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

17,800 employees

58 NOK
Total cash returns per share paid and proposed for 2021

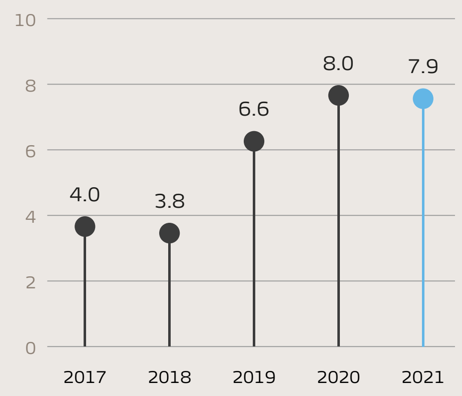
7.9% Return on invested capital (8.0% in 2020)[1)]

1,068 MUSD
Operating income (1,176 in 2020)[1)]

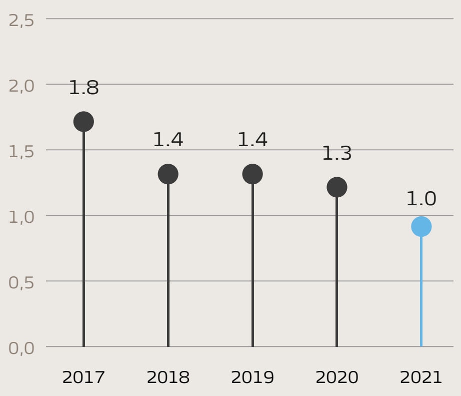
77% Diversity and inclusion index (74% in 2020)

17.5 million tonnes
Scope 1+2 CO_2e emissions (17.7 in 2020)

ROIC (Percent)



TRI



		2021	2020
Prosperity performance			
Revenue and other Income	USD million	16,607	11,728
Operating income[1)]	USD million	1,068	1,176
EBITDA[1)2)]	USD million	2,804	2,223
Net income attributable to shareholders of the parent	USD million	384	691
Investments[3)]	USD million	902	933
Debt/Equity ratio[1)4)]		0.55	0.36
Net cash flow from operations	USD million	1,406	2,047
Basic earnings per share[5)]	USD	1.75	2.58
People performance			
Engagement rate	Percent	79	79
TRI rates[6)]	Per million hours worked	1.0	1.3
Planet performance			
GHG intensity[7)]	GHG/tonne produced	3.0	3.0
Energy use	Petajoules		279

1) See page 255 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 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

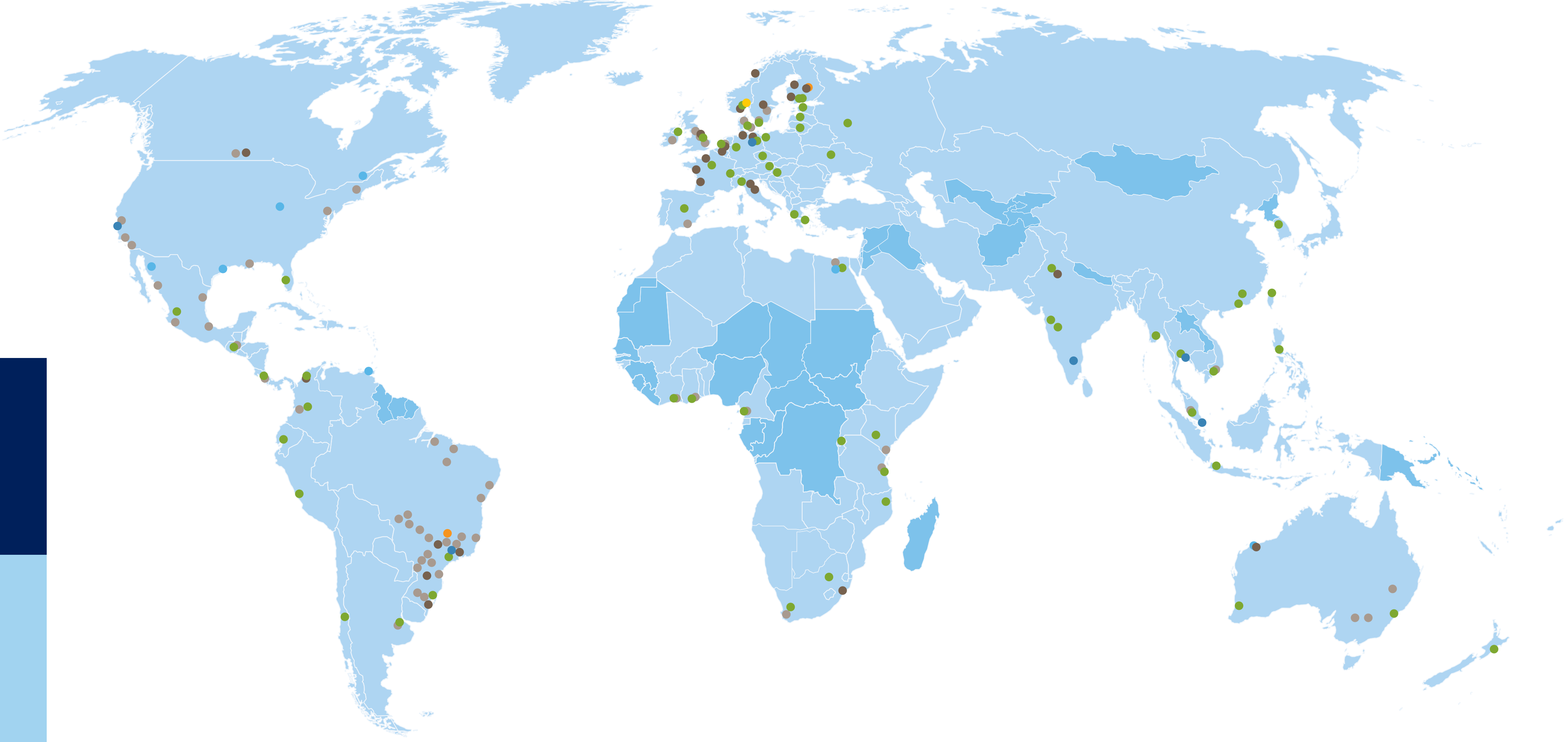
160

Production plants

28

Terminals, warehouses, blending units and bagging facilities

200



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

[2] Yara operated terminals and logistical production sites

[3] Salitre, Brazil, is being divested

- Countries with sales[1]
- Head office
- Yara Plants
- Smaller sites[2]
- Phosphate mines[3]
- Joint ventures
- Sales/marketing offices, R&D sites
- Digital Hub

Content

01
THIS IS YARA
Our strategic direction

02
YEAR IN REVIEW
Responsible performance

03
FROM THE BOARDROOM
Delivering on our commitment

04
FINANCIAL STATEMENTS
Transparent performance

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.

WSJ 100 MOST SUSTAINABLY MANAGED COMPANIES 2021

Listed as one of the 100 most sustainably managed companies in the world

FORTUNE

Yara was ranked as no. 29 on Fortune's prestigious Change the World List

THE GOVERNANCE GROUP

Number three in a review of ESG disclosures from the 100 largest companies on the Oslo Stock Exchange

FINANCE FOR THE FUTURE

Yara won the Finance for the Future award in the category "Communicating Integrated Thinking"

SUSTAINALYTICS a Morningstar company

Medium risk and number two of 60 Agri-Chemicals companies

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.

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."

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.

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

2021

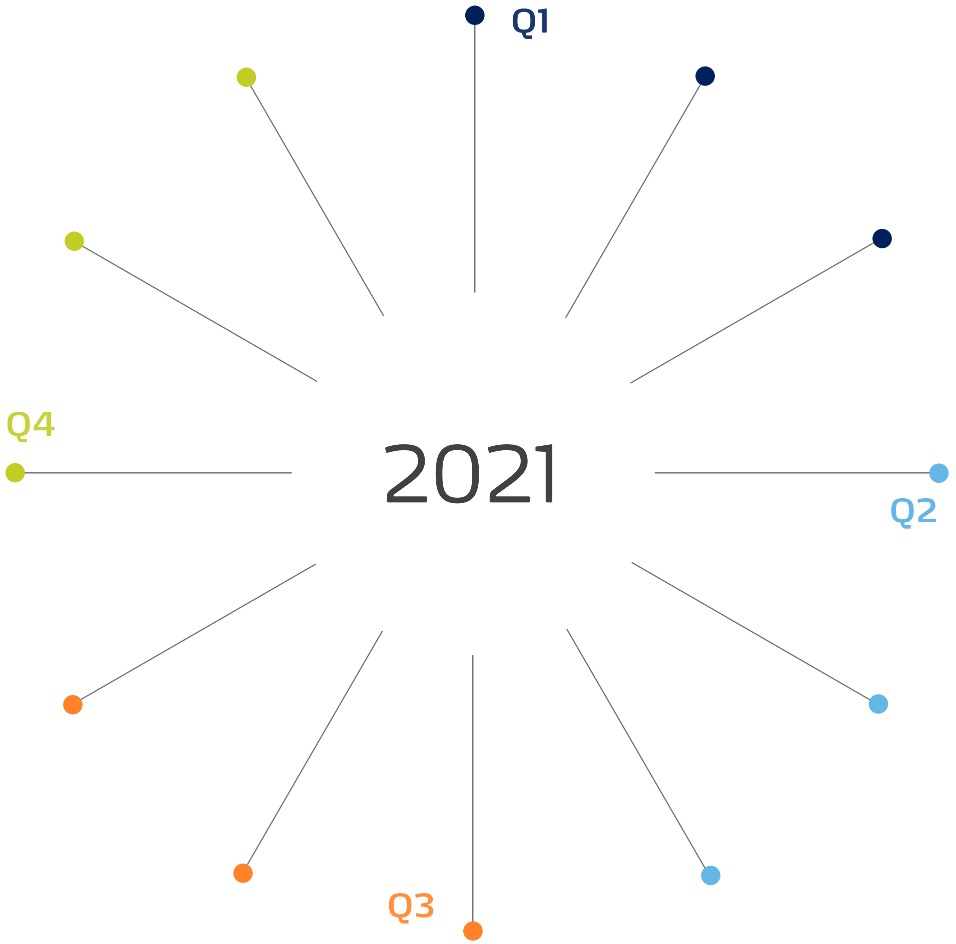
Highlights

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

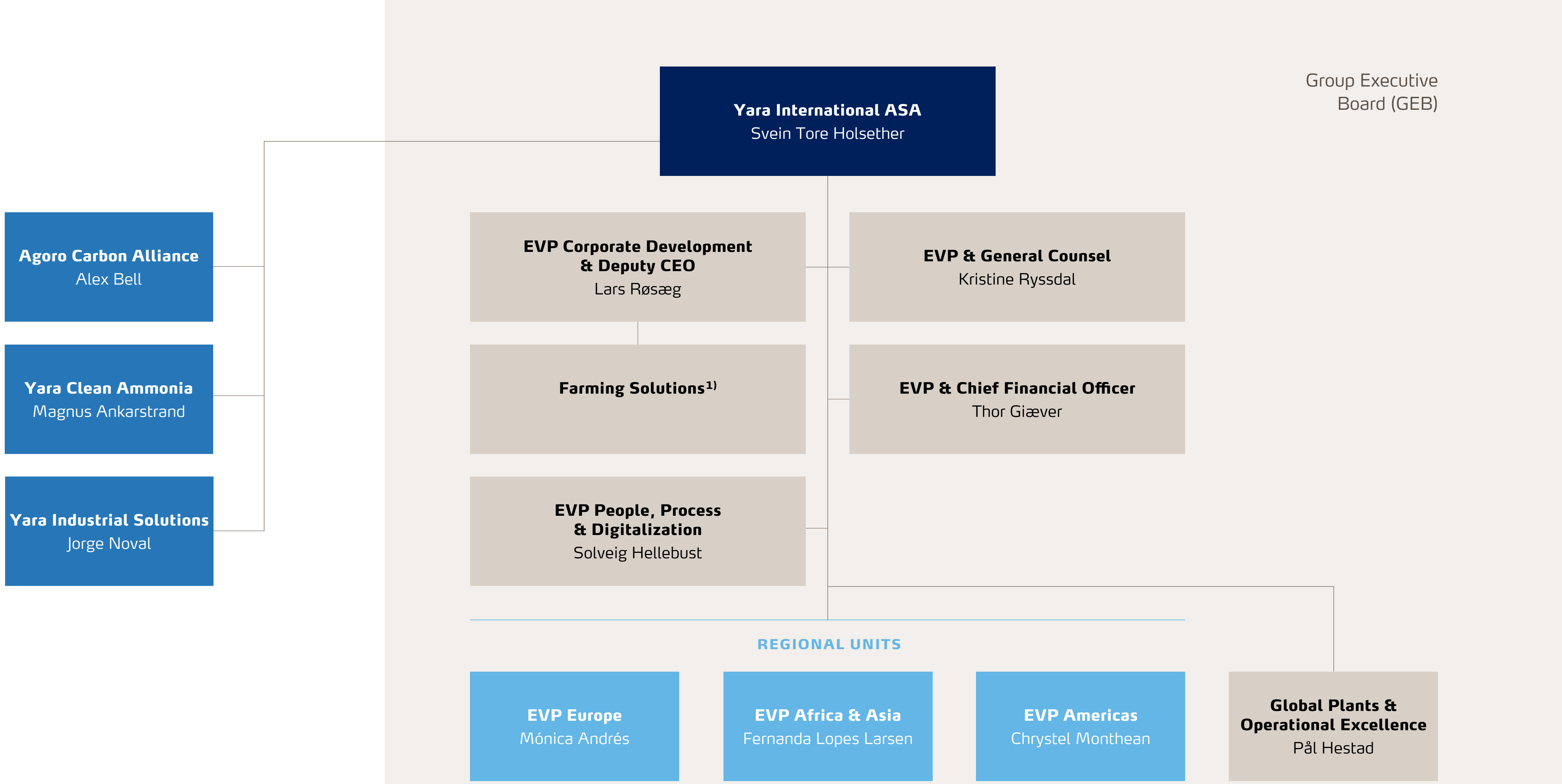
Q2

- Yara Growth Ventures established
- MoUs with Trafigura and Jera to collaborate on clean ammonia projects
- Commercial launch of the Agoro Carbon Alliance

COMPANY PRESENTATION

The organization

Our organizational structure reinforces strategy execution. Empowering local operations, strengthening accountability and driving customer centricity.



[1] Ref. to changes in the Group Executive Board, pages 113–114

COMPANY PRESENTATION

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

Chrystel 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

Produciton 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.

COMPANY PRESENTATION

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[1]	500,000
Employees	80

[1] Size of farmland covered by signed contracts for Agoro carbon program.

HOW WE CREATE VALUE

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.

INPUT

We employ

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

Energy

- Natural gas to produce ammonia

Materials

- Minerals to produce crop nutrition

Infrastructure

- 28 production plants
- 200 infrastructure points globally
- 10,800 Yara-branded retail outlets worldwide

Knowledge

- Unique agronomic and industrial knowledge
- 17,800 employees representing great diversity

Financials

- Strong track record
- High credit rating
- Liquid share

Brand

- Global recognition
- Quality and reliability

We produce

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

We supply

Our global footprint enables consistent and reliable deliveries to customers worldwide.

We deliver

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

Production

- # 1 producer of nitrates and and compound NPK
- # 2 producer of ammonia
- Flexible and scalable production system

Distribution

- Global network of sales offices, terminals and warehouses
- Timely deliveries aligned with crop cycles and demand

Farmer

- Sales to 20 million farmers
- Agronomists worldwide
- Complete package of premium products, knowledge and digital tools for modern farming

OUTPUT

We create

People

A safe and inspiring workplace, helping to feed 289 million people

Planet

Sustainable farming and food solutions, based on ambitious nature and climate targets.

Prosperity

Superior shareholder returns from efficient operations along with new and greener revenue streams.

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_2 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_2. However, if we store the CO_2 created in the production process, we get blue ammonia. If we replace gas and produce ammonia using water 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.

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_2 emissions outside the oil and gas industry, releasing 800,000 tonnes of CO_2 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.

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.

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

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

Accelerate operational excellence

Culture of entrepeneurship

Efficient operations

Holistic performance management

Growing a Nature-Positive Food Future

Expand our reach and offering

New commercial offerings

Focused asset growth

New business opportunities

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

STRATEGIC PRIORITITES

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 evolvement, 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.

STRATEGIC PRIORITITES

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.

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.

Strategy scorecard

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.

People

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[1]	%	29	40

[1] The definition of the KPI was updated during 2021, and the target performance was changed from 35% to 40%.

Planet

Yara KPI	Measure	2021	2025 Target
Energy efficiency[1]	GJ/t NH_3	33.4	32.7
GHG emissions, intensity	t CO_2e /t N	3.0	2.7
GHG emissions, scope 1+2[2]	Mt CO_2e	17.5	13.0
Active hectares[3]	MHa	8.2	150
Carbon marketplace			TBD

[1] Energy efficiency target is for 2023
[2] GHG absolute emissions scope 1+2 target is a 30% reduction by 2030 from a 2019 baseline
[3] Cropland with digital farming user activity within defined frequency parameters

Prosperity

Yara KPI	Measure	2021	2025 Target
Ammonia production[1]	Mt	7.8	8.9
Finished fertilizer production[1]	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[2]	Days	83	92
Capital return (ROIC)[2]	%	7.9	>10
Fixed costs[2]	MUSD	2,487	2,314
Capex[3]	BUSD	0.9	1.2
Net debt / EBITDA[2]	Ratio	1.36	1.5-2.0
MSCI rating	Score	A	A
Sustainalytics rating	Score	Med	Med

[1] Target is for 2023
[2] See page 255 for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).
[3] CAPEX max 1.2 for 2022 onwards (including maintenance)

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
2 ZERO HUNGER	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.	▪ Active hectares under digital management ▪ Revenues from new business models ▪ Finished fertilizer production	▪ Action Africa ▪ Farm to Market Alliance ▪ Helping communities in Brazil ▪ Precision farming tools	▪ Socioeconomic impacts on communities ▪ Digitalization ▪ Profitability
5 GENDER EQUALITY	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.	▪ Female senior managers ▪ Diversity & inclusion index	▪ Women in Agronomy ▪ Diversity, equity and inclusion program ▪ Work-Life Balance and Well-being Framework	▪ Leadership and employee enablement ▪ Diversity, equity and inclusion ▪ Health and well-being at work
6 CLEAN WATER AND SANITATION	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.	▪ Active hectares under digital management ▪ Revenues from new business models	▪ Farm Water Advisor ▪ Farm Weather App ▪ Fertilizer and biostimulants for increased water uptake	▪ Sustainable farm management ▪ Water management in production ▪ Protection of ecosystems

Sustainable Development Goal	Impact	Yara KPI	Supporting initiative	Linked to material topics
7 AFFORDABLE AND CLEAN ENERGY	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.	▪ Energy efficiency ▪ Revenues from new business models	▪ Yara Clean Ammonia unit ▪ Clean Hydrogen Pledge ▪ First Movers Coalition	▪ Opportunities in clean tech ▪ Energy ▪ Profitability
8 DECENT WORK AND ECONOMIC GROWTH	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.	▪ Strive towards zero accidents ▪ Diversity & inclusion index ▪ Female senior managers ▪ Active hectares under digital management ▪ Revenues from new business models ▪ Revenues from online sales	▪ Work-Life Balance and Well-being Framework ▪ Safe by Choice ▪ Annual Health & Safety Day ▪ Action Africa ▪ Farm to Market Alliance ▪ Living Wage project	▪ Occupational and process safety ▪ Human rights and labor practice ▪ Health and well-being at work ▪ Sustainable supply chains ▪ Sustainable finance
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	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.	▪ Revenues from new business models ▪ Carbon marketplace ▪ Ammonia production ▪ Finished fertilizer production ▪ Revenues from online sales	▪ Yara Clean Ammonia ▪ First Movers Coalition ▪ Precision farming tools ▪ Yara Growth Ventures	▪ Entrepreneurship and agility ▪ Profitability ▪ Sustainable finance ▪ Opportunities in clean tech
10 REDUCED INEQUALITIES	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.	▪ Engagement index ▪ Diversity & inclusion index	▪ Diversity, equity and inclusion program ▪ Global Diversity and Inclusion Day ▪ Women in Agronomy ▪ Black Talent Initiative	▪ Diversity, equity and inclusion ▪ Leadership and employee enablement ▪ Socioeconomic impacts on communities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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.	▪ Carbon marketplace ▪ Revenues from new business models	▪ Organic fertilizers ▪ Waste management ▪ Sustainable Procurement Policy	▪ Circularity ▪ Profitability ▪ Regulatory change and compliance ▪ Opportunities in clean tech

Sustainable Development Goal	Impact	Yara KPI	Supporting initiative	Linked to material topics
13 CLIMATE ACTION	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.	▪ Energy efficiency ▪ GHG emissions intensity ▪ GHG emissions, scope 1+2 ▪ Active hectares under digital management Carbon marketplace ▪ Revenues from new business models	▪ Agoro Carbon Alliance ▪ Climate Scenario Analysis ▪ Climate Neutral by 2050 ▪ Science Based Targets ▪ GHG 2025 program	▪ Climate change ▪ Opportunities in clean tech ▪ Sustainable finance ▪ Regulatory change and compliance ▪ Sustainable farm management ▪ Energy ▪ Digitalization ▪ Profitability
14 LIFE BELOW WATER	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.	▪ Revenues from new business models ▪ Active hectares under digital management	▪ Atfarm ▪ Precision farming tools	▪ Opportunities in clean tech ▪ Sustainable farm management
17 PARTNERSHIPS FOR THE GOALS	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.	▪ Revenues from new business models ▪ Carbon marketplace ▪ Active hectares under digital management	▪ Clean Hydrogen Pledge ▪ Farm to market alliance ▪ Lantmännen ▪ Nestlé ▪ Volcafe	▪ Opportunities in clean tech ▪ Circularity ▪ Digitalization ▪ Profitability

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.

Impacts

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

- 269,788,077 MMBtu natural gas / hydrocarbons
- 2.1 million tonnes P rock

Response

- Circular economy
- Decarbonize
- Resource optimization
- Sustainable Procurement Program

Value creation

- Yara Bio and Nature brands launched based on circular nutrients
- Three green ammonia pilots and one full-scale project
- Industrial symbiosis initiatives

Impacts

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

- 17.5 m tonnes CO_2e from Yara plants
- 8,700 tonnes NO_x from Yara plants
- 966 million m^3 water withdrawals

Response

- Energy optimization
- Decarbonization program
- Environmental roadmaps to mitigate emissions to air and water

Value creation

- 17,800 jobs created
- Raising industry standards for energy efficiency
- Supporting a Sectoral Decarbonization Approach for the industry
- Setting Science Based Targets

Impacts

Transportation causes emissions to air and consumes fuels

- 2.6 million tonnes CO_2e from transport of Yara's raw materials and products

Response

- Product stewardship
- Ammonia as energy carrier
- Zero-emission shipping vessel Yara Birkeland
- Yara Maritime solutions for fuel optimization and NO_X and SO_X abatement
- Yara Diesel Exhaust Fuel products

Value creation

- Reliable deliveries of crop nutrition, supporting farmers worldwide
- Enabling transport sector to reduce harmful emissions



	Fertilizer application	Natural environment	Food consumption
Impacts	Nutrient losses from denitrification, volatilization, runoff or leaching, can cause GHG emissions and eutrophication of waterways. ▪ 46.6 million tonnes CO_2e from use of Yara fertilizers	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. Industrial and transport emissions contribute to environmental degradation and public health issues.	Dietary changes drive food demand, while about 1/3 of the food is lost or wasted.
Response	▪ Precision farming tools ▪ R&D on field emissions ▪ Yara Water Solution ▪ Nitrate portfolio	▪ Balanced crop nutrition ▪ Soil testing and analytical services ▪ Yara Environmental Solutions ($DeNO_X$, SO_X abatement, H_2S and odour abatement)	▪ Micronutrients supporting health ▪ R&D for improved crop quality
Value creation	▪ Yara's sensor tools and crop nutrition solutions can help improve farm performance	▪ Reduced deforestation from agricultural intensification, sparing GHG emissions of roughly 590 billion tonnes CO_2e ▪ 1.8 million tonnes of acidifying and harmful NO_X and SO_X emissions abated using Yara environmental solutions	▪ 289 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 is integral to our transformation, delivering on our ambition to Growing a Nature-Positive Food Future.

Farmers

With agronomists on the ground worldwide, we have a deep understanding of farmers' needs and the capacity to meet them.

Employees

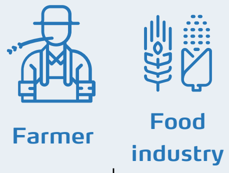
We nurture a culture of openness and accessibility to senior management, engaging employees in corporate matters through several channels

Food industry

The food industry is under pressure to provide health-ier and more sustainable food. We position Yara as a preferred partner in this transformation.

Stakeholder procedure

Understand and respond to stakeholders' needs, while managing impacts.



Institutionalized stakeholder process

Strategic stakeholder engagement to support strategy, ambition, mission, and vision.

Investors and lenders

Our strategy targets superior share-holder 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.

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.

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 famers 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 GoGettaz 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.

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 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.

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.

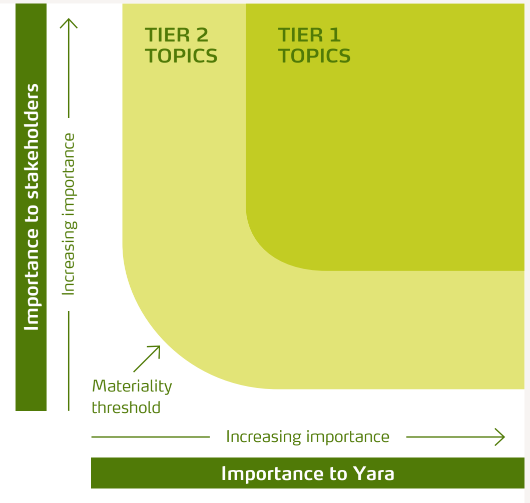
Further details on materiality and our methodology can be found in the Sustainability Report 2021.

Connecting material topics to performance measurement

AMBITION	OUR PILLARS	TIER 1 TOPICS	TIER 2 TOPICS
		KPIs All tier 1 topics are to be measured through strategic KPIs	**Targets** All tier 2 topics are measured annually through targets
Growing a Nature-Positive Food Future	People	• Occupational and process safety • Leadership and employee enablement • Diversity, equity and inclusion	• Entrepreneurship and agility • Human rights and labor practice • Health and well-being at work • Security and emergency • Product safety
	Planet	• Opportunities in clean tech • Climate change • Sustainable farm management • Energy	• Water management in production • Air quality • Circularity • Protection of ecosystems
	Prosperity	• Profitability • Sustainable finance • Digitalization	• Customer management • Sustainable supply chains • Socioeconomic impacts on communities
	Governance	• Business integrity	• Regulatory change and compliance • Stakeholder engagement • Board composition and oversight

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.

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.

YEAR IN REVIEW

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.

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.

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.

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.

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:

"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.

Fernanda Lopes Larsen
EVP Africa & Asia

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.

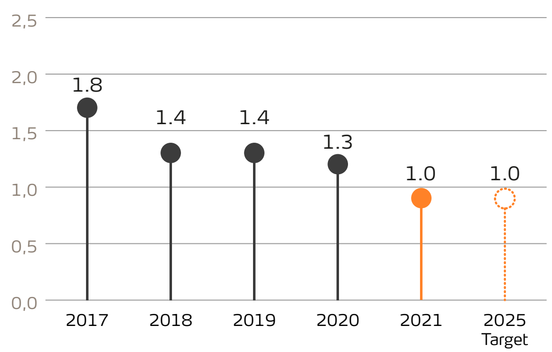
Making sure we do so is everyone's responsibility.

PEOPLE

People performance

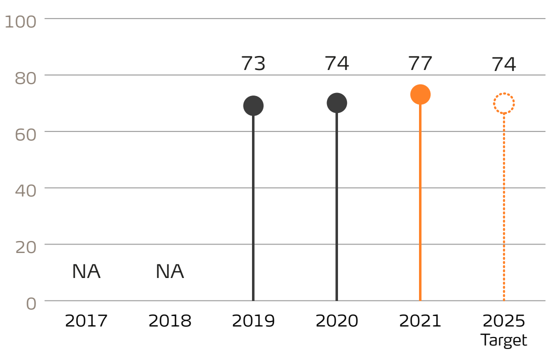
Strive towards zero accidents

TRI



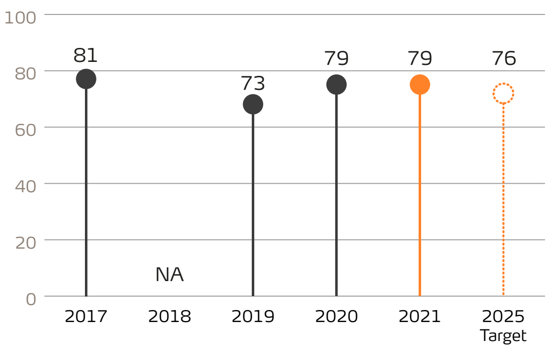
Diversity, equity and inclusion index

%



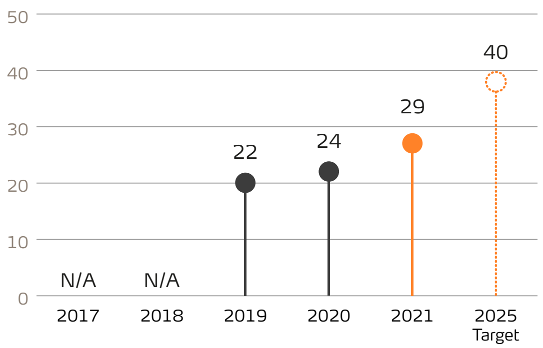
Engagement index

%



Female senior managers[1)]

%



1) 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%.

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.

		2021	2020	2019	2018	2017	Unit of measure
People indicators	Gender equal pay gap [1]	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 [2]	3.0	3.4	3.2	3.4	2.8	%
	Discrimination and harassment notifications	77	49	76	119	109	Number

[1] 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.

[2] 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.

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.

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					
			Cash benefits					Natural benefits
	Men	Women	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
Total	**997**	**433**	**3.6%**	**(0.8%)**	**1.1%**	**2.7%**	**3.6%**	**3.5%**
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%

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.

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.

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

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.

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

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 famers. 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!

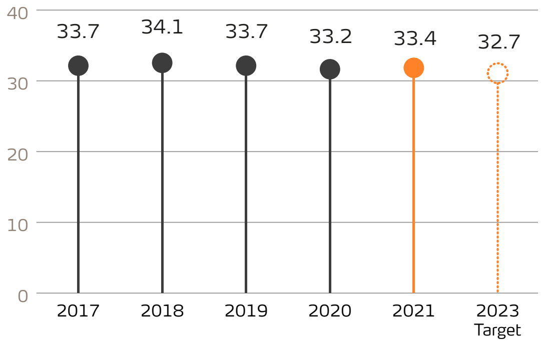
I am confident that Yara's new ambition, 'Growing a Nature-Positive Food Future', will give increased motivation and strength to our quest for better farming practices and a more fair and resilient food system.

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.

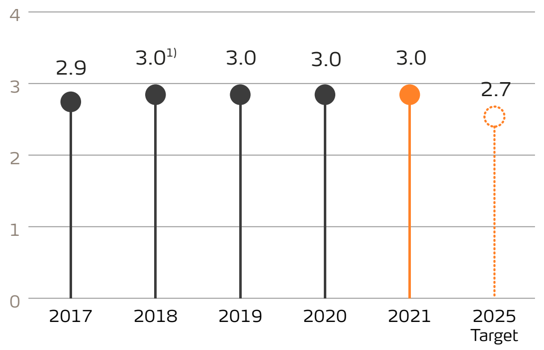
PLANET

Planet performance

Energy efficiency
GJ/t NH_3

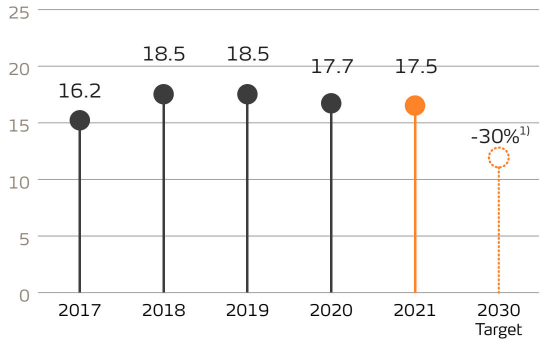


GHG intensity
t CO_2e/t N



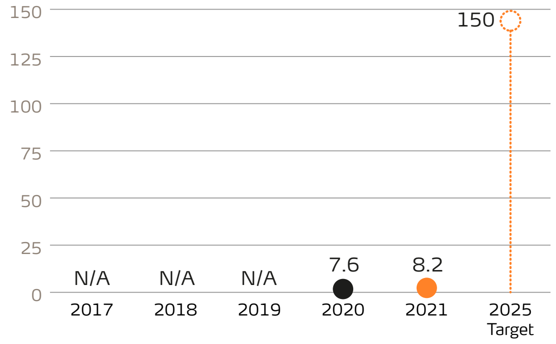
[1] 2018 onwards, Scope 1 emissions from own generation of electricity has been included.

GHG emissions, Scope 1+2 (market based)
Million tonne CO_2e



[1] From a 2019 baseline

Active hectares[1]
Million hectares



[1] 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_2e by 2025. At year-end 2021, the projects completed and under execution represented 1.4 million tonne CO_2e 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.

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_2e per tonne nitrogen in Yara's own produced products. The CO_2e 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.

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.

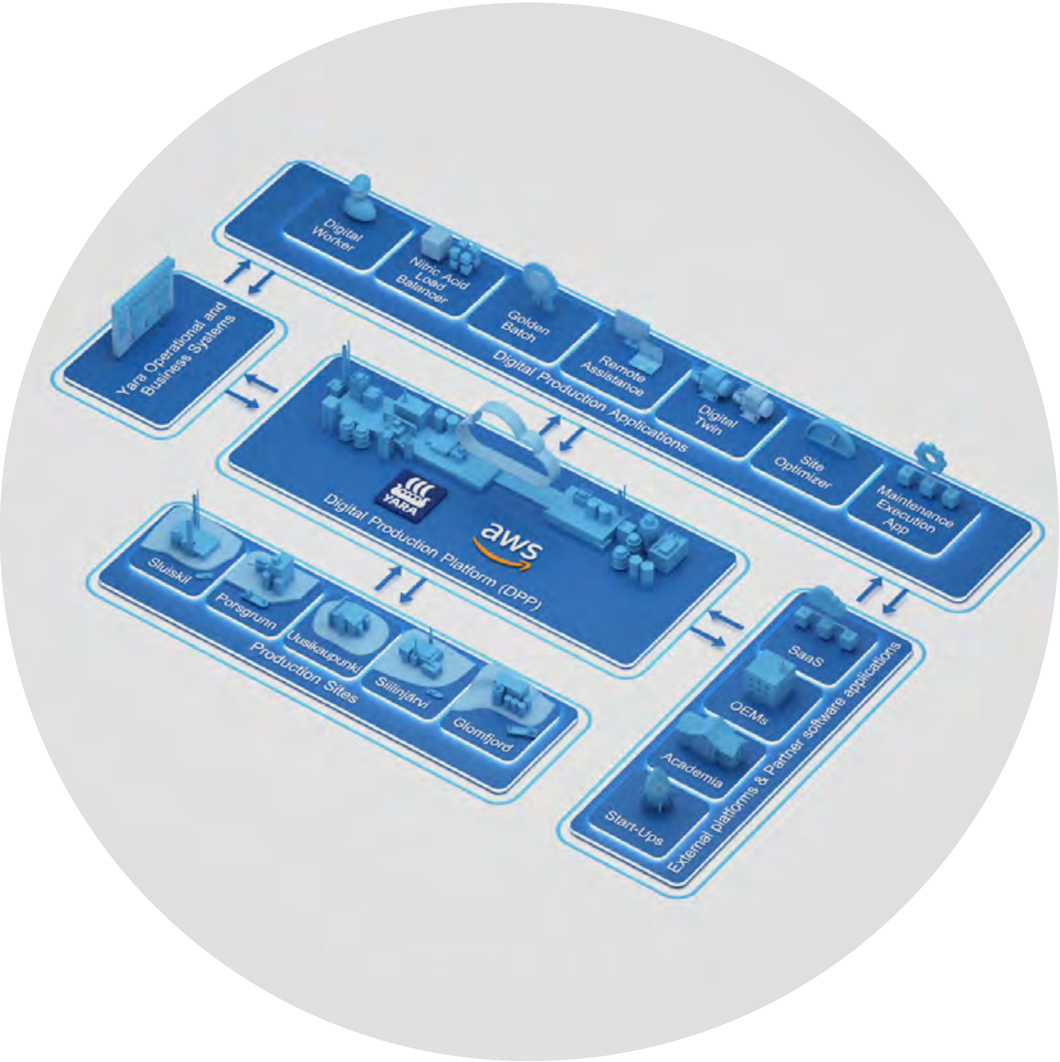
Planet indicators

	2021	2020	2019	2018	2017	Unit of measure
Energy consumption	273	279	285	301[1]	266	PJ
Emissions to air: NO_X	8,700	8,300	8,500	9,400	7,800	tonne NO_2
Emissions to air: SO_X	2,000	2,100	2,100	2,800	2,000	tonne SO_2
Emissions to air: Dust	2,900	2,800	2,500	3,900	3,400	tonne
Raw materials: Natural gas[2]	269,788,077	276,343,747	280,202,282	272,737,517	251,452,620	MMBtu
Raw materials: Phosphate	2,114,136[3]	2,046,221[3]	1,758,096	1,532,427	1,676,671	tonne P_2O_5
Raw materials: Potash	2,256,135	2,356,358	2,057,282	2,143,023	2,302,813	tonne K_2O
Water withdrawal[4]	966	1,012	1,045	1,022	862	million m^3
Of which freshwater withdrawal in water stressed areas	*2%*	*2%*	*2%*	*3%*	*4%*	*%*
Sites in flood hazard areas	15	15	15	15[1]	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[6]	43	38	n.a.	n.a.	%
Cicero Green investments	61	64	77	n.a.	n.a.	%
EU Taxonomy eligible revenue[5]	9	n.a.	n.a.	n.a.	n.a.	%
EU Taxonomy eligible CapEx[5]	51	n.a.	n.a.	n.a.	n.a.	%
EU Taxonomy eligible OpEx[5]	30	n.a.	n.a.	n.a.	n.a.	%

1) Babrala and the three Cubatão sites included 2018 onwards
2) Numbers adjusted from 2017 to reflect sites where we have operational control (Tringen now included) and removal of hydrogen consumption (Hull).
3) 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.
4) Numbers adjusted from 2017, as a cooling water stream in Sluiskil is included in the reporting.
5) Disclosure should be read together with the Taxonomy Report, which is disclosed on the annual reporting web page on Yara.com
6) 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.

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.



CASE

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.

"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.

PLANET

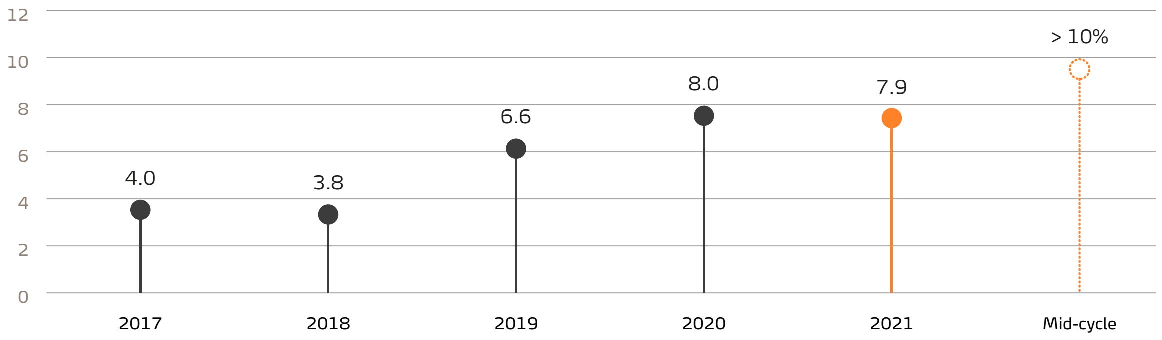
Prosperity performance

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

%

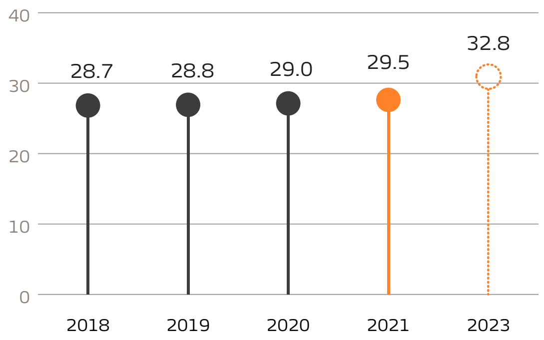
Return on invested capital will reflect the value created for shareholders



Production output

Million tonnes

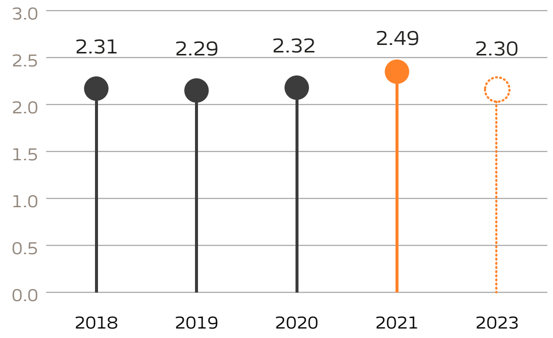
Production adjusted for major turnarounds and market optimization effects, to better reflect underlying performance



Fixed cost[1)]

Billion USD

Total fixed cost adjusted for portfolio and currency effects



1) See page 255 for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

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

Discalimer 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.

Financial highlights[1)]

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[2)]	2,804	2,223	2,095	1,523	1,348
EBITDA[2)] 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[3)]	1.75	2,58	2,2	0,58	1,75
Basic earnings per share excl. foreign currency translation and special items[3)]	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%

1) See page 255 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

	2021	2020	2019	2018	2017
Yara production (thousand tonnes)[1)]					
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
Yara deliveries (thousand tonnes)[1)]					
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
Yara's Energy prices (USD per MMBtu)					
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

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

Market information

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)[1]	7,782	7,696	7,772	7,850
Production - finished products (kt)[1]	21,760	21,258	21,067	20,870
Energy Efficiency (GJ/T)[2]	33,.4	33,.2	33,.7	34,.1
Fixed Costs (USD millions)[3]	2,487	2,322	2,291	2,314
Net operating capital (days)[3]	83	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 the APM section, page 255.

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, plan, 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 page 66 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[1)]	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[2)]	(144)
Other, including foreign currency translation gain/(loss)	155
Net interest-bearing debt at end of period	(3,930)

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.

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[1)]	20,856	21,047	22,060	21,887	20,199

Deliveries (detailed table)

Thousand tonnes	2021	2020	2019
Yara deliveries			
Ammonia trade	2,007	1,966	2,527
Fertilizer	28,376	29,291	27,620
Industrial Product	7,430	6,920	7,837
Total deliveries	37,814	38,177	37,983
Crop Nutrition deliveries			
Urea	5,745	6,051	5,909
Nitrate	5,477	5,826	5,412
NPK	10,400	10,444	9,943
of which Yara-produced compounds	*6,208*	*6,243*	*5,618*
of which blends	*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
Total Crop Nutrition deliveries	28,376	29,291	27,620
Europe deliveries			
Urea	940	1,009	796
Nitrate	3,770	4,333	4,057
NPK	2,582	2,769	2,714
of which Yara-produced compounds	*2,426*	*2,632*	*2,555*
CN	440	446	393
Other products	1,500	1,559	1,492
Total deliveries Europe	9,232	10,116	9,452

Thousand tonnes	2021	2020	2019
Americas deliveries			
Urea	2,683	2,700	2,615
Nitrate	1,336	1,170	1,117
NPK	6,104	5,939	5,687
of which Yara-produced compounds	*2,421*	*2,159*	*1,797*
of which blends	*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
Total deliveries Americas	14,463	14,275	13,461
of which North America	*3,465*	*3,481*	*3,254*
of which Brazil	*8,801*	*8,814*	*8,438*
of which Latin America ex Brazil	*2,198*	*1,979*	*1,769*
Africa & Asia deliveries			
Urea	2,121	2,342	2,497
Nitrate	371	322	237
NPK	1,714	1,735	1,542
of which Yara-produced compounds	*1,361*	*1,453*	*1,266*
CN	209	186	166
Other products	265	314	264
Total deliveries Africa & Asia	4,681	4,900	4,707
of which Asia	*3,499*	*3,730*	*3,525*
of which Africa	*1,182*	*1,169*	*1,182*
Industrial Solutions deliveries			
Ammonia[1)]	563	543	625
Urea[1)]	1,645	1,577	1,792
Nitrate[2)]	1,234	1,069	1,146
CN	201	182	434
Other products[3)]	1,636	1,605	2,028
Water content in industrial ammonia and urea	2,152	1,944	1,811
Total Industrial Solutions deliveries	7,430	6,920	7,837

1) Pure product equivalents.

2) Including AN Solution.

3) Including sulphuric acid, ammonia and other minor products.

Special items

	Fixed cost effect		EBITDA effect		Operating income effect	
USD million	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)
Total Europe	(12)	(4)	(13)	(9)	(7)	(34)
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)
Total Americas	(21)	(7)	15	(7)	(366)	(10)
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)
Total Africa & Asia	(2)	(2)	(83)	12	(127)	10
Impairment of non-current assets	6	-	6	-	(236)	-
Qafco divestment	-	-	-	97	-	97
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Global Plants & Operational Excellence	4	(2)	4	95	(238)	96

Table continues on the next page >

	Fixed cost effect		EBITDA effect		Operating income effect	
USD million	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.

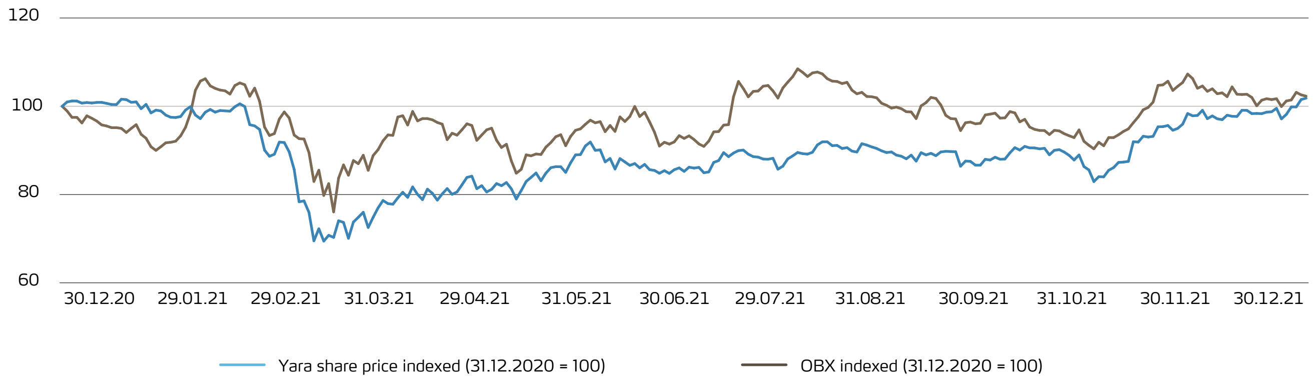
The Yara share

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[1)]	261,154,877	256,646,180	254,725,627	254,725,627	256,789,744	267,985,860
Period end number of shares outstanding[1)]	259,580,357	254,725,627	254,725,627	254,725,627	254,725,627	263,001,109
Average daily trading volume[2)]	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[3)] (end of period NOK billion)	115.5	115.4	110.6	113.4	113.4	95.5
Dividend per share[4)]			20	30	50	38
Dividend yield[5)]					11.2%	10.7%
Total shareholder return[6)]					33.9%	9.4%

1) Excluding own shares
2) Only traded on OSE
3) Calculated by multiplying the period's closing share price with the outstanding shares as of period end
4) Including 20 NOK per share additional dividend paid 3Q 2021 and 30 NOK per share proposed for 2021
5) Based on 31 December share price
6) Measured in US dollars

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[1)]

(as of 31 December 2021)

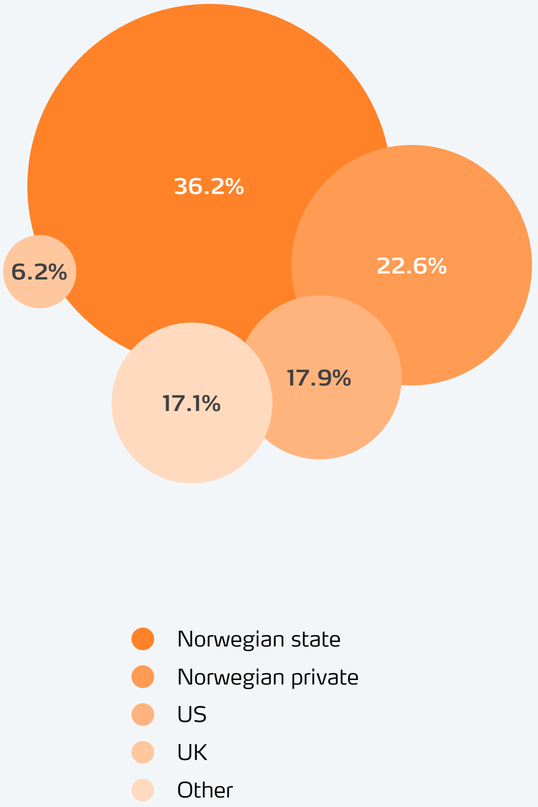
Ownership structure:

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

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 2021, see note 11 on page 242 in this Integrated Report.

Shareholding distribution[1)]

(as of 31 December 2021)



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. 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[1)] representing approximately 213% of net income in 2020. Dividends accounted for USD 1,214, representing approximately 176% of 2020 net income, while share buybacks[1)] 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 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.

1) 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

Share facts

Ticker: YAR
Listing: Oslo Stock Exchange (OSE)

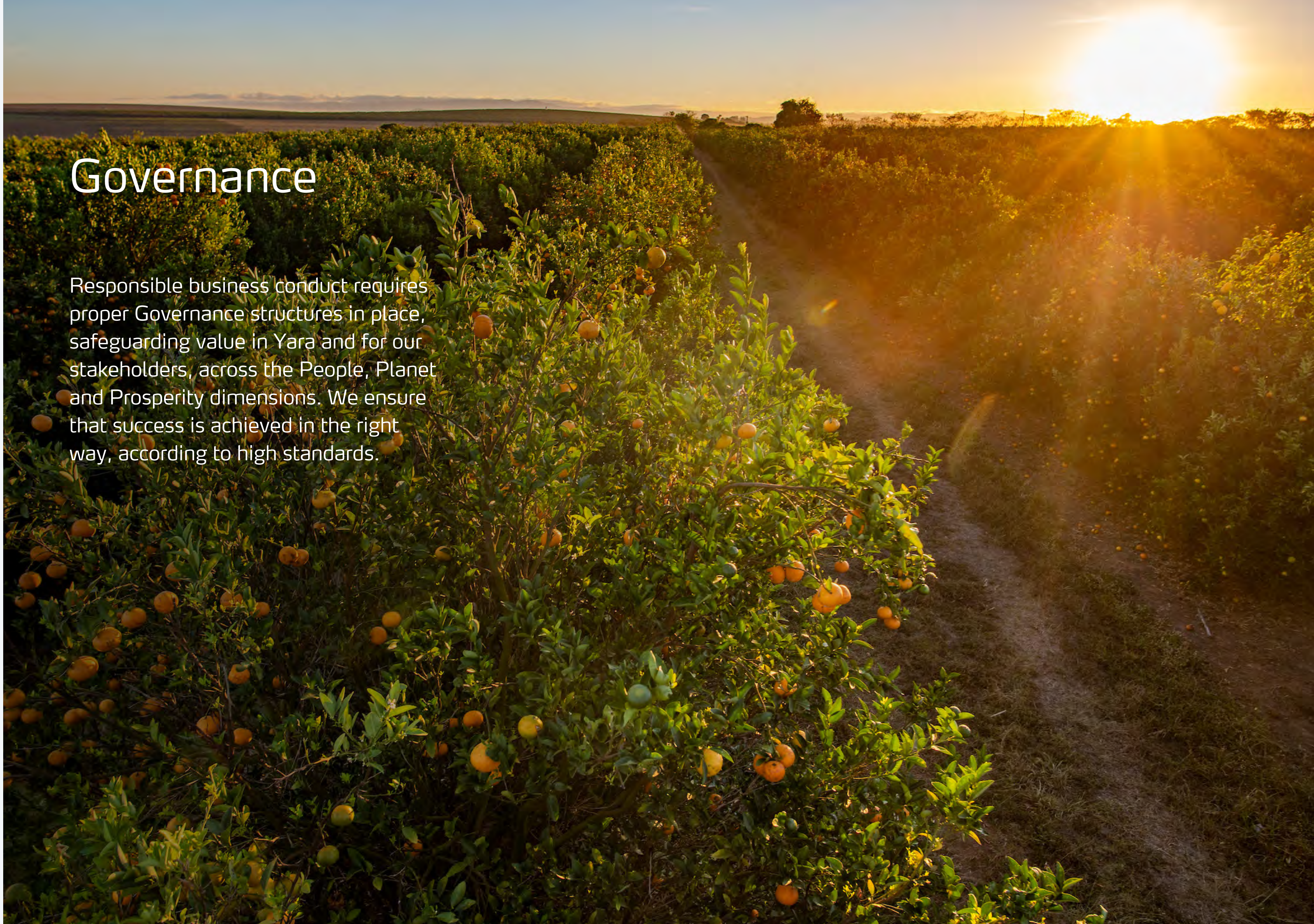
Yara's registrar in Norway and ADR depositary bank
Contact details to Yara's registrar in Norway and ADR depositary bank can be found on the company's website:

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



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.

CASE

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

GOVERNANCE

Governance performance

Governance indicators	2021	2020	2019	2018	2017	Unit of measure
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 notifi-cations	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.

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 risked 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.

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 TCDF

EU Non-Financial Reporting Directive Requirements and TCFD Recommended Disclosures:

		Non-Financial Reporting Directive Requirements				
TCFD Recommended Disclosures		Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management	Key Performance Indicators
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, Risk management 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	
	c) Integration into overall risk management	AR, Strategy AR, Corp Gov			AR, Risk management	
Metrics & Targets	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

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 yara.com
Green Bond Ratio	0%	

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

FROM THE BOARDROOM

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.

Governance report

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, oslobors.no, and 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, 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 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.

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 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 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)

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 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 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 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 NOK185,500 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.

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.

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.

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

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 independency from Yara’ 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 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.

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

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 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 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 scorecard goals, which are reported quarterly.

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%

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[1]	24%	29%	40%	%
Female/male, external recruitment senior personnel	25%	30%	50%	%

[1] 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[1]	33.2	33.4	32.7	GJ/t NH_3
GHG emissions, intensity	3.0	3.0	2.7	t CO_2e/t N
Active hectares[2]	7.6	8.2	150	MHa
Carbon marketplace				TBD

[1] Energy efficiency target is for 2023
[2] Cropland with digital farming user activity within defined frequency parameters

Prosperity
(50% weight)

Yara KPI	2020	2021	2025 Target	Measure
Ammonia production[1]	7.7	7.8	8.9	Mt
Finished fertilizer production[1]	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[2]	113	83	92	Days
Capital return (ROIC)[2]	8.0	7.9	>10	%
Fixed costs[2]	2,322	2,487	2,314	MUSD
Capex[3]	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[2]	1.36	1.36	1.5-2.0	Ratio

[1] KPI target year is 2023
[2] See page 255 for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).
[3] CAPEX max 1.2 for 2022 onwards (including maintenance)

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.

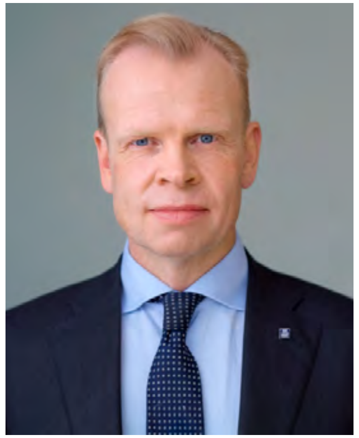
Ad-hoc compensation elements

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.

FROM THE BOARDROOM

Group executive board

Read more about our mangement 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 →

← Back to the overview

Svein Tore Holsether (1972)

POSITION
President and Chief Executive Officer

YEAR OF APPOINTMENT
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
EVP & Chief Financial Officer

YEAR OF APPOINTMENT
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
EVP, Corporate Development & Deputy CEO

YEAR OF APPOINTMENT
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

← Back to the overview

Mónica Andrés Enríquez (1970)

POSITION
EVP, Europe

YEAR OF APPOINTMENT
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
EVP, People, Process and Digitalization

YEAR OF APPOINTMENT
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
EVP, Global Plants & Operational Excellence

YEAR OF APPOINTMENT
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

← Back to the overview

Fernanda Lopes Larsen (1974)

POSITION
EVP, Africa & Asia

YEAR OF APPOINTMENT
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
EVP, Americas

YEAR OF APPOINTMENT
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
EVP, HR & General Counsel

YEAR OF APPOINTMENT
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 Councel 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

FROM THE BOARDROOM

Board of Directors

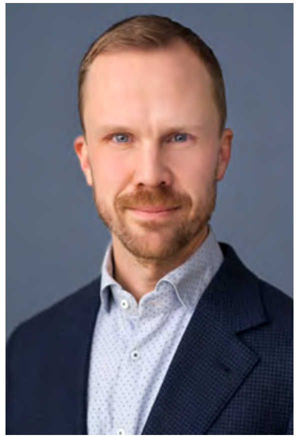
Read more about our Board of Directors by clicking on their pictures or names. You can also continue reading on the following pages.

Trond Berger →

Rune Bratteberg →

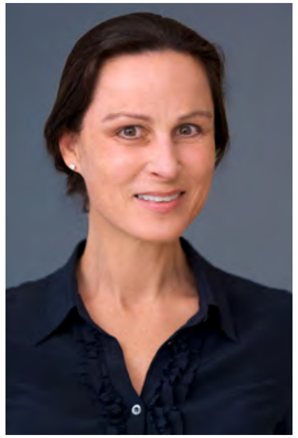
Håkon Reistad Fure →

Ragnhild F. Høimyr →



Øystein J. Kostøl →

Kimberly Mathisen →



Adele B. Norman Pran →

Geir O. Sundbø →

John Thuestad →

Birgitte R. Vartdal →

← Back to the overview

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

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
Member of the Board
Member of the Audit and Sustainability Committee

ELECTED BY/YEAR
Employees, 2012

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

← Back to the overview

Håkon Reistad Fure (1987)

POSITION
Member of the Board
Member of the Audit and Sustainability Committee

ELECTED BY/YEAR
Shareholders, 2019

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
Member of the Board

ELECTED BY/YEAR
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
Member of the Board

ELECTED BY/YEAR
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

← Back to the overview

Kimberly Mathisen (1972)

POSITION
Vice chair of the Board

ELECTED BY/YEAR
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 Appear 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
Member of the Board
Chair of the Audit and Sustainability Committee

ELECTED BY/YEAR
Shareholders, 2019

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
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 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

← Back to the overview

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
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)

POSITION
Member of the Board
Member of the HR Committee

ELECTED BY/YEAR
Shareholders, 2020

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
HR COMMITTEE ATTENDANCE 6
SHARES OWNED AT YEAR-END 2021 2,500

Board message

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.

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[1)].

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

[1)] Share buybacks included in the year of purchase, including the corresponding pro-rate redemption of shares from the Norwegian state 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_2 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 reallocating 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 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.

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 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, 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_2e. 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_2e.

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_2 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. Yara emphasizes the importance of a level playing field for industry, in a dynamic regulatory environment both for the EU and internationally.

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 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.

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[1] 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.

[1] Share buybacks included in the year of purchase, including the corresponding pro-rate redemption of shares from the Norwegian state

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.

The Board of Directors Yara International ASA,
Oslo 24 March 2022

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		

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.

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		
Exposure to global nitrogen price dynamics We optimize our business model by seeking exposure to fertilizer market prices for own produced products.			High
Exposure to natural gas price markets 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.			High
JV ownership structure exposure – new entries 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.		Moderate	
Culture, people, and leadership exposure 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.	Low		
Exposure to new business areas outside current core operation 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.			High
Long term credit rating down grade exposure 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.	Low		

Risk appetite areas	Risk appetite level		
Exposure to non-USD currencies 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 under-lying business.	Low		
Tax exposure 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.		Moderate	
Information and cyber security exposure 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.	Low		
Production reliability exposure 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.	Low		
Raw material sourcing exposure 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.	Low		
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.	Low		
Environmental exposure from operations or products 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.	Low		
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. 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.	Low		
Product portfolio exposure to regulatory changes 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 expo-sure to operational, commercial and financial consequences. Yara will proactively liaise with regulatory bodies in order to adapt and adhere to stricter regulations.	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
Human capital 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&I) agenda.	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&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&I is fully integrated in Yara's business strategy and key business processes.	
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 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.	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.	

Risk factors	Risk responses	Linked to material topics
Physical security 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.	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.	
Personnel security 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.	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.	
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 create competitive edge and value for business partners, employees and society at large.	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 & 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.	
Human rights 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.	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.	

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
Climate 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.	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.	
Natural disasters 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.	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.	
Regulatory framework for production, handling and application of our products 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.	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_2 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.	

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
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, 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.	
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 fundamental 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, 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 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.	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.	

Risk factors	Risk responses	Linked to material topics
Investments and integration 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.	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.	
Political exposure 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 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.	
Information and cyber security 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.	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. .	
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 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.	
Production reliability 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.	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.	
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 a global company, and we have flexibility and measures built into our business model to adjust for potential irregularities.	

Risk factors	Risk responses	Linked to material topics
Financing risk 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.	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.	
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 some 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 decisions, 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 risk.	

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.

FINANCIAL STATEMENTS

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, 2021 and disclosure requirements that follow from the Norwegian Accounting Act as of 31st December, 2021.

Financial statements

Due to rounding differences, figures or percentages may not add up to the total.

Consolidated statement of income

USD millions	Notes	2021	2020
Revenue from contracts with customers	2.1, 2.3	16,617	11,591
Other income and commodity derivative gain/(loss)	2.2	(9)	137
Revenue and other income		16,607	11,728
Raw materials, energy costs and freight expenses	2.4	(12,803)	(7,819)
Changes in inventories of own products		668	(201)
Payroll and related costs	2.5	(1,270)	(1,136)
Depreciation and amortization	4.1, 4.2, 4.5	(984)	(919)
Impairment loss	4.7	(666)	(46)
Expected and realized credit loss on trade receivables	3.2	(6)	(17)
Other operating expenses	2.6	(479)	(414)
Operating costs and expenses		(15,540)	(10,551)
Operating income		1,068	1,176
Share of net income in equity-accounted investees	4.3	23	20
Interest income and other financial income	2.7	64	62
Foreign currency exchange loss	2.7, 6.1	(251)	(243)
Interest expense and other financial items	2.7	(164)	(165)
Income before tax		739	850
Income tax expense	2.8	(355)	(160)
Net income		384	690

USD millions	Notes	2021	2020
Net income attributable to			
Shareholders of the parent		449	691
Non-controlling interests	5.2	(65)	–
Net income		384	690
Basic earnings per share		1.75	2.58
Diluted earnings per share[1]		1.75	2.58
Weighted average number of shares outstanding[2]	5.1	256,789,744	267,985,860

[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 the first quarter 2021 due to the share buyback program.

Consolidated statement of comprehensive income

USD millions	Notes	2021	2020
Net income		384	690
Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments		(132)	(56)
Hedge of net investments	2.8, 6.2	(21)	22
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax		(154)	(34)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments[1]		(45)	28
Net gain/(loss) on equity instruments at fair value through other comprehensive income	6.3	4	(3)
Remeasurement gain/(loss) on defined benefit plans	2.8, 5.4	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
Total comprehensive income attributable to			
Shareholders of the parent		425	624
Non-controlling interests	5.2	(66)	–
Total		359	624

[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, except share information	Notes	Share Capital[1]	Premium paid-in capital	Currency translation adjustments	Fair value reserve of financial assets at FVOCI[4]	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	5.2	–	–	–	–	–	–	–	–	–	–	1	1
Treasury shares[2]	5.1	(2)	–	–	–	–	–	–	(386)	–	(388)	–	(388)
Dividends distributed	5.1	–	–	–	–	–	–	–	(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	7.1	–	–	8	–	–	–	–	–	(8)	–	–	–
Treasury shares[2)3)]	5.1	(1)	–	–	–	–	–	–	(247)	–	(248)	–	(248)
Dividends distributed	5.1	–	–	–	–	–	–	–	(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

1) Par value 1.70.
2) As approved by General Meeting 7 May 2020.
3) As approved by General Meeting 7 May 2021.
4) See note 6.3 Financial instruments.

Consolidated statement of financial position

USD millions	Notes	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Deferred tax assets	2.8	504	485
Goodwill	4.2	789	831
Intangible assets other than goodwill	4.2	132	157
Property, plant and equipment	4.1	7,133	8,579
Right-of-use assets	4.5	421	430
Associated companies and joint ventures	4.3	120	108
Other non-current financial assets	4.6	70	50
Other non-current non-financial assets	4.6	405	328
Total non-current assets		9,574	10,969
Current assets			
Inventories	3.1	4,003	2,161
Trade receivables	3.2	2,138	1,478
Other current financial assets	3.3	225	136
Prepaid expenses and other current non-financial assets	3.3	483	495
Cash and cash equivalents	3.4	394	1,363
Non-current assets or disposal group classified as held-for-sale	7.1	454	5
Total current assets		7,698	5,637
Total assets		17,272	16,605

USD millions	Notes	31 Dec 2021	31 Dec 2020
Equity and liabilities			
Equity			
Share capital reduced for treasury stock	5.1	63	64
Premium paid-in capital		(49)	(49)
Total paid-in capital		14	15
Other reserves		(1,793)	(1,599)
Retained earnings		8,883	9,724
Total equity attributable to shareholders of the parent		7,104	8,141
Non-controlling interests	5.2	13	79
Total equity		7,116	8,220
Non-current liabilities			
Employee benefits	5.4	399	627
Deferred tax liabilities	2.8	443	388
Long-term interest-bearing debt	5.3	3,089	3,371
Other non-current financial liabilities	6.3	72	123
Other non-current non-financial liabilities		6	16
Long-term provisions	5.6	283	361
Long-term lease liabilities	4.5	321	335
Total non-current liabilities		4,612	5,220

USD millions, except share information	Notes	31 Dec 2021	31 Dec 2020
Current liabilities			
Trade and other payables	5.5	3,188	1,544
Prepayments from customers	2.1	634	372
Current tax liabilities	2.8	166	156
Short-term provisions	5.6	74	75
Other current financial liabilities	6.3	521	391
Other current non-financial liabilities		28	41
Short-term interest-bearing debt	5.3	337	345
Current portion of long-term debt	5.3	476	132
Short-term lease liabilities	4.5	104	111
Liability associated with non-current assets or disposed group classified as held for sale	7.1	17	–
Total current liabilities		5,544	3,165
Total equity and liabilities		17,272	16,605
Number of shares outstanding[1)]		254,725,627	263,001,109

1) 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

Consolidated statement of cash flows

USD millions	Notes	2021	2020
Operating activities			
Net income/(loss) before taxes		739	850
Adjustments to reconcile net income/(loss) to net cash provided by operating activities			
Depreciation and amortization	4.1, 4.2, 4.5	984	919
Impairment loss	4.7	666	46
Write-down of inventory and trade receivables		23	14
(Gain)/loss on disposal of non-current assets	4.1, 4.2	9	6
Gain on sale of equity-accounted investees	4.3	–	(97)
Net foreign exchange loss		251	243
Adjustment for finance income and expense		100	102
Income taxes paid		(350)	(264)
Dividend from equity-accounted investees	4.3	8	9
Interest paid[1)]		(166)	(182)
Interest received		68	65
Bank charges		(15)	(15)
Other		(68)	(26)
Working capital changes that provided/(used) cash			
Trade receivables		(743)	39
Inventories		(2,042)	119
Prepaid expenses and other current assets		(113)	161
Trade and other payables		1,669	68
Prepayments from customers		291	39
Other interest-free liabilities		95	(51)
Net cash provided by operating activities		1,406	2,047

USD millions	Notes	2021	2020
Investing activities			
Purchase of property, plant and equipment	4.1	(809)	(739)
Proceeds from sales of property, plant and equipment		15	11
Cash flows used in obtaining control of subsidiaries or other businesses		(43)	(13)
Net sale/(purchase) of short-term investments		(1)	–
Purchase of other long-term assets	4.2	(49)	(17)
Proceeds from sales of other long-term assets	4.3	14	1,006
Net cash provided by/(used in) investing activities		(874)	248
Financing activities			
Loan proceeds[2)]	5.3	451	780
Principal payments[2)]	5.3	(235)	(650)
Payments of lease liabilities	4.5	(142)	(122)
Purchase of treasury shares	5.1	(363)	(309)
Dividends	5.1	(1,214)	(926)
Other cash transfers (to)/from non-controlling interests	5.2	(1)	–
Net cash used in financing activities		(1,504)	(1,228)
Foreign currency effects on cash and cash equivalents		4	(2)
Net increase/(decrease) in cash and cash equivalents		(968)	1,064
Cash and cash equivalents at 1 January		1,365	301
Cash and cash equivalents at 31 December[3)]	3.4	397	1,365
Bank deposits not available for the use of other group companies	3.4	44	32

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) 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

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_2e 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 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.

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 prohibits 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

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, 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_2e 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_2eq/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.

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.

- **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 (GoI). 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 GoI. The price is generally less than the cost of production. GoI provides a compensation based on a predefined method considering the sales price set by GoI 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 GoI. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers, the compensation from GoI 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
2021				
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
Total	15,876	526	215	16,617
2020 Restated[1]				
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
Total	10,819	484	288	11,591

[1] 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.

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
Total revenues	16,617	11,591

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[1)]

USD millions	Europe	Brazil	Latin America ex. Brazil	North America	Asia	Africa	Total
2021							
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
Total	5,247	4,553	1,467	2,080	2,295	973	16,617
2020 Restated[2)]							
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
Total	3,871	3,073	1,000	1,293	1,692	662	11,591

1) Figures are based on customer location.
2) 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 costumers of an amount of USD 291 million (2020: USD 213 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 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
Contract assets		
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
Contract liabilities		
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[1)]	616	369
Currency translation effect	(1)	1
Closing balance 31.12	634	372
Unsatisfied performance obligations		
Initial contract price on signed contracts	149	555
Aggregate contract revenue incurred to date[2)]	(106)	(516)
Transaction price allocated to unsatisfied performance obligations	44	39
Unsatisfied performance obligations to be recognized within		
1 year	9	33
2-3 years	34	6
Transaction price allocated to unsatisfied performance obligations	44	39

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 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
Other income and commodity derivative gain/(loss)			
Sale of white certificates		13	6
Insurance and other compensations		14	4
Supplier settlement		37	–
Commodity based derivatives gain/(loss)	6.3	(90)	15
Sale of shares in equity-accounted investee[1]		–	100
Other		16	12
Total		(9)	137

[1] 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 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.

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_X 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 vica 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.

Consolidated statement of income

USD millions, except percentages	2021	2020 Restated[1]
External revenue from contract with customers		
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
Total	16,617	11,591
Internal revenue		
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)
Total	–	–

USD millions, except percentages	2021	2020 Restated[1]
Total revenue		
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)
Total	16,617	11,591
Operating income[2]		
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)
Total	1,068	1,176

USD millions, except percentages	2021	2020 Restated[1]
EBITDA[2]		
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)
Total	2,804	2,223
ROIC (12-month rolling average)[2]		
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%
Yara[3]	7.9%	8.0%

USD millions, except percentages	2021	2020 Restated[1]
Net operating profit after tax (NOPAT)[2]		
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)
Yara[3]	903	976
Invested capital[2]		
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
Yara[3]	11,363	12,200

1) 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.
2) See "Alternative performance measures" section for reconcilation 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.

Reconciliation of operating income to EBITDA

USD millions	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization[1]	Impairment loss[2]	EBITDA
2021						
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)
Total	1,068	23	64	984	666	2,804
2020 Restated[3]						
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)
Total	1,176	20	62	919	46	2,223

[1] Including amortization on excess value in equity-accounted investees.
[2] Including impairment loss on excess value in equity-accounted investees. See note 4.7 for more information.
[3] 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.

Consolidated statement of financial position

USD millions, except percentages	2021	2020 Restated[1]
Total assets[2]		
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
Total	17,272	16,605
Current assets[2]		
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
Total	7,698	5,637
Non-current assets[2]		
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
Total	9,574	10,969

USD millions, except percentages	2021	2020 Restated[1]
Equity-accounted investees		
Europe	20	19
Americas	62	51
Global Plants & Operational Excellence	2	3
Industrial Solutions	41	41
Other and Eliminations	(5)	(6)
Total	120	108
Investments[3]		
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
Total	854	933

1) 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.
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.

Non-current assets for all segments by geographical location

USD millions	2021	2020
Non-current assets[1)]		
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
Total	8,780	10,243

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.

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
Raw material, energy costs and freight expenses		
Raw material and energy costs	(9,937)	(5,609)
Freight expense	(1,124)	(899)
Other production related costs	(1,742)	(1,311)
Total	(12,803)	(7,819)

2.5 Payroll and related costs

USD millions	Notes	2021	2020
Payroll and related costs			
Salaries	8.2	(1,020)	(913)
Social security costs	8.2	(157)	(137)
Social benefits	8.2	(8)	(7)
Net periodic pension cost	5.4, 8.2	(86)	(79)
Total		(1,270)	(1,136)

2.6 Other operating expenses

USD millions	Notes	2021	2020
Other operating expenses			
Selling and administrative expense		(273)	(223)
Advertising expense		(33)	(28)
Travel expense		(17)	(18)
Fees auditors, lawyers, consultants	8.3	(108)	(97)
Other expenses		(47)	(47)
Total		(479)	(414)
Research costs	4.2	(94)	(91)

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
Net interest income on customer credits		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)	6.1	(251)	(243)
Interest expense		(132)	(141)
Interest expense on lease liabilities	4.5	(14)	(15)
Capitalized interest	4.1	8	21
Net interest on net long-term employee benefit obligations	5.4	(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.

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
Consolidated statement of income		
Current taxes		
Current year	(328)	(121)
Prior year adjustment[1)]	(9)	19
Total	(337)	(102)
Deferred taxes		
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)
Total	(18)	(58)
Total tax income/(expense) recognized in statement of consolidated income	(355)	(160)
Other comprehensive income		
Current tax		
Hedge of net investment	6	(5)
Total current tax	6	(5)
Deferred tax		
Pensions	(55)	16
Available-for-sale financial assets	–	(1)
Total	(55)	15
Total tax income/(expense) recognized directly in other comprehensive income	(48)	10
Total tax income/(expense) recognized in comprehensive income	(404)	(150)

1) 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.

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[1]	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
Deductable loss[2]	–	–	(4.8%)	41
Non-taxable gain on sale equity-accounted investees[3]	–	–	(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[4]	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%

1) Calculated as Norwegian nominal statutory tax rate of 22 percent (2020: 22 percent) applied to income before tax.
2) The 2020 figure is related to a 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 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.

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
Non-current items							
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
Total	(373)	269	(16)	(55)	(1)	8	(168)
Current items							
Inventory valuation	39	35	(3)	–	–	–	71
Accrued expenses	73	(13)	1	–	–	(3)	58
Assets classified as held for sale	–	2	–	–	–	–	2
Total	111	25	(2)	–	–	(3)	132
Tax loss carry forwards	646	(89)	2	–	–	13	573
Unused tax credits	25	(20)	1	–	–	(1)	4
Valuation allowance	(312)	(190)	–	–	–	21	(480)
Net deferred tax asset/(liability)	97	(4)	(14)	(55)	(1)	38	61

2020

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
Non-current items							
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
Total	(315)	(74)	(9)	15	–	8	(373)
Current items							
Inventory valuation	52	(11)	(2)	–	–	(1)	39
Accrued expenses	31	45	(1)	–	–	(3)	73
Assets classified as held for sale	1	(1)	–	–	–	–	–
Total	84	33	(3)	–	–	(4)	111
Tax loss carry forwards	612	5	–	–	–	30	646
Unused tax credits	4	18	–	–	–	2	25
Valuation allowance	(319)	(28)	(1)	–	1	35	(312)
Net deferred tax asset/(liability)	66	(46)	(12)	15	1	72	97

Unrecognized deferred tax assets

USD millions	2021	2020
Unrecognized deferred tax assets are attributable to the following		
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.

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
31 Dec 2021								
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
Total 31 Dec 2021	885	1,952	526	350	121	352	(183)	4,003

Inventory stock 2020

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
31 Dec 2020								
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
Total 31 Dec 2020	628	910	329	185	25	172	(87)	2,161

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
Balance at 31 December	(11)	(48)	(7)	(4)	–	(5)	35	(42)

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)
Balance at 31 December	(12)	(6)	(3)	(1)	–	(7)	2	(28)

No inventories were pledged as security at end of 2021 or 2020.

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	6.3	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)

Ageing analysis of trade receivables at 31 December

Gross trade receivables

			Past due gross trade receivables			
USD millions	Total	Not 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

			Impairment on past due receivables			
USD millions	Total	Impairment on not 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

			Past due but not impaired			
USD millions	Total	Neither past due nor 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

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
Financial assets:			
Foreign exchange contracts	6.1	6	2
Receivables and deposits	6.3	215	107
Contracts assets	2.1	4	26
Expected credit loss on other current assets	6.3	(1)	(1)
Total financial instruments		225	136
Non-financial assets:			
VAT and sales related taxes	4.6	222	141
Prepaid income taxes		84	164
Prepaid expenses		177	190
Total non-financial assets		483	495
Total	6.3	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	6.3	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.

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 polices

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.

2021

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	280	2,680	10,863	540	1,600	280	97	16,340
Addition at cost[1]	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[2]	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
Depreciation and impairment								
Balance at 1 January	(11)	(1,070)	(6,266)	(301)	(12)	(61)	(40)	(7,760)
Depreciation	–	(107)	(580)	(93)	–	(13)	(6)	(800)
Impairment loss[3]	(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)
Carrying value								
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%	

1) The amount for "Buildings" includes USD 50 million reduction to decommissioning assets, due to increase in discount rate.
2) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects.
3) Please see note 4.7 Impairment of non-current assets.

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.

2020

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	309	2,466	10,117	481	1,660	280	72	15,384
Addition at cost[1]	1	109	253	70	461	–	18	912
Derecognition	–	(10)	(156)	(51)	(6)	–	–	(223)
Other transfers[2]	–	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
						–		
Depreciation and impairment						–		
Balance at 1 January	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
Depreciation	–	(97)	(550)	(84)	–	(13)	(4)	(748)
Impairment loss[3]	(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)
Carrying value								
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) The amount for “Buildings” includes USD 53 million increase to decommissioning assets, due to reduction in discount rate.
2) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects.
3) 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.

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, an 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.

2021

USD million, except percentages	Goodwill	Software	Other intangibles[1]	Total
Cost				
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
Amortization and impairment				
Balance at 1 January	(58)	(159)	(297)	(514)
Amortization	–	(26)	(16)	(42)
Impairment loss[2]	(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)
Carrying value				
Balance at 1 January	831	64	93	988
Balance at 31 December	789	45	87	921
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.

2020

USD million, except percentages	Goodwill	Software	Other intangibles[1]	Total
Cost				
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[2]	(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 and intangible assets under construction.
[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 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.

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.

2021

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)	Yara's share of: Other comprehensive income/(loss)	Yara's share of: Total comprehensive income/(loss) in equity-accounted investees	Amortization, depreciation and write-down	Dividends/ repayment of capital	Foreign currency translation and other	Balance at 31 December
Associates	32	1	3	–	3	–	(2)	(2)	33
Joint ventures	75	–	20	–	20	–	(6)	(2)	87
Total	107	1	23	–	23	–	(8)	(4)	120

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)	Yara's share of: Other comprehensive income/(loss)	Yara's share of: Total comprehensive income/(loss) in equity-accounted investees	Amortization, depreciation and write-down	Dividends/ repayment of capital	Foreign currency translation and other	Balance at 31 December
QAFCO	873	(880)[1)]	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

1) 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).

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 supplys 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			
USD millions (unaudited)	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
Assets								
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
Liabilities								
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

Income statement	31 December 2021				31 December 2020			
USD millions (unaudited)	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	67	241	181	489	30	77	139	246
Operating costs and expenses	(120)[1)]	(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)

1) 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.

Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
Carrying value							
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
Carrying value			
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

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.

Specifications

USD millions	Notes	2021	2020
Financial assets:			
Equity instruments	6.1, 6.3	34	18
Interest rate swaps designated as hedging instrument	6.3	–	11
Embedded derivatives in commodity contracts	6.3	6	–
Cross currency swaps	6.3	–	4
Receivables and deposits	6.3	31	17
Expected credit loss on long-term loans and receivables	6.3	(1)	(1)
Total financial instruments		70	50
Non-financial assets:			
Prepayments for long-term employee obligations	5.4	127	75
Prepayment for property, plant and equipment		29	33
Other non-financial assets		77	83
Tax and VAT receivables		173	137
Total non-financial assets		405	328
Total		476	380

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).

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
Asset class		
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
Segment split		
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)

2021 impairments and reversals per main asset or CGU:

Asset/CGU	Segment	Recoverable value method[1]	(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)

[1] 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.

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 cyclicality 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 reflects 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.

Cash generating units or group of cash generating units with goodwill

		Goodwill		Discount rate pre tax	
USD millions, except percentages	Segment	2021	2020	2021	2020
Belle Plaine (Canada)	Americas	292	292	7.5%	6.1%
Region Europe	Europe	161	170	8.0%	6.6%
Pilbara Ammonia (Australia)	Africa & Asia	111	111	6.4%	6.3%
Brazil	Americas	30	63	11.6%	10.1%
Ammonia Trade (Switzerland)	Global Plants	55	55	6.2%	5.7%
Region Americas	Americas	47	47	8.7%	7.9%
India	Africa & Asia	32	33	9.3%	8.9%
Environmental Solutions Maritime	Industrial Solutions	25	19	6.5%	6.1%
Latin America	Americas	14	16	10.3%	11.1%
Segment Industrial Solutions	Industrial Solutions	13	14	8.2%	7.1%
Other	Various	10	11		
Total[1]		789	831		

[1] 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

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.

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
Total	307	90	397

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

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[1]	–	(1,362,013)	(1,362,013)
Redeemed shares Norwegian State[2]	(1,546,374)	–	(1,546,374)
Shares cancelled[2]	(2,724,026)	2,724,026	–
Treasury shares - share buy-back program[2]	–	(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[2]	–	(3,420,752)	(3,420,752)
Redeemed shares Norwegian State[3]	(4,854,730)	–	(4,854,730)
Shares cancelled[3]	(8,551,880)	8,551,880	–
Total at 31 December 2021	254,725,627	–	254,725,627

[1] As approved by the General Meeting 7 May 2019.
[2] As approved by the General Meeting 7 May 2020.
[3] As approved by the General Meeting 6 May 2021.

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[1] 2021	Percentage non-controlling interests[1] 2020
Yara Dallol B.V.	The Netherlands[2]	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).

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)[1]	(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)

1) Yara recognized a USD 232 million asset impairment in 2021. See note 4.7 for more information.

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

				Denominated amounts 2021		Carrying Values	
USD millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Currency Millions	USD Millions	2021	2020
NOK (Coupon 2.55%)	6.1	2021	–	–	–	–	83
NOK (Coupon NIBOR + 0.75%)	6.1	2022	1.6%	1,250	142	142	147
SEK (Coupon STIBOR + 1.00%)	6.1	2022	0.7%	450	50	50	55
SEK (Coupon 1.10%)	6.1	2022	1.0%	800	88	89	99
NOK (Coupon 3.00%)	6.1	2024	3.0%	600	68	68	73
NOK (Coupon 2.45%)	6.1	2024	2.5%	1,000	113	113	120
USD (Coupon 3.80%)	6.1	2026	3.9%	500	500	499	499
NOK (Coupon 2.41%)	6.1	2026	2.5%	1,000	113	113	–
NOK (Coupon NIBOR + 0.64%)	6.1	2026	1.5%	1,150	130	130	–
NOK (Coupon 2.90%)	6.1	2027	2.9%	1,000	113	112	122
USD (Coupon 4.75%)	6.1	2028	4.8%	1,000	1,000	997	997
USD (Coupon 3.15%)	6.1	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

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[1]	Bank Loans	Other	Total[2]
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
Total	3,059	482	23	3,565

[1] Yara International ASA is responsible for the entire amount.
[2] 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
Total	6.3	337	345
Weighted Average Interest Rates[1]			
Credit facilities		3.6%	4.4%
Overdraft facilities		4.3%	2.5%
Other		0.2%	1.3%

[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 2021 the unused frame of such facilities totals approximately USD 1,000 million.

Reconciliation of liabilities arising from financing activities

USD millions	31 Dec 2020	Cash flows	Non-cash changes: Foreign exchange movement	Amortization[1]	Other	Reclassification	31 Dec 2021
Long-term interest-bearing debt	3,371	108	(34)	1	(14)[2]	(345)	3,089
Bank loans and other interest-bearing short-term debt	345	107	(7)	–	(109)[3]	–	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

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.

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 maxiumum 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 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.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilites.

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
Payroll and related costs		
Finland	(8)	(7)
The Netherlands	(20)	(17)
Great Britain	(2)	(2)
Norway	(5)	(5)
Other	(5)	(11)
Total	(40)	(41)

USD millions	2021	2020
Net interest income / (expense) on the net obligation / asset		
Finland	(1)	–
The Netherlands	(1)	(1)
Great Britain	–	–
Norway	(1)	(1)
Other	(3)	(3)
Total	(5)	(6)

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[1]	(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[2]	(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)

1) 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).
2) 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[1]	–	(42)
Unrecognized asset due to asset ceiling limitation[1]	(96)	(46)
Social security tax liability on defined benefit plans	(19)	(18)
Net liability recognized for defined benefit plans	(257)	(534)

1) 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

	2021		2020	
USD millions	Obligations	Assets	Obligations	Assets
Finland	(375)	326	(404)	327
The Netherlands	(751)	791	(898)	787
Other Eurozone	(275)	122	(317)	129
Great Britain[1]	(406)	406	(490)	448
Norway[2]	(322)	255	(314)	245
Other	(96)	69	(113)	67
Total	(2,225)	1,968	(2,536)	2,002

1) Including liability for minimum funding requirement (2020) and asset ceiling adjustment.
2) 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[1]	4	–
Defined benefit obligation at 31 December	(2,206)	(2,476)

1) 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.

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[1)]	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[2)]	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[1)]	16

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 %)	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[1]	1.4	0.9

[1] 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[1]	2.6	2.3

[1] 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[1]	1.8	1.7

[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	24.3	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)

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	6.3	3,024	1,431
Payroll and value-added taxes	6.3	164	113
Other current non-financial liabilities		28	41
Total		3,216	1,585

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.

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

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 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
Total	1,571

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.

5.8 Secured debt and guarantees

USD millions	2021	2020
Amount of secured debt	22	26
Assets used as security for debt		
Machinery and equipment, etc.	3	4
Buildings and structural plant	23	25
Total	26	29
Assets used as security for non-financial liabilities		
Buildings and structural plant	39	43
Total	39	43
Guarantees (off-balance sheet)		
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.

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 tatement 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.

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 reciept 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[1] of the US dollar at the reporting date would have increased/(decreased) net income by	185	181
A 10% weakening[1] of the euro at the reporting date would have increased/(decreased) net income by	(215)	(214)

[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 (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[1] of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(143)	(250)
A 10% weakening[1] of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(111)	(106)
A 10% weakening[1] of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(6)	(54)
A 10% weakening[1] of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(115)	(58)

[1] 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.

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.

				Conversion to floating rates				Carrying amounts 2021		Carrying amounts 2020	
USD millions, except percentages	Notes	Maturity	Denominated amounts 2021	Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rates[1]	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Floating interest rate bonds											
NOK (Coupon NIBOR + 0.75%)	5.3	2022	142					–	142	–	147
SEK (Coupon STIBOR + 1.00%)	5.3	2022	50					–	50	–	55
NOK (Coupon NIBOR + 0.64%)	5.3	2026	130					–	130	–	–
Fixed interest rate bonds											
NOK (Coupon 2.55%)	5.3	2021	–	2.55%	–	2.55%	USD LIBOR 3M + 1.14%	–	–	–	83
SEK (Coupon 1.10%)	5.3, 6.2	2022	88	1.10%	88	1.10%	USD LIBOR 3M + 1.00%	–	89	–	99
NOK (Coupon 3.00%)	5.3, 6.2	2024	68	3.00%	68	3.00%	USD LIBOR 3M + 1.33%	–	68	–	73
NOK (Coupon 2.45%)	5.3, 6.2	2024	113	2.45%	113	2.45%	USD LIBOR 3M + 1.18%	–	113	–	120
USD (Coupon 3.80%)	5.3	2026	500	3.80%	–			499	–	499	–
NOK (Coupon 2.41%)	5.3, 6.2	2026	113	2.41%	113	2.41%	USD LIBOR 3M + 0.79%	–	113	–	–
NOK (Coupon 2.90%)	5.3, 6.2	2027	113	2.90%	113	2.90%	USD LIBOR 3M + 1.44%	–	112	–	122
USD (Coupon 4.75%)	5.3	2028	1,000	4.75%	–			997	–	997	–
USD (Coupon 3.15%)	5.3	2030	750	3.15%	–			746	–	746	–
Total unsecured debenture bonds			3,069		497			2,243	817	2,241	699

[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	2021	2020
Outstanding long-term interest-bearing debt (including current portion)	5.3	3,565	3,503
Portion of bonds with fixed interest rate	5.3	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.

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
Bonds				
Pay interest	5.3	–	(272)	(50)
Bank loans				
Pay interest	5.3	(483)	–	–
Interest rate swaps				
Pay interest	6.2, 6.3	–	(409)	(88)
Cross-currency swaps				
Pay interest	6.3	(819)	–	–
Receive interest	6.3	–	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.

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
Non-derivative financial liabilities								
Short-term interest-bearing debt	(337)	(337)	(35)	(293)	(8)	–	–	–
Long-term interest-bearing debt[1]	(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)
Derivative financial instruments								
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
Total	(7,536)	(8,232)	(43)	(3,779)	(671)	(181)	(1,503)	(2,054)

[1] 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.

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
Non-derivative financial liabilities								
Short-term interest-bearing debt	(345)	(367)	(39)	(323)	(5)	–	–	–
Long-term interest-bearing debt[1)]	(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)
Derivative financial instruments								
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
Total	(5,839)	(6,628)	(46)	(2,163)	(275)	(690)	(765)	(2,689)

1) Includes current portion of long-term interest bearing debt amounting to USD 132 million.

Derivative instruments

USD millions	Notes	2021	2020
Total fair value of derivatives			
Forward foreign exchange contracts	6.3	(9)	(38)
Cross-currency swaps	6.3	(52)	(29)
Interest rate swaps designated for hedging	6.3	(2)	12
Embedded commodity derivatives	6.3	(92)	(6)
Balance 31 December		(154)	(62)
Derivatives presented in the statement of financial position			
Other non-current financial assets	4.6	6	15
Other current financial assets	3.3	7	3
Other non-current financial liabilities	6.3	(36)	(28)
Other current financial liabilities	6.3	(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-delivable 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.

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

			Carrying amount of the hedged item[1]		Accumulated amount of hedge adjustment on the hedged item[4]						
Amounts in USD millions	Currency	Hedge rates	Assets	Liabilities	Assets	Liabilities	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
Fair value hedges											
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	–	–	–
Net investment hedges											
Foreign exchange risk											
- Net equity in subsidiaries[2]	USD	Spot USDNOK	815	–	–	208	Retained earnings	Long-term interest-bearing debt[3]	(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.

Effect on financial position and performance in 2020

Amounts in USD millions	Currency	Hedge rates	Carrying amount of the hedged item[1]		Accumulated amount of hedge adjustment on the hedged item[4]		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					
Fair value hedges											
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	–
Net investment hedges											
Foreign exchange risk											
- Net equity in subsidiaries[2)5)]	USD	Spot USDNOK	815	–	–	187	Retained earnings	Long-term interest-bearing debt[3]	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.

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.

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).

Carrying amounts and fair value per category

31 December 2021		Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		Non-financial assets/liabilities	
USD millions	Notes	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	Total
Non-current assets										
Other non-current financial assets	4.6	6	–	31	17	17	–	–	–	70
Current assets										
Trade receivables	3.2	–	–	2,138	–	–	–	–	–	2,138
Other current financial assets	3.3	7	–	217	–	–	–	–	–	225
Cash and cash equivalents	3.4	–	–	394	–	–	–	–	–	394
Sum financial assets		13	–	2,780	17	17	–	–	–	2,827
Non-current liabilities										
Other non-current financial liabilities		(23)	(13)	–	–	–	(20)	(15)	–	(72)
Long-term interest-bearing debt	5.3	–	–	–	–	–	(3,089)	–	–	(3,089)
Non-current lease liabilities	4.5	–	–	–	–	–	(321)	–	–	(321)
Current liabilities										
Trade and other current payables	5.5	–	–	–	–	–	(3,188)	–	–	(3,188)
Prepayments from customers		–	–	–	–	–	–	–	(634)	(634)
Other current financial liabilities		(132)	–	–	–	–	(378)	(12)	–	(521)
Short-term interest-bearing debt	5.3	–	–	–	–	–	(337)	–	–	(337)
Current portion of long-term debt	5.3	–	–	–	–	–	(476)	–	–	(476)
Current lease liabilities	4.5	–	–	–	–	–	(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

31 December 2020		Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		Non-financial assets/liabilities	
USD millions	Notes	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	Total
Non-current assets										
Other non-current assets	4.6	4	11	17	–	18	–	–	–	50
Current assets										
Trade receivables	3.2	–	–	1,478	–	–	–	–	–	1,478
Prepaid expenses and other current assets	3.3	3	–	132	–	–	–	–	–	136
Cash and cash equivalents	3.4	–	–	1,363	–	–	–	–	–	1,363
Sum financial assets		7	11	2,991	–	18	–	–	–	3,027
Non-current liabilities										
Other non-current liabilities		(19)	(11)	–	–	–	(79)	(14)	–	(123)
Long-term interest-bearing debt	5.3	–	–	–	–	–	(3,371)	–	–	(3,371)
Non-current lease liabilities	4.5	–	–	–	–	–	(335)	–	–	(335)
Current liabilities										
Trade and other current payables	5.5	–	–	–	–	–	(1,542)	–	–	(1,542)
Prepayments from customers		–	–	–	–	–	–	–	(372)	(372)
Other current liabilities		(52)	–	–	–	–	(306)	(33)	–	(391)
Short-term interest-bearing debt	5.3	–	–	–	–	–	(345)	–	–	(345)
Current portion of long-term debt	5.3	–	–	–	–	–	(132)	–	–	(132)
Current lease liabilities	4.5	–	–	–	–	–	(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.

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)

Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2021

	Effect on P&L		Effect on OCI	
USD millions	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

2021		Derivatives		Equity instruments		Financial liabilities		
USD millions	Notes	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	Total
Consolidated statement of income	6.1, 6.2	(45)	(13)	(3)	–	–	(5)	(66)
Consolidated statement of comprehensive income[1]	6.2	–	(3)	–	4	(27)	–	(26)
Total		(45)	(16)	(3)	4	(27)	(5)	(92)

[1] Amounts are presented before tax. See note 2.8 for specification of taxes.

2020		Derivatives		Equity instruments		Financial liabilities		
USD millions	Notes	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	Total
Consolidated statement of income		83	19	–	–	–	(6)	96
Consolidated statement of comprehensive income[1]		–	3	–	(3)	28	–	28
Total		83	22	–	(3)	28	(6)	123

[1] Amounts are presented before tax. See note 2.8 for specification of taxes.

7 Business initiatives

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
Statement of income		
Other income	–	97
Share of net income in equity-accounted investees	–	6
Statement of other comprehensive income		
Exchange differences on translation of foreign operations	–	(6)
Remeasurements of the net defined benefit pension liability for equity-accounted investees	–	(1)
Statement of changes in equity		
Statement of financial position		
Statement of cash flows		
Proceeds from sale of shares in equity-accounted investees	–	1,000

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 Managment

Executive Management remuneration is disclosed in the table below. The full "Yara Executive Remuneration Report 2021" can be found at 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[1]	986	941
Total Executive Management	7,721	6,717
Fee to Board of Directors	545	501
Total[2]	8,266	7,218

1) See note 8.2 Share based remuneration for further infomation.
2) See "Yara Executive Remuneration Report 2021" for futher details.

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.

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
2021					
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
2020					
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

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

Table continues >

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

Table continues >

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.

Financial statements for Yara International ASA

Yara International ASA

Income statement

NOK millions	Notes	2021	2020
Revenues	4	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	2	(1,146)	(1,063)
Depreciation, amortization and impairment loss	3	(249)	(206)
Other operating expenses	4	(2,482)	(2,264)
Operating costs and expenses		(3,898)	(3,548)
Operating income		(1,067)	(1,226)
Financial income, net	5	14,874	17,146
Income before tax		13,807	15,920
Income tax expense	6	32	(230)
Net income		13,839	15,690
Appropriation of net income and equity transfers			
Dividend proposed		7,642	5,202
Retained earnings		6,197	10,488
Total appropriation	11	13,839	15,690

Yara International ASA

Balance sheet

NOK millions	Notes	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Deferred tax assets	6	979	920
Intangible assets	3	455	605
Property, plant and equipment	3	76	79
Shares in subsidiaries	7	19,876	19,853
Intercompany receivables	13	37,207	38,071
Other non-current assets	8	517	593
Total non-current assets		59,109	60,121
Current assets			
Inventories	8	29	23
Trade receivables		8	9
Intercompany receivables	13	19,710	12,733
Prepaid expenses and other current assets	10	809	404
Cash and cash equivalents		1,718	10,270
Total current assets		22,273	23,440
Total assets		81,382	83,561

NOK millions	Notes	31 Dec 2021	31 Dec 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital reduced for treasury stock		433	442
Premium paid-in capital		117	117
Total paid-in capital		550	560
Retained earnings		15,137	18,960
- Treasury shares		–	(2,809)
Shareholders' equity	11	15,688	16,711
Non-current liabilities			
Employee benefits	1	1,080	991
Long-term interest bearing debt	12	26,890	28,187
Other non-current liabilities		311	190
Total non-current liabilities		28,281	29,367

NOK millions	Notes	31 Dec 2021	31 Dec 2020
Current liabilities			
Trade and other payables		371	229
Bank loans and other interest-bearing short-term debt	8	2,183	1,518
Current portion of long-term debt	12	4,059	967
Dividends payable	11	7,642	5,202
Intercompany payables	13	22,535	28,789
Current income tax	6	14	14
Other current liabilities		609	763
Total current liabilities		37,413	37,483
Total liabilities and shareholders' equity		81,382	83,561

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

Yara International ASA

Cash flow statement

NOK millions	Notes	2021	2020
Operating activities			
Net income/(loss) before taxes		13,807	15,920
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	3	249	206
Adjustment for dividends and group relief from subsidiaries	5	(17,016)	(16,405)
Adjustment for finance income and expense	5	403	258
Net foreign exchange loss (gain)	5	1,740	(999)
Tax received/(paid)	6	(17)	(16)
Group relief received		5,300	900
Dividend received	11	2,016	11,105
Interest paid		(1,115)	(1,353)
Interest received		509	860
Bank charges		85	73
Other		41	(8)
Change in working capital			
Trade receivables		(1)	3
Short-term intercompany receivables/payables	13	(3,403)	(760)
Prepaid expenses and other current assets		215	1,132
Trade payables		128	20
Other current liabilities		(645)	(522)
Net cash provided by operating activities		2,296	10,414

NOK millions	Notes	2021	2020
Investing activities			
Purchase of property, plant and equipment	3	(9)	(11)
Purchase of other long-term investments	3	(131)	(108)
Net cash from/(to) long-term intercompany loans	13	(138)	8,781
Net cash provided by/(used in) investing activities		(278)	8,662
Financing activities			
Loan proceeds	12	3,801	7,101
Principal payments		(965)	(5,258)
Purchase of treasury stock	11	(3,143)	(2,806)
Dividend paid	11	(10,284)	(8,811)
Net cash used in financing activities		(10,591)	(9,775)
Foreign currency effects on cash and cash equivalents		22	(221)
Net increase/(decrease) in cash and cash equivalents		(8,552)	9,081
Cash and cash equivalents at 1 January		10,270	1,189
Cash and cash equivalents at 31 December		1,718	10,270

Basis of 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.

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.

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 earning.

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 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 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.

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.

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)

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, 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

2021

NOK millions, except percentages and years	Intangible assets[1]	Property, plant and equipment[2]	Total
Cost			
Balance at 1 January	1,453	199	1,652
Addition at cost	152	11	163
Derecognition[3]	(124)	–	(124)
Balance at 31 December	1,480	210	1,690
Depreciation, amortization and impairment loss			
Balance at 1 January	(847)	(120)	(967)
Depreciation and amortization	(202)	(14)	(216)
Derecognition[3]	57	–	57
Impairment	(33)	–	(33)
Balance at 31 December	(1,026)	(134)	(1,160)
Carrying value			
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%	

[1] Intangible assets mainly consist of computer software systems.
[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 2021.
[3] 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[1]	Property, plant and equipment[2]	Total
Cost			
Balance at 1 January	1,350	190	1,541
Addition at cost	102	9	111
Balance at 31 December	1,453	199	1,652
Depreciation, amortization and impairment loss			
Balance at 1 January	(654)	(107)	(761)
Depreciation and amortization	(194)	(12)	(206)
Balance at 31 December	(847)	(120)	(967)
Carrying value			
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.
[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.

4 Specification of items in the income statement

Revenue

Sales to geographical areas[1]

	2021			2020		
NOK millions	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
Total	17	2,813	2,830	24	2,298	2,322

1) Figures are based on customer location.

Other operating expenses

NOK millions	2021	2020
Selling and administrative expense	(1,972)	(1,739)
Rental and leasing[1]	(57)	(59)
Travel expense	(8)	(14)
Other	(445)	(452)
Total[2]	(2,482)	(2,264)
Of which research costs[3]	(625)	(405)

1) Expenses mainly relate to office and lease contracts for company cars.
2) Of which relates to transactions with related parties NOK 934 million (2020: NOK 961 million)
3) 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	2021	2020
Dividends and group relief from subsidiaries		17,016	16,405
Interest income group companies	13	470	788
Other interest income		30	35
Interest expense group companies	13	(19)	(78)
Other interest expense		(954)	(1,056)
Interest expense defined pension liabilities	1	(27)	(33)
Return on pension plan assets	1	20	21
Net foreign exchange gain/(loss)		(1,740)	999
Other financial income/(expense)		77	65
Financial income/(expense), net		14,874	17,146

6 Income taxes

Specification of income tax expense

NOK millions	2021	2020
Current tax expense[1)]	(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)
The tax effect of the following items:		
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%)

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
Non-current items					
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
Total	(789)	456	1	11	(321)
Current items					
Accrued expenses	98	(28)	–	–	70
Total	98	(28)	–	–	70
Tax loss carry forwards	1,608	(382)	–	–	1,228
Net deferred tax asset/(liability)	920	48	1	11	979

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

Company name	Ownership[1)]	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
Subsidiaries owned by Yara International ASA								
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	–	–	–	–
Total							19,876	19,853

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.

8 Specification of other balance sheet items

NOK millions	Notes	2021	2020
Other non-current assets			
Surplus on funded defined benefit plans	1	476	417
Long-term fair value derivative hedging instrument		2	98
Interest rate swap designated for hedging (external)		–	31
Other		38	47
Total		517	593
Inventories			
Finished goods		18	18
Raw materials		11	6
Total		29	23
Bank loans and other short-term interest-bearing debt			
External loans		1,103	985
Interest-bearing loans from group assocoates and joint arrangements		617	333
Bank overdraft		463	200
Total		2,183	1,518

9 Guarantees

NOK millions	2021	2020
Guarantees (off-balance sheet)		
Guarantees for debt in subsidiaries	9,050	7,902
Non-financial guarantees	10,902	8,614
Total	19,952	16,515

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.

Yara International ASA's derivative instruments outstanding at 31 December are shown in the following table.

NOK millions	2021	2020
Fair value of derivatives		
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)
Derivatives presented in the balance sheet		
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.

Effect on financial position and performance in 2021

Amounts in NOK millions	Currency	Hedge rates	Carrying amount of the hedged item[1]		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[2]	Change in value of the hedging instrument [2]	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
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)	–

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.
2) 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[1]		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[2]	Change in value of the hedging instrument [2]	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
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	–

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
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 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[1]	10,186,565	4.0%
JPMorgan Chase Bank[1]	3,979,425	1.6%
Clearstream Banking[1]	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[5]	–	(5,202)	(5,202)
Actuarial gain/(loss)[1]	–	37	37
Additional dividend to proposed dividend for 2020[6]	–	(4,766)	(4,766)
Adjustment to proposed dividend previous years		9	9
Treasury shares[3][4]	(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)[1]	–	(39)	(39)
Additional dividend to proposed dividend for 2021[2]	–	(5,094)	(5,094)
Adjustment to proposed dividend previous years		12	12
Redeemed shares, Norwegian State[3]	(3)	(711)	(715)
Treasury shares[3][4]	(6)	(1,378)	(1,384)
Balance 31 December 2021	550	15,139	15,689

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) Additional dividend as approved in Extraordinary General Meeting 6 September 2021, NOK 20 per share.
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

				Denominated amounts 2021		Carrying amounts	
NOK millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Currency millions	NOK millions	2021	2020
Unsecured debenture bonds in NOK (Coupon 2.55%)				–	–	–	708
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.75%)	6.1	2022	1.57%	1,250	1,250	1,250	1,249
Unsecured debenture bonds in NOK (Coupon 3.00%)	6.1	2022	3.02%	600	600	602	624
Unsecured debenture bonds in NOK (Coupon 2.45%)	6.1	2022	2.48%	1,000	1,000	992	1,025
Unsecured debenture bonds in NOK (Coupon 2.41%)	6.1	2024	2.45%	1,000	1,000	996	–
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.64%)	6.1	2024	1.50%	1,150	1,150	1,148	–
Unsecured debenture bonds in NOK (Coupon 2.90%)	6.1	2026	2.93%	1,000	1,000	990	1,040
Unsecured debenture bonds in SEK (Coupon STIBOR + 1.00%)	6.1	2026	0.68%	450	439	438	470
Unsecured debenture bonds in SEK (Coupon 1.10%)	6.1	2026	0.99%	800	782	781	841
Unsecured debenture bonds in USD (Coupon 3.80%)	6.1	2027	3.93%	500	4,411	4,397	4,246
Unsecured debenture bonds in USD (Coupon 4.75%)	6.1	2028	4.84%	1,000	8,822	8,789	8,488
Unsecured debenture bonds in USD (Coupon 3.15%)	6.1	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

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[1]
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
Total	26,961	3,988	30,949

[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	2021	2020
Income statement			
Yara Belgium S.A.		1,787	1,500
Yara Brasil Fertilizantes S.A.		113	59
Yara Norge AS		97	80
Yara Sluiskil B.V.		86	76
Other		730	582
Internal revenues	4	2,813	2,298
Yara GmbH & Co. KG		267	219
Yara Asia Pte Ltd.		261	192
Yara Belgium S.A./N.V.		87	88
Yara UK Ltd.		41	36
Yara Suomi Oy		35	34
Yara Sluiskil B.V.		31	31
Other		212	361
Other operating expenses	4	934	961
Fertilizer Holdings AS		12,000	14,000
Yara Norge AS		3,000	1,300
Yara Asia Pte Ltd		1,959	1,032
Yara Guatemala S.A.		58	73
Dividends and group relief from subsidiaries	5	17,016	16,405

NOK millions	Notes	2021	2020
Yara Holding Netherlands B.V.		135	201
Yara Norge AS		65	136
Yara Suomi Oy		57	48
Yara Sluiskil B.V.		55	66
Yara AB		30	40
Yara Investments Germany SE		28	32
Yara Investment GmbH		21	23
Yara Nederland B.V.		2	95
Other		76	147
Interest income group companies	5	470	788
Yara AS		(9)	–
Fertilizer Holdings AS		(3)	(16)
Yara Mexico S. de R.L. de C.V.		(2)	–
Yara Canada Holding Inc.		(1)	(12)
Yara Norge AS		(1)	(9)
Yara Asia Pte Ltd		–	(10)
Yara Switzerland Ltd		–	(10)
Other		(3)	(22)
Interest expense group companies	5	(19)	(78)

NOK millions	Notes	2021	2020
Non-current assets			
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
Current assets			
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[1]		28	11

NOK millions	Notes	2021	2020
Current liabilities			
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)

[1] 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.

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 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)[1] 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	

[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 2021 constitutes the Report of the Board of Directors

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	4 106–115 217–219
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 Megatrends and Our Strategy Risk management	59–67 18–23 116–124
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 Prosperity performance	106–115 59–67
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.	Risk management Note 6.1 Note 1	116–124 197–204 136–138
Section 3-3a, 7th para, cfr. Section 4-5	Information regarding the going concern assumption.	Prosperity performance	59–67
Section 3-3a, 8th para	Proposal for the allocation of profit or settlement of loss.	Board message	106–115
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	43–49 106–115
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	53–55 106–115 28–29
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.	Board message	106–115
Section 3-3a, 13th 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	

Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 13th 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, 13th 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, 13th 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	79–96
Section 3-3c, first para	Report on social responsibility	Board message People performance Planet performance Risk management	106–115 43–49 53–55 116–124
Section 3-3d	Report on payments to the authorities, etc. (country by country reporting)	Separate report available on Latest annual report page, yara.com	
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	43–49 106–115

Auditor's report

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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 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 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

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.

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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Other information

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 213800WKOUWXWFJ5Z514-2021-12-31-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

Espen Johansen
State Authorised Public Accountant

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.

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[1]		984	919
Impairment loss[2]		666	46
Earnings before interest, tax and depreciation/amortization (EBITDA)		2,804	2,223
Special items included in EBITDA[3]		87	(62)
EBITDA, excluding special items	A	2,891	2,161

[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 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[1]	984	919
Impairment loss[2]	666	46
EBITDA	2,804	2,223

[1] Including amortization of excess value in equity-accounted investees.
[2] Including impairment loss on excess value in equity-accounted investees.

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)	B	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)	B	903	976

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%

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[1] from premium NPKs and straight nitrates		5,318	3,949
Adjustments to revenues[2]		(615)	(496)
Adjusted revenues as basis for premium generated	E	4,703	3,452
Benchmark revenue for premium generated[3]	F	4,422	2,416
Calculated premium generated	G=E–F	280	1,036

[1] IFRS revenues, refer to Note 2.1 Revenue from contracts with customers, page 138 in the financial statement part of Yara Integrated Report 2021.
[2] Adjustments for logistical and bagging costs, incoterms, sulphur content, and homogenization of nutrient content (for nitrates).
[3] 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.

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 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.

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

Reconciliation of Net operating capital days

USD millions		2021	2020
Trade recievables 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

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

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[1]	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

[1] For details on special items, see page 66 in chapter 2, Yara in review, section Prosperity performance.


Knowledge grows
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