bimonthly or on a quarterly basis. Other payables are non interest-bearing and normally settled within 12 months.

## 5.6 Provisions and contingencies

### Accounting policies

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring, and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The restructuring provision includes only the direct expenditures arising from the restructuring. These expenditures are those that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract where the unavoidable costs of meeting the obligations under it exceeds the economic benefits expected to be received from the contract.

Decommissioning refers to the process of dismantling and removing equipment and site restoration when a site is closed down. A liability is recognized as soon as a decommissioning obligation arises. The obligation can be legal or constructive, and is accounted for based on a best estimate discounted to the present value. The discounted provision is progressively unwound, with the unwinding charge presented as a finance cost. The

unwinding charge takes the provision from its current net present value to its future end value.

If an obligation exists to decommission PP&E, the carrying value of the assets is increased with the discounted value of the obligation. This is also the case if an obligation arises during construction or due to new legal requirements. The decommissioning asset is depreciated over the useful life of the asset. If an obligation arises as a result of day-to-day operations where the asset has been used to produce inventory, the cost is expensed as incurred.

Decommissioning provisions are updated when new information becomes available.

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Legal claims are assessed on an individual basis and provisions are recognized if the specific claims give rise to present, probable obligations and the costs can be reliably measured.

When a legal or constructive environmental obligation arises as a result of a past event, and the cost can be reliably measured, a provision is recognized.

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted. If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

## 2019

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2019	75	48	23	122	24	292
Additional provision in the year	13	21	10	45	43	133
Interest expense on liability	(2)	-	2	-	-	1
Unused provision	-	-	(5)	-	(3)	(9)
Utilization of provision	(7)	(13)	(4)	(2)	(12)	(38)
Companies purchased/(sold)	-	-	-	-	-	-
Currency translation effects	(2)	(1)	-	(1)	1	(4)
Balance at 31 December 2019	77	55	25	164	54	375

## 2018

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2018	48	34	16	79	28	205
Additional provision in the year	15	23	12	31	18	100
Interest expense on liability	-	-	2	3	-	5
Unused provision	1	(1)	(3)	(5)	(8)	(16)
Utilization of provision	(8)	(6)	(2)	(2)	(13)	(32)
Companies purchased/(sold)	22	-	-	27	-	48
Currency translation effects	(3)	(2)	(2)	(10)	-	(17)
Balance at 31 December 2018	75	48	23	122	24	292

## Provisions presented in the consolidated statement of financial position

USD millions	2019	2018
Current liabilities	72	55
Non-current liabilities	303	238
Total	375	292

## Provisions

## Environmental provisions

Yara's future cost for environmental remediation depends on a number of uncertain factors, such as changes in regulations or authorities approval for the extent of actions. The estimates are followed up frequently. Due to the uncertain nature to define the exact levels of pollution and precise needs for cleanup, it is possible that they could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and warehouses.

## Restructuring provisions

In November 2019, Yara provided for closure costs of USD 20 million following the announcement to close the wholly-owned ammonia plant in Point Lisas, Trinidad. The cost is reflected in Yara's Production segment. The Yara Trinidad plant is one of the three ammonia plants operated by Yara Trinidad Ltd. The remaining two plants, Tringen I and Tringen II, are jointly owned by Yara International ASA and National Enterprises Ltd (NEL). The Trinidad plant is one of Yara's smallest ammonia plants, with an annual production capacity of approximately 270,000 tonnes ammonia. In addition to small scale, the plant has a lower energy efficiency than Yara's average. Plant profitability has also been impacted by lower ammonia prices, and in addition negotiations with The National Gas Company of Trinidad and Tobago (NGC) has failed to reach an agreement that could sustain plant operations. The plant ceased production of ammonia in December 2019 and has been fully impaired in previous periods.

For comparison did Yara recognize a provision of USD 19 million in 2018 related to centralization of certain supply chain functions in Europe, where USD 10 million was reported in the Crop Nutrition segment and USD 9 million in the Industrial segment.

Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

## Legal claims

Yara is party to a number of lawsuits in various jurisdictions arising out of the conduct of its business. None of these lawsuits, individually or in aggregate, are anticipated to have a material adverse effect on Yara.

## Decommission provisions

Provisions have been made for where Yara has legal obligation for decommissioning. Most significant decommissioning provisions relate to contractual obligations for operations on leased land, the main ones being plants in Australia, France and UK. The increase in decommission provisions during 2019 is mainly due to reduced discount rates.

## Other provisions

Other include onerous contracts, liquidated damages, warranties and various other provisions. The main reason for the increase in other provisions is higher warranty provisions due to increased deliveries by Yara's Maritime business.

## Contingencies

### Legal contingencies

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without material adverse effect.

On 21 January 2020, Yara announced that the Comisión Nacional de los Mercados y la Competencia (CNMC) has initiated an investigation against Yara Iberian SA of possible infringements of the Spanish Competition Act. Yara cooperated fully with the CNMC during the dawn raid.

In connection with Yara Fertiliser India Pvt Ltd's acquisition of Tata Chemical Ltd's urea business, stamp duty may be payable on the lease of the Babrala plant site. Yara's position is that the stamp duty on this lease is less than USD 1 million. In order to ascertain the amount of stamp duty payable, Yara sought adjudication of the amount by the local tax authorities. On 18 January 2019, the authority assessed stamp duty on the lease at approximately USD 36 million. Yara is of the view that the authority's decision is incorrect, and remains of the view that the correct amount of stamp duty is less than USD 1 million.

Yara Fertiliser India Pvt Ltd are of the view that the authority's decision is incorrect and have filed a written petition in the high court of Uttar Pradesh in March 2019 to seek the court's decision and affirmation of our position. State of Uttar Pradesh has filed its response to the Petition filed by Yara Fertilisers India Pvt Ltd. No date has yet been scheduled for substantial hearing of the petition. It may take up to 5 years to receive a decision from the Uttar Pradesh State Court.

In addition to the stamp duty on the lease, Yara has also sought adjudication of stamp duty in the same state on the court order for the acquisition. Yara's position is that the stamp duty payable is less than USD 6 million. As of today, the relevant authority has not yet issued its decision. The provisions made for stamp duties in the Uttar Pradesh state corresponds to Yara's assessment.

Further information related to two ongoing environmental cases in Brazil, where Yara is a part due to the acquisition of Adubos Trevo from the Trevisa Group in the year 2000, is provided below since it is not possible to provide a reliable estimate of the maximum potential exposure:

- Yara has together with other companies related to the Trevisa Group been sued by an association representing approximately 1,300 potential victims in two separate lawsuits. The lawsuits are related to mine and lead industry activities performed by the company Plumbum Comércio e Representações de Produtos Mineirais e Industriais (Plumbum) in the cities Santo Amaro da Purificação and Boquira in Bahia state in Brazil. Plumbum was formerly part of the Trevisa Group. Adubos Trevo has not been involved in any of the activities included in the lawsuits. The lawsuits include claims for various personal losses, damage to properties, institution of relief funds, environmental restoration and clean-up

activities. The lawsuits were filed in 2011 and 2012 but are still in the initial phase. Yara denies liability for any potential damage caused by the activities of Plumbum and has not made any provision for the claims.

- Yara is together with 22 other companies, defendants in a lawsuit filed by São Paulo Public Attorney in 1985 with a claim for compensation for environmental damage related to former activities by the defendants in the Cubatão industrial district. The defendants deny the claim on the basis that necessary actions have already been taken to recover potential damages from former activities. In September 2017, the court of first instance ruled against the defendants determining that the defendants were jointly liable to repair the damage. The nature of and amount of potential damages have not been determined and will be calculated by an expert. Yara has made a provision related to this case of USD 1.8 million. Yara and the other defendants have appealed the decision.

### Tax contingencies

In relation to an ongoing tax dispute and to safeguard their taxation rights, the Dutch tax authorities issued in 2018 a new tax assessment for business restructuring ("exit tax assessment"). The tax assessment would increase the tax cost with USD 500 million, plus USD 200 million in accumulated interest. It is Yara's position that the tax assessment is unreasonable and unfounded, and no provision has been made for the exit tax claim. The tax authorities principal claim is significantly lower and Yara has considered that claim separately from the exit tax assessment. Yara expects that the exit tax assessment will not trigger any immediate payment and that tax payments will be deferred until the case has been fully resolved or the tax assessment has been withdrawn.

Several subsidiaries are engaged in juridical and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. A majority of these contingencies are related to indirect taxes in Brazil, with an estimated maximum exposure of approximately USD 151 million. Tax contingencies outside Brazil and excluding the above-mentioned exit tax assessment in the Netherlands have an estimated maximum exposure of approximately USD 83 million. In 2019, Yara recognized a USD 38 million income tax provision and a USD 13 million provision for interest expense related to a previously reported contingency outside Brazil. The provisions are based on a recent court ruling against one of Yara's subsidiaries. Yara has appealed the ruling.

In 2019, Yara International ASA received a notification and request for information from the Norwegian Tax Authorities in relation to a transfer price audit. In the notification and request for information, the Tax Authorities have stated that they consider changing the company's tax assessment for the years 2015, 2016 and 2017. Yara International ASA has recently submitted its response. The Tax Authorities have not disclosed any potential amount or provided guidance on how a potential change will impact the tax assessment for these years.

### Contingent assets

Contingent assets are typically related to insurance compensation. As of year-end 2019 there are no significant contingent assets.



## 5.7 Contractual obligations

### Take-or-pay and long-term contracts

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy.

#### The non-cancellable future obligations at 31 December 2019 (undiscounted amounts)

USD millions	Total
2020	487
2021	257
2022	154
2023	105
2024	63
Thereafter	661
<b>Total</b>	<b>1,727</b>

Future "take-or-pay" obligations are included in the table above only if they are non-cancellable and the contractually agreed pricing is fixed or may otherwise deviate from observable market prices at the time of delivery.

For further information regarding future obligations, see note 5.4 for future obligations related to pensions, note 5.6 for provisions and contingencies and 4.5 for future commitments related to lease arrangements.

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2019.

## 5.8 Secured debt and guarantees

USD millions	2019	2018
Amount of secured debt	26	28
<b>Assets used as security for debt</b>		
Machinery and equipment, etc.	4	5
Buildings and structural plant	23	24
<b>Total</b>	<b>27</b>	<b>28</b>
<b>Assets used as security for non-financial liabilities</b>		
Buildings and structural plant	22	23
<b>Total</b>	<b>22</b>	<b>23</b>
<b>Guarantees (off-balance sheet)</b>		
Contingency for discounted bills	1	1
Contingency for sales under government schemes	57	72
Non-financial parent company guarantees	723	684
Non-financial bank guarantees	236	228
<b>Total</b>	<b>1,016</b>	<b>985</b>

Off-balance sheet guarantees consist mainly of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees). These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity-accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Guarantees of debt issued on behalf of consolidated companies are not included since the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligation under such guarantees is at any time limited to the amount drawn under the credit facility.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the liability included in the consolidated statement of financial position.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

#### Contingent liabilities related to the de-merger from Norsk Hydro ASA

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the de-merger from Norsk Hydro ASA (Hydro) as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger March 24, 2004 and have been reduced by payments thereafter.

# 6 Financial risk

## 6.1 Financial risks

### Risk management policies

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara's strategic approach is to determine appropriate risk levels or limits for the main risks and to constantly maintain and develop tools and procedures for monitoring the associated exposures. The Group's policies, approved by the Board of Directors, thus provide written principles on funding risk, currency risk, interest rate risk, credit risk, and the investment of excess liquidity. In general, risks arising from operational activities may either be accepted or reduced. The policies restrict transactions that will increase the Group's exposure beyond the level stemming from operations.

Yara's Executive Management is responsible for reviewing and operationalizing the board defined policies, while the operating segments and expert organizations act as risk owners. The financial risks related to the operations of the Group are thus monitored and managed by Yara's Finance, Treasury & Insurance function through internal risk reports that analyze each exposure by degree and magnitude of risk. These risks include market risks such as currency and interest rate risk, credit risk and liquidity risk. The Finance, Treasury & Insurance function reports regularly to the Group's Executive Management.

Based on the overall evaluation of risk, Yara may seek to reduce its inherent exposures by using insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps. The use of such instruments is also governed by Board approved policies.

Yara may designate and document the use of certain derivatives and other financial assets or liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges), highly probable forecast transactions (cash flow hedges) and net investments in foreign operations (net investment hedges). The prospective effectiveness of any such hedge is assessed at inception and verified on a quarterly basis. Derivatives not designated in a hedging relationship are classified as undesignated derivatives and acquired and managed within the framework and policies defined by the Board of Directors also when hedge accounting is not applied.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2019 and 31 December 2018. Yara's liquidity surplus, kept as short-term bank deposits, increased in 2019 compared with the year before.

### Funding risk

The capital structure of the Group consists of interest-bearing debt as disclosed in note 5.3, cash and cash equivalents as disclosed in note 3.4 plus equity attributable to equity holders of the parent, comprising paid-in capital

and retained earnings as disclosed in note 5.1 and statement of changes in equity.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to keep a long-term debt base and to uphold the security and flexibility obtained through using diversified capital sources, avoiding dependency on single institutions or markets.

Yara does not have specific debt ratio targets and the only financial covenant is to have a debt to equity ratio, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, below 1.4. At the end of 2019, the ratio was 0.42 compared with 0.43 at the end of 2018. The Group is not subject to any externally imposed capital requirements.

Through its financial structure, Yara has the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. minimum BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. During 2019, Yara did maintain both the Baa2 rating by Moody's and the BBB rating by Standard & Poor's.

### Currency risk

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. Throughout the year, the part of Yara's US dollar debt constituting a hedge of future earnings increased gradually from around USD 2,000 million to around USD 2,600 million (2018: increased gradually from around USD 1,500 million to around USD 2,000 million). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Yara thus primarily manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to future cash flows or to offset short-term liquidity needs in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

## Sensitivity - net income

USD millions	2019	2018
A 10% weakening <sup>1)</sup> of the US dollar at the reporting date would have increased/(decreased) net income by	241	259
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) net income by	(263)	(270)

1) Against functional currencies.

This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income, EBITDA or equity. The analysis was performed on the same basis for 2018.

A 10% strengthening of the currencies above at 31 December would have had the opposite effect of the amounts shown above.

## Sensitivity - Other comprehensive income

USD millions	2019	2018
A 10% weakening <sup>1)</sup> of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(259)	(279)
A 10% weakening <sup>1)</sup> of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(116)	(103)
A 10% weakening <sup>1)</sup> of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(58)	(80)
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(7)	7

1) Against US dollar (presentation currency of the Group).

This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2018.

## Interest rate risk

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in note 5.3 Interest-bearing debt.

Yara has a defined framework for fair value risk arising from exposure towards fixed interest rates. In accordance with that framework, all bank loans have been borrowed at floating rates. A portion of the bond debt has been retained at fixed interest rates, while the remaining part of the bond debt has been converted to floating rates through interest rate swaps and cross-currency swaps. Consequently, the interest expense related to the converted (hedged) part of the bond debt will fluctuate in line with market changes. At the reporting date, the interest rate exposure arising from the bonds issued at fixed interest rates can be summarized as follows:

USD millions	Notes	Maturity	Denominated amounts 2019	Conversion to floating rates				Carrying amounts 2019		Carrying amounts 2018	
				Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rate <sup>1)</sup>	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
<b>Floating interest rate bonds</b>											
NOK (Coupon NIBOR + 0.70%)	5.3	2019	-					-	-	-	254
NOK (Coupon NIBOR + 0.75%)	5.3	2022	142					-	142	-	144
SEK (Coupon STIBOR + 1.00%)	5.3	2022	48					-	48	-	50
<b>Fixed interest rate bonds</b>											
USD (Coupon 7.88%)	5.3	2019	-	-	-			-	-	500	-
NOK (Coupon 2.55%)	5.3, 6.2	2021	80	2.55%	80	2.55%	USD LIBOR 3M +1,14%	-	79	-	80
SEK (Coupon 1.10%)	5.3, 6.2	2022	86	1.10%	86	1.10%	USD LIBOR 3M +1,00%	-	86	-	89
NOK (Coupon 3.00%)	5.3, 6.2	2024	68	3.00%	68	3.00%	USD LIBOR 3M +1,33%	-	68	-	69
NOK (Coupon 2.45%)	5.3, 6.2	2024	114	2.45%	114	2.45%	USD LIBOR 3M +1,18%	-	111	-	113
USD (Coupon 3.80%)	5.3	2026	500	3.80%	-			498	-	498	-
NOK (Coupon 2.90%)	5.3, 6.2	2027	114	2.90%	114	2.90%	USD LIBOR 3M +1,44%	-	111	-	112
USD (Coupon 4.75%)	5.3	2028	1,000	4.75%	-	-		996	-	996	-
Total unsecured debenture bonds			2,153		462			1,494	645	1,994	911

1) Through a combination of interest rate swaps and cross-currency swaps.

### Interest rate profile of the Group's interest-bearing financial instruments

USD millions	Notes	2019	2018
Net interest-bearing debt at 31 December <sup>1)</sup>		3,725	3,794
Portion of bonds with fixed interest rate	5.3	1,495	1,994
Net interest-bearing debt/(deposits) less portion of bonds with fixed interest rate		2,230	1,800

1) For definition of net interest-bearing debt, please see chapter Financial performance in the Financial review section of the Annual report.

### Sensitivity

USD millions	2019	2018
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) net income by	(15)	(13)
An increase of 100 basis points in BRL interest rates at the reporting date would have increased/(decreased) net income by	-	(2)

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis was performed on the same basis for 2018. A decrease of 100 basis points at the reporting date would have increased profit or loss with similar, but opposite amounts.

### Specific risks associated with the upcoming interest rate benchmark reform

Within its hedge accounting relationships, the Group is exposed to NIBOR, STIBOR and USD LIBOR (collectively "IBORs") interest rate benchmarks subject to interest rate benchmark reform. As listed in note 6.2 Hedge accounting, the hedged items include issued NOK and SEK fixed rate debt plus foreign currency translation risk associated with Yara's net investment in USD denominated foreign operations.

Yara Finance, Treasury & Insurance has established an IBOR transition program to understand the specific exposures and prepare an action plan in order to enable a smooth transition to alternative benchmark rates. Risks hitherto identified include, but may not be limited to, the items listed in below table.

Risk	Potential impact
Lack of standardized alternative term rates	Cash flow uncertainty, operational challenges
Economic difference vs. IBORs and alternative rates	Changes in fair value of affected contracts
Different speed of transition across products and currencies	Basis risk on hedge accounting relations
Operational adjustments required	Upgrade of IT systems, renegotiation of agreements

As none of Yara's current IBOR linked contracts already include fall back provisions in case the referenced benchmark interest rate ceases to be available, Yara monitors the output from the various working groups managing the transition to new benchmark rates carefully and will look to implement appropriate fall back language in due course.

### Credit risk

Yara has a well-established system for customer credit risk management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's derivative financial instruments is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position and as disclosed in note 6.3 Financial instruments.

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has agreed limits for credit exposure (collateral agreements) with most of its main banks. At the end of the reporting period, Yara had deposited USD 74.8 million (2018: USD 82.8 million) in cash with its counterparties to mitigate exposure from financial liabilities covered by

such agreements. These deposits are reported as "other current assets" in the consolidated statement of financial position. Collateral deposits are made at overnight terms and required collateral is being reassessed twice every month.

Yara may undertake a number of measures to reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. The effect of credit risk reduction from these measures is not considered to be material for the Group.

### Liquidity risk

Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Note 5.3 Interest-bearing debt includes a list of undrawn facilities that the Group has at its disposal.

## Contractual maturities of financial liabilities, including estimated interest payments

31 December 2019

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(494)	(519)	(40)	(383)	(97)	-	-	-
Long-term interest-bearing debt <sup>1)</sup>	(3,096)	(3,731)	(2)	(426)	(78)	(223)	(1,150)	(1,852)
Accrued interest expense	(14)	(16)	-	(14)	-	-	(2)	-
Trade payables	(1,285)	(1,302)	(3)	(1,270)	(29)	-	-	-
Payroll and value added taxes	(259)	(259)	(1)	(226)	(32)	-	-	-
Other short-term liabilities	(59)	(59)	-	(52)	(7)	-	-	-
Other long-term liabilities	(133)	(144)	-	(1)	(19)	(45)	(67)	(13)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(79)							
Outflow		(1,139)	-	(343)	(12)	(112)	(539)	(133)
Inflow		1,052	-	334	9	96	489	124
Commodity derivatives	(20)							
Outflow		(23)	-	(2)	(2)	(10)	(10)	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	(7)							
Outflow		(64)	-	(6)	(6)	(12)	(28)	(11)
Inflow		58	-	-	11	11	25	10
<b>Total</b>	<b>(5,446)</b>	<b>(6,147)</b>	<b>(45)</b>	<b>(2,388)</b>	<b>(262)</b>	<b>(295)</b>	<b>(1,281)</b>	<b>(1,875)</b>

1) Includes current portion of long-term interest bearing debt amounting to USD 398 million.

See note 4.5 for contractual maturities of lease liabilities.

31 December 2018

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(397)	(502)	(128)	(367)	(7)	-	-	-
Long-term interest-bearing debt <sup>1)</sup>	(3,600)	(4,283)	(2)	(108)	(868)	(154)	(921)	(2,230)
Accrued interest expense	(29)	(29)	-	(18)	(11)	-	-	-
Accounts payable	(1,475)	(1,506)	(3)	(1,471)	(32)	-	-	-
Payroll and value added taxes	(259)	(259)	(11)	(220)	(28)	-	-	-
Other short-term liabilities	(46)	(49)	(3)	(33)	(12)	-	-	-
Other long-term liabilities	(79)	(83)	-	(4)	-	(50)	(16)	(13)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(107)							
Outflow		(1,476)	-	(374)	(301)	(20)	(439)	(342)
Inflow		1,449	-	358	261	49	461	320
Commodity derivatives	(37)							
Outflow		(36)	-	-	(5)	(10)	(21)	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	(6)							
Outflow		(76)	-	(3)	-	(1)	(2)	(70)
Inflow		70	-	-	11	11	29	19
<b>Total</b>	<b>(6,035)</b>	<b>(6,780)</b>	<b>(147)</b>	<b>(2,240)</b>	<b>(992)</b>	<b>(175)</b>	<b>(910)</b>	<b>(2,316)</b>

1) Includes current portion of long-term interest bearing debt amounting to USD 824 million.

## Derivative instruments

USD millions	Notes	2019	2018
<b>Total fair value of derivatives</b>			
Forward foreign exchange contracts	6.3	(7)	(46)
Cross-currency swaps	6.3	(72)	(62)
Interest rate swaps designated for hedging	6.3	(7)	(6)
Embedded commodity derivatives	6.3	(20)	(37)
Balance 31 December		(106)	(151)
<b>Derivatives presented in the statement of financial position</b>			
Non-current assets		1	-
Current assets		-	5
Non-current liabilities		(96)	(101)
Current liabilities		(11)	(55)
Balance 31 December		(106)	(151)

## Outstanding committed forward foreign exchange contracts at 31 December

USD millions	2019	2018
Forward foreign exchange contracts, notional amount	427	730

All outstanding forward foreign exchange contracts at 31 December 2019 have maturity in 2020, except non-deliverable forward contracts totaling INR 4,622 million that mature in 2021. Buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

## 6.2 Hedge accounting

A description of the Group's general risk management policies and principles can be found in note 6.1 Financial risks.

### Accounting policies

Yara applies hedge accounting according to IFRS 9 and designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised. Hedge accounting also ceases if the hedge relationship for some reason no longer fulfill the requirements for hedge accounting.

### Fair value hedges

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 million fixed rate bond debt from 2014.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the Consolidated statement of income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

As the key parameters of the hedging instruments (interest basis, inception dates and maturity dates) are identical to the respective hedged items, no ineffectiveness has been identified.

### Cash flow hedges

Yara had no cash flow hedges in 2019 or 2018. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

### Net investment hedges

At 31 December 2019, Yara has designated in total USD 930 million (2018: USD 930 million) of its USD denominated interest-bearing debt as hedges of net investments in foreign (USD based) entities. The hedging instruments comprise USD denominated bonds, term loans and the currency component of a portion of the Group's cross-currency swap portfolio.

The designation of interest-bearing debt as hedges of net investments leads to changes of foreign currency translation (gain/loss) being recognized in the Consolidated Statement of Comprehensive income instead of in the Consolidated Statement of Income.

As both the hedged net investments and the hedging instruments are sensitive only to fluctuations in the USD/NOK spot rate, no ineffectiveness has been identified.

### Effect on financial position and performance in 2019

USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	147	1	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	221	6	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	86	-	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
<b>Net investment hedges</b>											
<b>Foreign exchange risk</b>											
- Net equity in subsidiaries <sup>2)</sup>	USD	Spot USD NOK	930	-	-	209	Other reserves	Long-term interest-bearing debt <sup>3)</sup>	9	(9)	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after tax. See note 2.8 Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item Other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

### Effect on financial position and performance in 2018

USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	149	-	-	Long-term interest-bearing debt	Other long-term liabilities	2	(2)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	224	6	-	Long-term interest-bearing debt	Other long-term liabilities	2	(2)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	89	-	-	Long-term interest-bearing debt	Other long-term liabilities	(1)	1	-
<b>Net investment hedges</b>											
<b>Foreign exchange risk</b>											
- Net equity in subsidiaries <sup>2)</sup>	USD	Spot USD NOK	930	-	-	199	Other reserves	Long-term interest-bearing debt <sup>3)</sup>	41	(41)	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after tax. See note 2.8 Income tax expense for the tax effect.

3) Includes USD 20 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item Other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

## 6.3 Financial instruments

### Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes party to the contractual obligations of the instrument.

Under IFRS 9 Financial Instruments, Yara classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

### Derivatives

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity price risk arising in operating, financing and investment activities. These derivatives are initially recognized at fair value and subsequently measured at fair value through profit or loss at each balance sheet date. Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income. Embedded derivatives may refer to financial transactions and sale and purchase transactions for gas, ammonia and other commodities.

Fair value on derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income. If the derivative is designated and effective as a hedging instrument, the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship. A derivative is classified as non-current if the remaining maturity of the derivative is more than 12 months, and as current if the remaining maturity of the derivative is less than 12 months.

All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

### Receivables and deposits

See note 3.2 for information on Trade receivables and note 3.4 for Cash and Cash equivalents.

Other short-term and long-term receivables and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short term items are normally not discounted. The carrying amounts of receivables and deposits are adjusted for expected credit losses and are considered to represent reasonable estimates on fair value. Interest-free receivables are discounted if it has a material impact on fair value. Yara records 12-months expected

credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit loss is recorded. The 12-months expected credit loss reflect loss from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit loss on receivables and deposits are limited. As a result, disclosures are reduced due to materiality.

### Equity instruments

The Group has equity shares within the scope of IFRS 9 to a limited extent. These are initially recognized at fair value. Subsequently they are measured at fair value through other comprehensive income (no recycling).

### Financial liabilities

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short term payables are normally not discounted. However, short-term payables and other short-term debt are discounted if it has material impact on fair value. Fair value of these liabilities are assumed to be equal to their carrying amounts.

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Fair value on long-term interest-bearing debt and other long-term liabilities differs from the carrying amounts since the USD debenture bonds are held with fixed interest rates and are not subject to hedge accounting. For these USD debenture bonds with fixed interest rates and for other long term liabilities, no active market is available and fair value is calculated based on the present value of future principal and interest cash flows. Cash flows are estimated by using LIBOR with different maturities as a benchmark, and adding a credit margin derived from recent transactions or other information available.

See note 4.5 for information on lease liabilities.

Contingent consideration is initially recognized at fair value and subsequently measured at fair value through profit or loss. Fair value of contingent consideration is calculated considering the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of financial performance, the amount to be paid under each scenario and the probability of each scenario.



### Financial instruments at fair value

Financial instruments at fair value (FV) refer to derivatives at FV through profit and loss (P&L), equity instruments at FV through OCI (other comprehensive income) and financial liabilities at FV through P&L. They are valued according to different levels in the fair value hierarchy in IFRS. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Carrying amounts and fair value per category

31 December 2019

USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments	Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortized cost	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	Historic cost	
<b>Non-current assets</b>									
Other non-current assets	4.6	-	-	82	19	-	-	312	414
<b>Current assets</b>									
Trade receivables	3.2	-	-	1,564	-	-	-	-	1,564
Prepaid expenses and other current assets	3.3	-	-	176	-	-	-	377	553
Cash and cash equivalents	3.4	-	-	300	-	-	-	-	300
Sum financial assets		1	-	2,121	19	-	-	689	2,830
<b>Non-current liabilities</b>									
Other long-term liabilities	6.2	(89)	(7)	-	-	(116)	(17)	(18)	(247)
Long-term interest-bearing debt	5.3	-	-	-	-	(2,698)	-	-	(2,698)
Long-term lease liabilities	4.5	-	-	-	-	(337)	-	-	(337)
<b>Current liabilities</b>									
Trade and other payables	5.5	(11)	-	-	-	(1,577)	(26)	-	(1,614)
Prepayments from customers		-	-	-	-	-	-	(399)	(399)
Other short-term liabilities		-	-	-	-	(14)	-	(87)	(101)
Short-term interest-bearing debt	5.3	-	-	-	-	(494)	-	-	(494)
Current portion of long-term debt	5.3	-	-	-	-	(398)	-	-	(398)
Short-term lease liabilities	4.5	-	-	-	-	(98)	-	-	(98)
Sum financial liabilities		(100)	(7)	-	-	(5,732)	(43)	(505)	(6,386)
Total net balance		(99)	(7)	2,121	19	(5,732)	(43)	185	(3,556)
Fair value		(99)	(7)	2,121	19	(5,830)	(43)		
Unrecognized gain/(loss)		-	-	-	-	(98)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 5.3 for details.

Equity instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. Equity instruments as of year-end 2019 refer mainly to shares in Pohhjolan Voima Oyj. These investments are long term and not held for trading. No dividend is received in 2019.

## 31 December 2018

USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments	Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortized cost	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	Historic cost	
<b>Non-current assets</b>									
Other non-current assets	4.6	-	-	56	21	-	-	343	420
<b>Current assets</b>									
Trade receivables	3.2	-	-	1,601	-	-	-	-	1,601
Prepaid expenses and other current assets	3.3	5	-	159	-	-	-	577	741
Cash and cash equivalents	3.4	-	-	202	-	-	-	-	202
Sum financial assets		5	-	2,018	21	-	-	920	2,964
<b>Non-current liabilities</b>									
Other long-term liabilities	6.2	(95)	(6)	-	-	(61)	(17)	(22)	(201)
Long-term interest-bearing debt	5.3	-	-	-	-	(2,776)	-	-	(2,776)
<b>Current liabilities</b>									
Trade and other payables	5.5	(55)	-	-	-	(1,774)	(6)	-	(1,834)
Prepayments from customers		-	-	-	-	-	-	(343)	(343)
Other short-term liabilities		-	-	-	-	(29)	-	(60)	(88)
Short-term interest-bearing debt	5.3	-	-	-	-	(397)	-	-	(397)
Current portion of long-term debt	5.3	-	-	-	-	(824)	-	-	(824)
Sum financial liabilities		(149)	(6)	-	-	(5,861)	(23)	(424)	(6,464)
Total net balance		(144)	(6)	2,018	21	(5,861)	(23)	496	(3,499)
Fair value		(144)	(6)	2,018	21	(5,855)	(23)		
Unrecognized gain/(loss)		-	-	-	-	6	-		

Unrecognized gain on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 5.3 for details.

## Financial instruments at fair value

## 31 December 2019

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	19	19
Derivatives, net	-	(84)	(22)	(106)
Financial liabilities	-	(6)	(37)	(43)
Net total balance	-	(90)	(40)	(130)

There were no transfers between Level 1 and Level 2 in the period.

## 31 December 2018

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	21	21
Derivatives, net	-	(116)	(35)	(151)
Financial liabilities	-	(6)	(17)	(23)
Net total balance	-	(122)	(31)	(153)

There were no transfers between Level 1 and Level 2 in the period.

## Reconciliation of fair value instruments at Level 3 from opening to closing balance

USD millions	2019	2018
Balance at 1 January	(31)	(77)
Total gains or (losses):		
in income statement	16	9
in other comprehensive income	(2)	(1)
Payments made	1	-
Disposals or (additions)	(23)	24
Reclassification from level 3 to level 2 of the fair value hierarchy	-	6
Foreign currency translation	(2)	8
Balance at 31 December	(40)	(31)

## Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2019

USD millions	Effect on profit or loss		Effect on other comprehensive income	
	Favorable	(Unfavorable)	Favorable	(Unfavorable)
Derivatives (20% decrease/(increase) in ammonia price)	12	(18)	-	-
Equity instruments (20% increase/(decrease) in electricity price)	2	(4)	2	-
Financial liabilities (20% decrease/(increase) in Yara DAP price)	3	(5)	-	-
Total	17	(27)	2	-

The favourable and unfavourable effects on derivatives refer to embedded derivatives in energy contracts. The effects are calculated by decreasing/increasing the input of ammonia prices by 20 percent for the whole contract period, also for long-term contracts. All other variables remain constant.

The favourable and unfavourable effects on equity instruments refer to fair value of unlisted equity securities. The effects are calculated based on a valuation model for estimation of fair value, increasing/decreasing the forward electricity prices used in the model by 20 percent. All other variables remain constant.

The favourable and unfavourable effects on financial liabilities refer to contingent consideration regarding the binding agreement with the former non-controlling interest in Galvani (former Galvani). The effects are calculated by decreasing/increasing Yara DAP price. All other variables remain constant. In addition to these effects, there is a conditional future payment of maximum USD 30 million related to future project success in GICS (see note 7.2 for details). Fair value of this future payment is included as contingent consideration, but it is not included in the sensitivity analysis.

### Gains and losses from financial instruments recognized in the Consolidated statement of income and Consolidated statement of comprehensive income

2019

USD millions	Notes	Derivatives		Equity instruments	Financial liabilities		Total
		Fair value through P&L	Designated for hedging	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income <sup>1)</sup>	6.1, 6.2	(17)	-	-	-	2	(15)
Consolidated statement of comprehensive income <sup>2)</sup>	6.2	-	-	(2)	(12)	-	(14)
<b>Total</b>		<b>(17)</b>	<b>-</b>	<b>(2)</b>	<b>(12)</b>	<b>2</b>	<b>(29)</b>

1) Effects of foreign currency translation on other financial instruments than derivatives are not included in the overview.

2) Amounts are presented before tax. Please see note 2.8 for specification of taxes.

2018

USD millions	Notes	Derivatives		Equity instruments	Financial liabilities		Total
		Fair value through P&L	Designated for hedging	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income <sup>1)</sup>	6.1, 6.2	(71)	(3)	-	-	26	(48)
Consolidated statement of comprehensive income <sup>2)</sup>	6.2	-	1	(5)	(52)	-	(56)
<b>Total</b>		<b>(71)</b>	<b>(2)</b>	<b>(5)</b>	<b>(52)</b>	<b>26</b>	<b>(104)</b>

1) Effects of foreign currency translation on other financial instruments than derivatives are not included in the overview.

2) Amounts are presented before tax. Please see note 2.8 for specification of taxes.

# 7 Business combinations and other business initiatives

## 7.1 Business combinations

### Accounting policies

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, if not otherwise stated. The non-controlling interest is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of Yara's previously held equity interest in the acquiree is re-measured to the fair value at the acquisition date. Any gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted within the next 12 months from the acquisition date to reflect new information obtained about facts and circumstances that existed at the acquisition date, and which would have affected the amounts recognized at that date.

Any contingent consideration is recognized at fair value at the acquisition date as part of the consideration transferred in exchange for the acquiree. Contingent considerations classified as assets or liabilities are subsequently measured at fair value at each reporting date with changes in fair value recognized in profit or loss. Contingent consideration classified as equity is not

re-measured and its subsequent settlement is accounted for within equity. Changes in the fair value of a contingent consideration are adjusted retrospectively in goodwill within 12 month from the acquisition date if the changes relate to additional information on facts and circumstances that existed at the acquisition date.

### Business combinations

During 2019 Yara had no business combinations. All the information below are related to the operations in 2018.

The business combination of Tata Chemicals Limited's urea business in India was closed 12 January 2018. The acquired business comprises the Babrala urea plant and distribution business in Uttar Pradesh. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea. The plant was commissioned in 1994, and is the most energy efficient plant in India. The primary reason for the business combination is to further accelerate Yara's growth in India by creating an integrated position in the world's second-largest fertilizer market. The acquisition is reported in the Production segment.

The business combination of the Vale Cubatão Fertilizantes complex in Brazil was closed 15 May 2018. The Cubatão asset is a nitrogen and phosphate complex with an annual production capacity of approximately 0.2 million tonnes of ammonia, 0.5 million tonnes of nitrates and 0.7 million tonnes of phosphate fertilizer. The acquisition brings nitrogen production assets into Yara's growing portfolio in Brazil, strengthening and growing Yara's integrated position within both industrial and fertilizer markets. The plant is reported in the Production segment, while sales are reported in Sales & Marketing and New Business segments.

### Consideration paid during 2018

USD millions	Babrala	Cubatão
Cash transferred	421	255
Net working capital adjustment	(9)	(12)
Total consideration	412	243

Acquisition costs of USD 1 million for the Cubatão acquisition and USD 9 million for the Babrala acquisition have been excluded from the consideration transferred and recognized as an expense within "Other operating expenses" in the consolidated statement of income in 2018. Transaction costs related to the Babrala acquisition are mainly related to

stamp duties and may be subject to change. Contingent liability related to stamp duties is described in note 5.6. Integration and acquisition-related costs for the Babrala acquisition of USD 2 million have been recognized previous years.

## Identifiable assets acquired and liabilities recognized at the date of acquisition (fair value)

USD millions	Babrala 12 January 2018	Cubatão 15 May 2018
<b>Assets</b>		
Deferred tax asset	-	2
Distribution network	31	-
Intangible assets	-	4
Property, plant and equipment	234	270
Inventories	4	67
Trade receivables <sup>1)</sup>	113	18
Prepaid expenses and other current assets	16	3
Cash and cash equivalents	-	13
Other liquid assets	-	-
<b>Total assets</b>	<b>398</b>	<b>377</b>
<b>Liabilities</b>		
Employee benefits	3	5
Long-term provisions	-	48
Trade and other payables	17	9
Prepayments from external customers / deferred revenue	1	23
Other short-term liabilities	2	5
Short-term provisions	-	3
Bank loans and other interest-bearing short-term debt	-	41
<b>Total liabilities</b>	<b>23</b>	<b>134</b>
<b>Total identifiable net assets at fair value</b>	<b>374</b>	<b>243</b>

1) For Babrala acquisition, the amount consists mainly of receivables under the pricing scheme policy of Government of India. See accounting policies on page 97. The receivables acquired in the business combination of Babrala have a fair value of USD 11 million lower than the gross contractual amount of USD 124 million. The receivables acquired in the business combination of Vale Cubatão have a gross contractual amount approximately equal to their fair value.

## Goodwill arising on acquisition

USD millions	Babrala 12 January 2018	Cubatão 15 May 2018
Total consideration	412	243
Fair value of net identifiable assets acquired	374	243
<b>Goodwill arising on acquisition</b>	<b>38</b>	<b>-</b>

Goodwill of the Babrala acquisition consists of Yara specific synergies and future benefits from the assembled workforce, in addition to a willingness to pay to get an integrated position in the world's second-largest fertilizer market. The goodwill will be deductible for tax purposes.

## Net cash outflow on acquisition

USD millions	Babrala 12 January 2018	Cubatão 15 May 2018
Consideration paid in cash at date of acquisition	(421)	(255)
Net working capital settlement	7	11
Paid stamp duties	(3)	-
Cash and cash equivalent balances acquired	-	13
<b>Net cash outflow on acquisition of subsidiaries</b>	<b>(416)</b>	<b>(231)</b>

Net cash outflow is presented as part of "Cash outflow on business combinations" in the consolidated statement of cash flows.

## Impact of the acquisition on total assets of the Group recognized 2018

USD millions	Babralla 12 January 2018	Cubatão 15 May 2018
Consolidated identifiable assets	398	377
Goodwill arising on the acquisition	38	-
Total impact on the total assets of the Group	435	377

## Impact of the acquisition on the results of the Group in 2018

USD millions	Babralla 12 January 2018	Cubatão 15 May 2018
<b>Included in year-to-date consolidated figures</b>		
Revenues	394	326
of which internal revenues	-	(64)
EBITDA	34	48
Net income before tax	(6)	38

The Babralla result is negatively impacted by USD 9 million in stamp duties directly related to the business combination.

## Pro-forma figures

If the acquisition of Cubatão had taken place at the beginning of the year, the effect on Yara's "pro-forma" year-to-date consolidated income before tax for 2018 would have been:

USD millions	Cubatão
Revenues	117
Consolidated income before tax	(13)

In determining the pro-forma revenues and net income before tax, the following adjustments have been made:

- calculated depreciation of tangible and intangible assets acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements
- calculated increased interest expense on debt used for financing the acquisition of shares
- calculated unwinding expense of decommissioning liabilities based on liabilities recognized at acquisition rather than on decommissioning liabilities recognized in the pre-acquisition financial statements
- eliminated sales from Vale Cubatão to Yara Brazil during the period 1 January to 15 May 2018

If the acquisition of Babralla had taken place at the beginning of the year, rather than on 12 January 2018, the effect on Yara's "pro-forma" year-to-date consolidated income before tax would not be material.

## 7.2 Other business initiatives

### Minority buy-out

In 2018, Yara signed an agreement with the non-controlling interest in GICS (GICS Indústria, Comércio e Serviços S.A., former Galvani) to acquire their 40% equity interest. Assets and liabilities related to GICS were classified as held-for-sale at the end of 2018. The transaction was closed on 10 July 2019. As part of the consideration, the non-controlling interest took full ownership to certain assets and liabilities in GICS, including the production unit in Luis Eduardo Magalhães, the mining units in Angico dos Dias and Irece (all three in the state of Bahia) and the Santa Quitéria greenfield phosphate project. The fair value of the disposal group was determined to be lower than its carrying amount and an impairment of USD 33 million was recognized upon reclassification to disposal group held-for-sale in 2018. A further assessment led to an additional impairment of USD 8 million in 2019.

In addition to fair value of assets and liabilities transferred, consideration includes a cash payment of USD 70 million over a three-year period from closing and a conditional future payment related to project success of maximum USD 30 million. Yara through GICS also provided a capital contribution to the new entity of USD 30 million as starting capital, minus adjustments for a normalized level of working capital (USD 2.6 million). The remaining cash flow will follow the payment schedule over a three-year period.

The carrying amount of the non-controlling interest in GICS at the date of closing (10 July 2019) was USD 139 million. The difference between the carrying amount and the consideration, including fair value of assets and liabilities that have been transferred, was recognized in equity attributable to shareholders of the parent. Effect on equity attributable to the shareholders of the parent was a reduction of USD 151 million.

### Equity transactions with the non-controlling interest in GICS (former Galvani)

USD millions	GICS
Carrying amount of non-controlling interests acquired/(divested)	139
Consideration	(290)
Increase/(decrease) in equity attributable to owners to the group	(151)
Presented in the statement of changes in equity:	
Increase/(decrease) to other reserves	(54)
Increase/(decrease) to retained earnings	(97)
Total	(151)

### Major classes of assets and liabilities held-for-sale

USD millions	2019	2018
Deferred tax assets	-	1
Intangible assets	-	31
Property, plant and equipment	9	111
Other non-current assets	-	6
Inventories	-	27
Trade receivables	-	28
Prepaid expenses and other current assets	-	1
Assets held-for-sale	9	206
Deferred tax liabilities	-	10
Long-term provisions	-	5
Trade and other payables	-	10
Liabilities directly associated with assets held-for-sale	-	26
Net assets held-for-sale	9	180

### Other business initiatives

Yara has announced it is evaluating an IPO or spin-off of its industrial nitrogen business in 2019. The IPO/spin-off evaluation and scope assessment is expected to be completed by mid 2020.



# 8 Other disclosures

## 8.1 Related parties

### The Norwegian State

At 31 December 2019, the Norwegian State owned 98,640,995 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 17,893,478 shares, representing 6.57% of the total number of shares issued.

### Yara Pension fund

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2019, Yara has contributed to the pension fund through deductions from premium fund.

### Equity-accounted investees

Transactions with equity-accounted investees are described in note 4.3.

### Board of Directors

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

### Executive Management

Executive Management remuneration is disclosed in note 8.2.

### Board of Directors compensation 2019 and number of shares owned 31 December 2019

USD thousands, except number of shares	Compensation earned in 2019 <sup>5)</sup>	Number of shares
Geir Isaksen, Chairperson <sup>1)</sup>	76	84
Trond Berger <sup>2)</sup>	61	3,000
Hilde Bakken <sup>1)</sup>	42	800
John Gabriel Thuestad <sup>4)</sup>	53	1,200
Rune Asle Bratteberg <sup>2) 3)</sup>	49	326
Geir O. Sundbø <sup>1) 3)</sup>	42	298
Håkon Reistad Fure (from 7 May 2019) <sup>4)</sup>	41	22,500
Adele Bugge Norman Pran (from 7 May 2019) <sup>2)</sup>	32	10
Kimberly Lein-Mathiesen (from 7 May 2019)	25	-
Eva Safrine Aspvik (from 7 May 2019) <sup>3)</sup>	25	531
Kari Marie Nøstberg (from 1 September 2019) <sup>3)</sup>	13	447
Maria Moræus Hanssen (till 7 May 2019) <sup>2) 4)</sup>	23	n/a
Kjersti Aass (till 1 September 2019)	25	n/a

1) Member of the HR Committee in 2019.

2) Member of the Audit Committee in 2019.

3) Interest-free loan of USD 1.346 given through a trust in accordance with a Yara share purchase offer for employees.

4) John Gabriel Thuestad, Håkon Reistad Fure and Maria Moræus Hanssen receive an additional remuneration for Board members resident outside Scandinavia, currently NOK 23.000 per meeting.

5) Compensation in NOK translation rate to USD: 0,1137.

Compensation of Board of Directors was USD 509 thousand in 2019 compared to USD 431 thousand in 2018.

The Chairperson and the members of the Board have no agreements for further compensation due to termination or changes in the position.

### Compensation 2019 and number of shares owned by the deputy Board Members at 31 December 2019

USD thousands, except number of shares	Compensation earned in 2019	Number of shares
Inge Stabæk <sup>1)</sup>	-	483
Toril Svendsen	-	-
Vidar Viskjer <sup>1)</sup>	-	326
Morten Ødegård <sup>1)</sup>	-	905
Maike Sandland	-	85
Tove Marie Fløtten (from 7 May 2019) <sup>1)</sup>	-	219
Veronique Revoy (from 7 May 2019)	-	997

1) Interest-free loan of USD 1.346 given through a trust in accordance with a Yara share purchase offer for employees.

## 8.2 Yara Executive Management remuneration

### Yara Executive Management: Compensation and number of shares owned at 31 December 2019

USD thousands, except number of shares	Salary <sup>2)</sup>	Shared Based Remuneration <sup>1)</sup>	Other benefits	Pension benefits	Short-term incentive payout accrued <sup>4)</sup>	Sum	Number of shares	Short-term incentive payout paid <sup>3)</sup>
Svein Tore Holsether <sup>5) 7)</sup>	768	231	30	224	353	1,606	34,613	311
Tove Andersen <sup>5) 7)</sup>	401	100	26	27	133	686	7,862	140
Terje Knutsen <sup>5) 7)</sup>	376	93	53	178	130	830	9,531	136
Lair Hanzen <sup>8)</sup>	521	148	1	57	334	1,062	16,081	471
Kristine Ryssdal <sup>5) 7)</sup>	349	69	31	15	110	576	5,795	94
Lene Trollnes <sup>5) 7)</sup>	389	97	29	15	138	669	12,861	138
Pablo Barrera Lopez <sup>5) 7)</sup>	345	94	33	16	147	635	3,337	103
Lars Røsæg <sup>5) 7)</sup>	372	97	24	15	151	659	3,442	78
Yves Bonte (till June 30, 2019) <sup>6) 9)</sup>	367	-	2	43	142	554	n/a	271
Terje Morten Tollefsen (till August 22, 2019) <sup>5) 6) 7)</sup>	229	-	15	35	59	338	n/a	82

1) Fixed cash amount as part of Shared Based Remuneration (see description on page 163).

2) For Yara Executive Management employed in Norway, no salary increase was applied. For Yara Executive Management member employed in Belgium, an inflation increase of 2% was applied, no salary increase was applied. For Yara Executive Management member employed in Brazil, a salary increase of 0,02% in line with the minimum increase under Brazil collective agreement was applied. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.

3) Short-term incentive payout earned in 2018, paid in 2019.

4) Estimated short-term incentive payout (excluding holiday allowance) earned in 2019 to be paid in 2020.

5) Interest-free loan of USD 1,346 given through Yara International ASA in accordance with a Yara share purchase offer.

6) The numbers presented are for the period as member of Yara Executive Management in 2019.

7) Salary in NOK translation rate to USD: 0,1140.

8) Salary in BRL translation rate to USD: 0.2536.

9) Salary in EUR translation rate to USD: 1.1302.

### Yara Executive Management: Compensation and number of shares owned at 31 December 2018

USD thousands, except number of shares	Salary <sup>2)</sup>	Shared Based Remuneration <sup>1)</sup>	Other benefits	Pension benefits	Short-term incentive payout accrued <sup>4)</sup>	Sum	Number of shares	Short-term incentive payout paid <sup>3)</sup>
Svein Tore Holsether <sup>5) 7)</sup>	821	249	45	198	299	1,613	31,908	180
Tove Andersen <sup>5) 7)</sup>	427	107	29	25	134	723	6,646	102
Terje Knutsen <sup>5) 7)</sup>	411	111	54	101	131	809	8,278	63
Yves Bonte <sup>9)</sup>	744	189	9	90	247	1,280	15,979	179
Lair Hanzen <sup>8)</sup>	561	153	3	60	487	1,264	13,484	295
Kristine Ryssdal <sup>5) 7)</sup>	382	75	41	17	90	605	4,935	55
Terje Morten Tollefsen <sup>5) 7)</sup>	380	75	33	31	78	597	7,033	60
Lene Trollnes <sup>5) 7)</sup>	405	105	35	17	132	694	11,557	95
Pablo Barrera Lopez (from April 1, 2018) <sup>5) 6) 7)</sup>	260	88	21	13	99	481	2,320	-
Lars Røsæg (from November 19, 2018) <sup>5) 6) 7)</sup>	48	-	4	2	75	129	474	-
Petter Østbø (till November 19, 2018) <sup>6) 7) 10)</sup>	402	114	20	21	-	557	n/a	109
Alvin Rosvoll (till March 21, 2018) <sup>6) 7)</sup>	70	-	24	22	-	116	n/a	36
Torgeir Kvidal (till March 21, 2018) <sup>6) 7)</sup>	76	-	7	20	-	104	n/a	58
Pierre Herben (till March 21, 2018) <sup>6) 9) 11)</sup>	56	-	5	18	-	79	n/a	37

1) Fixed cash amount as part of Shared Based Remuneration (see description on page 163).

2) The base salaries of Yara Executive Management employed in Norway increased with 6.6% on weighted average. For Yara Executive Management member employed in Belgium, an increase of 1.5% was applied in addition to an inflation increase of 2%. For Yara Executive Management member employed in Brazil, an inflation increase of 4% was applied, no salary increase was applied due to salary moderation applicable in Brazil. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.

3) Short-term incentive payout earned in 2017, paid in 2018.

4) Estimated short-term incentive payout (excluding holiday allowance) earned in 2018 to be paid in 2019.

5) Interest-free loan of USD 1,453 given through Yara International ASA in accordance with a Yara share purchase offer.

6) The numbers presented are for the period as member of Yara Executive Management in 2018.

7) Salary in NOK translation rate to USD: 0.1227.

8) Salary in BRL translation rate to USD: 0.2726.

9) Salary in EUR translation rate to USD: 1.1777.

10) In addition to the figures above, a termination settlement with Petter Østbø amounts to USD 362 thousand and is related to six months period of notice without obligation to work and compensation for three months of parental leave that was not taken.

11) In addition to the figures above, a termination settlement with Pierre Herben amounts to USD 373 thousand equal to 7.75 months of total remuneration according to Belgian legislation.

## CEO Remuneration 2019

Svein Tore Holsether's remuneration consist of the following elements:

### Annual Base Salary

The Annual Base Salary is USD 769,356 (NOK 6,758,400). No adjustment of his base salary was made during 2019 and it has remained unchanged since June 2018.

### Short-Term Incentive Plan

The CEO is eligible for Short-Term Incentive payout according to the plan described below. The Target payout is 40% with a capped payout of 50% of Annual Base Salary.

### Share Based Remuneration

The CEO is entitled to Share Based Remuneration of 30% of Annual Base Salary according to the plan described below.

### Pension Plans and Personal Insurance Plans

Svein Tore Holsether is member of the following pension plans:

- A funded Defined Contribution (DC) plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) plus 18% of salary between 7.1G and 12G;
- An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary exceeding 12G

Provided that he is employed by Yara at age 65 he will be entitled to an Age Limit Compensation. This provides a benefit equal to 65% of his Annual Base Salary at that time until age 67. In case he would be entitled to Severance Pay or if it is mutually agreed between him and the Yara Board of Directors to continue the employment beyond age 65 he will not be entitled to the Age Limit Compensation.

The CEO is member of the personal insurance schemes applicable to Yara employees in Norway.

### Other compensation elements

The CEO is granted benefits in kind according to the applicable market standard, the main element being a fixed car allowance of USD 19,921 (NOK 175,000) annually.

### Comments to remuneration of other members of Executive Management in 2019

Lair Hanzen has Short-Term Incentive Pay in line with market conditions for Brazil. His setup consists of one Short Term Incentive scheme with 60% Incentive Target and an additional scheme with 40 Incentive Target where a three-year vesting period applies. The Short-Term Incentive Payout is not limited to 50% of annual base salary as for the other members of Yara Executive Management. He is member of the Yara Brazil pension plan which is a DC pension plan providing 12% employer contribution.

Other members of Yara Executive Management are included in Yara's plans for employees in Norway. Since 2006 Yara in Norway has transitioned from Defined Benefit Pension Plans to DC pension plan and simplified the pension plans. This work was completed in 2015 and new hires are now enrolled in one DC pension plan covering salary up to 12 times Norwegian Social Security Base Amount (G). When former pension plans were closed, existing members have been offered transitional or compensation arrangements.

## Guidelines for remuneration of executives in Yara

The Board of Directors determines the remuneration of the President and CEO based on a proposal from the HR Committee and approves the general terms of the company's incentive plans for Executive Management and other key employees. The President and CEO determines the compensation to the other members of Yara's Executive Management.

The statement is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 5-6 (3) the statement will be presented to the Annual General Meeting (AGM) for advisory vote except for the parts regarding Share-Based Remuneration (SBR) and Voluntary Share Purchase Program which will be presented to the AGM for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015. Yara's remuneration principles applying to the Executive Management comply with these guidelines. For executives employed by Yara companies in other countries remuneration may deviate from the guidelines depending on local market conditions. There is currently one member of Yara's Executive Management who is employed by a non-Norwegian Yara company.

### General Principle

Yara's policy concerning remuneration of the CEO and other members of Yara's Executive Management is to provide remuneration opportunities which:

- Are attractive to recruit and retain executives;
- Are responsible as well as competitive but not market leading;
- Reward the executives' performance, measured as their contribution to the overall success of Yara;
- Support the creation of sustainable value to Yara's shareholders and other stakeholders

Total compensation for each member of Executive Management is compared to the relevant market on a regular basis. Yara's remuneration of the Executive Management includes the following elements:

### Base Salary

Base Salary is reviewed once a year as per 1st June along with the Annual Salary Review for all employees in Yara. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries;
- Benchmark of Executive Management Salaries in peer companies

### Share Based Remuneration

The main purpose of the Share Based Remuneration (SBR) is to support the alignment between executives and shareholder interests and to ensure retention of key talent in the company. The SBR provides a cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after the grant, and to retain the shares for minimum 3 years. After the lock-in period, executives are free to keep or sell the shares at their discretion. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period. The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive over the last three years.

Yara's CEO can in any case decide that SBR shall not be granted in a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO. Such an evaluation will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Key Performance Indicators (KPIs) linked to environmental, social and financial performance. The amount granted is linked to the responsibility in the position. For Yara CEO, SBR is 30% of Base Salary. For the other members of Executive Management, SBR is 20% or 25%.

### Short-Term Incentive Plan

Yara has defined and communicated long-term strategic targets. Those targets form the basis for the annual Business Plan. The annual KPIs are ambitious and stretched and are taken from Yara's business plan for the current year as a step towards achieving the company's long-term strategic targets. The relationship between the long-term strategic targets and the Key Performance Indicators is illustrated in the table below.

Strategic Priorities	Long-term targets		KPIs
Advance operational excellence	Delivering improved operations and superior profits	Yara Improvement Program EBITDA improvements > MUSD 600 in 2023 vs 2018	Fixed Cost Produced Volumes Energy Efficiency in production Inventory Days Credit Days Customer satisfaction EBITDA impact by Business Unit Procurement savings
	Driving quality and diversity through an engaged and respected workforce	Engagement index >80% by 2025, and >20% female top managers by 2020 and >25% by 2025	Total Recordable Injuries (TRI)  % Female senior Leadership position holders  % Employee engagement
	Protecting the planet by aiming for climate neutrality by 2050	>10% decline in kg CO <sub>2</sub> e/kg N produced by 2025	Tonne CO <sub>2</sub> eqv./tonne N
Create scalable solutions	Improving margins and nitrogen use efficiency through premium product growth	>3.5 million tonnes premium products growth and >100 million units of YaraVita sales by 2025, improving overall EBITDA/t in Sales & Marketing	Product deliveries (kt) Commercial CB1/t EBITDA/t
	Build profitable global food chain partnerships	>2 million tonnes of crop solution sales generated through food companies by 2025	Product deliveries (kt)
Drive innovative growth	Building closeness to farmers through scaling up digital farming	>10 million ha under management in 2020 and positive EBITDA from digital farming in 2022	KPI's driving progress towards successful completion of defined development projects
	Solving global challenges and growing profitable business through innovation	Shaping the industry by delivering sustainable and profitable innovations with de-carbonization and circular economy	

The Short-Term Incentive Plan depends on four main factors;

- A trigger which must be met for any incentive at all to be paid out, the trigger is having a net income above zero

Provided this is in place, the other three factors are multipliers defining the pay-out to each member of the plan;

- Target Incentive as a percentage of Base Salary;
- Yara Financial Performance measured by Yara's Return on Invested Capital (ROIC) excluding Special Items;
- Executive Management's contribution to the achieved results of the KPIs and strategic targets. The KPIs should express ambitious and stretched goals

These three elements are described in further detail below:

### Target Incentive

The Target Incentive is linked to the responsibility in the position and comparison with the market. The Target Incentive is 40% of base salary for Yara CEO and 28% to 35% of base salary for the other members of Executive Management on Norwegian employment contracts. For executives employed by Yara companies in other countries the Target Incentive sometimes deviate from the above depending on local market conditions.

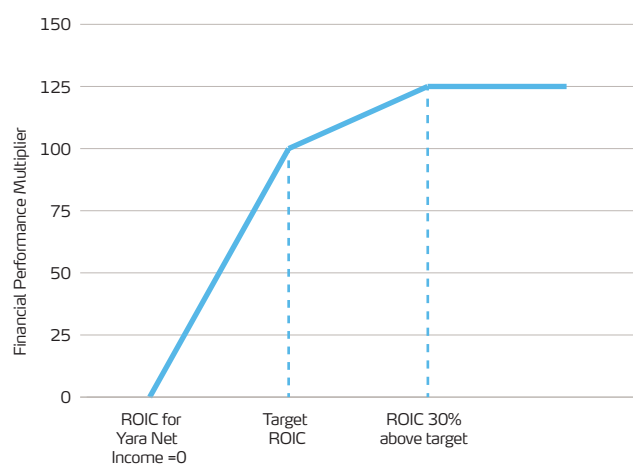
### Yara Financial Performance

Given that Yara's net income is above zero, the financial performance multiplier will be in the range of 0 up to maximum 125% depending on the targeted and achieved ROIC. The multiplier scale is shown in the table below.

The basis for setting the ROIC target is Yara's long-term strategic target of 10% return on capital employed. The target for an individual year will vary depending on where we are in the industry cycle and will for some years be lower and for other years higher than the strategic target. The annual target for ROIC is approved by Yara International ASA Board of Directors.

### Yara ROIC

In %



Note: Yara Net Income and ROIC are both excluding special items and currency effects

Special Items are substantial, one-time expenses or sources of income not being expected to recur in future years. For example, restructuring costs, earnings from discontinued operations, etc. In addition, significant events affecting ROIC not considered in the target setting might cause negative or positive adjustments subject to BoD approval. Such events are mainly:

- Change in gas prices
- Change in nitrogen commodity prices

### Executive Management Performance

The Executive Management Performance multiplier is based on measurable KPIs, the promotion of Yara's Mission, Vision and Values and demonstrated behaviors. The relationship between Yara's long-term strategic targets and the annual KPIs is shown in the table above.

To achieve 100% multiplier on Executive Management Performance, all the KPI targets must be fully achieved and the executive must have demonstrated behavior according to Yara's Values.

### Short-Term Incentive Payout

For executives on Norwegian employment contracts the maximum Short-Term Incentive Payout is capped at 50% of Annual Base Salary. It is not permitted to accrue any calculated payout in excess of the capped amount to future year where the payment may be less than 50% of Base Salary. For executives employed by Yara companies in other countries the payout may exceed 50% depending on local market conditions. For the year 2016 to 2018 the annual payouts for Yara CEO varied between 21% and 36% of Base Salary. The average annual payouts for the other executives on Norwegian employment contracts varied between 16% and 31% of Base Salary.

### Benefit Plans

#### Company paid Pension Plans

Pension Plans in Yara should be defined contribution (DC) plans. Executive Management on Norwegian employment contracts are eligible to the company paid DC Pension Plan applicable for all Yara employees in Norway. The contribution rates to this plan is 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) and 18% of pensionable salary between 7.1G and 12G.

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Executive Management who are members of the plan at commencement, future contribution to the plan stops and they become deferred members of the plan. Current members of the Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1st January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

Executives employed by Yara companies in other countries will be covered by company paid pension plans according to national plans and markets.

### Personal Insurance Schemes

The executives are members of the personal insurance schemes applicable to all Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident and Health Insurance. In addition, they are provided with a Travel Insurance covering both the executive and family.

### Other compensation elements

Executives are granted benefits in kind according to the applicable market standard. These are typically cell phone, internet connection and company car, alternatively fixed car allowance.

Members of Yara Executive Management on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay.

### Voluntary Share Purchase Program

Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 15,000 with a tax-exempt discount of NOK 1,500 in the first alternative and NOK 3,000 in the latter. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

Salary and other benefits earned in 2019 are disclosed above. For additional information about existing pension plans see note 5.4.

### Covid-19

In light of the demanding situation globally related to the Covid-19 virus, Yara's Executive Management will for the second year running abstain from any salary increase in 2020. Furthermore, short-term incentive payout for Executive Management accrued for 2019 which would normally be paid out in April 2020 will be frozen. A conclusion on whether to cancel or pay the bonuses will be made once the macro-economic situation has normalized.

## 8.3 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

USD thousands	Audit fee	Assurance services	Tax services	Other non-audit services	Total
<b>2019</b>					
Deloitte Norway	643	105	-	51	799
Deloitte abroad	3,413	71	384	120	3,988
<b>Total Deloitte</b>	<b>4,056</b>	<b>176</b>	<b>384</b>	<b>171</b>	<b>4,787</b>
Others	207	72	110	31	421
<b>Total</b>	<b>4,262</b>	<b>249</b>	<b>494</b>	<b>202</b>	<b>5,208</b>
<b>2018</b>					
Deloitte Norway	573	267	28	62	931
Deloitte abroad	3,680	138	278	17	4,112
<b>Total Deloitte</b>	<b>4,253</b>	<b>405</b>	<b>306</b>	<b>79</b>	<b>5,043</b>
Others	189	6	89	67	351
<b>Total</b>	<b>4,442</b>	<b>411</b>	<b>396</b>	<b>146</b>	<b>5,394</b>

## 8.4 Composition of the group

The consolidated financial statement of Yara comprises 134 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100%	Argentina	Yara Iberian S.A.U.
Yara Australia Pty Ltd.	100%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100%	Australia	Chemical Holdings Pty Ltd.
Chemical Holdings Pty Ltd.	100%	Australia	Yara Australia Pty Ltd.
Yara Environmental Technologies GmbH	100%	Austria	Yara Investment GmbH
Yara Barbados Inc.	100%	Barbados	Fertilizer Holdings AS
Yara Belgium S.A./N.V.	100%	Belgium	Yara Nederland B.V.
Yara Tertre S.A.	100%	Belgium	Yara Belgium S.A./N.V.
Yara Trinidad Ltd.	100%	Bermuda	Yara Caribbean Ltd.
GICS Indústria, Comércio e Serviços S.A.	100%	Brazil	Yara Brasil Fertilizantes S.A.
Yara Brasil Fertilizantes S.A.	100%	Brazil	Yara South America Investments B.V.
Yara Belle Plaine Inc.	100%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	99.4%	Colombia	Yara International ASA (70,4%) and OFD Holding S. de R.L. (29%)
Yara Costa Rica S. de R.L.	87.6%	Costa Rica	Yara Iberian S.A.U.
Yara Danmark A/S	100%	Denmark	Fertilizer Holdings AS
Yarecuador Compania Ltd.	100%	Ecuador	Yara Colombia S.A.
Yara Dallol B.V.	58.2%	Ethiopia	Yara Nederland B.V.
Yara Phosphates Oy	100%	Finland	Yara Suomi Oy
Yara Suomi Oy	100%	Finland	Yara Nederland B.V.
Yara France SAS	100%	France	Yara Nederland B.V.
Yara Besitz GmbH	100%	Germany	Yara GmbH & Co. KG
Yara Brunsbüttel GmbH	100%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100%	Germany	Yara Investments Germany SE
Yara Investment GmbH	100%	Germany	Yara GmbH & Co. KG
Yara Investments Germany SE	100%	Germany	Yara Nederland B.V.
Yara Ghana Ltd.	100%	Ghana	Yara Nederland B.V.
Yara Hellas S.A.	100%	Greece	Yara Nederland B.V.
Yara Guatemala S.A.	100%	Guatemala	Yara International ASA
Yara Hungaria Gyarto es Kereskedelmi KFT	100%	Hungary	Yara Suomi Oy
Yara Fertilisers India Pvt. Ltd.	100%	India	Yara Asia Pte Ltd.
P.T. Yara Indonesia	100%	Indonesia	Yara Asia Pte Ltd.
Yara Insurance DAC	100%	Ireland	Fertilizer Holdings AS
Yara Italia S.p.A.	100%	Italy	Yara Investment GmbH (72,3%) and Yara Nederland B.V. (27,7%)

Table continues >>

&gt;&gt; Table continued

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Côte d'Ivoire S.A.	100%	Ivory Coast	Fertilizer Holdings AS
Yara East Africa Ltd.	100%	Kenya	Yara Overseas Ltd.
Yara International (M) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Yara México S. de R.L. de C.V.	99.9%	Mexico	OFD Holding S. de R.L. (70,7%) and Yara Nederland B.V. (29,2%)
Yara Mozambique Lda.	100%	Mozambique	Yara Nederland B.V.
Fertilizer Holdings AS	100%	Norway	Yara International ASA
Herøya Nett AS	100%	Norway	Yara Norge AS
Yara Marine Technologies AS	100%	Norway	Marine Global Holding AS
OFD Holding S. de R.L.	100%	Norway	Fertilizer Holdings AS
Yara AS	100%	Norway	Fertilizer Holdings AS
Yara Birkeland AS	100%	Norway	Fertilizer Holdings AS
Yara Norge AS	100%	Norway	Yara International ASA
Yara LPG Shipping AS	100%	Norway	Fertilizer Holdings AS
Yara Peru R.L.	100%	Peru	OFD Holding S. de R.L.
Yara Fertilizers Philippines Inc.	100%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp.zo.o	100%	Poland	Yara Nederland B.V.
Yara Asia Pte Ltd.	100%	Singapore	Yara International ASA
Yara Animal Nutrition South Africa (Pty) Ltd.	100%	South Africa	Yara Phosphates Oy
Yara Africa Fertilizers (Pty) Ltd.	100%	South Africa	Yara Nederland B.V.
Yara Iberian S.A.U.	100%	Spain	Yara Nederland B.V.
Yara Marine Technologies AB	100%	Sweden	Yara Marine Technologies AS
Yara AB	100%	Sweden	Fertilizer Holdings AS
Yara Switzerland Ltd.	100%	Switzerland	Yara Nederland B.V.
Yara Tanzania Ltd.	100%	Tanzania	Fertilizer Holdings AS
Yara Thailand Ltd.	100%	Thailand	Yara Asia Pte Ltd.
Yara Holding Netherlands B.V.	100%	The Netherlands	Fertilizer Holdings AS
Yara Nederland B.V.	100%	The Netherlands	Yara Holding Netherlands B.V.
Yara Sluiskil B.V.	100%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100%	The Netherlands	Yara Nederland B.V.
Yara Technology B.V.	100%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen B.V.	100%	The Netherlands	Yara Nederland B.V.
Yara Caribbean Ltd.	100%	Trinidad and Tobago	Yara Barbados Inc.
Yara UK Ltd.	100%	United Kingdom	Fertilizer Holdings AS
Yara North America Inc.	100%	United States	Yara International ASA
Freeport Ammonia LLC	100%	United States	Yara North America Inc.
Yara West Sacramento Terminal LLC	100%	United States	Yara North America Inc.
Yara Fertilizer Zambia Ltd.	100%	Zambia	Yara Nederland B.V.

## 8.5 Post balance sheet date events

On 21 January 2020, Yara announced that the Comisión Nacional de los Mercados y la Competencia (CNMC) had initiated an investigation against Yara Iberian S.A.U. of possible infringements of the Spanish Competition Act. Yara cooperated fully with the CNMC during the dawn raid.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 15 per share for 2019, which amounts to a total of NOK 4,054 million.

On 8 March 2020, Yara announced that it had signed a share purchase agreement with Qatar Petroleum (QP) to sell its 25% share in Qatar Fertiliser Company (QAFCO). The parties have agreed on a purchase price of USD 1 billion for Yara's shares in QAFCO. The transaction is conditional on obtaining necessary local regulatory approvals and customary closing conditions. As QAFCO has been classified as an associated company of Yara, the investment has been accounted for based on the equity method. Yara has reported its share of QAFCO in its Production segment. More information about the investment is provided in note 4.3. In first quarter 2020, Yara has reclassified the investment to held-for-sale and stopped recognizing its share of the result in QAFCO. Derecognition of the investment will take place at closing. Following the closing, Yara will

evaluate potential extraordinary dividends and/or share buy-backs, in line with its policy of maintaining a mid to long-term net debt/EBITDA <sup>1)</sup> range of 1.5-2.0.

### Covid-19 crisis

After the closure of the 2019 accounting, the Covid-19 crisis has emerged and become global. Yara has set up a Crisis Response Team reporting directly to the CEO. The company priorities are firstly, to safeguard our employees, contractors, partners, neighbors and society at large. Secondly, to be a responsible company and behave according to government guidelines. And thirdly, to keep our operations running, to help support continued food supply, as well as supply of other essential products to society – also in times of crisis.

Yara is at the time of its annual report experiencing limited operational impact from COVID-19, but the situation is dynamic and could change quickly, in particular with regard to operational staff and logistical challenges. Yara has a strong focus on maintaining sufficient financial capacity to responsibly mitigate the situation and will closely monitor the situation in the coming weeks and months.

1) Definition is provided on page 197.

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» Due to rounding differences, figures or percentages may not add up to the total.



## YARA INTERNATIONAL ASA

## Income statement

NOK millions	Notes	2019	2018
Revenues	4	2,107	2,690
Other income		1	1
Revenues and other income		2,108	2,691
Raw materials, energy costs and freight expenses		(10)	(7)
Change in inventories of own production		(7)	2
Payroll and related costs	2	(1,035)	(1,003)
Depreciation, amortization and impairment loss	3	(171)	(134)
Other operating expenses	4	(1,986)	(1,933)
Operating costs and expenses		(3,209)	(3,075)
Operating income		(1,102)	(384)
Financial income/(expense), net	5	(331)	2,772
Income before tax		(1,432)	2,388
Income tax expense	6	294	217
Net income		(1,138)	2,605
Appropriation of net income and equity transfers			
Dividend proposed		4,054	1,771
Retained earnings		(5,192)	834
Total appropriation	11	(1,138)	2,605

## YARA INTERNATIONAL ASA

## Balance sheet

NOK millions	Notes	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	6	1,141	820
Intangible assets	3	697	674
Property, plant and equipment	3	83	74
Shares in subsidiaries	7	19,853	19,855
Intercompany receivables	13	44,927	45,118
Other non-current assets	8	411	399
<b>Total non-current assets</b>		<b>67,111</b>	<b>66,939</b>
<b>Current assets</b>			
Inventories	8	12	22
Trade receivables		9	4
Intercompany receivables	13	9,202	12,119
Prepaid expenses and other current assets	10	829	864
Cash and cash equivalents		1,189	375
<b>Total current assets</b>		<b>11,240</b>	<b>13,384</b>
<b>Total assets</b>		<b>78,351</b>	<b>80,324</b>

## YARA INTERNATIONAL ASA

## Balance sheet

NOK millions	Notes	31 Dec 2019	31 Dec 2018
<b>Liabilities and shareholders' equity</b>			
<b>Equity</b>			
Share capital reduced for treasury stock		459	463
Premium paid-in capital		117	117
Total paid-in capital		577	580
Retained earnings		14,981	20,225
Treasury shares		(1,037)	(283)
Shareholders' equity	11	14,521	20,522
<b>Non-current liabilities</b>			
Employee benefits	1	965	894
Long-term interest-bearing debt	12	23,035	23,108
Other long-term liabilities		705	602
Total non-current liabilities		24,705	24,604
<b>Current liabilities</b>			
Trade and other payables		213	242
Short-term interest-bearing debt	8	2,519	1,759
Current portion of long-term debt	12	3,342	6,798
Dividends payable	11	4,054	1,771
Intercompany payables	13	28,615	23,836
Current income tax	6	10	-
Other current liabilities		370	792
Total current liabilities		39,124	35,197
Total liabilities and shareholders' equity		78,351	80,324

The Board of Directors of Yara International ASA  
Oslo, 17 March 2020



Geir Isaksen  
Chairperson



Trond Berger  
Board member



Hilde Bakken  
Board member



Håkon Reistad Fure  
Board member



Kimberly Lein-Mathisen  
Board member



Adele Bugge Norman Pran  
Board member



John Thuestad  
Board member



Kari-Marie Nøstberg  
Board member



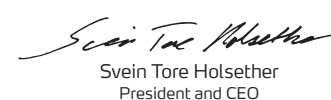
Eva Safrine Aspvik  
Board member



Rune Bratteberg  
Board member



Geir O. Sundbø  
Board member



Svein Tore Holsether  
President and CEO

## YARA INTERNATIONAL ASA

## Cash flow statement

NOK millions	Notes	2019	2018
<b>Operating activities</b>			
Operating Income		(1,102)	(384)
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation, amortization and impairment loss	3	171	134
Write-down inventory and trade receivables		-	1
Tax received/(paid)	6	(2)	52
Group relief received		4,500	12,723
Interest and bank charges received/(paid)		(751)	(660)
Other		(4)	4
<b>Change in working capital</b>			
Trade receivables		(4)	5
Short term intercompany receivables/payables	13	4,037	(21,553)
Prepaid expenses and other current assets		62	(379)
Trade payables		(13)	(62)
Other current liabilities		(477)	(56)
Net cash provided by operating activities		6,417	(10,174)
<b>Investing activities</b>			
Acquisition of property, plant and equipment	3	(20)	(12)
Acquisition of other long-term investments	3	(204)	(286)
Net cash from/(to) long-term intercompany loans	13	138	(1,964)
Proceeds from sales of long-term investments		1	(1)
Net cash provided by/(used in) investing activities		(86)	(2,263)
<b>Financing activities</b>			
Loan proceeds	12	3,039	10,128
Principal payments		(6,198)	1,315
Purchase of treasury stock	11	(586)	(181)
Dividend paid	11	(1,772)	(1,776)
Net cash used in financing activities		(5,518)	9,485
Foreign currency effects on cash and cash equivalents		-	29
Net increase/(decrease) in cash and cash equivalents		814	(2,922)
Cash and cash equivalents at 1 January		375	3,298
Cash and cash equivalents at 31 December		1,189	375

# Notes to the financial statements

## Accounting policies

### General

The financial statements for Yara International ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA primarily holds shares in subsidiaries and provides financing to entities in the Yara Group. Please note that the information in note 5.3 to the consolidated financial statements related to payments on long-term debt also applies to Yara International ASA. Revenue mainly stem from allocation of costs related to intragroup services provided.

The accompanying notes are an integral part of the financial statements.

### Shares in subsidiaries

Shares in subsidiaries are presented according to the cost method. Dividends and Group reliefs are recognized in the income statement when these are proposed by the subsidiary. Group relief received is included in dividends. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

### Foreign currency transactions

The functional currency of Yara International ASA is Norwegian kroner (NOK). Transactions in currencies other than the functional currency are recorded at the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Realized and unrealized currency gains and losses on transactions, assets and liabilities, denominated in a currency other than the functional currency, and that do not qualify for hedge accounting treatment, are included in net income.

### Revenue

In all material respects, revenue stem from sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

### Receivables

Trade receivables and short-term intercompany receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

### Cash and cash equivalents

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months.

The cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function. Consequently, the level of cash held should be seen in context with the intercompany receivables and payables.

### Payables

Trade payables and short-term intercompany payables are recognized at nominal value.

### Financial assets and liabilities

Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

### Cost of sales and other expenses

Cost of sales and other expenses are recognized in the same period as the revenue to which they relate. If there is no clear connection between the expense and revenue, an estimated allocation is done. Other exceptions to the matching criteria are disclosed where appropriate.

### Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred income tax expense is calculated using the liability method in accordance with the preliminary Norwegian Accounting Standard on Income Taxes ("NRS Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

### Intangible assets

Intangible assets acquired individually or as a group are initially recognized at fair value, and subsequently amortized on a straight-line basis over their useful life. They are tested for impairment whenever indications of impairment are present.

Research costs are expensed as incurred. Costs incurred in development of internally generated intangible assets are capitalized if defined recognition criteria are met. If these recognition criteria is not met, development cost are expensed in the period they incur.

### Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the assets' useful life. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### Inventories

Inventories are valued at the lower of cost, using weighted average, and net realizable value. The cost of inventories comprise all costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

### Leased assets

Assets which are leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this is lower. The corresponding finance lease liabilities are initially included in long-term debt. Property, plant and equipment are depreciated over the estimated useful lives of the assets or lease term if shorter. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

### Forward currency contracts

Forward currency contracts are initially recognized in the balance sheet at fair value. Subsequent changes in fair value are recognized in the income statement.

### Interest rate and foreign currency swaps

Interest income and expense relating to swaps that are not designated as hedge instruments are recognized as net income or expense over the life of the contract. Foreign currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized currency translation gain or loss recorded in "Financial income/ (expense), net" in the income statement.

### Shared-based remuneration

Yara has a shared-based remuneration program which provides a fixed cash amount to eligible top executives. Yara purchases the shares on behalf of the executives at market prices. The executives holds all shareholder rights from the date of purchase but cannot sell the shares in the three years vesting period. This program does not have dilutive effect since it represents ordinary shares outstanding.

The fair value of the purchased shares is recognized as reduction in equity. The costs for the Shared Based Remuneration program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model. The employee tax is calculated and expensed at the grant date.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

### Employee retirement plans

Employee retirement plans are measured in accordance with IAS 19 Employee Benefits, as this is permitted by the Norwegian accounting standard on pensions ("NRS 6 Pensjonskostnader"). Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.

## 1 Employee benefits

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees. Pension liabilities for defined benefit plans also include certain unfunded obligations.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

### Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

### Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

### Other long-term benefits

The Company's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

### Long-term employee benefit obligations recognized in the Statement of financial position

NOK millions	Notes	2019	2018
Pension liabilities for defined benefit plans		(956)	(885)
Termination benefits and other long-term employee benefits		(9)	(9)
Surplus on funded defined benefit plan	8	348	351
Net long-term employee benefit obligations		(617)	(543)

### Expenses for long-term employee benefit obligations recognized in the Statement of income

NOK millions	2019	2018
Defined benefit plans	(42)	(44)
Defined contribution plans	(57)	(53)
Termination benefits and other long-term employee benefits	(11)	(10)
Net expenses recognized in Statement of income	(110)	(107)

### Defined benefit plans

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiary Yara Norge AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At 31 December 2019, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 1 and the number of retirees was 134. In addition, 366 current and previous employees of Yara International ASA have earned paid-up policies in the pension fund.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who have chosen early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

Norwegian employees at position level of department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2019 was NOK 99,858).

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the plan

for early retirement from 65 to 67 for positions as department manager or above, in which all employees below age 50 were transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As the compensation contribution plans are unfunded and Yara International ASA retains investment risk, they are accounted for as defined benefit plans.

All Norwegian employees with salary above 12G as of 3 December 2015 are members of an unfunded plan which requires Yara International ASA to contribute with an amount equal to 25% of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. The plan was closed to new members from 3 December 2015. As the plan is unfunded and investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

### Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013BE mortality table. According to K2013BE a current employee aged 45 today would be expected to live 25.0 years after reaching the retirement age of 65, whereas an employee aged 65 today would on average be expected to live 23.2 years.

The following financial assumptions have been applied for the valuation of liabilities

In percentages	2019	2018
Discount rate	2.1	2.7
Expected rate of salary increases	2.2	2.6
Future rate of pension increases	1.0	1.1

Actuarial valuations provided the following results

NOK millions	2019	2018
Present value of unfunded obligations	(838)	(776)
Present value of wholly or partly funded obligations	(765)	(713)
Total present value of obligations	(1,602)	(1,489)
Fair value of plan assets	1,113	1,065
Social security on defined benefit obligations	(118)	(109)
Total recognized liability for defined benefit plans	(608)	(534)

Duration of liabilities at the end of the year

Duration of liabilities (in years)	2019
Funded plan	15.9
Unfunded plans	11.2

Pension cost recognized in Statement of income

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost.

The discount rate is used to calculate the interest income from plan assets.

The following items have been recognized in the Statement of income

NOK millions	2019	2018
Current service cost	(23)	(25)
Administration cost	(2)	(2)
Social security cost	(6)	(6)
Payroll and related costs	(31)	(33)
Interest on obligation	(39)	(37)
Interest income from plan assets	28	26
Interest expense and other financial items	(11)	(10)
Total expense recognized in income statement	(42)	(44)



### Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2019	2018
Actual valuation	(1,602)	(1,489)
Discount rate +0.5%	(1,514)	(1,407)
Discount rate -0.5%	(1,699)	(1,579)
Expected rate of salary increase +0.5%	(1,616)	(1,498)
Expected rate of salary increase -0.5%	(1,590)	(1,480)
Expected rate of pension increase +0.5%	(1,686)	(1,567)
Expected rate of pension increase -0.5%	(1,526)	(1,418)
Expected longevity +1 year	(1,658)	(1,540)
Expected longevity -1 year	(1,546)	(1,438)

### Development of defined benefit obligations

NOK millions	2019	2018
Defined benefit obligation as of 1 January	(1,489)	(1,498)
Current service cost	(23)	(25)
Interest cost	(39)	(37)
Experience adjustments	(14)	19
Effect of changes in financial assumptions	(98)	(8)
Benefits paid	61	60
Defined benefit obligation as of 31 December	(1,602)	(1,489)

### Development of plan assets

NOK millions	2019	2018
Fair value of plan assets as of 1 January	1,065	1,073
Interest income from plan assets	28	26
Administration cost	(2)	(2)
Return on plan assets (excluding calculated interest income)	51	(5)
Benefits paid	(29)	(28)
Fair value of plan assets as of 31 December	1,113	1,065

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund's Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensures diversement of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

At the end of the year, the plan assets were invested as follows

NOK millions, except percentages	2019	2019	2018	2018
Cash and cash equivalents	33	3%	33	3%
Shares	388	35%	349	33%
Other equity instruments	95	9%	82	8%
Investment grade debt instruments	575	52%	578	54%
Properties	20	2%	22	2%
<b>Total plan assets</b>	<b>1,113</b>	<b>100%</b>	<b>1,065</b>	<b>100%</b>

Yara Pensjonskasse (the pension fund) does not hold any investments that do not have a quoted market price in an active market. Nor does it hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid by Yara International ASA to the defined benefit plans for 2020 are NOK 26 million. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

Remeasurement gains/(losses) recognized in retained earnings

NOK millions	2019	2018
Cumulative amount recognized directly in retained earnings pre-tax at 1 January	(152)	(158)
Remeasurement gains/(losses) on obligation for defined benefit plans	(112)	10
Remeasurement gains/(losses) on plan assets for defined benefit plans	51	(5)
Social security on remeasurement gains/(losses) recognized directly in equity this year	(7)	1
Cumulative amount recognized directly in retained earnings pre-tax at 31 December	(219)	(152)
Deferred tax related to remeasurement gains/(losses) recognized directly in retained earnings	48	33
Cumulative amount recognized directly in retained earnings after tax at 31 December	(171)	(118)

## 2 Remuneration and other

Remuneration and direct ownership of shares of the chairperson and of the board of directors are disclosed in note 8.1 to the consolidated financial statement.

Remuneration to the President and Yara management, as well as number of shares owned and Shared Based Remuneration program, are disclosed in note 8.2 to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara In-

ternational ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 4,996 thousand (2018: NOK 3,908 thousand), fee for assurance services NOK 952 thousand (2018: NOK 1,704 thousand), NOK 54 thousand for tax services (2018: NOK 245 thousand) and NOK 416 thousand for non-audit services (2018: NOK 535 thousand). Audit remuneration for the group is disclosed in note 8.3 to the consolidated financial statement.

At 31 December 2019, the number of employees in Yara International ASA was 599 (2018: 639)

NOK millions	2019	2018
<b>Payroll and related costs</b>		
Salaries	(821)	(799)
Social security costs	(115)	(108)
Net periodic pension costs	(99)	(97)
<b>Total</b>	<b>(1,035)</b>	<b>(1,003)</b>

Yara provided a guarantee for unsecured loans which were granted from external banks to the Norwegian employees. Yara did not compensate the banks for these services. At 31 December 2019, the aggregate balance of all the outstanding loans for which Yara is providing a guarantee is approximately NOK 0.2 millions, and the number of loans are 1. The scheme in question ceased to apply and the loans are expected to be settled within 1 year.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2019. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 40,200 shares during 2019. In total 40,439 shares have been sold during 2019 to 965 persons, 48 persons were allotted 21 shares and 917 persons were allotted 43 shares. As at 31 December 2019, the foundation owns 157 shares in Yara.

### 3 Intangible assets, property, plant and equipment

2019

NOK millions, except percentages and years	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	1,170	168	1,339
Addition at cost	181	23	203
Derecognition	(1)	(1)	(2)
Balance at 31 December	1,350	190	1,541
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(497)	(95)	(590)
Depreciation and amortization	(158)	(13)	(171)
Balance at 31 December	(654)	(107)	(761)
<b>Carrying value</b>			
Balance at 1 January	674	74	748
Balance at 31 December	697	83	780
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems and capitalized technology assets.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2019.

2018

NOK millions, except percentages and years	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	900	171	1,071
Addition at cost	306	12	318
Derecognition	(35)	(15)	(50)
Balance at 31 December	1,170	168	1,339
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(402)	(98)	(500)
Depreciation and amortization	(123)	(11)	(134)
Derecognition	29	15	44
Balance at 31 December	(497)	(95)	(590)
<b>Carrying value</b>			
Balance at 1 January	497	73	570
Balance at 31 December	674	74	748
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems and capitalized technology assets.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2018.

## 4 Specification of items in the income statement

### Revenue

Information about sales to geographical areas

NOK millions	2019			2018		
	External	Internal	Total	External	Internal	Total
Norway	-	91	91	-	98	98
European Union	38	1,715	1,753	22	2,258	2,280
Europe, outside European Union	-	4	4	-	3	3
Africa	-	21	21	-	23	23
Asia	-	57	57	-	45	45
North America	-	35	35	-	45	45
Latin America	-	126	126	-	176	176
Australia and New Zealand	-	20	20	2	17	19
<b>Total</b>	<b>38</b>	<b>2,069</b>	<b>2,107</b>	<b>25</b>	<b>2,665</b>	<b>2,690</b>

### Other operating expenses

NOK millions	2019	2018
Selling and administrative expense	(1,508)	(1,341)
Rental and leasing <sup>1)</sup>	(58)	(65)
Travel expense	(49)	(65)
Other	(371)	(461)
<b>Total</b>	<b>(1,986)</b>	<b>(1,933)</b>
Of which research costs <sup>2)</sup>	(506)	(328)

1) Expenses mainly relate to office and lease contracts for company cars.

2) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities.

## 5 Financial income and expenses

NOK millions	Notes	2019	2018
Dividends and Group relief from subsidiaries		900	4,500
Write-down shares in subsidiaries <sup>1)</sup>		-	(466)
Loss on sale of shares in subsidiaries <sup>2)</sup>		(2)	-
Interest income group companies	13	1,017	1,094
Other interest income		34	53
Interest expense group companies	13	(274)	(319)
Other interest expense		(1,367)	(1,165)
Interest expense defined pension liabilities	1	(39)	(37)
Return on pension plan assets	1	28	26
Net foreign exchange gain/(loss)		(613)	(875)
Other financial income/(expense)		(15)	(40)
<b>Financial income/(expense), net</b>		<b>(331)</b>	<b>2,772</b>

1) Yara Colombia S.A.

2) Yara Costa Rica S. de RL.

## 6 Income taxes

### Specification of income tax expense

NOK millions	2019	2018
Current tax expense <sup>1)</sup>	(12)	(11)
Deferred tax income/(expense) recognized in the current year	306	227
Income tax income/(expense)	294	216

1) Withholding taxes and prior years adjustment, see specification in the table below.

### Reconciliation from nominal statutory tax rate to effective tax rate

NOK millions	2019	2018
Income before taxes	(1,432)	2,388
Statutory tax rate	22%	23%
Expected income taxes at statutory tax rate	315	(549)
<b>The tax effect of the following items:</b>		
Group relief received from subsidiary with no tax effect	-	920
Withholding taxes	(7)	(16)
Prior years adjustment	(5)	5
Tax law changes	-	(36)
Non-deductible expenses	(16)	(107)
Other	7	(1)
Income tax income/(expense)	294	216
Effective tax rate	21%	9%

### Specification of deferred tax assets/(liabilities)

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Charged to equity	Closing balance
<b>Non-current items</b>					
Intangible assets	-				
Property, plant and equipment	6	-			7
Pension liabilities	156	(51)		14	120
Other non-current assets	(1,189)	440	1		(748)
Other non-current liabilities and accruals	650	(151)			499
Total	(379)	239	1	14	(125)
<b>Current items</b>					
Accrued expenses	27	1			29
Total	27	1	-		29
Tax loss carry forwards	1,173	63	-		1,236
Net deferred tax asset/(liability)	820	303	1	14	1,140

Tax loss carry forwards are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

In 2019, Yara International ASA received a notification and request for information from the Norwegian Tax Authorities in relation to a transfer price audit. In the notification and request for information, the Tax Authorities have stated that they consider changing the company's tax assessment for the years 2015, 2016 and 2017. Yara International ASA has recently submitted its response. The Tax Authorities have not disclosed any potential amount or provided guidance on how a potential change will impact the tax assessment for these years.

## 7 Shares in subsidiaries

Company name	Ownership <sup>1)</sup>	Ownership by other group companies	Registered office	Functional currency	Total equity in the company 2019 functional currency millions	Net income/(loss) 2019 in functional currency millions	Carrying value 2019 NOK millions	Carrying value 2018 NOK millions
<b>Subsidiaries owned by Yara International ASA</b>								
Fertilizer Holdings AS	100%	-	Norway	NOK	28,984	701	16,178	16,178
Yara Norge AS	100%	-	Norway	NOK	2,058	1,083	1,303	1,303
Yara Asia Pte. Ltd.	100%	-	Singapore	USD	1,301	107	1,114	1,114
Yara Colombia S.A.	70.39%	29%	Colombia	COP	390,583	335	763	763
Yara North America Inc.	100%	-	USA	USD	366	(20)	468	468
Yara Guatemala S.A.	100%	-	Guatemala	GTQ	200	14	24	24
Yara Lietuva, UAB	100%	-	Lithuania	EUR	(4)	(4)	1	1
Yara International Employment Co. AG	100%	-	Switzerland	EUR	2	-	1	1
Profesionistas AAL	0.04%	99.96%	Mexico	MXN	-	2	-	-
Operaciones BPT	10%	90%	Mexico	MXN	-	-	-	-
Yara Costa Rica S. de RL. <sup>2)</sup>	-	87.56%	Costa Rica	CRC	-	-	-	2
<b>Total</b>							<b>19,853</b>	<b>19,855</b>

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports.

See also note 8.4 to the consolidated financial statements.

2) Disposed of in 2019, shares were sold to Yara Iberian S.A.

## 8 Specification of balance sheet items

NOK millions	Notes	2019	2018
<b>Other non-current assets</b>			
Surplus on funded defined benefit plans	1	348	351
Long-term fair value derivative hedging instrument		2	-
Interest rate swap designated for hedging (external)		4	4
Other		57	43
<b>Total</b>		<b>411</b>	<b>399</b>
<b>Inventories</b>			
Finished goods		11	18
Raw materials		1	3
<b>Total</b>		<b>12</b>	<b>22</b>
<b>Short-term interest-bearing debt</b>			
External loans	12	2,379	1,317
Bank overdraft		141	441
<b>Total</b>		<b>2,519</b>	<b>1,759</b>

## 9 Guarantees

NOK millions	2019	2018
<b>Guarantees (off-balance sheet)</b>		
Guarantees for debt in subsidiaries	5,749	5,645
Non-financial guarantees	9,658	6,684
<b>Total</b>	<b>15,408</b>	<b>12,329</b>

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See note 5.8 Secured debt and guarantees to the consolidated financial statements for further information about guarantees.

## 10 Financial risks and hedge accounting

Financial risks in Yara and the use of derivative instruments are described in note 6.1 to the consolidated financial statement. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

### Liquidity risk

Yara International ASA manages liquidity risk by continuously monitoring forecasted and actual cash flows. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities (see note 12 for details). Current intercompany receivables and payables mainly reflect intercompany current account balances and will fluctuate with fertilizer seasons. Committed liquidity reserves are maintained to meet unforeseen events.

Yara International ASA has the following derivative instruments outstanding at 31 December

NOK millions	2019	2018
<b>Fair value of derivatives</b>		
Forward foreign exchange contracts (external)	(31)	(388)
Forward foreign exchange contracts (Yara Group internal)	7	358
Cross currency swaps (external)	(631)	(534)
Interest rate swaps designated for hedging (external)	(61)	(54)
Balance at 31 December	(716)	(618)
<b>Derivatives presented in the balance sheet</b>		
Non-current assets	6	4
Current assets	10	379
Non-current liabilities	(697)	(592)
Current liabilities	(35)	(408)
Balance at 31 December	(716)	(618)

### Forward foreign exchange contracts

Yara is committed to the following outstanding forward foreign exchange contracts

NOK millions	2019	2018
Forward foreign exchange contracts (external), notional amount	2,268	5,172
Forward foreign exchange contracts (Yara Group internal), notional amount	6,939	7,585

All outstanding forward foreign exchange contracts at 31 December 2019 have maturity in 2020, except non-deliverable forward contracts totaling NOK 572 million that mature in 2021. External buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. External sell positions are in various operating currencies towards Norwegian kroner.

### Hedge accounting

#### Fair value hedges

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the Consolidated Statement of Income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

### Cash flow hedges

Yara had no cash flow hedges in 2019 or 2018. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and was proportionally reclassified into interest expense and deferred tax until 2019 when the bond expired. Amount reclassified to interest expense in 2019 was NOK 5 million after tax (2018: NOK 5 million).

### Effect on financial position and performance in 2019

NOK millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the balance sheet in which the hedged item is included	Line item in the balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,288	11	-	Long-term interest-bearing debt	Other long-term liabilities	9	(9)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	1,946	52	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	756	-	2	Long-term interest-bearing debt	Other long-term liabilities	(2)	2	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.  
2) All amounts are pre-tax.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

### Effect on financial position and performance in 2018

NOK millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the balance sheet in which the hedged item is included	Line item in the balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,297	2	-	Long-term interest-bearing debt	Other long-term liabilities	11	(11)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	1,946	51	-	Long-term interest-bearing debt	Other long-term liabilities	17	(17)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	775	-	-	Long-term interest-bearing debt	Other long-term liabilities	(5)	5	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.  
2) All amounts are pre-tax.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

### Specific risks associated with the upcoming interest rate benchmark reform

Within its hedge accounting relationships, the Yara is exposed to NIBOR, STIBOR and USD LIBOR (collectively "IBORs") interest rate benchmarks subject to interest rate benchmark reform. The hedged items include issued NOK and SEK fixed rate debt plus foreign currency translation risk associated with Yara's net investment in USD denominated foreign operations.



Yara Finance, Treasury & Insurance has established an IBOR transition program to understand the specific exposures and prepare an action plan in order to enable a smooth transition to alternative benchmark rates. Risks hitherto identified include, but may not be limited to, the items listed in below table.

Risk	Potential impact
Lack of standardized alternative term rates	Cash flow uncertainty, operational challenges
Economic difference vs. IBORs and alternative rates	Changes in mark-to-market value of affected contracts
Different speed of transition across products and currencies	Basis risk on hedge accounting relations
Operational adjustments required	Upgrade of IT systems, renegotiation of agreements

As none of Yara's current IBOR linked contracts already include fall back provisions in case the referenced benchmark interest rate ceases to be available, Yara monitors the output from the various working groups managing the transition to new benchmark rates carefully and will look to implement appropriate fall back language in due course.

## 11 Number of shares outstanding, shareholders, equity reconciliation etc.

Yara International ASA was established 10 November 2003. The company was established with a share capital of NOK 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2019, the company has a share capital of NOK 463,084,483 consisting of 272,402,637 ordinary shares at NOK 1.70 per share.

Yara owns 1,362,013 own shares at 31 December 2019. For further information on these issues see note 5.1 to the consolidated financial statement.

Shareholders holding 1% or more of the total 272,402,637 shares issued as of 31 December 2019 are according to information from Nasdaq.

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	98,640,995	36.2%
Norwegian National Insurance Scheme fund	17,893,478	6.6%
Sprucegrove Investment Management, Ltd.	6,496,700	2.4%
The Vanguard Group, Inc.	5,203,959	1.9%
BlackRock Institutional Trust Company, N.A.	5,104,435	1.9%
Fidelity Management & Research Company	4,875,087	1.8%
TemplexInvestment Counsel, L.L.C.	4,807,414	1.8%
Polaris Capital Management, LLC	4,440,776	1.6%
SAFE Investment Company Limited	3,652,404	1.3%
KLP Forsikring	3,640,472	1.3%
DNB Asset Management AS	3,410,541	1.3%
Capital World Investors	3,321,609	1.2%
Storebrand Kapitalforvaltning AS	3,248,079	1.2%
Nordea Funds Oy	3,225,947	1.2%
Pelham Capital Ltd	3,174,733	1.2%
State Street Global Advisors (US)	3,083,417	1.1%

## Shareholders' equity

NOK millions	Paid-in-capital	Retained earnings	Total shareholders equity
Balance 31 December 2017	582	19,382	19,963
Net income of the year	-	2,605	2,605
Dividend proposed	-	(1,771)	(1,771)
Cash flow hedges	-	5	5
Actuarial gain/(loss) <sup>1)</sup>	-	3	3
Treasury shares <sup>2)</sup>	(1)	(283)	(284)
Balance 31 December 2018	581	19,942	20,522
Net income of the year	-	(1,138)	(1,138)
Dividend proposed <sup>5)</sup>	-	(4,054)	(4,054)
Cash flow hedges	-	2	2
Actuarial gain/(loss) <sup>1)</sup>	-	(53)	(53)
Adjustment to proposed dividend previous years	-	(2)	(2)
Treasury shares <sup>3) 4)</sup>	(4)	(754)	(757)
Balance 31 December 2019	577	13,943	14,521

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting policies on page 173.

2) As approved by General Meeting 8 May 2018.

3) As approved by General Meeting 7 May 2019.

4) See note 5.1 to the consolidated financial statement for more information.

5) Based on total shares issued less 1.362.013 own shares less commitment to redeem 773.187 shares from the Norwegian State.

## 12 Long-term debt

NOK millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Denominated amounts 2019		Carrying amounts	
				Currency millions	NOK millions	2019	2018
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.70%)			-	-	-	-	2,199
Unsecured debenture bonds in USD (Coupon 7.88%)	6.1		0.0%	-	-	-	4,338
Unsecured debenture bonds in NOK (Coupon 2.55%)	6.1	2021	2.6%	700	700	693	698
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.75%)		2022	2.6%	1,250	1,250	1,250	1,248
Unsecured debenture bonds in SEK (Coupon STIBOR + 1.00%)		2022	0.8%	450	426	425	436
Unsecured debenture bonds in SEK (Coupon 1.10%)	6.1	2022	1.2%	800	756	756	775
Unsecured debenture bonds in NOK (Coupon 3.00%)	6.1	2024	3.0%	600	600	595	599
Unsecured debenture bonds in NOK (Coupon 2.45%)	6.1	2024	2.5%	1,000	1,000	974	977
Unsecured debenture bonds in USD (Coupon 3.80%)	6.1	2026	3.9%	500	4,397	4,378	4,319
Unsecured debenture bonds in NOK (Coupon 2.90%)	6.1	2027	2.9%	1,000	1,000	972	969
Unsecured debenture bonds in USD (Coupon 4.75%)	6.1	2028	4.8%	1,000	8,793	8,752	8,637
Unsecured bank loans in USD			2.9%	545	4,790	7,584	4,711
Outstanding long-term debt						26,377	29,906
Less: Current portion						(3,342)	(6,798)
Total						23,035	23,108

At 31 December 2019, the fair value of the long-term debt, including the current portion, is NOK 27,254 million and the carrying value is NOK 26,377 million. See notes 5.3 Interest-bearing debt and 6.1 Financial risks to the consolidated financial statements for further information about long-term debt.

### Payments on long-term debt fall due as follows

NOK millions	Debentures	Bank loans	Total <sup>1)</sup>
2020	-	3,342	3,342
2021	693	264	958
2022	2,430	1,577	4,006
2023	-	264	264
2024	1,568	1,583	3,152
Thereafter	14,102	553	14,655
<b>Total</b>	<b>18,793</b>	<b>7,584</b>	<b>26,377</b>

1) Including current portion.

## 13 Transactions with related parties

Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2019	2018
<b>Income statement</b>			
Yara Belgium S.A.		1,297	1,744
Yara Norge AS		88	104
Yara Sluiskil B.V.		80	94
Yara Brasil Fertilizantes S.A.		67	89
Other		537	634
<b>Internal revenues</b>	<b>4</b>	<b>2,069</b>	<b>2,665</b>
Yara Norge AS		900	500
Fertilizer Holdings AS		-	4,000
<b>Dividends and Group relief from subsidiaries</b>	<b>5</b>	<b>900</b>	<b>4,500</b>
Yara Nederland B.V.		274	401
Yara Holding Netherlands B.V.		261	234
Yara Norge AS		177	154
Yara Sluiskil B.V.		61	59
Yara AB		32	28
Yara Suomi Oy		32	30
Other		181	189
<b>Interest income group companies</b>	<b>5</b>	<b>1,018</b>	<b>1,095</b>
Fertilizer Holdings AS		(47)	(174)
Yara Switzerland Ltd		(47)	(17)
Yara Asia Pte Ltd		(33)	(23)
Yara Caribbean Ltd		(32)	(38)
Yara Canada Holding Inc.		(30)	(15)
Other		(85)	(52)
<b>Interest expense group companies</b>	<b>5</b>	<b>(274)</b>	<b>(319)</b>

NOK millions	Notes	2019	2018
<b>Non-current assets</b>			
Yara Holding Netherlands B.V.		18,796	18,862
Yara Norge AS		4,831	4,770
Yara Sluiskil B.V.		4,505	4,544
Yara Nederland B.V.		4,196	7,942
Yara Investments Germany SE		3,166	2,446
Yara Suomi Oy		3,105	3,132
Yara Investment GmbH		1,648	-
Yara AB		1,547	1,582
Other		3,132	1,841
Intercompany receivables		44,927	45,118
<b>Current assets</b>			
Yara AS		3,575	2,411
Yara France SAS		1,080	939
Yara Norge AS		999	721
Freeport Ammonia LLC		523	589
Yara LPG Shipping AS		467	608
Yara Phosphates Oy		456	361
Yara Belgium S.A.		349	25
Fertilizer Holdings AS		-	4,000
Other		1,752	2,465
Intercompany receivables		9,202	12,119
<b>Current liabilities</b>			
Yara Nederland B.V.		(6,579)	(4,329)
Yara Asia Pte Ltd		(3,181)	(1,923)
Yara Switzerland Ltd		(2,536)	(780)
Yara Canada Holding Inc.		(2,007)	(661)
Yara Tertre S.A.		(1,985)	(2,029)
Fertilizer Holdings AS		(1,912)	(4,343)
Other		(10,416)	(9,771)
Intercompany payables		(28,615)	(23,836)
Trinidad Nitrogen Company Ltd.		(118)	(105)
Yara Freeport LLC DBA Texas Ammonia		(198)	(383)
Yara Pilbara Nitrates Pty Ltd		(12)	(287)
Other		(17)	(5)
Short-term interest-bearing loans from Group associates and joint arrangements		(345)	(780)

Remuneration to the Board of Directors and Yara Management is disclosed in notes 8.1 and 8.2 to the consolidated financial statements.

Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See note 1 for more information.

# Directors' responsibility statement

## 2019

### WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:

- The consolidated financial statements for 2019 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- The financial statements for the parent company for 2019 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- The information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- The Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties
- That the country by country report for 2019 has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a.

The Board of Directors of Yara International ASA  
Oslo, 17 March 2020



Geir Isaksen  
Chairperson



Trond Berger  
Board member



Hilde Bakken  
Board member



Håkon Reistad Fure  
Board member



Kimberly Lein-Mathisen  
Board member



Adele Bugge Norman Pran  
Board member



John Thuestad  
Board member



Kari-Marie Nøstberg  
Board member




Eva Safrine Aspvik  
Board member



Rune Bratteberg  
Board member



Geir O. Sundbø  
Board member



Svein Tore Holsether  
President and CEO



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To the General Meeting of Yara International ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Yara International ASA, which comprise:

- The financial statements of the parent company Yara International ASA (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Yara International ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

- Tax assets and liabilities
- Impairment of goodwill and property, plant and equipment

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Den norske Revisorforening  
Organisasjonsnummer: 980 211 282



*Tax assets and liabilities*

Key audit matter	How the matter was addressed in the audit
<p>As detailed in note 1 and 2.8, the Group has recognized deferred tax assets of USD 484 million. Total unrecognized deferred tax assets are USD 319 million, of which USD 173 million represent unused tax losses in Brazil. Furthermore, Yara's operations in Brazil also generate tax credits. As disclosed in note 1 and 4.6, the Group has recognized an amount of USD 213 million in tax credits related to the operations in Brazil. Recognition of these assets are based on management assumptions related to future operating results and timing of utilization.</p> <p>As detailed in note 1, and 2.8, management applies judgment to determine to what extent these deferred tax assets and tax credits qualify for recognition in the statement of financial position. This involves judgment as to the likelihood of the realization of deferred tax assets and tax credits. The expectation that the benefit of these deferred tax assets and tax credits will be realized is dependent on sufficient taxable profits in future periods and the ability to utilize the tax credits. Recoverability of the tax credits is also dependent on interpretation of laws and regulations, which may be subject to change over time.</p> <p>As detailed in note 1 and 5.6, the Group is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to make certain judgments and estimates to recognize and measure the effect of uncertain tax positions.</p> <p>Due to the significant management judgment involved in estimation and recognition of deferred tax assets, uncertain tax positions and tax credits, we have assessed this to be a Key Audit Matter.</p>	<p>Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> <li>• We evaluated relevant controls associated with accounting for tax balances, including deferred tax assets, tax credits and uncertain tax positions.</li> <li>• We involved our tax specialists in evaluating management's judgments and conclusions.</li> <li>• We challenged the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets. We evaluated the forecasted taxable profits and consistency of these forecasts with historical performance.</li> <li>• We evaluated management's assessment of the probable outcome related to uncertain tax positions.</li> <li>• We reviewed applicable third-party evidence and correspondence with tax authorities.</li> <li>• We considered the adequacy of the Group's disclosures related to uncertain tax positions, deferred tax assets and tax credits.</li> </ul>



*Impairment of goodwill, property, plant and equipment*

Key audit matter	How the matter was addressed in the audit
<p>As disclosed in note 1, 4.1 and 4.2, the Group has recognized goodwill of USD 844 million and property, plant and equipment (PP&amp;E) of USD 8,614 million. The Company's goodwill is tested for impairment on an annual basis while PP&amp;E is tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.</p> <p>Determining whether goodwill and PP&amp;E are impaired requires estimation of the value in use. As disclosed in note 4.7, the value in use calculation requires management to make significant estimates and assumptions related to future commodity prices, gas prices as well as assumptions related to discount rates, future production levels and capital expenditures. Changes in these assumptions could have a significant impact on the value of goodwill and PP&amp;E.</p> <p>Net impairment losses of USD 43 million were recognized in the year ended 31 December 2019.</p> <p>Due to the significant judgment involved in determining the assumptions used in the testing for impairment of goodwill, property, plant and equipment we have assessed this to be a Key Audit Matter.</p>	<p>Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> <li>• We evaluated relevant controls associated with the impairment review process.</li> <li>• We challenged management's key assumptions used in the cash flow forecasts included within the impairment models.</li> <li>• We challenged specifically the urea- and ammonia prices, gas prices, assumed production levels, capital expenditure and discount rate assumptions, including consideration of the risk of management bias.</li> <li>• We compared urea- and ammonia and gas prices to third party publications.</li> <li>• We used internal valuation specialists in assessing discount rate assumptions used and testing the models.</li> <li>• We validated the mathematical accuracy of cash flow models, and agreed relevant data to the latest production plans and approved budgets.</li> <li>• We considered the adequacy of the disclosures provided by the Group in relation to its impairment reviews.</li> </ul>





#### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Directors and the President and CEO for the Financial Statements*

The Board of Directors and the President and CEO (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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Independent Auditor's Report –  
Yara International ASA

### **Report on Other Legal and Regulatory Requirements**

#### *Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 17 March 2020  
Deloitte AS

A handwritten signature in black ink, appearing to read "Aase Aa. Lundgaard".

**Aase Aa. Lundgaard**  
State Authorised Public Accountant (Norway)

# Reconciliation of alternative performance measures in the Yara Group

Yara makes regular use of certain non-GAAP alternative financial performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA exclusive special items
- EBITDA per tonne Sales & Marketing segment
- Return on invested capital (ROIC)
- Fixed cost
- Net operating capital (days)
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA exclusive special items
- Basic earnings per share exclusive currency and special items

Definitions and explanations for use of the APMs are described below. Reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements are provided on the following pages.

## Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered to be key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

## EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability which is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, interest income from external customers, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

## EBITDA exclusive special items

EBITDA exclusive special items is an adjusted EBITDA measurement which is used in the internal financial reporting to management and which Yara also considers to be relevant for external stakeholders. It aims to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. See section "Financial performance" page 39 for details on special items.

## EBITDA in USD per tonne Sales & Marketing segment

One of Yara's strategic priorities is to improve margins by promoting sustainable solutions using nitrate-based products (premium products). Nitrate-based products maximize agricultural productivity and nitrogen use efficiency, reducing greenhouse gas emissions and increasing farm profitability. This strategic priority is measured by the 12-months rolling EBITDA per tonne in the Sales & Marketing segment, which is defined as the EBITDA for this segment excluding special items divided by the total deliveries by this segment.

## ROIC

With effect from 2019, Yara replaced the previous CROGI and ROCE performance measures with Return on Invested Capital (ROIC). The rationale for the change is that ROIC enables better benchmarking with comparable companies and businesses, both for internal and external stakeholders.

ROIC is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-months rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25% flat rate, and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash equivalents, plus a normalized cash level of USD 200 million, minus total current liabilities excluding bank loans and other interest-bearing short-term debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

NOPAT and average invested capital are defined and reconciled as components in reporting ROIC as an APM. They are not considered to be separate APMs.

### Basic earnings per share excluding currency and special items

Earnings per share excluding currency and special items is an adjusted EPS measurement which Yara considers to be relevant for both internal and external stakeholders as it aims to mirror the underlying performance in the reported period, adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period. Tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for simplicity.

### Capital structure measures

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA excluding special items ratio to provide information on the Group's financial position as reference to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which are considered to be relevant supplements to the consolidated statement of cash flows. Net interest-bearing debt is defined by Yara as cash and cash equivalents, reduced for short-term and long-term interest-bearing debt, including current portion, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The net debt/EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA exclusive special items on a 12-months rolling basis.

### Yara Improvement Program (YIP)

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguish between three defined pillars; a) higher production returns and lower variable costs, b) leaner cost base, and c) smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide

information on project performance to management, and which Yara also considers to be relevant for external stakeholders. The operational metrics are reported on a rolling 12-months basis and include:

- production volume (kt),
- energy efficiency (Gj/T),
- fixed cost (USD millions),
- net operating capital (days).

The fixed cost and net operating capital measures represent financial alternative performance measures and are defined below. The production volume and energy efficiency are physical measures and is defined and reported on page 36.

Fixed cost is defined as the subtotal "operating costs and expenses" in the consolidated income statement minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (see section "Financial performance" page 39 for details on special items), currency effects, and items which relate to portfolio and structural changes. The currency effects are calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. The portfolio and structural changes refer to the acquisition of the Vale Cubatão Fertilizantes complex in Brazil and the ammonia plant in Freeport. Furthermore, the fixed cost amount reported for 2018 is adjusted for the effects of implementing IFRS 16 in 2019.

Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables relative to supplier related operating costs and expenses.

## Reconciliation of operating income to EBITDA excluding special items

USD millions		2019	2018
Operating income		989	402
Share of net income in equity-accounted investees		65	82
Interest income and other financial income		76	81
Earnings before interest expense and tax (EBIT)		1,130	566
Depreciation and amortization <sup>1)</sup>		923	807
Impairment loss <sup>2)</sup>		43	150
Earnings before interest, tax and depreciation/amortization (EBITDA)		2,095	1,523
Special items included in EBITDA <sup>3)</sup>		70	2
EBITDA, excluding special items	A	2,165	1,525

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) See section "Variance analysis and special items" for details on special items.

## Reconciliation of operating income to net operating profit after tax

USD millions		2019	2018
Operating income		989	402
Amortization and impairment of intangible assets		46	60
Interest income from external customers		60	69
Calculated tax cost (25% flat rate) on items above		(274)	(133)
Share of net income in equity-accounted investees		65	82
Net operating profit after tax (NOPAT)	B	886	481

## Reconciliation of net income to net operating profit after tax

USD millions		2019	2018
Net income		589	141
Amortization and impairment of intangible assets		46	60
Interest income from external customers		60	69
Interest income and other financial items		(76)	(81)
Interest expense and other financial items		182	153
Foreign currency translation (gain)/loss		145	278
Income tax, added back		214	(6)
Calculated tax cost (25% flat rate)		(274)	(133)
Net operating profit after tax (NOPAT)	B	886	481

## Reconciliation of invested capital and ROIC calculation

USD millions		12-months average	
		2019	2018
Total current assets		5,375	5,281
Cash and cash equivalents		(306)	(573)
Normalized level of operating cash		200	200
Total current liabilities		(3,738)	(3,255)
Bank loans and other interest-bearing short-term debt		430	467
Current portion of long-term debt		726	373
Short-term lease liabilities		83	-
Property, plant and equipment		8,386	8,277
Right-of-use assets		389	-
Goodwill		841	913
Equity-accounted investees		1,007	1,041
Capital employed 12-month average	C	13,395	12,725
Return on invested capital (ROIC)	D=B/C	6.6%	3.8%

## Reconciliation of EBITDA to income before tax

USD millions		2019	2018
EBITDA		2,095	1,523
Depreciation and amortization <sup>1)</sup>		(923)	(807)
Impairment loss <sup>2)</sup>		(43)	(150)
Foreign currency translation gain/(loss)		(145)	(278)
Interest expense and other financial items		(182)	(153)
Income before tax		803	134

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

## Reconciliation of EBITDA in USD per tonne Sales &amp; Marketing segment

USD millions (except deliveries shown in thousand tonnes)		2019	2018
EBITDA Sales & Marketing segment <sup>1)</sup>		743	613
Special items within Sales & Marketing EBITDA <sup>2)</sup>		3	(29)
EBITDA Sales & Marketing excl. special items		740	641
Total deliveries Sales & Marketing segment <sup>3)</sup>		30,540	31,622
EBITDA (excl. special items) in USD per tonne Sales & Marketing segment		24.24	20.28

1) Reference to note 2.3 Segment information.

2) See section "Variance analysis and special items" for details on special items.

3) See section "Deliveries" for details on deliveries.

## Reconciliation of operating costs and expenses to fixed cost

USD millions		2019	2018
Operating costs and expenses		11,946	12,652
Variable part of Raw materials, energy costs and freight expenses		(8,714)	(9,259)
Variable part of Other operating expenses		(25)	(36)
Depreciation and amortization <sup>1)</sup>		(923)	(807)
Impairment loss <sup>2)</sup>		(43)	(150)
Currency effects (using baseline exchange rates as of 2018)		102	-
Special items within fixed cost		(53)	(44)
Estimated IFRS 16 effects		-	(110)
Adjustment for portfolio and structural changes		-	68
Fixed cost		2,291	2,314

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

## Reconciliation of Net operating capital days

USD millions		2019	2018
Trade receivables as reported		1,564	1,601
Adjustment for VAT payables		(64)	(90)
Adjustment for 12-months average		186	(14)
Adjusted trade receivables (12-months average)	E	1,686	1,497
Revenue from contracts with customers		12,858	12,928
Interest income from external customers		60	69
Total revenue and interest income from customers	F	12,918	12,997
Credit days	$G=(E/F)*365$	48	42
Inventories as reported		2,360	2,568
Adjustment for 12-months average		140	(146)
Inventories (12-months average)	H	2,500	2,422
Raw materials, energy costs and freight expenses		9,334	9,952
Fixed product costs and freight expenses external customers		(1,564)	(1,683)
Product variable costs	I	7,770	8,269
Inventory days	$J=(H/I)*365$	117	107
Trade and other payables as reported		1,614	1,835
Adjustment for other payables		(329)	(360)
Adjustment for 12-months average		137	(72)
Trade payables (12-months average)	K	1,422	1,403
Operating costs and expenses		11,946	12,652
Depreciation and amortization <sup>1)</sup>		(923)	(807)
Impairment loss <sup>2)</sup>		(43)	(150)
Other non-supplier related costs		(701)	(745)
Operating costs and expenses, adjusted	L	10,280	10,950
Payable days	$M=(K/L)*365$	50	47
Net operating capital days	$N=G+J-M$	115	102

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.



### Net operating capital

USD millions		31 Dec 2019	31 Dec 2018
Trade receivables		1,564	1,601
Inventories		2,360	2,568
Trade payables <sup>1)</sup>		(1,285)	(1,475)
Prepayments from customers		(399)	(343)
Net operating capital <sup>2)</sup>		2,240	2,352

1) Trade and other payables in the statement of financial position also includes payables related to payroll and value added taxes, which is not included in the calculation of net operating capital above.

2) Change in net operating capital as presented in the table above does not reconcile to change in net operating capital as presented in the Condensed consolidated interim statement of cash flows due to currency effects and items included in trade payables which are related to investments.

### Net interest-bearing debt

USD millions		31 Dec 2019	31 Dec 2018
Cash and cash equivalents		300	202
Short-term interest-bearing debt		(494)	(397)
Current portion of long-term debt		(398)	(824)
Short-term lease liabilities		(98)	-
Long-term interest-bearing debt		(2,698)	(2,776)
Long-term lease liabilities		(337)	-
Net interest-bearing debt	O	(3,725)	(3,794)

### Net debt/equity ratio

USD millions		31 Dec 2019	31 Dec 2018
Net interest-bearing debt	O	(3,725)	(3,794)
Total equity	P	(8,909)	(8,910)
Net debt/equity ratio	Q=O/P	0.42	0.43

### Net debt/EBITDA excluding special items ratio

USD millions		31 Dec 2019	31 Dec 2018
Net interest-bearing debt	O	(3,725)	(3,794)
EBITDA, excluding special items (last 12 months)	A	2,165	1,525
Net debt/EBITDA excluding special items ratio	R=(O)/A	1.72	2.49

### Earnings per share

USD millions, except earnings per share and number of shares		2019	2018
Weighted average number of shares outstanding	S	272,319,232	273,169,994
Net income attributable to shareholders of the parent	T	599	159
Foreign currency translation gain/(loss)	U	(145)	(278)
Tax effect on foreign currency translation	V	38	77
Non-controlling interest share of foreign currency translation (gain)/loss, net after tax	W	(1)	(3)
Special items within income before tax <sup>1)</sup>	X	(126)	(148)
Tax effect on special items	Y	23	37
Special items within income before tax, net after tax	Z=X+Y	(102)	(112)
Special items within income tax <sup>2)</sup>	AA	(38)	-
Non-controlling interest's share of special items, net after tax	AB=T-U-V+W-Z+AA	(2)	(9)
Net income excluding currency and special items	AC=T-U-V+W-Z-AA+AB	842	460
Basic earnings per share	AD=T/S	2.20	0.58
Basic earnings per share excluding foreign currency translation and special items	AE=AC/S	3.09	1.68

1) See section "Variance analysis and special items" for details on special items, totaling to USD 113 million in 2019 (within operating income). In addition to this, an amount of USD 13 million relates to interest on the USD 38 million tax provision recognized in fourth quarter 2019. See note 5.6 Provisions and contingencies for more information.

2) The full amount of USD 38 million relates to the income tax provision recognized in fourth quarter 2019. See note 5.6 Provisions and contingencies for more information.



Yara has signed the United Nations Global Compact, embracing its principles. The UN GC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.



WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.



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**Knowledge grows**

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Yara Integrated Report 2020

Knowledge grows

# Growing a climate positive food future



# Growing a climate positive food future

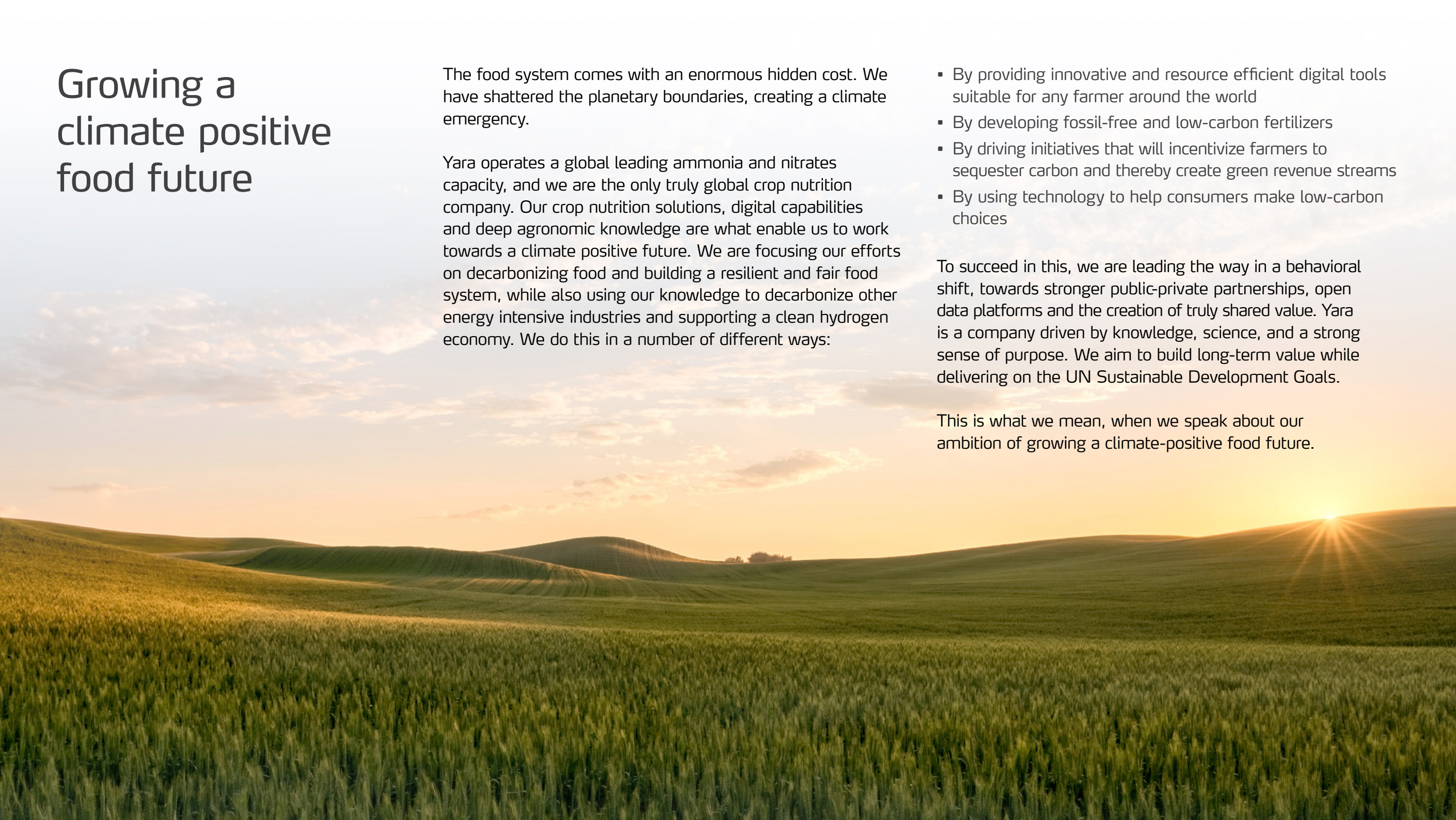
The food system comes with an enormous hidden cost. We have shattered the planetary boundaries, creating a climate emergency.

Yara operates a global leading ammonia and nitrates capacity, and we are the only truly global crop nutrition company. Our crop nutrition solutions, digital capabilities and deep agronomic knowledge are what enable us to work towards a climate positive future. We are focusing our efforts on decarbonizing food and building a resilient and fair food system, while also using our knowledge to decarbonize other energy intensive industries and supporting a clean hydrogen economy. We do this in a number of different ways:

- By providing innovative and resource efficient digital tools suitable for any farmer around the world
- By developing fossil-free and low-carbon fertilizers
- By driving initiatives that will incentivize farmers to sequester carbon and thereby create green revenue streams
- By using technology to help consumers make low-carbon choices

To succeed in this, we are leading the way in a behavioral shift, towards stronger public-private partnerships, open data platforms and the creation of truly shared value. Yara is a company driven by knowledge, science, and a strong sense of purpose. We aim to build long-term value while delivering on the UN Sustainable Development Goals.

This is what we mean, when we speak about our ambition of growing a climate-positive food future.



# Key figures

## About Yara

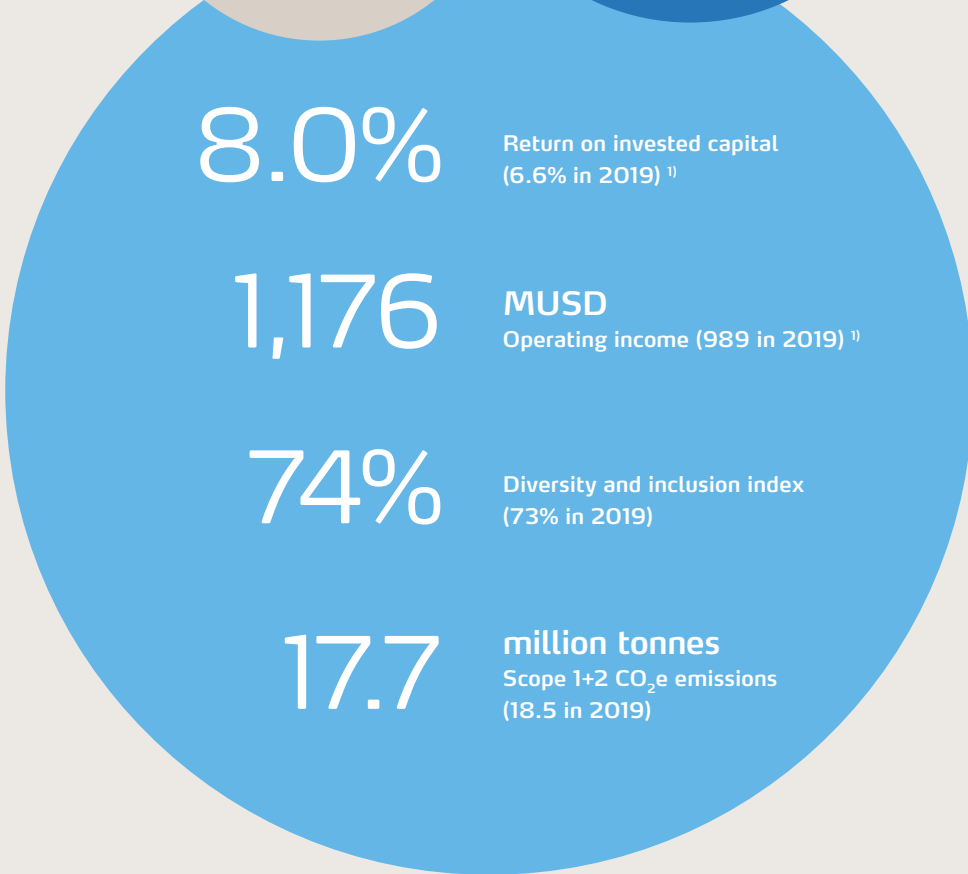
Yara grows knowledge to responsibly feed the world and protect the planet. Supporting our vision of a world without hunger and a planet respected, we pursue a strategy of sustainable value growth, promoting climate-friendly crop nutrition and zero-emission energy solutions. Yara's ambition is focused on growing a climate positive food future that creates value for our customers, shareholders and society at large and delivers a more sustainable food value chain.

To achieve our ambition, we have taken the lead in developing digital farming tools for precision farming, and work closely with partners throughout the food value chain to improve the efficiency and sustainability of food production. Through our focus on clean ammonia production, we aim to enable the hydrogen economy, driving a green transition of shipping, fertilizer production and other energy intensive industries.

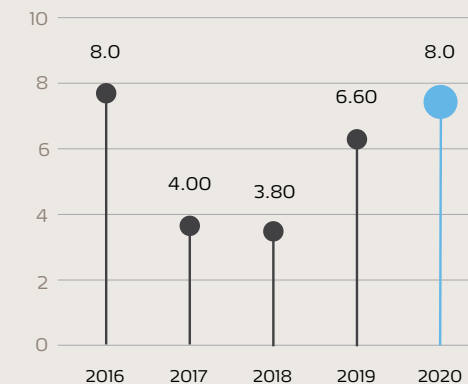
Founded in 1905 to solve the emerging famine in Europe, Yara has established a unique position as the industry's only global crop nutrition company. We operate an integrated business model with around 17,000 employees and operations in over 60 countries, with a proven track record of strong returns. In 2020, Yara reported revenues of USD 11.6 billion.



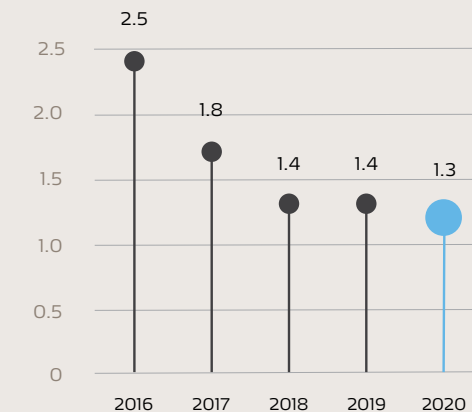
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Go to the Financial Statements for 2020 here



ROIC (Percent)



TRI



		2020	2019
<b>Prosperity performance</b>			
Revenue and other Income	USD million	11,728	12,936
Operating income <sup>1)</sup>	USD million	1,176	989
EBITDA <sup>1) 2)</sup>	USD million	2,223	2,095
Net income attributable to shareholders of the parent	USD million	691	599
Investments <sup>3)</sup>	USD million	933	1,134
Debt/Equity ratio <sup>1) 4)</sup>		0.36	0.42
Net cash flow from operations	USD million	2,047	1,907
Basic earnings per share <sup>5)</sup>	USD	2.58	2.2
<b>People performance</b>			
Engagement rate	Percent	79	73
TRI rates <sup>6)</sup>	Per million hours worked	1.3	1.4
<b>Planet performance</b>			
GHG intensity <sup>7)</sup>	GHG/tonne produced	3.0	3.0
Energy use <sup>7)</sup>	Petajoules	279	285

1) See [page 249](#) for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

2) EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees.

3) Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.

4) Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

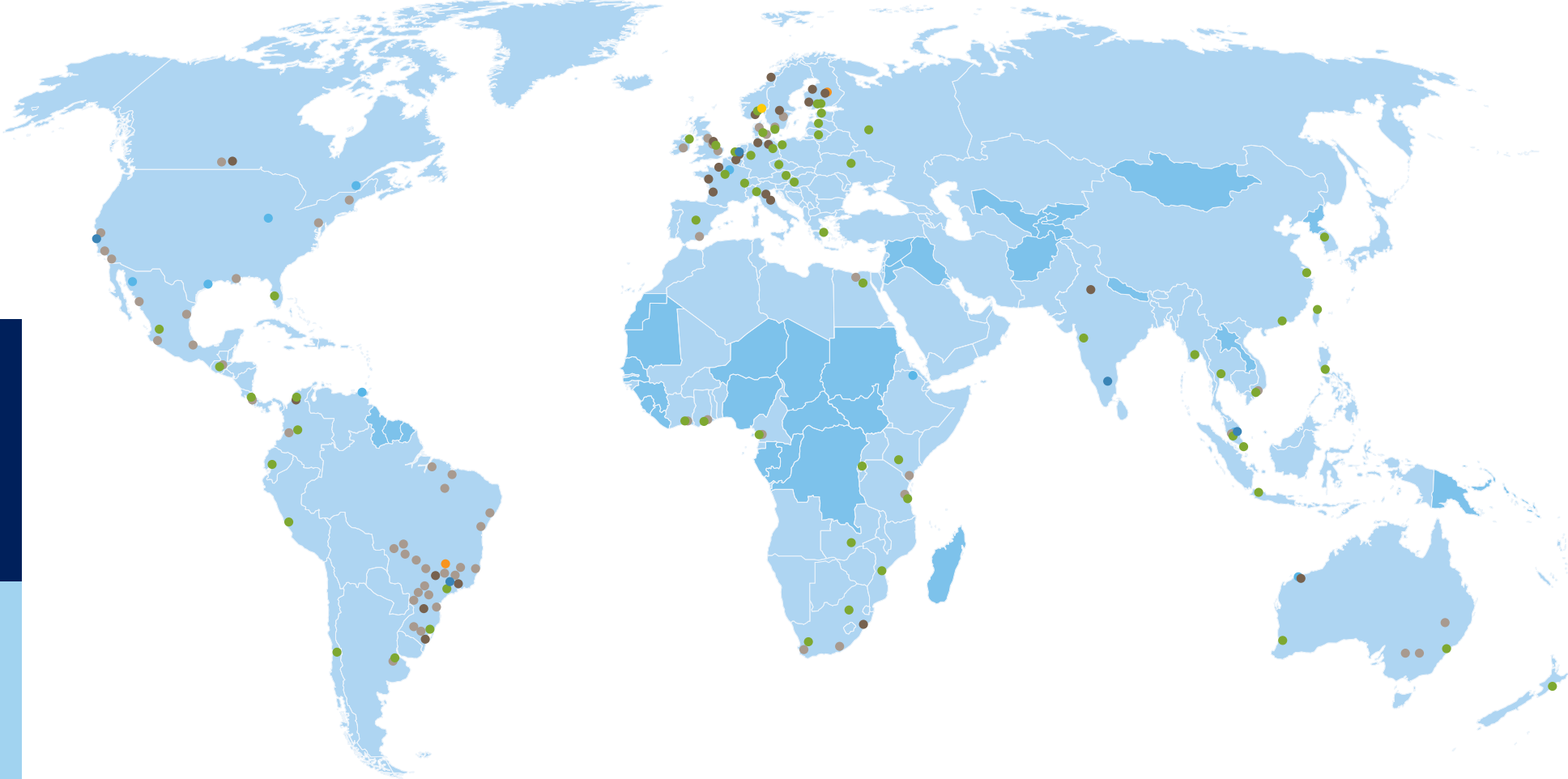
5) Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.

6) TRI: Number of Total Recordable Injuries per million hours worked, contractors included.

7) The GHG intensity indicator covers scope 1, 2 and parts of scope 3 emissions from suppliers, but does not represent a complete carbon footprint. Measured against tonnes nitrogen in Yara's products.

# Global presence

Yara is the industry's most global player. We combine production of premium products with a farmer-centric approach, turning a century of agronomic knowledge into value for millions of farmers around the globe.



Yara-branded retail outlets around the world	
10,800 <sup>+</sup>	
Countries with operations	Countries with sales
60	160
Production plants	Terminals, warehouses, blending units and bagging facilities
28	200

- Countries with sales <sup>1)</sup>
- Head office
- Yara Plants
- Phosphate mines
- Joint ventures
- Sales offices, R&D sites
- Digital Hub
- Smaller sites <sup>2)</sup>

1) More than 10,800 Yara-branded retail outlets around the world  
 2) Yara operated terminals and logistical production sites



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**About the report**

This is Yara International ASA's 2020 Integrated Report. It represents Yara's first integrated report, building on the guiding principles set out in the International <IR> Framework from the International Report Council (IIRC). The report outlines Yara's business model and strategy, describes how we create value, and documents our People, Planet and Prosperity performance in 2020. Additional information on sustainability topics is available in the separate Sustainability report available on yara.com.

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Listed as one of the 100 most sustainably managed companies in the world



One of 12 leading companies in a review of 305 food- and agribusinesses



Number one in a review of ESG disclosures from the 100 largest companies on the Oslo Stock Exchange



Won the Stockman award for best IR team amongst all Norwegian listed companies



Medium risk and number one of 56 Agri-Chemicals companies

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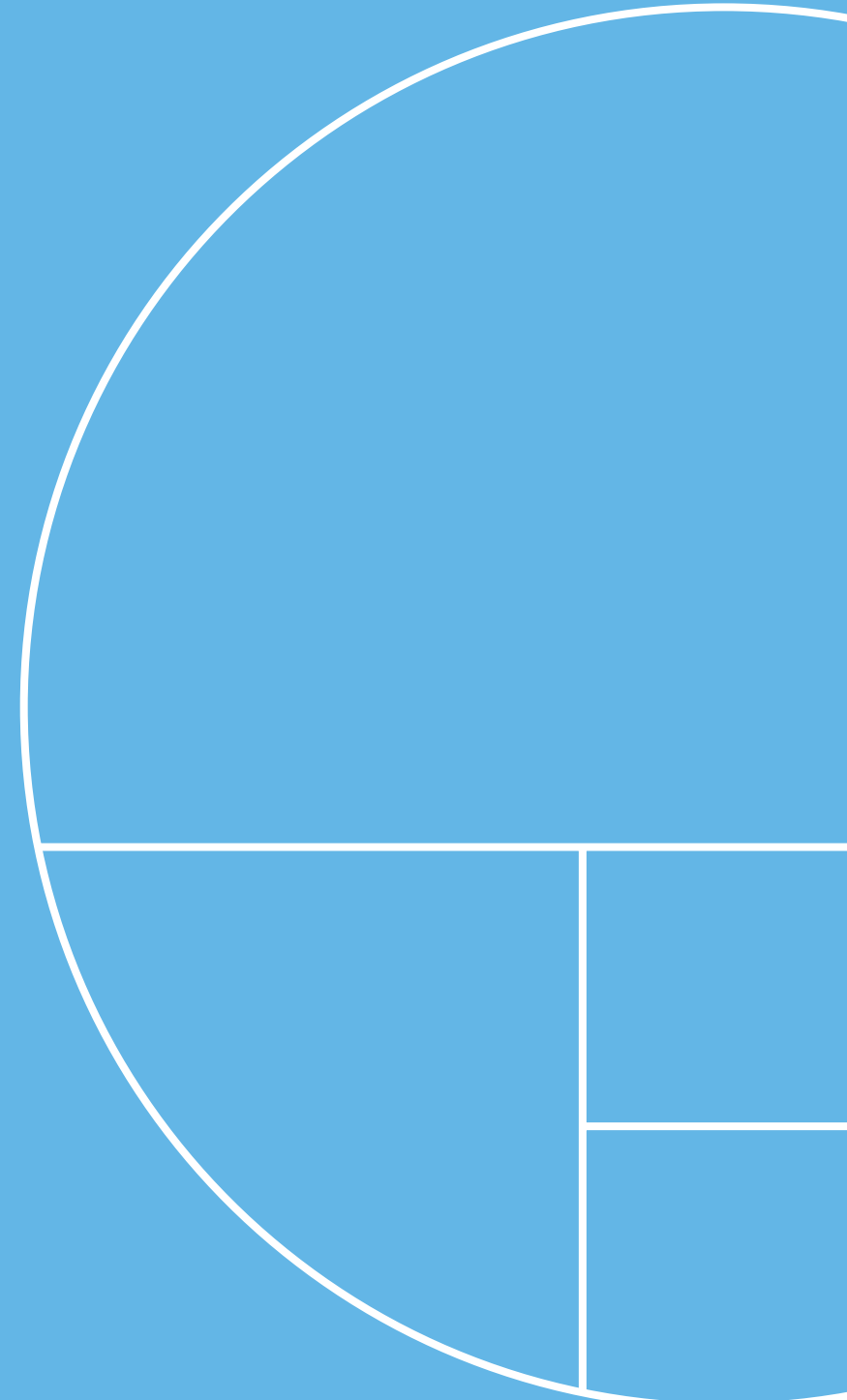
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THIS IS YARA

# Broadening our core

We are broadening our core as a leading food solutions company, based on driving sustainable performance. Utilizing our position as a global leading ammonia company, we will enable the hydrogen economy.



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CEO COMMENT


# The true value of being purpose driven

Last year was truly extraordinary, and we had to tackle it through an exceptional effort. It has been said that a crisis shows what you're made of, that it shows your true colors. When faced with a seemingly impossible task, you can either back down and give up or you can roll up your sleeves and tackle it head on. In Yara, we did the latter, and that is why I was both proud and very satisfied when we closed the books on a year that will go down in history as an *annus horribilis*.

## A triple responsibility

From the very start of the Covid crisis, we were clear on Yara having a triple responsibility; Firstly, to safeguard our employees and contractors. Secondly, to be a responsible business and behave according to government guidelines. And thirdly, to run our operations in a way that ensured that our business could continue to help feed the world, also in times of crisis – if not, we could have experienced a reduction of 50% in crop yield.

Thanks to the dedication and efforts by our more than 16,000 employees, we managed to keep our plants running and made sure our lifesaving products reached farmers at a crucial point in time. In my view, this shows the true value of being a purpose driven company. Working in such a company encourages all of us to go those many extra miles, to make sure we deliver.



“I was proud and very satisfied when we closed the books on a year that will go down in history as *annus horribilis*.”

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**40,000**  
tonnes fertilizer  
donated to aid 250,000 farmers  
in East Africa during the pandemic



In Yara’s case, we know that our solutions contribute directly to solving some of the biggest challenges of our time. Our nitrate-based crop nutrition solutions not only increase the yield for the farmers but do so in the most resource efficient way. Our digital tools also make agronomic knowledge available to smallholder farmers – knowledge that earlier was reserved for only the largest commercial players – thereby contributing to fighting hunger and poverty. In short, our solutions lead to more food, reduced waste, increased livelihood in vulnerable communities and making carbon positive farming a reality.

**Doing well by doing good**

In Yara, we do well by doing good. We believe shareholder value creation is higher when the perspectives of people, planet and prosperity are combined, and in 2020 we improved our employee engagement and continued to reduce our GHG emissions. Our volumes of premium products are increasing and the results of our investments in digital solutions are showing exponential growth. Last year was also a year that once again demonstrated the strength of our integrated business model. By channeling products also to our Industrial Solutions units, we are able to optimize production streams and create added value.

With this in mind, it also feels rewarding to continue to deliver improved prosperity through improving capital returns for 10 consecutive quarters and improving our free cash flow by USD 1.4 billion compared to 2019 <sup>1)</sup>. This has enabled us to increase the level of dividend, even in such a challenging year as 2020 was, with total dividends and share buybacks committed or paid at NOK 52/share. Through our strong focus on capital allocation and

discipline, we are also able to invest in growth areas, such as green ammonia, utilizing our number one positions as ammonia producer, trader and transporter.

**Food as a foundation for peace**

Looking back, the pandemic revealed a broken food system, hitting hardest those that were already most vulnerable. It put food production and food supply front and center of the global discourse. Adding to this, the Nobel Peace Prize was awarded to the World Food Programme. It confirmed how food is the foundation for peace and stability, and why it is crucial to build a fair and resilient food system.

It is especially encouraging for us in Yara to see the celebration of WFP’s great work, as we have joined forces both in the fields and on global arenas to bring about systemic change. When I spoke with WFP Executive Director David Beasley in April last year, asking him how Yara could contribute in the pandemic, he was crystal clear: “Make sure you get your product out to the farmer”. If not, the health crisis could be followed by a hunger catastrophe “of biblical proportions,” as he put it.

A month later, we established Action Africa, supported by the WFP – a relief program to reach 250,000 farmers in the most vulnerable parts of East Africa with 40,000 tonnes of donated premium fertilizers to provide food for 1 million people for a year.

Through this, we have also managed to create a digital platform, reaching 2 million smallholder farmers with agronomic support and advice.

1) Net cash provided by operating activities minus net cash used in investing activities in Consolidated statement of cash flows.

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**Our widened responsibility**

A company cannot be evaluated solely on financial results in an isolated period. More important is the long-term value creation, and it is our firm belief that there is no contradiction between purpose and profit. In fact, having a clear purpose and operating in a sustainable way, is a pre-requisite for sustaining profit.

The past years, and in particular last year, it has become evident that the boundaries for a company’s responsibility expands way beyond what has been the norm under the “business as usual”- model that dominated for many decades. This is something we have embraced in Yara. In addition to centering our business model around the UN Sustainable Development Goals, we have also introduced global standards and benefits for our employees, to bridge the gap between the safety net we have in some countries and the complete lack of safety net in other countries.

That is why we, for example, introduced an income security policy, guaranteeing all employees and full-time contractors up to three months’ pay in this challenging crisis. Another example, is a new global minimum standard for parental leave, covering 6 months full pay for primary caregiver and 1-month full pay for secondary caregiver. A third example is our work on diversity and inclusion, which includes a specific project related to black talent.

Ten years ago, many of these efforts related to diversity and inclusion, would most likely only see the cost element of these measures. But today, it is obvious that this makes sense also from a pure business point of

view. We must make use of all the talent in the company, from all backgrounds, to be able to solve the challenges ahead. Safe and satisfied employees with a significant degree of autonomy leads to satisfied customers, which in turn leads to satisfied shareholders. It’s as simple as that.

I urge every one of our stakeholders – be it investor or regulator – to study our comprehensive Sustainability Report, to learn more about how we have integrated these aspects into our business.

**Low carbon opportunities**

Yara operates in an environment that is affected by strong external forces and megatrends. A wave of new regulatory and political initiatives aimed at addressing climate change are coming. However, the climate emergency is wider than only GHG emissions, as more scrutiny is also being put on biodiversity, water usage and soil health. Another strong force for change is consumer demand, combined with strong actions taken from food companies, which the past years have launched targets for climate-neutrality.

With great shifts come great risks and great opportunities, and we have the strategy both to mitigate these risks while acting on the opportunities. Going forward we have two very clear strategic priorities: Accelerating operational excellence and expanding our reach and offering.

A key word for us, will be decarbonization. Yara is dedicated to working for a carbon free future, and this will materialize in several ways; through technology



and digital tools, we are able to accelerate carbon positive farming, by making agriculture more resource efficient, productive and environmentally friendly; through dedicated partnerships, we are introducing full transparency in the food value chain and thereby creating green revenue streams for the farmers and finally enabling carbon labelling of food, to let consumers make carbon positive choices; through our ammonia expertise and global infrastructure, we will drive the commercialization of green ammonia and open the gateway to a clean hydrogen economy.

Despite an extremely challenging 2020, there is now a unique opportunity worldwide to rebuild the world economy. Making it more inclusive, more sustainable and more resilient.

Yara has the dedication and roadmap to play our part.

Svein Tore Holsether  
President and CEO

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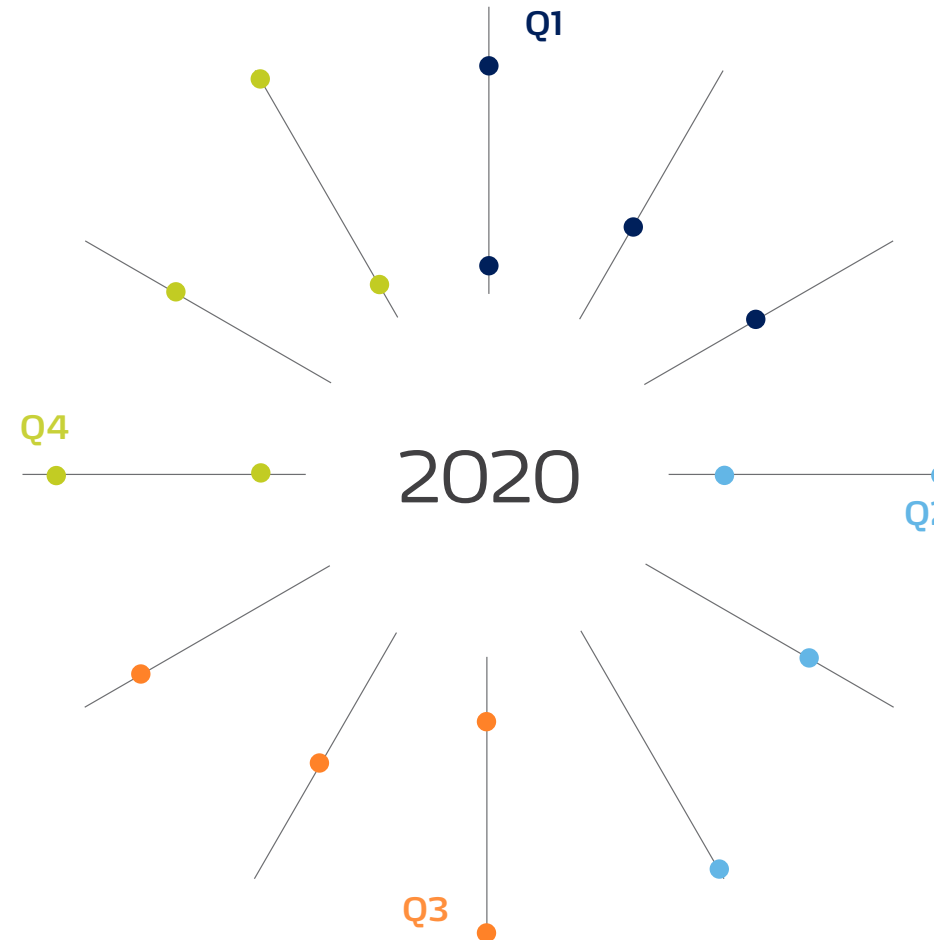
# Highlights

## Q4

- Commitment letter for setting Science Based Target on GHG emissions
- Total NOK 52 per share cash returns paid and proposed for 2020
- Taking steps to enable the hydrogen economy, establishing Yara Clean Ammonia <sup>1)</sup>
- 8.0% ROIC, up from 6.6% a year earlier
- ESG Seminar with strategy update

## Q3

- Record NPK deliveries
- USD 2.5 billion free cash flow rolling four quarters <sup>2)</sup>
- Yara receives top score for ESG in annual reporting
- Yara initiates share buy-back
- Completion of Qafco transaction



## Q1

- Sustaining operations through Covid-19 is a top priority
- Turnarounds, improvement and project activity optimized to reduce risk
- Decision to develop “Industrial Holding” within Yara
- Yara and IBM launched an open collaboration for farm and field data to advance sustainable food production

## Q2

- Action Africa strengthens food security in East Africa during COVID-19
- Yara moves to regional organizational structure
- COVID-19 response: Paid sick leave and guaranteed full pay for three months in case of temporary layoffs

1) The ambition was launched in December 2020, while the business unit was established in February 2021.

2) Net cash provided by operating activities minus net cash used in investing activities in cash flow statement Q3 report.

# The organization

Our new organizational structure reinforces strategy execution. Empowering local operations, strengthening accountability and driving customer centricity.

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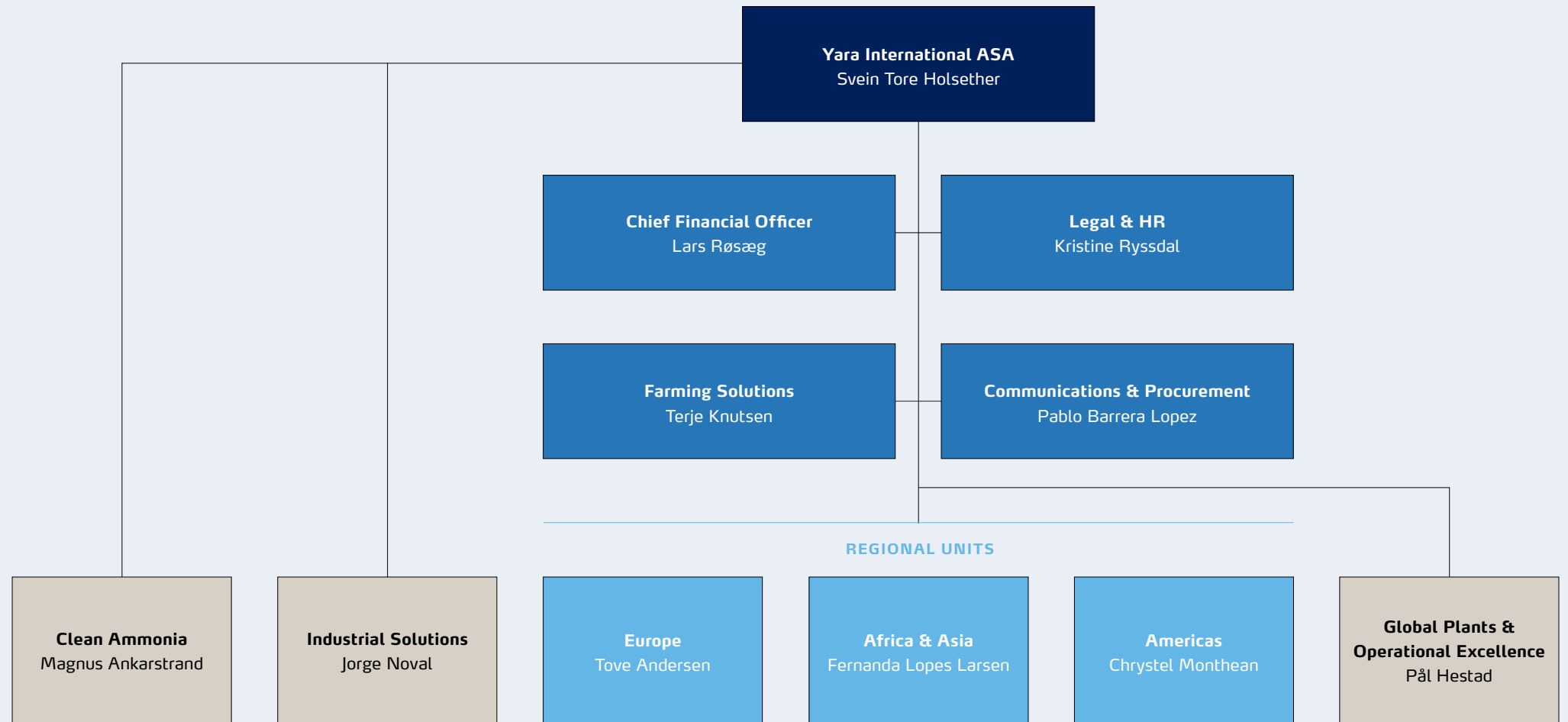
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# Regional units

Our three regional units Europe, Americas and Africa & Asia, operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

	 <b>Europe</b> Tove Andersen EVP, Europe	 <b>Americas</b> Chrystal Monthean EVP, Americas	 <b>Africa &amp; Asia</b> Fernanda Lopes Larsen EVP, Africa & Asia
<b>Deliveries</b>	<b>10,116</b> thousand tonnes	<b>14,108</b> thousand tonnes	<b>4,821</b> thousand tonnes
<b>EBITDA</b>	<b>477</b> USD million	<b>563</b> USD million	<b>162</b> USD million
<b>Employees</b>	<b>3,380</b>	<b>6,665</b>	<b>1,797</b>



# From field to fork

Our business model combines production, sales and marketing in one, global system. It enables us to deliver premium products, share knowledge and develop innovative solutions to farmers, distributors and food value chains worldwide.

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CASE

# Partnering for people, planet and prosperity

In a new farm-level pilot project, Nestlé and Yara are collaborating to improve sustainability, productivity, and profitability in dairy farming.

A 2019 Food and Land Use Coalition report concluded that the food system destroys more value than it creates, due to hidden costs related to health, environment, food waste and rural welfare.

If we don't compensate farmers for the increased costs related to producing in a more sustainable way, we are asking the farmer to pay the price for climate change.

However, agriculture is becoming increasingly integrated into the food value chain. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, conscious consumers are putting pressure on the food and agriculture industry to achieve new levels of sustainability, and the food companies are increasingly vocal about their ambitions of climate-neutrality.

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“We started with one trial plot, but after seeing the results, we chose to expand this practice to all plots”

Saul-Alexánder Trujillo – Genesis farm

**Working with the world’s largest buyer of milk**

A case in point is Yara’s pilot project in Colombia with global food company Nestlé. By collaborating from soil to supermarket, sustainability in dairy production is improved, farmer profitability increased, and consumer demands for sustainable dairy products met.

As the world’s largest buyer of milk, Nestlé has led the effort to improve sustainability in the dairy supply chain for a long time, and this pilot project with Yara is one of many projects to foster agripreneurship and reduce the environmental impact of dairy farming.

For the project, four farms in the regions César and Caquetá in Colombia were selected. The farms “Génesis” and “Panorama” produced milk with intensive grazing and the farms “El Rosario” and “Nido de Amor” produced milk with traditional grazing.

The farmers have valuable local expertise and knowledge of the challenges facing tropical dairy production. Yara’s agronomists supported them with premium crop nutrition products, agronomic knowledge, and digital tools for precision farming.

“The purpose of the project is to demonstrate the improved sustainability, productivity and profitability that is possible with an integrated solution that includes best practice crop

nutrition, knowledge transfer and tech innovation,” says Food Chain Specialist in Yara, Estefania Chaves Chaves, who has worked closely with the trial farmers.

**Promising results**

“Although still early days, the results so far have been very promising for all partners – the farmer, Nestlé and Yara,” Estefania continues.

By increasing grass yields and quality, the cows became healthier and milk quantities and farmer profitability increased.

“Before, I was giving vitamins and concentrates to the cows, but I was neglecting the soil. When I fertilize the soil correctly, my cows don’t need extra vitamins. It also led to a decrease in diseases, and thus in use of medicines,” says one of the pilot farmers, Carlos Rodríguez Padilla, at El Rosario farm.

Pilot farmer Saul-Alexánder Trujillo of the Genesis farm agrees on the importance of healthy soil and grass. “Strong forage crops have helped our cows reach their full genetic potential”, Trujillo says.

“Fertilizing optimally has contributed to multiplying our dairy production. We started with one trial plot, but after seeing the results, we chose to expand this practice to all plots,” Trujillo says.

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“Through our combined technical expertise, and by working with farmers for farmers, this partnership has proven that there are solutions that enable the sustainable intensification of milk production in a tropical environment,” says Pascal Chapot, Group Head of Sustainable Agriculture Development at Nestlé.

**Sustainable profits**

Even more impressive are the environmental results. After 9 months, the two intensive grazing farms reduced the CO<sub>2</sub> emissions per litre milk by 21%. The traditional grazing farms reduced their CO<sub>2</sub> emissions per litre milk by 5%.

By growing the production using sustainable solutions, farmer income increases, while the environmental impact of food production is reduced, and consumer demands are met. Yara can play an important role in an increasingly integrated food value chain, providing sustainable solutions to create value for the farmers, food companies and the planet.

“Nestlé and Yara share the ambition of making farming more sustainable environmentally, socially and economically. It starts with the field and the farmer: Together we can create a more sustainable food system, and it is natural that we join forces in the field to support farmers to make the change towards new, sustainable practices,” says Chrystel Monthean, EVP Yara Americas.

“The Colombia pilot underlines the value of collaboration in the interest of farmers, the consumers, society and ultimately the planet. We strongly believe in the need to leverage partnerships to solve supply chain challenges in the food industry,” says Robert M. Erhard, Sustainable Agriculture Development – Global Lead Dairy at Nestlé.

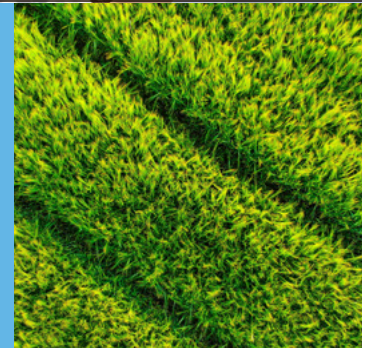
“The goal in 2021 is to spread the message about these best practices and their successes to all Nestlé farmers in the region, and ultimately, to lay the foundations of sustainable dairy production in all of Colombia,” concludes Estefania Chaves Chaves.



Estefania Chaves Chaves  
Yara Food Chain Specialist

↓ 21%

CO<sub>2</sub> emission pr liter  
After 9 months of  
intensive grazing



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MEGATRENDS

# The world is changing fast

Agriculture, the food value chain and industries are undergoing profound changes. These are the megatrends significantly shaping our industry and markets.

[» See how the megatrends are disrupting business as usual](#)

 <p><b>Climate change</b></p> <p>Changing climatic patterns are set to impact agricultural production throughout the world, mainly impeding plant growth. Across most sectors, there are increasing pressure and expectations for climate actions and reduction of greenhouse gas emissions.</p>	 <p><b>Water stress</b></p> <p>Water is crucial for plant growth. There is no substitute. Agriculture is a huge consumer of water, and lack thereof is a major stress factor in crop production. Climate change disrupts precipitation patterns, while extensive irrigation taps aquifers and reduces water quality through salination.</p>	 <p><b>Soil degradation</b></p> <p>Roughly one third of the world's soil is degraded, and soil erosion, biodiversity loss and pollution are high on the list of causes. Farming without adequate replenishment of nutrients adds to the problem. Best farming practices, however, focus on soil health, carbon capture and regenerative agriculture.</p>	 <p><b>Food industry integration</b></p> <p>Agriculture and the food value chain is becoming increasingly integrated. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, and the whole industry is under pressure to achieve new levels of sustainability.</p>
<p><b>&gt;20%</b></p> <p>of global greenhouse gas emission stem from agriculture, forestry and land use change</p>	 <p><b>Dietary shifts</b></p> <p>Conscious consumers, particularly in high income countries, are increasingly driving diets towards healthier and sustainable choices, and more plant-based nutrition. Globally, however, the trend towards higher calorie and animal protein intakes continues.</p>	 <p><b>Circular economy</b></p> <p>Resource scarcity, growing sustainability awareness and increased consumer pressure is creating a push towards a circular economy. It creates a push for recycling of nutrients in agriculture and food value chains, as well as for organic fertilizers.</p>	 <p><b>Digitalization</b></p> <p>Digital innovation and technological transformation are fundamentally changing strategies and practices in decision making, fertilizer application, farm automation and traceability. It has started to impact the entire food value chain.</p>

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MEGATRENDS

# What the changes mean to us

Megatrends and industry developments are disrupting business as usual.

1

## Climate emergency and political response

A wave of new regulatory and political initiatives addressing climate change is reaching shore. The 'EU Green Deal' positions Europe as a front-runner in the global food and industry transformation. It aims to reduce nutrient losses by half and expand organic farming to include a quarter of all farmland.

2

## Decarbonizing food from field to fork

Consumer demand is driving food companies to concrete actions. The traceability of food products, their origin and environmental and carbon footprint, are key issues for consumers. The food value chain needs to provide healthier and more sustainable food. Leading food companies have moved the decarbonizing of food to the top of the agenda. We can help them meet expectations by providing sustainable food solutions.

3

## The 4th agricultural revolution is digital

The next agricultural revolution has started, enabled by digital tools, big data and artificial intelligence to support farming best practices. Digital tools currently have a relatively small impact on the profitability of farms, but our studies have identified the potential for 3-7% yield increase and up to 14% nitrogen fertilizer savings.

4

## Commoditization and slower demand

China's 'Zero Growth' strategy aims to stop further growth of nitrogen consumption after 2020. We expect demand growth in Latin America, Brazil, and Africa, but capacity additions have created an over-supply. Overall, we expect the global demand growth in the next 10 years to slow down.

5

## Alternatives to natural gas are approaching

We expect natural gas to remain our main feedstock in the coming years. Nevertheless, decarbonized alternatives will likely challenge fossil fuel over time. Players are looking into alternative energy carriers to decarbonize hard-to-abate sectors. In the shipping industry, green hydrogen and ammonia is regarded as the most promising zero-emissions fuel.

[» Learn about our strategic responses](#)

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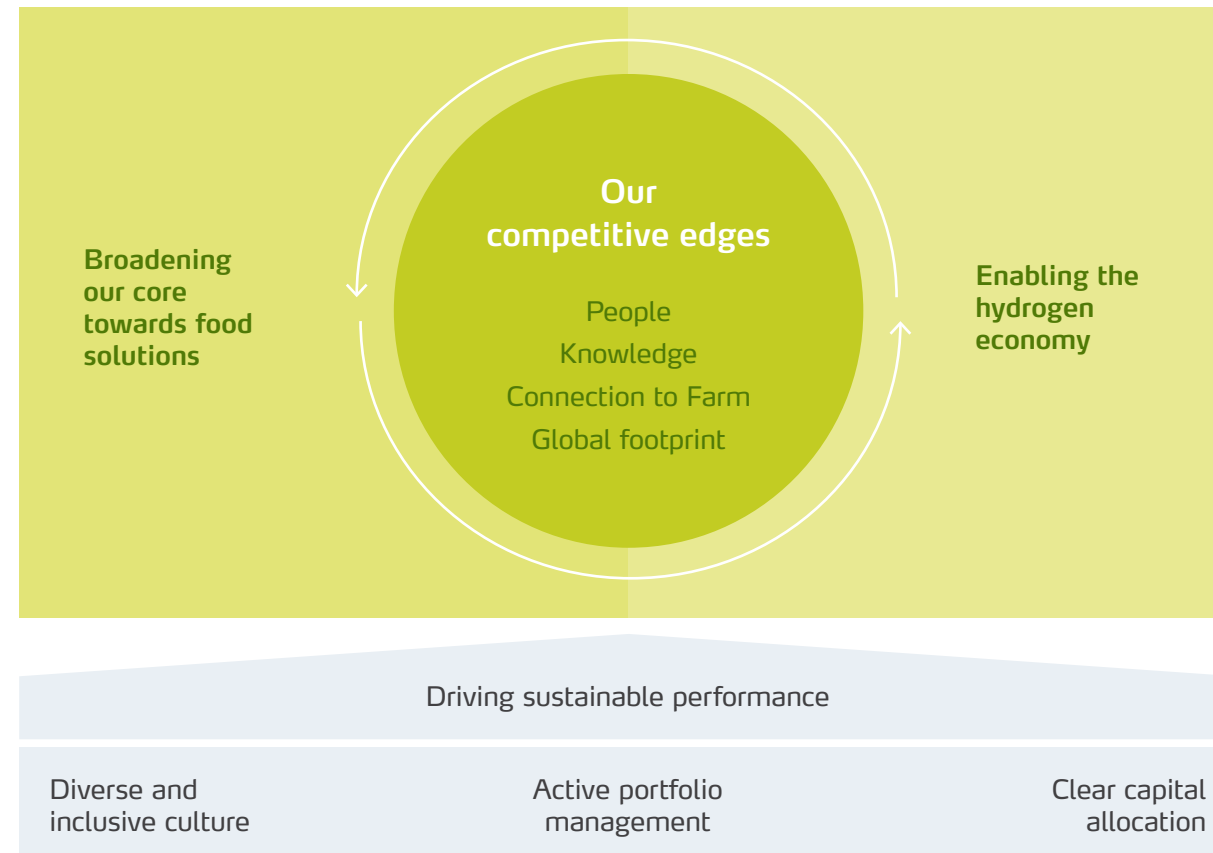
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# Our strategy

We entered this decade with an updated strategy and the overarching goal of becoming a leading partner for farmers and food companies.

## Yara is broadening its business model



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.

This development is reflected and emphasized in our latest strategy update, which we conducted in 2020. Essentially, our ambition is to be a leading partner to farmers and food companies by providing sustainable solutions to help them thrive and meet their goals and commitments. We will continue to improve our fertilizer production and competitive edge – what we have – but we are increasingly aiming to expand this core - tapping into the opportunities emerging in our business environment – how we can contribute.

### Strategic priorities

The outcome of the 2020 update was also a more streamlined strategy as we distilled our previous three strategic priorities down to two pillars.

These two strategic pillars represent equally sized value creation potential and form the foundation for our strategic responses:

- » [1. Accelerate operational excellence](#)
- » [2. Expand our commercial reach and offerings](#)

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STRATEGIC PRIORITIES

# Accelerate operational excellence

We are embarking on a significant change journey, requiring shifts in mindset and behavior as well as efficiency.

Operational excellence is paramount to unlock the potential of our strategy. It ensures a robust financial position as we expand our reach and offering and develop new business models. Our approach to operational excellence is multidimensional and covers our culture and people as well as the efficiency and footprint of our operations.

### Culture and people

Our strategy will lead us into new territory. To succeed with new customers, new business models, new partners, and new solutions, we will invest in a culture of entrepreneurship and continuous improvement. Employee engagement, leadership, cultural evolution, diversity and inclusion, and dynamic upskilling are all topics of high priority. Our responsible business conduct remains integral, safeguarding health, safety, ethics, and the environment.

### Efficient operations

Efficient operations form the very backbone of our business. Our work in this field is centered around the Yara Improvement Program 2.0. A number of initiatives have been rolled out since 2015, and while the overall effect on volumes and energy efficiency have yet to reach its full potential, we are seeing value creation from several of these initiatives, not least the digital production program and from production optimization. Going forward, the largest contributions are expected to come from improved reliability and plant steering.

### Holistic performance management

We will manage and measure our value creation along the three axes People, Planet and Prosperity, taking a holistic approach to our performance management to integrate sustainability. As an early mover in mitigating

USD 500 million in improvements have been realized since the launch of the first Yara Improvement Program in 2015.





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“Our ambition is to become climate neutral by 2050, and we have initiated several projects that will reduce the emissions by another 10-15% from today’s level.”

GHG emissions, we are well positioned to meet the EU Commission target of 55% reduction by 2030 compared to 1990 levels. Our ambition is to become climate neutral by 2050, and we have initiated several projects that will reduce the emissions by another 10-15% from today’s level. With the required public co-funding and regulatory framework in place, we have an ambition to reduce our scope 1 & 2 emissions by 30% in 2030. A pathway for scope 3 emissions will be defined through the process of establishing a Sectoral Decarbonization Approach for our industry.

We have also adapted our governance structure to drive holistic thinking and will move forward with a strategic review of our asset base and stricter prioritization of activities.



Our priorities 2021

Improve the reliability of our production plants

Develop change management activities to support cultural change

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STRATEGIC PRIORITIES

# Expand our reach and offering

We will continue to operate with commercial excellence across markets every day, while broadening our core and enabling a hydrogen economy.

To reach our ambitions, we will build on our core as a leading food solutions company to expand our reach and offering. Developing new commercial offerings and business models will be decisive to evolve our revenue base.

### New commercial offerings

Yara Farming Solutions and our regional units will explore four concrete avenues to expand our reach and offerings:

#### 1. New revenue models

Our combination of knowledge, digital tools and crop nutrition enable us to pursue new revenue models to unlock potential for higher margins and decouple our products from global commodity prices. New models can include outcome-based business models, new pricing models, such as subscriptions or charge per hectare, or establishing low-carbon, organic and organo-mineral offerings which we do not have today.

#### 2. Selling services

We will commercialize and monetize Yara's knowledge through digitally enabled services, primarily subscription based. Our goal is to gain access to recurring revenue streams that have yet to be captured. Sustainability services along with digital agronomy services and farm-to-fork connectivity services are among the services that can be commercialized this way.

#### 3. New geographies or segments

We will target new geographies and segments to leverage new revenue models and services. This will include stepping up in regions where we have a broader presence as well as entering new markets, such as organic farming, which is particularly prominent in Europe.

#### 4. Channel transformation

New digital platforms can shift sales to higher-margin channels and enable new digital integration with retailers. Farmer surveys conducted during the Covid-19 pandemic suggest an increasing desire to buy inputs online. We will explore both direct-to-farm online business platforms and direct-to-retailer online platforms.

#### New business opportunities

Yara's founders were entrepreneurs who took great risk when faced with a significant business opportunity. In their spirit we want to explore two business opportunities with fundamentally different value drivers.

We have an ambition to generate an incremental USD 300–600 million EBITDA from new business models by 2025.

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1. Clean carbon marketplace

Our portfolio, global footprint and knowledge about climate-smart farming represent a great starting point to set up a carbon business. By reducing emissions and sequestering carbon at farms, we can create new revenue streams from carbon credits— an opportunity that will also reward farmers for climate-smart practices. We launched a carbon venture team to run a pilot in 2020 and aim to generate the first credits in 2021, with a rapid scaling perspective.

2. Clean ammonia

The drive for a clean hydrogen and ammonia-based economy has quickly gained momentum. Clean ammonia is regarded as the most promising zero-emissions alternative to fossil fuels by the shipping industry, which is likely to be the first sector to use ammonia at scale. We are well positioned to become the credible clean ammonia champion by leveraging our strengths in production, logistics and trading. By running initial green ammonia production pilots in Pilbara (Australia), Sluiskil (the Netherlands) and Porsgrunn (Norway) we will build knowledge and support market development.

Focused growth

We need scale to lead the development of more sustainable food production, to be a relevant commercial partner, and to be a discussion partner for key stakeholders. Successful implementation of our strategy also requires growth. To this end, our growth agenda sets three priorities. Firstly, we will seek growth to strengthen our Farming Solutions offering, such as in digital technology and reach, and in recycled and organic nutrients. Secondly, we will consider value-adding assets, such as NPK and high-value products. And finally, we will seek scale in markets of strategic importance.

Disruptive innovation in adjacent sectors

We believe that the strategic value of doing venture investments is high. If done right, they can create measurable value for Yara and our shareholders. We will direct venture investments into clearly defined themes such as climate smart crop solutions, decarbonization of fertilizer production, farm connectivity and new revenue models in agriculture.



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# Strategic goals

## People



YARA KPI	2025 Target	Measure
Strive towards zero accidents	<1.0	TRI
Engagement index	Top quartile	Index
Diversity and inclusion index	Top quartile	Index
Female senior managers	>35%	%

## Planet



YARA KPI	2025 Target	Measure
Energy efficiency	32.7 <sup>1) 2)</sup>	GJ/t NH <sub>3</sub>
GHG emissions, intensity	2.7	t CO <sub>2</sub> e /t N
GHG emissions, scope 1+2	-30 <sup>2)</sup>	% CO <sub>2</sub> e
Hectares under management	150	MHa
Carbon marketplace	TBD	

## Prosperity



YARA KPI	2025 Target	Measure
Ammonia production <sup>1)</sup>	8.9	Mt
Finished fertilizer production <sup>1)</sup>	23.9	Mt
Premium generated <sup>2)</sup>	TBD	
Revenues from new business models <sup>2)</sup>	1.5	BUSD
Revenues from online sales <sup>2)</sup>	1.2	BUSD
Working capital	92	Days
Capital return (ROIC)	>10	%
Fixed costs <sup>1)</sup>	2,314	MUSD
Capex	1200	MUSD
Net debt / EBITDA	1.5 – 2.0	Ratio
MSCI rating	A	Score
Sustainalytics rating	Med	Score

1) Energy efficiency target is for 2023.

2) GHG absolute emissions scope 1+2 target is for 2030 from a 2019 baseline.

1) YIP target for 2023.

2) Documentation for the KPIs that were launched at the ESG seminar in December 2020 is ongoing.

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# Strategic risks

## Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Exposure to global nitrogen price dynamics

We optimize our business model by seeking exposure to fertilizer market prices for own produced products.

Exposure to new business areas outside current core operation

Yara invest funds in a defined set of new business areas to mitigate risk in core business and to develop new revenue streams. The company is willing

to be exposed to uncertainty around future revenue generation, but the annual resources employed are considered moderate and reviewed on an annual basis.

Cost curve position in production portfolio

Yara seeks investments in new production capacity which strengthens Yara's position on the cost curve compared to peers, and that have a good strategic fit (value-added assets and assets the enable to expand our offering). Investments in current production portfolio are prioritized based on cost competitiveness and strategic fit of the assets.

Exposure to natural gas price markets  
Securing access to, and stable supply of, favorably priced natural gas is imperative to our operations and competi-

tiveness. In regions with efficient gas markets, we will seek exposure to spot market prices unless exceptional market circumstances clearly give reason for deviation. In regions without efficient gas markets, Yara seeks to enter into longer term contracts if favorable gas prices are obtainable.

Information and cyber security exposure  
Yara has a low appetite for risk exposure to cyber incidents in the office and production environment. Yara seeks high level of protection to mitigate exposure to safety, environmental and reliability issues in our production sites, in addition to leakage of confidential data, legal and regulatory compliance violations, insider threat from dismissed employees or contractors and loss or malicious modification of business-critical data.

## Risk factors

Yara's business is closely interlinked with the major global challenges of resource scarcity, food insecurity and global warming. Execution of our strategy for sustainable, profitable growth depends on our ability to manage strategically important risk and opportunities relevant to our industry and arising from our business environment.

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Strategic risks	Factor	Mitigation
Market dynamics – Nitrogen commodity fertilizer prices	A large part of our business consists of sales of fertilizer products used in agriculture. While a growing world population, economic growth and changing dietary patterns are driving overall demand for food and fertilizer, fluctuations in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability	Yara's business model, with a mix of Own Produced Products and Third-Party Products marketed by our global commercial organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand is less volatile. Yara invests in developing farmer centric solutions that integrate knowledge, digital tools and services with our product portfolio to further differentiate our offering to the farmer. Yara also conducts global optimization with risk reduction in mind, e.g. prioritizing a global presence, counter-seasonality and market flexibility in addition to short-term profitability. Third Party Products exposure limits have been established and are closely monitored for the most Third-Party Products intensive countries.
Market dynamics – natural gas prices	Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favorably priced natural gas is imperative to our operations and competitiveness.	Yara's risk exposure towards energy sourcing is minimized through global purchasing activities, based on our energy strategy. Executing this strategy, we are continuously monitoring options for additional and alternative sources of favorably priced natural gas in existing and new areas of production. All our European gas contracts are hub-based contracts, and we are well positioned to cover the risk of spot exposure. In some of our plants we have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the correlation between nitrogen fertilizer prices and global energy prices.
Raw materials availability	Yara is sourcing a wide range of raw materials for fertilizer production from third parties, e.g. phosphate and potash (P&K). Terminations, material change, political/sanction risk or failure of delivery in these arrangements can have a negative impact on Yara's operations.	With respect to raw materials, as one of the world's largest buyer of phosphate and potash, we benefit from scale advantages in sourcing. To mitigate the risk of failure in sourcing of these key raw materials, Yara aims for long-term relationships with a wide network of suppliers, continuously aiming to optimize the company's raw material balance. Yara currently evaluates several options for increasing the company's degree of self-sufficiency.
Investments and integration	Yara has an ambition to grow profitably, through broadening our core business model and enabling a hydrogen economy, while driving a sustainable performance. The profitability of future strategic initiatives relies on long-term price assumptions and future operational and financial performance. Investments in new business areas and integration of new companies poses a risk of not being able to capture operational and financial benefits and synergies.	Yara has a well-defined capital value process that ensure projects are properly evaluated, verified and sufficiently mature at specific decision gates. A comprehensive, annual strategy update process secure a review of ongoing initiatives and potential gaps in delivering on our long term strategy. This includes updates of key information such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large business integrations completed during recent years. Yara maintains a conservative investment approach, through strong focus on capital discipline.

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Strategic risks	Factor	Mitigation
Political risks	Our investments and operations may be affected as a result of changes in political leadership, policies and regulations as well as political and social instability in a country or a region. Such changes could represent threats as well as opportunities for Yara.	Yara has established an effective system involving key expert functions globally for monitoring and reporting of political related risks. Yara utilizes, in addition to internal resources, external sources for monitoring and reporting of matters that may impact the company. Further, Yara's Integrity Due Dilligence (IDD) screens all business partners, and on a risk-basis business partners are selected for additional due diligence. Business partner and transactions are continuously monitoring through screening against sanctions and compliance databases.
Information and Cyber Security	<p>New and increasingly sophisticated computer viruses and new digital crime models combined with the significantly increased internet exposure of our computerized industrial control systems may result in safety and reliability risks at any of our production and product handling sites.</p> <p>Leakage of confidential data, legal and regulatory compliance violations loss or malicious modification of business-critical data can negatively impact any and all of our business processes.</p>	In the process of addressing risks of cyber-incidents, Yara is actively focusing on to ensuring proactive monitoring of threats, vulnerabilities and effectiveness of security controls for high value assets throughout the company and raising awareness of cyber risks and threats for our employees globally.

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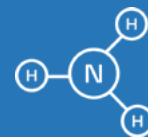
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## The most promising clean energy shipping fuel

- IMO has set a target to halve GHG emissions by 2050 and reduce carbon intensity of international shipping by 40% by 2030
- Shipping majors, class society and consultants are pointing towards ammonia as the most promising clean fuel candidate

### PROPERTIES



#### Liquid H2

Temperature - 253°  
Energy density 2.00

#### Liquid NH3

Temperature - 33°  
Energy density 3.75

### CASE

# Clean Ammonia opportunities

Yara is uniquely positioned to enable the hydrogen economy. We are the largest global trader of ammonia – which can efficiently transport hydrogen as energy to markets.

Hydrogen is strongly positioned as a key solution for decarbonizing the energy systems of the future. But hydrogen is challenging to store and transport. This is where ammonia comes in as the easiest way of transporting and storing hydrogen.

“I am pleased that we have announced the next steps to enable the hydrogen economy, establishing a new global unit – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara’s unique existing positions within ammonia production, trade and shipping,” said the CEO and President Svein Tore Holsether.

Yara is a leading global ammonia producer, and we operate a global platform for trade and storage with a market share above 20%. Yara can enable clean energy utilization based on hydrogen through its ammonia trading, distribution and storage.

Yara has teamed up with several clean energy companies to enable production of green ammonia. This will lead to production of carbon free fertilizers. In addition, it will serve as clean fuel for the shipping industry and enable decarbonization of other energy intensive industries.



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# Managing outcomes and value creation

Sustainability is embedded in our strategic priorities and actions. Simply put, our approach is to minimize any negative impacts from our activities while maximizing our contribution to feeding the world responsibly. While improvements are always ongoing, we believe that the bottom line is a solid net positive

	Sourcing	Production	Transportation
Impacts	<p>We use natural gas, electricity and minerals to make our fertilizers. The majority of our raw materials comes from non-renewable sources.</p> <ul style="list-style-type: none"> <li>239,061,933 MMBtu natural gas/hydrocarbons</li> <li>2.0 mill tonnes phosphate</li> </ul>	<p>Fertilizer production is energy-intensive and causes emissions to air and water. The water we withdraw is mostly returned unpolluted.</p> <ul style="list-style-type: none"> <li>16.6 m tonnes CO<sub>2</sub>e</li> <li>8,300 tonnes NO<sub>x</sub></li> <li>913 mill tonnes water withdrawal</li> </ul>	<p>Transportation of fertilizer causes emissions to air and water, and involves risks of incidents and spills.</p> <ul style="list-style-type: none"> <li>2.6 mill tonnes CO<sub>2</sub>e</li> </ul>
Response	<ul style="list-style-type: none"> <li>Circular economy</li> <li>Decarbonize</li> <li>Resource optimization</li> </ul>	<ul style="list-style-type: none"> <li>Energy and catalyst optimization</li> <li>Decarbonization program</li> <li>Water analysis ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Product stewardship</li> <li>Ammonia as energy carrier</li> <li>Zero-emission shipping vessel (Yara Birkeland)</li> </ul>
Value creation	<ul style="list-style-type: none"> <li>Yara Nature brand launched based on circular nutrients</li> <li>Three green ammonia pilots and one full-scale project</li> <li>Industrial symbiosis initiatives</li> </ul>	<ul style="list-style-type: none"> <li>About 17,000 jobs created</li> <li>Raising industry standards for energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Reliable deliveries of crop nutrition, supporting farmers worldwide</li> </ul>

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	Fertilizer application	Natural environment	Food consumption
Impacts	<p>Nutrient losses from denitrification, volatilization or leaching, can cause GHG emissions and eutrophication of waterways.</p> <ul style="list-style-type: none"> <li>42.3 million tonnes CO<sub>2</sub>e</li> </ul>	<p>Agriculture uses 70% of mankind's fresh water withdrawals, uses 1/3 of the land and is the main driver of deforestation. Nutrient imbalance is a driver for soil degradation.</p>	<p>Dietary changes drive food demand, while about 1/3 of the food is lost or wasted.</p>
Response	<ul style="list-style-type: none"> <li>Precision farming tools</li> <li>R&amp;D on field emissions</li> <li>Yara Water Solution</li> <li>Nitrate strategy</li> </ul>	<ul style="list-style-type: none"> <li>Balanced crop nutrition</li> <li>Soil testing and analytical services</li> </ul>	<ul style="list-style-type: none"> <li>Micronutrients supporting health</li> <li>R&amp;D for improved crop quality</li> </ul>
Value creation	<ul style="list-style-type: none"> <li>Yara's sensor tools and crop nutrition solutions improve farm performance</li> </ul>	<ul style="list-style-type: none"> <li>Reduced deforestation from agricultural intensification, sparing GHG emissions of roughly 590 billion tonnes CO<sub>2</sub>e</li> </ul>	<ul style="list-style-type: none"> <li>262 million people fed by the use of our crop nutrition solutions</li> </ul>

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# Engaging with our key stakeholders

We engage with a wide range of stakeholders both globally and locally. Engaging and keeping good relations with stakeholders is integral in our transformation to become the Crop Nutrition Company for the Future.

Agriculture is often perceived as a major contributor to several of the biggest global challenges of our time. Our view is that agriculture also holds the solutions to many of them, and our strategy is designed to enable such solutions.

We engage extensively in institutional stakeholder processes related to sustainable food solutions at the global level. Locally, we focus on understanding and responding to farmers' needs and managing community impacts. By gathering insights locally, we enable development of better products and practices.

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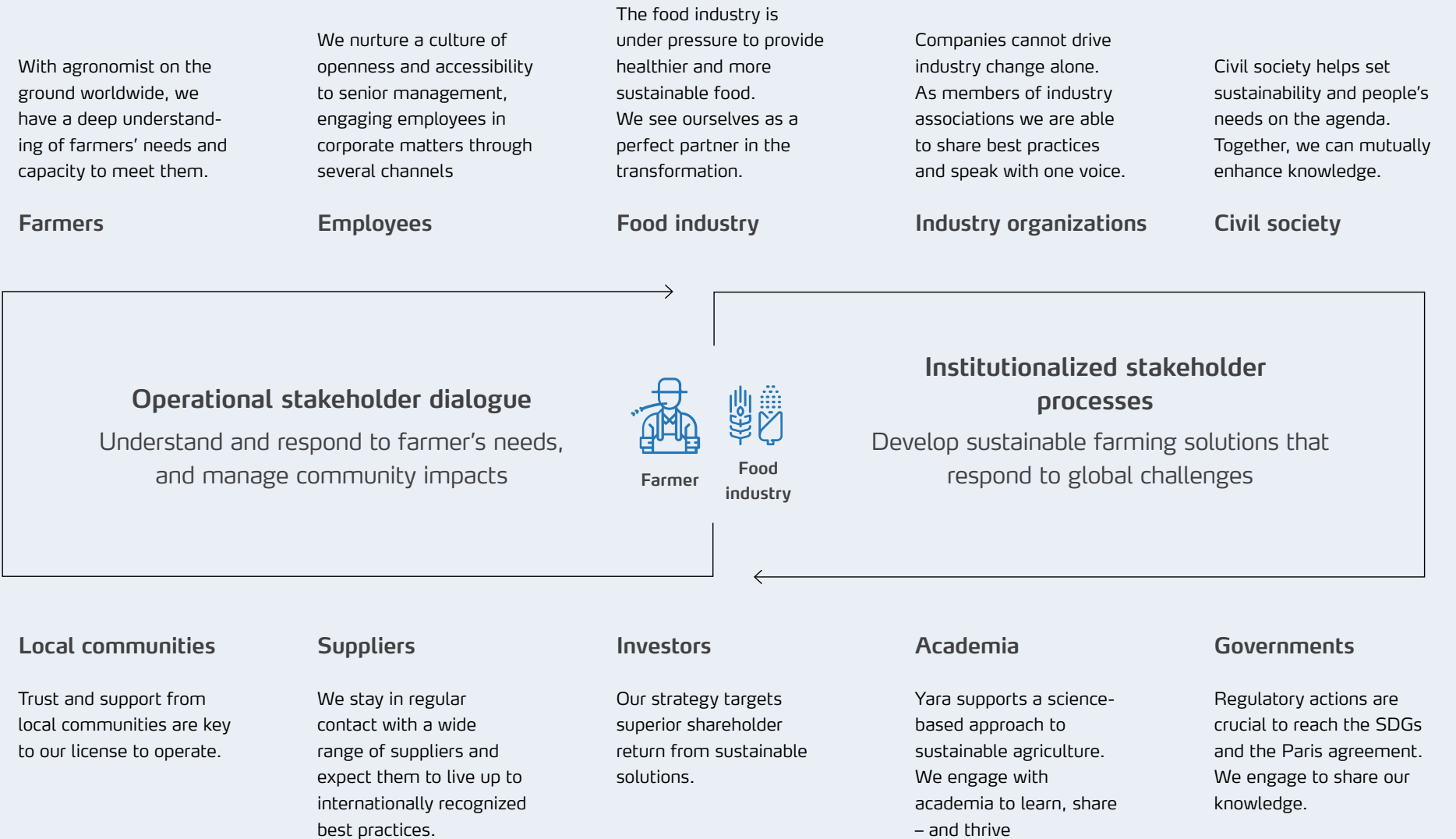
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ENGAGING WITH OUR STAKEHOLDERS

# Corporate stakeholder dialogue

## Commitments and endorsements

Yara is a UN Global Compact (UNGC) signatory and has endorsed the UNGC initiatives Caring for Climate, CEO Water Mandate and Call to Action: Anti-Corruption as well as the Food and Agriculture Business Principles (FABs), which we initiated and helped develop.

We also support the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO). Yara is also a member of Transparency International.

## Memberships and associations

Yara is a member of the World Business Council for Sustainable Development (WBCSD). Svein Tore Holsether, CEO and President of Yara, is a member of WBCSD's Executive Committee, as well as the Chair of WBCSD's Food and Nature Board. In 2020, Yara seconded WBCSD's work on the Covid-19 response and developing a Sectoral Decarbonization Approach for the nitrogen fertilizer sector.

Yara is a Strategic Partner of the World Economic Forum (WEF) and in 2020, took part at the WEF's International Business Council, CEO Climate Leaders and at WEF's Sustainable Development Impact Summit.

Yara is a member of the International Fertilizer Association (IFA) and Fertilizers Europe. Yara is also part of the European Industrial Gases Association (EIGA), European Chemical Industry Council (CEFIC) and the International Federation of Industrial Energy Consumers (IFIIEC), where Yara currently holds the Presidency.

Yara is a member of the Business for Nature Coalition, to reduce climate and environmental impacts. Yara is also a member of the One Planet Business for Biodiversity (OP2B), and a founding member of the Cool Farm Alliance which has published the online GHG farm calculator Cool Farm Tool.

Engaging on the emerging topic of circular economy, Yara is a partner of the Ellen MacArthur Foundation Food Initiative (EMFFI). Ellen MacArthur Foundation also supports the Nutrient Upcycling Alliance (NUA), launched by Yara and Veolia.

Yara is a partner of the African Green Revolution Forum and supports its work on youth entrepreneurship through Generation Africa. Yara is one of six partners committed to the Farm to Market Alliance, a global public-private consortium seeking to transform food value chains in emerging markets.

Yara is a member of the Federation of Norwegian Industries which is part of the overall Confederation of Norwegian Enterprise (NHO).

## Stakeholder procedure

In 2020, Yara established a new stakeholder procedure which mandates Yara Business Units to perform a stakeholder analysis, and to manage stakeholder relationships through the annual business cycle. Stakeholders' perspectives shall also inform our business planning process.

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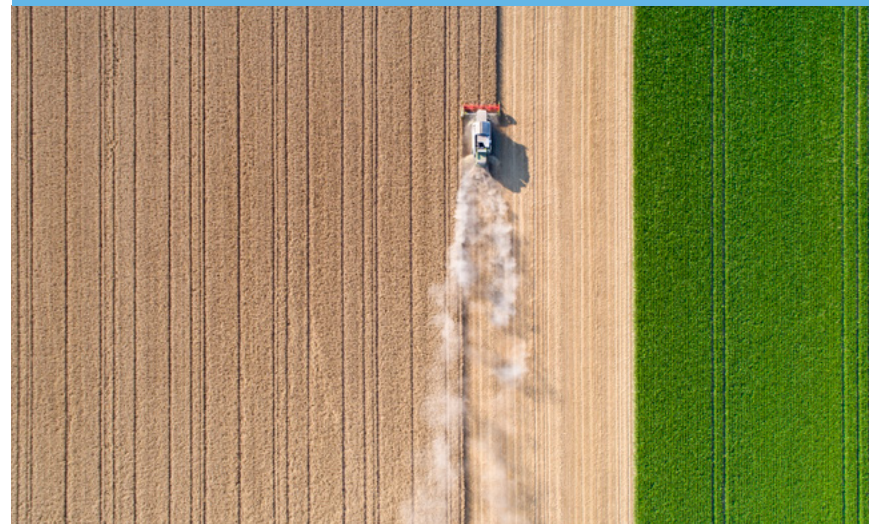
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Yara supported the eco-scheme for being in line with the European Commission's ambition of moving to a "smarter, simpler, fairer and more sustainable" Common Agricultural Policy.



ENGAGING WITH OUR STAKEHOLDERS

# Stakeholder engagement in 2020

## EU policies including Green Deal

In December 2019, the European Commission launched the EU Green Deal. We find that Yara has undertaken the right investments and organizational changes to optimize our contribution to this transformative agenda. On a particular note, we will contribute to the upscaling of precision farming.

Yara is committed to the CAP reform in the EU with the specific aim of embedding environmental aspects. Yara supported the eco-scheme for being in line with the European Commission's ambition of moving to a "smarter, simpler, fairer and more sustainable" CAP.

Yara's main approach is built on our balanced crop nutrition strategy, addressing productivity and environmental performance in tandem. Also, applying the right form of mineral fertilizers can reduce the ammonia emissions in Europe by more than 10%.

Yara also welcomes the initiatives in the CAP post 2020 to support and mainstream the use of Farming Sustainability Tools (FaST) and the development of Farm Advisory Services (FAS).

## Food systems transformation

In 2020, Yara engaged in preparing the 2021 United Nations Food Systems Summit. We also participated in regional and global Food Systems Dialogues (FSDs) to discuss food systems policies and economics, science-based targets and pathways, the potential for innovation, and the inclusive approach required for a just transition.

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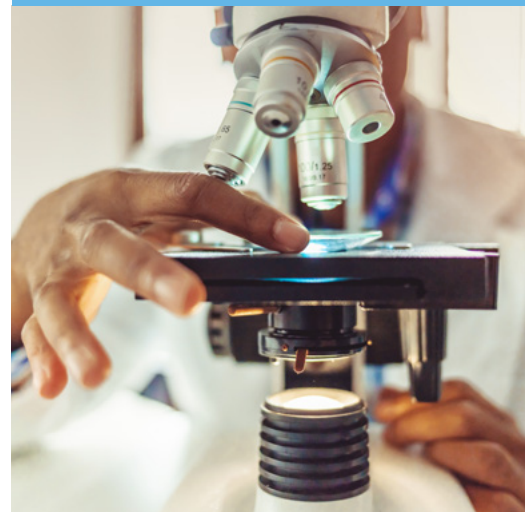
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In 2020, Yara signed a letter of commitment to the Science Based Targets initiative to develop company GHG targets



Yara recognizes the critical role of the next generation in the transition, and in 2020 continued to promote youth entrepreneurship at Generation Africa's GoGet-taz Agripreneur Prize awarded at the Africa Green Revolution Forum in September.

**Climate Engagement**

In 2020, Yara signed a letter of commitment to the Science Based Targets initiative to develop company GHG targets as well as help build a Sector Decarbonization Approach for the nitrogen fertilizer industry in line with the Paris agreement.

We continued to participate in the WBCSD Scaling Positive Agriculture working group, which in 2020 expanded its scope to include among other things biodiversity perspectives. We believe that better sustainability performance should be rewarded in the market. To this end, we participate and sponsor the True Cost of Food work in WBCSD.

Yara's CEO attended the CEO Climate Leaders group in Davos in January 2020, as well as virtual meetings through the year. The group agreed to take the lead on net zero commitments.

We also participate in discussions on Natural Climate Solutions through WBCSD and WEF. Thematically linked to regenerative growth, this links climate finance to solutions making nature a carbon sink. Through this workstream, Yara is also involved in the global update process of the GHG Protocol, preparing for how to incorporate such carbon sinks into reporting.

**Regenerative agriculture and soil health**

Yara is committed to an ambitious and integrated agenda to halt nature loss, which has tangible economic impacts. In 2020, we continued to work with partners such as OP2B to share knowledge on digital tools and crop nutrition solutions that improve soil health, nutrient use efficiency and support farmers and food companies in their transition to regenerative agricultural practices. We have also taken an active role in the Business for Nature Coalition, reflecting nature's critical role as the infrastructure supporting humanity.

**Sustainability in the Nordics**

Yara is part of the Nordic CEOs for a Sustainable Future, a group of 14 companies working to incorporate the UN sustainable development goals in their respective business strategies. The CEOs met virtually with the Norwegian and Icelandic Prime Ministers in July 2020.

Emphasizing Yara's focus on reducing emissions, Yara was main sponsor at the ZERO Conference in Oslo, the primary event of the Norwegian climate NGO ZERO, featuring digital farming tools that will improve the sustainability of farming.

The NHO (Confederation of Norwegian Enterprise) kicks off every year with their prominent Annual Conference in January, gathering leading decision makers from politics, business and NGOs. Yara, together with IBM, presented the opportunities in digital farming. Yara is also heading the Forum for Development, initiated by the Confederation of Norwegian Enterprise (NHO), consisting of business leaders together with the Ministries of Foreign Affairs and International Development.

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# Materiality

Yara conducted its first materiality assessment in 2015, a process involving key representatives from our business segments, expert organization and management. This process used the Sustainability Accounting Standards Board's (SASB) standards for chemicals and mining industries as its starting point.

The current update captures the strategy and risk updates of 2020. **Value creation** is the starting point for presenting which topics we regard as material for our ability to realize our strategy, short, medium and long-term. Materiality has been defined according to four main areas: megatrends, key value drivers, company capabilities and position, and license to operate.

## Megatrends

Megatrends constitute both risks and opportunities. They have been prioritized according to their relevance to Yara's business model, and also company ability to interact with such megatrends. [The megatrends are described on p. 17](#), and are consistent with the 2019 report.

Three of the material megatrends are of a biophysical nature and are to some extent interlinked; climate change, soil degradation and water stress. Four megatrends are of a socioeconomic nature; food industry integration, dietary shifts, circular economy and digitalization.





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**Key value drivers**

The key value drivers represent external topics with material influence on Yara’s value creation:

**COVID-19:** The outbreak of the global pandemic has had significant socioeconomic impacts on societies worldwide.

**Nitrogen fertilizer prices:** Changes in global and regional fertilizer production and capacity impact fertilizer prices and our profitability.

**Natural gas prices:** Hydrocarbons, mostly natural gas, are Yara’s main raw material and our main cost. Affordable access to natural gas is therefore a competitive advantage, and energy price fluctuations impact Yara’s costs.

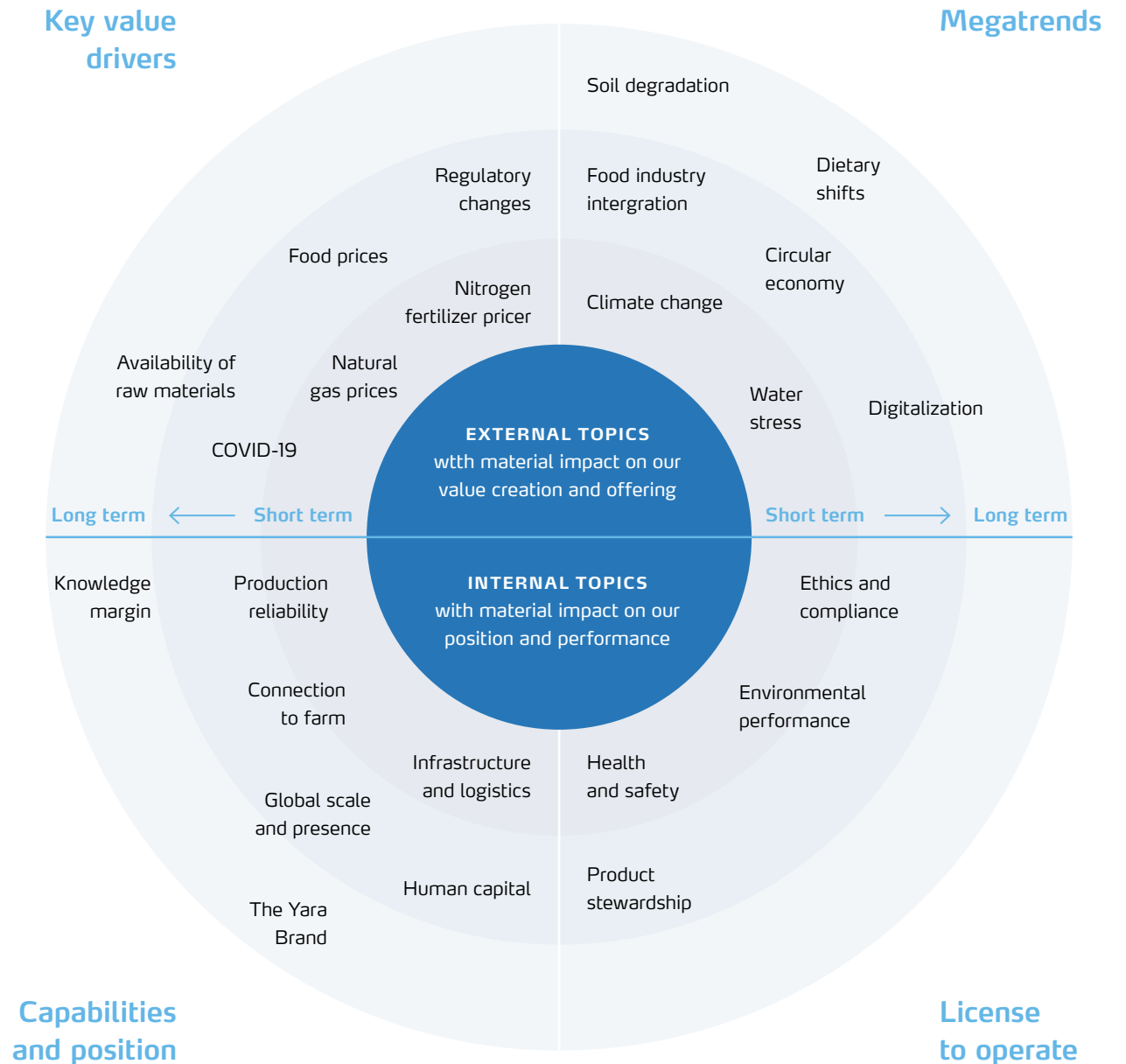
**Availability of raw materials:** Our fertilizer production plants depend on consistent supplies of raw materials, most notably phosphate and potash.

**Food prices:** Increasing food prices can support higher investments in agriculture and sustainable crop nutrition solutions.

**Regulatory changes:** Political drive for climate-smart agriculture can strengthen demand for our crop nutrition solutions.

**Company capabilities and position**

These topics represent Yara’s internal topics which significantly influences strategy choices, risks and opportunities.



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**Knowledge margin:** Yara's deep understanding of crop nutrition, farmers and industrial markets allows us to sell highly profitable premium products and solutions that also benefit society.

**Production reliability:** Increased plant reliability is a key driver of organic growth in our production system.

**Global scale and presence:** We operate across six continents, in various commercial segments, and in 28 production sites. Our global distribution network allows us to optimize product flows and plant inputs across geographies and adjust production volumes to match market conditions.

**Infrastructure and logistics:** Yara operates 200 infrastructure points across the world, and has 10,800 Yara-branded retail outlets worldwide – providing an unmatched market reach.

**Human capital:** We have a passionate workforce. This enables the company to take on new tasks, drive profitability, optimize productivity, and propel innovative thinking. In our markets, digital technology is making rapid progress, a trend in which Yara actively engages based on our knowledge and a diverse, talented workforce.

**The Yara Brand:** Our brand represents our values and the company personality. Embodying our knowledge, quality, vision, mission and values, the brand represents the trust we earn from partners, customers and suppliers.

**Connection to Farmers:** We sell to more than 20 million farms and we have almost 15 million ha under management through our digital platforms. This uniquely positions us to drive the development of the food system in a way that works with, not against, the farmer.

**License to operate**

**Health and safety:** We value our employees, and safety is therefore a key priority at Yara. Our employees represent a knowledgeable and diverse workforce, and every one of them has the right to a safe working environment. A safe and healthy workplace is good for business. We believe that all accidents are preventable, and our goal is zero injuries.

**Product stewardship:** Ensuring that the right product of the right quality arrives safely to the farmer is fundamental to building trust. Through our Product Stewardship principles and a dedicated security function, Yara carries out extensive work to determine the best and safest way to transport, store and apply fertilizers and industrial products. Our work on quality review and the monitoring and handling of our products is the foundation of industry standards.

**Environmental performance:** Yara expects increased awareness of sustainable agricultural practices and an increasing pressure on sustainability from governments and regulators globally. Soil degradation, water stress, biodiversity loss and nutrient pollution are issues which will impact Yara's operations and value chain.

**Ethics and compliance:** With operations in more than 60 countries and sales to about 160 countries, Yara is exposed to different cultures, traditions, labor conditions and threats. We are dedicated to responsible business conduct throughout our own operations and value chain. This means respecting recognized labor and human rights and having safeguards in place for combating corruption, and respecting laws and regulations. Responsible business conduct is crucial in earning the trust of our stakeholders and key to our success.

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People performance

People risks

PLANET

Making digital farming simple

Planet performance

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PROSPERITY

Cracking the reliability code

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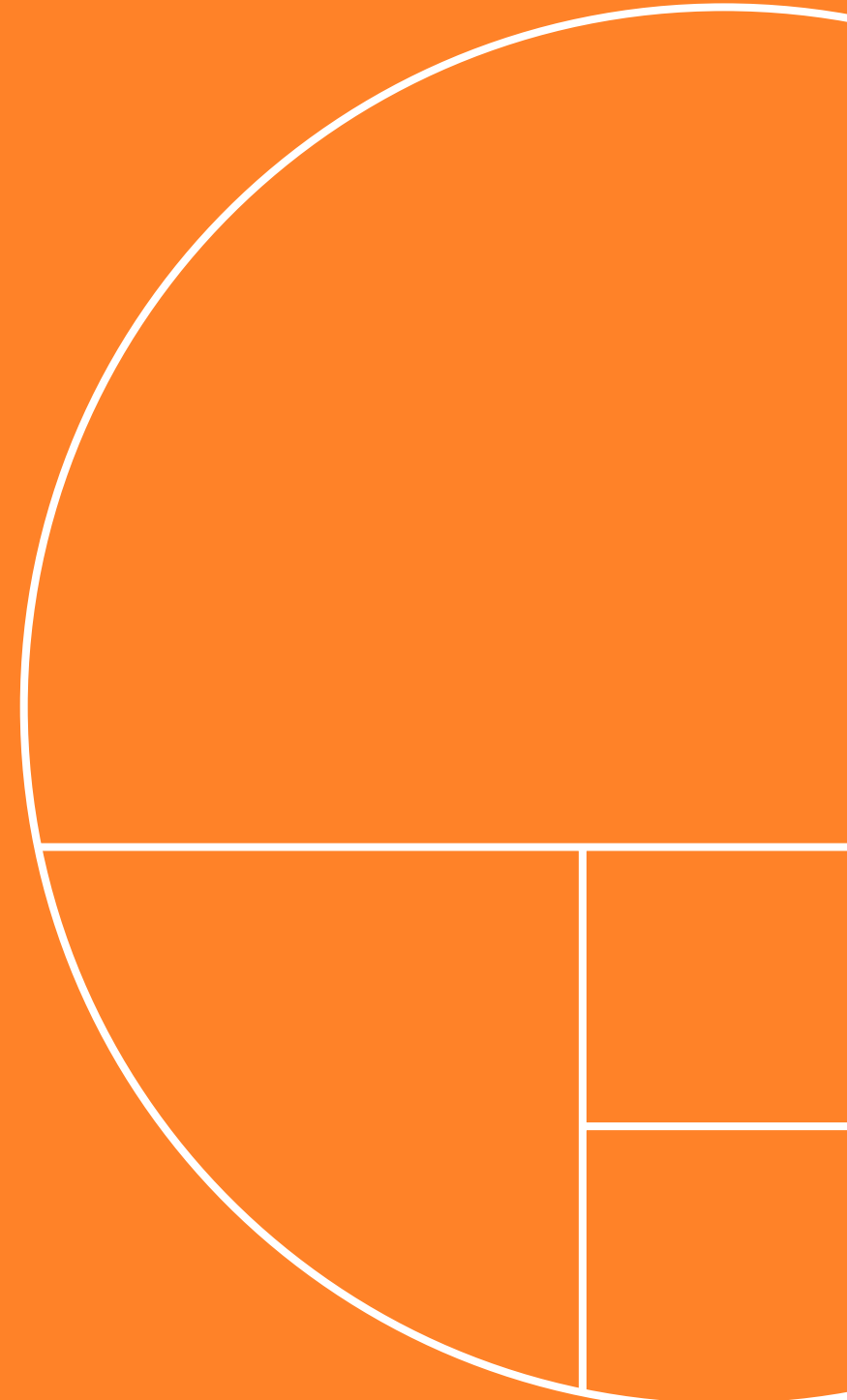
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# Responsible performance

In 2020, Yara committed to reporting in accordance with the Stakeholder Capitalism white paper, issued by the World Economic Forum (WEF). With the Covid-19 pandemic as backdrop, underlying economic and social inequalities and a mounting climate crisis, the white paper argues to mobilize all to work together and seize this historic opportunity to rebalance our world for the benefit of all.

Yara has implemented a balanced scorecard against which we measure company performance. Indicators have been adopted in accordance with the Stakeholder Capitalism logic under the chapters, People, Planet and Prosperity.



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# People

Our people and their knowledge are our greatest assets, and the result of our knowledge is clear:

Every day our agronomists deliver the best recommendations and solutions to our farmers, giving valuable technical advice on how to produce efficiently and profitably in a sustainable way.



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CASE

# Women in Agronomy

After a survey uncovered challenges for female agronomists, the project “Women in Agronomy” was launched as part of Yara’s Diversity & Inclusion agenda. The program connects emerging female talents with more experienced female colleagues, with the goal of attracting, developing and retaining more women in agronomy.

At Yara, we believe that knowledge grows. When it comes to crops, we mean that quite literally. As such, our many agronomists on the ground are vital to Yara’s success.

### Uncovering the problem

A global survey among Yara agronomists uncovered a female representation of only 14% out of 800+ employees. It also found that female Yara agronomists frequently face challenges, both internally and when meeting customers and distributors. Although regional differences exist, the results show that breaking traditional stereotypes in the field is a challenge for our female agronomists globally.

Yara is committed to gender equality as one important aspect of the diversity and inclusion agenda and decided to take immediate action. The pilot version of the new “Women in Agronomy” program has so far gathered 60 women across all regions. Through mentoring, networking and visibility channels, the program connects emerging female talents with more experienced female colleagues, building trust and confidence.

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Rejane Souza is Yara’s Vice President Crop Knowledge and Agronomy, and one of the initiators behind the program. “We are truly committed to building a more diverse workplace in Yara, regardless of whether you work at our HQ, a production plant or in the field supporting farmers. The aim of the program is to help our people to grow as agronomists and develop future leaders. I’m very inspired by the participants’ engagement and I’m confident a good ‘harvest’ is to come, at the end of this first ‘season,’” Souza says.

Building on the lessons from the pilot, the goal is to expand the network, reaching more female agronomists later this year.

**A more diverse and inclusive workplace**

Agronomist Jamie Schechinger joined Yara in 2020. She participates in the pilot and has learnt the value of sharing experiences. “Everyone comes from different backgrounds and has different experiences. What unites us is that we all chose agronomy. This program has helped me see how the growth of one can benefit the whole group if we share our learnings and grow together. This program has highlighted not only how women can work together in a male-dominated industry, but also how women and men can work together to create a more inclusive work environment”.

Diversity & inclusion is anchored in our business strategy. Besides our ambition to have 35% women in senior leadership positions by 2025, we aim for more diversity in Yara in all its forms and for having an inclusive work environment in which employees feel safe to be themselves. With the Women in Agronomy program, we are a small step closer to delivering on our strategy.



“The aim of the program is to help our people to grow as agronomists and develop future leaders. I’m very inspired by the participants’ engagement and I’m confident a good ‘harvest’ is to come, at the end of this first ‘season’.”

**Rejane Souza**  
VP Crop Knowledge and Agronomy

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Most of Yara's material topics involve a social dimension: caring for people safeguards and improves the business.

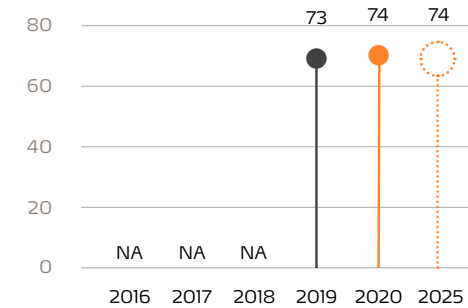
Successful implementation of our value adding strategy depends on our knowledge and access to human capital, measured as diversity and engagement scores.

Safety is a top priority, and we set ourselves a high goal from an already industry-leading level, based on our belief that all accidents are preventable.

## Diversity and inclusion index

2025 target: Top quartile

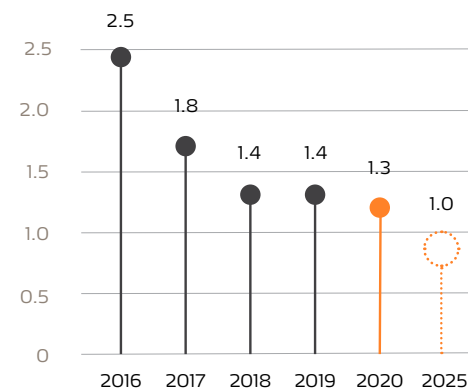
The Diversity and Inclusion index is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. The threshold for being in the top quartile was at 74% in 2020.



## Strive towards zero accidents

2025 target: <1.0

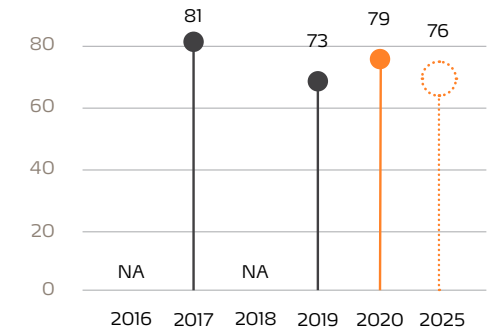
Total recordable injuries (TRI) is the sum of loss time injuries (LTI), restricted work cases (RWI) and medical treatment cases (MTC). The TRI rate is calculated as the TRI per million hours worked for employees and contractors combined. We believe every accident is preventable and work accordingly.



## Engagement index

2025 target: Top quartile

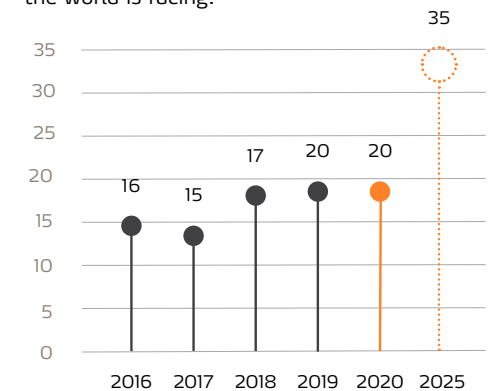
Employee engagement is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. The KPI was updated from previously being >80% to being in the top quartile. This threshold was at 76% in 2020.



## Female senior managers

2025 target: >35%

Female senior managers is measured as % of the top positions defined in Yara's position level system. The 2020 KPI was 20%, while the previous 2025 KPI of 25% has been strengthened to 35%. The KPI is defined based on our strong belief that diversity is a key enabler to solving the difficult challenges the world is facing.



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## Performance indicators

### Gender pay gap

Yara analyzes gender pay levels correcting for factors such as responsibility in position, education and experience. Yara performed a follow-up gender equal pay gap study in 2020, expanding the number of countries included from six to 16, covering over 5,000 employees. The range of this study is focused on non-tariff contract employees, as the tariff schedules provide strong protection against bias due to gender. The gaps were reported ranging from 0% in Finland to 14% in Colombia. Yara has the ambition to close the gender equal pay gaps before 2025. A weighted average pay-gap for the 16 countries included was 3.96%. The gap on a like for like basis for the original six countries has closed from 5.5% to 4.8% since 2018.

### Employee turnover

The rate is calculated as number of permanent staff terminations in the period divided by the starting permanent employee headcount. The global figure incorporates substantial variability, as each labor market has different characteristics. For 2020, Yara regions had the following turnover rates: Brazil, 15%; rest of Latin America, 12%; Asia & Oceania, 9%; Europe, 8%; North America, 7%; Africa, 8%

### Sick leave rate

The rate is calculated as the percentage of Yara employees' sick leave hours against the total number of working hours.

	2020	2019	2018	2017	2016	Unit of measure	
People indicators	Gender pay gap	4.0	4.9	5.5 <sup>1)</sup>	n.a.	n.a.	%
	Employee turnover rate	10.4	14.4	11.4	17.3	10.5	%
	Sick leave rates	3.4	3.2	3.4	2.8	3.3	%
	Environmental grievances from local communities	140	135	165	165	252	Number
	Non-compliance with laws and regulations in the social and economic area	235,000	257,000	81,000	400,000	170,000	USD
	Number of face-to-face risked based anti-corruption trainings	3,042	2,699	3,985	3,737	2,642	Headcount
	Employees completion of Ethics e-learning	93%	86%	83%	n.a.	n.a.	%
	Reported fraud & corruption incidents	35	57	51	46	50	Number
	Reported dis-crimination and harassment cases	49	76	119	109	22	Number

<sup>1)</sup> 2018 figure was calculated in 2020 based on historic data.



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**Grievances from local communities**

Number of environmental grievance cases registered from neighbors of our infrastructure or production facilities.

**Non-compliance**

The sum of registered fines in Yara for issues other than environmental breaches.

**Number of face-to-face risked based Ethics trainings**

The Ethics and Compliance training program is delivered by the dedicated regional compliance managers. Training content is targeted at the participants based on a risk assessment considering factors such as function, role, seniority and location.

**Employees' completion of Ethics e-learning**

The mandatory e-learning includes all topics covered by the Code of Conduct. All new hires with access to a PC are expected to complete the e-learning within 3 months. The purpose is to prevent corruption and human rights abuses and to promote a culture in which these matters are difficult to perpetrate. This is measured as the percentage of employees with access to the learning platform, who at year-end have completed the e-learning. In 2020, 93% of employees who had access to the learning platform completed the e-learning.

**Reported fraud & corruption incidents**

Through whistleblowing and other channels, Yara is alerted to a number of cases where employees or others suspect fraud or corruption. Yara encourages such

reporting. The figures represent the raw number of reported cases. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate Sustainability report.

**Reported discrimination and harassment incidents**

Yara encourages all to raise any concern if there is suspicion of violations of regulatory requirements or Yara's Code of Conduct. For People cases, the figure provided represents the number of reported cases involving discrimination or harassment. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate Sustainability report.

**Human rights management**

Human rights are not easily expressed in numeric terms and is reported from a management perspective. A more complete review is presented in the Sustainability report, available on the [yara.com](http://yara.com) annual reporting section.

Yara's Human Rights Policy set out in our Code of Conduct shows the priority areas and salient risks identified. Yara's Ethics and Compliance Department has organizational responsibility to provide a best in class ethics and compliance program, playing a key role in the management of risks related to human rights. The Board, Yara Management and the CEO are updated on a regular basis.

A global human rights risk assessment is updated annually and ranks the countries where Yara operates

in terms of human rights risk exposure. The 2020 risk assessment identified 18 high risk countries, up from 17 in 2019. The planned human rights impact assessment on selected operations in Brazil was postponed to 2021 due to COVID-19 restrictions. Findings from the human rights impact assessments conducted in India, Colombia and Philippines in 2019 show that contracted labor are at risk of negative human rights impacts, especially where manual labor is combined with heat exposure. Specific concerns relate to:

- Manual labor in hot working conditions
- Piece rate pay
- Living wage, working terms & conditions
- Freedom of association, grievance channels and right to remedy

The mitigating actions is a line and local management responsibility, while the Ethics and Compliance department monitors implementation and reports on progress.

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## Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

## Health, safety and security exposure

Securing safe and healthy working conditions is our highest priority. We aim to minimize the exposure to conditions that could negatively affect health, security and safety as low as practical possible. This includes to minimize the probability and consequences of process safety and product safety accidents negatively affecting people, environment, asset and the reputation of Yara.

## Leadership and organizational competence exposure

We are developing a skilled organization with regards to leadership competencies in key strategic areas necessary to strengthen Yara's competitiveness in a changing business environment. To deliver on Yara's strategic goals and objectives, upskilling and reskilling employees are prioritized to meet competencies needed for the future.

## Risk factors

We put substantial resources and efforts into minimizing potential risk of loss from inadequate or failed internal processes, people and systems, or from external events. We do so through preventative controls and indicators. Our focus is on managing the causes and mitigating their potential impacts through detective controls and actions.

People risks	Factor	Mitigation
Human capital	Yara's ability to compete effectively and meet market demands depends heavily on the competence, engagement, enablement and performance of its employees. Qualified, diverse and motivated staff is essential for Yara's business to be successful.	Yara recognizes that People are the enabler for success and Passionate People is identified as one of our four unique strengths. There is ongoing work to develop the People strategy as a response to Yara's revised strategy. Yara regularly deploys global employee surveys to focus management initiatives on the employee engagement and enablement and the Diversity & Inclusion agenda. For 2020, Covid-specific questions are included in addition to a focus on employee wellbeing. Yara is committed to promote equal opportunities and to fight discrimination. Diversity & Inclusion is fully integrated in Yara's business strategy and drives equality and diversity through an engaged workforce. Diversity and Inclusion is further anchored in key human resource processes such as recruitment, succession planning, performance management and employee development.

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People risks	Factor	Mitigation
Health and safety	Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates and products are classified as substances dangerous and hazardous to the health. Such a working environment contains various potential occupational health and safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, most final fertilizers typically are not classified as hazardous, and the occupational health and safety risk at the use phase is minor.	Yara has a strict requirement on reporting of incidents, accidents and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero harm and the company continue to set challenging KPI targets for occupational and process safety. Our Safe by Choice is the umbrella for all HSE activities with the aim to reduce exposure to accidents, to develop strong HSE leadership, ensure safe workplaces and to drive operational discipline, and to train and encourage staff to always act and react in accordance with our safety standards.
Personnel security risk	Yara's global activity may be exposed to threats from; criminals, activists, local population, competitors, terrorists and States which could harm our operations and activity, and pose security risks to our personnel, the environment we work in, our assets and our reputation.	We continuously assess and manage regional and local threats to our personnel and sites. HESQ Security department is in charge of developing and maintaining corporate guidelines on security, and a method for assessing security risks, in addition to initiating appropriate mitigation actions in response to potential threats.
Employee misconduct	Failure to comply with the Code of Conduct and international standards will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, resulting in both legal sanctions and financial loss. In positive terms, demonstrating a commitment to ethical business conduct and social responsibility can be leveraged to create competitive edge and create value for business partners, employees and society at large.	We are committed to creating an equal opportunity workplace free from harassment, where hiring and development are based on achievements, qualifications, and skills of each individual. Ethical and compliant business conduct and reporting are set at high standards, reflecting Yara's commitments. Yara has developed its Compliance Program taking into account internationally recognized and endorsed standards in key areas such as people related risks.
Human rights risk	Yara's operations may impact human rights throughout our entire value chain. Through a mixture of ethical and legal obligations, risk of negative impact on human rights may affect Yara's reputation and standing as a responsible business.	Yara's human rights policy is set out in the Code of Conduct, and is integrated in the Compliance Program and key business processes, such as risk management and the capital value process.  Yara follows the United Nations Guiding Principles on Business and Human Rights and aim to continuously improve our work in this area. Our annual global human rights risk assessment allows us to proactively monitor exposure to human rights risks wherever we operate, and guides us in prioritizing locations for human rights impact assessments.

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# Planet

Global challenges are real and will not vanish on their own. Climate change is affecting our way of life. The world's population continues to increase. We have more mouths to feed, limited land to farm and less resources to draw upon.

At Yara, we believe in meeting these challenges head on. There is no trade-off between building a profitable business and solving global challenges. Environmental performance is a vital part of our license to operate.



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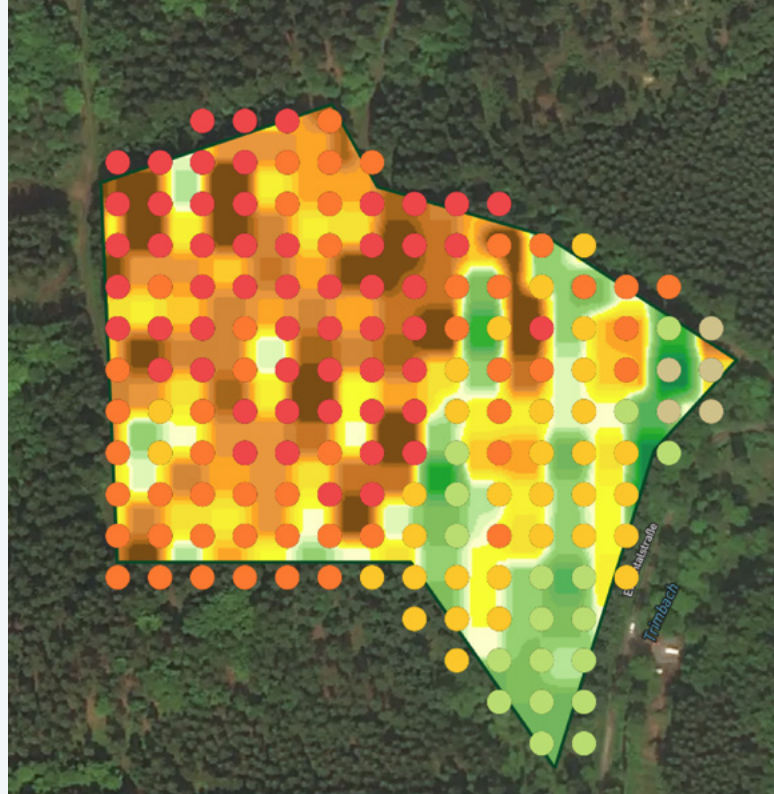
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**Atfarm map**

Atfarm creates application charts for variable rate application of crop nutrition. The dots precisely indicate the required nitrogen quantity for each area of the field.

**Atfarm facts:**

- 100k users signed up
- Active in more than 15 markets
- 10 million registered hectares

CASE

# Making digital farming simple

Yara's digital capabilities and innovations will be key to achieve our mission of responsibly feeding the world and protecting the planet. Based on input and insight from farmers, Yara's Atfarm will become the gold standard for sustainable nutrient management.

Atfarm is a digital tool developed by Yara to help farmers around the world effectively monitor the growth of their crops. By using satellite images, Atfarm creates application charts for variable rate application (VRA) of crop nutrition.

VRA is essential for best practice nutrient management. Conditions on any given farm will vary when it comes to sunlight, soil quality, terrain, and other factors. This means that the nutrient needs of the crops will vary accordingly.

To ensure the crop reaches its full potential and to avoid unnecessary costs for the farmers, nutrient leeching and runoffs, crop nutrition should be applied based on the specific crop needs.

**Continuous development**

Since its launch in 2018, more than 100.000 farmers have started their digital precision farming journeys. And since then, numerous

updates have been made to the tool, responding to input from farmers and Yara agronomists.

In fact, developing the product in iterations is a unique feature of Atfarm. A dedicated user research team across three continents brings new prototypes into the field with the farmers and brings the feedback directly to the developers. If they see a trend in the feedback, Yara is able to make changes to the tool quite quickly.

The biggest update to the Atfarm tool will come later this year, with new capabilities on weather spreading recommendations, sustainability, growth stage simulations, and pre-season crop nutrition planning among other things.

By making the complex simple and updated and tailored agronomic advice accessible to farmers all over the world, digital farming is the future of sustainable food production.

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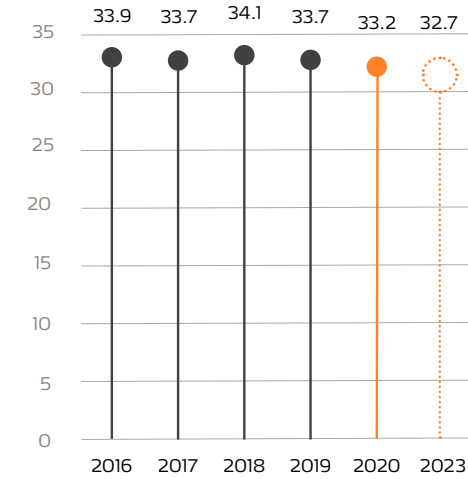
Environmental performance has been identified as a materially important part of Yara's license to operate. The corporate KPIs were updated through the 2020 strategy update, with four KPIs linked to the Planet performance area.

Further, nutrient losses from farmers' fields is an important externality in the value chain. Knowledge sharing, precision farming technology and proper fertilizer application management can reduce such risks – here reported as Ha under digital management.

Yara reports with full transparency on all environmental aspects of our operations. Whereas the most material indicators are reflected here, a complete account is found in the separate Sustainability Report report, published on yara.com alongside the annual reporting.

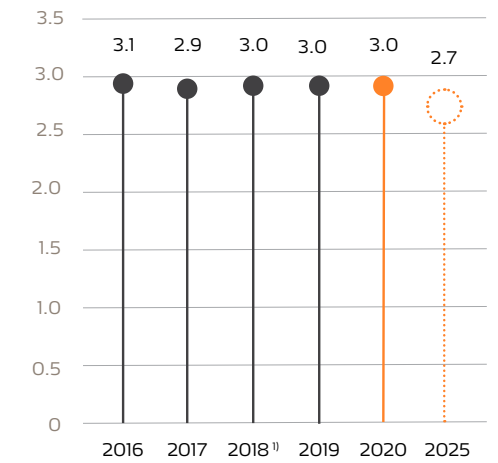
### Energy efficiency

2023 target: 32.7 GJ/tonne ammonia



### GHG intensity

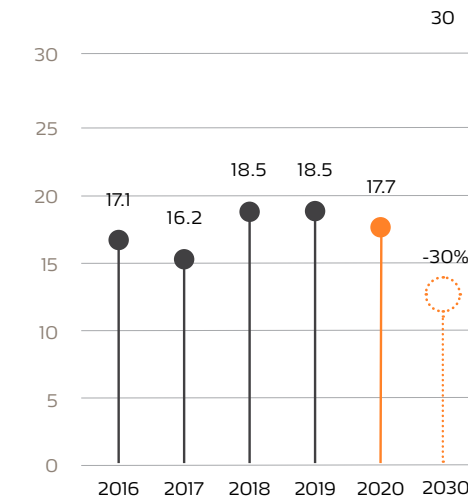
2025 target: 2.7 t CO<sub>2</sub>e /t N



1) 2018 onwards, Scope 1 emissions from own generation of electricity has been included.

### GHG emissions, Scope 1+2 (market based)

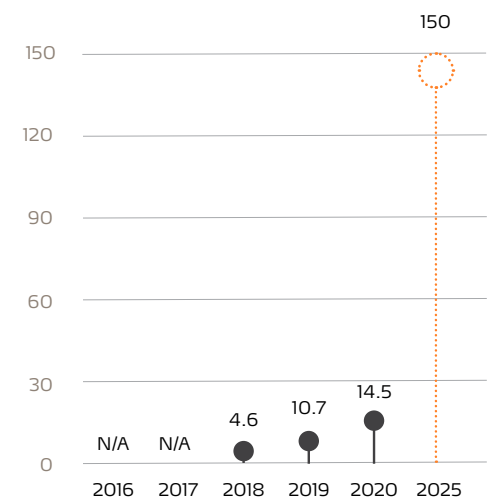
2030 target: -30% from a 2019 baseline



2) From a 2019 baseline

### Hectares under management<sup>1)</sup>

2025 target: 150 million hectares



1) The indicator definition is being updated, meaning the historic figures and 2025 target are not fully aligned, ref. to indicator definition on p52.

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## Corporate KPIs

### Energy efficiency

Consumption of hydrocarbons, mostly natural gas, for the ammonia production process is both Yara’s main variable cost and driver of GHG emissions. Energy efficiency improvements come with a dual bottom line and climate benefit, and it is expressed as GJ consumed per tonne ammonia produced. The indicator cover 49% of the Tringen plant, while Cubatão and Babrala are out of scope. Data including these sites are available in the Sustainability report.

### GHG intensity

The GHG intensity KPI is defined as tonnes emissions of CO<sub>2</sub>e per tonne nitrogen in Yara’s own produced products. The CO<sub>2</sub>e emissions include scope 1, scope 2 (electricity consumption) and emissions from production of Yara’s third-party ammonia consumption. Information on transportation and other scope 3 emissions is found in the Sustainability report. The KPI is to reduce the carbon intensity by >10% from 2018 to 2025. Our ambition is to become climate neutral by 2050.

### GHG scope 1 + 2 emissions

On top of the intensity KPI, Yara in 2020 established an additional climate KPI; to reduce the absolute scope 1 + 2 emissions by 30% by 2030 from a 2019 baseline.

	2020	2019	2018	2017	2016	Unit of measure	
Planet indicators	Energy consumption	279	285	301	266	273	PJ
	Emissions to air: NO <sub>x</sub>	8,300	8,500	9,400	7,800	7,600	tonnes NO <sub>2</sub>
	Emissions to air: SO <sub>x</sub>	2,100	2,100	2,800	2,000	2,000	tonnes SO <sub>2</sub>
	Dust	2,800	2,500	3,900	3,400	4,200	tonnes
	Raw materials: Natural gas	239,061,933	249,258,646	245,429,308	219,982,380	227,708,686	MMBtu
	Raw materials: Phosphate	2,046,221 <sup>2)</sup>	1,758,096	1,532,427	1,676,671	1,492,123	tonnes P2O5
	Raw materials: Potash	2,356,358	2,057,282	2,143,023	2,302,813	2,352,442	tonnes K2O
	Water withdrawal	906	947	913	783	851	million m <sup>3</sup>
	Of which in water stressed areas	2%	2%	3%	4%	3%	%
	Sites in flood hazard areas	15	15	15 <sup>1)</sup>	11	11	# of sites
	Environmental provisions	76	77	75	48	37	USD million
	Fines and penalties for environmental breaches	340,500	229,000	300,000	146,000	115,000	USD
	Green revenues	43	38	n.a.	n.a.	n.a.	%
	Green investments	64	77	n.a.	n.a.	n.a.	%

1) Babrala and the three Cubatão sites included 2018 onwards

2) The scope of products covered has been expanded for the 2020 figure, which is therefore not directly comparable to previous years.

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### Hectares under management

Knowledge transfer to farmers is a lever which can contribute to multiple benefits, including improved productivity, farmer income and environmental performance. Yara is establishing its digital farm services, and until 2020 the performance is reported as Hectares owned by farmers, who have registered them in our digital tool(s). The 2025 KPI is measured as millions of Ha under active management, which adds an activity qualifier to the indicator. As of Q1 2021 the reporting of the indicator will be updated in accordance with the new definition.

### Performance indicators

#### Energy consumption

Consumption of hydrocarbons, mostly natural gas, is both the main feedstock and the main energy source supporting the ammonia production process.

#### Emissions to air

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulphur oxides, ammonia, fluorides, and dust. More details are available in the Sustainability report.

#### Raw materials consumption

Ammonia is produced from nitrogen from the air reacting with hydrogen, mostly harvested from natural gas. Yara also sources phosphorous and potash, e.g. for NPK fertilizers. Yara also owns and operates two phosphorous mines.

### Water withdrawal

The total withdrawal figure is given here. In Yara's production, water is primarily used for cooling purposes. Thus, over 90% the water that Yara withdraws is returned to the water course.

#### Water withdrawal in water stressed areas

Yara's plants are located across several continents and operate under highly variable environments. Our sites have undergone an initial water risk screening using the WRI Aqueduct water risk atlas tool. The figure presents percentage of water withdrawals which occur in areas of high or extremely high baseline water stress. Further analysis is ongoing through 2021.

#### Sites in flood hazard areas

Our sites have undergone an initial water risk screening using the WRI Aqueduct water risk atlas tool. The figure presents the number of major sites which are located in areas at risk of flooding. Further analysis is ongoing through 2021.

#### Environmental provisions

Environmental provisions are the estimated future cost for environmental remediation on Yara's sites. More information is found in the notes to the financial statements.

#### Fines and penalties

Total sum of fines and other penalties for environmental breaches. If any severe cases over a materiality threshold of USD 5 million are identified, a description is available in the separate Sustainability report.

### Green revenues

In preparation for the EU Taxonomy requirements for disclosures, Yara has engaged Cicero Green to assess the 'greenness' of our revenues. For ammonia and nitric acid plants, the EU Taxonomy GHG emissions thresholds have been utilized in the analysis. For remaining parts of the revenues, the Cicero Shades of Green methodology has been applied. The resulting figure is not an EU Taxonomy compliant disclosure.

#### Green investments

In preparation for the EU Taxonomy requirements for disclosures, Yara has engaged Cicero Green to assess the 'greenness' of our CAPEX. For ammonia and nitric acid plants, the EU Taxonomy GHG emissions thresholds have been utilized in the analysis. For remaining parts of the CAPEX, the Cicero Shades of Green methodology has been applied. The resulting figure is not an EU Taxonomy compliant disclosure.



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## Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Product portfolio exposure to regulatory changes

Yara has a low risk appetite for exposure to incompliance to regulatory requirements impacting the product portfolio in our value chain, and proactively seeks to reduce exposure to impact on operational, commercial, financial and security areas. Yara will proactively liaise with regulatory bodies in order to adapt and adhere to stricter regulations.

Environmental exposure from operations or products

Yara strives to be best in class compared to industry peers and is committed to explore and promote the highest standards of environmental responsibility and has a low risk appetite for causing damage to the environment as a result of our operations or products.

## Risk factors

We commit to excellence in our HESQ performance, which is imperative to protect our employees and contractors, and uphold reliability and performance. We have adopted a systematic approach to monitoring and reviewing the quality and handling of all our products, ensuring that proper care is taken along the entire value chain.

Planet risks	Factor	Mitigation
Natural disasters	Yara's production and logistics operations and warehouses could be directly or indirectly affected by natural disasters.	We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into crisis management training and scenario planning, to minimize potential threats to security, health and safety for our operational assets.
Environmental risks and regulatory framework on production/ application of nitrogen fertilizer	Environmental, including climate, exposure create strategic risks for Yara's license to operate. There is an increasing trend of stricter governmental regulations impacting production, (e.g. Emission trading system in Europe and stricter limits of emissions to air and water across the world) and application of fertilizer related both to the environmental aspects and safety of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings.	Yara continuously discuss and participate in various arenas to understand and influence existing and ongoing new regulations affecting our business. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available to reach optimal solutions. Yara continuously discuss with the EU regarding the future CO <sub>2</sub> emissions structure for the fertilizer industry arguing that the European ammonia industry is the most efficient globally which needs to be reflected when policies are made. On existing assets, Yara has established rigid management systems and policies to manage the environmental impacts of our operations and to reduce exposure. Moving forward, resources are allocated to develop new technologies and business models to meet the expected environmental and climate requirements.

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Planet risks	Factor	Mitigation
Climate risks	Climate change pose both up and downside risks for the company. Climate risks are related to our markets, operational risks linked to our assets, in addition to the supply chain/ infrastructure risks. Climate change leads to societal processes which may pose transition risks such as market preferences, legislation and technology. The European Green deal aims for the EU to be climate neutral by 2050, supported by additional regulatory actions such as the ETS. This transition to a climate-neutral society is both an urgent challenge and an opportunity, with a potential downside market risk and risk for stranded assets. The societal aspects are as much opportunities as risks.	Yara's investments into assets are evaluated against extreme weather events. Through stakeholder dialogues, Yara promotes low carbon solutions, life cycle perspectives and resource smart solutions. As a materially important topic, climate is one of the focus areas of Yara's business development and strategy processes, where we aim to provide knowledge-based solutions. Efforts include resource optimization and reducing carbon footprints in agriculture, green ammonia projects and digital solutions, which are well-suited to support EU ambitions for reduced emissions. Yara supports the continuation of the ETS system and its free allowances as the best approach to mitigate carbon leakage risk. Yara also advocates the possible introduction of more instruments, that should provide certainty for low-carbon investments of the company and would avoid market distortions.

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# Prosperity

Yara has performed well during 2020 delivering improved capital returns, as lower gas prices, increased deliveries of premium products and a stronger US Dollar have offset weaker commodity prices and slightly higher underlying fixed cost.

Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint require significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.



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“I’m confident we can replicate the improvement we’ve seen in Trinidad and Tertre, enabling us to hit our 2023 improvement targets.”

**Pål Hestad**  
EVP Yara Global Plants and Operational Excellence



**+50,000**  
tons/year ammonia  
production

CASE

# Cracking the reliability code

For years Yara’s Tringen plant in Trinidad has struggled with recurring issues causing production losses. Now they’re turning it around with our targeted reliability program.

Since 2019 Tringen unit 1 has added around 50,000 tonnes/year of ammonia production <sup>1)</sup> without any significant investment in infrastructure. This has been achieved through Yara’s targeted reliability program for underperforming units (RCIP), which builds on the Yara Productivity System (YPS).

RCIP pilots were recently completed at the plants in Tringen and Tertre (Belgium) with the full program now being rolled out to other plants including Pilbara, Cubatao and Ambes.

Both pilot plants have increased their Overall Equipment Effectiveness (OEE) by double digits since implementing the program, something EVP Yara Global Plants and Operational Excellence, Pål Hestad, believes can be repeated at other sites.

“There’s still significant potential to improve the reliability of our existing plants,” says Pål. “I’m confident we can replicate the improvement we’ve seen in Trinidad and Tertre, enabling us to hit our 2023 improvement targets.”

### Fix it forever to stop forever fixing

The RCIP program helps plants eliminate complex recurring issues

<sup>1)</sup> This volume increase relates to the whole of Tringen 1, of which Yara has 49% ownership.

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YARA IMPROVEMENT PROGRAM (YIP)

Delivering on YIP 2.0 by 2023 through:

- More volumes from our existing plants by improving reliability
- Reduced spend on consumption factors, such as energy, through better reliability and new technology
- Reduced variable unit cost through scale, advanced category management, and collaboration
- Reduced fixed costs through standardization and scale benefits
- Improved commercial effects by more targeted offerings and channel development

through root cause problem solving, among other techniques.

One such issue at Tringen involved a critical fan, which occasionally failed and brought the plant down with it. Each time this occurred, plant operators would replace the fan and get the plant back online.

But while their quick action minimized downtime, it didn't solve the underlying issue. And the losses added up over time. Seeking a permanent solution, this issue was targeted with RCIP.

Rather than reacting and solving the symptom, the team at Tringen used root cause problem solving, and found a multi-barrier approach to eliminate the issue for good, including a design simplification, a change in the operational response to the fan and replacing an old cable.

These changes mean higher uptime and increased output at a time when favorable market conditions mean every extra ton will secure an attractive price.

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PROSPERITY

# Prosperity performance

Yara's full-year 2020 EBITDA excluding special items was at the same level as the previous year, as lower prices were off-set by lower energy cost and improved product mix.

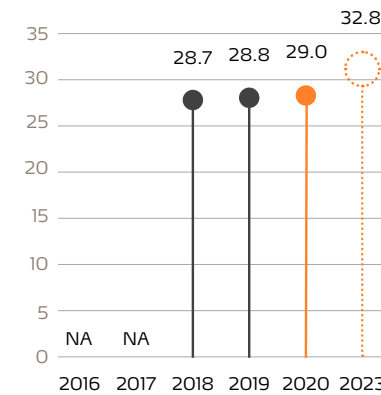
## Delivering improved operations & superior profits

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

### Production output <sup>1)</sup>

Million tonnes. Production adjusted for major turnarounds and market optimization effects, to better reflect underlying performance

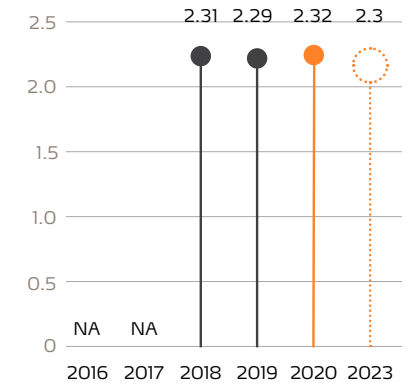
2023 target: 32.8 million tonnes



### Fixed cost <sup>2)</sup>

Fixed cost in billion USD. Total fixed cost adjusted for portfolio and currency effects

2023 target: < USD 2.3 billion



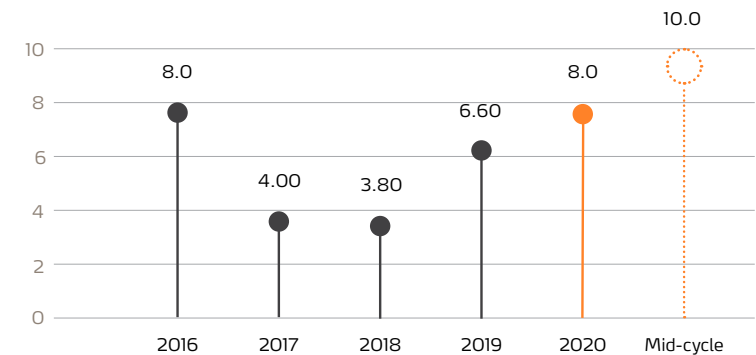
## Creating sustainable returns

2) See [page 249](#) for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

### ROIC <sup>2)</sup>

Return on invested capital reflect the value created for shareholders

Mid-cycle target: > 10%



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Yara’s full year 2020 EBITDA excluding special items <sup>1)</sup> was in line with a year earlier as lower gas prices, increased deliveries of premium products and a stronger US Dollar were offset by weaker commodity prices and slightly higher underlying fixed cost.

Europe’s full year EBITDA excluding special items was 7% lower than a year earlier as lower feedstock costs for ammonia and natural gas were offset by lower realised prices.

Americas full year 2020 EBITDA excluding special items was 5% lower than a year earlier, as higher premium product deliveries and lower fixed costs were offset by lower upgrading margins on urea and phosphates.

Africa & Asia’s full year 2020 EBITDA excluding special items was 75% higher than a

ESG rating

Yara integrates ESG into its operations, with solicited scores from MSCI and Sustainalytics.

MSCI

	2020	2019	2018	2017	2016
Score	BBB	BB	BBB	BBB	BBB

MSCI rating is scored on the scale: CCC – B – BB – BBB – A – AA – AAA where AAA is best. Yara’s target score: A

Disclaimer statement

The use by Yara of any MSCI ESG research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Yara by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Sustainalytics

	2020	2019	2018	2017	2016
Score	24.8 Medium	28.4 Medium	30.8 High	n/a n/a	n/a n/a

Sustainalytics risk ratings are shown as higher figures presenting higher residual ESG risks. Risk brackets are 0-10: Negligible, 10-20: Low, 20-30: Medium, 30-40: High, 40+: Severe. Yara is ranked as the top performer in the Agri-chemicals subindustry group.

year earlier reflecting increased deliveries of premium products and ramp-up of Pilbara TAN plant in Australia.

Global Plants & Operational Excellence (GPOE) full year 2020 EBITDA excluding special items was 7% lower than a year earlier mainly due to the QAFCO portfolio effect, as lower gas costs were otherwise offset by lower commodity prices and higher fixed costs.

Industrial Solutions’ full year 2020 EBITDA excluding special items was 13% higher than a year earlier reflecting improved commercial margins. Challenging market situation for Maritime throughout the year, while demand for industrial nitrogen was negatively impacted by Covid-19.

1) See [note 2.3](#) Segment information on [page 126-132](#) and special items on [page 65](#).

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Financial highlights <sup>1)</sup>

USD millions, except where indicated otherwise

	2020	2019	2018	2017	2016
Revenue and other income	11,728	12,936	13,054	11,400	11,597
Operating income	1,176	989	402	457	1,043
EBITDA <sup>2)</sup>	2,223	2,095	1,523	1,348	1,854
EBITDA <sup>2)</sup> excl. special items	2,161	2,165	1,525	1,430	1,719
Net income attributable to shareholders of the parent	691	599	159	477	756
Basic earnings per share <sup>3)</sup>	2.58	2.2	0.58	1.75	2.76
Basic earnings per share excl. foreign currency translation and special items <sup>3)</sup>	3.08	3.09	1.68	1.83	2.44
Net cash provided by operating activities	2,047	1,907	756	791	1,676
Net cash provided by/(used in) investing activities	248	(1,044)	(2,000)	(1,338)	(1,267)
Net debt/equity ratio	0.36	0.42	0.43	0.25	0.17
Net debt/EBITDA excl. special items (last 12 months) ratio	1.36	1.72	2.49	1.66	0.86
Average number of shares outstanding (millions)	268.0	272.3	273.2	273.2	273.5
Return on invested capital (ROIC)	8.00%	6.60%	3.80%	4.00%	8.00%

1) See [page 249](#) for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).

2) EBITDA 2018 and before not adjusted by IFRS 16

3) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.

## Key statistics

USD millions, except where indicated otherwise

	2020	2019	2018	2017	2016
Ammonia	7,606	8,479	8,305	7,459	7,504
Finished fertilizer and industrial products, excl. bulk blends	21,048	22,060	21,887	20,203	19,497
<b>Yara deliveries (thousand tonnes) <sup>1)</sup></b>					
Ammonia trade	1,966	2,527	2,478	n/a	n/a
Fertiliser	29,045	27,620	27,869	n/a	n/a
Industrial product	7,086	7,837	8,272	n/a	n/a
Total deliveries	38,097	37,983	38,619	n/a	n/a
<b>Yara's Energy prices (USD per MMBtu)</b>					
Global weighted average gas cost	3.8	4.7	6.2	5.0	5.0
European weighted average gas cost	3.6	5.4	8.3	6.1	6.1

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends



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Market information

Average of publication prices		2020	2019	2018	2017	2016
Urea granular (fob Egypt)	USD per tonne	246	263	274	243	218
CAN (cif Germany)	USD per tonne	191	226	226	207	198
Ammonia (fob Black Sea)	USD per tonne	204	240	288	259	243
DAP (fob US Gulf)	USD per tonne	314	356	415	348	354
Phosphate rock (fob Morocco)	USD per tonne	80	91	89	91	112
European gas (TTF)	USD per MMBtu	3.0	4.8	7.9	5.6	4.5
US gas (Henry Hub)	USD per MMBtu	2.0	2.7	3.1	3.0	2.4
EUR/USD currency rate		1.1	1.1	1.2	1.1	1.1
USD/BRL currency rate		5.1	3.9	3.6	3.2	3.5

Improvement Program

Yara launched an extended improvement program at its Capital Markets day on June 26 2019, following solid improvements achieved in the previous three years. As part of this, Yara moved to reporting operational metrics on a rolling 12-months (L12M) basis to better reflect underlying performance.

On a rolling 12-month basis, underlying production of ammonia and finished fertilizers increased by 115 thousand tonnes compared to 2019, as improvements during the year were

partially offset by the closure of the Trinidad plant.

Improvement of Energy Efficiency compared to the previous year is mainly driven by the closure of Yara Trinidad.

Fixed Costs are slightly higher than 2019 but on track to achieve the 2023 ambition level of keeping nominal costs flat.

Net Operating Capital days have improved by two days compared to 2019, and remains a priority.

	2020	2019	2018
Production - ammonia (kt) <sup>1)</sup>	7,696	7,772	7,850
Production - finished products (kt) <sup>1)</sup>	21,258	21,067	20,870
Energy Efficiency (GJ/T) <sup>2)</sup>	33.2	33.7	34.1
Fixed Costs (USD millions) <sup>3)</sup>	2,322	2,291	2,314
Net operating capital (days) <sup>3)</sup>	113	115	104

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

2) Energy Efficiency (GJ/t) looks at the L12M total energy consumption per tonne ammonia produced.

3) For definitions of Fixed cost and Net operating capital days, refer to [page 253](#) in the APM section.

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**Income tax**

The tax cost for the year 2020 is USD 160 million, which is approximately 19% of income before tax. The tax rate in 2020 is positively impacted by a tax-exempt gain from the sale of Yara's 25% stake in QAFCO and by realized taxable losses when restructuring the corporate holding structure. The effective tax rate for 2019 was approximately 27%, which was negatively impacted by a non-recurring provision related to an ongoing tax dispute. See [note 2.8](#) to the Financial Statements for more information.

**Net interest-bearing debt**

As a supplement to the consolidated statement of cash flows ([page 116](#)), this table highlights the key factors behind the development in net interest-bearing debt. Net interest-bearing debt at the end of 2020 was USD 2,930 million, down from USD 3,725 million at the end of 2019. The cash earnings, positive change in net operating capital and proceeds from sale of equity accounted investee more than offset net investments, dividends, buy backs and new leases. Net investments for the year 2020 amounted at USD 752 million, including USD 769 million of capital expenditures, partly offset by cash inflows from investments of USD 17 million. Growth investments include USD 155 million related to Rio Grande and Salitre projects in Brazil. Of the remaining investments, the majority was regular maintenance investments in Yara's production system. The proceeds from the sale of equity-accounted investees had a positive cash effect of USD 1,000 million. During 2020, Yara paid out dividends and purchased own shares for a total of USD 1,235 million. The debt/equity ratio at the end of 2020, calculated as net

interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.36 compared with 0.42 at the end of 2019. At the end of 2020, the net debt/EBITDA excl. Special items (last 12 months) ratio is 1.4, down from 1.7 at the end of 2019

**Net interest-bearing debt**

USD millions	2020
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(3,725)
Cash earnings <sup>1)</sup>	1,653
Dividends received from equity-accounted investees	9
Net operating capital change	265
Investments (net)	(752)
Proceeds from sale of equity-accounted investee	1,000
Yara dividend and buy-backs	(1,235)
New leases <sup>2)</sup>	(117)
Other, including foreign currency translation gain/(loss)	(29)
Net interest-bearing debt at end of period	(2,930)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

2) New lease arrangements in scope for IFRS 16 increase the net interest-bearing debt without having an immediate cash impact

**Variance analysis**

USD millions	2020
EBITDA 2020	2,223
EBITDA 2019	2,095
Reported EBITDA variance	128
Special items variance (see <a href="#">page 65</a> for details)	132
EBITDA variance ex special items	(4)
Volume/Mix	123
Price/Margin excluding energy	(362)
Energy price	269
Currency translation	98
Other	(132)
Total variance explained	(4)

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**Financial items**

Full-year net financial expense was USD 95 million higher than a year earlier. The variance is primarily explained by a higher net foreign currency translation loss this year, especially during first quarter. Interest expense for the full year was USD 22 million lower than a year earlier, driven by lower gross interest-bearing debt and reflecting that interest on taxes for prior periods was included in the amount reported last year. The foreign currency translation loss this year of USD 243 million comprised a loss of USD 86 million on the US dollar denominated debt positions and a loss of USD 157 million on internal positions in other currencies. A year earlier, the US dollar debt positions and the internal positions contributed almost equally to the reported net loss.

**Liquidity**

At the end of 2020 Yara had USD 1,363 million in cash and cash equivalents, and USD 2,270 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

**Board conclusion**

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2020 and financial position on 31 December 2020. According to section 3–3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

**Financial items**

USD million	2020	2019	2018	2017	2016
Interest income	61	74	78	75	82
Dividends and net gain/(loss) on securities	1	2	3	2	4
Interest income and other financial income	62	76	81	77	87
Interest expense	(135)	(157)	(127)	(57)	(85)
Net interest expense on net pension liability	(5)	(9)	(7)	(8)	(8)
Net foreign currency translation gain/(loss)	(243)	(145)	(278)	99	14
Other	(25)	(15)	(19)	(17)	(15)
Interest expense and foreign currency translation gain/(loss)	(408)	(327)	(431)	17	(94)
Net financial income/(expense)	(346)	(251)	(350)	94	(7)

**Production volumes**

Thousand tonnes	2020	2019	2018	2017	2016
Ammonia	7,606	8,479	8,305	7,459	7,504
of which equity-accounted investees	181	1,000	1,039	1,061	1,033
Urea	5,175	6,419	6,327	5,257	5,167
of which equity-accounted investees	268	1,504	1,517	1,573	1,536
Nitrate	6,472	6,225	6,136	6,173	6,044
NPK	6,104	5,697	5,736	5,504	4,891
CN	1,640	1,543	1,623	1,511	1,379
UAN	959	974	835	931	909
SSP-based fertilizer	647	1,087	1,115	822	1,106
MAP	51	115	116	-	-
Total Finished Products <sup>1)</sup>	21,048	22,060	21,887	20,199	19,497

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## Deliveries (detailed table)

Thousand tonnes	2020	2019	2018
<b>Yara deliveries</b>			
Ammonia trade	1,966	2,527	2,478
Fertiliser	29,045	27,620	27,869
Industrial Product	7,086	7,837	8,272
<b>Total deliveries</b>	<b>38,097</b>	<b>37,983</b>	<b>38,619</b>
<b>Crop Nutrition deliveries</b>			
Urea	6,042	5,909	5,970
Nitrate	5,775	5,412	5,425
NPK	10,574	9,943	10,360
of which Yara-produced compounds	6,140	5,618	5,501
of which blends	3,749	3,801	4,412
CN	1,433	1,237	1,239
UAN	1,405	1,287	1,182
DAP/MAP/SSP	1,014	1,096	1,321
MOP/SOP	1,473	1,326	1,164
Other products	1,328	1,411	1,209
<b>Total Crop Nutrition deliveries</b>	<b>29,045</b>	<b>27,620</b>	<b>27,869</b>
<b>Europe deliveries</b>			
Urea	1,009	796	860
Nitrate	4,334	4,057	4,128
NPK	2,769	2,714	2,673
of which Yara-produced compounds	2,632	2,555	2,500
CN	446	393	380
Other products	1,558	1,492	1,389
<b>Total deliveries Europe</b>	<b>10,116</b>	<b>9,452</b>	<b>9,430</b>

1) Pure product equivalents.

2) Including AN Solution.

3) Including sulphuric acid, ammonia and other minor products.

Thousand tonnes	2020	2019	2018
<b>Americas deliveries</b>			
Urea	2,692	2,615	2,488
Nitrate	1,196	1,117	1,105
NPK	6,070	5,687	6,138
of which Yara-produced compounds	2,056	1,797	1,699
of which blends	3,376	3,441	4,057
CN	801	679	690
DAP/MAP/SSP	912	1,014	1,247
MOP/SOP	1,386	1,233	1,073
Other products	1,050	1,115	936
<b>Total deliveries Americas</b>	<b>14,108</b>	<b>13,461</b>	<b>13,677</b>
of which North America	3,316	3,254	3,026
of which Brazil	8,813	8,438	8,474
of which Latin America ex Brazil	1,979	1,769	2,177
<b>Africa &amp; Asia deliveries</b>			
Urea	2,341	2,497	2,621
Nitrate	245	237	192
NPK	1,735	1,542	1,549
of which Yara-produced compounds	1,453	1,266	1,302
CN	186	166	168
Other products	314	264	232
<b>Total deliveries Africa &amp; Asia</b>	<b>4,821</b>	<b>4,707</b>	<b>4,762</b>
of which Asia	3,652	3,525	3,743
of which Africa	1,169	1,182	1,019
<b>Industrial Solutions deliveries</b>			
Ammonia <sup>1)</sup>	543	625	699
Urea <sup>1)</sup>	1,577	1,792	2,321
Nitrate <sup>2)</sup>	1,069	1,146	1,121
CN	348	434	412
Other products <sup>3)</sup>	1,944	2,028	1,967
Water content in industrial ammonia and urea	1,605	1,811	1,752
<b>Total Industrial Solutions deliveries</b>	<b>7,086</b>	<b>7,837</b>	<b>8,272</b>

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## Special items

USD million	Fixed cost effect		EBITDA effect		Operating income effect	
	2020	2019	2020	2019	2020	2019
Environmental provisions	1	(9)	1	(9)	1	(9)
Impairment of non-current assets	-	-	-	-	(25)	(27)
Scrapping of project development and provision for demolition	(1)	-	(6)	-	(5)	-
Additional bonus to employees	(4)	-	(4)	-	(4)	-
<b>Total Europe</b>	<b>(4)</b>	<b>(9)</b>	<b>(9)</b>	<b>(9)</b>	<b>(34)</b>	<b>(36)</b>
Environmental provisions	(4)	(2)	(4)	(2)	(4)	(2)
Impairment of non-current assets	-	-	-	-	(3)	(11)
Provision related to closure of plant	4	(24)	4	(24)	4	(26)
Additional bonus to employees	(7)	-	(7)	-	(7)	-
<b>Total Americas</b>	<b>(7)</b>	<b>(26)</b>	<b>(7)</b>	<b>(26)</b>	<b>(10)</b>	<b>(39)</b>
Impairment of non-current assets	-	-	-	-	(2)	(3)
Contract derivatives gain/(loss)	-	-	14	14	14	14
Damaged inventory	-	-	-	3	-	3
Additional bonus to employees	(2)	-	(2)	-	(2)	-
<b>Total Africa &amp; Asia</b>	<b>(2)</b>	<b>-</b>	<b>12</b>	<b>16</b>	<b>10</b>	<b>14</b>
Contract derivatives gain/(loss)	-	-	-	(1)	-	(1)
Gain on sale of Qafco	-	-	97	-	97	-
Provision for fuel taxes	-	-	1	(32)	1	(32)
Additional bonus to employees	(2)	-	(2)	-	(2)	-
<b>Total Global Plants &amp; Operational Excellence</b>	<b>(2)</b>	<b>-</b>	<b>97</b>	<b>(33)</b>	<b>97</b>	<b>(33)</b>
Impairment of non-current assets	-	-	-	-	-	(3)
Dismantling provision for closed site	-	(8)	-	(8)	-	(6)
Release of provision related to discontinuation of pilot plant	-	3	-	3	-	3
Additional bonus to employees	(2)	-	(2)	-	(2)	-
<b>Total Industrial Solutions</b>	<b>(2)</b>	<b>(6)</b>	<b>(2)</b>	<b>(6)</b>	<b>(2)</b>	<b>(6)</b>
Impairment of non-current assets	-	-	-	-	(15)	-
Action Africa	(20)	-	(20)	-	(20)	-
Portfolio management costs	(7)	(13)	(7)	(13)	(7)	(13)
Additional bonus to employees	(2)	-	(2)	-	(2)	-
<b>Total Other and Eliminations</b>	<b>(28)</b>	<b>(13)</b>	<b>(28)</b>	<b>(13)</b>	<b>(44)</b>	<b>(13)</b>
<b>Total Yara</b>	<b>(44)</b>	<b>(53)</b>	<b>62</b>	<b>(70)</b>	<b>17</b>	<b>(113)</b>

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# Prosperity risks

## Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Bribery, corruption and competition law exposure

We are committed to upholding high standards for human rights, ethical and lawful conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for bribery, corruption and violation of competition law.

Phosphate rock sourcing exposure

Securing key raw materials for our fertilizer production is crucial for our production plants. The demand for raw materials is covered by our own pro-

duction as well as sourcing from third parties. Yara has a low risk appetite and seeks opportunities to diversify external supply options and increase production of phosphate rock.

JV ownership structure exposure – new entries

When entering into new JVs, Yara has a low risk appetite for minority equity positions and will only engage in JVs provided that agreements are commercially attractive, secure acceptable governance standards, policies and procedures, and financial control for Yara. Yara will only enter into new JVs where we are confident that we can bring Ethics & Compliance and HESQ standards to an acceptable level.

Production reliability exposure

Yara has a low risk appetite for unplanned production downtime and aims to produce optimally at all times balancing investments to improve regularity and plant profitability.

Tax jurisdiction compliance exposure  
Within the framework of tax laws and regulations we optimize our tax cost in the same way as other costs. Yara does not pursue tax solutions without existence of commercial purpose and is committed to a transparent management of tax.

Long term credit rating downgrade exposure

Yara believes a solid financial base is the foundation for pursuit of sound growth opportunities, and have a low risk appetite for financial exposure not derived from the underlying business. We have a low risk appetite for a credit rating downgrade to below investment grade BBB/Baa2. We accept the underlying US dollar exposure embedded in the Yara business model but keep a major part of the company's debt in US dollar as a partial hedge.

Exposure to non-USD currencies

We have a low risk appetite for expo-

sure related to financial risk not derived from the underlying business. Yara has a low to moderate risk appetite for economic currency exposure optimizing the cost of hedging with estimated currency movements. Limits for economic exposure are set per currency and on a country basis.

## Risk factors

Due to its global operation, Yara is exposed to various financial risks. Yara has in place, and is constantly developing, comprehensive policies, procedures and tools to manage these risks. In some cases, Yara may utilize derivative instruments, such as forwards, options and swaps, to reduce financial risk exposures.

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Prosperity risks	Factor	Mitigation
Corruption risk	Corruption appears in many forms throughout the world, usually in the form of “improper advantages”. With operations in over 60 countries Yara is exposed to countries, markets and counterparts with varying ethical standards and business conduct. Corruption poses both compliance and reputational risks to Yara and our business partners.	Our zero-tolerance stance on bribery and corruption is systematically implemented and communicated throughout our organization and to business partners through policy commitments, trainings and awareness raising. Yara’s Ethics and Compliance department coordinates and oversees the company’s work in this area through Yara’s Compliance Program. Yara’s Integrity Due Diligence process is defined to identify and mitigate risks related to business partners on various topics, including corruption, human rights and labor rights. Our whistle-blowing channels allow employees, consultants and third parties to raise concerns anonymously.
Production reliability	Production unreliability and irregularities may result in lost volumes and contribution. Increased plant reliability is a key driver of organic growth in our production system.	We actively seek to increase plant reliability and minimize irregularities by refining and implementing companywide technical and operational standards along with best practices for operations, maintenance and turnarounds, and through continuous investments in process safety. Employees undergo extensive training and risk awareness programs, and process safety and productivity are subject to frequent and regular audits. Yara’s company-wide Improvement Program focuses on improving cost, reliability and operational efficiency.
Supply chain disruptions	Yara’s ability to produce and supply markets with products can be impacted negatively by disruptions in our supply chain,	Yara has centralized functions as well as local operations, for management of in- and outbound supply chains securing raw materials to our production units and supply of products to the markets. Yara is operating globally and we have flexibility and measures built into our business model to adjust for potential irregularities.
Financing risk	Refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions could lead to higher funding costs and postponement of projects.	Yara’s strategy for mitigating financing risk is to maintain a solid financial position with a strong credit rating. Yara reduces the refinancing risk by basing its long-term funding on a variety of sources to avoid dependency on individual markets, and by timing the maturity dates of large facilities to avoid them falling due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.
Credit risk	Credit risk represents exposure to potential losses deriving from non-performance of counterparties.	Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara’s geographically diversified portfolio reduces the overall credit risk of the group.

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Prosperity risks	Factor	Mitigation
Currency risk	As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, with a certain time lag.	Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks. A well-established system for currency risk management is in place, with defined currency exposure limits and standardized exposure measurement tools. Yara's geographically diversified portfolio reduces the company's overall currency risk.
Interest rate risk	Interest rates on different currencies vary depending on the economy and political actions, which will influence Yara's funding cost over time. However, the overall exposure of our business to interest rate fluctuations is considered low.	Interest rate risk is managed on an assessment of the financial markets and macroeconomic development, in relation to the expected impact an interest change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risks.



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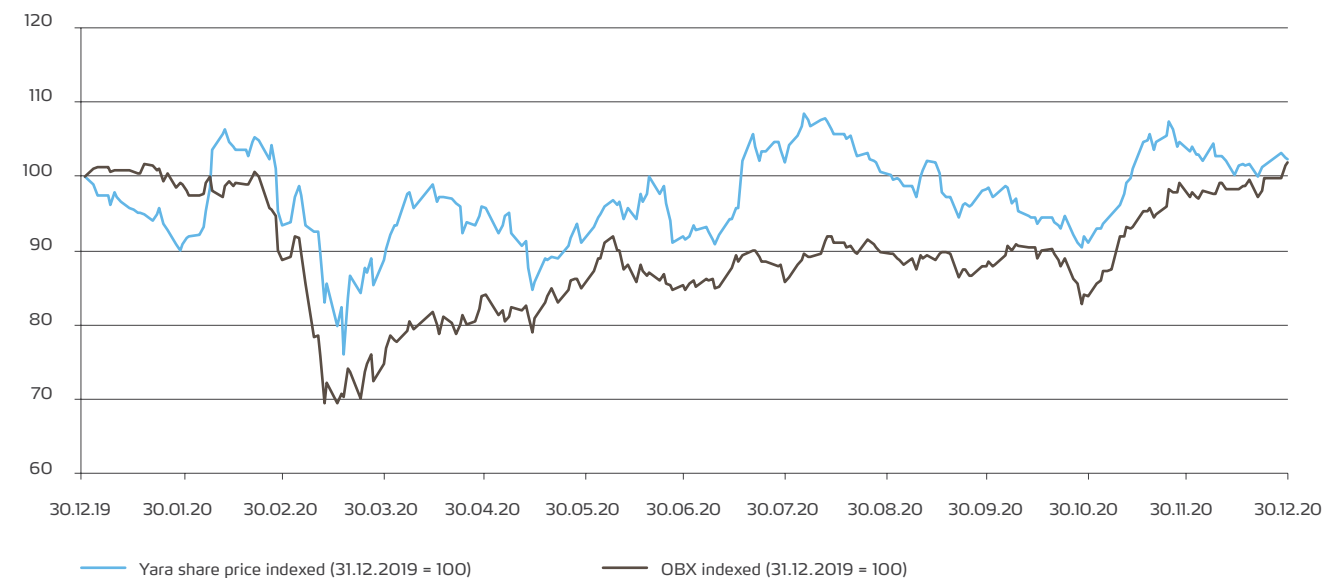
# The Yara share

Yara aims to be an attractive investment for shareholders, and to provide competitive returns compared to other investment alternatives. The Yara share shall be liquid and an attractive investment opportunity.

We are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors, and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the Oslo Stock Exchange (OSE), media and financial newswires. Yara presents quarterly results as live webcasts.

### Share performance and distribution

In 2020, 191 million shares were traded on the OSE at a value of NOK 64 billion. The average daily trading volume for Yara shares on the OSE during 2020 was 759,519. The highest closing price during the year was NOK 377.57 and the lowest was NOK 264.74. The year-end closing price was NOK



### Common share data

	Q1	Q2	Q3	Q4	2020	2019
Basic earnings per share	(0.43)	0.84	0.27	0.73	2.58	2.2
Average number of shares outstanding <sup>1)</sup>	270,494,236	268,760,982	267,905,871	264,818,040	267,985,860	272,319,232
Period end number of shares outstanding <sup>1)</sup>	269,678,611	268,132,237	266,804,276	263,001,109	263,001,109	271,040,624
Average daily trading volume <sup>2)</sup>	997,431	830,528	590,788	628,097	759,519	,580,521
Average closing share price	329	327	349	345	338	373
Closing share price (end of period)	314	318	343	356	356	365
Closing share price high	370	348	378	378	378	419
Market capitalization (end of period NOK billion)	85.5	85.3	91.9	95.5	95.5	99.5
Dividend per share <sup>3)</sup>				18	38	15
Dividend yield <sup>4)</sup>					10.7%	4.3%
Total shareholder return <sup>5)</sup>					9.4%	10.0%

1) Excluding own shares

2) Only traded on OSE

3) Including 20 NOK per share proposed for 2020 and

18 NOK per share additional dividend paid 4Q 2020

4) Based on 31 December share price

5) Measured in US dollars

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356.00, representing a 2% increase from the 2019 year-end closing price. Yara’s 2020 total shareholder return (TSR) was 9.4% measured in US dollars, with dividends reinvested. Yara’s market value as of 31 December 2020 was NOK 93.6 billion.

At year-end 2020 Yara had 47,417 shareholders. Non-Norwegian investors owned 39.9% of the total stock, of which 16.3% were from the United States and 6.0% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.2% of the shares. Norwegian private ownership of Yara shares was 23.9% at the end of 2020.

**Shareholding distribution**

(as of 31 December 2020)

Ownership structure:

No of shares	No of shareholders	% of share capital
1-100	24,838	0.3%
101-1,000	13,588	1.7%
1,001-10,000	2,609	2.9%
10,001-100,000	585	7.2%
100,001-1,000,000	189	22.4%
above 1,000,000	31	65.5%
<b>Total</b>	<b>41,840</b>	

**Shareholding distribution <sup>1)</sup>**

(as of 31 December 2020)

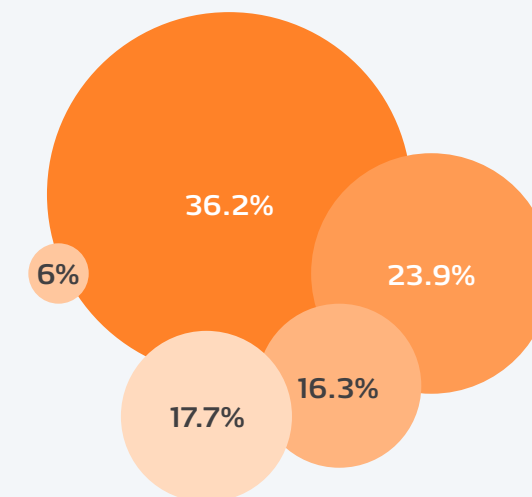
Ownership structure:

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.2
Norwegian National Insurance Scheme fund	7.1
Sprucegrove Investment Management, Ltd.	2.8
The Vanguard Group, Inc.	2.0
BlackRock Institutional Trust Company, N.A.	1.9
Polaris Capital Management, LLC	1.7
Storebrand Kapitalforvaltning AS	1.4
DNB Asset Management AS	1.4
Tempelton Investment Council, L.L.C	1.3
KLP Forsikring	1.2
Fidelity Management & Research Company	1.2
State Street Global Advisors (US)	1.1
Arrowstreet Capital, Limited Partnership	1.1
Handelsbanken Asset Management	1.0
Nordea Funds Oy	1.0
Ruffer LLP	0.9
UBS Asset Management (UK) Ltd.	0.9
INVESCO Asset Management Limited	0.8
SAFE Investment Company Limited	0.8
Alfred Berg Kapitalforvaltning AS	0.7
Danske Invest Asset Management AS	0.6

1) This shareholder list is delivered by Nasdaq and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither Nasdaq nor VPS guarantee that the information is complete. For a list of the largest registered shareholders as of 31 December 2020, see [note 11](#) on [page 235](#) in this Integrated Report.

**Shareholding distribution<sup>1</sup>**

(as of 31 December 2020)



- Norwegian state
- Norwegian private
- US
- UK
- Other

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**ADR performance and voting rights**

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the United States. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. The ADR ratio is two (2) ADRs to one (1) ordinary Yara share. On 31 December 2020, the ADR was quoted at USD 20.80, a 0.2% increase for the year. To find a recent price quote for Yara ADRs please go to [www.adr.com](http://www.adr.com). The ticker symbol is YARIY.

Shares must be registered with the Norwegian Central Securities Depository (Verdipapirsentralen) in the name of the real owner if holders want to vote for their shares at the shareholders' meeting. Holders of Yara ADRs should check their voting rights with JPMorgan, which is the depository bank for Yara ADRs.

**Cash distribution policy**

Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.6. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as supplemental lever. The dividend pertaining to a fiscal year will be declared at Yara's Annual General Meeting in the following year.

In 2020 Yara paid USD 1,318 million in dividends and share buybacks <sup>1)</sup> representing approximately 224% of net income in 2019. Dividends accounted for USD 926, representing approximately 157% of 2019 net income, while share buybacks <sup>1)</sup> amounted to USD 392 million, representing approximately 67% of 2019 net income.

<sup>1)</sup> including the corresponding committed pro-rata redemption of shares from the Norwegian state to be paid after the 2021 Annual General Meeting.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 20 per share for 2020, which represents approximately 90% of net income after non-controlling interests totaling a payment of USD 618 million based on outstanding shares at 31 December 2020 and the USDNOK exchange rate at 31 December 2020.

The Yara Annual General Meeting on 7 May 2020 authorized Yara's Board to buy back up to 5% of total shares (13,406,611 shares) before the 2021 Yara Annual General Meeting, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged.

**2021 Annual General Meeting**

The Yara Annual General Meeting will take place at 17:00 (CEST) Thursday 6 May 2021. Information about how shareholders register for the Annual General Meeting will be published on [www.yara.com](http://www.yara.com) no later than 21 days prior to the event, including information on how to register attendance or vote.

**Analyst coverage**

23 financial analysts provide market updates and estimates for Yara's financial results, of whom 12 are located outside Norway.

**Rating**

Rating agencies Moody's and Standard & Poor's have rated Yara as solid investment grade. Reflecting its

strong market position and cost leadership, Yara is rated investment grade "Baa2" with Moody's and "BBB" with Standard & Poor's.

**Change of address**

Shareholders registered in the Norwegian Central Securities Depository should send information about changes of address to their registrars and not directly to the company.

**Registrar information**

Registered shareholders may contact our registrar in Norway regarding share transfers, address changes and other issues related to their holding of Yara shares. The contact details are shown below.

**Share facts**

Symbol: YAR  
Listing: Oslo Stock Exchange (OSE)

Yara's registrar in Norway and ADR depository bank  
Contact details to Yara's registrar in Norway and ADR depository bank can be found on the company's website:

[yara.com/investor-relations/share-and-debt-information/registrar-and-auditor/](http://yara.com/investor-relations/share-and-debt-information/registrar-and-auditor/)

**2021 Dividend schedule**

Ex-dividend date  
7 May 2021

Payment date  
19 May 2021

**2021 Release dates**

Q1: 23 April 2021  
Q2: 16 July 2021  
Q3: 20 October 2021  
Q4: 8 February 2022

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TCFD REPORTING

# External framework guidance

The following indexes provides readers' guidance on how Yara covers TCFD reporting, EU Guidelines on reporting climate-related information and WEF. Stakeholder Capitalism indicators

**EU Guidelines and TCFD**

EU Non-Financial Reporting Directive Requirements and TCFD Recommended Disclosures:

AR: Yara Integrated Report 2020  
SR: Sustainability Report

TCFD Recommended Disclosures		Non-Financial Reporting Directive Requirements			
		Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management
Governance	a) Board's oversight		AR, Corp Gov		
	b) Management's role		AR, Corp Gov		
Strategy	a) Climate-related risks and opportunities	AR, Strategy		AR, Planet risks AR, Strategy	
	b) Impact of climate-related risks and opportunities	AR, Strategy			
	c) Resilience of the organization's strategy	AR, Strategy			
Risk management	a) Processes for identifying and assessing			AR, Risk management	
	b) Processes for managing			AR, Risk Management AR, Planet risks	
	c) Integration into overall risk management	AR, Strategy AR, Corp Gov		AR, Planet risks	
Metrics & Targets	a) Metrics used to assess				AR, Planet performance
	b) GHG emissions		AR, Planet performance		
	c) Targets		AR, Planet performance		

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TCFD recommended indicators for the chemical industry:

Metric	Reported where	Comment
Revenues/savings from investments in low-carbon alternatives	AR, Planet performance.	Revenues according to Cicero Shades of Green
Expenditures (OpEx) for low-carbon alternatives	n.a.	
Total energy consumed, broken down by source	SR, Planet performance	
Total fuel consumed—percentage from coal, natural gas, oil, and renewable sources	SR, Planet performance	
Total energy intensity	AR, Planet performance	Reported for ammonia
Percent of fresh water withdrawn in regions with high or extremely high baseline water stress	AR, Planet performance	
GHG emissions intensity from buildings and from new construction and redevelopment	n.a.	Not material to Yara
Area of buildings, plants or properties located in designated flood hazard areas	AR, Planet performance	
Investment (CapEx) in low-carbon alternatives	AR, Planet performance	

EU Guidelines on reporting climate-related information

Metric	Reported where	Comment
Scope 1 GHG	AR, Planet performance	
Scope 2 GHG emissions	SR, Planet performance	
Scope 3 GHG emissions	SR, Planet performance	
GHG absolute target	AR, Planet performance	
Energy consumption	AR, Planet performance	
Energy efficiency target	AR, Planet performance	
Renewable energy consumption	SR, Planet performance	
Assets exposed to physical climate risks	AR, Planet risks	Partial disclosure, analysis ongoing
EU Taxonomy disclosures	AR, Planet performance	Partial disclosure according to Cicero Shades of Green
Green Bond Ratio	0%	

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**Stakeholder Capitalism metrics**

At the CEO level, Yara has committed to implementing the Measuring Stakeholder Capitalism white paper in our reporting. Published by World Economic Forum in September 2020, the white paper was developed on basis of the Davos Manifesto 2020, a declaration on the universal purpose of companies. The process was supported by the International Business Council (IBC) of which Yara’s CEO is a member. Yara’s adoption of the People, Planet and Prosperity dimensions is a first step of implementation.

	Theme	Core metrics	Reported where	Comments
Principles of Governance	Governing purpose	Setting purpose	AR, inside cover	
	Quality of governing body	Governance body composition	AR, Board message	
	Stakeholder engagement	Material issues impacting stakeholders	AR, Stakeholders & Materiality	
	Ethical behavior	Anti-corruption	SR, Prosperity performance	
		Protected ethics advice and reporting mechanisms	SR, Codes, policies and key processes	
	Risk and opportunity oversight	Integrating risk and opportunity into business process	AR, Corp Gov , risks chapters for Strategy and Planet	
Planet	Climate change	Greenhouse gas (GHG) emissions	AR, Planet performance	
		TCFD implementation	Ref. above tables	
	Nature loss	Land use and ecological sensitivity	SR, Planet performance	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	AR, Planet performance	
People	Dignity and equality	Diversity and inclusion (%)	AR, People performance	
		Pay equality (%)	SR, People performance	
		Wage level (%)	n.a.	
		Risk for incidents of child, forced or compulsory labour	SR, How we work – Ethic & Compliance	
	Health and well-being	Health and safety (%)	SR, People performance	
	Skills for the future	Training provided (#, \$)	SR, People performance	
Prosperity	Employment and wealth generation	Absolute number and rate of employment	SR, People performance	
		Economic contribution	SR, Prosperity performance	
		Financial investment contribution	AR, Planet performance	Partial disclosure, Cicero Shades of Green
	Innovation of better products and services	Total R&D expenses (\$)	n.a.	
	Community and social vitality	Total tax paid	Separate Country-by-country tax report	Available on yara.com, annual reporting page

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# Delivering on our commitment

Yara's Corporate Governance and company processes are set up to diligently oversee, control and manage the company's risks and opportunities. An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders.

Success can only be celebrated when it is achieved the right way, and our way of conducting business defines who we are as a company. HESQ and Ethics & Compliance make up our license to operate and are integrated in everything we do.

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# Governance report





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GOVERNANCE REPORT

# Corporate governance

An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders. Yara's Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct.

Yara is subject to corporate governance reporting requirements according to the Norwegian Accounting Act, section 3-3b, the Oslo Stock Exchange's Oslo Rulebook II – Issuer Rules, Chapter 4.5, and the Norwegian Code of Practice for Corporate Governance (the "Code"), freely available at [www.lovddata.no](http://www.lovddata.no), [www.oslobors.no](http://www.oslobors.no) and [www.nues.no](http://www.nues.no), respectively.

This report follows the system used in the Code and forms part of the Report of the Board of Directors.

## 1. Implementation and reporting of corporate governance

Yara's Board of Directors promotes and supports open and clear communication of the company's key governance and decision processes. Yara's Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct. As set out in Yara's Code of Conduct, Yara is committed to transparency and accountability and adheres to international conventions and national legislation where it operates.

Yara complies with the recommendations of the Code with the exception of separate election of each candidate for the Board of Directors and the Nomination Committee. The justification for this deviation and the selected, alternative solution is provided in section 6 below.

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## 2. Business

Yara grows knowledge to responsibly feed the world and protect the planet, to fulfill its vision of a collaborative society, a world without hunger and a planet respected. To meet these commitments, we have taken the lead in developing sustainable food solutions, including premium crop nutrition products, digital farming tools and close collaboration with partners throughout the food value chain. In addition, we are committed to enabling the hydrogen economy and accelerating the green energy transition, by targeting green ammonia opportunities within shipping, agriculture and industrial applications.

We foster an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, and society at large.

Founded in 1905 to solve the emerging famine in Europe, Yara has a worldwide presence with about 17,000 employees and operations in over 60 countries. In 2020, Yara reported revenues of USD 11.6 billion. Yara is headquartered in Oslo, Norway, and is listed on the Oslo Stock Exchange.

The scope of Yara's business is defined in its Articles of Association, section 2:

“The objectives of the company are to engage in industry, commerce and transport, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises.”

The Articles of Association are published in full on the

company's website. More details on Yara's objectives, principal strategies and risk profiles are presented in the Introduction to the Integrated Report and in the Report of the Board of Directors. Yara's objectives, strategies and risk profiles are evaluated at least annually.

Yara provides information on corporate social responsibility in accordance with the Norwegian Accounting Act in the Board of Directors report. Yara has guidelines, principles, procedures and standards in place as referred to in the Accounting Act through its ethical program, and also reports in accordance with the Oslo Stock Exchange's guidance on the reporting of corporate responsibility.

More information about Yara's corporate values, ethical program and sustainability is available on the company's website.

## 3. Equity and dividends

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever.

New equity will only be issued in connection with concrete step growth opportunities. No general mandate is granted to the Board to increase the company's share capital.

Yara may execute share buy-back programs as an integral part of its shareholder policy. Every year since the company's IPO, Yara's Board has secured an authorization from the Annual General Meeting to buy back up to 5% of total shares in the company during the next year, for subsequent cancellation. A precondition for each annual program is that an agreement is made with the Norwegian State where the State commits to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged. The mandates granted to the Board of Directors for the company to purchase its own Yara shares are limited in time to the date of the next Annual General Meeting.

## 4. Equal treatment of shareholders and transactions with close associates

Transactions involving the company's own shares, such as the share buy-back program, are executed via the stock exchange at prevailing stock exchange prices, with on-going disclosure via stock exchange releases and the company's own web pages. Share redemptions from the Norwegian State are carried out at the same price terms as for the buy-backs carried out via the stock exchange. Yara may execute buy-backs via external bank mandate subject to “safe harbor” exemptions.

In 2020, there were no significant transactions between the company and related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees. These were all based on arm's length market terms.

For the company's related party transactions, the mandatory regulations in the Norwegian Public Limited

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Companies Act (“PLC”) (§§ 3-8 and 3-9) are supplemented by IFRS (International Financial Reporting Standards) standards. Thus, the members of the Board of Directors and Management are required to disclose all entities that would be considered to be “related parties” under applicable IFRS regulation. Transactions with such entities are subject to specific disclosure and approval requirements.

### 5. Shares and negotiability

The Articles of Association place no restrictions on the transferability of Yara shares, and the shares are freely negotiable. There are no voting restrictions linked to the shares.

There are no restrictions on the purchase or sale of shares by the Board of Directors and the Executive Management as long as insider regulations are adhered

to. Yara’s Long-Term Incentive Plan requires the Executive Management to use the net amount after tax for the purchase of Yara shares, restricting the sale of such shares for three years following the purchase.

### 6. General meetings

In accordance with Yara’s Articles of Association and the PLC, the Yara Annual General Meeting ranks at the top of the corporate governance structure. Yara’s Articles of Association §10 require the Annual General Meeting to be held every year before the end of June.

In accordance with the PLC Chapter 5, the Annual General Meeting elects the shareholders’ representatives to the Board of Directors and approves the Financial Statements, the Report of the Board of Directors, and any dividend payment proposed by the Board of Directors. This Corporate Governance Report and the

The Guidelines for remuneration of executive personnel are presented to the Annual General Meeting in accordance with the PLC Chapter 5, see further information regarding the The Guidelines for remuneration of executive personnel in Section 12 below. In accordance with the PLC Chapter 7, the general meeting elects the company’s external auditor and approves the auditor’s remuneration. In accordance with Yara’s Articles of Association §7, the Annual General Meeting elects the Nomination Committee.

The Chair of the Board and the CEO are present at the Annual General Meeting along with the leader of the Nomination Committee and the external auditor. All Board members and members of the Nomination Committee are encouraged to participate at the Annual General Meeting. The Annual General Meeting is required to elect an independent person to chair the

## General Meetings in 2020

Yara’s Annual General Meeting (AGM) was held on 7 May 2020 at Yara’s offices in Oslo. In order to reduce Covid-19 risk and in accordance with government recommendations, the shareholders were urged to follow the AGM via live transmission and to exercise their shareholder rights by electronic advance voting or by authorizing the Chair of the Board, rather than attending the AGM physically. The shareholders were informed about this in the AGM notice.

A total of 160,173,900 shares, representing 58.8% of the share capital of the Company, were represented at the meeting. The Chair of the Board, Yara’s external auditor and the Chair of the Nomination Committee were physically present at the meeting,

as well as Yara’s CEO, CFO and General Counsel from the Yara Management Group (now Group Executive Board).

In addition to regular matters, the AGM approved a dividend for 2019 of NOK 15.00 per share, approved a reduction of Yara’s share capital from NOK 463,084,482.90 to NOK 455,824,802.90 related to the executed share buy-back program with subsequent changes to Yara’s Articles of Association §4 regarding share capital, and approved a new Power of attorney to the Board for acquisition of up to 5% (13,406,611 shares) of Yara’s share capital with a total face value of up to NOK 22,791,238.70 in the open market and from the Norwegian State. The AGM also elected six shareholder-elected Board members and four members of the Nomination Committee, all for a period of two years.

Yara also held an Extraordinary General Meeting at Yara’s offices in Oslo on 17 November 2020. Due to Covid-19 and in accordance with Norwegian temporary legislation in force at the time, which exempted companies from physical meeting requirements, the EGM was held as a digital meeting with no physical attendance for shareholders. A total of 156,566,380 shares, representing 58.39% of the share capital of the Company, were represented at the meeting. The Chair of the Board was physically present at the meeting, as well as Yara’s CEO, CFO and General Counsel from the Group Executive Board. The EGM approved an additional dividend of NOK 18.00 per share on the basis of the Company’s annual account for the financial year 2019 and divestment proceeds received during 2020.

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meeting. The minutes of the Annual General Meeting are published on the company's website.

All shareholders are entitled to submit items to the Annual General Meeting agenda, and to meet, speak and vote at the meeting. In accordance with Norwegian corporate law and Yara's Articles of Association §9, shareholders registered in the Norwegian Central Securities Depository ("Verdipapirsentralen") can vote in person or by proxy on each agenda item put forward in the Annual General Meeting. A form for the appointment of a proxy for voting is included in the Annual General Meeting notice, as well as information regarding the person nominated by the company to act as a proxy for shareholders who cannot attend the Annual General Meeting in person. Shareholders registered in the Norwegian Central Securities Depository can also vote electronically in advance on each agenda item put forward in the Annual General Meeting.

The Company has chosen to not follow the Code's recommendation to vote separately on each candidate nominated for election to the Board of Directors and Nomination Committee. This choice is based on the Nomination Committee's process being focused on the combined qualifications and experience of the proposed members of the Board of Directors and the Nomination Committee, and that the voting should therefore also be combined.

The Annual General Meeting notice is sent to all shareholders individually, or to their depository banks, at least 21 days in advance of the meeting. The meeting notice includes information regarding shareholders' rights and guidelines for registering and voting at the

meeting. In accordance with Yara's Articles of Association §9 the due date for shareholders to give notice of their intention to attend the Annual General Meeting shall be no more than five days prior to the Annual General Meeting.

### 7. Nomination Committee

Yara's Articles of Association §7 states that the company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting, and that the Annual General Meeting approves the procedure for the Nomination Committee. The Nomination Committee nominates the shareholder-elected Board members, including presenting relevant information about the candidates and an evaluation of their independence, and proposes the remuneration of the Directors to the Annual General Meeting. The Nomination Committee contacts major shareholders, the Board of Directors and the CEO as part of its work on candidate proposals. The Nomination Committee also recommends which members the Board should elect as Chair and Deputy Chair.

The Nomination Committee nominates candidates to the Nomination Committee, hereunder the Chair of the Nomination Committee, and proposes remuneration of the Nomination Committee Members to the Annual General Meeting, including the rationale for its recommendations. Members of the Nomination Committee are elected for two-year terms. According to the Nomination Committee procedure, there should be a gradual rotation among the committee members.

The Nomination Committee consists of the following members, all of whom are independent of the Board and Executive Management:

**Otto Søberg**, Chair (CEO of Eksportkreditt Norge AS)

**Thorunn Kathrine Bakke** (Director, Norwegian Ministry of Industry, Trade and Fisheries)

**Ottar Ertzeid** (Group Executive Vice President DNB Markets)

**Ann Kristin Brautaset** (Deputy Director Equities at Folketrygdfondet (the Norwegian National Insurance Scheme fund))

The contact details of the Chair of the Nomination Committee are available on the company's website, and shareholders with proposals for new Board members are encouraged to send those to the Chair.

The Nomination Committee held 17 meetings in 2020. In 2020, the remuneration to the Chair of the Nomination Committee was NOK 8,200 per meeting prior to the Annual General Meeting and thereafter NOK 8,500 per meeting. The remuneration to the other members of the Nomination Committee was NOK 6,200 per meeting prior to the Annual General Meeting and thereafter NOK 6,400 per meeting.

### 8. Board of Directors: Composition and independence

In accordance with the PLC § 6-12 the Board of Directors has the overriding responsibility for the management of the company. The Board's role and responsibility is also to supervise the company's day-to-day management and the company's activities in general, cfr. PLC § 6-13. The responsibility for the day-to-day management has been delegated to the CEO as set out

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## Yara's Board of Directors in 2020

Until the Annual General Meeting 7 May 2020 the Yara Board of Directors consisted of seven shareholder-elected members and four employee-elected members. Five of the shareholder-elected Board members were re-elected at the Annual General Meeting 2020 (Trond Berger, Kimberly Lein-Mathisen, Håkon Reistad Fure, Adele Bugge Norman Pran and John Thuestad), while two shareholder-elected Board members left the Board (Hilde Bakken and Geir Isaksen) and one new shareholder elected Board member was appointed (Birgitte Ringstad Vartdal).

In a separate process among Yara's employees, the employees elected Rune Bratteberg, Ragnhild Flesland Høimyr, Øystein Kostøl and Geir O. Sundbø as employee-elected Board members.

By the end of 2020 the Board members held the following shareholding in Yara International ASA:

**Shareholder-elected Board members:**

Trond Berger: 3,000  
Kimberly Lein-Mathisen: 500  
Håkon Reistad Fure: 22,500  
Adele Bugge Norman Pran: 2,010  
John Thuestad: 1,200  
Birgitte Ringstad Vartdal: 2,500

**Employee-elected Board members:**

Rune Bratteberg: 367  
Ragnhild Flesland Høimyr: 126  
Øystein Kostøl: 208  
Geir Sundbø: 339

in the Rules of Procedure for the CEO of Yara International ASA approved by the Board of Directors in accordance with PLC § 6-13 (2).

Pursuant to Yara's Articles of Association §6 the company's Board of Directors shall be composed of 3 to 11 members. The current Board of Directors consists of ten members. Six of these are shareholder-elected Board members (including the Chair) all elected by the Annual General Meeting for two-year terms based on the Nomination Committee's nomination. The remaining four Board members are elected by the employees in a separate process pursuant to PLC §§ 6-4 (3) and 6-5. In accordance with PLC § 6-35 (2) Yara and its employees have agreed not to have a corporate assembly, and the company is then required to include four employee elected members in the Board. Yara believes this solution with employee elected board members instead of a corporate assembly supports more direct communication between shareholders and management, increases accountability, and improves the speed and quality of the company's decision-making. Three (50%) of the shareholder-elected and one (25%) of the employee-elected Board members are women. The Board's gender composition is in accordance with the mandatory requirements set out in PLC § 6-11a.

The Board elects both its Chair and Deputy Chair among the Board members based on a recommendation from the company's Nomination Committee. The Board also appoints and dismisses, if applicable, the CEO of the company and determines the CEO's remuneration.

The shareholder-elected members of the Board are independent of the company's management, main

shareholders and material business contracts and do not have specific assignments for the company in addition to their duties as Board members. The same is valid for the employee representative Board members, other than their employment contracts. Members of the Executive Management are prohibited from being members of the Board. All Board members are encouraged to own shares in the company.

### 9. The work of the Board of Directors

The Board has established written instructions for its own work. These instructions are set out in the Rules of Procedure for the Board of Yara International ASA. The Board has also established an Annual Cycle which sets out all planned meeting dates, regular Board agenda items and procedures for Board document preparations. The Board Procedure and Annual Cycle are both evaluated by the Board on an annual basis.

The CEO reports monthly to the Board on operational and financial developments and results, as well as other material company and industry developments, including but not limited to sustainability topics.

Pursuant to Yara's Rules of Procedure for the Board and Yara's Code of Conduct, all Board members and members of Yara's management are committed to make the company aware of any material interest they may have in items to be considered by the Board. Neither a Board member nor the company CEO may participate in Board discussions or decisions of matters that are of such particular significance for him or her, or for any close associate of him or her, that the member must be deemed to have a special or prominent personal or financial interest in the matter. If the

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Chair is or has been personally involved in matters of material significance to the company, any Board review of such matters will be chaired by another member of the Board. In the case of the Chair's absence, Board meetings will be chaired by the Deputy Chair.

The Board of Directors has established an Audit and Sustainability Committee and an HR Committee. Both committees work as preparatory bodies for the Board and according to specific mandates approved by the Board.

The Board of Directors conducts an annual evaluation of its qualifications, experience and performance, which is also presented to the Nomination Committee.

**HR Committee**

The HR Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and

proposes guidelines for executive remuneration and material employment matters, and advises the CEO on other HR matters. The HR Committee consists of three members elected by the Board from its own members. The committee held six meetings in 2020. All members attended all six meetings in 2020.

**Board Audit and Sustainability Committee**

The Board Audit and Sustainability Committee (BASC) assists the Board of Directors in supervision of the integrity of the Company's accounts, the process for financial and sustainability reporting and the internal control related to financial and sustainability reporting and risk management and performance of the external auditor. The BASC further evaluates the performance of the internal audit function related to areas within the mandate of BASC, ensuring sustainability governance processes provide an understanding of the company's significant stakeholders and materiality.

The BASC conducts an annual evaluation according to its mandate. The committee consists of three members of the Board and the committee has the independence and competence required by legislation. The Chair of the Board is not a member of BASC.

**10. Risk management and internal control**

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the operating segments and corporate functions. The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key strategic, financial, operational, compliance and HESQ dimensions. The main objective for a more systematic and comprehensive assessment of risk appetite is to align

**Board activities in 2020**

Yara's Board of Directors convened 12 times during 2020. Nine of the meetings were ordinary Board meetings and three of the meetings were extraordinary Board meetings. The ordinary Board meetings were run for approximately 5.5 hours save for a shorter audio meeting in July, and a full-day meeting (9 hours) in December. The extraordinary Board meetings were shorter meetings conducted either as a physical meeting or a conference call.

All Board members attended all Board meetings, however shareholder-elected Board member Birgitte Ringstad Vartdal and employee-elected Board members Ragnhild Flesland

Høimyr and Øystein Kostøl did not join the Board until after the Annual General Meeting in May 2020.

The Board's Annual Cycle sets out a list of regular Board agenda items which are discussed and/or approved by the Board at least annually. These items include the company's business plan, strategy and financial targets, dividend proposal, annual and mid-year reports from Yara Ethics and Compliance, Yara Internal Risk and Audit and Yara Health, Environmental, Safety and Quality, CEO remuneration and targets, succession planning, corporate governance review and approval, governance documents review and approval, approval of the company's Integrated Report and General Meeting papers, and Board self-evaluation.

In all Board meetings the CEO provides a thorough report on the company's operational and financial developments and results, and other material company and industry developments. Since April 2020 the Board has also received bi-weekly updates on the Covid-19 situation for the company. Other key Board agenda items in 2020 include the Board's approval and follow-up of the company's reorganization from a segment structure to a regional structure effective 1 June 2020, and the divestment of Yara's interests in Qafco and Lifeco. During 2020, several external speakers have also joined the Board meetings to present relevant topics to the Board.

A Board visit to one or more of Yara's sites and/or projects is usually conducted each year, but due to Covid-19 it has not been possible to arrange for such a visit in 2020.

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## BASC activities in 2020

The Board Audit and Sustainability Committee (BASC) met 11 times in 2020, of which six ordinary meetings and five extraordinary meetings.

Håkon Fure was elected for the committee at the Annual General Meeting in May. All BASC members attended all BASC meetings.

The BASC, previously Audit Committee, changed its name and mandate in early 2020, in line with YARA's continuing focus on sustainability performance and related risks and controls. The extraordinary meetings in 2020 were dedicated to the sustainability agenda, including Yara's ESG seminar and sessions focusing on strengthening Yara's sustainability governance structure. Agenda items included sustainable business model development, findings from sustainability analyses provided by third parties and strategic responses, matters relating to EU Taxonomy thresholds, as well as Yara's ESG benchmark scores in the Carbon Disclosure Project, Ecovadis, Sustainalytics and MSCI.

In line with the BASC annual cycle, the ordinary meetings covered matters relating to the annual business plan, strategy and risk management, accounting, financial and non-financial reporting, including status on ICFR, tax, finance and treasury, improvement programs, compliance and ethics, legal proceedings, YIRA (Yara Internal Risk and Audit) audit plan and reporting, IT and cyber security and other compliance-related matters. The BASC has also met with the external auditor as part of the annual cycle, including approval of services, as well as separate executive meetings with the CEO and CFO.

boundaries for risk which will guide efficient resource allocation. Defining risk appetite is also a prerequisite for setting optimal risk tolerance with supporting controls.

The Board believes that expressing the company's risk appetite within important areas of its business activity helps to convey how the company approaches and evaluates risk to investors, customers and society at large.

The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing operations.

The BASC performs ongoing evaluations of risk and control related to financial reporting. Yara Internal Risk and Audit supports Yara Management and the Board of Directors in terms of evaluating the effectiveness and efficiency of internal controls and gives an independent view on risk management.

Yara Internal Risk and Audit performs independent audits both at subsidiary and group level, as well as audits and reviews of specialist functions involved in business operations, financial reporting and risk management. The Chief Audit Executive reports functionally to the Board of Directors and administratively to the Chief Executive Officer. Yara Internal Risk and Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties, and personnel relevant to the performance of its tasks. It also has full and free access to Yara Executive Management, the Board of Directors and the BASC.

The external auditor provides a description of the main elements in the audit to the BASC, including observations

on Yara internal control related to the Financial Reporting process.

Yara's internal control framework is based on the principles of the integrated framework for internal control established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The five framework components are:

- control environment
- risk assessment
- control activities
- information and communication
- and monitoring.

The content of the different elements are described below.

### Control environment

Yara's Corporate Social Responsibility policy and Code of Conduct are integrated in its risk management and internal control systems, through global employee training programs, and an Integrity Due Diligence process which covers both existing business partners and forward-looking business development activities.

Yara's Steering System is one of the pillars of Yara's internal control system. It aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. All Yara employees are encouraged to raise questions or issues about such matters with line management and through alternative channels, including a whistle-blowing system.

### Risk assessment

The Enterprise Risk Management unit is the key facilitator

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of the internal risk management system and shall assist Executive Management with implementing and maintaining an appropriate risk management framework to support identification, analysis, management and reporting of all types of risk. The unit further coordinates risk management activities within Yara and consolidates reporting on risks.

**Control activities**

Yara's Group Accounting is responsible for the preparation of the Financial Statement and to ensure that the Financial Statement is reported according to applicable laws and regulations and in accordance with adopted accounting policies.

The Controller function is responsible for the Board of Directors and Management reporting as well as planning and coordinating the business plan process.

The Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR) as well as manages and controls risks related to financial reporting.

The BASC performs reviews of the quarterly and annual financial statements with special focus on transaction types, which includes judgments, estimates or issues with major impact on the Financial Statement. The internal and external auditors participate in these meetings. In addition to the quarterly and annual reporting, the Board of Directors receives pre-quarterly performance reports.

**Information and communication**

The Yara Steering System provides all employees with

an overview of the prevailing corporate policies and procedures. Yara's Accounting Manual describes corporate accounting policies and is continuously updated and revised for any changes related to IFRS and Yara's Accounting Policies.

**Monitoring**

All bodies and functions described above monitor and assess for any need of corrective actions related to financial and operational risk within their area of responsibility.

**11. Remuneration of the Board of Directors**

The remuneration of the Board of Directors is proposed by the Nomination Committee and approved by the Annual General Meeting, and is not linked to the company's performance. Shareholder elected Board members are not granted share options.

The remuneration of the Board of Directors reflects the Board's responsibility, expertise, time commitment and the complexity of the company's activities.

In 2020, the remuneration to the Chair of the Board of Directors was NOK 646,000 per annum prior to the Annual General Meeting, increasing to NOK 669,000 per annum thereafter. The remuneration to the Vice Chair was NOK 386,000 per annum prior to the Annual General Meeting, increasing to NOK 400,000 per annum after the Annual General Meeting. The remuneration to the other Board members was NOK 340,000 per annum prior to the Annual General Meeting and NOK 352,000 per annum thereafter. Board members resident outside Scandinavia was entitled to a meeting allowance of NOK 23,000 per meeting prior

to the Annual General Meeting, increasing to NOK 30,000 per meeting after the Annual General Meeting.

The remuneration to the Chair of the BASC was NOK 174,000 per annum prior to the Annual General Meeting, increasing to NOK 180,000 per annum thereafter. The remuneration to the other BASC members was NOK 98,000 per annum prior to the Annual General Meeting and NOK 101,000 per annum thereafter.

The remuneration to the Chair of the HR Committee was NOK 7,900 per meeting prior to the Annual General Meeting, and NOK 90,000 per annum thereafter. The remuneration to the other HR Committee members was NOK 7,500 per meeting prior to the Annual General Meeting and NOK 70,000 per annum thereafter.

The total compensation to Board members in 2020 is disclosed in [Note 8.1](#) in the consolidated financial statements.

**12. Remuneration of executive personnel**  
**2021 Guidelines for remuneration of Group Executive Board and Board Members in Yara**

Yara's guidelines for remuneration of Group Executive Board and Board members is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 6-16a (5) the statement will be presented to the Annual General Meeting (AGM) 2021 for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015 (State guidelines). Yara's remuneration principles applying to Yara CEO and the other members of the Group Executive Board comply with these guide-



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lines. Potential deviations will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting. The first report on remuneration will be reported at the Annual General Meeting 2022. For members of the Group Executive Board employed by Yara companies in other countries remuneration may deviate from the State guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company.

**Guidelines for remuneration of Board Members**

The Chair and other Board members receive remuneration as Board members and members of Board Committees. The remuneration is determined by the General Meeting on the basis of recommendation from the Nomination Committee. Employee-elected Board members receive the same remuneration as shareholder-elected Board members. None of the shareholder elected Board members are employed by the Company.

None of the employee-elected Board members are executives. The employee-elected Board members receive salary, pension and other remuneration such as bonuses, share-based remuneration, car allowance, etc. in accordance with the Company's general terms for employment.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their positions as Board members.

**Guidelines for remuneration of Group Executive Board**

The Board of Directors determines the remuneration of

the President and CEO (CEO) and approves the general terms of the company's incentive plans for the Group Executive Board based on proposals from the HR Committee. The CEO determines the remuneration to the other members of the Group Executive Board.

**Deviation from the guidelines**

The Board of Directors may decide to deviate entirely or partly from the guidelines temporarily in individual cases provided that it has been regarded to be exceptional circumstances that make it necessary to deviate from the guidelines in order to safeguard the company's long-term interest, financial sustainability or ensure the company's viability. Potential deviations and the reason for this will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

**General principles**

The Board determines the total remuneration to the CEO and other members of the Group Executive Board on the basis of;

- A commitment to exercise moderation through responsible and not market leading remuneration;
- Incentivize management in line with maximizing long-term sustainable value creation to Yara's shareholders and other stakeholders;
- The need to offer competitive terms to secure the company's competitiveness in the labor market

Total remuneration for each member of the Group Executive Board, including all compensation elements, value of pension plan benefits and other benefits is compared to the relevant market on a regular basis. Pension

plans for the Group Executive Board are moderate and in accordance with the State Guidelines for all members of the Group Executive Board that have joined after 3 December 2015 as further described below in the section Company paid Pension Plans.

The total remuneration for the members of the Group Executive Board comprises the following elements, that will be explained in detail

- Base salary
- Share Based Remuneration
- Short-Term incentive plan
- Pension plan benefits
- Other compensation elements such as internet connection and company car

**Base salary**

Base Salary is reviewed once a year as per 1st June as part of the Annual Salary Review for all employees in Yara. In addition, salaries may be reviewed if scope of responsibility is materially changed. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries
- Benchmark of Executive Management Salaries in peer companies

Yara CEO and the other members of the Group Executive Board voluntarily abstained from the annual salary adjustment in both 2019 and 2020. The Group Executive Board will for the third year running abstain from the annual salary adjustment as per 1st June 2021.

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**Share Based Remuneration (SBR)**

To support the alignment between executives and shareholder interests and to ensure retention of key talent in the company, an amount equal to 30% of the base salary for the CEO and 25% of the base salary for the other members of the Group Executive Board may be awarded by the Board on an annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The grant of SBR is conditional on Yara’s Net Result excluding special items and currency gain/loss being positive over the last three years. Yara’s CEO can on a discretionary basis decide that SBR shall not be granted for a given year and Yara’s Board of Directors can decide that SBR shall not be granted to the CEO for a given year. Such an assessment will amongst other factors be evaluated against Yara’s performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

In cases where members of the Group Executive Board are recruited in other countries than Norway the SBR percentage may deviate from what is mentioned above depending on local market conditions for remuneration.

In order to support alignment between members of the Group Executive Board and the shareholder interests it is furthermore expected that members of the Group

Executive Board that participate in the SBR program, every year as a minimum - in addition to the shares received as part of the SBR - invest in Yara shares an amount equaling the lowest amount received as net, after tax Short-Term Incentive payout for the preceding year or the net amount received as SBR for the relevant year. Such investments should be made until the shareholding amounts to two times the gross remuneration package, including pensions. Furthermore, it is also expected that members of the Group Executive Board do not sell any Yara shares as long as they are members of the Group Executive Board.

**Short-term Incentive plan**

To secure that the Short-Term Incentive Plan contributes to realizing Yara’s strategy, its long-term value creation and capital allocation policy, the Short-Term Incentive Plan is based on Yara’s strategic targets as presented at Yara’s ESG Investor Seminar 7 December 2020, covering the dimensions of People, Planet and Prosperity.

The Short-Term Incentive Plan can have an outcome for the individual executive of 0% to 50% of base salary and is calculated as presented in the following paragraphs.

**Company performance**

(From 0% to 30% of Base Salary) in line with the strategic targets released at Yara’s ESG Investor Seminar 7 December 2020 (goals included below)

**Progress on strategic focus areas**

(From 0% to 20% of Base Salary) in line with the strategic targets released at Yara’s ESG Investor Seminar 7 December 2020 (goals included below)

If all stretched goals have been met and the planned actions have been taken during the year and with the desired result, this will give a Short-Term Incentive pay-out of 40% of the annual Base Salary for Yara CEO and 35% for the other members of the Group Executive Board. The total pay-out cannot exceed 50% of the annual Base Salary.

In cases where members of the Group Executive Board are recruited in other countries than Norway the percentages may deviate from what is mentioned above depending on local market conditions for remuneration.

**Company performance**

The table below shows the relation between Yara’s long-term strategic targets and the Performance Indicators set to drive performance for 2021.

Method of measurement for Company Performance: The assessment of the performance score is based on a scale for each Indicator, where each Indicator may result in an outcome between 0% of base salary, a target of 24% of base salary for the CEO and 21% for the other members of the Group Executive Board, and a maximum of 30% of base salary. The weighted sum of the outcome of the factors represents the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values of each individual Indicator are not disclosed as part of this statement.

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Ambition for 2025	Performance indicators 2021
<p><b>People</b></p> <ul style="list-style-type: none"> <li>▪ <b>No fatalities and TRI&lt;1.0</b></li> <li>▪ <b>Top quartile engagement</b> index score</li> <li>▪ <b>Top quartile Diversity &amp; Inclusion</b> Index score</li> <li>▪ <b>&gt;35% female leaders</b> in senior management positions</li> </ul>	<p><b>People (25% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ TRI rate development</li> <li>▪ Process safety (PSI)</li> <li>▪ Engagement index</li> <li>▪ Diversity &amp; Inclusion Index</li> <li>▪ Share of female senior leaders</li> <li>▪ Female/male external recruitment senior personnel</li> </ul>
<p><b>Planet</b></p> <ul style="list-style-type: none"> <li>▪ <b>150 million hectares</b> under management</li> <li>▪ <b>10% lower GHG emissions</b> in kg CO<sub>2</sub>e/kg N produced</li> <li>▪ <b>Launching carbon marketplace</b></li> <li>▪ <b>30% absolute reduction</b> in Scope 1 and 2 by 2030</li> </ul>	<p><b>Planet (25% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ Active hectares under management</li> <li>▪ Greenhouse gas emissions intensity</li> <li>▪ Energy efficiency</li> </ul>
<p><b>Prosperity</b></p> <ul style="list-style-type: none"> <li>▪ <b>300-600 MUSD incremental EBITDA from new business models</b></li> <li>- USD 1.5 billion revenues from new business models</li> <li>- USD 1.2 billion revenues from online sales</li> <li>▪ <b>Delivering on YIP 2.0 by 2023:</b></li> <li>- Increased production: 1.3 mt ammonia and 2.8 mt finished products</li> <li>- Fixed cost flat at 2.34 BUSD, working capital reduced to 92 days</li> <li>▪ <b>ROIC &gt; 10% mid cycle</b></li> <li>▪ <b>Premium products: volume and commercial margin growth</b></li> </ul>	<p><b>Prosperity and capital discipline (50% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ Ammonia production volume</li> <li>▪ Finished fertilizer production volume</li> <li>▪ Premium generated</li> <li>▪ Revenues from new business models</li> <li>▪ Revenues from online sales</li> <li>▪ EBITDA</li> <li>▪ Fixed costs</li> <li>▪ Working capital days</li> <li>▪ ROIC</li> <li>▪ Capital expenditure</li> <li>▪ Progress projects on planned time/cost</li> <li>▪ MSCI rating</li> <li>▪ Net debt / EBITDA</li> </ul>

**Strategic focus areas**

The following list of factors are set to drive performance for 2021:

- Scale the Farming Solutions organization
- Strategically develop Yara Clean Ammonia
- Improve plant reliability toolbox
- Strengthen change management and dynamic upskilling

Method of measurement for Strategic Focus Areas:

The assessment of the performance score is based on a scale for each factor, where each factor may result in an outcome between 0% of base salary, a target of 16% of base salary for the CEO and 14% for the other members of the Group Executive Board, and a maximum of 20% of base salary. The weighted sum of the outcome of the factors represent the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values and weight of each individual factor are not disclosed as part of this statement.

In the Board's total short-term incentive plan performance evaluation, in addition to the performance towards the factors described above, the Board will put weight on how difficult it has been to achieve the results, changes in external non-controllable factors that were not anticipated at the beginning of the year and that the results have been achieved in accordance with Yara's values and ethical principles.

**Claw back of share based remuneration and short-term Incentive payments**

Shares provided by the SBR and payments that have already been made from the Short-Term Incentive Plan are subject to claw back provisions covering both situations of misconduct and

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errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

### Benefit Plans

#### Company paid pension plans

Pension Plans in Yara should be defined contribution (“DC”) plans. Executive Management on Norwegian employment contracts are eligible to the company paid DC Pension Plan applicable for all Yara employees in Norway. The contribution rates to this plan is 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) and 18% of pensionable salary between 7.1G and 12G.

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Executive Management who are members of the plan at commencement, future contributions to the plan stops and they become deferred members of the plan. Current members of the Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1st January 2015, the plan was closed for new members and ceased for employees below age

50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

Executives employed by Yara companies in other countries will be covered by company paid pension plans according to national plans and markets.

#### Personal Insurance schemes

The executives are members of the personal insurance schemes applicable to other Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident and Health Insurance. In addition, they are provided with a Travel Insurance covering both the executive and family.

#### Other compensation elements

Executives are granted benefits in kind according to the applicable market standard. These are typically cell phone, internet connection and company car, alternatively fixed car allowance.

In the event of an international assignment contract, the executive and family will be entitled to allowances and benefits in accordance with Yara’s Global Mobility Policy.

Members of Group Executive Board on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The sev-

erance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay. For members of the Group Executive Board employed by Yara companies in other countries severance pay may deviate from the above depending on local regulations.

#### Voluntary share purchase program

Group Executive Board members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares with a tax-exempt discount being within a threshold set by the Norwegian authorities. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

#### Ad-hoc compensation elements

In extraordinary circumstances related to recruitment processes, sign-on bonus may be agreed. Any such compensation will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

### 13. Information and communications

Communication with financial markets is based on the principles of openness and equal treatment of all shareholders. Yara shall provide the public with accurate, comprehensive and timely information, to form a good basis for making decisions related to valuation and trade of the Yara share. The aim of providing such information is to reduce investors’ risk and the volatility of the Yara share, contributing to a pricing of the Yara

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share that reflects the company's underlying values and future prospects.

Yara's main communication channels are stock exchange releases, press releases and its own web pages ([www.yara.com](http://www.yara.com)) in order to secure that the same information is made available to all audiences simultaneously. Although Yara holds regular meetings for analysts, investors, journalists and employees, all material new information is first published to the stock exchange and Yara's web pages. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara does not provide guidance on financial results. However, Yara may communicate guidance and/or targets for discrete activity areas. In addition, Yara provides sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates.

Yara spokespersons to financial markets (investors, analysts and financial media) are the Chief Executive Officer, the Chief Financial Officer, SVP Investor Relations, VP Corporate Communications and Investor Relations Officer(s) or others authorized by these. Questions from investors and financial analysts to other Yara personnel shall be referred to Investor Relations. All meetings with investors and financial analysts shall be arranged/coordinated by Investor Relations, and presentation materials for such meetings shall be prepared or approved by Investor Relations. Investor Relations shall normally accompany Yara managers in investor/analyst meetings.

Yara publishes quarterly financial results according to its financial calendar which is published annually on its web pages and to the Oslo Stock Exchange. Ahead of announcement of quarterly results, Yara has a "closed period" when contact with external analysts, investors and journalists is minimized. Yara will not comment upon own activities or market developments during this period, to minimize the risk of unequal information in the marketplace. The closed periods are from 16 January until the fourth-quarter results publication, from 1 April until the first-quarter results publication, from 1 July until the second-quarter results publication and from 1 October until the third-quarter results publication.

Yara shall comply with relevant regulations for companies listed on the Oslo Stock Exchange.

#### 14. Take-overs

The Board of Directors will not seek to hinder or obstruct takeover bids. In the event of a takeover bid for the company, the Board will seek to comply with the Code recommendations, obtaining a valuation from an independent expert and making a recommendation to Yara's shareholders regarding acceptance of the bid. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

The Norwegian Securities Act regulates takeover attempts. Shareholders at the Annual General Meeting will, according to law, make the decision on any potential takeover bids.

#### 15. Auditor

The external auditor shall provide a description to the BASC of the main elements of the audit of the preceding financial year, including any uncovered material weaknesses related to internal controls of the financial reporting process.

The external auditor shall also:

- Annually confirm its independence
- Disclose any services besides the statutory audit services which have been provided to the company during the financial year
- Disclose any threats to its independence and document measures taken to mitigate such threats.

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the BASC. Within defined limits, the CFO and the VP Accounting & Tax have been delegated authority to pre-approve services. The external group auditor is responsible for reporting such services to the BASC and to perform an ongoing assessment of independence. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara.

The external auditor participates in the BASC meetings that approve financial statements. In addition, the external auditor meets with the Board at least once per year to review the company's internal control procedures, potential weaknesses identified and proposals for improvement. The external auditor and the Board meet at least once a year without Yara Executive Management being present.

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# Group executive board

Read more about our management team by clicking on their pictures or names. You can also continue reading on the following pages.



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[Tove Andersen](#) →



[Pablo Barrera Lopez](#) →



[Pål Hestad](#) →



[Terje Knutsen](#) →



[Fernanda Lopes Larsen](#) →



[Chrystel Monthean](#) →



[Kristine Ryssdal](#) →



[Lars Røsæg](#) →

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Svein Tore Holsether (1972)

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
President and Chief Executive Officer	2015

**EMPLOYED**  
2015

**EDUCATION**  
Bachelor’s degree, specializing in Finance & Management from the University of Utah, USA

**EXPERIENCE**  
Mr. Holsether is passionate about promoting the Sustainable Development Goals in the global business arena. To contribute to a thriving future and drive inclusive growth, he is a member of the Executive Committee and Chair of the Food & Nature program for the World Business Council for Sustainable Development (WBCSD). He was a Commissioner of the Business and Sustainable Development Commission (BSDC), and also serves on the Executive Committee and Board of the International Fertilizer Association (IFA). Previously, Mr. Holsether has held a range of executive and senior position in large industrial companies, including in Orkla, Sapa and Elkem.

**SHARES OWNED AT YEAR-END 2020** 40,373

Tove Andersen (1970)

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
EVP, Europe	2020

**EMPLOYED**  
1997

**EDUCATION**  
Master’s degree in Business Administration from BI Norwegian Business School and a Master’s degree in physics and mathematics from the Norwegian University of Science and Technology (NTNU).

**EXPERIENCE**  
Ms. Andersen has served as Executive Vice President Europe since June 2020. Ms. Andersen has previously held several positions in the company, including EVP Production 2018-2020, EVP Supply Chain 2016-2018, and VP Supply Chain Europe 2014-2016. Since being employed by Hydro as a trainee in 1997, she has held several positions throughout the company, including VP Marketing and New Business 2011-2013 and Country Manager Yara UK/ Ireland 2006-2011. Sustainability has been an integral part of her leadership agenda, and as EVP Production, Ms. Andersen had the global responsibility for Yara’s decarbonization activities.

**SHARES OWNED AT YEAR-END 2020** 12,723

Pablo Barrera Lopez (1985)

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
EVP, Yara Communications & Procurement	2020

**EMPLOYED**  
2014

**EDUCATION**  
Master’s degree in Finance from the Norwegian School of Economics and Business Administration (NHH).

**EXPERIENCE**  
Mr. Barrera has served as Executive Vice President Communications & Procurement since January 2021. His previous positions in the company include: EVP Strategy & Communications 2020, EVP Supply Chain 2018-2020, Country Manager Yara Chile 2017-2018. Prior to joining Yara, Mr. Barrera worked at The Boston Consulting Group between 2009-2014. Mr. Barrera is passionate about promoting the sustainability agenda and has completed the leadership program from World Business Council for Sustainable Development and the Creating Shared Value class from Harvard Business School.

**SHARES OWNED AT YEAR-END 2020** 7,061

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**Pål Hestad (1971)**

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
EVP, Global Plants & Operational Excellence	2020

**EMPLOYED**  
1995

**EDUCATION**  
Master's degree in Industrial Electrochemistry from Norwegian University of Science and Technology (NTNU)

**EXPERIENCE**  
Mr. Hestad has served as Executive Vice President Global Plants & Operational Excellence since June 2020. He has been a Yara employee since 1995. Since then, Mr. Hestad has held several positions at Yara's Glomfjord plant (Process Engineer, Operations Engineer, Productivity Engineer, Production Manager and Plant Manager). He has also held the positions of Head of Productivity (2003-2004), Regional Plant Manager, Germany (2010-2012), Regional Head of Production (2012-2018), and Senior Vice President Production, Northern Europe & Canada (2018-2020).

**SHARES OWNED AT YEAR-END 2020** 5,634

**Terje Knutsen (1962)**

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
EVP, Farming Solutions	2020

**EMPLOYED**  
1987

**EDUCATION**  
Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway

**EXPERIENCE**  
Terje Knutsen has been EVP Farming Solutions since June 2020. His previous positions in the company include EVP, Sales and Marketing 2018-2020, EVP Crop Nutrition 2015-18. In addition, he has held a number of financial controller, commercial and management positions since joining the company in 1987 as a trainee. Mr. Knutsen has spent the past three years leading the development of Yara's emerging sustainable food business, guiding the integration of digital farming solutions into the precision crop nutrition practice and overseeing the launch of Yara's Agoro Carbon Marketplace and Clean Ammonia units.

**SHARES OWNED AT YEAR-END 2020** 12,807

**Fernanda Lopes Larsen (1974)**

<b>POSITION</b>	<b>YEAR OF APPOINTMENT</b>
EVP, Africa & Asia	2020

**EMPLOYED**  
2012

**EDUCATION**  
Master's degree in Civil Engineering from Graz University of Technology, Austria and a specialization in Corporate Innovation from Stanford University, United States

**EXPERIENCE**  
Ms. Lopes Larsen has served as EVP Africa & Asia since September 2020. She joined Yara in 2012 and has since held several senior positions in the Company, the most recent being Senior Vice President for Indirect Procurement (2016-2020). Prior to joining Yara, Ms. Lopes Larsen held manufacturing and procurement positions in consumer goods and pharmaceutical companies Procter & Gamble and GlaxoSmithKline.

**SHARES OWNED AT YEAR-END 2020** 1,955



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**Chrystel Monthean (1967)**

POSITION	YEAR OF APPOINTMENT
EVP, Americas	2020

**EMPLOYED**  
1991

**EDUCATION**  
Post-graduate degree in agronomy engineering from Ecole Nationale Ingenieurs Techniques Horticulture et Paysage, France and a Master's in International Business and Technology Transfer from Rouen Business School, France.

**EXPERIENCE**  
Ms. Monthean has served as EVP Americas since October 2020. She has been a Yara employee since 1991. Her previous positions in the company include EVP Africa & Asia (June 2020), Manager, BU Latin America (2018-2020), Value Chain Director (2013- 2018), and Managing Director of Yara Vietnam (2007-2013). Prior to moving to Asia and Latin America, Ms. Monthean held roles in various commercial functions and countries in Europe.

**SHARES OWNED AT YEAR-END 2020** 1,899

**Kristine Ryssdal (1960)**

POSITION	YEAR OF APPOINTMENT
EVP, HR & General Counsel	2020

**EMPLOYED**  
2016

**EDUCATION**  
Master of Laws degree from the London School of Economics, in addition to a Law degree from the University of Oslo

**EXPERIENCE**  
Ms. Ryssdal has served as EVP, HR & General Counsel since June 2020. Previously, she held the position of EVP General Counsel 2016-2020. Before joining Yara, Ms. Ryssdal held the position of Vice President Legal at Statoil 2012-2016. Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998. Sustainability is an integrated part of her leadership agenda as responsible for Ethics & Compliance and Diversity & Inclusion in the Group Executive Board. Ryssdal is also a member of the Executive Board of the Central Bank of Norway, supervising amongst others responsible investments of the Norwegian Oil Fund.

**SHARES OWNED AT YEAR-END 2020** 9,332

**Lars Røsæg (1982)**

POSITION	YEAR OF APPOINTMENT
EVP, Chief Financial Officer	2018

**EMPLOYED**  
2017

**EDUCATION**  
Degree ("Siviløkonom") from the Norwegian School of Economics (NHH), a four-year programme in economics and business administration

**EXPERIENCE**  
Mr. Røsæg has served as Chief Financial Officer since November 2018. Prior to that he held the position of Vice President Global JVs & CEO Office. He has broad experience from senior finance and strategy positions at Sapa (2012-2017) and Orkla (2005-2012). Røsæg is a certified Diversity Manager in line with the requirements from Norsk Sertifisering AS.

**SHARES OWNED AT YEAR-END 2020** 6,254

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# Board of Directors

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[Trond Berger](#) →



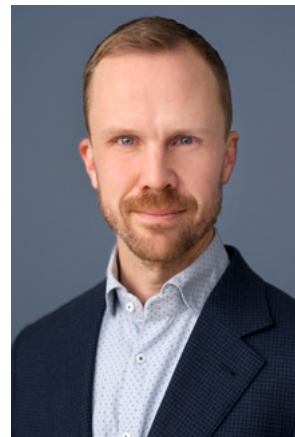
[Rune Bratteberg](#) →



[Håkon Reistad Fure](#) →



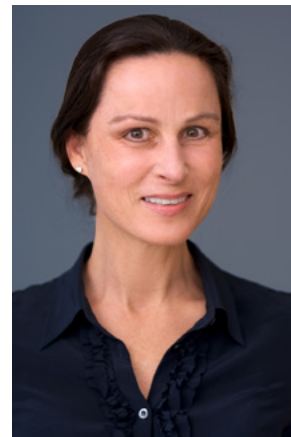
[Ragnhild F. Høimyr](#) →



[Øystein J. Kostøl](#) →



[Kimberly Lein-Mathisen](#) →



[Adele B. Norman Pran](#) →



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### Trond Berger (1957)

**POSITION**

Chair of the Board  
Chair of the HR Committee

**ELECTED BY/YEAR**

Shareholders, 2018

**POSITION**

CEO in Blommenholm Industrier since 2020  
Investment Director at Blommenholm Industrier since 2019

**EDUCATION**

MA in Economics from the BI Norwegian School of Management and is a State-Authorized Public Accountant. Graduate of the Norwegian Armed Forces' Officer Candidate School (1977)

**EXPERIENCE**

Mr. Berger is CEO of Blommenholm Industrier. From 2019-2020, he was Investment director at Blommenholm Industrier. From 1999 to 2019, Mr. Berger served as Executive Vice President of Schibsted ASA, including as CFO with responsibility for Sustainability. Previous positions also include: Investment Director with Stormbull (1998), Executive Vice President (CFO) of Nycomed ASA and Executive Vice President, Strategy and Business Development at Nycomed Amersham (1997-98), and partner at Arthur Andersen (1981-92).

**OTHER ASSIGNMENTS**

Mr. Berger is also Chair of the Board of Bertil O Steen Holding and Arctic Asset Management, as well as member of the Board in Oslo House, Polaris Media, and Sayonara.

**BOARD MEETINGS ATTENDANCE 12**

**HR COMMITTEE ATTENDANCE 4**

**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 3**

**SHARES OWNED AT YEAR-END 2020 3,000**

### Rune Bratteberg (1960)

**POSITION**

Member of the Board  
Member of the Audit and Sustainability Committee

**ELECTED BY/YEAR**

Employees, 2012

**POSITION**

Head of Product Stewardship and Compliance

**EDUCATION**

Degree in Information Technology and a Degree in Nordic Languages and History from University of Bergen

**EXPERIENCE**

Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO. Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 12**

**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 9**

**SHARES OWNED AT YEAR-END 2020 367**

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**Håkon Reistad Fure (1987)**

**POSITION**  
Member of the Board

**ELECTED BY/YEAR**  
Shareholders, 2019

Member of the Audit and Sustainability Committee

**POSITION**  
Chairman of Company One

**EDUCATION**  
MSc in Finance from the Norwegian School of Management (Handelshøyskolen BI)

**EXPERIENCE**  
In 2015 Mr .Fure joined the corporate assembly of Storebrand ASA and was subsequently elected a board member of Storebrand ASA in 2015 directly representing a group of shareholders. In 2016, Mr. Fure was elected to the board of Avida, where he also acted as CEO in 2018. In 2020 Mr. Fure joined MyBank as the Chairman of the Board. Previous experience in Equity Research at DNB Markets and Partner of Magni Partners.

**OTHER ASSIGNMENTS**  
Chairman of the Board of MyBank ASA

**BOARD MEETINGS ATTENDANCE** 12  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE** 6  
**SHARES OWNED AT YEAR-END 2020** 22,500

**Ragnhild Flestrand Høimyr (1987)**

**POSITION**  
Member of the Board

**ELECTED BY/YEAR**  
Employees, 2020

**POSITION**  
Production Manager CN & NPK2 at the Yara's Porsgrunn Plant

**EDUCATION**  
Master of Science degree from the University South-Eastern Norway

**EXPERIENCE**  
Ms. Høimyr has been a Yara employee since 2015, currently in the position of Production Manager CN & NPK2 at the Porsgrunn Plant. Previously, Ms. Høimyr held the position of Process Engineer NPK/CN area in Porsgrunn (2015-2019). She has served as member of the Telemark University College Board (2010-2012), and as Chairman of the Board of the Student Welfare Organization in Telemark (2012-2014).

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE** 8  
**SHARES OWNED AT YEAR-END 2020** 126

**Øystein J. Kostøl (1982)**

**POSITION**  
Member of the Board

**ELECTED BY/YEAR**  
Employees, 2020

**POSITION**  
Senior Innovation Manager, Yara Climate Neutral Solutions

**EDUCATION**  
Master of Technology degree from NTNU (Trondheim, Norway) on Energy and Environment. Master's Thesis on environmental Life Cycle Assessment in process industry.

**EXPERIENCE**  
Mr. Kostøl has been a Yara employee since 2012, currently in the position of Senior Innovation Manager in the Climate Neutrality department. Mr. Kostøl is project manager for full scale electrification of the ammonia production in Porsgrunn.

The first three years working for Yara, Mr. Kostøl was based in Ethiopia, working on the Dallol mining project. Successively, he worked as project manager in different Yara mining projects until 2017 when he started in the Innovation department, focusing on climate neutral solutions. Mr. Kostøl has previously worked in the Norwegian utility company Statkraft. He heads the labor union Tekna at Yara.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE** 8  
**SHARES OWNED AT YEAR-END 2020** 208

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### Kimberly Lein-Mathisen (1972)

**POSITION**  
Vice chair of the Board

**ELECTED BY/YEAR**  
Shareholders, 2019

**POSITION**  
General Manager of Microsoft Norge AS since 2016

**EDUCATION**  
BS in engineering from the U. of Illinois, and MBA from Harvard Business School

**EXPERIENCE**  
Kimberly Lein-Mathisen is the General Manager of Microsoft Norway. She is a passionate voice for how technology, sustainability, and diversity can lift Norway. She has 20+ years of experience in Branded Consumer Goods, Pharmaceuticals, Media, and Technology leading across geographies in North America, Europe and Asia. Her roles have included CEO of Orkla Home & Personal Care; Global VP & Alliance Leader, Eli Lilly; General Manager, Germany and Norway, Eli Lilly; Co-Founder Appear Networks; and Production Leader, Procter & Gamble. Kimberly has extensive board experience including Abelia, NHST (parent of Dagens Næringsliv), Meda AB, Borregaard, and Kappa Bioscience.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE** 12  
**SHARES OWNED AT YEAR-END 2020** 500

### Adele Bugge Norman Pran (1970)

**POSITION**  
Member of the Board  
Chair of the Audit and Sustainability Committee

**ELECTED BY/YEAR**  
Shareholders, 2019

**POSITION**  
Professional Boardmember and management consultant

**EDUCATION**  
Bachelor and Master's in law from the University of Oslo and Master in Auditing and Accounting. IB from United World College of the Atlantic

**EXPERIENCE**  
Ms. Pran is a professional board member. She is Strategic Advisor to the Boards Impact Forum, working to accelerate climate action for sustainable businesses. Previously she has been in the Private Equity industry for 13 years. As a Partner of Herkules Capital Ms. Pran was in charge of the following business areas: Finance, Treasury, Investor Relations, Acquisitions and divestments, strategy and Business development, Legal, Compliance and ESG (2004-2016). Prior to Herkules Capital Ms. Pran was part of the Deals team in PWC (1999-2004).

Ms. Pran has previous experience from managing sustainability reporting and strategy in Herkules portfolio companies. Sustainability is a focus area in all boards she serves.

**OTHER ASSIGNMENTS**  
Ms. Pran is currently on the board of ABG Sundal and Collier ASA, B2Holding ASA, Zalaris ASA, Motorgruppen AS, Løvenskiold Fossum AS and Hitec Vision ASA

**BOARD MEETINGS ATTENDANCE** 12  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE** 12  
**SHARES OWNED AT YEAR-END 2020** 2,010

### Geir O. Sundbø (1963)

**POSITION**  
Member of the Board  
Member of the HR Committee

**ELECTED BY/YEAR**  
Employees, 2010

**POSITION**  
Corporate employee representative of Yara International  
Chairman of European Works Council (EWC) of Yara International

**EDUCATION**  
Skilled Chemical Process operator.

**EXPERIENCE**  
Mr. Sundbø has been a Yara (Hydro) employee since 1987  
He has been actively engaged in union matters since 1989

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE** 12  
**HR COMMITTEE ATTENDANCE** 6  
**SHARES OWNED AT YEAR-END 2020** 339

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## John Thuestad (1960)

**POSITION**

Member of the Board

**ELECTED BY/YEAR**

Shareholders, 2014

**POSITION**

Executive Vice President Bauxite & Alumina at Norsk Hydro ASA since 2018

**EDUCATION**

Master's degree in Metallurgy from NTNU, Trondheim, Norway; MBA from Carnegie Mellon University, Pittsburgh, USA

**EXPERIENCE**

Mr. Thuestad has been EVP of Norsk Hydro ASA and responsible for the Bauxite and Alumina Business Area since June 2018. Prior to this, Thuestad led Hydro Extruded Solutions, Europe. From 2013 to 2017, Thuestad held the position of EVP Sapa Extrusions Europe. From 2012 to 2013 he led Sapa Profiles with production plants in Europe, North America and China. From 2009 to 2012 he led Alcoa Global Primary Products with 40 locations in Australia, Latin America, Europe and North America. Thuestad has previously been the CEO of Elkem AS and Elkem Aluminium AS. Prior to that, Thuestad was Managing Director of Norzink AS and Fundo AS. Thuestad has served as Board member/Chairman of Tyssefaldene AS 1997-2000, Board member of Borregaard AS 2005-2007, Statkraft/Groener AS 2000-2003 and as Officer of Alcoa Inc 2010-2011.

**OTHER ASSIGNMENTS**

Member of the Executive committee of International Aluminium Institute (IAI)

**BOARD MEETINGS ATTENDANCE 12**

**SHARES OWNED AT YEAR-END 2020 1,200**

## Birgitte Ringstad Vartdal (1977)

**POSITION**

Member of the Board

**ELECTED BY/YEAR**

Shareholders, 2020

Member of the HR Committee

**POSITION**

Executive Vice President at Statkraft, Responsible for Statkraft's European Wind and Solar

**EDUCATION**

MSc in Engineering Mathematics from the Norwegian School of Science and Technology (NTNU) and a MSc in Financial Mathematics from Heriot-Watt University in Edinburgh

**EXPERIENCE**

Ms. Vartdal is EVP of Statkraft and responsible for Statkraft's European Wind and Solar. From 2016 to 2019 Vartdal served as CEO of Golden Ocean Group, and from 2010 to 2016 as CFO of Golden ocean Group. Previously she has held various management positions in Torvald Klaveness and worked for Hydro Energi.

**OTHER ASSIGNMENTS**

Ms. Vartdal is currently on the Board of Vartdal Fiskeriselskap AS, and serves on the Board of several Statkraft AS companies.

**BOARD MEETINGS ATTENDANCE 7**

**HR COMMITTEE ATTENDANCE 4**

**SHARES OWNED AT YEAR-END 2020 2,500**

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MESSAGE FROM THE BOARD OF DIRECTORS

# Strategy execution driving improved returns

In 2020, the Board focused its work on responsibly handling the pandemic in the best interest of the company and its stakeholders, and on discussing Yara's strategic direction. Strategy execution and development included portfolio adjustments, reorganization, and the ESG investor seminar.



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Additionally, the company's integrated reporting has been matured, as evidenced by this report. This includes establishing a strengthened governance and a balanced scorecard approach. The Board also remained focused on supporting the administration in the significant transformation the company is undergoing.

**Covid-19 response**

Yara has a triple responsibility in the ongoing global pandemic: firstly, to safeguard its employees, contractors, partners, neighbors, and society at large, secondly, to be a responsible company and act in accordance with government guidelines, and thirdly, to keep operations running and help support the supply of food and other essential products to society. This means that the timing of turnarounds, improvement initiatives, and the project portfolio is being optimized to reduce the risk of prolonged outages.

Yara operates a Covid-19 Response Team, with reporting directly to the Yara CEO and with frequent updates to the Board of Directors. The team has representatives from all Yara's operational segments and corporate functions, and meets frequently to coordinate, support, and share best practices across Yara's global operations. Yara's operations have performed well so far during Covid-19, as have agricultural markets and supply chains overall.

**A strategy for a sustainable future**

As announced at Yara's ESG Investor Seminar in December 2020, Yara's strategy has three main focus areas: firstly, to develop and market sustainable food solutions, including premium crop nutrition products, digital farming tools, and close collaboration with partners throughout the food value chain, secondly, to enable the hydrogen economy and accelerating the green energy transition by targeting green ammonia opportunities within shipping, agriculture, and industrial applications, and thirdly, to drive sustainable performance, targeting a ROIC above 10% mid-cycle and reducing Scope 1 and Scope 2 emissions by 30% by 2030 compared with 2019.

In combination with a strong commitment to a clear capital allocation policy, Yara is well positioned to continue driving sustainable long-term value creation to its shareholders and other stakeholders.

**The Company**

Yara is an integrated food solutions company with an industrial portfolio. Headquartered in Oslo, Norway, Yara is listed on the Oslo Stock Exchange. Yara's knowledge, products, and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food, and environment. The company mission is to "Responsibly feed the world and protect the planet".

In 2020, Yara reorganized its activities from functional segments to regional segments, effective 1 June. The change empowered the organization and moved decisions closer to the customer, driving full bottom-line accountability in each market and enabling the organization to act swiftly in a more regionalized reality amid the pandemic.

As of the 1 June reorganization, Yara's business activities are now carried out within five operational segments: Europe, Americas, Africa & Asia, Global Plants & Operational Excellence, and Industrial Solutions.

The regional segments (Europe, Americas, and Africa & Asia) operate in a fully integrated setup, comprising production, supply chain, and commercial operations, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The Global Plants & Operational Excellence segment operates Yara's largest and export-oriented production plants (Porsgrunn, Sluiskil) and has a key role in driving operational improvements, competence development, and technical project execution across Yara's production system. This segment also comprises Yara's global ammonia trade and shipping activity.

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Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries. This segment performs its activities through five global commercial units: Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates, and Yara Marine Technologies. These commercial units are backed by six dedicated production plants across Europe, Latin America, Africa and Asia.

Yara has always worked on active portfolio management. Historically, it has been evidenced e.g. through the divestment of GrowHow UK and the CO<sub>2</sub> business. In 2020, Yara continued to develop its portfolio through divesting its Joint Venture positions in QAFCO and Lifeco. The divestments contributed to streamlining Yara's portfolio and reallocating capital and resources in line with our capital allocation policy.

**Making sustainability a part of governance**

In 2020, the Board updated the mandate and name of the audit committee, establishing the Board Audit and Sustainability Committee (BASC). This represents a recognition of the fact that People and Planet dimensions are key drivers for strategy and risk processes, and these two dimensions, together with Prosperity, comprise Yara's integrated performance management.

The People and Planet dimensions of sustainability are governed through Yara's steering system and defined in our HESQ Policy and Code of Conduct, both signed by the President and CEO. They are also integral to business review processes and performance management, anchored in the CFO function.

The HESQ Policy is maintained by the Corporate HESQ function, which oversees performance on health, safety, quality, security, and environment.

The Head of Corporate HESQ reports to EVP Global Plants & Operational Excellence, and presents reports to the full Board of Directors and Board's Audit and Sustainability Committee at least once per year. He has organizational responsibility for ensuring that appropriate health, safety, environment and security governance is in place throughout the company.

Within this framework, Yara's plants and units maintain close control of their own health and safety performance, local employee involvement, compliance with national legislation, and adherence to Yara's high technical and operational requirements. Corporate HESQ is auditing the units vis-à-vis their adherence to the requirements and standards.

The Ethics and Compliance function maintains and implements the Code of Conduct through an extensive Compliance Program. The Code of Conduct includes our anti-corruption policies and states a clear commitment to respecting internationally recognized human rights and labor rights throughout our own operations, as well as in our supply chain.

All new employees must complete an Ethics and Compliance e-learning course within three months of enrolling in Yara and thereafter every two years. Additional training for managers and employees is targeted according to risk assessments, and safeguards includes an anonymous whistle-blowing function.

Yara's Ethics and Compliance Department plays a key role in the management of all risks related to corruption, fraud, human rights, and business partner integrity. Ethics training of employees is among the KPIs followed by Yara's Board of Directors. The Chief Compliance Officer reports administratively to Yara's General Counsel, twice a year to the Board of Directors, quarterly to the Board Audit and Sustainability Committee, and monthly to the CEO (and on an ad hoc basis, as necessary) on matters relating to ethics and compliance, including human rights and corruption.

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Yara has a Compliance Committee, which is chaired by the CEO and attended by the members of Yara’s Executive Management. The Compliance Committee meets quarterly and acts as a focal point for matters related to ethics and compliance.

The sustainability governance function reports directly to the CFO. This function oversees sustainability reporting and benchmarking, as well as the implementation of external standards according to relevance and prioritization. 2020 focus areas include internalizing the recommendations of the Task Force of Climate Related Financial Disclosures (TCFD).

Integrated performance management

Yara integrates holistic measures of company performance into the way we manage our company. We have adopted the structure of the WEF Stakeholder Capitalism white-paper into our balanced scorecard, reporting according to the People, Planet and Prosperity dimensions.

The performance reporting on our balanced scorecard is found in the People, Planet and Prosperity performance chapters, while key developments and strategic considerations and actions are described here.

People

Caring for people is key to business success. Safety first is a Yara priority, and “Safe by Choice” is the name of Yara’s safety culture program that will make zero injuries a real possibility. Since its inauguration in 2013, the program has reduced the total recordable injuries (TRI) rate from 4.3 in 2013 to 1.3 in 2020.

Safety is not all about statistics – one severe injury or fatality is one too many. Yara has developed a program for the prevention of major incidents and a comprehensive process safety program. By reviewing, investigating, and sharing lessons learnt from incidents with high potential severity, we can establish effective improvement actions.

In 2019 and 2020, Yara developed operating standards on occupational health, covering both the physical and psycho-social work environment, in addition to a previously implemented standard on controlling chemical risk related to workers. Pilot workstreams and trainings on psycho-social risk assessment and wellbeing have been initiated during the COVID period and promoted for use throughout Yara.

Yara’s safety culture combined with a purpose-driven and engaged workforce, provides a strong foundation

for operational excellence and innovation. Diverse teams make better decisions than homogenous teams, and engaged employees perform better. We therefore prioritize Diversity & Inclusion (D&I) as an important part of the updated strategy.

In 2020, our regional and local D&I ambassador networks continued to raise awareness and build knowledge about minority groups and special D&I topics. Following the 2020 uproar over racial inequality worldwide, we fast-tracked our D&I work on the topic of race. The objective is to tackle racial bias and discrimination, the lack of ethnic diversity, and ensure equal opportunities with an initial focus on Black talent. We benchmark performance on employee engagement and D&I as reported in the performance section.

In 2020, we also strengthened the talent review and succession management process across the entire organization. Over 4600 employees were reviewed in the talent review cycle, and about 1200 employees were nominated as successors to positions or nomination pools. Diversity was in focus throughout this process, with age, tenure, nationality, and gender all being monitored.

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Our revised strategy has led us to novel territory with new customers, new business models, new partners, and new content. Our people represent our most important asset and we need to continuously invest in the development of our collective knowledge – both in terms of specialist competencies and management skills.

Yara has deployed an interactive e-learning platform, offering a single repository for all global e-learning programs and contains a wide range of training material. 2020 saw nearly every employee with access to the platform, counting about 14,500 having completed at least one course.

Going forward, knowledge will be a priority. Yara will invest in a Yara Academy with three focus areas: change management, diversity and inclusion, and dynamic upskilling.

Yara is committed to paying employees fairly, regardless of personal beliefs or any individual characteristics. Individual remuneration will vary based on specific factors such as country, employment market conditions, position content and position grade, performance, and competence. A 2017 comprehensive analysis of six countries identified a gender pay gap in Yara ranging from 2.1% in Norway to 16% in Colombia.

Yara performed a follow-up gender equal pay gap study in 2020, expanding the number of countries included

from 6 to 16. The range of these studies is focused on non-tariff contract employees, as the tariff schedules provide strong protection against bias due to gender.

In 2020 this study incorporated over 5,000 employees. The gaps were reported ranging from 0% in Finland to 14% in Colombia. A weighted average pay gap for the 16 countries included was 3.96%. The gap on a like for like basis for the original 6 countries has closed from 5.4% to 4.8% since the 2017 study.

On gender balance, in 2021, we will sharpen our focus on gender diversity among line managers at the top three levels in the company, currently 253 managers. We aim to introduce a practice in line with peer companies and benchmarkable with industry indices. In this subset of the broader group of senior management positions, 23.7% were women at the end of 2020.

People also covers the company's broader set of stakeholders, which are key to the company's success. The stakeholder dialogue and the Stakeholder Procedure is described in the Stakeholder section.

**Planet**

Yara takes a holistic approach to environmental protection, covering both sourcing of raw materials, our own production processes, logistics and the use of our products. Yara uses a precautionary approach to iden-

tify risks and take preventive measures to mitigate the potential harm to people and the environment.

In 2020, Yara took major steps forward in its strategic approach to protecting the planet. First, Yara Farming Solutions was tasked with enabling our regional units to expand our reach and offerings. This included exploring new revenue models such as low-carbon or outcome-based business, selling services with farm-to-fork connectivity and continued focus on digital platforms. The Agoro Carbon Alliance market marks a major example, in which Yara set up a structure to provide farmers with income based on carbon sequestration.

Second, Yara's CEO and President committed the company to setting Science Based Targets (SBT), ensuring that Yara's Climate Roadmap is aligned with the goals of the Paris agreement. In partnership with Nutrien and WBCSD, we are undertaking a Sectoral Decarbonization Approach (SDA) for the Nitrogen fertilizer sector in support of SBT.

Third, planned through 2020 and executed in February 2021, Yara launched Yara Clean Ammonia – a new global unit which will capture growth opportunities within carbon-free food solutions, shipping fuel, and other clean ammonia applications, leveraging Yara's unique existing positions within ammonia production, trade, and shipping.

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Yara Clean Ammonia took its first major step forward by partnering with Statkraft and Aker Horizons to establish Europe's first large-scale green ammonia project in Norway. The partners plan to electrify and decarbonize Yara's ammonia plant in Porsgrunn.

2020 also heralded the announcement of a green ammonia pilot collaboration with Ørsted, located in Yara's Sluiskil, Netherland site. This brings Yara's green ammonia portfolio to three pilot projects and one full-scale project.

Yara's work on circular economy progressed with a new product coming to the market, under the Yara Nature brand. Based on Yara's partnership with Veolia, the product is firstly targeted for piloting in the Spanish market.

Environmental protection is also a major part of Yara's license to operate, and we are using ISO certification to ensure we operate in accordance with best practice and work systematically to improve performance. In 2020, Yara achieved a global management system certificate for the three standards ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management).

Yara's operations are also certified according to Product Stewardship criteria, which are industry-specific. The principles of Product stewardship ensure that proper care is taken along the whole fertilizer value chain from product development and the purchase of raw materials, to production, storage, transport and distribution, and up to use at the farm.

All incidents and near misses are reported and followed up systematically.

### Prosperity

Yara delivered improved returns and cash flow in 2020, with earnings before interest, tax, and depreciation (EBITDA) up 6% from a year earlier. Safety performance also improved, with a low and industry-leading 1.3 total recordable injuries (TRI) per 1 million working hours.

Yara's return on invested capital (ROIC) reached 8.0%, up from 6.6% in 2019. EBITDA excluding special items and deliveries were in line with a year earlier.

The parent company Yara International ASA is a holding company, with financial activities and with corporate functions. Yara International ASA had a net income of NOK 11,690 million in 2020, up from NOK 1,138 million negative in 2019, after dividends

and group relief from subsidiaries of NOK 11,105 million (NOK 900 million in 2019). The net foreign currency translation gain was NOK 999 million compared with a loss of NOK 613 million in 2019.

### Country-by-country reporting

Yara's country-by-country report has been developed to comply with legal requirements as stated in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014. The full country-by-country reporting can be found on the yara.com annual report section.

### Corporate governance principles

The Board of Directors and Executive Management of Yara International ASA review the company's corporate governance annually and report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code"), most recently updated 17 October 2018. The Code contains stricter requirements than mandated by Norwegian law. The Board of Directors' Corporate Governance Report is included in this Integrated Report and forms part of the Report of the Board of Directors.

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**Group Executive Board**

The following changes were made to Yara's Group Executive Board as part of the company's move to a regional segment structure effective 1 June 2020:

Tove Andersen, previously EVP Production, took up the position of EVP Europe.

Chrystel Monthean, previously SVP Business Unit Latin America, took up the position of EVP Africa & Asia.

Lair Hanzen, previously EVP Brazil, took up the position of EVP Americas.

Pål Hestad, previously SVP Production North Europe, took up the position of EVP Global Plants & Operational Excellence.

Terje Knutsen, previously EVP Sales & Marketing, took up the position of EVP Farming Solutions.

Pablo Barrera Lopez, previously EVP Strategy & Supply Chain, took up the position of EVP Strategy & Communication.

Kristine Ryssdal, previously General Counsel, took up the position of EVP HR & General Counsel.

The following changes were made to Yara's Group Executive Board effective 1 October 2020:

Lair Hanzen was appointed Special Advisor to the President and CEO, reporting to Svein Tore Holsether.

Chrystel Monthean was appointed EVP Yara Americas.

Fernanda Lopes Larsen, previously SVP Indirect Procurement, was appointed EVP Yara Africa & Asia.

**Future prospects**

Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint requires significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.

Ensuring continuity in food production and related value chains remains a top priority for all countries. Yara's market environment is in a positive trend, with

increasing grain prices creating stronger planting and crop nutrition incentives for farmers. Nitrogen fertilizer markets are robust, with strengthening prices ahead of the Northern hemisphere planting season. Yara's industrial business has also picked up, following weaker demand in second quarter 2020.

Leveraging its global production and marketing presence, Yara is broadening its core as a leading food solutions company by developing and marketing premium crop nutrition products and digital farming tools in close collaboration with partners throughout the food value chain. Yara is also enabling the hydrogen economy by targeting green ammonia opportunities within shipping, agriculture, and industrial applications, and by driving sustainable performance, targeting a ROIC above 10% mid cycle and reducing Scope 1 and Scope 2 emissions by 30% by 2030 compared with 2019.

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder

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returns are distributed primarily as cash, with share buybacks as a supplemental lever. Yara's improving cash flow from strategy execution, a robust outlook and high hurdle rate for new investments may lead to increased dividend capacity going forward.

Yara has completed significant investments in recent years, through both expansion of existing operations, new builds, and acquisitions. The Board of Directors underlines that Yara's focus is on delivering its existing growth and improvement pipeline, and that future growth initiatives shall be evaluated with strict capital discipline.


Yara expects to invest approximately USD 1.3 billion during 2021 based on its current committed maintenance and improvement plans and announced growth investments. From 2022, total investments are capped at USD 1.2 billion per annum, including both maintenance and growth investments.


Yara's Board will propose to the Annual General Meeting a dividend of NOK 20 per share for the fiscal year of 2020.


The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the previous one.

The Board of Directors Yara Internationa  
ASA, Oslo 00 March 2021

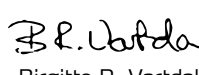
  
Trond Berger  
Chair

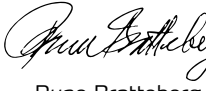
  
Kimberly Lein-Mathisen  
Vice Chair

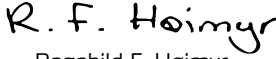
  
Håkon Reistad Fure  
Member of the Board


  
Adele B. Norman Pran  
Member of the Board

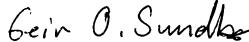
  
John Thuestad  
Member of the Board

  
Birgitte R. Vartdal  
Member of the Board

  
Rune Bratteberg  
Member of the Board

  
Ragnhild F. Høimyr  
Member of the Board

  
Øystein J. Kostøl  
Member of the Board

  
Geir O. Sundbø  
Member of the Board

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Board of Directors

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# Risk management

Yara is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, risk management contributes to achieving our long-term strategic targets and short-term goals.

Yara's global risk management process aims to identify, assess and manage risk factors that could affect the performance of any parts of the company's operation. To this end, we have implemented a continuous and systematic process to mitigate potential damages and losses, and to capitalize on business opportunities.

## Risk responsibilities

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Yara's Board of Directors is responsible for defining Yara's risk appetite. The Board and Executive Management have jointly evaluated and defined risk appetite across key operational and strategic dimensions, arriving at a set of practical guidance statements on key risks. These risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company. Furthermore, they convey the way we approach and evaluate risk to our investors, customers and

society at large. The Board oversees the risk management process and carries out annual reviews of the company's most important risk categories and internal control arrangements.

Yara's Executive Management is responsible for reviewing and operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Executive Management performs risk assessments and actively monitors the development of top risks and initiates actions accordingly. Risk assessments performed by the operating segments and expert organizations are reviewed periodically in business review meetings.

Understanding and managing risk is an integral part of all our business activities. The operating segments and expert organizations are the risk owners and regularly perform risk assessments based on established procedures to identify, assess and manage the risks

that affect their business and analyze how these risks influence performance.

The Enterprise Risk Management function has the responsibility to facilitate the operational risk management activities and develop risk policies and tools as well as maintaining an aggregated view of risk exposure. The function is reporting to the Chief Financial Officer.

## Framework and procedures

Yara has implemented a framework with clear policies and procedures to facilitate risk management across the organization. This creates a stable environment within which we can deliver on our strategic and operational objectives, and systematically identify and capture business opportunities.

Our framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management standard as the best practice benchmarks for assessing the soundness, efficiency and effectiveness of our risk management.

The materiality of each risk factor is determined by assessing the likelihood and consequence. In this appraisal, a combination of qualitative and quantitative risk assessment techniques

is deployed. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritize those that have the greatest potential to impact on our performance.

We implement mitigating strategies and pursue business opportunities to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk. Our operating segments and expert organizations are responsible for making business continuity planning part of their key risk management activities and preparing contingency plans for high-impact, low-likelihood risks.

Once primary risks are managed, we continually monitor residual risks to ensure that they remain at an acceptable level and that events are properly addressed and managed. The risk profile is reviewed and updated at least annually, with more frequent updates if new opportunities or risks are identified. The risk mitigation plan is reviewed and updated on a bi-monthly basis to reflect the current status of risks and action plans and is communicated to the Executive Management during bi-monthly business review meetings.



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# Transparent performance

Yara is committed to transparent and diligent reporting of the company's performance. The consolidated accounts have been prepared in accordance with the EU-approved IFRS standards and pertaining interpretation standards applicable as of 31st December, 2020 and disclosure requirements that follow from the Norwegian Accounting Act as of 31st December, 2020.

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# Consolidated statement of income

USD millions, except share information	Notes	2020	2019
Revenue from contracts with customers	<a href="#">2.1, 2.3</a>	11,591	12,858
Other income	<a href="#">2.2</a>	137	78
Revenue and other income		11,728	12,936
Raw materials, energy costs and freight expenses	<a href="#">2.4</a>	(7,819)	(9,317)
Change in inventories of own products		(201)	(17)
Payroll and related costs	<a href="#">2.5</a>	(1,136)	(1,180)
Depreciation and amortization	<a href="#">4.1, 4.2, 4.5</a>	(919)	(922)
Impairment loss	<a href="#">4.7</a>	(46)	(43)
Expected and realized credit loss on trade receivables	<a href="#">3.2</a>	(17)	(7)
Other operating expenses	<a href="#">2.6</a>	(414)	(460)
Operating costs and expenses		(10,551)	(11,946)
Operating income		1,176	989
Share of net income in equity-accounted investees	<a href="#">4.3</a>	20	65
Interest income and other financial income	<a href="#">2.7</a>	62	76
Foreign exchange gain/(loss)	<a href="#">2.7, 6.1</a>	(243)	(145)
Interest expense and other financial items	<a href="#">2.7</a>	(165)	(182)
Income before tax		850	803
Income tax expense	<a href="#">2.8</a>	(160)	(214)
Net income		690	589

USD millions, except share information	Notes	2020	2019
Net income attributable to Shareholders of the parent		691	599
Non-controlling interests	<a href="#">5.2</a>	-	(10)
Net income		690	589
Earnings per share <sup>1)</sup>		2.58	2.20
Weighted average number of shares outstanding <sup>2)</sup>	<a href="#">5.1</a>	267,985,860	272,319,232

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.

2) Weighted average number of shares outstanding was reduced in 2020 due to the share buyback program.

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# Consolidated statement of comprehensive income

USD millions, except share information

	Notes	2020	2019
Net income		690	589
<b>Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments		(56)	30
Hedge of net investments	<a href="#">2.8</a> , <a href="#">6.2</a>	22	(9)
Net other comprehensive income that may be reclassified to statement of income in subsequent periods, net of tax		(34)	20
<b>Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments <sup>1)</sup>		28	(24)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	<a href="#">6.3</a>	(3)	(2)
Remeasurement gains/(losses) on defined benefit plans	<a href="#">2.8</a> , <a href="#">5.4</a>	(51)	(9)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax		(26)	(35)
Reclassification adjustments of the period		(6)	1
Total other comprehensive income, net of tax		(66)	(14)
Total comprehensive income, net of tax		624	576
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		624	585
Non-controlling interests	<a href="#">5.2</a>	-	(10)
Total		624	576

1) Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

# Consolidated statement of changes in equity

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	Notes	Share Capital <sup>1)</sup>	Premium paid-in capital	Currency translation adjustments	Fair value reserve of financial assets at FVOCI <sup>4)</sup>	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non- controlling interests	Total equity
USD millions, except share information												
Balance at 31 December 2018		66	(49)	(1,319)	(2)	(3)	(199)	(1,523)	10,189	8,683	227	8,910
Net income		-	-	-	-	-	-	-	599	599	(10)	589
Other comprehensive income, net of tax		-	-	7	(2)	-	(9)	(4)	(9)	(14)	-	(14)
Total comprehensive income		-	-	7	(2)	-	(9)	(4)	589	585	(10)	575
Transactions with non-controlling interests	<a href="#">5.2</a>	-	-	(54)	-	-	-	(54)	(97)	(151)	(137)	(288)
Treasury shares <sup>2)</sup>	<a href="#">5.1</a>	-	-	-	-	-	-	-	(83)	(83)	-	(83)
Dividends distributed	<a href="#">5.1</a>	-	-	-	-	-	-	-	(203)	(203)	(2)	(205)
Balance at 31 December 2019		66	(49)	(1,367)	(4)	(2)	(209)	(1,582)	10,395	8,830	79	8,909
Net income		-	-	-	-	-	-	-	691	691	-	690
Other comprehensive income, net of tax		-	-	(35)	(3)	-	22	(16)	(51)	(67)	1	(66)
Total comprehensive income		-	-	(35)	(3)	-	22	(16)	640	624	-	624
Treasury shares <sup>2) 3)</sup>	<a href="#">5.1</a>	(2)	-	-	-	-	-	-	(386)	(388)	-	(388)
Share capital increase in subsidiary, non-controlling interest	<a href="#">5.2</a>	-	-	-	-	-	-	-	-	-	1	1
Dividends distributed	<a href="#">5.1</a>	-	-	-	-	-	-	-	(925)	(925)	(1)	(926)
Balance at 31 December 2020		64	(49)	(1,402)	(7)	(2)	(187)	(1,599)	9,724	8,141	79	8,220

1) Par value 1.70.

2) As approved by General Meeting 7 May 2019.

3) As approved by General Meeting 7 May 2020.

4) See [note 6.3](#) Financial instruments.

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# Consolidated statement of financial position

USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019	USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019
<b>Assets</b>				<b>Equity and liabilities</b>			
<b>Non-current assets</b>				<b>Equity</b>			
Deferred tax assets	<a href="#">2.8</a>	485	484	Share capital reduced for treasury stock	<a href="#">5.1</a>	64	66
Intangible assets	<a href="#">4.2</a>	988	1,031	Premium paid-in capital		(49)	(49)
Property, plant and equipment	<a href="#">4.1</a>	8,579	8,614	Total paid-in capital		15	17
Right-of-use assets	<a href="#">4.5</a>	430	428	Other reserves		(1,599)	(1,582)
Associated companies and joint ventures	<a href="#">4.3</a>	108	970	Retained earnings		9,724	10,395
Other non-current assets	<a href="#">4.6</a>	380	414	Total equity attributable to shareholders of the parent		8,141	8,830
Total non-current assets	<a href="#">4.6</a>	10,969	11,940				
<b>Current assets</b>				<b>Non-controlling interests</b>			
Inventories	<a href="#">3.1</a>	2,161	2,360	Total equity	<a href="#">5.2</a>	79	79
Trade receivables	<a href="#">3.2</a>	1,478	1,564				
Prepaid expenses and other current assets	<a href="#">3.3</a>	630	553	<b>Non-current liabilities</b>			
Cash and cash equivalents	<a href="#">3.4</a>	1,363	300	Employee benefits	<a href="#">5.4</a>	627	498
Non-current assets or disposal group classified as held-for-sale		5	9	Deferred tax liabilities	<a href="#">2.8</a>	388	416
Total current assets		5,637	4,785	Other long-term liabilities	<a href="#">6.3</a>	138	247
				Long-term provisions	<a href="#">5.6</a>	361	303
Total assets		16,605	16,725	Long-term interest-bearing debt	<a href="#">5.3</a>	3,371	2,698
				Long-term lease liabilities	<a href="#">4.5</a>	335	337
				Total non-current liabilities		5,220	4,499

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USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019
<b>Current liabilities</b>			
Trade and other payables	<a href="#">5.5</a>	1,880	1,614
Prepayments from customers	<a href="#">2.1</a>	372	399
Current tax liabilities	<a href="#">2.8</a>	156	140
Short-term provisions	<a href="#">5.6</a>	75	72
Other short-term liabilities	<a href="#">6.3</a>	95	101
Bank loans and other interest-bearing short-term debt	<a href="#">5.3</a>	345	494
Current portion of long-term debt	<a href="#">5.3</a>	132	398
Short-term lease liabilities	<a href="#">4.5</a>	111	98
<b>Total current liabilities</b>	<a href="#">7.2</a>	<b>3,165</b>	<b>3,317</b>
<b>Total equity and liabilities</b>		<b>16,605</b>	<b>16,725</b>
<b>Number of shares outstanding <sup>1)</sup></b>		<b>263,001,109</b>	<b>271,040,624</b>

1) Number of shares outstanding was reduced in 2020 due to the share buy-back program.

The Board of Directors of Yara International ASA  
Oslo, 25 March 2021

 Trond Berger Chairperson	 Kimberly Lein-Mathisen Vice chair	 Adele Bugge Norman Pran Board member
 John Thuestad Board member	 Rune Bratteberg Board member	 Birgitte Ringstad Vartdal Board member
 Ragnhild Flestrand Høimyr Board member	 Geir O. Sundbø Board member	 Håkon Reistad Fure Board member
 Øystein Kostøl Board member	 Svein Tore Holsether President and CEO	

# Consolidated statement of cash flows

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USD millions	Notes	2020	2019	USD millions, except share information	Notes	2020	2019
<b>Operating activities</b>				<b>Investing activities</b>			
Operating income		1,176	989	Purchases of property, plant and equipment	<a href="#">4.1</a>	(739)	(1,066)
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>				Net cash outflow on business combinations		(13)	-
Depreciation and amortization	<a href="#">4.1, 4.2, 4.5</a>	919	922	Purchases of other long-term investments	<a href="#">4.2</a>	(17)	(30)
Impairment loss	<a href="#">4.7</a>	46	43	Proceeds from sales of property, plant and equipment		11	13
Write down inventory and trade receivables		14	12	Net cash flow on divested assets		-	3
Income taxes paid		(264)	(135)	Proceeds from sales of equity-accounted investees and other non-current assets	<a href="#">4.3</a>	1,006	37
Dividend from equity-accounted investees	<a href="#">4.3</a>	9	166	Net cash provided by/(used in) investing activities		248	(1,044)
Interest and bank charges received/(paid) <sup>1)</sup>		(132)	(169)	<b>Financing activities</b>			
(Gain)/loss on disposal of non-current assets	<a href="#">4.1, 4.2</a>	6	(33)	Loan proceeds <sup>3)</sup>	<a href="#">5.3</a>	780	538
Gain on sale of equity-accounted investees	<a href="#">4.3</a>	(97)	-	Principal payments <sup>3)</sup>	<a href="#">5.3</a>	(650)	(920)
Other		(6)	(4)	Payments of lease liabilities	<a href="#">4.5</a>	(122)	(108)
<b>Working capital changes that provided/(used) cash</b>				Purchase of treasury shares	<a href="#">5.1</a>	(309)	(65)
Trade receivables		39	(5)	Dividends	<a href="#">5.1</a>	(926)	(203)
Inventories		119	171	Other cash transfers (to)/from non-controlling interests	<a href="#">5.2</a>	-	(1)
Prepaid expenses and other current assets <sup>2)</sup>		161	(21)	Net cash used in financing activities		(1,228)	(758)
Trade and other payables		107	(54)	Foreign currency effects on cash and cash equivalents			
Other interest-free liabilities <sup>2)</sup>		(51)	25			(2)	(7)
Net cash provided by operating activities		2,047	1,907	Net increase/(decrease) in cash and cash equivalents			
						1,064	98
				Cash and cash equivalents at 1 January			
						301	202
				Cash and cash equivalents at 31 December <sup>4)</sup>			
					<a href="#">3.4</a>	1,365	301
				Bank deposits not available for the use of other group companies			
					<a href="#">3.4</a>	32	35

1) Including interest expenses on lease liabilities.

2) 2020 includes USD 103 million net cash inflow due to currency forward contracts and prior periods' collateral deposits with banks to keep credit exposure from derivatives within agreed limits.

3) Loan proceeds and principal payments related to short-term borrowings for which maturity is three months or less, are presented net.

4) Excluded expected credit loss provisions on bank deposits, which amounts to USD 2.5 million (2019: USD 0.9 million). See [note 3.4](#) for more information.



# Basis for preparation

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### Corporate information

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway. The principal activities of the Group are described in [note 2.3](#) Segment information, [note 4.3](#) Associated companies and joint ventures, and [note 4.4](#) Joint operations.

These consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. Information on the Group's structure is provided in [note 8.4](#) Composition of the Group. Information on other related party relationships of the Group is provided in [note 8.1](#) Related parties.

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective as of 31 December 2020. Yara also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

The consolidated financial statements have been prepared under the historical cost convention; modified to include revaluation to fair value of equity instruments, derivative financial instruments, contingent consideration and defined benefit plan assets.

The consolidated financial statements are presented in US dollars (USD). All values are rounded to the nearest USD million, except when otherwise indicated. The functional currency of Yara International ASA is Norwegian kroner (NOK).

### Materiality judgments

These financial statements aim to provide useful financial information which meet the common information needs of its primary users. Materiality judgments are necessary to meet this objective, and Yara has made such judgments related to recognition, measurement, presentation and disclosures. With reference to the complete set of financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Yara specific circumstances.

### Yara's climate roadmap

Yara announced the Group's climate roadmap on the company's ESG-seminar 7 December 2020. In brief Yara has set an intensity KPI of 10% reduction in CO<sub>2</sub>e per tonne N within 2025, a KPI on reduction of absolute emissions by 30% within 2030, and an ambition to be climate neutral within 2050. Yara has also announced its commitment to setting a Science Based Target (SBT), which is a process to confirm that climate targets are aligned with the goals of the

Paris agreement. In partnership with Nutrien and World Business Council for Sustainable Development (WBCSD), we are undertaking a Sectoral Decarbonization Approach (SDA) for the Nitrogen fertilizer sector in support of SBT. The goals of this climate roadmap have been considered when preparing these consolidated financial statements.

### Basis of consolidation

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee if the voting rights in practice are sufficient to unilaterally direct the relevant activities of the investee. The Group re-assesses if it controls an investee when facts and circumstances indicate that there are changes to one or more elements of control.

Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. This means that income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is

attributed to the owners of Yara International ASA and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full upon consolidation. Accounting policies of subsidiaries are changed if necessary to ensure consistency with the policies adopted by the Group.

Profit or losses from transactions with associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that is not related to the Group.

Changes in the Group's ownership in subsidiaries that do not result in the Group losing control, are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

### EU Directive 83/349

Yara GmbH & Co. KG with legal seat in Dülmen/Germany, and its directly and indirectly owned subsidiaries, are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, Yara GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

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**Foreign currency translation**

**Group companies**

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in other comprehensive income as a separate component. The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

**Transactions and balances**

In individual companies, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All foreign currency translations are recognized in the statement of income except for foreign currency translations on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. Such foreign currency translations are recognized as a separate component of other comprehensive income, including

tax charges and credits attributable to these borrowings and monetary items. When the net investment is disposed of, or the monetary item is settled, they are recognized in the consolidated statement of income.

**Significant accounting policies**

Accounting policies according to the list below are included in the relevant notes to the Consolidated Financial Statements:

**Accounting Policies**

Revenue recognition	2.1
Dividends received	2.7
Interest income	2.7
Income Taxes	2.8
Inventories	3.1
Trade receivables	3.2
Property, plant and equipment	4.1
Goodwill	4.2
Intangible assets	4.2
Research and development expenditures	4.2
Investments in associates and joint ventures	4.3
Investments in joint operations	4.4
Leases	4.5
Impairment of non-current assets other than goodwill	4.7
Own shares	5.1
Dividends paid	5.1
Employee benefit obligations	5.4
Provisions	5.6
Hedge accounting	6.2
Financial Instruments	6.3
Fair value measurement	6.3

**New and revised accounting standards and interpretations**

**Adopted**

The Group has applied the below amendments to IFRS that are effective for accounting periods beginning on or after 1 January 2020, and which are relevant for Yara. Yara has not identified significant impact to the Group's consolidated financial statements as a result of the mentioned amendments.

▪ **Amendments to IFRS 3**

- **Definition of a Business**

Amendments to IFRS 3 are issued to help entities determine whether an acquired set of activities and assets are a business or not. These amendments narrow and clarify the definition of a business, and permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Yara apply them to transactions that are either business combinations or asset acquisitions.

▪ **Amendments to IAS 1 and IAS 8**

- **Definition of Material**

Amendments to IAS 1 and IAS 8 were issued to clarify the definition of material and how it should be applied by (a) including in the definition guidance that until now has featured elsewhere in IFRS standards; (b) improving the explanations accompanying the definition; and (c) ensuring that the definition of material is consistent across all IFRS standards.

▪ **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform**

Amendments to IFRS 9, IAS 39 and IFRS 7 were issued to respond to the effects of the interest rate benchmark reforms

on financial reporting. The amendments to IFRS 9 and IAS 39 provide temporary reliefs which enable hedge accounting to continue for affected hedges during the period of uncertainty before the interest rate benchmarks are amended as a result of the reforms. The amendments to IFRS 7 introduce new disclosure requirements. The amendments are applicable to Yara as the Group has fair value hedges exposed to the interest rate benchmarks NIBOR and STIBOR as well as net investment hedges exposed to USD LIBOR, ref. [note 6.2](#) Hedge accounting. Yara closely monitors the outcome of relevant interest rate benchmark reforms to determine the effects for Yara. Please see [note 6.1](#) Financial risks for more information on Yara's strategy to manage the risk exposure related to the interest rate benchmark reforms.

▪ **Amendments to IFRS 16**

- **Covid-19-Related Rent Concessions**

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Yara was not granted any significant rent concessions during 2020 as a direct consequence of the Covid-19 pandemic.

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**Not yet effective**

The below amendments to IFRS applicable to Yara have been issued but were not yet effective on the balance sheet date. Yara will implement the changes from their effective date, subject to endorsement by the EU. At the date of the Board approval of these financial statements, Yara has not identified significant impact to Yara's consolidated financial statements as a result of amendments effective for 2021. Yara has not yet fully assessed the impact of changes which are effective from 2022 and beyond.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase 2**

The amendments are effective for accounting periods beginning on or after 1 January 2021. They provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate. Yara closely monitors the outcome of relevant interest rate benchmark reforms to determine the effects for Yara. See [note 6.1](#) Financial risks for more information on Yara's strategy to manage the risk exposure related to the interest rate benchmark reforms.

- **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments are effective for annual periods beginning on or after 1 January 2022. They add an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent

Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- **Amendments to IAS 16**

- **Proceeds before Intended Use**

The amendments are effective for annual periods beginning on or after 1 January 2022. They prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **Amendments to IAS 37**

- **Costs of Fulfilling a Contract**

The amendments are effective for annual periods beginning on or after 1 January 2022. They specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are intended to provide clarity and help ensure consistent application of the standard.

- **IFRS 17 Insurance Contracts**

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023. It covers recognition, measurement, presentation and disclosure for insurance contracts. Once effective, IFRS 17 will replace IFRS 4 Insurance contracts. Yara has not yet assessed implications of this new standard for the Group.

# 1 Key sources of estimation uncertainty, judgments and assumptions

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### General

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the use of Yara's accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The judgments, estimates and assumptions made that may significantly differ from actual results and may lead to material adjustments to carrying amounts are listed below.

### Key sources of estimation uncertainty

#### Impairment of assets

Property, plant and equipment  
Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions in the regions where Yara carries out its business. Significant and pro-

longed adverse market conditions related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. A reduction to the expected useful life of the assets can also lead to periods with higher depreciation expense going forward. Yara has carried out impairment tests for certain production facilities during 2020, mainly due to uncertain economic conditions in local markets. No facilities have been temporarily or permanently closed during 2020 due to inadverse market conditions. The wholly-owned ammonia plant in Point Lisas, Trinidad was closed in December 2019. Impairments recognized in prior periods have been evaluated for reversals. Total impairment recognized on property, plant and equipment in 2020 is USD 29 million. The carrying amount of property, plant and equipment at 31 December 2020 is USD 8,579 million. See [note 4.1](#) and [4.7](#) for further details.

Goodwill and other intangible assets  
Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires man-

agement to estimate the future cash flows expected to arise from the cash-generating unit and was a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 31 December 2020 is USD 831 million and USD 157 million, respectively. Yara recognized impairment of goodwill and other intangible assets of USD 12 million and USD 3 million in 2020, respectively. Details of recognized goodwill are provided in [note 4.2](#) and the impairment information, including sensitivity disclosures, is provided in [note 4.7](#). Other intangible assets mainly comprises software, customer relationships and patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. See [note 4.2](#) and [4.7](#) for further details.

#### Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2020 are USD 485 million and USD 388 million, respectively. The amount of unrecognized deferred tax assets is USD 312 million, of which USD

133 million is related to unused tax losses in Brazil. Further information about deferred tax is provided in [note 2.8](#).

Yara's operations in Brazil also generate tax credits. Recognition of these assets are based on Management assumptions related to future operating results and timing of utilization. Yara has recognized USD 125 million of such tax credits which are classified as non-current assets. Unrecognized amounts of the same credits i USD 19 million which reflects the challenges of utilizing all credits through ordinary operations. Further information is provided in [note 4.6](#).

Yara is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to estimate the probability of cash outflow on a case-by case basis. The estimated maximum exposure on tax contingencies is approximately USD 190 million of which USD 105 million is related to tax cases in Brazil. The estimated maximum exposure of USD 190 million is excluding a separately disclosed case with the Dutch tax authorities. Further information is provided in [note 5.6](#).

Yara has operations in multiple countries, each with its own taxation regime. Management is required to make judgments, estimates and assumptions in relation to tax treatments. In certain cases, it may be unclear how tax law applies to a particular

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transaction or circumstance until the relevant taxation authority of court takes a decision in the future. Consequently, this may affect tax assets and liabilities. When assessing whether uncertainty over tax treatments exists, Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

**Pension liabilities**

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year.

The carrying amount of the net pension and other long-term employee benefits liabilities at 31 December 2020 is USD 552 million. The gross pension and other long-term employee benefits liabilities have a carrying value of USD 2,536 million at the same date. Detailed information, including sensitivity disclosures, is provided in [note 5.4](#).

**Covid-19**

As a result of the outbreak of Covid-19 in 2020, all significant estimates and underlying assumptions to the accounting areas listed above have been reviewed in the light of this new situation. So far, Yara has not experienced any major disruption to its operations or experienced significant financial effects due to Covid-19. In addition to the accounting areas mentioned, Yara has also focused on estimates related to expected credit loss on trade receivables and on inventory valuation. Yara has not identified significant Covid-19 impact to these consolidated financial statements as of 31 December 2020.

**Financial implications of climate change**

Yara face significant risks and opportunities as a result of climate change and the governmental accelerated and decisive actions to reduce greenhouse gas (GHG) emissions and to create low-carbon and climate-resilient economies. These risks and opportunities are integrated in the Group's risk management

and strategy development processes, and risk mitigating actions and new business opportunities are currently being targeted and developed. Preparation of relevant scenario analyses is ongoing.

The risks of climate change for Yara's financial performance can be classified as transition risks or physical risks. Transition risks are risk to the Group that arise from the transition to a low-carbon and climate-resilient economy. Physical risks are risks to the Group that arise from the physical effects of climate change. These transition and physical risks can affect Yara in a multitude of ways and result in material adjustments to the carrying amounts of assets and liabilities. Significant judgment may be needed to estimate such adjustments including, but not limited to, future re-assessment of useful lives of tangible and intangible assets as well as assumptions used as basis for impairment testing of such assets.

As of year-end 2020, any future financial impact to Yara of climate risks and opportunities is highly uncertain.

The risks and opportunities of climate change reflected in these financial statements refers, in all material respects, to the European Green Deal, a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral in

2050. These risks and opportunities have been included in the impairment testing of tangible assets in Europe which are sensitive for impairment, and no impairment is recognized. For more information, see [note 4.7](#) Impairment on non-current assets.

**Critical judgments in applying accounting policies**

**Assessment of influence and control and classification of joint arrangements**

Management has used judgment in relation to the classification of Yara Freeport LLC DBA Texas Ammonia and classified it as a joint operation. The unit constructed an ammonia plant in the US which opened in April 2018. The company is owned 68% by Yara but controlled jointly with the other owner. The company has been classified as a joint operation because the partners have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. The same judgment have been made for the 50% owned Yara Pilbara Nitrates and the 49% owned Tringen, also on the basis of required consensus when making relevant decisions. See [note 4.4](#) for further details on joint operations.

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## 2 Results for the year

### 2.1 Revenue from contracts with customers

**Overview and accounting policies**

A description of the nature of external revenues in the Yara Group can be found in [note 2.3](#) Segment information.

Under IFRS 15, Yara recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

The nature of Yara's revenue recognition is categorized as follows:

- **Sale of fertilizer and chemical products**  
Yara sells fertilizer and chemical products to customers worldwide. Ordinary purchase orders are normally the contracts with the customer which create enforceable rights and obligations. Revenue is recognized when control of the products is transferred to the customer. This is normally determined by the incoterm used in the sales transactions. The use of incoterms varies between regions, markets and customers, but products are typically sold ex-warehouse.

Contracts with larger customers often include sales incentives leading to variable consideration amounts. Volume discounts are the dominant sales incentives used by Yara. These discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the

amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential discount. Discount which qualify as material rights are accounted for as separate performance obligations.

Products are normally sold with standard warranties which provide protection to the customers that the product have the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group does not have any other significant obligations for returns or refunds.

The majority of sales in the Group have credit terms of less than 90 days. Normally customer contracts do not include a significant financing component.

Yara does not have significant incremental costs of obtaining or fulfilling contracts with customers which the Group expects to recover.

- **Freight/insurance services**

Yara arranges delivery to the customer's location using different incoterms. When the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight/insurance service is delivered (C-incoterms), Yara normally considers the freight/insurance service to be a distinct service which shall be accounted

for as a separate performance obligation. This means that Yara allocates consideration to these freight/insurance services based on known or estimated standalone selling prices, and recognizes the corresponding revenue over time to the extent the freight/insurance service is performed. However, the timing effects are limited since the majority of deliveries to the customer's location are done within days. Shipping and handling activities that occur before customers take control of the goods are considered to be part of fulfilling the sale of the goods.

- **Other products and services**

Other products and services include a number of different offerings including equipment and services to store or handle product, and technology offerings in the Industrial Solutions segment business units, such as Environmental Solutions. Revenues from sale of equipment are recognized upon delivery to the customer. Revenues from sale of services are recognized over time as the service is performed. Revenues from technology offerings in Yara's Environmental Solutions Business are recognized over time using the percentage of completion method if they meet the criteria for over time recognition in IFRS 15. The percentage of completion method is an input method (based on costs incurred) and provides a faithful depiction of the transfer of these offerings since it is reasonably possible to estimate the stages of project completion on an ongoing basis. Offerings which represent multiple element arrangements are

analyzed to identify distinct goods or services that shall be accounted for as separate performance obligations.

**Urea sales in India**

Yara's India business manufactures and sells urea to dealers who sell to retailers who in turn sell to farmers. Yara sells urea under a pricing scheme policy (as applicable from time to time) issued by the Government of India (Gol). This policy aims to promote balanced nutrient application and sustained agricultural growth by making urea available to farmers across India at affordable prices on a timely basis.

The price at which Yara can sell urea to registered dealers under the pricing scheme policy (as applicable from time to time) is regulated, verified and determined by Gol. The price is generally less than the cost of production and Gol provides a compensation based on a pre-defined method considering the sales price set by Gol to be charged to registered dealers. The cost for natural gas, other variable cost (including cost of bags and freight) and fixed cost.

Control of goods transfers at the time the registered dealer receives the goods. The consideration received is based on the dealer's receipt of goods and constitutes of the fixed sales price to be paid by the registered dealer and the estimated compensation to be paid by Gol. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers. The compensation from Gol is presented as revenue in the consolidated statement of income.

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## Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
<b>2020</b>				
Europe	2,783	102	39	2,924
Americas	4,401	154	7	4,562
Africa & Asia	1,803	33	9	1,845
Global Plants & Operational Excellence	436	60	26	522
Industrial Solutions	1,392	134	193	1,719
Other and Eliminations	5	-	14	19
<b>Total</b>	<b>10,819</b>	<b>484</b>	<b>288</b>	<b>11,591</b>
<b>2019 Restated <sup>1)</sup></b>				
Europe	2,889	98	37	3,024
Americas	4,991	184	7	5,182
Africa & Asia	1,843	38	1	1,881
Global Plants & Operational Excellence	588	65	24	677
Industrial Solutions	1,556	136	390	2,083
Other and Eliminations	(2)	-	13	11
<b>Total</b>	<b>11,864</b>	<b>520</b>	<b>473</b>	<b>12,858</b>

1) The 2019 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

## Disaggregation of external revenues by product group

USD millions	2020	2019
Ammonia	748	953
Urea	2,420	2,713
Nitrate	1,726	1,862
NPK	3,816	4,139
CN	560	552
UAN	282	300
SSP	82	165
DAP/MAP	240	263
MOP/SOP	430	540
Other fertilizer and chemical products	999	898
Other products and services	288	473
<b>Total revenues</b>	<b>11,591</b>	<b>12,858</b>

Yara serves a large number of customers. No revenues from transactions with any single customer amount to ten percent or more of Yara's total revenues.

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## Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	North America	Asia	Africa	Total
<b>2020</b>							
Europe	2,826	2	11	1	39	46	2,924
Americas	-	2,659	872	1,033	-	-	4,565
Africa & Asia	-	-	-	-	1,342	503	1,845
Global Plants & Operational Excellence	42	79	29	192	180	-	522
Industrial Solutions	987	333	89	67	128	113	1,716
Other and Eliminations	15	-	-	-	4	-	19
<b>Total</b>	<b>3,871</b>	<b>3,073</b>	<b>1,000</b>	<b>1,293</b>	<b>1,692</b>	<b>662</b>	<b>11,591</b>
<b>2019 Restated <sup>1)</sup></b>							
Europe	2,932	5	6	-	35	45	3,024
Americas	1	3,263	821	1,096	-	-	5,182
Africa & Asia	1	-	-	-	1,333	547	1,881
Global Plants & Operational Excellence	56	74	23	287	237	-	677
Industrial Solutions	1,257	323	97	98	181	126	2,083
Other and Eliminations	13	-	-	-	(2)	-	11
<b>Total</b>	<b>4,259</b>	<b>3,665</b>	<b>948</b>	<b>1,482</b>	<b>1,785</b>	<b>718</b>	<b>12,858</b>

1) The 2019 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Revenues from external costumers of an amount of USD 213 million (2019: USD 234 million) are attributed to Norway (Yara's country of domicile).

## Customer contract balances and unsatisfied performance obligations

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and prepayments and deposits from customers (contract liabilities). Information on billed trade receivables can be found in [note 3.2](#).

Unbilled receivables (contract assets) are limited and refer mainly to technology offerings in Yara's Environmental Solutions Business with revenue recognition over time in accordance with the percentage of completion method. For such offerings, billing generally occurs upon achievement of contractual milestones subsequent to revenue recognition. Contract assets are transferred to receivables when Yara has an unconditional right to consideration.

Prepayments and deposits from customers (contract liabilities) mainly refer to Yara's fertilizer sales in Brazil where prepayments up front of the fertilizer season is common practice to reduce price risk for the customers. Prepayments in Brazil are normally received less than 90 days before delivery of the goods. To a limited extent contract liabilities also refer to up-front payments on technology offerings in Yara's Environmental Solutions Business.

Unsatisfied performance obligations refer mainly to technology deliveries in Yara's Environmental Solutions Business. For other deliveries unsatisfied performance obligations which are part of contracts that have an expected value of one year or less are not disclosed. In addition, unsatisfied performance obligations are not disclosed when Yara's right to consideration corresponds directly with the value to the customer of Yara's performance completed to date.



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USD millions	2020	2019
<b>Contract assets</b>		
Opening balance 01.01	38	42
Transferred to receivables in the period	(35)	(117)
Increase due to measure of progress in the period	22	113
Revenue recognized in the period from performance obligations satisfied in previous periods	-	-
Impairment	-	-
Currency translation effect	1	-
Closing balance 31.12	26	38
<b>Contract liabilities</b>		
Opening balance 01.01	399	343
Share of opening balance recognized as revenue in the period	(398)	(319)
Cash received not recognized as revenue in the period <sup>1)</sup>	369	376
Currency translation effect	1	-
Closing balance 31.12	372	399
<b>Unsatisfied performance obligations</b>		
Initial contract price on signed contracts	555	621
Aggregate contract revenue incurred to date <sup>2)</sup>	(516)	(420)
Transaction price allocated to unsatisfied performance obligations	39	201
<b>Unsatisfied performance obligations to be recognized within</b>		
1 year	33	149
2-3 years	6	52
Transaction price allocated to unsatisfied performance obligations	39	201

1) Presented net of amounts created and released within the same reporting period.

2) Based on the percentage of completion method.

## 2.2 Other income

**Accounting policies**

A white certificate is an instrument issued by an authorized body guaranteeing that a specified amount of energy savings has been achieved. Yara receives such instruments from voluntarily participating in the white certificate scheme in Italy. The white certificates under this scheme is tradable and Yara sells these instruments to energy producers in the scheme on a running basis. Yara recognizes the white certificates received at zero cost and recognizes a gain equal to the selling price once they are sold.

Compensation from insurance companies is recognized in profit and loss when it becomes a receivable. The compensation becomes receivable when it is "virtually certain" that it will be received.

Please see separate notes referred to in the table below for the accounting for other specified items.

USD millions	Notes	2020	2019
Sale of white certificates		6	37
Insurance and other compensations		4	14
Commodity based derivatives gain/loss	<a href="#">6.3</a>	15	13
Sale of shares in equity-accounted investee <sup>1)</sup>		100	-
Other		12	15
Total		137	78

1) Of this amount, USD 97 relates to the sale of Yara's share in QAFCO in 2020. See [note 7.1](#) for more information.

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## 2.3 Segment information

Yara moved to a regional organizational structure on 1 June 2020, and the Group's operations comprise of the following operating segments as of Year End 2020:

Europe  
Americas  
Africa & Asia  
Global Plants & Operational Excellence  
Industrial Solutions

In addition, Yara has established a new global function - Farming Solutions. This function has a global mandate to drive the transformation of Yara's core crop nutrition business, developing both existing and new solutions including premium products, digital business, food value chain collaboration and climate-neutral solutions.

The regional segments operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and deliver existing Yara solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The operating segments presented are the key components of Yara's business as of Year End 2020 which have been assessed, monitored and managed on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

On 9 February 2021 Yara announced that a new global unit had been established – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara's unique existing

position within ammonia production, trade and shipping. The new global unit will be reported as an additional, separate operating segment from 2021.

### Europe

Yara Europe comprises sales, marketing and production within Europe. Yara Europe markets crop nutrition solutions to farmers and the food value chain, offering crop nutrition products, advice and related services. The product portfolio is comprehensive, ranging from standard nitrogen-based fertilizer to specialty products. The largest product categories sold within nitrogen-based fertilizer are nitrates and compound fertilizer (NPK).

Products sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements. Products are sold to a variety of customers covering wholesale, co-operatives, retail, and to a lesser extent direct to farmers. The types of customers and products sold differ between regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets.

Yara Europe has 11 fertilizer plants across Europe. The plants have different product portfolios and are located to serve both domestic and export markets. In addition, the region operates more than 100 terminals and warehouses (owned and leased) and has a direct presence in around 30 European countries. The majority of products sold are produced at own sites in the region.

Operating results are driven by integrated business value creation from plant to market. The margin between realized finished fertilizer prices and raw material input prices is partly driven by Yara's ability to differentiate

its offerings and partly by the price developments for commodity fertilizer (urea, UAN), natural gas and ammonia. Yara also creates value through operational efficiency at its production plants, competitive sourcing of raw materials for production and optimal resource allocation across its business model. Operating results are also impacted by currency movements as margins are typically US dollar exposed while fixed costs have a significant local currency component (mainly Euro).

### Americas

Yara Americas comprises sales, marketing and production within the regional business units of North America, Latin America and Brazil. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizer (NPK) that contain all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K) as well as foliar and fertigation solutions through micronutrients. The region also sells phosphate and potash-based fertilizers which to a large extent are sourced from third parties.

Product sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements, but to an increasing extent the products are also sold directly to farmers and co-operatives. The composition of customer groups and products sold differs between local and regional markets, and the off-take of product varies with the fertilizer seasons in the different markets. Product sales are mainly sourced from the operating segment Global Plants & Operational Excellence based on "arm's length principle" transfer pricing, and from the segment's own production facilities

in Canada, the US, Trinidad, Colombia and Brazil.

The North America business unit operates a wholly-owned plant in Belle Plaine, Canada and also participates in the joint operations Trinidad Nitrogen Company Ltd. in Trinidad and Yara Freeport LLC DBA Texas Ammonia in the US (Yara consolidates its share of assets, liabilities, revenues and costs for joint operations). A smaller portion of the urea and urea ammonium nitrate (UAN) sales are sourced from third party producers. In addition to crop nutrition solutions, North America markets industrial application solutions such as waste water treatment and additives for the construction industry and oil field services.

The Latin America business unit covers all Spanish-speaking markets in the Americas, from Mexico in the North to Argentina in the South. In Colombia Yara owns a production facility in Cartagena which mainly serves the local Colombian market with compound fertilizer (NPK) and calcium nitrate (CN) products. The Cartagena facility also produces soluble ammonium nitrate to supply local customers.

The Brazil business unit operates more than 20 blending units and distribution sites with a geographic spread to supply Brazil's main agricultural markets. It also includes the fully-owned production plants at Rio Grande, Ponta Grossa, Cubatão, Paulínia, Salitre and Sumaré.

Operating results in Yara Americas are largely driven by Yara's ability to commercialize crop nutrition solutions based on European produced premium fertilizers at value-added margins, as well as the marketing of own-produced products in the region. Other

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key value drivers are reliability and operational efficiency at the production plants, competitive sourcing of raw materials for production (including natural gas), and efficient blending of third-party sourced raw materials. Operating results are also impacted by currency movements, as margins are typically US dollar exposed while fixed costs have a significant local currency component.

**Africa & Asia**

Yara Africa & Asia comprises sales, marketing, distribution and production of fertilizers and industrial products across Asia-Pacific, Africa and Oceania regions. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizers (NPK) designed for soil application. This portfolio is complemented by foliar and soluble products, serving a different range of crop application. A significant part of the products marketed are sourced from Yara production plants, both inside and outside the Africa & Asia region.

Most of the customers in the region are smallholders farmers. Yara reaches these customers through distributors, retailers and co-operatives based on different commercial agreements. The region also includes more mature agricultural markets such as South Africa, Australia and New Zealand where Yara often sells directly to professional large-scale crop farmers. The type of customers and product portfolio sold differs greatly between the different markets.

The region has offices and operational units in more than 20 countries, with most significant business operations in China, India, Thailand, South Africa and Australia. As a complemen-

tary part to our crop nutrition distribution business, our fertilizer production comprehends one production facility in Australia producing Ammonia and Technical Ammonium Nitrate (TAN) and one production facility at Babrala in India producing ammonia and urea. The ammonia produced in Australia is commercialized by Yara's ammonia trade and shipping activity within the operating segment Global Plants & Operational Excellence, while the technical ammonium nitrate (TAN) is commercialized by the operating segment Industrial Solutions in the Australian mining market. The production facility producing technical ammonium nitrate (TAN) is a joint operation (Yara Pilbara Nitrates Pty Ltd.) in which Yara consolidates its ownership share of 50% of assets, liabilities, revenues and costs. The ammonia produced at Babrala is used for the production of urea at the same plant. The urea produced at the plant is sold under a subsidized government scheme in India.

Operating results are highly influenced by the Yara's ability to commercialize our differentiated nitrate-based fertilizer portfolio and the upgrading margins in the production facilities driven by the price levels of ammonia/Urea and competitive gas supply. Operating results can also be influenced by movements in currency rates.

**Global Plants & Operational Excellence**

The Global Plants & Operational Excellence segment operates Yara's largest, and export oriented, production plants (Porsgrunn, Sluiskil) and has a key role in driving operational improvements, competence development and technical project execution across Yara's production system. The unit also comprise Yara's global ammonia trade and shipping activity, Yara's development

of a potash resource in Dallol, Ethiopia, and Yara's 25% share in Qatar Fertilizer Company (QAFCO) which was sold in the 3rd quarter 2020. In addition the unit includes the global planning and optimization function, the product management function and the corporate Health, Environment, Safety and Quality (HESQ) function.

Yara's ammonia trade and shipping activity plays a vital role in Yara's production system as it allocates excess volume from producer plants and delivers to consumer plants in a timely manner in order to ensure full production capacity utilization. Besides significant intra-group purchases and sales, Yara Ammonia Trade and shipping purchases ammonia from third parties predominantly to supply its European production region. It also generates significant external sales by selling ammonia to large customers in the fertilizer and chemical industries on a contract basis, mainly in the Americas and Asia regions. It also provides optimized shipping solutions that fit Yara's storage and port capacity, and which includes a fleet of own and time chartered vessels.

The majority of sales in the segment are group internal sales of finished fertilizers transferred at internal prices based on the arms lengths principle. The remaining external sales mainly relate to Yara's global trade and shipping of ammonia.

The Global Plants & Operational Excellence unit operating results are highly influenced by volume output and margin development for fertilizer commodities. The margins are primarily driven by the difference in price levels for urea, diammonium phosphate fertilizer (DAP) and potash-based fertilizer and

the price level of the key input factors energy, phosphate rock and potash. Operating results can also be influenced by movements in currency exchange rates.

**Industrial Solutions**

Yara Industrial Solutions mainly provides nitrogen based solutions and services across a wide range of industries including automotive, construction, waste handling and circular economy, shipping, chemicals, mining and animal feed. There is a strong environmental focus to Yara Industrial Solutions and a large portion of revenue is derived from AdBlue, an urea-based reagent used by diesel vehicles to reduce nitrogen oxide emissions. The segment also offers NO<sub>x</sub> abatement solutions for industrial plants and transport at both land and sea. In addition, Yara Industrial Solutions is continuously working to develop product and service offerings in high growth markets as well as additional green and sustainable opportunities globally.

Yara Industrial Solutions performs its activities through five global commercial units; Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates and Yara Marine Technologies. These commercial units are backed by six dedicated production plants across Europe, Latin America, Asia and Africa. In addition, the segment has arm's length commercial agreements with the rest of Yara's global production plant network and external suppliers. Through direct sales and distributors, Yara Industrial Solutions is able to provide its customers with high quality, reliable products and services backed by deep local knowledge combined with global best practice expertise. The customer contracts are to a large extent medium to long-term contracts, however

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products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Operating results are exposed to fluctuations in commodity prices and general economic activity. However, Yara Industrial Solution's

integrated position coupled with its diversified exposure in terms of product, underlying industry and global location has allowed Yara Industrial Solutions to mitigate these effects to a great extent.

**Other and eliminations**

Other and eliminations comprise cross-

segment eliminations which to a large extent refer to elimination of profit on inventory. In addition it comprises corporate costs which are not allocated to operating segments. Fluctuations in EBITDA refer to volumes in stock and internal margins on these volumes based on the arms lengths principle. High EBITDA in Other and eliminations refer to

lower volumes in stock and vice versa. A high EBITDA may also be explained by lower internal margins on volumes in stock. In both situations the internal eliminations will be less significant.

**Consolidated statement of income**

USD millions, except percentages	2020	2019 Restated <sup>1)</sup>
<b>External revenue from contract with customers</b>		
Europe	2,924	3,024
Americas	4,562	5,182
Africa & Asia	1,845	1,881
Global Plants & Operational Excellence	522	677
Industrial Solutions	1,719	2,083
Other and Eliminations	19	11
<b>Total</b>	<b>11,591</b>	<b>12,858</b>
<b>Internal revenue</b>		
Europe	531	571
Americas	258	329
Africa & Asia	389	370
Global Plants & Operational Excellence	1,918	2,186
Industrial Solutions	263	257
Other and Eliminations	(3,358)	(3,713)
<b>Total</b>	<b>-</b>	<b>-</b>

USD millions, except percentages	2020	2019 Restated <sup>1)</sup>
<b>Total revenue</b>		
Europe	3,455	3,595
Americas	4,820	5,510
Africa & Asia	2,234	2,251
Global Plants & Operational Excellence	2,440	2,863
Industrial Solutions	1,982	2,340
Other and Eliminations	(3,339)	(3,702)
<b>Total</b>	<b>11,591</b>	<b>12,858</b>
<b>Operating income <sup>2)</sup></b>		
Europe	201	247
Americas	281	247
Africa & Asia	49	(8)
Global Plants & Operational Excellence	477	365
Industrial Solutions	234	193
Other and Eliminations	(65)	(55)
<b>Total</b>	<b>1,176</b>	<b>989</b>

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.

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USD millions, except percentages	2020	2019 Restated <sup>1)</sup>
<b>EBITDA <sup>2)</sup></b>		
Europe	477	512
Americas	563	574
Africa & Asia	162	102
Global Plants & Operational Excellence	701	618
Industrial Solutions	344	301
Other and Eliminations	(23)	(11)
<b>Total</b>	<b>2,223</b>	<b>2,095</b>
<b>ROIC (12-month rolling average) <sup>2)</sup></b>		
Europe	6.6%	7.9%
Americas	6.4%	5.1%
Africa & Asia	2.0%	0.0%
Global Plants & Operational Excellence	14.5%	11.4%
Industrial Solutions	17.2%	13.3%
<b>Yara <sup>3)</sup></b>	<b>8.0%</b>	<b>6.6%</b>

USD millions, except percentages	2020	2019 Restated <sup>1)</sup>
<b>Net operating profit after tax (NOPAT) <sup>2)</sup></b>		
Europe	157	196
Americas	260	238
Africa & Asia	43	1
Global Plants & Operational Excellence	364	325
Industrial Solutions	181	151
Other and Eliminations	(30)	(25)
<b>Yara <sup>3)</sup></b>	<b>976</b>	<b>886</b>
<b>Invested capital <sup>2)</sup></b>		
Europe	2,370	2,469
Americas	4,073	4,685
Africa & Asia	2,105	2,154
Global Plants & Operational Excellence	2,514	2,854
Industrial Solutions	1,051	1,134
<b>Yara <sup>3)</sup></b>	<b>12,200</b>	<b>13,395</b>

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.  
 2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.  
 3) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See "Alternative performance measures" section for more information.

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**Reconciliation of operating income to EBITDA**

USD millions

	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization <sup>1)</sup>	Impairment loss <sup>2)</sup>	EBITDA
<b>2020</b>						
Europe	201	4	-	246	25	477
Americas	281	5	53	221	3	563
Africa & Asia	49	-	2	110	2	162
Global Plants & Operational Excellence	477	6	-	218	-	701
Industrial Solutions	234	3	1	105	1	344
Other and Eliminations	(65)	2	5	19	15	(23)
<b>Total</b>	<b>1,176</b>	<b>20</b>	<b>62</b>	<b>919</b>	<b>46</b>	<b>2,223</b>
<b>2019 Restated <sup>3)</sup></b>						
Europe	247	5	-	232	27	512
Americas	247	2	62	249	13	574
Africa & Asia	(8)	-	3	105	3	102
Global Plants & Operational Excellence	365	51	-	201	-	618
Industrial Solutions	193	2	1	104	-	301
Other and Eliminations	(55)	4	9	31	-	(11)
<b>Total</b>	<b>989</b>	<b>65</b>	<b>76</b>	<b>923</b>	<b>43</b>	<b>2,095</b>

1) Including amortization on excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

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**Consolidated statement of financial position**

USD millions	2020	2019 Restated <sup>1)</sup>
<b>Total assets <sup>2)</sup></b>		
Europe	3,237	3,090
Americas	5,246	5,922
Africa & Asia	2,563	2,536
Global Plants & Operational Excellence	2,530	3,310
Industrial Solutions	1,430	1,364
Other and Eliminations	1,599	503
<b>Total</b>	<b>16,605</b>	<b>16,725</b>
<b>Current assets <sup>2)</sup></b>		
Europe	1,163	1,179
Americas	1,658	1,941
Africa & Asia	980	975
Global Plants & Operational Excellence	394	401
Industrial Solutions	516	458
Other and Eliminations	926	(169)
<b>Total</b>	<b>5,637</b>	<b>4,785</b>
<b>Non-current assets <sup>2)</sup></b>		
Europe	2,074	1,911
Americas	3,588	3,981
Africa & Asia	1,583	1,561
Global Plants & Operational Excellence	2,136	2,910
Industrial Solutions	914	906
Other and Eliminations	673	671
<b>Total</b>	<b>10,969</b>	<b>11,940</b>

USD millions	2020	2019 Restated <sup>1)</sup>
<b>Equity-accounted investees</b>		
Europe	17	17
Americas	51	46
Africa & Asia	-	-
Global Plants & Operational Excellence <sup>3)</sup>	3	878
Industrial Solutions	41	38
Other and Eliminations	(6)	(7)
<b>Total</b>	<b>108</b>	<b>970</b>
<b>Investments <sup>4)</sup></b>		
Europe	250	246
Americas	280	510
Africa & Asia	104	72
Global Plants & Operational Excellence	211	195
Industrial Solutions	73	70
Other and Eliminations	16	39
<b>Total</b>	<b>933</b>	<b>1,134</b>

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

2) Assets excludes internal cash accounts and accounts receivable related to group relief.

3) 2019 figure includes the investment of Qafco which was sold in 2020. See [note 7.1](#) for more information.

4) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.  
The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

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**Non-current assets for all segments by geographical location**

USD millions	Non-current assets <sup>1)</sup>	
	2020	2019
Europe	4,800	4,512
Brazil	1,636	1,928
Latin America ex. Brazil	333	361
Asia <sup>2)</sup>	1,557	2,405
North America	1,630	1,683
Africa	287	289
<b>Total</b>	<b>10,243</b>	<b>11,178</b>

1) The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

2) 2019 figure includes the investment of Qafco which was sold in 2020. See [note 7.1](#) for more information.

Non-current assets of an amount of USD 1,208 million (2019: USD 1,183 million) are attributed to Norway (Yara's country of domicile).

Information related to disaggregation of external revenues by geographical area, nature and product group can be found in [note 2.1](#)

**2.4 Raw materials, energy costs and freight expenses**

USD millions	Notes	2020	2019
<b>Raw material, energy costs and freight expenses</b>			
Raw material and energy costs		(5,609)	(6,968)
Freight expense		(899)	(942)
Other production related costs		(1,311)	(1,407)
<b>Total</b>		<b>(7,819)</b>	<b>(9,317)</b>

**2.5 Payroll and related costs**

USD millions	Notes	2020	2019
<b>Payroll and related costs</b>			
Salaries	<a href="#">8.2</a>	(913)	(922)
Social security costs	<a href="#">8.2</a>	(137)	(146)
Social benefits	<a href="#">8.2</a>	(7)	(8)
Net periodic pension cost	<a href="#">5.4, 5.6, 8.2</a>	(79)	(104)
<b>Total</b>		<b>(1,136)</b>	<b>(1,180)</b>

**2.6 Other operating expenses**

USD millions	Notes	2020	2019
<b>Other operating expenses</b>			
Selling and administrative expense		(223)	(217)
Advertising expense		(28)	(29)
Travel expense		(18)	(47)
Fees auditors, lawyers, consultants	<a href="#">8.3</a>	(97)	(133)
Other expenses		(47)	(34)
<b>Total</b>		<b>(414)</b>	<b>(460)</b>
<b>Research costs</b>	<a href="#">4.2</a>	<b>(91)</b>	<b>(90)</b>



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## 2.7 Financial income and expenses

### Accounting policies

Interest income is recognized in the statement of income as it is accrued, based on the effective interest method.

Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Individual financial statements of Yara International ASA and its subsidiaries are prepared in the respective entities' functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Yara International ASA is Norwegian kroner (NOK). In the individual financial statements, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the exchange rate at that date. The changes in value due to such foreign currency translations are recognized in the statement of income of the individual entity and reflected as "foreign currency translation gain/loss" in the consolidated statement of income for the Group.

Interest expense is recognized as it is accrued.

Capitalized interest expense refers to borrowing costs which are added to the cost of PP&E that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

### Specification

USD millions	Notes	2020	2019
Net interest income on customer credits		51	56
Interest income, other		10	18
Dividends and net gain/(loss) on securities		1	2
Interest income and other financial income		62	76
Net foreign currency translation gain/(loss)	<a href="#">6.1</a>	(243)	(145)
Interest expense		(141)	(197)
Interest expense on lease liabilities	<a href="#">4.5</a>	(15)	(15)
Capitalized interest	<a href="#">4.1</a>	21	55
Net interest on net long-term employee benefit obligations	<a href="#">5.4</a>	(5)	(9)
Other financial expense		(25)	(15)
Interest expense and other financial items		(165)	(182)
Net financial income/(expense)		(346)	(251)

The foreign currency translation loss this year of USD 243 million comprised a loss of USD 86 million on the US dollar denominated debt positions and a loss of USD 157 million on internal positions in other currencies than USD. In 2019, the US dollar debt positions and the internal positions contributed almost equally to the reported net loss of USD 145 million.

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## 2.8 Income taxes

### Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for by using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits, and any unused tax losses. However, deferred tax assets are recognized only to the extent these can be utilized against probable taxable profits.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill, or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, except where the

Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are recognized only to the extent it is probable that sufficient taxable profits are expected to reverse in the foreseeable future to utilize the benefits of the temporary differences.

Current and deferred taxes are recognized as expense or income in the statement of income, except when they relate to items recognized directly in equity or in other comprehensive income. If the tax relates to items recognized in other comprehensive income or directly in equity, the tax is also recognized as other comprehensive income or directly in equity. Uncertain tax positions, for example from unresolved disputes with tax authorities, are provided for if there are probable cash outflows. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

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**The major components of income tax expense for the year ended 31 December:**

USD millions	2020	2019
<b>CONSOLIDATED STATEMENT OF INCOME</b>		
<b>Current taxes</b>		
Current year	(121)	(224)
Prior year adjustment <sup>1)</sup>	19	(40)
<b>Total</b>	<b>(102)</b>	<b>(264)</b>
<b>Deferred taxes</b>		
Deferred tax income/(expense) recognized in the current year	(17)	67
Adjustments to deferred tax attributable to changes in tax rates and laws	(12)	1
(Write-downs)/reversal of previous write-downs of deferred tax assets	(28)	(18)
<b>Total</b>	<b>(58)</b>	<b>50</b>
<b>Total tax income/(expense) recognized in statement of consolidated income</b>	<b>(160)</b>	<b>(214)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Current tax</b>		
Hedge of net investment	(5)	3
<b>Total current tax</b>	<b>(5)</b>	<b>3</b>
<b>Deferred tax</b>		
Pensions	16	5
Available-for-sale financial assets	(1)	-
<b>Total</b>	<b>15</b>	<b>5</b>
<b>Total tax income/(expense) recognized directly in other comprehensive income</b>	<b>10</b>	<b>8</b>
<b>Total tax income/(expense) recognized in comprehensive income</b>	<b>(150)</b>	<b>(207)</b>

1) Includes a provision for an incentive arrangement in the United states of USD 24 million. 2019 figure includes a tax provision of USD (38) million which was based on a court ruling.

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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**Reconciliation of Norwegian nominal statutory tax rate to effective tax rate**

USD millions, except percentages

	2020	2020	2019	2019
Income before tax		850		803
Expected income taxes at statutory tax rate <sup>1)</sup>	22%	(187)	22%	(177)
Tax law changes	1.6%	(13)	(0.2%)	1
Foreign tax rate differences	(2.5%)	21	(2.6%)	21
Unused tax losses and tax offsets not recognized as deferred tax assets	11.9%	(101)	5.3%	(43)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(4.0%)	34	(1.9%)	15
Deductible loss <sup>2)</sup>	(4.8%)	41	-	-
Non-taxable gain on sale equity-accounted investees <sup>3)</sup>	(2.9%)	24	-	-
Non-deductible expenses	1.8%	(15)	1.3%	(11)
Share of net income equity-accounted investees	(0.3%)	3	(1.7%)	13
Tax free income miscellaneous	(1.3%)	11	(2.3%)	22
Prior year adjustment <sup>4)</sup>	(2.2%)	19	5.1%	(41)
Withholding tax	1.7%	(15)	2.5%	(7)
Other, net	(2.1%)	18	(0.9%)	(9)
<b>Total income tax income/(expense)</b>		<b>(160)</b>		<b>(214)</b>
<b>Effective tax rate</b>		<b>18.9%</b>		<b>26.7%</b>

1) Calculated as Norwegian nominal statutory tax rate of 22% (2019: 22%) applied to income before tax.

2) Related to loss from restructuring corporate holding structure.

3) Gain is related to the sale of Qafco in 2020. See [note 7.1](#) for more information.

4) The 2020 figure includes a special tax incentive impact of USD 24 million. The 2019 figure includes a provision of USD (38) million following a court ruling in an ongoing tax case.

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**Specification of deferred tax assets/(liabilities)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**2020**

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>Non-current items</b>							
Intangible assets	(13)	4	(1)	-	-	5	(6)
Property, plant and equipment	(431)	32	(1)	-	-	(12)	(411)
Pensions	96	(6)	(6)	16	-	15	115
Equity securities available-for-sale	1	-	-	(1)	-	-	-
Other non-current assets	(103)	(40)	-	-	-	4	(140)
Other non-current liabilities and accruals	136	(64)	(1)	-	-	(3)	68
<b>Total</b>	<b>(315)</b>	<b>(74)</b>	<b>(9)</b>	<b>15</b>	<b>-</b>	<b>8</b>	<b>(373)</b>
<b>Current items</b>							
Inventory valuation	52	(11)	(2)	-	-	(1)	39
Accrued expenses	31	45	(1)	-	-	(3)	73
Assets classified as held for sale	1	(1)	-	-	-	-	-
<b>Total</b>	<b>84</b>	<b>33</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>111</b>
Tax loss carry forwards	612	5	-	-	-	30	646
Unused tax credits	4	18	-	-	-	2	25
Valuation allowance	(319)	(28)	(1)	-	1	35	(312)
<b>Net deferred tax asset/(liability)</b>	<b>66</b>	<b>(46)</b>	<b>(12)</b>	<b>15</b>	<b>1</b>	<b>72</b>	<b>97</b>

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## 2019

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>Non-current items</b>							
Intangible assets	(7)	(5)	1	-	(2)	-	(13)
Property, plant and equipment	(394)	(25)	(2)	-	(4)	(6)	(431)
Pensions	93	(2)	(2)	5	-	2	96
Equity securities available-for-sale	-	-	-	-	-	-	1
Other non-current assets	(156)	53	1	-	(3)	2	(103)
Other non-current liabilities and accruals	115	23	(1)	-	-	(1)	136
<b>Total</b>	<b>(348)</b>	<b>43</b>	<b>(3)</b>	<b>5</b>	<b>(9)</b>	<b>(2)</b>	<b>(315)</b>
<b>Current items</b>							
Inventory valuation	30	24	(2)	-	-	-	52
Accrued expenses	41	(3)	(6)	-	-	-	31
Assets classified as held for sale	-	1	-	-	-	-	1
<b>Total</b>	<b>71</b>	<b>21</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>
Tax loss carry forwards	582	3	1	-	-	26	612
Unused tax credits	5	(1)	-	-	-	-	4
Valuation allowance	(320)	(18)	12	-	-	7	(319)
<b>Net deferred tax asset/(liability)</b>	<b>(9)</b>	<b>48</b>	<b>1</b>	<b>5</b>	<b>(9)</b>	<b>30</b>	<b>67</b>

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**Unrecognized deferred tax assets**

USD millions	2020	2019
Unrecognized deferred tax assets are attributable to the following		
Tax losses	281	261
Deductible temporary differences	31	58
<b>Total</b>	<b>312</b>	<b>319</b>

Unrecognized tax losses are mainly related to the tax loss carry forwards arising from the activities in Brazil and France. Utilization of the tax loss carry forwards in Brazil and France is without time limitation. In Brazil utilization is restricted to 30% of taxable income each year. Unrecognized tax losses in Brazil is USD 133 million (2019: USD 173 million). The decrease is mainly related to currency effect and loss on tax positions following a legal merger. Unrecognized tax losses in France is USD 63 million in 2020 (2019: 0).

**Specification of expiration of tax loss carry forwards**

USD millions	2020
2021	23
2022	21
2023	14
2024	7
2025	9
After 2025	102
Without expiration	2,217
<b>Total tax loss carry forwards</b>	<b>2,393</b>
Deferred tax effect of tax loss carry forwards	646
Valuation allowance on tax loss carry forwards	(281)
<b>Recognized in the statement of financial position</b>	<b>365</b>

Yara's recognized tax loss carry forward primarily relate to the business in Norway and Australia, where tax losses are without expiration. The tax losses are mainly related to incurred currency losses, non-recurring transactions and loss from operations. The recognized tax assets for all units are all supported by estimated future profit level.

**Deferred tax presented in the statement of financial position**

USD millions	2020	2019
Deferred tax assets	485	484
Deferred tax liabilities	(388)	(416)
<b>Net deferred tax asset/(liability)</b>	<b>97</b>	<b>67</b>

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately USD 8.1 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of USD 7 million is recognized.

For information regarding tax contingencies and uncertain tax treatments, see [note 5.6](#).

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## 3 Current assets

### 3.1 Inventories

#### Overview

Inventories comprise finished goods, work in progress, raw materials and spare parts. Finished goods refer to own produced products and goods purchased for resale. Work in progress are partly processed, unfinished products. Raw materials include own produced raw materials, mainly ammonia and nitric acids, as well as raw materials purchased from external parties such as phosphate, potassium and other input factors used in the production. Spare parts include packing, operating and maintenance supplies. Inventories in stock in the Industrial Solutions segment comprises, in addition, environmental solutions, scrubbers for the maritime industry, feed phosphates, chemicals and other.

#### Accounting policies

Inventories are stated at the lower of cost, using weighted average, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and other selling costs.

All amounts presented are net of write-downs. A write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. This include direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory. Yara is using the standard costing method for cost measurement which consider normal levels of materials and supplies, labor, efficiency and capacity utilization.

Spare parts held as inventories are spare parts which do not meet the criteria for being classified as Property, plant and equipment (PP&E).

Yara has internal sales between the different segments. These sales create internal margins which are eliminated and presented as "other and eliminations".

#### Inventory stock 2020

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
<b>31 Dec 2020</b>							
Finished goods	429	359	279	72	74	(88)	1,125
Work in progress	20	-	1	12	8	-	41
Raw materials	85	493	22	53	43	1	696
Spare parts	95	58	27	73	47	-	299
<b>Total 31 Dec 2020</b>	<b>628</b>	<b>910</b>	<b>329</b>	<b>209</b>	<b>172</b>	<b>(87)</b>	<b>2,161</b>



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**Inventory stock 2019**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
<b>31 Dec 2019</b>							
Finished goods	502	435	337	58	91	(111)	1,312
Work in progress	19	2	1	15	11	-	47
Raw materials	86	518	15	67	47	-	733
Spare parts	82	60	24	65	36	-	267
<b>Total 31 Dec 2019</b>	<b>689</b>	<b>1,014</b>	<b>378</b>	<b>204</b>	<b>185</b>	<b>(111)</b>	<b>2,360</b>

**Write-down 2020**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(12)	(11)	(3)	(1)	(10)	7	(30)
New write-downs recognized during the year	(17)	(10)	(5)	(2)	(2)	11	(24)
Write-downs reversed due to product sold	1	5	(1)	2	(1)	(19)	(12)
Write-downs reversed, other	16	10	5	-	5	2	39
Foreign currency translation gain/(loss)	(1)	1	-	-	(1)	-	(1)
<b>Balance at 31 December</b>	<b>(12)</b>	<b>(6)</b>	<b>(3)</b>	<b>(1)</b>	<b>(7)</b>	<b>2</b>	<b>(28)</b>

**Write-down 2019**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(8)	(3)	(7)	-	(11)	5	(24)
New write-downs recognized during the year	(15)	(19)	(7)	(4)	(12)	18	(39)
Write-downs reversed due to product sold	5	4	9	3	6	(16)	11
Write-downs reversed, other	5	8	3	-	7	-	23
Foreign currency translation gain/(loss)	-	-	-	-	-	-	-
<b>Balance at 31 December</b>	<b>(12)</b>	<b>(11)</b>	<b>(3)</b>	<b>(1)</b>	<b>(10)</b>	<b>7</b>	<b>(30)</b>

No inventories were pledged as security at end of 2020 or 2019.

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## 3.2 Trade receivables

### Accounting policies

Trade receivables are initially recognized at the agreed transaction price in the contract with the customer. Subsequently they are measured at amortized costs using the effective interest method. Short-term receivables are normally not discounted.

In accordance with the expected loss model, Yara records lifetime expected credit losses on all trade and lease receivables (the simplified approach). The calculation of expected credit loss (ECL) is based on both historical and forward looking information, and is done on local unit level. When calculating ECL for trade receivables not yet due and trade receivables less than 90 days overdue, the last five years historical loss percentage is used as base amount for allowance. Forward looking information is taken into account by assessing available information on local unit level which could indicate an expected future loss that is higher or lower than the experience, including regional macroeconomic information. Calculation of ECL for trade receivables more than 90 days overdue is based on a separate, individual assessment of each receivable.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

### Specification

USD millions	Notes	2020	2019
Trade receivables		1,572	1,664
Allowance for expected loss		(94)	(101)
Total <sup>1)</sup>	<a href="#">6.3</a>	1,478	1,564

1) Of the total balance of USD 1,478 million approximately 709 million (USD 752 million in 2019) refers to credit insured receivables.

### Movement in allowance for expected credit loss

USD millions	Notes	2020	2019
Balance at 1 January		(101)	(106)
Lifetime expected credit losses recognized for existing business		(24)	(14)
Amounts written off as uncollectible		13	6
Lifetime expected credit losses reversed		11	10
Foreign currency translation		7	2
Other changes		-	1
Balance at 31 December		(94)	(101)

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**Ageing analysis of trade receivables at 31 December****Gross trade receivables**

USD millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	1,572	1,260	123	51	28	108
2019	1,664	1,315	138	59	27	125

**Impairment of trade receivables**

USD millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	(94)	(7)	(2)	(2)	(9)	(75)
2019	(101)	(3)	(1)	(3)	(2)	(92)

**Net trade receivables**

USD millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	1,478	1,253	122	50	20	34
2019	1,564	1,313	137	55	25	32

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### 3.3 Prepaid expenses and other current assets

#### Accounting policies

Other short-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). Please see [note 4.6](#) Other non-current assets for more information.

#### Specification

USD millions	Notes	2020	2019
<b>Financial assets:</b>			
Foreign exchange contracts	<a href="#">6.1</a>	2	-
Receivables and deposits	<a href="#">6.3</a>	141	138
Contracts assets	<a href="#">2.1</a>	26	38
Expected credit loss on other current assets	<a href="#">6.3</a>	(1)	(1)
<b>Total financial instruments</b>		<b>169</b>	<b>176</b>
<b>Non-financial assets:</b>			
VAT and sales related taxes	<a href="#">4.6</a>	141	123
Prepaid income taxes		164	63
Prepaid expenses		156	192
<b>Total non-financial assets</b>		<b>461</b>	<b>377</b>
<b>Total</b>	<a href="#">6.3</a>	<b>630</b>	<b>553</b>

### 3.4 Cash and cash equivalents

#### Accounting policies

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However they are normally not discounted as they are short-term items. On deposits, Yara records a 12-month's expected credit loss if there has not been any significant increase in credit risk since initial recognition (the general approach).

#### Specification

USD millions	Notes	2020	2019
Cash and cash equivalents	<a href="#">6.3</a>	1,363	300

Expected credit loss provision on bank deposits is USD 2.5 million (2019: USD 0.9 million).

External bank deposits that are not available for use by the group at 31 December 2020 have a carrying value of USD 32 million (2019: USD 35 million), mainly related to cash held by joint operations. More information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in [note 5.2](#) Non-controlling interests.

The average interest rate for liquid assets is approximately 0.4% as of 31 December 2020 (2019: 1.7%).

Yara minimizes its counterparty exposure by keeping its cash deposits in various Nordic and international banks with established limits for exposure towards each institution.

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## 4 Investments in non-current assets

### 4.1 Property, plant and equipment

#### Overview

Property, plant and equipment (PP&E) mainly refers to Yara's fertilizer production plants across the world, and which hold assets such as land, buildings, machinery, equipment and periodic maintenance. In addition, they hold investments in self-constructed assets not yet in use and which are categorized as assets under construction. The remaining PP&E refers to assets for distribution of fertilizer products, which mainly consists of buildings, machinery and equipment for bagging and blending of products, as well as terminals and warehouses.

#### Accounting policies

An item of property, plant and equipment is recognized at cost if it is probable that the item will generate future economic benefits for Yara and the cost can be measured reliably. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission PP&E, the carrying value of the assets are increased with the discounted value of such obligations. Borrowing costs are added to the cost of assets that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

Depreciation of an asset begins when it is available for use. An asset is available for use when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Decommissioning obligations and borrowing costs added to the carrying amount of PP&E are depreciated over the useful life of the respective PP&E.

PP&E are depreciated on a straight-line basis over their expected useful life. Individual parts of PP&E with different useful lives are accounted for and depreciated separately. Expected useful lives and residual values are, unless immaterial, re-assessed annually.

Gain or loss due to sale or retirement of PP&E is calculated as the difference between sales proceeds and the carrying value, and is recognized in the statement of income.

An impairment is recognized if an asset's carrying value is higher than the recoverable amount. Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Please see [note 4.7](#) Impairment of non-current assets.

Costs related to periodic maintenance of plants ("turnarounds") and recurring investments to extend the current plant performance for a longer period of time, are recognized as assets and depreciated on a systematic basis until the next periodic maintenance if cycle is more than one year on average. Major replacements and renewals are capitalized and depreciated separately based on their specific useful lives. Replaced assets are derecognized. Most of the remaining repair and maintenance costs are expensed as incurred.

Removal of mine waste materials ("stripping costs") in the production phase of existing mines are capitalized as a component of existing tangible mine assets when the activity gives improved access to ore. Stripping activity assets are depreciated on a straight-line basis over the useful lives of the underlying mine assets.

Capitalization of investments as self-constructed PP&E start when defined decision gates are met. These investments are then categorized as assets under construction until they are ready for use as intended by management. Once they are ready for use they are transferred to the applicable classes of PP&E and depreciation starts.

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will comply with conditions attached to them and the grants will be received. Government grants that compensate the Group for the cost of an asset are deducted in the carrying amount of the asset, and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

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## 2020

USD millions, except percentages and year

	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	309	2,466	10,117	481	1,660	280	72	15,384
Addition at cost	1	109	253	70	461	-	18	912
Derecognition	-	(10)	(156)	(51)	(6)	-	-	(223)
Other transfers <sup>1)</sup>	-	111	175	12	(296)	-	-	3
Foreign currency translation	(30)	3	476	26	(219)	-	8	264
Balance at 31 December	280	2,680	10,863	540	1,600	280	97	16,340
<b>Depreciation and impairment</b>								
Balance at 1 January	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
Depreciation	-	(97)	(550)	(84)	-	(13)	(4)	(748)
Impairment loss <sup>2)</sup>	(3)	(9)	(14)	(2)	(1)	-	-	(29)
Derecognition	-	7	108	50	-	-	-	166
Other transfers	-	(3)	(3)	-	-	-	-	(6)
Foreign currency translation	(1)	(21)	(332)	(16)	-	-	(3)	(373)
Balance at 31 December	(11)	(1,070)	(6,266)	(301)	(12)	(61)	(40)	(7,760)
<b>Carrying value</b>								
Balance at 1 January	303	1,517	4,641	231	1,650	232	40	8,614
Balance at 31 December	269	1,609	4,597	238	1,588	219	57	8,579
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects, which is netted off to 0 at total.

2) Please see [note 4.7](#) Impairment of non-current assets.

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**Main changes in 2020**

The largest additions to PP&E include construction of a new plant in Serra do Salitre and an expansion and modernization of the Rio Grande plant (Brazil), both projects continuing from 2019, and turnaround activities for one of the ammonia plants in Sluiskil.

The largest transfer from assets under construction to other categories of PP&E refer to completed assets in construction projects related to modernization of the Rio Grande plant and completion of rectification works on a technical ammonium nitrate plant in Pilbara region of Australia.

**Assets used as security**

PP&E pledged as security was USD 29 million in 2020 (2019: USD 27 million).

**Government grants**

Government grants related to assets have been recognized as deduction to the carrying value by reducing "Addition at cost" with USD 13 million in 2020 (2019: USD 12 million).

**Borrowing costs**

The amount of borrowing cost capitalized amounted to USD 21 million in 2020 (2019: USD 55 million). The average rate for the borrowing cost capitalized was 3.45% in 2020.

**Compensations**

Insurance compensations on PP&E recognized in the consolidated statement of income amounted to USD 1 million in 2020 (2019: USD 3 million).

**Contractual commitments**

Please find information on contractual obligations on PP&E in [note 4.8](#) Committed future investments.

## 2019

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	321	2,245	9,730	486	1,591	280	73	14,726
Addition at cost	-	103	254	61	718	-	3	1,138
Derecognition	(1)	(20)	(132)	(76)	(16)	-	(3)	(249)
Transfers to asset held for sale	(2)	(5)	(3)	-	-	-	-	(11)
Other transfers <sup>1)</sup>	-	167	333	17	(576)	-	-	(59)
Foreign currency translation	(8)	(23)	(64)	(8)	(56)	-	(2)	(161)
Balance at 31 December	309	2,466	10,117	481	1,660	280	72	15,384
<b>Depreciation and impairment</b>								
Balance at 1 January	(6)	(889)	(5,085)	(239)	(10)	(35)	(32)	(6,296)
Depreciation	-	(92)	(569)	(87)	-	(13)	(4)	(765)
Impairment loss <sup>2)</sup>	-	(5)	(8)	(4)	(1)	-	-	(18)
Reversed impairment	-	-	3	-	-	-	-	3
Derecognition	-	17	101	65	-	-	4	187
Transfers to asset held for sale	-	4	2	-	-	-	-	5
Other transfers <sup>3)</sup>	-	5	30	-	1	-	-	37
Foreign currency translation	-	12	50	15	-	-	1	77
Balance at 31 December	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
<b>Carrying value</b>								
Balance at 1 January	315	1,356	4,645	248	1,581	245	41	8,430
Balance at 31 December	303	1,517	4,641	231	1,650	232	40	8,614
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects, which is netted off to 0 at total. The total balance refers to transfers from PP&E to other accounts. Of the balance, USD (62) million was transferred to Leases per IFRS 16 implementation. Please see [note 4.5](#) Leases for more information.

2) Please see [note 4.7](#) Impairment of non-current assets.

3) Total balance relates to transfers to Leases per IFRS 16 implementation. Please see [note 4.5](#) Leases for more information.



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**Main changes in 2019**

The main additions to assets under construction refers to construction of a new plant in Serra do Salitre (Brazil) and an expansion and modernization of the Rio Grande plant (Brazil).

The largest transfers from assets under construction to other categories of PP&E refer to construction projects related to the production of nitric acid in Köping in Sweden and an ammonia tank in Tertre in Belgium.

## 4.2 Intangible assets

**Accounting Policies**

Intangible assets with finite useful lives, and that are acquired separately, are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period. The effect of any changes in estimate is accounted for on a prospective basis. Intangible assets with indefinite useful lives, and that are acquired separately, are carried at cost less accumulated impairment losses.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Useful lives are set as indefinite with no amortization as there is no foreseeable limit to the cash flows generated by goodwill. Instead of amortization, goodwill is tested for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) that are expected to benefit from the combination. For more information on impairment, please see [note 4.7](#) Impairment of non-current assets. The Group's accounting policy for goodwill arising on the acquisition of an associate or joint ventures is described in [note 4.3](#) Associated companies and joint ventures.

Intangible assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Intangible assets not ready for its intended use are also tested for impairment annually. Please see [note 4.7](#) Impairment of non-current assets.

Expenditures on research activities are expensed in the period in which they incur. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated;

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Where no internally-generated intangible asset can be recognized, development expenditures are recognized in profit or loss in the period in which they incur.

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## 2020

USD million, except percentages

	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	887	203	411	1,501
Addition at cost	-	9	6	14
Derecognition	-	(2)	(22)	(24)
Other transfers	-	9	(7)	2
Foreign currency translation	2	4	2	8
Balance at 31 December	890	222	390	1,502

**Amortization and impairment**

Balance at 1 January	(44)	(131)	(296)	(471)
Amortization	-	(24)	(17)	(41)
Impairment loss <sup>2)</sup>	(12)	-	(3)	(15)
Derecognition	-	2	22	24
Foreign currency translation	(2)	(5)	(3)	(10)
Balance at 31 December	(58)	(159)	(297)	(514)

**Carrying value**

Balance at 1 January	844	72	115	1,031
Balance at 31 December	831	64	93	988

Useful life in years	Indefinite	3 - 5	5 - 40
Amortization rate		20 - 35%	3 - 35%

1) Other intangibles comprises mainly customer relationships, patents and trademarks, and intangible assets arising from development.

2) For further information, see [note 4.7](#).

**Expenditures on research and development activities**

Expenditures on research and development activities are expensed in the period of the amount of USD 91 million (USD 90 million in 2019).

**Assets used as security**

No intangible assets were pledged as security in 2020 and 2019. See [note 5.8](#) for more information.

## 2019

USD million, except percentages

	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	883	185	408	1,475
Addition at cost	-	11	15	26
Derecognition	-	(1)	2	1
Other transfers	-	11	(10)	-
Foreign currency translation	5	(3)	(4)	(2)
Balance at 31 December	887	203	411	1,501

**Amortization and impairment**

Balance at 1 January	(41)	(110)	(274)	(424)
Amortization	-	(23)	(22)	(46)
Impairment loss	(3)	-	-	(3)
Derecognition	-	-	(2)	(2)
Foreign currency translation	-	2	2	4
Balance at 31 December	(44)	(131)	(296)	(471)

**Carrying value**

Balance at 1 January	842	75	135	1,052
Balance at 31 December	844	72	115	1,031

Useful life in years		3 - 5	5 - 40
Amortization rate		20 - 35%	3 - 35%

1) Other intangibles comprises mainly customer relationships, patents and trademarks, and intangible assets arising from development.

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## 4.3 Associated companies and joint ventures

### Overview

Yara has several investments classified as associated companies and joint ventures. The largest investment has been a 25% stake in Qatar Fertiliser Company (QAFCO) which has been reported in the segment Global Plants & Operational Excellence. This investment was sold during 2020. More information about the sale is provided in [note 7.1](#). Other investments are mainly investments in sales & marketing entities in the operating segment Americas and production and sales & marketing entities in the segment Industrial Solutions. Yara also owned 50% in Libyan Norwegian Fertilizer Company (LIFECO) until it was sold in 2020. The investment in LIFECO was impaired several years back in time.

### Accounting policies

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence normally exists when the Group holds directly or indirectly between 20% and 50% of the voting rights.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when

decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. The classification depends upon rights and obligations of the parties to the arrangement. In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. In a joint venture the parties have rights to the net assets of the arrangement.

The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and the carrying value is subsequently increased or decreased to recognize Yara's share of profit or loss of the investee after the date of acquisition. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment. The equity-accounted investees are tested for impairment if indications of loss in value are identified. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less costs to sell and value in use, is below the carrying value. Accounting policies of equity-accounted investees are changed where necessary to ensure consistency with the policies adopted by the Yara Group.

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**2020**

USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity- accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
QAFCO	873	(880) <sup>1)</sup>	8	-	8	-	(1)	-	-
Other	97	2	12	-	12	(9)	-	2	107
<b>Total</b>	<b>970</b>	<b>(878)</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>(9)</b>	<b>(1)</b>	<b>2</b>	<b>107</b>

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara. Please see [note 7.1](#) Other Business Initiative.

**2019**

USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity- accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
QAFCO	934	41 <sup>1)</sup>	55	-	55	(158)	-	-	873 <sup>2)</sup>
Other	93	2	10	-	10	(8)	-	1	97
<b>Total</b>	<b>1,027</b>	<b>44</b>	<b>65</b>	<b>-</b>	<b>65</b>	<b>(166)</b>	<b>-</b>	<b>1</b>	<b>970</b>

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara.

2) Included in the carrying amount is a USD 30 million accrual for income tax payable. Excluding the tax liability, the carrying amount is USD 903 million.

Due to it being impractical to obtain financial report at the same reporting date as Yara uses, there is for some of the associated companies and joint ventures a lag of 1-3 months for the numbers included.

**Ownership, sales and receivables/payables**

Sales from investees to Yara Group was USD 23 million in 2020 compared to USD 22 million in 2019. The similar amounts for Yara's current receivable/ (payable) net with investees was USD 3 million in 2020 and USD 1 million in 2019, respectively.

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**Financial information**

The following table sets forth summarized unaudited financial information of Yara's associated companies and joint ventures based on a 100% combined basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method. QAFCO, LIFECO and others are all classified as associated companies.

**Financial position**

USD millions (unaudited, 100% basis)	31 December 2020			31 December 2019		
	QAFCO	LIFECO	Other	QAFCO	LIFECO	Other
Cash and cash equivalents	-	-	51	337	9	33
Current assets excluding cash and cash equivalents	-	-	211	480	112	195
Non-current assets	-	-	138	3,162	95	121
Current liabilities	-	-	(146)	(174)	(311)	(143)
Non-current liabilities	-	-	(26)	(137)	-	(28)
Non-controlling interest	-	-	-	(39)	-	(1)
Net assets	-	-	228	3,629	(95)	177
% Share of Yara	25%	50%		25%	50%	
Yara's share of total equity	-	-	100	907	(48)	92
Reclassified to assets held-for-sale	-	-	-	-	-	-
Tax effect of QAFCO <sup>1)</sup>	-	-	-	(34)	-	-
Losses not recognized by Yara <sup>2)</sup>	-	-	-	-	48	-
Goodwill and fair value adjustments	-	-	7	-	-	6
Yara's share of total equity (carrying amount)	-	-	107	873	-	97

1) Tax effect is tax on profit attributable to Yara from QAFCO. The tax is paid by QAFCO, but refunded by Yara.

2) Losses in excess of Yara's interest in LIFECO.

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**Income statement**

The following income statement amounts are only covering the period for which Yara has been the owner.

USD millions (unaudited, 100% basis)	2020			2019				
	QAFCO	LIFECO	Other	QAFCO	LIFECO	Other		
Total operating revenues	199	21	647	1,563	23	697		
Interest income	1	-	1	43	-	-		
Depreciation, amortization & impairment loss	(49)	(47)	10	(289)	(48)	(34)		
Operating income	40	(71)	106	278	(72)	105		
Interest expense	(1)	-	(2)	(5)	-	(3)		
Income tax expense	-	-	(6)	-	-	(7)		
Non-controlling interest	1	-	(1)	3	-	(1)		
Net income (100%)	A	38	(71)	97	320	(72)	94	
% Share of Yara		25%	50%		25%	50%		
Yara's share of net income		10	(36)		80	(36)		
Tax effect of Qafco <sup>1)</sup>		(3)			(28)			
Losses not recognized by Yara <sup>2)</sup>		-	36		-	36		
Yara Group elimination		2	-		3	-		
Currency translation effects <sup>3)</sup>		-	-		-	-		
Yara's share of net income (as per books)		8	-		55	-		9
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period		-	-		-	-		-
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period		-	-		(4)	-		-
Total other comprehensive income, net of tax (100%)	B	-	-	-	(4)	-	-	-
% Share of Yara		25%	50%		25%	50%		
Yara's share of other comprehensive income, net of tax		-	-		(1)	-		
Total comprehensive income	C = A+B	38	(71)	97	316	(72)	94	

1) Tax effect is tax on profit attributable to Yara from QAFCO. The tax is paid by QAFCO, but refunded by Yara.

2) Losses in excess of Yara's interest in LIFECO.

3) Certain financial information from equity-accounted investees is only collected once per year and translated at the average rate for the year. Deviations against figures reported and translated on a monthly basis can occur.

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## 4.4 Joint operations

### Accounting principles

In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. The Group recognizes in relation to its interests in a joint operation:

- Its assets, including its share of assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation and;
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for these assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Yara has three investments that are classified as joint operations:

### Yara Pilbara Nitrates Pty Ltd

Yara Pilbara Nitrates owns a technical ammonium nitrate (TAN) plant next to Yara's ammonia plant in the Pilbara region of Australia. The plant has an annual production capacity of about 330.000 metric tonnes of TAN and primarily supplies the mining operations in the region. The company is 50% owned by Yara and 50% by Orica. The plant started production mid-year 2020 and has been ramping up towards nameplate capacity during 2nd half 2020.

### Trinidad Nitrogen Co. Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. The two plants have an annual production capacity of about 1 million metric tonnes of ammonia which is mainly exported to other markets. Yara has a 49% ownership stake in Tringen, the remaining 51% of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

### Yara Freeport LLC DBA Texas Ammonia

Yara and the BASF Group have constructed an ammonia plant at BASF's site in Freeport, Texas, US. Commercial operations commenced in 2018. BASF manages and operates the plant. The plant has an annual nameplate production capacity of about 750.000 metric tonnes of ammonia and each party off-takes ammonia from the plant in accordance with their ownership share. The company is 68% owned by Yara and 32% by BASF.

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The following table shows the effect of consolidating joint operations on Yara's financial statements. The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position	31 December 2020				31 December 2019			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated joint operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated joint operations
USD millions (unaudited)								
<b>Assets</b>								
Deferred tax assets	34	-	-	34	27	-	-	27
Property, plant and equipment	398	72	267	736	370	76	283	729
Right-of-use asset	4	-	4	8	1	-	4	5
Other Non-current assets	-	1	1	2	-	1	2	3
<b>Total Non-current assets</b>	<b>435</b>	<b>73</b>	<b>272</b>	<b>780</b>	<b>399</b>	<b>77</b>	<b>288</b>	<b>764</b>
Inventories	5	13	2	20	3	13	3	18
External trade receivables	1	-	13	8	-	-	11	11
Internal trade receivables	-	-	-	6	-	6	-	6
Prepaid expenses and other current assets	1	12	1	14	4	12	1	17
Cash and cash equivalents	1	7	17	25	10	7	15	32
<b>Total Current assets</b>	<b>8</b>	<b>32</b>	<b>33</b>	<b>73</b>	<b>17</b>	<b>38</b>	<b>31</b>	<b>85</b>
<b>Total assets</b>	<b>443</b>	<b>105</b>	<b>305</b>	<b>853</b>	<b>416</b>	<b>115</b>	<b>319</b>	<b>850</b>
<b>Total equity</b>								
	173	45	289	507	156	55	304	515
<b>Liabilities</b>								
Employee benefits	-	11	-	11	-	12	-	12
Deferred tax liabilities	-	2	-	2	-	7	-	7
Other long-term liabilities	45	-	-	45	46	-	-	46
Long-term provisions	45	-	-	45	25	-	-	25
External long-term interest-bearing debt	4	7	4	15	-	8	4	12
Internal long-term interest-bearing debt	162	-	-	162	162	-	-	162
<b>Total non-current liabilities</b>	<b>256</b>	<b>20</b>	<b>4</b>	<b>280</b>	<b>233</b>	<b>27</b>	<b>4</b>	<b>264</b>
External trade and other payables	11	14	10	35	24	17	11	51
Internal trade and other payables	1	2	-	3	1	2	-	3
Current tax liabilities	-	-	-	-	1	-	-	1
Short-term provisions	2	-	-	2	1	-	-	1
Other short-term liabilities	-	3	3	6	-	2	-	2
Bank loans and other short-term interest-bearing debt	-	20	-	20	-	12	-	12
<b>Total current liabilities</b>	<b>15</b>	<b>39</b>	<b>13</b>	<b>67</b>	<b>27</b>	<b>33</b>	<b>11</b>	<b>71</b>
<b>Total equity and liabilities</b>	<b>443</b>	<b>105</b>	<b>305</b>	<b>853</b>	<b>416</b>	<b>115</b>	<b>319</b>	<b>850</b>



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**Income statement**

USD millions (unaudited)	2020				2019			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint operations
Revenue and other income	30	77	139	246	7	79	145	231
Operating costs and expenses	(57)	(91)	(134)	(282)	(46)	(75)	(134)	(255)
Operating income/(loss)	(27)	(14)	5	(36)	(39)	4	11	(24)
Income before tax	(33)	(15)	5	(43)	(49)	2	11	(36)
Income tax expense	8	5	-	13	8	(1)	-	7
Net income	(25)	(10)	5	(30)	(41)	1	34	(7)

## 4.5 Leases

**Accounting policies**

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short-term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows. Payments for short-term leases, low value assets and variable amounts not included in the measurement of the lease liability shall be classified within operating activities. Yara also classify payment of interest within operating activities.

Yara has taken advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets are accounted for by applying IAS 38 Intangible assets, as before.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short-term leases of machinery, office equipment and other equipment in accordance with the general short-term exemption in IFRS 16.
- Yara expenses low value leases of office equipment and other equipment in accordance with the general low value exemption in IFRS 16.

Lease terms are determined by including extension and termination options which are reasonably certain to be exercised. Yara strives to consider all relevant facts and circumstances that create an economic incentive for Yara to exercise such options. However, use of significant judgement may be needed.

Yara discounts the lease liability by using incremental borrowing rates. However, the interest rate implicit in the lease may be used for selected lease arrangements which are material on Group level and if the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk free rate, Yara's credit risk premium, local unit risk premium above Yara country risk premium and asset risk premium. Updated incremental borrowing rates are applied to new lease arrangements recognized during that quarter, as well as for modifications of existing leases.

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**Right-of-use assets**

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
<b>Carrying value</b>							
Balance ROU assets at 1 January 2019	123	20	99	85	55	63	447
Additions and lease modifications	30	22	12	13	31	6	114
Depreciation	(7)	(11)	(20)	(30)	(26)	(17)	(111)
Impairment	(17)	-	-	-	-	-	(17)
Foreign currency translation gain/(loss)	(1)	-	(2)	-	(1)	(1)	(4)
Balance at 31 December 2019	129	31	89	69	59	50	428
Additions and lease modifications	-	18	27	34	20	23	121
Depreciation	(7)	(21)	(23)	(32)	(25)	(20)	(129)
Impairment	(1)	-	-	-	-	-	(1)
Foreign currency translation gain/(loss)	5	1	2	1	1	1	11
Balance at 31 December 2020	125	28	96	72	55	54	430

**Lease liabilities**

USD millions	Long-term	Short-term	Total
<b>Carrying value</b>			
Balance lease obligations at 1 January 2019	344	88	432
Additions and lease modifications	116	-	116
Reclassification to short-term	(119)	119	-
Lease payments	-	(108)	(108)
Foreign currency translation gain/(loss)	(4)	-	(4)
Balance at 31 December 2019	337	98	435
Additions and lease modifications	120	(3)	117
Reclassification to short-term	(136)	136	-
Lease payments	-	(122)	(122)
Foreign currency translation gain/(loss)	13	2	15
Balance at 31 December 2020	335	111	446

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Interest expense on lease liabilities in the period amounts to USD 15 million (2019: USD 15 million).

Yara was not committed to any material lease arrangements not yet commenced as of 31 December 2020.

There are no material restrictions or covenants imposed by leases.

Yara was not granted any significant rent concessions during 2020 as a direct consequence of the Covid-19 pandemic.

**Maturity analysis of contractual undiscounted cash flows**

USD millions	2020
2021	128
2022	83
2023	57
2024	41
2025	29
Thereafter	286
<b>Total undiscounted lease liabilities at 31 December 2020</b>	<b>623</b>

**Leases expensed in the period**

USD millions	2020	2019
Expenses relating to variable fee leases not included in the measurement of lease liabilities	19	21
Expenses relating to short-term leases	30	43
Expenses relating to leased assets of low value, excluding short-term leases	1	3
<b>Total leases expensed</b>	<b>50</b>	<b>67</b>

**Cash outflows in the period**

USD millions	2020	2019
Principal payments on recognized lease liabilities	122	108
Interest payments on recognized lease liabilities	14	13
Payments on leases expensed in the period	49	66
<b>Total cash outflows for leases</b>	<b>186</b>	<b>187</b>

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## 4.6 Other non-current assets

### Accounting policies

Other long-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit losses is recorded. The 12-months expected credit losses reflect losses from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable, loan or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit losses on other receivables, loans and deposits are limited. As a result, disclosures are reduced due to materiality.

USD millions	Notes	2020	2019
<b>Financial assets:</b>			
Equity instruments	<a href="#">6.1</a> , <a href="#">6.3</a>	18	19
Interest rate swaps designated as hedging instrument		11	-
Cross currency swaps		4	-
Receivables and deposits	<a href="#">6.3</a>	5	4
Expected credit loss on long-term loans and receivables		(1)	(1)
<b>Total financial instruments</b>		<b>38</b>	<b>23</b>
<b>Non-financial assets:</b>			
Prepayments for long-term employee obligations	<a href="#">5.4</a>	75	57
Prepayment for property, plant and equipment		33	43
Other non-financial assets	<a href="#">6.3</a>	97	78
Tax and VAT receivables		137	213
<b>Total non-financial assets</b>		<b>342</b>	<b>391</b>
<b>Total</b>		<b>380</b>	<b>414</b>

### Long-term VAT receivables in Brazil

At year-end 2020, Yara has recognized USD 125 million of tax credits related to value added taxes in Brazil (2019: USD 213 million). This is included in the line "Tax and VAT receivables" in the table above. The Brazilian tax system is highly complex. There are a number of taxes by Federal, State and Municipal authorities and the legislation is subject to constant changes. The indirect taxes, such as value added taxes, are levied at Federal (PIS/COFINS) and State (ICMS) level. PIS/COFINS are charged over gross revenues, with a rate of 1.65% and 7.6%. However, fertilizer sales have a PIS/COFINS tax rate of zero. Yara accumulates credits over the acquisition of inputs and other costs (mainly bags, services and freights). These accumulated credits can be used to offset other federal taxes in many circumstances and projections indicate these will be consumed in the operation and/or refunded by the tax authorities in the following years, without any need of accounting adjustments.

The general rates for ICMS are 18%, 17%, 12%, 7% and 4%, but a temporary benefit granted for fertilizers and other industries reduces these rates to 0% on internal operations within most of the States and to 4.90% or 8.4% on interstate operations. The current legislation results in accumulation of ICMS tax credits in a number of States. Yara maintains a provision for expected discounts/losses where these credits are not expected to be realized in full through normal operations. The provision is USD 19 million at year-end 2020 (2019: USD 20 million).

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## 4.7 Impairment on non-current assets

### Accounting policies

Cash-generating units (CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to the CGUs' other assets on a pro rata basis of the carrying amounts. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Indications that could trigger an impairment test include for instance:

- Significant underperformance relative to historical or projected future results
- Significant changes in the Group's use of the assets or the strategy for the overall business
- Significant negative industry or economic trends

An impairment loss is recognized to the extent that the assets' carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Previously recognized impairment losses, except for impaired goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment had been recognized.

### Recognized impairment loss

USD millions	2020	2019
<b>Asset class</b>		
Goodwill	(12)	(3)
Other intangible assets	(3)	-
Property, plant and equipment	(29)	(26)
Right-of-use assets	(1)	(17)
Total impairment of non-current assets	(46)	(46)
Reversal of impairment of non-current assets	1	3
Net impairment loss	(46)	(43)

USD millions	2020	2019
<b>Segment split <sup>1)</sup></b>		
Europe	(25)	(27)
Americas	(3)	(13)
Africa & Asia	(2)	(3)
Global Plants & Operational Excellence	-	-
Industrial Solutions	(1)	-
Other and Eliminations	(15)	-
Net impairment loss	(46)	(43)

1) 2019 figures are restated in accordance with the new regional segment structure. Yara total figures remain unchanged.

In 2020, Yara moved to a regional organizational structure. Yara's operations comprise of five operating segments; Europe, Americas, Africa & Asia, Global Plants & Operational Excellence and Industrial Solutions. Goodwill allocated to CGUs or group of CGUs impacted by the reorganization has been reallocated to reflect the lowest level at which goodwill is now monitored for internal management purposes. The reallocation of goodwill is considered to have no impact on recognized impairments or reversal of impairments.

### Impairment charges in 2020

Impairment of property, plant and equipment is mainly related to an additional impairment on the Montoir plant in France with USD 22 million.

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**Impairment charges in 2019**

Total impairment charges in 2019 was USD 46 million of which 27 million is related to Montoir plant in France.

**Impairment testing**

The mandatory impairment testing of CGUs or group of CGUs with allocated goodwill or assets with indefinite useful life are carried out during third quarter each year. Yara has also performed testing of other CGUs or individual assets with various impairment indicators. The recoverable amounts for units with allocated goodwill have been determined based on "value-in-use".

**Main assumptions**

**Discount rate**

Discount rates used in the calculation of value-in-use reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

**Currency rates and inflation**

The value-in-use calculation is performed in the most relevant currency for the CGU. When converting foreign currency cash flows to the testing currency, Yara uses the forecasted annual average rates estimated by IHS based on the "purchasing power parity" (PPP) principle. The projections include long-term inflation (CPI) in which each CGU is located.

**Risk and uncertainties**

To account for specific risk factors and uncertainties for specific CGUs such as climate risk, a scenario-based approach has been used in the impairment testing where relevant. The scenarios are weighted with a probability to arrive at a value-in-use.

**Assumptions relevant for production assets**

The valuations of production assets are based on Yara's long-term commodity and energy price forecasts. Due to the cyclicity of the fertilizer industry, Yara includes cash flow projections for a longer period than five years. Despite a relatively steady growth in market demand, history shows that there are periods with oversupply. Yara's internal commodity forecasts reflect its assessment of the supply/demand balance in the short to medium term. After a period of maximum eight years, all the main commodity sales price assumptions reflect an annual nominal growth that is not exceeding the relevant inflation rates. The main assumptions for the impairment testing are:

- Fertilizer prices  
The urea price is the most important assumption when testing nitrogen fertilizer plants for impairment, as urea is the global price setter for commodity nitrogen. Yara's nitrate and NPK prices are estimated using urea as the base adding the estimated premiums on top of the com-

modity value of the nutrient. These premiums reflect an agronomic value-add of the products, and the estimated premiums for each plant are based on historically achieved premiums above the Yara average premium in main markets. For both NPK and nitrates, internally developed forecasts are used since there are no active forward markets for these products. External market intelligence reports are used as one of many input factors.

- Ammonia prices  
For a number of Yara's plants, the ammonia price is a key assumption for calculating the value-in-use. Some plants are net buyers of ammonia, in which case increased ammonia prices has a negative impact on earnings while other plants are net sellers of ammonia and these plants will benefit from higher ammonia prices. Internally developed price forecasts are used since there is no active forward market for ammonia. External market intelligence reports are used as one of many input factors.
- Natural gas purchase prices  
Natural gas is the most important cost factor for several of Yara's production plants. Yara maximizes the use of observable gas market input for the purpose of impairment testing. For certain regions, where no liquid market for natural gas exists, Yara prepares internal forecasts based on the expected supply/demand balance.
- Production reliability  
Production reliability is important for the plants' profitability as this impacts both the production volume and the energy consumption factor (energy per ton produced). The reliability assumption is plant specific, taking into consideration the historical experienced reliability and implemented improvement initiatives.
- Capital expenditures  
Ammonia and finished fertilizer plants require significant maintenance investments. The estimated amounts reflect past experience and plant specific knowledge. To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

**Assumptions relevant for sales units**

Sales units within each regional segment market and distribute a complete range of crop nutrition products, technologies and knowledge. Industrial Solutions develops and market environmental solutions and essential products for industrial applications. These units are able to create value over and above the commodity value of the product. Management forecasts for market premiums are not exceeding five years with the first year derived from the CGU's business plan. After a period of five years, Yara uses a steady growth rate that is not exceeding the growth for the products, industry or countries in which the CGUs operate. The growth rate is maximum 2% (nominal) after year five.

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**Cash generating units with goodwill**

Goodwill acquired through business combinations has been reallocated to new CGUs in accordance with the new regional structure, presented together with the applicable discount rates used for the impairment testing:

USD millions	Segment	Goodwill		Discount rate pre-tax	
		2020	2019	2020	2019
Belle Plaine (Canada)	Americas	292	285	6.1%	8.4%
Region Europe	Europe	170	159	6.6%	
Pilbara Ammonia (Australia)	Africa & Asia	111	111	6.3%	8.5%
Brazil	Americas	63	81	10.1%	14.2%
Ammonia Trade (Switzerland)	Global Plants	55	55	5.7%	7.4%
Region Americas	Americas	47	47	7.9%	
India	Africa & Asia	33	34	8.9%	11.1%
Environmental Solutions Maritime	Industrial Solutions	19	18	6.1%	7.8%
Latin America	Americas	16	17	11.1%	16.8%
Region Industrial Solutions	Industrial Solutions	14	13	7.1%	
Other	Various	11	23		
Total <sup>1)</sup>		831	844		

**Sensitivities for main CGUs with allocated goodwill****Belle Plaine (Canada)**

The CGU Belle Plaine comprises fertilizer production and its sales and distribution activity. The production site has an ammonia plant, a nitric acid plant and a urea granulation plant, with annual production capacity of 0.7 million tonnes ammonia, 0.1 million tonnes nitric acid, 1.1 million tonnes urea and 0.2 million tonnes UAN. The majority of the ammonia and nitric acid produced is used in the production of UAN and granular urea, but some of the ammonia is sold for agricultural purposes during peak ammonia seasons. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Region Europe**

The operating segment covers all operations such as production, sales and distribution in the Europe region. More information about the segment is provided in [note 2.3](#). The EU Green Deal most likely represents both risks and opportunities for region Europe. To reflect this, the region has used probability weighted scenarios. The same principle has been used for assets or CGUs within the region that have been tested separately due to impairment indicators. This includes the

production assets in Italy and the Tertre plant in Belgium that are described in the section "Sensitivities for main assets or CGUs with no allocated goodwill" below.

The group of CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Pilbara Ammonia (Australia)**

This is an ammonia plant located in Western Australia with an annual production capacity of approximately 0.8 million tonnes. The CGU has a carrying value of USD 916 million and a value-in-use that is 65% higher. Key assumptions for the testing are the ammonia price, the natural gas cost and the discount rate. An isolated reduction to the ammonia price of 12% for all years, an isolated increase to the forecasted gas cost of 25% and an isolated increase to the discount rate of 3% points would reduce the headroom to nil.

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**Brazil**

The CGU Business unit Brazil covers several aspects of fertilizer production and distribution, including phosphate mining, production of Single Super Phosphate (SSP) as well as blending and distribution of fertilizers, delivering approximately 9 million tonnes of fertilizers and covering approximately one fourth of the Brazilian market demand. The main production and blending assets comprised by the CGU are the Salitre plant under construction and the Rio Grande plant. After finalization of the construction, the Salitre plant, including the mine, will have an annual production capacity of approximately 1–1.2 million tonnes of phosphate rock and 1 million tonnes of finished fertilizer (SSP equivalents), in addition to a blending capacity of approximately 1 million tonnes. Currently, the Rio Grande plant has a production capacity of 0.8 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 1.6 million tonnes. However, there is an ongoing expansion project at the Rio Grande plant, which is expected to be finalized during the first half of 2021. After finalization of the expansion project, the Rio Grande plant will have an annual production capacity of approximately 1.1 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 2.2 million tonnes.

The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Ammonia Trade (Switzerland)**

The global ammonia trade and supply unit is supplying and/or off-taking the necessary ammonia volumes for Yara's production plants. The CGU also includes five Yara owned LPG carriers. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Region Americas**

The operating segment covers all operations such as production, sales and distribution in Americas region. More information about the segment is provided in [note 2.3](#). The group of CGUs has a carrying value of USD 3,929 million and a value in use that is 56% higher. The business plan for 2021 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA of 18% for all years, an isolated reduction to the growth rate after year five of 3% points (down from 2%) and an isolated increase to the discount rate of 2.5% points would reduce the headroom to nil.

**India**

The CGU comprises a urea plant with the related urea distribution business and premium product sales. The plant produces 0.7 million tonnes ammonia and 1.3 million tonnes urea.

The CGU has a carrying amount of USD 433 million and a value-in-use that is 52% higher. The

premium product sales growth is the most important assumption together with the discount rate. The premium product sales growth is estimated for the first five years and a terminal growth of 2% has been used in the valuation model. Should the estimated premium product sales growth not materialize, and the growth from 2021 only be 2%, it would trigger an impairment of approximately USD 60 million. An isolated increase to the post-tax discount rate of 3% points would reduce the headroom to nil.

**Latin America**

Business unit Latin America comprises 13 blending units with a total capacity of around 2 million tonnes, and a distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia plant, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant.

The CGU has a carrying amount of USD 461 million and a value-in-use that is 95% higher. The business plan for 2021 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA during the projected period of 15%, a reduction to the terminal growth rate after year five of 5% points (down from 2%) or an increase to the post-tax discount rate of 3% points would reduce the headroom to nil.

**Sensitivities for main CGUs with no allocated goodwill**

Yara has performed testing of several CGUs with impairment indicators. The impairments recognized during 2020 are explained above.

Some of the CGUs that were tested based on impairment indicators presented low headroom between the recoverable value, calculated based on value-in-use, and their carrying values. The main CGUs that are sensitive are described below:

**Yara Pilbara Nitrates**

The joint operation Yara Pilbara Nitrates owns a TAN plant in Australia. Carrying value of the CGU is USD 382 million, representing Yara's 50% ownership stake. The plant commenced operations in 2020 after being down for a longer time to carry out rectification works. The key assumptions are the TAN margin above ammonia cost, which is estimated for the TAN market in Western Australia, and the discount rate (8% on pre-tax basis). An individual reduction to the margin above ammonia cost of 10% would trigger an additional impairment of USD 80 million. An increase in the post-tax discount rate of 1% point would trigger an additional impairment of USD 52 million.

**Italy**

Italy comprises two production sites, with an annual production capacity of 0.6 million tonnes ammonia, 0.4 million tonnes nitrates, 0.6 million tonnes urea and 0.4 million tonnes NPK. The CGU has a carrying value of USD 219 million. The projected fertilizer prices, natural gas purchase price and the discount rate (9.9% on pre-tax basis) are the key assumptions. An individual reduction to



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the fertilizer prices of 10% for all years would trigger an additional impairment of USD 147 million. An increase in the natural gas purchase price of 10% would trigger an additional impairment of USD 147 million. An increase in the discount rate of 1% point would trigger an additional impairment of USD 1 million.

**Tertre**

Yara's production site in Tertre, Belgium comprises one ammonia plant, one nitric acid plant and one nitrates plant, with an annual production capacity of 0.4 million tonnes ammonia, 0.7 million tonnes nitric acid and 1 million tonnes nitrates. The majority of the ammonia and nitric acid produced is used in the production of nitrates, which are sold to various European markets. The CGU has a carrying amount of USD 259 million. The key assumptions for the testing are the urea price, the natural gas cost and the discount rate (6.8% on pre-tax basis). An individual reduction to the urea price of 10% for all years would trigger an additional impairment of USD 224 million. An increase in the natural gas purchase price of 10% would trigger an additional impairment of USD 133 million. An increase in the discount rate of 1% point would trigger an additional impairment of USD 47 million.

**Yara Dallol (Ethiopia)**

The company is developing a potash resource in Dallol in the Danakil Depression of Ethiopia. In 2015, Yara announced that an independent study identified an annual production of 0.6 million tonnes sulphate of potash (SOP) over 23 years from the reserves. Yara signed a mining agreement with the Ethiopian authorities in 2017. The CGU has a carrying amount of USD 220 million. The cash inflow for this project starts several years into the future and there are multiple uncertainties related to the project's profitability, financing, and necessary governmental permits and agreements. The project is currently on hold, while working on a structural solution for the next stage of development of the project. Negative impacts on any of the above risks or failure to ensure a structural solution, could result in a decision to stop the project, and a resulting impairment loss.

**Future potential reversals of impairment**

Yara has recognized impairment losses on several CGUs over time. These impairments will be reversed, fully or partly, when and if the situation improves and the recoverable value is determined to be higher than the carrying amount. The increased carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods. A large portion of the historical impairments is related to the plants in Montoir (France). Upon improvement on the key conditions for reversals such as increase in fertilizer prices and stable production in the plants, the maximum amount of potential reversal at year-end 2020 would be USD 102 million.

4.8 Committed future investments

USD millions	Investments 2021	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	285	13	298
Contract commitments for other future investments	6	29	35
Contract commitments for acquisition or own generated intangible assets	24	33	57
<b>Total</b>	<b>315</b>	<b>75</b>	<b>390</b>

Yara has publicly communicated committed total investments of USD 1.3 billion in 2021 which corresponds to investments that passed decision gate that commits fund but for which external contracts are not necessarily signed. USD 101 million of these investments are included as contractual commitments in the table above.

There is no material amount to disclose for commitments related to equity-accounted investees, following the sale of QAFCO in 2020.

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## 5 Equity and liabilities

### 5.1 Share information

The Annual General Meeting in May 2020 approved a dividend for 2019 of NOK 4,045 million (NOK 15.00 per share), which was paid out during second quarter 2020 (USD 401 million).

The Extraordinary General Meeting in November 2020 approved an additional dividend of NOK 4,766 million (NOK 18.00 per share), which was paid out during fourth quarter 2020 (USD 525 million).

On 7 May 2020, the Annual General Meeting authorized the Board of Directors to acquire up to 13,406,611 shares in the open market and from the Norwegian State. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled.

Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of shares bought back.

During 2020, Yara has purchased 5,131,128 own shares under the 2020 buy-back program for a total consideration of NOK 1,823 million (USD 201 million). These shares will be cancelled at the next Annual General Meeting to be held in May 2021. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent has been reduced with an additional NOK 982 million (USD 109 million) for the commitment to redeem 2,912,838 shares from the Norwegian State.

Under the 2019 buy-back program, Yara purchased 1,362,013 own shares in 2020 for a total consideration of NOK 496 million (USD 51 million) and 1,362,013 own shares in 2019 for a total consideration of NOK 486 million (USD 53 million). These shares were cancelled at the Annual General Meeting on 7 May 2020. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent was reduced with an additional NOK 555 million (USD 59 million) for the redemption of 1,546,374 from the Norwegian State.

When own shares are repurchased the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

Yara has one class of shares, all with equal voting rights and the right to receive dividends.

USD millions	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2018	273,217,830	(520,000)	272,697,830
Redeemed shares Norwegian State <sup>1)</sup>	(295,193)	-	(295,193)
Shares cancelled <sup>1)</sup>	(520,000)	520,000	-
Treasury shares - share buy-back program <sup>1)</sup>		(1,362,013)	(1,362,013)
Total at 31 December 2019	272,402,637	(1,362,013)	271,040,624
Treasury shares - share buy-back program <sup>1)</sup>		(1,362,013)	(1,362,013)
Redeemed shares Norwegian State <sup>2)</sup>	(1,546,374)		(1,546,374)
Shares cancelled <sup>2)</sup>	(2,724,026)	2,724,026	-
Treasury shares - share buy-back program <sup>2)</sup>		(5,131,128)	(5,131,128)
Total at 31 December 2020	268,132,237	(5,131,128)	263,001,109

1) As approved by the General Meeting 7 May 2019.

2) As approved by the General Meeting 7 May 2020.

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## 5.2 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

### 2020

USD millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Foreign currency translation	Total at 31 December
Yara Dallol B.V.	67	(1)	-	-	1	-	67
Other	13	-	(1)	-	-	-	12
<b>Total</b>	<b>79</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>79</b>

### 2019

USD millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Foreign currency translation	Total at 31 December
GICS Indústria, Comércio e Serviços S.A. <sup>1)</sup>	148	(9)	-	(139)	-	-	-
Yara Dallol B.V.	69	(2)	-	-	-	-	67
Other	10	1	(2)	2	-	-	13
<b>Total</b>	<b>227</b>	<b>(10)</b>	<b>(2)</b>	<b>(137)</b>	<b>-</b>	<b>-</b>	<b>79</b>

1) On 10 July 2019, Yara acquired their 40% interest GICS Indústria, Comércio e Serviços S.A.

### Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests <sup>1)</sup> 2020	Percentage non-controlling interests <sup>1)</sup> 2019
Yara Dallol B.V.	The Netherlands <sup>2)</sup>	41.40% <sup>3)</sup>	41.83%

1) Equals voting rights.

2) Place of operations is Ethiopia.

3) The ownership percentage of non-controlling interests is reduced by 0.433 percentage points in 2020 (2019: 4.06 percentage points).

### Restrictions and other information related to significant non-controlling interests

The shareholders in Yara Dallol have agreed that no dividends shall be distributed from the company before the start of production. After that, the company shall pay out as much as permitted by applicable law and possible restrictions in future financing agreements. At 31 December 2020, Yara Dallol held USD 1.4 million in cash and cash equivalents (2019: USD 3 million).

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**Financial position for companies with significant non-controlling interests**

USD millions

	2020 Yara Dallol	2019 Yara Dallol
Current Assets	3	5
Non-current assets	231	227
Current liabilities	(5)	(12)
Non-current liabilities	(30)	(25)
Equity attributable to owners of the company	(131)	(129)
Non-controlling interests	(67)	(67)

**Income statement for companies with significant non-controlling interests**

USD millions

	2020 Yara Dallol	2019 Yara Dallol
Total operating revenues and other income	-	-
Expenses	(1)	(5)
Net income/(loss)	(2)	(5)
Net income attributable to shareholders of the parent	(1)	(3)
Net income attributable to non-controlling interests	(1)	(2)
Net income/(loss)	(2)	(5)
Other comprehensive income attributable to shareholders of the parent	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income attributable to shareholders of the parent	(1)	(3)
Total comprehensive income attributable to non-controlling interests	(1)	(2)
Total comprehensive income/(loss) for the year	(2)	(5)
Net cash inflow/(outflow) from operating activities	(6)	(1)
Net cash inflow/(outflow) from investing activities	1	(15)
Net cash inflow/(outflow) from financing activities	4	14
Net cash inflow/(outflow)	(1)	(2)

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## 5.3 Interest-bearing debt

### Accounting policies

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

### Specification

#### Long-term interest-bearing debt

	Notes	Maturity	Weighted average interest rates	Denominated amounts 2020		Carrying Values	
				Currency Millions	USD Millions	2020	2019
USD millions, except percentages and denominated amounts							
NOK (Coupon 2.55%)	<a href="#">6.1</a>	2021	2.6%	700	82	83	79
NOK (Coupon NIBOR + 0.75%)	<a href="#">6.1</a>	2022	1.1%	1,250	147	147	142
SEK (Coupon STIBOR + 1.00%)	<a href="#">6.1</a>	2022	0.7%	450	55	55	48
SEK (Coupon 1.10%)	<a href="#">6.1</a>	2022	1.2%	800	98	99	86
NOK (Coupon 3.00%)	<a href="#">6.1</a>	2024	3.0%	600	70	73	68
NOK (Coupon 2.45%)	<a href="#">6.1</a>	2024	2.5%	1,000	117	120	111
USD (Coupon 3.80%)	<a href="#">6.1</a>	2026	3.9%	500	500	499	498
NOK (Coupon 2.90%)	<a href="#">6.1</a>	2027	2.9%	1,000	117	122	111
USD (Coupon 4.75%)	<a href="#">6.1</a>	2028	4.8%	1,000	1,000	997	996
USD (Coupon 3.15%)	<a href="#">6.1</a>	2030	3.2%	750	750	746	-
Total unsecured debenture bonds						2,940	2,139
USD			1.3%	538	538	538	933
Total unsecured bank loans						538	933
Mortgage loans						23	21
Other long-term debt						2	3
Total						25	24
Outstanding long-term debt						3,503	3,096
Less: Current portion						(132)	(398)
Total						3,371	2,698

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The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments as indicated above (see also [note 6.3](#) Financial Instruments for further information about fair value of financial instruments).

At 31 December 2020, the fair value of the long-term debt, including the current portion, is USD 3,829 million and the carrying value is USD 3,503 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings.

Of the long-term debt at the end of 2020, USD 2,250 million in bond debt originates from Yara's June 2020, June 2018, and June 2016 bond issues in the US market according to 144A/Regulation S. Further, NOK 1,300 million originates from Yara's December 2014 bond issues in the Norwegian market while NOK 3,250 million and SEK 1,250 million originate from Yara's December 2017 bond issues in the Norwegian market. The entire NOK and SEK denominated bond debt is converted to USD exposure through cross-currency swaps.

Yara's additional long-term funding is based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 45 million through scheduled down-payments and linear installments will continue until December 2023. Likewise, the loan facility established in January 2018 with partial support by a guarantee from The Norwegian Export Credit Guarantee Agency (GIEK), has been reduced to USD 183 million through scheduled down-payments and semi-annual installments will continue until August 2026. Both the USD 150 million term loan due 2022 from the International Finance Corporation and the USD 150 million term loan due 2024 from Svensk Exportkredit AB remain fully drawn at year-end 2020. A further minor portion of the long-term bank loans is borrowed in emerging markets.

Yara has undrawn long-term revolving credit facilities totaling USD 1,100 million, whereof USD 89 million falls due in 2024 and the rest in 2025.

Of the fixed interest rate debenture bonds, NOK 3,300 million and SEK 800 million are exposed to floating interest rates through interest rate swaps, see [note 6.1](#) Financial risks.

**Contractual payments on long-term debt**

USD millions	Debentures <sup>1)</sup>	Bank Loans	Other	Total <sup>2)</sup>
2021	83	48	-	132
2022	300	203	-	503
2023	-	45	-	45
2024	194	181	-	375
2025	-	30	23	53
Thereafter	2,363	30	2	2,395
<b>Total</b>	<b>2,940</b>	<b>538</b>	<b>25</b>	<b>3,503</b>

1) Yara International ASA is responsible for the entire amount.

2) Including current portion.

**Short-term interest-bearing debt**

USD millions, except percentages	Notes	2020	2019
Credit facilities		179	418
Overdraft facilities		35	26
Other		131	50
<b>Total</b>	<a href="#">6.3</a>	<b>345</b>	<b>494</b>

**Weighted Average Interest Rates <sup>1)</sup>**

Credit facilities	4.4%	4.3%
Overdraft facilities	2.5%	9.5%
Other	1.3%	2.5%

1) Repricing minimum annually.

Yara has access to short-term credit and overdraft facilities with various banks both centrally and in local markets. At 31 December 2020, the unused frame of such facilities totals approximately USD 1,170 million.

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**Reconciliation of liabilities arising from financing activities**

USD millions	31 Dec 2019	Cash flows	Non-cash changes				31 Dec 2020
			Foreign exchange movement	Amortization <sup>1)</sup>	Other	Reclassification	
Long-term interest-bearing debt	2,698	746	39	(3)	16 <sup>2)</sup>	(124)	3,371
Bank loans and other interest-bearing short-term debt	494	(214)	(9)	-	74 <sup>3)</sup>	-	345
Current portion of long-term debt	398	(402)	12	-	-	124	132
Total liabilities from financing activities	3,590	130	42	(3)	89	-	3,847

1) Amortization of transaction cost.

2) Value changes on interest rate swaps designated as hedging instruments.

3) Includes provision for buy-back of the Norwegian State's shares.

See [note 4.5](#) Leases for reconciliation of liabilities arising from leasing activities.

**5.4 Pensions and other long-term employee benefit obligations****Overview**

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds. By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

**Accounting policies****Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each

plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

**Defined contribution plans**

Contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

**Other long-term benefits**

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

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**Long-term employee benefit obligations recognized in the statement of financial position**

USD millions	Notes	2020	2019
Defined benefit plans		(609)	(480)
Surplus on funded defined benefit plans		75	57
Net liability for defined benefit plans		(534)	(424)
Termination benefits		(4)	(3)
Other long-term employee benefits		(15)	(14)
Net long-term employee benefit obligations recognized in Statement of financial position		(552)	(441)
Of which classified as Prepayments for long-term employee obligations	<a href="#">4.6</a>	75	57
Of which classified as Long-term employee benefit obligations		(627)	(498)

**Expenses for long-term employee benefit obligations recognized in the statement of income**

USD millions	Notes	2020	2019
Defined benefit plans		(47)	(48)
Defined contribution plans		(29)	(30)
Multi-employer plans		(9)	(9)
Termination benefits		1	(23)
Other long-term employee benefits		(1)	(2)
Net expenses recognized in Statement of income		(84)	(113)
Of which classified as Payroll and related costs	<a href="#">2.5</a>	(79)	(104)
Of which classified as Interest expense and other financial items	<a href="#">2.7</a>	(5)	(9)

**Defined benefit plans**

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further

pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. Retirement age is flexible from age 62 to age 67.

A majority of Yara's obligations under defined benefit plans are related to subsidiaries within the Eurozone:

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 68. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. New hires are enrolled in a Defined Contribution pension plan from the same date.

Obligations in Finland include the statutory TyEL pension scheme, as well as a voluntary defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. A reform of the Employees Pensions Act was agreed in 2017, which will gradually increase the minimum retirement age from 63 to 65 while also gradually increase the maximum retirement age from 68 to 70. Further, accrual rates will change and retirement age will be linked to life expectancy (from year 2027). The voluntary pension plan regulations have also been amended in order to adapt to the revised pension legislation.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

Yara sponsors a funded defined benefit pension plan for qualifying UK employees. Under the fund, employees are entitled to annual pensions on retirement at age 62 of 1/57th of final pensionable salary for each year of service (some members have a retirement age of 65 and accrue at a rate of 1/60). Benefits are also payable on death and following other events such as withdrawing from active service. The plan was closed for new members from 2001. Broadly, about 12% of the liabilities are attributable to current employees, 23% to deferred pensioners and 65% to current pensioners.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, Trinidad and South Africa.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilities.

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad, Brazil and South Africa with a total of USD 14 million (2019: USD 16 million).



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**Pension cost recognized in statement of income**

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

**The following items have been recognized in the Statement of income**

USD millions	2020	2019
Current service cost	(42)	(37)
Contribution by employees	3	3
Administration cost	(2)	(2)
Past service cost	-	(3)
Social security cost	(1)	(1)
Payroll and related costs	(41)	(39)
Interest expense on obligation	(32)	(46)
Interest income from plan assets	27	37
Net interest expense on the net obligation	(6)	(9)
Net pension cost recognized in Statement of income	(47)	(48)

**Pension cost recognized in the Statement of income, by origin**

USD millions	2020	2019
<b>Payroll and related costs</b>		
Finland	(7)	(6)
The Netherlands	(17)	(14)
Great Britain	(2)	(2)
Norway	(5)	(5)
Other	(11)	(13)
Total	(41)	(39)

USD millions	2020	2019
<b>Net interest income / (expense) on the net obligation / asset</b>		
Finland	-	(1)
The Netherlands	(1)	(1)
Great Britain	-	(1)
Norway	(1)	(1)
Other	(3)	(5)
Total	(6)	(9)

**Remeasurement gains / (losses) recognized in other comprehensive income**

USD millions	2020	2019
Remeasurement gains / (losses) on obligation for defined benefit plans	(132)	(165)
Remeasurement gains / (losses) on plan assets for defined benefit plans	98	157
Increase in recognized net liability due to minimum funding requirement and asset ceiling limit <sup>1)</sup>	(39)	(8)
Net remeasurement gains / (losses) for defined benefit plans	(74)	(17)
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans <sup>2)</sup>	24	8
Remeasurement gains / (losses) recognized from equity-accounted investees (net of tax)	(1)	-
Total remeasurement gains / (losses) recognized in other comprehensive income	(51)	(9)

1) Yara (UK) Ltd is committed to pay an annual contribution until 2024 in order to make good a funding deficit. Present value of future contributions will lead to an unrecognized surplus based on current IAS 19 valuation, and as Yara does not have an unconditional right to recoup any surplus arising in the Fund, an additional liability needs to be recognized. The value of plan assets is also reduced to restrict the funded status to zero (asset ceiling limit).

2) Includes impact from change in tax percentage on remeasurement gains and losses recognized in prior years.

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Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions. Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur.

**Actuarial valuations provided the following results**

USD millions	2020	2019
Present value of fully or partially funded liabilities for defined benefit plans	(2,210)	(1,948)
Present value of unfunded liabilities for defined benefit plans	(266)	(250)
Present value of liabilities for defined benefit plans	(2,476)	(2,198)
Fair value of plan assets	2,048	1,836
Adjustment in respect of minimum funding requirement	(42)	(26)
Unrecognized asset due to asset ceiling limitation	(46)	(19)
Social security tax liability on defined benefit plans	(18)	(17)
Net liability recognized for defined benefit plans	(534)	(424)

**Defined benefit obligations and plan assets by origin**

USD millions	2020		2019	
	Obligations	Assets	Obligations	Assets
Finland	(404)	327	(334)	310
The Netherlands	(898)	787	(753)	683
Other Eurozone	(317)	129	(289)	114
Great Britain <sup>1)</sup>	(490)	448	(444)	417
Norway <sup>2)</sup>	(314)	245	(306)	227
Other	(113)	67	(115)	65
Total	(2,536)	2,002	(2,240)	1,816

1) Including liability for minimum funding requirement and asset ceiling adjustment

2) Including social security tax liability.

**Development of defined benefit obligations**

USD millions	2020	2019
Defined benefit obligation at 1 January	(2,198)	(2,047)
Current service cost	(42)	(37)
Interest cost	(32)	(46)
Experience adjustments	9	15
Effect of changes in financial assumptions	(153)	(189)
Effect of changes in demographic assumptions	12	9
Past service cost	-	(3)
Benefits paid	94	84
Transfer of obligation (in)/out	(3)	-
Foreign currency translation on foreign plans	(164)	16
Defined benefit obligation at 31 December	(2,476)	(2,198)

**Development of plan assets**

USD millions	2020	2019
Fair value of plan assets at 1 January	1,836	1,688
Interest income from plan assets	27	37
Administration cost on plan assets	(2)	(2)
Return on plan assets (excluding the calculated interest income)	98	157
Employer contributions	36	34
Employees' contributions	3	3
Benefits paid	(81)	(72)
Transfer of plan assets in/(out)	3	-
Foreign currency translation on foreign plans	128	(10)
Fair value of plan assets at 31 December	2,048	1,836

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Depending on local regulations, Yara may be required to ensure a certain funding level of the pension plans. In the UK Yara is paying an annual contribution until 2024 in order to make good a funding deficit determined in the actuarial valuation of 2020. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution which has been paid to the fund, in case the funding ratio reaches a certain level.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the responsibility of the Board to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension plans.

Yara's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension funds ensure diversement of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested about 1/3 of the fair value of plan assets into shares of non-listed Pohjolan Voima Oy, a company producing electricity and heat for its shareholders on an at cost-basis. The Boards of the pension funds are targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

**At the end of the year, the plan assets were invested as follows**

USD millions, except percentages	2020	2020	2019	2019
Cash and cash equivalents	19	1%	24	1%
Shares	627	31%	515	28%
Other equity instruments	39	2%	37	2%
High yield debt instruments	89	4%	81	4%
Investment grade debt instruments	777	38%	711	39%
Properties	94	5%	72	4%
Other quoted plan assets <sup>1)</sup>	265	13%	259	14%
<b>Total investments quoted in active markets</b>	<b>1,910</b>	<b>93%</b>	<b>1,700</b>	<b>93%</b>
Shares and other equity instruments	92	4%	95	5%
Other plan assets <sup>2)</sup>	46	2%	41	2%
<b>Total unquoted investments</b>	<b>138</b>	<b>7%</b>	<b>136</b>	<b>7%</b>
<b>Total plan assets</b>	<b>2,048</b>		<b>1,836</b>	

1) Other quoted plan assets include insurance policies, hybrid funds and other fund investments.

2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2021 are USD 53 million (including benefits to be paid for unfunded plans). The contributions paid in 2020 were USD 49 million.

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**Duration of liabilities at the end of the year:**

Duration of liabilities (in years)	2020
Finland	16
The Netherlands	21
Great Britain	14
Norway	14
Total <sup>1)</sup>	17

1) Weighted average.

**Valuation of defined benefit obligations**

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

**The following financial assumptions have been applied for the valuation of liabilities**

Discount rate (in %)	2020	2019
Finland	0.6	0.9
The Netherlands	0.5	1.1
Great Britain	1.4	2.0
Norway	1.7	2.1
Total <sup>1)</sup>	0.9	1.5

1) Weighted average.

Expected salary increase (in %)	2020	2019
Finland	2.1	2.1
The Netherlands	2.3	2.3
Great Britain	2.8	3.7
Norway	2.1	2.2
Total <sup>1)</sup>	2.3	2.6

1) Weighted average.

Expected pension indexation (in %)	2020	2019
Finland	1.2	1.0
The Netherlands	1.6	1.6
Great Britain	2.9	3.0
Norway	0.5	1.0
Total <sup>1)</sup>	1.7	1.8

1) Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

**The following financial assumptions have been applied for the valuation of liabilities**

Expected longevity (in years)	Current employee	Current retiree
Finland	25.9	23.4
The Netherlands	24.2	22.4
Great Britain	24.2	22.8
Norway	24.1	23.4

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**Sensitivity of assumptions**

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation, by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

USD millions	2020	2019
Actual valuation	(2,476)	(2,198)
Discount rate +0.5%	(2,297)	(2,044)
Discount rate -0.5%	(2,682)	(2,370)
Expected rate of salary increase +0.5%	(2,496)	(2,218)
Expected rate of salary increase -0.5%	(2,457)	(2,178)
Expected rate of pension increase +0.5%	(2,626)	(2,324)
Expected rate of pension increase -0.5%	(2,342)	(2,085)
Expected longevity +1 year	(2,578)	(2,280)
Expected longevity -1 year	(2,375)	(2,116)

**5.5 Trade and other payables****Accounting policies**

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted.

**Specifications**

USD millions	Notes	2020	2019
Trade payables		1,430	1,285
Payroll and value added taxes		303	259
Other liabilities <sup>1)</sup>		147	70
<b>Total</b>	<a href="#">6.3</a>	<b>1,880</b>	<b>1,614</b>

1) Included in Other liabilities is USD 52 million (2019: USD 11 million) regarding short-term derivative instruments (at fair value) and USD 25 million (2019: USD 20 million) regarding short-term contingent consideration.

Trade payables are non-interest-bearing and have an average term of 60 days. Payroll and value-added taxes are mainly settled bimonthly or on quarterly basis. Other payables are non-interest-bearing and normally settled within 12 months.

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## 5.6 Provisions and contingencies

### Accounting policies

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring, and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The restructuring provision includes only the direct expenditures arising from the restructuring. These expenditures are those that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract where the unavoidable costs of meeting the obligations under it exceeds the economic benefits expected to be received from the contract.

Decommissioning refers to the process of dismantling and removing equipment and site restoration when a site is closed down. A liability is recognized as soon as a decommissioning obligation arises. The obligation can be legal or constructive, and is accounted for based on a best

estimate discounted to the present value. The discounted provision is progressively unwound, with the unwinding charge presented as a finance cost. The unwinding charge takes the provision from its current net present value to its future end value.

If an obligation exists to decommission PP&E, the carrying value of the assets is increased with the discounted value of the obligation. This is also the case if an obligation arises during construction or due to new legal requirements. The decommissioning asset is depreciated over the useful life of the asset. If an obligation arises as a result of day-to-day operations where the asset has been used to produce inventory, the cost is expensed as incurred.

Decommissioning provisions are updated when new information becomes available.

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Legal claims are assessed on an individual basis and provisions are recognized if the specific claims give rise to present, probable obligations and the costs can be reliably measured.

When a legal or constructive environmental obligation arises as a result of a past event, and the cost can be reliably measured, a provision is recognized.

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted. If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

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**2020**

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2020	77	55	25	164	54	375
Additional provision in the year	14	3	13	76	16	122
Interest expense on liability	-	-	8	3	-	10
Unused provision	(7)	(9)	(3)	(1)	(8)	(28)
Utilization of provision	(7)	(17)	(4)	(8)	(16)	(52)
Currency translation effects	(1)	2	(4)	9	2	8
Balance at 31 December 2020	76	34	35	243	48	435

**2019**

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2019	75	48	23	122	24	292
Additional provision in the year	13	21	10	45	43	133
Interest expense on liability	(2)	-	2	-	-	1
Unused provision	-	-	(5)	-	(3)	(9)
Utilization of provision	(7)	(13)	(4)	(2)	(12)	(38)
Currency translation effects	(2)	(1)	-	(1)	1	(4)
Balance at 31 December 2019	77	55	25	164	54	375

**Provisions presented in the consolidated statement of financial position**

USD millions	2020	2019
Current liabilities	75	72
Non-current liabilities	360	303
Total	435	375

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**Provisions**

**Environmental provisions**

Yara's future cost for environmental remediation depends on a number of uncertain factors, such as changes in regulations or authorities' approval for the extent of actions. The estimates are followed up frequently. Due to the uncertain nature to define the exact levels of pollution and precise needs for cleanup, it is possible that they could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and warehouses.

Provisions for environmental clean-up and asset retirement obligations relate to production facilities currently in operation and facilities that are closed. The obligations relate to such actions as restoration or rehabilitation of industrial or mining sites, disposal of contaminated material and related activities.

**Restructuring provisions**

Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected. In 2020, Yara has not recognized significant new restructuring provisions. The reduction is mainly related to the 2019 announced closure costs estimate of the wholly-owned ammonia plant in Point Lisas, Trinidad.

**Legal claims**

Yara is involved in a number of proceedings globally concerning matters arising in connection with the conduct of its business. Yara does not believe such proceedings will, individually or in the aggregate, have a significant effect on Yara's financial position, profitability, results of operations or liquidity.

**Decommission provisions**

Yara has obligations to decommission and remove installations at the end of the production period. Establishing the appropriate provisions for such obligations involve the application of considerable judgement and involve an inherent risk of significant adjustments. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and can vary considerably depending on the assumed removal complexity. Moreover, changes in the discount rate and currency exchange rates may impact the estimates significantly. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of judgement. Most significant decommissioning provisions relate to contractual obligations for operations on leased land, the main ones being plants in Australia and France. The increase in decommission provisions during 2020 is mainly due to reduced discount rates in Australia.

**Other provisions**

Other include onerous contracts, liquidated damages, warranties and various other provisions.

**Contingencies**

**Legal contingencies**

In connection with Yara Fertiliser India Pvt Ltd's acquisition of Tata Chemical Ltd's urea business, stamp duty may be payable on the lease of the Babrala plant site. Yara's position is that the stamp duty on this lease is less than USD 1 million. In order to ascertain the amount of stamp duty payable, Yara sought adjudication of the amount by the local tax authorities. On 18 January 2019, the authority assessed stamp duty on the lease at approximately USD 36 million. Yara is of the view that the authority's decision is incorrect, and remains of the view that the correct amount of stamp duty is less than USD 1 million. Yara Fertiliser India Pvt Ltd is of the view that the authority's decision is incorrect and has filed a written petition in the high court of Uttar Pradesh in March 2019 to seek the court's decision and affirmation of our position. State of Uttar Pradesh has filed its response to the Petition filed by Yara Fertilisers India Pvt Ltd. No date has yet been scheduled for substantial hearing of the petition. It may take up to 5 years to receive a decision from the Uttar Pradesh State Court. In addition to the stamp duty on the lease, Yara has also sought adjudication of stamp duty in the same state on the court order for the acquisition. Yara's position is that the stamp duty payable is less than USD 6 million. As of today, the relevant authority has not yet issued its decision. The provisions made for stamp duties in the Uttar Pradesh state corresponds to Yara's assessment.

Further information related to two ongoing environmental cases in Brazil, where Yara is a part due to the acquisition of Adubos Trevo from the Trevisa Group in the year 2000, is provided below since it is not possible to provide a reliable estimate of the maximum potential exposure:

- Yara has together with other companies related to the Trevisa Group been sued by an association representing approximately 1,300 potential victims in two separate lawsuits. The lawsuits are related to mine and lead industry activities performed by the company Plumbum Comércio e Representações de Produtos Mineirais e Industriais (Plumbum) in the cities Santo Amaro da Purificação and Boquira in Bahia state in Brazil. Plumbum was formerly part of the Trevisa Group. Adubos Trevo has not been involved in any of the activities included in the lawsuits. The lawsuits include claims for various personal losses, damage to properties, institution of relief funds, environmental restoration and clean-up activities. The lawsuits were filed in 2011 and 2012 but are still in the initial phase. Yara denies liability for any potential damage caused by the activities of Plumbum and has not made any provision for the claims.
- Yara is together with 22 other companies, defendants in a lawsuit filed by São Paulo Public Attorney in 1985 with a claim for compensation for environmental damage related to former activities by the defendants in the Cubatão industrial district. The defendants deny the claim on the basis that necessary actions have already been taken to recover potential damages from former activities. In September 2017, the court of first instance ruled against the defendants determining that the defendants were jointly liable to repair the damage. The nature of and



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amount of potential damages have not been determined and will be calculated by an expert. Yara has made a provision related to this case of USD 1.8 million. Yara and the other defendants have appealed the decision.

In addition to these cases, Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Several of these cases have been ongoing for a number of years, and the timing of possible outflows is uncertain. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without material adverse effect. The total estimate of the financial effect in the unlikely event that all should have a negative outcome, is USD 48 million, mainly related to cases in Brazil.

On 21 and 22 January 2020 the Spanish competition authority (CNMC) visited the premises of Yara Iberian S.A.U. (Spain). Yara Iberian cooperated with the officials during the site visit. The CNMC is now conducting a preliminary inquiry into possible infringements of the Spanish Competition Act. As such, Yara is not under any formal investigation and no employees are formally suspected in the case which is still being preliminary assessed by the CNMC.

**Tax contingencies**

In relation to an ongoing tax dispute and to safeguard their taxation rights, the Dutch tax authorities issued in 2018 a new tax assessment for business restructuring (“exit tax assessment”). The tax assessment would increase the tax cost with USD 500 million, plus USD 200 million in accumulated interest. It is Yara’s position that the tax assessment is unreasonable and unfounded, and no provision has been made for the exit tax claim. The tax authorities principal claim is significantly lower and Yara has considered that claim separately from the exit tax assessment. Yara expects that the exit tax assessment will not trigger any immediate payment and that tax payments will be deferred until the case has been fully resolved or the tax assessment has been withdrawn.

Several subsidiaries are engaged in juridical and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. A majority of these contingencies are related to taxes in Brazil, with an estimated maximum exposure of approximately USD 105 million. Tax contingencies outside Brazil and excluding the above-mentioned exit tax assessment in the Netherlands have an estimated maximum exposure of approximately USD 85 million.

In 2019, Yara International ASA received a notification and request for information from the Norwegian Tax Authorities in relation to a transfer price audit. In the notification and request for information, the Tax Authorities have stated that they consider changing the company’s tax assessment for the years 2015, 2016 and 2017. The Tax Authorities have neither disclosed any potential amount nor provided guidance on how a potential change will impact the tax assessment for these years.

**Uncertain tax treatments**

In 2020, Yara realized taxable losses due to disposal of shares and when restructuring the corporate holding structure. Due to uncertainty of the tax treatment related to the losses, tax assets of USD 89 million are not recognized in the financial statements.

At year-end 2020, Yara has an income tax provision of USD 43 million related to an ongoing tax case. The majority of the provision was recognized in 2019 due to a court ruling against one of Yara’s subsidiaries, and the provision is considered to cover the full exposure. In addition to the income tax provision, Yara has recognized provision for related interest charges of USD 16 million. Yara has appealed the ruling.

**5.7 Contractual obligations**

**Take-or-pay and Long-term contracts**

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy. Yara has marketing and off-take agreements with some of its joint operations, see [note 4.4](#).

**The non-cancellable future obligations at 31 December 2020 (undiscounted amounts)**

USD millions	Total
2021	418
2022	191
2023	122
2024	71
2025	65
Thereafter	632
<b>Total</b>	<b>1,498</b>

Future “take-or-pay” obligations are included in the table above only if they are non-cancellable and the contractually agreed pricing is fixed or may otherwise deviate from observable market prices at the time of delivery.

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2020.

For further information regarding future obligations, see [note 5.4](#) for future obligations related to pensions, [note 5.6](#) for provisions and contingencies and [4.5](#) for future commitments related to lease arrangements.

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## 5.8 Secured debt and guarantees

USD millions	2020	2019
Amount of secured debt	26	26
<b>Assets used as security for debt</b>		
Machinery and equipment, etc.	4	4
Buildings and structural plant	25	23
Total	29	27
<b>Assets used as security for non-financial liabilities</b>		
Buildings and structural plant	43	22
Total	43	22
<b>Guarantees (off-balance sheet)</b>		
Contingency for discounted bills	-	1
Contingency for sales under government schemes	57	57
Non-financial parent company guarantees	668	723
Non-financial bank guarantees	173	236
Total	899	1,016

Off-balance sheet guarantees consist mainly of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees). These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity-accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Guarantees of debt issued on behalf of consolidated companies are not included since the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligation under such guarantees is at any time limited to the amount drawn under the credit facility.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the liability included in the consolidated statement of financial position.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

#### Contingent liabilities related to the de-merger from Norsk Hydro ASA

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the de-merger from Norsk Hydro ASA (Hydro) as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at de-merger March 24, 2004 and have been reduced by payments thereafter.

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## 6 Financial Risk

### 6.1 Financial risks

#### Risk management policies

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara's strategic approach is to determine appropriate risk levels or limits for the main risks and to constantly maintain and develop tools and procedures for monitoring the associated exposures. The Group's policies, approved by the Board of Directors, thus provide written principles on funding risk, currency risk, interest rate risk, credit risk, and the investment of excess liquidity. In general, risks arising from operational activities may either be accepted or reduced. The policies restrict transactions that will increase the Group's exposure beyond the level stemming from operations.

Yara's Executive Management is responsible for reviewing and operationalizing the board defined policies, while the operating segments and expert organizations act as risk owners. The financial risks related to the operations of the Group are thus monitored and managed by Yara's Finance, Treasury & Insurance function through internal risk reports that analyze each exposure by degree and magnitude of risk. These risks include market risks such as currency and interest rate risk, credit risk and liquidity risk. The Finance, Treasury & Insurance function reports regularly to the Group's Executive Management.

Based on the overall evaluation of risk, Yara may seek to reduce its inherent exposures by using insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps. The use of such instruments is also governed by Board approved policies.

Yara may designate and document the use of certain derivatives and other financial assets or liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges), highly probable forecast transactions (cash flow hedges) and net investments in foreign operations (net investment hedges). The prospective effectiveness of any such hedge is assessed at inception and verified on a quarterly basis. Derivatives not designated in a hedging relationship are classified as undesignated derivatives and acquired and managed within the framework and policies defined by the Board of Directors also when hedge accounting is not applied.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2020 and 31 December 2019. Yara's liquidity surplus, kept as short-term bank deposits, increased significantly in 2020 compared with the year before, primarily after receipt of the proceeds from the Qafco divestment (see [note 7.1](#) Disposal of investments).

#### Funding risk

The capital structure of the Group consists of interest-bearing debt as disclosed in [note 5.3](#) Interest-bearing debt, cash and cash equivalents as disclosed in [note 3.4](#) Cash and cash equivalents plus equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in [note 5.1](#) Share information and statement of changes in equity.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to keep a long-term debt base and to uphold the security and flexibility obtained through using diversified capital sources, avoiding dependency on single institutions or markets.

Yara does not have specific debt ratio targets and the only financial covenant is to have a debt to equity ratio, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, below 1.4. At the end of 2020, the ratio was 0.35 compared with 0.42 at the end of 2019. The Group is not subject to any externally imposed capital requirements.

Through its financial structure, Yara has the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. During 2020, Yara did maintain both the Baa2 rate from Moody's and the BBB rate from Standard & Poor's.

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**Currency risk**

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. During the first eight months of 2020, the part of Yara's US dollar debt constituting a hedge of future earnings was kept between USD 2,600 million and USD 2,800 million. The receipt of the proceeds from the Qafco divestment reduced the hedge to around USD 1,400 million, whereafter it was gradually increased again

to around USD 1,900 million at the end of the year (2019: increased gradually from around USD 2,000 million to around USD 2,600 million during the year). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Yara thus primarily manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to forecast purchases and sales or to offset short-term liquidity need in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

**Sensitivity - net income**

USD millions

	2020	2019
A 10% weakening <sup>1)</sup> of the US dollar at the reporting date would have increased/(decreased) net income by	181	241
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) net income by	(214)	(263)

1) Against functional currencies.

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income. The analysis was performed on the same basis for 2019. A 10% strengthening of the currencies at the reporting date would have had the opposite effect of the amounts shown above.

**Sensitivity - Other comprehensive income**

USD millions

	2020	2019
A 10% weakening <sup>1)</sup> of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(250)	(259)
A 10% weakening <sup>1)</sup> of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(106)	(116)
A 10% weakening <sup>1)</sup> of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(54)	(58)
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(58)	(7)

1) Against US dollar (presentation currency of the Group).

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This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2019.

**Interest rate risk**

Yara has a defined framework for fair value risk arising from exposure towards fixed interest rates. In accordance with that framework, all bank loans have been borrowed at floating rates. A portion of the bond debt has been retained at fixed interest rates, while the remaining part of the bond debt has been converted to floating rates through interest rate swaps and cross-currency swaps. Consequently, the interest expense related to the converted (hedged) part of the bond debt will fluctuate in line with market changes. At the reporting date, the interest rate exposure arising from the bonds issued is summarized in the table below.

USD millions, except percentages	Notes	Maturity	Denominated amounts 2020	Conversion to floating rates				Carrying amounts 2020		Carrying amounts 2019	
				Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rates <sup>1)</sup>	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
<b>Floating interest rate bonds</b>											
NOK (Coupon NIBOR + 0.75%)	<a href="#">5.3</a>	2022	147					-	147	-	142
SEK (Coupon STIBOR + 1.00%)	<a href="#">5.3</a>	2022	55					-	55	-	48
<b>Fixed interest rate bonds</b>											
NOK (Coupon 2.55%)	<a href="#">5.3, 6.2</a>	2021	82	2.55%	82	2.55%	USD LIBOR 3M + 1.14%	-	83	-	79
SEK (Coupon 1.10%)	<a href="#">5.3, 6.2</a>	2022	98	1.10%	98	1.10%	USD LIBOR 3M + 1.00%	-	99	-	86
NOK (Coupon 3.00%)	<a href="#">5.3, 6.2</a>	2024	70	3.00%	70	3.00%	USD LIBOR 3M + 1.33%	-	73	-	68
NOK (Coupon 2.45%)	<a href="#">5.3, 6.2</a>	2024	117	2.45%	117	2.45%	USD LIBOR 3M + 1.18%	-	120	-	111
USD (Coupon 3.80%)	<a href="#">5.3</a>	2026	500	3.80%	-			499	-	498	-
NOK (Coupon 2.90%)	<a href="#">5.3, 6.2</a>	2027	117	2.90%	117	2.90%	USD LIBOR 3M + 1.44%	-	122	-	111
USD (Coupon 4.75%)	<a href="#">5.3</a>	2028	1,000	4.75%	-			997	-	996	-
USD (Coupon 3.15%)	<a href="#">5.3</a>	2030	750	3.15%	-			746	-	-	-
<b>Total unsecured debenture bonds</b>			<b>2,937</b>		<b>486</b>			<b>2,241</b>	<b>699</b>	<b>1,495</b>	<b>645</b>

1) Through a combination of interest rate swaps and cross-currency swaps.

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**Interest rate profile of the Group's interest-bearing financial instruments**

USD millions	Notes	2020	2019
Outstanding long-term interest-bearing debt (including current portion)	5.3	3,503	3,096
Portion of bonds with fixed interest rate	5.3	2,241	1,495
Outstanding long-term interest-bearing debt (including current portion) less portion of bonds with fixed interest rate		1,262	1,601

**Sensitivity**

USD millions	2020	2019
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) net income by	4	(15)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) net income by	(3)	-

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis was performed on the same basis for 2019. A decrease of 100 basis points at the reporting date would have had the opposite effect of the amounts shown above.

**Specific risks associated with the upcoming interest rate benchmark reform**

The Group is exposed to NIBOR, STIBOR and USD LIBOR (collectively 'IBOR') interest rate benchmarks subject to the upcoming interest rate benchmark reform. In order to prepare an action plan and ensure a smooth transition to alternative benchmark rates, Yara Finance, Treasury & Insurance has established an IBOR transition program. Risks hitherto identified include, but may not be limited to, the items listed in the below table.

Risk	Potential impact
Lack of standardized alternative term rates	Cash flow uncertainty, operational challenges
Economic difference vs. IBORs and alternative rates	Changes in fair value of affected contracts
Different speed of transition across products and currencies	Basis risk on hedge accounting relations
Operational adjustments required	Upgrade of IT systems, renegotiation of agreements

Most recent indication from the USD LIBOR benchmark administrator is that publication of 1 week and 2 month rates will cease on 31 December 2021 and other tenors on 30 June 2023. For NIBOR and STIBOR rates there are thus far no indicated cessation dates. Yara has currently no exposure to the USD LIBOR tenors where publication is expected to cease in 2021.

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**Financial contracts with an IBOR benchmark reference as at 31 December 2020**

USD millions	Notes	Denominated amounts		
		USD LIBOR	NOK NIBOR	SEK STIBOR
<b>Bonds</b>				
Pay interest	<a href="#">5.3</a>	-	(147)	(55)
Receive interest		-	-	-
<b>Bank loans</b>				
Pay interest	<a href="#">5.3</a>	(559)	-	-
Receive interest		-	-	-
<b>Interest rate swaps</b>				
Pay interest	<a href="#">6.2</a> , <a href="#">6.3</a>	-	(387)	(98)
Receive interest		-	-	-
<b>Cross-currency swaps</b>				
Pay interest	<a href="#">6.3</a>	(687)	-	-
Receive interest	<a href="#">6.3</a>	-	534	153
Total exposure to IBOR rates		(1,246)	-	-

None of these contracts include fallback provisions in case the referenced benchmark interest rate ceases to be available. Yara therefore monitors the output from the various working groups managing the transition to new benchmark rates carefully and will implement appropriate fallback language in due course.

**Credit risk**

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk

of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's derivative financial instruments is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position and as disclosed in [note 6.3](#) Financial instruments.

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has agreed limits for credit exposure (collateral agreements) with most of its main banks. At the end of the reporting period, Yara had deposited USD 25.6 million (2019: USD 74.8 million) in cash with its counterparties to mitigate exposure from financial liabilities covered by such agreements. These deposits are reported as "other current assets" in the consolidated statement of financial position. Collateral deposits are made at overnight terms and required collateral is reassessed twice every month.

Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its customer portfolio or on its financial instruments.

Yara may undertake a number of measures to reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. The effect of credit risk reduction from these measures is not considered to be material for the Group.

**Liquidity risk**

Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Undrawn facilities that the Group has at its disposal are presented in [note 5.3](#) Interest-bearing debt.

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**Contractual maturities of financial liabilities, including estimated interest payments****31 December 2020**

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(345)	(367)	(39)	(323)	(5)	-	-	-
Long-term interest-bearing debt <sup>1)</sup>	(3,503)	(4,261)	-	(65)	(168)	(612)	(747)	(2,668)
Accrued interest expense	(8)	(8)	-	(8)	-	-	-	-
Trade payables	(1,431)	(1,432)	(7)	(1,392)	(33)	-	-	-
Payroll and value added taxes	(303)	(303)	(1)	(273)	(29)	-	-	-
Other short-term liabilities	(96)	(96)	-	(69)	(27)	-	-	-
Other long-term liabilities	(92)	(92)	-	-	-	(71)	(6)	(14)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(67)							
Outflow		(2,825)	-	(2,186)	(99)	(191)	(218)	(130)
Inflow		2,750	-	2,156	87	181	203	123
Commodity derivatives	(6)							
Outflow		(8)	-	(1)	(7)	-	-	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	12							
Outflow		(35)	-	(3)	(3)	(6)	(16)	(6)
Inflow		48	-	-	12	9	20	7
<b>Total</b>	<b>(5,839)</b>	<b>(6,628)</b>	<b>(46)</b>	<b>(2,163)</b>	<b>(275)</b>	<b>(690)</b>	<b>(765)</b>	<b>(2,689)</b>

1) Includes current portion of long-term interest-bearing debt amounting to USD 132 million.

See [note 4.5](#) Leases for contractual maturities of lease liabilities.



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## 31 December 2019

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(494)	(519)	(40)	(383)	(97)	-	-	-
Long-term interest-bearing debt <sup>1)</sup>	(3,096)	(3,731)	(2)	(426)	(78)	(223)	(1,150)	(1,852)
Accrued interest expense	(14)	(16)	-	(14)	-	-	(2)	-
Accounts payable	(1,285)	(1,302)	(3)	(1,270)	(29)	-	-	-
Payroll and value added taxes	(259)	(259)	(1)	(226)	(32)	-	-	-
Other short-term liabilities	(59)	(59)	-	(52)	(7)	-	-	-
Other long-term liabilities	(133)	(144)	-	(1)	(19)	(45)	(67)	(13)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(79)							
Outflow		(1,139)	-	(343)	(12)	(112)	(539)	(133)
Inflow		1,052	-	334	9	96	489	124
Commodity derivatives	(20)							
Outflow		(23)	-	(2)	(2)	(10)	(10)	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	(7)							
Outflow		(64)	-	(6)	(6)	(12)	(28)	(11)
Inflow		58	-	-	11	11	25	10
<b>Total</b>	<b>(5,446)</b>	<b>(6,147)</b>	<b>(45)</b>	<b>(2,388)</b>	<b>(262)</b>	<b>(295)</b>	<b>(1,281)</b>	<b>(1,875)</b>

1) Includes current portion of long-term interest-bearing debt amounting to USD 398 million.

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**Derivative instruments**

USD millions	Notes	2020	2019
Total fair value of derivatives			
Forward foreign exchange contracts	<a href="#">6.3</a>	(38)	(7)
Cross-currency swaps	<a href="#">6.3</a>	(29)	(72)
Interest rate swaps designated for hedging	<a href="#">6.3</a>	12	(7)
Embedded commodity derivatives	<a href="#">6.3</a>	(6)	(20)
Balance 31 December		(61)	(106)
Derivatives presented in the statement of financial position			
Non-current assets		15	1
Current assets		3	-
Non-current liabilities		(28)	(96)
Current liabilities		(52)	(11)
Balance 31 December		(61)	(106)

**Outstanding committed forward foreign exchange contracts at 31 December**

USD millions	2020	2019
Forward foreign exchange contracts, notional amount	1,369	427

All outstanding forward foreign exchange contracts at 31 December 2020 have maturity in 2021, except non-deliverable forward contracts totaling USD 59 million that mature in 2022. Buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

**6.2 Hedge accounting**

A description of the Group's general risk management policies and principles can be found in [note 6.1](#) Financial risks.

**Accounting policies**

Yara applies hedge accounting according to IFRS 9 and designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised. Hedge accounting also ceases if the hedge relationship for some reason no longer fulfills the requirements for hedge accounting.

**Fair value hedges**

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 million fixed rate bond debt from 2014.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value

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of the bonds. The corresponding adjustment in the Consolidated statement of income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

As the key parameters of the hedging instruments (interest basis, inception dates and maturity dates) are identical to the respective hedged items, no ineffectiveness has been identified.

#### Cash flow hedges

Yara had no cash flow hedges in 2020 or 2019. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

#### Net investment hedges

At 31 December 2020, Yara has designated in total USD 815 million (2019: USD 930 million) of its USD denominated interest-bearing debt as hedges of net investments in foreign (USD based) operations. The hedging instruments comprise USD denominated bonds, term loans and the currency component of a portion of the Group's cross-currency swap portfolio.

The designation of interest-bearing debt as hedges of net investments leads to changes of foreign currency translation (gain/loss) being recognized in the Consolidated statement of comprehensive income instead of in the Consolidated statement of income.

As both the hedged net investments and the hedging instruments are sensitive only to fluctuations in the USDNOK spot rate, no ineffectiveness has been identified.

#### Effect on financial position and performance in 2020

USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	156	-	4	Long-term interest-bearing debt	Other long-term liabilities	(5)	5	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	242	-	8	Long-term interest-bearing debt	Other long-term liabilities	(14)	14	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	99	-	1	Long-term interest-bearing debt	Other long-term liabilities	(1)	1	-
<b>Net investment hedges</b>											
Foreign exchange risk											
- Net equity in subsidiaries <sup>2), 5)</sup>	USD	Spot USDNOK	815	-	-	187	Retained earnings	Long-term interest-bearing debt <sup>3)</sup>	22	(22)	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

5) The change in value columns include the effect from a USD 115 million hedging relation discontinued in August 2020.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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**Effect on financial position and performance in 2019**

USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	147	1	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	221	6	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	86	-	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
<b>Net investment hedges</b>											
Foreign exchange risk											
- Net equity in subsidiaries <sup>2)</sup>	USD	Spot USDNOK	930	-	-	209	Retained earnings	Long-term interest-bearing debt <sup>3)</sup>	(9)	9	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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## 6.3 Financial instruments

### Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes party to the contractual obligations of the instrument.

Under IFRS 9 Financial Instruments, Yara classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

### Derivatives

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity price risk arising in operating, financing and investment activities. These derivatives are initially recognized at fair value and subsequently measured at fair value through profit or loss at each balance sheet date. Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income. Embedded derivatives may refer to financial transactions and sale and purchase transactions for gas, ammonia and other commodities.

Fair value on derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income. If the derivative is designated and effective as a hedging instrument, the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship. A derivative is classified as non-current if the remaining maturity of the derivative is more than 12 months, and as current if the remaining maturity of the derivative is less than 12 months.

All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

### Receivables and deposits

See [note 3.2](#) for information on Trade receivables and [note 3.4](#) for Cash and Cash equivalents. Other short-term and long-term receivables and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

The carrying amounts of receivables and deposits are adjusted for expected credit losses and are considered to represent reasonable estimates on fair value. Interest-free receivables are discounted if it has a material impact on fair value. Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit loss is recorded. The 12-months expected credit loss reflect loss from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit loss on receivables and deposits is limited. As a result, disclosures are reduced due to materiality.

### Equity instruments

The Group has equity shares within the scope of IFRS 9 to a limited extent. These are initially recognized at fair value. Subsequently they are measured at fair value through other comprehensive income (no recycling).

### Financial liabilities

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted. However, short-term payables and other short-term debt are discounted if it has material impact on fair value. Fair value of these liabilities are assumed to be equal to their carrying amounts.

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Fair value on long-term interest-bearing debt and other long-term liabilities differs from the carrying

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amounts since the USD debenture bonds are held with fixed interest rates and are not subject to hedge accounting. For these USD debenture bonds with fixed interest rates and for other long-term liabilities, no active market is available and fair value is calculated based on the present value of future principal and interest cash flows. Cash flows are estimated by using LIBOR with different maturities as a benchmark and adding a credit margin derived from recent transactions or other information available.

See [note 4.5](#) for information on lease liabilities.

Contingent consideration is initially recognized at fair value and subsequently measured at fair value through profit or loss. Fair value of contingent consideration is calculated considering the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of financial performance, the amount to be paid under each scenario and the probability of each scenario.

**Financial instruments at fair value**

Financial instruments at fair value (FV) refer to derivatives at FV through profit and loss (P&L), equity instruments at FV through OCI (other comprehensive income) and financial liabilities at FV through P&L. They are valued according to different levels in the fair value hierarchy in IFRS. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**Carrying amounts and fair value per category**

**31 December 2020**

USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments	Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortized cost	FV through OCI (no recycling)	Amortized cost	FV through P&L	Historic cost	
<b>Non-current assets</b>									
Other non-current assets	<a href="#">4.6</a>	4	11	5	18	-	-	342	380
<b>Current assets</b>									
Trade receivables	<a href="#">3.2</a>	-	-	1,478	-	-	-	-	1,478
Prepaid expenses and other current assets	<a href="#">3.3</a>	2	-	167	-	-	-	461	630
Cash and cash equivalents	<a href="#">3.4</a>	-	-	1,363	-	-	-	-	1,363
<b>Sum financial assets</b>		<b>6</b>	<b>11</b>	<b>3,024</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>792</b>	<b>3,851</b>
<b>Non-current liabilities</b>									
Other long-term liabilities		(19)	(9)	-	-	(77)	(14)	(18)	(138)
Long-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	(3,371)	-	-	(3,371)
Long-term lease liabilities	<a href="#">4.5</a>	-	-	-	-	(335)	-	-	(335)
<b>Current liabilities</b>									
Trade and other payables	<a href="#">5.5</a>	(52)	-	-	-	(1,796)	(33)	1	(1,880)
Prepayments from customers		-	-	-	-	-	-	(372)	(372)
Other short-term liabilities		-	-	-	-	(8)	-	(87)	(95)
Short-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	(345)	-	-	(345)
Current portion of long-term debt	<a href="#">5.3</a>	-	-	-	-	(132)	-	-	(132)
Short-term lease liabilities	<a href="#">4.5</a>	-	-	-	-	(111)	-	-	(111)
<b>Sum financial liabilities</b>		<b>(70)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(6,175)</b>	<b>(48)</b>	<b>(476)</b>	<b>(6,779)</b>
<b>Total net balance</b>		<b>(65)</b>	<b>2</b>	<b>3,024</b>	<b>18</b>	<b>(6,175)</b>	<b>(48)</b>	<b>316</b>	<b>(2,927)</b>
<b>Fair value</b>		<b>(65)</b>	<b>2</b>	<b>3,024</b>	<b>18</b>	<b>(6,502)</b>	<b>(48)</b>		
Unrecognized gain/(loss)		-	-	-	-	(327)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See [note 5.3](#) for details.

Equity instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. Equity instruments as of year end 2020 refer mainly to shares in Pohhjalan Voima Oyj. These investments are long-term and not held for trading. Dividend received in 2020 amounts to USD 1 million.

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USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments	Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortized cost	FV through OCI (no recycling)	Amortized cost	FV through P&L	Historic cost	
<b>Non-current assets</b>									
Other non-current assets	<a href="#">4.6</a>	-	-	4	19	-	-	391	414
<b>Current assets</b>									
Trade receivables	<a href="#">3.2</a>	-	-	1,564	-	-	-	-	1,564
Prepaid expenses and other current assets	<a href="#">3.3</a>	-	-	176	-	-	-	377	553
Cash and cash equivalents	<a href="#">3.4</a>	-	-	300	-	-	-	-	300
<b>Sum financial assets</b>			<b>1</b>	<b>2,043</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>767</b>	<b>2,830</b>
<b>Non-current liabilities</b>									
Other long-term liabilities		(77)	(19)	-	-	(116)	(17)	(18)	(247)
Long-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	(2,698)	-	-	(2,698)
Long-term lease liabilities	<a href="#">4.5</a>	-	-	-	-	(337)	-	-	(337)
<b>Current liabilities</b>									
Trade and other payables	<a href="#">5.5</a>	(11)	-	-	-	(1,577)	(26)	-	(1,614)
Prepayments from customers		-	-	-	-	-	-	(399)	(399)
Other short-term liabilities		-	-	-	-	(14)	-	(87)	(101)
Short-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	(494)	-	-	(494)
Current portion of long-term debt	<a href="#">5.3</a>	-	-	-	-	(398)	-	-	(398)
Short-term lease liabilities	<a href="#">4.5</a>	-	-	-	-	(98)	-	-	(98)
<b>Sum financial liabilities</b>		<b>(88)</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>(5,732)</b>	<b>(43)</b>	<b>(505)</b>	<b>(6,386)</b>
<b>Total net balance</b>		<b>(87)</b>	<b>(19)</b>	<b>2,043</b>	<b>19</b>	<b>(5,732)</b>	<b>(43)</b>	<b>262</b>	<b>(3,556)</b>
Fair value		(87)	(19)	2,043	19	(5,830)	(43)		
Unrecognized gain/(loss)		-	-	-	-	(98)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See [note 5.3](#) for details.



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**Financial instruments at fair value****31 December 2020**

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	18	18
Derivatives, net	-	(54)	(8)	(62)
Financial liabilities	-	(10)	(38)	(48)
Net total balance	-	(64)	(28)	(92)

There were no transfers between Level 1 and Level 2 in the period.

**31 December 2019**

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	19	19
Derivatives, net	-	(84)	(22)	(106)
Financial liabilities	-	(6)	(37)	(43)
Net total balance	-	(90)	(40)	(130)

There were no transfers between Level 1 and Level 2 in the period.

**Reconciliation of fair value instruments at Level 3 from opening to closing balance**

USD millions	2020	2019
Balance at 1 January	(40)	(31)
Total gains or (losses):		
in income statement	13	16
in other comprehensive income	(3)	(2)
Payments made	-	1
Disposals/additions	1	(23)
Reclassification from level 3 to level 2 of the fair value hierarchy	-	-
Foreign currency translation	2	(2)
Balance at 31 December	(28)	(40)

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## Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2020

USD millions	Effect on P&L		Effect on OCI	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Derivatives (20% decrease/(increase) in ammonia price)	5	(8)	-	-
Equity instruments (20% increase/(decrease) in electricity price)	-	-	4	(4)
Financial liabilities (20% decrease/(increase) in DAP price)	2	(3)	-	-
<b>Total</b>	<b>7</b>	<b>(11)</b>	<b>4</b>	<b>(4)</b>

The favourable and unfavourable effects on derivatives refer to embedded derivatives in energy contracts. The effects are calculated by decreasing/increasing the input of ammonia prices by 20% for the whole contract period, also for long-term contracts. All other variables remain constant.

The favourable and unfavourable effects on equity instruments refer to fair value of unlisted equity securities. The effects are calculated based on a valuation model for estimation of fair value, increasing/decreasing the forward electricity prices used in the model by 20%. All other variables remain constant.

The favourable and unfavourable effects on financial liabilities refer to contingent consideration regarding the binding agreement with the former non-controlling interest in GICS (former Galvani). The effects are calculated by decreasing/increasing DAP price. All other variables remain constant. In addition to these effects, there is a conditional future payment of maximum USD 30 million related to future project success in GICS (see [note 7.2](#) for details). Fair value of this future payment is included as contingent consideration, but it is not included in the sensitivity analysis.

## Gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income

2020	USD millions	Notes	Derivatives		Equity instruments	Financial liabilities		Total
			Fair value through P&L	Designated for hedging	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income		<a href="#">6.1</a> , <a href="#">6.2</a>	75	19	-	-	(6)	88
Consolidated statement of comprehensive income <sup>1)</sup>		<a href="#">6.2</a>	-	3	(3)	28	-	28
<b>Total</b>			<b>75</b>	<b>22</b>	<b>(3)</b>	<b>28</b>	<b>(6)</b>	<b>115</b>

1) Amounts are presented before tax. See [note 2.8](#) for specification of taxes.

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2019

USD millions

Notes	Derivatives		Equity instruments	Financial liabilities		Total
	Fair value through P&L	Designated for hedging <sup>2)</sup>	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income	64	-	-	-	2	66
Consolidated statement of comprehensive income <sup>1)</sup>	-	(16)	(2)	(12)	-	(30)
<b>Total</b>	<b>64</b>	<b>(16)</b>	<b>(2)</b>	<b>(12)</b>	<b>2</b>	<b>36</b>

1) Amounts are presented before tax. See [note 2.8](#) for specification of taxes.

2) 2019 figures are changed from what was presented in 2019 Annual report, now including currency effects on cross-currency swap closed in 2019 (which was incorrectly excluded in the 2019 report).

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## 7 Business initiatives

### 7.1 Disposal of investments

#### Disposal 2020

In 2020, Yara completed the sale of its 25% stake in Qatar Fertiliser Company (QAFCO) and received the consideration of USD 1 billion. The transaction led to a gain of USD 97 million, which is recognized as Other income in the Statement of Income and reflected in the Global Plants and Operational Excellence segment.

#### QAFCO is included in Yara's statements with the following amounts:

USD millions	2020	2019
<b>Statement of income</b>		
Other income	97	-
Share of net income in equity-accounted investees	8	55
<b>Statement of other comprehensive income</b>		
Exchange differences on translation of foreign operations	(6)	-
Remeasurements of the net defined benefit pension liability for equity-accounted investees	(1)	-
<b>Statement of changes in equity</b>		
Translation of foreign operations (cumulative closing balance)	-	6
<b>Statement of financial position</b>		
Equity-accounted investees	-	873
Non-current assets held-for-sale	-	-
<b>Statement of cash flows</b>		
Dividend from equity-accounted investees	-	158
Proceeds from sale of shares in equity-accounted investees	1,000	-

### 7.2 Minority buy-out

#### Minority buy-out 2019

In 2019, Yara closed the agreement with the non-controlling interest in GICS (GICS Indústria, Comércio e Serviços S.A., former Galvani) to acquire their 40% equity interest.

In addition to fair value of assets and liabilities transferred, consideration includes a cash payment of USD 70 million over a three year period from closing and a conditional future payment related to project success of maximum USD 30 million. In addition, Yara provided through GICS a capital contribution to the new entity of USD 30 million as starting capital minus adjustments for a normalized level of working capital.

The carrying amount of the non-controlling interest in GICS at the date of closing (10 July 2019) was USD 139 million. The difference between the carrying amount and the consideration was recognized as a reduction to equity attributable to shareholders of the parent of USD 151 million.

#### Equity transactions with the non-controlling interest in GICS (former Galvani) in 2019:

USD millions	GICS
Carrying amount of non-controlling interests acquired/(divested)	139
Consideration	(290)
Increase/(decrease) in equity attributable to owners to the group	(151)
Presented in the statement of changes in equity:	
Increase/(decrease) to other reserves	(54)
Increase/(decrease) to retained earnings	(97)
Total	(151)

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## 8 Other disclosures

### 8.1 Related parties

#### The Norwegian State

At 31 December 2020, the Norwegian State owned 97,094,621 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 18,990,573 shares, representing 7.08% of the total number of shares issued.

#### Yara Pension fund

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2020, Yara has contributed to the pension fund through deductions from premium fund and premium paid by Yara International ASA.

#### Equity-accounted investees

Transactions with equity-accounted investees are described in [note 4.3](#).

#### Board of Directors

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

#### Executive Management

Executive Management remuneration is disclosed in [note 8.2](#).

#### Board of Directors compensation 2020 and number of shares owned 31 December 2020

USD thousands, except number of shares	Compensation earned in 2020	Number of shares
Trond Berger, Chairperson (from 7 May 2020) <sup>1)</sup>	73	3,000
Kimberly Lein-Mathiesen	40	500
John Gabriel Thuestad <sup>4)</sup>	56	1,200
Håkon Reistad Fure <sup>2) 4)</sup>	44	22,500
Adele Bugge Norman Pran <sup>2)</sup>	53	2,010
Birgitte Ringstad Vartdal (from 7 May 2020) <sup>1)</sup>	29	2,500
Rune Asle Bratteberg <sup>2) 3)</sup>	48	367
Geir O. Sundbø <sup>1) 3)</sup>	44	339
Ragnhild Flesland Høimyr (from 7 May 2020) <sup>3)</sup>	24	126
Øystein Jerkø Kostøl (from 7 May 2020) <sup>3)</sup>	24	208
Geir Isaksen, Chairperson (till 7 May 2020)	26	n/a
Hilde Bakken (till 7 May 2020)	14	n/a
Eva Safrine Aspvik (till 7 May 2020)	13	n/a
Kari Marie Nøstberg (till 7 May 2020)	13	n/a

1) Member of the HR Committee in 2020.

2) Member of the Audit Committee in 2020.

3) Interest-free loan of USD 1.254 given through a trust in accordance with a Yara share purchase offer.

4) John Gabriel Thuestad and Håkon Reistad Fure receive an additional remuneration for Board members resident outside Scandinavia, currently NOK 30.000 per meeting.

Compensation of Board of Directors was USD 501 thousand in 2020 compared to USD 509 thousand in 2019.

The Chairperson and the members of the Board have no agreements for further compensation due to termination or changes in the position.

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**Compensation 2020 and number of shares owned by the deputy  
Board Members at 31 December 2020**

	Compensation earned in 2020	Number of shares
Inge Stabæk <sup>1)</sup>	-	524
Vidar Viskjer <sup>1)</sup>	-	367
Morten Ødegård <sup>1)</sup>	-	1,046
Maiken Sandland	-	85
Eva Safrine Aspvik <sup>1)</sup>	-	572
Terje Borlaug <sup>1)</sup>	-	63
Kari Marie Nøstberg <sup>1)</sup>	-	488
Lise Gunvor Bækkevold Winther <sup>1)</sup>	-	225

1) Interest-free loan of USD 1.254 given through a trust in accordance with a Yara share purchase offer.

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## 8.2 Executive Management remuneration

## Yara Executive Management: Compensation and number of shares owned at 31 December 2020

USD thousands, except number of shares	Salary <sup>2)</sup>	Share Based Remuneration <sup>1)</sup>	Other benefits	Pension benefits	Short-term incentive accrued <sup>3)</sup>	Accrued holiday pay on short-term incentive accrued	Number of shares
Svein Tore Holsether <sup>4) 6)</sup>	720	216	35	192	321	39	40,373
Lars Røsæg <sup>4) 6)</sup>	360	91	23	15	161	19	6,254
Tove Andersen <sup>4) 6)</sup>	378	93	24	20	166	20	12,723
Terje Knutsen <sup>4) 6)</sup>	355	87	34	122	155	19	12,807
Kristine Ryssdal <sup>4) 6)</sup>	350	88	41	15	153	22	9,332
Pablo Barrera Lopez <sup>4) 6)</sup>	350	90	26	15	156	19	7,061
Chrystel Monthean (from 1 June, 2020) <sup>5) 8) 9)</sup>	193	81	-	39	98	-	1,899
Pål Hestad (from 1 June, 2020) <sup>4) 5)</sup>	187	80	21	9	83	10	5,634
Fernanda Lopes Larsen (from 1 October, 2020) <sup>5)</sup>	80	-	8	4	36	4	1,955
Lair Hanzen (till 1 October, 2020) <sup>5) 7)</sup>	272	115	28	38	153	-	n/a
Lene Trollnes (till 31 May, 2020) <sup>5) 10)</sup>	172	-	10	6	-	-	n/a

1) Fixed cash amount as part of Share Based Remuneration (see description on [page 206](#)).

2) For Yara Executive Management no salary increase was applied. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.

3) Accrue short-term incentive payout (excluding holiday allowance) earned in 2020 to be paid in 2021.

4) Interest-free loan of USD 1,254 given through Yara International ASA in accordance with a Yara share purchase offer.

5) The numbers presented are for the period as member of Yara Executive Management in 2020.

6) Salary in NOK translation rate to USD: 0.1066

7) Salary in BRL translation rate to USD: 0.1960

8) Salary in EUR translation rate to USD: 1.1416

9) Benefits and perks are provided in relation to an international Assignment contract. The net value represents USD 155.250 - gross-up with average tax rate of 37.97% of the host location amounts the gross value USD 250.300.

10) In addition to the compensation mentioned in the table above, Lene Trollnes received a short-term Incentive payout of USD 53 097 for the period in which she was a member of the Group Executive Board. She also received termination compensation of USD 62,410, which was a net amount after deduction of income she had received from another employer during the period for which the severance pay applied.

## Yara Executive Management: Compensation and number of shares owned at 31 December 2019

	Salary <sup>2)</sup>	Share Based Remuneration <sup>1)</sup>	Other benefits	Pension benefits	Short-term incentive accrued <sup>3)</sup>	Accrued holiday pay on short-term incentive accrued	Number of shares
USD thousands, except number of shares							
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Svein Tore Holsether <sup>4) 6)</sup>	768	231	30	224	353	42	34,613
Tove Andersen <sup>4) 6)</sup>	401	100	26	27	133	16	7,862
Terje Knutsen <sup>4) 6)</sup>	376	93	53	178	130	16	9,531
Lair Hanzen <sup>7)</sup>	521	148	1	57	334	-	16,081
Kristine Ryssdal <sup>4) 6)</sup>	349	69	31	15	110	13	5,795
Lene Trollnes <sup>4) 6)</sup>	389	97	29	15	138	17	12,861
Pablo Barrera Lopez <sup>4) 6)</sup>	345	94	33	16	147	18	3,337
Lars Røsæg <sup>4) 6)</sup>	372	97	24	15	151	18	3,442
Yves Bonte (till June 30, 2019) <sup>5) 8)</sup>	367	-	2	43	142	-	n/a
Terje Morten Tollefsen (till August 22, 2019) <sup>4) 5) 6)</sup>	229	-	15	35	59	7	n/a

1) Fixed cash amount as part of Shared Based Remuneration (see description on [page 206](#)).

2) For Yara Executive Management employed in Norway, no salary increase was applied. For Yara Executive Management member employed in Belgium, an inflation increase of 2% was applied, no salary increase was applied. For Yara Executive Management member employed in Brazil, a salary increase of 0.02% in line with the minimum increase under Brazil collective agreement was applied. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.

3) Accrue short-term incentive payout (excluding holiday allowance) earned in 2019 to be paid in 2020.

4) Interest-free loan of USD 1,346 given through Yara International ASA in accordance with a Yara share purchase offer.

5) The numbers presented are for the period as member of Yara Executive Management in 2019.

6) Salary in NOK translation rate to USD: 0,1140.

7) Salary in BRL translation rate to USD: 0.2536.

8) Salary in EUR translation rate to USD: 1.1302.

### Salary freeze and no cash bonus paid to Group Executive Board for 2020

In 2020, Yara delivered strong results with an improvement in free cash flow of USD 1.4 billion, an increase in ROIC to 8%, committed or distributed returns to shareholders of NOK 52/share and a successful reorganization of the company into a regional model with strengthened accountability and closeness to customer. Furthermore, Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint require significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.

Although Yara's performance and outlook remains strong, the acceleration of the pandemic during recent weeks with the spread of new strains of the virus creates uncertainty for other industries, countries and individuals worldwide. Given this broader context and Yara's role in society and despite the company's strong position and outlook, the Group Executive Board has asked to abstain from the annual salary adjustment in June 2021 for the third consecutive year. Furthermore, in line with Yara's remuneration guidelines, the strong performance in 2020 qualified the Group Executive Board to a cash Short-Term Incentive Payout payable in April 2021. The Group Executive Board has however for the same reasons cited above asked for this payment to be frozen and for payment to be evaluated once visibility in society improves following the recent surge in Covid-19 cases. Pending the outcome of the evaluation, the Short-Term Incentive for 2020 will in any case not be paid in cash, but invested by the individual members of the Group Executive Board into Yara shares, to further align incentives through reinvestment in the company.



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**CEO Remuneration 2020**

Svein Tore Holsether's remuneration consist of the following elements:

**Annual Base Salary**

The Annual Base Salary is USD 720,466 (NOK 6,758,400). No adjustment of his base salary was made during 2020 and it has remained unchanged since June 2018.

**Short-Term Incentive Plan**

The CEO is eligible for Short-Term Incentive payout according to the plan described below. The Target payout is 40% with a capped payout of 50% of Annual Base Salary.

**Share Based Remuneration**

The CEO is entitled to Share Based Remuneration of 30% of Annual Base Salary according to the plan described below.

**Pension Plans and Personal Insurance Plans**

Svein Tore Holsether is member of the following pension plans:

A funded Defined Contribution (DC) plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) plus 18% of salary between 7.1G and 12G;

An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary exceeding 12G

Provided that he is employed by Yara at age 65 he will be entitled to an Age Limit Compensation. This provides a benefit equal to 65% of his Annual Base Salary at that time until age 67. In case he would be entitled to Severance Pay or if it is mutually agreed between him and the Yara Board of Directors to continue the employment beyond age 65 he will not be entitled to the Age Limit Compensation.

The CEO is member of the personal insurance schemes applicable to Yara employees in Norway.

**Other compensation elements**

The CEO is granted benefits in kind according to the applicable market standard, the main element being a fixed car allowance of USD 19,295 (NOK 181,000) annually.

**Comments to remuneration of other members of Group Executive Management in 2020**

Chrystel Monthean is member of Yara IEC AG Pension Plan for Global Assignees. This is a DC pension plan with employer contributions equal to 20% of Base Salary.

Other members of Yara Group Executive Management are included in Yara's plans for employees

in Norway. Since 2006 Yara in Norway has transitioned from Defined Benefit Pension Plans to DC pension plan and simplified the pension plans. This work was completed in 2015 and new hires are now enrolled in one DC pension plan covering salary up to 12 times Norwegian Social Security Base Amount (G). When former pension plans were closed, existing members have been offered transitional or compensation arrangements.

**2021 Guidelines for remuneration of Group Executive Board and Board Members in Yara**

Yara's guidelines for remuneration of Group Executive Board and Board members is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 6-16a (5) the statement will be presented to the Annual General Meeting (AGM) 2021 for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015 (State guidelines). Yara's remuneration principles applying to Yara CEO and the other members of the Group Executive Board comply with these guidelines. Potential deviations will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting. The first report on remuneration will be reported at the Annual General Meeting 2022. For members of the Group Executive Board employed by Yara companies in other countries remuneration may deviate from the State guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company.

**Guidelines for remuneration of Board Members**

The Chair and other Board members receive remuneration as Board members and members of Board Committees. The remuneration is determined by the General Meeting on the basis of recommendation from the Nomination Committee. Employee-elected Board members receive the same remuneration as shareholder-elected Board members. None of the shareholder elected Board members are employed by the Company.

None of the employee-elected Board members are executives. The employee-elected Board members receive salary, pension and other remuneration such as bonuses, share-based remuneration, car allowance, etc. in accordance with the Company's general terms for employment.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their positions as Board members.

**Guidelines for remuneration of Group Executive Board**

The Board of Directors determines the remuneration of the President and CEO (CEO) and approves the general terms of the company's incentive plans for the Group Executive Board based on proposals from the HR Committee. The CEO determines the remuneration to the other members of the Group Executive Board.

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**Deviation from the guidelines**

The Board of Directors may decide to deviate entirely or partly from the guidelines temporarily in individual cases provided that it has been regarded to be exceptional circumstances that make it necessary to deviate from the guidelines in order to safeguard the company's long - term interest, financial sustainability or ensure the company's viability. Potential deviations and the reason for this will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

**General principles**

The Board determines the total remuneration to the CEO and other members of the Group Executive Board on the basis of;

- A commitment to exercise moderation through responsible and not market leading remuneration;
- Incentivize management in line with maximizing long-term sustainable value creation to Yara's shareholders and other stakeholders
- The need to offer competitive terms to secure the company's competitiveness in the labor market

Total remuneration for each member of the Group Executive Board, including all compensation elements, value of pension plan benefits and other benefits is compared to the relevant market on a regular basis. Pension plans for the Group Executive Board are moderate and in accordance with the State Guidelines for all members of the Group Executive Board that have joined after 3 December 2015 as further described below in the section Company paid Pension Plans.

The total remuneration for the members of the Group Executive Board comprises the following elements, that will be explained in detail;

- Base salary;
- Share Based Remuneration
- Short-Term incentive plan
- Pension plan benefits
- Other compensation elements such as internet connection and company car

**Base salary**

Base Salary is reviewed once a year as per 1st June as part of the Annual Salary Review for all employees in Yara. In addition, salaries may be reviewed if scope of responsibility is materially changed. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries;
- Benchmark of Executive Management Salaries in peer companies

Yara CEO and the other members of the Group Executive Board voluntarily abstained from the annual salary adjustment in both 2019 and 2020. The Group Executive Board will for the third year running abstain from the annual salary adjustment as per 1st June 2021.

**Share Based Remuneration (SBR)**

To support the alignment between executives and shareholder interests and to ensure retention of key talent in the company, an amount equal to 30% of the base salary for the CEO and 25% of the base salary for the other members of the Group Executive Board may be awarded by the Board on an annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive over the last three years. Yara's CEO can on a discretionary basis decide that SBR shall not be granted for a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO for a given year. Such an assessment will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

In cases where members of the Group Executive Board are recruited in other countries than Norway the SBR percentage may deviate from what is mentioned above depending on local market conditions for remuneration.

In order to support alignment between members of the Group Executive Board and the shareholder interests it is furthermore expected that members of the Group Executive Board that participate in the SBR program, every year as a minimum - in addition to the shares received as part of the SBR - invest in Yara shares an amount equaling the lowest amount received as net, after tax Short-Term Incentive payout for the preceding year or the net amount received as SBR for the relevant year. Such investments should be made until the shareholding amounts to two times the gross remuneration package, including pensions. Furthermore, it is also expected that members of the Group Executive Board do not sell any Yara shares as long as they are members of the Group Executive Board.

**Short-term Incentive plan**

To secure that the Short-Term Incentive Plan contributes to realizing Yara's strategy, its long-term value creation and capital allocation policy, the Short-Term Incentive Plan is based on Yara's strategic targets as presented at Yara's ESG Investor Seminar 7 December 2020, covering the dimensions of People, Planet and Prosperity.

The Short-Term Incentive Plan can have an outcome for the individual executive of 0% to 50% of base salary and is calculated as presented in the following paragraphs.

**Company performance**

(From 0% to 30% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

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**Progress on strategic focus areas**

(From 0% to 20% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

If all stretched goals have been met and the planned actions have been taken during the year and with the desired result, this will give a Short-Term Incentive pay-out of 40% of the annual Base Salary for Yara CEO and 35% for the other members of the Group Executive Board. The total pay-out cannot exceed 50% of the annual Base Salary.

In cases where members of the Group Executive Board are recruited in other countries than Norway the percentages may deviate from what is mentioned above depending on local market conditions for remuneration.

**Company performance**

The table below shows the relation between Yara's long-term strategic targets and the Performance Indicators set to drive performance for 2021.

Method of measurement for Company Performance:

The assessment of the performance score is based on a scale for each Indicator, where each Indicator may result in an outcome between 0% of base salary, a target of 24% of base salary for the CEO and 21% for the other members of the Group Executive Board, and a maximum of 30% of base salary. The weighted sum of the outcome of the factors represents the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values of each individual Indicator are not disclosed as part of this statement.

Ambition for 2025

Performance indicators 2021

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<p><b>People</b></p> <ul style="list-style-type: none"> <li>▪ <b>No fatalities and TRI&lt;1.0</b></li> <li>▪ <b>Top quartile engagement</b> index score</li> <li>▪ <b>Top quartile Diversity &amp; Inclusion</b> Index score</li> <li>▪ <b>&gt;35% female leaders</b> in senior management positions</li> </ul>	<p><b>People (25% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ TRI rate development</li> <li>▪ Process safety (PSI)</li> <li>▪ Engagement index</li> <li>▪ Diversity &amp; Inclusion Index</li> <li>▪ Share of female senior leaders</li> <li>▪ Female/male external recruitment senior personnel</li> </ul>
<p><b>Planet</b></p> <ul style="list-style-type: none"> <li>▪ <b>150 million hectares</b> under management</li> <li>▪ <b>10% lower GHG emissions</b> in kg CO<sub>2</sub>e/kg N produced</li> <li>▪ <b>Launching carbon marketplace</b></li> <li>▪ <b>30% absolute reduction</b> in Scope 1 and 2 <b>by 2030</b></li> </ul>	<p><b>Planet (25% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ Active hectares under management</li> <li>▪ Greenhouse gas emissions intensity</li> <li>▪ Energy efficiency</li> </ul>
<p><b>Prosperity</b></p> <ul style="list-style-type: none"> <li>▪ <b>300-600 MUSD incremental EBITDA from new business models</b></li> <li>- USD 1.5 billion revenues from new business models</li> <li>- USD 1.2 billion revenues from online sales</li> <li>▪ <b>Delivering on YIP 2.0 by 2023:</b></li> <li>- Increased production: 1.3 mt ammonia and 2.8 mt finished products</li> <li>- Fixed cost flat at 2.34 BUSD, working capital reduced to 92 days</li> <li>▪ <b>ROIC &gt; 10% mid cycle</b></li> <li>▪ <b>Premium products: volume and commercial margin growth</b></li> </ul>	<p><b>Prosperity and capital discipline (50% of total company performance)</b></p> <ul style="list-style-type: none"> <li>▪ Ammonia production volume</li> <li>▪ Finished fertilizer production volume</li> <li>▪ Premium generated</li> <li>▪ Revenues from new business models</li> <li>▪ Revenues from online sales</li> <li>▪ EBITDA</li> <li>▪ Fixed costs</li> <li>▪ Working capital days</li> <li>▪ ROIC</li> <li>▪ Capital expenditure</li> <li>▪ Progress projects on planned time/cost</li> <li>▪ MSCI rating</li> <li>▪ Net debt / EBITDA</li> </ul>

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**Strategic focus areas**

The following list of factors are set to drive performance for 2021:

- Scale the Farming Solutions organization
- Strategically develop Yara Clean Ammonia
- Improve plant reliability toolbox
- Strengthen change management and dynamic upskilling

Method of measurement for Strategic Focus Areas:

The assessment of the performance score is based on a scale for each factor, where each factor may result in an outcome between 0% of base salary, a target of 16% of base salary for the CEO and 14% for the other members of the Group Executive Board, and a maximum of 20% of base salary. The weighted sum of the outcome of the factors represent the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values and weight of each individual factor are not disclosed as part of this statement.

In the Board's total short-term incentive plan performance evaluation, in addition to the performance towards the factors described above, the Board will put weight on how difficult it has been to achieve the results, changes in external non-controllable factors that were not anticipated at the beginning of the year and that the results have been achieved in accordance with Yara's values and ethical principles.

**Claw back of share based remuneration and short-term Incentive payments**

Shares provided by the SBR and payments that have already been made from the Short- Term Incentive Plan are subject to claw back provisions covering both situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

**Benefit plans**

**Company paid pension plans**

Pension Plans in Yara should be defined contribution ("DC") plans. Executive Management on Norwegian employment contracts are eligible to the company paid DC Pension Plan applicable for all Yara employees in Norway. The contribution rates to this plan is 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) and 18% of pensionable salary between 7.1G and 12G.

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Executive Management who are members of the plan at commencement, future contributions to the plan stops and they become deferred members of the plan. Current members of the Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1st January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

Executives employed by Yara companies in other countries will be covered by company paid pension plans according to national plans and markets.

**Personal insurance schemes**

The executives are members of the personal insurance schemes applicable to other Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident and Health Insurance. In addition, they are provided with a Travel Insurance covering both the executive and family.

**Other compensation elements**

Executives are granted benefits in kind according to the applicable market standard. These are typically cell phone, internet connection and company car, alternatively fixed car allowance.

In the event of an international assignment contract, the executive and family will be entitled to allowances and benefits in accordance with Yara's Global Mobility Policy.

Members of Group Executive Board on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay. For members of the Group Executive Board employed by Yara companies in other countries severance pay may deviate from the above depending on local regulations.

**Voluntary share purchase program**

Group Executive Board members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares with a tax-exempt discount being within a threshold set by the Norwegian authorities. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

**Ad-hoc compensation elements**

In extraordinary circumstances related to recruitment processes, sign-on bonus may be agreed. Any such compensation will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

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## 8.3 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

USD thousands	Audit fee	Assurance services	Tax services	Other non-audit services	Total
<b>2020</b>					
Deloitte Norway	722	365	83	21	1,192
Deloitte abroad	3,193	32	464	29	3,718
<b>Total Deloitte</b>	<b>3,916</b>	<b>397</b>	<b>547</b>	<b>50</b>	<b>4,910</b>
Others	331	5	13	157	506
<b>Total</b>	<b>4,247</b>	<b>402</b>	<b>560</b>	<b>207</b>	<b>5,416</b>
<b>2019</b>					
Deloitte Norway	643	105	-	51	799
Deloitte abroad	3,413	71	384	120	3,988
<b>Total Deloitte</b>	<b>4,056</b>	<b>176</b>	<b>384</b>	<b>171</b>	<b>4,787</b>
Others	207	72	110	31	421
<b>Total</b>	<b>4,262</b>	<b>249</b>	<b>494</b>	<b>202</b>	<b>5,208</b>

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## 8.4 Composition of the group

The consolidated financial statement of Yara comprises 127 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Ownership	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100.0%	Argentina	Yara Iberian S.A.U.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100.0%	Australia	Chemical Holdings Pty Ltd.
Chemical Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Environmental Technologies GmbH	100.0%	Austria	Yara Investment GmbH
Yara Belgium S.A./N.V.	100.0%	Belgium	Yara Nederland B.V.
Yara Tertre S.A.	100.0%	Belgium	Yara Belgium S.A./N.V.
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Yara South America Investments B.V.
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	99.4%	Colombia	Yara International ASA (70.1%) and OFD Holding S. de R.L. (29.3%)
Yara Costa Rica S. de RL.	87.6%	Costa Rica	Yara Iberian S.A.U.
Yara Danmark A/S	100.0%	Denmark	Fertilizer Holdings AS
Yara Agri Trade Misr. Ltd.	51.0%	Egypt	Yara Trade Misr.
Yara Dallol B.V.	58.6%	Ethiopia	Yara Nederland B.V.
Yara Phosphates Oy	100.0%	Finland	Yara Suomi Oy
Yara Suomi Oy	100.0%	Finland	Yara Nederland B.V.
Yara France SAS	100.0%	France	Yara Nederland B.V.
Yara Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany SE
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investments Germany SE	100.0%	Germany	Yara Nederland B.V.

Table continues >

	Ownership	Ownership	Registered office	Main parent(s)
<b>01 THIS IS YARA</b>	Yara Ghana Ltd.	100.0%	Ghana	Yara Nederland B.V.
<b>02 YEAR IN REVIEW</b>	Yara Hellas S.A.	100.0%	Greece	Yara Nederland B.V.
	Yara Guatemala S.A.	100.0%	Guatemala	Yara International ASA
<b>03 FROM THE BOARDROOM</b>	Yara Fertilisers India Pvt. Ltd.	100.0%	India	Yara Asia Pte Ltd
	P.T. Yara Indonesia	100.0%	Indonesia	Yara Asia Pte Ltd.
<b>04 FINANCIAL STATEMENTS</b>	Yara Insurance DAC	100.0%	Ireland	Fertilizer Holdings AS
● Consolidated financial statements	Yara Italia S.p.A.	100.0%	Italy	Yara Investment GmbH (72.3%) and Yara Nederland B.V. (27.7%)
Financial statements for Yara International ASA	Yara Côte d'Ivoire S.A.	100.0%	Ivory Coast	Fertilizer Holdings AS
Statement from the Board and the CEO of Yara International ASA	Yara East Africa Ltd.	100.0%	Kenya	Yara Overseas Ltd.
Auditor's report	Yara International (M) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Reconciliation of alternative performance measures in the Yara Group	Yara México S. de R.L. de C.V.	99.9%	Mexico	OFD Holding S. de R.L. (70.7%) and Yara Nederland B.V. (29.2%)
	Yara Mozambique Lda.	100.0%	Mozambique	Yara Nederland B.V.
	Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
	Herøya Nett AS	100.0%	Norway	Yara Norge AS
	Yara Marine Technologies AS	100.0%	Norway	Fertilizer Holdings AS
	OFD Holding S. de RL	100.0%	Norway	Fertilizer Holdings AS
	Yara AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Birkeland AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Norge AS	100.0%	Norway	Yara International ASA
	Yara LPG Shipping AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Fertilizers Philippines Inc.	100.0%	Philippines	Yara Asia Pte Ltd.
	Yara Poland Sp.zo.o	100.0%	Poland	Yara Nederland B.V.
	Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
	Yara Animal Nutrition South Africa (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
	Yara Africa Fertilizers (Pty) Ltd.	100.0%	South Africa	Yara Nederland B.V.
	Yara Iberian S.A.U.	100.0%	Spain	Yara Nederland B.V.
	Yara Marine Technologies AB	100.0%	Sweden	Yara Marine Technologies AS

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Yara AB	100.0%	Sweden	Fertilizer Holdings AS
Yara Switzerland Ltd.	100.0%	Switzerland	Yara Nederland B.V.
Yara Tanzania Ltd.	100.0%	Tanzania	Fertilizer Holdings AS
Yara Thailand Ltd.	100.0%	Thailand	Yara Asia Pte Ltd.
Yara Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Sluiskil B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Caribbean Ltd.	100.0%	Trinidad and Tobago	Fertilizer Holdings AS
Yara UK Ltd.	100.0%	United Kingdom	Fertilizer Holdings AS
Yara North America Inc.	100.0%	United States	Yara International ASA
Freeport Ammonia LLC	100.0%	United States	Yara North America Inc.
Yara West Sacramento Terminal LLC	100.0%	United States	Yara North America Inc.
Yara Fertilizer Zambia Ltd.	100.0%	Zambia	Yara Nederland B.V.

## 8.5 Post balance sheet events

On 9 February 2021 Yara announced that a new global unit had been established – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara's unique existing positions within ammonia production, trade and shipping. This new global unit will be reported as an additional, separate operating segment from 2021.

On 18 February 2021 Yara announced that the company had signed a Letter of Intent with Statkraft, and Aker Horizons, aiming to establish Europe's first large-scale green ammonia project in Norway, enable the hydrogen economy and accelerate the green energy transition.

The partners will target green hydrogen and green ammonia opportunities within shipping, agriculture and industrial applications, by electrifying and decarbonizing Yara's existing ammonia facility in Porsgrunn. Building on their combined expertise, the partners aim to fully remove CO<sub>2</sub> emissions from ammonia production, thereby producing emission-free fuel for shipping, carbon-free fertilizer and ammonia for industrial applications.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 20 per share for 2020.

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## Yara International ASA

# Income statement

NOK millions	Notes	2020	2019
Revenues	<a href="#">4</a>	2,322	2,107
Other income		1	1
Revenues and other income		2,322	2,108
Raw materials, energy costs and freight expenses		(21)	(10)
Change in inventories of own production		6	(7)
Payroll and related costs	<a href="#">2</a>	(1,063)	(1,035)
Depreciation, amortization and impairment loss	<a href="#">3</a>	(206)	(171)
Other operating expenses	<a href="#">4</a>	(2,264)	(1,986)
Operating costs and expenses		(3,548)	(3,209)
Operating income		(1,226)	(1,102)
Financial income (expense), net	<a href="#">5</a>	17,146	(331)
Income before tax		15,920	(1,432)
Income tax expense	<a href="#">6</a>	(230)	294
Net income		15,690	(1,138)
<b>Appropriation of net income and equity transfers</b>			
Dividend proposed		5,202	4,054
Retained earnings		10,488	(5,192)
Total appropriation	<a href="#">11</a>	15,690	(1,138)

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## Yara International ASA

# Balance sheet

NOK millions	Notes	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	<a href="#">6</a>	920	1,141
Intangible assets	<a href="#">3</a>	605	697
Property, plant and equipment	<a href="#">3</a>	79	83
Shares in subsidiaries	<a href="#">7</a>	19,853	19,853
Intercompany receivables	<a href="#">13</a>	38,071	44,927
Other non-current assets	<a href="#">8</a>	593	411
<b>Total non-current assets</b>		<b>60,121</b>	<b>67,111</b>
<b>Current assets</b>			
Inventories	<a href="#">8</a>	23	12
Trade receivables		9	9
Intercompany receivables	<a href="#">13</a>	12,733	9,202
Prepaid expenses and other current assets	<a href="#">10</a>	404	829
Cash and cash equivalents		10,270	1,189
<b>Total current assets</b>		<b>23,440</b>	<b>11,240</b>
<b>Total assets</b>		<b>83,561</b>	<b>78,351</b>

NOK millions	Notes	31 Dec 2020	31 Dec 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Equity</b>			
Share capital reduced for treasury stock		442	459
Premium paid-in capital		117	117
<b>Total paid-in capital</b>		<b>560</b>	<b>577</b>
Retained earnings		18,960	14,981
- Treasury shares		(2,809)	(1,037)
<b>Shareholders' equity</b>	<a href="#">11</a>	<b>16,711</b>	<b>14,521</b>
<b>Non-current liabilities</b>			
Employee benefits	<a href="#">1</a>	991	965
Long-term interest-bearing debt	<a href="#">12</a>	28,187	23,035
Other long-term liabilities		190	705
<b>Total non-current liabilities</b>		<b>29,367</b>	<b>24,705</b>

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NOK millions	Notes	31 Dec 2020	31 Dec 2019
<b>Current liabilities</b>			
Trade and other payables		229	213
Bank loans and other interest-bearing short-term debt	<a href="#">8</a>	1,518	2,519
Current portion of long-term debt	<a href="#">12</a>	967	3,342
Dividends payable	<a href="#">11</a>	5,202	4,054
Intercompany payables	<a href="#">13</a>	28,789	28,615
Current income tax	<a href="#">6</a>	14	10
Other current liabilities		763	370
<b>Total current liabilities</b>		<b>37,483</b>	<b>39,124</b>
<b>Total liabilities and shareholders' equity</b>		<b>83,561</b>	<b>78,351</b>

The Board of Directors of Yara International ASA  
Oslo, 25 March 2021



Trond Berger  
Chairperson



Kimberly Lein-Mathisen  
Vice chair



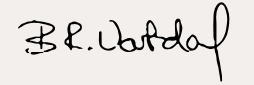
Adele Bugge Norman Pran  
Board member



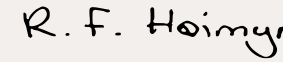
John Thuestad  
Board member



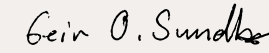
Rune Bratteberg  
Board member



Birgitte Ringstad Vartdal  
Board member




Ragnhild Flestrand Høimyr  
Board member



Geir O. Sundbø  
Board member



Håkon Reistad Fure  
Board member



Øystein Kostøl  
Board member



Svein Tore Holsether  
President and CEO

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## Yara International ASA

# Cash flow statement

NOK millions	Notes	2020	2019	NOK millions	Notes	2020	2019
<b>Operating activities</b>				<b>Investing activities</b>			
Operating Income		(1,226)	(1,102)	Purchases of property, plant and equipment	<a href="#">3</a>	(11)	(20)
Adjustments to reconcile operating income to net cash provided by operating activities				Purchases of other long-term investments	<a href="#">3</a>	(108)	(204)
Depreciation, amortization and impairment loss	<a href="#">3</a>	206	171	Net cash from/(to) long-term intercompany loans	<a href="#">13</a>	8,781	138
Tax received/(paid)	<a href="#">6</a>	(16)	(2)	Proceeds from sales of long-term investments		-	1
Dividend received from subsidiary and associated companies	<a href="#">11</a>	11,105	-	Net cash provided by/(used in) investing activities		8,662	(86)
Group relief received		900	4,500	<b>Financing activities</b>			
Interest and bank charges received/(paid)		(420)	(751)	Loan proceeds	<a href="#">12</a>	7,101	3,039
Other		(8)	(4)	Principal payments		(5,258)	(6,198)
<b>Change in working capital</b>				Purchase of treasury stock	<a href="#">11</a>	(2,806)	(586)
Trade receivables		3	(4)	Dividend paid	<a href="#">11</a>	(8,811)	(1,772)
Short-term intercompany receivables/payables	<a href="#">13</a>	(760)	4,037	Net cash used in financing activities		(9,775)	(5,518)
Prepaid expenses and other current assets <sup>1)</sup>		1,132	62	Foreign currency effects on cash and cash equivalents			
Trade payables		20	(13)			(221)	-
Other current liabilities <sup>1)</sup>		(522)	(477)	Net increase/(decrease) in cash and cash equivalents			
Net cash provided by operating activities		10,414	6,417			9,081	814
				Cash and cash equivalents at 1 January			
						1,189	375
				Cash and cash equivalents at 31 December			
						10,270	1,189

1) 2020 includes NOK 470 million net cash inflow due to currency forward contracts and prior periods' collateral deposits with banks to keep credit exposure from derivatives within agreed limits.

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## Basis for preparation

### General

The financial statements for Yara International ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA primarily holds shares in subsidiaries and provides financing to entities in the Yara Group. Please be aware that the information in [note 5.3](#) Interest-bearing debt to the consolidated financial statements also applies to Yara International ASA. Revenue mainly stem from allocation of costs related to intragroup services provided.

The accompanying notes are an integral part of the financial statements.

### Shares in subsidiaries

Shares in subsidiaries are presented according to the cost method. Dividends and Group reliefs are recognized in the income statement when these are proposed by the subsidiary. Group relief received is included in dividends. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

### Foreign currency transactions

The functional currency of Yara International ASA is Norwegian kroner (NOK). Transactions in currencies other than the functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All realized and unrealized currency gains and losses on transactions, assets and liabilities are included in net income if they do not qualify for hedge accounting.

### Revenue

In all material respects, revenue stem from sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

### Receivables

Trade receivables and short-term intercompany receivables are recognized at nominal value, less an accrual for expected losses. The accrual for losses is based on an individual assessment of each receivable.

### Cash and cash equivalents

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months.

The cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function. Consequently, the level of cash held should be seen in context with the intercompany receivables and payables.

### Payables

Trade payables and short-term intercompany payables are recognized at nominal value.

### Financial assets and liabilities

Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

### Cost of sales and other expenses

Cost of sales and other expenses are recognized in the same period as the revenue to which they relate. If there is no clear connection between the expense and revenue, an estimated allocation is done. Other exceptions to this matching criteria are disclosed where appropriate.

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**Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred income tax expense is calculated using the liability method in accordance with the preliminary Norwegian Accounting Standard on Income Taxes ("NRS Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

**Intangible assets**

Intangible assets acquired individually or as a group are initially recognized at fair value, and subsequently amortized on a straight-line basis over their useful life. They are tested for impairment whenever indications of impairment are present.

Research costs are expensed as incurred. Costs incurred in development of internally generated intangible assets are capitalized if defined recognition criteria are met. If these recognition criteria are not met, development cost are expensed in the period they incur.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the assets' useful life. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Inventories**

Inventories are valued at the lower of cost, using weighted average, and net realizable value. The cost of inventories comprise all costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

**Leased assets**

Assets which are leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this is lower. The corresponding finance lease liabilities are initially included in long-term debt. Property, plant and equipment are depreciated over the estimated useful lives of the assets, or the lease term if shorter. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

**Forward currency contracts**

Forward currency contracts are initially recognized in the balance sheet at fair value. Subsequent changes in fair value are recognized in the income statement.

**Interest rate and cross currency swaps**

Interest income and expense relating to swaps that are not designated as hedge instruments are recognized as net income or expense over the life of the contract. Cross currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized currency translation gain or loss recognized in "Financial income/(expense), net" in the income statement.

**Shared-based remuneration**

Yara has a shared-based remuneration program which provides a fixed cash amount to eligible top executives. Yara purchases the shares on behalf of the executives at market prices. The executives holds all shareholder rights from the date of purchase but cannot sell the shares in the three years vesting period. This program does not have dilutive effect since it represents ordinary shares outstanding.

The fair value of the purchased shares is recognized as reduction in equity. The costs for the Shared Based Remuneration program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model. The employee tax is calculated and expensed at the grant date.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

**Employee retirement plans**

Employee retirement plans are measured in accordance with IAS 19 Employee Benefits, as this is permitted by the Norwegian accounting standard on pensions ("NRS 6 Pensjonskostnader"). Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.



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## 1 Employee benefits

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees. Pension liabilities for defined benefit plans also include certain unfunded obligations.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

### Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

### Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

### Other long-term benefits

The Company's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

### Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	2020	2019
Pension liabilities for defined benefit plans	(981)	(956)
Termination benefits and other long-term employee benefits	(9)	(9)
Surplus on funded defined benefit plan	417	348
Net long-term employee benefit obligations	(574)	(617)

### Expenses for long-term employee benefit obligations recognized in the statement of income

NOK millions	2020	2019
Defined benefit plans	(43)	(42)
Defined contribution plans	(57)	(57)
Termination benefits and other long-term employee benefits	(10)	(11)
Net expenses recognized in Statement of income	(110)	(110)

### Defined benefit plans

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiary Yara Norge AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At 31 December 2020, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 0 and the number of retirees was 128. In addition, 365 current and previous employees of Yara International ASA have earned paid-up policies in the pension fund.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who have chosen early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

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Norwegian employees at position level of department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2020 was NOK 101,351).

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the plan for early retirement from 65 to 67 for positions as department manager or above, in which all employees below age 50 were transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As the compensation contribution plans are unfunded and Yara International ASA retains investment risk, they are accounted for as defined benefit plans.

Norwegian employees with salary above 12G as of 3 December 2015 are members of an unfunded plan which requires Yara International ASA to contribute for active plan members with an amount equal to 25% of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. The plan was closed to new members from 3 December 2015. As the plan is unfunded and investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

**Valuation of defined benefit obligations**

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013BE mortality table. According to K2013BE a current employee aged 45 today would be expected to live 24.1 years after reaching the retirement age of 65, whereas an employee aged 65 today would on average be expected to live 23.4 years.

The following financial assumptions have been applied for the valuation of liabilities (in %):

In percentages	2020	2019
Discount rate	1.7	2.1
Expected rate of salary increases	2.1	2.2
Future rate of pension increases	0.5	1.0

**Actuarial valuations provided the following results:**

NOK millions	2020	2019
Present value of unfunded obligations	(860)	(838)
Present value of wholly or partly funded obligations	(744)	(765)
Total present value of obligations	(1,604)	(1,602)
Fair value of plan assets	1,161	1,113
Social security on defined benefit obligations	(121)	(118)
Total recognized liability for defined benefit plans	(564)	(608)

**Duration of liabilities at the end of the year:**

Duration of liabilities (in years)	2020
Funded plan	15.1
Unfunded plans	11.0

**Pension cost recognized in Statement of income**

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

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**The following items have been recognized in the Statement of income:**

NOK millions	2020	2019
Current service cost	(24)	(23)
Administration cost	(2)	(2)
Social security cost	(6)	(6)
Payroll and related costs	(32)	(31)
Interest on obligation	(33)	(39)
Interest income from plan assets	21	28
Interest expense and other financial items	(12)	(11)
Total expense recognized in income statement	(43)	(42)

**Sensitivity of assumptions**

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2020	2019
Actual valuation	(1,604)	(1,602)
Discount rate +0.5%	(1,520)	(1,514)
Discount rate -0.5%	(1,695)	(1,699)
Expected rate of salary increase +0.5%	(1,616)	(1,616)
Expected rate of salary increase -0.5%	(1,592)	(1,590)
Expected rate of pension increase +0.5%	(1,683)	(1,686)
Expected rate of pension increase -0.5%	(1,531)	(1,526)
Expected longevity +1 year	(1,659)	(1,658)
Expected longevity -1 year	(1,543)	(1,546)

**Development of defined benefit obligations**

NOK millions	2020	2019
Defined benefit obligation as of 1 January	(1,602)	(1,489)
Current service cost	(24)	(23)
Interest cost	(33)	(39)
Experience adjustments	(32)	(14)
Effect of changes in financial assumptions	22	(98)
Benefits paid	65	61
Defined benefit obligation as of 31 December	(1,604)	(1,602)

**Development of plan assets**

NOK millions	2020	2019
Fair value of plan assets as of 1 January	1,113	1,065
Interest income from plan assets	21	28
Administration cost	(2)	(2)
Return on plan assets (excluding calculated interest income)	58	51
Employer contributions	2	-
Benefits paid	(32)	(29)
Fair value of plan assets as of 31 December	1,161	1,113

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund's Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensures diversement of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

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**At the end of the year, the plan assets were invested as follows:**

NOK millions, except percentages

	2020	2020	2019	2019
Cash and cash equivalents	10	1%	33	3%
Shares	446	38%	388	35%
Other equity instruments	101	9%	95	9%
Investment grade debt instruments	583	50%	575	52%
Properties	20	2%	20	2%
<b>Total plan assets</b>	<b>1161</b>	<b>100%</b>	<b>1,113</b>	<b>100%</b>

Yara Pensjonskasse (the pension fund) does not hold any investments that do not have a quoted market price in an active market. Nor does it hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid by Yara International ASA to the defined benefit plans for 2021 are NOK 33 million. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

**Remeasurement gains / (losses) recognized in retained earnings**

NOK millions

	2020	2019
Cumulative amount recognized directly in retained earnings pre-tax at 1 January	(219)	(152)
Remeasurement gains / (losses) on obligation for defined benefit plans	(9)	(112)
Remeasurement gains / (losses) on plan assets for defined benefit plans	58	51
Social security on remeasurement gains / (losses) recognized directly in equity this year	(2)	(7)
<b>Cumulative amount recognized directly in retained earnings pre-tax at 31 December</b>	<b>(172)</b>	<b>(219)</b>
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	38	48
<b>Cumulative amount recognized directly in retained earnings after tax at 31 December</b>	<b>(134)</b>	<b>(171)</b>

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## 2 Remunerations and other

Remuneration and direct ownership of shares of the Chairperson and of the Board of Directors are disclosed in [note 8.1](#) to the consolidated financial statement.

Remuneration to the President and Yara management, as well as number of shares owned and Long-Term Incentive Plan, are disclosed in [note 8.2](#) to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara International ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 4,622 thousand (2019: NOK 4,996 thousand), fee for assurance services NOK 2,906 thousand (2019: NOK 952 thousand), NOK 469 thousand for tax services (2019: NOK 54 thousand) and NOK 187 thousand for non-audit services (2019: NOK 416 thousand). Audit remuneration for the Group is disclosed in [note 8.3](#) to the consolidated financial statement.

At 31 December 2020, the number of employees in Yara International ASA was 608 (2019: 599).

NOK millions	2020	2019
<b>Payroll and related costs</b>		
Salaries	(855)	(821)
Social security costs	(109)	(115)
Net periodic pension costs	(98)	(99)
<b>Total</b>	<b>(1,063)</b>	<b>(1,035)</b>

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2020. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 40,800 shares during 2020. In total 40,941 shares have been sold during 2020 to 1,017 persons, 36 persons were allotted 20 shares and 981 persons were allotted 41 shares. As at 31 December 2020, the foundation owns 16 shares in Yara.

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## 3 Intangible assets, property, plant and equipment

## 2020

NOK millions, except percentages and years

	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	1,350	190	1,541
Addition at cost	102	9	111
Balance at 31 December	1,453	199	1,652
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(654)	(107)	(761)
Depreciation and amortization	(194)	(12)	(206)
Balance at 31 December	(847)	(120)	(967)
<b>Carrying value</b>			
Balance at 1 January	697	83	780
Balance at 31 December	605	79	684
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems, patents and trademarks.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2020.

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## 2019

NOK millions, except percentages and years

	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	1,170	168	1,339
Addition at cost	181	23	203
Derecognition	(1)	(1)	(2)
Balance at 31 December	1,350	190	1,541
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(497)	(95)	(590)
Depreciation and amortization	(158)	(13)	(171)
Balance at 31 December	(654)	(107)	(761)
<b>Carrying value</b>			
Balance at 1 January	674	74	748
Balance at 31 December	697	83	780
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems, patents and trademarks.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2019.

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## 4 Specification of items in the income statement

## Revenue

## Sales to geographical areas

NOK millions	2020			2019		
	External	Internal	Total	External	Internal	Total
Norway	-	83	83	-	91	91
European Union <sup>1)</sup>	-	1,968	1,968	38	1,715	1,753
Europe, outside European Union <sup>1)</sup>	24	18	42	-	4	4
Africa	-	19	19	-	21	21
Asia	-	64	64	-	57	57
North America	-	33	33	-	35	35
Latin America	-	94	94	-	126	126
Australia and New Zealand	-	18	18	-	20	20
<b>Total</b>	<b>24</b>	<b>2,298</b>	<b>2,322</b>	<b>38</b>	<b>2,069</b>	<b>2,107</b>

1) Sales to the United Kingdom are included as part of the European Union for 2019 but not for 2020.

## Other operating expenses

NOK millions	2020	2019
Selling and administrative expense	(1,739)	(1,508)
Rental and leasing <sup>1)</sup>	(59)	(58)
Travel expense	(14)	(49)
Other	(452)	(371)
<b>Total</b>	<b>(2,264)</b>	<b>(1,986)</b>
<b>Of which research costs <sup>2)</sup></b>	<b>(405)</b>	<b>(506)</b>

1) Expenses mainly relate to office and lease contracts for company cars.

2) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities.



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## 5 Financial income and expenses

NOK millions	Notes	2020	2019
Dividends and group relief from subsidiaries		16,405	900
Loss on sale of shares in subsidiaries <sup>1)</sup>		-	(2)
Interest income group companies	<a href="#">13</a>	788	1,017
Other interest income		35	34
Interest expense group companies	<a href="#">13</a>	(78)	(274)
Other interest expense		(1,056)	(1,367)
Interest expense defined pension liabilities	<a href="#">1</a>	(33)	(39)
Return on pension plan assets	<a href="#">1</a>	21	28
Net foreign exchange gain/(loss)		999	(613)
Other financial income/(expense)		65	(15)
<b>Financial income/(expense), net</b>		<b>17,146</b>	<b>(331)</b>

1) Yara Costa Rica S. de RL.

## 6 Income taxes

## Specification of income tax expense

NOK millions	2020	2019
Current tax expense <sup>1)</sup>	(20)	(12)
Deferred tax income/(expense) recognized in the current year	(210)	306
<b>Income tax income/(expense)</b>	<b>(230)</b>	<b>294</b>

1) Withholding taxes and prior years adjustment, see specification in the table below.

## Reconciliation from nominal statutory tax rate to effective tax rate

NOK millions	2020	2019
Income before taxes	15,921	(1,432)
Statutory tax rate	22%	22%
Expected income taxes at statutory tax rate	(3,503)	315
<b>The tax effect of the following items:</b>		
Group relief received from subsidiary with no tax effect	3,323	-
Withholding taxes	(16)	(7)
Prior years adjustment	(4)	(5)
Tax law changes	-	-
Non-deductible expenses	(32)	(16)
Other	-	7
<b>Income tax income/(expense)</b>	<b>(230)</b>	<b>294</b>
<b>Effective tax rate</b>	<b>(1%)</b>	<b>21%</b>

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**Specification of deferred tax assets/(liabilities)**

Company name	Opening balance	Charged to income	Reclassified from equity to profit or loss	Charged to equity	Closing balance
<b>Non-current items</b>					
Property, plant and equipment	7	-	-	-	6
Pension liabilities	120	4	-	(10)	110
Other non-current assets	(748)	(302)	1	-	(1,051)
Other non-current liabilities and accruals	499	(353)	-	-	146
<b>Total</b>	<b>(125)</b>	<b>(652)</b>	<b>1</b>	<b>(10)</b>	<b>(788)</b>
<b>Current items</b>					
Accrued expenses	29	69	-	-	98
<b>Total</b>	<b>29</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>98</b>
Tax loss carry forwards	1,236	372	-	-	1,608
<b>Net deferred tax asset/(liability)</b>	<b>1,140</b>	<b>(210)</b>	<b>1</b>	<b>(10)</b>	<b>920</b>

Tax loss carry forwards are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

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## 7 Shares in subsidiaries

Company name	Ownership <sup>1)</sup>	Ownership by other group companies	Registered office	Functional currency	Total equity in the company 2020 functional currency millions	Net income/ (loss) 2020 in functional currency millions	Carrying value 2020 NOK millions	Carrying value 2019 NOK millions
<b>Subsidiaries owned by Yara International ASA</b>								
Fertilizer Holdings AS	100%	-	Norway	NOK	24,185	8,796	16,178	16,178
Yara Norge AS	100%	-	Norway	NOK	2,317	1,110	1,303	1,303
Yara Asia Pte. Ltd.	100%	-	Singapore	USD	1,271	90	1,114	1,114
Yara Colombia S.A.	70.1%	29.3%	Colombia	COP	476,125	88,057	763	763
Yara North America Inc.	100%	-	USA	USD	386	20	468	468
Yara Guatemala S.A.	100%	-	Guatemala	GTQ	176	28	24	24
Yara Lietuva, UAB	100%	-	Lithuania	EUR	(2)	2	1	1
Yara International Employment Co. AG	100%	-	Switzerland	EUR	2	-	1	1
Profesionistas AAL	0.04%	99.96%	Mexico	MXN	3	2	-	-
Operaciones BPT	10%	90%	Mexico	MXN	-	-	-	-
<b>Total</b>							<b>19,853</b>	<b>19,853</b>

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports. See also [note 8.4](#) to the consolidated financial statements.

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## 8 Specification of other balance sheet items

NOK millions	Notes	2020	2019
<b>Other non-current assets</b>			
Surplus on funded defined benefit plans	<a href="#">1</a>	417	348
Long-term fair value derivative hedging instrument		98	2
Interest rate swap designated for hedging (external)		31	4
Other		47	57
<b>Total</b>		<b>593</b>	<b>411</b>
<b>Inventories</b>			
Finished goods		18	11
Raw materials		6	1
<b>Total</b>		<b>23</b>	<b>12</b>
<b>Other liquid assets</b>			
Bank deposits with maturity between three months and one year		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Bank loans and other short-term interest-bearing debt</b>			
External loans		985	2,033
Interest-bearing loans from group associates and joint arrangements		333	346
Bank overdraft		200	141
<b>Total</b>		<b>1,518</b>	<b>2,519</b>

## 9 Guarantees

NOK millions	2020	2019
<b>Guarantees (off-balance sheet)</b>		
Guarantees for debt in subsidiaries	7,902	5,749
Non-financial guarantees	8,614	9,658
<b>Total</b>	<b>16,515</b>	<b>15,408</b>

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See [note 5.8](#) Secured debt and guarantees to the consolidated financial statements for further information about guarantees.

## 10 Financial risks and hedge accounting

Financial risks in Yara and the use of derivative instruments are described in [note 6.1](#) to the consolidated financial statement, Financial risks. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

**Liquidity risk**

Yara International ASA manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities (see [note 12](#) Long-term debt for details). Current intercompany receivables and payables mainly reflect intercompany current account balances and will fluctuate with fertilizer seasons. Committed liquidity reserves are maintained to meet unforeseen events.

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Yara International ASA's derivative instruments outstanding at 31 December are shown in the following table.

NOK millions	2020	2019
<b>Fair value of derivatives</b>		
Forward foreign exchange contracts (external)	(323)	(31)
Forward foreign exchange contracts (Yara Group internal)	(187)	7
Cross currency swaps (external)	(159)	(631)
Interest rate swaps designated for hedging (external)	98	(61)
Balance at 31 December	(571)	(716)
<b>Derivatives presented in the balance sheet</b>		
Non-current assets	128	6
Current assets	2	10
Non-current liabilities	(190)	(697)
Current liabilities	(512)	(35)
Balance at 31 December	(571)	(716)

**Forward foreign exchange contracts**

Yara is committed to the following outstanding forward foreign exchange contracts.

NOK millions	2020	2019
Forward foreign exchange contracts (external), notional amount	8,301	2,268
Forward foreign exchange contracts (Yara Group internal), notional amount	6,089	6,939

All outstanding forward foreign exchange contracts at 31 December 2020 have maturity in 2021, except non-deliverable forward contracts equivalent to NOK 504 million that mature in 2022. External buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. External sell positions are in various operating currencies towards Norwegian kroner.

**Hedge accounting****Fair value hedges**

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the Consolidated Statement of Income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

**Cash flow hedges**

Yara had no cash flow hedges in 2020 or 2019. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and was proportionally reclassified into interest expense and deferred tax until 2019 when the bond expired. Amount reclassified to interest expense in 2020 was NOK 0 million after tax (2019: NOK 5 million).

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## Effect on financial position and performance in 2020

Company name	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,332	-	32	Long-term interest-bearing debt	Other long-term liabilities	(43)	43	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	2,065	-	68	Long-term interest-bearing debt	Other long-term liabilities	(119)	119	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	841	-	6	Long-term interest-bearing debt	Other long-term liabilities	(4)	4	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) All amounts are pre-tax.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

## Effect on financial position and performance in 2019

Company name	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
<b>Interest rate risk</b>											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,288	11	-	Long-term interest-bearing debt	Other long-term liabilities	9	(9)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	1,946	52	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	756	-	2	Long-term interest-bearing debt	Other long-term liabilities	(2)	2	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) All amounts are pre-tax.

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For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

**Specific risks associated with the upcoming interest rate benchmark reform**

Yara is exposed to NIBOR, STIBOR and USD LIBOR interest rate benchmarks subject to the upcoming interest rate benchmark reform. Please see [note 6.1](#) Financial risks to the consolidated financial statement for further information about the transition.

**11 Number of shares outstanding, shareholders, equity reconciliation etc.**

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2020, the company has a share capital of NOK 455,824,803 consisting of 268,132,237 ordinary shares at NOK 1.70 per share.

Yara owns 5,131,128 own shares at 31 December 2020. For further information on these issues see [note 5.1](#) to the consolidated financial statement.

Shareholders holding 1% or more of the total 268,132,237 shares issued as of 31 December 2020 are according to information from Nasdaq.

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	97,094,621	36.2%
Norwegian National Insurance Scheme fund	18,990,573	7.1%
Sprucegrove Investment Management, Ltd	7,385,570	2.8%
The Vanguard Group, Inc.	5,253,687	2.0%
BlackRock Institutional Trust Company, N.A.	4,988,939	1.9%
Polaris Capital Management, LLC	4,476,599	1.7%
Storebrand Kapitalforvaltning AS	3,746,535	1.4%
DNB Asset Management AS	3,640,987	1.4%
Templeton Investment Counsel, L.L.C.	3,384,604	1.3%
KLP Forsikring	3,225,375	1.2%
Fidelity Management & Research Company	3,082,553	1.1%
State Street Global Advisors (US)	3,025,183	1.1%
Arrowstreet Capital, Limited Partnership	2,887,393	1.1%
Handelsbanken Asset Management	2,725,235	1.0%
Nordea Funds Oy	2,619,112	1.0%

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## Shareholders' equity

NOK millions	Paid-in capital	Retained earnings	Total shareholders' equity
Balance 31 December 2018	581	19,942	20,522
Net income of the year	-	(1,138)	(1,138)
Dividend proposed	-	(4,054)	(4,054)
Cash flow hedges	-	2	2
Actuarial gain/(loss) <sup>1)</sup>	-	(53)	(53)
Adjustment to proposed dividend previous years	-	(2)	(2)
Treasury shares <sup>2)</sup>	(4)	(754)	(757)
Balance 31 December 2019	577	13,943	14,521
Net income of the year	-	15,690	15,690
Dividend proposed <sup>5)</sup>	-	(5,202)	(5,202)
Actuarial gain/(loss) <sup>1)</sup>	-	37	37
Additional dividend to proposed dividend for 2020 <sup>6)</sup>	-	(4,766)	(4,766)
Adjustment to proposed dividend previous years	-	9	9
Treasury shares <sup>3) 4)</sup>	(17)	(3,559)	(3,576)
Balance 31 December 2020	560	16,153	16,713

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles [note 1](#).

2) As approved by General Meeting 7 May 2019.

3) As approved by General Meeting 7 May 2020.

4) See [note 5.1](#) to the consolidated financial statement for more information.

5) Based on total shares issued less 5.131.128 own shares less commitment to redeem 2.912.838 shares from the Norwegian State.

6) Additional dividend as approved in Extraordinary General Meeting 17 November 2020, NOK 18 per share.



## 12 Long-term debt

01 THIS IS YARA	NOK millions	Notes	Maturity	Weighted average interest rates	Denominated amounts 2020		Carrying amounts	
					Currency millions	NOK millions	2020	2019
02 YEAR IN REVIEW	Unsecured debenture bonds in NOK (Coupon 2.55%)	<a href="#">6.1</a>	2021	2.6%	700	700	708	693
03 FROM THE BOARDROOM	Unsecured debenture bonds in NOK (Coupon NIBOR + 0.75%)		2022	1.1%	1,250	1,250	1,249	1,250
	Unsecured debenture bonds in SEK (Coupon STIBOR + 1.00%)		2022	0.7%	450	470	470	425
04 FINANCIAL STATEMENTS	Unsecured debenture bonds in SEK (Coupon 1.10%)	<a href="#">6.1</a>	2022	1.2%	800	836	841	756
	Unsecured debenture bonds in NOK (Coupon 3.00%)	<a href="#">6.1</a>	2024	3.0%	600	600	624	595
Consolidated financial statements	Unsecured debenture bonds in NOK (Coupon 2.45%)	<a href="#">6.1</a>	2024	2.5%	1,000	1,000	1,025	974
● Financial statements for Yara International ASA	Unsecured debenture bonds in USD (Coupon 3.80%)	<a href="#">6.1</a>	2026	3.9%	500	4,397	4,246	4,378
	Unsecured debenture bonds in NOK (Coupon 2.90%)	<a href="#">6.1</a>	2027	2.9%	1,000	1,000	1,040	972
Statement from the Board and the CEO of Yara International ASA	Unsecured debenture bonds in USD (Coupon 4.75%)	<a href="#">6.1</a>	2028	4.8%	1,000	-	8,488	8,752
	Unsecured debenture bonds in USD (Coupon 3.15%)	<a href="#">6.1</a>	2030	3.2%	750	6,595	6,352	-
Auditor's report	Unsecured bank loans in USD			1.3%	484	4,252	4,111	7,584
Reconciliation of alternative performance measures in the Yara Group	Outstanding long-term debt						29,154	26,377
	Less: Current portion						(967)	(3,342)
	Total						28,187	23,035

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At 31 December 2020, the fair value of the long-term debt, including the current portion, is NOK 31,938 million and the carrying value is NOK 29,154 million. See [notes 5.3](#) Interest-bearing debt and [6.1](#) Financial risks to the consolidated financial statements for further information about long-term debt.

**Payments on long-term debt fall due as follows**

NOK millions, except percentages and denominated amounts

	Debentures	Bank loans	Other long-term debt	Total <sup>1)</sup>
2021	708	260	-	967
2022	2,559	1,534	-	4,093
2023	-	260	-	260
2024	1,649	1,538	-	3,187
2025	-	260	-	260
Thereafter	20,127	260	-	20,387
<b>Total</b>	<b>25,043</b>	<b>4,111</b>	<b>-</b>	<b>29,154</b>

<sup>1)</sup> Including current portion.

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## 13 Transactions with related parties

Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2020	2019	NOK millions	Notes	2020	2019
<b>Income statement</b>				<b>Fertilizer Holdings AS</b>			
Yara Belgium S.A.		1,500	1,297			(16)	(47)
Yara Norge AS		80	88	Yara Canada Holding Inc.		(12)	(30)
Yara Sluiskil B.V.		76	80	Yara Asia Pte Ltd		(10)	(33)
Yara Brasil Fertilizantes S.A.		59	67	Yara Switzerland Ltd		(10)	(47)
Other		582	537	Yara Norge AS		(9)	(13)
Internal revenues	<a href="#">4</a>	2,298	2,069	Yara Caribbean Ltd		-	(32)
				Other		(22)	(72)
Fertilizer Holdings AS		14,000	-	Interest expense group companies	<a href="#">5</a>	(78)	(274)
Yara Norge AS		1,300	900				
Yara Asia Pte Ltd		1,032	-	<b>Non-current assets</b>			
Yara Guatemala S.A.		73	-	Yara Holding Netherlands B.V.		14,726	18,796
Dividends and group relief from subsidiaries	<a href="#">5</a>	16,405	900	Yara Sluiskil B.V.		4,784	4,505
				Yara Norge AS		4,684	4,831
Yara Holding Netherlands B.V.		201	261	Yara Suomi Oy		3,611	3,105
Yara Norge AS		136	177	Yara Investments Germany SE		3,289	3,166
Yara Nederland B.V.		95	274	Yara Investment GmbH		1,749	1,648
Yara Sluiskil B.V.		66	61	Yara AB		1,686	1,547
Yara Suomi Oy		48	32	Yara France SAS		1,465	1,380
Yara AB		40	32	Other		2,076	5,949
Other		202	181	Intercompany receivables		38,070	44,927
Interest income group companies	<a href="#">5</a>	788	1,018				

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NOK millions	Notes	2020	2019
<b>Current assets</b>			
Fertilizer Holding AS		4,000	999
Yara AS		3,942	1,080
Yara Norge AS		1,344	-
Yara Belgium S.A.		471	999
Yara Italia S.p.A.		451	523
Yara Phosphates Oy		355	467
Freeport Ammonia LLC		354	456
Yara LPG Shipping AS		303	349
Other		1,512	1,752
Intercompany receivables		12,733	9,202
<b>Current liabilities</b>			
Yara Nederland B.V.		(7,372)	(6,579)
Yara Asia Pte Ltd		(3,066)	(3,181)
Yara GmbH & Co. KG		(2,953)	(2,536)
Yara Tertre S.A.		(2,680)	(2,007)
Yara Italia S.p.A.		(1,980)	(1,985)
Yara Switzerland Ltd		(1,737)	(1,912)
Other		(9,001)	(10,416)
Intercompany payables		(28,789)	(28,615)
Trinidad Nitrogen Company Ltd.		(116)	(118)
Yara Freeport LLC DBA Texas Ammonia		(217)	(198)
Yara Pilbara Nitrates Pty Ltd		-	(12)
Other		-	(17)
Interest-bearing loans from Group associates and joint arrangements		(333)	(345)

Remuneration to the Board of Directors and Yara Management are disclosed in [notes 8.1](#) and [8.2](#) to the consolidated financial statements. Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See [note 5](#) for more information.

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# Statement from the Board and the CEO of Yara International ASA

The Board of Directors and the CEO have today considered and approved the integrated report for Yara International ASA ("Company") and the Yara Group ("Group") for the 2020 calendar year and as of 31st December, 2020.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

We confirm to the best of our knowledge that:

- The 2020 financial statements for the Company and the Group have been prepared in accordance with applicable accounting standards
- The information in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and result as of 31st December, 2020
- The integrated report 2020 has been prepared in accordance with the International Integrated Reporting Framework (IR)<sup>1)</sup> and meets the information requirements of the Norwegian accounting act with regard to the Report of the Board of Directors and statements on corporate governance and corporate social responsibility
- The integrated report for the Company and the Group;
  - gives a true and fair view of the Company's and the Group's development, performance and financial position, and
  - includes a description of the principal risks and uncertainty factors facing the Company and the Group
- That the country-by-country report for 2020 has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a

The Board of Directors of Yara International ASA  
Oslo, 25 March 2021

  
Trond Berger  
Chairperson

  
Kimberly Lein-Mathisen  
Vice chair

  
Adele Bugge Norman Pran  
Board member

  
John Thuestad  
Board member

  
Rune Bratteberg  
Board member

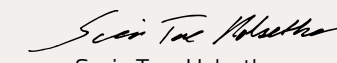
  
Birgitte Ringstad Vartdal  
Board member

  
Ragnhild Flesland Høimyr  
Board member

  
Geir O. Sundbø  
Board member

  
Håkon Reistad Fure  
Board member

  
Øystein Kostøl  
Board member

  
Svein Tore Holsether  
President and CEO

1) 2013 edition of the International Integrated Reporting Framework as published by the International Integrated Reporting Council (IIRC) on <https://integratedreporting.org/>

The below listed parts of the Yara Annual Report 2020 constitutes the Report of the Board of Directors

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Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 1st para	Information regarding the nature and location of the business, including information on any branch offices.	Introduction Board message Note 8.4 Note 2.3	4 99-107 211-213 126-132
Section 3-3a, 2nd para	Review of the development and results of the company's operations and position together with a description of the key risks and uncertainty factors facing the company, hereunder also information on research and development activities.	Prosperity performance Strategic priorities Strategic risks People risks Planet risks Prosperity risks	58-65 20-24 25-27 46-47 53-54 66-68
Section 3-3a, 5th para	A description that provides a basis for assessing the company's further outlook, including whether the results for the year agree with previously stated target results and expected developments and give reason for any discrepancy.	Board message	99-107
Section 3-3a, 6th para	Information regarding any financial risk that is significant to the evaluation of the company's assets, liabilities, financial position and results.	Prosperity risk Note 6.1 Note 1	66-68 183-190 120-121
Section 3-3a, 7th para, cfr. Section 4-5	Information regarding the going concern assumption.	Prosperity performance	58-65
Section 3-3a, 8th para	Proposal for the allocation of profit or settlement of loss.	Board message	99-107
Section 3-3a, 9th para	Information about the work environment, along with an overview of implemented measures relevant to the working environment and including information on injuries, accidents and sick leave rates.	People performance Board message	43-45 99-107
Section 3-3a, 10th para	Information on matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impact each aspect of the business has or may have, as well as measures implemented or planned implemented to prevent or reduce any negative environmental impacts, shall be stated.	Planet performance Board message Managing outcomes and value creation	50-52 99-107 29-30
Section 3-3a, 11th para	Information on whether insurances covering the board members' and CEO's potential liabilities towards the company and third parties are maintained, including information on the relevant insurance coverage.	(To be reported for 2021 onwards.)	

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Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (1)	Shareholders information: A description of any provisions of articles of association that restrict the right to trade in the shares of the company.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (2)	Shareholders information: A description of who exercises the rights attached to shares in any employee share schemes where authority is not exercised directly by the employees covered by the scheme.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (3)	Shareholders information: Any agreements between shareholders which are known to the company and which restrict the possibilities of trading in or exercising voting rights attached to shares.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (4)	Shareholders information: Any significant agreements to which the company is a party, the terms of which take effect, alter or terminate as a result of a takeover bid, and a description of those terms.	N/A	
Section 3-3b	Report on corporate governance	Corporate governance	76-98
Section 3-3c, first para	Report on social responsibility	Board message People performance People risk Planet performance Planet risk Prosperity risk	99-107 43-45 46-47 50-52 53-54 66-68
Section 3-3d	Report on payments to the authorities, etc. (country by country reporting)	Separate report available on Latest annual report page, yara.com	
Norwegian Gender Equality Act			
Section 26a	Accounting for the factual status of gender equality, equal pay and diversity, and actions taken to fulfill requirements	People performance Board message	43-45 99-107

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# Auditor's report



To the General Meeting of Yara International ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Yara International ASA, which comprise:

- The financial statements of the parent company Yara International ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Yara International ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

- Tax assets and liabilities
- Impairment of goodwill and property, plant and equipment

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Organisasjonsnummer: 980 211 282



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**Tax assets and liabilities**

**Key audit matter**

As detailed in [note 1](#) and [2.8](#), the Group has recognized deferred tax assets of USD 485 million. Total unrecognized deferred tax assets are USD 312 million, of which USD 133 million represent unused tax losses in Brazil. Furthermore, Yara's operations in Brazil also generate tax credits. As disclosed in [note 1](#) and [4.6](#), the Group has recognized an amount of USD 125 million in tax credits related to the operations in Brazil. Recognition of these assets are based on management assumptions related to future operating results and timing of utilization.

As detailed in [note 1](#) and [2.8](#), management applies judgment to determine to what extent these deferred tax assets and tax credits qualify for recognition in the statement of financial position. This involves judgment as to the likelihood of the realization of deferred tax assets and tax credits. The expectation that the benefit of these deferred tax assets and tax credits will be realized is dependent on sufficient taxable profits in future periods and the ability to utilize the tax credits. Recoverability of the tax credits is also dependent on interpretation of laws and regulations, which may be subject to change over time.

As detailed in [note 1](#) and [5.6](#), the Group is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to make certain judgments and estimates to recognize and measure the effect of uncertain tax positions.

Due to the significant management judgment involved in estimation and recognition of deferred tax assets, uncertain tax positions and tax credits, we have assessed this to be a Key Audit Matter.

**How the matter was addressed in the audit**

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with accounting for tax balances, including deferred tax assets, tax credits and uncertain tax positions.
- We involved our tax specialists in evaluating management's judgments and conclusions.
- We challenged the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets. We evaluated the forecasted taxable profits and consistency of these forecasts with historical performance.
- We evaluated management's assessment of the probable outcome related to uncertain tax positions.
- We reviewed applicable third-party evidence and correspondence with tax authorities.
- We considered the adequacy of the Group's disclosures related to uncertain tax positions, deferred tax assets and tax credits.

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## Impairment of goodwill, property, plant and equipment

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### Key audit matter

As disclosed in [note 1](#), [4.1](#) and [4.2](#), the Group has recognized goodwill of USD 831 million and property, plant and equipment (PP&E) of USD 8,579 million. The Company's goodwill is tested for impairment on an annual basis while PP&E is tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Determining whether goodwill and PP&E are impaired requires estimation of the value in use. As disclosed in [note 4.7](#), the value in use calculation requires management to make significant estimates and assumptions related to future commodity prices, gas prices as well as assumptions related to discount rates, future production levels and capital expenditures. Changes in these assumptions could have a significant impact on the value of goodwill and PP&E.

Net impairment losses of USD 46 million were recognized in the year ended 31 December 2020. Due to the significant judgment involved in determining the assumptions used in the testing for impairment of goodwill, property, plant and equipment we have assessed this to be a Key Audit Matter.

### How the matter was addressed in the audit

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with the impairment review process.
- We challenged management's key assumptions used in the cash flow forecasts included within the impairment models.
- We challenged specifically the urea- and ammonia prices, gas prices, assumed production levels, capital expenditure and discount rate assumptions, including consideration of the risk of management bias.
- We compared urea- and ammonia and gas prices to third party publications.
- We used internal valuation specialists in assessing discount rate assumptions used and testing the models.
- We validated the mathematical accuracy of cash flow models and agreed relevant data to the latest production plans and approved budgets.
- We considered the adequacy of the disclosures provided by the Group in relation to its impairment reviews.

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*Other information*

Management is responsible for the other information. The other information comprises information in the integrated report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Board of Directors and the President and CEO for the Financial Statements*

The Board of Directors and the President and CEO (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the integrated report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the integrated report concerning the financial statements, required by the Norwegian Accounting Act section 3-3a, 3-3b and 3-3-c (the Board of Directors' report, the statements on Corporate Governance and Corporate Social Responsibility) and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2021  
Deloitte AS



Aase Aa. Lundgaard  
State Authorised Public Accountant (Norway)

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## Reconciliation of alternative performance measures in the Yara Group

Yara makes regular use of certain non-GAAP financial alternative performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA excluding special items
- Return on invested capital (ROIC)
- Fixed cost
- Net operating capital (days)
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA excluding special items ratio
- Basic earnings per share excluding currency and special items

Definitions and explanations for the use of these APMs are described below, including reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements.

The EBITDA in USD per tonne Sales and Marketing segment was introduced as an Alternative Performance Measure in Fourth quarter 2019, as an indication of the margin improvement targeted by the segment. With the new regional organizational structure announced in May 2020, Yara further strengthened its position to commercially optimize its entire value chain tailored to regional market differences and opportunities, and will communicate updated APMs in due course.

### Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

### EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability. Such a measure is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, share of net income in equity-accounted investees, interest income and other financial income. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

### EBITDA excluding special items

EBITDA excluding special items is used to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.

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**Reconciliation of operating income to EBITDA excluding special items**

USD millions	2020	2019
Operating income	1,176	989
Share of net income in equity-accounted investees	20	65
Interest income and other financial income	62	76
Depreciation and amortization <sup>1)</sup>	919	923
Impairment loss <sup>2)</sup>	46	43
Earnings before interest, tax and depreciation/amortization (EBITDA)	2,223	2,095
Special items included in EBITDA <sup>3)</sup>	(62)	70
EBITDA, excluding special items	A 2,161	2,165

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.**Reconciliation of net income to EBITDA**

USD millions	2020	2019
Net income	690	589
Income taxes	160	214
Interest expense and other financial items	165	182
Foreign currency translation (gain)/loss	243	145
Depreciation and amortization <sup>1)</sup>	919	923
Impairment loss <sup>2)</sup>	46	43
EBITDA	2,223	2,095

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

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**ROIC**

Return on invested capital (ROIC) is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-months rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets other than goodwill, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25% flat rate, and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash equivalents,

plus a normalized cash level of USD 200 million, minus total current liabilities excluding short-term interest-bearing debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

NOPAT and average invested capital are defined and reconciled as components in the reporting of ROIC as an APM. They are not considered to be separate APMs.

**Reconciliation of operating income to net operating profit after tax**

USD millions	2020	2019
Operating income	1,176	989
Amortization and impairment of intangible assets	44	46
Interest income from external customers	54	60
Calculated tax cost (25% flat rate) on items above	(319)	(274)
Share of net income in equity-accounted investees	20	65
Net operating profit after tax (NOPAT)	B 976	886

**Reconciliation of net income to net operating profit after tax**

USD millions	2020	2019
Net income	690	589
Amortization and impairment of intangible assets	44	46
Interest income from external customers	54	60
Interest income and other financial income	(62)	(76)
Interest expense and other financial items	165	182
Foreign currency translation (gain)/loss	243	145
Income tax, added back	160	214
Calculated tax cost (25% flat rate)	(319)	(274)
Net operating profit after tax (NOPAT)	B 976	886

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**Reconciliation of invested capital and ROIC calculation**

USD millions

		2020	2019
Total current assets as reported		5,637	4,785
Cash and cash equivalents as reported		(1,363)	(300)
Normalized level of operating cash		200	200
Total current liabilities as reported		(3,165)	(3,317)
Short-term interest-bearing debt as reported		345	494
Current portion of long-term debt as reported		132	398
Short-term lease liabilities as reported		111	98
Property, plant and equipment as reported		8,579	8,614
Right-of-use assets as reported		430	428
Goodwill as reported		831	844
Equity-accounted investees as reported		107	970
Adjustment for 3-months/12-months average		356	180
Invested capital	C	12,200	13,395
Return on invested capital (ROIC)	D=B/C	8.0%	6.6%

**Yara Improvement Program (YIP)**

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguish between three defined pillars; a) higher production returns and lower variable costs, b) leaner cost base, and c) smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide information on project performance to management, and which Yara also considers to be relevant for external stakeholders. The operational metrics are reported on a rolling 12-months basis and include:

- production volume (kt),
- energy efficiency (Gj/T),
- fixed cost (USD millions), and
- net operating capital (days).

The fixed cost, and the net operating capital measures represent financial alternative performance measures and are defined below. The production volume and energy efficiency are physical measures and are defined and reported in the Prosperity performance section in chapter 2 of the integrated report.

Fixed cost is defined as the subtotal "Operating costs and expenses" in the consolidated statement of income minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (for details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.), currency effects, and items which relate to portfolio and structural changes. The currency effects are calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. The portfolio and structural changes refer to the acquisition of the Vale Cubatão Fertilizantes complex in Brazil and the ammonia plant in Freeport.



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Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables adjusted for payables related to investments, relative to supplier related operating costs and expenses.

As Yara Improvement Program performance measures are presented to report on the progress towards Yara's strategic goals, previous calendar year is considered to represent the relevant comparatives.

**Reconciliation of operating costs and expenses to fixed cost**

USD millions

	2020	2019
Operating costs and expenses	10,551	11,946
Variable part of Raw materials, energy costs and freight expenses	(7,399)	(8,714)
Variable part of Other operating expenses	(31)	(25)
Depreciation and amortization	(919)	(923)
Impairment loss	(46)	(43)
Currency effects (using baseline exchange rates as of 2018)	209	102
Special items within fixed cost	(44)	(53)
<b>Fixed cost</b>	<b>2,322</b>	<b>2,291</b>

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**Reconciliation of Net operating capital days**

USD millions

		2020	2019
Trade receivables as reported		1,478	1,564
Adjustment for VAT payables		(83)	(64)
Adjustment for 12-months average		106	186
Adjusted trade receivables (12-months average)	E	1,501	1,686
Revenue from contracts with customers		11,591	12,858
Interest income from external customers		51	56
Total revenue and interest income from customers	F	11,641	12,914
Credit days	$G=(E/F)*365$	47	48
Inventories as reported		2,161	2,360
Adjustment for 12-months average		(25)	140
Inventories (12-months average)	H	2,136	2,500
Raw materials, energy costs and freight expenses		8,021	9,334
Fixed product costs and freight expenses external customers		(1,522)	(1,564)
Product variable costs	I	6,498	7,770
Inventory days	$J=(H/I)*365$	120	117
Trade and other payables as reported		1,880	1,614
Adjustment for other payables		(451)	(329)
Adjustment for payables related to investments		(160)	(116)
Adjustment for 12-months average		(66)	162
Trade payables (12-months average)	K	1,203	1,331
Operating costs and expenses		10,551	11,946
Depreciation and amortization		(919)	(922)
Impairment loss		(46)	(43)
Other non-supplier related costs		(1,397)	(1,271)
Operating costs and expenses, adjusted	L	8,190	9,710
Payable days	$M=(K/L)*365$	54	50
Net operating capital days	$N=G+J-M$	113	115

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**Capital structure measures**

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA excluding special items ratio to provide information on the Group's financial position as references to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which supplement the consolidated statement of cash flows. Net interest-bearing debt is defined by Yara as cash and

cash equivalents and other liquid assets, reduced for short-term and long-term (including current portion) interest-bearing debt, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The Net Debt/EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA excluding special items on a 12-months rolling basis.

**Net interest-bearing debt**

USD millions

		31 Dec 2020	31 Dec 2019
Cash and cash equivalents		1,363	300
Short-term interest-bearing debt		(345)	(494)
Current portion of long-term debt		(132)	(398)
Short-term lease liabilities		(111)	(98)
Long-term interest-bearing debt		(3,371)	(2,698)
Long-term lease liabilities		(335)	(337)
Net interest-bearing debt	O	(2,930)	(3,725)

**Net debt/equity ratio**

USD millions

		31 Dec 2020	31 Dec 2019
Net interest-bearing debt	O	(2,930)	(3,725)
Total equity	P	(8,220)	(8,909)
Net debt/equity ratio	Q=O/P	0.36	0.42

**Net debt/EBITDA excluding special items ratio**

USD millions

		31 Dec 2020	31 Dec 2019
Net interest-bearing debt	O	(2,930)	(3,725)
EBITDA, excluding special items (last 12 months)	A	2,161	2,165
Net debt/EBITDA excluding special items ratio	R=(O)/A	1.36	1.72

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**Basic earnings per share excluding currency and special items**

Basic earnings per share (EPS) excluding currency and special items is an adjusted EPS measure which mirrors the underlying performance in the reported period by adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM

represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period. The tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for simplicity.

**Earnings per share**

USD millions, except earnings per share and number of shares

		2020	2019
Weighted average number of shares outstanding	S	267,985,860	272,319,232
Net income attributable to shareholders of the parent	T	691	599
Foreign currency translation gain/(loss)	U	(243)	(145)
Tax effect on foreign currency translation gain/(loss)	V	73	38
Non-controlling interest share of currency (gain)/loss, net after tax	W	-	(1)
Special items within income before tax <sup>1)</sup>	X	17	(126)
Tax effect on special items	Y	17	23
Special items within income before tax, net after tax	Z=X+Y	34	(102)
Special items within income tax	AA	-	(38)
Non-controlling interest's share of special items, net after tax	AB	(1)	(2)
Net income excluding currency and special items	AC=T-U-V+W-Z-AA+AB	826	842
Basic earnings per share	AD=T/S	2.58	2.20
Basic earnings per share excluding currency and special items	AE=AC/S	3.08	3.09

1) For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.



Knowledge grows



yara.com



Knowledge grows

Yara Integrated Report 2021

# Growing a Nature-Positive Food Future





# Growing a Nature-Positive Food Future

To better reflect our holistic and progressive strategy, 'Growing a Nature-Positive Food Future' is our new ambition statement. This encompasses our expertise in crop nutrition solutions and our goal of climate neutrality, but also goes further. We will expand our knowledge-sharing to create measurable, positive global impact in order to help feed the world and contribute to a responsible food system while protecting nature, reducing emissions, and improving livelihoods.

## Concretely, we will:

- Establish partnerships to decarbonize agriculture and shipping
- Use our deep and growing knowledge, products, and digital solutions to enhance crops and soil health, while reducing pollution
- Reach more farmers and communities to improve nutrition and quality of life through our global scale
- Protect and restore nature and reverse climate change through science-based targets and actions
- Contribute to creating a viable, profitable food future for all

The new ambition statement will be our guide to areas where we will aim to create positive global impact, and where we will measure success. Our new KPI and target structure will enable us to fine-tune our performance tracking.

Our strategic pillars remain the same – to advance operational excellence and expand our reach and offerings. Yara's ability to drive change is based on operating a worldwide production- trade- and marketing system, with people on the ground in more than 60 countries. We are involved throughout the food value chain, from mining of minerals, to processing and providing expert crop nutrition advice to farmers, to piloting organic-based fertilizer products, leveraging upcycled nutrients in our product portfolio.

We recognize the urgent nature and climate crises which are unfolding, and we are positioning Yara to play an important role in driving change and value creation for the future.

# Key figures

## About Yara

Yara grows knowledge to responsibly feed the world and protect the planet. Supporting our vision of a world without hunger and a planet respected, we pursue a strategy of sustainable value growth, promoting climate-friendly crop nutrition and zero-emission energy solutions. Yara's ambition is focused on growing a nature positive food future that creates value for our customers, shareholders and society at large and delivers a more sustainable food value chain.

To achieve our ambition, we have taken the lead in developing digital farming tools for precision farming, and work closely with partners throughout the food value chain to improve the efficiency and sustainability of food production. Through our focus on clean ammonia production, we aim to enable the hydrogen economy, driving a green transition of shipping, fertilizer production and other energy intensive industries.

Founded in 1905 to solve the emerging famine in Europe, Yara has established a unique position as the industry's only global crop nutrition company. We operate an integrated business model with around 17,800 employees and operations in over 60 countries, with a proven track record of strong returns. In 2021, Yara reported revenues of USD 16.6 billion.



### SHORTCUT

Go to the [Financial Statements for 2021 here](#)



58 NOK

Total cash returns per share paid and proposed for 2021

7.9%

Return on invested capital (8.0% in 2020)<sup>1)</sup>

1,068

MUSD Operating income (1,176 in 2020)<sup>1)</sup>

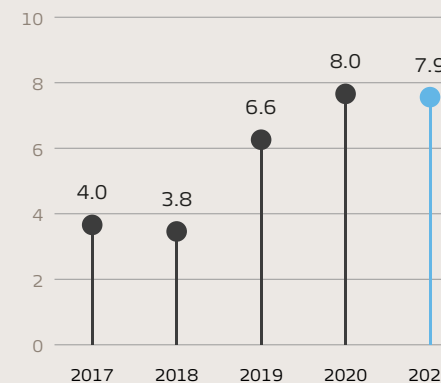
77%

Diversity and inclusion index (74% in 2020)

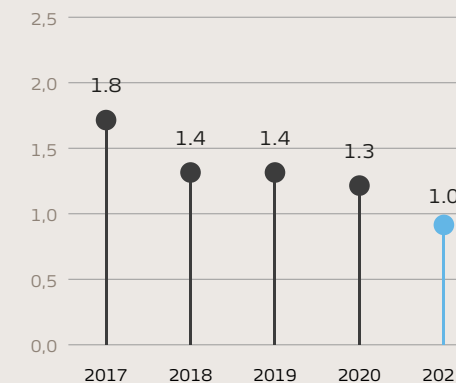
17.5

million tonnes Scope 1+2 CO<sub>2</sub>e emissions (17.7 in 2020)

## ROIC (Percent)



## TRI



		2021	2020
<b>Prosperity performance</b>			
Revenue and other Income	USD million	16,607	11,728
Operating income <sup>1)</sup>	USD million	1,068	1,176
EBITDA <sup>1)2)</sup>	USD million	2,804	2,223
Net income attributable to shareholders of the parent	USD million	384	691
Investments <sup>3)</sup>	USD million	902	933
Debt/Equity ratio <sup>1)4)</sup>		0.55	0.36
Net cash flow from operations	USD million	1,406	2,047
Basic earnings per share <sup>5)</sup>	USD	1.75	2.58
<b>People performance</b>			
Engagement rate	Percent	79	79
TRI rates <sup>6)</sup>	Per million hours worked	1.0	1.3
<b>Planet performance</b>			
GHG intensity <sup>7)</sup>	GHG/tonne produced	3.0	3.0
Energy use	Petajoules		279

<sup>1)</sup> See [page 255](#) for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

<sup>2)</sup> EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees.

<sup>3)</sup> Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.

<sup>4)</sup> Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

<sup>5)</sup> Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.

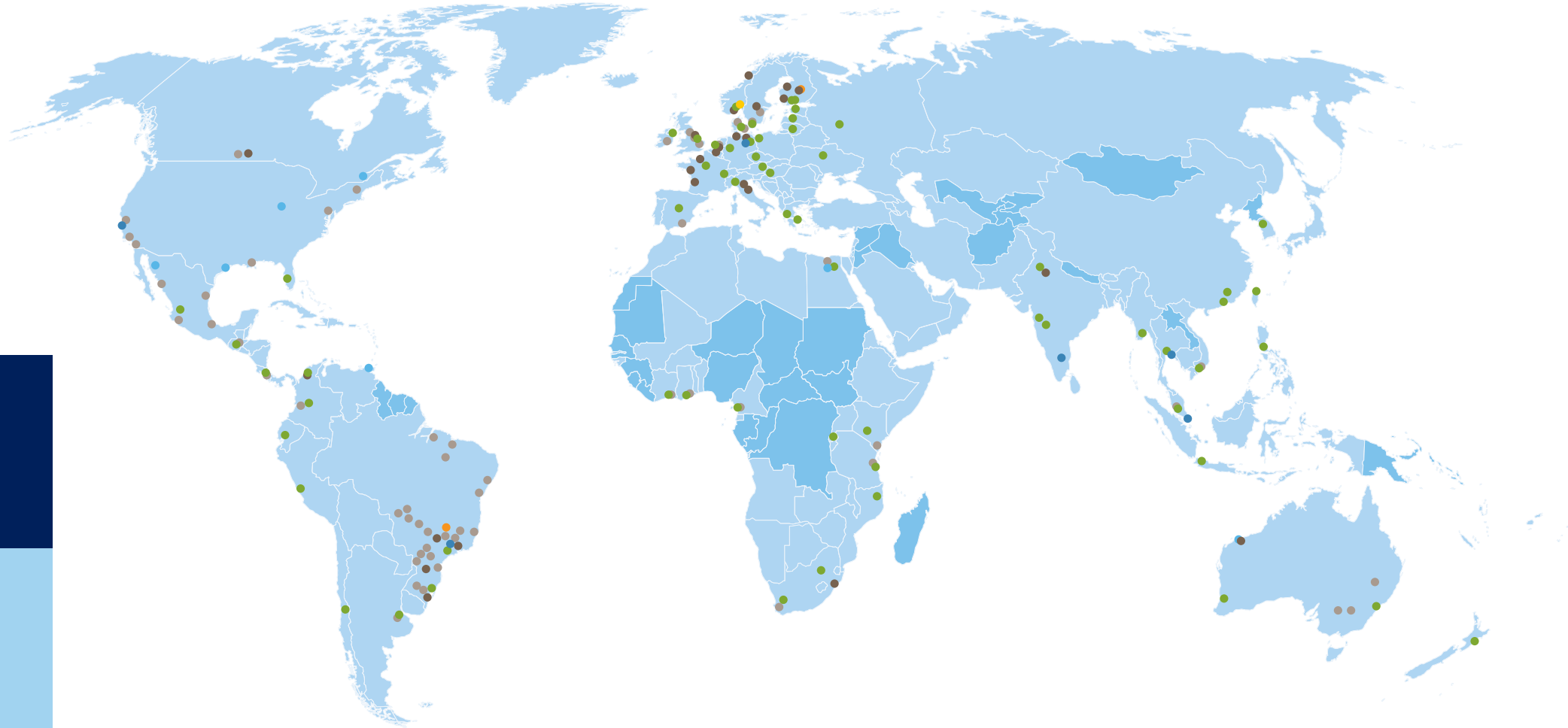
<sup>6)</sup> TRI: Number of Total Recordable Injuries per million hours worked, contractors included.

<sup>7)</sup> The GHG intensity indicator covers scope 1, 2 and parts of scope 3 emissions from suppliers, but does not represent a complete carbon footprint. Measured against tonnes nitrogen in Yara's products.



# Global presence

Yara is the industry's most global player. We combine production and marketing of crop nutrition products and solutions with a farmer-centric approach, turning a century of agronomic knowledge into value for millions of farmers around the globe.



Yara-branded retail outlets around the world

10,800+

Countries with operations

60

Countries with sales

160

Production plants

28

Terminals, warehouses, blending units and bagging facilities

200

■ Countries with sales<sup>1)</sup>  
● Head office

● Yara Plants  
● Smaller sites<sup>2)</sup>

● Phosphate mines<sup>3)</sup>  
● Joint ventures

● Sales/marketing offices, R&D sites  
● Digital Hub

<sup>1)</sup> More than 10,800 Yara-branded retail outlets around the world

<sup>2)</sup> Yara operated terminals and logistical production sites

<sup>3)</sup> Salitre, Brazil, is being divested

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#### About the report

This is Yara International ASA's 2021 Integrated Report. Yara's integrated report builds on the guiding principles set out in the International <IR> Framework from the Value Reporting Foundation. The report outlines Yara's business model and strategy, describes how we create value, and documents our People, Planet, Prosperity and Governance in 2021. Additional information on sustainability topics is available in the separate Sustainability report available on [yara.com](https://www.yara.com).



Listed as one of the 100 most sustainably managed companies in the world



Yara was ranked as no. 29 on Fortune's prestigious Change the World List



Number three in a review of ESG disclosures from the 100 largest companies on the Oslo Stock Exchange



Yara won the Finance for the Future award in the category "Communicating Integrated Thinking"



a Morningstar company  
Medium risk and number two of 60 Agri-Chemicals companies

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THIS IS YARA

# Our strategic direction

We recognize the urgent nature and climate crises which are unfolding, and we are responding. By ensuring operational excellence and broadening our core to create shared value based on the changes around us, we will deliver on our ambition of Growing a Nature-Positive Food Future.

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CEO COMMENT

# Purpose-driven prosperity


2021 reinforced the importance of being a purpose-driven company. At Yara, we experienced this firsthand, as all 17,800 colleagues went the extra mile to keep our operations running, because they knew so well the importance of the work they do; to feed a growing population in a time of crisis, and to deliver industrial solutions essential for society.

Not only did this mindset enable us to keep operations running in extreme times, but we were also able to take further steps to evolve our strategy and future-proof our business.

Looking at our triple “bottom line” – through the lenses of people, planet and prosperity – we can conclude that we enter 2022 strengthened, more focused and more able.

### An expanded responsibility for PEOPLE

No financial achievement is worth celebrating if it comes at the expense of the safety of our employees. At Yara, we say, and mean, that safety comes first. I am extremely proud of the systematic work being done under our Safe by choice program, which in 2021 led us to our lowest injury rate so far, with the number of total recordable injuries (TRI) at 1.0. Although this is best in class in our industry, we will not be satisfied until we have reached zero accidents. I go through every accident



“Looking at our ‘triple bottom line’ – through the lenses of people, planet and prosperity – we can conclude that we enter 2022 strengthened, more focused and more able.”

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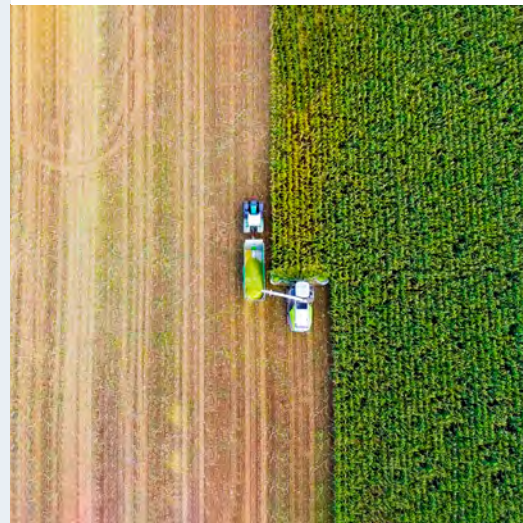
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The pandemic has expanded our work on Health & Safety, to also include several new measures to counter stress and fatigue.



report and know that all of them are avoidable. We will therefore continue the work towards zero TRI with full strength.

The pandemic has expanded our work on Health & Safety, to also include several new measures to counter stress and fatigue. During the past two years we have put in place universal standards across the whole organization, to relieve stress and improve the wellbeing and safety of our employees. These measures include access to external counselling through our insurance policies, paid sick leave, income security for up to three months in case of job loss due to the pandemic, and also a new global standard for parental leave ensuring 6 months full pay for primary caregivers and 1 month for secondary caregivers.

In addition to this, in the past two years we have paid out a universal end-of-the-year bonus of USD 1000 to every employee, regardless of where they are located. Whether you are an engineer in Germany, an agronomist in Tanzania or an accountant in Singapore, the payment has been the same. This has contributed to a strong sense of unity and a “we’re in this together”-attitude.

I strongly believe there is a clear and mutual value for both the company and its employees to have universal basic rights in place globally, even if it is not required by law.

When this is written, we are three weeks into the war in Ukraine. Yara quickly condemned the Russian military invasion and was also directly impacted when

our offices in Kyiv were hit by a missile. We also chose to participate actively in the public debate about the geopolitical risk to the global food system. We need to prevent the war in Ukraine from leading to a hunger catastrophe in the most vulnerable and food insecure regions, as millions are food dependent on precisely Russia and Ukraine.

Together with other leading players in the food chain, we offered short-term humanitarian aid while at the same time engaging to increase the resilience of the food system, including reducing the dependency on Russia.

**A healthier PLANET**

Just as a financial improvement cannot be celebrated if it comes at the expense of the health and safety of our people, it also cannot be celebrated if it comes at the expense of the health and safety of our planet.

Yara adopted the UN Sustainable Development Goals early on and has used them as a framework for developing our business strategy. During the past year, we have seen considerable progress and confirmation that we are positioned to benefit from the green shift.

One such area is the work we’re doing on clean ammonia – both blue and green. In the energy transition, ammonia has the potential to support the decarbonization of several energy-intensive industries, since it is more suitable than hydrogen to transport and store. We therefore established Yara Clean Ammonia as a separate unit last spring, to capitalize on our world-leading position within production, trading and transportation of ammonia.

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In less than a year, we have seen a lot of progress: we have established a joint venture to electrify our Porsgrunn plant, teamed up with Singapore-based commodity trading company Trafigura and initiated collaboration with JERA in Japan to decarbonize power generation. And in Sweden, we are pioneering green fertilizers in partnership with Lantmännen, to achieve a decarbonized food value chain.

In parallel with establishing and developing commercial contracts, we are engaging in public-private partnerships to de-risk climate action in energy intensive sectors. We are a founding member of First Movers Coalition (FMC), which brings together forward-thinking companies to jumpstart demand for emerging clean technologies. FMC is co-led by the US State Department and World Economic Forum. Through this initiative, we are committed to supplying clean ammonia to be used either as fossil-free shipping fuel or fossil-free fertilizers.

**Building long-term PROSPERITY**

The financial results of 2021 show improved underlying performance, demonstrating our business model's

resilience in a volatile market environment. Higher prices more than offset increased energy costs, higher fixed costs and currency effects. The market environment was supportive, as a result of strong demand and a tight global supply situation. However, high and volatile natural gas prices continue to pose a challenge for the nitrogen industry in Europe, adding to global food security concerns in a situation with already tight supply across the main nutrients.

We have continued to focus on operational improvements in 2021, in combination with strict capital discipline and a clear capital allocation policy. On the production side, we are on track to reach our 2023 target on finished fertilizer, while ammonia production and energy efficiency was impacted by reliability issues as well as production curtailments in Europe. Fixed costs increased in 2021 as communicated, however this was offset by lower capex. Operating capital days ended at a record low level reflecting lower inventory and receivable days.

The return on invested capital (ROIC) ended at 7.9 percent. This was in line with a year earlier, with asset

impairments offsetting margin growth. With a proposed dividend of NOK 30 per share, the total cash return paid and proposed for 2021 amounts to NOK 58 per share.

**A profitable green shift**

During the past years, we have seen a number of commitments from the private sector to reduce emissions and accelerate the green transition. This gives cause for optimism. On the other hand, the pledges from nations to cut emissions show that we risk not reaching the goals of the Paris agreement.

Yara is in the fortunate situation that the business is built around providing sustainable solutions for agriculture and for industrial customers within a regulatory framework that seeks to promote nature-positive outcomes. We will therefore continue to be a positive force for a profitable green shift – combining prosperity with purpose.

Svein Tore Holsether  
President and CEO

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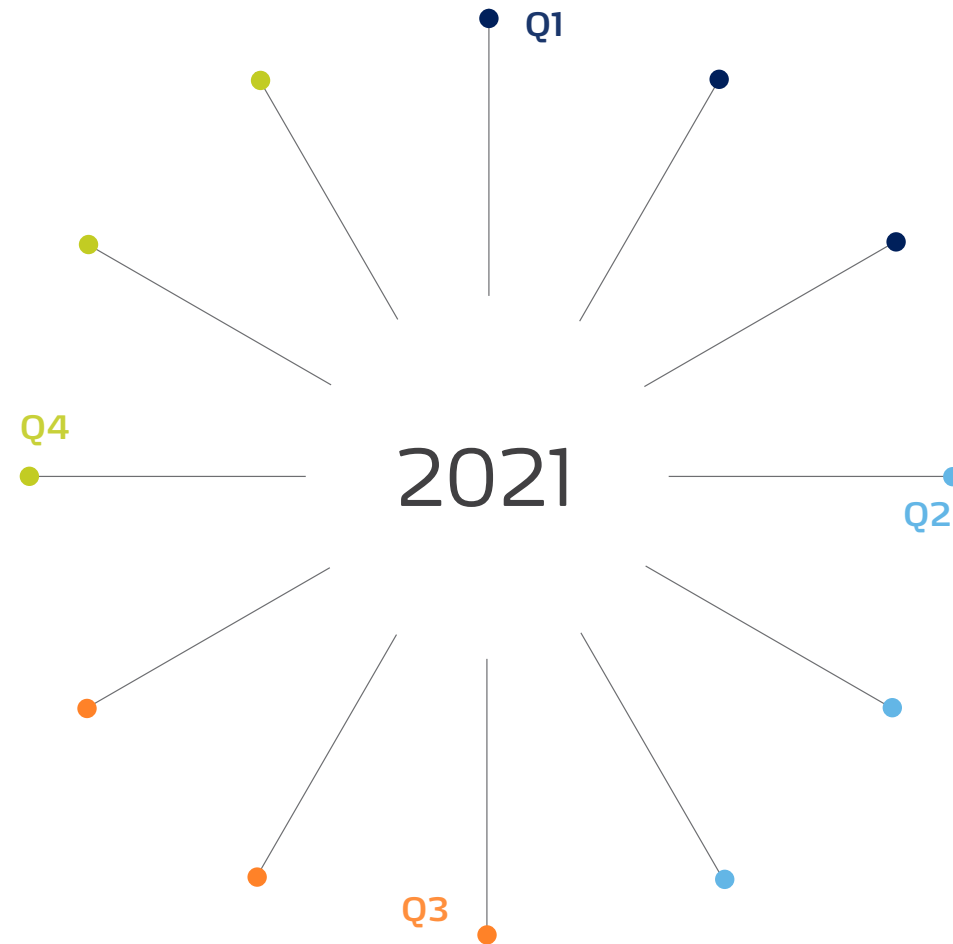
# Highlights

## Q4

- Yara Birkeland took its maiden voyage to the Oslo fjord
- Yara joins «First Movers Coalition» at COP26 to accelerate use of hydrogen as an essential part of the future net-zero energy system
- Yara receives Enova funding for clean ammonia demonstration project in Porsgrunn
- New ambition statement launched

## Q3

- Divestment of Salitre phosphate mining project in Brazil
- Launch of Hegra joint venture in Porsgrunn
- Acquisition of Finnish Ecolan to expand organic fertilizer business
- Yara curtails ammonia production due to high gas prices



## Q1

- Yara published its plan to establish Europe's first large-scale green ammonia project in Norway
- Yara moves to fully integrated reporting and starts to report on the integrated scorecard as part of quarterly reporting

## Q2

- Yara Growth Ventures established
- MoUs with Trafigura and Jera to collaborate on clean ammonia projects
- Commercial launch of the Agoro Carbon Alliance

# The organization

Our organizational structure reinforces strategy execution. Empowering local operations, strengthening accountability and driving customer centricity.

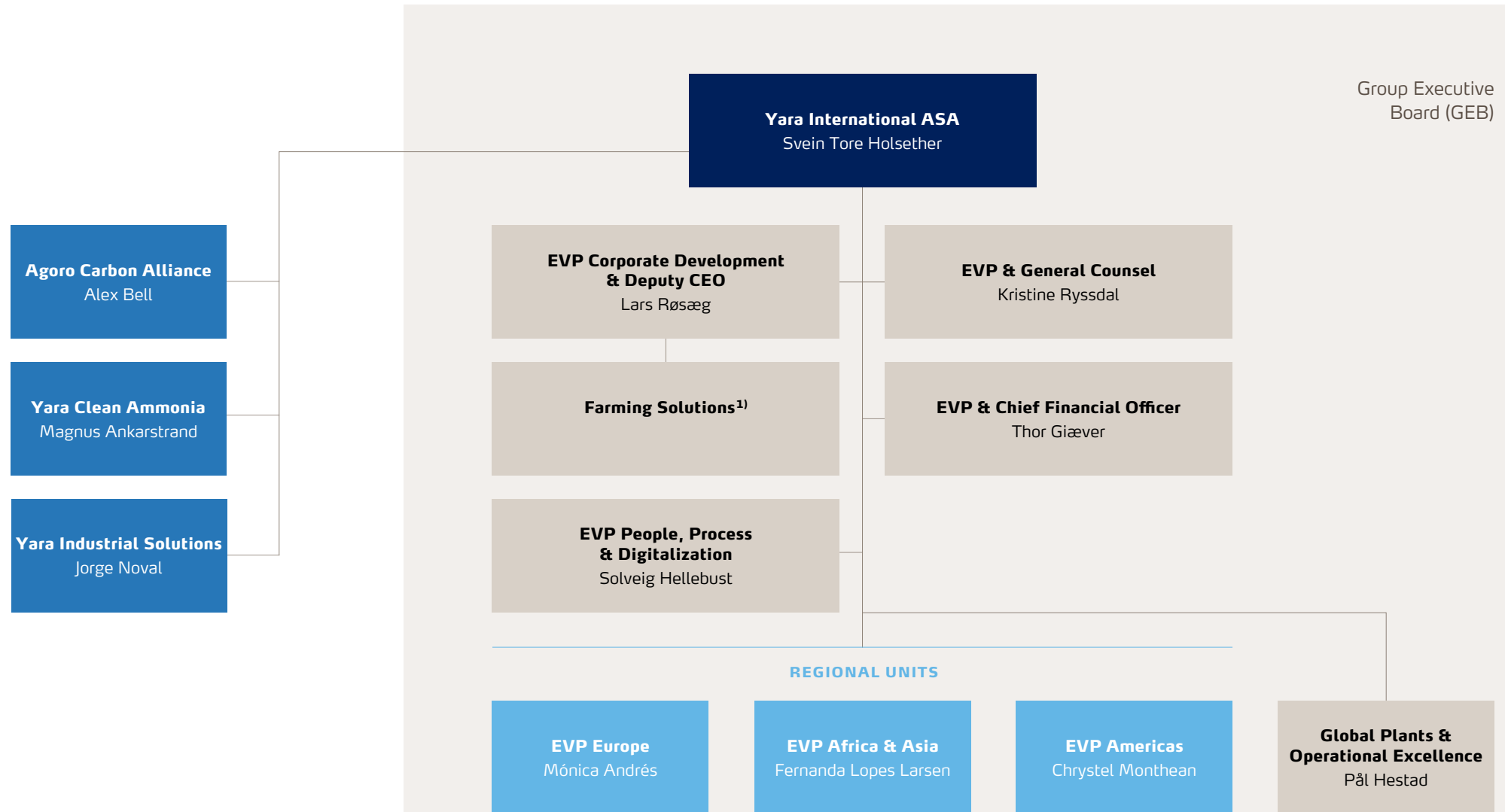
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<sup>1)</sup> Ref. to changes in the Group Executive Board, [pages 113-114](#)



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# Regions & functions

Our three regional units Africa & Asia, Americas and Europe operate in a fully integrated setup, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions. The Global Plants & Operational Excellence segment operates Yara's largest and export-oriented production plants (Porsgrunn, Sluiskil).



Fernanda Lopes Larsen  
EVP, Africa & Asia

## Africa & Asia

Deliveries **4,681**  
thousand tonnes

EBITDA **248**  
USD million

ROIC **3.9%**

Employees **1,806**



Chrystal Monthean  
EVP, Americas

## Americas

Deliveries **14,463**  
thousand tonnes

EBITDA **991**  
USD million

ROIC **7.3%**

Employees **6,933**



Mónica Andrés Enríquez  
EVP, Europe

## Europe

Deliveries **9,232**  
thousand tonnes

EBITDA **664**  
USD million

ROIC **12.2%**

Employees **3,478**



Pål Hestad  
EVP, Global Plants

## Global Plants

Production finished fertilizer **7,056**  
thousand tonnes

EBITDA **570**  
USD million

ROIC **5.8%**

Employees **1,994**

## Farming Solutions

In addition to the operating segments, Yara has a global function - Farming Solutions. This function has a global mandate to drive the transformation of Yara's core crop nutrition business, developing both existing and new solutions including premium products, digital business, food value chain collaboration and climate-neutral solutions.

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# Global units

The Clean Ammonia segment contains Yara’s Ammonia Trade and Shipping business, and it plays a vital role in Yara’s production system through optimizing production capacity utilization. The segment also leads Yara’s exploration of new green and blue ammonia projects. Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries. The segment performs its activities through five global commercial units; Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates and Yara Marine Technologies. The Agoro Carbon Alliance combines Yara’s deep agronomic knowledge with new technology to enable Farm-Based Carbon Solutions that support and incentivize farmers’ transition to sequestering carbon in their soils.



Magnus Ankarstrand  
President Yara Clean Ammonia

## Yara Clean Ammonia

Ammonia sales	4,154 thousand tonnes
EBITDA	131 USD million
ROIC	18.8%
Employees	37



Jorge Noval  
President Yara Industrial Solutions

## Yara Industrial Solutions

Deliveries	7,430 thousand tonnes
EBITDA	287 USD million
ROIC	11.8%
Employees	1,845



Alex Bell  
CEO of Agoro Carbon Alliance

## Agoro Carbon Alliance

U.S. contracted acres <sup>1)</sup>	500,000
Employees	80

<sup>1)</sup> Size of farmland covered by signed contracts for Agoro carbon program.

# From field to fork

Our business model combines production, sales and marketing in one, global system. It enables us to deliver premium products, share knowledge and develop innovative solutions to farmers, distributors and food value chains worldwide.

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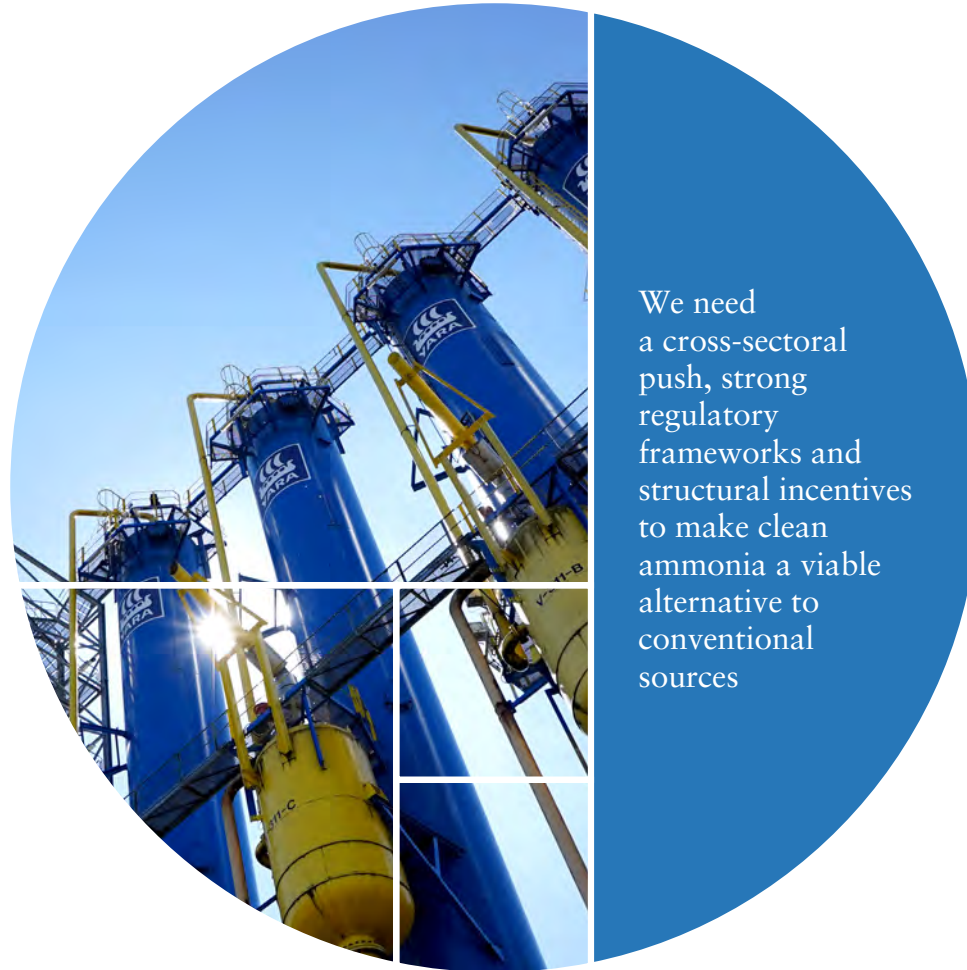
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We need a cross-sectoral push, strong regulatory frameworks and structural incentives to make clean ammonia a viable alternative to conventional sources

CASE

# Clean ammonia to grow a Nature-Positive Food Future

2021 began with the establishment of Yara Clean Ammonia and ended with securing funding from ENOVA SF to begin electrifying Yara's Porsgrunn plant. This funding agreement concluded a year of milestones, as Yara officially embarked on the road to decarbonizing a full-scale ammonia plant and deliver on its strategic ambition of enabling the hydrogen economy.

## The fuel of the future

The world needs clean energy. There is an increasing consensus that clean ammonia could be a clean energy source for food production, shipping, and other energy-intensive sectors.

This is because ammonia does not emit CO<sub>2</sub> during combustion and is seen as an effective future energy carrier due to its properties ideally suited for the hydrogen economy. It liquifies at -33 degrees Celcius compared to -253 degrees for hydrogen, and has a higher energy density, making it more efficient to transport and store.

The challenge is that conventional ammonia production based on natural gas as a raw material emits a significant amount of CO<sub>2</sub>. However, if we store the CO<sub>2</sub> created in the production process, we get blue ammonia. If we replace gas and produce ammonia using water

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and renewable energy – hydro-electric, solar power or wind turbines – we get green ammonia.

Clean ammonia comprises both blue (up to 95% carbon reduction), and green ammonia (100% carbon reduction).

Although not well-known, ammonia actually plays a major role globally. As a key component in mineral fertilizer, half of the global population depends on ammonia for food security.

“Ammonia is an essential component of our ability to grow enough food for a growing population. If we succeed in producing green ammonia at scale, we will not only be contributing to feeding the world responsibly, but also providing clean fuel for shipping and other energy-intensive sectors.” says Magnus Ankarstrand, President of Yara Clean Ammonia.

**Collaboration for first-mover advantage**

Although Yara is a leading ammonia player globally, we need collaboration and support across many sectors to enable the hydrogen economy. The key challenge to overcome is cost. Ammonia based on renewable energy is still far more expensive than gas.

That is why in 2021, Yara Clean Ammonia announced several new collaborations, including with Idemitsu Kosan, Jera, Kyushu Electric Power and Trafigura, covering topics such as thermal energy production in Japan and global shipping.

Yara’s commitment to collaboration for clean ammonia development was made clear at COP26 in Glasgow in November where Yara joined US President Joe Biden’s “First Movers Coalition”, committing to decarbonize agriculture and long-distance shipping through the development of clean ammonia. At COP26, Yara also joined the World Business Council for Sustainable Development and



**Yara Clean Ammonia**

Although not well-known, ammonia actually plays a major role globally. As a key component in mineral fertilizer, half of the global population depend on ammonia for food security.

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Yara CEO Svein Tore Holsether (top left corner) and other founding members of the First Movers Coalition together with John Kerry and President Joe Biden at COP26 in Glasgow.



Magnus Ankarstrand  
President of Yara Clean Ammonia.

Sustainable Markets Initiative’s H2Zero, with the aim of driving growth in the demand for, and supply of, hydrogen.

“We need a cross-sectoral push, strong regulatory frameworks and structural incentives to make clean ammonia a viable alternative to conventional sources. 2021 was truly a collaborative year. If we continue with the concerted efforts in the years to come, I am confident that clean ammonia can play a major part in driving a green transition,” says Ankarstrand.

**Decarbonizing a full scale ammonia plant**

In addition to the challenge of making clean ammonia an economically viable alternative to fossil fuels, shifting production to clean ammonia requires huge investments. To make clean ammonia a reality, external funding and support is needed.

Yara’s fertilizer plant in Herøya, Porsgrunn is one of Norway’s largest sources of CO<sub>2</sub> emissions outside the

oil and gas industry, releasing 800,000 tonnes of CO<sub>2</sub> annually.

In December 2021, Norwegian state enterprise Enova announced that Yara had been granted NOK 283.25 million for a demonstration project at Herøya. The 24 MW demonstration plant, where the technology will be demonstrated and quality assured, will be one of the largest pilot green ammonia projects in the world, producing 20 kilo tons of green ammonia annually.

The results and findings from Yara’s demonstration project will be of immense value to the overarching ambition of fully decarbonizing the Herøya ammonia plant.

This is the ambition of the joint venture established in 2021, called HEGRA (Herøya Green Ammonia), which was established to electrify Yara’s Porsgrunn plant and produce clean ammonia at scale (~450 kilotons per year).

**Essential for climate neutrality**

“We must scale up clean ammonia projects to produce the large volumes of clean ammonia needed, and the value chain must find efficient ways of using it. This is not only key to enabling the hydrogen economy, but a vital step towards decarbonizing Yara’s production and reaching our ambition of climate neutrality by 2050,” Ankarstrand concludes.

Yara’s efforts to enable the hydrogen economy, produce green fertilizer and supply clean ammonia as an alternative fuel is a strategic contribution to reach our own and the world’s climate commitments. And in doing so, Yara is delivering on its ambition of Growing a Nature-Positive Food Future.

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MEGATRENDS

# The world is changing fast

Agriculture, the food value chain and industries are undergoing profound changes. These are the megatrends significantly shaping our industry and markets.

» See how the megatrends creates risks and opportunities, [page 19](#)



## Climate change

Changing climatic patterns are set to impact agricultural production throughout the world, mainly impeding plant growth. Across most sectors, there are increasing pressures and expectations for climate actions and a reduction of greenhouse gas emissions.



## Water stress

Water is crucial for plant growth. There is no substitute. Agriculture is a huge consumer of water, and lack thereof is a major stress factor in crop production. Climate change disrupts precipitation patterns, while extensive irrigation taps aquifers and reduces water quality through salination.



## Soil degradation

Roughly one third of the world's soil is degraded, and soil erosion, biodiversity loss, and pollution are high on the list of causes. Farming without adequate replenishment of nutrients adds to the problem. Best farming practices, however, focus on soil health, carbon capture, and regenerative agriculture.



## Food industry integration

Agriculture and the food value chain are becoming increasingly integrated. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, and the whole industry is under pressure to achieve new levels of sustainability.

>20%

of global greenhouse gas emission stems from agriculture, forestry and land use change



## Dietary shifts

Conscious consumers, particularly in high income countries, are increasingly driving diets based on healthier and sustainable choices, and more plant-based nutrition. Globally, however, the trend towards higher calorie and animal protein intakes continues.



## Circular economy

Resource scarcity, growing sustainability awareness, and increased consumer pressure is creating a push towards a circular economy. It creates a push for the recycling of nutrients in agriculture and food value chains, as well as for organic fertilizers.



## Digitalization

Digital innovation and technological transformation are fundamentally changing strategies and practices in decision making, fertilizer application, farm automation and traceability. It has started to impact the entire food value chain.

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MEGATRENDS

# Opportunities and risks from the megatrends

Megatrends present new opportunities which we can actively pursue, as well as risks which we need to mitigate.



## Opportunities

- Shifts towards sustainability and transparency, where our crop nutrition offerings provide a good starting for finding solutions
- Digital tools to enable new market channels, and reduce the yield gap through farmer connectivity
- Mainstream adoption of green ammonia and hydrogen
- Focus on soil health, water use and bio-diversity, where optimal fertilizer use has a positive impact
- New monetization opportunities from increased data access



## Risks

- Regulatory changes, consumer demand for sustainability and optimized fertilizer use can lead to lower fertilizer demand growth
- Environmental costs and taxes can increase costs
- Reduction in demand, commoditization and increased price transparency can challenge fertilizer premiums
- Competitive landscape can be disrupted
- Increased uncertainty related to the competitive position of our European production



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# Our strategy

We entered this decade with an updated strategy and the overarching ambition of Growing a Nature-Positive Food Future.

Yara is broadening its business model



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.

This development is reflected and emphasized in our strategy. Essentially, we want to be a leading partner to

farmers and food companies by providing sustainable solutions to help them thrive and meet their goals and commitments. 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**.

» [1. Accelerate operational excellence](#)

» [2. Expand our commercial reach and offerings](#)

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STRATEGIC PRIORITIES

# Accelerate operational excellence

We are embarking on a significant journey, requiring shifts in mindset and behavior as well as efficiency.

“We have an aspiration to become climate neutral by 2050, and we have more than 90 projects that will reduce the emissions by 10% from today’s level.”

Operational excellence is paramount to unlock the potential of our strategy. It equips us with a strong core as we expand our reach and offering and develop new business models. Our approach to operational excellence is multidimensional and covers our culture and people as well as the efficiency and footprint of our operations.

### Culture and people

Our strategy will lead us into new territory. To succeed with new customers, new business models, new partners, and new solutions, we will invest in a culture of entrepreneurship and continuous improvement. Employee engagement, leadership, cultural evolution, diversity, equity and inclusion, and dynamic upskilling are all topics of high priority. Our responsible business conduct remains integral, safeguarding health, safety, ethics, and the environment.

### Efficient operations

Efficient operations form the very backbone of our business. Our work in this field is centered around the Yara Improvement Program 2.0. A number of initiatives have been rolled out since 2015, not least in the digital area which is set to optimize and transform Yara’s operations. We have progressed significantly in our digital efforts in the production system as well as towards the farmers. We are broadening the digital focus going forward to include sales and marketing, sustainability and traceability, and transforming our end-to-end business processes

through an uplift of our enterprise resource management system. Going forward, the largest contributions are expected to come from improved reliability and plant steering.

### Holistic performance management

We will manage and measure our value creation along the three axes People, Planet and Prosperity, taking a holistic approach to our performance management to integrate sustainability. As an early mover in mitigating GHG emissions, we are well positioned to meet the EU Commission target of 55% reduction by 2030 compared to 1990 levels. We have an aspiration to become climate neutral by 2050, and we have initiated more than 90 projects that will reduce the emissions by another 10% from today’s level by 2025. With the required public co-funding and regulatory framework in place, we have an ambition to reduce our scope 1 & 2 emissions by 30% in 2030, from the 2019 baseline. A pathway for scope 3 emissions will be defined through the process of establishing a Sectoral Decarbonization Approach for our industry.

We have also adapted our governance structure to drive holistic thinking and will move forward with strategic reviews of our asset base and stricter prioritization of activities.

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STRATEGIC PRIORITIES

# Expand our reach and offering

We will continue to operate with commercial excellence across markets every day, while broadening our core and enabling a hydrogen economy.

We have an ambition to generate an incremental USD 300–600 million EBITDA from new business models by 2025.

To reach our ambitions, we will build on our core as a leading food solutions company to expand our reach and offering. Developing new commercial offerings and business models will be decisive to evolve our revenue base.

### New commercial offerings

Yara Farming Solutions and our regional units will explore four concrete avenues to expand our reach and offerings:

#### 1. New revenue models

Our combination of knowledge, digital tools and crop nutrition enable us to pursue new revenue models to unlock potential for higher margins and decouple our products from global commodity prices. New models can include outcome-based business models, new pricing models, such as subscriptions or charge per hectare, or establishing low-carbon, organic and organo-mineral offerings which we do not have today.

#### 2. Selling services

We will commercialize and monetize Yara's knowledge through digitally enabled services, primarily subscription based. Our goal is to gain access to recurring revenue streams that have yet to be captured. Sustainability services along with digital agronomy services and farm-to-fork connectivity services are among the services that can be commercialized this way.

#### 3. New geographies or segments

We will target new geographies and segments to leverage new revenue models and services. This will include stepping up in regions where we have a broader presence as well as entering new markets, such as organic fertilizers, which is particularly prominent in Europe.

#### 4. Channel transformation

New digital platforms can shift sales to higher-margin channels and enable new digital integration with retailers. Farmer surveys conducted during the Covid-19 pandemic suggest an increasing desire to buy inputs online. We will explore both direct-to-farm online business platforms and direct-to-retailer online platforms.

#### New business opportunities

Yara's founders were entrepreneurs who took great risk when faced with a significant business opportunity. In their spirit we want to explore two business opportunities with fundamentally different value drivers.

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**1. Clean carbon marketplace**

Our portfolio, global footprint and knowledge about climate-smart farming represent a great starting point to set up a carbon business. By reducing emissions and sequestering carbon at farms, we can create new revenue streams from carbon credits, enabling us to reward farmers for climate-smart practices. We have launched Agoro Carbon Alliance to scale this opportunity.

**2. Clean ammonia**

Yara has established Yara Clean Ammonia in response to, and to help enable a clean hydrogen and ammonia-based economy – which has quickly gained momentum. Clean ammonia is regarded as the most promising zero-emissions alternative to fossil fuels by the shipping industry, which is likely to be the first sector to use ammonia at scale. We are well positioned to become the clean ammonia champion by leveraging our strengths in production, logistics and trading. By running initial green ammonia production pilots in Pilbara (Australia) and Porsgrunn (Norway), in addition to exploring large scale blue ammonia (CCS), we will build knowledge, develop the market and prepare for a larger project portfolio.

**3. Venture investments**

We believe that the strategic value of

doing venture investments is high. If done right, they can create measurable value for Yara and our shareholders. Through Yara Growth Ventures, we will invest into clearly defined themes such as climate smart crop solutions, decarbonization of fertilizer production, farm connectivity and new revenue models in agriculture.

**Focused growth**

We need scale to lead the development of more sustainable food production, to be a relevant commercial partner, and to be a discussion partner for key stakeholders. Successful implementation of our strategy also requires growth. To this end, our growth agenda sets three priorities. Firstly, we will seek growth to strengthen our Farming Solutions offering, such as in digital technology and reach, and in recycled and organic nutrients. Secondly, we will consider value-adding assets, such as NPK and high-value products. And finally, we will seek scale in markets of strategic importance.



**Our priorities 2022**

Strengthen Yara's culture of entrepreneurship and leadership

Commercialize the food value chain connection

Develop our Clean Ammonia and Agoro businesses

# Strategy scorecard

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This is Yara's Strategy scorecard. It contains the KPIs we use to measure the progress on the execution of our corporate strategy. On the next page you can read how our KPIs are connected to our material topics and the UN Sustainable Development Goals.

 <b>People</b>			
Yara KPI	Measure	2021	2025 Target
Strive towards zero accidents	TRI	1.0	<1.0
Engagement index	Index	79	Top quartile
Diversity and inclusion index	Index	77	Top quartile
Female senior managers <sup>1)</sup>	%	29	40

 <b>Planet</b>			
Yara KPI	Measure	2021	2025 Target
Energy efficiency <sup>1)</sup>	GJ/t NH <sub>3</sub>	33.4	32.7
GHG emissions, intensity	t CO <sub>2</sub> e /t N	3.0	2.7
GHG emissions, scope 1+2 <sup>2)</sup>	Mt CO <sub>2</sub> e	17.5	13.0
Active hectares <sup>3)</sup>	MHa	8.2	150
Carbon marketplace			TBD

 <b>Prosperity</b>			
Yara KPI	Measure	2021	2025 Target
Ammonia production <sup>1)</sup>	Mt	7.8	8.9
Finished fertilizer production <sup>1)</sup>	Mt	21.8	23.9
Premium generated	MUSD	280	N/A
Revenues from new business models	MUSD	11	1,500
Revenues from online sales	MUSD	4	1,200
Working capital <sup>2)</sup>	Days	83	92
Capital return (ROIC) <sup>2)</sup>	%	7.9	>10
Fixed costs <sup>2)</sup>	MUSD	2,487	2,314
Capex <sup>3)</sup>	BUSD	0.9	1.2
Net debt / EBITDA <sup>2)</sup>	Ratio	1.36	1.5-2.0
MSCI rating	Score	A	A
Sustainalytics rating	Score	Med	Med

<sup>1)</sup> The definition of the KPI was updated during 2021, and the target performance was changed from 35% to 40%.

<sup>1)</sup> Energy efficiency target is for 2023

<sup>2)</sup> GHG absolute emissions scope 1+2 target is a 30% reduction by 2030 from a 2019 baseline

<sup>3)</sup> Cropland with digital farming user activity within defined frequency parameters

<sup>1)</sup> Target is for 2023

<sup>2)</sup> See [page 255](#) for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).

<sup>3)</sup> CAPEX max 1.2 for 2022 onwards (including maintenance)

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# UN Sustainable Development Goals at the core of our business

Yara believes the private sector has a great responsibility to help deliver on the Sustainable Development Goals (SDGs). The adoption of the SDGs in 2015 coincided with Yara's first materiality assessment. We had already oriented our strategy towards creating shared value, and the SDGs were a natural benchmark

for identifying societal impact. Since then, sustainability has been embedded and integrated into Yara's strategy. We firmly believe that our knowledge and purpose give us a competitive advantage in a market that values sustainable development.

Our 2021 materiality update is the basis for our SDG impact assessment. While we see all 17 SDGs as relevant to Yara, we have highlighted the ones where we believe we have the greatest potential to enhance positive and mitigate negative impacts on society.

Sustainable Development Goal	Impact	Yara KPI	Supporting initiative	Linked to material topics
 <p><b>2 ZERO HUNGER</b></p>	<p>We envision a world without hunger. This can be supported by sustainable intensification of agriculture, as well as the development of more fair and resilient food systems. Yara's products help grow enough nutritious food to feed 289 million people, our 800+ agronomists support farmers around the world to improve yields and quality, and our many region-specific projects and strengthen local and regional food systems.</p>	<ul style="list-style-type: none"> <li>Active hectares under digital management</li> <li>Revenues from new business models</li> <li>Finished fertilizer production</li> </ul>	<ul style="list-style-type: none"> <li>Action Africa</li> <li>Farm to Market Alliance</li> <li>Helping communities in Brazil</li> <li>Precision farming tools</li> </ul>	<ul style="list-style-type: none"> <li>Socioeconomic impacts on communities</li> <li>Digitalization</li> <li>Profitability</li> </ul>
 <p><b>5 GENDER EQUALITY</b></p>	<p>Women make up almost half of all farmers globally, yet they face gender-specific obstacles like access to land and resources. Empowering female farmers would both improve gender equality globally and significantly contribute to food security. Gender equality is also a priority within Yara. The chemical industry has traditionally been a field dominated by men, and we currently work to recruit more women in general and more female senior managers in particular.</p>	<ul style="list-style-type: none"> <li>Female senior managers</li> <li>Diversity &amp; inclusion index</li> </ul>	<ul style="list-style-type: none"> <li>Women in Agronomy</li> <li>Diversity, equity and inclusion program</li> <li>Work-Life Balance and Well-being Framework</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and employee enablement</li> <li>Diversity, equity and inclusion</li> <li>Health and well-being at work</li> </ul>
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>Agriculture accounts for 70 percent of freshwater use worldwide (FAO, 2017). Greater food demand, driven by a rising world population, will put further strain on water resources. Yara contributes to improving water management through precision farming technology, fertigation, and best practice crop nutrition management knowledge.</p>	<ul style="list-style-type: none"> <li>Active hectares under digital management</li> <li>Revenues from new business models</li> </ul>	<ul style="list-style-type: none"> <li>Farm Water Advisor</li> <li>Farm Weather App</li> <li>Fertilizer and biostimulants for increased water uptake</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable farm management</li> <li>Water management in production</li> <li>Protection of ecosystems</li> </ul>

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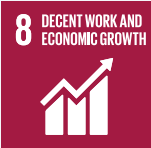



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Sustainable Development Goal	Impact	Yara KPI	Supporting initiative	Linked to material topics
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>The world needs a clean energy transition fast. Clean ammonia and hydrogen are two possible future clean fuels. As a global leader in ammonia production for fertilizer, with many partnerships and projects underway globally, we are well positioned to support a clean energy future in both shipping and food production.</p>	<ul style="list-style-type: none"> <li>Energy efficiency</li> <li>Revenues from new business models</li> </ul>	<ul style="list-style-type: none"> <li>Yara Clean Ammonia unit</li> <li>Clean Hydrogen Pledge</li> <li>First Movers Coalition</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities in clean tech</li> <li>Energy</li> <li>Profitability</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Yara works to be an attractive employer that ensures decent work, fair pay, and benefits. Yara values the work-life balance of its employees and works closely with unions. The health and safety of employees is our no 1 priority, and we set high goals for ourselves at an already industry-leading level. In addition, Yara has an important role to play to ensure that agriculture provides sufficient financial reward for farmers and rural communities.</p>	<ul style="list-style-type: none"> <li>Strive towards zero accidents</li> <li>Diversity &amp; inclusion index</li> <li>Female senior managers</li> <li>Active hectares under digital management</li> <li>Revenues from new business models</li> <li>Revenues from online sales</li> </ul>	<ul style="list-style-type: none"> <li>Work-Life Balance and Well-being Framework</li> <li>Safe by Choice</li> <li>Annual Health &amp; Safety Day</li> <li>Action Africa</li> <li>Farm to Market Alliance</li> <li>Living Wage project</li> </ul>	<ul style="list-style-type: none"> <li>Occupational and process safety</li> <li>Human rights and labor practice</li> <li>Health and well-being at work</li> <li>Sustainable supply chains</li> <li>Sustainable finance</li> </ul>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>As a large industrial company committed to developing a culture of entrepreneurship, Yara wants to take a leading role in demonstrating that the industry is integral to developing the technology and solutions needed for a green transition. Innovation is part of our DNA, and through innovative technology and new partnerships, we are taking steps to enable the hydrogen economy, fossil-free food production, and nature-positive farming practices.</p>	<ul style="list-style-type: none"> <li>Revenues from new business models</li> <li>Carbon marketplace</li> <li>Ammonia production</li> <li>Finished fertilizer production</li> <li>Revenues from online sales</li> </ul>	<ul style="list-style-type: none"> <li>Yara Clean Ammonia</li> <li>First Movers Coalition</li> <li>Precision farming tools</li> <li>Yara Growth Ventures</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurship and agility</li> <li>Profitability</li> <li>Sustainable finance</li> <li>Opportunities in clean tech</li> </ul>
 <p>10 REDUCED INEQUALITIES</p>	<p>A diverse and inclusive work environment in which employees feel valued for their unique contributions and feel safe to speak up benefits our business and innovation and supports social and economic equality. While we have had gender diversity on our leaders' agenda for quite a few years, Diversity, Equity and Inclusion is now firmly anchored in Yara's strategy.</p>	<ul style="list-style-type: none"> <li>Engagement index</li> <li>Diversity &amp; inclusion index</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, equity and inclusion program</li> <li>Global Diversity and Inclusion Day</li> <li>Women in Agronomy</li> <li>Black Talent Initiative</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, equity and inclusion</li> <li>Leadership and employee enablement</li> <li>Socioeconomic impacts on communities</li> </ul>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>We have more mouths to feed, limited land to farm and fewer resources to draw upon, which makes it critical to develop more sustainable consumption and production patterns. Yara works to reduce food waste through improved nutrient balance in food and improved market access for farmers, and to recycle non-renewable nutrients in our production.</p>	<ul style="list-style-type: none"> <li>Carbon marketplace</li> <li>Revenues from new business models</li> </ul>	<ul style="list-style-type: none"> <li>Organic fertilizers</li> <li>Waste management</li> <li>Sustainable Procurement Policy</li> </ul>	<ul style="list-style-type: none"> <li>Circularity</li> <li>Profitability</li> <li>Regulatory change and compliance</li> <li>Opportunities in clean tech</li> </ul>

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Sustainable Development Goal	Impact	Yara KPI	Supporting initiative	Linked to material topics
	<p>Climate change is the greatest global challenge we face and a serious threat to agricultural productivity in many parts of the world. We are contributing along two main avenues: reducing greenhouse gas emissions from our own operations, and offering and exploring new, sustainable solutions for farmers, food companies, and the hydrogen economy. Environmental performance is a vital part of our license to operate.</p>	<ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• GHG emissions intensity</li> <li>• GHG emissions, scope 1+2</li> <li>• Active hectares under digital management Carbon marketplace</li> <li>• Revenues from new business models</li> </ul>	<ul style="list-style-type: none"> <li>• Agoro Carbon Alliance</li> <li>• Climate Scenario Analysis</li> <li>• Climate Neutral by 2050</li> <li>• Science Based Targets</li> <li>• GHG 2025 program</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Opportunities in clean tech</li> <li>• Sustainable finance</li> <li>• Regulatory change and compliance</li> <li>• Sustainable farm management</li> <li>• Energy</li> <li>• Digitalization</li> <li>• Profitability</li> </ul>
	<p>Use of fertilizer – of both mineral and organic origin – comes with a risk of runoff, leaching or volatilization, which can cause eutrophication of waterways, or even dead zones in lakes or coastal waters. Yara provides agronomic advice for balanced crop nutrition, precision farming tools and digital solutions to enhance the efficiency of crop nutrition. This in turn helps to mitigate risk of nutrient pollution.</p>	<ul style="list-style-type: none"> <li>• Revenues from new business models</li> <li>• Active hectares under digital management</li> </ul>	<ul style="list-style-type: none"> <li>• Atfarm</li> <li>• Precision farming tools</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities in clean tech</li> <li>• Sustainable farm management</li> </ul>
	<p>We are aware of our contributions – and limitations. We cannot solve global challenges in isolation and strongly advocate more cross-sectoral and innovative partnerships. We collaborate with a large number of governmental agencies, private companies and organizations to facilitate knowledge sharing and sustainable development.</p>	<ul style="list-style-type: none"> <li>• Revenues from new business models</li> <li>• Carbon marketplace</li> <li>• Active hectares under digital management</li> </ul>	<ul style="list-style-type: none"> <li>• Clean Hydrogen Pledge</li> <li>• Farm to market alliance</li> <li>• Lantmännen</li> <li>• Nestlé</li> <li>• Volcafe</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities in clean tech</li> <li>• Circularity</li> <li>• Digitalization</li> <li>• Profitability</li> </ul>



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# Managing outcomes and value creation

Sustainability is embedded in our strategic priorities and actions. Simply put, our approach is to minimize any negative impacts from our activities while maximizing our contribution to feeding the world responsibly. While improvements are always ongoing, we believe that the bottom line is a solid net positive.

	Sourcing	Production	Transportation
Impacts	<p>We use natural gas, electricity and minerals to make our fertilizers. The majority of our raw materials comes from non-renewable sources.</p> <ul style="list-style-type: none"> <li>269,788,077 MMBtu natural gas / hydrocarbons</li> <li>2.1 million tonnes P rock</li> </ul>	<p>Fertilizer production is energy intensive and causes emissions to air and water. The water we withdraw is mostly returned unpolluted.</p> <ul style="list-style-type: none"> <li>17.5 m tonnes CO<sub>2</sub>e from Yara plants</li> <li>8,700 tonnes NO<sub>x</sub> from Yara plants</li> <li>966 million m<sup>3</sup> water withdrawals</li> </ul>	<p>Transportation causes emissions to air and consumes fuels</p> <ul style="list-style-type: none"> <li>2.6 million tonnes CO<sub>2</sub>e from transport of Yara's raw materials and products</li> </ul>
Response	<ul style="list-style-type: none"> <li>Circular economy</li> <li>Decarbonize</li> <li>Resource optimization</li> <li>Sustainable Procurement Program</li> </ul>	<ul style="list-style-type: none"> <li>Energy optimization</li> <li>Decarbonization program</li> <li>Environmental roadmaps to mitigate emissions to air and water</li> </ul>	<ul style="list-style-type: none"> <li>Product stewardship</li> <li>Ammonia as energy carrier</li> <li>Zero-emission shipping vessel Yara Birkeland</li> <li>Yara Maritime solutions for fuel optimization and NO<sub>x</sub> and SO<sub>x</sub> abatement</li> <li>Yara Diesel Exhaust Fuel products</li> </ul>
Value creation	<ul style="list-style-type: none"> <li>Yara Bio and Nature brands launched based on circular nutrients</li> <li>Three green ammonia pilots and one full-scale project</li> <li>Industrial symbiosis initiatives</li> </ul>	<ul style="list-style-type: none"> <li>17,800 jobs created</li> <li>Raising industry standards for energy efficiency</li> <li>Supporting a Sectoral Decarbonization Approach for the industry</li> <li>Setting Science Based Targets</li> </ul>	<ul style="list-style-type: none"> <li>Reliable deliveries of crop nutrition, supporting farmers worldwide</li> <li>Enabling transport sector to reduce harmful emissions</li> </ul>

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	Impacts	Natural environment	Food consumption
Response	<ul style="list-style-type: none"> <li>46.6 million tonnes CO<sub>2</sub>e from use of Yara fertilizers</li> </ul>	<p>Agriculture uses 70% of mankind's freshwater withdrawals, uses 1/3 of the land and is the main driver of deforestation. Nutrient imbalance is a driver for soil degradation.</p> <p>Industrial and transport emissions contribute to environmental degradation and public health issues.</p>	<p>Dietary changes drive food demand, while about 1/3 of the food is lost or wasted.</p>
Value creation	<ul style="list-style-type: none"> <li>Precision farming tools</li> <li>R&amp;D on field emissions</li> <li>Yara Water Solution</li> <li>Nitrate portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Balanced crop nutrition</li> <li>Soil testing and analytical services</li> <li>Yara Environmental Solutions (DeNO<sub>x</sub>, SO<sub>x</sub> abatement, H<sub>2</sub>S and odour abatement)</li> </ul>	<ul style="list-style-type: none"> <li>Micronutrients supporting health</li> <li>R&amp;D for improved crop quality</li> </ul>
	<ul style="list-style-type: none"> <li>Yara's sensor tools and crop nutrition solutions can help improve farm performance</li> </ul>	<ul style="list-style-type: none"> <li>Reduced deforestation from agricultural intensification, sparing GHG emissions of roughly 590 billion tonnes CO<sub>2</sub>e</li> <li>1.8 million tonnes of acidifying and harmful NO<sub>x</sub> and SO<sub>x</sub> emissions abated using Yara environmental solutions</li> </ul>	<ul style="list-style-type: none"> <li>289 million people fed by the use of our crop nutrition solutions</li> </ul>

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# Engaging with our stakeholders

We engage with a wide range of stakeholders both globally and locally. Engaging and keeping good relations with stakeholders is integral to our transformation, delivering on our ambition to Growing a Nature-Positive Food Future.

With agronomists on the ground worldwide, we have a deep understanding of farmers' needs and the capacity to meet them.

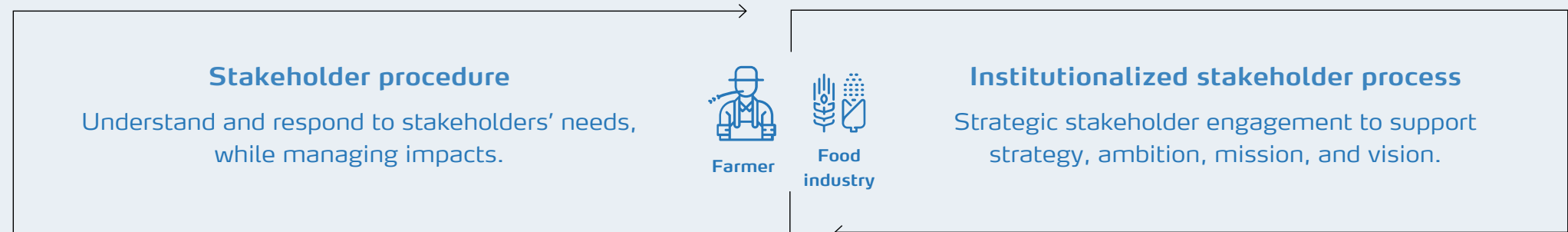
## Farmers

We nurture a culture of openness and accessibility to senior management, engaging employees in corporate matters through several channels

## Employees

The food industry is under pressure to provide healthier and more sustainable food. We position Yara as a preferred partner in this transformation.

## Food industry



## Investors and lenders

Our strategy targets superior shareholder return from sustainable solutions.

## Regulators and policy makers

Regulatory actions are crucial to reach the SDGs and the Paris agreement. We engage with regulators and policy making processes to share our knowledge.

## Suppliers

We stay in regular contact with a wide range of suppliers and expect them to live up to internationally recognized best practices.

## Distributors and retailers

Efficient operations depend on mutual understanding between Yara's operations and those of our distributors and retailers.

## Stakeholder engagement in 2021

A detailed review of Yara's 2021 stakeholder engagement is available in the Sustainability Report. This review covers all mapped stakeholder groups, the main items covered in the stakeholder dialogues, and Yara's responses.

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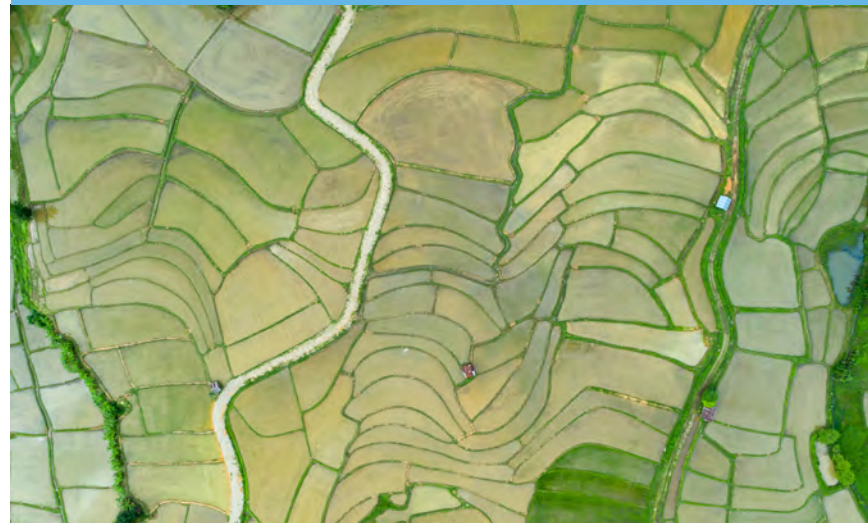
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In 2021, we expanded our capacity to engage in the public debate, using Yara's initiatives as concrete cases for how to turn the ambition of the Green Deal into reality



ENGAGING WITH OUR STAKEHOLDERS

# Strategic engagement in 2021

Yara, including its CEO, engaged strategically to pursue the realization of Yara's strategy and ambition, the SDGs, and the goals of the Paris agreement.

## Delivering the EU Green Deal

Since the launch of the EU Green Deal in 2019, the European Union has been focusing on ways to reach climate neutrality by 2050 and to make the food system more sustainable. We expanded our capacity to engage in the public debate, using Yara's initiatives as concrete cases on how to turn the ambition of the Green Deal into reality. In the context of the World Economic Forum's CEO Action Group for the European Green Deal, Yara's CEO participated in meetings with Frans Timmermans (European Commission EVP for the European Green Deal), Paolo Gentiloni (EU Commissioner, Economy), Valdis Dombrovskis (European Commission EVP for An Economy that Works for People), and European Ministers for Climate Action (Belgium, Ireland, and Italy).

## Fit for 55

Fit for 55 is a part of the European Green Deal, with the EU's Climate Law setting a binding target to, by 2030, reduce greenhouse gas emissions by 55 percent compared to 1990, putting Europe on the path to climate neutrality by 2050. Fit for 55 includes reforming the Emission Trading System, Renewable Energy Directive, and the Gas Regulation.

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Yara is a founding member of the First Movers Coalition (FMC) launched at COP26, a coalition of companies pledging to buy zero-emission goods and services by 2030 to drive demand



A Carbon Border Adjustment Mechanism is needed to manage trade between regions with varying carbon pricing. Together with other export-oriented businesses, Yara is sharing data, insights, and recommendations with European authorities and national ministries about the future competitiveness of European low-carbon exports. Reaching the 55% target will require more than transforming industrial production. The entire value chain from producer to end-customer needs to be reconfigured, in addition to creating demand for low-carbon products.

### Farm to Fork and CAP

To be successful in achieving its ambition of making the food system more sustainable, the EU must build partnerships with farmers and the broad agri-food value chain in order to bring about change at scale. Yara will help to drive the ambition of the Farm to Fork Strategy, including the EU's ambitions on halving nutrient losses by 2030. We support this by actively working with farmers on upscaling both best nutrient management practices and precision farming to optimize yields, produce healthier crops, and enhance soil health. By using best practices and solutions that exist today, European farmers can already improve nutrient use efficiency by at least 20%, while increasing yields and incomes by 5-7%, and reducing their carbon footprint related to mineral fertilization by up to 20%.

Yara is contributing to the development of the new Common Agricultural Policy, which will start in January 2023, by advocating at the European and national level in favor of developing Strategic Plans that support farmers' profitability and sustainability simultaneously. This is possible by, for example, using

the new eco-schemes that reward farmers for sustainable nutrient management practices beyond the baseline, or supporting the deployment of precision farming and digital tools, or increasing the share of agricultural land committed to improving nutrient management across Europe.

Yara also welcomes and supports measures aimed at facilitating the large-scale implementation of farm practices to reduce the agricultural carbon footprint and remove carbon from the atmosphere, in line with the European ambition to promote carbon farming as a business model for healthier ecosystems.

### Food systems transformation

Yara engaged in the 2021 United Nations Food Systems Summit (UN FSS). We also participated in regional and global Food Systems Dialogues (FSDs) to discuss food systems policies and economics, science-based targets and pathways, the potential for innovation, and the inclusive approach required for a just transition. Yara took an active role in the UN FSS Private Sector Guiding Group for Soil Health.

Yara recognizes the critical role of the next generation in the transition, and in 2021 continued to promote youth entrepreneurship by way of Generation Africa's GoGetta Agripreneur Prize, awarded at the Africa Green Revolution Forum in September.

### Climate Engagement

Yara's CEO and key experts attended the COP26 meeting in Glasgow. Yara is a founding member of the First Movers Coalition (FMC), which is co-led by the US State Department and the World Economic Forum.

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FMC was formally launched at the COP26 meeting in Glasgow. The FMC is a platform for companies to commit to buying zero-emission goods and services by 2030, to create demand for low-carbon technologies, to make them cost-competitive, and to build the clean supply chains of the future.

Yara's CEO represented the company in the WEF's Alliance of CEO Climate Leaders' virtual meetings throughout the year. The Alliance authored a report on "Winning the Race to Net-Zero" and advocated for world leaders to raise ambitions for 1.5°C-aligned Nationally Determined Contributions. That implies at least halving global emissions by 2030 and committing to global net-zero by 2050, underpinned by robust policy roadmaps and interim targets. The Alliance also urged developed countries to meet and exceed their USD 100bn commitment to support developing countries' efforts to mitigate and adapt to climate change,

and it encouraged the major development finance institutions to also committing to science-based guidelines across their lending portfolios.

In keeping with Yara's commitment to Science Based Targets from the previous year, 2021 saw the continued support of the development of a Sector Decarbonization Approach to the nitrogen fertilizer industry in line with the Paris agreement. We continued to participate in the WBCSD Scaling Positive Agriculture working group.

Yara also signed the Clean Hydrogen Pledge through WBCSD.

**Regenerative agriculture and soil health**

Yara is committed to an ambitious and integrated agenda to halt nature loss, which has tangible economic impacts. In 2021, this commitment was further strengthened by the company embedding

nature-positive agriculture outcomes in its strategic ambition.

Working with partners including One Planet Business for Biodiversity (OP2B), IMAGINE Food Collective, and the Sustainable Agriculture Initiative (SAI) Platform, Yara has taken an active role in shaping the pragmatic definition and implementable principles of regenerative agriculture as a useful foundation for industry transformation, published by OP2B at the IUCN Annual Conference in July.

Yara is an active partner in the WBCSD-IFA-Cropin hosted Coalition for Soil Health alongside 12 industry and business association partners. Yara endorsed the Coalition's call to action for the establishment of a multi-stakeholder coalition to facilitate the adoption and scaling of soil health restoration practices with

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outcomes for growth, productivity, rural livelihoods, climate, and nature.

In 2021, we established partnerships with global and regional food companies to decarbonize and to implement regenerative agriculture in their supply chains, offering a range of digital tools and sustainable crop nutrition solutions that improve soil health, nutrient use efficiency, lower carbon, and support farmers and food companies in their transition to regenerative agricultural practices and zero net. We have also taken an active role in the Business for Nature Coalition, reflecting nature's critical role as the infrastructure supporting humanity. As part of a "super year for nature", Yara endorsed a nature positive commitment letter.

**IFA**

The International Fertilizer Association (IFA) elected Yara's CEO as its new Chair of the association in June 2021. IFA is the only global fertilizer association, with more than 430 members in some 70 countries and a mission to promote efficient and responsible production, distribution, and use of plant nutrients. In 2021, IFA – with the support of Yara - launched a project to

map the way to reduce emission of fertilizer use. The project will be completed in 2022.

**Sustainability in the Nordics**

Yara is part of the Nordic CEOs for a Sustainable Future. The group represents 13 of the Nordic region's largest companies across several industries, committed to integrating the UN Sustainable Development Goals in their respective business strategies. The two main focus areas of the initiative have been gender equality and climate action. In May 2021, the initiative launched a guide for climate risk management, recommending that the Nordic Governments encourage all Nordic companies to start integrating the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In June 2021, Yara's CEO was elected President of The Confederation of Norwegian Enterprise (NHO), i.e., Chairman of the Board of NHO. His most important task is to represent Norwegian business, and to support and challenge the NHO administration in their work with the ambitions and the policy of NHO's Roadmap for the Business Community of the Future.

Yara was one of the main sponsors of the Zero Emission Conference in Oslo in November 2021, which was mainly a digital event due to Covid-19 restrictions. The conference is one of the largest and longest running climate solutions conferences in Europe, organized by the Norwegian environmental foundation Zero Emission Resource Organization (ZERO). Yara's focus was on green ammonia as the shipping fuel of the future.

Yara joined as Nobel Peace Prize Celebration Partner, promoting the Nobel Peace Prize 2020 to the World Food Programme, and through this collaboration, foster food security and peace through knowledge, inspiration, and engagement. This included support throughout 2021 of all activities at NPC related to the Nobel Peace Prize 2020, such as the Nobel Peace Prize exhibition, digital seminars, participation at the Fix the Food conference and festival, with a focus on food, peace, and sustainable food systems, and sponsoring the broadcasting of the Nobel Peace Prize concert in December 2021.

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MATERIALITY

# Setting our priorities

In 2021, we renewed our approach to materiality to ensure we prioritize and consistently manage the topics that matter to our success and to our stakeholders.

At Yara, we want to focus our efforts on the topics that truly matter to our value creation and to our stakeholders. We are mindful that sustainability entails both risks and opportunities to Yara. We embrace the concept of double materiality, meaning that we recognize that these risks and opportunities can be material from both a financial and non-financial perspective.

In 2021, we linked the materiality assessment to our strategy and risk processes and, ultimately, with our ambition of Growing a Nature-Positive Food Future. Our mapping of impacts also drew on feedback from our Stakeholder Management Procedure to capture the views and expectations of our stakeholders more systematically. We also adopted a tiered approach, clarifying our prioritization of issues.

## Four-step approach

We conducted the materiality assessment in four steps, led internally by our Sustainability Governance function:

### 1. Identify impacts

We review and consult with sources, both internal and external, to identify several external and internal sources to identify relevant issues and develop a materiality universe of potential and actual impacts from our

activities and business relationships. The scope of the assessment covers issues within Yara's sphere of control.

### 2. Prioritize topics

Involving experts from around the organization, we assess the significance of the impacts to Yara's value creation and to our stakeholders' assessments and decisions regarding our company, and prioritize them in tier 1 and 2 topics.

### 3. Validate and approve material topics

The resulting list and matrix of material topics is validated by our Strategy and Risk functions against our strategic priorities and Yara's risk profile, and finally, approved by the CFO and directionally supported by the Board Audit and Sustainability Committee (BASC).

### 4. Implement

The 2021 materiality assessment yielded results which reconfirmed the existing KPIs in Yara's Strategy scorecard. It also prompted more consistent target-setting for tier 2 topics and a restructuring of our sustainability reporting.

Further details on materiality and our methodology can be found in the Sustainability Report 2021.



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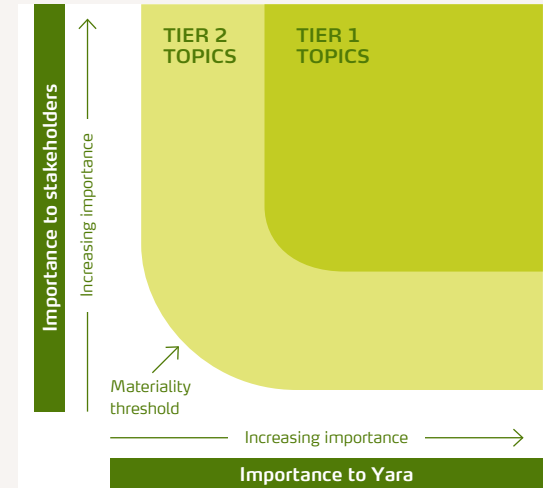
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## Connecting material topics to performance measurement

AMBITION	OUR PILLARS	TIER 1 TOPICS	TIER 2 TOPICS
Growing a Nature-Positive Food Future	People	<b>KPIs</b> All tier 1 topics are to be measured through strategic KPIs	<b>Targets</b> All tier 2 topics are measured annually through targets
	Planet	<ul style="list-style-type: none"> <li>▪ Occupational and process safety</li> <li>▪ Leadership and employee enablement</li> <li>▪ Diversity, equity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Entrepreneurship and agility</li> <li>▪ Human rights and labor practice</li> <li>▪ Health and well-being at work</li> <li>▪ Security and emergency</li> <li>▪ Product safety</li> </ul>
	Prosperity	<ul style="list-style-type: none"> <li>▪ Opportunities in clean tech</li> <li>▪ Climate change</li> <li>▪ Sustainable farm management</li> <li>▪ Energy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Water management in production</li> <li>▪ Air quality</li> <li>▪ Circularity</li> <li>▪ Protection of ecosystems</li> </ul>
	Governance	<ul style="list-style-type: none"> <li>▪ Profitability</li> <li>▪ Sustainable finance</li> <li>▪ Digitalization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer management</li> <li>▪ Sustainable supply chains</li> <li>▪ Socioeconomic impacts on communities</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Business integrity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulatory change and compliance</li> <li>▪ Stakeholder engagement</li> <li>▪ Board composition and oversight</li> </ul>

The overview of material tier 1 and 2 topics is the outcome of the prioritization process in which we engaged internal subject-matter experts. They assessed each subtopic in terms of scale and likelihood of negative and positive impacts on Yara, and in terms of their importance for our stakeholders' assessments and decisions related to our company.

The assessment process was facilitated by our Sustainability Governance function, which provided second opinions and initiated broader discussions when needed. We also determined where in our value chain the impacts are relevant, and whether they are likely to play out over the short (0-1 years), medium (2-5), or long term (6-30).



To ensure that we manage and measure our performance consistently, we apply thresholds for tier 1 and tier 2 topics:

Tier 1 topics are strategically important and reported through strategic KPIs on a quarterly basis, to the extent possible.

Tier 2 topics are materially important and reported annually through targets. For some tier 2 topics, target-setting is ongoing and targets will first be published in the 2022 report.

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## Material topics and how Yara understands them

**PEOPLE:** Our employees and culture are important success criteria for Yara. We measure how we develop a culture of safety, engagement, diversity and inclusion among our employees.



**Occupational and process safety:** Keeping all our employees, contractors and neighbouring communities safe and minimally exposed to risks generated by our processes.



**Leadership and employee enablement:** Developing, recruiting and retaining the skills and talent needed to deliver our strategy and fulfil our purpose.



**Diversity, equity and inclusion:** Building an inclusive and diverse working environment, and ensuring fair treatment and equal opportunities for all employees.



**Entrepreneurship and agility:** Our ability to design, launch and run new business models to exploit business opportunities.



**Human rights and labour practices:** Respecting internationally recognized human rights along with all relevant labour rights throughout our operations and in our supply chain, and maintaining good and constructive relations with our employees and their organizations.



**Health and well-being at work:** Promoting a healthy working environment that protects the physical and mental well-being of all while at work.



**Security and emergency:** Protecting our people, environment, assets and reputation from internal and external threats and potential emergencies.



**Product safety:** Taking proper care of our products' compliance, quality, safety and environmental footprint through the entire value chain.

**PLANET:** Our ambition is to become nature-positive and climate neutral by 2050. Decarbonizing our own operations is critical, but we also want to contribute to reducing emissions and impacts on nature both from our operations and from the farmers and other customers who use our solutions.



**Opportunities in clean tech:** Reaping the benefits of implementing low-carbon and other environmental technologies in our operations and in our offerings.



**Climate change:** Mitigating climate change by reducing greenhouse gas emissions and adapting to climate change by increasing our resilience.



**Sustainable farm management:** Facilitating and supporting sustainable farming practices that impact positively on crop quality, GHG emissions, soil quality and water use efficiency.



**Energy:** Improve energy efficiency and intensity, and define the company position on sourcing of renewable energy.



**Water management in production:** Protecting clean water and minimizing water stress by using water and managing discharges efficiently.



**Air quality:** Protecting fresh air and preventing ambient air pollution by mitigating emissions to air.



**Circularity:** Moving towards Circular Economy by using materials efficiently and improving waste management by prioritizing recycling and circularity and developing technologies to enable it.



**Protection of ecosystems:** Supporting the health of ecosystems by preventing deforestation and loss of nature and species, and by preserving soil and water quality.

**PROSPERITY:** We aim to improve the profitability of our operations and grow new business areas to create value for our customers and society at large, and to deliver superior returns to our shareholders.



**Profitability:** Sustaining profitability in our business and delivering superior shareholder returns based on reliable and cost-efficient operations, capital discipline and global optimization.



**Sustainable finance:** Supporting sustainable finance by implementing sustainability criteria in our investment decisions, and maintaining a favourable ESG profile and high ratings on ESG criteria.



**Digitalization:** Applying digital technologies to improve our production, agronomy services and overall business.



**Customer management:** Customers' experience, interaction and perception of the whole series of encounters with Yara when they buy goods or services.



**Sustainable supply chains:** Understanding and managing environmental, social and economic impacts along the value chain.



**Socioeconomic impacts on communities:** Establishing and maintaining mutually beneficial relationships with the communities in which we operate.

**GOVERNANCE:** Sound governance is the foundation for living our purpose, and for progressing on the other three pillars People, Planet and Prosperity.



**Business integrity:** Honoring responsible business conduct and promoting accountability by maintaining proper policies and practices, upholding a culture of respect, honesty and fairness, and contributing to transparency.



**Regulatory change and compliance:** Conforming to all applicable laws, regulations, standards, permits and voluntary agreements while keeping abreast of and prepared for new regulatory changes.



**Stakeholder engagement:** Engaging with material stakeholders, including the processes in place to identify and understand stakeholders' key concerns and Yara's impact on stakeholders, for soliciting stakeholders' input, and for guiding the Board's prioritizations for long-term value creation.



**Board composition and oversight:** The extent to which the composition, role, and work of our Board of Directors is aligned with long-term value creation.

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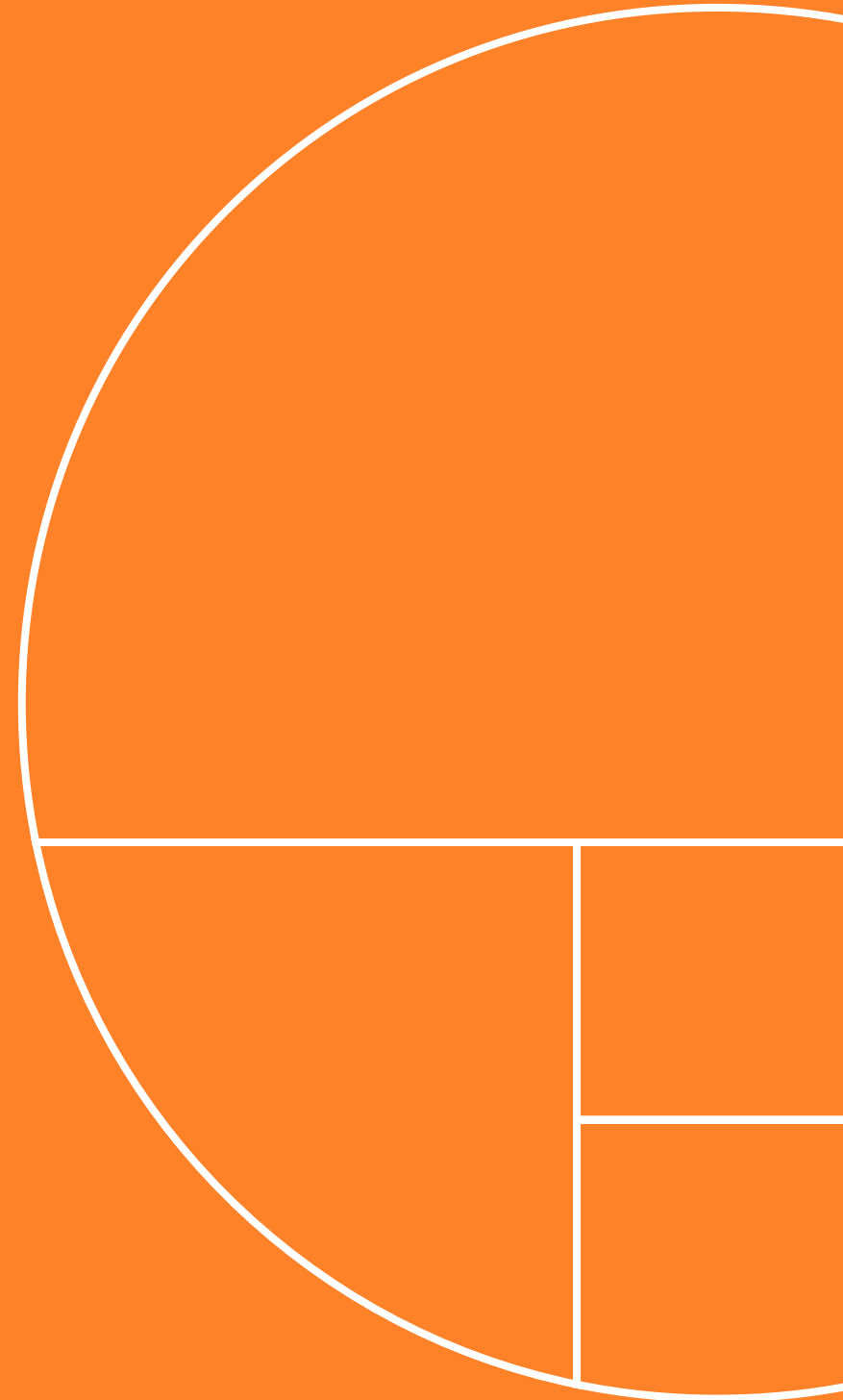
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# Responsible performance

Our reporting reflects the way we manage our performance – holistically. Systems and oversight are integral to making progress on our People, Planet and Prosperity indicators. Further aligning with Stakeholder Capitalism metrics, we have adopted Governance as a fourth pillar.



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# People

Our employees and their knowledge are Yara's greatest asset, and Yara works to protect not only the physical, but also the psychological safety of its people. To reap the full benefits of employees' knowledge and experiences, Yara is working to increase diversity, equity, and inclusion in our company.



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CASE

# Black Talent Initiative

The business case for diversity has never been stronger but to reap its benefits we also need equity and inclusion. In 2021, Yara's Black Talent Initiative embarked on the road to eliminating racial discrimination and making Yara a diverse, equitable, and inclusive workplace.

The murders of George Floyd, Breonna Taylor, Ahmaud Arbery and others in 2020 sparked outrage and started debates all over the world about systemic racism. In a letter to all employees in June 2020, Yara's CEO Svein Tore Holsether vowed to fast-track the ongoing diversity and inclusion work to ensure that discrimination is rooted out and that all employees have equal opportunities.

### Diversity does not equal inclusion

Being a global company with colleagues in 60 countries, many people thought of Yara as an inclusive, culturally and ethnically diverse company. Moreover, Yara has had Diversity & Inclusion as an integral part of its business strategy since 2018.

Yara's 2020 employee survey revealed that 88% of Yara's employees felt treated with respect as an individual, and 84% believed that Yara promotes and values diversity. In 2021, these numbers improved to 90% and 87%, respectively.

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**The objective of Yara's Black Talent Initiative is to:**

1. tackle racial bias and discrimination
2. improve ethnic diversity across the business
3. ensure equal opportunities for Black talent at Yara.

At the same time, a race audit completed in March 2021 by an independent third-party, involving more than 100 colleagues in the US, Europe, Brazil, and South Africa, found clear evidence in policies, practices, and the lived experiences of Black colleagues in Yara, that systemic barriers that impact their ability to progress and thrive in the company do exist.

While many organizations may be diverse, it takes continuous effort to make it inclusive. An inclusive leadership and culture are needed to create a work environment free from bias and discrimination and with equal opportunities.

**Naming the issue**

While recognizing that discrimination, bias, and lack of visibility and opportunities also affect other minority groups in Yara, the decision was made to start the journey towards becoming a high performing, racially diverse, inclusive organization with a focus on Black talent.

“The Black Talent initiative is not a one-off project, but rather a first step. The truth is that opportunities for Black individuals in the corporate world are unfortunately limited and Black people, particularly Black women, feature among the most frequent absence. last on the perverse scale of inequality. And sometimes you have to name the issue explicitly to be able to resolve it. Zooming in our efforts on Black individuals is about focus - not about exclusion. Our hope is, in fact, that other ethnic and minority groups in Yara draw inspiration from our efforts to address their more specific needs,” says Fernanda Lopes Larsen, EVP Africa & Asia.

**Where we are**

Many are impatient and want to see change happen quickly. But doing it right, means doing it thoroughly. The race audit with in-depth interviews and focus groups was the foundation for concrete action.

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In 2021, 170 senior leaders started a Borderless Leadership Program, a program intended to build knowledge and skills among managers to improve their comfort and capability in addressing non-inclusive behavior. Yara’s summer interns received training on the topics of inclusion and power and privilege, and all employees were invited and encouraged to do an individual Race Diversity Self-Assessment. In 2022, a leadership program for Black talents will be launched.

**The business case for diversity, equity and inclusion.**

Analyses show that the most diverse companies are now more likely than ever to outperform less diverse peers on profitability. Because it is both the right and the smart thing to do, Yara has diversity, equity, and inclusion as key components of our corporate strategy. The events, discussions, and learnings of the last two years have contributed to a shift in mindset:



Fernanda Lopes Larsen  
EVP Africa & Asia

“I sense much more openness and curiosity to learn and talk about a subject that for most was not part of their daily lives. It is heartwarming to see white colleagues trying to understand the realities and challenges Black people face in the corporate world and society at large, while pledging support and commitment to become an ally to the cause” says Anika Jovik, CFO Industrial Solutions and co-leader of the Black Talent Initiative together with Fernanda.

To establish a diverse environment free from formal hurdles and discrimination does not mean we will have created an environment wherein everyone has equal opportunities. “The starting points in life for black and white people are normally very different due to historical and economic reasons and understanding that is essential for Yara to design and implement targeted interventions and provide the right level of support”, complements Fernanda.



Anika Jovik  
CFO Industrial Solutions

Our approach to the Black Talent initiative starts from the principle that racial and ethnic diversity is a strength. Individually and organizationally, we will benefit immensely from the value that diversity brings if we create the right environment for individuals to thrive.

Making sure we do so is everyone’s responsibility.



PEOPLE

# People performance

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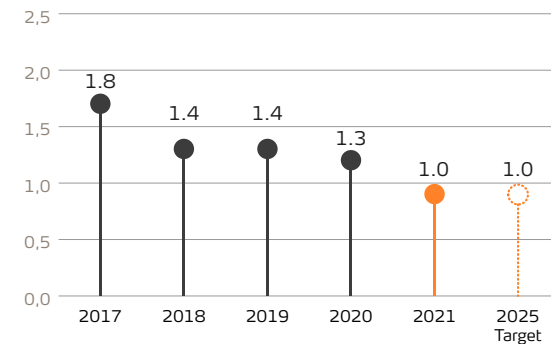
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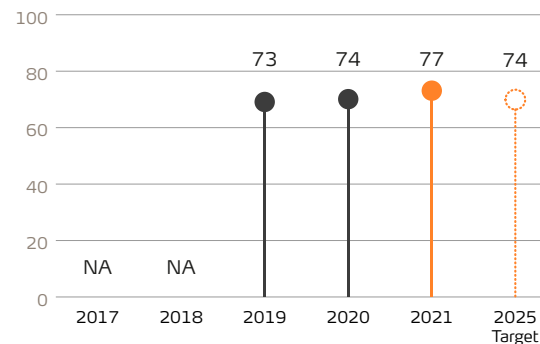
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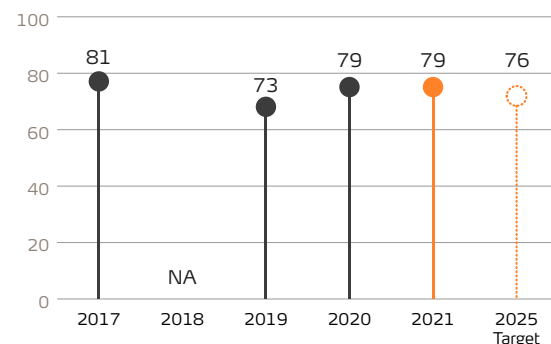
**Strive towards zero accidents**  
TRI



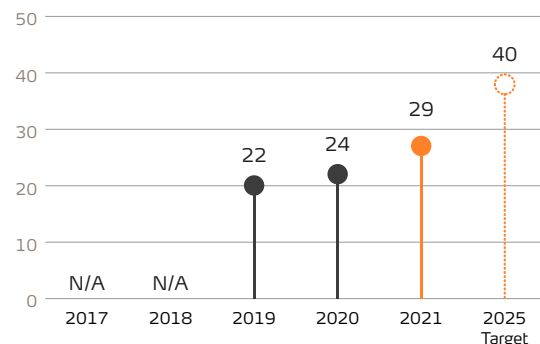
**Diversity, equity and inclusion index**  
%



**Engagement index**  
%



**Female senior managers<sup>1)</sup>**  
%



<sup>1)</sup> The definition of the KPI was updated during 2021, and the target performance was changed from 35% to 40%.

We believe every accident is preventable. Our goal is to drive the total recordable injury (TRI) rate down to 1.0 or less by 2025, a stepping stone to achieving our ultimate goal of zero injuries. In 2021, we recorded a TRI rate of 1.0, in line with our 2025 goal and lower than industry benchmarks. Strong safety focus and reduced personnel at our sites during the pandemic explain the achievement.

The pandemic continued to influence all areas of employee engagement at Yara in 2021. Our actions were primarily focused on the health, safety, and well-being of our employees. The engagement index remained high and at the same level as in 2020.

The diversity, equity, and inclusion (DEI) index developed positively, reflecting our many initiatives to promote a culture of diversity, equity, and inclusion in our workforce. We saw improvements in all aspects of the survey, most notably related to our employees' feeling of being treated with respect and being free to express their views.

Throughout 2021 we kept up efforts to increase the share of female senior managers. Inclusive talent management initiatives drove better retention and more promotion and hiring of women, increasing the share to 29%.



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## Corporate KPIs

### Strive towards zero accidents

Total recordable injuries (TRI) is the sum of loss time injuries (LTI), restricted work cases (RWI), and medical treatment cases (MTC). The TRI rate is calculated as the TRI per million hours worked for employees and contractors combined.

### Engagement index

Employee engagement is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. Yara's target performance is to be in the top quartile of the benchmark. The threshold for being in the top quartile was at 76% in 2021.

### Diversity, equity and inclusion index

The Diversity, equity, and inclusion index is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. The threshold for being in the top quartile was at 74% in 2021.

### Female senior managers

The number of female senior managers is measured as the percentage of top positions, as defined by Yara's position level system, that are held by women. In 2021, we introduced a practice in line with peer companies and benchmarkable with industry indices, including only leadership positions, with at least one permanent direct report, at the top three levels in the organization. The previous definition included all high-graded employees.

Unit of measure

	2021	2020	2019	2018	2017		
People indicators	Gender equal pay gap <sup>1)</sup>	0 - 10%	0 - 14%	2.1 - 16%	n.a.	n.a.	%
	Unadjusted gender pay gap	(1.4)	(0.4)	(2.6)	n.a.	n.a.	%
	Employee turnover rate	11.5	10.4	14.4	11.4	17.3	%
	Sick leave rate <sup>2)</sup>	3.0	3.4	3.2	3.4	2.8	%
	Discrimination and harassment notifications	77	49	76	119	109	Number

<sup>1)</sup> Not comparable year-over-year due to expanded number of countries and new variables included in the analysis. Results are being provided as ranges of gender equal pay gaps on each country in the analysis.

<sup>2)</sup> In 2021 the sick leave hours related to confirmed Covid-19 cases were excluded from our sick leave rate

## Performance indicators

### Gender equal pay gap

Yara analyzes gender pay levels correcting for factors such as responsibility in position, education, and experience. In 2021, we expanded the number of countries included from 16 to 25, covering over 7,000 employees. The scope of the study is on non-tariff contract employees, as the tariff schedules provide strong protection against bias due to gender. The gaps were reported ranging from 0% in several countries to 10% in Singapore.

### Unadjusted gender pay gap

The rate shows the difference between average male salaries over average female salaries in percent, irrespective of other variables, such as position level. This indicator therefore primarily serves the purpose of understanding how women are progressing in their careers in the company. Given that the majority of Yara's male population hold entry level positions and women are predominant at the middle level, women's average salaries are slightly higher than men's. In 2021, the unadjusted gender pay gap analysis included 84% of our workforce.

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### Employee turnover rate

The rate is calculated as number of permanent staff terminations in the period divided by the starting permanent employee headcount. Turnover rates vary considerably between our regions due to different labor market characteristics. For 2021, Yara's regions had the following turnover rates: Brazil, 16.9%; rest of Latin America, 11.2%; Asia & Oceania, 14.5%; Europe, 7.2%; North America, 8.8% and Africa 4%.

### Sick leave rate

The rate is calculated as the percentage of Yara employees' sick leave hours against the total number of working hours. In 2021 the sick leave hours related to confirmed Covid-19 cases were excluded from our sick leave rate.

### Discrimination and harassment notifications

Yara encourages employees and other stakeholders to raise any concern or suspicion they may have of violations of regulatory requirements or Yara's Code of Conduct. The figure provided represents the number of reported cases involving discrimination or harassment. Each case is investigated, and action is taken for all substantiated cases. Further details on substantiated cases are reported in the separate Sustainability Report.

### Human rights management

Human rights metrics are not easily expressed in numeric terms and are reported from a management perspective. A more complete review is presented in the Sustainability Report 2021, in the Human rights and labor practices chapter.

Yara's Human Rights Policy is set out in our Code of Conduct and describes our priority areas and the salient risks identified. Yara's Ethics and Compliance Department has organizational responsibility to provide a best-in-class ethics and compliance program, playing a key role in the management of risks related to human rights. Yara's Board of Directors, Group Executive Board, and CEO are updated on a regular basis.

Yara's global human rights risk assessment is updated annually. The 2021 risk assessment identified 19 high risk countries, up from 18, in 2020. Previous human rights impact assessments have identified risk of negative impact from our operations in connection with contracted labor performing services for Yara, especially where manual labor is combined with heat exposure. Mitigating actions are in place to address these issues locally, and in cases where findings are relevant to Yara globally, actions have been initiated to implement or develop new policies to lift our standards in all locations.

In 2021, we established, for example, a global Physical Work Environment Procedure, relevant for all employees working on our sites, including contracted workers. We also started a project with external subject matter experts to define a living wage benchmark for all our employees, including guidance on how to set similar requirements for contractors and subcontractors. This work will continue in 2022.

In 2021 we conducted human rights impact assessments at our main production sites in Brazil, including selected fertilizer blending units and bagging warehouses. The main concerns identified were related to:

- Occupational health and safety issues on site, including manual labor in hot working conditions
- Working conditions for contracted logistics providers
- Working conditions for contractors and other business partners on our sites
- Child and adolescent sexual exploitation in local communities due to influx of labor at ports and in industrial areas (see below)
- Discrimination, harassment, and bullying

Mitigating actions are in place to address these issues. The findings related to child and adolescent sexual exploitation has priority as one of the major social issues identified in the local communities near Yara's operations. Site-specific findings are followed up locally, and progress is reported regularly to the Executive Committee in Brazil. Findings and actions are also formally discussed at the highest levels in the organization.

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## Equality and anti-discrimination

### Part 1: State of gender equality

In the table below, we present the breakdown percentage differences between average payments for men and average payments for women employed by Yara's Norwegian companies for the year of 2021. Payments considered in the table were split in five categories:

1. base salary and fixed allowances,
2. the previous in addition to overtime payments in 2021,
3. the previous in addition to ad-hoc payments, such as house allowance and other one-off kinds,

4. the previous in addition to short-term incentives, as bonus payments and
5. the previous in addition to benefits-in-kind.

The stratification among grade bands follows the job levelling parameters used in our pay grade methodology, Willis Towers Watson, being:

1. Operators
2. TW -11 (Administrative/ Professional / Supervisors)
3. TW 12-13 (I - Middle Management / Subject Matter Expert)
4. TW 14-15 (II - Middle management / Subject Matter Expert)
5. TW 16+ (Top Management)

The overall result considering base salary differences is -0.8%, meaning women have on average higher base salaries than men. It is an expected pattern considering the majority of the male population in these companies are located in entry levels, while women are more predominant in the middle level. When adding other payments, these differences increase towards men, especially in relation to overtime and ad-hoc payments. Differences also tend to increase the higher the level of the job, especially due to the lower representation of women in the highest levels of the organization.

	Gender distribution		Salary differences					
	Men	Women	Cash benefits				Natural benefits	
			Base Salary + Overtime + Ad-hoc payments + Bonus	Base Salary differences	Base Salary + Overtime	Base Salary + Overtime + Ad-hoc payments	Base Salary + Overtime + Ad-hoc payments + Bonus	Base Salary + Overtime + Ad-hoc payments + Bonus + Benefits-in-kind
<b>Total</b>	<b>997</b>	<b>433</b>	<b>3.6%</b>	<b>(0.8%)</b>	<b>1.1%</b>	<b>2.7%</b>	<b>3.6%</b>	<b>3.5%</b>
1	421	83	7.1%	2.7%	5.0%	6.8%	7.1%	6.9%
2	166	117	15.9%	8.1%	12.8%	15.4%	15.9%	15.9%
3	200	126	7.5%	4.4%	5.6%	7.1%	7.5%	7.4%
4	152	79	7.6%	5.8%	5.5%	6.5%	7.6%	7.6%
5	58	28	23.0%	18.9%	18.9%	19.6%	23.0%	22.9%

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Even though this might show an alarming scenario, this data represents the so-called unadjusted gender pay gap among these employees, because it disregards several other effects over salaries, such as experience time, education level, performance, and market conditions for different jobs and locations in each of those grade bands. Our more in-depth study for Norway, presented in our Sustainability Report, suggests that other variables are more related to salary variations rather than gender.

All in all, we recognize there is still work to do. Yara is committed to creating more opportunities for a more balanced representation in the top levels and in the overall population, while providing equal pay for equal work. We have implemented stricter rules for salary review and recruitment processes and other actions are being managed and adopted by each unit as permitted by local laws.

	Total employees (permanents + non-permanents)	Temporary employees	Employees who took parental leave	Average number of weeks on parental leave	Part-time employees	Involuntary part-time
Female	30%	21%	36 (8.2%)	30	23 (51%)	0
Male	70%	79%	48 (4.8%)	14	22 (49%)	0

At Yara, and especially in countries with the necessary legislative flexibility, the decision to work part-time is entirely up to each individual employee. Yara does not offer part-time positions to candidates nor has it had to use of this practice to prevent layoffs. In 2021 there were 23 women out of the 55 part-time employees in Norway. None of them worked part-time involuntarily.

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## Part 2: Our work for equality and against discrimination

Principles, procedures, and standards for gender equality and against discrimination

Several policies and processes are in place to set the grounds for gender equality and prevent discrimination:

- Our Code of Conduct outlines our stance of a range of topics, including our commitment to creating an equal opportunity workplace, free from discrimination and harassment
- Our Recruitment Policy has the purpose to hire the right talent at the right time at the right place at the right cost, while ensuring a fair process and equal opportunities and promoting diversity. The policy sets out roles and responsibilities to ensure that we treat all candidates professionally and expose internal career opportunities by making open positions visible to all employees.
- Yara has a comprehensive Compensation Policy

to ensure attraction, reward, and quality across all positions in the company, and to handle terminations consistently. While individual remuneration will vary based on specific factors such as country, employment market conditions, position, performance, and competence, we are committed to paying employees fairly, regardless of personal beliefs or any individual characteristics. To this end, we have installed a salary review process, in which HR staff support line managers in setting fair and unbiased salary increases and perform a global analysis to ensure that salary movements are aligned with the fair pay approach.

- Our Performance and Development Process outlines the way we systematically manage the performance and development of employees to increase attraction, performance, engagement, and retention, and to ensure that all employees are treated in a fair, transparent, and consistent way. We carry out performance management job appraisal processes for all employees in annual cycles, with formal discussions as well as more frequent follow-ups. Managers are

also expected to provide frequent feedback, coaching, and support to employees.

- Yara's Work-life Balance and Well-Being Framework was launched in 2020 and clarifies our position on, among other things, flexible working hours, meeting times, frequent travelling, and family caregiver leave. It also includes a commitment to support mental health and well-being and establishes a company-wide standard for parental leave and for conversations before, during, and after an employee goes on extended leave.
- Ensuring work-life balance is also embedded in our Employee Travel Process. As a general principle, meetings and seminars shall be held virtually where this is possible and appropriate. Employee travels are used only when necessary for business reasons and each travel should be evaluated by the employees, in line with their work-life balance and the business requirements.

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How we work to ensure equality and non-discrimination in practice

Several actions were put in place towards equality and non-discrimination around Yara operations all over the world. Please see our Diversity, Equity, and Inclusion chapter in the Sustainability Report 2021 for more content describing our DEI programs and results achieved in 2021. Below is a summary table of actions focusing on the gender dimension in Norway:

Area	Actions	Measures	Responsibility	Status
Strategy	Set targets for women in senior leadership positions at the global level and in the managerial positions in units and follow-up regularly	Improve % of female in top levels	EVP People, Process & Digitalization	On going
Compensation	Set a target for equal pay for equal work gap and follow-up development with units	Decrease equal pay for equal work gap in all countries	Compensation & Benefits / HRBPs	On going
	Impose salary review guidelines	Monitoring equal pay for equal work, avoiding gaps to occur over time	Compensation & Benefits	Complete
Recruitment	Include multiple women in shortlists for recruitment, headhunting approach	Increase female hires rates	Recruiters / HRBPs	On going
	Distinguish minimum requirements from differentiators in job postings and apply gender neutrality standards on titles and descriptions	Increase female application rates	Recruiters / HRBPs	On going
	Guarantee that entry programs (e.g., internship and trainee) have fair gender distribution	Increase female representation in the entry levels of the organization	Recruiters / HRBPs	On going
Talent management	Analyze talent review and readiness per gender on succession review	Improve identification of female talents	Talent Management / HRBPs	On going
Leadership development	Ensure representation of under-represented groups in leadership programs and forums	Increase representation in development opportunities	Leadership development	On going
Diversity, Equity & Inclusion	Implement training, development programs, and DEI network to increase allyship and raise awareness of unconscious bias	Improve DEI in Yara	Talent Management	On going
	Implement specific programs to increase female representation in certain clusters, offering development opportunities and more exposure (e.g., Women in Agronomy)	Improve % of female representation in all departments in area, especially those more composed by men	Talent Management / Units	On going
E&C	Discrimination and harassment awareness and training	# of harassment / discrimination cases towards 0	Ethics and Compliance / Talent Management	On going

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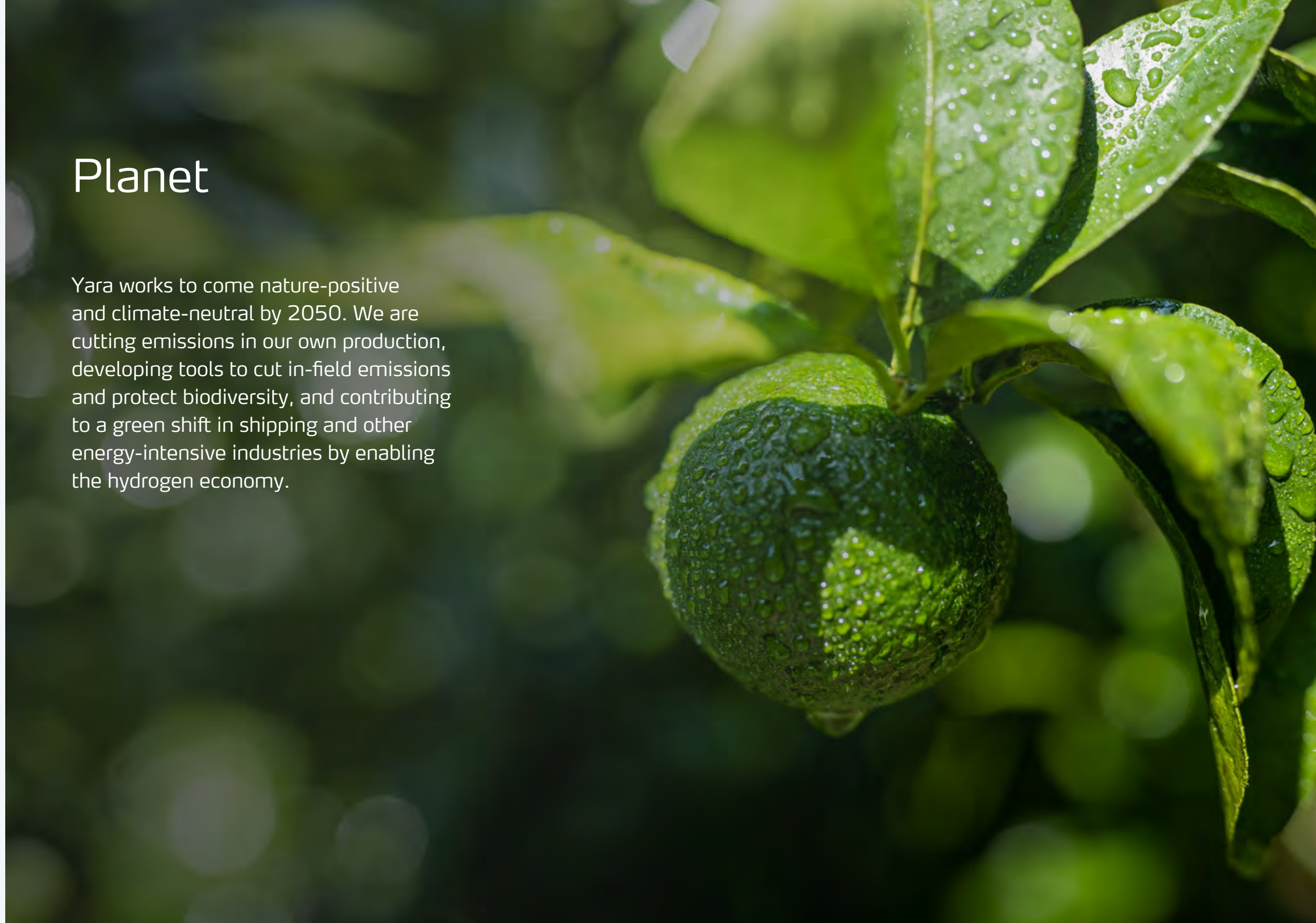
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# Planet

Yara works to come nature-positive and climate-neutral by 2050. We are cutting emissions in our own production, developing tools to cut in-field emissions and protect biodiversity, and contributing to a green shift in shipping and other energy-intensive industries by enabling the hydrogen economy.



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5 questions:

1. What is regenerative agriculture?
2. What is the status of the regenerative agriculture agenda globally?
3. How does regenerative agriculture differ from organic and sustainable farming?
4. Isn't reducing fertilizer use a key part of regenerative agriculture?
5. Where does Yara fit in here?

CASE

# Five questions on regenerative agriculture

Touted as the next big thing in sustainable farming, Anke Kwast, soil enthusiast and Yara's VP Climate Neutral Roadmap & Business Support, answers your questions about regenerative agriculture.

1. What is regenerative agriculture?

First of all, regenerative agriculture it is not only about agriculture. It is about nature, climate and our food system.

There is no agreed definition yet of which farming practices constitutes regenerative agriculture. A lot of work is being done in the international science and policy communities. But generally, regenerative agriculture is about just that: agricultural practices that regenerate the natural resources used in farming; soil, biodiversity and water being key resources of any farming system that we need to protect and regenerate.

At Yara, we support the view that regenerative agriculture should enhance not only the environmental, but also the social and economic dimensions of sustainable food production.

2. What is the status of the regenerative agriculture agenda globally?

The concept of regenerative agriculture is to implement science-based practices to serve a climate-neutral and nature-positive food system. This concept needs to be translated into a framework to provide guidance for its application.

This framework needs to

- become a global standard by anchoring it within an existing framework for climate- and nature action, and thus make it verifiable by experts and continuously updated
- address all relevant aspects of farming, such as nature, climate, food security and farmer prosperity
- enable an evolution from practice-based to outcome-based metrics to ease implementation
- be supported by all levels of the food chain to make it affordable and attractive for farmers to implement
- be adaptable to the large heterogeneity of farms and farmers



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### 3. How does regenerative agriculture differ from organic and sustainable farming?

I would put it the other way around and ask, “What do we have in common and how can we join forces to speed up the implementation of better practices?”. This collaborative attitude will prevent us from being lost in translation and losing precious time.

We have now reached the tipping point where it is evident that we must transform the whole food system to create a more sustainable, resilient, and fair value chain.

In the next few years, we have to earn the trust of all kind of farmer communities to transform to a sustainable and regenerative food production system. All initiatives and projects contributing to this goal are most welcome.

### 4. Isn't reducing fertilizer use a key part of regenerative agriculture?

Yes, some experts and initiatives have that as a focus area. For many years, we have added excessive amounts of nitrogen to our soils, posing a global risk to soil and water quality. Nutrient- and nitrogen use efficiency is a key focus area for Yara. We have always focused on the importance of supplying crops with the exact type and amount of nutrients they need – no more, no less.

Increasing nutrient use efficiency, protecting and enhancing biodiversity at and around farms, improving or preserving carbon and water retention in the soil, enhancing the resilience of crops and nature and supporting the livelihoods of farming communities are key elements of the regenerative agriculture agenda that are all supported by Yara.



### 5. Where does Yara fit in here?

Yara is a large agricultural company with a global presence that is actively looking for ways to reduce the climate- and nature footprint of farming and create a better food system. That is the reason Yara is actively supporting both the engagement and implementation of regenerative agriculture practices on the ground.

Yara and its more than 800 agronomists have unmatched offering of sustainable crop nutrition solutions, including planning, analytical services and precision farming technologies.

However, there are obstacles to implementing more sustainable farming practices. The transformation comes with a cost and a risk and this has to be shared



Anke Kwast  
VP Climate Neutral Roadmap & Business Support

with the farmers. We need to incentivize and support front runners and early adaptors in agriculture. This is where Yara's Agoro Carbon Alliance comes in – incentivizing farmers to implement carbon smart farm practices. Sometimes only a minor change can have a big impact!

I am confident that Yara's new ambition, 'Growing a Nature-Positive Food Future', will give increased motivation and strength to our quest for better farming practices and a more fair and resilient food system.

By making the complex simple, providing updated and tailored agronomic advice to farmers all over the world, digital farming is the future of sustainable food production.



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# Planet performance

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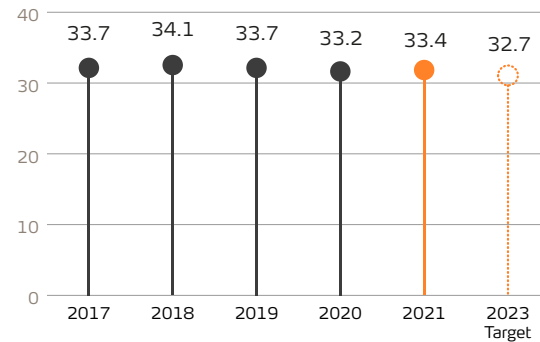
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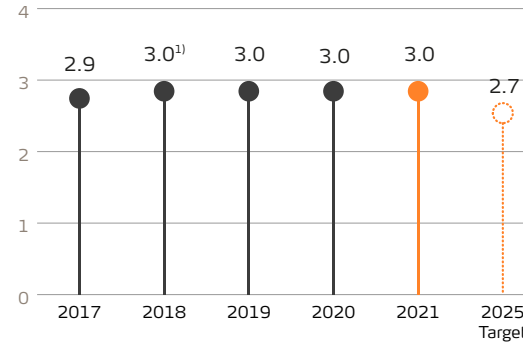
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**Energy efficiency**  
GJ/t NH<sub>3</sub>

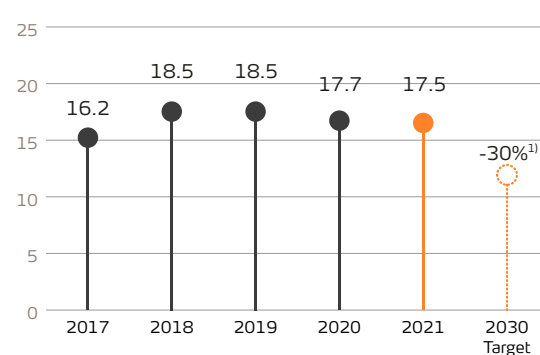


**GHG intensity**  
t CO<sub>2</sub>e/t N



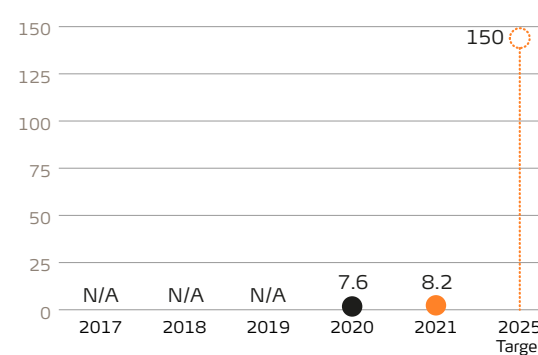
<sup>1)</sup> 2018 onwards, Scope 1 emissions from own generation of electricity has been included.

**GHG emissions, Scope 1+2 (market based)**  
Million tonne CO<sub>2</sub>e



<sup>1)</sup> From a 2019 baseline

**Active hectares<sup>1)</sup>**  
Million hectares



<sup>1)</sup> Yara has historically reported performance as Hectares under management which represents hectares owned by farmers, who have registered them in our digital tool(s). The updated definition adds a filter to only count hectares with user activity within defined frequency parameters.

We continue to improve our energy efficiency and plant reliability through the Yara Improvement Program 2.0. Major plant stops and restarts due to high natural gas prices in Europe did, however, cause a 0.6% increase in energy use per tonne produced ammonia from 2020 to 2021.

The efforts to reach our 2025 GHG emissions intensity target include more than 90 profitable projects across our plants and regions, at an estimated investment of more than USD 300 million. Altogether, these projects represent GHG emission reductions of about 2 million tonne CO<sub>2</sub>e by 2025. At year-end 2021, the projects completed and under execution represented 1.4 million tonne CO<sub>2</sub>e per year. We are on track to reach the 2025 target.

Step change technologies are key enablers for reaching our 2030 GHG emissions scope 1 + 2 target. In 2021, we commenced on the project to electrify ammonia production at Yara Porsgrunn, Norway to deliver green ammonia from the electrolysis of water.

Our focus on active hectares in 2021 was to establish the foundations of our Product Strategy with a lens on Yara's 2025 ambition of 150 million hectares, building the capability to innovate and scale digital solutions around our agronomic value offering to deepen farm and field connectivity, and expanding our sustainability solution development to support nature-positive outcomes.

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## Corporate KPIs

### Energy efficiency

Consumption of hydrocarbons, mostly natural gas, for the ammonia production process is both Yara's main variable cost and driver of GHG emissions. Energy efficiency improvements come with a dual bottom line and climate benefit, and it is expressed as GJ consumed per tonne ammonia produced. The indicator covers 49% of the Tringen plant, while Cubatão and Babrala are out of scope. Data including these sites are available in the Sustainability Report.

### GHG intensity

The GHG intensity KPI is defined as tonne emissions of CO<sub>2</sub>e per tonne nitrogen in Yara's own produced products. The CO<sub>2</sub>e emissions include scope 1, scope 2 (electricity consumption), and emissions from production of Yara's third-party ammonia consumption. Information on transportation and other scope 3 emissions is found in the Sustainability Report. The KPI is to reduce the carbon intensity by >10% from 2018 to 2025. Our ambition is to become climate neutral by 2050.

### GHG scope 1 + 2 emissions

On top of the intensity KPI, Yara in 2020 established an additional climate KPI – to reduce the absolute scope 1 + 2 emissions by 30% by 2030 from a 2019 baseline. Scope 2 emissions are market based.

### Active hectares

Knowledge transfer to farmers is a lever which can contribute to multiple benefits, including improved productivity, farmer income, and environmental performance. Active hectares are defined as cropland with

digital farming user activity within defined frequency parameters. Connecting the farmers and getting insight into what happens on the field enables us to provide relevant solutions to farmers and to trace and document how the food is produced.

## Performance indicators

### Energy consumption

Consumption of hydrocarbons, mostly natural gas, is both the main feedstock and the main energy source supporting the ammonia production process.

### Emissions to air

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulphur oxides, and dust. More details are available in the Sustainability report.

### Raw materials consumption

Ammonia is produced from nitrogen from the air, reacting with hydrogen, mostly harvested from natural gas. Yara also sources phosphorous and potash, e.g., for NPK fertilizers. Yara owns and operates two phosphorous mines; Salitre in Brazil (sold to EuroChem) and Silinjärvi in Finland.

### Water withdrawal

The total withdrawal figure is given here. In Yara's production, water is primarily used for cooling purposes. Thus, 90% of the water withdrawn is returned to the water course.

### Freshwater withdrawal in water stressed areas

Yara's plants are located across several continents and operate under highly variable environments. Our sites undergo water risk screening using the WRI Aqueduct water risk atlas tool. The figure shows the percentage of freshwater withdrawals which occur in areas of high or extremely high baseline water stress.

### Sites in flood hazard areas

Our sites undergo water risk screening using the WRI Aqueduct water risk atlas tool. The figure shows the number of major sites which are located in areas at risk of flooding. Analysis will continue with in-depth screening of how physical climate risks may affect each site's performance during its expected lifetime, also identifying relevant adaptation or mitigation solutions where relevant.

### Environmental provisions

Environmental provisions are the estimated future cost for environmental remediation on Yara's sites. More information is found in the notes to the financial statements.

### Fines and penalties

The indicator shows the total sum of fines and other penalties for environmental breaches. If any severe cases over a materiality threshold of USD 5 million are identified, a description is available in the separate Sustainability report.

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**Cicero Green revenues**

Yara has engaged Cicero Green to assess the ‘greenness’ of our revenues. The analysis is published separately as a Cicero Shades of Green company report.

**Cicero Green investments**

Yara has engaged Cicero Green to assess the ‘greenness’ of our CAPEX. The analysis is published separately as a Cicero Shades of Green company report.

**EU Taxonomy eligibility**

Yara has voluntarily disclosed an EU Taxonomy report for 2021. The table provides the key performance indicators for Taxonomy eligibility. The full report is available on the annual reporting web page on [Yara.com](https://www.yara.com).

	2021	2020	2019	2018	2017	Unit of measure
Energy consumption	273	279	285	301 <sup>1)</sup>	266	PJ
Emissions to air: NO <sub>x</sub>	8,700	8,300	8,500	9,400	7,800	tonne NO <sub>2</sub>
Emissions to air: SO <sub>x</sub>	2,000	2,100	2,100	2,800	2,000	tonne SO <sub>2</sub>
Emissions to air: Dust	2,900	2,800	2,500	3,900	3,400	tonne
Raw materials: Natural gas <sup>2)</sup>	269,788,077	276,343,747	280,202,282	272,737,517	251,452,620	MMBtu
Raw materials: Phosphate	2,114,136 <sup>3)</sup>	2,046,221 <sup>3)</sup>	1,758,096	1,532,427	1,676,671	tonne P <sub>2</sub> O <sub>5</sub>
Raw materials: Potash	2,256,135	2,356,358	2,057,282	2,143,023	2,302,813	tonne K <sub>2</sub> O
Water withdrawal <sup>4)</sup>	966	1,012	1,045	1,022	862	million m <sup>3</sup>
<i>Of which freshwater withdrawal in water stressed areas</i>	2%	2%	2%	3%	4%	%
Sites in flood hazard areas	15	15	15	15 <sup>1)</sup>	11	Nr of sites
Environmental provisions	78	76	77	75	48	USD million
Fines and penalties for environmental breaches	61,500	340,500	229,000	300,000	146,000	USD
Cicero Green revenues	37 <sup>6)</sup>	43	38	n.a.	n.a.	%
Cicero Green investments	61	64	77	n.a.	n.a.	%
EU Taxonomy eligible revenue <sup>5)</sup>	9	n.a.	n.a.	n.a.	n.a.	%
EU Taxonomy eligible CapEx <sup>5)</sup>	51	n.a.	n.a.	n.a.	n.a.	%
EU Taxonomy eligible OpEx <sup>5)</sup>	30	n.a.	n.a.	n.a.	n.a.	%

<sup>1)</sup> Babrala and the three Cubatão sites included 2018 onwards

<sup>2)</sup> Numbers adjusted from 2017 to reflect sites where we have operational control (Tringen now included) and removal of hydrogen consumption (Hull).

<sup>3)</sup> The scope of the indicator has been expanded to include third party NPS and NPK products sourced by Yara. 2020 and 2021 figures are not directly comparable to previous years.

<sup>4)</sup> Numbers adjusted from 2017, as a cooling water stream in Sluiskil is included in the reporting.

<sup>5)</sup> Disclosure should be read together with the [Taxonomy Report](#), which is disclosed on the annual reporting web page on [Yara.com](https://www.yara.com)

<sup>6)</sup> Fossil based ammonia is not considered as green. Increased ammonia prices in 2021 was the main driver for the reduced percentage revenue shaded as green.

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# Prosperity

Yara will continue to be a positive force for a profitable green shift. Operational excellence equips us with a strong core and enables us to profit from the opportunities arising in our business environment to create value for our shareholders, customers, and society at large.



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# A new era of digital production

Can data improve the safety, product quality, and environmental footprint of production? The short answer is yes. Marcus Furuholmen, SVP Digital Core Solutions, explains how.

In 2021, Yara launched its biggest digital production initiative to date. With the support of Amazon Web Services (AWS), Yara is building a new Digital Production Platform (DPP). The new DPP will be the key enabler to digitize Yara’s production system, covering 24 sites, 122 production units, and one mine.

### Chasing the golden batch

The internet of things, machine learning, robotics, and cloud services are technologies powering the new Digital Production Platform. Although these concepts can seem hard to grasp, it is really all about gathering and utilizing various production data to improve processes and outcomes.

“Take the production process of NPK fertilizers, for example, which requires adjustments for each individual grade. It can be challenging for the production teams to keep track of the best set points for each grade to achieve optimum results. Golden Batch is a control room web application that monitors the process and assists operators in selecting ideal set points for critical parameters influencing throughput. The solution helps to reach higher stable production volumes, and we have already seen the first positive results,” says Marcus Furuholmen.

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“Yara’s mission is to responsibly feed the world and protect the planet. The digitalization of our production system will help us achieve it”

**Marcus Furuholmen**  
SVP Digital Core Solutions



The vision is that the next generation DPP will be the digital core powering and collecting information from the Yara production landscape, making it available across Yara, and serving as a basis for innovation for future applications.

**Production performance for People and Planet**  
The new DPP will not only help to improve production volumes and deliver on several other Prosperity KPIs, but it will also strengthen Yara’s People and Planet performance.

For example, Ammonia Start-up Assistant is an application that focuses on optimizing ammonia plant start-ups, increasing energy efficiency, and reducing greenhouse gas emissions.

Helping to keep employees safe is Smart Safety Sensors, a digital solution that leverages Internet of Things

devices for personnel and vehicles to avoid collisions, helping Yara reach its goal of zero accidents.

“Yara will use the new DPP as the platform to build and scale digital solutions, which will help us further improve safety, reliability, product quality, plant efficiency, and environmental footprint. With new technologies and constant innovation, more solutions will come,” Furuholmen says.

**What’s next?**

The DPP program faced some challenges in 2021 relating mainly to supply chain delays. Three workstreams are racing to build the new platform, connect it to local site data sources, and migrate existing applications. The aim is to have Yara’s next generation Digital Production Platform fully operational by mid-2022.

Having the new DPP as a platform for digital solutions is only the first step. With the platform, Yara personnel

both on- and off-site will be given access to data and a new generation of tools - allowing them to build dashboards, explore data, and uncover new insights in a way that has not been possible until today.

In addition, Yara is also looking into the possibility of a Digital Production Innovation Center where Yara can collaborate with suppliers, distributors, manufacturers, and other partners to unlock innovation on top of millions of new, well-structured data points.

“Yara’s mission is to responsibly feed the world and protect the planet. The digitalization of our production system will help us achieve it. The new DPP will help Yara to improve efficiency, foster collaboration, increase the quality and quantity of our fertilizer products, and most importantly, to support Yara’s ambition of Growing a Nature-Positive Food Future,” concludes Furuholmen.



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# Prosperity performance

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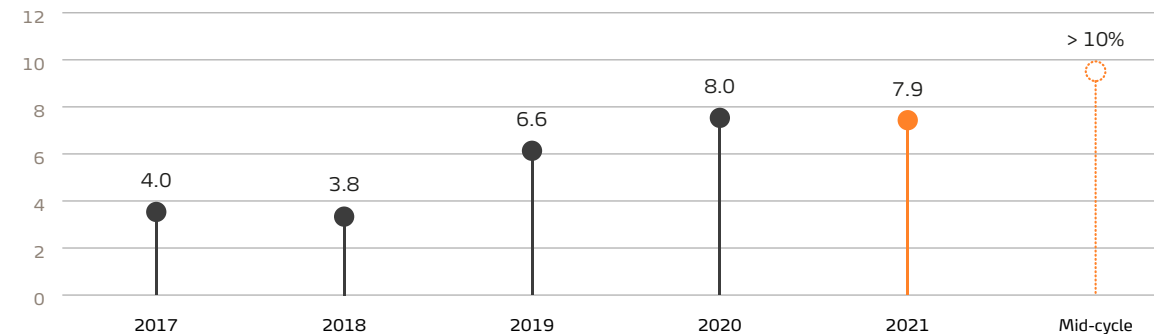
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Yara's full-year 2021 EBITDA excluding special items was 34% higher than a year earlier, mainly reflecting 42% higher revenues due to increased market prices more than offsetting increased energy cost, higher fixed costs, and currency effects. Net Income was 44% lower than a year earlier as the higher EBITDA was offset by higher impairment costs mainly related to the Salitre and Dallol projects.

## ROIC

%

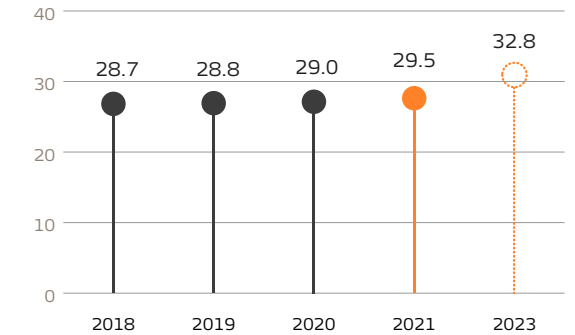
Return on invested capital will reflect the value created for shareholders



## Production output

Million tonnes

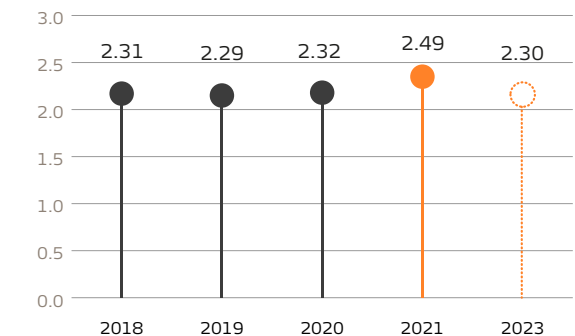
Production adjusted for major turnarounds and market optimization effects, to better reflect underlying performance



## Fixed cost<sup>1)</sup>

Billion USD

Total fixed cost adjusted for portfolio and currency effects



<sup>1)</sup> See page 255 for definitions, explanations and reconciliations of alternative Performance Measures (APMs).



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Yara’s full-year 2021 EBITDA excluding special items was 34% higher than a year earlier, mainly reflecting higher prices more than offsetting increased energy cost and higher fixed costs. Total deliveries were 1% lower as a 3% decline in crop nutrition products was partially offset by a 7% increase of industrial products.

Europe’s full-year 2021 EBITDA was 39% higher than a year earlier, as higher prices more than offset lower deliveries and higher feedstock costs. Total deliveries were 9% lower driven by lower pre buying in the first half of the 2021/22 season.

Americas’ full-year 2021 EBITDA was 76% higher than a year earlier, mainly reflecting higher production margins in North America and slightly higher deliveries which were partly offset by higher fixed costs and inventory write downs.

Africa & Asia’s full-year 2021 EBITDA was 53% higher than a year earlier, mainly reflecting higher production margins on ammonia, partly offset by a change in fair value of an embedded derivative.

ESG rating

Yara integrates ESG into its operations, with solicited scores from MSCI and Sustainalytics.

MSCI

	2021	2020	2019	2018	2017
Score	A	BBB	BB	BBB	BBB

MSCI rating is scored on the scale: CCC – B – BB – BBB – A – AA – AAA where AAA is best. Yara’s target score: A

Disclaimer statement

Disclaimer statement: The use by Yara of any MSCI ESG research llc or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Yara by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Sustainalytics

	2021	2020	2019	2018	2017
Score	24.2 Medium	24.8 Medium	28.4 Medium	30.8 High	n/a n/a

Sustainalytics risk ratings are shown as higher figures presenting higher residual ESG risks. Risk brackets are 0-10: Negligible, 10-20: Low, 20-30: Medium, 30-40: High, 40+: Severe. Yara is ranked as the second-best performer in the Agri-chemicals subindustry group.

Global Plants & Operational Excellence (GPOE) full-year 2021 EBITDA was at the same level than a year earlier, as higher nitrogen and phosphate prices offset increased energy and raw material costs and the lower income from divestments. The segment recognized a profit in 2020 related to the Qafco divestment.

Clean Ammonia’s full-year 2021 EBITDA was 2% higher than a year earlier, mainly reflecting an improved ammonia market which more than compensated for a negative effect from sales contracts with lagged prices.

Industrial Solutions’ full-year 2021 EBITDA was 17% lower than a year earlier, as higher prices and deliveries were more than offset by the steep increase in energy prices during the fourth quarter and lower activity in Maritime.

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Financial highlights<sup>1)</sup>

USD millions, except where indicated otherwise	2021	2020	2019	2018	2017
Revenue and other income	16,607	11,728	12,936	13,054	11,400
Operating income	1,068	1,176	989	402	457
EBITDA <sup>2)</sup>	2,804	2,223	2,095	1,523	1,348
EBITDA <sup>2)</sup> excl. special items	2,891	2,161	2,165	1,525	1,430
Net income attributable to shareholders of the parent	384	691	599	159	477
Basic earnings per share <sup>3)</sup>	1.75	2.58	2.2	0.58	1.75
Basic earnings per share excl. foreign currency translation and special items <sup>3)</sup>	4.73	3.08	3.09	1.68	1.83
Net cash provided by operating activities	1,406	2,047	1,907	756	791
Net cash used in investing activities	(874)	248	(1,044)	(2,000)	(1,338)
Net debt/equity ratio	0.55	0.36	0.42	0.43	0.25
Net debt/EBITDA excl. special items (last 12 months) ratio	1.36	1.36	1.72	2.49	1.66
Average number of shares outstanding (millions)	256.8	268.0	272.3	273.2	273.2
Return on invested capital (ROIC)	7.9%	8.00%	6.60%	3.80%	4.00%

<sup>1)</sup> See [page 255](#) for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).<sup>2)</sup> EBITDA 2018 and before not adjusted by IFRS 16.<sup>3)</sup> USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.

## Key statistics

	2021	2020	2019	2018	2017
<b>Yara production (thousand tonnes)<sup>1)</sup></b>					
Ammonia	7,261	7,606	8,479	8,305	7,459
Finished fertilizer and industrial products, excl. bulk blends	20,856	21,047	22,060	21,887	20,203
<b>Yara deliveries (thousand tonnes)<sup>1)</sup></b>					
Ammonia trade	2,007	1,966	2,527	2,478	n/a
Fertilizer	28,376	29,291	27,620	27,869	n/a
Industrial product	7,430	6,920	7,837	8,272	n/a
Total deliveries	37,814	38,177	37,983	38,619	n/a
<b>Yara's Energy prices (USD per MMBtu)</b>					
Global weighted average gas cost	9.3	3.8	4.7	6.2	5.0
European weighted average gas cost	11.7	3.6	5.4	8.3	6.1

<sup>1)</sup> Including Yara share of production in equity-accounted investees, excluding Yara-produced blends

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Average of publication prices		2021	2020	2019	2018	2017
Urea granular (fob Egypt)	USD per tonne	479	246	263	274	243
CAN (cif Germany)	USD per tonne	339	191	226	226	207
Ammonia (fob Black Sea)	USD per tonne	488	204	240	288	259
DAP (fob US Gulf)	USD per tonne	602	314	356	415	348
Phosphate rock (fob Morocco)	USD per tonne	118	80	91	89	91
European gas (TTF)	USD per MMBtu	13.1	3.0	4.8	7.9	5.6
US gas (Henry Hub)	USD per MMBtu	3.7	2.0	2.7	3.1	3.0
EUR/USD currency rate		1.2	1.1	1.1	1.2	1.1
USD/BRL currency rate		5.4	5.1	3.9	3.6	3.2

## Improvement Program

Yara launched an extended improvement program at its Capital Markets day on June 26 2019, following solid improvements achieved in the previous three years. As part of this, Yara moved to reporting operational metrics on a rolling 12-months (L12M) basis to better reflect underlying performance.

On a rolling 12-month basis, underlying production of ammonia and finished fertilizers increased by around 0.6 million tonnes compared to 2020, largely driven by reliability improvements and the planned ramp up of finished fertilizers capacity expansion in Rio Grande.

Energy Efficiency developed negatively compared to the previous year following reliability issues in ammonia production

and to a lesser degree economical curtailments.

Fixed Costs are trending higher than the target in line with the planned increase communicated through 2021. The increase reflects strategic growth initiatives being expensed rather than capitalized and increased inflationary pressure. Productivity improvements remain a key focus area going forward to drive operational efficiency.

Net Operating Capital days have significantly improved through 2021 and are already at a lower level than the target for 2023. The reduction was mainly driven by improved inventory turnover and lower credit terms.

	2021	2020	2019	2018
Production - ammonia (kt) <sup>1)</sup>	7,782	7,696	7,772	7,850
Production - finished products (kt) <sup>1)</sup>	21,760	21,258	21,067	20,870
Energy Efficiency (Gj/T) <sup>2)</sup>	33,.4	33,.2	33,.7	34,.1
Fixed Costs (USD millions) <sup>3)</sup>	2,487	2,322	2,291	2,314
Net operating capital (days) <sup>3)</sup>	83	113	115	104

<sup>1)</sup> Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

<sup>2)</sup> Energy Efficiency (Gj/t) looks at the L12M total energy consumption per tonne ammonia produced.

<sup>3)</sup> For definitions of Fixed cost and Net operating capital days, refer to the APM section, [page 255](#).

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**Financial items**

Full-year net financial expense was marginally higher than a year ago, with the variance primarily explained by a higher net foreign currency translation loss.

Interest expense for the full year was USD 3 million higher than a year before, primarily explained by lower capitalized interest related to expansion projects. The full-year foreign currency translation loss of USD 251 million comprises a loss of USD 100 million on the US dollar denominated debt positions and a loss of USD 151 million on internal positions in other currencies than USD. The year before, the losses on the US dollar denominated debt positions and the internal positions in other currencies than USD were USD 86 million and USD 157 million respectively.

**Income tax**

The tax cost for the year 2021 is USD 355 million, which is approximately 48% of income before tax. The effective tax rate for the full year is negatively impacted by the impairments of Salitre and Dallol with limited tax effect, in addition to increased valuation allowance and currency loss on certain deferred tax assets.

**Net interest-bearing debt**

As a supplement to the consolidated statement of cash flows ([page 132](#)), this table highlights the key factors behind the development in net interest-bearing debt. Net interest-bearing debt at the end of 2021 was USD 3,930 million, up from USD 2,930 million at the end of 2020. Dividends, buybacks, net investments and new leases more than offset the cash earnings. Net investments for the year 2021 amounted to USD 874 million, including USD 902 million of capital expenditures, partly offset by proceeds from sales of property, plant, equipment and other long-term assets for USD 29 million. The majority of investments were regular maintenance investments in Yara's production system. During 2021, Yara paid out dividends and purchased own shares for a total of USD 1,578 million. The debt/equity ratio at the end of 2021, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.55 compared with 0.36 at the end of 2020. At the end of 2021, the net debt/EBITDA excl. Special items (last 12 months) ratio is 1.36 unchanged compared to the end of 2020.

**Variance analysis**

USD millions	2021
EBITDA 2021	2,804
EBITDA 2020	2,223
Reported EBITDA variance	581
Special items variance (see <a href="#">page 66</a> for details)	(149)
EBITDA variance ex special items	730
Volume/Mix	(25)
Margin	941
Currency translation	(46)
Other	(140)
Total variance explained	730

**Net interest-bearing debt**

USD millions	2021
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(2,930)
Cash earnings <sup>1)</sup>	2,263
Dividends received from equity-accounted investees	8
Net operating capital change	(874)
Investments (net)	(830)
Yara dividend and buy-backs	(1,578)
New leases <sup>2)</sup>	(144)
Other, including foreign currency translation gain/(loss)	155
Net interest-bearing debt at end of period	(3,930)

<sup>1)</sup> Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

<sup>2)</sup> New lease arrangements in scope for IFRS 16 increase the net interest-bearing debt without having an immediate cash impact.

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**Liquidity**

At the end of 2021 Yara had USD 394 million in cash and cash equivalents, and USD 2,100 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

**Farming solutions**

Yara is transforming its core to become a provider of climate-neutral food solutions. To measure the advance of this transformation the metrics "Revenues from new business models" (MUSD 11 in 2021, with a MUSD 1,500 target for 2025) and "Revenues from online sales" (MUSD 4 in 2021, with a MUSD 1,200 target for 2025) were developed. The focus in 2021 has been to develop pilots for multiple initiatives in all regions as a first step to progress on this area.

Premiums generated measures Yara's ability to grow premium offerings and to generate a positive price premium compared with alternative commodity products. The reduction in the premium generated in 2021 compared to the previous year mostly reflects the rapid increase in the commodity prices throughout the year. Yara's realized average prices for premium products increased less than the commodity reference as there is a normally a time lag to realize higher prices due to normal orderbook.

**Financial items**

USD million	2021	2020	2019	2018	2017
Interest income	64	61	74	78	75
Dividends and net gain/(loss) on securities	-	1	2	3	2
Interest income and other financial income	64	62	76	81	77
Interest expense	(138)	(135)	(157)	(127)	(57)
Net interest expense on net pension liability	(5)	(5)	(9)	(7)	(8)
Net foreign currency translation gain/(loss)	(251)	(243)	(145)	(278)	99
Other	(21)	(25)	(15)	(19)	(17)
Interest expense and foreign currency translation gain/(loss)	(415)	(408)	(327)	(431)	17
Net financial income/(expense)	(351)	(346)	(251)	(350)	94

**Production volumes**

Thousand tonnes	2021	2020	2019	2018	2017
Ammonia	7,261	7,606	8,479	8,305	7,459
of which equity-accounted investees	-	181	1,000	1,039	1,061
Urea	4,739	5,175	6,419	6,327	5,257
of which equity-accounted investees	-	268	1,504	1,517	1,573
Nitrate	6,254	6,471	6,225	6,136	6,173
NPK	6,442	6,104	5,697	5,736	5,504
CN	1,773	1,640	1,543	1,623	1,511
UAN	917	959	974	835	931
SSP-based fertilizer	717	647	1,087	1,115	822
MAP	14	51	115	116	-
Total Finished Products <sup>1)</sup>	20,856	21,047	22,060	21,887	20,199

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## Deliveries (detailed table)

Thousand tonnes	2021	2020	2019
<b>Yara deliveries</b>			
Ammonia trade	2,007	1,966	2,527
Fertilizer	28,376	29,291	27,620
Industrial Product	7,430	6,920	7,837
<b>Total deliveries</b>	<b>37,814</b>	<b>38,177</b>	<b>37,983</b>
<b>Crop Nutrition deliveries</b>			
Urea	5,745	6,051	5,909
Nitrate	5,477	5,826	5,412
NPK	10,400	10,444	9,943
<i>of which Yara-produced compounds</i>	6,208	6,243	5,618
<i>of which blends</i>	3,585	3,657	3,801
CN	1,745	1,594	1,237
UAN	1,295	1,405	1,287
DAP/MAP/SSP	904	991	1,096
MOP/SOP	1,534	1,462	1,326
Other products	1,275	1,519	1,411
<b>Total Crop Nutrition deliveries</b>	<b>28,376</b>	<b>29,291</b>	<b>27,620</b>
<b>Europe deliveries</b>			
Urea	940	1,009	796
Nitrate	3,770	4,333	4,057
NPK	2,582	2,769	2,714
<i>of which Yara-produced compounds</i>	2,426	2,632	2,555
CN	440	446	393
Other products	1,500	1,559	1,492
<b>Total deliveries Europe</b>	<b>9,232</b>	<b>10,116</b>	<b>9,452</b>

<sup>1)</sup> Pure product equivalents.<sup>2)</sup> Including AN Solution.<sup>3)</sup> Including sulphuric acid, ammonia and other minor products.

Thousand tonnes	2021	2020	2019
<b>Americas deliveries</b>			
Urea	2,683	2,700	2,615
Nitrate	1,336	1,170	1,117
NPK	6,104	5,939	5,687
<i>of which Yara-produced compounds</i>	2,421	2,159	1,797
<i>of which blends</i>	3,157	3,285	3,441
CN	1,096	962	679
DAP/MAP/SSP	820	889	1,014
MOP/SOP	1,432	1,374	1,233
Other products	991	1,240	1,115
<b>Total deliveries Americas</b>	<b>14,463</b>	<b>14,275</b>	<b>13,461</b>
<i>of which North America</i>	3,465	3,481	3,254
<i>of which Brazil</i>	8,801	8,814	8,438
<i>of which Latin America ex Brazil</i>	2,198	1,979	1,769
<b>Africa &amp; Asia deliveries</b>			
Urea	2,121	2,342	2,497
Nitrate	371	322	237
NPK	1,714	1,735	1,542
<i>of which Yara-produced compounds</i>	1,361	1,453	1,266
CN	209	186	166
Other products	265	314	264
<b>Total deliveries Africa &amp; Asia</b>	<b>4,681</b>	<b>4,900</b>	<b>4,707</b>
<i>of which Asia</i>	3,499	3,730	3,525
<i>of which Africa</i>	1,182	1,169	1,182
<b>Industrial Solutions deliveries</b>			
Ammonia <sup>1)</sup>	563	543	625
Urea <sup>1)</sup>	1,645	1,577	1,792
Nitrate <sup>2)</sup>	1,234	1,069	1,146
CN	201	182	434
Other products <sup>3)</sup>	1,636	1,605	2,028
Water content in industrial ammonia and urea	2,152	1,944	1,811
<b>Total Industrial Solutions deliveries</b>	<b>7,430</b>	<b>6,920</b>	<b>7,837</b>

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## Special items

USD million	Fixed cost effect		EBITDA effect		Operating income effect	
	2021	2020	2021	2020	2021	2020
Environmental provisions	-	1	-	1	-	1
Scrapping of project development and provision for demolition	-	(1)	-	(6)	-	(5)
Impairment of non-current assets	-	-	-	-	6	(25)
Contract derivatives gain/(loss)	-	-	(1)	-	(1)	-
Restructuring cost	(8)	-	(8)	-	(8)	-
Additional bonus to employees	(4)	(4)	(4)	(4)	(4)	(4)
<b>Total Europe</b>	<b>(12)</b>	<b>(4)</b>	<b>(13)</b>	<b>(9)</b>	<b>(7)</b>	<b>(34)</b>
Environmental provisions	-	(4)	-	(4)	-	(4)
Salitre divestment	(6)	-	(6)	-	(344)	-
Settlement of employee benefit plan	2	-	2	-	2	-
Supplier settlement	-	-	37	-	37	-
Provision related to closure of plant	(10)	4	(10)	4	(10)	4
Impairment of non-current assets	-	-	-	-	(44)	(3)
Additional bonus to employees	(7)	(7)	(7)	(7)	(7)	(7)
<b>Total Americas</b>	<b>(21)</b>	<b>(7)</b>	<b>15</b>	<b>(7)</b>	<b>(366)</b>	<b>(10)</b>
Supplier claim compensation	-	-	8	-	8	-
Impairment of non-current assets	-	-	-	-	(43)	(2)
Contract derivatives gain/(loss)	-	-	(90)	14	(90)	14
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
<b>Total Africa &amp; Asia</b>	<b>(2)</b>	<b>(2)</b>	<b>(83)</b>	<b>12</b>	<b>(127)</b>	<b>10</b>
Impairment of non-current assets	6	-	6	-	(236)	-
Qafco divestment	-	-	-	97	-	97
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
<b>Total Global Plants &amp; Operational Excellence</b>	<b>4</b>	<b>(2)</b>	<b>4</b>	<b>95</b>	<b>(238)</b>	<b>96</b>

Table continues on the next page &gt;

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USD million	Fixed cost effect		EBITDA effect		Operating income effect	
	2021	2020	2021	2020	2021	2020
Environmental provision	(10)	-	(10)	-	(10)	-
Settlement of employee benefit plan	4	-	4	-	4	-
Impairment of non-current assets	-	-	-	-	(3)	-
Restructuring cost	(1)	-	(1)	-	(1)	-
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Industrial Solutions	(9)	(2)	(9)	(2)	(12)	(2)
Contract derivatives gain/(loss)	-	-	1	1	1	1
Additional bonus to employees	-	-	-	-	-	-
Total Clean Ammonia	-	-	1	1	1	1
Action Africa	-	(20)	-	(20)	-	(20)
Impairment of non-current assets	-	-	-	-	-	(15)
Portfolio management costs	-	(7)	-	(7)	-	(7)
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Other and Eliminations	(2)	(28)	(2)	(28)	(2)	(44)
Total Yara	(42)	(44)	(87)	62	(751)	17

**Board conclusion**

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2021 and financial position on 31 December 2021. According to section 3-3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.



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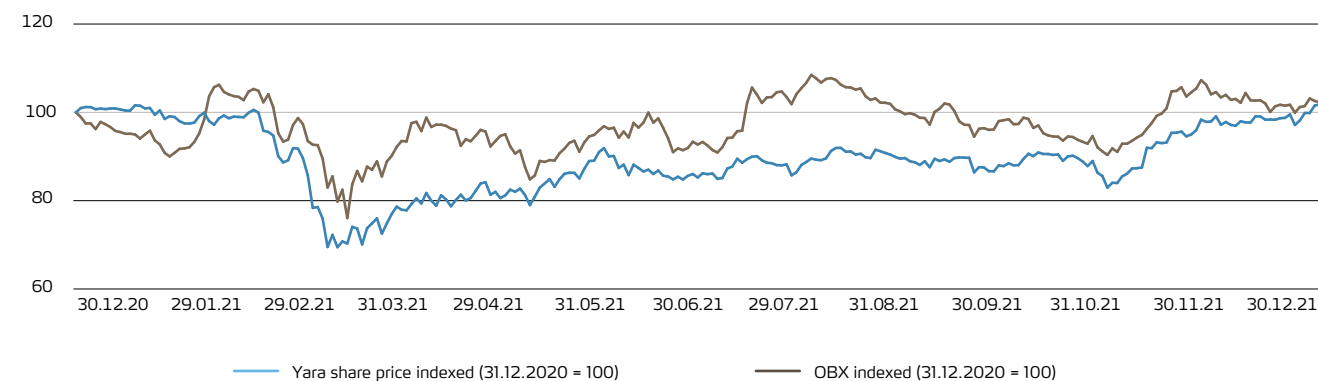
# The Yara share

Yara aims to be an attractive investment for shareholders, and to provide competitive returns compared to other investment alternatives. The Yara share shall be liquid and an attractive investment opportunity.

We are committed to serving all our shareholders and potential investors by providing accurate, comprehensive and timely information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors, and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the Oslo Stock Exchange (OSE), media and financial newswires. Yara presents quarterly results as live webcasts.

## Share performance and distribution

In 2021, 143 million shares were traded on the OSE at a value of NOK 62 billion. The average daily trading volume for Yara shares on the OSE during 2021 was 568,538. The highest closing price during the year was NOK 494.00 and the lowest was NOK 360.70. The year-end closing price was NOK 445.00, representing a 25% increase



## Common share data

	Q1	Q2	Q3	Q4	2021	2020
Basic earnings per share	0.05	2.1	(0.56)	0.16	1.75	2.58
Average number of shares outstanding <sup>1)</sup>	261,154,877	256,646,180	254,725,627	254,725,627	256,789,744	267,985,860
Period end number of shares outstanding <sup>1)</sup>	259,580,357	254,725,627	254,725,627	254,725,627	254,725,627	263,001,109
Average daily trading volume <sup>2)</sup>	625,085	536,035	530,405	582,163	568,538	759,519
Average closing share price	412	447	447	443	437	338
Closing share price (end of period)	445	453	434	445	445	356
Closing share price high	449	473	494	472	494	378
Market capitalization <sup>3)</sup> (end of period NOK billion)	115.5	115.4	110.6	113.4	113.4	95.5
Dividend per share <sup>4)</sup>			20	30	50	38
Dividend yield <sup>5)</sup>					11.2%	10.7%
Total shareholder return <sup>6)</sup>					33.9%	9.4%

<sup>1)</sup> Excluding own shares

<sup>2)</sup> Only traded on OSE

<sup>3)</sup> Calculated by multiplying the period's closing share price with the outstanding shares as of period end

<sup>4)</sup> Including 20 NOK per share additional dividend paid 3Q

2021 and 30 NOK per share proposed for 2021

<sup>5)</sup> Based on 31 December share price

<sup>6)</sup> Measured in US dollars

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from the 2020 year-end closing price. Yara’s 2021 total shareholder return (TSR) was 33.9% measured in US dollars, with dividends reinvested. Yara’s market value as of 31 December 2021 was NOK 113.4 billion.

At year-end 2021, Yara had 44,485 shareholders. Non-Norwegian investors owned 41.2% of the total stock, of which 17.9% were from the United States and 6.2% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.2% of the shares. Norwegian private ownership of Yara shares was 22.6% at the end of 2021.

**Shareholding distribution**

(as of 31 December 2021)

Ownership structure:

No of shares	No of shareholders	% of share capital
1-100	27,647	0.0%
101-1000	13,617	1.8%
1001-10000	2,427	2.8%
10001-100000	570	7.7%
100001-1000000	194	23.5%
above 1,000,000	30	63.9%
	44,485	

**Shareholding distribution<sup>1)</sup>**

(as of 31 December 2021)

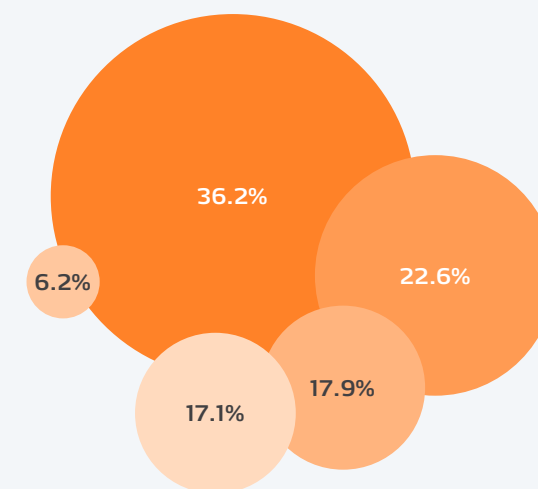
Ownership structure:

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.2
The Government Pension Fund Norway	7.0
The Vanguard Group, Inc.	2.1
BlackRock Institutional Trust Company, N.A.	2.0
Sprucegrove Investment Management, Ltd.	2.0
DNB Asset Management AS	1.9
Polaris Capital Management, LLC	1.6
Storebrand Kapitalforvaltning AS	1.5
Arrowstreet Capital, Limited Partnership	1.4
KLP Forsikring	1.3
State Street Global Advisors (US)	1.3
Fidelity Management & Research Company LLC	1.3
Alfred Berg Kapitalforvaltning AS	0.9
INVESCO Asset Management Limited	0.9
Nordea Funds Oy	0.9
Pareto Asset Management AS	0.8
UBS Asset Management (UK) Ltd.	0.8
Schroder Investment Management Ltd. (SIM)	0.7
LSV Asset Management	0.7
SAFE Investment Company Limited	0.7
Danske Invest Asset Management AS	0.6

<sup>1)</sup> This shareholder list is delivered by Nasdaq and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither Nasdaq nor VPS guarantee that the information is complete. For a list of the largest registered shareholders as of 31 December 2021, see [note 11](#) on [page 242](#) in this Integrated Report.

**Shareholding distribution<sup>1)</sup>**

(as of 31 December 2021)



- Norwegian state
- Norwegian private
- US
- UK
- Other

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**ADR performance and voting rights**

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the United States. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. The ADR ratio is two (2) ADRs to one (1) ordinary Yara share. On 31 December 2021, the ADR was quoted at USD 25.31, a 21.7% increase for the year. To find a recent price quote for Yara ADRs please go to [www.adr.com](http://www.adr.com). The ticker symbol is YARIY.

Shares must be registered with the Norwegian Central Securities Depository (Verdipapirsentralen) in the name of the real owner if holders want to vote for their shares at the shareholders' meeting. Holders of Yara ADRs should check their voting rights with JPMorgan, which is the depository bank for Yara ADRs.

**Cash distribution policy**

Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.6. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as supplemental lever. The dividend pertaining to a fiscal year will be declared at Yara's Annual General Meeting in the following year.

In 2021 Yara paid USD 1,467 million in dividends and share buybacks<sup>1)</sup> representing approximately 213% of net income in 2020. Dividends accounted for USD 1,214, representing approximately 176% of 2020 net income, while share buybacks<sup>1)</sup> amounted to USD 164 million, representing approximately 37%

of 2020 net income. Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 30 per share for 2021, which represents approximately 78% of net income attributable to shareholders of the parent excluding special items, totaling a payment of USD 867 million based on outstanding shares at 31 December 2021 and the USDNOK exchange rate at 31 December 2021.

The Yara Annual General Meeting on 6 May 2021 authorized Yara's Board to buy back up to 5% of total shares (12,736,281 shares) before the 2022 Yara Annual General Meeting, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged.

**2022 Annual General Meeting**

The Yara Annual General Meeting will take place at 16:30 (CEST) Thursday 10 May 2022. Information about how shareholders register for the Annual General Meeting will be published on [www.yara.com](http://www.yara.com) no later than 21 days prior to the event, including information on how to register attendance or vote.

**Analyst coverage**

22 financial analysts provide market updates and estimates for Yara's financial results, of whom 13 are located outside Norway.

**Rating**

Rating agencies Moody's and Standard & Poor's

have rated Yara as solid investment grade. Reflecting its strong market position and cost leadership, Yara is rated investment grade "Baa2" with Moody's and "BBB" with Standard & Poor's.

**Change of address**

Shareholders registered in the Norwegian Central Securities Depository should send information about changes of address to their registrars and not directly to the company.

**Registrar information**

Registered shareholders may contact our registrar in Norway regarding share transfers, address changes and other issues related to their holding of Yara shares. The contact details are shown below.

**Share facts**

Ticker: YAR  
Listing: Oslo Stock Exchange (OSE)

Yara's registrar in Norway and ADR depository bank  
Contact details to Yara's registrar in Norway and ADR depository bank can be found on the company's website:

[yara.com/investor-relations/share-and-debt-information/registrar-and-auditor/](http://yara.com/investor-relations/share-and-debt-information/registrar-and-auditor/)

**2022 Dividend schedule**

Ex-dividend date  
11 May 2022

Payment date  
20 May 2022

**2022 Release dates**

Q1: 27 April 2022  
Q2: 19 July 2022  
Q3: 20 October 2022  
Q4: 8 February 2023

<sup>1)</sup> Including the corresponding committed pro-rate redemption of shares from the Norwegian state of shares related to buy-backs performed in 2021, paid after the 2021 Annual General Meeting

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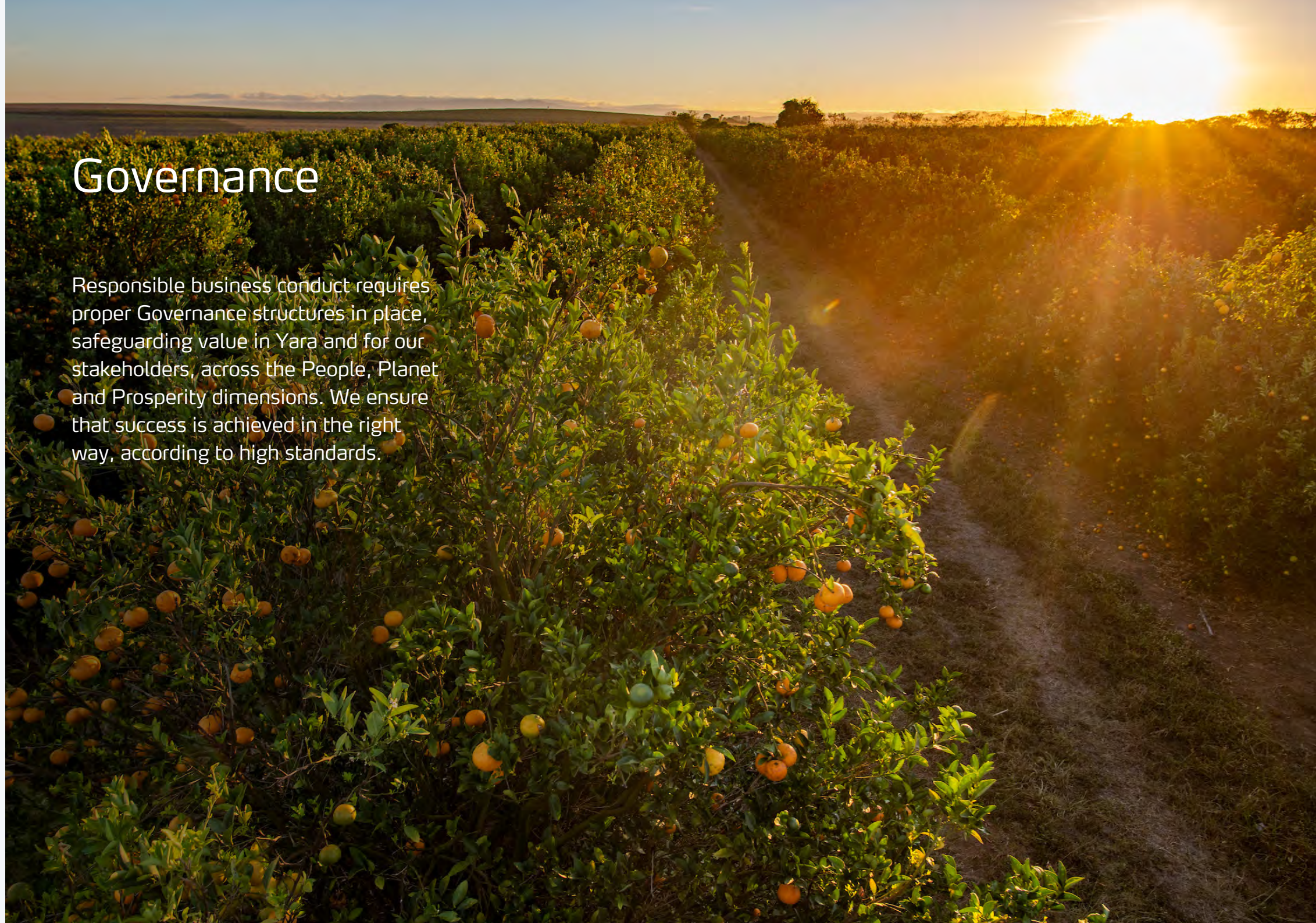
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# Governance

Responsible business conduct requires proper Governance structures in place, safeguarding value in Yara and for our stakeholders, across the People, Planet and Prosperity dimensions. We ensure that success is achieved in the right way, according to high standards.



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# Ethics & Compliance on demand

A new Yara app gives easy access to Ethics & Compliance guidance and will facilitate decision-making and responsible business conduct for employees on the go.

As a global company, Yara is exposed to different cultures, traditions, labor conditions, and threats. The YaraEthics app is available to all employees but is expected to give extra benefit to non-office-based employees and frequent travelers.

“We are dedicated to responsible business conduct throughout our operations and value chain, and the YaraEthics App is a way of making guidance and relevant resources easily accessible for employees who might find themselves in situations of uncertainty”, says Cira Holm, Yara’s Chief Compliance Officer.

The app is available in 14 languages, and gives employees quick access to, among other things:

- Yara’s Code of Conduct
- Relevant compliance policies and guidelines
- The Ethics hotline
- Declaration forms for conflict of interest, gifts & hospitality, and facilitation payments

In Yara’s annual Ethics Survey, 18% of respondents felt that ethics considerations slow their ability to achieve business objectives. This app is intended to make it

easier and faster to reach the right conclusion, when faced with difficult practical decisions.

“We continue to develop our governance structures and frameworks to ensure business integrity in Yara. This app will not only facilitate decision-making at critical times but will also make it easier to report suspicion of misconduct and importantly, make it easier for employees to educate themselves on business integrity and ethical business conduct,” Cira Holm concludes”



“We continue to develop our governance structures and frameworks to ensure business integrity in Yara. This app will not only facilitate decision-making at critical times but will also make it easier to report suspicion of misconduct and importantly, make it easier for employees to educate themselves on business integrity and ethical business conduct”

**Cira Holm**  
Chief Compliance Officer





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		2021	2020	2019	2018	2017	Unit of measure
Governance indicators	Environmental grievances from local communities	100	140	135	165	165	Number
	Non-compliance with laws and regulations in the socio-economic area	400,000	235,000	257,000	81,000	400,000	USD
	Number of face-to-face risked based Ethics and Compliance trainings	3,592	3,042	2,699	3,985	3,737	Headcount
	Employees completion of Code of Conduct e-learning	94%	93%	86%	83%	n.a.	%
	Fraud and corruption notifications	34	35	57	51	46	Number

In 2021, we saw 29% fewer reported environmental grievances from local communities than we did in 2020. This was achieved through active stakeholder engagement along with improvements at our production sites.

In total, we registered fines of USD 400,000 for breaches of laws and regulations other than environmental ones in 2021. Yara considers fines above 5 MUSD to be significant, and should such fines occur, they will be described in further detail.

We increased the number of face-to-face risked-based Ethics and Compliance trainings and raised the employees' completion of Code of Conduct e-learning. This e-learning is mandatory for all new hires to promote and uphold an ethical culture across Yara.

Of the 34 reported fraud and corruption notifications, 27 were resolved within the reporting period, and 12 were substantiated according to Yara's Investigation Procedure. Disciplinary actions as a result of investigations in 2021 led to 14 dismissals and 15 warnings.

Ensuring that employees trust our reporting channels and are comfortable voicing their concerns is a key focus area in for the Ethics and Compliance Department.

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### Performance indicators

#### Environmental grievances from local communities

Number of environmental grievance cases registered from neighbors of our infrastructure or production facilities.

#### Non-compliance with laws and regulations in the socio-economic area

The sum of registered fines in Yara for issues other than environmental breaches.

#### Number of face-to-face risk based Ethics and Compliance trainings

The Ethics and Compliance training program is delivered by regional compliance managers. Training content is targeted at the participants based on a risk assessment considering factors such as function, role, seniority, and location.

#### Employees' completion of Code of Conduct e-learning

The mandatory e-learning includes all topics covered by the Code of Conduct. All new hires with access to a PC are expected to complete the e-learning within 3 months. The purpose is to prevent corruption and

human rights abuses and to promote a culture in which these matters are difficult to perpetrate. This is measured as the percentage of employees with access to the learning platform, who at year-end have completed the e-learning since their commencing date.

#### Fraud and corruption notifications

Through whistleblowing and other channels, Yara is alerted to a number of cases where employees or others suspect fraud or corruption. Yara encourages such reporting. The figures represent the raw number of reported cases. Each case is investigated, and action is taken for all substantiated cases.

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TCFD REPORTING

# External framework guidance

The following indexes provide readers' guidance on how Yara covers TCFD reporting, EU Guidelines on reporting climate-related information and WEF Stakeholder Capitalism indicators:

## EU Guidelines and TCFDF

EU Non-Financial Reporting Directive Requirements and TCFD Recommended Disclosures:

TCFD Recommended Disclosures		Non-Financial Reporting Directive Requirements			
		Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management
<b>Governance</b>	a) Board's oversight		AR, Corp Gov		
	b) Management's role		AR, Corp Gov		
<b>Strategy</b>	a) Climate-related risks and opportunities	AR, Strategy		AR, Risk management	AR, Strategy
	b) Impact of climate-related risks and opportunities	AR, Strategy			
	c) Resilience of the organization's strategy	AR, Strategy			
<b>Risk management</b>	a) Processes for identifying and assessing			AR, Risk management	
	b) Processes for managing			AR, Risk Management	
	c) Integration into overall risk management	AR, Strategy AR, Corp Gov		AR, Risk management	
<b>Metrics &amp; Targets</b>	a) Metrics used to assess				AR, Planet performance
	b) GHG emissions			AR, Planet performance	
	c) Targets			AR, Planet performance	

AR: Yara Integrated Report 2021

SR: Sustainability Report 2021



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TCFD recommended indicators for the chemical industry:

Metric	Reported where	Comment
Revenues/savings from investments in low-carbon alternatives	AR, Planet performance.	Revenues according to Cicero Shades of Green
Expenditures (OpEx) for low-carbon alternatives	AR, Planet performance	
Total energy consumed, broken down by source	SR, Performance - Planet	
Total fuel consumed, percentage from coal, natural gas, oil, and renewable sources	SR, Performance - Planet	
Total energy intensity	AR, Planet performance	Reported for ammonia
Percent of fresh water withdrawn in regions with high or extremely high baseline water stress	AR, Planet performance	
GHG emissions intensity from buildings and from new construction and redevelopment	n.a.	Not material to Yara
Area of buildings, plants or properties located in designated flood hazard areas	AR, Planet performance	
Investment (CapEx) in low-carbon alternatives	AR, Planet performance	

EU Guidelines on reporting climate-related information:

Metric	Reported where	Comment
Scope 1 GHG	AR, Planet performance	
Scope 2 GHG emissions	SR, Performance - Planet	
Scope 3 GHG emissions	SR, Performance - Planet	
GHG absolute target	AR, Planet performance	
Energy consumption	AR, Planet performance	
Energy efficiency target	AR, Planet performance	
Renewable energy consumption	SR, Performance - Planet	
Assets exposed to physical climate risks	AR, Planet risks AR, Risk management	Partial disclosure, analysis ongoing
EU Taxonomy disclosures	AR, Planet performance	Separate report available on <a href="https://www.yara.com">yara.com</a>
Green Bond Ratio	0%	

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**Stakeholder Capitalism metrics**

At the CEO level, Yara has committed to implementing the Measuring Stakeholder Capitalism white paper in our reporting. Published by World Economic Forum in September 2020, the white paper was developed on basis of the Davos Manifesto 2020, a declaration on the universal purpose of companies. The process was supported by the International Business Council (IBC) of which Yara’s CEO is a member. Yara’s adoption of the People, Planet and Prosperity dimensions is a first step of implementation.

	Theme	Core metrics	Reported where	Comments
<b>Principles of Governance</b>	Governing purpose	Setting purpose	AR, inside cover	
	Quality of governing body	Governance body composition	AR, Board message	
	Stakeholder engagement	Material issues impacting stakeholders	AR, Stakeholders & Materiality	
	Ethical behavior	Anti-corruption	SR, Prosperity performance	
		Protected ethics advice and reporting mechanisms	SR, Codes, policies and key processes	
	Risk and opportunity oversight	Integrating risk and opportunity into business process	AR, Corp Gov , risks chapters for Strategy and Planet	
<b>Planet</b>	Climate change	Greenhouse gas (GHG) emissions	AR, Planet performance	
		TCFD implementation	Ref. above tables	
	Nature loss	Land use and ecological sensitivity	SR, Planet performance	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	AR, Planet performance	
<b>People</b>	Dignity and equality	Diversity and inclusion (%)	AR, People performance	
		Pay equality (%)	SR, People performance	
		Wage level (%)	n.a.	
		Risk for incidents of child, forced or compulsory labour	SR, How we work – Ethic & Compliance	
	Health and well-being	Health and safety (%)	SR, People performance	
Skills for the future	Training provided (#, \$)	SR, People performance		
<b>Prosperity</b>	Employment and wealth generation	Absolute number and rate of employment	SR, People performance	
		Economic contribution	SR, Prosperity performance	
		Financial investment contribution	AR, Planet performance	Partial disclosure, Cicero Shades of Green
	Innovation of better products and services	Total R&D expenses (\$)	n.a.	
Community and social vitality	Total tax paid	Separate Country-by-country tax report	Available on <a href="https://www.yara.com">yara.com</a> , annual reporting page	

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# Delivering on our commitment

Yara's Corporate Governance and company processes are set up to diligently oversee, control and manage the company's risks and opportunities. An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders.

Success can only be celebrated when it is achieved the right way, and our way of conducting business defines who we are as a company. HESQ and Ethics & Compliance make up our license to operate and are integrated in everything we do.

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# Governance report



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GOVERNANCE REPORT

# Corporate governance

An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees, and other stakeholders of Yara. Yara’s Board of Directors (“Board”) believes that good corporate governance drives long-term value creation and promotes sustainable business conduct.

## Governance framework

Yara is subject to corporate governance reporting requirements according to the Norwegian Accounting Act section 3-3b, the Oslo Stock Exchange Rulebook II – Issuer Rules, Chapter 4.4, and the Norwegian Code of Practice for Corporate Governance (the “Code”), freely available at [lovdata.no](http://lovdata.no), [oslobors.no](http://oslobors.no), and [nues.no](http://nues.no) respectively.

This report follows the system used in the Code and forms part of the Report of the Board of Directors.

## 1. Implementation and reporting of corporate governance

Yara’s Board of Directors promotes and supports open and clear communication of the company’s key governance and decision processes. Yara’s Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct. As set out in Yara’s Code of Conduct chapter 12.1, available at [Yara.com](http://Yara.com), Yara has a responsibility to communicate timely, completely, and accurately with our shareholders, government regulators, and the general public. As set out in the Code of Conduct chapter 2.5 and 2.8, Yara is committed to complying with all applicable laws, rules, and regulations in the countries

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where the company operates, and Yara continually strives to improve its corporate governance and culture.

Yara complies with the recommendations of the Code with the exception of the separate election of each candidate for the Board of Directors and the Nomination Committee. The justification for this deviation and the selected, alternative solution is provided in section 6 below.

## 2. Business

Founded in 1905 to solve the emerging famine in Europe, Yara has a worldwide presence with around 17,000 employees and operations in over 60 countries. In 2021, Yara reported revenues of USD 16.6 billion. Yara is headquartered in Oslo, Norway, and is listed at Oslo Stock Exchange.

The scope of Yara's business is defined in its Articles of Association, section 2:

“The objectives of the company are to engage in industry, commerce and transport, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises.”

The Articles of Association are published at [Yara.com](https://www.yara.com).

Yara's mission is to responsibly feed the world and protect the planet, and Yara's vision is of a collaborative society, a world without hunger and a planet respected. To meet these commitments, we have taken the lead in developing sustainable food solutions, including premium crop nutrition products, digital

farming tools, and close collaboration with growers, farmers, and partners throughout the food value chain. Through its Clean Ammonia unit, Yara is uniquely positioned to enable the hydrogen economy and accelerate the green energy transition by targeting green ammonia opportunities within shipping, agriculture, and industrial applications. Yara fosters an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, as well as society at large.

Yara's Board of Directors conducts an annual review of Yara's objectives, risk profile, and strategy. Furthermore, the company's compliance with these objectives, risk profile and strategy, as well as the need for possible adjustments of them, are monitored by the Board throughout the year. For more information on the Board's work relative to company's objectives, risk profile, and strategy, see [page 89](#).

Sustainability is integral to Yara's core business strategy, and Yara has committed itself to the ten principles of the UN Global Compact, the UN Sustainable Development Goals, and the Paris Agreement. The company disclosures follow the GRI Standards, which comply with both the Norwegian Accounting Act and the Euronext guidance, on ESG reporting. Yara measures success through its Strategy Scorecard, with KPIs in the People, Planet, Prosperity, and Governance topics.

The Yara Group Executive Board adopts the Corporate global target in relation to gender diversity. This implies that a target of minimum 40% female positions holders is met at this level by 2025. This target has already been exceeded with the current level being 50%.

The Yara Recruitment and Compensation policies are applicable to the Group Executive Board positions also. This implies no discrimination in selection processes, and a process with equal opportunities while promoting diversity. To ensure fair and non-discriminatory practice in relation to Compensation, Yara adopts job leveling at the Group Executive Board level. In accordance to the Compensation policy, market benchmarks are then sourced at country levels to ensure equality within and across borders. Performance and DEI program implementation is described on [pages 46–49](#).

## 3. Equity and dividends

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Interim cash returns may be distributed, subject to proposal from the Board and approval in the General Meeting. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever.

New equity will only be issued in connection with concrete step growth opportunities. No general mandate is granted to the Board to increase the company's share capital. Yara may execute share buy-back programs as an integral part of its shareholder policy. Every year since the company's IPO, Yara's Board has secured an authorization from the Annual General Meeting to buy back up to 5% of total shares in the company during the next year, for subsequent cancellation. A precondition for each annual

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program is that an agreement is made with the Norwegian State where the State commits to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged. The mandates granted to the Board of Directors for the company to purchase its own Yara shares are limited in time to the date of the next Annual General Meeting or latest end of June the relevant year.

#### 4. Equal treatment of shareholders

Transactions involving the company's own shares, such as the share buy-back program as mentioned in section 3 above, are executed via the stock exchange at prevailing stock exchange prices, with on-going disclosure via stock exchange releases and the company's own web pages. Share redemptions from the Norwegian State are carried out at the same price terms as for the buy-backs carried out via the stock exchange. Yara may execute buy-backs via external bank mandate subject to "safe harbor" exemptions.

For the company's related party transactions, the mandatory regulations in the Norwegian Public Limited Companies Act ("PLC") §§3-9 and 3-10 following are supplemented by IFRS (International Financial Reporting Standards) standards. Thus, the members of the Board of Directors and Executive Management are required to disclose all entities that would be considered to be "related parties" under applicable IFRS regulation. Transactions with such entities are subject to specific disclosure and approval requirements, see further information in section 9 below.

#### 5. Shares and negotiability

The Articles of Association place no restrictions on the transferability of Yara shares, and the shares are freely

negotiable. There are no voting restrictions linked to the shares.

There are no restrictions on the purchase or sale of shares by the Board of Directors and the Executive Management as long as insider regulations are adhered to. Yara's Share-based Remuneration program (SBR) requires the Executive Management to use the net amount after tax for the purchase of Yara shares, restricting the sale of such shares for three years following the purchase.

#### 6. General meetings

In accordance with PLC § 5-1 (1), the Yara general meetings rank at the top of the corporate governance structure. In 2021, Yara held its Annual General Meeting on 6 May 2021 and an Extraordinary General Meeting on 6 September 2021. More information about the content of said meetings is given in the text box below.

The general meetings are convened in writing by the Board of Directors in accordance with PLC §§ 5-9 and 5-10, and prepared and conducted in accordance with PLC Chapter 5 and Yara's Articles of Association §9.

The Annual General Meeting is held before the end of June each year. This is in accordance with Yara's Articles of Association §10 and PLC § 5-6 (1).

All general meetings are convened by the Board of Directors at least 21 calendar days before the relevant general meeting date, cf. PLC §§ 5-10 (2), first sentence and 5-11 b no 1. The general meeting notice is sent to all shareholders individually or to their depository

banks. The meeting notice includes information regarding shareholders' rights and guidelines for meeting registration and voting, including information regarding the processes for shareholders' electronic participation, electronic advance voting, and the use of proxy. In accordance with Yara's Articles of Association §9, the shareholders' registration deadline for notice of attendance is no more than five calendar days prior to the meeting.

The general meetings are normally held as physical meetings at Yara's head offices in Oslo, cf. PLC § 5-8. However, for the 2021 general meetings it was decided by the Board of Directors, in accordance with the Articles of Association §9 and Norwegian legislation exempting companies from physical meeting requirements, to hold the meetings as digital meetings only. This was decided in line with government recommendations to reduce the risk of coronavirus spread/contagion.

In accordance with PLC §§ 6-3 and 6-10 and Yara's Articles of Association §7, the General Meeting elects the shareholders' representatives to the Board of Directors and approves their remuneration. In accordance with Yara's Articles of Association §7, the General Meeting also elects the Nomination Committee and approves the remuneration of the committee members.

The Company has chosen not to follow the Code's recommendation to vote separately on each candidate nominated for election to the Board and Nomination Committee. This choice is based on the Nomination Committee's process being focused on the combined qualifications and experience of the proposed members

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of the Board and the Committee, and that the voting should therefore also be combined.

In accordance with PLC § 5-6 (2) the Annual General Meeting approves the Financial Statements, the Report of the Board of Directors, and any dividend payment proposed by the Board. In accordance with PLC § 5-6 (5) this Corporate Governance Report is also presented to the Annual General Meeting for approval. In accordance with PLC §§ 5-6 (3) and 6-16 a (5) the company's Guidelines on salary and other remuneration for executive personnel was presented to and approved by the Annual General Meeting at the 2021 Annual General Meeting. The requirements of PLC § 6-16 a (5) is that the guidelines must be presented to the Annual General Meeting for approval upon any material changes to the Guidelines and at least every fourth year. At the 2021 Annual General Meeting it was confirmed by the Chair of the Board that the guidelines will in any case be presented for approval also at the 2022 Annual General Meeting. In accordance with PLC §§ 5-6 (4) and 6-16 b (2) the company's Report on salary and other remuneration for executive personnel will be presented to the Annual General Meeting for consultative vote from and including the 2022 Annual General Meeting. In accordance with PLC § 7-1, the General Meeting elects the company's external auditor and approves the auditor's remuneration.

Shareholders are entitled to have matters dealt with by the General Meeting provided that the relevant matters are reported in writing to the Board at least 28 days before the date of the General Meeting, cf. the Norwegian Public Limited Liability Companies Act section 5-11, cf. section 5-11 b. Matters that are not on the agenda may not be voted on at the General

Meeting. Shareholders are entitled to present alternatives to the Board's proposal under each agenda item, provided that the alternative proposals are within the scope of the item under consideration.

In accordance with the Articles of Association §9, documents regarding matters to be considered at the general meeting are by decision of the Board made available at company's website. A shareholder may still request the relevant documents to be sent to him or her.

Shareholders are entitled to vote according to their number of shares owned and registered with the Norwegian Central Securities Depository Euronext VPS ("VPS") at the date of the general meeting. The shareholders may vote on each agenda item put forward in the General Meeting.

The Chair of the Board and the CEO are present at the general meeting, along with the leader of the Nomination Committee and the external auditor, to the extent the agenda items make such attendance relevant. All Board members are encouraged to participate at the general meetings.

The general meeting elects an independent person to chair the meeting. The minutes of the general meetings are published on the company website right after the meeting.

## 7. Nomination Committee

Yara's Articles of Association §7 states that the company shall have a Nomination Committee consisting of four members elected by the General Meeting, and that the General Meeting approves the procedure for the

Nomination Committee. The latest approved version of the procedure for the Nomination Committee, which forms the basis for how the Nomination Committees conducts its work, is available on Yara's website. The Nomination Committee's procedure is in line with the recommendations of Section 7 of the Code.

The Nomination Committee makes proposals to the Annual General Meeting regarding shareholder-elected members of the Board of Directors, members of the Nomination Committee, and their remuneration. The Nomination Committee also recommends which members the Board should elect as Chair and Deputy Chair. The rationale for the Nomination Committee's recommendations is included in their proposal.

Members of the Nomination Committee are elected for two-year terms. According to the Nomination Committee procedure, there should be a gradual rotation among the committee members.

The Nomination Committee consists of the following members, all of whom are independent of the Board and Executive Management:

**Otto Søberg**, Chair (Partner, Norscan Partners AS)

**Thorunn Kathrine Bakke** (Director, Norwegian Ministry of Industry, Trade and Fisheries)

**Ottar Ertzeid** (Independent Board Member)

**Ann Kristin Brautaset** (Deputy Director Equities at Folketrygdfondet (the The Government Pension Fund Norway))



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The contact details of the Chair of the Nomination Committee are available on Yara’s website, and shareholders with inputs to the Nomination Committee’s work are encouraged to send these to the Chair of the Nomination Committee. Further details on the Nomination Committee’s work in 2021 is given in Governance Report 2021, [page 91](#).

### 8. Board of Directors: Composition and independence

In accordance with PLC § 6-12, the Board of Directors has the overriding responsibility for the management of the company. The Board’s role and responsibility is also to supervise the company’s day-to-day management and the company’s activities in general, cf. PLC § 6-13. The responsibility for the day-to-day management has been delegated to the CEO as set out in the Rules of Procedure for the CEO of Yara International ASA, approved by the Board of Directors in accordance with PLC § 6-13 (2).

Pursuant to Yara’s Articles of Association §6, the company’s Board of Directors shall be composed of 3 to 11 members. The current Board of Directors consists of ten members. Six of these are shareholder-elected Board members (including the Chair), all elected by the General Meeting for two-year terms based on the Nomination Committee’s nomination. The remaining four Board members are elected by the employees in a separate process pursuant to PLC §§ 6-4 (3) and 6-5. In accordance with PLC § 6-35 (2), Yara and its employees have agreed not to have a corporate assembly and the company is thus required to include four employee elected members in the Board. Yara believes this solution, with employee elected board members

instead of a corporate assembly, supports more direct communication between shareholders and management, increases accountability, and improves the speed and quality of the company’s decision-making. There is a full gender balance between the shareholder-elected board members (3 male and 3 female). Amongst the employee-elected Board members, 3 members are male and 1 member is female. The Board’s gender composition is accordingly compliant with the mandatory requirements set out in PLC § 6-11 a.

The Board elects both its Chair and Deputy Chair among the Board members, based on a recommendation from the Nomination Committee. The Board also appoints and dismisses, if applicable, the CEO and determines the CEO’s remuneration.

The shareholder-elected members of the Board are independent of the company’s management, main shareholders, and material business contracts, and do not have specific assignments for the company in addition to their duties as Board members. The same is valid for the employee representative Board members, other than their employment contracts. Members of the Executive Management are prohibited from being members of the Board. All Board members are encouraged to own shares in the company.

### 9. The work of the Board of Directors

The Board has established written instructions for its own work. These instructions are set out in the Rules of Procedure for the Board of Yara International ASA. Among other things, the Board Procedure states that all Board members and the CEO shall immediately notify the Board in writing if he or she has an interest in a

transaction or agreement that has been entered into or is considered to be entered into by the Company. The Board Procedure includes instructions on the handling of agreements with related parties and intra-group agreements, hereunder instructions that all such agreements shall be in writing or documented in writing, entered into on arms-length basis, and that it shall be assessed on a case-by-case basis whether a third-party fairness opinion of the relevant agreement is required. There were no significant transactions between the company and related parties in 2021, except for ordinary commercial transactions with subsidiaries and non-consolidated investees. These were based on arm’s length market terms.

The Board has established an Annual Cycle which sets out all planned meeting dates, regular Board agenda items, and procedures for Board document preparations. The Board Procedure and Annual Cycle are evaluated by the Board on an annual basis.

The CEO reports monthly to the Board on operational and financial developments and results, as well as other material company and industry developments, including but not limited to sustainability topics.

Pursuant to Yara’s Rules of Procedure for the Board and Yara’s Code of Conduct, all Board members and members of Yara’s management are committed to making the company aware of any material interest they may have in items to be considered by the Board. Neither a Board member nor the company CEO may participate in Board discussions or decisions of matters that are of such particular significance for him or her, or for any close associate of his or hers, that the member must be deemed to have a special or prominent

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personal or financial interest in the matter. If the Chair is or has been personally involved in matters of material significance to the company, any Board review of such matters will be chaired by another member of the Board. In the case of the Chair's absence, Board meetings will be chaired by the Deputy Chair.

The Board of Directors has established an Audit and Sustainability Committee and a HR Committee. Both committees work as preparatory bodies for the Board and according to specific mandates approved by the Board, see more information regarding said committee's work below.

The Board of Directors conducts an annual evaluation of its qualifications, experience, and performance, which is also presented to the Nomination Committee.

#### HR Committee

The HR Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and proposes guidelines for executive remuneration and material employment matters, and advises the CEO and the Board on People Strategy, People related KPIs and other critical topics linked to the People & Organization framework. The HR Committee shall consist of three Board members, including the Chair of the Board who also chairs the HR Committee. In 2021, the HR Committee, in addition to the Chair, consisted of one shareholder elected Board member and one employee elected Board member.

**Board Audit and Sustainability Committee**  
The Board Audit and Sustainability Committee (BASC)

assists the Board of Directors in supervision of the integrity of the Company's accounts, the process for financial and sustainability reporting, and the internal control related to financial and sustainability reporting and risk management and performance of the external auditor. The BASC further evaluates the performance of the internal audit function related to areas within the mandate of BASC, ensuring sustainability governance processes provide an understanding of the company's significant stakeholders and materiality. The BASC conducts an annual evaluation according to its mandate. The BASC consists of three members of the Board and has the independence and competence required by legislation. The Chair of the Board is not a member of BASC.

#### 10. Risk management and internal control

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the operating segments and corporate functions. The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key strategic, financial, operational, compliance and HESQ dimensions.

The Board believes that expressing the company's risk appetite within important areas of its business activity helps to convey how the company approaches and evaluates risk to investors, customers, and society at large. Defining risk appetite is also a prerequisite for setting optimal risk tolerance with supporting controls.

The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing operations.

The BASC performs ongoing evaluations of risk and control related to financial reporting. Yara Internal Risk and Audit supports Yara Management and the Board of Directors in terms of evaluating the effectiveness and efficiency of internal controls and gives an independent view on risk management.

Yara Internal Risk and Audit performs independent audits both at subsidiary and group level, as well as audits and reviews of specialist functions involved in business operations, financial reporting, and risk management. The Chief Audit Executive reports functionally to the Board of Directors and administratively to the Chief Executive Officer. Yara Internal Risk and Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties, and personnel relevant to the performance of its tasks. It also has full and free access to Yara Executive Management, the Board of Directors, and the BASC.

The external auditor provides a description of the main elements in the audit to the BASC, including observations on Yara internal control related to the Financial Reporting process.

Yara's internal control framework is based on the principles of the integrated framework for internal

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control established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The five framework components are:

- control environment
- risk assessment
- control activities
- information and communication
- and monitoring.

The content of the different elements are described below.

#### Control environment

Yara's Corporate Social Responsibility policy and Code of Conduct are integrated in its risk management and internal control systems, through global employee training programs and an Integrity Due Diligence process which covers both existing business partners and forward-looking business development activities.

Yara's Steering System is one of the pillars of Yara's internal control system. It aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. All Yara employees are encouraged to raise questions or issues about such matters with line management and through alternative channels, including a whistle-blowing system.

#### Risk assessment

The Enterprise Risk Management unit is the key facilitator of the internal risk management system and shall assist Executive Management with implementing and maintaining an appropriate risk management framework to support identification, analysis, management,

and reporting of all types of risk. The unit further coordinates risk management activities within Yara and consolidates reporting on risks.

#### Control activities

Yara's Group Accounting is responsible for the preparation of the Financial Statement and to ensure that the Financial Statement is reported according to applicable laws and regulations and in accordance with adopted accounting policies.

The Controller function is responsible for the Board of Directors and Management reporting as well as planning and coordinating the business plan process.

The Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR) and material non-financial reporting as well as manages and controls risks related to financial reporting.

The BASC performs reviews of the quarterly and annual financial statements with special focus on transaction types, which includes judgments, estimates or issues with major impact on the Financial Statement. The internal and external auditors participate in these meetings. In addition to the quarterly and annual reporting, the Board of Directors receives pre-quarterly performance reports.

#### Information and communication

The Yara Steering System provides all employees with an overview of the prevailing corporate policies and procedures. Yara's Accounting Manual describes corporate accounting policies and is continuously updated

and revised for any changes related to IFRS and Yara's Accounting Policies.

#### Monitoring

All bodies and functions described above monitor and assess for any need of corrective actions related to financial and operational risk within their area of responsibility.

#### 11. Remuneration of the Board of Directors

The remuneration of the Board of Directors is proposed by the Nomination Committee and approved by the General Meeting, and is not linked to the company's performance. Shareholder elected Board members are not granted share options.

The remuneration of the Board of Directors reflects the Board's responsibility, expertise, time commitment, and the complexity of the company's activities.

In 2021, the remuneration to the Chair of the Board of Directors was NOK 669,000 per annum prior to the Annual General Meeting, increasing to NOK 690,000 per annum thereafter. The remuneration to the Vice Chair was NOK 400,000 per annum prior to the Annual General Meeting, increasing to NOK 412,000 per annum after the Annual General Meeting. The remuneration to the other Board members was NOK 352,000 per annum prior to the Annual General Meeting and NOK 363,000 per annum thereafter. Additional remuneration to Board members resident outside Norway was NOK 30,000 per meeting prior to the Annual General Meeting, increasing to NOK 30,900 per meeting after the Annual General Meeting. Remuneration to deputy representatives to

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the Board was NOK 10,650 per meeting, increasing to NOK 10,950 per meeting after the Annual General Meeting.

The remuneration to the Chair of the BASC was NOK 180,000 per annum prior to the Annual General Meeting, increasing to NOK 185,500 per annum thereafter. The remuneration to the other BASC members was NOK 101,000 per annum prior to the Annual General Meeting and NOK 104,000 per annum thereafter.

The remuneration to the Chair of the HR Committee was NOK 90,000 per annum prior to the Annual General Meeting, and NOK 90,000 per annum thereafter. The remuneration to the other HR Committee members was NOK 70,000 per annum prior to the Annual General Meeting and NOK 72,200 per annum thereafter.

The total compensation to Board members in 2021 is disclosed in [Note 8.1](#) in the consolidated financial statements.

## 12. Remuneration of executive personnel

In accordance with PLC § 6-16 a, Yara prepares guidelines for salary and other remuneration of its executive personnel which in accordance with PLC §§ 6-16 a (5) and 5-6 (3) are presented to the Annual General Meeting for approval.

The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015 (State guidelines). The

Yara Guidelines presented for and approved by the 2021 Annual General Meeting was in accordance with these State guidelines. The Yara 2022 Guidelines to be presented for the Annual General Meeting's approval at the 2022 Annual General Meeting will be prepared in accordance with updated State guidelines as per 30 April 2021.

In accordance with PLC §§ 6-16 b, Yara also prepares a report on salary and other remuneration of its executive personnel. From and including the 2022 Annual General Meeting, the company will, in accordance with PLC §§ 6-16 b (2) and 5-6 (4) present such report for the previous year for the Annual General Meeting's consultative voting. Deviations from the State guidelines, if any, will be covered in the report. For members of the Group Executive Board employed by Yara companies in other countries, remuneration may deviate from the State guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company. For full disclosures of the Guidelines and Report in accordance with PLC §§ 6-16a and 6-16 b, please see [page 92](#) below and the Yara Executive Remuneration Report 2021 available at [yara.com](#).

## 13. Information and communications

Communication with financial markets is based on the principles of openness and equal treatment of all shareholders. Yara shall provide the public with accurate, comprehensive, and timely information, in order to form a good basis for making decisions related to valuation and trade of the Yara share. The aim of providing such information is to reduce investors' risk and the

volatility of the Yara share, contributing to a pricing of the Yara share that reflects the company's underlying values and future prospects.

Yara's main communication channels are stock exchange releases, press releases and its own web pages ([www.yara.com](#)) in order to secure that the same information is made available to all audiences simultaneously. Although Yara holds regular meetings for analysts, investors, journalists, and employees, all material new information is first published to the stock exchange and on Yara's web pages. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara does not provide guidance on financial results. However, Yara may communicate guidance and/or targets for discrete activity areas. In addition, Yara provides sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates.

Yara spokespersons to financial markets (investors, analysts and financial media) are the Chief Executive Officer, the Chief Financial Officer, Head of Investor Relations, VP Corporate Communications and Investor Relations Officer(s), or others authorized by these. Questions from investors and financial analysts to other Yara personnel shall be referred to Investor Relations. All meetings with investors and financial analysts shall be arranged/coordinated by Investor Relations, and presentation materials for such meetings shall be prepared or approved by Investor Relations. Investor Relations shall normally accompany Yara managers in investor/analyst meetings.

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Yara publishes quarterly financial results according to its financial calendar which is published annually on its web pages and to the Oslo Stock Exchange. Ahead of announcement of quarterly results, Yara has a “closed period” when contact with external analysts, investors, and journalists is minimized. Yara will not comment upon own activities or market developments during this period, to minimize the risk of unequal information in the marketplace. The closed periods are from 16 January until the fourth-quarter results publication, from 1 April until the first-quarter results publication, from 1 July until the second-quarter results publication, and from 1 October until the third-quarter results publication.

Yara is subject to regulation relevant for companies listed on the Oslo Stock Exchange.

#### 14. Take-overs

The Board of Directors will not seek to hinder or obstruct takeover bids. In the event of a takeover bid for the company, the Board will seek to comply with the Code recommendations, obtaining a valuation from an independent expert and making a recommendation to Yara’s shareholders regarding acceptance of the

bid. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

The Norwegian Securities Act regulates takeover attempts. Shareholders at the Annual General Meeting will, according to law, make the decision on any potential takeover bids.

#### 15. Auditor

The Board has delegated to the BASC to monitor the external auditor, and the BASC reports the outcome of this work to the Board. The external auditor submits annually the main features of the plan for audit of the company the forthcoming year. The external auditor participates each quarter in BASC meetings where financial statements are addressed, as well as the BASC and Board meetings where the annual account is addressed and approved. In the latter, the auditor provides to the BASC a description of the main elements of the audit of the preceding financial year, including any uncovered material weaknesses related to internal controls of the financial reporting process.

The external auditor shall also:

- Annually confirms its independence
- Discloses any services besides the statutory audit services which have been provided to the company during the financial year
- Discloses any threats to its independence and document measures taken to mitigate such threats

The external auditor also meets with the BASC at least once per year to review the company’s internal control procedures, the potential weaknesses identified, and the proposals for improvement. The external auditor and the Board meet at least once a year without Yara Executive Management being present.

The use of the external group auditor for advisory services, tax services, and other services outside the ordinary audit scope shall be pre-approved by the BASC. Within defined limits, the CFO and the VP Accounting & Tax have been delegated authority to pre-approve such services. The external group auditor is responsible for reporting such services to the BASC and to perform an ongoing assessment of independence. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara.

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GOVERNANCE REPORT

# Governance Report 2021

## Yara's Board of Directors in 2021

The current Yara Board of Directors consists of six shareholder-elected members and four employee-elected members. The shareholder-elected members were elected at the Annual General Meeting 7 May 2020. All Board members were re-elected from previous year(s), save for Birgitte Ringstad Vartdal, who joined the Board from the AGM 2020 election. The four employee-elected Board members were also elected in 2020 in a separate process among Yara's employees in accordance with PLC §§ 6-4 (3) and 6-5, see also section 8 above.

The Board consists of the below members whom by the end of 2021 held the following shareholding in Yara International ASA:

## Shareholder-elected Board members:

Trond Berger: 3,000  
Kimberly Mathisen: 500  
Håkon Reistad Fure: 25,000  
Adele Bugge Norman Pran: 2,010  
John Thuestad: 1,200  
Birgitte Ringstad Vartdal: 2,500

## Employee-elected Board members:

Rune Bratteberg: 432  
Ragnhild Flesland Høimyr: 299  
Øystein Kostøl: 273  
Geir Sundbø: 404

## Board activities in 2021

Yara's Board of Directors convened 10 times during 2021. Eight of the meetings were ordinary Board meetings and two of the meetings were extraordinary Board meetings. The ordinary Board meetings were run for approximately 5.5 hours, except for a two-day meeting in June, a shorter audio meeting in July, and a full-day meeting (9 hours) in December. The extraordinary Board meetings were shorter meetings conducted as conference calls.

Seven Board members attended all Board meetings, while three Board members were excused for two of the extraordinary meetings.

## General Meetings in 2021

Yara's Annual General Meeting (AGM) was held on 6 May 2021. In order to reduce Covid-19 risk and in accordance with government recommendations and Norwegian legislation, the meeting was conducted digitally. An Extraordinary General Meeting (EGM) was held on 6 September 2021. This meeting was also conducted digitally, for the same reasons.

At the AGM, a total of 159,126,975 shares, representing 61,31% of the share capital of the Company, were represented. The Chair of the Board, Yara's external auditor, and the Chair of the Nomination Committee were physically present at the

meeting, as well as Yara's CEO, CFO, and General Counsel from the Yara executive management.

In addition to regular matters, the AGM approved a dividend for 2020 of NOK 20.00 per share, approved a reduction of Yara's share capital from NOK 455,824,802.90 to NOK 433,033,565.90 related to the executed share buy-back program with subsequent changes to Yara's Articles of Association §4 regarding share capital, and approved a new Power of attorney to the Board for acquisition of up to 5% (12,736,281 shares) of Yara's share capital with a total face value of up to NOK 21,651,677.70 in the open market and from the Norwegian State. The AGM also approved certain amendments to the company's Articles of Associations §§9

and 10 in order to clarify that general meeting participation by electronic means applies to all general meetings, and not only the AGM. There were no board members or members of the Nomination Committee up for election in 2021.

At the EGM in September 2021, a total of 161,050,613 shares, representing 63,23% of the share capital of the Company, were represented at the meeting. The Chair of the Board was physically present at the meeting, as well as Yara's CEO, CFO, and General Counsel from the company's executive management. The EGM approved an additional dividend of NOK 20.00 per share on the basis of the Company's annual account for the financial year 2020.

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The Board's Annual Cycle sets out a list of regular Board agenda items which are discussed and/or approved by the Board at least annually. These items include the company's business plan, strategy and financial targets, dividend proposal, annual and mid-year reports from Yara Ethics and Compliance, Yara Internal Risk and Audit, Yara Health, Environmental, Safety and Quality, CEO remuneration and targets, succession planning, corporate governance review and approval, governance documents review and approval, approval of the company's Integrated Report and General Meeting papers, and Board self-evaluation.

Sustainability is embedded in Yara's corporate strategy and regularly reported on to the Board through the Y3P scorecard, Yara's three-part scorecard with KPIs covering people, planet, and prosperity. In all Board meetings the CEO provides a thorough report on the company's operational and financial developments and results, and other material company and industry developments. On a monthly basis, the Board receives an update on the company's KPIs. In addition, deep-dives on sustainability and strategic topics from the regions and new business areas are presented in the Board meetings throughout the year. In 2021, Yara's work to reduce its GHG emissions and the ongoing work on implementing integrated reporting were presented to the Board. Other key Board agenda items and decisions in 2021 include the Belarus sourcing situation, major organizational changes (incl. changes to the executive management), the establishment of Yara Clean Ammonia and the divestment of Yara's interest in the Salitre mining project in Brazil. During the year, several relevant topics have also been presented by external

speakers in the Board meetings, including a session on macro-economic developments.

In April 2020, the Board started to receive bi-weekly updates on the Covid-19 situation. In 2021, the reporting related to Covid-19 was included in the monthly updates.

A Board visit to one or more of Yara's sites and/or projects is usually conducted each year. In 2021, the Board visited the Glomfjord plant in Norway. During the visit, the Board attendees discussed the progress of the operational excellence and the continuous improvement work happening at Yara's production sites. The Board also visited other local companies, including a renewable energy provider, to further understand sustainable development opportunities in the area.

The Board annually conducts a self-evaluation, facilitated by an external independent third party. In 2021, said self-evaluation was conducted in Q1 in close cooperation with Russel Reynolds Associates.

#### BASC activities in 2021

The Board Audit and Sustainability Committee (BASC) met, as according to plan, eight times in 2021. All BASC members attended seven meetings, while one member was excused for one meeting.

In line with the BASC annual cycle, the BASC has continued to focus on both financial and sustainability performance with related risks and controls. The 2021 agenda included Yara's sustainability governance structure, Climate risk project and report, matters relating

to EU Taxonomy, as well as Yara's ESG benchmark scores and sustainability ratings.

The BASC meetings also covered matters relating to the annual business plan, strategy and risk management, with a special focus in 2021 related to risk of supplies of key raw material from Belarus, accounting, financial and non-financial reporting, including status on internal control for both financial and non-financial reporting, tax, finance and treasury, improvement programs, compliance and ethics, HESQ, legal proceedings, Yara Internal Risk and Audit (YIRA) audit plan and reporting, IT and cyber security and other compliance-related matters. The BASC has also met with the external auditor as part of the annual cycle, including approval of services. In addition, the BASC has held meetings with the CEO, the CFO and the chief audit executive.

In 2022 BASC aims to hold two meetings per quarter focusing on strategic priorities including, sustainability performance, strategy and risk management and financial reporting.

#### HR committee activities in 2021

The committee held six meetings in 2021. All members attended all six meetings.

The Committee reviewed and proposed to the Board the Short-Term Incentive (STIP) 2020 pay-out for Yara CEO, STIP 2021 for Yara CEO, allocation of Share Based Remuneration for Yara CEO, and to offer Yara CEO to participate in this year's voluntary share purchase scheme for Yara employees. The committee also reviewed these plans with respect to Group Executive

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Board (GEB) and other Yara employees, and provided Yara CEO with feedback.

Other cases the committee reviewed and proposed to the board were the 2021 Yara guidelines for executive remuneration and the reporting of executive remuneration in 2020, Yara People Strategy “Grow&Yara” – Response to Yara Strategy, KPIs related to People and succession planning for Yara CEO and other positions in GEB. The Committee also reviewed and commented on the results of the Yara Employee Survey 2020 and started the work on preparing the Executive Remuneration Report for 2021 and the Executive Remuneration Guidelines for 2022.

#### Nomination committee activities in 2021

The Nomination Committee, which is independent from the Board and Executive Management, held 20 meetings in 2021. The committee had full attendance in the meetings except one meeting, for which one member was excused.

In 2021, the remuneration to the Chair of the Nomination Committee was NOK 8,500 per meeting prior to the Annual General Meeting and thereafter NOK 8,750 per meeting. The remuneration to the other members of the Nomination Committee was NOK 6,400 per meeting prior to the Annual General Meeting and thereafter NOK 6,600 per meeting.

The Nomination Committee works with a long-term perspective and considers Yara’s strategy when nominating and evaluating the Board. The Nomination Committee strives to ensure that the Board comprises of individuals that both individually and collectively represent diverse and varied backgrounds, and who bring complementary competencies to the Board. For gender diversity specifically, the Nomination Committee works to ensure minimum 40% gender representation in the Board, as deemed mandatory by the Public Limited Liability Companies Act § 6-11 a. The Nomination Committee also considers the capacity of the Board members to ensure they are able to dedicate sufficient time and attention to their duties, as well as their independence from Yara’s management.

The term for the current Board members runs until 2022. Although there were no elections of new Board members in 2021, the Nomination Committee conducted their yearly evaluation of the Board’s performance.

When reviewing the Board’s work and composition, the Nomination Committee, also takes into consideration the outcome of the Board’s yearly self-evaluation. In 2021, said self-evaluation was conducted in Q1 in close cooperation with Russel Reynolds Associates. The Nomination Committee also encourages and proactively seeks out perspectives from Yara’s shareholders

to help inform their work. This includes directly contacting the 30 largest shareholders on an annual basis and providing an open invitation to dialogue on the [Yara.com](https://www.yara.com) website. During 2021, the Nomination Committee had dialogues and received inputs from several Yara shareholders and these inputs have been taken into consideration by the Nomination Committee when preparing its 2022 proposal. The Nomination Committee also conducted individual conversations with each Board member, both shareholder-elected and employee-elected, during the second half of 2021.

The Nomination Committee is well underway with their work for the 2022 nominations. As part of this job, the Nomination Committee has maintained an open dialogue with the Chair of the Board and the management to understand which Board competencies will be most effectful in supporting Yara with executing its strategy and in achieving its aspirations in the future. The Nomination Committee will present its updated evaluation and its recommendation for shareholder-elected Board members to the AGM in May 2022. Once available, a link will be added to the digital [annual report landing page](#).

The Nomination Committee’s past proposals and respective Board evaluations made to the AGM are available in the Investor Relations section of [Yara.com](https://www.yara.com).



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## GOVERNANCE REPORT

# 2022 Guidelines on salary and other remuneration for executive personnel

Yara's guidelines for remuneration of the Group Executive Board and Board members is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 6-16a (5) the statement will be presented to the Annual General Meeting (AGM) 2022 for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 30 April 2021 (State Guidelines). Yara's remuneration principles applying to Yara CEO and the other members of the Group Executive Board comply with these guidelines. The State guidelines apply at the outset to the entire group. Potential deviations will be reported in the report on remuneration of the Group Executive Board and Board Members to the Annual General Meeting. For members of the Group Executive Board employed by Yara companies in other countries remuneration may deviate from the State Guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company.

### Guidelines for remuneration of Board Members

The Chair and other Board members receive remuneration as Board members and members of Board Committees. The remuneration is determined by the General Meeting on the basis of a recommendation from the Nomination Committee. Employee-elected Board members receive the same remuneration as shareholder-elected Board members. None of the shareholder-elected Board members are employed by the Company.

None of the employee-elected Board members are executives. The employee-elected Board members receive salary, pension and other remuneration such as bonuses, Share Based Remuneration, car allowance, etc. in accordance with the Company's general terms for employment.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their positions as Board members.

### Guidelines for remuneration of Group Executive Board

The Board of Directors determines the remuneration of the President and CEO (CEO) and approves the general terms of the company's incentive plans for the Group

Executive Board based on proposals from the Board HR Committee. The CEO determines the remuneration to the other members of the Group Executive Board.

### Deviation from the guidelines

The Board of Directors may decide to deviate from the guidelines temporarily in individual cases. This requires exceptional circumstances making this necessary in order to safeguard the company's long-term interest, financial sustainability or ensure the company's viability. Potential deviations and the reasons for this will be reported in the report on remuneration of the Group Executive Board and Board Members to the Annual General Meeting.

### General principles

The Board determines the total remuneration to the CEO and other members of the Group Executive Board on the basis of;

- Incentivize management in line with maximizing long-term sustainable value creation to Yara's shareholders and other stakeholders;
- The need to offer competitive terms to secure the company's competitiveness in the labor market;
- A commitment to exercise moderation through responsible and not market leading remuneration

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Total remuneration for each member of the Group Executive Board is compared to the relevant market on a regular basis. Pension plans for the Group Executive Board are moderate and in accordance with the State Guidelines for all members of the Group Executive Board that have joined after 3 December 2015. This is further described below in the section Company paid pension plans.

The total remuneration for the members of the Group Executive Board comprises the following elements:

- Base Salary
- Share Based Remuneration
- Short-Term Incentive plan
- Pension plan benefits
- Other compensation elements such as internet connection and company car

The group executive board has over the past three years had an accumulated base salary increase of 0% as the members have abstained from salary adjustments. The corresponding average Norwegian salary increase in the same period was 8,3 percent on an accumulated basis. Salary adjustments in 2022 will for the Group Executive Board as a maximum be set equal to the frame for salary regulation according to applicable central collective bargaining agreements in Norway.

### Base Salary

Base Salary is reviewed once a year as per 1<sup>st</sup> June as part of the Annual Salary Review for all employees in Yara. In addition, salaries may be reviewed if scope of responsibility is materially changed. The development of Base Salary for the Group Executive Board is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries
- Benchmark of Executive Management Salaries in peer companies

Yara CEO and the other members of the Group Executive Board voluntarily abstained from the annual salary adjustment in both 2019, 2020 and 2021.

### Share Based Remuneration (SBR)

To support the alignment between executives and shareholder interests and to ensure retention of key talents in the company, an amount equal to 30% of the Base Salary may be awarded by the Board on an annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The SBR percent for other members of the Group Executive Board than the CEO will be adjusted from 25% to 30% with effect from 2023. The change has been made to ensure that the SBR plan is competitive and adapted to the market. The CEO was eligible for a 30% SBR also before 2023.

The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive in sum over the last three years. Yara's CEO can on a discretionary basis decide that SBR shall not be granted for a given year and Yara's Board of Directors can decide that SBR shall not be granted

to the CEO for a given year. Such an assessment will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

In cases where members of the Group Executive Board are recruited in other countries than Norway the SBR percentage may deviate from what is mentioned above depending on local market conditions for remuneration.

In order to support alignment between members of the Group Executive Board and the shareholder interests it is furthermore expected that members of the Group Executive Board that participate in the SBR program, every year as a minimum - in addition to the shares received as part of the SBR - invest in Yara shares an amount equaling the lowest amount received as net, after tax Short-Term Incentive payout for the preceding year or the net amount received as SBR for the relevant year. Such investments should be made until the shareholding amounts to two times the gross remuneration package, including pensions. Furthermore, it is also expected that members of the Group Executive Board do not sell any Yara shares as long as they are members of the Group Executive Board.

### Short-term Incentive Plan

The Short-term Incentive Plan contributes to realizing Yara's strategy, its long-term value creation and capital allocation policy. The plan sets stretched annual goals covering the dimensions People, Planet and Prosperity on the basis of Yara's communicated strategic score-card goals, which are reported quarterly.

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The annual goals are divided into Company Performance and Strategic Focus Areas as further described below. If all stretched goals are met, the CEO and the members of the Group Executive Board will obtain a target bonus of 40% of Base Salary. Maximum gross before tax payout is 50% of Base Salary. The maximum payout includes accrual of holiday pay on the bonus payout where this is applicable.

The target bonus for other members of the Group Executive Board than the CEO was adjusted from 35% to 40% with effect from 2022. The target bonus for the CEO was 40% also before 2022.

In cases where members of the Group Executive Board are recruited in other countries than Norway the percentages may deviate from what is mentioned above depending on local market conditions for remuneration.

**Company Performance**

The table below includes the performance indicators set to drive performance for 2022, in line with Yara’s strategic goals. A reference table details out how different achievements affect the score for each performance indicator. The table is based on the premise that if

the stretched target for an indicator being reached by 100%, it corresponds to the target bonus payout. Each indicator has an individual weight and the weighted sum of the performance score for each indicator represents the overall outcome as a percentage of Base Salary. The maximum bonus payout for Company Performance is 30% of Base Salary.

The objectives for the year and achieved results will be disclosed in the report on remuneration of the Group Executive Board and Board Members to the Annual General Meeting. Some of the performance indicators are market sensitive and consequently yearly targets will not be specified.

**Strategic Focus Areas**

A set of strategic focus areas to drive performance is established for each year. The following focus areas are set for 2022:

- Implement Grow@Yara with focus on leadership development & leadership communication
- Scale up digital farmer connectivity and commercialize food value chain partnerships
- Establish mineral fertilizer as a key component in

regenerative agriculture, supported by growth in bio-stimulants and organic farming

- Decarbonize and improve the competitiveness of our asset base, by continuing to drive operational excellence
- Accelerate the digital transformation of our core processes, including a new ERP platform

The achievement of goals for the individual Strategic Focus Area will be assessed in accordance with the table below with a maximum bonus of 20% of Base Salary.

The achieved result for each of the Strategic Focus Areas will be disclosed in the report on remuneration of the Group Executive Board and Board Members to the Annual General Meeting.

In addition to the performance evaluation described above, the board will take into account how difficult it has been to achieve the results, changes in external non-controllable factors that were not anticipated at the beginning of the year and that the results have been achieved in accordance with Yara’s values and ethical principles.

**Performance Scale on Strategic Focus Areas**

The planned action have been taken during the year with the following success score	Less than 50%	50%	75%	100%	110% or more
Correspond to the following pay-out in % of Base Salary	0%	8.0%	12.0%	16.0%	20.0%

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 **People**  
(25% weight)



Yara KPI	2020	2021	2025 Target	Measure
Strive towards zero accidents	1.3	1.0	<1.0	TRI
Process safety	71%	87%	95%	%
Engagement index	79%	79%	Top quartile	Index
Diversity and inclusion index	74%	77%	Top quartile	Index
Female senior managers <sup>1)</sup>	24%	29%	40%	%
Female/male, external recruitment senior personnel	25%	30%	50%	%

<sup>1)</sup> The definition of the KPI was updated during 2021, and the target performance was changed from 35% to 40%.

 **Planet**  
(25% weight)



Yara KPI	2020	2021	2025 Target	Measure
Energy efficiency <sup>1)</sup>	33.2	33.4	32.7	GJ/t NH <sub>3</sub>
GHG emissions, intensity	3.0	3.0	2.7	t CO <sub>2</sub> e/t N
Active hectares <sup>2)</sup>	7.6	8.2	150	MHa
Carbon marketplace				TBD

<sup>1)</sup> Energy efficiency target is for 2023

<sup>2)</sup> Cropland with digital farming user activity within defined frequency parameters

 **Prosperity**  
(50% weight)



Yara KPI	2020	2021	2025 Target	Measure
Ammonia production <sup>1)</sup>	7.7	7.8	8.9	Mt
Finished fertilizer production <sup>1)</sup>	21.3	21.8	23.9	Mt
Premium generated	1,036	280	n.a.	MUSD
Revenues from new business models	6	11	1,500	MUSD
Revenues from online sales	0	4	1,200	MUSD
EBITDA	2,223	2,804	>2,800	MUSD
Working capital <sup>2)</sup>	113	83	92	Days
Capital return (ROIC) <sup>2)</sup>	8.0	7.9	>10	%
Fixed costs <sup>2)</sup>	2,322	2,487	2,314	MUSD
Capex <sup>3)</sup>	0.8	0.9	1.2	BUSD
Progress projects on planned time/cost				According to project plan
MSCI rating	BBB	A	A	Score
Sustainalytics rating	Med	Med	Med	Score
Net debt / EBITDA <sup>2)</sup>	1.36	1.36	1.5-2.0	Ratio

<sup>1)</sup> KPI target year is 2023

<sup>2)</sup> See [page 255](#) for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).

<sup>3)</sup> CAPEX max 1.2 for 2022 onwards (including maintenance)

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### **Claw back of share based remuneration and Short-term Incentive payments**

Shares provided by the SBR and payments that have already been made from the Short-term Incentive Plan are subject to claw back provisions covering both situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

### **Benefit Plans**

Company paid pension plans

Pension plans in Yara should be defined contribution (“DC”) plans. Members of the Group Executive Board on Norwegian employment contracts are eligible to the company paid DC Pension Plan applicable for all Yara employees in Norway. The contribution rates to this plan is 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) and 18% of pensionable salary between 7.1G and 12G.

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Group Executive Board who are members of the plan at commencement, future contributions to the plan stops and they become deferred members of the plan. One current member of the Group Executive Board at 3 December 2015 remains active member of the plan with future contributions.

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1 January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

Executives employed by Yara companies in other countries will be covered by company paid pension plans according to national plans and markets.

### **Personal insurance schemes**

The executives are members of the personal insurance schemes applicable to other Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident and Health Insurance. In addition, they are provided with a Travel Insurance covering both the executive and family.

### **Other compensation elements**

Executives are granted benefits in kind according to

the applicable market standard. These are typically cell phone, internet connection and company car, alternatively fixed car allowance.

In the event of an international assignment contract, the executive and family will be entitled to allowances and benefits in accordance with Yara’s Global Mobility Policy.

Members of the Group Executive Board on Norwegian contracts are entitled to a severance pay equal to six months Base Salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay. For members of the Group Executive Board employed by Yara companies in other countries severance pay may deviate from the above depending on local regulations.

### **Ad-hoc compensation elements**

In extraordinary circumstances related to recruitment processes, sign-on bonus may be agreed up to a maximum of the Base Salary that has been agreed. Any such compensation will be reported in the report on remuneration of the Group Executive Board and Board Members to the Annual General Meeting.

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# Group executive board

Read more about our management team by clicking on their pictures or names. You can also continue reading on the following pages.



Svein Tore Holsether →



Thor Giæver →



Lars Røsæg →



Mónica Andrés Enríquez →



Solveig Hellebust →



Pål Hestad →



Fernanda Lopes Larsen →



Chrystel Monthean →



Kristine Ryssdal →

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### Svein Tore Holsether (1972)

POSITION	YEAR OF APPOINTMENT
President and Chief Executive Officer	2015

**EMPLOYED**  
2015

**EDUCATION**  
Bachelor's degree, specializing in Finance & Management from the University of Utah, USA

**EXPERIENCE**  
Mr. Holsether is passionate about promoting the Sustainable Development Goals in the global business arena. To contribute to a thriving future and drive inclusive growth, he is a member of the Executive Committee and Chair of the Food & Nature program for the World Business Council for Sustainable Development (WBCSD). He was a Commissioner of the Business and Sustainable Development Commission (BSDC), and also serves on the Executive Committee and Board of the International Fertilizer Association (IFA). Previously, Mr. Holsether has held a range of executive and senior position in large industrial companies, including in Orkla, Sapa and Elkem.

**SHARES OWNED AT YEAR-END 2021 46,263**

### Thor Giæver (1972)

POSITION	YEAR OF APPOINTMENT
EVP & Chief Financial Officer	2021

**EMPLOYED**  
2004

**EDUCATION**  
Bachelor's (Hons) degree from the School of Management, University of Bath, UK.

**EXPERIENCE**  
Giæver has served as EVP and CFO since July 2021. He joined Yara in 2004 and has held several senior positions in the company. He was SVP Investor Relations from 2011 to 2021 and has previously held the positions of Acting CFO (2014-2015) and Head of Controlling & Risk Management (2009-2011). He also has earlier experience from a number of finance positions at Ford Motor Company (1996-2004).

**SHARES OWNED AT YEAR-END 2021 5,988**

### Lars Røsæg (1982)

POSITION	YEAR OF APPOINTMENT
EVP, Corporate Development & Deputy CEO	2021

**EMPLOYED**  
2017

**EDUCATION**  
Degree ("Siviløkonom") from the Norwegian School of Economics (NHH)

**EXPERIENCE**  
Mr. Røsæg has served as Executive Vice President Corporate Development & Deputy CEO since July 2021. He previously held the position of EVP & Chief Financial Officer (2018-2021) and Vice President Global JVs & CEO Office (2017-2018). He has broad experience from senior finance and strategy positions at Sapa (2012-2017) and Orkla (2005-2012). Røsæg is a certified Diversity Manager in line with the requirements from Norsk Sertifisering AS.

**SHARES OWNED AT YEAR-END 2021 9,397**

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## Mónica Andrés Enríquez (1970)

POSITION	YEAR OF APPOINTMENT
EVP, Europe	2021

**EMPLOYED**  
1998

**EDUCATION**

Master's degree in Business Administration from Instituto de Empresa Spanish Business School Degree in Agronomy Engineering from the Spanish Polytechnic University of Engineers (ETSIA)

**EXPERIENCE**

Ms. Andrés has served as EVP Europe since July 2021. She has previously held several positions in the company. She was VP Farming Solutions Europe (2020-2021), Project Manager for Yara Europe Strategy and SVP BU South Europe (2019-2020), SVP BU Asia (2017-2019), and Country manager for Spain and Portugal (2013-2016). She was employed by Hydro in 1998 as field agronomist.

**SHARES OWNED AT YEAR-END 2021 3,240**

## Solveig Hellebust (1967)

POSITION	YEAR OF APPOINTMENT
EVP, People, Process and Digitalization	2022

**EMPLOYED**  
2020

**EDUCATION**

Ph.D. degree in Agricultural Trade from the Norwegian University of Life Sciences. Master's degree in Agricultural Economics from the University of Illinois at Urbana-Champaign. Master of Management and Economics ("Siviløkonom") from BI Norwegian Business School

**EXPERIENCE**

Ms. Hellebust has served as EVP People, Process and Digitalization since July 2021. She joined Yara in December 2020 in the position of Senior Vice President and Chief HR Officer. For almost 11 years (2009-2019), Ms. Hellebust was Group Executive Vice President at DNB with 9 years as Group Executive Vice President HR, followed by the role of Group Executive Vice President People and Operations. She has also held various executive HR roles in Pronova BioPharma (2004-2009) and Telenor (2001-2004). Prior to her executive roles, Ms. Hellebust served three years as Associate Professor of Economics at BI Norwegian Business School.

**SHARES OWNED AT YEAR-END 2021 579**

## Pål Hestad (1971)

POSITION	YEAR OF APPOINTMENT
EVP, Global Plants & Operational Excellence	2020

**EMPLOYED**  
1995

**EDUCATION**

Master's degree in Industrial Electrochemistry from Norwegian University of Science and Technology (NTNU)

**EXPERIENCE**

Mr. Hestad has served as Executive Vice President Global Plants & Operational Excellence since June 2020. He has been a Yara employee since 1995. Since then, Mr. Hestad has held several positions at Yara's Glomfjord plant (Process Engineer, Operations Engineer, Productivity Engineer, Production Manager and Plant Manager). He has also held the positions of Head of Productivity (2003-2004), Regional Plant Manager, Germany (2010-2012), Regional Head of Production (2012-2018), and Senior Vice President Production, Northern Europe & Canada (2018-2020).

**SHARES OWNED AT YEAR-END 2021 9,258**



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## Fernanda Lopes Larsen (1974)

POSITION	YEAR OF APPOINTMENT
EVP, Africa & Asia	2020

**EMPLOYED**  
2012

**EDUCATION**  
Master's degree in Civil Engineering from Graz University of Technology, Austria and a specialization in Corporate Innovation from Stanford University, United States

**EXPERIENCE**  
Ms. Lopes Larsen has served as EVP Africa & Asia since September 2020. She joined Yara in 2012 and has since held several senior positions in the Company, the most recent being Senior Vice President for Indirect Procurement (2016-2020). Prior to joining Yara, Ms. Lopes Larsen held manufacturing and procurement positions in consumer goods and pharmaceutical companies Procter & Gamble and GlaxoSmithKline.

**SHARES OWNED AT YEAR-END 2021 4,168**

## Chrystel Monthean (1967)

POSITION	YEAR OF APPOINTMENT
EVP, Americas	2020

**EMPLOYED**  
1991

**EDUCATION**  
Post-graduate degree in agronomy engineering from Ecole Nationale Ingenieurs Techniques Horticulture et Paysage, France. Master's degree in International Business and Technology Transfer from Rouen Business School, France.

**EXPERIENCE**  
Ms. Monthean has served as EVP Americas since October 2020. She has been a Yara employee since 1991. Her previous positions in the company include EVP Africa & Asia (June 2020), Manager, BU Latin America (2018-2020), Value Chain Director (2013-2018), and Managing Director of Yara Vietnam (2007-2013). Prior to moving to Asia and Latin America, Ms. Monthean held roles in various commercial functions and countries in Europe.

**SHARES OWNED AT YEAR-END 2021 4,770**

## Kristine Ryssdal (1960)

POSITION	YEAR OF APPOINTMENT
EVP, HR & General Counsel	2020

**EMPLOYED**  
2016

**EDUCATION**  
Master of Laws degree from the London School of Economics  
Law degree from the University of Oslo

**EXPERIENCE**  
Ms. Ryssdal has served as EVP, HR & General Counsel since June 2020. Previously, she held the position of EVP General Counsel 2016-2020. Before joining Yara, Ms. Ryssdal held the position of Vice President Legal at Statoil 2012-2016. Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998. Sustainability is an integrated part of her leadership agenda as responsible for Ethics & Compliance and Diversity & Inclusion in the Group Executive Board. Ryssdal is also a member of the Executive Board of the Central Bank of Norway, supervising amongst others responsible investments of the Norwegian Oil Fund.

**SHARES OWNED AT YEAR-END 2021 12,108**

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# Board of Directors

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[Rune Bratteberg](#) →



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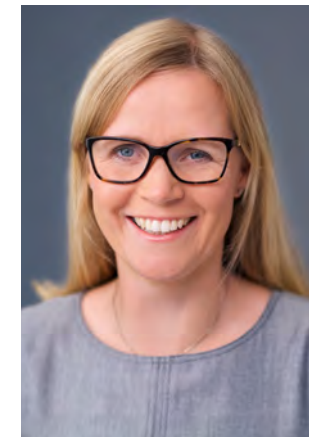
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## Trond Berger (1957)

POSITION	ELECTED BY/YEAR
Chair of the Board	Shareholders, 2018
Chair of the HR Committee	

**POSITION**  
CEO in Blommenholm Industrier since 2020

**EDUCATION**  
Master's degree in Economics from the BI Norwegian School of Management and is a State-Authorized Public Accountant. Graduate of the Norwegian Armed Forces' Officer Candidate School

**EXPERIENCE**  
Mr. Berger is CEO of Blommenholm Industrier. Previously, he was Investment director at Blommenholm Industrier (2019-2020). From 1999 to 2019, Mr. Berger served as Executive Vice President of Schibsted ASA, including as CFO with responsibility for Sustainability. Previous positions also include Investment Director with Stormbull (1998), Executive Vice President (CFO) of Nycomed ASA, and Executive Vice President, Strategy and Business Development at Nycomed Amersham (1997-98), and partner at Arthur Andersen (1981-92).

**OTHER ASSIGNMENTS**  
Mr. Berger is also Chair of the Board of Bertil O Steen Holding, Arctic Asset Management, and Polaris Media, as well as member of the Board in Oslo House and Sayonara.

**BOARD MEETINGS ATTENDANCE 10**  
**HR COMMITTEE ATTENDANCE 6**  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 3**  
**SHARES OWNED AT YEAR-END 2021 3,000**

## Rune Bratteberg (1960)

POSITION	ELECTED BY/YEAR
Member of the Board	Employees, 2012
Member of the Audit and Sustainability Committee	

**POSITION**  
Head of Product Stewardship and Compliance since 2019

**EDUCATION**  
Degree in Information Technology and a Degree in Nordic Languages and History from University of Bergen

**EXPERIENCE**  
Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO.

Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 10**  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 8**  
**SHARES OWNED AT YEAR-END 2021 432**

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### Håkon Reistad Fure (1987)

POSITION	ELECTED BY/YEAR
Member of the Board	Shareholders, 2019
Member of the Audit and Sustainability Committee	

**POSITION**  
 CEO of MyBank since 2021  
 Chairman of Company One since 2020

**EDUCATION**  
 Master's degree in Finance from the Norwegian School of Management (Handelshøyskolen BI)

**EXPERIENCE**  
 Mr. Fure currently serves as CEO of MyBank ASA and was previously Chairman of MyBank's Board (2020-2021). His previous positions include Equity Research at DNB Markets (2007-2014) and Partner of Magni Partners (2014-2020).

Mr. Fure has held several board member positions. In 2015, he joined the corporate assembly of Storebrand ASA and was subsequently elected a board member of Storebrand ASA (2015-2018), directly representing a group of shareholders. In 2016, Mr. Fure was elected to the board of Avida (2016-2020), where he also acted as CEO in 2018.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 9**  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 6**  
**SHARES OWNED AT YEAR-END 2021 25,000**

### Ragnhild Flesland Høimyr (1987)

POSITION	ELECTED BY/YEAR
Member of the Board	Employees, 2020

**POSITION**  
 Production Manager CN & NPK2 at the Yara Porsgrunn Plant since 2019

**EDUCATION**  
 Master of Science degree from the University South-Eastern Norway

**EXPERIENCE**  
 Ms. Høimyr has been a Yara employee since 2015. Previously, Ms. Høimyr held the position of Process Engineer NPK/CN area in Porsgrunn (2015-2019).

She has served as member of the Telemark University College Board (2010-2012), and as Chairman of the Board of the Student Welfare Organization in Telemark (2012-2014).

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 10**  
**SHARES OWNED AT YEAR-END 2021 299**

### Øystein J. Kostøl (1982)

POSITION	ELECTED BY/YEAR
Member of the Board	Employees, 2020

**POSITION**  
 Project Director at Yara Clean Ammonia

**EDUCATION**  
 Master of Technology degree from NTNU (Trondheim, Norway) on Energy and Environment.

**EXPERIENCE**

Mr. Kostøl has been a Yara employee since 2012 and is currently project director for Hegra (Herøya Green Ammonia). He heads the labor union Tekna at Yara. Previous positions at Yara, include working as project manager in different Yara mining projects (2012-2017), which entailed being based in Ethiopia (2012-2015). He has also worked in the Innovation department, focusing on climate neutral solutions (2017-2021).

Mr. Kostøl has previously worked in the Norwegian utility company Statkraft.

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 10**  
**SHARES OWNED AT YEAR-END 2021 273**

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## Kimberly Mathisen (1972)

POSITION	ELECTED BY/YEAR
Vice chair of the Board	Shareholders, 2019

**POSITION**  
CEO of C4IR Ocean since 2022

**EDUCATION**  
BS in engineering from the University of Illinois  
MBA from Harvard Business School

**EXPERIENCE**  
Kimberly Mathisen is the CEO of C4IR Ocean. Her previous positions have included GM of Microsoft Norway (2016-2021), CEO of Orkla Home & Personal Care (2013-2016); Global VP & Alliance Leader, Eli Lilly (2011-2013); General Manager, Germany and Norway, Eli Lilly (2007-2010); Co-Founder Appeal Networks (2000-2001); and Production Leader, Procter & Gamble (1994-1999).

Kimberly has extensive board experience including Abelia (2017-2021), NHST (parent of Dagens Næringsliv) (2011-2019), Meda AB (2015-2016), Borregaard (2012-2013), and Kappa Bioscience (2009-2014).

**OTHER ASSIGNMENTS**  
Ms. Mathisen is on the Advisory Board of Nysnø and Sintef and a member of Friends of Ocean Action.

**BOARD MEETINGS ATTENDANCE 10**  
**SHARES OWNED AT YEAR-END 2021 500**

## Adele Bugge Norman Pran (1970)

POSITION	ELECTED BY/YEAR
Member of the Board	Shareholders, 2019
Chair of the Audit and Sustainability Committee	

**POSITION**  
Professional Board member and management consultant

**EDUCATION**  
Bachelor and master's degrees in law from the University of Oslo  
Master's degree in Auditing and Accounting

**EXPERIENCE**  
Mrs Pran is a professional board member with considerable experience working on issues of sustainability in her respective board positions.

She was previously in the Private Equity industry for 13 years. As a Partner of Herkules Capital, Mrs. Pran was in charge of the following business areas: Finance, Treasury, Investor Relations, Acquisitions and divestments, strategy and Business development, Legal, Compliance and ESG (2004-2016). Prior to Herkules Capital Mrs. Pran was part of the Deals team in PWC (1999-2004).

**OTHER ASSIGNMENTS**  
Mrs. Pran is currently on the board of ABG Sundal Collier ASA, B2Holding ASA, Zalaris ASA, Motorgruppen AS and Hitec Vision ASA. She is a member of the strategic Advisory Board of Boards Impact Forum and Chair of the ABG Women in Finance Foundation.

**BOARD MEETINGS ATTENDANCE 10**  
**AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 8**  
**SHARES OWNED AT YEAR-END 2021 2,010**

## Geir O. Sundbø (1963)

POSITION	ELECTED BY/YEAR
Member of the Board	Employees, 2010
Member of the HR Committee	

**POSITION**  
Corporate employee representative of Yara International  
Chairman of European Works Council (EWC) of Yara International

**EDUCATION**  
Skilled Chemical Process operator

**EXPERIENCE**  
Mr. Sundbø has been a Yara (Hydro) employee since 1987. He has worked extensively as a skilled chemical process operator (1987-2004). He has been actively engaged in trade union matters since 1989 and has, since 2004, been a full-time employee representative at Yara.

Mr. Sundbø previously held various roles at both Herøya Arbeiderforening (1993-2019) and Industri Energi Control Committee (2010-2019). He also served as a Board member of Bjørkøya Utvikling AS (2009-2019).

**OTHER ASSIGNMENTS**

**BOARD MEETINGS ATTENDANCE 9**  
**HR COMMITTEE ATTENDANCE 6**  
**SHARES OWNED AT YEAR-END 2021 404**

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## John Thuestad (1960)

<b>POSITION</b>	<b>ELECTED BY/YEAR</b>
Member of the Board	Shareholders, 2014

**POSITION**  
Executive Vice President Bauxite & Alumina at Norsk Hydro ASA since 2018

**EDUCATION**  
Master's degree in Metallurgy from NTNU  
MBA from Carnegie Mellon University

**EXPERIENCE**  
Prior to his current position, Mr. Thuestad led Hydro Extruded Solutions, Europe (2017-2018). His previous experiences at Hydro/Sapa include EVP Sapa Extrusions Europe (2013-2017) and leading the Sapa Profiles with production plants in Europe, North America and China (2012-2013).

Other previous positions include EVP Group President Primary Metals at Alcoa Global Primary Products (2007-2012), CEO of Elkem AS (2005-2007) and Elkem Aluminium AS (2000-2007). Prior to that, Mr. Thuestad was Managing Director of Norzink AS and Fundo AS. Mr. Thuestad has served as Board member/Chairman of Tyssefaldene AS (1997-2000), Board member of Borregaard AS (2005-2007), Statkraft/Groener AS (2000-2003) and as Officer of Alcoa Inc (2010-2011).

**OTHER ASSIGNMENTS**  
Member of the Executive committee of International Aluminium Institute (IAI)

**BOARD MEETINGS ATTENDANCE 10**  
**SHARES OWNED AT YEAR-END 2021 1,200**

## Birgitte Ringstad Vartdal (1977)

<b>POSITION</b>	<b>ELECTED BY/YEAR</b>
Member of the Board	Shareholders, 2020
Member of the HR Committee	

**POSITION**  
Executive Vice President European Wind and Solar at Statkraft since 2020

**EDUCATION**  
Master's degree in Engineering Mathematics from the Norwegian School of Science and Technology (NTNU)  
Master's degree in Financial Mathematics from Heriot-Watt University in Edinburgh

**EXPERIENCE**  
Ms. Vartdal is EVP of Statkraft and responsible for Statkraft's European Wind and Solar. Vartdal previously served as CEO of Golden Ocean Group (2016-2019), and as CFO of Golden Ocean Group (2010-2016). She has also held various management positions in Torvald Klaveness (2004-2010) and worked for Hydro Energi (2001-2004). Ms. Vartdal has held several Board positions, including Seadrill (2019-2020), Sevan Drilling (2013-2016), and Mowi (2016-2020). She was also Chairman of the Board for Sevan Drilling (2015-2016) and a Member of the Corporate Assembly at Equinor (2016-2020).

**OTHER ASSIGNMENTS**  
Ms. Vartdal is currently on the Board of Vartdal Fiskeriselskap AS and serves on the Board of several Statkraft AS companies.

**BOARD MEETINGS ATTENDANCE 9**  
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**SHARES OWNED AT YEAR-END 2021 2,500**

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MESSAGE FROM THE BOARD OF DIRECTORS

# Managing volatility, delivering strong results

In 2021, the Board focused its work on the significant transformation the company is undergoing, evidenced by further portfolio adjustments and progress within clean ammonia. Further, the Board has spent time on the company's management of both a volatile market environment and the pandemic, building on the regional model it established in 2020.



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Two larger transactions were announced in 2021 supporting the company's strategic direction: the divestment of the Salitre asset in Brazil and the establishment of the Hegra joint venture aiming to electrify and decarbonize Yara's ammonia plant at Herøya. Continued capital discipline and competitive shareholder returns were also high on the agenda during 2021. With the 30 NOK per share dividend which will be proposed to the Annual General Meeting in May 2022, total cash returns paid or proposed for 2021 amount to 58 NOK per share<sup>1)</sup>.

The Board has also devoted considerable time in 2021 to the situation in Belarus. Yara has a strong commitment to universal human rights and condemns all forms of repression and human rights violations. With the support of human rights organizations and trade unions, Yara has sought positive change by leveraging its presence in Belaruskali to promote technical and occupational safety and workers' rights. However, the effects on the supply chain from the current sanctions on Belarus forced Yara to initiate a wind-down of its sourcing of Belarusian potash, which is expected to be completed by 1 April 2022.

The company's integrated reporting has been further matured during 2021, with Yara's updated Strategy scorecard being central both for internal performance management and external reporting.

**Volatile market environment**

In 2021 both Yara's product prices and input costs increased significantly. Global nitrogen prices strengthened, driven by strong demand and limited supply additions. Volatility was particularly high in the fourth quarter, with the urea price three times higher and European natural gas prices almost six times higher than in the same period the previous year. As a result of the record high gas prices, Yara curtailed production at several of its European ammonia facilities in September 2021. The impact on finished fertilizer production was limited, as unprofitable ammonia production was replaced with sourcing from Yara plants outside Europe, and from Yara's global ammonia trade and shipping network.

Yara's regional model, established in 2020, has been key to managing the volatile market environment in 2021. To ensure Yara responds efficiently, the operating segments have collaborated extensively, with significantly increased coordination and meeting activity to ensure optimal decisions and risk mitigation amid the volatility.

**Covid-19 response**

Yara has a triple responsibility in the ongoing global pandemic: firstly, to safeguard its employees, contractors, partners, neighbors, and society at large; secondly, to be a responsible company and act in accordance with government guidelines and regulations; and thirdly, to keep operations running and help support the supply

of food and other essential products to society. This means that the timing of turnarounds, improvement initiatives, and other projects is optimized to reduce the risk of prolonged outages.

At end 2021, Covid-19 management went into a new phase, with the operating segments taking over the crisis response management from the corporate Covid-19 Response Team established by Yara early 2020. Reporting has continued with frequent updates to the Board of Directors. The Covid-19 team, with representatives from all Yara's operational segments and corporate functions, has continued to meet regularly to coordinate, support, and share best practices across Yara's global operations. Yara's operations have performed well during Covid-19, as have agricultural markets and supply chains overall.

**Nature positive**

In 2021, Yara updated its ambition statement to Growing a Nature-Positive Food Future. The ambition statement now includes our pre-existing ambition to achieve climate neutrality across all scopes by 2050, but further broadens its perspective to better capture how Yara will deliver on its Mission and Vision.

While more work will be carried out through 2022 to provide further details, the content will include partnerships to decarbonize agriculture and shipping, solutions to reduce pollution related to core production and along the food chain, solutions to enhance crop and soil

<sup>1)</sup> Share buybacks included in the year of purchase, including the corresponding pro-rate redemption of shares from the Norwegian state

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health, increase farmer connectivity, product traceability, improve nutrition and quality of life, protect and restore nature, and to reverse climate change through science-based targets and actions.

These focus areas, together with the mission statement, are anchored in the strategy announced at Yara's ESG Investor Seminar in December 2020. In combination with a strong commitment to a clear capital allocation policy, Yara is well positioned to continue driving sustainable long-term value creation for its shareholders and other stakeholders.

### The Company

Yara is an integrated food solutions company with an industrial portfolio. Headquartered in Oslo, Norway, Yara is listed on the Oslo Stock Exchange. Yara's knowledge, products, and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food, and environment. The company mission is to "Responsibly feed the world and protect the planet". Yara's business activities are carried out within six operational segments: Europe, Americas, Africa & Asia, Global Plants & Operational Excellence, Industrial Solutions, and Clean Ammonia.

The regional segments (Europe, Americas, and Africa & Asia) operate in a fully integrated setup, comprising production, supply chain, and commercial operations, producing and delivering Yara's existing fertilizer

solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The Global Plants & Operational Excellence segment operates Yara's largest and export-oriented production plants (Porsgrunn, Sluiskil) and has a key role in driving operational and HSE improvements, competence development, and technical project execution across Yara's production system.

Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries. This segment performs its activities through five global commercial units: Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates, and Yara Marine Technologies. These commercial units are backed by six dedicated production plants across Europe, Latin America, Africa, and Asia.

Yara Clean Ammonia was established as a separate segment in 2021. The Clean Ammonia segment contains Yara's Ammonia Trade and Shipping business, which plays a vital role in Yara's production system, optimizing production capacity utilization with off-takes of merchant ammonia volumes from surplus producing plants and supply of ammonia to consuming plants. In addition, Yara Ammonia Trade and Shipping sources and trades ammonia externally. The segment is also evaluating several new green and blue ammonia projects with the aim of serving growing markets for clean ammonia and add scale to its existing business.

Active portfolio management has always been a key pillar in Yara's strategy as evidenced, for example, through the divestment of GrowHow UK and the European CO<sub>2</sub> business. In 2021, Yara continued to develop its portfolio through divesting the Salitre phosphate mining project in Brazil. The divestment contributes to streamlining Yara's portfolio and real-locating capital and resources in line with our capital allocation policy.

### Sustainability governance

Yara supports the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO).

Yara continuously works to integrate sustainability into all core business decision-making processes, the company governance structure, and performance management. Performance is measured along the People, Planet, Prosperity, and Governance dimensions. The Board Audit and Sustainability Committee (BASC) oversees sustainability-linked topics for the Board. Yara also has a Sustainability Committee, which is constituted by the Group Executive Board.

The People and Planet dimensions of sustainability are governed through Yara's steering system and defined in our HESQ Policy and Code of Conduct, both signed

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by the President and CEO. The corporate HESQ, Ethics and Compliance, and Sustainability Governance functions are integral to the business review processes, performance management, and capital value processes anchored in the CFO function.

The SVP HESQ reports to EVP Global Plants & Operational Excellence, and presents reports to the full Board of Directors and the Board's Audit and Sustainability Committee at least once per year. The SVP HESQ has organizational responsibility for ensuring that appropriate health, safety, environment, and security governance is in place throughout the company. Corporate HESQ also performs audits of relevant business units to ensure adherence to relevant requirements and standards.

The Ethics and Compliance function maintains and implements the Code of Conduct through an extensive company-wide Compliance Program. The Code of Conduct includes our anti-corruption and human rights policies.

Yara's Ethics and Compliance Department plays a key role in the management of all risks related to corruption, fraud, human rights, and business partner integrity. Ethics training of employees is among the performance indicators followed by Yara's Board of Directors, and includes mandatory code of conduct e-learning for all employees. Additional safeguards include an anonymous whistle-blowing function.

The Chief Compliance Officer reports administratively to Yara's General Counsel, twice a year to the Board of Directors, quarterly to the Board Audit and Sustainability Committee, and monthly to the CEO or on an ad hoc basis as necessary, on matters relating to ethics and compliance, including human rights and corruption.

Yara has a Compliance Committee, which is chaired by the CEO and attended by the members of Yara's Group Executive Board. The Compliance Committee meets quarterly and acts as a focal point for matters related to ethics and compliance.

The sustainability governance function reports to the CFO. This function oversees integrated and sustainability reporting, ESG benchmarking, the implementation of external standards according to relevance and prioritization, as well as the development of science-based targets and the company's Nature Positive Roadmap.

### Integrated performance management

Yara integrates holistic measures of company performance into the management of the company. We have adopted the structure of the WEF Stakeholder Capitalism whitepaper into our balanced scorecard, meaning that the Board reports performance in the People, Planet, Prosperity, and Governance performance chapters of this integrated report. Key developments and strategic considerations and actions are described here.

### People

Caring for people is key to business success. Safety first is a Yara priority, and "Safe by Choice" is the name of Yara's safety culture program that is making zero injuries a real possibility. Since its inauguration in 2013, the program has reduced the total recordable injuries (TRI) rate from 4.3 in 2013 to 1.0 in Q4 2021.

Health and safety is not all about statistics – one severe injury or fatality is one too many. Yara has developed a program for the prevention of major incidents and a comprehensive process safety program. By reviewing, investigating, and sharing lessons learnt from incidents with high potential severity, we can establish effective improvement actions.

Yara's health and safety culture combined with a purpose-driven and engaged workforce, provides a strong foundation for operational excellence and innovation. Diverse teams make better decisions than homogenous teams, and engaged employees perform better. We therefore prioritize Diversity, Equity, and Inclusion (DEI) as an important part of the updated strategy.

Our ambition is to continue to increase the number of women in Yara across all levels, and the KPI for female senior leaders was strengthened. In 2025, Yara targets reaching 40% women among senior leaders, up from 35%. 2021 performance is found on [page 43](#).

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Following up on 2020 survey findings about gender perceptions in agriculture, Yara launched, in 2021, the initiative Women in Agronomy, aiming to increase women's representation with a specific focus on attracting and retaining women talent.

Yara is also engaged in improving inclusion of other groups. Due to legal constraints and sensitivity of the data, Yara can't track indicators linked, e.g., to ethnical groups, sexual orientation or religion. We therefore focus on raising awareness of unconscious bias as a path to move forward.

Following up on the Black Talent Initiative, the Borderless Leadership Program was launched for 200 senior leaders, leading them through a 5-hour workshop on tackling race bias and discrimination in the workplace, followed by 4 monthly group coaching sessions. On 14 September, Yara's Global D&I Day was celebrated worldwide.

Attracting, developing and retaining diverse talent requires us to acknowledge that our employees have different needs and preferences, including work-life balance through different phases in life. This led to the 2021 launch of Yara's Work Life Balance & Well-Being Framework.

In 2020, Yara's employee survey identified high levels of stress and insufficient support when experiencing mentally strain. In 2021, Yara formalized new

procedures for psychosocial environment and mental health as well as for physical work environment and manual handling. Yara's 2021 survey showed an improved score on these topics, while overall employee engagement remained high and stable.

The Covid-19 pandemic continued to have a deep impact on our employees' work situation and personal lives. We recognize that challenges and demands both from private life and work can be difficult to manage, and that the pandemic has amplified this. In collaboration between corporate functions and our local sites we have provided services to support our employees to be safe both at our sites and at home, and we have also started several mental health initiatives. We registered 1,828 cases of Covid-19 among employees in 2021. The overall sick leave rate was 3.0% for Yara globally, and 3.6% in Norway.

Yara maintains a company-wide human rights risk assessment, which in 2021 identified 19 high-risk countries, up from 18 in 2020. All high- and medium-risk countries are monitored through our Compliance Program, and detailed human rights impact assessments are rolled out to the high-risk countries. Based on the assessment findings, Yara takes action to mitigate risks.

Previous human rights impact assessments have identified risk of negative impacts in connection with contracted labor performing services for Yara, especially where manual labor is combined with heat

exposure. Local mitigating actions are in place to address these issues, and additionally, manual labor including heat exposure is now covered in the global Yara standard on Physical Requirements to the Work Environment.

Yara is committed to paying employees fairly, regardless of personal beliefs or any individual characteristics. Individual remuneration will vary based on specific factors such as country, employment market conditions, position content and position grade, performance, and competence. In accordance with Norwegian legislation, a dedicated remuneration disclosure is published alongside the integrated report with a detailed account on gender pay levels.

The strong knowledge of Yara's employees is a key to our future success. We provide our employees and leaders with opportunities to upskill and reskill. Upskilling aims to improve growth in existing or similar roles, while reskilling enables employees to move to different roles, reducing the need for new hires. These efforts are pursued on multiple fronts, not least by making digital learning broadly accessible in the company.

**Planet**

Yara takes a holistic approach to environmental protection, covering both the sourcing of raw materials, our own production processes and logistics, and the use of our products. Yara uses a precautionary approach to

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identify risks and take preventive measures to mitigate the potential harm to people and the environment.

To deepen Yara's understanding of climate risks, a project was undertaken in 2021 to establish Yara's climate risk scenarios. The three scenarios will be made available on [Yara.com](https://www.yara.com), responding also to the Task Force for Climate Related Financial Disclosures (TCFD) recommendations.

Yara is progressing its work on setting Science Based Targets (SBT) on GHG emissions. As part of the effort, Yara is collaborating with Nutrien and WBCSD towards establishing a Sectoral Decarbonization Approach (SDA) for the nitrogen fertilizer industry. The SDA is expected to be finalized in 2023, and it will provide an emissions reduction pathway for the industry.

Yara Birkeland, the world's first zero-emission and autonomous container ship had its maiden voyage in the Oslo fjord in November 2021. Yara Birkeland will contribute to emission cuts, and it will be in commercial operation from 2022, reducing the number of diesel-powered truck haulage journeys by 40,000 every year.

Progressing on Yara's greenhouse gas (GHG) KPIs, we completed 18 projects in 2021, reducing emissions by 0.26 million tonnes CO<sub>2</sub>e. The GHG project portfolio for the 2025 climate KPI includes more than 90 profitable projects, at an estimated investment of more than

USD 280 million. The projects will enable GHG emission reductions of 2 million tonnes CO<sub>2</sub>e.

Yara manages its global production and operations in accordance with system certificates for the three standards ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management). Yara is progressing towards certifying all major production sites to the ISO 50001 Energy Management standard. The process is scheduled to be completed in 2022. We measure the total amount of energy used to produce one tonne of ammonia, and an energy intensity KPI is disclosed in the Planet performance section.

Yara Clean Ammonia (YCA) was established in 2021 with the objective of capturing growth opportunities within clean hydrogen and ammonia production, transport, and distribution. As the major global trader of ammonia, Yara is well-equipped to become the green ammonia champion by leveraging its strengths in production, logistics, and trading. In August 2021, Yara launched the company HEGRA. The company aims to electrify and decarbonize the ammonia plant at Herøya, Porsgrunn in Norway, and thereby reduce CO<sub>2</sub> emissions by 800,000 tons annually.

Throughout 2021, YCA established several agreements for trade and offtake of upcoming clean ammonia volumes, and it contributed in consortia to promote ammonia as a decarbonized fuel for the maritime industry.

We adhere to the principles of product stewardship to ensure that appropriate care is taken along the whole fertilizer value chain. We have assessed the health, safety, security, and environmental (HSE) impacts of all our significant product categories, covering the life cycle of the products. Our operations are certified to the fertilizer sector's product stewardship programs and audited on a regular basis by a third party.

Yara has mapped the environmental liabilities at all our major sites. In 2021, we initiated the development of environmental roadmaps for our major production sites in Europe. The roadmaps cover current and foreseen environmental regulatory requirements, such as water management, non-GHG emissions to air, noise, and soil contamination.

The EU remains a front runner in climate and environmental regulatory developments, with the Fit for 55 package supporting the EU legally binding target of a 55% reduction in GHG emissions by 2030. Yara supports the EU ambition, but is actively requesting that the package work towards aligning measures so that export-oriented industry can retain competitiveness, and that it also prioritizes providing a market for green products as it mandates the production of such. The position paper is available on [Yara.com](https://www.yara.com). Yara emphasizes the importance of a level playing field for industry, in a dynamic regulatory environment both for the EU and internationally.

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Yara’s digital farming solutions combine its agronomic knowledge with new technologies to help farmers improve productivity while reducing environmental impacts. With over 60 years of research and development, and decades of soil analytical services, we are uniquely positioned to offer our customers digital solutions that support higher nutrient use efficiency (NUE), reduced GHG emissions, and nature-positive outcomes.

In 2021, we relaunched Atfarm+ as our main farmer digital interface in Europe and the Americas, focusing on improving nutrient use efficiency (NUE) and adding new soil analytic capability. We also launched new innovation initiatives, among them a GHG emission calculator for oilseed rape.

Also in 2021, Yara made the commercial launch of Agoro Carbon Alliance, enabling farm decarbonization. Agoro will support farmers with the agronomical expertise and practical support to sequester carbon in the soil and reduce emissions from the field. This will, in turn, generate high-quality, third-party certified carbon credits and increase farmers’ income.

**Prosperity**

Yara delivered improved returns in 2021, with earnings before interest, tax, and depreciation (EBITDA) up 34% from the previous year. Yara’s return on invested capital (ROIC) reached 7.9%, in line with the previous year as impairments offset margin growth. Total deliveries were 1% lower than the previous year, as sharply increasing prices impacted fertilizer demand.

The parent company Yara International ASA is a holding company, with financial activities and with corporate functions. Yara International ASA had a net income of NOK 13,839 million in 2021, reduced from NOK 15,690 million in 2020, after dividends and group relief from subsidiaries of NOK 17,016 million (NOK 16,405 million in 2020). The net foreign currency translation loss was NOK 1,740 million compared with a gain of NOK 999 million in 2021.

**Country-by-country reporting**

Yara’s country-by-country report has been developed to comply with legal requirements as stated in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014. The full country-by-country reporting can be found on the [yara.com](http://yara.com) annual report section.

**Corporate governance principles**

The Board of Directors and Executive Management of Yara International ASA review the company’s corporate governance annually and report on the company’s corporate governance in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance (the “Code”), most recently updated 14 October 2021. The Code contains stricter requirements than mandated by Norwegian law. The Board of Directors’ Corporate Governance Report is included in this Integrated Report and forms part of the Report of the Board of Directors.

Yara International ASA have purchased and maintain a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

Directors’ & Officers’ Liability Insurance provides financial protection to Yara’s directors, officers and any employees that can incur personal liability for claims made against them in respect of acts committed, or alleged to have been committed, in their capacity as such and as a result of an error, omission or breach of duty.

**Group Executive Board**

The following changes were made to Yara’s Group Executive Board in 2021:

Lars Røsæg was appointed EVP Corporate Development & Deputy CEO. Røsæg previously served as EVP & Chief Financial Officer in Yara since November 2018. In this new role, Røsæg is responsible for overseeing operations and capital allocation across Yara as well as Yara’s Strategy, M&A, Portfolio Development, Corporate Communications and Corporate Affairs functions. Pablo Barrera Lopez was appointed Executive Director of IMAGINE Food Collective, and left the position as EVP Communications & Procurement.

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Thor Giæver, previously SVP Head of Investor Relations, was appointed EVP & Chief Financial Officer.

Mónica Andrés, previously VP Farming Solutions Europe, was appointed EVP Europe, replacing Tove Andersen.

Solveig Hellebust, previously Chief HR Officer, was appointed EVP People, Process and Digitalization.

Terje Knutsen, EVP Farming Solutions, asked to step down from his current position to work closer to the commercial domain in December 2021. The Farming Solutions lead team will report to Lars Røsæg, EVP Corporate Development and Deputy CEO, in an acting capacity until Knutsen's successor is identified.

### Future prospects

Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint require significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges. Yara's market environment is supportive, with higher nitrogen prices globally reflecting robust demand and a tight supply situation. Industry consultant projections show increased new nitrogen project activity in 2022, however the overall supply-demand balance has tightened while global inventories were low at the end of 2021.

Leveraging its global production and marketing presence, Yara is broadening its core as a leading food solutions company by developing and marketing premium crop nutrition products and digital farming tools in close collaboration with partners throughout the food value chain. Yara is also enabling the hydrogen economy by targeting clean ammonia opportunities within shipping, agriculture, and industrial applications, and by driving sustainable performance, targeting a ROIC above 10% mid-cycle and reducing Scope 1 and Scope 2 emissions by 30% by 2030 compared with 2019.

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever. Yara's robust global business model and high hurdle rate for new investments is generating strong cash flow, and this may lead to increased dividend capacity going forward.

Yara expects to invest approximately USD 1.5 billion during 2022 based on its current committed maintenance and improvement plans and announced growth investments, of which 0.4 billion is phasing of investments from 2021. From 2022, average investments

excluding phasing are capped at USD 1.2 billion average per annum, including both maintenance and growth investments.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 30 per share for the fiscal year of 2021, bringing total cash returns per share<sup>1)</sup> paid and proposed for 2021 to NOK 58 per share.

The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the previous one.

### Ukraine situation

The Russian invasion of Ukraine from late February 2022 has brought increased geopolitical risks to global markets and business operations. In response to the conflict, Yara established crisis management teams both at strategic and operational level to coordinate planning and day-to-day management of the situation. On 11 March 2022, Yara announced it had stopped sourcing from several Russian entities due to latest EU sanctions.

The company's priorities are to safeguard its employees, contractors, partners and society; to be a responsible company and operate according to government regulations, sanctions and guidelines; and to keep our operations running, to help support continued food supply, as well as supply of other essential products to society – also in times of crisis.

<sup>1)</sup> Share buybacks included in the year of purchase, including the corresponding pro-rate redemption of shares from the Norwegian state

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The war is expected to have major impacts on both the food and fertilizer industries, with Russia and Ukraine both being significant in the global food value chain, representing a major portion of world's production and export of grains. Furthermore, Russia is one of the world's largest producers and exporters of essential crop nutrients and natural gas. The war is already impacting both global fertilizer prices and energy prices, including natural gas prices in Europe. Yara's direct investments in Russia and Ukraine are limited, but Yara sources phosphate, potash and ammonia from Russia, and purchases significant volumes of natural gas for its production in Europe. On 11 March 2022, Yara announced a halt in sourcing from several Russian entities due to EU sanctions implemented on 9 March 2022. As a consequence of record high natural gas prices in Europe, Yara announced on 9 March that it was temporarily curtailing production at its Ferrara (Italy) and Le Havre (France) plants. The two plants have a combined annual capacity of 1 million tonnes ammonia and 0.9 million tonnes urea. The net financial effect of the war for Yara cannot be reliably estimated at this stage, but further price volatility for both raw materials and end products are likely. While raw material price increases in isolation are negative for Yara, higher end product prices create offsetting positive effects, as higher grain prices improve farmers' profitability and demand incentives for agricultural inputs.

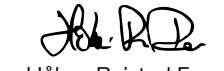
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Oslo 24 March 2022



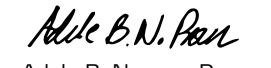
Trond Berger  
Chair



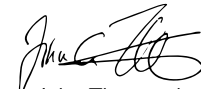
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Vice Chair



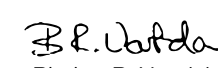
Håkon Reistad Fure  
Member of the Board



Adele B. Norman Pran  
Member of the Board



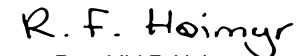
John Thuestad  
Member of the Board




Birgitte R. Vartdal  
Member of the Board



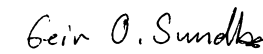
Rune Bratteberg  
Member of the Board



Ragnhild F. Høimyr  
Member of the Board



Øystein J. Kostøl  
Member of the Board



Geir O. Sundbø  
Member of the Board



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# Enterprise Risk Management

Yara is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, effective risk management contributes to achieving our long-term strategic targets and short-term goals.

Yara's global risk management process aims to identify, assess and manage risk factors that could affect the performance of any parts of the company's operation. To this end, we have implemented a continuous and systematic process to mitigate potential damages and losses, and to capitalize on business opportunities.

## Risk responsibilities

Yara's Board of Directors is responsible for defining risk appetite for all main risk categories relevant to the company. The Board oversees the risk management process and carries out annual reviews of the company's most important risk categories and internal control arrangements.

Yara's Executive Management is responsible for reviewing and operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Executive Management actively monitors the

development of top risks and initiates actions accordingly. Risk assessments performed by the regions and global expert organizations are reviewed periodically in business review meetings.

Risk management is an integral part of all our business activities. The regions and global expert organizations are the risk owners and regularly perform risk assessments based on established procedures to identify, assess, and manage the risks that affect their business and analyze how these risks influence performance.

The Enterprise Risk Management function is the facilitator of the risk management system and operational risk management activities and shall assist management with maintaining an appropriate risk management framework including policies, procedures, and tools, as well as maintaining an aggregated view of key risk exposures. The function reports to the Chief Financial Officer.

## Framework and procedures

Yara has implemented a framework with clear policies and procedures to facilitate risk management across the organization. This creates a stable environment within which we can deliver on our strategic and operational objectives, and systematically identify and capture business opportunities.

Our framework is guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management standard as the best practice benchmarks for assessing the soundness, efficiency, and effectiveness of our risk management process.

The materiality of each risk factor is determined by assessing the likelihood and potential consequences. In this appraisal, a combination of qualitative and quantitative risk assessment

techniques is deployed. Risks are evaluated to determine whether the risk level is acceptable or unacceptable and to prioritize those that have the greatest potential to impact our performance.

We implement mitigating strategies and pursue business opportunities to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk.

Once primary risks are managed, we continually monitor residual risks to ensure that they remain at an acceptable level and that events are properly addressed and managed. The risk profile is reviewed and updated at least annually, with more frequent updates if new opportunities or risks are identified. The risk mitigation plan is reviewed and updated on a quarterly basis to reflect the current status of risks and action plans and is communicated to the Executive Management during quarterly business review meetings.

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# Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Yara’s Board of Directors is responsible for defining Yara’s risk appetite. The Board of Directors and Executive Management have jointly evaluated and defined risk appetite across key operational and strategic dimensions, arriving at a set of practical guidance statements on key risks. These risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company. Risk appetite is an integral part of policies and procedures, annual business planning, periodic performance reviews, and capital value processes. Furthermore, risk appetite conveys the way we approach and evaluate risk to our investors, customers, and society at large.

Risk appetite areas	Risk appetite level		
<p><b>Exposure to global nitrogen price dynamics</b> We optimize our business model by seeking exposure to fertilizer market prices for own produced products.</p>			High
<p><b>Exposure to natural gas price markets</b> Securing access to, and stable supply of, favorably priced natural gas is imperative to our operations and competitiveness. In regions with efficient gas markets, we will seek exposure to spot market prices unless exceptional market circumstances clearly give reason for deviation. In regions without efficient gas markets, Yara seeks to enter into longer term contracts if favorable gas prices are obtainable.</p>			High
<p><b>JV ownership structure exposure – new entries</b> Yara has a moderate risk appetite for entering into new JVs. To reduce risks, Yara has a preference for having at minimum an equal representation with JV partners in the Board and will only engage in JVs provided that agreements are commercially attractive, secure acceptable governance standards, policies and procedures, and financial control for Yara. Yara will only enter into JVs where we are confident that we can bring Ethical compliance and HESQ standards to an acceptable level.</p>		Moderate	
<p><b>Culture, people, and leadership exposure</b> Yara has a low appetite for risk exposures impacting our culture, people and leadership which are crucial enablers for execution of the corporate transformation strategy, and at the same time running current core operations ethically and compliantly. Yara has an ambitious people strategy supporting the shift towards a more entrepreneurial culture, continuous improvement, and a growth mindset.</p>	Low		
<p><b>Exposure to new business areas outside current core operation</b> Yara invests funds in new business areas to mitigate risk in core business and develop new revenue streams. Yara is willing to be exposed to uncertainty around future revenue generation, but the annual resources employed are reviewed on an annual basis.</p>			High
<p><b>Long term credit rating down grade exposure</b> We believe a solid financial base is the foundation for the pursuit of sound growth opportunities and have a low risk appetite for financial exposure not derived from the underlying business. We have a low risk appetite for a credit rating downgrade to below investment grade BBB/Baa2. We accept the underlying US dollar exposure embedded in the Yara business model but keep a major part of the company’s debt in US dollar as a partial hedge.</p>	Low		

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Risk appetite areas	Risk appetite level		
<p><b>Exposure to non-USD currencies</b> Yara has a low to moderate risk appetite for short term economic currency exposure and FX losses arising from large and unexpected currency movements. Due to Yara's geographic profile long term currency risk is embedded in Yara's business model, mainly through local costs. Financial positions and FX instruments should not increase such exposure but are instead used to actively reduce sensitivity to currencies. Yara has low risk appetite for exposure related to financial risk not derived from the underlying business.</p>	Low		
<p><b>Tax exposure</b> Within the framework of tax laws and regulations, we optimize our tax cost in the same way we do other costs. Yara does not pursue tax solutions without existence of commercial purpose and is committed to a transparent management of tax.</p>		Moderate	
<p><b>Information and cyber security exposure</b> Yara has a low appetite for risk exposure to cyber incidents in the office and production environment. Yara has implemented high level of protection to mitigate exposure to safety and reliability issues in our production sites, in addition to leakage of confidential data, legal and regulatory compliance violations, insider threat from dismissed employees or contractors and loss or malicious modification of business-critical data.</p>	Low		
<p><b>Production reliability exposure</b> Yara has a low risk appetite for unplanned production downtime for the priority plants and aims to produce optimally at all times balancing investments to improve regularity, process safety, and plant profitability.</p>	Low		
<p><b>Raw material sourcing exposure</b> Securing supply of key raw materials for our fertilizer production, blending and distribution is crucial for our production plants. The demand for raw materials is covered by our own production as well as sourcing from third parties. Yara has low risk appetite and seeks opportunities to diversify external supply options.</p>	Low		
<p><b>Bribery, corruption, and competition law exposure</b> We are committed to upholding high standards for human rights, ethical and lawful conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for bribery, corruption and violation of competition law.</p>	Low		
<p><b>Environmental exposure from operations or products</b> Yara strives to be best in class compared to industry peers and is committed to exploring and promoting the highest standards of environmental responsibility and has a low risk appetite to incidents that can cause damage to the environment as a result of our operations or products.</p>	Low		
<p><b>Health, safety, and security exposure</b> Securing safe and healthy working conditions is our highest priority. We aim to minimize the exposure to conditions that could negatively affect health, security and safety. Furthermore, we aim to minimize the probability and consequences of process safety and product safety accidents negatively affecting people, environment, assets and the reputation of Yara.</p>	Low		
<p><b>Product portfolio exposure to regulatory changes</b> Yara has a low appetite for exposure to incompliance to regulatory requirements impacting the product portfolio in our value chain, and proactively seeks to reduce exposure to operational, commercial and financial consequences. Yara will proactively liaise with regulatory bodies in order to adapt and adhere to stricter regulations.</p>	Low		

# Risk factors and risk responses - People, Planet and Prosperity

## People risks

The success of Yara's business and transformation is dependent on our people. Our people processes, -practices, and -frameworks are built on the foundation of our four values. We put substantial resources and efforts into minimizing potential risks with a negative impact on our people, at the same time as we invest to develop our culture, leadership and our organization. Systematic risk management processes are embedded in key business processes to detect potential internal and external risk exposures, and to understand their causes in order to initiate effective risk mitigating responses.

Risk factors	Risk responses	Linked to material topics
<p><b>Human capital</b> Yara's ability to compete effectively and meet market demands depends heavily on the competence, engagement, enablement and performance of its employees. Furthermore the company's strategy entails a shift towards an expanded business model that requires a transformation in how we run the business. The ambitious strategy requires a step-up on entrepreneurship and change management competencies and skills. The success of transforming the company at the same time as running the existing core business is also dependent on a successful implementation of the diversity, equity and inclusion (DE&amp;I) agenda.</p>	<p>Yara's people strategy is established to support the transformation of the global organization at the same time as we run current core business operations with sustainable performance. Implementation plans are under development, necessary resources required for the implementation are allocated through our business plan process and status is monitored as an integrated part of regular performance review processes. Yara regularly deploys global employee surveys to focus management initiatives on the employee engagement and enablement and the DE&amp;I agenda. During the pandemic, Covid-specific questions were included to a focus on employee well-being. Yara is committed to promoting equal opportunities and to fight discrimination. DE&amp;I is fully integrated in Yara's business strategy and key business processes.</p>	
<p><b>Health and safety</b> Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates and products are classified as substances dangerous and hazardous to health. Such a working environment contains potential occupational health risks, as well as process and occupational safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, most finished fertilizers typically are not classified as hazardous, and the occupational health and safety risk at the use phase is minor.</p>	<p>Risk exposures are closely monitored and followed up across Yara. The company has strict requirements for reporting incidents, accidents, and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero harm, and the company continues to set challenging KPI targets for occupational and process safety. Our Safe by Choice is the umbrella for all HSE activities with the aim of reducing exposure to accidents, developing strong HSE leadership, ensuring safe workplaces, driving operational discipline, and of training and encouraging staff to always act and react in accordance with our safety standards.</p>	

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Risk factors	Risk responses	Linked to material topics
<p><b>Physical security</b> Yara's global activity may be exposed to threats from criminals, activists, local population, competitors, terrorists and States which could harm our operations, supply chain and offices, and pose security risks to our personnel, the environment we work in, our assets and our reputation. The physical security risk exposure has been negatively impacted by the fact that the economic slowdown following the Covid-19 pandemic has increased the likelihood of theft, robbery and violence impacting the security of our operations, employees and executives.</p>	<p>We continuously monitor security risk exposures globally and assess and manage regional and local threats to our personnel and sites. The HESQ Security function is responsible for developing and maintaining both the corporate guidelines on security, and methods for assessing security risks, in addition to initiating appropriate mitigation actions in response to potential threats. The company has ongoing training programs to increase awareness on current security protocols.</p>	
<p><b>Personnel security</b> Yara is exposed to personnel security risks such as the threat of bad actors using Yara staff and employees to gain access to values and information. The exposure is driven by several factors such as Covid-19-related economic slowdown, increased industrial digitalization, and global strategic positioning of major powers.</p>	<p>Risk exposures are mitigated through security measures as an embedded part of the recruitment process and the ongoing training processes increasing employee security awareness, in addition to the continuous monitoring of risk exposure developments.</p>	 
<p><b>Employee misconduct</b> Failure to comply with the Code of Conduct and international standards will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, resulting in both legal sanctions and financial loss. In positive terms, demonstrating a commitment to ethical business conduct and social responsibility can create competitive edge and value for business partners, employees and society at large.</p>	<p>We have high standards for ethical and compliant business conduct and reporting. Yara has developed its Compliance Program in accordance with internationally recognized and endorsed standards in key areas. Yara has over the past years implemented a wide range of measures to build and develop a sound organizational culture for ethical behaviors in the way we act, operate and do business. Risk exposures are monitored continuously through Ethics &amp; Compliance's global and regional organization working closely with line of business. Measures to maintain a low-risk exposure are continuously being developed and implemented.</p>	 
<p><b>Human rights</b> Yara is exposed to human rights risks through its presence in high-risk countries throughout the whole value chain, from sourcing to markets. Through a mixture of ethical and legal obligations, the risk of negative impact on human rights may affect Yara's reputation and standing as a responsible business. Risk exposure for human rights non-compliance is driven by a complex landscape with stringent regulatory requirements globally, hereunder regional and country level.</p>	<p>Yara's human rights policy is set out in the Code of Conduct and is integrated in the Compliance Program and key business processes. Yara follows the United Nations Guiding Principles on Business and Human Rights and aims to continuously improve our work in this area. Our annual global human rights risk assessment allows us to proactively monitor exposure to human rights risks wherever we operate and guides us in prioritizing locations for human rights impact assessments. Measures to maintain a low-risk exposure are being continuously developed and implemented.</p>	

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# Planet risks

We commit to excellence in our HESQ performance, which is imperative to protect our employees and contractors, and uphold reliability and performance. We have adopted a systematic approach to monitoring and reviewing the quality and handling of all our products, ensuring that proper care is taken throughout the entire value chain.

Risk factors	Risk responses	Linked to material topics
<p><b>Climate</b> Climate change poses both up- and downside risks for the company, exposing our markets, assets, operations, and the supply chain. Climate change leads to societal processes which may pose transition risks such as market preferences, legislation, and technology. The transition to a climate-neutral society is both an urgent challenge and an opportunity, with a potential downside market risk and risk for stranded assets. The societal aspects are as much opportunities as risks.</p>	<p>Yara's investments are evaluated in the context of extreme weather risk. Yara promotes low carbon solutions, life cycle perspectives and resource efficient solutions through stakeholder dialogues. As a materially important topic, climate is one of the key focus areas of Yara's business development and strategy processes, where we aim to provide knowledge-based solutions. Efforts include resource optimization and reducing carbon footprints in agriculture, green ammonia projects and digital solutions, which are well-suited to support EU ambitions for reduced emissions. Yara supports the continuation of the ETS system and its free allowances as the best approach to mitigate carbon leakage risk. Yara also advocates the possible introduction of more instruments, that should provide certainty for low-carbon investments and avoid market distortions.</p>	
<p><b>Natural disasters</b> Yara's global value chain from sourcing to markets, including production, logistics operations and warehouses could be directly or indirectly negatively affected by extreme weather conditions and natural disasters.</p>	<p>We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into risk assessments, business continuity planning, crisis management training and scenario planning, in order to minimize potential threats to security, health and safety for our operational assets.</p>	
<p><b>Regulatory framework for production, handling and application of our products</b> There is an increasing trend of stricter governmental regulations impacting production, distribution and storage, and application of fertilizer related both to the environmental aspects and safety of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings, in addition to Yara's licence to operate.</p>	<p>Yara continuously discusses and participates in various arenas to understand and influence existing and new regulations affecting our business. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available to reach optimal solutions. Yara continuously discusses the future CO<sub>2</sub> emissions structure for the fertilizer industry with the EU, arguing that the European ammonia industry is the most efficient globally which needs to be reflected when policies are developed. On existing assets, Yara has established comprehensive management systems and policies to manage the environmental impacts of our operations and reduce exposure. A key focus for Yara is to allocate resources to develop new technologies and business models to meet regulatory requirements and expected environmental and climate requirements.</p>	

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## Prosperity risks

Yara’s business is closely interlinked with the major global challenges of resource scarcity, food insecurity and global warming. Execution of our strategy for sustainable, profitable growth depends on our ability to manage strategically important risks and opportunities relevant to our industry. Yara is further exposed to various financial risks due to our global operations. Yara has implemented, and is constantly developing, comprehensive policies, procedures and tools to manage these risks. In some cases, Yara may utilize derivative instruments, such as forward contracts, options and swaps, to reduce financial risk exposures.

Risk factors	Risk responses	Linked to material topics
<p><b>Market dynamics – nitrogen commodity fertilizer prices</b>                      A large part of our business consists of sales of fertilizer products used in agriculture. While a growing world population, economic growth and changing dietary patterns are driving overall demand for food and fertilizer, fluctuations in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability.</p>	<p>Yara’s business model, using a mix of our own and third-party products marketed by our global commercial organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand is less volatile. Yara invests in developing farmer-centric solutions that integrate knowledge and digital tools and services with our product portfolio to further differentiate our offering to the farmer. Yara also conducts global optimization with risk reduction in mind, e.g., prioritizing a global presence, counter-seasonality, and market flexibility in addition to short-term profitability. Third-party products exposure limits have been established and are closely monitored for the most third-party products-intensive countries.</p>	
<p><b>Market dynamics – natural gas prices</b>                      Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favourably priced natural gas is fundamental to our operations and competitiveness.</p>	<p>Yara’s risk exposure towards energy sourcing is minimized through global purchasing activities, based on our energy strategy. Executing this strategy, we are continuously monitoring options for additional and alternative sources of favorably priced natural gas in existing and new areas of production. All our European gas contracts are hub-based, and we are well positioned to cover the risk of spot exposure. In some of our plants we have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the correlation between nitrogen fertilizer prices and global energy prices.</p>	
<p><b>Raw materials availability</b>                      The sourcing of raw materials for production, blending, and distribution is inherently one of the largest operational risks Yara faces, and Yara is dependent on several raw materials where there are few or limited alternatives. Yara plants rely on several critical raw materials such as phosphate rock (apatite), energy, chemicals, ammonia, and potash from third-party suppliers where there are various challenges to ensuring sufficient supply security. Terminations, material change, political/sanction risk or failure of delivery in these arrangements can have a negative impact on Yara’s operations.</p>	<p>Yara benefits from scale advantages in the sourcing of several of the key raw materials needed for production, blending, and distribution. Furthermore, a close and long-term relationship with a wide network of suppliers in combination with continuously assessing and monitoring sourcing risks enables us to initiate mitigating actions and reduce risk of supply disruptions and secure longer-term supply security. Evaluation and development of supply alternatives and back-up solutions are other enablers to ensure business continuity.</p>	

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<p><b>Investments and integration</b> Yara has an ambition to grow profitably, through broadening our core business model and enabling a hydrogen economy, while driving sustainable performance. The profitability of future strategic initiatives relies on long-term price assumptions and future operational and financial performance. Investments in new business areas and the integration of new companies poses a risk of not being able to capture operational and financial benefits and synergies.</p>	<p>Yara has a well-defined capital value process that ensure projects are properly evaluated, verified and matured at specific decision gates. A comprehensive, annual strategy update process secures a regular review of ongoing initiatives and potential gaps in delivering on our long-term strategy. This includes updates of key information such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large business integrations completed during recent years. Yara maintains a conservative investment approach, through strong focus on capital discipline.</p>	
<p><b>Political exposure</b> Our investments and operations may be affected as a result of changes in political leadership, policies, and regulations as well as political and social instability in a country or a region. Such changes could represent threats as well as opportunities for Yara.</p>	<p>Yara has established an effective system involving key expert functions globally for monitoring and reporting political-related risks. Yara utilizes, in addition to internal resources, external sources for monitoring and reporting matters that may impact the company. Furthermore, Yara's Integrity Due Diligence (IDD) screens all business partners, and for which are selected for additional due diligence. Business partners and transactions are continuously monitored through screening against sanctions and compliance databases.</p>	
<p><b>Information and cyber security</b> New and increasingly sophisticated computer viruses and digital crime models combined with the significantly increased internet exposure of our industrial control systems may result in safety and reliability risks at any of our production and product handling sites. New digital crime models include targeting both OT and IT systems for ransomware. Further, leakage of confidential data, legal and regulatory compliance violations loss or malicious modification of business-critical data can negatively impact any and all of our business processes.</p>	<p>In order to address exposure to cyber-incidents Yara has invested to minimize vulnerabilities, in addition to improving detection and recovery time in case of incidents. The company proactively monitors threats, vulnerabilities, and the effectiveness of security controls in order to continuously improve. Campaigns and training sessions are held regularly for employees globally to raise awareness of cyber risks and threats. .</p>	
<p><b>Corruption risk</b> Corruption appears in many forms throughout the world, usually in the form of "improper advantages". With operations in over 60 countries Yara is exposed to countries, markets and counterparts with varying ethical standards and business conduct. Corruption poses both compliance and reputational risks to Yara and our business partners.</p>	<p>Our zero-tolerance stance on bribery and corruption is systematically implemented and communicated throughout our organization and to business partners through policy commitments, trainings and awareness raising. Yara's Ethics and Compliance function coordinates and oversees the company's work in this area through Yara's Compliance Program. Yara's Integrity Due Diligence process is defined to identify and mitigate risks related to business partners on various topics, including corruption, human- and labour rights. Our whistle-blowing channels allow employees, consultants and third parties to raise concerns anonymously.</p>	
<p><b>Production reliability</b> Production unreliability and irregularities represent a downside risk for Yara and may result in lost volumes and earnings. Examples of risk drivers are insufficient competence to advance operational excellence, inability to meet targets on major turnarounds, ageing plants, and ineffective working practices. Plant reliability is a key driver of organic growth in our production system.</p>	<p>We actively seek to increase plant reliability and minimize irregularities by refining and implementing company-wide technical and operational standards along with best practices for operations, maintenance and turnarounds, and through continuous investments in process safety. Employees undergo extensive training and risk awareness programs, and process safety and productivity are subject to frequent audits. Yara's global Improvement Agenda focuses on improving cost, competence, production reliability and operational excellence.</p>	
<p><b>Supply chain disruptions</b> Yara's ability to produce and supply markets with products can be impacted negatively by disruptions in our supply chain.</p>	<p>Yara has centralized functions as well as local operations, for management of in- and out-bound supply chains securing raw materials to our production units and supply of products to the markets. Yara is a global company, and we have flexibility and measures built into our business model to adjust for potential irregularities.</p>	



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<p><b>Financing risk</b>                      Refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions, including ESG profile requirements with too little time for transition, could lead to higher funding costs and postponement of projects.</p>	<p>Yara's strategy for mitigating financing risk is to maintain a solid financial position with strong credit and ESG ratings, as well as maintaining strong regulatory responses. Yara reduces the refinancing risk by using different funding sources, and by timing loan maturity dates to avoid them falling due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.</p>	
<p><b>Credit risk</b>                      Credit risk represents exposure to potential losses deriving from non-performance of counterparties.</p>	<p>Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures, and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution, and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara's geographically diversified portfolio reduces the overall credit risk of the group.</p>	
<p><b>Currency risk</b>                      As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, with some time lag.</p>	<p>Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks. A well-established system for currency risk management is in place, with defined currency exposure limits and standardized exposure measurement tools. Yara's geographically diversified portfolio reduces the company's overall currency risk.</p>	
<p><b>Interest rate risk</b>                      Interest rates on different currencies vary depending on the economy and political decisions, which will influence Yara's funding cost over time. However, the overall exposure of our business to interest rate fluctuations is considered low.</p>	<p>Interest rate risk is managed on an assessment of the financial markets and macroeconomic development, in relation to the expected impact an interest change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risk.</p>	

**Post closure event: Ukraine crisis**

The invasion of Ukraine by Russian forces, supported by Belarus, exposes Yara to potential supply chain disruptions and increased production costs as a result of increased gas prices. In both Belarus and Russia, the immediate risk is to the supply chain, as severe economic sanctions have been promptly coordinated among western countries. A full SWIFT cut-off for Russian banks poses severe challenges to trade with Russia, while escalating sanctions may result in limits to the trade in fertilizer. Reductions in fertilizer supply as a result of direct trade sanctions and Russian export controls/retaliatory sanctions, coupled with high gas prices driving fertilizer prices up, may combine to depress fertilizer demand in Europe.

The profitability and operation of Yara's production facilities in Europe may be affected if Russia chooses to curtail its gas supplies

to the EU. Yara may also face reputational risks due to commercial relationships with Russia.

Yara's nitrogen upgrading margin is exposed as future gas, ammonia, and urea price developments are uncertain and volatile, depending on future direction of the conflict and measures being implemented by western countries and Russia.

Sourcing of raw materials for production, blending, and distribution is inherently one of the largest operational risks that Yara faces. Some of the production plants have based production on supply of dry raw materials and ammonia from Russia and Belarus. The current conflict between Russia and Ukraine increases the exposure to supply chain disruptions due to the risk of sanctions, regulations or other measures that may be implemented.

Information and cyber security risk exposure has increased due to the ongoing conflict between Russia and Ukraine. Targeted retaliatory cyber operations against countries that have taken punitive actions, such as sanctions, may also impact Yara. Yara may therefore face incidents impacting our IT infrastructure, office systems and operational control systems.

Physical security exposure has increased as a result of the conflict between Russia and Ukraine. Yara's assets, such as offices and production units, may have a heightened exposure due to our sourcing and commercial activities in countries that are parties to the conflict.

The current situation is being closely monitored, and mitigating actions and contingency plans are being developed in order to respond to the increased risk exposures.

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# Transparent performance

Yara is committed to transparent and diligent reporting of the company's performance. The consolidated accounts have been prepared in accordance with the EU-approved IFRS standards and pertaining interpretation standards applicable as of 31<sup>st</sup> December, 2021 and disclosure requirements that follow from the Norwegian Accounting Act as of 31<sup>st</sup> December, 2021.

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## Consolidated statement of income

USD millions	Notes	2021	2020
Revenue from contracts with customers	<a href="#">2.1</a> , <a href="#">2.3</a>	16,617	11,591
Other income and commodity derivative gain/(loss)	<a href="#">2.2</a>	(9)	137
Revenue and other income		16,607	11,728
Raw materials, energy costs and freight expenses	<a href="#">2.4</a>	(12,803)	(7,819)
Changes in inventories of own products		668	(201)
Payroll and related costs	<a href="#">2.5</a>	(1,270)	(1,136)
Depreciation and amortization	<a href="#">4.1</a> , <a href="#">4.2</a> , <a href="#">4.5</a>	(984)	(919)
Impairment loss	<a href="#">4.7</a>	(666)	(46)
Expected and realized credit loss on trade receivables	<a href="#">3.2</a>	(6)	(17)
Other operating expenses	<a href="#">2.6</a>	(479)	(414)
Operating costs and expenses		(15,540)	(10,551)
Operating income		1,068	1,176
Share of net income in equity-accounted investees	<a href="#">4.3</a>	23	20
Interest income and other financial income	<a href="#">2.7</a>	64	62
Foreign currency exchange loss	<a href="#">2.7</a> , <a href="#">6.1</a>	(251)	(243)
Interest expense and other financial items	<a href="#">2.7</a>	(164)	(165)
Income before tax		739	850
Income tax expense	<a href="#">2.8</a>	(355)	(160)
Net income		384	690

USD millions	Notes	2021	2020
<b>Net income attributable to</b>			
Shareholders of the parent		449	691
Non-controlling interests	<a href="#">5.2</a>	(65)	-
Net income		384	690
Basic earnings per share		1.75	2.58
Diluted earnings per share <sup>1)</sup>		1.75	2.58
Weighted average number of shares outstanding <sup>2)</sup>	<a href="#">5.1</a>	256,789,744	267,985,860

<sup>1)</sup> Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.

<sup>2)</sup> Weighted average number of shares outstanding was reduced in the first quarter 2021 due to the share buyback program.

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## Consolidated statement of comprehensive income

USD millions	Notes	2021	2020
Net income		384	690
<b>Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments		(132)	(56)
Hedge of net investments	<a href="#">2.8</a> , <a href="#">6.2</a>	(21)	22
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax		(154)	(34)
<b>Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)</b>			
Currency translation adjustments <sup>1)</sup>		(45)	28
Net gain/(loss) on equity instruments at fair value through other comprehensive income	<a href="#">6.3</a>	4	(3)
Remeasurement gain/(loss) on defined benefit plans	<a href="#">2.8</a> , <a href="#">5.4</a>	170	(51)
Net other comprehensive income/(loss) that will not be reclassified to statement of income in subsequent periods, net of tax		129	(26)
Reclassification adjustments of the period		-	(6)
Total other comprehensive income, net of tax		(25)	(66)
Total comprehensive income, net of tax		359	624
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		425	624
Non-controlling interests	<a href="#">5.2</a>	(66)	-
Total		359	624

<sup>1)</sup> Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

# Consolidated statement of changes in equity

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USD millions, except share information	Notes	Share Capital <sup>1)</sup>	Premium paid-in capital	Currency translation adjustments	Fair value reserve of financial assets at FVOCI <sup>4)</sup>	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Reserve of disposal group held for sale	Attributable to shareholders of the parent	Non- controlling interests	Total equity
Balance at 31 December 2019		66	(49)	(1,367)	(4)	(2)	(209)	(1,582)	10,395	-	8,830	79	8,909
Net income		-	-	-	-	-	-	-	691	-	691	-	690
Total other comprehensive income, net of tax		-	-	(35)	(3)	-	22	(16)	(51)	-	(67)	1	(66)
Total comprehensive income		-	-	(35)	(3)	-	22	(16)	640	-	624	-	624
Transactions with non-controlling interests	<a href="#">5.2</a>	-	-	-	-	-	-	-	-	-	-	1	1
Treasury shares <sup>2)</sup>	<a href="#">5.1</a>	(2)	-	-	-	-	-	-	(386)	-	(388)	-	(388)
Dividends distributed	<a href="#">5.1</a>	-	-	-	-	-	-	-	(925)	-	(925)	(1)	(926)
Balance at 31 December 2020		64	(49)	(1,402)	(7)	(2)	(187)	(1,599)	9,724	-	8,141	79	8,220
Net income		-	-	-	-	-	-	-	449	-	449	(65)	384
Total other comprehensive income, net of tax		-	-	(177)	4	-	(22)	(194)	170	-	(24)	-	(25)
Total comprehensive income		-	-	(177)	4	-	(21)	(194)	619	-	425	(66)	359
Disposal group held for sale	<a href="#">7.1</a>	-	-	8	-	-	-	-	-	(8)	-	-	-
Treasury shares <sup>2)3)</sup>	<a href="#">5.1</a>	(1)	-	-	-	-	-	-	(247)	-	(248)	-	(248)
Dividends distributed	<a href="#">5.1</a>	-	-	-	-	-	-	-	(1,214)	-	(1,214)	(1)	(1,215)
Balance at 31 December 2021		63	(49)	(1,571)	(3)	(2)	(208)	(1,793)	8,883	(8)	7,104	13	7,116

<sup>1)</sup> Par value 1.70.

<sup>2)</sup> As approved by General Meeting 7 May 2020.

<sup>3)</sup> As approved by General Meeting 7 May 2021.

<sup>4)</sup> See [note 6.3](#) Financial instruments.

# Consolidated statement of financial position

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USD millions	Notes	31 Dec 2021	31 Dec 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	<a href="#">2.8</a>	504	485
Goodwill	<a href="#">4.2</a>	789	831
Intangible assets other than goodwill	<a href="#">4.2</a>	132	157
Property, plant and equipment	<a href="#">4.1</a>	7,133	8,579
Right-of-use assets	<a href="#">4.5</a>	421	430
Associated companies and joint ventures	<a href="#">4.3</a>	120	108
Other non-current financial assets	<a href="#">4.6</a>	70	50
Other non-current non-financial assets	<a href="#">4.6</a>	405	328
<b>Total non-current assets</b>		<b>9,574</b>	<b>10,969</b>
<b>Current assets</b>			
Inventories	<a href="#">3.1</a>	4,003	2,161
Trade receivables	<a href="#">3.2</a>	2,138	1,478
Other current financial assets	<a href="#">3.3</a>	225	136
Prepaid expenses and other current non-financial assets	<a href="#">3.3</a>	483	495
Cash and cash equivalents	<a href="#">3.4</a>	394	1,363
Non-current assets or disposal group classified as held-for-sale	<a href="#">7.1</a>	454	5
<b>Total current assets</b>		<b>7,698</b>	<b>5,637</b>
<b>Total assets</b>		<b>17,272</b>	<b>16,605</b>

USD millions	Notes	31 Dec 2021	31 Dec 2020
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital reduced for treasury stock	<a href="#">5.1</a>	63	64
Premium paid-in capital		(49)	(49)
<b>Total paid-in capital</b>		<b>14</b>	<b>15</b>
Other reserves		(1,793)	(1,599)
Retained earnings		8,883	9,724
<b>Total equity attributable to shareholders of the parent</b>		<b>7,104</b>	<b>8,141</b>
Non-controlling interests	<a href="#">5.2</a>	13	79
<b>Total equity</b>		<b>7,116</b>	<b>8,220</b>
<b>Non-current liabilities</b>			
Employee benefits	<a href="#">5.4</a>	399	627
Deferred tax liabilities	<a href="#">2.8</a>	443	388
Long-term interest-bearing debt	<a href="#">5.3</a>	3,089	3,371
Other non-current financial liabilities	<a href="#">6.3</a>	72	123
Other non-current non-financial liabilities		6	16
Long-term provisions	<a href="#">5.6</a>	283	361
Long-term lease liabilities	<a href="#">4.5</a>	321	335
<b>Total non-current liabilities</b>		<b>4,612</b>	<b>5,220</b>

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USD millions, except share information	Notes	31 Dec 2021	31 Dec 2020
<b>Current liabilities</b>			
Trade and other payables	<a href="#">5.5</a>	3,188	1,544
Prepayments from customers	<a href="#">2.1</a>	634	372
Current tax liabilities	<a href="#">2.8</a>	166	156
Short-term provisions	<a href="#">5.6</a>	74	75
Other current financial liabilities	<a href="#">6.3</a>	521	391
Other current non-financial liabilities		28	41
Short-term interest-bearing debt	<a href="#">5.3</a>	337	345
Current portion of long-term debt	<a href="#">5.3</a>	476	132
Short-term lease liabilities	<a href="#">4.5</a>	104	111
Liability associated with non-current assets or disposed group classified as held for sale	<a href="#">7.1</a>	17	-
<b>Total current liabilities</b>		<b>5,544</b>	<b>3,165</b>
<b>Total equity and liabilities</b>		<b>17,272</b>	<b>16,605</b>
<b>Number of shares outstanding<sup>1)</sup></b>		<b>254,725,627</b>	<b>263,001,109</b>

<sup>1)</sup> Number of shares outstanding was reduced in the first quarter 2021 due to the share buy-back program.

The Board of Directors Yara International ASA,  
Oslo 24 March 2022


  
Trond Berger  
Chair

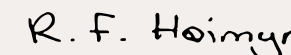
  
Kimberly Mathisen  
Vice Chair

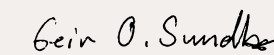
  
Adele B. Norman Pran  
Member of the Board


  
John Thuestad  
Member of the Board

  
Rune Bratteberg  
Member of the Board


  
Birgitte R. Vartdal  
Member of the Board

  
Ragnhild F. Høimyr  
Member of the Board

  
Geir O. Sundbø  
Member of the Board

  
Håkon Reistad Fure  
Member of the Board

  
Øystein J. Kostøl  
Member of the Board

  
Svein Tore Holsether  
President and CEO



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USD millions	Notes	2021	2020	USD millions	Notes	2021	2020
<b>Operating activities</b>				<b>Investing activities</b>			
Net income/(loss) before taxes		739	850	Purchase of property, plant and equipment	4.1	(809)	(739)
<b>Adjustments to reconcile net income/(loss) to net cash provided by operating activities</b>				Proceeds from sales of property, plant and equipment		15	11
Depreciation and amortization	<a href="#">4.1</a> , <a href="#">4.2</a> , <a href="#">4.5</a>	984	919	Cash flows used in obtaining control of subsidiaries or other businesses		(43)	(13)
Impairment loss	<a href="#">4.7</a>	666	46	Net sale/(purchase) of short-term investments		(1)	-
Write-down of inventory and trade receivables		23	14	Purchase of other long-term assets	4.2	(49)	(17)
(Gain)/loss on disposal of non-current assets	<a href="#">4.1</a> , <a href="#">4.2</a>	9	6	Proceeds from sales of other long-term assets	4.3	14	1,006
Gain on sale of equity-accounted investees	<a href="#">4.3</a>	-	(97)	Net cash provided by/(used in) investing activities		(874)	248
Net foreign exchange loss		251	243	<b>Financing activities</b>			
Adjustment for finance income and expense		100	102	Loan proceeds <sup>2)</sup>	5.3	451	780
Income taxes paid		(350)	(264)	Principal payments <sup>2)</sup>	5.3	(235)	(650)
Dividend from equity-accounted investees	<a href="#">4.3</a>	8	9	Payments of lease liabilities	4.5	(142)	(122)
Interest paid <sup>1)</sup>		(166)	(182)	Purchase of treasury shares	5.1	(363)	(309)
Interest received		68	65	Dividends	5.1	(1,214)	(926)
Bank charges		(15)	(15)	Other cash transfers (to)/from non-controlling interests	5.2	(1)	-
Other		(68)	(26)	Net cash used in financing activities		(1,504)	(1,228)
<b>Working capital changes that provided/(used) cash</b>				Foreign currency effects on cash and cash equivalents			
Trade receivables		(743)	39			4	(2)
Inventories		(2,042)	119	Net increase/(decrease) in cash and cash equivalents		(968)	1,064
Prepaid expenses and other current assets		(113)	161	Cash and cash equivalents at 1 January		1,365	301
Trade and other payables		1,669	68	Cash and cash equivalents at 31 December <sup>3)</sup>	3.4	397	1,365
Prepayments from customers		291	39	Bank deposits not available for the use of other group companies			
Other interest-free liabilities		95	(51)		3.4	44	32
Net cash provided by operating activities		1,406	2,047				

<sup>1)</sup> Including interest expenses on lease liabilities.

<sup>2)</sup> Loan proceeds and principal payments related to short-term borrowings for which maturity is three months or less, are presented net.

<sup>3)</sup> Excluded expected credit loss provisions on bank deposits, which amounts to USD 2.8 million (2020: USD 2.5 million). See [note 3.4](#) for more information.

# Basis of preparation

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### Corporate information

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway. The principal activities of the Group are described in [note 2.3](#) Segment information, [note 4.3](#) Associated companies and joint ventures, and [note 4.4](#) Joint operations.

These consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. Information on the Group's structure is provided in [note 8.4](#) Composition of the Group. Information on other related party relationships of the Group is provided in [note 8.1](#) Related parties.

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective as of 31 December 2021. Yara also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

The consolidated financial statements have been prepared under the historical cost convention modified to include revaluation to fair value of equity instruments, derivative financial instruments, contingent consideration and defined benefit plan assets.

The consolidated financial statements are presented in US dollars (USD). All values are rounded to the nearest USD million, except when otherwise indicated. The functional currency of Yara International ASA is Norwegian kroner (NOK).

### Materiality judgments

These financial statements aim to provide useful financial information which meet the common information needs of its primary users. Materiality judgments are necessary to meet this objective, and Yara has made such judgments related to recognition, measurement, presentation and disclosures. With reference to the complete set of financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Yara specific circumstances.

### Yara's Climate Roadmap

Yara announced the Group's climate roadmap on the company's ESG-seminar 7 December 2020. In brief Yara has set an intensity KPI of 10 percent reduction in CO<sub>2</sub>e per tonne N within 2025, a KPI on reduction of absolute emissions by 30 percent within 2030, and an ambition to be climate neutral within 2050. See Yara's Planet KPIs on [pages 53–55](#) for a status as of year-end 2021.

The goals of this climate roadmap have been considered when preparing these consolidated

financial statements. For more information, see [note 1](#) Key sources of estimation uncertainty judgments and assumptions.

### Basis of consolidation

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee if the voting rights in practice are sufficient to unilaterally direct the relevant activities of the investee. The Group re-assesses if it controls an investee when facts and circumstances indicate that there are changes to one or more elements of control.

Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. This means that income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Yara International ASA and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full upon

consolidation. Accounting policies of subsidiaries are changed if necessary to ensure consistency with the policies adopted by the Group.

Profit or losses from transactions with associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that is not related to the Group.

Changes in the Group's ownership in subsidiaries that do not result in the Group losing control, are accounted for as equity transactions Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

### EU Directive 83/349

Yara GmbH & Co. KG with legal seat in Dülmen/Germany, and its directly and indirectly owned subsidiaries, are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, Yara GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

### Foreign currency translation

#### Transactions and balances

Individual financial statements of Yara International ASA and its subsidiaries are prepared in the respective entities' functional currency. Functional currency is the currency of the primary economic environment in which

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the entity operates. In the individual financial statements, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Changes in value due to these foreign currency translations are recognized in the statement of income of the individual entity and reflected as "foreign currency exchange gain/loss" in the consolidated statement of income for the Group.

Foreign currency translations on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments, are not recognized in the statement of income. Such foreign currency translations are recognized as a separate component of other comprehensive income, including tax charges and credits attributable to these borrowings and monetary items. When the net investment is disposed of, or the monetary item is settled, they are recognized in the consolidated statement of income.

**Group companies**

When preparing the consolidated financial statements, all items in the individual financial statements are translated into USD using the exchange rates at period end for statement of financial position items and monthly average exchange rates for statement of income items. Gains and losses derived from this translation, including effects of exchange rate changes on transactions designated as hedges

of net foreign investments, are included in other comprehensive income as a separate component.

The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

**Significant accounting policies**

Accounting policies according to the list below are included in the relevant notes to the Consolidated Financial Statements:

**Accounting Policies**

Revenue recognition	2.1
Dividends received	2.7
Interest income	2.7
Income Taxes	2.8
Inventories	3.1
Property, plant and equipment	4.1
Goodwill	4.2
Intangible assets	4.2
Research and development expenditures	4.2
Investments in associates and joint ventures	4.3
Investments in joint operations	4.4
Leases	4.5
Impairment of non-current assets	4.7
Own shares	5.1
Dividends paid	5.1
Employee benefit obligations	5.4
Provisions	5.6
Hedge accounting	6.2
Financial instruments	6.3
Fair value measurement	6.3
Disposal group held for sale	7.1

**New and revised accounting standards and interpretations Adopted**

The Group has applied the below amendments to IFRS that are effective for accounting periods beginning on or after 1 January 2021, and which are relevant for Yara.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform: Phase 2**

The amendments were issued to respond to the effects of the interest rate benchmark reforms on financial reporting. They provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The phase two amendments effective 1 January 2021 complements amendments effective from 1 January 2020.

Except for the new, additional disclosures requirements following amendments to IFRS 7, Yara has as of year-end 2021 not identified any impact to the consolidated financial statements as a result of amendments issued as responses to the IBOR-reform. However, Yara continues to carefully monitor the transition to new benchmark rates as the Group is exposed to NIBOR, STIBOR and USD LIBOR interest rate benchmarks. This will include ensuring compliance with new regulatory requirements for new contracts entered into. See [note 6.1](#) Financial risks for more information on Yara's strategy and risk exposure related to the IBOR-reform.

- **Amendments to IFRS 16 – Rent Concessions related to Covid-19**

In May 2020 with update in June 2021, IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Yara has not identified any significant, granted rent concessions during 2020 and 2021 as a direct consequence of the Covid-19 pandemic.

- **IAS 38 Intangible Assets - IFRIC Agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement**

The International Financial Reporting Interpretations Committee (IFRIC) published in April 2021 a decision on how to account for configuration or customization costs in a Cloud Computing Arrangement according to IAS 38 Intangible Assets. The agenda decision states that the customer in a Software as a Service (SaaS) arrangement would normally not recognize an intangible asset because it does not control the software being configured. Further it stated that related configuration or customizations activities often would not create a resource controlled by the customer that is separate from the software and consequently should be expensed.

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Yara has changed its accounting policy on Intangible Assets to align with the IFRIC Agenda decision and implemented this change in 2021. Following a review of all Group significant software implementation projects, an implementation effect of USD 9 million was recognized as other operating expense in 2021 as Yara previously capitalized software implementation and development cost under IAS 38. No distinction was previously made between licensed software hosted on-premise or in third party data centers, and subscriptions to software-as-a-service (SaaS) deliveries. Prior year comparatives have not been restated as Yara considers the implementation effect to be immaterial.

**Not yet effective**

The below amendments to IFRS applicable to Yara have been issued but were not yet effective on the balance sheet date. Yara will implement the changes from their effective date, subject to endorsement by the EU. At the date of the Board approval of these financial statements, Yara has not identified significant impact to the consolidated financial statements as a result of amendments effective for 2022. The impact of changes which are effective from 2023 and beyond are not yet assessed.

- **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments are effective for annual periods beginning on or after 1 January 2022. They add an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of

IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- **Amendments to IAS 16 – Proceeds before Intended Use**

The amendments are effective for annual periods beginning on or after 1 January 2022. They prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **Amendments to IAS 37 – Costs of Fulfilling a Contract**

The amendments are effective for annual periods beginning on or after 1 January 2022. They specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are intended to provide clarity and help ensure consistent application of the standard. Yara has provisions for onerous contracts at year-end 2021, but considers the implementation effect to be immaterial.

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments are effective for annual periods beginning on or after 1 January 2023. They specify the requirements for classifying liabilities as current or non-current

- **Amendments to IAS 1 – Disclosure of Accounting Policies**

The amendments are effective for annual periods beginning on or after 1 January 2023. They provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures.

- **Amendments to IAS 8 – Definition of accounting estimates**

The amendments are effective for annual periods beginning on or after 1 January 2023. They clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- **IFRS 17 Insurance Contracts**

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023. It covers recognition, measurement, presentation and disclosure for insurance contracts. Once effective, IFRS 17 will replace IFRS 4 Insurance contracts.

- **Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments are effective for annual periods beginning on or after 1 January 2023. The main change is an exemption

from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, this change narrow the scope of the initial recognition exemption which no longer will apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

# 1 Key sources of estimation uncertainty, judgments and assumptions

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### General

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the use of Yara's accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The judgments, estimates and assumptions made that may significantly differ from actual results and may lead to material adjustments to carrying amounts are listed below.

### Key sources of estimation uncertainty

#### Impairment of assets

##### Property, plant and equipment

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions in the regions where Yara carries out its business. Significant and prolonged adverse market conditions related

for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. A reduction to the expected useful life of the assets can also lead to periods with higher depreciation expense going forward.

Yara has carried out impairment tests for certain production facilities during 2021, mainly due to uncertain economic conditions in local markets. Yara has also carried out impairment tests triggered by business decisions. Total impairment recognized on property, plant and equipment in 2021 is USD 669 million. Impairments recognized in prior periods have been evaluated for reversals and total reversals recognized in 2021 amount to USD 41 million. The carrying amount of property, plant and equipment at 31 December 2021 is USD 7,133 million. See [note 4.1](#) and [4.7](#) for further details.

##### Goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected

to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 31 December 2021 is USD 789 million and USD 132 million, respectively. Yara recognized impairment of goodwill and other intangible assets of respectively USD 31 million and USD 6 million in 2021. Details of recognized goodwill are provided in [note 4.2](#) and the impairment information, including sensitivity disclosures, is provided in [note 4.7](#). Other intangible assets mainly comprises software, customer relationships and patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed.

### Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2021 are USD 504 million and USD 443 million, respectively. The amount of unrecognized deferred tax assets is USD 480 million, of which USD 160 million is related to unused tax losses in Brazil. Further information about deferred tax is provided in [note 2.8](#).

Yara's operations in Brazil also generate tax credits. Recognition of these assets is based on Management assumptions related to future operating results and timing of utilization. Yara has recognized USD 119 million of such tax credits which are classified as non-current assets. Unrecognized amounts of the same credits amount to USD 4 million which reflects the challenges of utilizing all credits through ordinary operations. Further information is provided in [note 4.6](#).

Yara is engaged in a number of legal and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to estimate the probability of cash outflow on a case-by case basis. The estimated maximum exposure on tax contingencies is approximately USD 147 million of which USD 79 million is related to tax cases in Brazil. This estimated maximum exposure is excluding a separately disclosed case with the Dutch tax authorities. Further information is provided in [note 5.6](#).

Yara has operations in multiple countries, each with their own taxation regime. Management is required to make judgments, estimates and assumptions in relation to tax treatments. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets and liabilities. When assessing whether uncertainty over tax treatments exists, Yara will consider current tax law and regulations,

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general practice, decisions and rulings by the court or other relevant authorities as well as tax memoranda prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty in determining the related tax impact.

**Pension liabilities**

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension and other long-term employee benefits liabilities at 31 December 2021 is USD 273 million. The gross pension and other long-term employee benefits liabilities have a carrying value of USD 2,225 million at the same date. Detailed information, including sensitivity disclosures, is provided in [note 5.4](#).

**Covid-19**

All significant estimates and underlying assumptions to the accounting areas above have been reviewed in light of Covid-19. In addition, Yara has focused on estimates related to expected credit loss on trade receivables and on inventory valuation. Yara has not experienced any major disruption to its operations or experienced significant financial effects due to Covid-19 in 2021. As a result, Yara has not identified significant Covid-19 impact to the consolidated financial statements as of 31 December 2021.

**Financial implications of climate change**

Yara faces significant risks and opportunities as a result of climate change and governmental actions to reduce greenhouse gas (GHG) emissions and create low-carbon and climate-resilient economies. These risks and opportunities are integrated in the Group's risk management and strategy development processes, and embedded in Yara's governance structure e.g. by way of the mandate of the Board Audit and Sustainability Committee. In December 2020 Yara announced a strategic shift towards climate neutral solutions together with the Group's Climate Roadmap with an intensity KPI of 10 percent reduction in CO<sub>2</sub>e per tonne N within 2025, a KPI on reduction of absolute emissions by 30 percent within 2030, and an ambition to be climate neutral within 2050. In 2021 Yara has continued to assess global climate related risks and opportunities relevant for its business, including relevant scenario analyses and the potential impact for operations, suppliers and farmers. Based on this assessment, Yara is now working to further embed climate risks and opportunities into all relevant key

business processes such as business planning, business performance reviews and capital value processes. Risk mitigating actions and new business opportunities are being targeted and developed. A number of actions are ongoing, including a comprehensive in-depth assessment to identify climate risks related to Yara's production assets.

The risks of climate change for Yara's financial performance can be classified as transition risks or physical risks. Transition risks are risks to the Group that arise from the transition to a low-carbon and climate-resilient economy, including but not limited to cost of climate impacts, new technologies, market developments, regulatory actions and climate litigations. Physical risks are risks to the Group that arise from the physical effects of climate change. Both types of risks can affect Yara in a multitude of ways. As of Year End 2021, the main key transitional risks identified in the time frame before 2030 relates to new EU regulation ("European Green Deal") including, but not limited to, carbon emission and border taxes as well as increased cost of capital for activities not considered to be sustainable. The main physical risks identified refer to the impact to operations, suppliers and farmers by climate change in terms of more extreme weather conditions.

Climate risks may result in material adjustments to the carrying amounts of assets and liabilities as a result of, among other things, future re-assessment of useful lives of tangible and intangible assets, changed assumptions used as basis for impairment testing of such assets, changes to environmental and decommission provisions, and changes to cost of capital. Significant

judgment may be needed to estimate such adjustments. As of year-end 2021, any current and future financial impact to Yara of climate risks and opportunities are highly uncertain.

Yara expects potential effects on margins due to higher emission costs as well as higher capital expenditure to reduce the impact of climate change and a potential increase of cost of capital. These factors have been taken into account in the impairment testing of major tangible assets (plants) and intangible assets, including goodwill. However, refer [note 4.7](#) Impairment on non-current assets, such effects are currently limited and has not led to impairments in 2021. Yara has neither experienced climate change adjustments to useful lives of such assets. Consequently, Yara has not identified significant assets which may be of reduced or no value as of Year End 2021 as a result of climate risk ("stranded assets").

Information on environmental and decommission provisions are provided in [note 5.6](#) Provisions and contingencies.

In 2019, Yara signed a USD 1,100 million five-year multicurrency revolving credit facility ("RCF") with a link to the Group's Carbon Intensity Target. The margin under the Facility will be adjusted based on Yara's progress to achieve a 10 percent reduction of greenhouse gas emissions per tonne of fertilizer produced (tCO<sub>2</sub>eq/tN) by 2025. The credit facility is undrawn and has consequently had no material financial effect in 2021, refer to [note 5.3](#) Interest-bearing debt.

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**Critical judgments in applying accounting policies**

**Assessment of influence and control and classification of joint arrangements**

Management has used judgment in relation to the classification of Yara Freeport LLC DBA Texas Ammonia and classified it as a joint operation. The unit constructed an ammonia plant in the US which opened in April 2018. The company is owned 68 percent by Yara but controlled jointly with the other owner. The company has been classified as a joint operation because the partners have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. The same judgment have been made for the 50 percent owned Yara Pilbara Nitrates and the 49 percent owned Tringen, also on the basis of required consensus when making relevant decisions. See [note 4.4](#) for further details on joint operations.

## 2 Results for the year

### 2.1 Revenue from contracts with customers

**Overview and accounting policies**

A description of the nature of external revenues in the Yara Group can be found in [note 2.3](#) Segment information.

Under IFRS 15, Yara recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

The nature of Yara's revenue recognition is categorized as follows:

- **Sale of fertilizer and chemical products**

Yara sells fertilizer and chemical products to customers worldwide. Ordinary purchase orders are normally the contracts with the customer which create enforceable rights and obligations. Revenue is recognized when control of the products is transferred to the customer. This is normally determined by the incoterm used in the sales transactions. The use of incoterms varies between regions, markets and customers, but products are typically sold ex-warehouse.

Contracts with larger customers often include sales incentives leading to variable consideration amounts. Volume discounts are the dominant sales incentives used

by Yara. These discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential discount. Discount which qualify as material rights are accounted for as separate performance obligations.

Products are normally sold with standard warranties which provide protection to the customers that the product have the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group does not have any other significant obligations for returns or refunds.

The majority of sales in the Group have credit terms of less than 90 days. Normally customer contracts do not include a significant financing component.

Yara does not have significant incremental costs of obtaining or fulfilling contracts with customers which the Group expects to recover.

- **Freight/insurance services**

Yara arranges delivery to the customer's location using different incoterms. When the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight/insurance service is delivered (C-incoterms), Yara normally considers the freight/insurance service to be a distinct service which shall be accounted for as a separate performance obligation. This means that Yara allocates consideration to these freight/insurance services based on known or estimated standalone selling prices, and recognizes the corresponding revenue over time to the extent the freight/insurance service is performed. However, the timing effects are limited since the majority of deliveries to the customer's location are done within days. Shipping and handling activities that occur before customers take control of the goods are considered to be part of fulfilling the sale of the goods.

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- Other products and services**

Other products and services include a number of different offerings including equipment and services to store or handle product, and technology offerings in the Industrial Solutions segment business units, such as Environmental Solutions. Revenues from sale of equipment are recognized upon delivery to the customer. Revenues from sale of services are recognized over time as the service is performed. Revenues from technology offerings in Yara's Environmental Solutions Business are recognized over time using the percentage of completion method if they meet the criteria for over time recognition in IFRS 15. The percentage of completion method is an input method (based on costs incurred) and provides a faithful depiction of the transfer of these offerings since it is reasonably possible to estimate the stages of project completion on an ongoing basis. Offerings which represent multiple element arrangements are analyzed to identify distinct goods or services that shall be accounted for as separate performance obligations.

- Urea sales in India**

Yara's India business manufactures and sells urea to dealers who sell to retailers who in turn sell to farmers. Yara sells urea under a pricing scheme policy (as applicable from time to time) issued by the Government of India (Gol). This policy aims to promote balanced nutrient application and sustained agricultural growth by making urea available to farmers across India at affordable prices on a timely basis.

The price at which Yara can sell urea to registered dealers under the pricing scheme policy (as applicable from time to time) is regulated, verified and determined by Gol. The price is generally less than the cost of production. Gol provides a compensation based on a predefined method considering the sales price set by Gol to be charged to registered dealers, the cost for natural gas, other variable cost (including cost of bags and freight) and fixed cost.

Control of goods transfers at the time the registered dealer receives the goods. The consideration received is based on the dealer's receipt of goods and constitutes of the fixed sales price to be paid by the registered dealer and the estimated compensation to be paid by Gol. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers, the compensation from Gol is presented as revenue in the consolidated statement of income.

## Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/insurance services	Other products and services	Total
<b>2021</b>				
Europe	3,732	103	50	3,885
Americas	6,410	168	9	6,587
Africa & Asia	2,330	49	5	2,384
Global Plants & Operational Excellence	16	-	35	51
Clean Ammonia	1,093	62	7	1,162
Industrial Solutions	2,290	144	90	2,524
Other and Eliminations	4	-	19	23
<b>Total</b>	<b>15,876</b>	<b>526</b>	<b>215</b>	<b>16,617</b>
<b>2020 Restated<sup>1)</sup></b>				
Europe	2,783	102	39	2,924
Americas	4,401	154	7	4,562
Africa & Asia	1,803	33	9	1,845
Global Plants & Operational Excellence	13	-	19	32
Clean Ammonia	423	60	7	490
Industrial Solutions	1,392	134	193	1,719
Other and Eliminations	5	-	14	19
<b>Total</b>	<b>10,819</b>	<b>484</b>	<b>288</b>	<b>11,591</b>

<sup>1)</sup> The 2020 segment figures have been restated according to introduction of the new segment Clean Ammonia in 1Q 2021. The Yara Group figures are unchanged.



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## Disaggregation of external revenues by product group

USD millions	2021	2020
Ammonia	1,618	748
Urea	3,794	2,420
Nitrate	2,500	1,726
NPK	5,210	3,816
CN	704	560
UAN	392	282
SSP	101	82
DAP/MAP	284	240
MOP/SOP	590	430
Other fertilizer and chemical products	1,206	999
Other products and services	215	288
<b>Total revenues</b>	<b>16,617</b>	<b>11,591</b>

Yara serves a large number of customers. No revenues from transactions with any single customer amount to ten percent or more of Yara's total revenues.

Disaggregation of external revenues by geographical area<sup>1)</sup>

USD millions	Europe	Brazil	Latin America ex. Brazil	North America	Asia	Africa	Total
<b>2021</b>							
Europe	3,755	-	16	1	61	52	3,885
Americas	-	3,821	1,262	1,504	-	-	6,587
Africa & Asia	-	-	-	-	1,651	733	2,384
Global Plants & Operational Excellence	47	-	4	-	-	-	51
Clean Ammonia	6	186	44	453	472	-	1,162
Industrial Solutions	1,418	546	141	122	108	189	2,524
Other and Eliminations	20	-	-	-	3	-	23
<b>Total</b>	<b>5,247</b>	<b>4,553</b>	<b>1,467</b>	<b>2,080</b>	<b>2,295</b>	<b>973</b>	<b>16,617</b>

**2020 Restated<sup>2)</sup>**

Europe	2,826	2	11	1	39	46	2,924
Americas	-	2,659	872	1,031	-	-	4,562
Africa & Asia	-	-	-	-	1,342	503	1,845
Global Plants & Operational Excellence	30	-	2	-	-	-	32
Clean Ammonia	13	79	27	192	180	-	490
Industrial Solutions	987	333	89	69	128	113	1,719
Other and Eliminations	15	-	-	-	4	-	19
<b>Total</b>	<b>3,871</b>	<b>3,073</b>	<b>1,000</b>	<b>1,293</b>	<b>1,692</b>	<b>662</b>	<b>11,591</b>

<sup>1)</sup> Figures are based on customer location.

<sup>2)</sup> The 2020 segment figures have been restated according to introduction of the new segment Clean Ammonia in 1Q 2021. The Yara Group figures are unchanged.

Revenues from external customers of an amount of USD 291 million (2020: USD 213 million) are attributed to Norway (Yara's country of domicile).

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**Customer contract balances and unsatisfied performance obligations**

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and prepayments and deposits from customers (contract liabilities). Information on billed trade receivables can be found in [note 3.2](#) Trade receivables.

Unbilled receivables (contract assets) are limited and refer mainly to technology offerings in Yara's Environmental Solutions Business with revenue recognition over time in accordance with the percentage of completion method. For such offerings, billing generally occurs upon achievement of contractual milestones subsequent to revenue recognition. Contract assets are transferred to receivables when Yara has an unconditional right to consideration.

Prepayments and deposits from customers (contract liabilities) mainly refer to Yara's fertilizer sales in Brazil where prepayments up front of the fertilizer season is common practice to reduce price risk for the customers. Prepayments in Brazil are normally received less than 90 days before delivery of the goods. To a limited extent contract liabilities also refer to up-front payments on technology offerings in Yara's Environmental Solutions Business.

Unsatisfied performance obligations refers mainly to technology deliveries in Yara's Environmental Solutions Business. For other deliveries, unsatisfied performance obligations which are part of contracts that have an expected value of one year or less are not disclosed. In addition, unsatisfied performance obligations are not disclosed when Yara's right to consideration corresponds directly with the value to the customer of Yara's performance completed to date.

USD millions	2021	2020
<b>Contract assets</b>		
Opening balance 01.01	26	38
Transferred to receivables in the period	(22)	(35)
Increase due to measure of progress in the period	1	22
Currency translation effect	(1)	1
Closing balance 31.12	4	26
<b>Contract liabilities</b>		
Opening balance 01.01	372	399
Share of opening balance recognized as revenue in the period	(354)	(398)
Cash received not recognized as revenue in the period <sup>1)</sup>	616	369
Currency translation effect	(1)	1
Closing balance 31.12	634	372
<b>Unsatisfied performance obligations</b>		
Initial contract price on signed contracts	149	555
Aggregate contract revenue incurred to date <sup>2)</sup>	(106)	(516)
Transaction price allocated to unsatisfied performance obligations	44	39
<b>Unsatisfied performance obligations to be recognized within</b>		
1 year	9	33
2-3 years	34	6
Transaction price allocated to unsatisfied performance obligations	44	39

<sup>1)</sup> Presented net of amounts created and released within the same reporting period.

<sup>2)</sup> Based on the percentage of completion method.

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## 2.2 Other income and commodity derivative gain/(loss)

**Accounting policies**

A white certificate is an instrument issued by an authorized body guaranteeing that a specified amount of energy savings has been achieved. Yara receives such instruments from voluntarily participating in the white certificate scheme in Italy. The white certificates under this scheme are tradable and Yara sells these instruments to energy producers in the scheme on a running basis. Yara recognizes the white certificates received at zero cost and recognizes a gain equal to the selling price once they are sold.

Compensation from insurance companies is recognized in profit and loss when it becomes a receivable. The compensation becomes receivable when it is "virtually certain" that it will be received.

Commodity based derivatives gain/(loss) relates to changes in fair value of embedded derivatives in commodity contracts linked to gas and ammonia prices. Refer to [note 6.3](#) Financial Instruments for more information.

**Specification**

USD millions	Notes	2021	2020
<b>Other income and commodity derivative gain/(loss)</b>			
Sale of white certificates		13	6
Insurance and other compensations		14	4
Supplier settlement		37	-
Commodity based derivatives gain/(loss)	<a href="#">6.3</a>	(90)	15
Sale of shares in equity-accounted investee <sup>1)</sup>		-	100
Other		16	12
<b>Total</b>		<b>(9)</b>	<b>137</b>

<sup>1)</sup> Of this amount, USD 97 million relates to the sale of Yara's share in QAFCO. See [note 7.1](#) for more information.

## 2.3 Segment information

Yara's operations comprise of the following operating segments as of year-end 2021:

Europe  
Americas  
Africa & Asia  
Global Plants & Operational Excellence  
Clean Ammonia  
Industrial Solutions

In addition, Yara has a global function - Farming Solutions. This function has a global mandate to drive the transformation of Yara's core crop nutrition business, developing both existing and new solutions including premium products, digital business, food value chain collaboration and climate-neutral solutions.

The regional segments operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and delivering existing Yara solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The operating segments presented are the key components of Yara's business as of year-end 2021 which have been assessed, monitored and managed on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

**Europe**

Yara Europe comprises sales, marketing and production within Europe. Yara Europe markets crop nutrition solutions to farmers and collaborates with the food value chain, offering crop nutrition products, advice and

climate smart services and solutions. The product portfolio is comprehensive, ranging from standard nitrogen-based fertilizer to specialty products and organic fertilizers. The largest product categories sold within nitrogen-based fertilizer are nitrates and compound fertilizer (NPK).

Product sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements. Products are sold to a variety of customers covering wholesale, co-operatives, retail, and to a lesser extent direct to farmers. The types of customers and products sold differ between regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets. Yara Europe also exports some products to other regions within the Group, based on arm's length transfer pricing.

Yara Europe has 9 fertilizer plant, two high value product plants and two organic fertilizer plants, a phosphate mine and a potassium sulfate/feed phosphate plant across Europe. The plants have different product portfolios and are located to serve both domestic and export markets. In addition, the region operates more than 100 terminals and warehouses (owned and leased) and has a direct presence in around 30 European countries. The majority of products sold are produced at own sites in the region.

Operating results are driven by integrated business value creation from plant to market. The margin between realized finished fertilizer prices and raw material input prices is partly driven by Yara's ability to differentiate its

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offerings and partly by the price developments for commodity fertilizer (urea, UAN), natural gas and ammonia. Yara also creates value through operational efficiency at its production plants, competitive sourcing of raw materials for production and optimal resource allocation across its business model. Operating results are also impacted by currency movements as margins are typically US dollar exposed while fixed costs have a significant local currency component (mainly Euro).

**Americas**

Yara Americas comprises sales, marketing and production within the regional business units of North America, Latin America and Brazil. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizer (NPK). The region also sells phosphate and potash-based fertilizers which to a large extent are sourced from third parties.

Product sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements, but to an increasing extent the products are also sold directly to farmers and co-operatives. The composition of customer groups and products sold differs between local and regional markets, and the off-take of product varies with the fertilizer seasons in the different markets. Product sales are mainly sourced from the operating segment Global Plants & Operational Excellence based on arm's length transfer pricing, and from the segment's own production facilities in Canada, the US, Trinidad, Colombia and Brazil.

The North America business unit operates a fully-owned plant in Belle Plaine, Canada and also participates in the joint operations Trinidad Nitrogen Company Ltd. in Trinidad and Yara Freeport LLC DBA Texas Ammonia in the US (Yara consolidates its share of assets, liabilities, revenues and costs for joint operations). A smaller portion of the urea and urea ammonium nitrate (UAN) sales are sourced from third party producers. In addition to crop nutrition solutions, North America markets industrial application solutions such as wastewater treatment and additives for the construction industry and oil field services.

The Latin America business unit covers all Spanish-speaking markets in the Americas, from Mexico in the North to Argentina in the South. In Colombia Yara owns a production facility in Cartagena which mainly serves the local Colombian market with compound fertilizer (NPK) and calcium nitrate (CN) products. The Cartagena facility also produces soluble ammonium nitrate to supply local customers.

The Brazil business unit operates more than 20 blending units and distribution sites with a geographic spread to supply Brazil's main agricultural markets. It also includes the fully-owned production plants at Rio Grande, Ponta Grossa, Cubatão, Sumaré, Paulinia and Salitre. Fertilizer production ceased at the Paulina production site at the end of the year and related assets were impaired. A sale of Salitre was closed on 22 February 2022 and is presented as Non-current assets or disposal group classified as held-for-sale in the balance sheet. For more information see [note 7.1](#).

Operating results in Yara Americas are largely driven by Yara's ability to commercialize crop nutrition solutions based on European produced premium fertilizers at value-added margins, as well as the marketing of own-produced products in the region. Other key value drivers are reliability and operational efficiency at the production plants, competitive sourcing of raw materials for production (including natural gas), and efficient blending of third-party sourced raw materials. Operating results are also impacted by currency movements, as margins are typically US dollar exposed while fixed costs have a significant local currency component.

**Africa & Asia**

Yara Africa & Asia comprises sales, marketing, distribution and production of fertilizers and industrial products across Asia-Pacific, Africa and Oceania regions. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizers (NPK) designed for soil application. This portfolio is complemented by foliar and soluble products, serving a different range of crop application. A significant part of the products marketed are sourced from Yara production plants, both inside and outside the Africa & Asia region.

Most of the customers in the region are smallholder farmers. Yara reaches these customers through distributors, retailers and co-operatives based on different commercial agreements. The region also includes more mature agricultural markets such as South Africa, Australia and New Zealand where Yara often sells directly to professional large-scale

crop farmers. The type of customers and product portfolio sold differs greatly between the different markets.

The region has offices and operational units in more than 20 countries, with most significant business operations in China, India, Thailand, South Africa and Australia. As a complementary part to Yara crop nutrition distribution business, the fertilizer production comprehends one production facility in Australia producing Ammonia and Technical Ammonium Nitrate (TAN) and one production facility at Babrala in India producing ammonia and urea. The ammonia produced in Australia is commercialized by Yara's ammonia trade and shipping activity within the operating segment Clean Ammonia, while the technical ammonium nitrate (TAN) is commercialized by the operating segment Industrial Solutions in the Australian mining market. The production facility producing technical ammonium nitrate (TAN) is a joint operation (Yara Pilbara Nitrates Pty Ltd.) in which Yara consolidates its ownership share of 50 percent of assets, liabilities, revenues and costs. The ammonia produced at Babrala is used for the production of urea at the same plant. The urea produced at the plant is sold under a subsidized government scheme in India, for more information see [note 2.1](#).

Operating results are highly influenced by Yara's ability to commercialize the differentiated nitrate-based fertilizer portfolio and the upgrading margins in the production facilities driven by the price levels of ammonia/urea and competitive gas supply. Operating results can also be influenced by movements in currency rates.

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**Global Plants & Operational Excellence**

The Global Plants & Operational Excellence segment operates Yara's largest, and export oriented, production plants in Porsgrunn (Norway) and in Sluiskil (the Netherlands) and has a key role in driving operational improvements, competence development and technical project execution across Yara's production system. The unit also comprise Yara's development of a potash resource in Dallol, Ethiopia. In addition the unit includes the global planning and optimization function, the product management function, the direct procurement functions, and the corporate Health, Environment, Safety and Quality (HESQ) function.

The majority of sales in the segment are group internal sales of finished fertilizers transferred at internal prices based on the arms length's principle.

The Global Plants & Operational Excellence segment's operating results are highly influenced by volume output and margin development for fertilizer commodities. The margins are primarily driven by the difference in price levels for urea, diammonium phosphate fertilizer (DAP) and potash-based fertilizer, and the price level of the key input factors energy, phosphate rock and potash. Operating results can also be influenced by movements in currency rates.

**Clean Ammonia**

The Clean Ammonia segment contains Yara's ammonia trade and shipping activity that plays a vital role in Yara's production system as it allocates excess volume from producer plants and delivers to consumer

plants in a timely manner in order to ensure full production capacity utilization. Besides significant intra-group purchases and sales, Yara Ammonia Trade and shipping purchases ammonia from third parties predominantly to supply its European production region. It also generates significant external sales by selling ammonia to large customers in the fertilizer and chemical industries on a contract basis, mainly in the Americas and Asia regions. It also provides optimized shipping solutions that fit Yara's storage and port capacity, which includes a fleet of own and time-chartered vessels.

The segment was established to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara's unique existing position within ammonia production, trade and shipping. The segment is currently evaluating several new green and blue ammonia projects with the aim to serve growing markets for clean ammonia and add scale to the existing business.

**Industrial Solutions**

Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries including automotive, construction, waste handling and circular economy, shipping, chemicals, mining and animal feed. There is a strong environmental focus to Yara Industrial Solutions and a large portion of revenue is derived from AdBlue, an urea-based reagent used by diesel vehicles to reduce nitrogen oxide emissions. The segment also offers NO<sub>x</sub> abatement solutions for industrial plants and transport at both land and sea. In addition, Yara Industrial Solutions is continuously working to develop product

and service offerings in high growth markets as well as additional green and sustainable opportunities globally.

Yara Industrial Solutions performs its activities through five global commercial units; Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates and Yara Marine Technologies. These commercial units are backed by six dedicated production plants across Europe, Latin America, Asia and Africa. In addition, the segment has arm's length commercial agreements with the rest of Yara's global production plant network and external suppliers. Through direct sales and distributors, Yara Industrial Solutions is able to provide its customers with high quality, reliable products and services backed by deep local knowledge combined with global best practice expertise.

The customer contracts are to a large extent medium to long-term contracts, however, products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Operating results are exposed to fluctuations in commodity prices and general economic activity. However, Yara Industrial Solutions' integrated position coupled with its diversified exposure in terms of product, underlying industry and global location has allowed Yara Industrial Solutions to mitigate these effects to a great extent.

**Other and eliminations**

Other and eliminations comprises cross-segment eliminations which to a large extent refer to elimination of profit on inventory. In

addition, it comprises corporate costs which are not allocated to operating segments. Fluctuations in EBITDA refer to volumes in stock and internal margins on these volumes based on the arms length's principle. Increase in EBITDA in Other and eliminations refers to lower volumes in stock and vice versa. An increase in EBITDA may also be explained by lower internal margins on volumes in stock. In both situations the internal eliminations will be less significant.

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USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>External revenue from contract with customers</b>		
Europe	3,885	2,924
Americas	6,587	4,562
Africa & Asia	2,384	1,845
Global Plants & Operational Excellence	51	32
Clean Ammonia	1,162	490
Industrial Solutions	2,524	1,719
Other and Eliminations	23	19
<b>Total</b>	<b>16,617</b>	<b>11,591</b>
<b>Internal revenue</b>		
Europe	936	531
Americas	628	258
Africa & Asia	847	389
Global Plants & Operational Excellence	2,771	1,573
Clean Ammonia	1,155	538
Industrial Solutions	270	263
Other and Eliminations	(6,607)	(3,551)
<b>Total</b>	<b>-</b>	<b>-</b>

USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>Total revenue</b>		
Europe	4,822	3,455
Americas	7,215	4,820
Africa & Asia	3,231	2,233
Global Plants & Operational Excellence	2,822	1,605
Clean Ammonia	2,317	1,028
Industrial Solutions	2,794	1,982
Other and Eliminations	(6,583)	(3,532)
<b>Total</b>	<b>16,617</b>	<b>11,591</b>
<b>Operating income<sup>2)</sup></b>		
Europe	394	201
Americas	303	281
Africa & Asia	92	49
Global Plants & Operational Excellence	125	382
Clean Ammonia	93	95
Industrial Solutions	167	234
Other and Eliminations	(106)	(65)
<b>Total</b>	<b>1,068</b>	<b>1,176</b>

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USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>EBITDA<sup>2)</sup></b>		
Europe	664	477
Americas	991	563
Africa & Asia	248	162
Global Plants & Operational Excellence	570	572
Clean Ammonia	131	129
Industrial Solutions	287	344
Other and Eliminations	(87)	(23)
<b>Total</b>	<b>2,804</b>	<b>2,223</b>
<b>ROIC (12-month rolling average)<sup>2)</sup></b>		
Europe	12.2%	6.6%
Americas	7.3%	6.4%
Africa & Asia	3.9%	2.0%
Global Plants & Operational Excellence	5.8%	13.5%
Clean Ammonia	18.8%	20.6%
Industrial Solutions	11.8%	17.2%
<b>Yara<sup>3)</sup></b>	<b>7.9%</b>	<b>8.0%</b>

USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>Net operating profit after tax (NOPAT)<sup>2)</sup></b>		
Europe	302	157
Americas	288	260
Africa & Asia	74	43
Global Plants & Operational Excellence	94	293
Clean Ammonia	70	71
Industrial Solutions	135	181
Other and Eliminations	(61)	(30)
<b>Yara<sup>3)</sup></b>	<b>903</b>	<b>976</b>
<b>Invested capital<sup>2)</sup></b>		
Europe	2,486	2,370
Americas	3,954	4,073
Africa & Asia	1,910	2,105
Global Plants & Operational Excellence	1,623	2,168
Clean Ammonia	370	346
Industrial Solutions	1,142	1,051
<b>Yara<sup>3)</sup></b>	<b>11,363</b>	<b>12,200</b>

<sup>1)</sup> The 2020 segment figures have been restated according to introduction of the new segment Clean Ammonia in 1Q 2021. The Yara Group figures are unchanged.

<sup>2)</sup> See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.

<sup>3)</sup> A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See "Alternative performance measures" section for more information.

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## Reconciliation of operating income to EBITDA

USD millions	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization <sup>1)</sup>	Impairment loss <sup>2)</sup>	EBITDA
<b>2021</b>						
Europe	394	5	1	270	(6)	664
Americas	303	15	54	237	381	991
Africa & Asia	92	–	3	110	44	248
Global Plants & Operational Excellence	125	–	–	203	242	570
Clean Ammonia	93	–	–	38	–	131
Industrial Solutions	167	3	2	112	3	287
Other and Eliminations	(106)	–	4	14	2	(87)
<b>Total</b>	<b>1,068</b>	<b>23</b>	<b>64</b>	<b>984</b>	<b>666</b>	<b>2,804</b>
<b>2020 Restated<sup>3)</sup></b>						
Europe	201	4	–	246	25	477
Americas	281	5	53	221	3	563
Africa & Asia	49	–	2	110	2	162
Global Plants & Operational Excellence	382	6	–	184	–	572
Clean Ammonia	95	–	–	34	–	129
Industrial Solutions	234	3	1	105	1	344
Other and Eliminations	(65)	2	5	19	15	(23)
<b>Total</b>	<b>1,176</b>	<b>20</b>	<b>62</b>	<b>919</b>	<b>46</b>	<b>2,223</b>

<sup>1)</sup> Including amortization on excess value in equity-accounted investees.

<sup>2)</sup> Including impairment loss on excess value in equity-accounted investees. See [note 4.7](#) for more information.

<sup>3)</sup> The 2020 segment figures have been restated according to introduction of the new segment Clean Ammonia in 1Q 2021. The Yara Group figures are unchanged.



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## Consolidated statement of financial position

USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>Total assets<sup>2)</sup></b>		
Europe	3,713	3,237
Americas	6,108	5,246
Africa & Asia	2,653	2,563
Global Plants & Operational Excellence	2,147	2,111
Clean Ammonia	742	436
Industrial Solutions	1,886	1,430
Other and Eliminations	24	1,582
<b>Total</b>	<b>17,272</b>	<b>16,605</b>
<b>Current assets<sup>2)</sup></b>		
Europe	1,722	1,163
Americas	3,373	1,658
Africa & Asia	1,220	980
Global Plants & Operational Excellence	616	282
Clean Ammonia	2,287	129
Industrial Solutions	968	516
Other and Eliminations	(634)	909
<b>Total</b>	<b>7,698</b>	<b>5,637</b>
<b>Non-current assets<sup>2)</sup></b>		
Europe	1,990	2,074
Americas	2,735	3,588
Africa & Asia	1,433	1,583
Global Plants & Operational Excellence	1,531	1,828
Clean Ammonia	349	307
Industrial Solutions	918	914
Other and Eliminations	658	673
<b>Total</b>	<b>9,574</b>	<b>10,969</b>

USD millions, except percentages	2021	2020 Restated <sup>1)</sup>
<b>Equity-accounted investees</b>		
Europe	20	19
Americas	62	51
Global Plants & Operational Excellence	2	3
Industrial Solutions	41	41
Other and Eliminations	(5)	(6)
<b>Total</b>	<b>120</b>	<b>108</b>
<b>Investments<sup>3)</sup></b>		
Europe	302	250
Americas	174	280
Africa & Asia	(1)	104
Global Plants & Operational Excellence	191	210
Clean Ammonia	9	-
Industrial Solutions	166	73
Other and Eliminations	13	16
<b>Total</b>	<b>854</b>	<b>933</b>

<sup>1)</sup> The 2020 segment figures have been restated according to introduction of the new segment Clean Ammonia in 1Q 2021. The Yara Group figures are unchanged.

<sup>2)</sup> Assets excludes internal cash accounts and accounts receivable related to group relief.

<sup>3)</sup> Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

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## Non-current assets for all segments by geographical location

USD millions	2021	2020
<b>Non-current assets<sup>1)</sup></b>		
Europe	4,530	4,800
Brazil	871	1,636
Latin America ex. Brazil	306	333
Asia	1,402	1,557
North America	1,614	1,630
Africa	56	287
<b>Total</b>	<b>8,780</b>	<b>10,243</b>

<sup>1)</sup> The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

Non-current assets of an amount of USD 1,208 million (2020: USD 1,208 million) are attributed to Norway (Yara's country of domicile).

Information related to disaggregation of external revenues by geographical area, nature and product group can be found in [note 2.1](#).

## 2.4 Raw materials, energy costs and freight expenses

USD millions	2021	2020
<b>Raw material, energy costs and freight expenses</b>		
Raw material and energy costs	(9,937)	(5,609)
Freight expense	(1,124)	(899)
Other production related costs	(1,742)	(1,311)
<b>Total</b>	<b>(12,803)</b>	<b>(7,819)</b>

## 2.5 Payroll and related costs

USD millions	Notes	2021	2020
<b>Payroll and related costs</b>			
Salaries	<a href="#">8.2</a>	(1,020)	(913)
Social security costs	<a href="#">8.2</a>	(157)	(137)
Social benefits	<a href="#">8.2</a>	(8)	(7)
Net periodic pension cost	<a href="#">5.4, 8.2</a>	(86)	(79)
<b>Total</b>		<b>(1,270)</b>	<b>(1,136)</b>

## 2.6 Other operating expenses

USD millions	Notes	2021	2020
<b>Other operating expenses</b>			
Selling and administrative expense		(273)	(223)
Advertising expense		(33)	(28)
Travel expense		(17)	(18)
Fees auditors, lawyers, consultants	<a href="#">8.3</a>	(108)	(97)
Other expenses		(47)	(47)
<b>Total</b>		<b>(479)</b>	<b>(414)</b>
Research costs	<a href="#">4.2</a>	(94)	(91)

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## 2.7 Financial income and expenses

**Accounting policies**

Interest income and expenses are recognized in the statement of income as they are accrued, based on the effective interest method.

Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Individual financial statements of Yara International ASA and its subsidiaries are prepared in the respective entities' functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Yara International ASA is Norwegian kroner (NOK). In the individual financial statements, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the exchange rate at that date. The changes in value due to such foreign currency translations are recognized in the statement of income of the individual entity and reflected as "foreign currency exchange gain/(loss)" in the consolidated statement of income for the Group.

Capitalized interest expense refers to borrowing costs which are added to the cost of Property, plant and equipment that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

**Specification**

USD millions	Notes	2021	2020
<b>Net interest income on customer credits</b>		54	51
Interest income, other		10	10
Dividends and net gain/(loss) on securities		-	1
Interest income and other financial income		64	62
Foreign currency exchange gain/(loss)	<a href="#">6.1</a>	(251)	(243)
Interest expense		(132)	(141)
Interest expense on lease liabilities	<a href="#">4.5</a>	(14)	(15)
Capitalized interest	<a href="#">4.1</a>	8	21
Net interest on net long-term employee benefit obligations	<a href="#">5.4</a>	(5)	(5)
Other financial expense		(20)	(25)
Interest expense and other financial items		(164)	(165)
Net financial income/(expense)		(351)	(346)

The foreign currency translation loss this year of USD 251 million comprised a loss of USD 100 million on the US dollar denominated debt positions and a loss of USD 151 million on internal positions in other currencies than USD. In 2020, the losses on the US dollar denominated debt positions and the internal positions in other currencies than USD were USD 86 million and USD 157 million, respectively.

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## 2.8 Income taxes

**Accounting policies**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for by using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits, and any unused tax losses. However, deferred tax assets are recognized only to the extent these can be utilized against probable taxable profits.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill, or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are recognized only to the extent it is probable that sufficient taxable profits are expected to reverse in the foreseeable future to utilize the benefits of the temporary differences.

Current and deferred taxes are recognized as expense or income in the statement of income, except when they relate to items recognized directly in equity or in other comprehensive income. If the tax relates to items recognized in other comprehensive income or directly in equity, the tax is also recognized as other comprehensive income or directly in equity. Uncertain tax positions, for example from unresolved disputes with tax authorities, are provided for if there are probable cash outflows. In certain cases, it may be unclear how tax law applies to a particular transactions or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

**The major components of income tax expense for the year ended 31 December:**

USD millions	2021	2020
<b>Consolidated statement of income</b>		
<b>Current taxes</b>		
Current year	(328)	(121)
Prior year adjustment <sup>1)</sup>	(9)	19
<b>Total</b>	<b>(337)</b>	<b>(102)</b>
<b>Deferred taxes</b>		
Deferred tax income/(expense) recognized in the current year	185	(17)
Adjustments to deferred tax attributable to changes in tax rates and laws	(14)	(12)
(Write-downs)/reversal of previous write-downs of deferred tax assets	(190)	(28)
<b>Total</b>	<b>(18)</b>	<b>(58)</b>
<b>Total tax income/(expense) recognized in statement of consolidated income</b>	<b>(355)</b>	<b>(160)</b>
<b>Other comprehensive income</b>		
<b>Current tax</b>		
Hedge of net investment	6	(5)
<b>Total current tax</b>	<b>6</b>	<b>(5)</b>
<b>Deferred tax</b>		
Pensions	(55)	16
Available-for-sale financial assets	-	(1)
<b>Total</b>	<b>(55)</b>	<b>15</b>
<b>Total tax income/(expense) recognized directly in other comprehensive income</b>	<b>(48)</b>	<b>10</b>
<b>Total tax income/(expense) recognized in comprehensive income</b>	<b>(404)</b>	<b>(150)</b>

<sup>1)</sup> The 2021 figure includes additional exposure of USD 6 million to a provision recognized in previous years. The 2020 figure includes a special tax incentive impact of USD 24 million.

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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## Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

USD millions, except percentages	2021	2021	2020	2020
Income before tax		739		850
Expected income taxes at statutory tax rate <sup>1)</sup>	22.0%	(163)	22.0%	(187)
Tax law changes	1.2%	(9)	1.6%	(13)
Foreign tax rate differences	2.3%	(17)	(2.5%)	21
Unused tax losses and tax offsets not recognized as deferred tax assets	19.9%	(147)	11.9%	(101)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(1.9%)	14	(4.0%)	34
Deductible loss <sup>2)</sup>	-	-	(4.8%)	41
Non-taxable gain on sale equity-accounted investees <sup>3)</sup>	-	-	(2.9%)	24
Non-deductible expenses	2.1%	(15)	1.8%	(15)
Share of net income equity-accounted investees	(0.1%)	1	(0.3%)	3
Tax free income miscellaneous	(3.7%)	27	(1.3%)	11
Prior year adjustment <sup>4)</sup>	1.2%	(9)	(2.2%)	19
Withholding tax	1.6%	(12)	1.7%	(15)
Other, net	3.5%	(26)	(2.1%)	18
Total income tax income/(expense)		(355)		(160)
Effective tax rate		48.0%		18.9%

<sup>1)</sup> Calculated as Norwegian nominal statutory tax rate of 22 percent (2020: 22 percent) applied to income before tax.

<sup>2)</sup> The 2020 figure is related to a loss from restructuring corporate holding structure.

<sup>3)</sup> Gain is related to the sale of Qafco in 2020. See [note 7.1](#) for more information.

<sup>4)</sup> The 2021 figure includes additional exposure of USD 6 million to a provision recognized in previous years. The 2020 figure includes a special tax incentive impact of USD 24 million.

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**Specification of deferred tax assets/(liabilities)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## 2021

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>Non-current items</b>							
Intangible assets	(6)	13	(1)	-	(1)	-	6
Property, plant and equipment	(411)	177	(10)	-	-	10	(233)
Pensions	115	(1)	(7)	(55)	-	5	58
Other non-current assets	(140)	30	-	-	-	(4)	(114)
Other non-current liabilities and accruals	68	49	2	-	-	(4)	115
<b>Total</b>	<b>(373)</b>	<b>269</b>	<b>(16)</b>	<b>(55)</b>	<b>(1)</b>	<b>8</b>	<b>(168)</b>
<b>Current items</b>							
Inventory valuation	39	35	(3)	-	-	-	71
Accrued expenses	73	(13)	1	-	-	(3)	58
Assets classified as held for sale	-	2	-	-	-	-	2
<b>Total</b>	<b>111</b>	<b>25</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>132</b>
Tax loss carry forwards	646	(89)	2	-	-	13	573
Unused tax credits	25	(20)	1	-	-	(1)	4
Valuation allowance	(312)	(190)	-	-	-	21	(480)
<b>Net deferred tax asset/(liability)</b>	<b>97</b>	<b>(4)</b>	<b>(14)</b>	<b>(55)</b>	<b>(1)</b>	<b>38</b>	<b>61</b>

## 2020

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
<b>01 THIS IS YARA</b>	<b>Non-current items</b>						
	(13)	4	(1)	-	-	5	(6)
<b>02 YEAR IN REVIEW</b>	Intangible assets						
	(431)	32	(1)	-	-	(12)	(411)
	96	(6)	(6)	16	-	15	115
<b>03 FROM THE BOARDROOM</b>	Property, plant and equipment						
	1	-	-	(1)	-	-	-
	(103)	(40)	-	-	-	4	(140)
<b>04 FINANCIAL STATEMENTS</b>	Pensions						
	136	(64)	(1)	-	-	(3)	68
	(315)	(74)	(9)	15	-	8	(373)
	<b>Current items</b>						
	52	(11)	(2)	-	-	(1)	39
	31	45	(1)	-	-	(3)	73
	1	(1)	-	-	-	-	-
	84	33	(3)	-	-	(4)	111
	612	5	-	-	-	30	646
	4	18	-	-	-	2	25
	(319)	(28)	(1)	-	1	35	(312)
	66	(46)	(12)	15	1	72	97

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**Unrecognized deferred tax assets**

USD millions	2021	2020
<b>Unrecognized deferred tax assets are attributable to the following</b>		
Tax losses	314	281
Deductible temporary differences	167	31
Total	480	312

Unrecognized tax losses are mainly related to the tax loss carry forwards arising from the activities in Brazil and France. Utilization of the tax loss carry forwards in Brazil and France is without time limitation. In Brazil utilization is restricted to 30 percent of taxable income each year. Unrecognized tax losses in Brazil were USD 160 million in 2021 (2020: USD 133 million). The increase is mainly related to generated losses in 2021. Unrecognized tax losses in France were USD 72 million in 2021 (2020: USD 63 million). Unrecognized deductible temporary differences increased during the year mainly due to impairment charges in Brazil and Ethiopia (Dallol mining project). See [note 4.7](#) Impairment on non-current assets for more information about these impairments.

For information regarding unrecognized deferred tax assets attributable to deductible temporary differences, see [note 4.7](#) Impairment on non-current assets and [note 7.1](#) Disposal of investments.

**Specification of expiration of tax loss carry forwards**

USD millions	2021
2022	19
2023	13
2024	9
2025	6
2026	4
After 2026	21
Without expiration	2,204
Total tax loss carry forwards	2,275
Deferred tax effect of tax loss carry forwards	573
Valuation allowance on tax loss carry forwards	(314)
Recognized in the statement of financial position	260

Yara's recognized tax loss carry forwards primarily relate to the business in Norway and Australia, where tax losses are without expiration. The tax losses are mainly related to incurred currency losses, non-recurring transactions and loss from operations. The recognized tax assets for all units are all supported by estimated future profit level.

Deferred tax presented in the statement of financial position

USD millions	2021	2020
Deferred tax assets	504	485
Deferred tax liabilities	(443)	(388)
Net deferred tax asset/(liability)	61	97

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately USD 7.9 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of USD 10 million is recognized.

For information regarding tax contingencies and uncertain tax treatments, see [note 5.6](#).



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## 3 Current assets

### 3.1 Inventories

#### Overview

Inventories comprise finished goods, work in progress, raw materials and spare parts. Finished goods refer to own produced products and goods purchased for resale. Work in progress are partly processed, unfinished products. Raw materials include own produced raw materials, mainly ammonia and nitric acids, as well as raw materials purchased from external parties such as phosphate potassium and other input factors used in the production. Spare parts include packing, operating and maintenance supplies. Inventories in stock in the Industrial Solutions segment comprises, in addition, environmental solutions, feed phosphates, chemicals and other.

#### Accounting policies

Inventories are stated at the lower of cost, using weighted average, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and other selling costs.

All amounts presented are net of write-downs. A write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. This include direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory. Yara is using the standard costing method for cost measurement which consider normal levels of materials and supplies, labor, efficiency and capacity utilization.

Spare parts held as inventories are spare parts which do not meet the criteria for being classified as property, plant and equipment.

Yara has internal sales between the different segments. These sales create internal margins which are eliminated and presented as "other and eliminations".

#### Inventory stock 2021

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
<b>31 Dec 2021</b>								
Finished goods	606	622	473	165	–	167	(176)	1,857
Work in progress	54	1	1	35	–	39	–	130
Raw materials	133	1,272	24	78	121	102	(9)	1,722
Spare parts	92	57	28	72	–	44	2	294
<b>Total 31 Dec 2021</b>	<b>885</b>	<b>1,952</b>	<b>526</b>	<b>350</b>	<b>121</b>	<b>352</b>	<b>(183)</b>	<b>4,003</b>

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**Inventory stock 2020**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
<b>31 Dec 2020</b>								
Finished goods	429	359	279	72	-	74	(88)	1,125
Work in progress	20	-	1	12	-	8	-	41
Raw materials	85	493	22	28	25	43	1	696
Spare parts	95	58	27	73	-	47	-	299
<b>Total 31 Dec 2020</b>	<b>628</b>	<b>910</b>	<b>329</b>	<b>185</b>	<b>25</b>	<b>172</b>	<b>(87)</b>	<b>2,161</b>

**Write-down 2021**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(12)	(6)	(3)	(1)	-	(7)	2	(28)
New write-downs recognized during the year	(14)	(105)	(12)	(6)	-	(7)	66	(78)
Write-downs reversed due to product sold	8	7	4	1	-	8	(34)	(6)
Write-downs reversed, other	6	54	3	2	-	1	-	66
Foreign currency translation gain/(loss)	1	3	-	-	-	-	-	4
<b>Balance at 31 December</b>	<b>(11)</b>	<b>(48)</b>	<b>(7)</b>	<b>(4)</b>	<b>-</b>	<b>(5)</b>	<b>35</b>	<b>(42)</b>

**Write-down 2020**

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(12)	(11)	(3)	(1)	(1)	(10)	7	(30)
New write-downs recognized during the year	(17)	(10)	(5)	(1)	(1)	(2)	11	(24)
Write-downs reversed due to product sold	1	5	(1)	1	1	(1)	(19)	(12)
Write-downs reversed, other	16	10	5	-	-	5	2	39
Foreign currency translation gain/(loss)	(1)	1	-	-	-	(1)	-	(1)
<b>Balance at 31 December</b>	<b>(12)</b>	<b>(6)</b>	<b>(3)</b>	<b>(1)</b>	<b>-</b>	<b>(7)</b>	<b>2</b>	<b>(28)</b>

No inventories were pledged as security at end of 2021 or 2020.

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## 3.2 Trade receivables

**Accounting policies**

Trade receivables are initially recognized at the agreed transaction price in the contract with the customer. Subsequently they are measured at amortized costs using the effective interest method. Short term receivables are normally not discounted.

In accordance with the expected loss model, Yara records lifetime expected credit losses on all trade and lease receivables (the simplified approach). The calculation of expected credit loss (ECL) is based on both historical and forward looking information, and is done on local unit level. When calculating ECL for trade receivables not yet due and trade receivables less than 90 days overdue, the last five years historical loss percentage is used as base amount for allowance. Forward looking information is taken into account by assessing available information on local unit level which could indicate an expected future loss that is higher or lower than the experience, including regional macroeconomic information. Calculation of ECL for trade receivables more than 90 days overdue is based on a separate, individual assessment of each receivable.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

**Specification**

USD millions	Notes	2021	2020
Trade receivables		2,229	1,572
Allowance for expected loss		(92)	(94)
Total	<a href="#">6.3</a>	2,138	1,478

**Movement in allowance for expected credit loss**

USD millions	Notes	2021	2020
Balance at 1 January		(94)	(101)
Lifetime expected credit losses recognized for existing business		(11)	(24)
Amounts written off as uncollectible		3	13
Lifetime expected credit losses reversed		6	11
Foreign currency translation		4	7
Balance at 31 December		(92)	(94)

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## Ageing analysis of trade receivables at 31 December

## Gross trade receivables

USD millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30–90 days	91–180 days	> 180 days
2021	2,229	1,922	141	42	13	111
2020	1,572	1,260	123	51	28	108

## Impairment of trade receivables

USD millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30–90 days	91–180 days	> 180 days
2021	(92)	(5)	(3)	(2)	(2)	(80)
2020	(94)	(7)	(2)	(2)	(9)	(75)

## Net trade receivables

USD millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30–90 days	91–180 days	> 180 days
2021	2,138	1,917	138	41	12	31
2020	1,478	1,253	122	50	20	34

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## 3.3 Prepaid expenses and other current assets

**Accounting policies**

Other short-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). Please see [note 4.6](#) Other non-current assets for more information.

**Specification**

USD millions	Notes	2021	2020
<b>Financial assets:</b>			
Foreign exchange contracts	<a href="#">6.1</a>	6	2
Receivables and deposits	<a href="#">6.3</a>	215	107
Contracts assets	<a href="#">2.1</a>	4	26
Expected credit loss on other current assets	<a href="#">6.3</a>	(1)	(1)
Total financial instruments		225	136
<b>Non-financial assets:</b>			
VAT and sales related taxes	<a href="#">4.6</a>	222	141
Prepaid income taxes		84	164
Prepaid expenses		177	190
Total non-financial assets		483	495
Total	<a href="#">6.3</a>	708	630

## 3.4 Cash and cash equivalents

**Accounting policies**

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However they are normally not discounted as they are short-term items. On deposits, Yara records a 12-month's expected credit loss if there has not been any significant increase in credit risk since initial recognition (the general approach).

**Specification**

USD millions	Notes	2021	2020
Cash and cash equivalents	<a href="#">6.3</a>	394	1,363

Expected credit loss provision on bank deposits is USD 2.8 million (2020: USD 2.5 million).

External bank deposits that are not available for use by the group at 31 December 2021 have a carrying value of USD 44 million (2020: USD 32 million), mainly related to cash held by joint operations. More information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in [note 5.2](#) Non-controlling interests.

The average interest rate for liquid assets is approximately 1.2 percent as of 31 December 2021 (2020: 0.4 percent).

Yara minimizes its counterparty exposure by keeping its cash deposits in various Nordic and international banks with established limits for exposure towards each institution.

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## 4 Investments in non-current assets

### 4.1 Property, plant and equipment

#### Overview

Property, plant and equipment (PP&E) mainly refers to Yara's fertilizer production plants across the world, and which hold assets such as land, buildings, machinery, equipment and periodic maintenance. In addition, they hold investments in self-constructed assets not yet in use and which are categorized as assets under construction. The remaining PP&E refers to assets for distribution of fertilizer products, which mainly consists of buildings, machinery and equipment for bagging and blending of products, as well as terminals and warehouses.

#### Accounting policies

An item of property, plant and equipment is recognized at cost if it is probable that the item will generate future economic benefits for Yara and the cost can be measured reliably. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission PP&E, the carrying value of the assets are increased with the discounted value of such obligations. Borrowing costs are added to the cost of assets that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

Depreciation of an asset begins when it is available for use. An asset is available for use when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Decommissioning obligations and borrowing costs added to the carrying amount of PP&E are depreciated over the useful life of the respective PP&E.

PP&E are depreciated on a straight-line basis over their expected useful life. Individual parts of PP&E with different useful lives are accounted for and depreciated separately. Expected useful lives and residual values are, unless immaterial, re-assessed annually.

Gain or loss due to sale or retirement of PP&E is calculated as the difference between sales proceeds and the carrying value, and is recognized in the statement of income.

An impairment is recognized if an asset's carrying value is higher than the recoverable amount. Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Please see [note 4.7](#) Impairment of non-current assets.

Costs related to periodic maintenance of plants ("turnarounds") and recurring investments to extend the current plant performance for a longer period of time, are recognized as assets and depreciated on a systematic basis until the next periodic maintenance if cycle is more than one year on average. Major replacements and renewals are capitalized and depreciated separately based on their specific useful lives. Replaced assets are derecognized. Most of the remaining repair and maintenance costs are expensed as incurred.

Removal of mine waste materials ("stripping costs") in the production phase of existing mines are capitalized as a component of existing tangible mine assets when the activity gives improved access to ore. Stripping activity assets are depreciated on a straight-line basis over the useful lives of the underlying mine assets.

Capitalization of investments as self-constructed PP&E start when defined decision gates are met. These investments are then categorized as assets under construction until they are ready for use as intended by management. Once they are ready for use they are transferred to the applicable classes of PP&E and depreciation starts.

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will comply with conditions attached to them and the grants will be received. Government grants that compensate the Group for the cost of an asset are deducted in the carrying amount of the asset, and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

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## 2021

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	280	2,680	10,863	540	1,600	280	97	16,340
Addition at cost <sup>1)</sup>	2	19	313	107	343	7	-	791
Derecognition	(5)	(35)	(221)	(64)	(4)	(3)	-	(333)
Transfers to asset held for sale	(6)	(229)	(91)	-	(372)	-	(18)	(717)
Other transfers <sup>2)</sup>	3	391	268	5	(693)	-	19	(7)
Foreign currency translation	(18)	(144)	(541)	(36)	(42)	-	(8)	(790)
Balance at 31 December	256	2,682	10,590	551	831	284	89	15,284
<b>Depreciation and impairment</b>								
Balance at 1 January	(11)	(1,070)	(6,266)	(301)	(12)	(61)	(40)	(7,760)
Depreciation	-	(107)	(580)	(93)	-	(13)	(6)	(800)
Impairment loss <sup>3)</sup>	(14)	(129)	(50)	(1)	(473)	-	(1)	(669)
Reversed impairment	-	9	21	-	10	-	-	41
Derecognition	-	31	188	64	-	3	-	287
Transfers to asset held for sale	3	96	45	-	174	-	1	318
Other transfers	1	(17)	(31)	2	45	-	-	-
Foreign currency translation	1	58	349	21	-	-	3	433
Balance at 31 December	(21)	(1,130)	(6,323)	(308)	(251)	(77)	(42)	(8,151)
<b>Carrying value</b>								
Balance at 1 January	269	1,609	4,597	238	1,588	219	57	8,579
Balance at 31 December	235	1,552	4,267	243	581	207	48	7,133
Useful life in years	Indefinite	10-60	2-40	2-5		20	5-25	
Depreciation rate		2-6%	3-50%	15-50%		5%	5-20%	

<sup>1)</sup> The amount for "Buildings" includes USD 50 million reduction to decommissioning assets, due to increase in discount rate.

<sup>2)</sup> Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects.

<sup>3)</sup> Please see [note 4.7](#) Impairment of non-current assets.

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**Main changes in 2021**

The carrying value is reduced by USD 1,446 million in 2021, which is mainly driven by the impairment and the subsequent reclassification of the Salitre phosphate mining project in Brazil to held-for-sale disposal group and the USD 232 million impairment of the Dallol potash mining project in Ethiopia. Yara recognized an impairment loss of USD 337 million related to Salitre, and subsequently reclassified USD 375 million of PP&E to disposal group held-for-sale. Please see [note 4.7](#) for further details on impairment on non-current assets and [note 7.1](#) for the Salitre held-for-sale disposal group.

The largest transfer from assets under construction to other categories of PP&E refer to construction projects related to completed assets in modernization of the Rio Grande plant in Brazil.

**Assets used as security**

PP&E pledged as security was USD 26 million in 2021 (2020: USD 29 million).

**Government grants**

Government grants related to assets have been recognized as deduction to the carrying value by reducing "Addition at cost" with USD 8 million in 2021 (2020: USD 13 million).

**Borrowing costs**

The amount of borrowing cost capitalized amounted to USD 8 million in 2021 (2020: USD 21 million). The average rate for the borrowing cost capitalized was 3.2 percent in 2021.

**Contractual commitments**

Please find information on contractual obligations on PP&E in [note 4.8](#) Committed future investments.



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## 2020

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
<b>Cost</b>								
Balance at 1 January	309	2,466	10,117	481	1,660	280	72	15,384
Addition at cost <sup>1)</sup>	1	109	253	70	461	–	18	912
Derecognition	–	(10)	(156)	(51)	(6)	–	–	(223)
Other transfers <sup>2)</sup>	–	111	175	12	(296)	–	–	3
Foreign currency translation	(30)	3	476	26	(219)	–	8	264
Balance at 31 December	280	2,680	10,863	540	1,600	280	97	16,340
<b>Depreciation and impairment</b>								
Balance at 1 January	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
Depreciation	–	(97)	(550)	(84)	–	(13)	(4)	(748)
Impairment loss <sup>3)</sup>	(3)	(9)	(14)	(2)	(1)	–	–	(29)
Derecognition	–	7	108	50	–	–	–	166
Other transfers	–	(3)	(3)	–	–	–	–	(6)
Foreign currency translation	(1)	(21)	(332)	(16)	–	–	(3)	(373)
Balance at 31 December	(11)	(1,070)	(6,266)	(301)	(12)	(61)	(40)	(7,760)
<b>Carrying value</b>								
Balance at 1 January	303	1,517	4,641	231	1,650	232	40	8,614
Balance at 31 December	269	1,609	4,597	238	1,588	219	57	8,579
Useful life in years	Indefinite	10–60	2–40	2–5		20	5–25	
Depreciation rate		2–6%	3–50%	15–50%		5%	5–20%	

<sup>1)</sup> The amount for "Buildings" includes USD 53 million increase to decommissioning assets, due to reduction in discount rate.

<sup>2)</sup> Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects.

<sup>3)</sup> Please see [note 4.7](#) Impairment of non-current assets.

**Main changes in 2020**

The largest additions to PP&E include construction of a new plant in Serra do Salitre and an expansion and modernization of the Rio Grande plant (Brazil), both projects continuing from 2019, and turnaround activities for one of the ammonia plants in Sluiskil.

The largest transfer from assets under construction to other categories of PP&E refer to completed assets in construction projects related to modernization of the Rio Grande plant and completion of rectification works on a technical ammonium nitrate plant in Pilbara region of Australia.

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## 4.2 Intangible assets

### Accounting Policies

Intangible assets with finite useful lives, and that are acquired separately, are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period. The effect of any changes in estimate is accounted for on a prospective basis. Intangible assets with indefinite useful lives, and that are acquired separately, are carried at cost less accumulated impairment losses.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Useful lives are set as indefinite with no amortization as there is no foreseeable limit to the cash flows generated by goodwill. Instead of amortization, goodwill is tested for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) that are expected to benefit from the combination. For more information on impairment, please see [note 4.7](#) Impairment of non-current assets. The Group's accounting policy for goodwill arising on the acquisition of an associate or joint ventures is described in [note 4.3](#) Associated companies and joint ventures.

Intangible assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Intangible assets not ready for its intended use are also tested for impairment annually. Please see [note 4.7](#) Impairment of non-current assets.

Expenditures on research activities are expensed in the period in which they incur. An internally generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated;

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Where no internally-generated intangible asset can be recognized, development expenditures are recognized in profit or loss in the period in which they incur.

Software as a Service (SaaS) arrangements are normally not subject to recognition of configuration or customization costs as intangible assets because Yara does not control the software being configured. Further, related configuration or customizations activities often would not create a resource controlled by the customer that is separate from the software and consequently is normally expensed. Licensed software hosted on-premise or in third party data centers as well as software acquired in a business combination and internally developed software are recognized as intangible assets if they meet the recognition criteria in IAS 38.

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## 2021

USD million, except percentages	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	890	222	390	1,502
Addition at cost	–	8	25	33
Derecognition	–	(49)	(5)	(55)
Acquisition new companies	7	–	7	14
Transfer to asset held for sale	(13)	(1)	(12)	(26)
Other transfers	–	12	(12)	1
Foreign currency translation	(22)	(10)	(17)	(49)
Balance at 31 December	862	182	376	1,420
<b>Amortization and impairment</b>				
Balance at 1 January	(58)	(159)	(297)	(514)
Amortization	–	(26)	(16)	(42)
Impairment loss <sup>2)</sup>	(31)	(2)	(4)	(37)
Derecognition	–	42	5	46
Transfer to asset held for sale	13	–	11	24
Foreign currency translation	4	9	11	24
Balance at 31 December	(73)	(136)	(289)	(499)
<b>Carrying value</b>				
Balance at 1 January	831	64	93	988
Balance at 31 December	789	45	87	921
<b>Useful life in years</b>				
	Indefinite	3–5	5–40	–
<b>Amortization rate</b>				
		20–35%	3–35%	–

<sup>1)</sup> Other intangibles comprises mainly customer relationships, patents and trademarks, and intangible assets arising from development.

<sup>2)</sup> For further information, see [note 4.7](#).

## 2020

USD million, except percentages	Goodwill	Software	Other intangibles <sup>1)</sup>	Total
<b>Cost</b>				
Balance at 1 January	887	203	411	1,501
Addition at cost	–	9	6	14
Derecognition	–	(2)	(22)	(24)
Other transfers	–	9	(7)	2
Foreign currency translation	2	4	2	8
Balance at 31 December	890	222	390	1,502
<b>Amortization and impairment</b>				
Balance at 1 January	(44)	(131)	(296)	(471)
Amortization	–	(24)	(17)	(41)
Impairment loss <sup>2)</sup>	(12)	–	(3)	(15)
Derecognition	–	2	22	24
Foreign currency translation	(2)	(5)	(3)	(10)
Balance at 31 December	(58)	(159)	(297)	(514)
<b>Carrying value</b>				
Balance at 1 January	844	72	115	1,031
Balance at 31 December	831	64	93	988
<b>Useful life in years</b>				
	Indefinite	3–5	5–40	–
<b>Amortization rate</b>				
		20–35%	3–35%	–

<sup>1)</sup> Other intangibles comprises mainly customer relationships and intangible assets under construction.

<sup>2)</sup> For further information, see [note 4.7](#).

**Expenditures on research and development activities**

Expenditures on research and development activities are expensed in the period of the amount of USD 94 million (USD 91 million in 2020).

**Assets used as security**

No intangible assets were pledged as security in 2021 and 2020. See [note 5.8](#) for more information.

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## 4.3 Associated companies and joint ventures

### Overview

Yara has a number of minor investments classified as associated companies and joint ventures. These are mainly investments in sales & marketing entities in the operating segments Americas and Industrial Solutions. In 2020, Yara sold its 25 percent share in Qatar Fertiliser Company (QAFCO) and its fully impaired 50 percent share in Libyan Norwegian Fertilizer Company (LIFECO).

### Accounting policies

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence normally exists when the Group holds directly or indirectly between 20 percent and 50 percent of the voting rights.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. The classification depends upon rights and obligations of the parties to the arrangement. In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. In a joint venture the parties have rights to the net assets of the arrangement.

The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and the carrying value is subsequently increased or decreased to recognize Yara's share of profit or loss of the investee after the date of acquisition. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment. The equity-accounted investees are tested for impairment if indications of loss in value are identified. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less costs to sell and value in use, is below the carrying value. Accounting policies of equity-accounted investees are changed where necessary to ensure consistency with the policies adopted by the Yara Group.

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USD millions	Balance at 1 January	Investments / (sale, and asset held- for-sale), net and long-term loans	Yara's share of				Amortization, depreciation and write-down	Dividends/ repayment of capital	Foreign currency translation and other	Balance at 31 December
			Net income/ (loss)	Other comprehensive income/(loss)	Total comprehensive income/(loss) in equity-accounted investees					
Associates	32	1	3	–	3	–	(2)	(2)	33	
Joint ventures	75	–	20	–	20	–	(6)	(2)	87	
Total	107	1	23	–	23	–	(8)	(4)	120	

USD millions	Balance at 1 January	Investments / (sale, and asset held- for-sale), net and long-term loans	Yara's share of				Amortization, depreciation and write-down	Dividends/ repayment of capital	Foreign currency translation and other	Balance at 31 December
			Net income/ (loss)	Other comprehensive income/(loss)	Total comprehensive income/(loss) in equity-accounted investees					
QAFCO	873	(880) <sup>1)</sup>	8	(1)	7	–	–	–	–	
Other associates	30	2	2	–	2	–	–	(1)	32	
Joint ventures	67	–	10	–	10	–	(9)	3	75	
Total	970	(878)	20	(1)	19	–	(9)	2	107	

<sup>1)</sup> Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara.

Due to it being impractical to obtain financial report at the same reporting date as Yara uses, there is for some of the associated companies and joint ventures a lag of 1–3 months for the numbers included.

#### Sales and receivables/payables

Sales from investees to Yara were USD 16 million (2020: USD 23 million). As of 31 December 2021, Yara had net current receivables towards investees of USD 3 million (2020: USD 1 million).

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## 4.4 Joint operations

### Accounting policies

In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. The Group recognizes in relation to its interests in a joint operation:

- Its assets, including its share of assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation and;
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for these assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Yara has three investments that are classified as joint operations:

### Yara Pilbara Nitrates Pty Ltd

Yara Pilbara Nitrates owns a technical ammonium nitrate (TAN) plant next to Yara's ammonia plant in the Pilbara region of Australia. The plant has an annual production capacity of about 330.000 metric tonnes of TAN and primarily supplies the mining operations in the region. The company is 50 percent owned by Yara and 50 percent by Orica.

### Trinidad Nitrogen Co. Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. The two plants have an annual production capacity of about 1 million metric tonnes of ammonia which is mainly exported to other markets. Yara has a 49 percent ownership stake in Tringen, the remaining 51 percent of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

### Yara Freeport LLC DBA Texas Ammonia

Yara and the BASF Group have constructed an ammonia plant at BASF's site in Freeport, Texas, US. Commercial operations commenced in 2018. BASF manages and operates the plant. The plant has an annual nameplate production capacity of about 750.000 metric tonnes of ammonia and each party off-takes ammonia from the plant in accordance with their ownership share. The company is 68% owned by Yara and 32% by BASF.

The following table shows the effect of consolidating joint operations on Yara's financial statements. The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position	31 December 2021				31 December 2020			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated joint operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated joint operations
USD millions (unaudited)								
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<b>Assets</b>								
Deferred tax assets	40	-	-	40	34	-	-	34
Property, plant and equipment	330	68	251	649	398	72	267	736
Right-of-use asset	6	-	4	10	4	-	4	8
Other non-current assets	-	7	1	8	-	1	1	2
Total non-current assets	376	75	256	707	435	73	272	780
Inventories	5	20	3	28	5	13	2	20
External trade receivables	8	-	-	8	1	-	13	8
Internal trade receivables	-	30	17	47	-	-	-	6
Prepaid expenses and other current assets	9	11	1	21	1	12	1	14
Cash and cash equivalents	-	28	11	40	1	7	17	25
Total current assets	23	89	32	144	8	32	33	73
Total assets	399	164	288	851	443	105	305	853
Total equity	132	115	268	514	173	45	289	507
<b>Liabilities</b>								
Employee benefits	-	8	-	8	-	11	-	11
Deferred tax liabilities	-	6	-	6	-	2	-	2
Other long-term liabilities	-	-	-	-	45	-	-	45
Long-term provisions	31	-	-	31	45	-	-	45
External long-term interest bearing debt	6	-	3	9	4	7	4	15
Internal long-term interest bearing debt	188	-	-	188	162	-	-	162
Total non-current liabilities	225	14	3	242	256	20	4	280
External trade and other payables	6	26	14	46	11	14	10	35
Internal trade and other payables	9	-	-	9	1	2	-	3
Current tax liabilities	-	1	-	1	-	-	-	-
Short-term provisions	1	-	-	1	2	-	-	2
Other short-term liabilities	26	1	3	30	-	3	3	6
Bank loans and other short-term interest-bearing debt	-	7	-	7	-	20	-	20
Total current liabilities	42	36	17	94	15	39	13	67
Total equity and liabilities	399	164	288	851	443	105	305	853

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Income statement	31 December 2021				31 December 2020			
	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint operations
USD millions (unaudited)								
Revenue and other income	67	241	181	489	30	77	139	246
Operating costs and expenses	(120) <sup>1)</sup>	(142)	(169)	(432)	(57)	(91)	(134)	(282)
Operating income/(loss)	(53)	100	12	58	(27)	(14)	5	(36)
Income before tax	(57)	98	11	53	(33)	(15)	5	(43)
Income tax expense	14	(30)	–	(17)	8	5	–	13
Non-controlling interests	–	–	–	–	–	–	–	–
Net income	(44)	68	11	36	(25)	(10)	5	(30)

<sup>1)</sup> Includes an impairment loss of USD 44 million. Refer to [note 4.7](#) Impairment on non-current assets for further details.

## 4.5 Leases

### Accounting policies

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet, with certain exemptions for short-term and low-value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows. Payments for leases of short-term, low-value and variable amounts not included in the measurement of the lease liability, shall be classified within operating activities. Yara also classify payment of interest within operating activities.

Yara has taken advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets are accounted for by applying IAS 38 Intangible assets.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, utilities supply, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, utilities supply, IT infrastructure, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short-term leases of machinery, office equipment and other equipment in accordance with the general short-term exemption in IFRS 16.
- Yara expenses low-value leases in accordance with the general low-value exemption in IFRS 16.

Lease terms are determined by including extension and termination options which are reasonably certain to be exercised. Yara strives to consider all relevant facts and circumstances that create an economic incentive for Yara to exercise such options. However, use of significant judgment may be needed.

Yara discounts the lease liability by using incremental borrowing rates. However, the interest rate implicit in the lease may be used for selected lease arrangements which are material to the Group and if the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk free rate, Yara's credit risk premium, local unit risk premium above Yara country risk premium and asset risk premium. Updated incremental borrowing rates are applied to new lease arrangements recognized during that quarter, as well as for modifications of existing leases.



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**Right-of-use assets**

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
<b>Carrying value</b>							
Balance ROU assets at 1 January 2020	129	31	89	69	59	50	428
Additions and lease modifications	-	18	27	34	20	23	121
Depreciation	(7)	(21)	(23)	(32)	(25)	(20)	(129)
Impairment	(1)	-	-	-	-	-	(1)
Foreign currency translation gain/(loss)	5	1	2	1	1	1	11
Balance at 31 December 2020	125	28	96	72	55	54	430
Additions and lease modifications	5	31	15	52	15	35	153
Transfers to assets held-for-sale	-	-	(1)	-	-	-	(1)
Depreciation	(8)	(26)	(23)	(35)	(24)	(24)	(141)
Foreign currency translation gain/(loss)	(5)	-	(4)	(3)	(3)	(4)	(20)
Balance at 31 December 2021	117	32	82	86	42	61	421

**Lease liabilities**

USD millions	Long-term	Short-term	Total
<b>Carrying value</b>			
Balance lease obligations at 1 January 2020	337	98	435
Additions and lease modifications	120	(3)	117
Reclassification to short-term	(136)	136	-
Lease payments	-	(122)	(122)
Foreign currency translation gain/(loss)	13	2	15
Balance at 31 December 2020	335	111	446
Additions and lease modifications	146	(1)	145
Transfers to liabilities held-for-sale	(1)	-	(1)
Reclassification to short-term	(142)	142	-
Lease payments	-	(142)	(142)
Foreign currency translation gain/(loss)	(16)	(7)	(23)
Balance at 31 December 2021	321	104	425

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Unless a right-of-use asset generates independent cash flows, Yara assesses impairment of right-of-use assets together with the cash-generating unit to which they belong. No impairment loss on right-of-use assets has been recognized in 2021 (2020: USD 1 million). Please see [note 4.7](#) Impairment of non-current assets.

Interest expense on lease liabilities in the period amounts to USD 14 million (2020: USD 15 million).

Leases not yet commenced to which Yara was committed as of 31 December 2021, amounted to a discounted value of USD 39 million.

There are no material restrictions or covenants imposed by leases.

Yara was not granted any significant rent concessions during 2021 as a direct consequence of the COVID-19 pandemic.

#### Maturity analysis of contractual undiscounted cash flows

USD millions	2021
2022	118
2023	82
2024	53
2025	37
2026	30
Thereafter	265
Total undiscounted lease liabilities at 31 December 2021	585

#### Leases expensed in the period

USD millions	2021	2020
Expenses relating to variable fee leases not included in the measurement of lease liabilities	25	19
Expenses relating to short-term leases	29	30
Expenses relating to leased assets of low-value, excluding short-term leases	3	1
Total leases expensed	57	50

#### Cash outflows in the period

USD millions	2021	2020
Principal payments on recognized lease liabilities	142	122
Interest payments on recognized lease liabilities	15	14
Payments on leases expensed in the period	57	49
Total cash outflows for leases	214	186

## 4.6 Other non-current assets

#### Accounting policies

Other long-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit losses is recorded. The 12-months expected credit losses reflect losses from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable, loan or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit losses on other receivables, loans and deposits are limited. As a result, disclosures are reduced due to materiality.

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**Specifications**

USD millions	Notes	2021	2020
<b>Financial assets:</b>			
Equity instruments	<a href="#">6.1</a> , <a href="#">6.3</a>	34	18
Interest rate swaps designated as hedging instrument	<a href="#">6.3</a>	–	11
Embedded derivatives in commodity contracts	<a href="#">6.3</a>	6	–
Cross currency swaps	<a href="#">6.3</a>	–	4
Receivables and deposits	<a href="#">6.3</a>	31	17
Expected credit loss on long-term loans and receivables	<a href="#">6.3</a>	(1)	(1)
<b>Total financial instruments</b>		<b>70</b>	<b>50</b>
<b>Non-financial assets:</b>			
Prepayments for long-term employee obligations	<a href="#">5.4</a>	127	75
Prepayment for property, plant and equipment		29	33
Other non-financial assets		77	83
Tax and VAT receivables		173	137
<b>Total non-financial assets</b>		<b>405</b>	<b>328</b>
<b>Total</b>		<b>476</b>	<b>380</b>

**Long-term VAT receivables in Brazil**

At year-end 2021, Yara has recognized USD 84 million of tax credits related to value added taxes in Brazil (2020: USD 125 million). This is included in the line "Tax and VAT receivables" in the table above. The Brazilian tax system is highly complex. There are a number of taxes by Federal, State and Municipal authorities and the legislation is subject to constant changes. The indirect taxes, such as value added taxes, are levied at Federal (PIS/COFINS) and State (ICMS) level. PIS/COFINS are charged over gross revenues, with a rate of 1.65 percent and 7.6 percent. However, fertilizer sales have a PIS/COFINS tax rate of zero.

Yara accumulates credits over the acquisition of inputs and other costs (mainly bags, services and freights). The PIS and COFINS accumulated credits can be used to offset other federal taxes in many circumstances and projections indicate these will be consumed in the operation and/or refunded by the tax authorities in the following years, without any need of accounting adjustments. The general rates for ICMS are 18 percent, 17 percent, 12 percent, 7 percent and 4 percent, but a benefit has been granted for fertilizers and other industries reduces these rates to 0 percent on internal operations within most of the States and to 4.9 percent or 8.4 percent on interstate operations. The benefit has been temporary and applicable until December 2021. The Brazilian State Treasury Offices decided that for 2025 onwards there will be an isonomic rate of 4 percent (importation, interstate, internal) with gradual changes from January 2022 to December 2024.

With the new legislation for ICMS there will be a reduction in accumulation of ICMS tax credits. Yara reversed the main part of the provision that has been recognized earlier. The provision is USD 4 million at year-end 2021 (2020: USD 19 million).

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## 4.7 Impairment of non-current assets

**Accounting policies**

Cash-generating units (CGUs) or group of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to the CGUs' other assets on a pro rata basis of the carrying amounts. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Indications that could trigger an impairment test include:

- Significant underperformance relative to historical or projected future results
- Significant changes in the Group's use of the assets or the strategy for the overall business
- Significant negative industry or economic trends

An impairment loss is recognized to the extent that the assets' carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Previously recognized impairment losses, except for impaired goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment had been recognized.

**Recognized impairment loss**

USD millions	2021	2020
<b>Asset class</b>		
Goodwill	(31)	(12)
Other intangible assets	(6)	(3)
Property, plant and equipment	(669)	(29)
Right-of-use assets	-	(1)
Total impairment of non-current assets	(706)	(46)
Reversal of impairment of non-current assets	41	1
Net impairment loss	(666)	(46)

USD millions	2021	2020
<b>Segment split</b>		
Europe	6	(25)
Americas	(381)	(3)
Africa & Asia	(44)	(2)
Global Plants & Operational Excellence	(242)	-
Industrial Solutions	(3)	(1)
Other and Eliminations	(2)	(15)
Net impairment loss	(666)	(46)

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**2021 impairments and reversals per main asset or CGU:**

Asset/CGU	Segment	Recoverable value method <sup>1)</sup>	(Impairment)/reversal, net
Salitre mining project	Americas	FVLCD	(337)
Dallol mining project	Global Plants & Operational Excellence	FVLCD	(232)
Yara Pilbara Nitrates plant	Africa & Asia	VIU	(44)
Paulinia fertilizer plants	Americas	FVLCD	(32)
Italy	Europe	VIU	23
Other			(44)
Total			(666)

<sup>1)</sup> FVLCD – Fair value less cost of disposal  
VIU – Value in use

Information about the main assets and CGUs with recognized impairments and reversals are provided below:

**Salitre mining project (Brazil)**

On 1 August 2021, Yara signed a Share Purchase Agreement with EuroChem to sell its Salitre phosphate mining project. The project is classified as a disposal group held-for-sale at the end of 2021. The recoverable value of the Salitre assets, measured based on the agreed selling price, was determined to be lower than their carrying amount, and an impairment of USD 385 million was recognized immediately before reclassification to held-for-sale. The impairment was first allocated to a share of goodwill reported in the cash generating unit to which the Salitre project belonged of USD 31 million, after which the remainder was allocated to other assets on a pro-rata basis. The fair value less cost of disposal is based on the agreed consideration determined in US dollars, while the disposal group is part of a subsidiary with Brazilian real as functional currency. After reversal of impairment due to the USD/BRL currency development, the net impairment for 2021 recognized in the Statement of Income is USD 337 million. The charge continued to be sensitive to USD/BRL currency development until closing. More information about the disposal group held for sale is provided in [note 7.1](#).

**Dallol mining project (Ethiopia)**

With significant capital expenditures remaining, the Dallol potash project is exposed to multiple uncertainties. The project is currently on hold while working on a structural solution for the next stage of development. The updated assessment has determined that the fair value less cost of disposal of the project is close to zero in the current environment. While the Dallol mining project remains an attractive project, Yara's updated assessment is that the value in use of the project does not materially exceed its fair value when taking all risks and uncertainties into consideration.

**Yara Pilbara Nitrates plant (Australia)**

Yara owns 50 percent of the joint operation Yara Pilbara Nitrates. This company owns and controls a TAN plant in Australia. The cash generating unit has been disclosed as sensitive for impairment over a longer period of time. Reduced margin forecasts (TAN margin above ammonia cost) caused the impairment. Sensitivities for the CGU are presented in the section "Sensitivities for main CGUs with no allocated goodwill", below.

**Paulinia fertilizer plants (Brazil)**

The impairment of fertilizer assets at Yara's Paulina site was triggered by the decision to close its fertilizer production, which was announced in December 2021.

**Italy**

Yara's production in Italy comprises two sites, with an annual production capacity of 0.6 million tonnes ammonia, 0.4 million tonnes nitrates, 0.6 million tonnes urea and 0.4 million tonnes NPK. All historic impairments were reversed due to increased value-in-use from revised market assumptions. After the reversal, the CGU has a carrying amount of USD 228 million. The recoverable value exceeds the carrying amount with USD 189 million. The pre-tax discount rate used for measuring the value-in use was 12.9 percent with no growth to the cash flows after the forecast period. An isolated increase of the post-tax discount rate with 15 percent points, an isolated reduction to the urea price of 7 percent for all years or an isolated increase of 11 percent to the gas price for all years would bring the value-in-use down to the carrying amount.

**Impairment charges in 2020**

Impairment of property, plant and equipment is mainly related to an additional impairment on the Montoir plant in France with USD 22 million.

**Impairment testing**

The mandatory impairment testing of CGUs or group of CGUs with allocated goodwill or assets with indefinite useful lives is carried out during third quarter each year. Yara has also performed testing of other CGUs and individual assets with various impairment indicators. The recoverable amounts for units with allocated goodwill have been determined based on "value-in-use".

**Main assumptions****Discount rate**

Discount rates used in the calculation of value-in-use reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

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**Currency rates and inflation**

The value-in-use calculation is performed in the most relevant currency for the CGU. When converting foreign currency cash flows to the testing currency, Yara uses the forecasted annual average rates estimated by IHS based on the "purchasing power parity" (PPP) principle. The projections include long-term inflation (CPI) in which each CGU is located.

**Risk and uncertainties**

To account for specific risk factors and uncertainties for specific CGUs such as climate risk, a scenario-based approach has been used in the impairment testing where relevant. The scenarios are weighted with a probability to arrive at a value-in-use.

**Assumptions relevant for production assets**

The valuations of production assets are based on Yara's long-term commodity and energy price forecasts. Due to the cyclical nature of the fertilizer industry, Yara includes cash flow projections for a longer period than five years. Despite a relatively steady growth in market demand, history shows that there are also periods with oversupply. Yara's internal commodity forecasts reflect its assessment of the supply/demand balance in the short to medium term. After a period of maximum eight years, all the main commodity sales price assumptions reflect an annual nominal growth that do not exceed the relevant inflation rates. The main assumptions for the impairment testing are:

- Fertilizer prices  
The urea price is the most important assumption when testing nitrogen fertilizer plants for impairment, as urea is the global price benchmark for commodity nitrogen. Yara's nitrate and NPK prices are estimated using urea as the base adding estimated premiums on top of the commodity value of the nutrient. These premiums reflect an agronomic value-add of the products, and the estimated premiums for each plant are based on historically achieved premiums. For both NPK and nitrates, internally developed forecasts are used since there are no relevant forward markets for these products. External market intelligence reports are used as one of many input factors.
- Ammonia prices  
For a number of Yara's plants, the ammonia price is a key assumption for calculating the value-in-use. Some plants are net buyers of ammonia, in which case increased ammonia prices have a negative impact on earnings while other plants are net sellers of ammonia and these plants will benefit from higher ammonia prices. Internally developed price forecasts are used since there is no relevant forward market for ammonia. External market intelligence reports are used as one of many input factors.

- Natural gas purchase prices  
Natural gas is the most important cost factor for several of Yara's production plants. Yara maximizes the use of observable gas market input for the purpose of impairment testing. For certain regions, where no liquid market for natural gas exists, Yara prepares internal forecasts based on the expected supply/demand balance.
- Production reliability  
Production reliability is important for the plants' profitability as this impacts both the production volume and the energy consumption factor (energy per ton produced). The reliability assumption is plant specific, taking into consideration the historical experienced reliability and implemented improvement initiatives.
- Capital expenditures  
Ammonia and finished fertilizer plants require significant maintenance investments. The estimated amounts reflect past experience and plant specific knowledge. To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.
- Climate risks  
Both transition risks and physical risks are considered specifically for the tested asset or CGU when testing for impairment. Transition risks are risk that arise from the transition to a low-carbon and climate-resilient economy, including but not limited to cost of climate impacts, new technologies, market developments and climate litigations. Physical risks are risks that arise from the physical effects of climate change. Climate risks can impact multiple assumptions in the valuation models, like for example the margin and capital expenditure assumptions and the discount rate.

**Assumptions relevant for sales units**

Sales units within each regional segment market and distribute a complete range of crop nutrition products, technologies and knowledge. Industrial Solutions develops and markets environmental solutions and essential products for industrial applications. These units are able to create value over and above the commodity value of the product. Management forecasts for market premiums do not exceed five years with the first year derived from the CGU's business plan. After a period of five years, Yara uses a steady growth rate that does not exceed the growth for the products, industry or countries in which the CGUs operate. The growth rate is maximum 2% (nominal) after year five.

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**Cash generating units or group of cash generating units with goodwill**

USD millions, except percentages	Segment	Goodwill		Discount rate pre tax	
		2021	2020	2021	2020
	Belle Plaine (Canada)	292	292	7.5%	6.1%
	Region Europe	161	170	8.0%	6.6%
	Pilbara Ammonia (Australia)	111	111	6.4%	6.3%
	Brazil	30	63	11.6%	10.1%
	Ammonia Trade (Switzerland)	55	55	6.2%	5.7%
	Region Americas	47	47	8.7%	7.9%
	India	32	33	9.3%	8.9%
	Environmental Solutions Maritime	25	19	6.5%	6.1%
	Latin America	14	16	10.3%	11.1%
	Segment Industrial Solutions	13	14	8.2%	7.1%
	Other	10	11		
	Total <sup>1)</sup>	789	831		

<sup>1)</sup> Goodwill presented within "Other" per segment are allocated to various cash generating units but presented together due to materiality.

**Sensitivities for main CGUs or group of CGUs with allocated goodwill****Belle Plaine (Canada)**

The CGU Belle Plaine comprises fertilizer production and sales and distribution activity. The production site has an ammonia plant, a nitric acid plant and a urea granulation plant, with an annual production capacity of 0.7 million tonnes ammonia, 0.1 million tonnes nitric acid, 1.1 million tonnes urea and 0.2 million tonnes UAN. The majority of the ammonia and nitric acid produced is used in the production of UAN and granular urea, but some of the ammonia is sold for agricultural purposes during peak ammonia seasons. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Region Europe**

The operating segment covers all operations including production, sales and distribution in the Europe region. More information about the segment is provided in [note 2.3](#). Climate risk and the impact of the EU Green Deal program will most likely have an impact on the Region Europe. To adjust for this risk, the region has used probability weighted scenarios for the impact on product premiums. The same principle has been used for assets or CGUs within the region that have been

tested separately due to impairment indicators. This includes the Tertre plant in Belgium that is described in the section "Sensitivities for main assets or CGUs with no allocated goodwill" below.

The group of CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Pilbara Ammonia (Australia)**

This is an ammonia plant located in Western Australia with an annual production capacity of approximately 0.8 million tonnes. The CGU has a carrying value of USD 846 million and a value in use that is 79 percent higher. Key assumptions for the testing are the ammonia price, the natural gas cost and the discount rate. An isolated reduction to the ammonia price of 17 percent for all years, an isolated increase to the forecasted gas cost of 32 percent for all years or an isolated increase to the post-tax discount rate of 5 percent points would reduce the headroom to nil.

**Brazil**

The CGU Business unit Brazil covers several aspects of fertilizer production and distribution, including phosphate mining, production of Single Super Phosphate (SSP) as well as blending and distribution of fertilizers, delivering approximately 9 million tonnes of fertilizers and covering

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approximately one fourth of the Brazilian market demand. The main production and blending asset in the CGU is the Rio Grande plant. Currently, the Rio Grande plant has an annual production capacity of 1.1 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 2.2 million tonnes. The Salitre phosphate mining project was previously included in the CGU, but as the investment was reclassified to a disposal group held for sale in 2021, it was excluded from the CGU when testing the assets for impairment. Approximately 50 percent of the goodwill or USD 30 million was allocated to the disposal group held for sale.

The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Ammonia Trade (Switzerland)**

The global ammonia trade and supply unit handles supply and/or offtake of necessary ammonia volumes for Yara's production plants. The CGU also includes five Yara owned LPG carriers. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Region Americas**

The operating segment covers all operations including production, sales and distribution in Americas region. More information about the segment is provided in [note 2.3](#). The group of CGUs has a carrying value of USD 3,027 million and a value in use that is 90 percent higher. The business plan for 2022 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA of 25 percent for all years, an isolated reduction to the growth rate after year five of 9 percent points (down from 2 percent) or an isolated increase to the discount rate of 5 percent points would reduce the headroom to nil.

**India**

The CGU comprises a urea plant with related urea distribution business and premium product sales. The plant produces 0.7 million tonnes ammonia and 1.3 million tonnes urea annually. The CGU has a carrying value of USD 328 million and a value in use that is 96 percent higher. The forecasted premium product sales growth is the most important assumption together with the discount rate. The premium product sales growth is estimated for the first five years followed by a 3 percent terminal growth from year five. For the remaining part of the CGU's business, it has been assumed no growth after year five. An assumption of no growth after 2022 for the CGU as a whole would reduce the headroom close to nil. An isolated increase to the post-tax discount rate of 5 percent points would also reduce the headroom to nil.

**Latin America**

Business unit Latin America comprises 13 blending units with a total annual capacity of around 2 million tonnes, and a distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia plant, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

**Sensitivities for main CGUs with no allocated goodwill**

Yara has performed testing of several CGUs with impairment indicators. The impairments recognized during 2021 are explained above.

Some of the CGUs that were tested based on impairment indicators presented low headroom between the recoverable value, calculated based on value-in-use, and their carrying values. The main CGUs that are sensitive are described below:

**Yara Pilbara Nitrates**

The joint operation Yara Pilbara Nitrates owns a TAN plant in Australia. The carrying value of the CGU is USD 332 million, representing Yara's 50 percent ownership stake. The key assumptions are the TAN margin above ammonia cost, which is estimated for the TAN market in Western Australia, and the discount rate (5.8 percent on pre-tax basis). An isolated reduction to the margin above ammonia cost of 10 percent would trigger an additional impairment of USD 78 million. An increase in the post-tax discount rate of 1 percent point would trigger an additional impairment of USD 49 million.

**Tertre**

Yara's production site in Tertre, Belgium comprises one ammonia plant, one nitric acid plant and one nitrate plant, with an annual production capacity of 0.4 million tonnes ammonia, 0.7 million tonnes nitric acid and 1 million tonnes nitrates. The majority of the ammonia and nitric acid produced is used in the production of nitrates, which are sold to various European markets. The CGU has a carrying amount of USD 242 million and a value-in-use that is USD 86 million higher. The key assumptions for the testing are the urea price, the natural gas cost and the discount rate (7.4 percent on pre-tax basis). An isolated reduction of the urea price of 10 percent for all years would trigger an impairment of USD 224 million. An isolated increase in the natural gas purchase price for all years of 10 percent would trigger an impairment of USD 159 million. An isolated increase to the post-tax discount rate of 2 percent points would reduce the headroom to nil.



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**Future potential reversals of impairment**

Yara has recognized impairment losses on several CGUs over time. These impairments will be reversed, fully or partly, when and if the situation improves and the recoverable value is determined to be higher than the carrying amount. The increased carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods. A large portion of the historical impairments is related to the plant in Montoir (France). Upon improvement on the key conditions for reversals such as increases in fertilizer prices, the maximum amount of potential reversal at year-end 2021 is USD 94 million. Yara impaired its Dallol mining project in 2021 with USD 232 million. This impairment shall also be reversed when the impairment no longer exists.

**4.8 Committed future investments**

USD millions	Investments 2022	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	267	19	286
Contract commitments for acquisition or own generated intangible assets	35	59	94
Contract commitments for other future investments	5	12	17
<b>Total</b>	<b>307</b>	<b>90</b>	<b>397</b>

Yara has publicly communicated a total capital expenditure of USD 1.5 billion in 2022, which includes investments that commits funds but for which external contracts are not necessarily signed. The amounts presented in the table above represent contract commitments.

## 5 Equity and liabilities

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### 5.1 Share information

The Extraordinary General Meeting on 6 September 2021 approved an additional dividend of NOK 5,094 million (NOK 20 per share). The additional dividend was paid out during the third and fourth quarter 2021 (USD 589 million).

The Annual General Meeting on 6 May 2021 approved a dividend for 2020 of NOK 5,190 million (NOK 20 per share), which has been paid out during second quarter 2021 (USD 625 million).

On 6 May 2021, the Annual General Meeting also authorized the Board of Directors to acquire up to 12,736,281 shares in the open market and from the Norwegian State. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of shares bought back. Yara has not purchased own shares under the 2021 buy-back program.

Under the 2020 buy-back program, Yara purchased 3,420,752 own shares in 2021 for a total consideration of NOK 1,398 million (USD 164 million) and 5,131,128 own shares in 2020 for a total consideration of NOK 1,823 million (USD 201 million). These shares were cancelled at the Annual General Meeting on 6 May 2021. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent has been reduced with an additional NOK 1,697 million (USD 192 million) for the redemption of 4,854,730 shares from the Norwegian State. The payment of the redemption was carried out in July 2021.

When own shares are repurchased the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

Yara has one class of shares, all with equal voting rights and the right to receive dividends.

USD millions	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2019	272,402,637	(1,362,013)	271,040,624
Treasury shares – share buy-back program <sup>1)</sup>	–	(1,362,013)	(1,362,013)
Redeemed shares Norwegian State <sup>2)</sup>	(1,546,374)	–	(1,546,374)
Shares cancelled <sup>2)</sup>	(2,724,026)	2,724,026	–
Treasury shares - share buy-back program <sup>2)</sup>	–	(5,131,128)	(5,131,128)
Total at 31 December 2020	268,132,237	(5,131,128)	263,001,109
Treasury shares - share buy-back program <sup>2)</sup>	–	(3,420,752)	(3,420,752)
Redeemed shares Norwegian State <sup>3)</sup>	(4,854,730)	–	(4,854,730)
Shares cancelled <sup>3)</sup>	(8,551,880)	8,551,880	–
Total at 31 December 2021	254,725,627	–	254,725,627

<sup>1)</sup> As approved by the General Meeting 7 May 2019.

<sup>2)</sup> As approved by the General Meeting 7 May 2020.

<sup>3)</sup> As approved by the General Meeting 6 May 2021.

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## 5.2 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

## 2021

USD millions	Total at 1 January	Share of profit	Dividend distributed	Share capital increase	Foreign currency translation	Total at 31 December
Yara Dallol B.V.	67	(67)	–	–	–	–
Other	12	2	(1)	–	–	13
Total	79	(65)	(1)	–	–	13

## 2020

USD millions	Total at 1 January	Share of profit	Dividend distributed	Share capital increase	Foreign currency translation	Total at 31 December
Yara Dallol B.V.	67	(1)	–	1	–	67
Other	13	–	(1)	–	–	12
Total	79	(1)	(1)	1	–	79

## Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests <sup>1)</sup> 2021	Percentage non-controlling interests <sup>1)</sup> 2020
Yara Dallol B.V.	The Netherlands <sup>2)</sup>	40.84%	41.40%

1) Equals voting rights.

2) Place of operations is Ethiopia.

**Restrictions and other information related to significant non-controlling interests**

The shareholders in Yara Dallol have agreed that no dividends shall be distributed from the company before the start of production. After that, the company shall pay out as much as permitted by applicable law and possible restrictions in future financing agreements. At 31 December 2021, Yara Dallol held USD 1.1 million in cash and cash equivalents (2020: USD 1.4 million).

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### Financial position for companies with significant non-controlling interests

USD millions	2021 Yara Dallol	2020 Yara Dallol
Current Assets	1	3
Non-current assets	1	231
Current liabilities	(3)	(5)
Non-current liabilities	-	(30)
Equity attributable to owners of the company	2	(131)
Non-controlling interests	-	(67)

### Income statement for companies with significant non-controlling interests

USD millions	2021 Yara Dallol	2020 Yara Dallol
Total operating revenues and other income	-	-
Expenses	(203) <sup>1)</sup>	(1)
Net income/(loss)	(203)	(2)
Net income attributable to shareholders of the parent	(136)	(1)
Net income attributable to non-controlling interests	(67)	(1)
Net income/(loss)	(203)	(2)
Other comprehensive income attributable to shareholders of the parent	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income attributable to shareholders of the parent	(136)	(1)
Total comprehensive income attributable to non-controlling interests	(67)	(1)
Total comprehensive income/(loss) for the year	(203)	(2)
Net cash inflow/(outflow) from operating activities	(4)	(6)
Net cash inflow/(outflow) from investing activities	(1)	1
Net cash inflow/(outflow) from financing activities	3	4
Net cash inflow/(outflow)	(1)	(1)

<sup>1)</sup> Yara recognized a USD 232 million asset impairment in 2021. See [note 4.7](#) for more information.

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## 5.3 Interest-bearing debt

**Accounting policies**

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

**Specification**

Long-term interest-bearing debt

USD millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Denominated amounts 2021		Carrying Values	
				Currency Millions	USD Millions	2021	2020
NOK (Coupon 2.55%)	<a href="#">6.1</a>	2021	–	–	–	–	83
NOK (Coupon NIBOR + 0.75%)	<a href="#">6.1</a>	2022	1.6%	1,250	142	142	147
SEK (Coupon STIBOR + 1.00%)	<a href="#">6.1</a>	2022	0.7%	450	50	50	55
SEK (Coupon 1.10%)	<a href="#">6.1</a>	2022	1.0%	800	88	89	99
NOK (Coupon 3.00%)	<a href="#">6.1</a>	2024	3.0%	600	68	68	73
NOK (Coupon 2.45%)	<a href="#">6.1</a>	2024	2.5%	1,000	113	113	120
USD (Coupon 3.80%)	<a href="#">6.1</a>	2026	3.9%	500	500	499	499
NOK (Coupon 2.41%)	<a href="#">6.1</a>	2026	2.5%	1,000	113	113	–
NOK (Coupon NIBOR + 0.64%)	<a href="#">6.1</a>	2026	1.5%	1,150	130	130	–
NOK (Coupon 2.90%)	<a href="#">6.1</a>	2027	2.9%	1,000	113	112	122
USD (Coupon 4.75%)	<a href="#">6.1</a>	2028	4.8%	1,000	1,000	997	997
USD (Coupon 3.15%)	<a href="#">6.1</a>	2030	3.2%	750	750	746	746
Total unsecured debenture bonds						3,059	2,940
USD			1.2%	482	482	482	538
Total unsecured bank loans						482	538
Mortgage loans						21	23
Other long-term debt						2	2
Total						23	25
Outstanding long-term debt						3,565	3,503
Less: Current portion						(476)	(132)
Total						3,089	3,371

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The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments as indicated above (see also [note 6.3](#) Financial Instruments for further information about fair value of financial instruments).

At 31 December 2021, the fair value of the long-term debt, including the current portion, is USD 3,770 million and the carrying value is USD 3,565 million.

Yara builds its funding on a negative pledge structure with the basic funding ranking pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings.

Of the long-term debt at the end of 2021, USD 2,250 million in bond debt originates from Yara's June 2020, June 2018, and June 2016 bond issues in the US market according to 144A/Regulation S. Further, NOK 6,000 million and SEK 1,250 million originate from Yara's December 2014, December 2017, and November 2021 bond issues in the Norwegian market. The entire NOK and SEK denominated bond debt is converted to USD exposure through cross-currency swaps.

Yara's additional long-term funding is based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 30 million through scheduled downpayments and linear instalments will continue until December 2023. Likewise, the loan facility established in January 2018 with partial support by a guarantee from Export Finance Norway, has been reduced to USD 152 million through scheduled downpayments and semi-annual instalments will continue until August 2026. Both the USD 150 million term loan due 2022 from the International Finance Corporation and the USD 150 million term loan due 2024 from Svensk Exportkredit AB remain fully drawn at year-end 2021. A further minor portion of the long-term bank loans is borrowed in emerging markets.

Yara has undrawn long-term revolving credit facilities totaling USD 1,100 million, whereof USD 50 million falls due in 2025 and the rest in 2026.

Of the fixed interest rate debenture bonds, NOK 3,600 million and SEK 800 million are exposed to floating interest rates through interest rate swaps, see [note 6.1](#) Financial risks.

**Contractual payments on long-term debt**

USD millions	Debentures <sup>1)</sup>	Bank Loans	Other	Total <sup>2)</sup>
2022	280	195	–	476
2023	–	45	–	45
2024	181	181	–	361
2025	–	30	21	52
2026	742	30	–	773
Thereafter	1,856	–	1	1,858
<b>Total</b>	<b>3,059</b>	<b>482</b>	<b>23</b>	<b>3,565</b>

<sup>1)</sup> Yara International ASA is responsible for the entire amount.

<sup>2)</sup> Including current portion.

**Short-term interest-bearing debt**

USD millions, except percentages	Notes	2021	2020
Credit facilities		264	179
Overdraft facilities		39	35
Other		34	131
<b>Total</b>	<a href="#">6.3</a>	<b>337</b>	<b>345</b>
Weighted Average Interest Rates <sup>1)</sup>			
Credit facilities		3.6%	4.4%
Overdraft facilities		4.3%	2.5%
Other		0.2%	1.3%

<sup>1)</sup> Repricing minimum annually.

Yara has access to short-term credit and overdraft facilities with various banks both centrally and in local markets. At 31 December 2021 the unused frame of such facilities totals approximately USD 1,000 million.

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**Reconciliation of liabilities arising from financing activities**

USD millions	31 Dec 2020	Cash flows	Non-cash changes				31 Dec 2021
			Foreign exchange movement	Amortization <sup>1)</sup>	Other	Reclassification	
Long-term interest-bearing debt	3,371	108	(34)	1	(14) <sup>2)</sup>	(345)	3,089
Bank loans and other interest-bearing short-term debt	345	107	(7)	–	(109) <sup>3)</sup>	–	337
Current portion of long-term debt	132	–	(4)	–	3	345	476
Total liabilities from financing activities	3,847	216	(44)	1	(119)	–	3,901

<sup>1)</sup> Amortization of transaction cost.

<sup>2)</sup> Value changes on interest rate swaps designated as hedging instruments.

<sup>3)</sup> Includes provision for buy-back of the Norwegian State's shares.

See [note 4.5](#) Leases for reconciliation of liabilities arising from leasing activities.

**5.4 Pensions and other long-term employee benefit obligations****Overview**

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds. By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

**Accounting policies****Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur and will not be reclassified to profit or loss in subsequent periods.

**Defined contribution plans**

Contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

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**Other long-term benefits**

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

**Long-term employee benefit obligations recognized in the statement of financial position**

USD millions	Notes	2021	2020
Defined benefit plans		(383)	(609)
Surplus on funded defined benefit plans		127	75
Net liability for defined benefit plans		(257)	(534)
Termination benefits		(3)	(4)
Other long-term employee benefits		(14)	(15)
Net long-term employee benefit obligations recognized in Statement of financial position		(273)	(552)
Of which classified as Prepayments for long-term employee obligations	4.6	127	75
Of which classified as Long-term employee benefit obligations		(399)	(627)

**Expenses for long-term employee benefit obligations recognized in the statement of income**

USD millions	Notes	2021	2020
Defined benefit plans		(45)	(47)
Defined contribution plans		(35)	(29)
Multi-employer plans		(9)	(9)
Termination benefits		(1)	1
Other long-term employee benefits		(1)	(1)
Net expenses recognized in Statement of income		(91)	(84)
Of which classified as Payroll and related costs	2.5	(86)	(79)
Of which classified as Interest expense and other financial items	2.7	(5)	(5)

**Defined benefit plans**

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. Retirement age is flexible from age 62 to age 67.

A majority of Yara's obligations under defined benefit plans are related to subsidiaries within the Eurozone:

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 68. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. New hires are enrolled in a Defined Contribution pension plan from the same date.

Obligations in Finland include the statutory TyEL pension scheme, as well as a voluntary defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. A reform of the Employees Pensions Act was agreed in 2017, which will gradually increase the minimum retirement age from 63 to 65 while also gradually increase the maximum retirement age from 68 to 70. Further, accrual rates will change and retirement age will be linked to life expectancy (from year 2027). The voluntary pension plan regulations have also been amended in order to adapt to the revised pension legislation.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

Yara sponsors a funded defined benefit pension plan for qualifying UK employees. Under the fund, employees are entitled to annual pensions on retirement at age 62 of 1/57<sup>th</sup> of final pensionable salary for each year of service (some members have a retirement age of 65 and accrue at a rate of 1/60). Benefits are also payable on death and following other events such as withdrawing from active service. The plan was closed for new members from 2001. Broadly, about 11 percent of the liabilities are attributable to current employees, 23 percent to deferred pensioners and 66 percent to current pensioners.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, Trinidad and South Africa.



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Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilities.

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad, and South Africa with a total of USD 7 million (2020: USD 14 million). The reduction is due to derecognition of a medical plan in Brazil.

#### Pension cost recognized in statement of income

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

#### The following items have been recognized in the Statement of income

USD millions	2021	2020
Current service cost	(46)	(42)
Contribution by employees	3	3
Administration cost	(2)	(2)
Past service cost	6	-
Social security cost	(2)	(1)
Payroll and related costs	(40)	(41)
Interest expense on obligation	(25)	(32)
Interest income from plan assets	21	27
Net interest expense on the net obligation	(5)	(6)
Net pension cost recognized in Statement of income	(45)	(47)

#### The following items have been recognized in the Statement of income

USD millions	2021	2020
<b>Payroll and related costs</b>		
Finland	(8)	(7)
The Netherlands	(20)	(17)
Great Britain	(2)	(2)
Norway	(5)	(5)
Other	(5)	(11)
Total	(40)	(41)

USD millions	2021	2020
<b>Net interest income / (expense) on the net obligation / asset</b>		
Finland	(1)	-
The Netherlands	(1)	(1)
Great Britain	-	-
Norway	(1)	(1)
Other	(3)	(3)
Total	(5)	(6)

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## The following items have been recognized in the Statement of income

USD millions	2021	2020
Remeasurement gains / (losses) on obligation for defined benefit plans	105	(132)
Remeasurement gains / (losses) on plan assets for defined benefit plans	117	98
Increase in recognized net liability due to minimum funding requirement and asset ceiling limit <sup>1)</sup>	(8)	(39)
Net remeasurement gains / (losses) for defined benefit plans	214	(74)
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans <sup>2)</sup>	(44)	24
Remeasurement gains / (losses) recognized from Equity Accounted Investees (net of tax)	-	(1)
Total remeasurement gains / (losses) recognized in other comprehensive income	170	(51)

<sup>1)</sup> Yara (UK) Ltd does not have an unconditional right to recoup any surplus arising in the Fund. The value of plan assets is reduced to restrict the funded status to zero (asset ceiling limit).

<sup>2)</sup> Includes impact from change in tax percentage on remeasurement gains and losses recognized in prior years.

Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions. Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur.

## Actuarial valuations provided the following results

USD millions	2021	2020
Present value of fully or partially funded liabilities for defined benefit plans	(1,974)	(2,210)
Present value of unfunded liabilities for defined benefit plans	(232)	(266)
Present value of liabilities for defined benefit plans	(2,206)	(2,476)
Fair value of plan assets	2,064	2,048
Adjustment in respect of minimum funding requirement <sup>1)</sup>	-	(42)
Unrecognized asset due to asset ceiling limitation <sup>1)</sup>	(96)	(46)
Social security tax liability on defined benefit plans	(19)	(18)
Net liability recognized for defined benefit plans	(257)	(534)

<sup>1)</sup> As of 31 December 2021 there is no liability for deficit contributions recognized for the UK pension plan. The surplus of plan assets is reduced to restrict the funded status to zero (asset ceiling limit).

## Defined benefit obligations and plan assets by origin

USD millions	2021		2020	
	Obligations	Assets	Obligations	Assets
Finland	(375)	326	(404)	327
The Netherlands	(751)	791	(898)	787
Other Eurozone	(275)	122	(317)	129
Great Britain <sup>1)</sup>	(406)	406	(490)	448
Norway <sup>2)</sup>	(322)	255	(314)	245
Other	(96)	69	(113)	67
Total	(2,225)	1,968	(2,536)	2,002

<sup>1)</sup> Including liability for minimum funding requirement (2020) and asset ceiling adjustment.

<sup>2)</sup> Including social security tax liability.

## Actuarial valuations provided the following results

USD millions	2021	2020
Defined benefit obligation at 1 January	(2,476)	(2,198)
Current service cost	(46)	(42)
Interest cost	(25)	(32)
Experience adjustments	15	9
Effect of changes in financial assumptions	86	(153)
Effect of changes in demographic assumptions	4	12
Past service cost	6	-
Benefits paid	89	94
Transfer of obligation (in)/out	(1)	(3)
Foreign currency translation on foreign plans	139	(164)
Other <sup>1)</sup>	4	-
Defined benefit obligation at 31 December	(2,206)	(2,476)

<sup>1)</sup> Other changes includes a change in valuation method for attributing benefits to periods of service, for one of the pension plans in France. There is also an impact from reversal of the minimum funding liability for the UK pension plan.

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## Development of plan assets

USD millions	2021	2020
Fair value of plan assets at 1 January	2,048	1,836
Interest income from plan assets	21	27
Administration cost on plan assets	(2)	(2)
Return on plan assets (excluding the calculated interest income)	117	98
Employer contributions	69	36
Employees' contributions	3	3
Benefits paid	(76)	(81)
Transfer of plan assets in/(out)	1	3
Foreign currency translation on foreign plans	(117)	128
Fair value of plan assets at 31 December	2,064	2,048

Depending on local regulations, Yara may be required to ensure a certain funding level of the pension plans. UK legislation requires that pension schemes are funded prudently. Currently, Yara's pension plan for UK employees is sufficiently funded. Next funding valuation is due no later than 5 April 2023, at which progress will be reviewed. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution which has been paid to the fund, in case the funding ratio reaches a certain level. In Norway, Yara may decide, but is not required by law, to increase the capital buffer of the pension fund.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the responsibility of the Board to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension plans.

Yara's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk, disability risk and longevity risk. The investment strategies of the pension funds ensure diversement of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested about 1/3 of the fair value of plan assets into shares of non-listed Pohjolan Voima Oy, a company producing electricity and heat for its shareholders on an at cost-basis. The Boards of the pension funds are targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

## At the end of the year, the plan assets were invested as follows

USD millions, except percentages	2021	2021	2020	2020
Cash and cash equivalents	20	1%	19	1%
Shares	553	27%	627	31%
Other equity instruments	48	2%	39	2%
High yield debt instruments	90	4%	89	4%
Investment grade debt instruments	794	38%	777	38%
Properties	104	5%	94	5%
Other quoted plan assets <sup>1)</sup>	302	15%	265	13%
Total investments quoted in active markets	1,913	93%	1,910	93%
Shares and other equity instruments	109	5%	92	4%
Other plan assets <sup>2)</sup>	41	2%	46	2%
Total unquoted investments	151	7%	138	7%
Total plan assets	2,064		2,048	

1) Other quoted plan assets include insurance policies, hybrid funds and other fund investments.

2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2022 are USD 33 million (including benefits to be paid for unfunded plans). The contributions paid in 2021 were USD 82 million. Expected contributions for 2022 are lower due to deficit contributions for the pension plans in the UK and the Netherlands will not be required due to sufficient funding level as of 31 December 2021.

## Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2021
Finland	17
The Netherlands	20
Great Britain	14
Norway	13
Total <sup>1)</sup>	16

<sup>1)</sup> Weighted average.

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**Valuation of defined benefit obligations**

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

**The following financial assumptions have been applied for the valuation of liabilities**

Discount rate (in %)	2021	2020
Finland	0.8	0.6
The Netherlands	1.0	0.5
Great Britain	2.0	1.4
Norway	1.9	1.7
Total <sup>1)</sup>	1.4	0.9

<sup>1)</sup> Weighted average.

Expected salary increase (in %)	2021	2020
Finland	2.2	2.1
The Netherlands	2.5	2.3
Great Britain	3.3	2.8
Norway	2.4	2.1
Total <sup>1)</sup>	2.6	2.3

<sup>1)</sup> Weighted average.

Expected pension indexation (in %)	2021	2020
Finland	1.6	1.2
The Netherlands	1.8	1.6
Great Britain	2.9	2.9
Norway	1.0	0.5
Total <sup>1)</sup>	1.8	1.7

<sup>1)</sup> Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

Expected longevity (in years)	Current employee	Current retiree
Finland	25.9	23.4
The Netherlands	24.3	22.5
Great Britain	23.8	22.8
Norway	24.6	23.4

**Sensitivity of assumptions**

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation, by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

USD millions	2021	2020
Actual valuation	(2,206)	(2,476)
Discount rate +0.5%	(2,050)	(2,297)
Discount rate -0.5%	(2,383)	(2,682)
Expected rate of salary increase +0.5%	(2,224)	(2,496)
Expected rate of salary increase -0.5%	(2,189)	(2,457)
Expected rate of pension increase +0.5%	(2,337)	(2,626)
Expected rate of pension increase -0.5%	(2,091)	(2,342)
Expected longevity +1 year	(2,291)	(2,578)
Expected longevity -1 year	(2,123)	(2,375)

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## 5.5 Trade and other payables

**Accounting policies**

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted.

**Specifications**

USD millions	Notes	2021	2020
Trade payables	<a href="#">6.3</a>	3,024	1,431
Payroll and value-added taxes	<a href="#">6.3</a>	164	113
Other current non-financial liabilities		28	41
<b>Total</b>		<b>3,216</b>	<b>1,585</b>

Trade payables are non-interest bearing and have an average term of 60 days. Payroll and value-added taxes are mainly settled bimonthly or on quarterly basis. Other payables are non-interest bearing and normally settled within 12 months.

## 5.6 Provisions and contingencies

**Accounting policies**

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The restructuring provision includes only the direct expenditures arising from the restructuring. These expenditures are those that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract where the unavoidable costs of meeting the obligations under it exceeds the economic benefits expected to be received from the contract.

Decommissioning refers to the process of dismantling and removing equipment and site restoration when a site is closed down. A liability is recognized as soon as a decommissioning obligation arises. The obligation can be legal or constructive and is accounted for based on a best estimate discounted to the present value. The discounted provision is progressively unwound, with the unwinding charge presented as a finance cost. The unwinding charge takes the provision from its current net present value to its future end value.

If an obligation exits to decommission PP&E, the carrying value of the assets is increased with the discounted value of the obligation. This is also the case if an obligation arises during construction or due to new legal requirements. The decommissioning asset is depreciated over the useful life of the asset. If an obligation arises as a result of day-to-day operations where the asset has been used to produce inventory, the cost is expensed as incurred. Decommissioning provisions are updated when new information becomes available.

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Legal claims are assessed on an individual basis and provisions are recognized if the specific claims give rise to present, probable obligations and the costs can be reliably measured.

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When a legal or constructive environmental obligation arises as a result of a past event, and the cost can be reliably measured, a provision is recognized.

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of

actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted. If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

## 2021

USD millions	Environmental	Restructuring	Legal claims	Decommission	Other	Total
Balance at 1 January 2021	76	34	35	243	48	435
Additional provision in the year	20	6	7	8	28	70
Interest expense on liability and effect of change in discount rate	-	-	2	(49)	-	(48)
Unused provision	(1)	(9)	(3)	-	(17)	(29)
Utilization of provision	(11)	(10)	(6)	(8)	(6)	(42)
Companies purchased/sold	-	-	-	(6)	-	(6)
Currency translation effects	(6)	(1)	(2)	(11)	(2)	(22)
Balance at 31 December 2021	78	19	33	176	52	357

## 2020

USD millions	Environmental	Restructuring	Legal claims	Decommission	Other	Total
Balance at 1 January 2020	77	55	25	164	54	375
Additional provision in the year	14	3	13	22	16	67
Interest expense on liability and effect of change in discount rate	-	-	8	57	-	64
Unused provision	(7)	(9)	(3)	(1)	(8)	(28)
Utilization of provision	(7)	(17)	(4)	(8)	(16)	(52)
Currency translation effects	(1)	2	(4)	9	2	8
Balance at 31 December 2020	76	34	35	243	48	435

## Provisions presented in the consolidated statement of financial position

USD millions	2021	2020
Current liabilities	74	75
Non-current liabilities	283	361
Total	357	435

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## Provisions

### Environmental provisions

Yara's future cost for environmental remediation depends on a number of uncertain factors, such as changes in regulations or authorities' approval for the extent of actions. Estimates are followed up frequently. Due to the uncertain nature to define the exact levels of pollution and precise needs for cleanup, it is possible that they could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and warehouses.

Provisions for environmental clean-up and asset retirement obligations relate to production facilities currently in operation and facilities that are closed. The obligations relate to such actions as restoration or rehabilitation of industrial or mining sites, disposal of contaminated material and related activities.

### Restructuring provisions

Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

### Legal claims

Yara is involved in a number of proceedings globally concerning matters arising in connection with the conduct of its business. Yara does not believe such proceedings will, individually or in the aggregate, have a significant effect on Yara's financial position, profitability, results of operations or liquidity.

### Decommission provisions

Yara has obligations to decommission and remove installations at the end of the production period. Establishing the appropriate provisions for such obligations involve the application of considerable judgment and involve an inherent risk of significant adjustments. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and can vary considerably depending on the assumed removal complexity. Moreover, changes in the discount rate and currency exchange rates may impact the estimates significantly. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of judgment. Most significant decommissioning provisions relate to contractual obligations for operations on leased land, the main ones being plants in Australia and France. The decrease in decommission provisions during 2021 is mainly due to increased discount rates in Australia and changes in AUD/USD currency rates.

## Other provisions

Other include onerous contracts, liquidated damages, warranties and various other provisions.

## Contingencies

### Legal contingencies

In connection with Yara Fertiliser India Pvt Ltd's acquisition of Tata Chemical Ltd's urea business, stamp duty may be payable on the lease of the Babrala plant site. Yara's position is that the stamp duty on this lease is less than USD 1 million. In order to ascertain the amount of stamp duty payable, Yara sought adjudication of the amount by the local tax authorities. On 18 January 2019, the authority assessed stamp duty on the lease at approximately USD 36 million. Yara is of the view that the authority's decision is incorrect, and remains of the view that the correct amount of stamp duty is less than USD 1 million. In March 2019, Yara Fertiliser India Pvt Ltd filed a written petition in the high court of Uttar Pradesh to seek the court's decision and affirmation of our position. State of Uttar Pradesh has filed its response to the Petition filed by Yara Fertilisers India Pvt Ltd. No date has yet been scheduled for substantial hearing of the petition. It may take up to 5 years to receive a decision from the Uttar Pradesh State Court. In addition to the stamp duty on the lease, Yara has also sought adjudication of stamp duty in the same state on the court order for the acquisition. Yara's position is that the stamp duty payable is less than USD 6 million. As of today, the relevant authority has not yet issued its decision. The provisions made for stamp duties in the Uttar Pradesh state corresponds to Yara's assessment.

Further information related to an ongoing environmental case in Brazil, where Yara is a part due to the acquisition of Adubos Trevo from the Trevisa Group in the year 2000, is provided below since it is not possible to provide a reliable estimate of the maximum potential exposure:

- Yara has together with other companies related to the Trevisa Group been sued by an association representing approximately 1,300 potential victims in two separate lawsuits. The lawsuits are related to mine and lead industry activities performed by the company Plumbum Comércio e Representações de Produtos Mineirais e Industriais (Plumbum) in the cities Santo Amaro da Purificação and Boquira in Bahia state in Brazil. Plumbum was formerly part of the Trevisa Group. Adubos Trevo has not been involved in any of the activities included in the lawsuits. The lawsuits include claims for various personal losses, damage to properties, institution of relief funds, environmental restoration and clean-up activities. The lawsuits were filed in 2011 and 2012 but are still in the initial phase. Yara denies liability for any potential damage caused by the activities of Plumbum and has not made any provision for the claims.

In addition to the legal contingencies mentioned above, Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Several of these cases have been ongoing for a number of years, and the timing of possible outflows is uncertain. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without material

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adverse effect. The total estimate of the financial effect in the unlikely event that all should have a negative outcome, is USD 62 million, mainly related to cases in Brazil.

On 21 and 22 January 2020 the Spanish competition authority (CNMC) visited the premises of Yara Iberian S.A.U. (Spain). Yara Iberian cooperated with the officials during the site visit. The CNMC is now conducting a preliminary inquiry into possible infringements of the Spanish Competition Act. As such, Yara is not under any formal investigation and no employees are formally suspected in the case which is still being preliminary assessed by the CNMC.

**Tax contingencies**

In 2018, the Dutch tax authorities issued a new tax assessment for business restructuring related to an ongoing tax dispute ("exit tax assessment"). The tax assessment would increase the tax cost with USD 500 million, plus USD 200 million in accumulated interest. It is Yara's position that the tax assessment is unreasonable and unfounded, and no provision has been made for the exit tax claim. The tax authorities' principal claim is significantly lower and Yara has considered that claim separately from the exit tax assessment. Yara expects that the exit tax assessment will not trigger any immediate payment and that tax payments will be deferred until the case has been fully resolved or the tax assessment has been withdrawn.

Several subsidiaries are engaged in legal and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered low. A majority of these contingencies are related to taxes in Brazil, with an estimated maximum exposure of approximately USD 79 million. Tax contingencies outside Brazil, excluding the above-mentioned exit tax assessment in the Netherlands, have an estimated maximum exposure of approximately USD 68 million.

In 2019, Yara International ASA received a notification and request for information from the Norwegian Tax Authorities related to a transfer price audit. In the notification and request for information, the Tax Authorities have stated that they consider changing the company's tax assessment for the years 2015, 2016 and 2017. The Tax Authorities have neither disclosed any potential amount nor provided guidance on how a potential change will impact the tax assessment for these years.

**Uncertain tax treatments**

In 2020, Yara realized taxable losses due to disposal of shares and when restructuring the corporate holding structure. Due to uncertainty of the tax treatment related to the losses, tax assets of USD 92 million are not recognized in the financial statements.

At year-end 2021, Yara has an income tax provision of USD 48 million related to an ongoing tax case. The majority of the provision was recognized in 2019 due to a court ruling against one of Yara's subsidiaries, and the provision is considered to cover the full exposure. In addition to the income tax provision, Yara has recognized a provision for related interest charges of USD 13 million. Yara has appealed the ruling.

## 5.7 Contractual obligations

**Take-or-pay and Long-term contracts**

Yara has entered into take-or-pay and long-term contracts providing for future payments to raw materials, energy, and transportation capacity. Yara has marketing and off-take agreements with some of its joint operations, see [note 4.4](#).

**The noncancellable future obligations at 31 December 2021 (undiscounted amounts)**

USD millions	Total
2022	653
2023	99
2024	81
2025	72
2026	61
Thereafter	607
<b>Total</b>	<b>1,571</b>

Future "take-or-pay" obligations are included in the table above only if they are non-cancellable and the contractually agreed pricing is fixed or may otherwise deviate from observable market prices at the time of delivery.

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2021.

For further information regarding future obligations, see [note 5.4](#) for future obligations related to pensions, [note 5.6](#) for provisions and contingencies and 4.5 for future commitments related to lease arrangements.



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## 5.8 Secured debt and guarantees

USD millions	2021	2020
Amount of secured debt	22	26
<b>Assets used as security for debt</b>		
Machinery and equipment, etc.	3	4
Buildings and structural plant	23	25
Total	26	29
<b>Assets used as security for non-financial liabilities</b>		
Buildings and structural plant	39	43
Total	39	43
<b>Guarantees (off-balance sheet)</b>		
Contingency for sales under government and finance schemes	103	57
Non-financial parent company guarantees	689	668
Non-financial bank guarantees	79	173
Total	871	899

Off-balance sheet guarantees consist mainly of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees). These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity-accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Yara is contingently liable to third parties for credits granted under various government and finance schemes where the original receivables have been derecognized from the financial statements in accordance with the terms of the schemes and requirements in IFRS 9.

Guarantees of debt issued on behalf of consolidated companies are not included since the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligation under such guarantees is at any time limited to the amount drawn under the credit facility.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the gross liability included in the consolidated statement of financial position.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

**Contingent liabilities related to the de-merger from Norsk Hydro ASA**

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the de-merger from Norsk Hydro ASA (Hydro) as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger March 24, 2004 and have been reduced by payments thereafter.

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## 6 Financial risk

### 6.1 Financial risks

#### Risk management policies

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara's strategic approach is to determine appropriate risk levels or limits for the main risks and to constantly maintain and develop tools and procedures for monitoring the associated exposures. The Group's policies, approved by the Board of Directors, thus provide written principles on funding risk, currency risk, interest rate risk, credit risk, and the investment of excess liquidity. In general, risks arising from operational activities may either be accepted or reduced. The policies restrict transactions that will increase the Group's exposure beyond the level stemming from operations.

Yara's Executive Management is responsible for reviewing and operationalizing the Board defined policies, while the operating regions and expert organizations act as risk owners. The financial risks related to the operations of the Group are thus monitored and managed by Yara's Finance, Treasury & Insurance function through internal risk reports that analyze each exposure by degree and magnitude of risk. The Finance, Treasury & Insurance function reports regularly to the Group's Executive Management.

Based on the overall evaluation of risk, Yara may seek to reduce its inherent exposures by using insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps. The use of such instruments is also governed by the Board approved policies.

Yara may designate and document the use of certain derivatives and other financial assets or liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges), highly probable forecast transactions (cash flow hedges) and net investments in foreign operations (net investment hedges). The prospective effectiveness of any such hedge is assessed at inception and verified on a quarterly basis. Derivatives not designated in a hedging relationship are classified as undesignated derivatives and acquired and managed within the framework and policies defined by the Board also when hedge accounting is not applied.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2021 and 31 December 2020. Yara's liquidity surplus, kept as short-term bank deposits, decreased during the year in line with the distribution of dividend to shareholders.

#### Funding risk

The capital structure of the Group consists of interest-bearing debt as disclosed in [note 5.3](#) Interest-bearing debt, cash and cash equivalents as disclosed in [note 3.4](#) Cash and cash equivalents plus equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in [note 5.1](#) Share information and in the consolidated statement of changes in equity.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to keep a long-term debt base and to uphold the security and flexibility obtained through using diversified capital sources, avoiding dependency on single institutions or markets.

Yara does not have specific debt ratio targets and the most restrictive financial covenant is to have a debt to equity ratio, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, below 1.4. At the end of 2021, the ratio was 0.55 compared with 0.36 at the end of 2020. The Group is not subject to any externally imposed capital requirements.

Through its financial structure, Yara has the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. During 2021, Yara did maintain both the Baa2 rate from Moody's and the BBB rate from Standard & Poor's.

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**Currency risk**

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. The part of Yara's US dollar debt that constitutes a hedge of future earnings was increased gradually from around USD 1,900 million to around USD 3,000 million during the first three quarters, but reduced thereafter to around USD 2,700 million at the end of the year (2020: kept between USD 2,600 million and USD 2,800 million for the first eight months, decreased to around

USD 1,400 million upon receipt of the proceeds from the Qafco divestment, and thereafter gradually increased again to around USD 1,900 million). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Yara thus primarily manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to forecast purchases and sales or to offset short-term liquidity need in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

**Sensitivity – net income**

USD millions	2021	2020
A 10% weakening <sup>1)</sup> of the US dollar at the reporting date would have increased/(decreased) net income by	185	181
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) net income by	(215)	(214)

<sup>1)</sup> Against functional currencies.

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments (external positions) in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income. The analysis was performed on the same basis for 2020. A 10 percent strengthening of the currencies at the reporting date would have had the opposite effect of the amounts shown above.

**Sensitivity – Other comprehensive income**

USD millions	2021	2020
A 10% weakening <sup>1)</sup> of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(143)	(250)
A 10% weakening <sup>1)</sup> of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(111)	(106)
A 10% weakening <sup>1)</sup> of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(6)	(54)
A 10% weakening <sup>1)</sup> of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(115)	(58)

<sup>1)</sup> Against US dollar (presentation currency of the Group).

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2020.

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**Interest rate risk**

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in [note 5.3](#) Interest-bearing debt.

Yara has a defined framework for fair value risk arising from exposure towards fixed interest rates. In accordance with that framework, all bank loans have been borrowed at floating rates. A portion of the bond debt has been retained at fixed interest rates, while the remaining part of the bond debt has been converted to floating rates through interest rate swaps and cross-currency swaps. Consequently, the interest expense related to the converted (hedged) part of the bond debt will fluctuate in line with market changes. At the reporting date, the interest rate exposure arising from the bonds issued is summarized in the table below.

USD millions, except percentages	Notes	Maturity	Denominated amounts 2021	Conversion to floating rates				Carrying amounts 2021		Carrying amounts 2020	
				Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rates <sup>1)</sup>	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
<b>Floating interest rate bonds</b>											
NOK (Coupon NIBOR + 0.75%)	<a href="#">5.3</a>	2022	142					–	142	–	147
SEK (Coupon STIBOR + 1.00%)	<a href="#">5.3</a>	2022	50					–	50	–	55
NOK (Coupon NIBOR + 0.64%)	<a href="#">5.3</a>	2026	130					–	130	–	–
<b>Fixed interest rate bonds</b>											
NOK (Coupon 2.55%)	<a href="#">5.3</a>	2021	–	2.55%	–	2.55%	USD LIBOR 3M + 1.14%	–	–	–	83
SEK (Coupon 1.10%)	<a href="#">5.3, 6.2</a>	2022	88	1.10%	88	1.10%	USD LIBOR 3M + 1.00%	–	89	–	99
NOK (Coupon 3.00%)	<a href="#">5.3, 6.2</a>	2024	68	3.00%	68	3.00%	USD LIBOR 3M + 1.33%	–	68	–	73
NOK (Coupon 2.45%)	<a href="#">5.3, 6.2</a>	2024	113	2.45%	113	2.45%	USD LIBOR 3M + 1.18%	–	113	–	120
USD (Coupon 3.80%)	<a href="#">5.3</a>	2026	500	3.80%	–	–	–	499	–	499	–
NOK (Coupon 2.41%)	<a href="#">5.3, 6.2</a>	2026	113	2.41%	113	2.41%	USD LIBOR 3M + 0.79%	–	113	–	–
NOK (Coupon 2.90%)	<a href="#">5.3, 6.2</a>	2027	113	2.90%	113	2.90%	USD LIBOR 3M + 1.44%	–	112	–	122
USD (Coupon 4.75%)	<a href="#">5.3</a>	2028	1,000	4.75%	–	–	–	997	–	997	–
USD (Coupon 3.15%)	<a href="#">5.3</a>	2030	750	3.15%	–	–	–	746	–	746	–
<b>Total unsecured debenture bonds</b>			<b>3,069</b>		<b>497</b>			<b>2,243</b>	<b>817</b>	<b>2,241</b>	<b>699</b>

<sup>1)</sup> Through a combination of interest rate swaps and cross-currency swaps.

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**Interest rate profile of the Group's interest-bearing financial instruments**

USD millions	Notes	2021	2020
Outstanding long-term interest-bearing debt (including current portion)	<a href="#">5.3</a>	3,565	3,503
Portion of bonds with fixed interest rate	<a href="#">5.3</a>	2,243	2,241
Outstanding long-term interest-bearing debt (including current portion) less portion of bonds with fixed interest rate		1,322	1,262

**Sensitivity**

USD millions	2021	2020
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) net income by	(5)	4
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) net income by	1	(3)

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis was performed on the same basis for 2020. A decrease of 100 basis points at the reporting date would have had the opposite effect of the amounts shown above.

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**Specific risks associated with the upcoming interest rate benchmark reform**

The Group is exposed to NIBOR, STIBOR and USD LIBOR (collectively 'IBOR') interest rate benchmarks subject to the ongoing interest rate benchmark reform. As from the end of 2021, the publication of 1 week and 2 month USD LIBOR rates has ceased while other USD LIBOR tenors continue to be published until the end of June 2023. For NIBOR and STIBOR rates there are thus far no indicated cessation dates. Yara had no exposure to the tenors where publication ceased in 2021, but had an exposure to other IBOR interest rate benchmarks as shown in the table below.

**Financial contracts with an IBOR benchmark reference as at 31 December 2021**

USD millions	Notes	Denominated amounts		
		USD LIBOR	NOK NIBOR	SEK STIBOR
<b>Bonds</b>				
Pay interest	<a href="#">5.3</a>	-	(272)	(50)
<b>Bank loans</b>				
Pay interest	<a href="#">5.3</a>	(483)	-	-
<b>Interest rate swaps</b>				
Pay interest	<a href="#">6.2</a> , <a href="#">6.3</a>	-	(409)	(88)
<b>Cross-currency swaps</b>				
Pay interest	<a href="#">6.3</a>	(819)	-	-
Receive interest	<a href="#">6.3</a>	-	681	138
Total exposure to IBOR rates		(1,302)	-	-

None of these contracts include fallback provisions in case the referenced benchmark interest rate ceases to be available. Yara therefore continues to monitor the transition to new benchmark rates carefully, in particular the emergence and adoption of alternative term rates, and will implement appropriate fallback language in due course.

For new contracts entered into after 31 December 2021, the regulatory agencies have announced that market participants should no longer use LIBOR benchmark references for loans and derivatives products (the latter subject to limited exemptions). In order to ensure compliance, Yara's Finance, Treasury & Insurance function has completed various actions during the year as

part of their IBOR transition program, hereunder a treasury system upgrade to enable processing of transactions with alternative benchmark rates and a revision of benchmark references for undrawn facilities. A review also confirmed that none of Yara's existing hedging relations (see [note 6.2](#) Hedge accounting) are affected by the reform.

**Credit risk**

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's financial instruments is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position and as disclosed in [note 6.3](#) Financial instruments.

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has agreed limits for credit exposure (collateral agreements) with most of its main banks. At the end of the reporting period, Yara had deposited USD 67.5 million (2020: USD 25.6 million) in cash with its counterparties to mitigate exposure from financial liabilities covered by such agreements. These deposits are reported as "other current financial assets" in the consolidated statement of financial position. Collateral deposits are made at overnight terms and required collateral is reassessed twice every month.

Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its customer portfolio.

Yara may undertake a number of measures to reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. The effect of credit risk reduction from these measures is not considered to be material for the Group.

**Liquidity risk**

Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Undrawn facilities that the Group has at its disposal are presented in [note 5.3](#) Interest-bearing debt.

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## Contractual maturities of financial liabilities, including estimated interest payments

## 31 December 2021

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(337)	(337)	(35)	(293)	(8)	–	–	–
Long-term interest-bearing debt <sup>1)</sup>	(3,565)	(4,262)	–	(66)	(517)	(159)	(1,474)	(2,046)
Accrued interest expense	(8)	(8)	–	(8)	–	–	–	–
Trade payables	(3,024)	(3,024)	(6)	(2,969)	(49)	–	–	–
Payroll and value added taxes	(354)	(354)	(2)	(336)	(16)	–	–	–
Other short-term liabilities	(71)	(71)	–	(40)	(31)	–	–	–
Other long-term liabilities	(24)	(24)	–	–	–	(22)	–	(2)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(60)							
Outflow		(1,039)	–	(84)	(333)	(15)	(484)	(123)
Inflow		985	–	82	311	17	459	116
Commodity derivatives	(92)							
Outflow		(98)	–	(63)	(35)	–	–	–
Inflow		1	–	1	–	–	–	–
Hedge designated derivatives	(2)							
Outflow		(51)	–	(4)	(5)	(12)	(26)	(4)
Inflow		49	–	–	12	11	23	3
<b>Total</b>	<b>(7,536)</b>	<b>(8,232)</b>	<b>(43)</b>	<b>(3,779)</b>	<b>(671)</b>	<b>(181)</b>	<b>(1,503)</b>	<b>(2,054)</b>

<sup>1)</sup> Includes current portion of long-term interest-bearing debt amounting to USD 476 million.

See [note 4.5](#) Leases for contractual maturities of lease liabilities.

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## 31 December 2020

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(345)	(367)	(39)	(323)	(5)	–	–	–
Long-term interest-bearing debt <sup>1)</sup>	(3,503)	(4,261)	–	(65)	(168)	(612)	(747)	(2,668)
Accrued interest expense	(8)	(8)	–	(8)	–	–	–	–
Trade payables	(1,431)	(1,432)	(7)	(1,392)	(33)	–	–	–
Payroll and value added taxes	(303)	(303)	(1)	(273)	(29)	–	–	–
Other short-term liabilities	(96)	(96)	–	(69)	(27)	–	–	–
Other long-term liabilities	(92)	(92)	–	–	–	(71)	(6)	(14)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	(67)							
Outflow		(2,825)	–	(2,186)	(99)	(191)	(218)	(130)
Inflow		2,750	–	2,156	87	181	203	123
Commodity derivatives	(6)							
Outflow		(8)	–	(1)	(7)	–	–	–
Hedge designated derivatives	12							
Outflow		(35)	–	(3)	(3)	(6)	(16)	(6)
Inflow		48	–	–	12	9	20	7
<b>Total</b>	<b>(5,839)</b>	<b>(6,628)</b>	<b>(46)</b>	<b>(2,163)</b>	<b>(275)</b>	<b>(690)</b>	<b>(765)</b>	<b>(2,689)</b>

<sup>1)</sup> Includes current portion of long-term interest bearing debt amounting to USD 1.32 million.



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**Derivative instruments**

USD millions	Notes	2021	2020
<b>Total fair value of derivatives</b>			
Forward foreign exchange contracts	<a href="#">6.3</a>	(9)	(38)
Cross-currency swaps	<a href="#">6.3</a>	(52)	(29)
Interest rate swaps designated for hedging	<a href="#">6.3</a>	(2)	12
Embedded commodity derivatives	<a href="#">6.3</a>	(92)	(6)
Balance 31 December		(154)	(62)
<b>Derivatives presented in the statement of financial position</b>			
Other non-current financial assets	<a href="#">4.6</a>	6	15
Other current financial assets	<a href="#">3.3</a>	7	3
Other non-current financial liabilities	<a href="#">6.3</a>	(36)	(28)
Other current financial liabilities	<a href="#">6.3</a>	(132)	(52)
Balance 31 December		(154)	(62)

**Outstanding committed forward foreign exchange contracts at 31 December**

USD millions	2021	2020
Forward foreign exchange contracts, notional amount	971	1,369

All outstanding forward foreign exchange contracts at 31 December 2021 have maturity in 2022, except non-deliverable forward contracts totalling USD 33 million that mature in 2023. Buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

**6.2 Hedge accounting**

A description of the Group's general risk management policies and principles can be found in [note 6.1](#) Financial risks.

**Accounting policies**

Yara applies hedge accounting according to IFRS 9 and designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the consolidated statement of income.

Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. Any ineffective part of a hedge is recognized in the consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised. Hedge accounting also ceases if the hedge relationship for some reason no longer fulfills the requirements for hedge accounting.

**Fair value hedges**

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The remaining hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 600 million fixed rate bond debt from 2014. A hedging relation for NOK 700 million of the bond debt was discontinued upon maturity in 2021.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017.

In November 2021, Yara designated a long-term NOK fixed-to-floating interest rate swap as hedging instrument. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million fixed rate bond debt from 2021.

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Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the consolidated statement of income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

As the key parameters of the hedging instruments (interest basis, inception dates and maturity dates) are identical to the respective hedged items, no ineffectiveness has been identified.

**Cash flow hedges**

Yara had no cash flow hedges in 2021 or 2020. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

**Net investment hedges**

At 31 December 2021, Yara has designated in total USD 815 million (2020: USD 815 million) of its USD denominated interest-bearing debt as hedges of net investments in foreign (USD based) entities. The hedging instruments comprise USD denominated bonds, term loans and the currency component of a portion of the Group's cross-currency swap portfolio.

The designation of interest-bearing debt as hedges of net investments leads to changes of foreign currency translation (gain/loss) being recognized in the consolidated statement of comprehensive income instead of in the consolidated statement of income.

As both the hedged net investments and the hedging instruments are sensitive only to fluctuations in the USDNOK spot rate, no ineffectiveness has been identified.

**Effect on financial position and performance in 2021**

Amounts in USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the consolidated statement of financial position in which the hedged item is included	Line item in the consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	68	-	-	Long-term interest-bearing debt	Other long-term liabilities	3	(3)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	242	2	-	Long-term interest-bearing debt	Other long-term liabilities	10	(10)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	99	-	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
- Fixed interest, NOK bonds (2021)	NOK	3M NIBOR	-	242	-	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
<b>Net investment hedges</b>											
Foreign exchange risk											
- Net equity in subsidiaries <sup>2)</sup>	USD	Spot USDNOK	815	-	-	208	Retained earnings	Long-term interest-bearing debt <sup>3)</sup>	(21)	21	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line-item Other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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## Effect on financial position and performance in 2020

	Amounts in USD millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item <sup>4)</sup>		Line item in the consolidated statement of financial position in which the hedged item is included	Line item in the consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in consolidated statement of income
				Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>												
Interest rate risk												
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	156	-	4	Long-term interest-bearing debt	Other long-term liabilities	(5)	5	-	
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	242	-	8	Long-term interest-bearing debt	Other long-term liabilities	(14)	14	-	
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	99	-	1	Long-term interest-bearing debt	Other long-term liabilities	(1)	1	-	
<b>Net investment hedges</b>												
Foreign exchange risk												
- Net equity in subsidiaries <sup>2)5)</sup>	USD	Spot USDNOK	815	-	-	187	Retained earnings	Long-term interest-bearing debt <sup>3)</sup>	22	(22)	-	

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line-item Other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

5) The change in value columns include the effect from a USD 115 million hedging relation discontinued in August 2020.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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## 6.3 Financial instruments

### Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes party to the contractual obligations of the instrument.

Under IFRS 9 Financial Instruments, Yara classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

### Derivatives

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity price risk arising in operating, financing and investment activities. These derivatives are initially recognized at fair value and subsequently measured at fair value through profit or loss at each balance sheet date. Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income. Embedded derivatives may refer to financial transactions and sale and purchase transactions for gas, ammonia and other commodities.

Fair value on derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income. If the derivative is designated and effective as a hedging instrument, the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship. A derivative is classified as non-current if the remaining maturity of the derivative is more than 12 months, and as current if the remaining maturity of the derivative is less than 12 months.

All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

### Receivables and deposits

See [note 3.2](#) for information on Trade receivables and [note 3.4](#) for Cash and Cash equivalents. Other short-term and long-term receivables and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

The carrying amounts of receivables and deposits are adjusted for expected credit losses and are considered to represent reasonable estimates on fair value. Interest-free receivables are discounted if it has a material impact on fair value. Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit loss is recorded. The 12-months expected credit loss reflect loss from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit loss on receivables and deposits are limited. As a result, disclosures are reduced due to materiality.

### Equity instruments

Yara Growth Ventures (YGV) is the corporate venture capital organization for Yara International ASA. YGV invests in start-ups and in venture capital funds which sit at the intersection of science and technology in the food and agriculture industry. Yara initially accounts for all YGV's investments at Fair Value. Subsequently they are measured at Fair Value through Profit or Loss in accordance with IFRS 9. If an YGV investment leads to control or de facto control over the investee, Yara consolidates the investee. If Yara achieves significant influence or joint control over an investee, Yara takes advantage of the accounting policy choice in IAS 28 to not apply the equity method to these venture investments. Strategic investments in associates and joint ventures are accounted for by applying the equity method, refer to [note 4.3](#) Associated companies and joint ventures.

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Equity instruments other than venture investments are also measured at Fair Value and subsequently measured at Fair Value through Profit or Loss. However, Yara has made an irrevocable election at initial recognition of a limited number of long-term strategic investments in equity shares not held for trading to present subsequent changes in fair value in OCI.

Equity instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques.

**Financial liabilities**

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted. However, short-term payables and other short-term debt are discounted if it has material impact on fair value. Fair value of these liabilities are assumed to be equal to their carrying amounts.

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Fair value on long-term interest-bearing debt and other long-term liabilities differs from the carrying amounts since the USD debenture bonds are held with fixed interest rates and are not subject to hedge accounting. For these USD debenture bonds with fixed interest rates and for other non-current financial liabilities, no active market is available and fair value is calculated based on the present value of future principal and interest cash flows. Cash flows are estimated by using LIBOR with different maturities as a benchmark and adding a credit margin derived from recent transactions or other information available.

See [note 4.5](#) for information on lease liabilities.

Contingent consideration is initially recognized at fair value and subsequently measured at fair value through profit or loss. Fair value of contingent consideration is calculated considering the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of financial performance, the amount to be paid under each scenario and the probability of each scenario.

**Financial instruments at fair value**

Financial instruments at fair value (FV) refer to derivatives at FV through profit and loss (P&L), equity instruments at FV through P&L, equity instruments at FV through other comprehensive income (OCI) and financial liabilities at FV through P&L. They are valued according to different levels in the fair value hierarchy in IFRS. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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## Carrying amounts and fair value per category

31 December 2021

USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortised cost	Fair value through P&L	FV through OCI (no recycling)	Amortised cost	FV through P&L	Historic cost	
<b>Non-current assets</b>										
Other non-current financial assets	<a href="#">4.6</a>	6	-	31	17	17	-	-	-	70
<b>Current assets</b>										
Trade receivables	<a href="#">3.2</a>	-	-	2,138	-	-	-	-	-	2,138
Other current financial assets	<a href="#">3.3</a>	7	-	217	-	-	-	-	-	225
Cash and cash equivalents	<a href="#">3.4</a>	-	-	394	-	-	-	-	-	394
Sum financial assets		13	-	2,780	17	17	-	-	-	2,827
<b>Non-current liabilities</b>										
Other non-current financial liabilities		(23)	(13)	-	-	-	(20)	(15)	-	(72)
Long-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	-	(3,089)	-	-	(3,089)
Non-current lease liabilities	<a href="#">4.5</a>	-	-	-	-	-	(321)	-	-	(321)
<b>Current liabilities</b>										
Trade and other current payables	<a href="#">5.5</a>	-	-	-	-	-	(3,188)	-	-	(3,188)
Prepayments from customers		-	-	-	-	-	-	-	(634)	(634)
Other current financial liabilities		(132)	-	-	-	-	(378)	(12)	-	(521)
Short-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	-	(337)	-	-	(337)
Current portion of long-term debt	<a href="#">5.3</a>	-	-	-	-	-	(476)	-	-	(476)
Current lease liabilities	<a href="#">4.5</a>	-	-	-	-	-	(104)	-	-	(104)
Sum financial liabilities		(154)	(13)	-	-	-	(7,913)	(27)	(633)	(8,740)
Total net balance		(141)	(13)	2,780	17	17	(7,913)	(27)	(633)	(5,913)
Fair value		(141)	(13)	2,780	17	17	(8,111)	(27)		
Unrecognized gain/(loss)		-	-	-	-	-	(198)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See [note 5.3](#) for details. Equity instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. Equity instruments at FV through P&L as of year-end 2021 refer to venture investments in addition to shares in fund investments.

## Carrying amounts and fair value per category

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USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortised cost	Fair value through P&L	FV through OCI (no recycling)	Amortised cost	FV through P&L	Historic cost	
<b>Non-current assets</b>										
Other non-current assets	<a href="#">4.6</a>	4	11	17	-	18	-	-	-	50
<b>Current assets</b>										
Trade receivables	<a href="#">3.2</a>	-	-	1,478	-	-	-	-	-	1,478
Prepaid expenses and other current assets	<a href="#">3.3</a>	3	-	132	-	-	-	-	-	136
Cash and cash equivalents	<a href="#">3.4</a>	-	-	1,363	-	-	-	-	-	1,363
Sum financial assets		7	11	2,991	-	18	-	-	-	3,027
<b>Non-current liabilities</b>										
Other non-current liabilities		(19)	(11)	-	-	-	(79)	(14)	-	(123)
Long-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	-	(3,371)	-	-	(3,371)
Non-current lease liabilities	<a href="#">4.5</a>	-	-	-	-	-	(335)	-	-	(335)
<b>Current liabilities</b>										
Trade and other current payables	<a href="#">5.5</a>	-	-	-	-	-	(1,542)	-	-	(1,542)
Prepayments from customers		-	-	-	-	-	-	-	(372)	(372)
Other current liabilities		(52)	-	-	-	-	(306)	(33)	-	(391)
Short-term interest-bearing debt	<a href="#">5.3</a>	-	-	-	-	-	(345)	-	-	(345)
Current portion of long-term debt	<a href="#">5.3</a>	-	-	-	-	-	(132)	-	-	(132)
Current lease liabilities	<a href="#">4.5</a>	-	-	-	-	-	(111)	-	-	(111)
Sum financial liabilities		(70)	(11)	-	-	-	(6,220)	(47)	(373)	(6,721)
Total net balance		(64)	1	2,991	-	18	(6,220)	(47)	(373)	(3,647)
Fair value		(64)	1	2,991	-	18	(6,547)	(47)		
Unrecognized gain/(loss)		-	-	-	-	-	(327)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See [note 5.3](#) for details.

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### Financial instruments at fair value

#### 31 December 2021

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	–	–	34	34
Derivatives, net	–	(56)	(98)	(154)
Financial liabilities	–	(7)	(20)	(27)
Net total balance	–	(63)	(84)	(147)

There were no transfers between Level 1 and Level 2 in the period.

#### 31 December 2020

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	–	–	18	18
Derivatives, net	–	(54)	(8)	(62)
Financial liabilities	–	(10)	(38)	(48)
Net total balance	–	(64)	(28)	(92)

### Reconciliation of fair value instruments at Level 3 from opening to closing balance

USD millions	2021	2020
Balance at 1 January	(28)	(40)
Total gains or (losses):		
in income statement	(106)	13
in other comprehensive income	4	(3)
Payments made	33	–
Disposals/additions	15	1
Foreign currency translation	(1)	2
Balance at 31 December	(84)	(28)



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## Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2021

USD millions	Effect on P&L		Effect on OCI	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Derivatives (20% decrease/(increase) in ammonia price)	37	(37)	–	–
Equity instruments (20% increase/(decrease) in electricity price)	3	(3)	1	(1)
Total	40	(41)	1	(1)

The favourable and unfavourable effects on derivatives refer to embedded derivatives in energy contracts. The effects are calculated by decreasing/increasing the input of ammonia prices by 20 percent for the whole contract period, also for long-term contracts. All other variables remain constant.

The favourable and unfavourable effects on equity instruments refer to fair value of unlisted equity securities. The effects are calculated based on a valuation model for estimation of fair value, increasing/decreasing the forward electricity prices used in the model by 20 percent. All other variables remain constant.

## Gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income

USD millions	Notes	Derivatives		Equity instruments		Financial liabilities		Total
		Fair value through P&L	Designated for hedging	Fair value through P&L	FV through OCI (no recycling)	Amortised cost	Fair value through P&L	
Consolidated statement of income	<a href="#">6.1</a> , <a href="#">6.2</a>	(45)	(13)	(3)	–	–	(5)	(66)
Consolidated statement of comprehensive income <sup>1)</sup>	<a href="#">6.2</a>	–	(3)	–	4	(27)	–	(26)
Total		(45)	(16)	(3)	4	(27)	(5)	(92)

<sup>1)</sup> Amounts are presented before tax. See [note 2.8](#) for specification of taxes.

USD millions	Notes	Derivatives		Equity instruments		Financial liabilities		Total
		Fair value through P&L	Designated for hedging	Fair value through P&L	FV through OCI (no recycling)	Amortised cost	Fair value through P&L	
Consolidated statement of income		83	19	–	–	–	(6)	96
Consolidated statement of comprehensive income <sup>1)</sup>		–	3	–	(3)	28	–	28
Total		83	22	–	(3)	28	(6)	123

<sup>1)</sup> Amounts are presented before tax. See [note 2.8](#) for specification of taxes.

## 7 Business initiatives

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### 7.1 Disposal of investments

#### Disposal group held for sale 2021

On 1 August 2021, Yara signed a Share Purchase Agreement with EuroChem to sell its Salitre phosphate mining project in Brazil. The transaction was successfully completed on 22 February 2022, with total proceeds of USD 452 million.

The assets and liabilities of the Salitre mining project are classified as a disposal group held-for-sale and presented on separate lines within Current assets and Current liabilities in the consolidated statement of financial position for 2021. Prior period balance sheets are not reclassified.

The recoverable value of the Salitre assets was determined to be lower than their carrying amount, and an impairment of USD 385 million was recognized immediately before reclassification to held-for-sale. The impairment was first allocated to a share of goodwill reported in the cash generating unit to which the Salitre project belonged of USD 31 million, after which the remainder was allocated to other assets on a pro-rata basis.

The fair value of the disposal group is based on the agreed consideration determined in US dollars, while the disposal group is part of a Brazilian real functional currency subsidiary. The total impairment charge in 2021 is USD 337 million, which is recognized in the consolidated statement of income, on the line Impairment loss. The charge continued to be sensitive to USD/BRL currency development up until the close of the transaction on 22 February 2022.

The disposal group and the related impairment is reported in the Americas segment.

The major classes of assets and liabilities held for sale at 31 December 2021 are as follows:

USD millions	Salitre	Other	Total
Intangible assets other than goodwill	2	–	2
Property, plant and equipment	375	22	397
Inventories	19	–	19
Prepaid expenses and other current assets	37	–	37
Non-current assets and disposal group held-for-sale	433	22	454
Non-current provisions	7	–	7
Trade and other current payables	2	8	10
Liabilities directly associated with disposal group held-for-sale	9	8	17

#### Disposal 2020

In 2020, Yara completed the sale of its 25 percent stake in Qatar Fertiliser Company (QAFCO) and received the consideration of USD 1 billion. The transaction led to a gain of USD 97 million, which was recognized as Other income in the consolidated statement of income and reflected in the Global Plants and Operational Excellence segment.

QAFCO is included in Yara's statements with the following amounts:

USD millions	2021	2020
<b>Statement of income</b>		
Other income	–	97
Share of net income in equity-accounted investees	–	6
<b>Statement of other comprehensive income</b>		
Exchange differences on translation of foreign operations	–	(6)
Remeasurements of the net defined benefit pension liability for equity-accounted investees	–	(1)
<b>Statement of changes in equity</b>		
<b>Statement of financial position</b>		
<b>Statement of cash flows</b>		
Proceeds from sale of shares in equity-accounted investees	–	1,000

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## 8 Other disclosures

### 8.1 Related parties

#### The Norwegian State

At 31 December 2021, the Norwegian State owned 92,239,891 shares, representing 36.21 percent of the total number of shares issued. On the same date, The Government Pension Fund Norway owned 17,931,756 shares, representing 7.04 percent of the total number of shares issued.

#### Yara Pension fund

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2021, Yara has contributed to the pension fund through deductions from premium fund and premium paid by the sponsoring companies Yara International ASA and Yara Norge AS.

#### Equity-accounted investees

Transactions with equity-accounted investees are described in [note 4.3](#).

#### Board of Directors

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

#### Executive Management

Executive Management remuneration is disclosed in the table below. The full "Yara Executive Remuneration Report 2021" can be found at [www.yara.com](http://www.yara.com), Annual report section.

#### Executive Management remuneration and Board of Directors compensation

USD thousands	Compensation earned in 2021	Compensation earned in 2020
Salary and short-term incentive	5,653	5,051
Pension	694	475
Benefits	387	250
Share based remuneration <sup>1)</sup>	986	941
<b>Total Executive Management</b>	<b>7,721</b>	<b>6,717</b>
Fee to Board of Directors	545	501
<b>Total<sup>2)</sup></b>	<b>8,266</b>	<b>7,218</b>

1) See [note 8.2](#) Share based remuneration for further information.

2) See "Yara Executive Remuneration Report 2021" for further details.

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## 8.2 Share based remuneration

To support the alignment between executives and shareholder interest and to ensure retention of key talent in the company, an amount equal to 30 percent of the base salary for the CEO and 25 percent of the base salary for the other members of the Group Executive Board may be awarded by the Board on annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive in sum over the last three years. Yara's CEO can on discretionary basis decide that SBR shall not be granted for a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO for a given year. Such assessment will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

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## 8.3 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

USD thousands	Audit fee	Assurance services	Tax services	Other non-audit services	Total
<b>2021</b>					
Deloitte Norway	871	227	8	2	1,109
Deloitte abroad	3,053	36	315	5	3,410
Total Deloitte	3,925	263	324	7	4,519
Others	294	1	179	36	509
Total	4,218	264	503	43	5,028
<b>2020</b>					
Deloitte Norway	722	365	83	21	1,192
Deloitte abroad	3,193	32	464	29	3,718
Total Deloitte	3,916	397	547	50	4,910
Others	331	5	13	157	506
Total	4,247	402	560	207	5,416

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## 8.4 Composition of the group

The consolidated financial statement of Yara comprises 127 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100.0%	Argentina	Yara Iberian S.A.U.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100.0%	Australia	Chemical Holdings Pty Ltd.
Chemical Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Environmental Technologies GmbH	100.0%	Austria	Yara Investment GmbH
Yara Belgium S.A./N.V.	100.0%	Belgium	Yara Nederland B.V.
Yara Tertre S.A.	100.0%	Belgium	Yara Belgium S.A./N.V.
Yara Trinidad Ltd.	100.0%	Bermuda	Yara Caribbean Ltd.
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Yara South America Investments B.V.
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	99.4%	Colombia	Yara International ASA (70.1%) and OFD Holding S. de R.L. (29.3%)
Yara Costa Rica S. de R.L.	87.6%	Costa Rica	Yara Iberian S.A.U.
Yara Danmark A/S	100.0%	Denmark	Fertilizer Holdings AS
Yarecuador Cia Ltd.	99.4%	Ecuador	Yara Colombia S.A.
Yara Agri Trade Misr. Ltd.	51.0%	Egypt	Yara Trade Misr.
Yara Dallol B.V.	59.2%	Ethiopia	Yara Nederland B.V.
Yara Phosphates Oy	100.0%	Finland	Yara Suomi Oy
Yara Suomi Oy	100.0%	Finland	Yara Nederland B.V.
Yara France SAS	100.0%	France	Yara Nederland B.V.
Yara Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Industrial Solutions Germany GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany SE

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Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investments Germany SE	100.0%	Germany	Yara Nederland B.V.
Yara Ghana Ltd.	100.0%	Ghana	Yara Nederland B.V.
Yara Hellas S.A.	100.0%	Greece	Yara Nederland B.V.
Yara Guatemala S.A.	100.0%	Guatemala	Yara International ASA
Yara Fertilisers India Pvt. Ltd.	100.0%	India	Yara Asia Pte Ltd.
P.T. Yara Indonesia	100.0%	Indonesia	Yara Asia Pte Ltd.
Yara Insurance DAC	100.0%	Ireland	Fertilizer Holdings AS
Yara Italia S.p.A.	100.0%	Italy	Yara Investment GmbH (72.3%) and Yara Nederland B.V. (27.7%)
Yara Côte d'Ivoire S.A.	100.0%	Ivory Coast	Fertilizer Holdings AS
Yara East Africa Ltd.	100.0%	Kenya	Yara Overseas Ltd.
Yara International (M) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Yara México S. de R.L. de C.V.	100.0%	Mexico	OFD Holding S. de R.L. (71.9%) and Yara Nederland B.V. (28.1%)
Yara Mozambique Lda.	100.0%	Mozambique	Yara Nederland B.V.
Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
Yara Clean Ammonia AS	100.0%	Norway	Yara International ASA
Yara Growth Ventures AS	100.0%	Norway	Fertilizer Holdings AS
Herøya Nett AS	100.0%	Norway	Yara Norge AS
Yara Marine Technologies AS	100.0%	Norway	Fertilizer Holdings AS
OFD Holding S. de R.L.	100.0%	Norway	Fertilizer Holdings AS
Yara AS	100.0%	Norway	Fertilizer Holdings AS
Yara Birkeland AS	100.0%	Norway	Fertilizer Holdings AS
Yara Norge AS	100.0%	Norway	Yara International ASA
Yara LPG Shipping AS	100.0%	Norway	Fertilizer Holdings AS
Yara Fertilizers Philippines Inc.	100.0%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp.zo.o	100.0%	Poland	Yara Nederland B.V.
Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
Yara Animal Nutrition South Africa (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
Yara Africa Fertilizers (Pty) Ltd.	100.0%	South Africa	Yara Nederland B.V.
Yara Iberian S.A.U.	100.0%	Spain	Yara Nederland B.V.
Yara Marine Technologies AB	100.0%	Sweden	Yara Marine Technologies AS
Yara AB	100.0%	Sweden	Fertilizer Holdings AS

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Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Switzerland Ltd.	100.0%	Switzerland	Yara Nederland B.V.
Yara Tanzania Ltd.	100.0%	Tanzania	Fertilizer Holdings AS
Yara Thailand Ltd.	100.0%	Thailand	Yara Asia Pte Ltd.
Yara Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Sluiskil B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Caribbean (2002) Ltd.	100.0%	Trinidad and Tobago	Fertilizer Holdings AS

## 8.5 Post balance sheet date events

### Ukraine situation

The Russian invasion of Ukraine from late February 2022 has brought increased geopolitical risks to global markets and business operations. In response to the conflict, Yara established crisis management teams both at strategic and operational level to coordinate planning and day-to-day management of the situation.

The company's priorities are to safeguard its employees, contractors, partners and society; to be a responsible company and operate according to government regulations, sanctions and guidelines; and to keep our operations running, to help support continued food supply, as well as supply of other essential products to society – also in times of crisis.

The war is expected to have major impacts on both the food and fertilizer industries, with Russia and Ukraine both being significant in the global food value chain, representing a major portion of world's production and export of grains. Furthermore, Russia is one of the world's largest producers and exporters of essential crop nutrients and natural gas. The war is already impacting both global fertilizer prices and energy prices, including natural gas prices in Europe. Yara's direct investments in Russia and Ukraine are limited, but Yara sources phosphate, potash and ammonia from Russia, and purchases significant volumes of natural gas for its production in Europe. On 11 March 2022, Yara announced a halt in sourcing from several Russian entities due to EU sanctions implemented on 9 March 2022. As a consequence of record high natural gas prices in Europe, Yara announced on 9 March that it was temporarily curtailing production at its Ferrara (Italy) and Le Havre (France)

plants. The two plants have a combined annual capacity of 1 million tonnes ammonia and 0.9 million tonnes urea. The net financial effect of the war for Yara cannot be reliably estimated at this stage, but further price volatility for both raw materials and end products are likely. While raw material price increases in isolation are negative for Yara, higher end product prices create offsetting positive effects, as higher grain prices improve farmers' profitability and demand incentives for agricultural inputs.

### Salitre

The Share Purchase Agreement with EuroChem to sell the Salitre phosphate mining project in Brazil was successfully closed on 22 February 2022, see [note 7.1](#).

### Dividends

Yara's Board is proposing to the Annual General Meeting a dividend of NOK 30 per share for 2021.



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## Yara International ASA

# Income statement

NOK millions	Notes	2021	2020
Revenues	<a href="#">4</a>	2,830	2,322
Other income		1	1
Revenues and other income		2,831	2,322
Raw materials, energy costs and freight expenses		(21)	(21)
Changes in inventories of own production		-	6
Payroll and related costs	<a href="#">2</a>	(1,146)	(1,063)
Depreciation, amortization and impairment loss	<a href="#">3</a>	(249)	(206)
Other operating expenses	<a href="#">4</a>	(2,482)	(2,264)
Operating costs and expenses		(3,898)	(3,548)
Operating income		(1,067)	(1,226)
Financial income, net	<a href="#">5</a>	14,874	17,146
Income before tax		13,807	15,920
Income tax expense	<a href="#">6</a>	32	(230)
Net income		13,839	15,690
<b>Appropriation of net income and equity transfers</b>			
Dividend proposed		7,642	5,202
Retained earnings		6,197	10,488
Total appropriation	<a href="#">11</a>	13,839	15,690

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Balance sheet

NOK millions	Notes	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	<a href="#">6</a>	979	920
Intangible assets	<a href="#">3</a>	455	605
Property, plant and equipment	<a href="#">3</a>	76	79
Shares in subsidiaries	<a href="#">7</a>	19,876	19,853
Intercompany receivables	<a href="#">13</a>	37,207	38,071
Other non-current assets	<a href="#">8</a>	517	593
<b>Total non-current assets</b>		<b>59,109</b>	<b>60,121</b>
<b>Current assets</b>			
Inventories	<a href="#">8</a>	29	23
Trade receivables		8	9
Intercompany receivables	<a href="#">13</a>	19,710	12,733
Prepaid expenses and other current assets	<a href="#">10</a>	809	404
Cash and cash equivalents		1,718	10,270
<b>Total current assets</b>		<b>22,273</b>	<b>23,440</b>
<b>Total assets</b>		<b>81,382</b>	<b>83,561</b>

NOK millions	Notes	31 Dec 2021	31 Dec 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Equity</b>			
Share capital reduced for treasury stock		433	442
Premium paid-in capital		117	117
<b>Total paid-in capital</b>		<b>550</b>	<b>560</b>
Retained earnings		15,137	18,960
- Treasury shares		-	(2,809)
<b>Shareholders' equity</b>	<a href="#">11</a>	<b>15,688</b>	<b>16,711</b>
<b>Non-current liabilities</b>			
Employee benefits	<a href="#">1</a>	1,080	991
Long-term interest bearing debt	<a href="#">12</a>	26,890	28,187
Other non-current liabilities		311	190
<b>Total non-current liabilities</b>		<b>28,281</b>	<b>29,367</b>

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NOK millions	Notes	31 Dec 2021	31 Dec 2020
<b>Current liabilities</b>			
Trade and other payables		371	229
Bank loans and other interest-bearing short-term debt	<a href="#">8</a>	2,183	1,518
Current portion of long-term debt	<a href="#">12</a>	4,059	967
Dividends payable	<a href="#">11</a>	7,642	5,202
Intercompany payables	<a href="#">13</a>	22,535	28,789
Current income tax	<a href="#">6</a>	14	14
Other current liabilities		609	763
<b>Total current liabilities</b>		<b>37,413</b>	<b>37,483</b>
<hr/>			
<b>Total liabilities and shareholders' equity</b>		<b>81,382</b>	<b>83,561</b>

The Board of Directors Yara International ASA,  
Oslo 24 March 2022


  
Trond Berger  
Chair

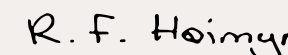
  
Kimberly Mathisen  
Vice Chair

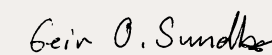
  
Adele B. Norman Pran  
Member of the Board


  
John Thuestad  
Member of the Board


  
Rune Bratteberg  
Member of the Board


  
Birgitte R. Vartdal  
Member of the Board

  
Ragnhild F. Høimyr  
Member of the Board

  
Geir O. Sundbø  
Member of the Board

  
Håkon Reistad Fure  
Member of the Board

  
Øystein J. Kostøl  
Member of the Board

  
Svein Tore Holsether  
President and CEO

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## Yara International ASA

# Cash flow statement

NOK millions	Notes	2021	2020	NOK millions	Notes	2021	2020
<b>Operating activities</b>				<b>Investing activities</b>			
Net income/(loss) before taxes		13,807	15,920	Purchase of property, plant and equipment	<a href="#">3</a>	(9)	(11)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>				Purchase of other long-term investments	<a href="#">3</a>	(131)	(108)
Depreciation, amortization and impairment loss	<a href="#">3</a>	249	206	Net cash from/(to) long-term intercompany loans	<a href="#">13</a>	(138)	8,781
Adjustment for dividends and group relief from subsidiaries	<a href="#">5</a>	(17,016)	(16,405)	Net cash provided by/(used in) investing activities		(278)	8,662
Adjustment for finance income and expense	<a href="#">5</a>	403	258	<b>Financing activities</b>			
Net foreign exchange loss (gain)	<a href="#">5</a>	1,740	(999)	Loan proceeds	<a href="#">12</a>	3,801	7,101
Tax received/(paid)	<a href="#">6</a>	(17)	(16)	Principal payments		(965)	(5,258)
Group relief received		5,300	900	Purchase of treasury stock	<a href="#">11</a>	(3,143)	(2,806)
Dividend received	<a href="#">11</a>	2,016	11,105	Dividend paid	<a href="#">11</a>	(10,284)	(8,811)
Interest paid		(1,115)	(1,353)	Net cash used in financing activities		(10,591)	(9,775)
Interest received		509	860	Foreign currency effects on cash and cash equivalents			
Bank charges		85	73			22	(221)
Other		41	(8)	Net increase/(decrease) in cash and cash equivalents			
<b>Change in working capital</b>						(8,552)	9,081
Trade receivables		(1)	3	Cash and cash equivalents at 1 January			
Short-term intercompany receivables/payables	<a href="#">13</a>	(3,403)	(760)			10,270	1,189
Prepaid expenses and other current assets		215	1,132	Cash and cash equivalents at 31 December			
Trade payables		128	20			1,718	10,270
Other current liabilities		(645)	(522)				
Net cash provided by operating activities		2,296	10,414				

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### General

The financial statements for Yara International ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA primarily holds shares in subsidiaries and provides financing to entities in the Yara Group. Please be aware that the information in [note 5.3](#) Interest-bearing debt to the consolidated financial statements also applies to Yara International ASA. Revenue mainly stem from allocation of costs related to intragroup services provided.

The accompanying notes are an integral part of the financial statements.

### Shares in subsidiaries

Shares in subsidiaries are presented according to the cost method. Dividends and Group reliefs are recognized in the income statement when these are proposed by the subsidiary. Group relief received is included in dividends. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. Fair value of the investment is estimated based on

valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

### Foreign currency transactions

The functional currency of Yara International ASA is Norwegian kroner (NOK). Transactions in currencies other than the functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All realized and unrealized currency gains and losses on transactions, assets and liabilities are included in net income if they do not qualify for hedge accounting.

### Revenue

In all material respects, revenue stem from sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

### Receivables

Trade receivables and short-term intercompany receivables are recognized at nominal value, less an accrual for expected losses. The accrual for losses is based on an individual assessment of each receivable.

### Cash and cash equivalents

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months.

The cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function. Consequently, the level of cash held should be seen in context with the intercompany receivables and payables.

### Payables

Trade payables and short-term intercompany payables are recognized at nominal value.

### Financial assets and liabilities

Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

### Cost of sales and other expenses

Cost of sales and other expenses are recognized in the same period as the revenue to which they relate. If there is no clear connection between the expense and revenue, an estimated allocation is done. Other exceptions to this matching criteria are disclosed where appropriate.

### Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred income tax expense is calculated using the liability method in accordance with the preliminary Norwegian Accounting Standard on Income Taxes ("NRS Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

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**Intangible assets**

Intangible assets acquired individually or as a group are initially recognized at fair value, and subsequently amortized on a straight-line basis over their useful life. They are tested for impairment whenever indications of impairment are present.

Yara changed its accounting policy for Software as a Service (SaaS) arrangements in 2021. Software as a Service (SaaS) arrangements are normally not subject to recognition of configuration or customization costs as intangible assets because Yara does not control the software being configured or customized. Further, related configuration or customizations activities often would not create a resource controlled by Yara that is separate from the software and consequently will normally be expensed. Yara previously capitalized all software implementation and development cost, and made no distinction between licensed software hosted on-premise or in third party data centers and SaaS deliveries. Following a review of all significant software implementation projects an implementation effect of NOK 78 million was identified. Yara considers this effect to be immaterial and has recognized it as other operating expense. Prior year comparatives are not restated.

Licensed software hosted on-premise or in third party data centers normally meets the recognition criteria as intangible assets.

Research costs are expensed as incurred.

Costs incurred in development of internally generated intangible assets are capitalized if defined recognition criteria are met. If these recognition criteria are not met, development cost are expensed in the period they incur.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the assets' useful life. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Inventories**

Inventories are valued at the lower of cost, using weighted average, and net realizable value. The cost of inventories comprise all costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

**Leased assets**

Assets which are leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this is lower. The corresponding finance lease liabilities are initially included in long-term debt. Property, plant and equipment are depreciated over the estimated useful lives of the assets, or the lease term if shorter. The related liabilities are reduced by the amount of lease payments less the effective interest expense. Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

**Forward currency contracts**

Forward currency contracts are initially recognized in the balance sheet at fair value. Subsequent changes in fair value are recognized in the income statement.

**Interest rate and cross currency swaps**

Interest income and expense relating to swaps that are not designated as hedge instruments are recognized as net income or expense over the life of the contract. Cross currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized currency translation gain or loss recognized in "Financial income/(expense), net" in the income statement.

**Shared-based remuneration**

Yara has a shared-based remuneration program which provides a fixed cash amount to eligible top executives. Yara purchases the shares on behalf of the executives at market prices. The executives holds all shareholder rights from the date of purchase but cannot sell the shares in the three years vesting period. This program does not have dilutive effect since it represents ordinary shares outstanding.

The fair value of the purchased shares is recognized as reduction in equity. The costs for the Shared Based Remuneration program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model. The employee tax is calculated and expensed at the grant date.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

**Employee retirement plans**

Employee retirement plans are measured in accordance with IAS 19 Employee Benefits, as this is permitted by the Norwegian accounting standard on pensions ("NRS 6 Pensjonskostnader"). Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.

# 1 Employee benefits

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Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees. Pension liabilities for defined benefit plans also include certain unfunded obligations.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

### Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of plan assets is deducted. The discount

rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations. Past service costs arising from the amendment of plan benefits are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur and will not be reclassified to profit or loss in subsequent periods.

### Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the income statement when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

### Other long-term benefits

The Company's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

### Long-term employee benefit obligations recognized in the Balance sheet

NOK millions	2021	2020
Pension liabilities for defined benefit plans	(1,071)	(981)
Termination benefits and other long-term employee benefits	(9)	(9)
Surplus on funded defined benefit plan	476	417
Net long-term employee benefit obligations	(604)	(574)

### Expenses for long-term employee benefit obligations recognized in the Income statement

NOK millions	2021	2020
Defined benefit plans	(37)	(43)
Defined contribution plans	(65)	(57)
Termination benefits and other long-term employee benefits	(8)	(10)
Net expenses recognized in the Income statement	(109)	(110)

### Defined benefit plans

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiary Yara Norge AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At 31 December 2021, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was

0 and the number of retirees was 129. In addition, 364 current and previous employees of Yara International ASA have earned paid-up policies in the pension fund.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is accounted for as if it were a defined contribution plan. The provision for defined



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benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who have chosen early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

Norwegian employees at position level of department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65 percent of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2021 was NOK 106,399).

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the plan for early retirement from 65 to 67 for positions as department manager or above, in which all employees below age 50 were transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As the compensation contribution plans are unfunded and Yara International ASA retains investment risk, they are accounted for as defined benefit plans.

Norwegian employees with salary above 12G as of 3 December 2015 are members of an unfunded plan which requires Yara International ASA to contribute for active plan members with an amount equal to 25 percent of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. The plan was closed to new members from 3 December 2015. As the plan is unfunded and investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

**Valuation of defined benefit obligations**

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013BE mortality table. According to K2013BE a current employee aged 45 today would be expected to live 24.6 years after reaching the retirement age of 65, whereas an employee aged 65 today would on average be expected to live 23.4 years.

The following financial assumptions have been applied for the valuation of liabilities (in %):

In percentages	2021	2020
Discount rate	1.9	1.7
Expected rate of salary increases	2.4	2.1
Future rate of pension increases	1.0	0.5

**Actuarial valuations provided the following results:**

NOK millions	2021	2020
Present value of unfunded obligations	(939)	(860)
Present value of wholly or partly funded obligations	(761)	(744)
Total present value of obligations	(1,700)	(1,604)
Fair value of plan assets	1,238	1,161
Social security on defined benefit obligations	(132)	(121)
Total recognized liability for defined benefit plans	(595)	(564)

**Duration of liabilities at the end of the year:**

Duration of liabilities (in years)	2021
Funded plan	14.0
Unfunded plans	11.0

**Pension cost recognized in the Income statement**

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

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## The following items have been recognized in the Income statement:

NOK millions	2021	2020
Current service cost	(22)	(24)
Administration cost	(2)	(2)
Social security cost	(5)	(6)
Payroll and related costs	(29)	(32)
Interest on obligation	(27)	(33)
Interest income from plan assets	20	21
Interest expense and other financial items	(7)	(12)
Total expense recognized in the Income statement	(37)	(43)

## Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2021	2020
Actual valuation	(1,700)	(1,604)
Discount rate +0.5%	(1,613)	(1,520)
Discount rate -0.5%	(1,796)	(1,695)
Expected rate of salary increase +0.5%	(1,715)	(1,616)
Expected rate of salary increase -0.5%	(1,686)	(1,592)
Expected rate of pension increase +0.5%	(1,781)	(1,683)
Expected rate of pension increase -0.5%	(1,626)	(1,531)
Expected longevity +1 year	(1,761)	(1,659)
Expected longevity -1 year	(1,640)	(1,543)

## Development of defined benefit obligations

NOK millions	2021	2020
Defined benefit obligation as of 1 January	(1,604)	(1,602)
Current service cost	(22)	(24)
Interest cost	(27)	(33)
Experience adjustments	(63)	(32)
Effect of changes in financial assumptions	(55)	22
Effect of changes in demographic assumptions	4	-
Benefits paid	67	65
Defined benefit obligation as of 31 December	(1,700)	(1,604)

## Development of plan assets

NOK millions	2021	2020
Fair value of plan assets as of 1 January	1,161	1,113
Interest income from plan assets	20	21
Administration cost	(2)	(2)
Return on plan assets (excluding calculated interest income)	76	58
Employer contributions	15	2
Benefits paid	(32)	(32)
Fair value of plan assets as of 31 December	1,238	1,161

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund's Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA may decide, but is not required by law, to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk, disability risk and longevity risk. The investment strategies of the pension fund ensures diversification of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

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## At the end of the year, the plan assets were invested as follows:

NOK millions, except percentages	2021	2021	2020	2020
Cash and cash equivalents	1	–	10	1%
Shares	491	40%	446	38%
Other equity instruments	136	11%	101	9%
Investment grade debt instruments	586	47%	583	50%
Properties	24	2%	20	2%
Total plan assets	1,238	100%	1,161	100%

Yara Pensjonskasse (the pension fund) does not hold any investments that do not have a quoted market price in an active market. Nor does it hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid by Yara International ASA to the defined benefit plans for 2022 are NOK 35 million. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

NOK millions	2021	2020
Cumulative amount recognized directly in retained earnings pre tax at 1 January	(172)	(219)
Remeasurement gains / (losses) on obligation for defined benefit plans	(114)	(9)
Remeasurement gains / (losses) on plan assets for defined benefit plans	76	58
Social security on remeasurement gains / (losses) recognized directly in equity this year	(11)	(2)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	(222)	(172)
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	49	38
Cumulative amount recognized directly in retained earnings after tax at 31 December	(173)	(134)

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## 2 Remunerations and other

Remuneration and direct ownership of shares of the Chairperson and of the Board of Directors are disclosed in "Yara Executive Remuneration Report for 2021". The full report can be found at [www.yara.com](http://www.yara.com), Annual report section.

Remuneration to the President and Yara Management, as well as number of shares owned and

Long-Term Incentive Plan, are disclosed in "Yara Executive Remuneration Report for 2021".

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara International ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 5,718 thousand (2020: NOK 4,622 thousand), fee for assurance services NOK 1,755 thousand (2020: NOK 2,906 thousand), NOK 42 thousand for tax services (2020: NOK 469 thousand) and NOK 19 thousand for non-audit services (2020: NOK 187 thousand). Audit remuneration for the Group is disclosed in [note 8.3](#) to the consolidated financial statement.

At 31 December 2021, the number of employees in Yara International ASA was 635 (2020: 608).

NOK millions	2021	2020
Payroll and related costs		
Salaries	(918)	(855)
Social security costs	(126)	(109)
Net periodic pension costs	(102)	(98)
Total	(1,146)	(1,063)

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2021. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 66,800 shares during 2021. In total 66,804 shares have been sold during 2021 to 1,105 persons, 23 persons were allotted 16 shares, 118 persons were allotted 32 shares and 964 persons were allotted 65 shares. As at 31 December 2021, the foundation owns 12 shares in Yara.

## 3 Intangible assets, property, plant and equipment

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## 2021

NOK millions, except percentages and years	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	1,453	199	1,652
Addition at cost	152	11	163
Derecognition <sup>3)</sup>	(124)	–	(124)
Balance at 31 December	1,480	210	1,690
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(847)	(120)	(967)
Depreciation and amortization	(202)	(14)	(216)
Derecognition <sup>3)</sup>	57	–	57
Impairment	(33)	–	(33)
Balance at 31 December	(1,026)	(134)	(1,160)
<b>Carrying value</b>			
Balance at 1 January	605	79	684
Balance at 31 December	455	76	531
Useful life in years	3–5	4–50	
Depreciation rate	20–35%	2–25%	

<sup>1)</sup> Intangible assets mainly consist of computer software systems.<sup>2)</sup> Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2021.<sup>3)</sup> The balance includes an implementation effect from a change in accounting policy of NOK 63 million, see [Basis of preparation](#).

## 2020

NOK millions, except percentages and years	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>2)</sup>	Total
<b>Cost</b>			
Balance at 1 January	1,350	190	1,541
Addition at cost	102	9	111
Balance at 31 December	1,453	199	1,652
<b>Depreciation, amortization and impairment loss</b>			
Balance at 1 January	(654)	(107)	(761)
Depreciation and amortization	(194)	(12)	(206)
Balance at 31 December	(847)	(120)	(967)
<b>Carrying value</b>			
Balance at 1 January	697	83	780
Balance at 31 December	605	79	684
Useful life in years	3–5	4–50	
Depreciation rate	20–35%	2–25%	

<sup>1)</sup> Intangible assets mainly consist of computer software systems.<sup>2)</sup> Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2020.

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## 4 Specification of items in the income statement

### Revenue

#### Sales to geographical areas<sup>1)</sup>

NOK millions	2021			2020		
	External	Internal	Total	External	Internal	Total
Norway	-	99	99	-	83	83
European Union	2	2,359	2,361	-	1,968	1,968
Europe, outside European Union	15	23	38	24	18	42
Africa	-	24	24	-	19	19
Asia	-	77	77	-	64	64
North America	-	42	42	-	33	33
Latin America	-	172	172	-	94	94
Australia and New Zealand	-	18	18	-	18	18
<b>Total</b>	<b>17</b>	<b>2,813</b>	<b>2,830</b>	<b>24</b>	<b>2,298</b>	<b>2,322</b>

<sup>1)</sup> Figures are based on customer location.

### Other operating expenses

NOK millions	2021	2020
Selling and administrative expense	(1,972)	(1,739)
Rental and leasing <sup>1)</sup>	(57)	(59)
Travel expense	(8)	(14)
Other	(445)	(452)
<b>Total<sup>2)</sup></b>	<b>(2,482)</b>	<b>(2,264)</b>
<b>Of which research costs<sup>3)</sup></b>	<b>(625)</b>	<b>(405)</b>

<sup>1)</sup> Expenses mainly relate to office and lease contracts for company cars.

<sup>2)</sup> Of which relates to transactions with related parties NOK 934 million (2020: NOK 961 million)

<sup>3)</sup> Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities.

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## 5 Financial income and expenses

NOK millions	Notes	2021	2020
Dividends and group relief from subsidiaries		17,016	16,405
Interest income group companies	<a href="#">13</a>	470	788
Other interest income		30	35
Interest expense group companies	<a href="#">13</a>	(19)	(78)
Other interest expense		(954)	(1,056)
Interest expense defined pension liabilities	<a href="#">1</a>	(27)	(33)
Return on pension plan assets	<a href="#">1</a>	20	21
Net foreign exchange gain/(loss)		(1,740)	999
Other financial income/(expense)		77	65
Financial income/(expense), net		14,874	17,146

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## 6 Income taxes

### Specification of income tax expense

NOK millions	2021	2020
Current tax expense <sup>1)</sup>	(17)	(20)
Deferred tax income/(expense) recognized in the current year	49	(210)
Income tax income/(expense)	32	(230)

1) Withholding taxes, see specification in the table below.

### Reconciliation from nominal statutory tax rate to effective tax rate

NOK millions	2021	2020
Income before taxes	13,807	15,921
Statutory tax rate	22%	22%
Expected income taxes at statutory tax rate	(3,038)	(3,503)
<b>The tax effect of the following items:</b>		
Dividends and group relief received from subsidiary with no tax effect	3,083	3,323
Withholding taxes	(17)	(16)
Prior years adjustment	-	(4)
Tax law changes	-	-
Non-deductible expenses	1	(32)
Other	3	-
Income tax income/(expense)	32	(230)
Effective tax rate	-	(1%)



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## Specification of deferred tax assets/(liabilities)

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Charged to equity	Closing balance
<b>Non-current items</b>					
Intangible assets	-	22	-	-	22
Property, plant and equipment	6	-	-	-	7
Pension liabilities	110	49	-	11	170
Other non-current assets	(1,051)	245	1	-	(806)
Other non-current liabilities and accruals	146	140	-	-	286
<b>Total</b>	<b>(789)</b>	<b>456</b>	<b>1</b>	<b>11</b>	<b>(321)</b>
<b>Current items</b>					
Accrued expenses	98	(28)	-	-	70
<b>Total</b>	<b>98</b>	<b>(28)</b>	<b>-</b>	<b>-</b>	<b>70</b>
Tax loss carry forwards	1,608	(382)	-	-	1,228
<b>Net deferred tax asset/(liability)</b>	<b>920</b>	<b>48</b>	<b>1</b>	<b>11</b>	<b>979</b>

Tax loss carry forwards are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

## 7 Shares in subsidiaries

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Company name	Ownership <sup>1)</sup>	Ownership by other group companies	Registered office	Functional currency	Total equity in the company 2021 functional currency millions	Net income/(loss) 2021 in functional currency millions	Carrying value 2021 NOK millions	Carrying value 2020 NOK millions
<b>Subsidiaries owned by Yara International ASA</b>								
Fertilizer Holdings AS	100%	–	Norway	NOK	14,756	1,719	16,178	16,178
Yara Norge AS	100%	–	Norway	NOK	2,043	2,316	1,303	1,303
Yara Asia Pte. Ltd.	100%	–	Singapore	USD	1,108	67	1,114	1,114
Yara Colombia S.A.	70%	29%	Colombia	COP	671,295	195,484	763	763
Yara North America Inc.	100%	–	USA	USD	461	75	468	468
Yara Guatemala S.A.	100%	–	Guatemala	GTQ	170	48	24	24
Yara Lietuva, UAB	100%	–	Lithuania	EUR	3	3	23	1
Yara International Employment Co. AG	100%	–	Switzerland	EUR	1	–	1	1
Profesionistas AAL	–	100%	Mexico	MXN	14	12	–	–
Operaciones BPT	10%	90%	Mexico	MXN	13	11	–	–
Yara Clean Ammonia AS	100%	–	Norway	USD	–	–	–	–
<b>Total</b>							<b>19,876</b>	<b>19,853</b>

<sup>1)</sup> Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports. See also [note 8.4](#) to the consolidated financial statements.

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## 8 Specification of other balance sheet items

NOK millions	Notes	2021	2020
<b>Other non-current assets</b>			
Surplus on funded defined benefit plans	<u>1</u>	476	417
Long-term fair value derivative hedging instrument		2	98
Interest rate swap designated for hedging (external)		-	31
Other		38	47
<b>Total</b>		<b>517</b>	<b>593</b>
<b>Inventories</b>			
Finished goods		18	18
Raw materials		11	6
<b>Total</b>		<b>29</b>	<b>23</b>
<b>Bank loans and other short-term interest-bearing debt</b>			
External loans		1,103	985
Interest-bearing loans from group associates and joint arrangements		617	333
Bank overdraft		463	200
<b>Total</b>		<b>2,183</b>	<b>1,518</b>

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## 9 Guarantees

NOK millions	2021	2020
<b>Guarantees (off-balance sheet)</b>		
Guarantees for debt in subsidiaries	9,050	7,902
Non-financial guarantees	10,902	8,614
<b>Total</b>	<b>19,952</b>	<b>16,515</b>

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See [note 5.8](#) Secured debt and guarantees to the consolidated financial statements for further information about guarantees.

## 10 Financial risks and hedge accounting

Financial risks in Yara and the use of derivative instruments are described in [note 6.1](#) Financial risks in the consolidated financial statement. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

### Liquidity risk

Yara International ASA manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities (see [note 12](#) Long-term debt for details). Current intercompany receivables and payables mainly reflect intercompany current account balances and will fluctuate with fertilizer seasons. Committed liquidity reserves are maintained to meet unforeseen events.

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Yara International ASA's derivative instruments outstanding at 31 December are shown in the following table.

NOK millions	2021	2020
<b>Fair value of derivatives</b>		
Forward foreign exchange contracts (external)	(206)	(323)
Forward foreign exchange contracts (Yara Group internal)	11	(187)
Cross currency swaps (external)	(293)	(159)
Interest rate swaps designated for hedging (external)	(14)	106
Balance at 31 December	(501)	(563)
<b>Derivatives presented in the balance sheet</b>		
Non-current assets	2	128
Current assets	15	10
Non-current liabilities	(311)	(190)
Current liabilities	(207)	(512)
Balance at 31 December	(501)	(563)

**Forward foreign exchange contracts**

Yara is committed to the following outstanding forward foreign exchange contracts.

NOK millions	2021	2020
Forward foreign exchange contracts (external), notional amount	1,353	8,301
Forward foreign exchange contracts (Yara Group internal), notional amount	3,425	6,089

All outstanding forward foreign exchange contracts at 31 December 2021 have maturity in 2022, except non-delivable forward contracts equivalent to NOK 291 million that mature in 2023. External buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. External sell positions are in various operating currencies towards Norwegian kroner.

**Hedge accounting****Fair value hedges**

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The remaining hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 600 million fixed rate bond debt from 2014. A hedging relation for NOK 700 million of the bond debt was discontinued upon maturity in 2021.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017.

In November 2021, Yara designated a long-term NOK fixed-to-floating interest rate swap as hedging instrument. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million fixed rate bond debt from 2021.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the statement of income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

As the key parameters of the hedging instruments (interest basis, inception dates and maturity dates) are identical to the respective hedged items, no ineffectiveness has been identified.

**Cash flow hedges**

Yara had no cash flow hedges in 2021 or 2020. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

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## Effect on financial position and performance in 2021

Amounts in NOK millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	602	-	2	Long-term interest-bearing debt	Other long-term liabilities	30	(30)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	2,137	16	-	Long-term interest-bearing debt	Other long-term liabilities	84	(84)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	870	-	3	Long-term interest-bearing debt	Other long-term liabilities	3	(3)	-
- Fixed interest, NOK bonds (2021)	NOK	3M NIBOR	-	2,137	3	-	Long-term interest-bearing debt	Other long-term liabilities	3	(3)	-

<sup>1)</sup> The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.<sup>2)</sup> All amounts are pre-tax.

## Effect on financial position and performance in 2020

Amounts in NOK millions	Currency	Hedge rates	Carrying amount of the hedged item <sup>1)</sup>		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness <sup>2)</sup>	Change in value of the hedging instrument <sup>2)</sup>	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
<b>Fair value hedges</b>											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,332	-	32	Long-term interest-bearing debt	Other long-term liabilities	(43)	43	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	2,065	-	68	Long-term interest-bearing debt	Other long-term liabilities	(119)	119	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	841	-	6	Long-term interest-bearing debt	Other long-term liabilities	(4)	4	-

<sup>1)</sup> The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.<sup>2)</sup> All amounts are pre-tax.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

**Specific risks associated with the upcoming interest rate benchmark reform**

Yara is exposed to NIBOR, STIBOR and USD LIBOR interest rate benchmarks subject to the upcoming interest rate benchmark reform. Please see [note 6.1](#) Financial risks to the consolidated financial statement for further information about the transition.

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# 11 Number of shares outstanding, shareholders, equity reconciliation etc.

Yara International ASA was established 10 November 2003. The company was established with a share capital of NOK 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share.

At 31 December 2021, the company has a share capital of NOK 433,033,566 consisting of 254,725,627 ordinary shares at NOK 1.70 per share.

Yara has no own shares at 31 December 2021. For further information on these issues see [note 5.1](#) to the consolidated financial statement.

Shareholders holding 1 percent or more of the total 254,725,627 shares issued as of 31 December 2021 are according to information in the Norwegian securities' registry system (Verdipapirsentralen).

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	92,239,891	36.2%
The Government Pension Fund Norway	17,931,756	7.0%
State Street Bank <sup>1)</sup>	10,186,565	4.0%
JPMorgan Chase Bank <sup>1)</sup>	3,979,425	1.6%
Clearstream Banking <sup>1)</sup>	3,232,371	1.3%

1) Nominee accounts.

## Shareholders' equity

NOK millions	Paid in capital	Retained earnings	Total shareholders' equity
Balance 31 December 2019	577	13,943	14,521
Net income of the year	–	15,690	15,690
Dividend proposed <sup>5)</sup>	–	(5,202)	(5,202)
Actuarial gain/(loss) <sup>1)</sup>	–	37	37
Additional dividend to proposed dividend for 2020 <sup>6)</sup>	–	(4,766)	(4,766)
Adjustment to proposed dividend previous years		9	9
Treasury shares <sup>3)4)</sup>	(17)	(3,559)	(3,576)
Balance 31 December 2020	560	16,153	16,713
Net income of the year	–	13,839	13,839
Dividend proposed	–	(7,642)	(7,642)
Actuarial gain/(loss) <sup>1)</sup>	–	(39)	(39)
Additional dividend to proposed dividend for 2021 <sup>2)</sup>	–	(5,094)	(5,094)
Adjustment to proposed dividend previous years		12	12
Redeemed shares, Norwegian State <sup>3)</sup>	(3)	(711)	(715)
Treasury shares <sup>3)4)</sup>	(6)	(1,378)	(1,384)
Balance 31 December 2021	550	15,139	15,689

<sup>1)</sup> Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles [note 1](#).

<sup>2)</sup> Additional dividend as approved in Extraordinary General Meeting 6 September 2021, NOK 20 per share.

<sup>3)</sup> As approved by General Meeting 7 May 2020.

<sup>4)</sup> See [note 5.1](#) to the consolidated financial statement for more information.

<sup>5)</sup> Based on total shares issued less 5.131.128 own shares less commitment to redeem 2.912.838 shares from the Norwegian State.

<sup>6)</sup> Additional dividend as approved in Extraordinary General Meeting 17 November 2020, NOK 18 per share.

# 12 Long-term debt

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NOK millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Denominated amounts 2021		Carrying amounts	
				Currency millions	NOK millions	2021	2020
Unsecured debenture bonds in NOK (Coupon 2.55%)				–	–	–	708
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.75%)	<a href="#">6.1</a>	2022	1.57%	1,250	1,250	1,250	1,249
Unsecured debenture bonds in NOK (Coupon 3.00%)	<a href="#">6.1</a>	2022	3.02%	600	600	602	624
Unsecured debenture bonds in NOK (Coupon 2.45%)	<a href="#">6.1</a>	2022	2.48%	1,000	1,000	992	1,025
Unsecured debenture bonds in NOK (Coupon 2.41%)	<a href="#">6.1</a>	2024	2.45%	1,000	1,000	996	–
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.64%)	<a href="#">6.1</a>	2024	1.50%	1,150	1,150	1,148	–
Unsecured debenture bonds in NOK (Coupon 2.90%)	<a href="#">6.1</a>	2026	2.93%	1,000	1,000	990	1,040
Unsecured debenture bonds in SEK (Coupon STIBOR + 1.00%)	<a href="#">6.1</a>	2026	0.68%	450	439	438	470
Unsecured debenture bonds in SEK (Coupon 1.10%)	<a href="#">6.1</a>	2026	0.99%	800	782	781	841
Unsecured debenture bonds in USD (Coupon 3.80%)	<a href="#">6.1</a>	2027	3.93%	500	4,411	4,397	4,246
Unsecured debenture bonds in USD (Coupon 4.75%)	<a href="#">6.1</a>	2028	4.84%	1,000	8,822	8,789	8,488
Unsecured debenture bonds in USD (Coupon 3.15%)	<a href="#">6.1</a>	2030	3.21%	750	6,616	6,578	6,352
Unsecured bank loans in USD			1.26%	453	3,992	3,988	4,111
Outstanding long-term debt						30,949	29,154
Less: Current portion						(4,059)	(967)
Total						26,890	28,187



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At 31 December 2021, the fair value of the long-term debt, including the current portion, is NOK 32,763 million and the carrying value is NOK 30,949 million. See [note 5.3](#) Interest-bearing debt and [6.1](#) Financial risks to the consolidated financial statements for further information about long-term debt.

Payments on long-term debt fall due as follows

NOK millions	Debentures	Bank loans	Total <sup>1)</sup>
2022	2,469	1,590	4,059
2023	–	269	269
2024	1,594	1,592	3,186
2025	–	269	269
2026	6,541	269	6,809
Thereafter	16,357	–	16,357
<b>Total</b>	<b>26,961</b>	<b>3,988</b>	<b>30,949</b>

<sup>1)</sup> Including current portion.

# 13 Transactions with related parties

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Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2021	2020	NOK millions	Notes	2021	2020
<b>Income statement</b>							
Yara Belgium S.A.		1,787	1,500	Yara Holding Netherlands B.V.		135	201
Yara Brasil Fertilizantes S.A.		113	59	Yara Norge AS		65	136
Yara Norge AS		97	80	Yara Suomi Oy		57	48
Yara Sluiskil B.V.		86	76	Yara Sluiskil B.V.		55	66
Other		730	582	Yara AB		30	40
Internal revenues	<a href="#">4</a>	2,813	2,298	Yara Investments Germany SE		28	32
Yara GmbH & Co. KG		267	219	Yara Investment GmbH		21	23
Yara Asia Pte Ltd.		261	192	Yara Nederland B.V.		2	95
Yara Belgium S.A./N.V.		87	88	Other		76	147
Yara UK Ltd.		41	36	Interest income group companies	<a href="#">5</a>	470	788
Yara Suomi Oy		35	34	Yara AS		(9)	-
Yara Sluiskil B.V.		31	31	Fertilizer Holdings AS		(3)	(16)
Other		212	361	Yara Mexico S. de R.L. de C.V.		(2)	-
Other operating expenses	<a href="#">4</a>	934	961	Yara Canada Holding Inc.		(1)	(12)
Fertilizer Holdings AS		12,000	14,000	Yara Norge AS		(1)	(9)
Yara Norge AS		3,000	1,300	Yara Asia Pte Ltd		-	(10)
Yara Asia Pte Ltd		1,959	1,032	Yara Switzerland Ltd		-	(10)
Yara Guatemala S.A.		58	73	Other		(3)	(22)
Dividends and group relief from subsidiaries	<a href="#">5</a>	17,016	16,405	Interest expense group companies	<a href="#">5</a>	(19)	(78)

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NOK millions	Notes	2021	2020
<b>Non-current assets</b>			
Yara Holding Netherlands B.V.		14,394	14,726
Yara Norge AS		4,847	4,684
Yara Sluiskil B.V.		4,564	4,784
Yara Suomi Oy		3,446	3,611
Yara Investments Germany SE		3,138	3,289
Yara Investment GmbH		1,669	1,749
Yara AB		1,589	1,686
Yara France SAS		1,398	1,465
Other		2,162	2,076
Intercompany receivables		37,207	38,070
<b>Current assets</b>			
Fertilizer Holding AS		12,370	4,000
Yara AS		-	3,942
Yara Norge AS		3,049	1,344
Yara Asia Pte Ltd		1,969	5
Yara Switzerland Ltd		1,179	-
Yara AB		520	4
Other		623	3,437
Intercompany receivables		19,710	12,733
Yara Pensjonskasse		7	11
Stiftelsen for ansattes aksjer i Yara		21	-
Other related parties receivables <sup>1)</sup>		28	11

NOK millions	Notes	2021	2020
<b>Current liabilities</b>			
Yara GmbH & Co. KG		(3,389)	(2,953)
Yara Nederland B.V.		(2,727)	(7,372)
Yara Tertre S.A.		(2,409)	(2,680)
Yara Italia S.p.A.		(2,313)	(1,980)
Yara Canada Holding Inc.		(1,569)	(1,029)
Yara Norge AS		(1,459)	(363)
Other		(8,669)	(12,412)
Intercompany payables		(22,535)	(28,789)
Trinidad Nitrogen Company Ltd.		(467)	(116)
Yara Freeport LLC DBA Texas Ammonia		(147)	(217)
Yara Pilbara Nitrates Pty Ltd		(2)	-
ST Interest-bearing loans from Group associates and joint arrangements		(617)	(333)

<sup>1)</sup> Yara International ASA has transactions with Yara Pensjonskasse (pension fund) and Stiftelsen for ansatte aksjer i Yara. See [note 1](#) for more information.

Remuneration to the Board of Directors and Yara Management are disclosed in [note 8.1](#) and [8.2](#) to the consolidated financial statements.

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The Board of Directors and the CEO have today considered and approved the integrated report for Yara International ASA ("Company") and the Yara Group ("Group") for the 2021 calendar year and as of 31 December 2021.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

We confirm to the best of our knowledge that:


- The 2021 financial statements for the Company and the Group have been prepared in accordance with applicable accounting standards
- The information in the financial statements gives a true and fair view of the Company's and the
- Group's assets, liabilities, financial position and result as of 31 December 2021

- The integrated report 2021 has been prepared in accordance with the International Integrated Reporting Framework (IR)<sup>1)</sup> and meets the information requirements of the Norwegian accounting act with regard to the Report of the Board of Directors and statements on corporate governance and corporate social responsibility
- The integrated report for the Company and the Group;
  - gives a true and fair view of the Company's and the Group's development, performance and financial position, and
  - includes a description of the principal risks and uncertainty factors facing the Company and the Group
- That the country-by-country report for 2021 has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a


The Board of Directors Yara International ASA,  
Oslo 24 March 2022

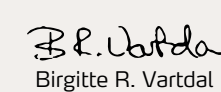
  
Trond Berger  
Chair

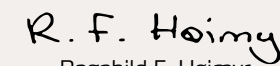
  
Kimberly Mathisen  
Vice Chair

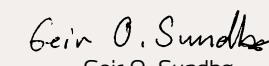
  
Adele B. Norman Pran  
Member of the Board

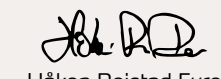
  
John Thuestad  
Member of the Board


  
Rune Bratteberg  
Member of the Board

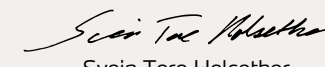
  
Birgitte R. Vartdal  
Member of the Board

  
Ragnhild F. Høimyr  
Member of the Board

  
Geir O. Sundbø  
Member of the Board

  
Håkon Reistad Fure  
Member of the Board

  
Øystein J. Kostøl  
Member of the Board

  
Svein Tore Holsether  
President and CEO

<sup>1)</sup> 2013 edition of the International Integrated Reporting Framework as published by the International Integrated Reporting Council (IIRC) on <https://integratedreporting.org/>

## The below listed parts of the Yara Annual Report 2021 constitutes the Report of the Board of Directors

Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
<b>01 THIS IS YARA</b>			
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<b>04 FINANCIAL STATEMENTS</b>			
Consolidated financial statements			
Financial statements for Yara International ASA			
<ul style="list-style-type: none"> <li>Statement from the Board and the CEO of Yara International ASA</li> </ul>			
Auditor's report			
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<b>Section 3-3a, 1<sup>st</sup> para</b>	Information regarding the nature and location of the business, including information on any branch offices.	Introduction Board message Note 8.4	<a href="#">4</a> <a href="#">106-115</a> <a href="#">217-219</a>
<b>Section 3-3a, 2<sup>nd</sup> para</b>	Review of the development and results of the company's operations and position together with a description of the key risks and uncertainty factors facing the company, hereunder also information on research and development activities.	Prosperity performance Megatrends and Our Strategy Risk management	<a href="#">59-67</a> <a href="#">18-23</a> <a href="#">116-124</a>
<b>Section 3-3a, 5<sup>th</sup> para</b>	A description that provides a basis for assessing the company's further outlook, including whether the results for the year agree with previously stated target results and expected developments and give reason for any discrepancy	Board message Prosperity performance	<a href="#">106-115</a> <a href="#">59-67</a>
<b>Section 3-3a, 6<sup>th</sup> para</b>	Information regarding any financial risk that is significant to the evaluation of the company's assets, liabilities, financial position and results.	Risk management Note 6.1 Note 1	<a href="#">116-124</a> <a href="#">197-204</a> <a href="#">136-138</a>
<b>Section 3-3a, 7<sup>th</sup> para, cfr. Section 4-5</b>	Information regarding the going concern assumption.	Prosperity performance	<a href="#">59-67</a>
<b>Section 3-3a, 8<sup>th</sup> para</b>	Proposal for the allocation of profit or settlement of loss.	Board message	<a href="#">106-115</a>
<b>Section 3-3a, 9<sup>th</sup> para</b>	Information about the work environment, along with an overview of implemented measures relevant to the working environment and including information on injuries, accidents and sick leave rates.	People performance Board message	<a href="#">43-49</a> <a href="#">106-115</a>
<b>Section 3-3a, 10<sup>th</sup> para</b>	Information on matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impact each aspect of the business has or may have, as well as measures implemented or planned implemented to prevent or reduce any negative environmental impacts, shall be stated.	Planet performance Board message Managing outcomes and value creation	<a href="#">53-55</a> <a href="#">106-115</a> <a href="#">28-29</a>
<b>Section 3-3a, 11<sup>th</sup> para</b>	Information on whether insurances covering the board members' and CEO's potential liabilities towards the company and third parties are maintained, including information on the relevant insurance coverage.	Board message	<a href="#">106-115</a>
<b>Section 3-3a, 13<sup>th</sup> para, cfr. Securities Trading Act Section 5-8a (1)</b>	Shareholders information: A description of any provisions of articles of association that restrict the right to trade in the shares of the company.	N/A	

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Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 13 <sup>th</sup> para, cfr. Securities Trading Act Section 5-8a (2)	Shareholders information: A description of who exercises the rights attached to shares in any employee share schemes where authority is not exercised directly by the employees covered by the scheme.	N/A	
Section 3-3a, 13 <sup>th</sup> para, cfr. Securities Trading Act Section 5-8a (3)	Shareholders information: Any agreements between shareholders which are known to the company and which restrict the possibilities of trading in or exercising voting rights attached to shares.	N/A	
Section 3-3a, 13 <sup>th</sup> para, cfr. Securities Trading Act Section 5-8a (4)	Shareholders information: Any significant agreements to which the company is a party, the terms of which take effect, alter or terminate as a result of a takeover bid, and a description of those terms.	N/A	
Section 3-3b	Report on corporate governance	Corporate governance	<a href="#">79–96</a>
Section 3-3c, first para	Report on social responsibility	Board message People performance Planet performance Risk management	<a href="#">106–115</a> <a href="#">43–49</a> <a href="#">53–55</a> <a href="#">116–124</a>
Section 3-3d	Report on payments to the authorities, etc. (country by country reporting)	Separate report available on Latest annual report page, <a href="#">yara.com</a>	
Act relating to equality and a prohibition against discrimination (Equality and Anti-Discrimination Act)			
Section 26a	Accounting for the factual status of gender equality, equal pay and diversity, and actions taken to fulfill requirements	People performance Board message	<a href="#">43–49</a> <a href="#">106–115</a>

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# Auditor's report



To the General Meeting of Yara International ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Yara International ASA, which comprise:

- The financial statements of the parent company Yara International ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Yara International ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company

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and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 18 years from the incorporation of the Company on 12 November 2003 for the accounting year 2004 following the demerger from Norsk Hydro ASA. We were auditors in Norsk Hydro ASA at the time for the demerger and have been auditors for Yara ASA and Norsk Hydro ASA in total for more than 20 years.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

- Tax assets and liabilities
- Impairment of goodwill and property, plant and equipment

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**Tax assets and liabilities**

**Key audit matter**

As detailed in [note 1](#) and [2.8](#), the Group has recognized deferred tax assets of USD 504 million. Total unrecognized deferred tax assets are USD 480 million, of which USD 160 million represent unused tax losses in Brazil. Recognition of these assets are based on management assumptions related to future operating results and timing of utilization.

As detailed in [note 1](#) and [2.8](#), management applies judgment to determine to what extent these deferred tax assets qualify for recognition in the statement of financial position. This involves judgment as to the likelihood of the realization of deferred tax assets. The expectation that the benefit of these deferred tax assets will be realized is dependent on sufficient taxable profits in future periods.

As detailed in [note 1](#) and [5.6](#), the Group is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to make certain judgments and estimates to recognize and measure the effect of uncertain tax positions.

Due to the significant management judgment involved in estimation and recognition of deferred tax assets, uncertain tax positions, we have assessed this to be a Key Audit Matter.

**How the matter was addressed in the audit**

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with accounting for tax balances, including deferred tax assets and uncertain tax positions.
- We involved our tax specialists in evaluating management's judgments and conclusions.
- We challenged the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets. We evaluated the forecasted taxable profits and consistency of these forecasts with historical performance.
- We evaluated management's assessment of the probable outcome related to uncertain tax positions.
- We reviewed applicable third-party evidence and correspondence with tax authorities.
- We considered the adequacy of the Group's disclosures related to uncertain tax positions and deferred tax assets.



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**Impairment of goodwill, property, plant and equipment**

**Key audit matter**

As disclosed in [note 1](#), [4.1](#) and [4.2](#), the Group has recognized goodwill of USD 789 million and property, plant and equipment (PP&E) of USD 7,133 million. The Company's goodwill is tested for impairment on an annual basis while PP&E is tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Determining whether goodwill and PP&E are impaired requires estimation of the value in use.

As disclosed in [note 4.7](#), the value in use calculation requires management to make significant estimates and assumptions related to future commodity prices, gas prices as well as assumptions related to discount rates, future production levels and capital expenditures. Changes in these assumptions could have a significant impact on the value of goodwill and PP&E.

Net impairment losses of USD 666 million were recognized in the year ended 31 December 2021.

Due to the significant judgment involved in determining the assumptions used in the testing for impairment of goodwill, property, plant and equipment we have assessed this to be a Key Audit Matter.

**How the matter was addressed in the audit**

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with the impairment review process.
- We challenged management's key assumptions used in the cash flow forecasts included within the impairment models.
- We challenged specifically the urea- and ammonia prices, gas prices, assumed production levels, capital expenditure and discount rate assumptions, including consideration of the risk of management bias.
- We compared urea- and ammonia and gas prices to third party publications.
- We used internal valuation specialists in assessing discount rate assumptions used and testing the models.
- We validated the mathematical accuracy of cash flow models and agreed relevant data to the latest production plans and approved budgets.
- We considered the adequacy of the disclosures provided by the Group in relation to its impairment reviews.

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The Board of Directors and the President and CEO (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the integrated report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the other information

- is consistent with the financial statements and
- contains the information required by applicable legal requirements regarding the Board of Directors' report.
- contains the information required by applicable legal requirements regarding the statements on Corporate Governance and Corporate Social Responsibility, and to the report on payments to governments.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial

statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

**Report on compliance with Regulation on European Single Electronic Format (ESEF)**

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 213800WKOUWXWJ5Z514-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

**Management's Responsibilities**

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

**Auditor's Responsibilities**

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 24 March 2022

Deloitte AS



Espen Johansen

State Authorised Public Accountant

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## Reconciliation of alternative performance measures in the Yara Group

Yara makes regular use of certain non-GAAP financial alternative performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA excluding special items
- Return on invested capital (ROIC)
- Premium generated
- Fixed cost
- Net operating capital (days)
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA excluding special items ratio
- Basic earnings per share excluding currency and special items

Definitions and explanations for the use of these APMs are described below, including reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements.

### Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

### EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability. Such a measure is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, share of net income in equity-accounted investees, interest income and other financial income. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

### EBITDA excluding special items

EBITDA excluding special items is used to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. For details on special items, see [page 66](#) in chapter 2, Yara in review, section Prosperity performance.

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### Reconciliation of operating income to EBITDA excluding special items

USD millions	2021	2020
Operating income	1,068	1,176
Share of net income in equity-accounted investees	23	20
Interest income and other financial income	64	62
Depreciation and amortization <sup>1)</sup>	984	919
Impairment loss <sup>2)</sup>	666	46
Earnings before interest, tax and depreciation/amortization (EBITDA)	2,804	2,223
Special items included in EBITDA <sup>3)</sup>	87	(62)
EBITDA, excluding special items	A 2,891	2,161

<sup>1)</sup> Including amortization of excess value in equity-accounted investees.

<sup>2)</sup> Including impairment loss on excess value in equity-accounted investees.

<sup>3)</sup> For details on special items, see [page 66](#) in chapter 2, Yara in review, section Prosperity performance.

### Reconciliation of net income to EBITDA

USD millions	2021	2020
Net income	384	690
Income taxes	355	160
Interest expense and other financial items	164	165
Foreign currency translation (gain)/loss	251	243
Depreciation and amortization <sup>1)</sup>	984	919
Impairment loss <sup>2)</sup>	666	46
EBITDA	2,804	2,223

<sup>1)</sup> Including amortization of excess value in equity-accounted investees.

<sup>2)</sup> Including impairment loss on excess value in equity-accounted investees.

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**ROIC**

Return on invested capital (ROIC) is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-months rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets other than goodwill, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25 percent flat rate, and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash

equivalents, plus a normalized cash level of USD 200 million, minus total current liabilities excluding short-term interest-bearing debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

NOPAT and average invested capital are defined and reconciled as components in the reporting of ROIC as an APM. They are not considered to be separate APMs.

**Reconciliation of operating income to net operating profit after tax**

USD millions	2021	2020
Operating income	1,068	1,176
Amortization and impairment of intangible assets	47	44
Interest income from external customers	58	54
Calculated tax cost (25% flat rate) on items above	(293)	(319)
Share of net income in equity-accounted investees	23	20
Net operating profit after tax (NOPAT)	903	976

**Reconciliation of net income to net operating profit after tax**

USD millions	2021	2020
Net income	384	690
Amortization and impairment of intangible assets	47	44
Interest income from external customers	58	54
Interest income and other financial income	(64)	(62)
Interest expense and other financial items	164	165
Foreign currency translation (gain)/loss	251	243
Income tax, added back	355	160
Calculated tax cost (25% flat rate)	(293)	(319)
Net operating profit after tax (NOPAT)	903	976

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Reconciliation of invested capital and ROIC calculation

USD millions		2021	2020
Total current assets as reported		7,698	5,637
Cash and cash equivalents as reported		(394)	(1,363)
Normalized level of operating cash		200	200
Total current liabilities as reported		(5,544)	(3,165)
Short-term interest-bearing debt as reported		337	345
Current portion of long-term debt as reported		476	132
Short-term lease liabilities as reported		104	111
Property, plant and equipment as reported		7,133	8,579
Right-of-use assets as reported		421	430
Goodwill as reported		789	831
Equity-accounted investees as reported		117	107
Adjustment for 3-months/12-months average		27	356
Invested capital	C	11,363	12,200
Return on invested capital (ROIC)	D=B/C	7.9%	8.0%

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**Premium generated**

Yara reports the measure Premium Generated to provide information on its commercial performance for selected Premium Products, reflecting Yara's ability to grow premium offerings and to generate a positive price premium compared with alternative commodity products. The brief definition of Premium Generated is total tonnage of delivered Premium NPKs and straight Nitrate fertilizers, multiplied by their associated price premiums. NPK premium is defined as Yara's average realized price for Premium NPKs benchmarked against a comparable and theoretically calculated blend of global nitrogen (N), phosphorus (P) and potassium (K) prices, adjusted for variable bagging costs and logistical costs. The blend model is calculated using Urea Prilled FOB Black Sea, DAP FOB North Africa, and MOP FOB Vancouver/ SOP FOB West Europe for the

respective main nutrients. These commodity prices are derived from external publications. Costs for content of secondary and micro nutrients in Yara deliveries are deducted for comparability. The Nitrate premium is defined as Yara's average sales price for straight nitrates versus the comparable value of urea. Comparability is achieved through adjusting the measures for relevant freight components and nitrogen content, such that both are represented in a theoretical delivered CIF bulk Germany value of CAN 27 percent. The urea reference applied is Urea Granular FOB Egypt, and the measure is adjusted for sulphur content. The measurement includes estimates and simplified assumptions, however, it is considered to be of sufficient accuracy to assess the premium development over time.

**Reconciliation of Premium generated**

USD millions		2021	2020
Revenues <sup>1)</sup> from premium NPKs and straight nitrates		5,318	3,949
Adjustments to revenues <sup>2)</sup>		(615)	(496)
Adjusted revenues as basis for premium generated	E	4,703	3,452
Benchmark revenue for premium generated <sup>3)</sup>	F	4,422	2,416
Calculated premium generated	G=E-F	280	1,036

<sup>1)</sup> IFRS revenues, refer to [Note 2.1](#) Revenue from contracts with customers, [page 138](#) in the financial statement part of Yara Integrated Report 2021.

<sup>2)</sup> Adjustments for logistical and bagging costs, incoterms, sulphur content, and homogenization of nutrient content (for nitrates).

<sup>3)</sup> Value of commodity fertilizers adjusted by nutrient content, secondary and micro nutrients in NPK, cost of coloring and incoterms. The commodity prices are derived from the external publications Fertecon, Fertilizer Week, Profercy, The Market and FMB.



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**Yara Improvement Program (YIP)**

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguish between three defined pillars; a) higher production returns and lower variable costs, b) leaner cost base, and c) smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide information on project performance to management, and which Yara also considers to be relevant for external stakeholders. The operational metrics are reported on a rolling 12-months basis and include:

- production volume (kt),
- energy efficiency (Gj/T),
- fixed cost (USD millions), and
- net operating capital (days).

The fixed cost, and the net operating capital measures represent financial alternative performance measures and are defined below. The production volume and energy efficiency are physical measures and are defined and reported in the Prosperity performance section in chapter 2 of the integrated report.

**Reconciliation of operating costs and expenses to fixed cost**

USD millions	2021	2020
Operating costs and expenses	15,540	10,551
Variable part of Raw materials, energy costs and freight expenses	(11,508)	(7,399)
Variable part of Other operating expenses	(37)	(31)
Depreciation and amortization	(984)	(919)
Impairment loss	(666)	(46)
Currency effects (using baseline exchange rates as of 2018)	184	209
Special items within fixed cost	(42)	(44)
Fixed cost	2,487	2,322

Fixed cost is defined as the subtotal "Operating costs and expenses" in the consolidated statement of income minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (for details on special items, see [page 66](#) in chapter 2, Yara in review, section Prosperity performance), currency effects, and items which relate to portfolio and structural changes. The currency effects are calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. The portfolio and structural changes refer to the acquisition of the Vale Cubatão Fertilizantes complex in Brazil and the ammonia plant in Freeport.

Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables adjusted for payables related to investments, relative to supplier related operating costs and expenses.

As Yara Improvement Program performance measures are presented to report on the progress towards Yara's strategic goals, previous calendar year is considered to represent the relevant comparatives.

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## Reconciliation of Net operating capital days

USD millions		2021	2020
Trade receivables as reported		2,138	1,478
Adjustment for VAT payables		(133)	(83)
Adjustment for 12-months average		(383)	106
Adjusted trade receivables (12-months average)	H	1,621	1,501
Revenue from contracts with customers		16,617	11,591
Interest income from external customers		54	51
Total revenue and interest income from customers	I	16,671	11,641
Credit days	$J=(H/I)*365$	35	47
Inventories as reported		4,003	2,161
Adjustment for 12-months average		(1,202)	(25)
Inventories (12-months average)	K	2,801	2,136
Raw materials, energy costs and freight expenses		12,136	8,021
Fixed product costs and freight expenses external customers		(1,753)	(1,522)
Product variable costs	L	10,383	6,498
Inventory days	$M=(K/L)*365$	98	120
Trade and other payables as reported		3,188	1,542
Adjustment for other payables		(164)	(113)
Adjustment for payables related to investments		(162)	(160)
Adjustment for 12-months average		(1,004)	(66)
Trade payables (12-months average)	N	1,857	1,203
Operating costs and expenses		15,540	10,551
Depreciation and amortization		(984)	(919)
Impairment loss		(666)	(46)
Other non-supplier related costs		(668)	(1,397)
Operating costs and expenses, adjusted	O	13,222	8,190
Payable days	$P=(N/O)*365$	51	54
Net operating capital days	$Q=J+M-P$	83	113

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**Capital structure measures**

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA excluding special items ratio to provide information on the Group's financial position as references to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which supplement the consolidated statement of cash flows. Net interest-bearing debt is defined by Yara as cash and

cash equivalents and other liquid assets, reduced for short-term and long-term (including current portion) interest-bearing debt, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The Net Debt/EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA excluding special items on a 12-months rolling basis.

**Net interest-bearing debt**

USD millions		31 Dec 2021	31 Dec 2020
Cash and cash equivalents		394	1,363
Other liquid assets		2	1
Short-term interest-bearing debt		(337)	(345)
Current portion of long-term debt		(476)	(132)
Short-term lease liabilities		(104)	(111)
Long-term interest-bearing debt		(3,089)	(3,371)
Long-term lease liabilities		(321)	(335)
Net interest-bearing debt	R	(3,930)	(2,930)

**Net debt/equity ratio**

USD millions		31 Dec 2021	31 Dec 2020
Net interest-bearing debt	R	(3,930)	(2,930)
Total equity	S	(7,116)	(8,220)
Net debt/equity ratio	T=R/S	0.55	0.36

**Net debt/EBITDA excluding special items ratio**

USD millions		31 Dec 2021	31 Dec 2020
Net interest-bearing debt	R	(3,930)	(2,930)
EBITDA, excluding special items (last 12 months)	A	2,891	2,161
Net debt/EBITDA excluding special items ratio	U=(R)/A	1.36	1.36

## 01 THIS IS YARA

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Auditor's report

- Reconciliation of alternative performance measures in the Yara Group

**Basic earnings per share excluding currency and special items**

Basic earnings per share (EPS) excluding currency and special items is an adjusted EPS measure which mirrors the underlying performance in the reported period by adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM represent net income after non-controlling interests, excluding foreign currency translation gain/

loss and special items after tax, divided by average number of shares outstanding in the period. The tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for simplicity.

**Earnings per share**

USD millions, except earnings per share and number of shares

		2021	2020
Weighted average number of shares outstanding	V	256,789,744	267,985,860
Net income attributable to shareholders of the parent	W	449	691
Foreign currency translation gain/(loss)	X	(251)	(243)
Tax effect on foreign currency translation gain/(loss)	Y	61	73
Special items within income before tax <sup>1)</sup>	AA	(751)	17
Tax effect on special items	AB	91	17
Special items within income before tax, net after tax	AC=AA+AB	(659)	34
Non-controlling interest's share of special items, net after tax	AD	(84)	(1)
Net income excluding currency and special items	AE=W-X-Y+Z-AC-AC+AD	1,215	826
Basic earnings per share	AF=W/V	1.75	2.58
Basic earnings per share excluding currency and special items	AG=AE/V	4.73	3.08

<sup>1)</sup> For details on special items, see [page 66](#) in chapter 2, Yara in review, section Prosperity performance.



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**Appendix J** Draft opening balances for the Transferring Company, the Acquiring Company and the Parent Company before the Merger (but after the Demerger) and after the completion of the Merger as of 30 April 2022 adjusted for relevant transaction up to 1 June 2022

**Vedlegg J** Utkast til åpningsbalanser for det Overdragende Selskap, det Overtakende Selskap og Morselskapet før Fusjonen (men etter Fisjonen) og etter gjennomføring av Fusjonen per 30. april 2022 justert for relevante transaksjoner opp til og med 1. juni

## Demerger and merger BS (NOK)

Currency: kNOK	YCA NewCo AS Draft opening balance	Yara Int. ASA Draft demerger balance	YCA Holding AS Before merger	Merger receivable (Triangular merger)	YCA Holding AS Draft balance after triangular merger	Yara Int. ASA Draft balance after triangular merger
Deferred tax asset	15,248	1,341,177	-	15,248	15,248	1,356,425
Intangible assets	-	417,061	-	-	-	417,061
Property, plant and equipment	-	73,978	-	-	-	73,978
Shares in subsidiaries	30	19,740,599	-	-	30	19,740,599
Other non-current assets	-	535,057	-	-	-	535,057
Intercompany receivables	9,756,807	37,614,391	-	-	9,756,807	37,614,391
Inventories	-	32,230	-	-	-	32,230
Other current assets	-	21,423,622	-	-	-	21,423,622
Merger receivable	-	-	-	9,756,837	-	9,756,837
Demerger receivable	-	-	-	-	-	-
Cash and cash equivalents	5,938	(1,783,476)	30	-	5,968	(1,783,476)
<b>Total Assets</b>	<b>9,778,024</b>	<b>79,394,640</b>	<b>30</b>	<b>9,772,086</b>	<b>9,778,054</b>	<b>89,166,725</b>
Share capital	(69,336)	(363,697)	(30)	-	(30)	(433,034)
Other equity	(9,702,749)	(4,215,157)	-	-	-	(13,917,906)
Employee benefit	(3,897)	(1,078,020)	-	-	(3,897)	(1,078,020)
Deferred tax liability	-	-	-	(15,248)	(15,248)	-
Net debt liabilities	(24)	(72,295,193)	-	-	(24)	(72,295,193)
Accounts payable	-	(173,236)	-	-	-	(173,236)
Merger liability	-	-	-	(9,756,837)	(9,756,837)	-
Demerger liability	-	-	-	-	-	-
Other current liabilities	(2,017)	(1,269,336)	-	-	(2,017)	(1,269,336)
<b>Equity and liabilities</b>	<b>(9,778,024)</b>	<b>(79,394,640)</b>	<b>(30)</b>	<b>(9,772,086)</b>	<b>(9,778,054)</b>	<b>(89,166,725)</b>

- Appendix K** Expert statement regarding the Merger Plan prepared by KWC Revisjon AS for the Transferring Company cf. the Public Limited Liability Act section 13-10
- Vedlegg K** Sakkyndig redegjørelse for Fusjonsplanen utarbeidet av KWC Revisjon AS for Overdragende Selskap, jf. allmennaksjeloven § 13-10



To the general meeting of Yara Clean Ammonia NewCo AS

## Report on merger plan in the transferee in an intra group merger – Yara Clean Ammonia Newco AS

### INTRODUCTION

As independent expert and on instructions from the Board of Directors in Yara Clean Ammonia NewCo AS (the “**Transferring Company**”), we report in accordance with the Norwegian Public Limited Liability Companies Act section 13-10. This report concerns the 2 June 2022 merger plan between Yara Clean Ammonia Holding AS (the “**Acquiring Company**”) and the Transferring Company, with Yara International ASA (the “**Parent Company**”) issuing consideration in accordance with the Norwegian Public Limited Liability Act section 10-2. As of the merger, the Transferring Company transfers all its assets and liabilities to the Acquiring Company against consideration to the shareholders of the Transferring Company, by way of an increase of the nominal amount of their respective shareholdings in the Parent Company. The merger is carried out as part of the contemplated carve-out from the Parent Company of the ammonia trade and shipping business, as well as the blue and green ammonia business (the “**YCA Business**”).

### THE BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors in each of the companies are responsible for the information and the valuations on which the consideration is based.

### THE INDEPENDENT EXPERT'S RESPONSIBILITY

Our responsibility is to prepare a report regarding the determination of the consideration.

The remaining report is divided into two parts. The first part is a description of the methods applied in determining the consideration to be received by the shareholders in the transferring company. The second part is our opinion on the consideration.

### PART 1: METHODS APPLIED IN DETERMINING THE CONSIDERATION

The shareholders in the Transferring Company will receive consideration by way of increase of the nominal amount on their shares in the Parent Company, which is the parent company of the Acquiring Company (which is the merger transferee).

Prior to the merger, 16.0095% of the fair market value of the Parent Company has been demerged to the Transferring Company. The demerged assets and liabilities constitute the YCA Business. The Transferring

Company and the Acquiring Company agree that the fair market values of the assets and liabilities that are being transferred to the Acquiring Company constitutes 16.0095% of the market capitalization of the Parent Company prior to the demerger in the Parent Company, determined by using the volume-weighted average price of the Parent Company five trading days prior to the demerger.

The YCA Business has been valued at NOK 19.78 billion (mUSD 2,203). This value has been determined by an external advisor (the “**Advisor**”) in a report dated 13 May 2022. The Advisor has applied a discounted cash flow (DCF) analysis as a primary approach and an analysis of multiples as a secondary approach/reasonability assessment. Moreover, the Advisor has applied a sum-of-the parts approach whereby separate enterprise values for the different demerged units which constitute the YCA Business have been determined, which in total amounts to the total enterprise value of the demerged assets. The total enterprise value of the demerged assets has subsequently been subject to adjustments to account for working capital adjustments and net debt. The Transferring Company consist of no other assets, rights and obligations than the YCA Business.

The shareholders of the Transferring Company receive merger consideration by way of increase of the nominal amount of their shares in the Parent Company, from NOK 1.4278 to NOK 1.7000 per share. This corresponds to the value of the assets and liabilities received by the Acquiring Company.

The share contribution in the Parent Company consists of a receivable against the Acquiring Company, which finances the Acquiring Company’s receipt of asset and liabilities from the Transferring Company, and which is established in connection with the merger agreement between the Acquiring Company and the Transferring Company. The share contribution in the Parent Company is contributed against an increase of the nominal amount of the shares in the Parent Company. The assets and liabilities to be transferred to the Acquiring Company are set out and described in the merger plan between the Acquiring Company and the Transferring Company.

The merger is executed at full shareholder continuity.

## **PART 2: THE INDEPENDENT EXPERT’S REPORT**

We have conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 “The auditor’s statements and reports pursuant to Norwegian company legislation”. The standard requires that we plan and perform my review to obtain reasonable assurance that the consideration received by the shareholders in the Transferring Company is reasonable and fair. Our review includes verification of the valuation of the consideration. Also, we have assessed the valuation methods that have been applied and the assumptions on which the valuation is based.

We believe that the audit evidence we have obtained is sufficient and appropriate to constitute a basis for our opinion.

**CONCLUSION**

In our opinion, the consideration to the shareholders in the Transferring Company, of an increase in the nominal amount of their shares in the Parent Company of NOK 69,336,315.6694. and share premium of NOK 9,702,749,451.0895, is reasonable and just based on the valuation of the companies as described above.

Oslo, 2 June 2022

KWC Revisjon AS

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Simen B. Weiby

*State Authorized Public Advisor (Norway)*

The translation to English has been prepared for information purposes only

Til generalforsamlingen i Yara Clean Ammonia NewCo AS

## Redegjørelse for fusjonsplanen i overdragende selskap i en konsernfusjon – Yara Clean Ammonia NewCo AS

### INNLEDNING

På oppdrag fra styret i Yara Clean Ammonia NewCo AS (det «**Overdragende Selskap**») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13-10, en redegjørelse for fusjonsplanen datert 2. juni 2022 mellom Yara Clean Ammonia Holding AS (det «**Overtakende Selskap**») og det Overdragende Selskap med Yara International ASA («**Morselskapet**») som vederlagsutstedende selskap i samsvar med allmennaksjeloven § 10-2. Ved fusjonen overdrar det Overdragende Selskap samtlige eiendeler og forpliktelser til det Overtakende Selskap mot vederlag til aksjonærene i det Overdragende Selskap, ved økning av pålydende på de respektive aksjonærenes aksjer i Morselskapet. Fusjonen gjennomføres som et ledd i å danne en ny juridisk struktur i Yara-konsernet hvor de nåværende datterselskapene av Morselskapet som er engasjert i ammoniakkhandel og –transport samt virksomheten innen blå og grønn ammoniakk ("**YCA Virksomheten**") overføres til det Overtakende Selskapet.

### STYRETS ANSVAR FOR REDEGJØRELSEN

Styrene i hvert selskap er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelse som ligger til grunn for vederlaget.

### UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse om fastsettelse av vederlaget.

Den videre redegjørelsen består av to deler. Den første delen angir hvilke fremgangsmåter som er brukt ved fastsettelsen av vederlaget til aksjeeierne i det overdragende selskapet. Den andre delen er vår uttalelse om vederlaget.

### DEL 1: REDEGJØRELSE OM FASTSETTELSE AV VEDERLAGET

Aksjonærene i det Overdragende Selskap vil motta vederlag i form av økt pålydende på aksjene i Morselskapet, som er morselskapet til det Overtakende Selskap ved fusjonen.

Forut for fusjonen er 16,0095 % av de virkelige verdiene i Morselskapet utfisjonert til det Overdragende Selskap. De utfisjonerte eiendelene og forpliktelsene utgjør YCA Virksomheten. Det Overdragende Selskap AS og det Overtakende Selskap er enige om at virkelig verdi av eiendelene, rettighetene, og forpliktelsene som fusjoneres inn i det Overtakende Selskap utgjør 16,0095 % av den virkelige verdien av Morselskapet forut for fusjonen i Morselskapet, fastsatt basert på den volumvektede gjennomsnittlige aksjekursen til Morselskapet basert på de siste fem handelsdagene før fusjonen.

Pr. tidspunktet for fisjonen i Morselskapet har de aktiva og passiva i Morselskapet som skilles ut blitt verdsatt til NOK 19,78 mrd. (USD 2 203 millioner). Denne verdsettelsen har blitt utført av en ekstern finansiell rådgiver («**Rådgiveren**»), og er inntatt en verdsettelsesrapport datert 13. mai 2022. Rådgiveren har benyttet neddiskontering av forventede fremtidige kontantstrømmer (DCF-analyse) som sin primære metode, samt multippelanalyse som sekundærmetode/støttemetode. Videre har Rådgiveren benyttet en «sum-of the parts» tilnærming, hvorefter separate virksomhetsverdier for de respektive enhetene som utgjør YCA Virksomheten har blitt fastsatt. I sum utgjør disse enhetene den samlede virksomhetsverdien til de eiendeler som skilles ut. Den samlede virksomhetsverdien av de eiendelene som skilles ut har deretter blitt justert for å reflektere nivået på netto arbeidskapital og netto rentebærende gjeld på tidspunktet for utskillelsen. Det Overdragende Selskap har ingen andre eiendeler, rettigheter eller forpliktelser enn YCA Virksomheten.

Aksjeeierne i det Overdragende Selskap mottar fusjonsvederlag ved at pålydende på deres eksisterende aksjer i Morselskapet økes fra NOK 1,4278 til NOK 1,7000 pr. aksje. Dette er i samsvar med verdien av den virksomheten som overføres til det Overtakende Selskap.

Innskuddet i Morselskapet består av en fordring på Overtakende Selskap som finansierer overtakelsen av eiendeler og forpliktelser fra Overdragende Selskap, som oppstår i forbindelse med avtale om fusjon mellom Overtakende Selskap og det Overdragende Selskap, mot økning av pålydende på aksjer i Morselskapet. De eiendeler Overtakende Selskap skal overta og forpliktelser det skal påta seg, er beskrevet i fusjonsplanen mellom Overtakende Selskap og det Overdragende Selskap.

Fusjonen gjennomføres med full eiermessig kontinuitet.

## **DEL 2: DEN UAVHENGIGE SAKKYNDIGES UTTALELSE**

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 "Revisors uttalelser og redegjørelser etter aksjelovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at vederlaget til aksjeeierne i Yara Clean Ammonia NewCo AS er rimelig og saklig begrunnet. Arbeidet omfatter kontroll av verdsettelse av vederlaget. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og av forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

## **KONKLUSJON**

Etter vår mening er begrunnelsen for vederlaget til aksjeeierne i Yara Clean Ammonia NewCo AS ved økning av pålydende på NOK 69 336 315,6694 samt overkurs NOK 9 702 749 451,0895 på deres eksisterende aksjer i Yara International ASA rimelig og saklig basert på verdsettelsen av selskapene som beskrevet ovenfor.

Oslo, 2. juni 2022

KWC Revisjon AS



Simen B. Weiby

Statsautorisert revisor

- Appendix L** Expert statement regarding the Merger Plan prepared by KWC Revisjon AS for the Acquiring Company cf. the Public Limited Liability Act section 13-10
- Vedlegg L** Sakkyndig redegjørelse for Fusjonsplanen utarbeidet av KWC Revisjon AS for Overtakende Selskap, jf. allmennaksjeloven § 13-10

To the general meeting of Yara Clean Ammonia Holding AS

## Report on the merger plan in the transferee in an intra group merger – Yara Clean Ammonia Holding AS

### INTRODUCTION

As independent expert and on instructions from the Board of Directors in Yara Clean Ammonia Holding AS, we report in accordance with the Norwegian Public Limited Liability Companies Act section 13-10. This report concerns the 2 June 2022 merger plan for Yara Clean Ammonia Holding AS (the “**Acquiring Company**”) and Yara Clean Ammonia NewCo AS (the “**Transferring Company**”), with Yara International ASA (the “**Parent Company**”) issuing consideration in accordance with the Norwegian Public Limited Liability Act section 10-2. As of the merger, the Acquiring Company receives all assets and liabilities in the Transferring Company against increase of the nominal amount of its shares in the Parent Company. The merger is carried out as part of the contemplated carve-out from the Parent Company of the ammonia trade and shipping business, as well as the blue and green ammonia business (the “**YCA Business**”).

### THE BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors in each of the companies are responsible for the information on which this report is based, and for the valuations on which the consideration is based.

### THE INDEPENDENT EXPERT'S RESPONSIBILITY

Our responsibility is to prepare a report regarding the merger plan and to report on whether the net assets to be taken over by the Acquiring Company have a value at least corresponding to the consideration.

The remaining report is divided into three parts. The first part is a presentation of facts and circumstances in accordance with the requirements set out in the Norwegian Public Limited Liability Companies Act section 13-10 and section 2-6, first clause numbers 1 – 4. The second part sets out the methods applied in determining the consideration to the shareholders in the transferring company. The third part is our opinion report.

### PART 1: INFORMATION ABOUT THE CONTRIBUTION

The assets to be received by the company as part of the merger include the following:

- all 30,000 shares in Yara Clean Ammonia Norge AS;
- existing employment contracts with the employees;

- pension obligations and accrued holiday allowance related to the employees per the completion date;
- cash equal to the pension and holiday allowance related to the employees;
- YCA Business in the Yara International, including goodwill, know-how, relevant contracts, non-disclosure agreements, memorandums of understanding, cooperation agreements and other project agreements relating to the YCA Business. This includes, but is not limited to, the YCA Business in the Transferring Company, including any goodwill and know-how, related to the "**Skrei project**" under which the Transferring Company is the entrepreneur of the project and Yara Norge AS on an interim basis has acted as the formal contract party under relevant contracts related to the project and towards relevant authorities;
- tax loss carry forward in Yara International related to the YCA Business;
- receivable towards Yara Clean Ammonia Norge AS issued in connection with Yara Clean Ammonia Norge AS' acquisition of Yara LPG Shipping AS with a nominal value of NOK 2,039,791,000;
- receivable towards Yara Clean Ammonia Norge AS issued in connection with Yara Clean Ammonia Norge AS' acquisition of Yara Clean Ammonia Switzerland Ltd. with a nominal value of NOK 7,225,242,665;
- receivable towards Yara Clean Ammonia Norge AS issued in connection with Yara Clean Ammonia Norge AS' acquisition of the rights and obligations under the relevant contracts and awarded grant related to the Skrei project, with a nominal value of NOK 307,020,000;
- receivable towards Yara Clean Ammonia US Inc. issued in connection with Yara Clean Ammonia US Inc.'s acquisition of the US trading and shipping business and the blue and green ammonia business, with a nominal value of USD 19,600,000;
- memberships in committees, research consortiums and any other interest organizations related to the YCA Business; and
- business plans, presentations, records, files, data and documents relating exclusively or predominantly to the YCA Business.

A schedule of transferred book values follows from the draft opening balance per 30 April 2022, adjusted for relevant transactions in the Transferring Company up to and including 1 June 2022.

## **PART 2: METHOD(S) APPLIED IN DETERMINING THE CONSIDERATION**

As part of the contemplated carve out of the YCA Business, the merger between the Transferring Company and the Acquiring Company has been preceded by a demerger of the Parent Company, by which the net assets related to the YCA Business have been demerged to the Transferring Company.

The demerged assets and liabilities which constitute the YCA Business have been valued at NOK 19.78 billion (mUSD 2,203). This value has been determined by an external financial advisor (the "**Advisor**") in a report dated 1 June 2022. The Advisor has applied a discounted cash flow (DCF) analysis as a primary approach and an analysis of multiples as a secondary approach/reasonability assessment. Moreover, the Advisor has applied a sum-of-the parts approach whereby separate enterprise values for the different demerged units which constitute the YCA Business have been determined, which in total amounts to the total enterprise value of the demerged assets. The total enterprise value of the demerged assets has subsequently been subject to adjustments to account for working capital and net debt. The Transferring Company consist of no other assets, rights and obligations than the YCA Business.

On this basis, the parties to the merger agree that the fair market value of the assets and liabilities transferred to the Acquiring Company constitutes 16.0095% of the pre demerger fair market value of the Parent Company.

As of the merger, the shareholders of the Transferring Company receive as consideration an increase of the nominal amount of their shares in the Parent Company of NOK 0.2722 per share in the Parent Company. Aggregate subscription price amounts to NOK 38.3632 per share, and the amount in excess of the aggregate nominal amount is provided for based on accounting continuity.



The capital contribution is settled by the Acquiring Company, at completion of the merger, issuing a merger receivable in favor of the Parent Company. The nominal amount of the merger receivable corresponds to the book value of equity received by the Acquiring Company by way of the merger, totaling NOK 9,772,086.

No particular issues have been raised in connection with determination of the consideration amount.

### **PART 3: THE INDEPENDENT EXPERT'S REPORT**

We have conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance that the assets and liabilities to be taken over by the Acquiring Company have a value at least corresponding to the agreed consideration, and to be able to report on the consideration received by the shareholders in Transferring Company. Our review includes verification of the valuation of the contribution and the consideration, including the valuation principles as well as existence and belonging. Also, we have assessed the valuation methods that have been applied and the assumptions on which the valuation is based

We believe that the audit evidence we have obtained is sufficient and appropriate to constitute a basis for our opinion.

### **CONCLUSION**

In our opinion, the assets transferred to the Acquiring Company by way of the merger have a value at least corresponding to the agreed consideration of an increase of the nominal amount of NOK 69,336,315.6694 and share premium of NOK 9,702,749,451.0895, and the basis for the consideration to the shareholders in the Transferring Company of increased nominal amount of their shares in the Parent Company of NOK 0.2722 per share, is reasonable and fair based on the valuation of the companies as described above.

Oslo, 2 June 2022

KWC Revisjon AS

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Simen B. Weiby

*State Authorized Public Advisor (Norway)*

The translation to English has been prepared for information purposes only

Til generalforsamlingen i Yara Clean Ammonia Holding AS

## Redegjørelse for fusjonsplanen i overtagende selskap i en konsernfusjon – Yara Clean Ammonia Holding AS

### INNLEDNING

På oppdrag fra styret i Yara Clean Ammonia Holding AS (det «**Overtakende Selskap**») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13-10, en redegjørelse om fusjonsplanen datert 2. juni 2022 mellom det Overtakende Selskap og Yara Clean Ammonia NewCo AS (det «**Overdragende Selskap**») med Yara International ASA («**Morselskapet**») som vederlagsutstedende selskap i samsvar med allmennaksjeloven § 10-2. Ved fusjonen overtar det Overtakende Selskap samtlige eiendeler og forpliktelser i det Overdragende Selskap mot økning i pålydende på aksjonærenes aksjer i Morselskapet. Fusjonen gjennomføres som et ledd i å danne en ny juridisk struktur i Yara-konsernet hvor virksomheten knyttet til ammoniakkhandel og –transport samt virksomhet innen blå og grønn ammoniakk ("**YCA Virksomheten**") overføres til det Overtakende Selskapet.

### STYRETS ANSVAR FOR REDEGJØRELSEN

Styrene i hvert selskap er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelse som ligger til grunn for vederlaget.

### UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse om fusjonsplanen og å uttale oss om de eiendeler det Overtakende Selskap skal overta, har en verdi som minst svarer til vederlaget. Den videre redegjørelsen består av tre deler. Den første delen er en presentasjon av opplysninger i overensstemmelse med de krav som stilles i allmennaksjeloven § 13-10 annet ledd og § 2-6 første ledd nr. 1 til 4. Den andre delen angir hvilke fremgangsmåter som er brukt ved fastsettelsen av vederlaget til aksjeeierne i det overdragende selskapet. Den tredje delen er vår uttalelse.

### DEL 1: OPPLYSNINGER OM INNSKUDET

De eiendeler det Overtakende Selskap skal overta ved fusjonen omfatter følgende:

- alle 30.000 aksjer i Yara Clean Ammonia Norge AS;
- eksisterende arbeidsavtaler med de ansatte;
- pensjonsforpliktelser og opptjente feriepenges relater til de ansatte pr. fusjonstidspunktet;
- kontanter som tilsvarer pensjon- og feriepengeforpliktelser for de overførte ansatte;
- YCA Virksomheten i det Yara International, inkludert goodwill, know-how, relevante kontrakter, konfidensialitetsavtaler, intensjonsavtaler, samarbeidsavtaler og andre prosjektavtaler knyttet til YCA

Virksomheten. Dette omfatter, men er ikke begrenset til, YCA Virksomheten i det Overdragende Selskap, herunder forretningsverdi (goodwill) og know-how, knyttet til "**Skrei-prosjektet**" som det Overdragende Selskap har utviklet og Yara Norge AS midlertidig har opptrådt som formell kontraktspart i relevante kontraktsforhold og overfor relevante myndigheter;

- fremførbart skattemessig underskudd knyttet til YCA virksomheten i Yara International;
- fordring mot Yara Clean Ammonia Norge AS utstedt i forbindelse med Yara Clean Ammonia Norge AS' erverv av Yara LPG Shipping AS med nominell verdi NOK 2 039 791 000;
- fordring mot Yara Clean Ammonia Norge AS utstedt i forbindelse med Yara Clean Ammonia Norge AS' erverv av Yara Clean Ammonia Switzerland Ltd. med nominell verdi NOK 7 225 242 665;
- fordring mot Yara Clean Ammonia Norge AS utstedt i forbindelse med Yara Clean Ammonia Norge AS' erverv av rettighetene og forpliktelsene under relevante kontrakter og tilkjent støtte knyttet til Skrei-prosjektet med nominell verdi NOK 307 020 000;
- fordring mot Yara Clean Ammonia US Inc. utstedt i forbindelse med Yara Clean Ammonia US Inc. sitt erverv av den amerikanske virksomheten knyttet til ammoniakkhandel og shipping, med nominell verdi USD 19 600 000;
- medlemskap i komiteer for forskning og utvikling, konsortier og andre interesseorganisasjoner knyttet til YCA Virksomheten; og
- forretningsplaner, presentasjoner, arkiver, filer, data og dokumenter som utelukkende eller hovedsakelig knytter seg til YCA Virksomheten.

Fordelingen av regnskapsmessige verdier mellom det Overtakende Selskap og det Overdragende Selskap er vist i eget utkast til fisjonsbalanse pr. pr. 30. april 2022, justert for relevante transaksjoner i Overdragende Selskap frem til og med 1. juni 2022.

## **DEL 2: FREMGANGSMÅTE(R) VED FASTSETTELSE AV VEDERLAGET**

Som et ledd i utskillelsen av YCA Virksomheten har det forut for fusjonen mellom det Overtakende Selskap og det Overdragende Selskap blitt gjennomført en fisjon av Morselskapet, hvoretter nettoverdiene knyttet til YCA Virksomheten har blitt utfisjonert til det Overdragende Selskap.

Pr. tidspunktet for fisjonen i Morselskapet har de aktiva og passiva i Morselskapet som skilles ut blitt verdsatt til NOK 19,78 mrd. (USD 2 203 millioner). Denne verdsettelsen har blitt utført av en ekstern finansiell rådgiver («**Rådgiveren**»), og er inntatt en verdsettelsesrapport datert 1. juni 2022. Rådgiveren har benyttet neddiskontering av forventede fremtidige kontantstrømmer (DCF-analyse) som sin primære metode, samt multippelanalyse som sekundærmetode/støttemetode. Videre har Rådgiveren benyttet en «sum-of the parts» tilnærming, hvoretter separate virksomhetsverdier for de respektive enhetene som utgjør YCA Virksomheten har blitt fastsatt. I sum utgjør disse enhetene den samlede virksomhetsverdien til de eiendeler som skilles ut. Den samlede virksomhetsverdien av de eiendelene som skilles ut har deretter blitt justert for å reflektere nivået på netto arbeidskapital og netto rentebærende gjeld på tidspunktet for utskillelsen.

Basert på dette er partene enige i at virkelig verdi av eiendelene, rettighetene og forpliktelsene som innfusjoneres i det Overtakende Selskap utgjør 16,0095 % av den virkelige verdien av Morselskapet før fisjonen.

Ved fusjonen mottar aksjonærene i det Overdragende Selskap vederlag ved økning av pålydende på aksjene i Morselskapet på NOK 0,2722 pr. eksisterende aksje Morselskapet. Samlet tegningskurs utgjør NOK 38,3632 pr. aksje og overskytende beløp utover samlet pålydende avsettes med regnskapsmessig kontinuitet.

Aksejnskuddet gjøres opp ved at det Overtakende Selskap ved fusjonens gjennomføring, utsteder en fusjonsfordring til Morselskapet. I tillegg tilføres Morselskapet en utsatt skattefordel ved innskuddet. Pålydende på fusjonsfordringen tilsvarer den bokførte egenkapitalen det Overtakende Selskap tilføres ved fusjonen, totalt NOK 9 772 086.

Det har ikke vært særlige vanskeligheter i forbindelse med fastsettelse av vederlaget.

### **DEL 3: DEN UAVHENGIG SAKKYNDIGES UTTALELSE**

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 "Revisors uttalelser og redegjørelser etter aksjelovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at de eiendeler og forpliktelser det Overtakende Selskap skal overta, har en verdi som minst svarer til det avtalte vederlaget, og for å kunne uttale oss om vederlaget til aksjeeierne i det Overdragende Selskap. Arbeidet omfatter kontroll av verdsettelsen av innskuddet og av vederlaget, herunder vurderingsprinsippene og eksistens og tilhørighet. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### **KONKLUSJON**

Etter vår mening har de eiendeler det Overtakende Selskap skal overta ved fusjonen en verdi som minst svarer til det avtalte vederlaget i form av økning av pålydende på NOK 69 336 315,6694 samt overkurs på NOK 9 702 749 451,0895, og etter vår mening er begrunnelsen for vederlaget til aksjeeierne i Yara Clean Ammonia NewCo AS på økt pålydende på NOK 0,2722 pr. eksisterende aksje i Yara International ASA rimelig og saklig basert på verdsettelsen av selskapene som beskrevet ovenfor.

Oslo, 2. juni 2022

KWC Revisjon AS



Simen B. Weiby

*Statsautorisert revisor*

**Appendix M** Expert statement regarding the non-cash capital contribution to the Parent Company prepared by KWC Revisjon AS

**Vedlegg M** Sakkyndig redegjørelse for tingsinnskuddet i Morselskapet utarbeidet av KWC Revisjon AS

To the general meeting of Yara International ASA

## Report on contribution in kind in Yara International ASA

### INTRODUCTION

As independent expert and on instructions from the Board of Directors in Yara International ASA (the “**Parent Company**”), we report in accordance with the Norwegian Public Limited Liability Companies Act section 13-10. This report concerns the 2 June 2022 merger plan between Yara Clean Ammonia Holding AS (the “**Acquiring Company**”) and the Yara Clean Ammonia NewCo AS (the “**Transferring Company**”), with the Parent Company issuing consideration in accordance with the Norwegian Public Limited Liability Act section 10-2. As of the merger, the Transferring Company transfers all its assets and liabilities to the Acquiring Company against consideration to the shareholders of the Transferring Company, by way of an increase of the nominal amount of their respective shareholdings in the Parent Company. The Transferring Company is liquidated as of the merger. The merger is carried out as part of the contemplated carve-out from the Parent Company of the ammonia trade and shipping business, as well as the blue and green ammonia business (the “**YCA Business**”).

### THE BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors is responsible for the information on which this report is based, and for the valuations on which the consideration is based.

### THE INDEPENDENT EXPERT'S RESPONSIBILITY

Our responsibility is to prepare a report on whether the assets to be transferred to the company have a value at least corresponding to the consideration.

The remaining report is divided into two parts. The first part is a presentation of information as required by the Norwegian Public Limited Liability Companies Act section 10-2, cf. section 2-6. The second part is our report on whether the assets to be transferred to the company at least have a value corresponding to the consideration.

### PART 1: INFORMATION ABOUT THE CONTRIBUTION

The shareholders in the Transferring Company will receive consideration by way of increase of the nominal amount on their shares in the Parent Company, which is the parent company of the Acquiring Company (which is the merger transferee).

Prior to the merger, 16.0095% of the fair market value of the Parent Company has been demerged to the Transferring Company. The demerged assets constitute the YCA Business. The Transferring Company and the Acquiring Company agree that the fair market values of the assets and liabilities that are being transferred to the Acquiring Company constitutes 16.0095% of the market capitalization of the Parent

Company prior to the demerger in the Parent Company, determined by using the volume-weighted average price of the Parent Company five trading days prior to the merger.

The YCA Business has been valued at NOK 19.78 billion (mUSD 2,203). This value has been determined by an external advisor (the “**Advisor**”) in a report dated 13 May 2022. The Advisor has applied a discounted cash flow (DCF) analysis as a primary approach and an analysis of multiples as a secondary approach/reasonability assessment. Moreover, the Advisor has applied a sum-of-the parts approach whereby separate enterprise values for the different demerged units which constitute the YCA Business have been determined, which in total amounts to the total enterprise value of the demerged assets. The total enterprise value of the demerged assets have subsequently been subject to adjustments to account for working capital adjustments and net debt. The Transferring Company consist of no other assets, rights and obligations than the YCA Business.

The shareholders of the Transferring Company receive merger consideration by way of increase of the nominal amount of their shares in the Parent Company, from NOK 1.4278 to NOK 1.7000 per share. This corresponds to the value of the assets and liabilities received by the Acquiring Company.

The share contribution in the Parent Company consists of a receivable against the Acquiring Company, which finances the Acquiring Company’s receipt of asset and liabilities from the Transferring Company, and which is established in connection with the merger agreement between the Acquiring Company and the Transferring Company. The share contribution in the Parent Company is contributed against an increase of the nominal amount of the shares in the Parent Company. The assets and liabilities to be transferred to the Acquiring Company are set out and described in the merger plan between the Acquiring Company and the Transferring Company.

The merger receivable has a nominal amount of NOK 9,756,837,470, with a corresponding deferred tax asset of NOK 15,248,297, which in total corresponds to the book value of the net assets transferred to the Acquiring Company by way of the merger (NOK 9,772,085,767). The fair market value of the merger receivable is deemed to at least correspond to its nominal amount.

## **PART 2: THE INDEPENDENT EXPERT’S REPORT**

We have conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 “The auditor’s statements and reports pursuant to Norwegian company legislation”. The standard requires that our plan and perform our review to obtain reasonable assurance that the assets and liabilities to be taken over by the company, have a value at least corresponding to the agreed consideration. Our review includes verification of the valuation of the contribution in kind. Also, we have assessed the valuation methods that have been applied and the assumptions on which the valuation is based.

We believe that the audit evidence we have obtained is sufficient and appropriate to constitute a basis for our opinion.

**CONCLUSION**

In our opinion, the assets to be taken over by the company as of the contribution in kind have been valued in accordance with methods described above, and have a value per 2 June 2022 at least corresponding to the agreed consideration of increase of the nominal amount per share in the Parent Company of NOK 0.2722, corresponding to an aggregate nominal amount of NOK 69,336,31.6694, including share premium of NOK 9,702,749,451.0895.

Oslo, 2 June 2022

KWC Revisjon AS

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Simen B. Weiby

*State Authorized Public Advisor (Norway)*

The translation to English has been prepared for information purposes only



Til generalforsamlingen i Yara International ASA

## Redegjørelse for tingsinnskuddet i Yara International ASA

### INNLEDNING

På oppdrag fra styret i Yara International ASA («**Morselskapet**») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13-10, en redegjørelse for fusjonsplanen datert 2. juni 2022 mellom Yara Clean Ammonia Holding AS (det "**Overtakende Selskap**") og Yara Clean Ammonia NewCo AS (det "**Overdragende Selskap**") med Morselskapet som vederlagsutstedende selskap i samsvar med allmennaksjeloven § 10-2. Ved fusjonen overdrar det Overdragende Selskap samtlige eiendeler og forpliktelser til det Overtakende Selskap mot økning i pålydende på aksjonærenes aksjer i Morselskapet. Det Overdragende Selskap oppløses ved fusjonen. Fusjonen gjennomføres som et ledd i å danne en ny juridisk struktur i Yara-konsernet hvor de nåværende datterselskapene av Morselskapet som er engasjert i ammoniakkhandel og –transport samt virksomheten innen blå og grønn ammoniakk ("**YCA Virksomheten**") overføres til det Overtakende Selskapet.

### STYRETS ANSVAR FOR REDEGJØRELSEN

Styret er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelse som ligger til grunn for vederlaget.

### UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse og uttale oss om de eiendeler Morselskapet skal overta har en verdi som minst svarer til vederlaget.

Den videre redegjørelsen består av to deler. Den første delen er en presentasjon av opplysninger i overensstemmelse med de krav som stilles i allmennaksjeloven § 10-2, jf § 2-6. Den andre delen er vår uttalelse om at de eiendeler selskapet skal overta, har en verdi som minst svarer til vederlaget.

### DEL 1: OPPLYSNINGER OM INNSKUDET

Aksjonærene i det Overdragende Selskap mottar vederlag i form av økning av pålydende på sine aksjer i Morselskapet, som er morselskap til det Overtakende Selskap.

Forut for fusjonen har 16,0095 % av virkelig verdi av Morselskapet blitt fisjonert ut til det Overdragende Selskap. De utfisjonerte eiendelene og forpliktelsene utgjør YCA Virksomheten. Det Overdragende Selskap og det Overtakende Selskap er enige om at virkelig verdi av de eiendeler og forpliktelser som overføres til det Overtakende Selskap utgjør 16,0095 % av markedsverdien (samlet børsverdi) av Morselskapet forut for fisjonen av Morselskapet, fastsatt basert på volumvektet gjennomsnittlig aksjekurs for Morselskapet for de siste fem handelsdagene før fusjonen.

Pr. tidspunktet for den forutgående fisjonen i Morselskapet har de aktiva og passiva i Morselskapet som skilles ut blitt verdsett til NOK 19,78 mrd. (USD 2 203 millioner). Denne verdsettelsen har blitt utført av en ekstern finansiell rådgiver («**Rådgiveren**»), og er inn tatt en verdsettelsesrapport datert 13. mai 2022. Rådgiveren har benyttet neddiskontering av forventede fremtidige kontantstrømmer (DCF-analyse) som sin primære metode, samt multippelanalyse som sekundærmetode/støttemetode. Videre har Rådgiveren benyttet en «sum-of the parts» tilnærming, hvoretter separate virksomhetsverdier for de respektive enhetene som utgjør YCA Virksomheten har blitt fastsatt. I sum utgjør disse enhetene den samlede virksomhetsverdien til de eiendeler som skilles ut. Den samlede virksomhetsverdien av de eiendelene som skilles ut har deretter blitt justert for å reflektere nivået på netto arbeidskapital og netto rentebærende gjeld på tidspunktet for utskillelsen. Det Overdragende Selskap har ingen andre eiendeler, rettigheter eller forpliktelser enn YCA Virksomheten.

Ved fusjonen mottar aksjonærene i det Overdragende Selskap vederlag ved økning av pålydende på aksjene i Morselskapet fra NOK 1,4278 til NOK 1,7000 pr. eksisterende aksje Morselskapet. Dette tilsvarer verdien av de eiendeler og forpliktelser som overføres til det Overtakende Selskap.

Innskuddet i Morselskapet består av en fordring på Overtakende Selskap som finansierer overtakelsen av eiendeler og forpliktelser fra det Overdragende Selskap, som oppstår i forbindelse med avtale om fusjon mellom det Overtakende Selskap og det Overdragende Selskap mot vederlag ved økning av pålydende på aksjene i Morselskapet. De eiendeler og forpliktelser det Overtakende Selskap skal overta er beskrevet i fusjonsplanen mellom det Overtakende Selskap og det Overdragende Selskap.

Pålydende på fusjonsfordringen utgjør NOK 9 756 837 470 og den tilhørende utsatte skattefordelen utgjør NOK 15 248 297, som samlet tilsvarer den bokførte egenkapitalen det Overtakende Selskap tilføres ved fusjonen, totalt NOK 9 772 085 767. Virkelig verdi av fusjonsfordringen er vurdert å minst tilsvare pålydende verdi.

## **DEL 2: DEN UAVHENGIG SAKKYNDIGES UTTALELSE**

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 "Revisors uttalelser og redegjørelser etter aksjelovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at de eiendeler og forpliktelser selskapet skal overta, har en verdi som minst svarer til det avtalte vederlaget. Arbeidet omfatter kontroll av verdsettelsen av innskuddet herunder vurderingsprinsippene og eksistens og tilhørighet. Videre har vi vurdert de verdsettelsesmetoder som er benyttet, og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

## KONKLUSJON

Etter vår mening er de eiendeler selskapet skal overta ved kapitalforhøyelsen verdsatt pr. 2. juni 2022 i overensstemmelse med de beskrevne prinsipper og har en verdi som minst svarer til det avtalte vederlaget i økt pålydende på NOK 0,2722 pr. aksje i Yara International ASA, tilsvarende totalt pålydende på NOK 69 336 315,6694 samt overkurs NOK 9 702 749 451,0895.

Oslo, 2. juni 2022

KWC Revisjon AS



Simen B. Weiby

*Statsautorisert revisor*

**Appendix N** Report on the Merger from the boards of directors of the Transferring Company, the Acquiring Company and the Parent Company

**Vedlegg N** Rapport om Fusjonen fra styrene i det Overtakende Selskap, det Overdragende Selskap og Morselskapet

**RAPPORT OM FUSJON MELLOM  
YARA CLEAN AMMONIA NEWCO AS OG  
YARA CLEAN AMMONIA HOLDING AS  
MED YARA INTERNATIONAL ASA SOM  
VEDERLAGSUTSTEDENDE SELSKAP**

**1. INNLEDNING**

Styrene i Yara Clean Ammonia NewCo AS, org. nr. 928 352 447 ("**Overdragende Selskap**") og Yara Clean Ammonia Holding AS, org. nr. 928 352 498 ("**Overtakende Selskap**") er blitt enige om en felles fusjonsplan for en trekantfusjon. Som fusjonsvederlag vil aksjonærene i det Overdragende Selskap på tidspunktet for gjennomføringen av fusjonen få oppskrevet pålydende verdi på sine aksjer i morselskapet til det Overtakende Selskap, Yara International ASA, org. nr. 986 228 608 ("**Morselskapet**").

Denne rapporten datert 2. juni 2022 er utarbeidet av styrene i hvert av det Overdragende Selskap, det Overtakende Selskap og Morselskapet i henhold til allmennaksjeloven § 13-9. Rapporten gir en oversikt hva fusjonen vil bety for selskapene.

Fusjonen vil innebære at det Overdragende Selskaps eiendeler, rettigheter og forpliktelser som en helhet vil bli overført til det Overtakende Selskap. Det Overdragende Selskap vil bli oppløst på tidspunktet for gjennomføringen av fusjonen.

Fusjonen vil bli gjennomført i henhold til reglene i allmennaksjeloven kapittel 13.

**2. BEGRUNNELSE FOR FUSJONEN**

Fusjonen gjennomføres som et ledd i utskillelsen av eiendeler, rettigheter og forpliktelser i Morselskapet knyttet til ammoniakkhandel og shipping samt initiativer knyttet til blå og grønn ammoniakk ("**YCA Virksomheten**") gjennom å danne en ny juridisk struktur i Yara-konsernet hvor YCA virksomheten skal ligge i et heleid datterselskap av Morselskapet. Direkte forut for fusjonen vil derfor Morselskapet utfisjonere YCA Virksomheten til det Overdragende Selskap ("**Fisjonen**"), slik at den umiddelbart deretter kan

**REPORT ON MERGER BETWEEN  
YARA CLEAN AMMONIA NEWCO AS AND  
YARA CLEAN AMMONIA HOLDING AS  
WITH YARA INTERNATIONAL ASA AS THE  
COMPANY  
ISSUING CONSIDERATION**

**1. INTRODUCTION**

The board of directors of each of Yara Clean Ammonia NewCo AS, business reg. no. 928 352 447 (the "**Transferring Company**") and Yara Clean Ammonia Holding AS, business reg. no. 928 352 498 (the "**Acquiring Company**") have agreed on a joint merger plan for a triangular merger. As merger consideration, the shareholders in the Transferring Company at the time of completion of the merger will receive an increase of the nominal value of their shares in the parent company of the Acquiring Company, Yara International ASA, business reg. no. 986 228 608 (the "**Parent Company**").

This report on 2 June 2022 has been prepared by the board of directors of the Transferring Company, the Acquiring Company and the Parent Company in accordance with section 13-9 of the Norwegian Public Limited Liability Companies Act. The report provides an overview of what the merger will entail for the companies.

The merger will entail that the Transferring Company's assets, rights and liabilities as whole will be transferred to the Acquiring Company. The Transferring Company will be dissolved at the time of completion of the merger.

The merger will be carried out in accordance with provisions of chapter 13 of the Norwegian Public Limited Liability Companies Act.

**2. REASONS FOR THE MERGER**

The merger is carried out as a part the carve out of assets, rights and liabilities in the Parent Company pertaining to ammonia trade and shipping as well as blue and green ammonia initiatives (the "**YCA Business**") through the formation of a new legal structure in the Yara group in which the YCA Business will be placed in a wholly owned subsidiary of the Parent Company. Immediately prior to the merger, the Parent Company will therefore demerge the YCA Business to Transferring Company (the "**Demerger**"), so that this immediately thereafter

overføres til det Overtakende Selskap gjennom fusjonen.

Etter gjennomføringen av fusjonen er intensjonen å overføre aksjene i Yara Clean Ammonia Holding AS til Yara Clean Ammonia AS, org. nr. 928 652 920 for å ferdigstille utskillelsen av YCA Virksomheten med Yara Clean Ammonia AS som morselskap og direkte datterselskap av det Overdragende Selskap.

### **3. FUSJONSVEDERLAG**

Aksjonærene i det Overdragende Selskap på tidspunktet for gjennomføring av fusjonen vil motta vederlag i form av oppskrivning av pålydende verdi på sine aksjer i Morselskapet. Vederlaget fordeles i forhold til hvor mange aksjer den enkelte aksjonær eier i det Overdragende Selskap på tidspunktet for gjennomføringen av fusjonen. Oppskrivningen av pålydende på aksjene i Morselskapet vil tilsvare nedskrivningen av Morselskapets aksjekapital som gjennomføres i forbindelse med Fusjonen. Fusjonen og fusjonen vil således ikke medføre økonomiske konsekvenser av betydning for eksisterende aksjonærer i Morselskapet.

Som aksjeinnskudd for økningen av pålydende på aksjene i Morselskapet, vil Morselskapet få en fordring på det Overtakende Selskap i et beløp tilsvarende den egenkapital det Overtakende Selskap blir tilført gjennom fusjonen.

Vederlaget er blitt fremforhandlet av styrene i de fusjonerende selskapene og Morselskapet på basis av hva styrene i hvert av disse selskapene anser å være den reelle verdien av hvert av de aktuelle selskapene. Det vises for øvrig til sakkyndige redegjørelser avgitt i forbindelse med fusjonsplanen.

### **4. BETINGELSER FOR GJENNOMFØRING AV FUSJONEN**

Gjennomføringen av fusjonen er betinget av at den godkjennes med det nødvendige flertall av generalforsamlingene i begge de fusjonerende selskapene, at kapitalforhøyelsen for å øke pålydende på Morselskapets aksjer vedtas med nødvendig flertall av generalforsamlingen i Morselskapet, samt at det ikke fremsettes innsigelser fra kreditorer i noen av de fusjonerende selskapene eller at slike innsigelser er avklart.

can be transferred to the Acquiring Company through the merger.

Following the completion of the merger, the intention is to transfer the shares in Acquiring Company to Yara Clean Ammonia AS, company registration no. 928 652 920, in order to complete the carve-out of the YCA Business, with Yara Clean Ammonia AS as the ultimate holding company and direct subsidiary of the Parent Company.

### **3. MERGER CONSIDERATION**

The shareholders of the Transferring Company at the time of completion of the merger will receive a consideration in the form of an increase of the nominal value of their shares in the Parent Company. The consideration is allocated in proportion to how many shares each shareholder owns in the Transferring Company at the time of completion of the merger. The increase of the nominal value of the shares in the Transferring Company will equal the decrease of the Parent Company's shares capital that is carried out in connection with the Demerger. Thus, the Demerger and the merger will not entail any financial consequences of importance for existing shareholders in the Parent Company.

As share contribution for the increase in nominal value of the shares in the Parent Company, the Parent Company will receive a claim towards the Acquiring Company equal to the equity that is transferred to the Acquiring Company through the merger.

The consideration is negotiated by the boards of directors in the merging companies and in the Parent Company on the basis of what the board of directors in each of these companies consider to be the real value of each of the relevant companies. Reference is otherwise made to the independent expert statements made in connection with the merger plan.

### **4. CONDITIONS FOR COMPLETION OF THE MERGER**

Completion of the merger is conditioned upon approval by the required majority in the general meetings of each of the merging companies, that the share capital increase for increase of the nominal value of the Parent Company's shares is approved with the required majority in the general meeting of the Parent Company, as well as there not being any objections from creditors in any of the merging companies or that any such objections have been settled.

Det er videre en betingelse for fusjonen at Fisjonen av Morselskapet gjennomføres i henhold til fisjonsplan datert 2. juni 2022.

## **5. PROSESS FOR GJENNOMFØRING AV FUSJONEN**

Fusjonen krever godkjenning av generalforsamlingene i både det Overdragende Selskap og Overtakende Selskap. I tillegg må generalforsamlingen i Morselskapet vedta den nødvendige kapitalforhøyelsen for øke pålydende på Morselskapets aksjer. Fusjonen vil bli behandlet på ekstraordinære generalforsamlinger i det Overdragende Selskap, det Overtakende Selskap og Morselskapet planlagt tidlig juli 2022. For at fusjonsplanen skal godkjennes må den vedtas med minst to tredeler av de avgitte stemmer og den representerte kapital på disse generalforsamlingene.

Etter at fusjonsplanen er godkjent av generalforsamlingene vil fusjonsbeslutningen bli meldt til Foretaksregisteret av både det Overdragende Selskap og det Overtakende Selskap.

Foretaksregisteret vil deretter kunngjøre fusjonsbeslutningene og varsle selskapenes kreditorer om at innsigelse mot fusjonen må meldes innen seks uker fra kunngjøringen i Brønnøysundregistrens elektroniske kunngjøringspublikasjon. I denne seks ukers kreditorvarselperioden vil kreditorene til de fusjonerende selskapene kunne komme med innsigelser mot fusjonen.

Etter utløpet av kreditorvarselperioden vil gjennomføringen av fusjonen bli meldt til Foretaksregisteret forutsatt at betingelsene for gjennomføring av fusjonen er til stede. Gjennomføringen er anslått å finne sted rundt 23. august 2022.

På tidspunktet for registreringen av gjennomføringen av fusjonen i Foretaksregisteret vil det Overdragende Selskap oppløses og pålydende på samtlige av aksjene i Morselskapet vil økes.

## **6. KONSEKVENSER FOR DE ANSATTE**

Det vil på tidspunktet for gjennomføringen av fusjonen være 23 ansatte i det Overdragende

Further, it is a condition for the merger that the Demerger of the Parent Company is completed in accordance with the demerger plan of 2 June 2022.

## **5. PROCESS FOR COMPLETION OF THE MERGER**

The merger requires approval from the general meetings in each of the Transferring Company and Acquiring Company. In addition, the general meeting in the Parent Company must approve the necessary share capital increase in the Parent Company in order to increase the nominal value of the shares in the Parent Company. The merger will be considered at the extraordinary general meetings of the Transferring Company, the Acquiring Company and the Parent Company scheduled to early July 2022. Approval of the merger plan requires at least two-thirds of the votes cast and the represented share capital at the general meetings.

Subsequent to the general meetings' approval of the merger plan, the merger resolution will be filed with the Norwegian Register of Business Enterprises by each of the Transferring Company and the Acquiring Company.

The Norwegian Register of Business Enterprises will thereafter announce the merger resolution and notify the creditors of the companies that objections against the merger must be reported within six weeks from the announcement in the Norwegian Register of Business Enterprises' electronic announcement system. During this six weeks creditor period, the merging companies' creditors may present their objections against the merger.

Subsequent to the expiry of the creditor deadline, the completion of the merger will be filed with the Norwegian Register of Business Enterprises subject to the satisfaction of the conditions for completion of the merger. The completion is expected to take place on or about 23 August 2022.

At the time of registration of completion of the merger in the Norwegian Register of Business Enterprises, the Transferring Company will be dissolved and the nominal value of the shares in the Company will be increased.

## **6. CONSEQUENCES FOR THE EMPLOYEES**

As of the time of completing the merger, the Transferring Company will have 23 employees,

Selskap, og ingen ansatte i det Overtakende Selskap.

Rettighetene og pliktene til de ansatte som overføres vil overføres til det Overtakende Selskap i henhold til reglene i arbeidsmiljølovens kapittel 16.

Intensjonen er at fusjonen ikke skal medføre særlige endringer i ansettelsesvilkårene for ansatte i Overdragende Selskap når deres ansettelsesforhold er overført til Overtakende Selskap.

Det er gitt informasjon til og gjennomført drøftinger med tillitsvalgte i Yara-konsernet om reorganiseringen i Yara-konsernet, herunder om fusjonen, i overensstemmelse med arbeidsmiljølovens regler, annen lovgivning og gjeldende avtaler. Fusjonen forventes ikke å føre til omlegginger av driften som vil medføre større endringer eller omdisponeringer for arbeidsstyrken. Det er selskapenes intensjon at lokaliseringen av den overførte virksomheten skal forbli som i dag.

Fusjonen vil ikke påvirke eksisterende ansatterepresentasjon i Morselskapets styre eller styrene i dets datterselskaper. De overførte ansatte vil etter fusjonen fortsatt ha stemmerett og være valgbar til styret i Morselskapet i henhold til gjeldende konsernordning i Morselskapet. Det Overtakende Selskap vil drøfte eventuell ansatterepresentasjon i det Overtakende Selskap med de tillitsvalgte i Yara-konsernet i overensstemmelse med arbeidsmiljølovens regler, annen lovgivning og gjeldende avtaler.

Denne rapporten og fusjonsplanen vil bli gjort tilgjengelig for de ansatte i overensstemmelse med allmennaksjeloven § 13-11

## **7. SKATTEMESSIGE KONSEKVENSER**

Fusjonen er antatt å oppfylle vilkårene for skattemessig kontinuitet etter norsk rett. Dette innebærer at fusjonen ikke vil utløse beskatning i Norge for det Overdragende Selskap eller Overtakende Selskap.

For norske aksjonærer i det Overdragende Selskap vil fusjonen således ikke utløse realisasjonsbeskatning. Inngangsverdien på den enkelte aksjonærs aksjer i det Overdragende Selskap vil bli fordelt på aksjene i det Morselskapet.

and the Acquiring Company will have no employees.

The rights and obligations of the transferred employees will be transferred to the Acquiring Company in accordance with the provisions of chapter 16 of the Norwegian Working Environment Act.

The intention is that the merger will not imply adverse changes to the terms and conditions for the employees in the Transferring Company when they are transferred to the Acquiring Company.

The employee representatives in the Yara group have been informed and consulted about the reorganisation in the Yara group, including the merger, in accordance with the Norwegian Working Environment Act, other legislation and applicable agreements. The merger is not expected to entail any changes or rearrangements for the workforce. It is the companies' intention that the location of the transferred business shall remain as of today.

The merger will not affect the existing employee representation in the Parent Company's board of directors or the boards of directors in its subsidiaries. The transferred employees will continue to have voting rights and be eligible for election to the board of the Parent Company's board of directors after the merger in accordance with the applicable group scheme in the Parent Company. The Acquiring Company will discuss any employee representation in the Acquiring Company with the employee representatives in the Yara group in accordance with the Norwegian Working Environment Act, other legislation and applicable agreements.

This report and the demerger plan will be made available to the employees in accordance with section 13-11 of the Norwegian Public Limited Liability Companies Act.

## **7. TAX CONSEQUENCES**

The merger is considered to fulfil the conditions for tax continuity pursuant to Norwegian law. This entails that the merger will not trigger any taxation in Norway for the Transferring Company or the Acquiring Company.

For Norwegian shareholders in the Transferring Company, the merger will on this basis not trigger any taxation of capital gains. The input value of each shareholder's shares in the Transferring Company will be transferred to the shares in the Parent Company.



Utenlandske aksjonærer må selv undersøke de skattemessige konsekvensene fusjonen vil ha i deres hjemland.

*I tilfelle motstrid mellom den norske teksten og den engelske oversettelsen, skal den norske teksten gjelde.*

[signaturside følger]

Foreign shareholders must independently examine the tax effects of the demerger in their own jurisdictions.

*In case of any discrepancies between the Norwegian text and the English translation, the Norwegian text shall prevail.*

[signature page follows]

[Signature page for report on merger between Yara Clean Ammonia NewCo AS and Yara Clean Ammonia Holding AS with consideration in Yara International ASA - Signaturside for rapport for fusjon mellom Yara Clean Ammonia NewCo AS og Yara Clean Ammonia Holding AS med vederlag i Yara International ASA]

**The board of directors of / Styret i  
Yara Clean Ammonia Holding AS**

DocuSigned by:

*Alvin Rosvoll*

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Alvin Kristian Rosvoll  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:

*Kristine Ryssdal*

DECBBC8EB9CE493

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Kristine Elene Stray Ryssdal  
*Board member*  
*Styremedlem*

DocuSigned by:

*Thor Giæver*

0A8FEC9D6E64443

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Thor Samuel Giæver  
*Board member*  
*Styremedlem*

[Signature page for report on merger between Yara Clean Ammonia NewCo AS and Yara Clean Ammonia Holding AS with consideration in Yara International ASA - Signaturside for rapport for fusjon mellom Yara Clean Ammonia NewCo AS og Yara Clean Ammonia Holding AS med vederlag i Yara International ASA]

**The board of directors of / Styret i  
Yara Clean Ammonia NewCo AS**

DocuSigned by:

*Alvin Rosvoll*

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Alvin Kristian Rosvoll  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:

*Kristine Ryssdal*

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Kristine Elene Stray Ryssdal  
*Board member*  
*Styremedlem*

DocuSigned by:

*Thor Giæver*

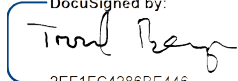
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Thor Samuel Giæver  
*Board member*  
*Styremedlem*

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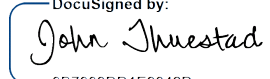
**The board of directors of / Styret i  
Yara International ASA**

DocuSigned by:  
  
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**Trond Berger**  
*Chairperson of the board*  
*Styreleder*

DocuSigned by:  
  
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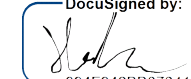
**Jannicke Hilland**  
*Deputy chairperson*  
*Styrets nestleder*

DocuSigned by:  
  
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**John Gabriel Thuestad**  
*Board member*  
*Styremedlem*

DocuSigned by:  
  
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**Tove Feld**  
*Board member*  
*Styremedlem*

DocuSigned by:  
  
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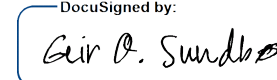
**Håkon Reistad Fure**  
*Board member*  
*Styremedlem*

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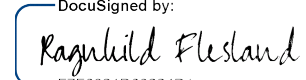
**Birgitte Ringstad Vartdal**  
*Board member*  
*Styremedlem*

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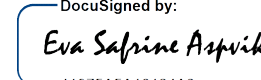
**Rune Asle Bratteberg**  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
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**Geir Olav Sundbø**  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
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**Ragnhild Flesland Høimyr**  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*

DocuSigned by:  
  
41075A5A16124A3

**Eva Safrine Aspvik**  
*Board member*  
*Styremedlem*  
*(employee representative)*  
*(ansattrepresentant)*